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WHITE PAPER

The Proper Reporting of Healthcare Services: Bridging the Gap on Payer Policy

A White Paper by Equian

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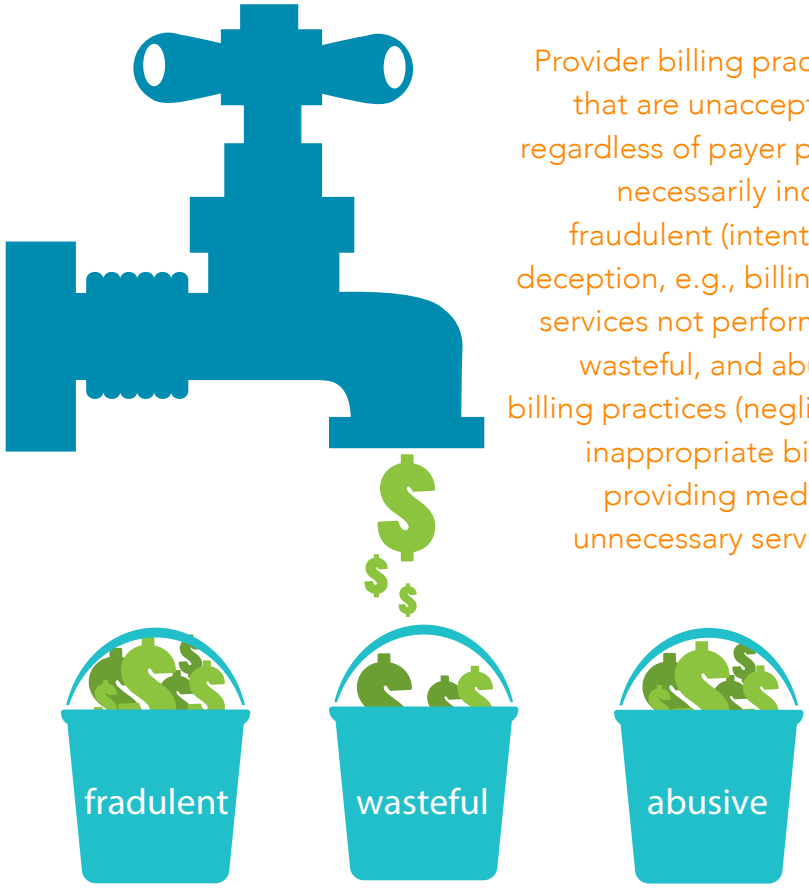
Payment integrity in today's healthcare market is more important than ever as a variety of external pressures on healthcare rates, including changing reimbursement schema, changes in diagnosis and procedure codes, the emergence of various new techniques to enhance revenue and a variety of other variables mandate tighter oversight and control of healthcare payment.

It is always important to keep in mind that the principles of correct reporting/billing of services and payer policy (administrative, payment and medical) are interdependent and complimentary of one another. All payers, regardless of type (e.g., commercial, Medicare, Medicaid, and Worker's Compensation) implement a variety of policies and procedures addressing and setting payer expectations regarding the billing and payment of healthcare services. However, just as a payer's omission of a specific policy statement regarding fraudulent billing practices does not excuse provider fraud, providers must necessarily bill in a manner that is consistent with industry standard coding and reimbursement methodologies and prevailing billing practices, even if not addressed in a specific payer policy.



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Provider billing practices that are unacceptable regardless of payer policy necessarily include fraudulent (intentional deception, e.g., billing for services not performed), wasteful, and abusive billing practices (negligent inappropriate billing, providing medically unnecessary services). Specific payer policies are also not required to question potential billing errors (including basic duplicate billing and other fundamental billing errors), reporting of units that exceed clinically expected thresholds, or the unbundled/fragmented reporting of services and supplies normally included in an underlying service or code. Regardless of policy, payers have a clear fiduciary obligation and right to review for each of these basic billing issues (and similar concepts such as upcoding, and uniform and reasonable charge review), and evaluate for proper payment of services.

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In many instances, the Centers for Medicare and Medicaid Services (CMS) has a more defined payment policy than other organizations and has specified its rules in its Provider Reimbursement Manual (PRM). Further, CMS created the National Correct Coding Initiative (NCCI) to place providers on notice of CMS' coding expectations for outpatient and professional claims. However, while the NCCI and PRM were created and are "owned" by CMS, these guidelines have since become generally applicable to outpatient/professional/inpatient claim review, are utilized by a variety of healthcare programs (commercial and governmental), and now form a basis for both provider billing methodology and payment integrity reviews.

CMS' PRM provides basic expectations for the proper billing of facility services on inpatient claims. As with the NCCI, these reporting requirements are generally applicable to (and followed by) all payer types. These CMS inpatient rules set basic, uniformly applicable expectations -- consistency in the billing of charges to all payers and patients, assuring that charges "reasonably and consistently" relate back to the cost of services provided, and specifying that a daily room and board charge is inclusive of certain services and supplies. Whenever billed charges factor into an underlying payment obligation, it is crucial to examine whether the services provided have been properly billed.

In the end, regardless of specific payer policies, providers are obligated to bill services in a correct, consistent, and reasonable fashion. Equian is positioned to provide an end-to-end detailed bill review service that helps payers assure that this is actually taking place and remains focused on achieving the goal of total payment integrity.

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Equian delivers payment integrity solutions through proprietary content, enabling technology, and highly responsive customer service. We analyze healthcare and insurance data to ensure payments are fair, accurate, and paid by the correct party—resulting in billions of dollars in savings for our clients every year.

To learn more about our company, our services, and our commitment to improving healthcare, visit our website at equian.com or call (800) 962-6831.

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