# MEDCARE COMMUNITY CLINIC

## Financial Procedures & Billing Manual

**Version 2.3 | Effective Date: January 10, 2025**
**Finance Department**

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## PATIENT BILLING AND COLLECTIONS

### 1.1 Fee Schedule and Payment Policies

**Standard Fee Schedule (2025):**

**Office Visits:**

- New Patient Comprehensive (99205): $385
- New Patient Focused (99203): $245
- Established Patient Comprehensive (99215): $295

- Established Patient Routine (99213): $165
- Established Patient Brief (99212): $115
- Annual Physical Exam: $425

**Procedures:**

- EKG with Interpretation: $85
- Spirometry: $125
- Nebulizer Treatment: $65
- Injection (Immunization): $45 + vaccine cost
- Minor Procedure/Biopsy: $185-$350
- Joint Injection: $175

**Laboratory (In-House):**

- Basic Metabolic Panel: $45
- Complete Blood Count: $35
- Lipid Panel: $55
- Hemoglobin A1C: $65
- Urinalysis: $25
- Pregnancy Test: $35

**Payment Options:**

- **Cash/Check:** 5% discount if paid in full at time of service
- **Credit/Debit Cards:** Visa, MasterCard, American Express, Discover accepted
- **Payment Plans:** Available for balances over $200 (minimum $50/month)

- **Third-Party Financing:** CareCredit accepted for qualified patients

## 1.2 Collection Procedures

**Collection Timeline:**

- **Day 0:** Service date - collect copay/deductible at time of service
- **Day 30:** First statement mailed with full balance due
- **Day 60:** Second statement with past due notice
- **Day 90:** Final notice before collections referral
- **Day 120:** Account referred to external collection agency

**Payment Plan Requirements:**

- Written agreement signed by patient/guarantor
- Minimum monthly payment: $50 or 10% of balance, whichever is greater
- Maximum payment period: 24 months
- Default triggers immediate collection activity

**Hardship Policy:**

- Financial hardship applications available for qualifying patients
- Income verification required (tax returns, pay stubs)
- Sliding fee scale: 50-90% discount based on Federal Poverty Guidelines
- Charity care: 100% write-off for patients at 100% of Federal Poverty Level

## 1.3 Refund Procedures

**Overpayment Refunds:**

- Patient overpayments refunded within 30 days of identification
- Insurance overpayments refunded within 60 days per contract requirements
- Refund requests investigated within 15 business days
- Written refund policy provided to patients upon request

**Credit Balance Management:**

- Monthly credit balance reports generated and reviewed
- Credits over $5.00 require investigation and resolution
- Patient notification required before applying credits to family members
- Unclaimed refunds escheated to state per regulations

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# INSURANCE PROCESSING

## 2.1 Insurance Verification and Authorization

**Pre-Visit Verification Requirements:**

- Insurance eligibility verified within 24 hours of appointment
- Copay amounts updated in practice management system
- Deductible and coinsurance information documented
- Specialist referral requirements identified

**Prior Authorization Process:**

1. **Clinical Documentation:** Provider completes prior authorization request
2. **Submission Timeline:** Requests submitted within 48 hours of determination
3. **Follow-up:** Insurance company contacted after 5 business days if no response

4. **Patient Notification:** Patients notified of authorization status before service
5. **Appeal Process:** Denied authorizations appealed within 30 days

**Worker's Compensation Claims:**

- Separate registration and billing process
- Employer notification within 24 hours
- First Report of Injury completed by provider
- No patient responsibility for covered services

## 2.2 Claims Submission and Follow-up

**Electronic Claims Submission:**

- All claims submitted electronically within 24 hours of service
- Daily batch processing at 6:00 PM Monday-Friday
- Claim scrubbing software used to identify errors before submission
- Clean claim rate target: 95%

**Claim Status Monitoring:**

- **0-15 days:** Claims in process, no action required
- **16-30 days:** Electronic status inquiry submitted
- **31-45 days:** Phone inquiry to insurance company
- **46+ days:** Written inquiry with supporting documentation

**Denial Management:**

- Denials reviewed within 48 hours of receipt

- Clinical denials forwarded to providers for review
- Administrative denials corrected and resubmitted within 5 days
- Appeal deadlines tracked and monitored

### 2.3 Insurance Contract Management

**Contracted Insurance Plans (2025):**

- Blue Cross Blue Shield PPO/HMO
- Aetna PPO/HMO
- Cigna PPO/Open Access Plus
- United Healthcare PPO/HMO
- Medicare (Traditional and Advantage Plans)
- Medi-Cal (California Medicaid)
- Tricare (Military)

**Contract Terms Monitoring:**

- Annual contract renewals negotiated 6 months prior to expiration
- Reimbursement rate changes implemented within 30 days
- Fee schedule updates loaded into practice management system
- Provider credentialing maintained for all contracted plans

