REVINT SOLUTIONS INSIGHTS

Volume 16
Issue 2
February 2018

Safeguarding Your Revenue from Overpayment Requests

To Our Healthcare Clients and Friends:

In this edition of Revint Insights, we will share experiences our team has had in identifying and contesting overpayment requests. We will take a deeper dive into two methods by which overpayment requests can occur – through retrospective audits and payor policy shifts. This will shed light on ways in which our clients have been able to recover lost revenue. By sharing our insights on a few specific scenarios that have ***resulted in annual lifts in excess of $1M***, our team hopes to share a pragmatic approach that can lead to improvement for any hospital's bottom line.

BACKGROUND

In 2015, the Centers for Medicaid Services (CMS) reported that MACs overpaid providers by more than $39M nationwide. Recovery Audit Programs (RAPs) have become more ubiquitous between providers and government entities, a reality that has started to expand into the commercial sector as well. Many commercial insurance companies have pushed for investment into research and analysis on claims they believe they have remitted to hospitals in error. Requests for refunds can lead our clients to either erroneously repay a portion of realized AR or face pushback on payment of future claims.

Similar to the introduction of more advanced EHR systems on the provider side, healthcare payors are implementing thorough adjudication systems with more in-depth payment integrity principles. This growth has allowed payors to further flag accounts deemed "high risk" for incorrect payment. However, in order to retain timeliness in its claim processing, payor platform rules are *intentionally* non-restrictive enough to allow *initial* payment. Instead, payors pay and then turn toward other avenues to recover payments and protect their bottom line. These avenues include retrospective audits and payor policy shifts that can be programmed into the adjudication systems – both of which do not affect adjudication timeliness, and both of which drastically affect the overall financial well-being of hospitals.

CHALLENGES

Below we describe two areas that create challenges for our clients: Retrospective Audits and Administrative and Clinical Policy Shifts.

CHALLENGES CONT'D...

Payors often utilize third-party vendors to review claim-level details and pursue providers for funds that they may have overpaid. These vendors look for both large contractual issues and smaller-scale errors that have been previously ignored. Once the vendor identifies a potential overpayment issue, it can utilize and apply situational logic to the larger data set, including all claims the payor has previously processed. The payor can pursue using a similar strategy seen with underpayment recovery: classifying issues in bulk, pursuing the provider via follow-up, and realizing significant recoveries on previously paid claims.

Another specific area where vendors look for overpayments occurs when reviewing how compliant the provider is in following payor administrative and clinical policies. Most payors outline standards to which they expect providers to adhere. These standards could be administrative in nature, such as a billing or adjustment limit, or clinical in nature, such as the number of times a dose of a drug can be given in a specific timeframe.

As payors encounter and find issues with multiple providers, they issue policies to clarify their position on reimbursement terms. In addition, they give their processors documentation to use when adjudicating claims. Once policy decisions are made, payors send generic emails to providers and *usually* mail copies of changes in order to notify impacted parties of policy shifts.

INSIGHTS

Revint Solutions, on behalf of our clients, have identified scenarios where payor recovery efforts are in direct conflict with the language and intent of a written contract. Below are two such examples. In one case a vendor attempted to apply contract terms incorrectly, and in another case a payor tried to enforce a policy update that had a significant material impact to the hospital.

Incorrect Application of Contract Terms:

- Our client initially received payment as expected based on contract expectations
- The payor's vendor performed a retrospective review of payments and sent letters notifying the hospital they overpaid based on *loose* interpretation of the contracts
- Our client sent requested funds to the vendor without proper review
- Revint Solutions identified the new underpayments created as a result of improper refunds and account balance shifts
    - Our team reviewed the contract, analyzed all affected volume, and determined there was a contract interpretation issue
- Our client's contracting team addressed the issue, stating the claims were originally paid correctly and no refund was due
- An amendment was created to clarify the issue, which will continue to provide the hospital approximately $1M in yearly revenue that would otherwise be lost

Clinical Policy:

- Our client was notified by payor that there would be a change in specific high-cost drug reimbursement to allow "consistency" with Medicare pricing

INSIGHTS CONT'D...

- Our client reviewed the policy and did not dispute the change, not realizing the potential negative impact this shift would have on overall reimbursement
- Revint Solutions identified the impacted volume and escalated the issue to the payor's Provider Relations department
- Although the contract did state the hospital was bound by all policies if they did not dispute changes, Revint Solutions identified that these changes were material in nature, and significant *material* changes required specific written approval per the contract between client and payor
- As no written approval was obtained, Revint Solutions settled with the payor. These efforts resulted in the payment of over $2M in high-cost drug reimbursement

SUMMARY

Payors are attempting to utilize technology and tools in new and innovative ways to price claims more efficiently. The payors update their policies and utilize vendors to retrieve funds on their behalf. These new reimbursement terms may not be what the hospital expects and can negatively impact revenue streams.

It is important for our clients to firmly establish their processes and make sure the information payors send is reviewed by all appropriate parties. Even the best of efforts can fall short sometimes and Revint Solutions is proud to stand behind our clients to ensure proper reimbursement is realized on all claims.

We are pleased to have this opportunity to present this information to you. If you have any questions, please feel free to contact me at (484) 844-1358.

Truly Yours,
Vanessa Fix
Director | Revint Solutions

---

1 https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/Downloads/2015_Improper_Payments_Report.pdf

Meet the Author | Vanessa Fix

Vanessa Fix has over 15 years of progressive leadership experience in the healthcare industry in both provider and consulting settings. Vanessa is experienced in managed care payment review for hospitals and health insurance companies, contract negotiations and implementations, strategic planning, balanced scorecard and provider network analysis. Her strengths are in project management, process improvement, system analysis, and performance improvement.

REVINT SOLUTIONS

REVINT SOLUTIONS IS AN INDUSTRY LEADER IN REVENUE RECOVERY AND CONSULTING SERVICES. WE OFFER A FULL REVENUE INTEGRITY SAFETY NET FOR ALL TYPES OF HEALTHCARE PROVIDER ORGANIZATIONS.

OUR SOLUTIONS

TRANSFER DRG

IME | SHADOW CLAIMS

UNDERPAYMENT RECOVERY

DRG VALIDATION

OUTPATIENT REVENUE RECOVERY

CONSULTING SERVICES

INTERIM MANAGEMENT

SUPPLEMENTAL SUPPORT SERVICES

MEDICARE REIMBURSEMENT

PAYER VERIFICATION

RESULTS

We provide a full suite of reimbursement services to over **1,500** healthcare organizations in the U.S. and help recover over **$150 million** of underpaid or unidentified revenue for our clients annually across **48 states**

EXPERIENCE

We employ **300+** employees with over **20 years** of healthcare experience to bring the best of cutting-edge **analytical tools** to the revenue integrity space

VALUE

We offer the most value in every engagement by expanding our capabilities to support your entire **revenue cycle management process**

484.840.1984 // INFO@REVINTSOLUTIONS.COM