

# Is Transitioning to a Cash-Based Practice Right For You?

by Dr. Miles Bodzin & Dr. Ray Foxworth

**B**etween our two companies, Cash Practice and ChiroHealthUSA, we hear from hundreds of doctors a month who think they want to transition to an all cash practice. The reasons are varied, but are most commonly related to frustrations in dealing with insurance companies, hearing about or being involved in a recent audit, dwindling reimbursements and increased demand for pre-cert paperwork or documentation.

We also find there are many misperceptions about going all cash. Such as, going ALL cash means you are finally free to do what you want in making recommendations to all patients about their care. You can opt-out of every network and disregard terms of the PPO agreements. And, the BIG LIE many have heard is if you are all cash, you are immune to all the rules and regulations from your Board of Examiners, all the way up to CMS and the OIG, when it comes to proper documentation, billing, coding, discounting, state and federal inducement violations and other red tape including HIPAA.

As is usually the case, the truth lies somewhere in the middle. Going all cash or transitioning to a more cash-based practice can be liberating in many ways, but it is not a panacea. If your State Board of Examiners has outlined the minimum standards for documentation, you are still bound by those standards, regardless of who is paying the bill.

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If you see patients who may be insured, they will expect to be provided with a proper receipt reflecting your diagnosis with the proper ICD-9 codes, the procedures you performed with proper CPT codes and, if the patient submits the receipt to their insurance carrier for consideration, you may certainly expect to receive a request of records to support medical necessity. And, while you may have been “PAID” by the patient and think you are in the clear 100%, if your record keeping and coding is not up to par, you can probably expect a complaint filed with your board from a patient who may have SWORN they did not intend to send in receipts to the insurance carrier since you are all cash.

Now, as soon as we write this, we are going to hear from someone who says, “My attorney says if I have them sign this form that they won’t file, or that they can’t file a claim when they pay cash, I’m in the clear.” If that is the case, good for you

and make sure you have that attorney on retainer because there is NOTHING worse than dealing with a “ticked-off” patient who decides later that they want their insurance company to pay them back and YOUR notes or records are sub-standard. So much for being immune from rules and regulations by going all cash!

Another area where doctors often think going all cash brings them freedom is in making treatment recommendations and offering varied forms of payment plans or pre-paid plans, especially if the patient is paying cash. Once again, while there is some freedom from not being involved in insurance networks, there are other rules and regulations that may come into play.

In several states, Boards of Examiners have promulgated rules about pre-pay plans and require escrow accounts to be utilized. Why? You can bet it is because of patient complaints related to refunds! Also, there are some states that consider collecting in advance for health care services to be the “business of insurance” and you must have an insurance license issued by the state.

Finally on this topic, keep in mind that if you are seeing a patient with insurance, even if YOU are out of network, the patient has certain obligations as a policyholder, such as paying the required deductibles and copayments. Be aware that if you, even as an out of network provider, offer pre-payment plans that include any discounts on the patient’s cost-sharing portions, the insurance company may not be liable for any payment or reimbursement back to the patient.

## Diversified Isn’t Just a Chiropractic Technique

We are seeing that more and more doctors want to become less dependent on insurance. And there are some who want to go 100% cash, but they are not the norm. For most doctors, the smart move is to do what your investment banker might suggest, “Diversify”. Meaning, don’t be 100% anything! Have a good mix of insurance, personal injury, workers’ compensation and build up your cash side of the practice. This will bring you the ultimate in practice stability and peace of mind by not having your practice disappear overnight if all your financial eggs are in one basket. For doctors who were ALL PI or workers’ comp and practiced in states where changes to these payment methods were implemented, ask them what it is like the day AFTER the law changes and PI or workers’ comp vanished.

As long as you understand that the transition to a cash-based practice does not make you invisible from regulators or grant





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you immunity, then we encourage you to consider diversifying your practice to include more cash-based patients and become less dependent on insurance.

### **Transitioning to Cash-Based Practice has MAJOR Benefits Even When the Patient Has NO Insurance Benefits!**

There are three major benefits of placing your patients, particularly cash patients, on long-term care plans. The first benefit is you rarely have patients drop out of care because "the pain went away" or "the insurance ran out". Those are the two most common excuses doctors will state as the reason patients drop out of care. And both are completely neutralized when placing a patient on long-term care plans. So you end up with better treatment compliance.

