A warning against paying for referrals

Q: I am a counselor who has been in private practice for about five years. Things are going well. I was approached by a colleague who is leaving town and looking for a referral source for his current clients. This therapist would like to transfer some of his clients to me and was asking for a fee. He proposed $20 per session per referral for one year. I have spoken with a number of people about this in addition to reading your article “Selling or Buying a Private Practice” in the Private Practice Pointers section of ACA’s website (counseling.org). However, I couldn't find what I was looking for because the article seems to cover the sale of a broad range of practice assets, only one of which I would be interested in from this therapist — working with his existing clients.

A: The reason you couldn't find the answer to your question in the article is because it doesn't work that way. You can't pay for referrals — that is fee splitting. You would have to buy the practice name and goodwill for an agreed-upon price. If you are doing fine, we would be cautious about getting involved with any arrangement which could jeopardize that standing. Stay on the legal and ethical road; that usually works. And as always, consult an attorney and a tax professional for more information on buying a practice. Good luck.

Q: I have just started a limited private practice that I am working to expand and have a question about billing. I am on a few insurance panels, namely Aetna, CIGNA, Magellan, HealthCorp and Medicaid. My understanding is that when you take on one of their members, you agree to charge the member only his/her copay and accept whatever the contracted amount is from the insurance company. So, if my fee is $120 and Aetna pays the portion of the $55 after the copay, that's it. I can't bill for the remainder. Is that correct? Every therapist I know will charge clients for the balance. Am I doing something wrong, or are they doing something unethical?

A: Congratulations! It sounds like you have your practice up and running and you want to do it both legally and ethically. We have been asked this question before. It seems some therapists don't read the contracts or think they don't have to abide by them. Big practice mistake.

Here's the deal. If your contract with CIGNA, for example, states the fee is $70 and the copay is $15, you agree to accept $55 from CIGNA (copay + insurance payment = $70). You have to waive the remaining $50 of your $120 fee. If you bill the client for that remaining $50, that's called balance billing, and not only is it unethical, it's considered fraud. You are doing the right thing, while others are opening themselves to potentially big problems. Keep up the ethical work.

Electronic claims submissions

We have been surveying counselors over the past several months about electronic claims submissions and have the following information to share. First, electronic claims submission is not only becoming the more efficient way of sending insurance claims, but in some instances is becoming a requirement. Some insurance carriers will delay paper claims processing up to 28 days, while electronic claims can take just 24 to 48 hours. That is money in the pocket faster!

There are multiple options available for submitting claims electronically. All contracts with billing services maintain signed HIPAA agreements.

Utilizing a medical billing software system

A medical billing software system allows the counselor to keep patient information on the computer and send claims directly to a clearinghouse that will properly format and send the claim to the insurance carriers. Clearinghouses can send electronic claims to most insurance carriers. This option is one of the more expensive because of the upfront cost of the medical billing software and the additional monthly per claim cost for sending claims electronically.

Some of the more popular systems:
- Office Therapy and QuicDoc made by DocuTrac Inc. (quicdoc.com)
- EZClaim (ezclaim.com)
- Therapist Helper (helper.com/therapist/therapist_helper.htm)
- ShrinkRapt (shrinkrapt.com)
- Office Ally, which is free (officeally.com)

Using online billing for each insurance carrier

Some insurance carriers allow billing directly from their websites if you set up an account with them. Many times, the clinician can utilize eligibility information and claims tracking as well. There is no cost to this option, and it is very easy to access the insurance carriers’ websites. The counselor must be an in-network provider to use this option.

Optum/United Behavioral Health, the nation’s largest managed care company, is the first insurance company with which we have tried electronic billing and payment services. Electronic claim services for outpatient behavioral health are submitted through the claim entry feature on the website (ubhonline.com) or through the EDI/Electronic Services Clearinghouse. Network clinicians can create a registered account for electronic billing by calling 866.209.9320 or by logging on to the website and requesting your user ID via the first-time user link.

In addition to online certification inquiry or certification request functions (for routine outpatient treatment) and finding enrollee eligibility and benefits, other advantages of online processing
Robert J. Walsh and Norman C. Dasenbrook are coauthors of *The Complete Guide to Private Practice for Licensed Mental Health Professionals*. ACA members can e-mail their questions to walshgasp@aol.com and access a series of “Private Practice Pointers” on the ACA website at counseling.org.

Letters to the editor: ct@counseling.org

Laura Hensley Choate

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We will be presenting our workshop “Private Practice: Surviving or Thriving?” in Michigan, Indiana and Ohio in September. Go to counseling-privatepractice.com and click on “Seminars” for dates and cities.

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