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Research Article

The Challenges Surrounding the Collections of Medical Copayment

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Abstract

There are several factors that contribute to a weakening the U.S. healthcare system. To better understand some of these factors, our team collected survey responses from 96 different health and medical sites. Based on our analysis, the team was able to pinpoint a recurring dissatisfaction among healthcare providers regarding the collection of copayments. This issue also persists among patients. From 2010 to 2015, one Indiana hospital reported more than 20,000 collections against patients who failed to pay their copay on time [1]. It was learned that delays and accumulations of copay not only damage the physician-patient relationship but may also discourage patients from pursuing or continuing necessary treatments. As a result, the lack of reliable and methodical means for collecting copayments has produced major challenges which inhibit the improvement of the U.S. healthcare system. Fortunately, with growing acceptance of digital transactions among consumers, advancements in mobile application development could create an efficient system to help both patients and healthcare providers avoid challenging ethical and financial circumstances.

Keywords: Collections; Copayments; Digital transactions; Healthcare providers; Mobile application; Patients; U.S. healthcare system

Background

Among the many concerns surrounding the U.S healthcare system, a persistent and previously overlooked issue has been the settlement and regulation of copayments. Although copayments represent a small portion of the actual cost associated with medical services, they do deter individuals with insurance from seeking unnecessary medical care and consequently reduce the welfare costs of waiting lists [2]. However, in many cases, they also force patients to self-diagnose and treat themselves. This can be deleterious as even the most standard symptoms can be subtle indications of greater illnesses. Moreover, the volatility of insurance premiums also plays a role in dissuading low to middle-income earning patients from seeing their physicians, as patients must regularly consider the opportunity cost of their visits beforehand. While considering this, it is important to note that there

are also issues with the copayment collection process that leave both patients and healthcare providers in difficult circumstances that damage the patient-physician relationship. Overall the build-up of financial dues can create long-term economic hardships not only for patients, but also compassionate providers who chose to support their patients through means of delayed payments and fee waivers.

The issues encircling copayments have been discussed for decades; however, only recently have they been emphasized. This is primarily due to scrutiny of the Affordable Care Act (ACA), which has opened discussion nationwide. Lawmakers and healthcare affiliates have contributed much of their time resolving the concerns and imperfections of the reform. This has been beneficial in some ways, as adjustments to the statute may open a pathway towards an approach for universal healthcare. This is seen by the drop in the uninsured rate from 18% in 2013 to 13.7% in the fourth quarter of 2018 [3]. However, insurance companies have been steadily increasing deductibles and pushing out-of-pocket costs towards patients. In 2016, the Kaiser Family Foundation

reported that deductible rates for employer-sponsored health plans rose 12% to \$1,478 for single coverage [4]. The numbers become more troubling as the report also mentions that an average of 51% of workers were also covered by a health plan with a general annual deductible of \$1,000 or more, which is an approximate 22% increase since 2009 [4,5]. In fact, deductibles continue to grow at a pace that is causing healthcare costs to increase at a rate that surpasses national economic growth. This can be seen from the 3% increase of overall annual family premiums for employer-sponsored coverage in 2016 versus the 2.5% increase in workers' wages and a 1.1% increase in inflation [4]. Taking all of this into account, it becomes important to consider how these changes not only affect patients, but also their healthcare providers.

Patient Perspective

Patients face major challenges with their medical bills, as many cannot afford to pay them. This, however, comes as no shock. Low to medium income patients who are stricken with chronic illnesses must maintain multiple financial responsibilities resulting in role strain and "Stacked Burdens." Even patients with manageable chronic diseases, such as diabetes mellitus, can face the decision of discontinuing medical treatment due to the continuous rise in healthcare costs. This, however, is not ideal for patients. First, it terminates strong and existing patient-physician relationships that have taken years to build. Having to find a new healthcare provider and rebuild such a relationship compromises patient comfort and can conflict with the consistent quality of healthcare he/she receives. Second, it may also result in the need for more critical and expensive procedures in the long run if patients choose to discontinue primary and preventative care. If, however, an already financially burdened patient does proceed to stick with their health insurance and provider it can itself predispose them to amassing debt that cannot immediately be paid. This is particularly seen when patients delay their copayments. For example, a report given by ProPublica and NPR found that the Deaconess Hospital in Evansville, Indiana filed more than 20,000 collections against patients from 2010 through 2015 who failed to pay their copay on time [1].

According to the Wall Street Journal, a 2007 study shows that 17% of insured Americans fear and avoid the costs of medical treatments [6]. The combined variety of out-of-pocket costs, which include monthly premiums, deductibles, and copayments can be prohibitive. In the early 2000s, the average patient who received Medicare had to, "Pay an \$88 monthly premium, a \$124 annual deductible, and a copayment of 20 percent of the fee for most outpatient services" [7]. Even throughout the mid 2010's we have found that high out-of-pocket patient costs still negatively impact patients' access to health care. A 2016 survey from the Physician's Foundation shows that although 95 percent of patients are satisfied with their primary care physician, nearly 25 percent choose to skip treatment due to high costs and forty percent were

already carrying ongoing medical debt [8]. As a result, healthcare organizations should consider implementing a low-cost system that benefits patients by helping them manage and keep track of their medical bills, deductible rates, etc.