The second benefit is a result of the prior benefit. You get better clinical results, get more referrals and become more profitable as a practice. It is pretty obvious that if your patients are staying on your care plans, they will get better and will be more likely to refer friends and family.

We also need to state that if you are recommending long-term care plans, you better be able to deliver on the promises you make. We are not talking about just providing "pain relief" type care for a longer period of time.

Let's be real. If you want to deliver on the promise of wellness, you better be able to demonstrate improvements in the patient's well-being. There are some great tools and resources available for doing just that.

When recommending long-term care plans, obviously there will be a fee for your services. It is crucial that the way you collect the fees for your care plan is setup correctly. We should start by stating what NOT to do. The idea of offering a plan of care where the end goal for all patients is to prepay for the program (i.e. prepay for a year of care) is not recommended. Why? The challenge is, prepaying for anything (outside of chiropractic) is not the norm for people and, as noted before, could be considered the business of insurance in some states.

People are used to "financing" everything these days. Look at how TV commercials promote a car. Do they advertise the price of the car? No, they tell you the lowest monthly lease payment available. They do that because they know that the majority of people make a purchase decision with the "monthly payment" in mind rather than the total price.

## FEATURE

So, offering your patients a long-term care plan that offers payment options is what we recommend. By offering options, the patient will pick what works best for them. The options are monthly payments, a larger down payment with smaller monthly payments and a prepayment for the folks that want to choose that option where it is legal. We find that most people choose one of the first two options.

The last thing about collecting the fees for these plans is to consider using an auto-debit program to collect these payments. Our experience has shown that the more often people think about the money you are charging, the more likely they will stop care. We have a policy in place to remove every situation we can that reminds them of the money. So, no statements are mailed. No third-party financing (i.e. Care Credit or similar plans). We securely keep their credit card or bank account information on file in a PCI compliant program and run the payments on the agreed upon date. This is no different than having a routine to submit claims every Tuesday or on the 1st and 15th. With a proper auto-debit system, it can be BETTER than insurance since there is NO waiting for reimbursement or claims rejections!

The bottom line on transitioning to a more cash-based practice is to do it for the right reasons. We encourage all of our clients, even those who choose to go 100% cash, to remember that regardless of the payer type, you should document correctly, code correctly, bill correctly and, if you discount or offer payment plans, make sure you are handling those correctly and start practicing with more peace of mind.



*Dr. Bodzin is the Founder and CEO of Cash Practice Inc, a web-based company that provides The 4-Step Process for Reducing Your Dependence on Insurance and New Patients. The Wellness Score, Cash Plan Calculator, Auto-Debit, and Drip-Education Email Systems give the practicing chiropractor tools for implementing the four steps. Dr. Bodzin speaks internationally on running a cash-based practice for Associations, Parker Seminars, Philosophy Groups and for many of the coaching companies. Dr. Bodzin can be reached at 1-877-343-8950, drbodzin@cashpractice.com or by visiting [www.CashPractice.com](http://www.CashPractice.com).*



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Freedom from Insurance Dependence™

AS FEATURED ON/IN:



## “If insurance was gone tomorrow, would you survive in practice?”

If you're not 100% sure, read on to learn how my company, Cash Practice® Systems, can help you not only survive but thrive in spite of a worsening insurance climate.

With all the uncertainty in health care insurance and “Obamacare”, **there has never been a more important time for you to take decisive action to ensure your future success.** For over a decade, our systems have helped thousands of doctors of chiropractic free themselves from the shackles of insurance dependence.

**We can help you too!** Our systems have one sole purpose - increase your patient retention and care plan compliance, resulting in freedom from insurance dependence. Nobody else even comes close to the retention levels we see. Our members routinely have PVA's well over 100 visits.

**Join us, and you will skyrocket your patient retention & cash collections, reduce your stress and help more people get well.**

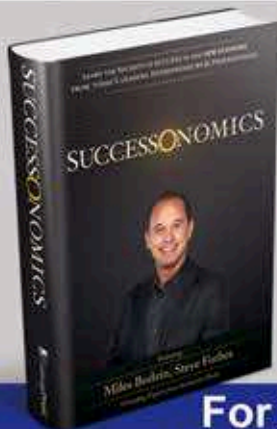
### Membership Includes:



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- ✓ Staff Bonus System
- ✓ Integrates with **ChiroHealthUSA**



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