Liability Claim Best Practices

Educate  |  Navigate  |  Connect
Overview

Liability Claim Processing Boils Down to the Following Elements:

Training up-front data acquisition staff:
- Classifying accounts correctly upon point of service;
- Identifying administrative inefficiencies with insurance claim handling practices that create financial loss

Garnering insurance details of each injury encounter

Using forensic analysis – in an administrative way – to resolve open claims for injured patient

Working with patients, next-of-kin, employers, insurance companies, and attorneys to take a medical claim and do all the legwork to get it paid by a liability-based insurer.

Healthy results. Guaranteed.
Ohio Liability Accident Statistics

Injury/Fatality Rate (2012 Most Recent Safety Data)

- MVA crashes: 199,266
- MVA injuries: 49,272
- MVA fatalities: 664
- WC injuries: 101,165 (BWC allowed injury claims in 2012)
- WC fatalities: 155
- Personal injuries (2008-2010):
  - Falls (920,454);
  - Struck by/against (433,095);
  - Overexertion (365,877)

Data Sources: OH Dept of Public Safety; US Bureau of Labor Statistics; OBWC; OH Dept of Health (Healthy Ohio)

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US Liability Accident Statistics

US Statistics (2011 Most Recent Data)

- Total uninsured: 16.7% = 50.7 mm people
- MVA injuries: 2.22 mm injuries (2011)
- MVA fatalities: 32,367 (2011)
- WC injuries: 2.9 mm injuries (2011)
- WC fatalities: 4,609 (2011)
- Personal injuries:
  - Dog bites: 800,000 med visits
  - Falls: 200,000 children
  - Falls: 2.3 mm older adults (2010)

Data Source: US Centers for Disease Control

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Best Practices

• Registration for WC, MVA, GL
• Clinical Documentation
• Clean Claim Processing
Data Elements to Garner:

• Employer name pertinent to injury
• Employer address and main phone number
• Date of Accident
• Basic Injury, Body Part(s) affected
• Employer HR/Manager/Foreman name and number

Patient Unable to Communicate:

• If patient was brought in with coworkers or supervisor, gather same data
• Employer must file accident report with insurance carrier and Bureau of Worker’s Compensation
• *Do not default financial class to Self Pay*

**NOTE:** If insurance carrier is known at patient encounter, call insurance for service authorization as soon as possible

**TIP:** Use Ohio Proof of Coverage website to assist in finding MCO or self insurance status. (Link is part of Favorite Links page.)
Registration: MVAs

Data Elements to Garner:
• Policyholder of vehicle
• Role of patient (driver, passenger, cyclist)
• Patient address and main phone number
• Date of Accident
• Where/How injury occurred
• Insurance company known?
  - Driver’s auto insurance company name
  - Other party’s auto insurance name
  - Own health insurance as secondary plan
  - Attorney data if applicable

Patient Unable to Communicate:
• Gather data from next of kin as appropriate
• Request police report post-discharge
• Place call/send questionnaire to patient’s home for accident and insurance details
• Do not default financial class to Self Pay

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Registration: General Liability

Data Elements to Garner:

- Geographic location of injury (address of where injury occurred) the key to liability is if the injury occurred NOT at patient’s own home; although sometimes there could be liability propensity on leased property.
- How injury occurred – Examples: neighbor’s pit bull bit patient, or slip/fall at grocery store
- Patient address & phone
- Owner/Entity Contact Data
- Date of Accident
- Health plan as secondary (Plan B option)

Attorney data if patient has hired representation

Patient Unable to communicate:

- Gather data from next of kin as appropriate
- Request ambulance or police report (if first responders were on the scene) post-discharge
- Place call/send questionnaire to patient’s home for accident and insurance details
- Do not default financial class to Self Pay

Healthy results. Guaranteed.
Clinical Documentation

- Substantiates services
- Charges will be understood at insurance company
- Validates necessity of treatment and course of patient’s overall treatment
- Speeds up bill payment when packaged together (bills plus supporting documents submitted)

- Nurses’ notes
- Physician report
  - History and Physical
- Lab reports
- Radiology reports
- Therapy:
  - Physical
  - Behavioral
  - Speech
- Durable Medical Equipment
- Implant Invoices
- Drugs administered
- Itemization of all services rendered
Clean Claim Processing

Medical bills (paper claim forms)

• Red paper is scanned
• Red lines are “dropped out” by scanners’ pixel interpretation
• Raw data is automatically fed to bill review systems
  - Less errors, but still imperfect

Black and white bills are manually data entered

• Slower processing time
• Prone to more errors in data entry
• Always double check EOBS for insurance- rep errors.
What Happens at the Insurance Company

