

Claims Denial: Your Fault or Theirs?



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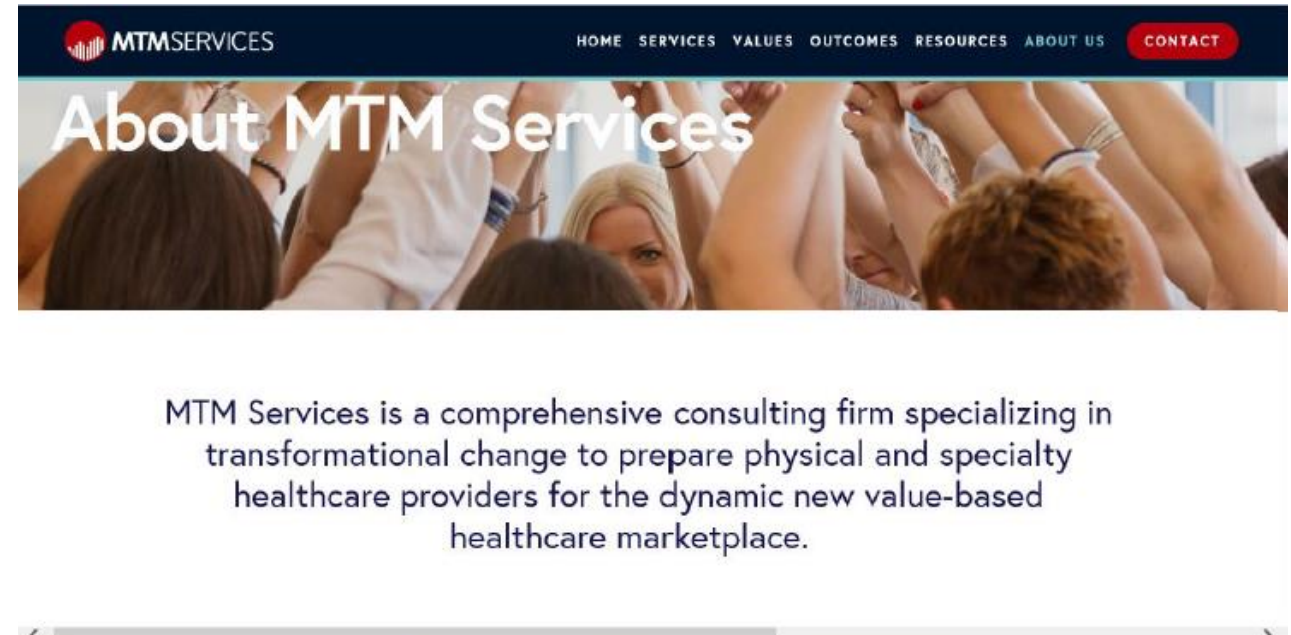
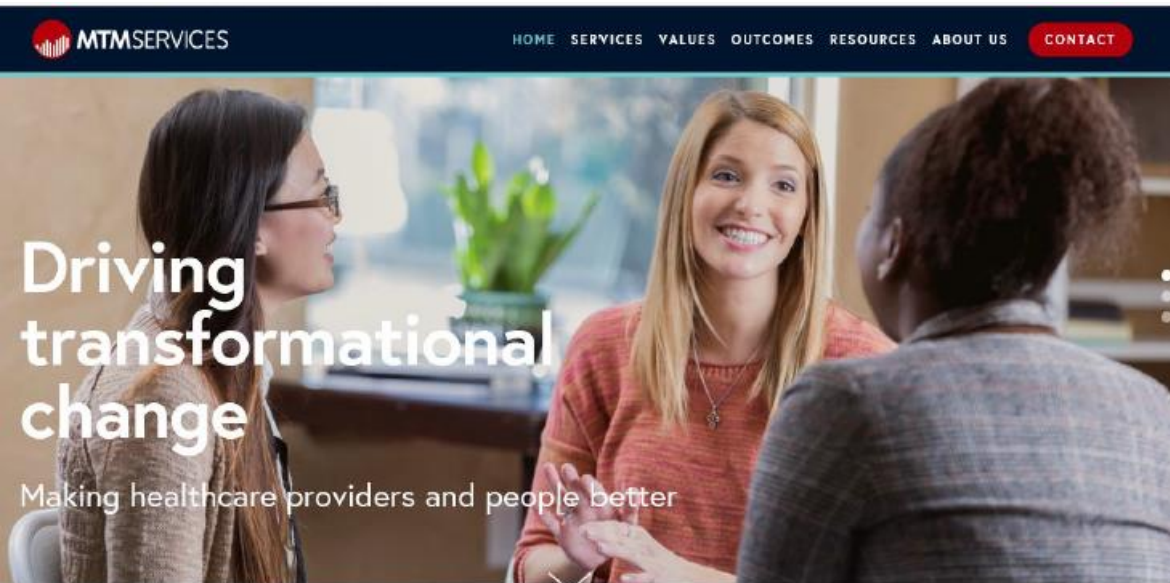
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A Loaded Question –

Who is Running Your Organization!?

- Leaders
- Consumers
- Staff
- All of the Above

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Does This Sound Familiar?

Without Data –

Staff – “I’m busy/overwhelmed”

Leader – “No you’re not/I don’t think you are THAT busy.”

You – “Are consumers showing improvement?”

Staff – “They are doing great!”