Anecdotal Case

As a shadow for a primary care physician, one incident caught my attention about the impact that copayment collection can have on patients. An elderly patient came for a physical exam. I shall identify him as Mr. L and the physician as Dr. K. Upon entrance Mr. L was already anxious. Dr. K's front desk personnel had been instructed to notify all patients of the copayment requirement, however, but would only collect the payment after the visit. Mr. L had not visited the clinic for almost a year. He was diagnosed with type I diabetes, hypertension, and had a slight visual impairment in his left eye. Dr. K asked the patient why he had stopped coming in for his routine checkups. Mr. L broke down into tears and explained that he was not able to hold a steady job throughout the past year and could not continue his routine visits since he would not be able to make his copayments. He then proceeded to beg the physician to waive his copayment for the visit, as he was currently unemployed and wanted to complete a physical exam so that he could find employment. In the United States, medical services cannot be denied solely because of inability to make a copayment. However, Dr. K, who was a very empathetic man, could not legally dismiss the copayment charge nor could he confirm the veracity of his patient's statement. As a result, he simply marked Mr. L's copayment due for a later time and offered his patient kind words of encouragement and his best wishes.

The scenario depicts the uneasiness involved in cases of copayment collection. Fortunately, both Mr. L and Dr. K already had a strong patient-provider relationship, so Dr. K was willing to postpone the copayment charge. In fact, many healthcare providers respect and have compassion for their patients and would not want them to beg for medical services. This is in line with the physician goal of creating an environment of comfort and trust, where patients are willing to share personal information. In fact, this level of trust and communication is a crucial element in to maintaining a high standard of medical care and practice. However, physicians do have a right and obligation to receive copayments for their service. Thus, it is crucial that such acts of copayment delay and waivers are only applied to scenarios of patients experiencing extreme circumstances or hardships.

Physician Perspective

Addressing the topic of financial hardship is difficult for both the patient and provider. However, allowing postponements of copayment collections does not only harm patients in the long run, but can also diminish the fair compensation of service for physicians. A survey conducted by Navicure found that this

issue has affected 31 percent of healthcare organizations, who have found shortages within their expected revenue cycles [9]. Physicians want their patients to have the ability to make treatment decisions based on medical necessity and not their finances [8]. Many would prefer to waive copayment costs; however, doing so would be subject to a lawsuit and even suspension of their medical license. Federal insurers, such as Medicare and Medicaid, will often not allow practitioners to waive copays and deductibles as it misrepresents validity of the charges associated with a physician's services [9]. Furthermore, commercial health insurers may view this as a HIPAA Violation. The only legal way of overcoming this is having the physician devalue the cost for certain services for patients so that their copayment for respective services are less, however, making an adjustment for one patient is very rarely permitted.

A team of researchers for athenahealth analyzed 5.4 million visits for 3.1 million patients across 51,000 providers in 2016 [10]. They found that practices only collect 12% of the outstanding balances at the time of service and end up not collecting copayments 67% of the time [10]. Furthermore, 20% of all visits reported had an outstanding balance of over \$200 [10]. Additionally, the owed amount of nearly 73% of all outstanding bills also crossed over \$200 USD [10]. This clearly shows not only how much physicians are losing annually, but also how much debt a certain percentage of the patient population is accumulating.

Physician Attempts of Copayment Collection

Several notable attempts and approaches have been used to promote copay collections. However, they are not sustainable in the long run nor do they promote business. For example, many physicians have introduced financial assistance programs within their clinics and communities to help low-income insured and uninsured patients. Unfortunately, it is unlikely that such programs could be implemented and run successfully nationwide, as many clinics within certain communities tend to have patients who share the same socioeconomic status. Raising money thus becomes a challenge for physicians who serve within majority low-income

communities. Another attempt has been for physicians to provide financial counseling or pro-bono services and check-ups over the phone. This idea is both great and admirable, in theory, however not every physician would be able to transition and provide such services. Moreover, physicians would also have to develop a means of determining patient eligibility for such assistance. This would not only increase their workload but may also interfere with their schedule and ability to provide quality medical care.

The most popular suggestion has been to simply collect full copayments upfront [11]. This could work to ensure that physicians receive a higher annual collection rate. However, if all physicians were to administer this policy, it would also limit patients who are not able to pay the full amount upfront from seeking medical consultation when needed. Even if the physician adjusts this policy and requires a minimum partial collection of payments, patients may use this solely as a baseline and accumulate debt over multiple visits. Physicians and office personnel can remind patients to make payments, or even send letters, but doing such involves continuous follow-ups and would not be cost-efficient. Healthcare providers are now attempting to educate their patients of their insurance coverage before their visits and offering payment plans. This can be very helpful; however, it will only work if patients are proactive and communicate with physicians by scheduling their appointments in advance. This also requires front-desk personnel to always stay up to date with coding and will require physicians to be consistent in enforcing this policy within their practices.

