PORTECKINSIGHT

Revenue Management Intelligence

November 2012

THE BOTTOM LINE

How to Benefit from Clean Claim and Prompt Pay Laws

KNOWING AND FOLLOWING CLEAN CLAIM AND PROMPT PAY LAWS CAN HAVE A SIGNIFICANT IMPACT ON A PRACTICE'S RECEIVABLES.

The Clean Claim Law, set forth by Centers for Medicare and Medicaid Services (CMS), requires payers to respond to a clean claim within a set timeframe. This federal law goes hand-in-hand with the state-enforced Prompt Pay Law, which sets penalties for claims not paid within the set timeframe. In a few states, the Prompt Pay Law provides no leverage and other states impose a considerable financial penalty on payers who delay payment. Penalties vary from 1% monthly to 18% annually.

In New York, for example, payers are required to pay electronic claims promptly (within 30 days) if a claim is filed electronically and within 45 days if it's mailed. New York allows a 12% annual assessment for unpaid claims.

In 2010, 21 health plans were fined a total of $716,800 by the New York State Insurance Department for violating the Prompt Pay law. Among these were Aetna ($25,100), Affinity ($154,000), Amerigroup ($43,500), CIGNA ($57,750), Guardian ($2,600), HealthNet ($13,600),United Healthcare ($159,650) and WellCare ($9,000).

Practices that have filed a Clean Claim Law violation see their claims paid faster. Keeping a close tab on these laws can result in considerable return; but in order to benefit from them, your practice must have a medical billing process with an electronic tracking mechanism that can capture, document and report on a handful of factors. These factors include:

- **Submission**: The system is able to document the date a claim was submitted electronically or, for mailed claims, certified receipt with date stamp.
- **Payers' Behavior**: The system is be able to track payers required to abide by Clean Claim Law (not all payers are subject to the law) and their respective Prompt Pay timeframe.
- **Follow-up**: The system has a tracking mechanism that stops the clock when the payer requests additional information or documentation and the date your practice responds to the request.
- **Adjudication**: The system is able document the adjudication date.

Tracking these factors can cut a

How to Benefit from Clean Claim and Prompt Pay Laws (continued)

practice's accounts receivable timeframe, but how can this be executed?

Built in 2004, Porteck's Accounts Receivable Collections System (PARCS) helps practices manage claim denials and follow-up. PARCS is a software-as-a-service (SaaS) technology that helps practices accelerate and increase collections by tracking a wide range of data elements, including those required for Clean Claim submission.

PARCS has a follow-up mechanism that date stamps each process; this lets the end user track each stage of the claim individually and in batches. Furthermore, PARCS has an internal alert system that tracks the time for each claim. Using these features, PARCS can analyze the factors listed above to report patterns and behaviors in payer reimbursement and help practices anticipate adjudication. Through this robust data capture, practices can easily identify payer adherence to the Prompt Pay Law.

You can leverage the Clean Claim Law by performing a trial run of payers who consistently take more time than is allowable to adjudicate a claim. To do this, gather a number of large claims for payers who have gone past the adjudication timeframe, and perform a test trial on those claims. This will help identify patterns and develop an approach to submitting and monitoring complaints; this will enable you to see the results of your complaints.

Scrub Your Claims to Faster Adjudication

IN OUR OCTOBER 2012 ARTICLE, "ACCELERATE RECEIVABLES BY AVOIDING 10 COMMON MISTAKES," PORTECK OUTLINED THE TEN MOST COMMON REASONS WHY A CLAIM IS DENIED OR NOT PAID. AMONG THESE ARE COMMON ERRORS SUCH AS DATA INTEGRITY AND LACK OF INFORMATION THAT RESULT IN A DELAY IN THE ADJUDICATION PROCESS OR, WORSE YET, A DENIAL.

This process can be simplified with the help of a systematic process that scrubs data to ensure a claim is accurate before it is transmitted to the payer; this reduces the need to re-work a claim and can lead to a greater than 90% success rate in a claim adjudicated within the first submission. PARCS, as described in the article above, has three built-in scrubbers that assure clean claim submission. They include:

- **General data scrubbers that enforces data integrity for specified fields and requires required fields to be populated.** For example, a data scrubber will require social security numbers be entered in nine digits without dashes or that date of birth be entered in eight digit, two digits for the month, two digits for the date and four digits for the year.
- **Coding scrubbers review data (including coding, bundling and procedure information) for compliance with the Correct Coding Initiative and Medicare rules.**
- **Porteck's rules-based scrubbers that review data input to optimize coding and documentation against the payer's rules to ensure that the claim is clean prior to submission.** This system tracks payer rules and changes, and it is automatically updated so it can resolve issues before a claim is transmitted.

Having a system that scrubs claims prior to submission can help practices accelerate the time it takes to get paid.

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