

## Seven Largest Insurers Incorrectly Pay One in Five Claims, Says AMA

*Cheryl Clark, for HealthLeaders Media, June 15, 2010*

Health insurers don't correctly process one in five medical claims, causing delays and adding more work, hassle, and cost to the healthcare system, according to a new American Medical Association scorecard.

The most accurately paying insurer was Coventry Health Care Inc., which had an 88.41% correct claims processing score. Anthem Blue Cross Blue Shield came out last, with an accuracy rating of 73.98% the AMA survey said. Other companies scored include Health Care Services Corporation, United Healthcare Group, CIGNA Corp., Humana Inc. and Aetna, which scored in between in that order.

That's according to the AMA's latest rating of one of the 17 metrics, called the Electronic Remittance Advice accuracy, which included many of the other metrics as well and which the AMA said reflects the best overall measure of insurance company payment. Other aspects of the scoring include rate of denials, timeliness, and the degree to which health plans communicate their fee schedules to providers.

The physicians' group estimates that \$777.6 million annually in wasted administrative effort could be saved if the health insurance industry improved its claims processing accuracy by even 1%. Increasing accuracy to 100% would reduce overall healthcare costs by \$15.5 billion, the AMA says.

A major culprit behind the problem is the lack of standardization in insurance plan rules, because each insurer has different ways of paying for certain services, such as when multiple types of care are provided in the same office visit, explains AMA immediate past president Nancy Nielsen, MD. All too often, Nielsen says, physicians and their office staff are unaware what each insurer's plan rules are.

She gave an example of a doctor who sees a patient for a regular checkup. But the patient mentions a swollen knee that the doctor treats with a procedure known as aspiration.

"There will be two claims submitted: One for the physical and one for the knee aspiration. But the insurer will pay either nothing for one of those two claims, or half of the second, or 100% for both. But nobody knows. It's so complicated.

"Doctors end up hiring staff to deal with systems that are unique to every insurer. It's a major source of difficulty," Nielsen says.

"We want (insurance companies) to standardize those rules . . . And once that happens everybody would benefit and it clearly would reduce costs," she says. "Unequivocally in the doctor's office, you wouldn't have to have an army of people fighting with each insurer."

America's Health Insurance Plan spokesman Robert Zirkelbach suggests the blame does not lie exclusively with health plans. "A recent AHIP survey found that nearly one-fifth of all provider claims are not submitted to health plans electronically, and more than 1 in 5 claims are submitted by providers at least 30 days after the delivery of care," he says.

He adds that health plans are investing in technologies that make it easier for providers to submit electronically, to "enable doctors in these states to spend more time with their patients."

And, he reiterated a concern from his organization that according to one government report, the true villain for rising healthcare costs is "soaring medical costs—not health plan administrative costs—that are the key drivers of rising healthcare costs."

This AMA report card is the organization's third, and Nielsen says that overall, the insurers did improve their scores over last year in a number of measures, but much more improvement is needed.

The scoring was based on a random sample of 2 million electronic claims for 3.5 million medical services submitted in February and March, 2010.

The claims were submitted by more than 200 physician practices in 76 medical specialties in 43 states. The AMA followed up on its survey with a paper suggesting ways commercial plans can improve administrative simplification.

Asked to comment on the AMA's latest report card, spokeswoman Kristin Binns says Anthem's parent company WellPoint appreciates the AMA's input and to improve its score it has contracted with a one-stop-shop company, Availity, in hopes of "streamlining the healthcare administration process and providing a consistent user experience."

Aetna representative Tammy Arnold say her company shares the AMA's goal "to increase transparency and simplicity in interactions between payers and the medical community" and says it is proud of the progress it has made.

CIGNA spokesman Joseph Mondy said the AMA report card shows that CIGNA patients are getting "just what the doctor ordered service" with claims remittance that was cut in half from the AMA's previous report card from 12 days to six days, improved accuracy in which payment was equal to contracted physician fee schedule and "the lowest rate of claims denials among participating plans," with less than 1% of claims denied in the 2010 period.

Humana spokesman Jim Turner said his company his committed to working with the medical community to simplify the payment system and was praised by Athena health as "easiest payer for doctors to do business with."

HCSC spokesman Ross Blackstone says, "There are many studies of claims processing effectiveness across the industry that employ a range of methodologies. External studies by independent auditors on behalf of employer group customers and other stakeholders have found our financial and payment accuracy to be in the high 90th percentile. We are proud to consistently rank at or near the top."

And Lynne High of United Healthcare Group said the latest AMA survey reflects significant work her company has done to improve service to physicians. "United Healthcare has advanced a number of innovations that seek to reduce administrative burdens for care providers and give them more time to focus on their patients," she says.

Nielsen acknowledges that compared to last year's scorecard; many of the insurance companies have improved their response times for paying doctors. "We're pleased to be able to report that," she says. However, she quickly adds, "there's a lot of improvement that still needs to take place."

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