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## EXPENSE MANAGEMENT

### 3.1 Operating Expense Categories

**Monthly Operating Expenses (Budget 2025):**

**Personnel Costs (65% of total budget):**

- Physician salaries: $156,000/month
- Nursing staff: $48,000/month
- Medical assistants: $32,000/month
- Administrative staff: $28,000/month
- Benefits and payroll taxes: $42,000/month

**Facility Costs (12% of total budget):**

- Rent (3 locations): $18,500/month
- Utilities: $3,200/month
- Maintenance and cleaning: $2,800/month
- Insurance (liability, property): $4,100/month

**Medical Supplies (8% of total budget):**

- Medical supplies and equipment: $15,500/month
- Pharmaceuticals and vaccines: $8,200/month
- Laboratory supplies: $2,800/month

**Administrative Costs (10% of total budget):**

- Electronic health record system: $4,500/month
- Practice management software: $1,800/month
- Office supplies: $1,200/month
- Professional services (legal, accounting): $3,200/month
- Marketing and advertising: $2,100/month

**Other Expenses (5% of total budget):**

- Continuing education: $1,500/month
- Professional memberships: $800/month
- Equipment leases: $2,200/month
- Miscellaneous: $1,000/month

## 3.2 Purchase Authorization Limits

**Spending Authority Levels:**

- **Medical Assistants:** Up to $50 (supplies only)
- **Department Supervisors:** Up to $500 per transaction
- **Practice Manager:** Up to $2,500 per transaction
- **Medical Director:** Up to $10,000 per transaction
- **CEO:** Up to $25,000 per transaction
- **Board Approval:** Required for expenditures over $25,000

**Purchase Order Requirements:**

- Written purchase orders required for all non-emergency purchases over $200
- Three quotes required for purchases over $2,500
- Contracts require legal review for commitments over $10,000
- Capital equipment purchases require depreciation analysis

## 3.3 Expense Reimbursement

**Reimbursable Expenses:**

- **Mileage:** $0.655 per mile (2025 IRS rate) for business travel
- **Meals:** Actual cost up to $75/day with receipts
- **Lodging:** Reasonable accommodation costs with prior approval
- **Conference Registration:** Job-related education and training
- **Professional Memberships:** Relevant to job responsibilities

**Expense Report Requirements:**

- Submitted within 30 days of expense incurred
- Original receipts required for all expenses over $25
- Business purpose and attendees documented for meal expenses
- Supervisor approval required before reimbursement processing
- Reimbursement processed with next payroll cycle

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## REVENUE CYCLE MANAGEMENT

### 4.1 Key Performance Indicators (KPIs)

**Monthly Financial Targets:**

- **Gross Collection Rate:** 95% (target)
- **Net Collection Rate:** 98% (target)
- **Days Sales Outstanding (DSO):** 35 days (target)
- **Clean Claim Rate:** 95% (target)
- **Denial Rate:** <5% (target)
- **Cost to Collect:** <3% of collections (target)

**Accounts Receivable Aging Goals:**

- **0-30 days:** 60% of total A/R
- **31-60 days:** 25% of total A/R
- **61-90 days:** 10% of total A/R
- **91+ days:** 5% of total A/R

## 4.2 Revenue Recognition and Reporting

**Revenue Recognition Method:**

- Revenue recognized when services are performed
- Insurance payments recorded when received
- Patient payments applied to oldest charges first
- Adjustments recorded when contractually required

**Monthly Financial Close Process:**

1. **Day 1-3:** Final charge entry and payment posting
2. **Day 4-5:** Insurance aging report review and follow-up
3. **Day 6-8:** Financial statement preparation
4. **Day 9-10:** Management review and approval
5. **Day 11-15:** Board financial package preparation

## 4.3 Accounts Receivable Management

**Insurance A/R Follow-up:**

- Daily work queues generated by age and payer

- Payer representatives contacted for overdue claims
- Claim status inquiries submitted electronically
- Denial patterns analyzed monthly for trends

**Patient A/R Follow-up:**

- Phone calls initiated at 45 days past due
- Payment arrangements offered to qualifying patients
- Collection letters sent at 60 and 90 days
- External collection referral at 120 days

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# FINANCIAL REPORTING

## 5.1 Management Reports

**Daily Reports:**

- Daily cash receipts summary
- Charges by provider and procedure
- Insurance verification report
- Appointment scheduling summary

**Weekly Reports:**

- Aging accounts receivable summary
- Collection activity report
- Denied claims requiring follow-up
- Patient payment plan status

**Monthly Reports:**

- Profit and loss statement
- Balance sheet
- Cash flow statement
- Provider productivity analysis
- Payer mix analysis
- Budget variance report

