Cost Recovery and Cost Reduction Strategies for Providing Reproductive Health Services in School-Based Health Centers

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Keeping children healthy, in school, and ready to learn

COLORADO ASSOCIATION FOR
SCHOOL-BASED HEALTH CARE

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Introduction

Providing comprehensive reproductive health services in school-based health centers (SBHCs) is the standard of care recommended by the Society for Adolescent Health and Medicine, the American Public Health Association, and the American Academy of Pediatrics.[1,2] However, one of the major obstacles associated with the provision of these services in SBHCs is lack of funding. Unlike the majority of primary health care services, there are only a limited number of options available to recover and/or reduce costs associated with reproductive health services due to the need to maintain confidentiality.

Counseling is provided to each patient presenting to the SBHC with reproductive health needs and patients are always encouraged to involve their parents in their health decisions. However, a 2002 Journal of the American Medical Association study concluded that parental notification for prescribed contraceptives would impede girls' use of sexual health services. More than half of the adolescents surveyed in the study (59%) indicated that they would stop using all sexual health care services if their parents were informed that they were seeking prescribed contraceptives. Moreover, 99% of the girls who said they would stop using reproductive health services indicated they would remain sexually active.[3] This study demonstrates the need to provide confidential reproductive health services in SBHCs. In order to do this, SBHCs must determine how costs can be recovered or reduced while maintaining patient confidentiality, especially as it relates to billing of third party payers.

This paper will examine cost recovery and reduction strategies and provide recommendations to increase the availability and sustainability of reproductive health services in SBHCs. Comprehensive reproductive health services are defined as human sexuality education, behavioral risk assessment, counseling, pregnancy testing, contraception or referral for contraception, and the diagnosis and treatment of sexually transmitted infection. As discussed in this paper, reproductive health services include only those services provided by a clinician to an individual seeking care in a SBHC.

Cost Recovery

Most Colorado SBHCs pursue reimbursement from public and private insurance as a means of cost recovery. This revenue, plus amounts collected directly from patients or their families, comprises 27% of SBHC revenue. During the 2009-2010 school-year the insurance status of Colorado SBHC users was: 31% uninsured, 42% Medicaid, 9% private insurance, 9% CHP+, and 2% receiving military or other government assistance and 8% not reporting or unknown.[4]

While most SBHCs pursue third party reimbursement for other primary care, the majority of SBHCs in Colorado do not currently bill for reproductive health services because of concerns that billing may inadvertently abrogate patient confidentiality. Widely used insurance billing and claims processing procedures—namely the practice of sending "explanation of benefits" forms (EOBs) to a policy holder

whenever care is provided under his or her policy—unintentionally but routinely violates the basic guarantee of confidentiality for anyone covered under the policy as a dependent.[5]

According to a former State Medicaid Director, Colorado Medicaid *does not* routinely send EOBs to policy holders. EOBs may be sent to policy holders as part of an integrity program whereby 21 out of 100,000 claims (0.021%) generate an EOB[6]. Colorado Medicaid excludes contraceptive services from the EOB process, and is in the process of excluding all reproductive health services through a comprehensive analysis of procedure codes, diagnosis codes, and other claim information[7]. Many of the larger health care providers serving adolescents in Colorado, including Denver Health and the Children's Hospital Adolescent Clinic, regularly bill Medicaid for all confidential services and did not report any problems or concerns with billing Medicaid for confidential services beyond contraceptive services.

However, federal Medicaid guidance (the Free Care Rule) states that a provider who bills Medicaid for a service delivered to a Medicaid beneficiary must also bill all other patients the same amount for the same service.[8] Unlike Medicaid, EOBs *are* routinely sent to policy holders by CHP+ and private insurers regardless of whether the services rendered are considered confidential. These discrepancies in EOB practices present a billing and confidentiality conundrum for SBHCs.

