



*Kareo Feature Guide
Managing Copays
Updated February 2, 2007*



1. Background Information

Many Kareo customers have requested a way to bill patients for missed copays concurrently with the process of billing a patient's primary insurance. Prior to the January 2007 release, Kareo lacked the features required to accurately track patient responsibility and bill patients for missed copays. Kareo previously allowed you to assign the balance on charges to either the patient or the patient's insurance, but there was no way to transfer the copay portion of the balance on a charge to patient responsibility, while also assigning and billing the insurance for the insurance reimbursement portion of the balance on a charge. Consequently, Kareo was not able to support billing patients for missed copays concurrently with the process of billing a patient's primary insurance, while also maintaining an accurate balance for both parties.

With the January 2007 release, Kareo has introduced some important changes to posting patient payments in encounters, tracking copay amounts due, applying patient copays when approving encounters, and tracking patient versus insurance responsibility. These new changes give you the option to track and bill for missed copays concurrently with the insurance billing process, and they change the way all copays are entered and tracked in Kareo.

2. Managing Copays with Kareo

The following is a list of changes to the way you manage copays using Kareo:

- **Tracking Copays on Insurance Plans:** You can enter and track the copay required by an insurance plan by entering an amount in the Copay field on the insurance plan record.
- **Tracking Copays on Insurance Policies:** You can enter and track the copay required by a patient's insurance policy by entering an amount in the Copay Due field on the insurance policy record. By default, the Copay Due field is automatically populated with the Copay field from the insurance plan record.
- **Setting up a Practice to Automatically Bill Patients for Missed Copays:** You can set up a practice to automatically bill patients for missed copays by selecting the menu item Settings > Options > Encounter Options and checking the box labeled **"Automatically bill patients for missed copays"**.
- **Entering Patient Payments with Encounters:** You can enter patient payments as you are entering an encounter by entering the total payment amount in the Payment Amount field, at which point the system will display and you may enter the Method, Category, Reference #, and Memo fields associated with the payment. The payment you entered will be created by the system once you approve the encounter.
- **Applying Payments When Entering Encounters:** You can apply portions of the total payment amount to procedures by entering the amount to apply in the Apply Payment column of each service line. By default, the system will assume you want to apply the total payment amount to the first service line so it automatically transfers the Payment Amount field into the Apply Payment column on the first service line. However, you may change this by entering a new amount in the Apply Payment columns for one service line, multiple service lines, or none at all. Once you approve the encounter, the system will create the charges, create the payment, and apply portions of the payment based upon the Apply Payment column you entered for each service line. If you do not apply the total payment amount, the remaining amount will be left as an unapplied amount on the payment, which you can later locate in the Encounter > Find Payments task and apply to any open charge.
- **Billing Patients for Missed Copays:** If you checked the **"Automatically bill patients for missed copays"** box located in Settings > Options > Encounter Options, then the system will display the Patient Resp. column on each service line. Use the Patient Resp. column to indicate the portion of the total charges on a service line that you would like to transfer immediately to the patient when the encounter is approved. If you are entering an encounter for a patient with one insurance policy and the Copay Due field has been entered on the patient's insurance policy, the system will transfer the Copay Due amount to the Patient Resp. column, indicating that the patient should be billed for the missed copay concurrently with the insurance billing process. If you do not check the **"Automatically bill patients for missed copays"** box located in Settings > Options > Encounter Options, the system will hide the Patient Resp. column and patients will not be billed immediately for missed copays.

3. Real-World Scenarios for Managing Copays with Kareo

Your company's workflow patterns will determine how you should use Kareo's new copay features. The following sections provide a few real-world scenarios, and Kareo's recommendations for using the copay features, assuming you intend to bill patients automatically for missed copays.

3.1 Scenario #1 – Payments Entered With Encounters

If you enter payments at the same time you enter encounters, we recommend the following procedures:

- First, we recommend you select the menu item Settings > Options > Encounter Options and check the box entitled “Automatically bill patients for missed copays” to enable this option.
- Second, whenever possible, we recommend entering the **Copay Due** field on the insurance policy record indicating the copay required by the patient for typical encounters. This will save you time because the system will automatically transfer the missed copay to patient responsibility by transferring the Copay Due amount to the Patient Resp. column on the first service line. It is important to note that patients will be billed automatically for missed copays ONLY if a patient has one insurance policy, otherwise, the patient's secondary insurance policy may be responsible for the copay, and thus, it should not be immediately transferred to patient responsibility.
- Third, we recommend you enter the patient payment, a portion of which may include the copay, within the payments section of the encounter record.
- Finally, while entering service lines on the encounter, if the Copay Due is displayed, then we recommend you accept the default value under the Patient Resp. column. However, if a copay was due from the patient, but was not entered on the insurance policy record, then we recommend you manually enter the copay amount in the Patient Resp. indicating that you would like to transfer the missed copay to patient responsibility.