## 5.2 Financial Analysis

**Provider Productivity Metrics:**

- **Revenue per Provider:** Monthly tracking with annual goals
- **Encounters per Provider:** Patient visit volume analysis
- **Average Revenue per Encounter:** Service mix and coding analysis
- **Work RVU Production:** Relative value unit tracking

**Payer Mix Analysis (2024 Actual):**

- **Commercial Insurance:** 45% of revenue
- **Medicare:** 30% of revenue
- **Medi-Cal:** 15% of revenue
- **Self-Pay:** 10% of revenue

**Seasonal Trends:**

- Q1: Higher volume due to new insurance deductibles
- Q2: Stable volume with routine preventive care

- Q3: Lower volume due to summer vacations
- Q4: Increased volume with year-end insurance benefits usage

### 5.3 Budget Planning and Forecasting

**Annual Budget Process:**

- **September:** Department budget request submissions
- **October:** Initial budget review and consolidation
- **November:** Management review and revisions
- **December:** Board approval of final budget

**Budget Categories:**

- **Revenue Budget:** Based on historical trends and growth projections
- **Expense Budget:** Personnel, facility, and operating cost projections
- **Capital Budget:** Equipment and facility improvement planning
- **Cash Flow Budget:** Monthly cash flow projections

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## ACCOUNTS PAYABLE

### 6.1 Vendor Management

**Preferred Vendor List:**

- **Medical Supplies:** McKesson, Cardinal Health, Henry Schein
- **Office Supplies:** Staples Business Advantage
- **Laboratory Services:** LabCorp, Quest Diagnostics
- **Equipment Maintenance:** Authorized service providers

- **Professional Services:** Pre-approved legal, accounting, consulting firms

**Vendor Requirements:**

- W-9 tax forms collected before first payment
- Certificate of insurance required for service providers
- Net 30 payment terms negotiated when possible
- Volume discounts secured for high-usage items

## 6.2 Invoice Processing

**Invoice Approval Workflow:**

1. **Receipt:** Invoices received by accounting department
2. **Verification:** Services/goods receipt confirmed by requesting department
3. **Coding:** Expense properly coded to chart of accounts
4. **Approval:** Department manager approval per authorization limits
5. **Payment:** Check run or electronic payment processing
6. **Filing:** Paid invoices filed with supporting documentation

**Payment Schedule:**

- **Check Runs:** Wednesdays and Fridays
- **Electronic Payments:** Daily for pre-approved vendors
- **Credit Card Payments:** Monthly statement payment
- **Petty Cash:** $500 fund maintained for small purchases

## 6.3 1099 Reporting and Tax Compliance

**1099 Requirements:**

- Annual 1099-NEC forms issued to non-corporate vendors paid >$600
- 1099-MISC forms issued for rent payments >$600
- Electronic filing required for 250+ forms
- Forms mailed to vendors by January 31st

**Sales Tax Compliance:**

- Monthly sales tax returns filed with California BOE
- Exempt purchases properly documented
- Resale certificates maintained for tax-exempt items
- Annual reconciliation with general ledger

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**Document Control:**

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- **Approved By:** Michael Chen, Practice Manager
- **Document Owner:** Finance Department

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## APPENDIX A: BILLING CODE REFERENCE

**Most Common CPT Codes Used:**

**Evaluation and Management:**

- 99212: Office visit, established patient, straightforward
- 99213: Office visit, established patient, low complexity
- 99214: Office visit, established patient, moderate complexity
- 99215: Office visit, established patient, high complexity
- 99203: Office visit, new patient, low complexity
- 99204: Office visit, new patient, moderate complexity
- 99205: Office visit, new patient, high complexity

**Preventive Services:**

- 99391-99397: Preventive care, new patient (age-based)
- 99401-99404: Preventive counseling services
- G0438: Annual wellness visit, initial
- G0439: Annual wellness visit, subsequent

**Common Procedures:**

- 93000: Electrocardiogram, routine ECG with interpretation
- 94060: Spirometry before and after bronchodilator
- 90471: Immunization administration, first injection
- 90472: Immunization administration, additional injection
- 87081: Culture, bacterial, aerobic, isolated colony count

## APPENDIX B: INSURANCE PAYER CONTACT INFORMATION

**Primary Insurance Contacts:**

**Blue Cross Blue Shield:**

- Provider Services: 1-800-810-2583
- Claims Status: 1-800-810-2583
- Prior Authorization: 1-800-541-6652
- Electronic Payer ID: 00431

**Aetna:**

- Provider Services: 1-800-624-0756
- Claims Status: 1-800-624-0756
- Prior Authorization: 1-855-240-0535
- Electronic Payer ID: 60054

**Medicare:**

- Provider Services: 1-855-798-2273
- Claims Status: 1-855-798-2273
- Electronic Payer ID: 00431

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