To comply with the Medicaid Free Care Rule, avoid breaching confidentiality for non-Medicaid patients, and effectively recover some costs associated with reproductive health services, SBHCs may use a combination of billing Medicaid and collecting directly from patients. This approach is used by SBHCs in Michigan, which has similar consent laws to those in Colorado.[9]

Methodology for Collecting Medicaid and Patient Payments

When a patient who is a minor under Colorado law visits a SBHC for a confidential service for which he or she is allowed to consent, the SBHC must first determine if the patient is covered by Medicaid. If yes, the SBHC can bill Medicaid by generating and sending a claim based on information from the encounter form. Submitting a claim for reproductive health services will not result in the generation of an EOB. When reimbursement is received from Medicaid, the amount is entered into the patient's account. Any balance is written off to a "write-off reason code" that indicates "disallowed". Medicaid does not have co-pays for children under 18 and any balances not paid by Medicaid must be written off.

If the patient is not covered by Medicaid but insured, the student has two options which should be clearly explained. If privately insured, the student can choose: 1) to have his or her insurance billed with the understanding that a parent *will* receive an EOB outlining *all* services rendered or 2) to be placed on a sliding fee scale and assume responsibility for charges. Option 2 only applies to services for which the minor is allowed to independently consent. The SBHC must have a system to indicate if the patient has chosen to be billed and receive an EOB or to be placed on the sliding fee scale. If the student chooses for his or her insurance to be billed, it is recommended that the provider ask the student to sign a consent form indicating that the student is aware there is no guarantee of confidentiality.

Many billing systems require specification of one "payer" for each patient which may present a challenge when only confidential services require the patient to be placed on a sliding fee scale. To

overcome this issue, some SBHCs in Colorado have created two separate charts for patients in need of reproductive health services. One chart is used for primary care services that do not require confidentiality. Bills are generated for these services and an EOB is sent to the policy holder. The second chart, with a separate identification number, is used for confidential reproductive health services. No private insurance is assigned to the chart and no address is entered into the system, which creates another safeguard. This second chart is assigned to self pay and the patient is placed on a sliding fee scale for these select services. To further avoid problems with duplicate charts and accidental use of one chart versus the other, the second confidential chart is often assigned a last name such as "Confidential" and then the real first name and birth date of the patient are used as identifiers.

It is recommended that all students requiring confidentiality for reproductive health services, even those covered by Medicaid, have a second chart. This helps guarantee that confidentiality will be maintained when records are requested and in instances where Medicaid coverage has lapsed and claims are denied. If a claim is denied, the SBHC's accounting system my automatically generate a bill which is sent to the patient's home address. However, this will be impossible if the chart is not associated with an address.

