



Best Practices for Offering Discounts to Private Pay Patients

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As a healthcare provider navigating payment structures, it is essential to understand the legal and contractual implications of offering a discount from the Usual, Customary, and Reasonable (UCR) charge when same day payment is made. Since the costs to the practice can be less when no insurance is involved, healthcare providers sometimes offer prompt pay discounts to patients without insurance. Prompt pay discounts offered to private pay patients should be no more than 20-25% of the total patient base and no more than 20-25% of the total patient bill. We define private pay patients as patients not using any form of insurance but rather using cash, check or credit/debit card at the time of the service or purchase. This document is intended to help encourage compliance with regulations and payer agreements.

1. Be Mindful of All Advertising

While offering prompt private pay discounts is permissible, a practice generally should not advertise that they are offering one fee for private pay and a separate fee for patients using insurance.

2. Monitor the Proportion of Prompt Pay Patients

If self-pay patients become a significant portion of your practice—generally over 25% of your total patient base—and you offer prompt pay discounts, you should review your "usual and customary" rates reported to the Centers for Medicare & Medicaid Services (CMS) and other insurers. Failure to align these rates appropriately could raise compliance concerns and affect reimbursement structures. Prompt pay discounts should be no more than 20-25% of the total patient base and no more than 20-25% of the total patient bill.

3. Review Third-Party Payer Contracts

Before implementing prompt pay discounts, carefully review your contracts with insurance payers. Some contracts explicitly require the collection of copays, coinsurance, and the patient cost-share amounts. Violating these agreements could lead to penalties, contract termination, or other legal consequences.

4. Document Pricing and Payment Policies

Maintain clear internal policies regarding prompt pay discounts and pricing which should be no more than 20-25% discount on the total bill. Ensure staff are trained to apply discounts consistently and document any prompt pay discounts accurately to prevent discrepancies.

5. Consider Federal and State Laws

Discounts offered to induce patients to receive other services payable by Medicare, Medicaid, or other government programs may violate federal fraud and abuse laws. The Anti-Kickback Statute (AKS) and Civil Monetary Penalties Law (CMPL) prohibit offering remuneration to induce referrals for services covered by federal health programs. State laws may have their own anti-kickback statutes and regulations regarding discounts.

By adhering to these best practices, doctors of optometry can offer reasonable prompt payment discounts while maintaining compliance with legal and contractual obligations. Regularly reviewing state or federal policies and consulting legal or financial professionals can further mitigate risks associated with prompt pay patient arrangements.

Additional Resources: [Prompt Pay Discounts](#)