BHA-FPX4009 Assessment 2: Reimbursement Options

Your Name

Capella University

BHA-FPX4009

Assessment 2

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Reimbursement Options

Provider reimbursement is an arrangement where providers bill patients for medical services/treatment received. The bills are sent to the parties responsible for the payment, such as government agencies or health insurers. For private hospitals, patients pay for their medical bills through individually purchased health insurance or from employer copay-based health coverage schemes. For public hospitals, government-based healthcare insurance schemes are used to pay a patient's medical bills. Medicaid and Medicare are the two prominent government health insurance providers in the United States. In provider reimbursement, all payments are made after treatment/service has been done.

Part I - Provider Reimbursement Options

Fee-For-Service

Fee-for-service is a payment model in the healthcare industry where healthcare providers and physicians are paid or reimbursed depending on the number of medical services or procedures they perform/give. In this payment model, payment of services is not bundled together (Guo et al., 2019). This means that patients pay for every test, procedure, or service offered whenever a patient seeks treatment at a hospital. This model rewards physicians and other healthcare givers based on the quantity/volume of work done, irrespective of the outcome.

One of the biggest disadvantages of the fee-for-service model of payment is that this system does not support value-based care. Value-based care is where patient outcomes and quality of care come first before anything else. However, quality and patient outcomes are not a priority in the fee-for-service model. This model supports money-making by healthcare facilities at the expense of offering quality care to patients. This analogy means that hospitals make money regardless of the outcomes for patients.

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Capitation

Capitation refers to payment arrangements made between healthcare providers and health insurance firms to make fixed and pre-arranged payments periodically, usually on a monthly basis. In this arrangement, physicians or hospitals receive these fixed payments per patient with a health plan (Shin et al., 2017). The payments are calculated one year in advance and then paid in 12 equal monthly installments. Also, the monthly payments are fixed and do not change, no matter how often a service is offered to a patient.

The biggest drawback of capitation is that it makes physicians enroll as many patients as possible to get money. In simple terms, the more patients a doctor has under this scheme, the more money they get from insurance firms (Tang & Guite, 2017). The disadvantage is that doctors spend very little time on patients because the more patients they attend, the more money they get. Like the fee-for-service system, the capitation system does not emphasize quality of care because physicians and hospitals care most about making money.

Pay-for-Performance

This is a system of payment in the healthcare sector where care providers are compensated based on the quality of their performance. In this arrangement, employees are given a set of metrics, and pre-specified performance targets they must meet (Haarsager et al., 2018). Employers pay employees based on how they score against these metrics. The higher the score, the higher the incentives for an employee. Pay-for-performance is value-based care because payment is based on achieving the set quality metrics.

Resource-Based Relative Value Scale or Case-Based

This model of payment determines how much money should be paid to doctors and other healthcare givers based on the measure of their work. The measure of work is expressed in terms

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of RVUs-relative value units. Thus, the higher the amount of RVUs, the bigger the payment a caregiver gets (Laugesen et al., 2018). Under these systems, three primary components determine payment to caregivers. These include the amount of work, the experience a physician has, and a physician's professional liability insurance. The payment calculation is done by multiplying the total cost of a service and the conversion factor and then adjusting the costs based on the geographical location.

Part 2 - Payment Options for Uninsured Patients

Identify and Explain Payment Options for Uninsured

The options for paying for medical services for the uninsured are quite slim. However, there are various plans by the federal and State governments to help cater to the uninsured. In Vermont, the state created a plan to pay the uninsured $365 annually to cover their medical needs (Dorn, 2019). The state government also assists low-income earners to purchase private health insurance. In Massachusetts, a fund was created in 2006 to cater to the bills of the uninsured people in the state. Nationally, there are state and private parties and institutions/organizations that offer help to uninsured people.

Conclusion

Fee-for-service is a mode of payment where physicians are paid for the number of services they provide. Capitation is a fixed and pre-arranged payment where physicians/hospitals are paid a fixed sum for their services in 12 equal monthly installments. On the other hand, pay for performance is a value-based system that reimburses physicians for the quality of their work.

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