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How to Reduce Claims Leakage in Non-Par Provider Networks

August 20, 2020

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Say hello to today's presenters.

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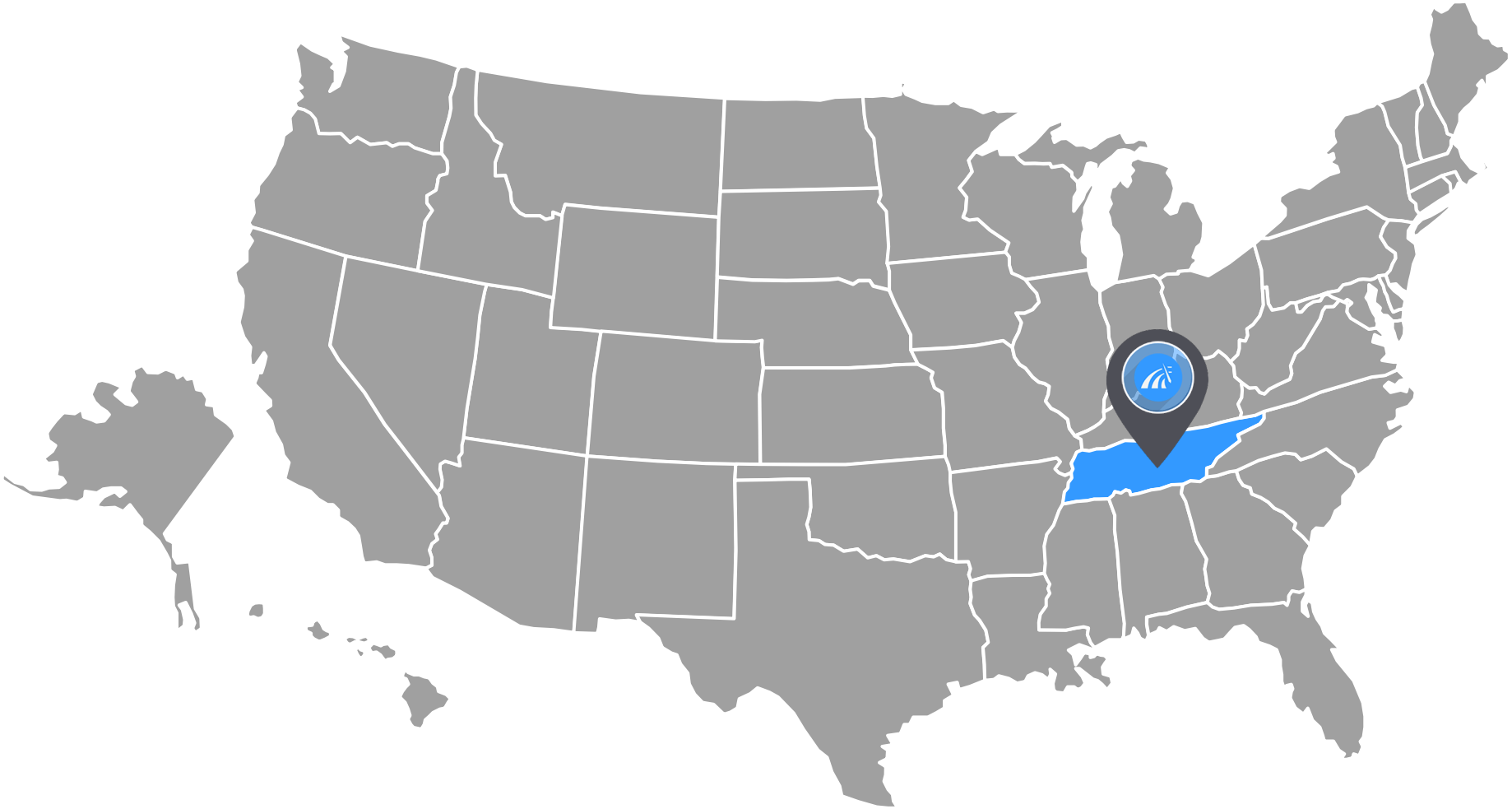
Made With ❤ in Nashville

Insights from America's healthcare capital!



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A smarter healthcare makes a safer healthcare.

We monitor your healthcare populations to identify compliance and credential issues before they impact patients.

