

Leveraging Low-Pay Recovery Efforts to Address Underpayment Issues

The benefits of improving the Revenue Cycle Management (RCM) process.



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From the perspective of providers, payers too often adjudicate claims below the providers' contracted rate agreements or underpay claims when they don't have a contracted agreement with the provider. These "low pay" situations, which include denials, can highlight deficiencies in clinical or technical policies, procedures, or processes followed by the organizations. Judgments by payers regarding medical necessity, patient eligibility or authorizations, improper coding, and incomplete patient accounts can all lead to lost revenue for the provider. How should a provider address this opportunity?

Healthcare revenue cycle management is a long, arduous, and time-consuming process, and certainly not a core competence of many provider organizations. Claims are created for services provided to the patients, which are sent to private or government payers for reimbursement. The claims processing involves detailed back-end office operations, including submission of claims, coding, and managing denials and collections from payers and patients. Every claim for in-network providers is processed based on the contract between the payers and providers, patient coverage, EOBs, and provider guidelines. Claims from out-of-network providers are processed based on the usual, customary, and reasonable rates for the specified procedure. It is a big challenge for providers to track and manage a claim through its entire lifecycle. Use of healthcare IT solutions and big data analytics can help. One way to leverage these solutions is by hiring a revenue cycle management company. SimiTree Behavioral Health is a leading revenue cycle management firm that identifies claims paid under the contracted or allowable amount and helps providers develop a process to recover additional payments.

SimiTree Behavioral Health identifies claims that were paid under the contracted amount or under the allowable amount and then helps providers by leveraging their low-pay recovery process that allows providers to recover additional payments from the payers.

This involves understanding the existing claims management processes, analyzing contracts, coverages and benefits, and use of advanced data analytics and IT solutions to improve the process while establishing a framework for continued payment recoveries.

SimiTree Behavioral Health has worked with various providers across the country to recover additional payments by implementing their low-pay recovery processes. Medical Business Associates received claims reimbursement data of underpaid claims from SimiTree Behavioral Health and some of their providers to analyze the effectiveness of SimiTree Behavioral Health's low-pay recovery process. The underpaid claims were isolated to calculate the payment rate in terms of the billed amount. The additional payment amount on these claims were examined, and the analysis revealed that, for claims that were underpaid, SimiTree Behavioral Health was able to recover additional payments of 140% of what was initially paid during 2018 and 148% of what was initially paid during 2019, on average. It can also be seen from the figure below that, on average, SimiTree Behavioral Health recovered 37% of the billed amount during 2018 and 31% of the billed amount during 2019 for underpaid claims. This demonstrates that SimiTree Behavioral Health not only helped providers make their payment recovery process more efficient, but also increase their revenue.

+148%

Additional Payments
Recovered

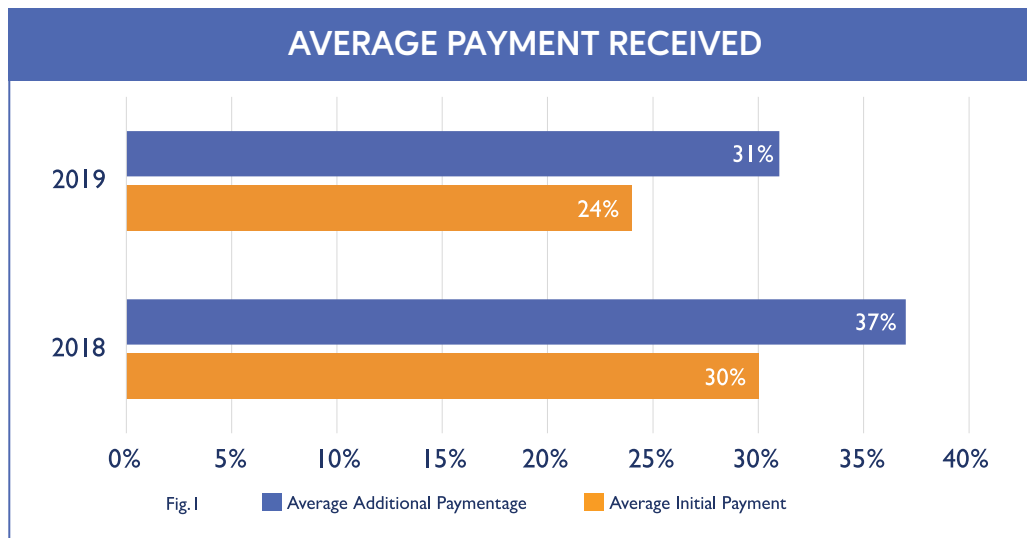


Figure I (above) is a visualization of the average payment received by providers as a percentage of the billed amount. SimiTree Behavioral Health was effective in improving the payment recovery process and increasing revenue by recovering additional payments for claims that were paid less than contracted or allowable rates.

The goal of revenue cycle management companies is to help providers manage and improve their processes, especially since more payments are being tied to value-based care models to receive full reimbursement from the payers.

