

Product Sales in Your Practice

By Stuart A. Firsten, DC

Patients are participating in their health care more than ever and they are looking for ways to get involved in their recovery. There is also a growing trend in health care to transition patients from passive to active care. As a result, doctors are finding the need to provide more advice, and to prescribe, dispense, refer out for, or sell more health products to assist their patients. Providing self-care information, such as exercise or posture advice, or recommending products can give doctors more tools to correct problems, improve patient satisfaction and compliance, and help insure quality care.

The main reason to introduce products into your practice should be to provide improved patient care. There should be no ethical conflict as long as the products you are recommending or selling are clinically indicated and within the scope of your practice. Some doctors say that although a product may be helpful, they feel they are "peddling" when they suggest or offer them to their patients. Others are concerned that the patient may presume they are trying to sell them something simply for profit. Still others feel simply offering products can take the emphasis off the importance of the adjustment and may be detrimental to the care program.

Whether you decide to sell products or not, you should at least recommend the ones that are within your scope and may be indicated to help the patient. You should always document such recommendations accordingly, just as you do when you make referrals for ancillary care. Beyond evaluating for, and adjusting, subluxations, you have a responsibility to share your knowledge to aid the patient in their recovery. For instance, if your patient is deficient in a nutrient it makes sense to a supplement. If your patient has pain related to sleeping or sitting, recommending a pillow or backrest for lordotic support makes sense.

Personally, I have always been interested in products that I believe could facilitate a patient's recovery, provide them comfort, and help manage their condition. I have seen first-hand how simple products can aid in rehabilitation, improve functional disability, prevent reoccurrences, maintain correction, and help patients feel their best in their daily activities, at home, work and play.

A few of the products I have recommended and dispensed that have been appreciated by patients have included backrest for seating, lumbar supports, cervical pillows, and fitness balls. I have provided sources for other products, such as inversion devices, ergonomic chairs, and nutrient supplements.

When products are recommended for the right reason, patients will trust that you are providing them for their benefit. They will respect your advice as long as the

products are complementary to care. High pressure sales pitches are unnecessary and inappropriate.

You should also consider that besides complementing your care, when done correctly, recommending health products can reduce your liability. If you don't recommend a product, you could be liable, just as you are liable for not referring to another specialist when indicated. Always make sure to document any recommendations, especially when the patient doesn't comply or acquire the product that you prescribed.

Beyond ethical and medical-legal issues, other practical business concerns need to be addressed when it comes to offering products in your practice. It is your decision whether you simply recommend and refer the patient to a retailer or online source, or inventory the product within your office. When you have the product available, it can expedite acquiring it so the patient can begin to use it right away. It saves the patient a lot of time shopping, or waiting for delivery. You are providing your patients with a value-added service when you have products on hand. Patients are paying the same price they would somewhere else, but they are getting more education, service, quality, and support from you. Plus, people like to try or see things before they spend their hard-earned dollars.

As a chiropractor, you have a responsibility to suggest products that you believe may be in your patient's best interest. Your main motivation should be to help the patient, not financial gain. However, if you stock products in your office, you are entitled to a fair and reasonable profit, just as a hospital, medical supply store, podiatrist, dentist, or PT may expect when they dispense from their inventory.

As for payment, it is true that products may not be reimbursable in many cases. But patients will buy products they find useful, that will make their life more enjoyable, and that give them comfort. In many cases the patient may ask if their insurance will pay for the product you are recommending, and in fact some insurers will. Those most likely to pay are the self-insured companies, or cases involving workers comp or auto accidents. If you are billing insurance on the patient's behalf, you can always bill for the product along with your care, as long as the product is medically necessary and within your scope. You can even ask the insurance company what code they prefer you use in the billing. Of course, when you do bill the insurance company for a product, make sure that you are able to provide documentation why the patient needs the product.

Another option is to provide the patient an ICD code that seems most appropriate for the item so that they can submit for reimbursement, or apply the charge toward their medical flex account. In most cases, if the insurance won't cover the item, the patient will understand that it is their responsibility to cover the cost for the product you provide. Regardless of who pays, make sure to charge a fair market price, which includes a justifiable profit margin for any product you sell.

Understand that if you are selling products, there may be sales tax ramifications, and procedures that you may need to implement. Develop a strategy that protects you from sales tax fines or liability in the case of an audit. Many health professionals are not sure what to do when it comes to sales tax, and some doctors when audited have had to pay for the sales tax they should have collected, plus fines for not handling the sales tax correctly.

Sales tax liabilities vary from state to state. In Michigan, for example, food products and nutrients are non-taxable (or exempt), as are doctor visits, so you don't need to be concerned in these cases. However, if you are simply selling a health product in Michigan without documenting the transaction correctly, you may be required to have a sales tax license, collect the 6%, and send it to the state, or risk being subject to paying back sales taxes and fines. By documenting, as required, you are satisfying the requirements and claiming an exemption from sales tax.

