



Everything Michigan

Credit-card system puts health-care payments on the front end of service

By Chris Killian | Special to the Kalamazoo...

February 08, 2010, 6:30AM



Special to the Gazette / Jerry Campbell

Kimberly Kovacevch, of Kalamazoo Gastroenterology Hepatology and Digestive Health Center, demonstrates swiping a credit card using mPay Gateway.

KALAMAZOO — Prior to reserving a rental car or a room at a hotel, most customers have to secure their purchase with a credit card.

Now at some area doctor's offices, they'll have to slide their card prior to receiving medical care.

mPay Gateway, an Internet-based medical bill payment program launched in September 2008, lets medical providers secure a patient's credit card before a service is provided.

It's a way, the product's advocates say, of keeping administrative costs down while ensuring medical providers get paid what patient's owe.

mPay Gateway is to officially announce today that four area health-care providers — Kalamazoo Gastroenterology Hepatology, Digestive Health Center, HealthCare Midwest and Southwest Michigan Dermatology — have signed on to the service.

"It's insurance for us," said Jeff Carroll, office manager at Kalamazoo Gastroenterology Hepatology, which performs about 10,000 procedures annually and has used mPay Gateway for about three months. "A lot of patients don't pay their bills."

mPay Gateway's point-of-care patient payment program uses a "simple retail payment model," according to a company press release.

Under the program, when they arrive at the doctor's office, patients will be told by their medical provider the maximum amount a particular procedure is likely to cost. They will then slide their credit card, have the procedure

done and then walk out of the office with a receipt and detailed statement of services provided.

The provider will then bill the patient's insurance company, which will tell the provider how much of the procedure is covered. The remaining balance is then charged on the card.

If a patient's deductible has not been met, then the full cost of the procedure is charged.

As health-care costs have ballooned for employers in recent years, greater onus has been placed on patients for paying their bills in the form of higher deductibles, co-payments and out-of-pocket expenses. Delinquent and unpaid bills have become significant issues for medical providers.

Consumer health-care payments are now over \$300 billion annually in the United States, and are expected to grow to \$600 billion by 2015. Between \$50 billion to \$60 billion of current debts go unpaid, raising operating costs for providers who are seeing their revenues decline, said Brian Beutner, chief executive officer of mPay Gateway, from the company's headquarters in Minneapolis.

"A lot of doctors are left holding the bag," he said.

The program has been shown to reduce physician practices' bad debt by up to 80 percent while depositing patients' funds into medical providers' bank accounts in a day or so, the company said.

"The payment process should not be more painful than the procedure," Beutner said.

Medical debt?

Carroll and Beutner were scant on details, however, about how to reconcile the billing program with patients who don't pay off their balance each month. In 2008, 55 percent of Americans said they kept a balance on their credit cards, up from 53 percent in 2007, according to comScore Inc., a marketing research firm.

The idea that medical costs under the mPay Gateway program are lumped in with other forms of debt, and charged interest, making a procedure possibly cost more than its upfront charge is not a concern, Carroll said.

"That's their problem," he said of patients with revolving debt or bad credit. "I could care less if you are a millionaire or if you're unemployed."

According to a 2007 report entitled "Borrowing to Stay Healthy," and published by Demos, a nonpartisan public policy research and advocacy organization, average credit card debt in households that had health insurance coverage was \$10,973. In households with no health insurance, debt averaged \$14,512, the report said.

"Because credit cards are frequently used to pay for medical expenses, it is likely that many estimates and analyses of medical debt actually underestimate the problem," the report said. "Because medical debt that is subsumed in overall credit card debt is lumped in with all consumer debt, it is not always properly identified as medical debt."

In 2001, \$19.5 billion in health care costs were charged to Visa cards, the report said, adding that, "In recognition of the evolving payment landscape and the risk of bad debt, health care providers are more aggressively seeking upfront collection of co-pays and deductibles."

Consumer benefits

But it's not all about the doctors, Carroll said.

Currently, he said, a patient receives services and leaves the office not knowing what they owe. One to two months later, a health-insurance company tells the provider what to charge the patient. Only then can the provider send a bill to the patient.

Under the mPay Gateway system, patients get to know their insurance coverage better, Carroll said, not having to scrounge through explanation of benefits statements, bills and other documents.

They find out what they owe when they receive their next credit card statement or by viewing it online.

"I'm in the business of helping people," Carroll said. "Patients want better service at lower prices. This program helps us do that."

Carroll said it costs his office between \$7.50 and \$15 to send out a statement. mPay Gateway's streamlining of the billing process saves money by reducing overhead and is an environmentally friendly alternative to the significant

amount of paperwork that is associated with medical billing, he said.

"There's greater transparency and peace of mind for the patient," he said.

mPay Gateway charges providers a monthly fee and 2 percent to 3 percent on each transaction, Beutner said.

The company provides the health-care provider with the card-swiping device, which is connected to an office's computer, downloading information onto mPay Gateway's software.

The billing product is now being used by "thousands of physicians all over the country," Beutner said. The company, which branched into Michigan about a year ago, grew eight-fold from the end of 2008 to the end of 2009, Beutner said.

Lisa Van Dis, director of corporate development at HealthCare Midwest, a multi-disciplinary physician group with 56 doctors and 74 providers, said consumers benefit from the mPay Gateway's "simplification and cost savings."

HealthCare Midwest plans to have the program in all of its practices by the end of this year, she said.

"We really like it," she said. "It's really geared toward the working insured. They seem to like it, too."

© 2010 MLive.com. All rights reserved.