Consultant – “So how are your no show rates?”

Team – “Much better than they used to be!”

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The Danger of Anecdotal Data - Which Car Would You Choose?

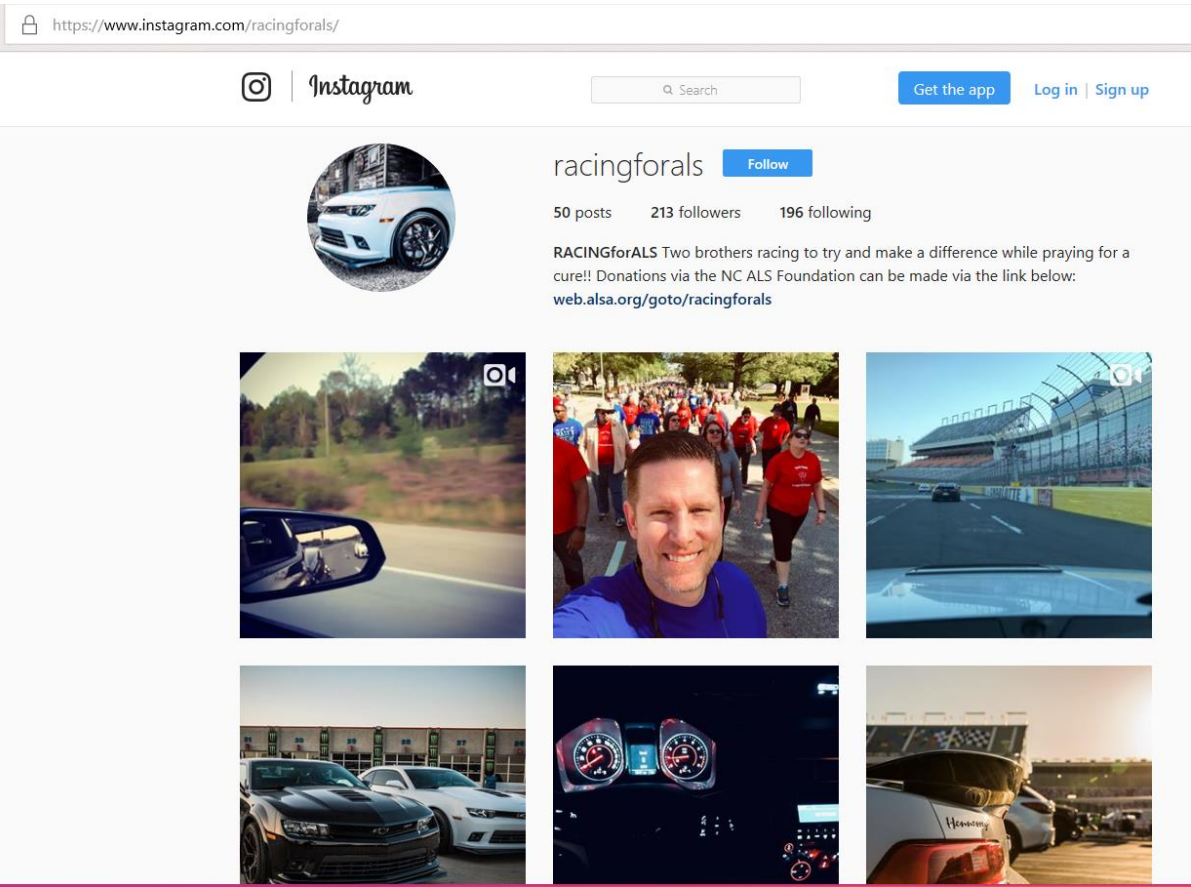


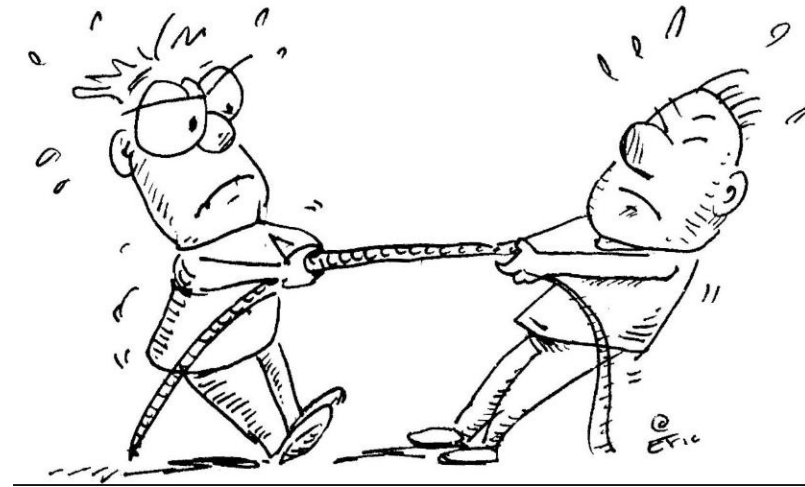
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Why you need Data....

- *Team members with differing opinions, but neither side has data to back their points is a key roadblock to successful changes!*



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A Data Example – Costing

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“Value” of Care Equation

1. **Services provided** – Timely access to clinical and medical services, service array, duration and density of services through Level of Care/Benefit Design Criteria and/or EBPs that focuses on population based service needs
2. **Cost of services** – Based on current service delivery processes by CPT/HCPCS code and staff type
3. **Outcomes achieved** – How do we demonstrate that people are getting “better” utilizing outcome tools like the DLA-20 Activities of Daily Living.
4. **Value is determined** – based whether your organization can achieve the same or better outcomes with a change of services delivered or change in service process costs which makes the outcomes under the new clinical model a better value for the payer.

