

Should You Accept Insurance? Weighing the Pros and Cons

By Amy Anderson, MBA

One of the early decisions you will make when starting a new practice is whether or not to accept insurance.



It's important to carefully consider the financial implications, administrative requirements, and potential impact on patient care when deciding whether to accept insurance.

When my team and I help surgeons start a new practice, we often have a lengthy conversation to review the pros and cons.

PROS OF ACCEPTING INSURANCE

1. **Larger patient base:** By accepting insurance, plastic surgeons can attract a wider range of patients and, therefore, see a higher number of scheduled appointments and surgeries. It is often the quickest way to build a busy schedule.
2. **Coverage for reconstructive procedures:** Many plastic surgeons are passionate about providing breast reconstruction, craniofacial, or skin cancer reconstruction surgeries, in addition to offering aesthetic procedures. Since most patients rely on insurance coverage for reconstructive procedures, it becomes necessary to accept insurance to serve those patients.
3. **Consistent cash flow:** Insurance reimbursements, while decidedly lower than cash payments, can provide a more predictable and steady income stream for the practice.
4. **Reputation building:** Accepting insurance can enhance a surgeon's reputation and credibility in the community, leading to more referrals from other physicians and from your happy reconstructive patients.

CONS OF ACCEPTING INSURANCE

1. **Lower reimbursement rates:** You can expect insurance companies to reimburse at considerably lower rates compared to cash payments, which can impact the practice's profitability. Ask yourself—is it worth it to do a three-hour breast reduction for $1,800?
2. **Administrative burden:** Dealing with the credentialing process, obtaining prior authorizations, filing insurance claims, processing payments, and fighting denials is time-consuming and often frustrating. It requires additional staff (or an outside billing company), increasing overhead costs.
3. **Delayed payments:** Insurance companies often take weeks or even months to process claims and provide reimbursement, which can affect cash flow.
4. **Potential for claim denials:** Insurance companies may deny claims or require additional documentation, leading to potential loss of revenue.
5. **Restrictions on care:** Insurance companies impose limitations on the procedures they cover, potentially affecting patient care. For example, carriers have specific requirements that patients must meet to be approved for breast reduction surgery, including having tried and failed a number of conservative treatments for the symptoms associated with large breasts. And even if they meet the criteria, the surgeon must remove a specified minimum amount of breast tissue.
6. **Reduced focus on cosmetic procedures:** Accepting insurance typically leads to a higher volume of reconstructive cases, which limits your time available for more lucrative cosmetic procedures. The insurance cases end up being a distraction or even a barrier to growing a cosmetic practice.

Ultimately, the decision to accept insurance in a private plastic surgery practice depends on various factors, including your career goals, target patient population, and practice location. It's important to carefully consider the financial implications, administrative requirements, and potential impact on patient care when deciding whether to accept insurance.

Amy Anderson, co-founder of BrinsonAnderson Consulting, Inc., is a seasoned healthcare business coach. With over two decades of experience working with plastic surgeons, Amy is an authority in practice operations and the development of efficient workflows. She has coached hundreds of surgeons, administrators, PCCs, and team members on building a strong office culture, improving revenue, and optimizing business management practices. Amy's approachable style and practical advice make her a favorite among surgeons and staff alike. Follow Amy on Instagram @amyandersonmba.

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