



032216 NEWS BLAST

PART B NEWS CASE STUDY: INCORRECT CARRIER PAYMENTS

A case study regarding incorrect carrier payments that may be worth your interest, was published in Part B News January 11, 2016: Volume 30, Issue 2 subscription available via www.partbnews.com

To Summarize:

A large, integrated, multispecialty practice that had diligently and regularly negotiated its payer contracts, which included escalators for each year of the managed care contract term.

Three months into the new contract year with one of the larger carriers for the practice, the practice administrator happened to notice that the payments were lower than what had been negotiated; this resulted in a significant short fall. An investigation revealed that the practice had been paid incorrectly since the inception of the new contract.

Two issues had occurred:

- The practice never loaded the new rates into its practice management system, so the underpayments had gone undetected.
- The insurance carrier had never loaded the practice's newly negotiated fee schedule; therefore, payments to the practice had been paid at the previously contracted rates, which were substantially lower.

The Result:

After numerous phone calls and communications with the payer to get this fixed by the negotiator of all the managed care contracts for the practice, the payer's senior vice president agreed to open a special project file to correct and reprocess all of the incorrect claims. The promised completion date for this project was 60 days and involved the reprocessing of thousands of claims.

The carrier decided to first deduct all of the incorrect payments from the current payments to then process new checks at the full corrected amounts. But that would have cut the practice's cash flow until the corrected payments were received. Instead, after talking with the senior VP, the carrier decided that all of the incorrect payments would be processed and deducted at the same time as the corrected claim was processed.

The amounts would then be netted against what had been paid previously and a check would be processed for the adjustments. The project took close to 90 days to complete, but the end result was tens of thousands of dollars in additional payments.

LESSONS LEARNED:

- Put the dates of the contracted carrier increases on a resource that is available to the practice administrator and physician management team.
- Enter new contract rates into the practice management system a week or two before the increase is set to take effect. Enter the information by carrier so the payment posters can check the accuracy of the payments as they are posting. The practice administrator and physician management team should confirm this process has occurred. In addition, the practice should have all of its contracted carrier reimbursements loaded into the practice management system, including the Medicare and Medicaid rates.
- Program the practice management system to notify the payment posters when a payment is not accurate.
- Run an under/overpayment report once per month to make sure the practice has been paid correctly by each payer.

Contact Software Support for assistance or any questions via:

From **MEDPDM** or **MEDEHR** Sign On screens, double click on 'support@medtronsoftware.com' to compose an email to the Software Support Dept.

-OR-

Phone: (985) 234-0599 (local)
(800) 978-0599 (toll free)

-OR-

Fax: (985) 234-0609