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**Department of Human Services
Division of Mental Health**

Preliminary Unit Cost Study

Program	Unit Type		\$ per Unit
110 Outpatient	Client Hours	Lowest:	\$8.59
		Highest:	\$159.69
		Median:	\$42.27
120 C&A Outpatient	Client Hours	Lowest:	\$3.96
		Highest:	\$626.36
		Median:	\$56.25
121 MH Juvenile Justice	Client Hours	Lowest:	\$50.83
		Highest:	\$646.34
		Median:	\$207.79
211 Psychosocial Rehabilitation	Client Hours	Lowest:	\$2.61
		Highest:	\$44.06
		Median:	\$11.09
212 Day Rehabilitation Treatment	Client Hours	Lowest:	\$1.44
		Highest:	\$27.20
		Median:	\$5.61
231 ACT Case Management	Client Hours	Lowest:	\$10.29
		Highest:	\$492.41
		Median:	\$55.06

**Do You
Actually
Know your
Costs?**

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“Our Master’s Level staff cost Us \$35.67 an Hour, and we just signed a contract for \$75 an hour!”

**Do You
Actually
Know your
Costs?**

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Top Costing Failure Points -

- Dividing costs by 2080 hours
- Not including all of your costs
- Using overhead percentages instead of actual costs
- Looking at expected revenue instead of actual revenue
- Including monies outside of *At Risk Funding*