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Today's Agenda:

1. **Understanding the Cost of Claims Leakage**
   An overview of the growing claims leakage problem for healthcare insurers

1. **The Leakage Risk in Non-Par Providers**
   The relationship between claims leakage, government programs, FW&A, and non-par providers

1. **COVID-19 & Non-Par Providers**
   Current COVID-19 updates specific to non-par providers and out-of-network claims management

1. **Best Practices for Managing Leakage in Non-Pars**
   Recommended practices to move from manual effort to integrated data and actionable insights.

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Understanding the Costs of Claims Leakage

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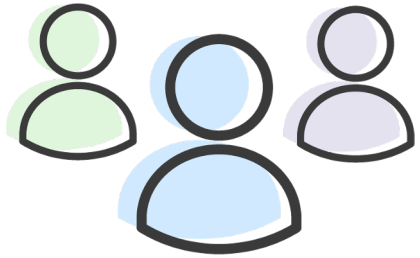
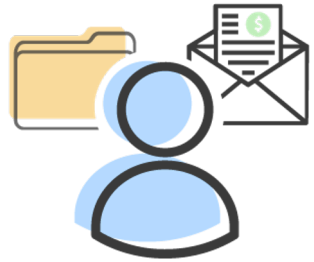
What drives Claims Leakage?

Claims Leakage is defined as **lost dollars through claims management inefficiencies** that ultimately result from failures in existing processes (manual and automated).



People Considerations

- Fraud, Waste & Abuse
- Payment Integrity or Claims Cost Management leadership
- Focusing too heavily on post-pay operations v. pre-pay operations
- Gaps in network management ownership



Process Considerations

- Inefficient claims processing systems and workflows
- Improper, inaccurate or ineligible payments
- Inadequate issue identification prepayment
- Inefficient recovery efforts
- Inadequate technology or vendor management

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The Healthcare Costs of Claims Leakage

The costs of claims leakage in healthcare is a problem of incredible magnitude.

$750 Million - $1 Billion

The annual cost of claim overpayments due to inaccuracy or ineligibility in healthcare for an **estimated 18 million members**.

$7

The **estimated cost per claim** spent for manual verifications when a claim is inaccurate or unclean, contributing to higher operational costs for claims processing.

$200K - $300K

The **health insurer's annual liability due to claims leakage** towards state and federal penalties, late claim interest payments, and performance guarantee payments to plan sponsors.

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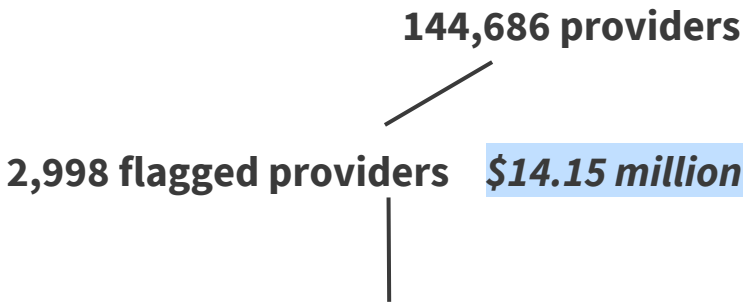
A Case Study Snapshot

How much is at stake? Results of an initial screen:



Two states

12 months of Medicaid and Medicare claims

Nearly **3,000** providers

$14.15 MM in associated claims

with monitoring processes in place

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Health Plans Spend More to Address

Healthcare Macroeconomic Trend	Relation to Claims Leakage Impacts
Higher spend on **updating existing claims processing systems**	**~5-10%** of all submitted claims have **errors** or **inaccuracies**
Rising **medical** expenses	An expected **increase of 2% in inaccurate claim payments** costed an additional $3 billion in 2014.
Rising **operating** expenses	**$6 billion - $8 billion wasted annually** due to errors, inaccuracies, and inefficiencies.
Higher spend on **procuring automated claims analytics** and c**ompliance monitoring solutions**	Majority of insurers **failed to improve their accuracy rating** in the American Medical Association's (AMA) assessment report.

