Vocabulary Review

1. Jesse has an account balance of $464, which represents the total amount she owes after her insurance paid a portion of her bill.
2. Mrs. Ramone has a credit on her account for an overpayment, so the office manager sent her a check for that amount.
3. Robert’s mother is the guarantor of his bill, because she promised to pay the full amount for her son.
4. Julia had to instigate collections proceedings on several accounts last month because the patients had not made payments as promised.
5. One of the tasks Pamela enjoys is posting payments that arrive in the mail to patients’ accounts.
6. Debit cards are used more and more often for payments in the physician’s office.
7. An organization under contract to the government to handle insurance claims from providers is called a fiscal agent.
8. Mrs. Richland called the office to get the balance on her account.
9. The office staff has been debating whether they should continue to offer professional courtesy to other healthcare providers and their staff members.
10. A business transaction, which is any exchange or transfer of goods, services, or funds, must always be recorded.
11. Anna made several disbursements for various bills that were due last week.
12. Dr. Taylor’s fee profile is a compilation of the fees he has charged over the past fiscal year.
13. The Peete family was considered medically indigent, because they could not afford medical care even though they were able to pay basic living expenses.
14. Deb sometimes confuses a credit with a debit, which is a deduction from a revenue, net worth, or liability account.
15. Jessica totaled the receipts for the day, which came from patient and insurance payments.
16. State Farm is considered a third-party payer, because Bethany’s injuries were sustained in a car accident and State Farm will pay her medical bills.
17. Dr. Martin reviewed his fee schedule, which is a compilation of pre-established fee allowances for given services or procedures.
18. The balances due to a creditor on an account are called payables.
19. The Blackburn Clinic uses a computer to determine patient account balances, but June remembers when they used a manual pegboard system.
20. When Madelyn received the denial from Mr. Paul’s insurance company, she wondered if he had paid his premium.
Skills and Concepts

Part I: Fee Schedules and Billing Forms
1. Examine the fee schedule on the next page and answer the following questions.

   Answer:
   a. What is the charge for a consultation? — $250
   b. What is the charge for a 99203? — $60
   c. Why is the charge different for a 99213?
      Answer: 99203 is the charge for a new patient; 99213 is the charge for an established patient.
   d. What is the most expensive procedure on the list? CPT code — 93015
   e. Which injection is more expensive, insulin or vitamin B₁₂? — Insulin

Use the same fee schedule to complete the billing forms in Work Products 22-1, 22-2, and 22-3. Circle the codes and fill in the charges for each patient. Assume that all the patients have a previous balance of zero.

2. Work Product 22-1: Marilyn Westmoreland, established patient, straightforward, penicillin injections (75 mg), diagnosis—acute tonsillitis.
   Answers:
   • 99212—$48; 90788—$30
   • Total Fees: $78
   • Diagnosis code: 463

   Answers:
   • 99245—$250; 93000—$55
   • Total fees: $305
   • Diagnosis code: 786.50

   Answers:
   • 99203—$60; 90782—$23
   • Total fees: $83
   • Diagnosis code: 715.90

Part II: Ledgers and Computing Patient Balances
Work through the following information and record it on the ledger cards presented in the corresponding work product pages. Use one ledger for each exercise.

   • Ledger 1 (Work Product 22-4)
     Patient name: Meagan Joy Reynolds
     Address: 5534 Joe Pool Lake Road #233
     City: Cedar Hill  State: Texas  Zip: 75884
     Home phone: 972-334-0423  Cell phone: 972-331-0934
     E-mail: meaganjoy@internet4.com  MR# REYM3341

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### Account Ledger

<table>
<thead>
<tr>
<th>Entry #</th>
<th>Date</th>
<th>Reference</th>
<th>Service</th>
<th>Charge</th>
<th>Payment</th>
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How much was the refund check?

**Answer:** $78.00

- **Ledger 2 (Work Product 22-5)**
  Patient name: Zachary Paul Staley
  Address: 2324 Hill Avenue Plaza
  City: Grosse Pointe  State: MI  Zip: 48230
  E-mail: zachattack@aol.com  MR# STAZ9823

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## Account Ledger

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How much was the refund check?  
**Answer:** $50.00

- **Ledger 3 (Work Product 22-6)**  
  Patient name: Lynn Annette Wilson  
  Address: 755 South Wheeley #4A  
  City: Sacramento  
  State: CA  
  Zip: 94203  
  Home phone: 209-552-5437  
  Cell phone: 209-553-7789  
  E-mail: lynnannw@yahoo.com  
  MR# WILL8845
# Account Ledger

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How much was written off of this account?

**Answer:** $700.00

How is the payment noted on the account that was received after the write-off?

**Answer:** Check Mailed to Collection Agency—$100.00

**Completing a Day Sheet**

Complete the proofs in Work Product 22-7 using the figures given.