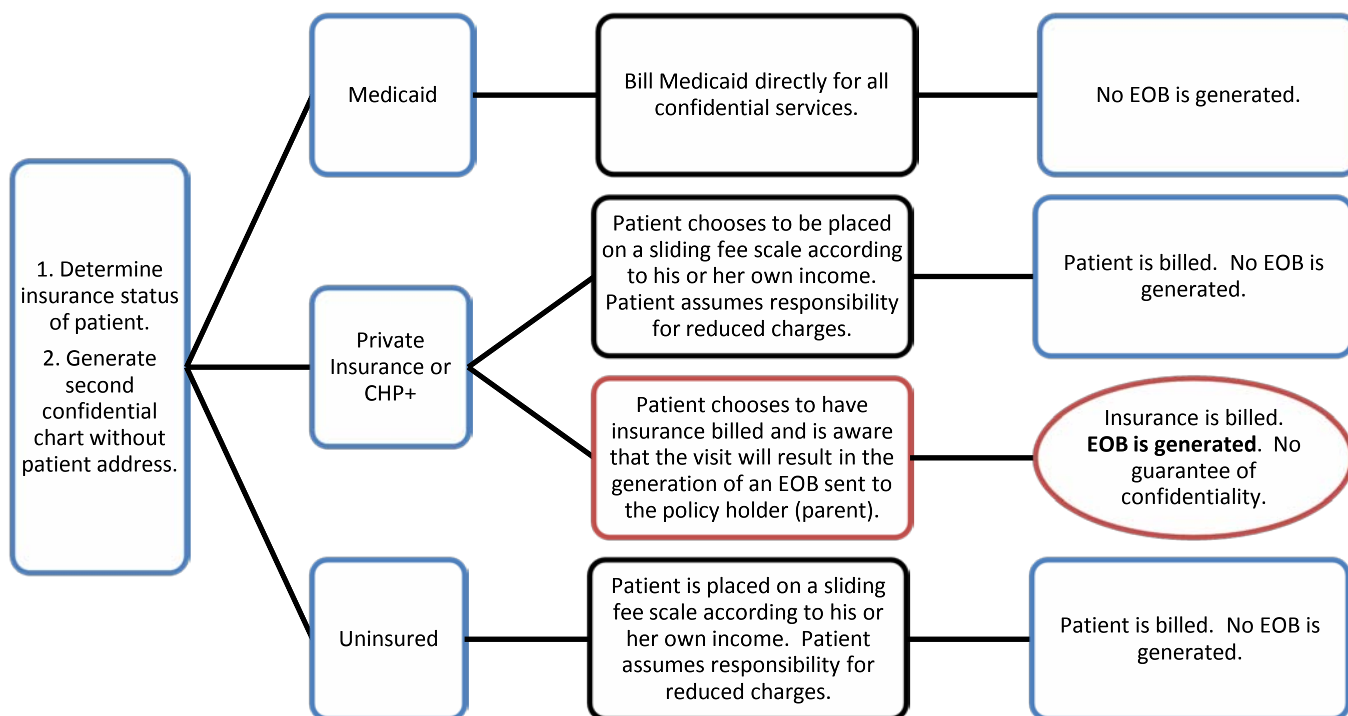
If the patient chooses to be placed on the sliding fee scale, only his or her income should be assessed. Since the patient is acting as an adult and consenting to receive health care services, he or she is no longer a "dependent" and therefore becomes directly responsible for all charges. Most students being placed on the sliding fee scale will either be unemployed or otherwise qualify for the lowest income tier of the provider's sliding fee scale.

Upon completion of the visit, the patient is given a patient statement based on information from the encounter form showing the total charges, the amount due and the amount paid. The charges for the visit are determined according to the fee schedule which is used for all patients. The amount due is determined by the sliding fee scale and any difference between the charges and the amount due from the patient should be considered charity care. If the amount due is paid, the patient's account is zeroed out by writing off the balance of the charges to the "write off reason code" for charity care. If the amount due is not paid, that amount remains on the patient account for a time period established in the SBHC's financial policy (example: 90 days) and then is written off to the "write-off reason code" for bad debt, which is also called uncollectible.

If a patient is uninsured, he or she is automatically placed on the sliding fee scale when accessing reproductive health services. Upon completing the visit, a statement is generated and the process outlined above is followed. All patients should be informed of potential charges and agree to assume responsibility for any charges that result from the visit prior to any services being provided.

Some SBHCs have worked with their information technology department to create a specific visit type for confidential teen visits. This allows for the providers to select a confidential visit in the electronic health record and code it with a separate code, which is yet another safeguard to help protect confidentiality.

Billing and Confidentiality Recommendation Overview



Using this approach, some cost is recovered by billing Medicaid and collecting directly from the patient and confidentiality is not violated. This approach also complies with federal Medicaid guidance since all patients are being charged the same amount for the same services.

In order to successfully implement this recommendation, SBHCs will need to have the following in place:

1. Financial policies outlining billing procedures specific to reproductive health care. (See Appendix A)
2. Encounter forms which allow providers to select appropriate codes and generate statements and claims.
3. Fee Schedule/Charge Master to determine charges for services rendered during the visit.
4. Patient Accounting System to account for all charges and balances.
5. Write-off Reason Codes to use with sliding fee patients and for unpaid balances.
6. Medicaid Provider Number to have the ability to bill Medicaid for services.
7. Ability to collect cash payments.

Cost Reduction

Overall, patient revenue accounts for only 27% of SBHC total revenue so additional strategies are necessary to make providing comprehensive reproductive health services more sustainable for SBHCs. When possible, certain partnerships can help facilitate sustainability by reducing costs of pharmacy supplies and lab services.

