Use Technology to Speed Payment

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As orthopedic practices across the country see surgical volumes decline and aim to tighten expenses, there's no better time to look at process automations that can simplify accounts receivable tasks and speed payments.

While busy surgeons have toiled in the operating room, electronic data interchange (EDI) clearinghouse companies—which started by offering electronic claims submission in the 1990s—have been busying themselves with improving a number of transaction services that will run your revenue cycle and patient collection systems faster and more effectively than ever before.

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Yet, practices have been slow to adopt many of the clearinghouse services that can save significant time and money. Unfortunately, this can sometimes be the result of entrenched culture and processes. For example, we recently visited a practice that stopped using electronic remittance because the payment poster was "confused" about how it worked. So she returned the practice to paper-based remittance. In another, the manager was "too busy" to investigate recurring billing and electronic deposit options, while patient balances loomed above $750,000.

These examples are just too juicy to make up—they are real examples of some of the big mistakes practices make when they "don't know what they don't know."

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It's time to get "in the know" and use clearinghouse services to reduce accounts receivable in your practice. For pennies per transaction, technology can facilitate batch eligibility, real-time claims adjudication, recurring billing, and claims error management.

These technologies also offer significant savings in time and money. Transaction services companies such as A-Claim™ (www.a-claim.com) report that such services have reduced the time it takes to obtain information from insurance companies from 20-30 minutes to 60 seconds. Customer data from clearinghouse RealMed® (www.realmed.com) has indicated the following:

• An 8-provider practice in the Midwest reduced its administrative staff by one, saving $33,000 a year.
• A large academic facility used batch eligibility to remove the need for 6 full-time equivalents previously devoted to checking patient benefits. Annual savings: $198,000.
• A large multi-specialty group went from auto posting approximately 40% to more than 85% of all claim volume, significantly saving staff time.

Here's how these technologies can work for you.

1. BATCH ELIGIBILITY: SLEEP SOUNDLY WHILE THE COMPUTER DOES THE WORK OVERNIGHT.

With unemployment at historic highs, many of the patients who used to have insurance no longer do. Those aged 65 and older may look like Medicare patients, but a lot of seniors are switching to Medicare Advantage plans. And, according to one source, a stolen insurance card is worth $50 on the street.[1] For all these reasons, it's more important than ever to verify eligibility for EVERY insured patient who walks through the door.

You can avoid a staff mutiny over this time-consuming task by implementing "batch" eligibility, which negates requiring them to call payors for this information or to login to multiple Web sites every day. RealMed and A-Claim "batch" the appointments from your practice management system and send them to payor eligibility systems overnight. In the morning, a detailed report is waiting, indicating eligibility and benefits information for each patient on the day's schedule.

To ensure that the computer has verified eligibility for the right person, remember to ask for photo identification from all patients as part of registration. The Federal Trade Commission's Red Flags Rule, intended to reduce identity theft, takes effect on June 1, 2010.

2. RECURRING BILLING: PUSH THE "EASY BUTTON" ON PATIENT PAYMENT PLANS.

How do you pay for your gym membership or Netflix account? If you're like most people, your credit card is automatically charged a pre–agreed upon amount each month. Smart practices are using this same technique to manage patient payment plans. No more monthly statements or paper payment books—patients supply their credit card information, agree to a monthly amount to settle their bill, and voila! Your bank account receives the amount electronically each month. This also boosts your financial controls; checks and cash that never touch employee hands have no chance of getting "lost."

Several companies offer this technology to practices, for a small transaction fee. Solveras Payment Solutions™ (www.solveras.com) is one company that offers this solution. The company also offers Virtual Terminal—a Web interface that allows your staff to accept payments by credit card or check online, using their desktop computer. A-Claim offers recurring payments too, as does patient portal provider Medfusion (www.medfusion.net), in conjunction with its Online Bill Pay feature, which the company will deliver through your Web site.

3. ELECTRONIC REMITTANCE: LET THE COMPUTER DO THE PAYMENT POSTING.

Payment posting is a mundane but important task that can take valuable staff time away from patient collections and patient service. Set your practice up on "electronic remittance," and payments are transmitted and electronically posted by line item to your practice management system and your practice's bank account.

Let a clearinghouse like RealMed or Gateway EDI® (www.gatewayedi.com) handle the monotony and give staff additional time for collections and follow-up tasks.

4. REAL-TIME CLAIMS ADJUDICATION: COLLECT PATIENT BALANCES BEFORE PATIENTS LEAVE THE OFFICE.

This is a great solution for all practices, but especially those with low to medium volumes of insurance claims, because essentially, checkout staff can double as your "billing team." Here's how it works. Staff post patient charges after the visit, then transmit the data to the patient's insurance company. The payor adjudicates the claim in real time, and staff get an immediate response about what the insurer will pay and the patient's portion of the bill: all of this while the patient is still standing at the checkout window. Staff collects deductible and coinsurance amounts before the patient leaves the office. Contact the clearinghouses mentioned above for details and per-transaction fees.

UnitedHealthcare® (www.unitedhealthcareonline.com) offers something similar to participating physicians—the "patient balance calculator." Staff enter patient information into an online form and can obtain specific details about UnitedHealthcare's payments and benefits and what the patient will owe. Out-of-pocket amounts can be collected right then—no waiting for insurance to pay or to send a statement.

5. CLAIMS ERROR MANAGEMENT: RULES ENGINES DO THE HEAVY LIFTING.

Complex "rules engines"—which used to be affordable only for payors—are available as part of the service package with a good clearinghouse. Your practice submits claims electronically, and the rules engine "scrubs" the claims by passing them through a set of benefit and plan criteria.

More than just indicating "there is data missing from this field," or "John Jones is a male and you incorrectly marked female in Box 3," rules engines inform staff when they have submitted codes in a combination the payor doesn't allow, or when a service they are submitting is not covered. Staff receive a report in real-time, as opposed to waiting weeks for a rejected claim. This significantly improves the approval rates of first-time claims.

Important! Make sure the billing staff know how to follow up on the editing reports. Employees at one large Midwest practice were "baffled" by the alphanumeric codes on the clearinghouse reports and ignored them. Unfortunately, that meant that tens of thousands of dollars in "front-end edits" were never corrected—putting the accounts receivable into the stratosphere and piling up overdue claims that could have been avoided.

REFERENCE

1. McKay J. Identity theft steals millions from government health programs. *Government Technology.* February 13, 2008. http://www.govtech.com/gt/260202?topic=117677. Accessed December 2, 2009.