



UNIVERSITY POLICY

SUBJECT: ADMINISTRATION **TITLE:** PROFESSIONAL COURTESIES FOR
HEALTH SERVICES
CODING: 00-01-10-07-00 **ADOPTED:** 09/27/99 **AMENDED:** 09/27/99

I. PURPOSE

To establish a policy governing the practice of offering professional courtesies to patients by the University's healthcare providers.

II. ACCOUNTABILITY

Under the direction of the President, the Deans and Vice Presidents shall ensure compliance with this policy.

III. APPLICABILITY

This policy applies to all UMDNJ healthcare providers.

IV. POLICY

Pursuant to the current regulatory guidelines and provisions (EXHIBIT A), University healthcare providers are prohibited from offering professional courtesies to their patients in the form of discounts or waivers of deductibles or insurance co-payments. All University healthcare providers submitting a charge for services provided to any patient, must submit that charge according to the established charge schedule and payment collected should include the co-payments, deductibles and balances after insurance.

V. EXHIBIT

A. Regulatory Guidelines

- Medicare, Medicaid, and other federal and state programs
- Other Payers

By Direction of the President:

Vice President for Regulatory Affairs

EXHIBIT A

Regulatory Guidelines

- A. Under Medicare and other federal and state programs, and based on the Health Portability and Accountability Act (“HIPPA”), effective January 1, 1997, the act of discounting services constitutes a violation of federal law and may subject the physician to civil penalties.

Specifically, Section 231 (h) of HIPPA provides for the imposition of civil monetary penalties against any person who offers or transfers remuneration to any individual eligible for benefits under Federal health care programs (including Medicare or Medicaid) that such person knows or should know is likely to influence such individual to order or receive from a particular provider, practitioner, or supplier any item or service for which payment may be made, in whole or in part, [by a Federal health care program].

Section 231 (h) defines “remuneration” as including the waiver or coinsurance and deductible amounts or any part thereof. The exceptions for waiving co-insurance or deductibles are: if it has been determined that the patient is in financial need or if the co-insurance or deductibles cannot be collected after making reasonable collection efforts.

- B. Other payers view the practice of submitting insurance claims based on a physician’s or healthcare provider’s actual charges and then failing to seek payment from the patient for the co-pay, deductible and/or remaining balance, as a fraudulent misrepresentation of charges. The practice of waiving co-insurance or deductibles results in an “overstatement” of the physician’s charges, since the charge includes an amount that the patient is not being asked to pay. If the payer considers this a misrepresentation of UMDNJ’s charges they could legally reduce reimbursement by the discounted amount. Additionally, there are issues relative to discrimination and violation of contracts.