

PRIVATE PAYER NEWS

Independent news and strategies for providers on reimbursement, contracts and enforcement

Denials & Underpayments

Software mimics payer edits to minimize claims denials

Physician practices both large and small can minimize claim denials and underpayments by using software routines that “speak the payer’s language” to “scrub” claims on the front end before submitting them and “scrub” payments received on the back end for incorrect denials and amounts.

Twyla Fuertes, business manager of 13-physician Texas Orthopedics, Sports and Rehabilitation Associates in Austin, says the practice has been using scrubbing routines developed by consulting and software firm Medical Present Value (www.mpv.com) of Austin for four years. She estimates that it produces a return on investment of more than 200%. Fuertes says the key ways that scrubbing claims and payments improves the group’s bottom line are that they:

- **Catch the full range of line-by-line claims submission errors** such as missing modifiers, diagnosis-linking problems and incorrect allowables. “We have very few errors on the front end,” she says, reflecting the billing staff’s careful work and the backup that scrubbing provides.
- **Make sure that payment amounts are correct.** Private payer fee schedules are in the MPV system. Payer underpayments are surprisingly common, she notes.
- **Define the issues for appeals,** which the practice still must file almost every day against one payer or another. Knowing the issue – be it a fee for a particular code, or why two codes must be bundled – a biller can go straight to the needed data in the medical record to prepare the appeal.
- **Improve the group’s negotiations on contract revisions.** Because practice managers have the payer’s entire contract on computer, they can ask the payer about all contract terms to be revised, not just the main ones, Fuertes says. If fee changes are on the table, she can determine exactly what each change would cost or earn the practice.

Every night, claims prepared that day in the group’s practice management system are reviewed in a “read-only” routine by the system, Fuertes explains. If a claim has a problem, the system simply says the claim will be denied and why, but does not suggest a fix because only the practice has the clinical data. The next morning, billers correct faulty claims before submitting them to payers. The back-end review of payments received works in an analogous way, she adds.

With about 30 private payer contracts – and the hundreds of codes that orthopedists use – it was impossible to track all payer rules before the practice adopted the scrubbing system, Fuertes recalls. “We were trying to transition out of a manual process” of checking fees and rules for each payer, she explains. “It is definitely a necessity for our practice.”

The biggest effort at the start was getting all the contracts in the system, she notes, a task assisted by MPV but still requiring major work by the practice. The biggest effort continues to be inserting all contract changes. The system “forces the issue of contract maintenance on us,” she says.

Another feature shows what patients will owe in coinsurance and deductibles for upcoming surgery. The practice collects the amount before surgery, she says — and the result last year was a 45% hike in patient collections.

About one in five commercial health insurance claim payments has an error, for a net underpayment of 3% to 7%, says MPV President James Rubin, M.D. Noting that some payer errors are overpayments, he says there is not a grand payer conspiracy to underpay. Rather, he asserts, the reimbursement system is “broken” because of its sheer complexity.

MPV’s sales revenue has more than doubled in each of the last two years, a testament, he says, both to greater awareness among physicians and administrators that they are leaving money on the table with payers, and to the “squeeze” that practices feel today between revenues and costs.

Larger company scrubs claims

Minneapolis-based Ingenix offers claims editing software not only to physicians but also to other providers and to payers for claims adjudication. The edits offered to providers and to payers “are highly complementary,” says Ryan Stewart, Ingenix vice president for strategy and communication.

As an alternative to running claims scrubbers on completed claims before they are submitted to payers, physicians can “embed” Ingenix edits in their practice management system and even in electronic medical record software, Stewart says.

Rosemarie Nelson, a principal with the MGMA Health Care Consulting Group, says some practices don’t need claim-scrubbing services from outside vendors. These are groups that “do a great job of checking” their claims before submission,” she explains. Such practices “build a lot of [what claim scrubbing does] into their practice management systems.”