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The Leakage Risk in Non-Par Provider Networks

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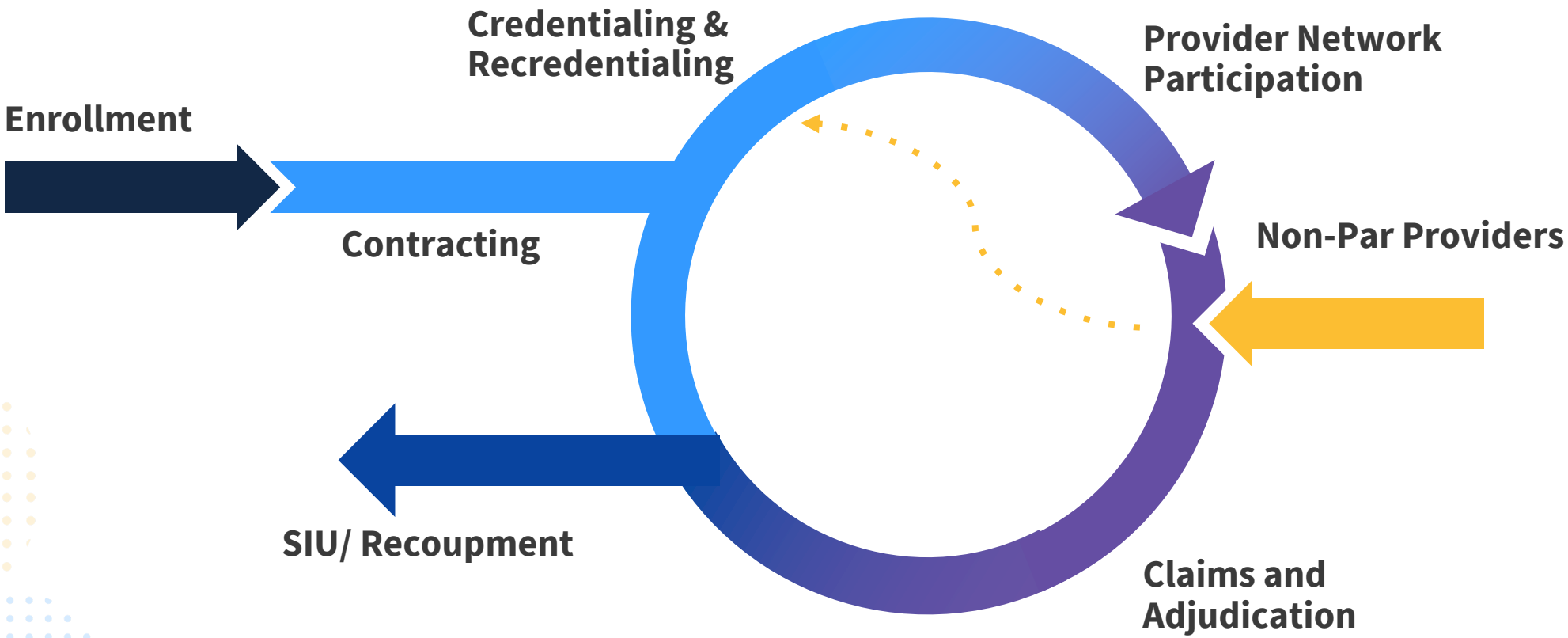
The Provider Ecosystem