**Answers:**

---

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Daily Proof—Box One

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<td>Subtotal</td>
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Month to Date – Box Two

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<tr>
<td>End of Day</td>
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Part III: Short Answers

1. Define the following terms.

   **Answers:**
   - *Usual:* The physician’s usual fee for a given service is the fee an individual physician most frequently charges for the service.
   - *Customary:* The customary fee is a range of the usual fees charged for the same service by physicians with similar training and experience practicing in the same geographic and socioeconomic area. The tendency is growing for fees to be determined by national trends rather than by local custom.
   - *Reasonable:* The term *reasonable* usually applies to a service or procedure that is exceptionally difficult or complicated, requiring extraordinary time or effort on the part of the physician.

2. List two billing methods commonly used in the physician’s office.

   **Answers may include:**
   - Computer-generated statement
   - Encounter form
   - Typewritten statement
   - Photocopied statement

3. What notation should be made under the return address on statement envelopes?

   **Answer:** Address Correction Requested

4. Briefly explain cycle billing.
**Answer:** The cycle billing system calls for the billing of certain portions of the accounts receivable at given times during the month instead of the preparation of all statements at the end of each month. The accounts are separated into fairly equal divisions, with the number of divisions depending on how many times billing will be done during a month. For example, if the office expects to bill twice a month, the accounts are divided into two equal groups; for weekly billing, they are divided into four groups; and for daily billing, they are divided into 20 groups. Statements are mailed out in these cycles. This system promotes a constant flow of income into the physician’s office.

5. **What are the pitfalls of fee adjustments?**
   **Answer:** Patients may begin to expect that fees will be reduced in all circumstances. They may even doubt the competency of a physician who habitually reduces fees. The family of a deceased patient may suspect that the fee was reduced because the physician knows he or she made an error. A fee should never be reduced on the basis of a poor result or as a means of obtaining payment to avoid the use of a collection agency. A reduction for these reasons degrades the physician and the practice of medicine.

6. **What three values are considered in determining professional fees?**
   **Answer:**
   - Time
   - Judgment
   - Services

7. **Why are estimates useful in patient treatment?**
   **Answer:**
   - They may help prevent staff members from forgetting that a fee was quoted.
   - They may help eliminate the possibility of later misquoting of the fee.
   - They may help simplify collection by preventing misunderstanding and charges.

8. **List five general rules to follow for telephone collecting.**
   **Answers may include the following:**
   - Call between 8 AM and 9 PM.
   - Determine the identity of the person with whom you are speaking. If you ask, “Is this Mrs. Noble?” and she answers, “Yes,” it could be the patient’s mother-in-law or daughter-in-law, who may also be “Mrs. Noble.” Use the person’s full name.
   - Be dignified and respectful. One can be friendly and formal at the same time.
   - Ask the patient if it is a convenient time to talk. Unless you have the attention of the called party, there is little to be gained by continuing. If told that it is an inopportune time, ask for a specific time to call back or get a promise that the patient will call the office at a specified time.
   - After a brief greeting, state the purpose of the call. Make no apology for calling, but state the reason in a friendly, businesslike way. The physician
9. List four ways that payment for medical services is accomplished.

Answer:
- Payment at the time of service
- Internal billing when extension of credit is necessary
- Internal insurance or other third-party billing
- Outside billing and collection assistance

10. Explain why patients sometimes fail to pay their accounts.

Answers may include the following:
- Lost job
- Emergencies
- Temporary difficulty meeting obligations
- Simple refusal to pay (rare)

11. What is professional courtesy and why is it less common now than in years past?

Answer: Traditionally, physicians do not charge professional colleagues or their immediate dependents for medical care. Professional courtesy often extended is beyond fellow physicians and their dependents. Most physicians treat their own medical assistants, and often their families, without charge and grant discounts to nurses and medical assistants not in their direct employ. The practice is less common today because many managed care plans forbid the discounting of fees, and doing so would be a violation of the physician’s contract with the company.

12. Briefly explain how “skips” can be traced.

Answer: Do not wait until the next billing time to attempt to trace the debtor. Tracing skips is a challenge to any medical assistant. A certified letter can be sent; for additional fees, you can ask the Postal Service to obtain a receipt that includes the address where the letter was delivered. The certified letter may be sent in a plain envelope so that the patient will not refuse to accept the letter because of the return address. If all attempts fail, turn the account over to a collection agency without
delay. Do not keep a skip account too long, because the trail may become so cold as
time elapses that even collection experts will be unable to follow it.

CASE STUDY
Read back through the information about Lynn Annette Wilson on Ledger 3. How could
the medical assistant help Lynn Annette to keep her account out of collections? What
could be said to her during a friendly phone call to encourage her to be regular with her
payments? Write two collection letters to Lynn Annette. Make the first letter a gentle
reminder. The second letter should express that the account will be placed for collection
if regular payments are not forthcoming. Use the stationery provided in Work Products
21-8 and 21-9 to write the collection letters.

Student answers will vary.

WORKPLACE APPLICATIONS
Mr. Sanchez comes to the desk to check out after seeing the physician. When Sarah tells
him that his bill is $95, he complains that he only saw the physician for 10 minutes. The
fee is in accordance with the evaluation and management guidelines. Explain the fees to
Mr. Sanchez. Use the space below to write what you would say to him as an explanation
of his fees.

Student answers will vary.

Use the space below to write a dialogue that can be used to ask a patient for payment as
he or she is checking out.

Student answers will vary.