- Claim Adjudication
- Medical Bill Review
- EOB Issuance
Determination

• Adjuster Review – and/or –
• Automated Rules Engine
  - Based on accident report and severity of injury, adjuster will set up rules that will automatically “OK to Pay” certain services, taking the human element out of manual examination
  - Usually done with lower balance, less complex claims

The Role of the Adjuster is Threefold:
1. Own claim from start to finish
2. Examine claim validity and any evidence of fraud
3. Reduce insurance loss by predicting value of overall claim

Healthy results. Guaranteed.
### Example UB

<table>
<thead>
<tr>
<th>CODE CO</th>
<th>DESCRIPTION</th>
<th>HCPCS/HCPCS CODE</th>
<th>SERV. DATE</th>
<th>SERV. UNITS</th>
<th>TOTAL CHARGE</th>
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</tbody>
</table>

**Healthy results. Guaranteed.**
TIP: The idea is to submit Worker’s Compensation bills electronically (standard 837 institutional or 837 professional via Electronic Data Interchange with attachments), and Motor Vehicle bills directly to adjusters where possible and allowed. Paper claims must be followed up on very closely to avoid loss and errors.
Worker’s Compensation Details

1. Types of Coverage
2. Self-Insured Employers
3. Managed Care Processing
4. History of Reform
5. Reimbursement
6. Out-of-State Claims
7. Coordination of Benefits
Types of Coverage

Two Kinds:

1. Federal compensation laws
   - Applies to government workers (including USPS, federal agencies, Peace Corps, Americorps, etc.)

2. State compensation laws
   - State and private business employees
Self-Insured Employers

- Employers pay for medical expenses directly instead of insurance premiums
- Precertification is important – the self-insured employer is very mindful of treatment costs
- Self-insured employers follow a strict certification process in Ohio; about 1/3 of all employers are self-insured in Ohio; they are typically large and financially stable organizations
- There are exclusions to carrying WC coverage in some states, but not Ohio. Ohio law requires employers with one or more employees to obtain workers' compensation coverage or apply for the privilege of self-insurance.

Healthy results. Guaranteed.
Managed Care Organization Processing

• An employer gives their injured worker a medical identification card with the name of their MCO.
• Knowing the MCO is the key to filing the claim.
• If you do not know who the MCO is, ask the employer or call 1-800-OHIOBWC, and follow the options.

Note: The BWC is responsible for:
• Claim determinations and allowances;
• Paying lost time compensation;
• Second level of dispute resolution;
• Educating injured workers, employers and providers.

Provider management;
• Utilization review;
• First level of dispute resolution;
• Determining reimbursement eligibility and paying providers for services;
• Educating injured workers, employers and providers.

Healthy results. Guaranteed.
By 1994, dysfunction Work Comp systems were costing companies more than $65 billion annually in many US cities.

- Insurers began denying coverage to businesses.

- Some businesses began relocating to states allowing lower premiums.

- Widespread legal and medical corruption and abuse evolved throughout the system.
What Worker’s Compensation Reform Did

- Antifraud legislation and increased penalties for fraud.
- Anti-referrals that restricted physicians referring patients for diagnostic studies to sites where the physician has financial interest.
- Proof of medical necessity for treatments, as well as appropriate medical documentation arose. *Payers may refuse to pay the entire bill without medical documentation.*

Healthy results. Guaranteed.
Worker’s Compensation Methodology

- **Inpatient claims**: DRG Medicare Prospective Payment System.
- **Outpatient claims**: 197% of CMS 2010 OPPS guidelines for DOS 01/1/11 and beyond for all Ohio and BWC-certified Ohio hospitals, except children’s hospitals (253% of CMS OPPS) and critical access (101% of CMS OPPS)
- **ASC**: As of 2009, Ohio adopted the CMS ASC rate schedule (grouped by CPT/HCPCS)
- Contractual agreements with providers MUST be validated, as Ohio is a heavy utilizer of MCOs authorized by the Industrial Commission and BWC
- Injured worker not responsible for injuries in the event of a compensable incident

**Note**: Service authorizations are critical.

*Healthy results. Guaranteed.*
Ohio Reimbursement: In a Nutshell

• Injuries must be reported by employees within two years after the disability due to the disease began, or within such longer period as does not exceed six months after the date of diagnosis of the Occupational Disease by a licensed physician;

• The six-month period can extend (but never shorten) the normal two-year from date of disability period.

• A provider must file the claim with the BWC within 24 hours of the initial injury.
  – Validate payments using the CPT lookup tool (see OH favorite links)
  – Examine EOBs
  – Dispute where warranted

Healthy results. Guaranteed.

https://www.ohiobwc.com/basics/guidedtour/orcfiles/ORC4123.85.asp
Ohio Reimbursement: Continued

- No balance billing or co-pays in Work Comp cases – pretty much ever. If a case is truly WC, it remains with the WC carrier. Only true WC denials or law suits kick into other plan coverage or at-fault settlements.