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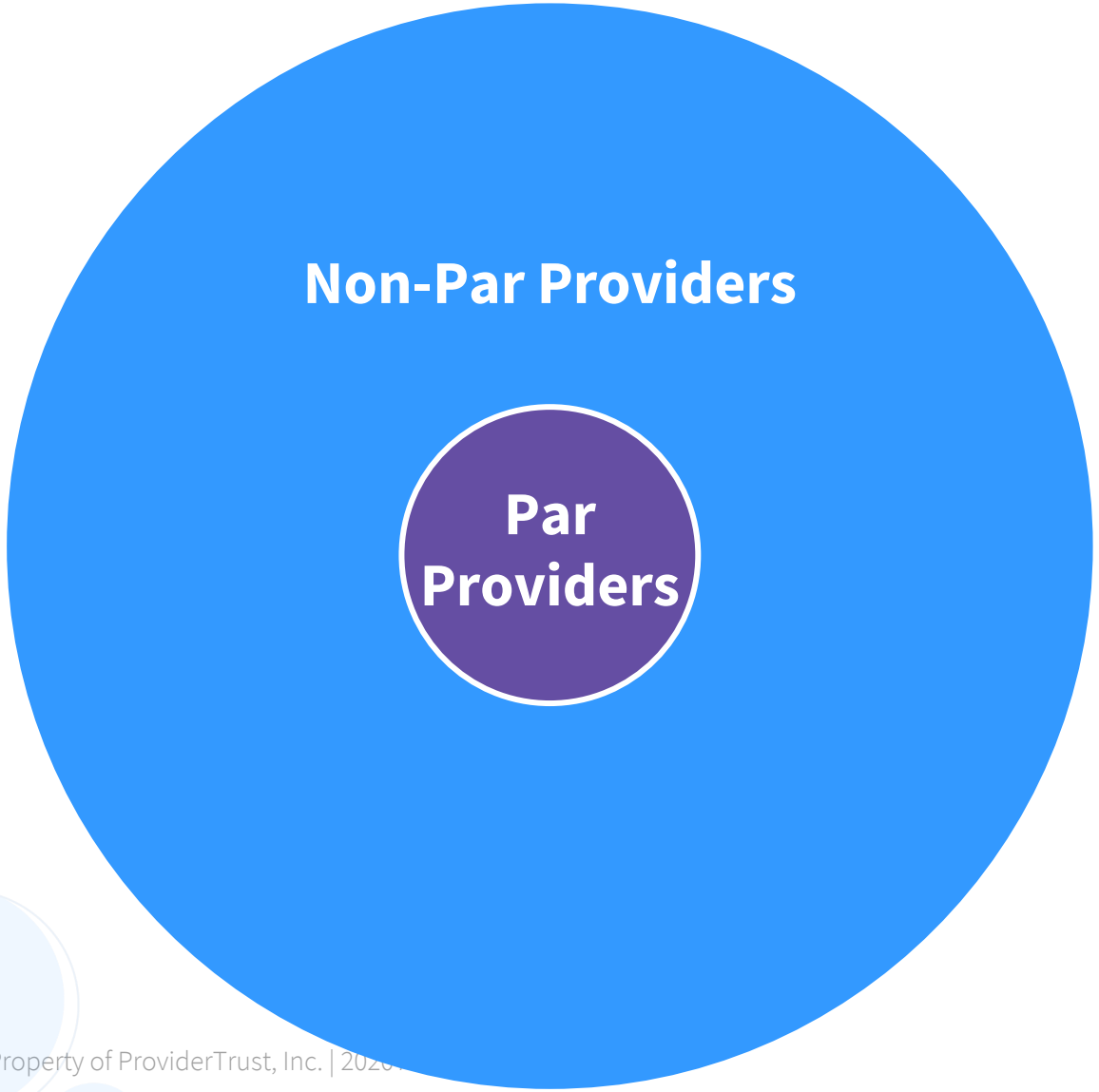
How big is this issue?



Non-Par Provider volumes are up to

10 times

Par Volumes

Volume = Risk

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The Risk

This leads to both operational inefficiency and claims cost management concerns.

Payment Integrity

- Payment recovery to ineligible providers is expensive, time-consuming, and largely ineffective
- FWA costs our healthcare system $270 Billion annually
- On average, SIU teams recoup $0.16 for every dollar

Provider Operations

- Ensuring provider eligibility is complex, extensive, and has downstream implications
- Little insight into providers who haven't been through credentialing

Claims

- Inefficient non-par management leads to paying ineligible claims
- Lack of interoperability between claims systems and provider data management systems leads to increased cost of care
- Longer time to adjudicate when you have few non-par insights

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COVID-19 & Non-Par Providers

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Challenges Facing Health Plans

1. **COVID-19 Testing** at no cost to members
2. **Waived** pre-authorization
3. Rapid **telehealth expansion**
4. Providers **re-entering the workforce** (and your provider networks)
5. **Interstate license portability**