Licensed health care professionals in Michigan should refer to the *Department of Treasury, Bureau of Revenue, General Sales and Use Tax Rules, R. 205.139 Medical Equipment and Appliances. Rule 89*. The code specifies licensed health care provider's responsibilities when selling products. The one-page regulation can be reviewed or printed from our website at www.airfitbackrest.com/michiro.htm , or contact me for a fax, mail, or email copy.

I recommend you read these rules, and check with your accountant for an opinion, especially if you are not sure how the rules apply to your practice. In my interpretation, based on the research I have done, if you are a "licensed health professional" in Michigan, and if you sell a patient a health product specified in the rules (such as an orthotic), that is medically necessary for your patient, then you should not charge sales tax, and you don't need a sales tax license. However, you are required to document the transaction as specified.

When I first began to wholesale products to health professionals, I realized that most doctors were not sure the best way to proceed with regard to sales tax issues and protecting their interests. To help doctors cover all the bases, I developed a quick and easy Prescription Form to assist with sales tax issues, product recommendations, and documentation in their practices. The Prescription Form is available at www.airfitbackrest.com/michiro.htm . You can print it from the website or contact me to request a fax, mail, or email copy.

The Prescription Form is generic in that it can be used for any product you recommend, takes only seconds to fill out, and can then be included as part of the clinical record. It was designed using specific criteria that came directly from the Michigan Sales and Use Tax Regulations as a guide. The Prescription form facilitates your documentation requirements related to sales tax exemption when you sell products to patients.

The Prescription Form supports your practice in three ways. First and foremost, it helps provide added protections from medical legal liability. If your patient doesn't acquire the product, simply check " Patient Declined." You now have a hard-copy record that the patient did not obtain the item that you prescribed. This could help in defense of any future legal action.

You should record in your notes your recommendation for a product as a prescription, just as an MD records a medication prescription. Then you should inquire and record at follow-up visits whether the prescribed product was obtained and purchased. You are checking and keeping track as to whether the patient has followed your prescription. If you feel the product is necessary, and you mention it, then it should be recorded in the daily notes just as you would record your other recommendations for care.

Second, the Prescription Form provides a simple check-off mechanism to document required information related to sales tax exemption as required by the Department of Treasury. They are looking for the patients name, date, description of the product, the reason for medical necessity, your signature as a licensed health professional, and the amount the patient paid for the item.

Finally, the Prescription Form can help get your staff involved in the selling process. Simply check off whether you or your staff is to instruct the patient about the product. When the staff sees the box checked, "Staff Instructed," then they know that the doctor has recommended a specific product and they are to demonstrate, or provide information about the product to the patient.

The patient should also be given options where they can obtain the product, whether from your office or a referral to a medical supplier, online, by mail order, etc. These referral sources provided should also be recorded. If the patient purchases the product from your office, simply check the box and record the price after the sale. After the form is completed, make a copy and place it in a separate file labeled "Sales Tax Exemptions." If you are ever audited, you will then have the documentation needed to substantiate your claim for the exemption.

Here are some final tips before you get started:

- Offer a product line that you understand and are comfortable with, that complements the care you provide. Naturally, spine care, exercise, comfort, support, and nutritional products are the main products that chiropractors usually consider.
- Offer quality-made, durable, dependable, functional, versatile, unique, and effective products.

- Have a sample available for the patient to try out in the office, or to borrow as loaner to try at work or at home.
- Develop a clear and simple refund or return policy designed at your discretion. It is perfectly acceptable to sell a product as non-returnable as long as you advise the patient prior to sale. Items, such as pillows, should not be returnable for hygienic reasons. A non-return policy should not surprise the patient, especially for products that may come in contact with their skin.
- Products, just like your care, should be offered without guaranteed results.
- Warranty protection from defects in materials or workmanship is also important, and most quality products will have warranty service directly from the manufacturer.
- You or your staff should provide the patient with adequate instruction, or with a product that has a comprehensive user guide, or offers, after purchase, online customer support.

Prescribe products to help manage the patient's condition, for their health, comfort, and for their benefit - when you are aware that a useful product exists. Base your prescription on your expertise when you feel that the product is medically (chiropractically) necessary to aid in the rehabilitation process. Be confident that the right product can help your patient prevent injury, maintain correction, provide comfort, support, or stability, and help limit functional disability. Implement a system to facilitate product recommendation in your practice, and document the process accordingly.

The copyrighted Prescription Form described in this article is available free of charge and may be reprinted for your use in your practice. To review or print the Prescription Form go to www.airfitbackrest.com/michiro.htm . To obtain the form by fax, email, or regular mail please contact FitCare Products at (248) 661-5088 or email sfirstendc@fitcareproducts.com .

About the Author: Stuart Firsten, DC is a licensed and non-practicing chiropractor in Michigan. His company, FitCare Products, an MCS Member Supporting Business, developed and introduced the new AirFit™ BackRest last year. The AirFit™ is recommended by many MCS members, and hundreds of chiropractors, health care professionals and medical suppliers. The product is also available online to learn more visit www.airfitbackrest.com . To contact Dr. Firsten with your comments or for additional information you can call (248) 661-5088, or email him at sfirstendc@fitcareproducts.com .