Reduction in Pharmacy Costs

Several SBHCs have reduced costs for contraception and treatment of STIs by partnering with agencies that have reduced pharmacy costs through the 340B drug pricing program. The 340B Drug Pricing Program was enacted as part of the Veterans Health Care Act of 1992, codified as Section 340B of the Public Health Service Act. Section 340B limits the cost of covered outpatient drugs to certain federal grantees, federally-qualified health centers (FQHCs) and look-alikes and qualified disproportionate share hospitals. Significant savings on pharmaceuticals may be seen by entities that participate in this program.[10]

Several SBHCs in Colorado already partner with a 340B qualified agency, commonly FQHCs or Title X Family Planning agencies. However, not all of the SBHCs in these partnerships have licensed on-site pharmacies. When a SBHC has a licensed pharmacy, the 340B Drug Pricing Program helps reduce costs.

Reduction in Lab Costs

Agencies sponsoring SBHCs may be able to provide lab services at lower costs. Discounts may be available by combining SBHC tests with hospital tests creating greater economies of scale.

Conclusion

While it is imperative to provide comprehensive health services to adolescents in SBHCs, cost recovery and reduction are challenges when providing reproductive health care. Small steps can be taken, but changes must be made in a larger political context to ensure adolescents have access to low-cost, confidential reproductive health services. Colorado should consider looking at implementing policies similar to those in California, Delaware, Connecticut, and Florida.

California has a specific Medicaid program, Medi-Cal Minor Consent, which allows all teens to confidentially access reproductive health care free of charge. All teens, even those who are undocumented, qualify for the program. Once patients are enrolled in the program through an expedited process, providers can submit claims to Medi-Cal for reimbursement.[11] Three other states, Delaware, Connecticut, and Florida, “prohibit billing procedures from breaching confidentiality for minors seeking testing and treatment for STIs. The wording of the laws is similar across all three states: They require that information about the medical care obtained by the minor be kept confidential and not divulged in any direct or indirect manner, such as sending a bill for services rendered to a parent or guardian”.[12] This policy allows SBHCs to bill all public and private third-party payers without violating confidentiality, thus increasing third party revenue.

Until policies are changed, Colorado SBHCs can continue to take small steps with billing and partnerships to recover and reduce costs. Foundations can also continue to note the challenges associated with providing comprehensive reproductive health care in SBHCs and continue to provide funding opportunities to ensure students have access to high-quality, confidential health care that helps keep adolescents healthy, in school, and ready to learn.

APPENDIX A: FINANCIAL POLICY SAMPLE

SCHOOL-BASED HEALTH CENTER
POLICIES AND PROCEDURES

SUBJECT: Billing for Reproductive Health Services

POLICY: It is the policy of the SBHC to maximize resources and bill insurance as appropriate. In situations where services rendered are protected by minor consent laws, special procedures will be implemented to ensure confidentiality.

MINOR CONSENT: Under Colorado law, minors are allowed to consent to contraceptive care, STI care, and HIV testing. When services protected by minor consent laws are requested, minors must be counseled regarding the SBHC's financial policy. Minors must provide written consent prior to billing any third party.

If a third party is not billed, the visit is a self-pay visit and the amount due from the patient is based on a sliding fee scale.

A. Billing process
    a. Billing Information
        i. At each visit, the SBHC will determine the insurance status of the patient.
        ii. If appropriate, a referral will be made for Medicaid screening and enrollment.
    b. If patient has Medicaid
        i. A second confidential chart will be generated. Last name of patient will be "confidential" and patient's real first name and date of birth will be used. The chart will be assigned to Medicaid but no patient address will be entered.
        ii. All reproductive health services will be billed directly to Medicaid.
    c. If patient has insurance other than Medicaid
        i. The patient will be given two options:
            1. Bill private insurance: patient will be informed that there is no confidentiality with this option and parents will receive a detailed list of all services rendered during the visit.
                a. Patient will sign a consent form clearly stating awareness that no confidentiality can be guaranteed when billing private insurance.
            2. Place student on a sliding fee scale: the patient assumes responsibility for the reduced charges associated with the visit.
                a. A second confidential chart will be generated. Last name of patient will be "confidential" and real patient's first name and date of birth will be used. Chart will be assigned to self-pay and no address will be entered.