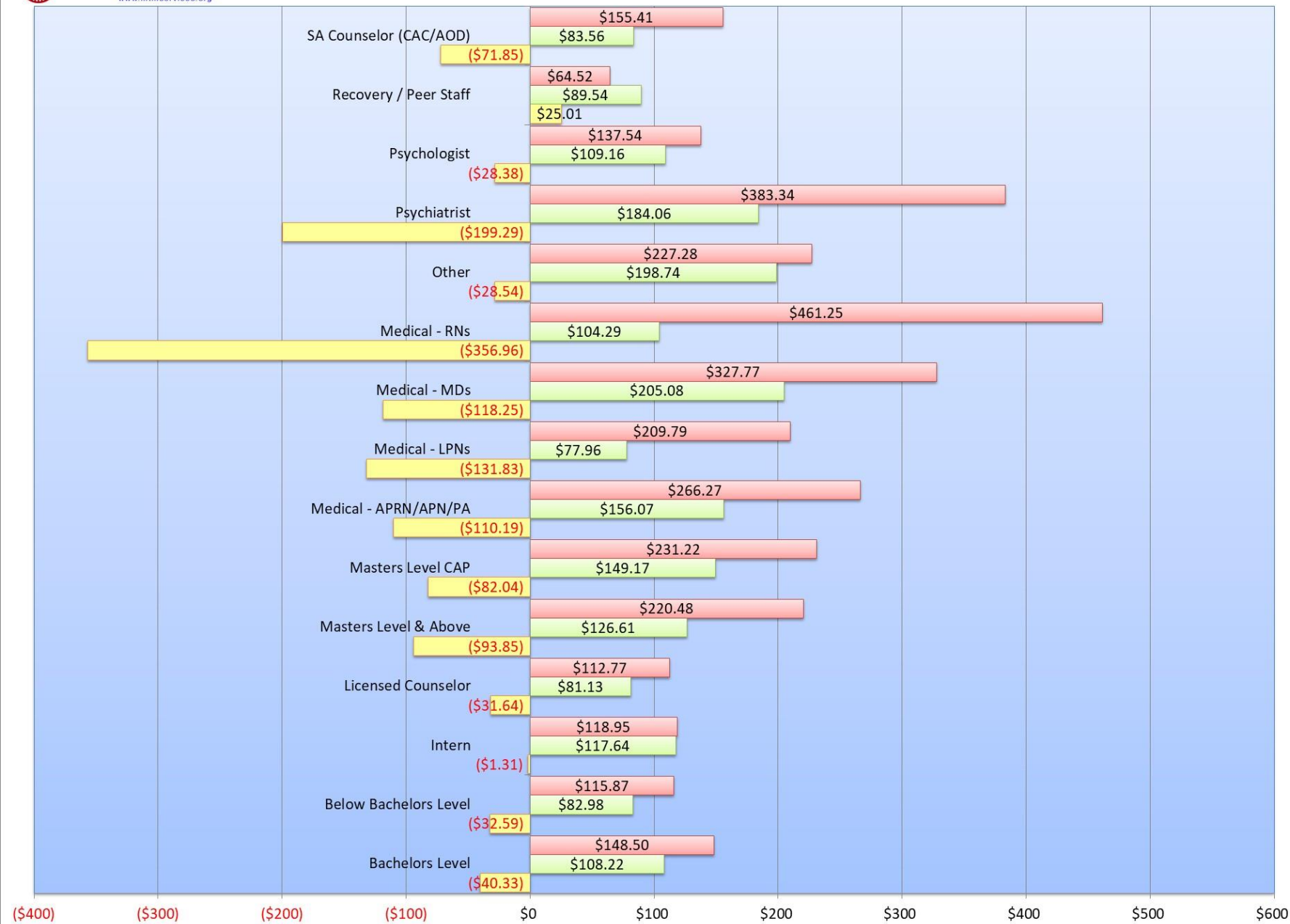
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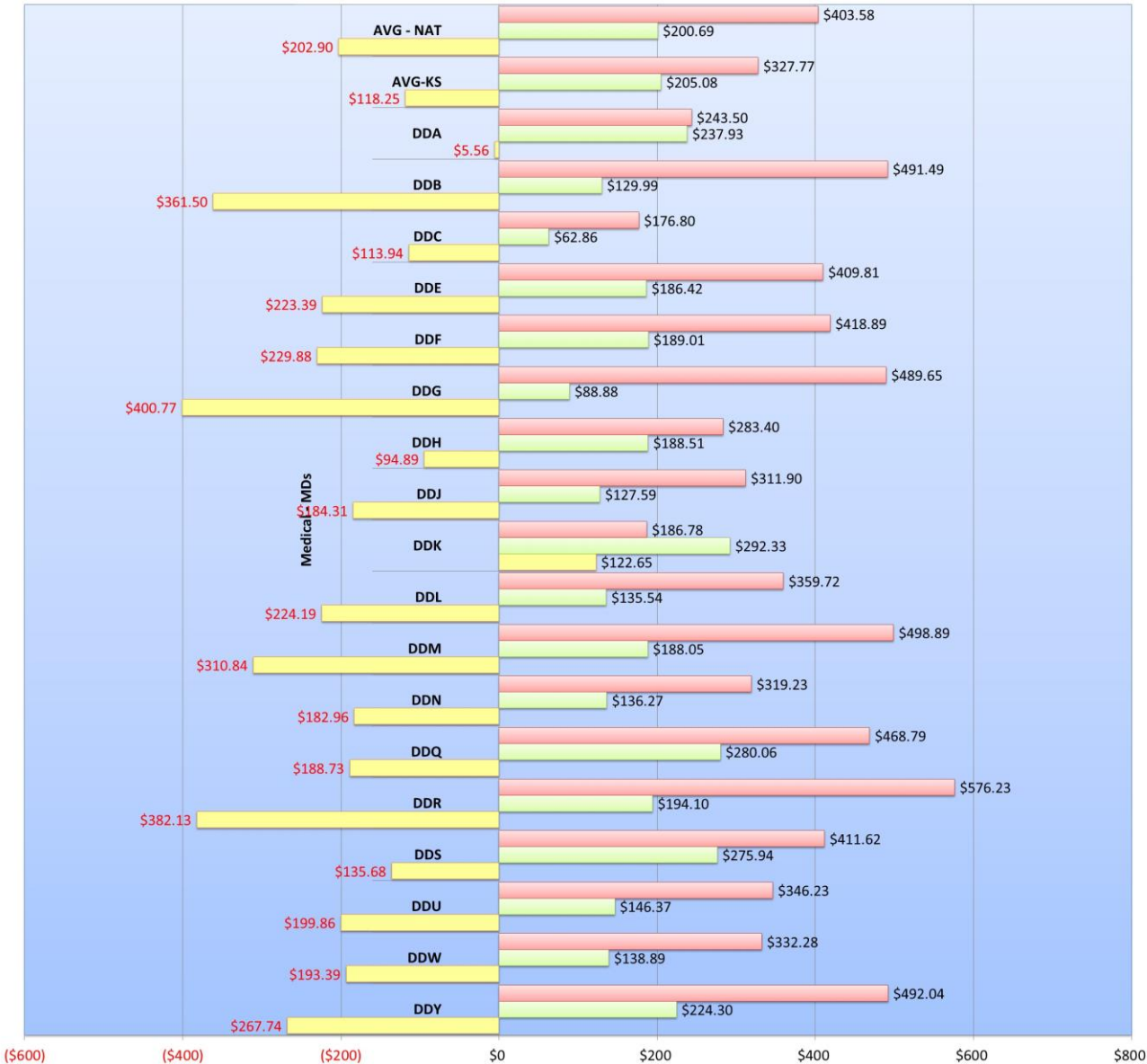
A Case Study –

The Association of CMHCs of Kansas, Inc.

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ACMHCK – Establishing a Solid Costing Reality



Margin Comparisons by Center / National

Breaking down cost versus revenue by modified code –

Row Label	Sum of Total Hours Per Code	Average of NET			Sum of Total Gain/Loss Per Code
		Average of Average Cost per Code	Revenue per Code Per Hour	Average of Total Margin Per Code	
99213	75,915.26	\$298.26	\$133.66	(\$164.60)	(\$12,828,035.22)
NR	45,493.40	\$317.20	\$142.05	(\$175.15)	(\$7,932,654.01)
(blank)	7,320.21	\$286.08	\$124.77	(\$161.31)	(\$1,418,101.78)
U1	6,008.86	\$311.44	\$163.80	(\$147.64)	(\$808,860.74)
ECC	2,799.29	\$373.26	\$150.69	(\$222.57)	(\$511,106.41)
U1 U6	2,287.86	\$314.30	\$110.38	(\$203.92)	(\$466,543.38)
U2	2,087.81	\$203.20	\$114.49	(\$88.71)	(\$194,798.60)
FQHC	1,882.50	\$367.83	\$346.75	(\$21.07)	(\$39,668.52)
0	1,654.83	\$157.25	\$64.46	(\$92.79)	(\$201,598.35)
Non-ECC	1,409.57	\$340.35	\$97.96	(\$242.39)	(\$450,658.06)
U1	1,263.75	\$177.77	\$43.39	(\$134.38)	(\$169,827.83)
Insurance	1,214.21	\$356.89	\$168.87	(\$188.02)	(\$228,292.25)
U2 U6	973.11	\$198.07	\$78.94	(\$119.14)	(\$115,931.95)
	438.00	\$325.42	\$157.15	(\$168.27)	(\$73,702.55)
Private Insurance	302.94	\$336.09	\$142.70	(\$193.39)	(\$58,584.74)
Medicaid	291.84	\$335.83	\$99.35	(\$236.49)	(\$68,696.87)