- However, (!) if an employee changes their Physician of Record to a non-BWC-certified provider, the MCO must clearly communicate at the time of the request that the injured worker will be responsible for medical payments and will have no recourse against the MCO, BWC or the employer.
Ohio Bureau of Worker’s Compensation

• BWC provides insurance to about two-thirds of Ohio's workforce.

• The remaining workers receive coverage directly through their employers. These companies are part of a self-insurance program for large and financially stable employers who meet strict qualifications set by BWC.

• The BWC has the largest exclusive state fund in the nation with a value of over $17.7 billion.

• The BWC is the second largest underwriters of workers' compensation insurance in the country. We receive over 300,000 claims a year and pay more than $1.7 billion in benefits.

Healthy results. Guaranteed.
Out-of-State Claims

- Follow all regulations from the jurisdiction in which the injured was hired, and not the state where the injury occurred
- Companies with employees that travel must have policies that cover out-of-state injuries
- If a patient seeks treatment out of state, referral requirements must be met
- Unauthorized care holds the patient responsible in these states:
  - Alabama
  - Alaska
  - Arkansas
  - New Jersey
  - North Dakota
  - Ohio
  - Washington
  - West Virginia
  - Wisconsin

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Out-of-State Claims: Categories

There are two categories of out of state:

 Providers-BWC Certified and Non-BWC Certified.

1. If the provider is BWC certified they must accept reimbursement per BWC rules in full.

2. If the provider is Non-BWC certified and they are not willing to provide services under the BWC fee schedule, these may be considered for payment at UCR (Usual & Customary Rate) however BWC advises the MCOs to attempt to negotiate a fee at the fee schedule rate or as close to the fee schedule as possible.
Worker’s Compensation COB

- All Worker’s Compensation plans are inherently no-fault
- The injured worker is not responsible for payments
- The worker’s compensation carrier that insures the employer will absorb liability and pay
- If the employer is self-insured, they will pay

**Note:** ONLY if a claim ultimately ends up NOT being a true worker’s compensation situation, then it will be:
- A health plan responsibility, or
- A self-pay claim, if no health plan is active

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Worker’s Compensation Tort Cases

- Sometimes, a patient will opt out of the Worker’s Compensation plan entirely, and outright sue their employer for damages.
- Settlement money will be owed to the hospital.
- Conduct regular follow-up with the attorney representing the patient.
MVA Further Details

1. Commonly Purchased Coverage
2. Regulatory Outlook
3. Coordination of Benefits
4. Legal Considerations
### Commonly Purchased Coverage in Ohio

<table>
<thead>
<tr>
<th>Coverage</th>
<th>State Requirements</th>
<th>Most Common</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bodily Injury Liability</td>
<td>12,500/25,000*</td>
<td>100,000/300,000</td>
</tr>
<tr>
<td>Property Damage Liability</td>
<td>7,500*</td>
<td>100,000</td>
</tr>
<tr>
<td>Uninsured Motorist Bodily Injury</td>
<td>Not required*</td>
<td>100,000/300,000</td>
</tr>
<tr>
<td>Medical Payments</td>
<td>Not required*</td>
<td>5,000</td>
</tr>
<tr>
<td>Collision</td>
<td>Not required*</td>
<td>500 deductible</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>Not required*</td>
<td>0 deductible</td>
</tr>
</tbody>
</table>
Automobile:

- Tort state, meaning an at-fault party must be ascertained
- Multiple methods to show insurability:
  - $12,500 bodily injury per person, $25,000 bodily injury for two or more people, and 7,500 for property damage or they must opt for an alternative form of insurance to show financial responsibility (FR)
  - Legal alternatives to auto liability insurance include a surety bond of $30,000 issued by any authorized surety company, a BMV bond secured by real estate equity of at least $60,000, or a BMV certificate for money or government bonds in the amount of $30,000 on deposit with the State Treasurer.
  - Proof of insurance is a requirement
    - Under Ohio law, in the case of a motor vehicle accident, both driver AND owner are responsible for making sure the operation of the vehicle was covered by insurance.
Motor Vehicle Coordination of Benefits

In a No-Fault State (Such as MI), COB Looks Like This:

• PIP (Personal Injury Protection) pays first
• Patient’s health plan pays second
• At-fault third party pays third
• Co-pays and deductibles can kick into patient’s Auto MedPay if funds are available
• At-fault settlement reimburses health plans; satisfied outstanding provider residuals