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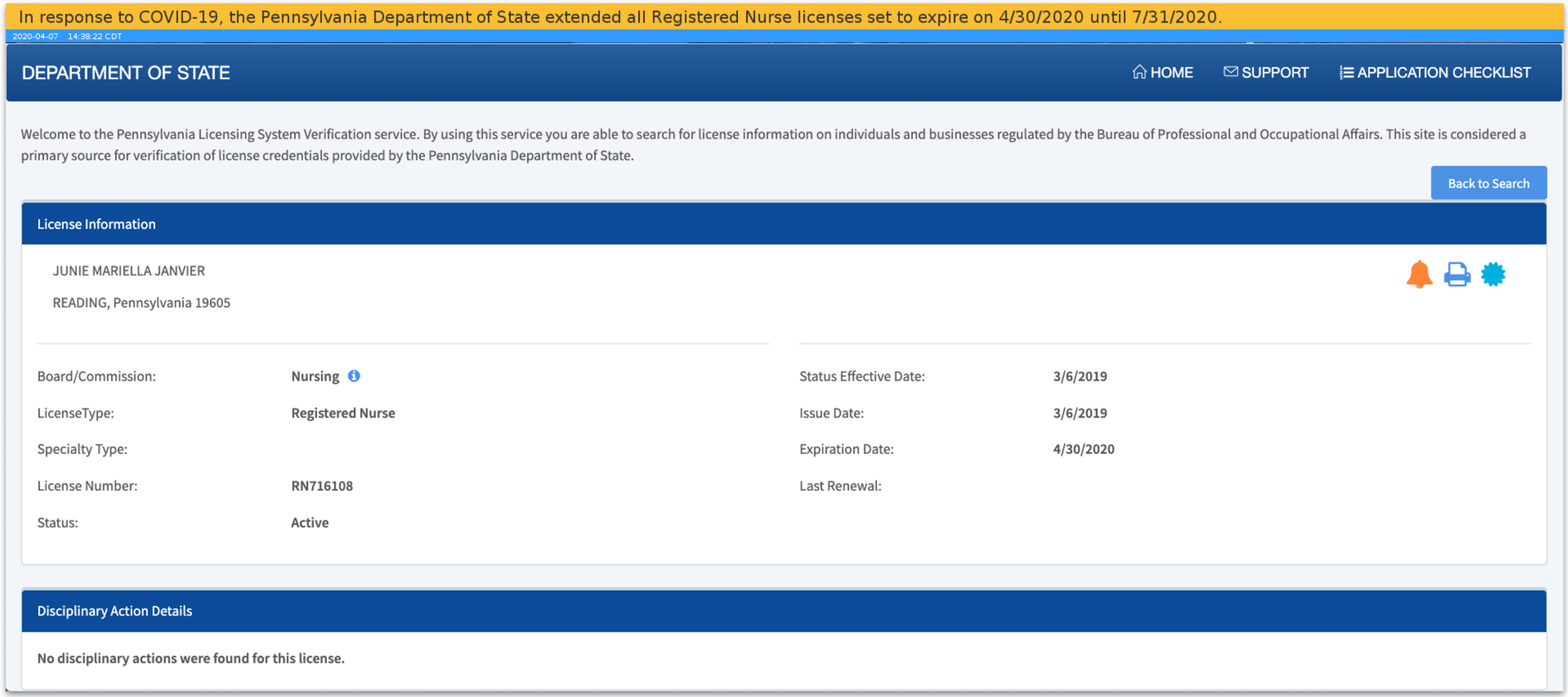
Pace of Change Presents Problems

Example: License Portability Changes



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Opportunity for Fraud and Abuse

Increased or Varied Patterns of Utilization

Pressure on existing processes and systems (eg - Credentialing and license verification)

Expanded Access (Telehealth, etc)

Providers new to utilization, less data

Cash Crunch

Dual-enrolled Medicare/Medicaid beneficiaries are most likely to be treated by an excluded provider
Patient abuse/neglect issues are flying under the radar undetected.

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How Ongoing Monitoring of Non-Pars Reduces Claims Leakage

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Why Monitoring Non-Pars Matters

- **Internally**
  - Clear picture of your network (par and non-par)
  - Increase efficiency and cut recoupment costs

- **Externally**
  - Ensure compliance for MA/Medicaid plans
  - Contractual obligations

- **Member Service**
  - Expectation of access
  - Keep members safe

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Monitoring Challenges

- Non-Par **volumes are overwhelming**, up to 10x par provider networks.
- Non-Pars are a **dynamic population** - always changing and difficult to track, manage, and monitor.
- The **disparate provider data** for this population typically exists in various systems, departments, and lines of business.
- Variations in systems and processes lead to **multiple entry points** for Non-Pars to submit claims.
- There's common knowledge of the issues, but **no home for ownership** and therefore no solve.

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Where does non-par monitoring live?

Departments

- Provider Operations
- Credentialing
- Compliance/Risk
- Payment Integrity
- Claims
- Provider Data Mgmt
- Contracting/Enrollment

CMS Lines of Business

- Medicare Advantage
- Medicare
- Medicaid
- Government Programs

Information Systems

- Provider Data Mgmt System
- Claims Processing
- CRM
- Contracting Platform
- Provider Relations Technology
- Compliance monitoring system
- Credentialing platform
- Primary Sources (NPDB, OIG, State Boards)

All of these significantly impact movement, management, monitoring, and risk.