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Top Costing Failure Points -

- Dividing costs by 2080 hours
- Not including all of your costs
- Using overhead percentages instead of actual costs
- ***Looking at expected revenue instead of actual revenue***
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Do You
Actually
Know your
Costs?

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2 State Sample - Codes with Top Denial Rates

Code	Sum of Total Hours Per Code	Average of NET Revenue per Code Per Hour	Average of Denial Rate Per Code	Lost Revenue
PsychDA	78.01	\$173.65	100.00%	\$13,546.14
MedAdmin	4.67	\$180.59	83.71%	\$705.97
PRI	4517.64	\$122.37	80.73%	\$446,295.10
1707	107.00	\$71.57	79.55%	\$6,092.05
H0032 HA	50.24	\$103.33	76.69%	\$3,981.07
99205	965.03	\$110.98	73.98%	\$79,229.30
90846	418.50	\$33.14	72.17%	\$10,009.34
96102	60.00	\$28.22	71.78%	\$1,215.29
90841	466.99	\$82.75	67.32%	\$26,013.13
1661	9.00	\$100.00	66.67%	\$600.00
FAM Support	139.30	\$27.07	66.20%	\$2,496.65
99367	76.42	\$9.94	65.00%	\$493.71
1404	102.00	\$114.26	63.73%	\$7,427.21
T1023	5958.94	\$18.78	61.69%	\$69,050.61
99404	80.00	\$36.37	61.18%	\$1,779.87
99215	1851.95	\$97.47	57.32%	\$103,460.28
I0010	516.27	\$45.62	57.22%	\$13,476.62
99203	2478.90	\$83.88	53.42%	\$111,084.41
Total:				\$896,956.74

Looking at expected revenue instead of actual revenue

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Looking at expected revenue instead of actual revenue – The Anatomy of a Failed Claim

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- As Managed Care and Value-Based Purchasing continue to be implemented, more providers will be expected to demonstrate value by reducing costs and improving outcomes. Specialty behavioral healthcare organizations must expand capacity to meet increased demand and for efficient and effective back office and revenue cycle protocols. MTM has worked with teams all across the country to improve their back office and revenue cycle functions, decrease redundancies, improve efficiencies, improve collection rates and reduce expense. Get claims right the first time and eliminate this big loser from your financial headaches with MTM's approach.

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- Denied claims are costing providers to leave money on the table. The average denial rate is 4-8%.
 - At one Center that was \$2,895,400 million in failed and denied claims.
 - We have seen denials up to 48% with some codes. For one center that was \$4,680,000
 - For 90834- Individual Psychotherapy- 45 minutes- \$1,170,000 per quarter

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Learning Objectives

- Review workforce and service delivery errors that increase the likelihood of a denied and failed claim
- Understand the life of a failed or denied claim
- Review workforce issues and competencies needed in the new values based environment
- Learn the top three strategies to reduce failed and denied claims.



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Demonstrating Value for Services



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The healthcare market place is changing.

Behavioral Healthcare providers are finding it necessary to change their front office and back office procedures to assist in the capture of Post Service Revenue Cycle Management and collections .

This session will focus on best practices in claims failure and denial management.



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PRE-SERVICE
Admission Eligibility
Pre-Service Audit
Authorization
Verification
Open to Schedule



POINT OF SERVICE
Co-Pay Collections
Treatment
Post Session Scheduling
Post Service Audit



POST SERVICE
Billing
Denial Management
Account Receivable
Management
Cash Posting
Consumer Follow-Up

Work flows and KPIS

**Developing
your strategy
starts with
understanding
the work flows
to reduce
failed and
denied claims.**

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Questions?

- What percent of your population has deductibles?
- What percent have co-pays?
- What percent have high deductibles?
- What are your daily collections?
- What is of claims denials in dollars and percentage and reason code?
- What is your failed claims in dollars and percentage by staff member, program?



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Back Office Management

- In many instances organizations are not aware of their Revenue Cycle and Back office issues that are impacting current operations and their future as a going concern.
- This is a growing concern across all providers as payers move to managed care, episode of care and value based purchasing requiring more sophisticated work flows and monitoring on the revenue cycle.
- At MTM Services, we have found that this is a lost opportunity to provide the needed revenues to assist in workforce development and retention.