b. Patient is placed on sliding fee scale. Procedures are in place with billing staff to ensure no billing takes place that could potentially violate confidentiality.

d. If patient is uninsured
   i. A second confidential chart will be generated. Last name of patient will be "confidential" and patient's real first name and date of birth will be used. Chart will be assigned to self-pay and no address will be entered.
   ii. The patient will be placed on the sliding fee scale and will assume responsibility for the reduced charges associated with the visit.

B. Billing Procedures
   a. Fee schedule/charge master
      i. The current fee schedule/charge master will be used to determine charges for all reproductive health services.
      ii. The fee schedule is revised annually based on costs to deliver services.
   b. Sliding fee scale
      i. The sliding fee scale is based on federal poverty guidelines.
      ii. The sliding fee scale is updated annually.
      iii. The patient without health insurance or who requests confidentiality for services protected by minor consent laws will be eligible for the sliding fee scale, based on his or her individual income. Individual income, not the parental/guardian income, is assessed and used because the student is accessing health services protected by minor consent laws, which allow the student to act as an adult and therefore become responsible for his or her own care and any charges associated with said care.
   c. Charges
      i. Staff members assess charges for services based on the most current fee schedule. This amount is billed to a third party, if applicable.
      ii. If the patient is eligible for placement on the sliding fee scale, charges above the amount due, according to the scale, are written off to charity care.
   d. Collections
      i. Statements are never sent to the patient's home unless requested by the patient.
      ii. It is the policy of the SBHC to remove past due balances exceeding 90 days by writing them off to bad debt.
      iii. Cash payments are collected by the individual site at the time of service and are deposited into the SBHC account.

APPENDIX B: GLOSSARY OF TERMS

Encounter forms: Encounter forms, also known as superbills, allow the provider to select the appropriate codes which determine the fee for service.

Fee scale/Charge master: The charge master/fee schedule establishes standard charges for all services rendered. Each procedure code listed on the charge master will have a corresponding fee that is billed to all patients. The terms charge master and fee schedule are used interchangeably. The term charge master is generally used by hospitals and other health care facilities whereas the term fee schedule is used by doctors and other private practitioners.

Financial policies: Each SBHC should have financial policies outlining how the sliding fee scale is established, who qualifies, as well as the protocol for handling billing for confidential health services. The protocol should include details about how providers will determine and document insurance status as well as safeguards that prevent billing that could violate confidentiality. The policy should also clearly establish the patient as the responsible party for health care services protected by minor consent laws. See Appendix A for a sample financial policy.

Free Care Rule: The Free Care Rule states that Medicaid funds may not be used to pay for services that are available without charge to everyone in the community. Medicaid should also be considered the payer of last resort and should not pay if another party is legally liable for payment, such as other federal and state programs or third party insurance payers (The Role of the School Nurse in Third Party Reimbursement 2007).

Minor consent: Minors are persons less than 18 years of age. Although no minimum age is specified in Colorado statute, minors under the age of 12 are typically considered unable to give informed consent. Minors in Colorado are allowed to independently consent for contraceptive services, STI services, and HIV testing.

Patient accounting system: The patient accounting system is a system that allows SBHCs to generate Medicaid claims and patient statements. Any SBHC billing for services needs to have a patient accounting system in place. Patient accounting systems can either be electronic or paper.

Patient revenue: Amounts paid by patients either directly (self-pay) or indirectly through their insurance companies (third-parties).

Self-pay: Amounts paid directly by the patient or their families.

Third party revenue: Amounts paid by neither the provider nor the patient, hence by a “third party”—usually an insurance company, self-insured employer, union trust fund, Medicaid, etc.

Write-off reason codes: Write-off reason codes are an essential piece of a patient accounting system. The write-off codes allow the SBHC to appropriately account for charity care, sliding fee scales, uncollectible balances, small-balances, administrative write-offs, confidential service exceptions etc.

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