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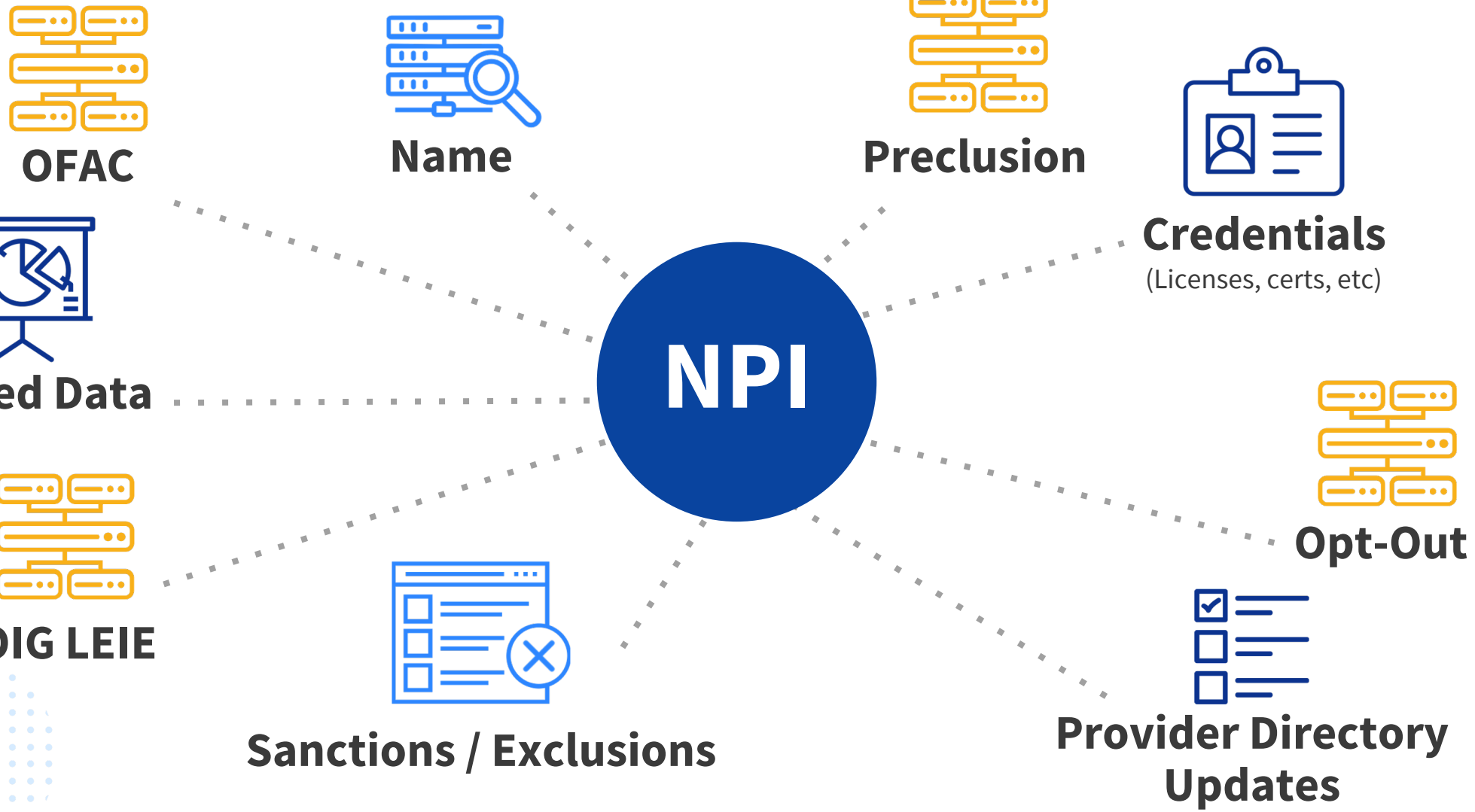
Data Issue 1: Disparate, Inconsistent Data



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Data Issue 2: Primary Sources

Health Plan	Primary Source
First Name: Cynthia **Last Name:** Ketterer **Location Address:** 13259 East Fwy, Houston TX 77015 **Billing Address:** 14770 Memorial Drive Ste 220, Houston TX 77079 **DOB:** 01/24/1960 **NPI:** 1356520712 **SSN:** n/a **License #:** 96875201 ***+ 9 more***	**Exclusion Source:** State Medicaid Exclusion List **First Name:** Cynthia **Last Name:** Ketterer **County:** Johnson **Begin Date:** 09/10/1996 **Status:** Terminated **List Date:** 01/01/1997 **License #:** MD057569L

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Best Practices for Managing Leakage in Non-Par Networks

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Steps to Solving This Problem

1. **Define ownership** among constituents across the business

2. **Establish best practices** (scope, criteria, frequency) for your organization

3. **Eliminate manual verification** and automate your workflow

4. **Integrate** into your existing workflows (API / SFTP)

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Non-Par Monitoring Needs a Home

- Every health plan tackles this problem uniquely - **find the best solution for your organization**.

