Humana, Medicare Tops in Payer Performance

BY ALICIA AULT
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Humana and Medicare were rated highest when it came to paying quickly and being easy to work with, based on an assessment of performance by one of the nation's largest physician revenue management companies.

The performance data was tabulated and made public by AthenaHealth, a Watertown, Mass.–based company that manages $2 billion in revenues for 7,000 physicians, nurses, and other health care providers in 33 states.

In explaining why the company decided to make the data available free of charge, Jeremy Delinsky, director of process innovation at AthenaHealth, said, "We were a little skittish about making it public, but we found the story was too compelling to sit on." And, physicians who know more about their insurers will have more contracting leverage and a better chance to improve their bottom line, Mr. Delinsky said.

The company assessed 5 million "charge lines" worth of claims data from the fourth quarter of 2005. To be a part of the ranking, national payers had to have at least 10,000 "charge lines," or line items, and regional payers at least 3,000.

Insurers were ranked according to an overall index that gave the most weight to financial performance. That performance included days in accounts receivable, percentage of claims paid and closed on the first pass, and percentage of charges transferred to the patient.

The index also included an administrative measure encompassing the claims denial rate, the percentage requiring a phone call to clarify a response from the insurer, and the percentage of claims lost. Finally, a small amount of weight was given to the difficulty of working by the payer's rules.

Nationally, Humana ranked number one, followed by Medicare, United Health Group, Aetna, Cigna, Champus, and Wellpoint. According to AthenaHealth, Aetna denies claims twice as often as Humana, and the reasons are so unclear that 17% of claims need follow-up calls. Wellpoint tended to take the longest to pay, and more than any other payer, the company aggressively shifts responsibility to physicians to get payment from the patient.

For all payers, claims stay in accounts receivable for an average of 38 days.

On the regional level, there was a wide variation in performance. In the northeast, for example, BlueCross BlueShield of Pennsylvania/Independence BlueCross was the top-ranked plan, followed by Tufts Health Plan and Fallon Health Plan. In the west, PacifiCare was first, followed by Medicare B in Texas and United Health Group. The largest regional payers mostly provided clear reasons for denials, rarely shifted the responsibility to physicians to secure payment, and paid most claims upon first submission and within 30 days.

Regional payers appeared to be more efficient and perhaps even more powerful than the national insurers, he said.

AthenaHealth did not assess payers' relative reimbursement rates because it would not be legal to publicize those rates, Mr. Delinsky said. However, he suggested that physicians could use his company's rankings to negotiate for a higher fee if the payer is hard to work with, or potentially accept a lower payment rate if the insurer pays more quickly and imposes less of an administrative burden.

The insurance industry did not respond directly to the rankings, but America's Health Insurance Plans, a national trade association, completed a study recently showing that 98% of claims submitted electronically are processed within a month of receipt.

The study, based on aggregated data from 25 million claims processed by a sample of 26 health insurers, found that 75% of all claims are submitted electronically, up from 24% in 1995. ■

The rankings are posted at www.athenapayerview.com.

FDA Renews Crackdown on Unapproved Prescription Drugs

BY ALICIA AULT
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The Food and Drug Administration announced that it is renewing efforts to ensure that all drugs currently sold by prescription either go through its formal approval process or be taken off the market.

There are many reasons why unapproved products are on the market, said Dr. Steven Galson, director of the FDA's Center for Drug Evaluation and Research, at a press briefing sponsored by the agency.

Most were marketed before passage of the 1962 Food, Drug, and Cosmetic Act, which required formal proof of safety and efficacy. Or their makers may simply have begun selling the products without seeking the agency's approval, he said, noting that the FDA will issue a new drug code (NDC) number for a product even if it was never approved.

In very few cases, the products are grandfathered in under existing laws.

Many of the unapproved drugs are listed in the Physicians' Desk Reference. Some are advertised in medical journals.

Those initially flagged for attention include products that are potentially hazardous, lack evidence of effectiveness, or appear to be fraudulent.

If the manufacturers don't seek approval, they will be subject to enforcement, Dr. Galson said. But in most cases, the FDA will not remove a drug shown to have some medical utility. Examples include some manufacturers' levothyroxine and phenobarbital products.

"While we want to ensure continued patient access to necessary treatments, as a physician I feel strongly that patients expect and deserve all their prescription medicines to be FDA approved," said Dr. Andrew C. von Eschenbach, acting FDA commissioner, in a statement.

The agency estimates that less than 2% of prescription drugs have not received its imprimatur. That still means potentially thousands of products that aren't approved. Many are cough and cold preparations that include pheniramine maleate and dexbrompheniramine maleate, or single-ingredient narcotics such as codeine phosphate and oxycodone HCl. Sedatives like chloral hydrate are also unapproved.

Physicians, pharmacists, and patients can go to the FDA's Web site (www.accessdata.fda.gov/scripts/cder/drugsatfda) to determine if a drug is approved. The database includes only approved medications, so unapproved products will not be listed. ■