CAPITATION AGREEMENTS

A capitation plan is an agreement between a practice and an insurance company. When you have a capitation agreement, your practice regularly receives capitation checks based on the number of your patients enrolled in the plan, not on the fee for your practice's services. The agreement usually allows you to charge patients copayments, and to bill the insurance company for some noncapitated procedures, such as X-rays and lab work. Noncapitated procedures are posted with your standard fees (you will receive payment for these). Capitated procedures are posted with zero amounts and do not affect the accounts receivable or account balances.

Requirements for filing claims differ from one insurance company to the next. Some plans accept insurance forms with $.00 in the $CHARGES box of the claim form, while others require you to file your fee (though the insurance company will not pay the fee). Once you know the requirements of a capitation plan, use the following steps to process your capitation agreements.

SET UP A CAPITATED CLASS FILE

From the DOC main menu,
Select– 15. FILE MAINTENANCE
3. CLASS

Set the CHARGE CODE: to point to the Procedure File's CHARGE (1-5) to be used for this class (the charge amount for this charge code in the procedure file will be zero except for the procedures where the plan pays fee for service). DO NOT use charge 1, which is your standard fee.

Set the HMO CAPITATION Y/N/C to:
Y – to post your capitated procedures with zero amounts and to print zeroes on the insurance form.
C – to post your capitated procedures with zero amounts but print your standard fee on the insurance form.
In either case, post your *noncapitated procedures* with the actual fee (which will print on the insurance form).

Select– 15. FILE MAINTENANCE
5. PROCEDURE

Update the CHARGE field to be used by this capitated class:
- For noncapitated procedures, enter the fee to be used.
- For all capitated procedures, leave the charge at zero.
- If the plan allows copays, add the procedure code 800 COPAY DUE.
- Set up an HMO CHARGE ADJ procedure code in the 780-799 range to offset the capitation payment.

Register a house account in the capitated class where the account number is the same as the class (for example, 13-13). You will post capitation checks from the insurance company to this account. **NOTE:** The account number and class number must match as in the example 13-13. Otherwise, the HMO Capitation Report will not be correct.

POST DOCTOR'S PROCEDURES and PATIENT'S PAYMENTS

- **Post** the doctor's procedures in the same way other procedures are posted. The capitated procedures will have zero amounts and the noncapitated procedures will have your fee.
- **Post** the amount of the copay with code 800 (COPAY DUE), if the plan requires a copayment.
  - When the patient pays the copay, post the copay with a procedure code in the 100-105 range.
  - If the copay is not paid, the patient will receive a statement for the copay that is due.

CAPITATION (continued)

POST CAPITATION CHECKS and INSURANCE PAYMENTS

- **Post** each capitation check from the insurance company to the house account in the regular Posting screen. Use the PAYMENT code you set up in the capitation class file (for example, code 193).
- To offset the payment, **post** an HMO CHARGE ADJUSTMENT (use the code you set up for the capitation class; for example, code 793).
- Posting the payment and adjustment does not reduce the accounts receivable, and has a net effect of zero on the account's balance.
- **Post** insurance payments for noncapitated procedures to the patient's account in the Insurance Payment screen in the usual way.

RUN the HMO CAPITATION REPORT

Before running Month End Processing, print the HMO Capitation Report.
Select– 13. INSURANCE PROCESSING
8. HMO CAPITATION REPORT

This report compares the actual revenue from the capitation plan to the amount that would have been billed on a fee-for-service basis.