

PEDIATRIC ASSOCIATES OF AUSTIN, P.A.

Value-Added Service Fee – Frequently Asked Questions

1. What has happened to cause this fee?

Fees paid by managed care companies have declined each year since the inception of managed care. Reductions have been so large that we can no longer provide the same service philosophy without offsetting our losses.

2. Why this uniform method of fees? It doesn't seem fair that families of managed care companies that pay better should have to pay the same fees as the lowest paying companies.

We couldn't agree more! Unfortunately, the managed care contracts stipulate that one cannot discriminate between plans, either with a valued added service fee such as this or with the kind of service delivered.

3. It seems much more fair, if those that utilize more service, pay more for the fee. Why not have a small surcharge attached to each of the extra services and then those that utilize more will pay more.

This sounds fair to us also but unfortunately managed care contracts stipulate that we cannot assess surcharges. The value added service fee is for items "not covered" by the managed care contracts.

4. Why can't you charge an extra co-pay that varies based on the level of reimbursement of the different insurance companies? This seems like a fair method of distributing the cost shortfall.

Again, this also seems fair to us, but is unfortunately, in violation of managed care contracts.

5. The per child fee doesn't seem like too much if you just have one child, but larger families like mine who are already struggling with health care costs may be priced out. How about a fee per family?

This issue has generated much discussion. Trying to decide the fairest method for most people and keeping it simple is our goal. We felt that the best compromise was to charge \$100 per child per year, with a maximum of \$250.00 per family.

6. Is this whole thing legal? Can you really do this?

Everyone appreciates that in the current legal climate, anyone can argue anything. Although the value added service fee is our idea, it has been thoroughly modified to conform to all our managed care contractual obligations. We have used a knowledgeable health care attorney to help us design this plan.

7. What about the cost next year? Will it continue to rise?

We suspect so but we will strive to minimize them. We have little control in the price increases of our suppliers and our value added cost estimate is our closest estimate. Trust that we will do our best.

8. What if your plan doesn't work?

If it doesn't work and no alternative plan can be found, Pediatric Associates, as you know it, will cease to exist. In order to continue in business, we would have to accede to the cost cutting measures of large groups, which would totally change the character of medicine.

For example, fewer registered nurses would be used and they would manage less-qualified staff that would administer vaccines and other injections. There would be no telephone advice during regular office hours. Weekend sick clinics would continue to exist only if they were financially viable and the most convenient and efficient lab and x-ray services would be lost.

8. What if I am a new patient to the practice and I do not know how these value added services will benefit me?

As a new patient to the practice we want you to be certain that you will be 100% satisfied with the benefit of our value added services. If you decide, within your first year, to transfer your records to another practice physician, we will cheerfully refund your money.

As an existing patient, we hope you have already experienced the advantages of our value added services. If you do not feel you have received the benefit or if you are unable to accept the terms of the fee agreement, we understand. If your situation changes, we will welcome you back to Pediatric Associates.

9. What happens if I pay my fee and find out in 6 months that we will be moving away from the Austin area or need to change pediatricians?

The annual service fee will be prorated monthly and the amount unused will be refunded to you.