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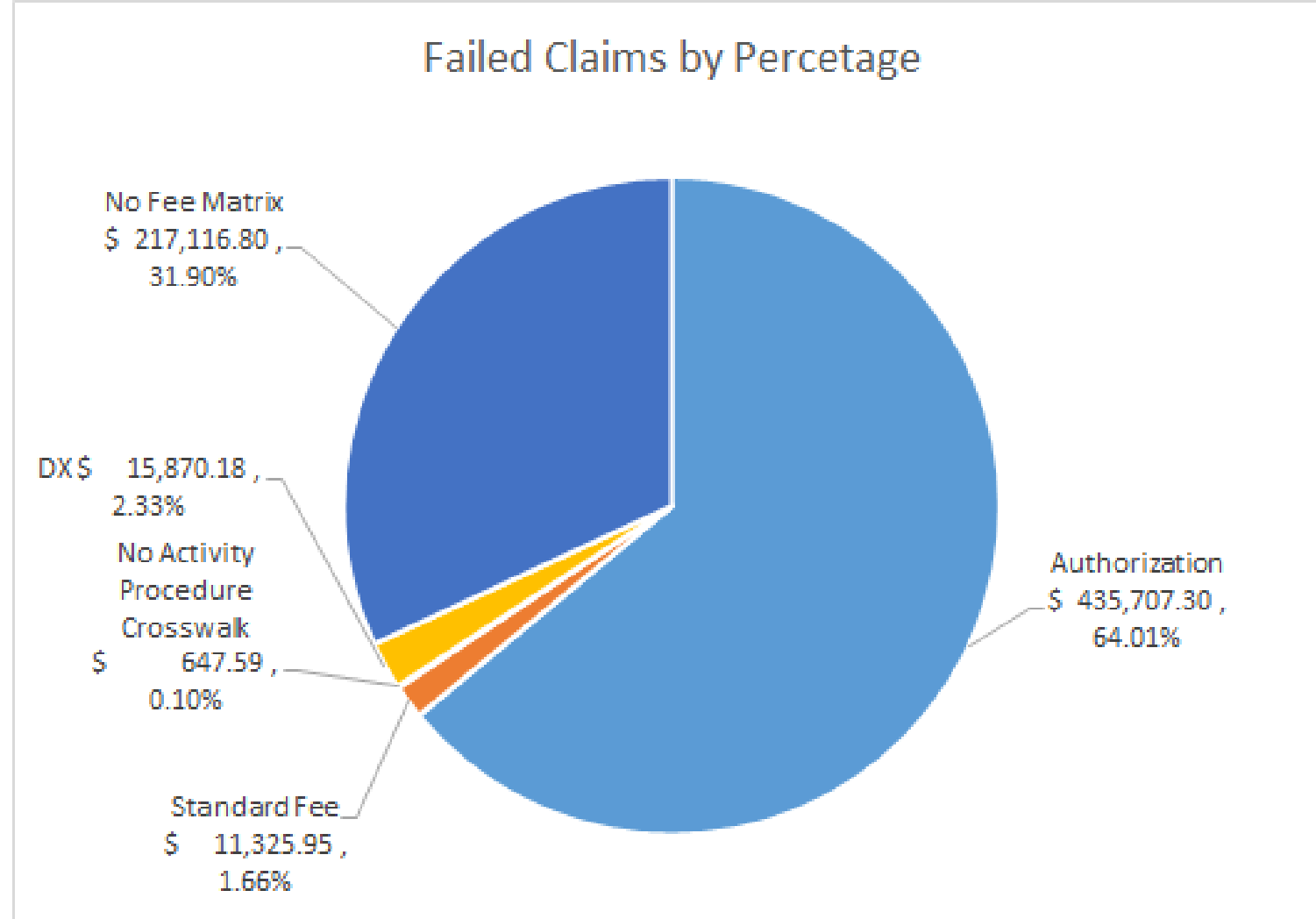
Quantifying the Problem



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For example

- This sample agency has **\$680,070.23** in failed and denied claims in the first 6 months of the fiscal year **prior** to billing the payer.



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- This sample agency reported that data entry errors are of concern related to failed claims.
- Other than miscellaneous errors clinicians entering the wrong time, overlapping times and duration was the top data entry concern.

Top areas needing attention

- Word time in/Wrong time out
- Wrong activity code
- Wrong program
- Wrong note
- Wrong credentialed provider

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Strategy #1- Understand the Life of a Failed and Denied Claim

- Identifying your Pre-Service Strategy
 - Contract Management
 - 72 hour pre service audit
 - Patient Scheduling
 - Medical Necessity
 - Eligibility/Benefits Management
 - Per- Service Audit
 - Registration



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UR/UM Plan Clinical Tools Needed

Re-Authorizations During Service

1. Who will:

- Confirm the number of sessions that have been delivered against the current authorization from payer
- Obtain re-authorization prior to the end of the current authorization if additional services are clinically needed, and
- Engage in appeals process with payer if re-authorization is denied?

2. What clinical tool(s)/Reports will they need/use to monitor current authorization levels and confirm need for re-authorizations (i.e., Number of remaining session in current authorization are recorded in centralized scheduler, etc.)?



