Humana, Medicare Lead in Payer Performance

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

The performance data were 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 leverage in contracting and a better opportunity to improve their bottom line, he 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.

In addition to financial performance, the index 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 within 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, said Mr. Delinsky. National payers have been growing in size, but "it's unclear to us whether consolidation has resulted in the scale they hoped for," 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.

If there is a delay in payment, it's often because the claim has not been received in a timely manner from the physician's office, according to AHIP. The group said that 3 in 10 claims were received more than 30 days after the date of service. Paper claims are more likely to get held up. A third of paper claims took 60 days or more to reach the payer, said AHIP. ■

The rankings are posted at www.athenapayerview.com.