Materials and Methods

BRIEF DESCRIPTION OF STUDY; PURPOSE; N=69. SPSS was used for data analysis to gain a better understanding of the issues surrounding medical copayment by quantifying their significance. The team analyzed statistical differences among the group means from physician practices. We observed and compared the significant correlations among the amount of copay received, the physician satisfaction, and the number of patients receiving healthcare services from respective health care providers.

Results (Tables 1-3)

	Site			Cumulative Percent
	Frequency	Percent	Valid Percent	
Valid	69	71.9	71.9	71.9
Cardiology	2	2.1	2.1	74.0
Dentistry DDS	1	1.0	1.0	75.0
Dentistry/Prosthodontics	1	1.0	1.0	76.0
Dermatology	1	1.0	1.0	77.1
Ear, Nose, Throat	1	1.0	1.0	78.1
Family Dentistry	2	2.1	2.1	80.2
Family Medicine	2	2.1	2.1	82.3
Family Physician	1	1.0	1.0	83.3
General Dentistry	3	3.1	3.1	86.5
Hematology/oncology	1	1.0	1.0	87.5
Internal Medicine	1	1.0	1.0	88.5
Nephrology	1	1.0	1.0	89.6
OB/GYN	2	2.1	2.1	91.7
Ophthalmology	2	2.1	2.1	93.8
Pediatrics	2	2.1	2.1	95.8
Physical Therapy	1	1.0	1.0	96.9
Primary Care	1	1.0	1.0	97.9
Psychotherapist	1	1.0	1.0	99.0
Urgent Care	1	1.0	1.0	100.0
Total	96	100.0	100.0	

Table 1: The table displays the number of healthcare providers from which we collected data to create our analysis.

One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
15. Problem collecting	15.000	25	.000	1.500	1.29	1.71

Table 2: The table depicts a one-sample t test to determine the difference between the sample mean and the sample midpoint of the test variable which allowed us to quantify the problems physicians face with collecting copayments.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
4. Amount in copay \$	Between Groups	5.885	3	1.962	.872	.471
	Within Groups	49.500	22	2.250		
	Total	55.385	25			
5. Satisfaction	Between Groups	6.238	3	2.079	2.598	.078
	Within Groups	17.608	22	.800		
	Total	23.846	25			
3. Number of patients	Between Groups	1.382	3	.461	.572	.640
	Within Groups	17.733	22	.806		
	Total	19.115	25			

Table 3: The table displays an analysis of variance test that depicts the ratio both between groups and within groups of three independent variables (i.e. the amount of copay, satisfaction, number of patients) from health care providers. These were used to determine if they have a significant effect on collecting copayments.

Discussion

Solution

The lack of a fair and methodical system for collecting copayments significantly affect several aspects of physician practice. This is shown from the data that was collected from 96 different health care sites. The one sample test indicated the significance that healthcare providers of varying specialties face in collecting copayments. This is seen by the p-value being less than 0.001, indicating to reject the null hypothesis and accept the significant difference found from copayments at provider sites that face issues collecting copayments. In addition, the analysis of variance also supports the need for a new approach in collecting copayments as there is a 47.1% significance in the amount of copayment, a 64% significance in the number of patients, and a 7.8 % significance in the satisfaction of their copayments. Thus, health care providers are clearly dissatisfied by the amount of copay they receive from the numbers of patients they treat.

Fortunately, with the advancement of technology we can tackle the issues of copayment collection. The most effective way to increase the collection rate is by introducing a digital system that patients can use both in an out of the clinic. This will make payments easier for patients while also decreasing the amount of time and effort that providers will need to spend in collecting payments. Not only will this open greater opportunity to capture revenue, but it will also minimize and prevent the accumulation of medical debt among patients. In fact, certain transaction services already exist that allow the ability to take credit card information to offer online payments through patient portals. Unfortunately, this does not solve the issue of providing patients who need to know the real-time fluctuations of their deductibles and copayment rates.

The most comprehensive way to tackle this issue would be by creating a mobile application that can be used as a copayment collection service. As of right now, only one digital intake tool has served adequately towards this task. The tool is provided by Phreesia and allows patients to review their bill in a mobile tablet environment that automates certain aspects of the patient intake process [12]. The tool also engages the patient to think about managing their balance without the need of front-desk personnel. However, there is still need for much improvement in the application's actual overall effectiveness. There is still an

opportunity for a mobile medical transaction application to include features such as storing medical health records, allowing patients to know if they qualify for reductions and financial services, etc. Furthermore, such an application should be able to reliably self-update with coding or have a means of providing information with a patient's most relevant healthcare service bills and rates. This would both reduce the workload and human error rate from office personnel. More importantly, patients, especially those with chronic conditions, would thus be able to pre-plan their copayments by knowing exactly how much they would need to pay in advance.

The importance of developing such a tool will serve a monumental purpose towards adding efficiency in one aspect of day-to-day healthcare delivery. Tackling the issue of collecting copayments would be a great step in improving our overall healthcare, as providers can promote their business while still upholding healthcare ethics that promote the well-being, justice, and autonomy of their patients.

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