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Contract and Enrollment Management

- Develop internal protocols for all Support team members regarding Contract and Enrollment Management
- Anchor KPIs and Protocols in Job Descriptions



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Patient Scheduling

- Assure that all consumers have the appropriate authorizations, updated treatment plans and that services scheduled are ordered on the Treatment Plan PRIOR to services being scheduled.
- If not Ordered, Assessed, Authorized or Medically Necessary---**DO NOT SCHEDULE**



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Eligibility/Benefits Management



- Develop Protocols for Client Eligibility and Benefits management
- Review Third Party Administration to assist with this back office function

Registration

- Develop Protocols and KPIs for Client Registration into the state or appropriate payer portals.
- Example: All new consumer will be registered same day of service 100% of the time

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Pre-Service confirmation/reminder calls

- During the confirmation call the Customer Service Representative (CSR), not only confirms the appointment but also confirms outstanding balance and co-pay as needed.



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Strategy #2-Point of Service

- Greeting
- Verification of Payer
- Collection of Co-Pay
- Verifying continued authorization and units
- Scheduling



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Front Desk

- The further away from the front desk you consumer gets the less likely it is that you will collect the co pay
- What have you determined as your Client Fees in your budget?
- Set daily sale figure/collections targets at the front desk



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Example

- Client Fees:
- \$800,000.00
- 260 days you are open for business
- \$3,076.92 a day is needed across all sites/locations
- Break down by volume at each site
- Set KPIs for your front desk and back office staff



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Improving Back Office Performance management



- What are your days of sales outstanding?
- By facilitating improved workflow processes and eliminating the “paper chase,” The new behavioral healthcare organization will need to accurately authorize services, determine, validate coverage for payment, assess payment risk and schedule resources prior to the patient’s arrival.

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Health Insurance

- Most health insurance policies cover behavioral health and substance abuse services to some extent. IF YOU HAVE HEALTH INSURANCE, IT IS IMPORTANT THAT YOU GIVE US THIS INFORMATION RIGHT AWAY. We will bill your insurance company directly so that they can pay us directly. Should your insurance company pay us for what you have already paid, we will credit your account or give you a refund. Your insurance company is billed our full fee. You are responsible for any deductibles, co-pays, and the balance that is not covered by your insurance company. Any deductibles and co-pays are not eligible for a sliding fee adjustment. *If your balance after insurance payments reaches \$300, you will be required to make a payment to lower the balance below \$300 or your next appointment will not be scheduled.*

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Payment of Bills

- You will be expected to pay your fee each time you receive service. Credit cards may be accepted. If, however, you are unable to remain current with your account, a different approach may be necessary. Please discuss such circumstances with our Client Accounts staff or your clinician. If you do not, and payment is not made, we reserve the right to turn your account over to a collection agent.

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Responding to Healthcare Consumerism

- Consumer self-service is becoming a standard part of day-to-day life. Access to a behavioral healthcare kiosk and portal will become an expectation in your patient community.
- Allowing consumers to research costs, schedule appointments, clinician profiles, receive online statements and make electronic payments are just a few of options that organizations will need to manage in the new healthcare delivery market to respond to consumer demands.



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Accelerating Cash Collection



After services are delivered your organizations revenue cycle solutions maximize revenue capture and streamline the billing and collection process with electronic claim processing, direct entry of Medicare claims, automatic secondary billing, remittance posting, document image retrieval, contract and denial management, and financial analysis

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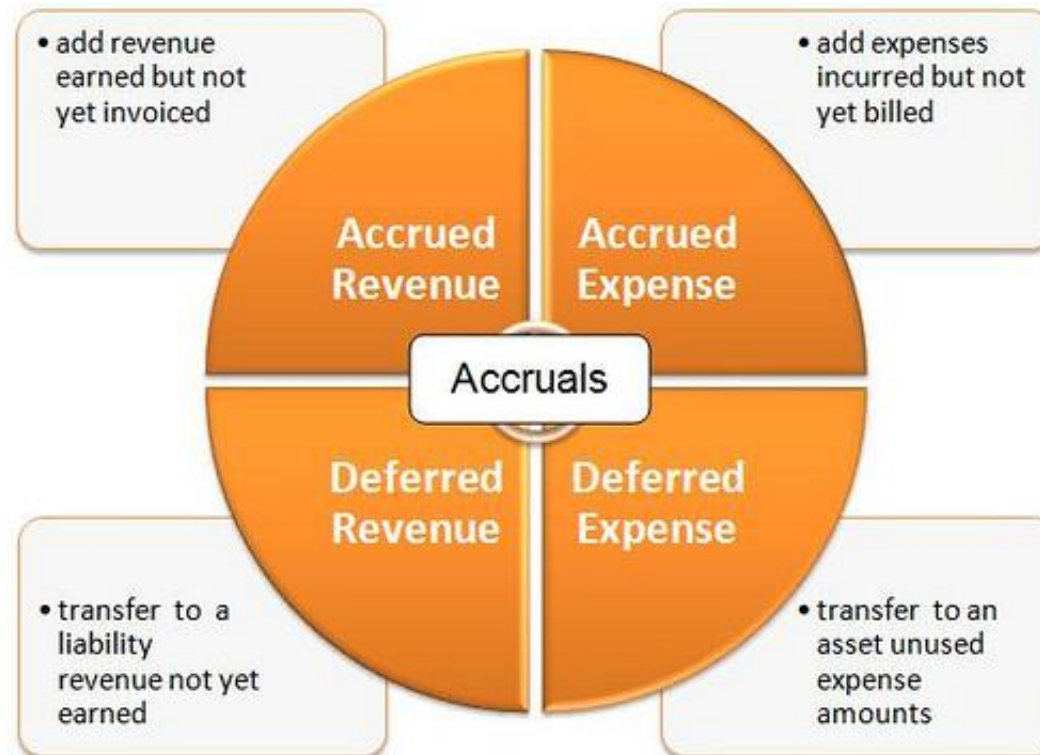
What about the payers?

