

The Importance of Insurance Contract Verification

By Clayton Fast, President
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“How do you know if you are being paid accurately by the managed care insurers with whom you contract?” Whenever I ask this question I’m invariably told that, “We just make sure it’s reasonable. We don’t check each procedure code.” Unfortunately, most practices don’t know what amount a specific service should be reimbursed by any given carrier.

In addition to not knowing procedure-specific contracted amounts, practices face another key problem. They typically do not check each payment manually. Does your billing software check each payment for you as you are doing postings? Most billing software isn’t capable of automatically checking postings and alerting the operator if a payment does not match contractually guaranteed amounts.

At Compass we have found that some Colorado insurers almost never pay correctly. Initially, the majority of the insurers pay an average of 15% of the claims inaccurately. I say “initially” because most will mysteriously begin paying the claims properly most of the time once they realize that we appeal all inaccurate payments. Since our software automatically verifies payment accuracy, our clients realize significant reimbursement gains. If you can manually check every payment against the contract, great. If not, consider changing your software package. But once you identify an inaccurate payment, that’s only half the battle. You must also then generate the appeal letter. At Compass we have modified our software to generate appeal letters effortlessly. In fact, for those managed care insurers that have a proprietary appeal form, we generate their specific appeal form with the appeal information already filled out.

Look for more on maximizing the effectiveness of your appeals in our next newsletters, or feel free to call me at 720-493-3800 or email me, cfast@compassbilling.com, with any questions. Ellen and I are happy to answer questions for medical practices that aren’t currently our clients. Once we load a practice’s contracts into our software, there’s another nice benefit on the side: we can determine a very accurate collection goal each month based on the true collectible amount. We can easily set our fee schedule to a percentage above Medicare’s reimbursement schedule. We can easily compare our fees and our contracts to one another. The reports and analyses we perform for our client medical practices become truly eye opening.