In a Tort State (OH), COB Looks Like This:

• Patient’s MedPay pays first OR at-fault Bodily Injury plan can also be pursued
• Patient’s health plan pays second
• At-fault settlement reimburses health plans; satisfied outstanding provider residuals
MVA Legal Considerations

Reimbursement

Inpatient and Outpatient: Usual and Customary guidelines

ASC: Usual and Customary guidelines

Pharmacy: Average Wholesale Pricing (AWP)

- Pharmacy Databases Commonly Used by MVA Insurers: Medispan, First Data Bank

A bill originally introduced to repeal the hospital lien statute went through many changes in the House and is awaiting the Governor’s approval. As passed, SEA 5 – Hospital Liens and Ambulance Liens (Sen. Brent Steele, R-Bedford) amends the law concerning hospital liens related to certain personal injury claims, including balance billing, time frame for perfecting a lien and release of a lien. SEA 5 also specifies that the repeal of the law does not affect a patient's financial obligation to pay the provider under any other law or contractual provision.
Billing Problems

• Solutions to Common Issues, and Avoiding Underpayments and Denials
Billing Problems

**Problems**

- Lack of medical records
- Incorrect patient name
- Duplicate statements
- Illogical dates
  - Date of service prior to date of accident
  - Birthdate in the future
- Facility Name & Address incorrectly or not linked to facility Tax ID

**Solutions**

- ✓ Send documentation
- ✓ Investigate patient’s name as it is on valid ID and insurance cards
- ✓ Send corrected claims and appeals to the correct addressee – it can get lost in the shuffle at any point
- ✓ Correct dates
- ✓ Send W-9 to Insurance

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Billing Problems

**Problems**

- Gender error
- Missing principal diagnosis code
- Missing revenue codes on UB
- Missing CPTs on 1500 or outpatient UB
- Missing Physician name and ID
- Type of bill third digit (billing sequence) doesn't correspond to statement coverage dates

**Solutions**

- Correct gender
- Add diagnosis
- Add revenue codes
- Add CPTs
- Add Physician name
- Correct Type of Bill to correspond with dates
- **Note:** Resubmit corrected claims with new Type of Bill

*Healthy results. Guaranteed.*
Billing Problems

Problems

• Number of hospital days for room charges must match number of inpatient days
• Missing units – many times defaulted to “1” at insurance company if missing on claim!

Solutions

✓ Always match inpatient days
✓ Add value codes wherever applicable
✓ Always, always input units. Insurance companies pay by units. Anesthesia is paid by minutes. (Surgical time is examined.)
The Dispute Process

• Maximizing Reimbursement and Speeding up Payments
• An “Explanation of Benefits” (EOB) is sent either electronically or by mail to the healthcare provider for each claim.

• Payment is enclosed with the EOB.

• The remarks on the EOB are the first indication of whether follow-up procedures are required for the claim.

• In many underpaid/unpaid cases, the next action is to correct the claim information and either re-bill the claim, or file an appeal.

Healthy results. Guaranteed.
Dear Director of Claims,

It is our understanding that your company has released a partial payment on the referenced claim. It is our position that this claim has still not been reimbursed correctly and that additional benefits are due.

Please be advised, it is our position that contractual provisions stipulate a higher level of payment for this treatment. As a participating provider, we feel the following contractual language or fee schedule reference is applicable to this claim and justifies additional payment:

{Insert potentially applicable contractual language. Reference the page number or attach copy from contract to add as an attachment to appeal.}

Our review of the provider contract does not reveal any language justifying the current level of payment. In order to assess the accuracy of payment, we request your response regarding how the payment was calculated, and what portion of the fee schedule was utilized. It is our position that if terms of the contract are in direct conflict, the higher reimbursement should be allowed. As you are likely aware, many courts have ruled that managed care contracts are contracts of adhesion and that the organization responsible for drafting the contract wording can be responsible for unclear and ambiguous terms.

Based on this information, we ask that this claim be reviewed. We appreciate your prompt attention to this matter.

Sincerely,
Appeals Specialist
Favorite Links for Assistance

• Important terminology and all the medical-legal codes in OH: https://www.ohiobwc.com/basics/guidetour/generalinfo/orcandoac.asp

• Ohio Medical Reimbursement Schedule: https://www.ohiobwc.com/provider/services/agreement.asp

• Proof of Employer Coverage: https://www.ohiobwc.com/provider/services/mcolookup/nlbwc/default.asp

• Certified Provider Lookup for WC: https://www.ohiobwc.com/provider/services/providerlookup/nlbwc/default.asp


Healthy results. Guaranteed.
Thank You!

Claudine Nesheiwat
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Advanced Patient Advocacy

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