- Improving Payer Performance
 - **Knowing Payer expectations**
 - **What payers are in your market**
 - **What is the % of Medicaid ?**
 - **What is the % of uninsured?**
 - **What is the % of Insured?**
 - **What is your cost of service ?**

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Strategy #3

- Identify your Post service Audit protocols and workflows



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Post visit

- Billing
- Collections Management
- Denial Management
- Data Warehouse Analytics



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Accounts Receivable Management

- AR is funds that are due to the organization based on services rendered.
- How much is your AR 30,60,90 + days?
- Assess AR aging by payer source, client and service
- Establish specific protocols for outstanding balances

Accounts Receivable	1,179.1
Revenue	7,841.3
Days	365
DSO	<hr/> 54.9

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Update your Policy and Procedures

- Review and revise as needed your client fees and Open accounts policies and procedures.
- What your Past due polices and procedures
- Review and revise your Collections polices, procedures and letters
- Review and revise your bad debt and delinquent accounts
- Determine what is Charity care vs. Bad Debt
- Review and revise your contractual allowances protocols

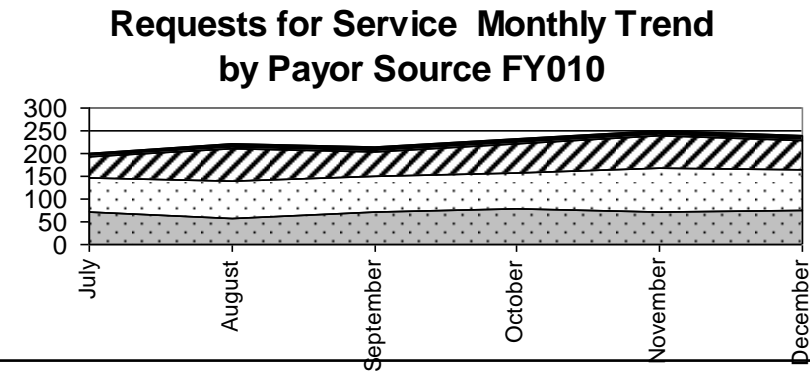
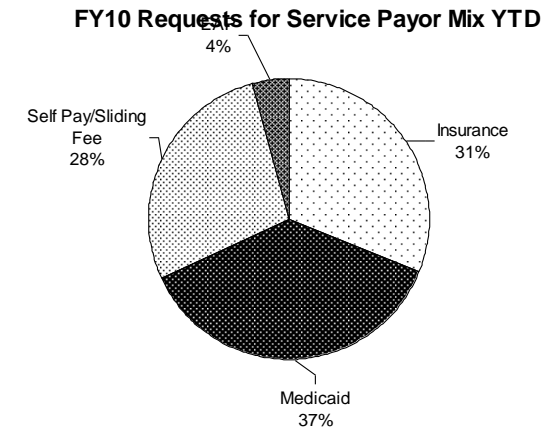
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Payer Mix

- In the new environment provider organizations must include in their dashboard payer mix profiles for all services
- Utilize Resource Deployment standards
- Review our medical loss ratio on a monthly and quarterly basis
- Develop effective Collection of co-pays and follow up on delinquent accounts in a timely manner

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Objective	Increase service delivery /market share to Third Party payers
Measure Type	Financial
Goal	Third Party revenues will increase over previous fiscal year
Result	Third party referrals are at 31%.
Comments	Given the economic conditions market share remains consistent



■ Insurance □ Medicaid ▨ Self Pay/Sliding Fee ■ EAP

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(90-DAY PLAN FOR Back Office/Post Session audit and collections :

Program: ____

DATE: __3/24/14__

<u>Issue/Objective</u>	<u>ANNUAL GOAL</u>	<u>15 - DAY BENCHMARK</u>	<u>45- DAY BENCHMARK</u>	<u>ACTION STEPS</u>	<u>RESULTS (PDSA)</u>
		•	•		

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The top three strategies to reduce failed and denied claims.

1. Define and quantify your field and denied claims by reason code, dollar amount, percentage, CPT/HCPCC code, program and staff member.
2. Develop pre service, point of service and post service audit and work flows to reduce and eliminate failed and denied claims.
3. Implement Utilization Management and Revi protocols to add failed and denied claims to yo CQI process and anchor in supervision and management reports

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Roles of Support Staff In Third Party Billing

Centralized Scheduling is needed to ensure referral is made to clinician on the appropriate insurance panel

- Ability to know at all times the availability of clinical staff that are credential on third party panels will be critical to timely acceptance of new referrals

Re-think Front Desk functions/needs

- Collection of Co-Pays prior to Service
- Confirmation of Insurance via copy of Insurance cards prior to service

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Roles of Clinical and Financial Staff In Third Party Billing

1. Completion and submission of all required clinical documentation by direct care staff will be needed to support authorizations after Intake (if required) and re-authorizations
2. Filing timely and accurate claims will be critical
3. Monitoring level of unreimbursed third party care – determine reasons for non payment and correct issues

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What Questions do you have...

Questions?

Feedback?

Next Steps?



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