- Several departments care about, and are affected by, this process.

- **Likely owners:** Provider Network / Provider Operations / Provider Information Systems
  - **Stakeholders:** Credentialing, Compliance, SIU / Payment Integrity, Claims

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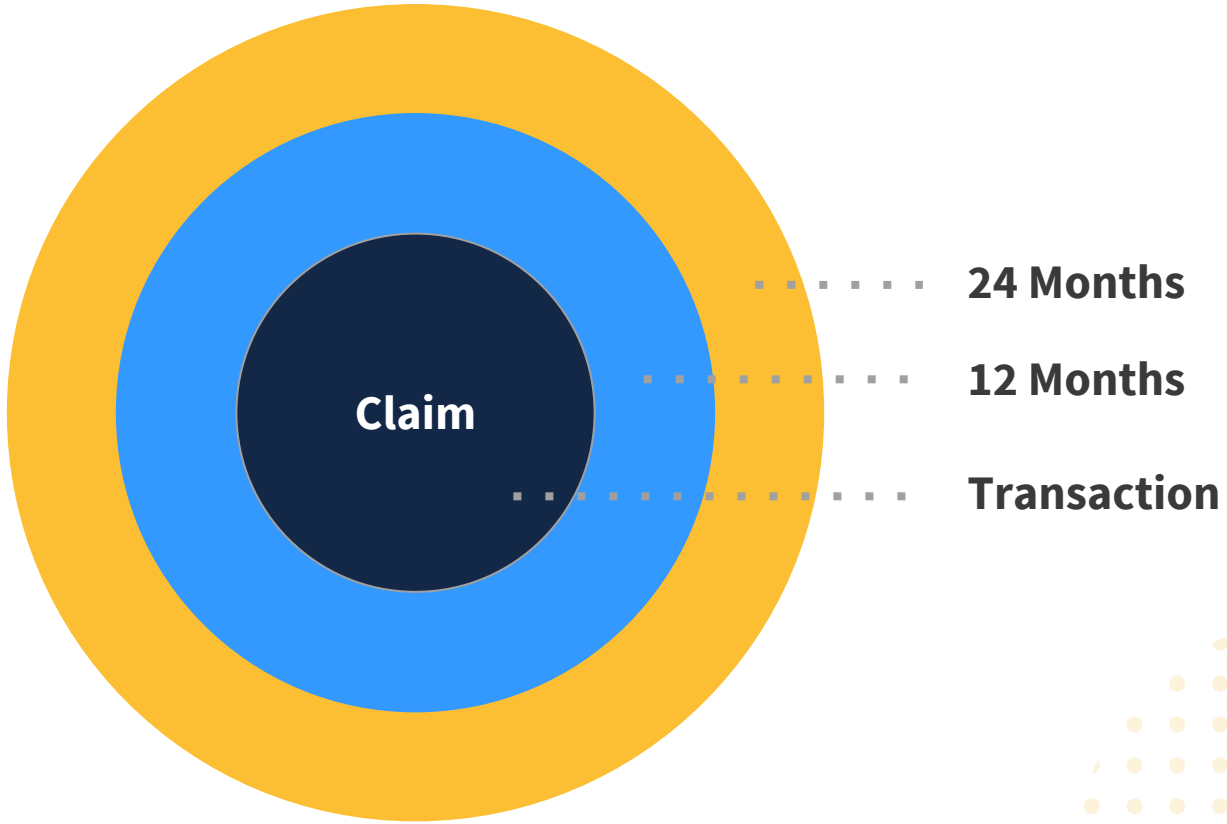
Define Standard Operating Procedures

Set your **Criteria, Scope,** and **Frequency**:

- Federal Exclusions (OIG-LEIE, SAM)
- 43 State Medicaid Lists
- SSDMF Search
- Medicare Opt-Out
- Monitor NPI Active Status
- Preclusion List