If you follow these procedures, then once you approve an encounter, the system will create charges for each service line on the encounter, transfer the Patient Resp. amount immediately to the patient, create the patient payment if entered, and apply portions of the patient payment to the service lines entered based on the Apply Payment amount. It is important to note, that under this scenario, for any patients that a) have only one insurance policy, b) have any service lines with an amount in the Patient Resp. column, and c) did not make a payment entered within the payment section of the encounter, the system will immediately transfer the missed copay to patient responsibility and the patient will be billed on their next statement, concurrently while the primary insurance is billed.

3.2 Scenario #2 – Copays Entered by Schedulers, Prior to Encounters

If you use Kareo's front-office scheduling features, and your schedulers accept and enter copays at the point of service prior to encounters, we recommend the following procedures:

- First, we recommend you select the menu item Settings > Options > Encounter Options and check the box entitled “Automatically bill patients for missed copays” to enable this option.
- Second, whenever possible, we recommend entering the **Copay Due** field on the insurance policy record indicating the copay required by the patient for typical encounters. This will save you time because the system will automatically transfer the missed copay to patient responsibility by transferring the Copay Due amount to the Patient Resp. column on the first service line. It is important to note that patients will be billed automatically for missed copays ONLY if a patient has one insurance policy, otherwise, the patient's secondary insurance policy may be responsible for the copay, and thus, it should not be immediately transferred to patient responsibility.
- Third, we recommend schedulers accept patient payments from the calendar by right-clicking on an appointment, selecting “Create Payment...” entering the payment by completing the General tab of the new payment screen, and saving the new payment without applying any portions to open charges.
- Fourth, if you enter the ticket # for a new encounter, or you select a patient, case, and date of service for a new encounter, you will notice that the system automatically finds the patient payment entered at the point of service and displays a link to the pre-existing patient payment within the payment section of the encounter record. This preexisting patient payment is automatically linked to the encounter so that the system can apply the payment to the portion of the new charges assigned to patient responsibility when the encounter is approved.

- Finally, while entering service lines on the encounter, if the Copay Due is displayed, then we recommend you accept the default value under the Patient Resp. column. However, if a copay was due from the patient, but was not entered on the insurance policy record, then we recommend you manually enter the copay amount in the Patient Resp. indicating that you would like to transfer the missed copay to patient responsibility.

If you follow these procedures, then the patient payment will be created by schedulers before you enter the encounters. Then, once you enter and approve the encounter, the system will create charges for each service line on the encounter, transfer the Copay Amount portion of the charges to patient responsibility, and apply the pre-existing patient payment towards the Copay Amount portion of the charges. It is important to note, that under this scenario, for any patients that a) have only one insurance policy, b) have any service lines with a Copay Amount that is transferred to patient responsibility, and c) did not make a payment at the point of service, the system will immediately transfer the missed copay to patient responsibility and the patient will be billed on their next statement, concurrently while the primary insurance is billed.

3.3 Scenario #3 – Copays Entered Separately and After Encounters

If you enter copays as a separate process from, and perhaps after, you enter encounters, we recommend the following procedures:

- First, we recommend you go to Settings > Options > Encounter Options task and uncheck the box labeled “Automatically bill patients for missed copays is left unchecked. Turning off this setting will also hide the Patient Resp. column in the procedures section of the encounter record.
- Second, whenever possible, we recommend entering the Copay Due field on the insurance policy record indicating the copay required by the patient for typical encounters.
- Third, we recommend you leave the patient payment section of the encounter blank since you plan to enter payments separately from, and perhaps after, you enter encounters.
- Finally, we recommend you enter patient payments separately through the new payment screen, transfer a portion of the balance on a charge to patient responsibility (optional), and finally apply portions of those payments towards the charges.

If you follow these procedures, then you prevent patients from being billed for missed copays. Under this scenario, once you approve an encounter, the system will create charges for each service line on the encounter and transfer the full balance on the new charges to insurance (unless it’s a self-pay patient). When you subsequently enter the patient payments, you can manually apply them to any portion of the balance on the charge, even if you have not transferred a portion of the balance to patient responsibility.

Questions? Please email support@kareo.com