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Build Your Monitoring Matrix

	Volumes	OIG-LEIE	SAM	43 State Medicaid Lists	SSDMF	OFAC	CMS Preclusion	Opt-Out	NPI Validation	Frequency	Source	Unique Identifier	Data Requirements
Non-Par Providers	500,000	x	x	x	x	x	x	x	x	Ongoing	Claims System	NPI	NPI
Par Providers													
Employees													
Vendors & Owners													
Members													

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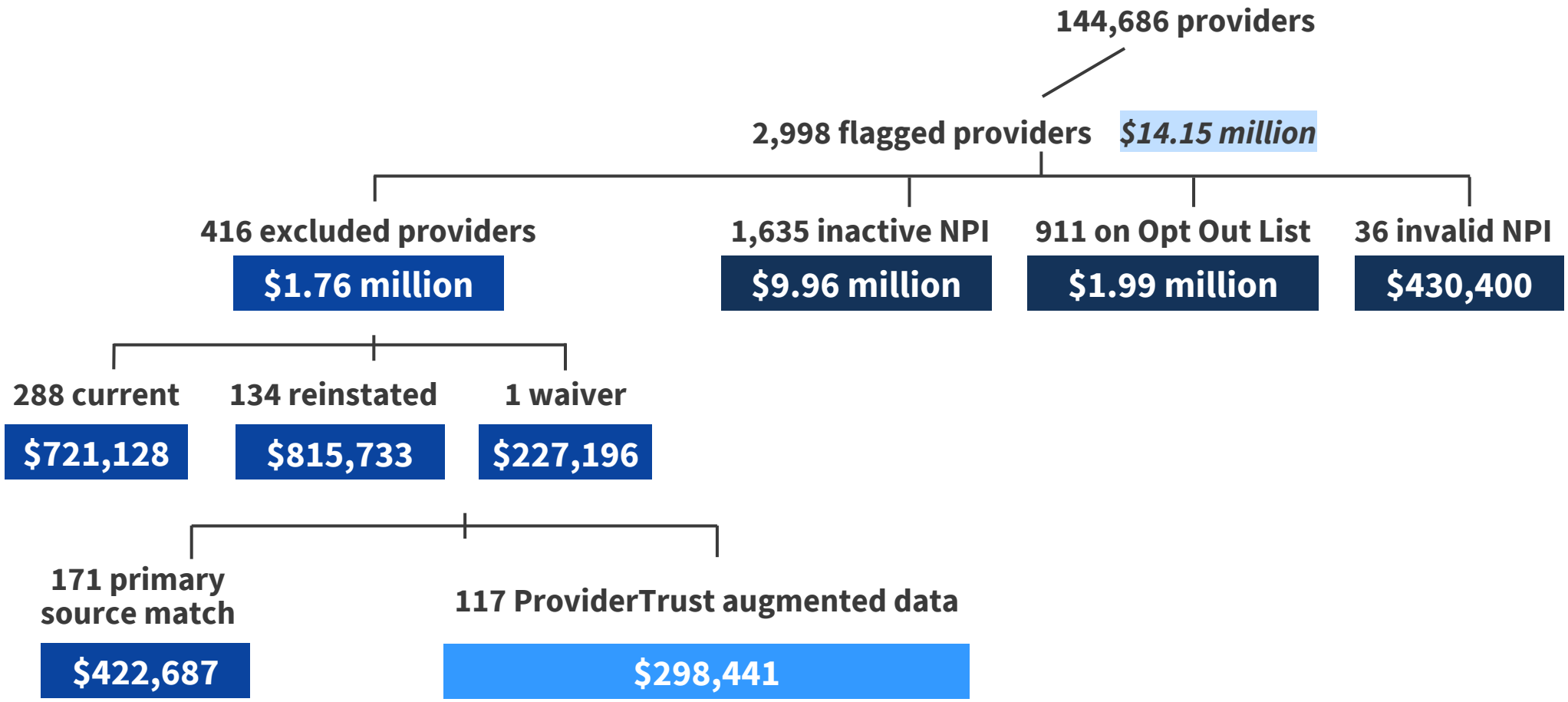
Case Study: Ineligible Claims are Expensive

Results of a **real-time**, instant screen:



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We can help you today.

For those on the call, we are offering a one-time, **no-cost** scrub of your non-par provider network.

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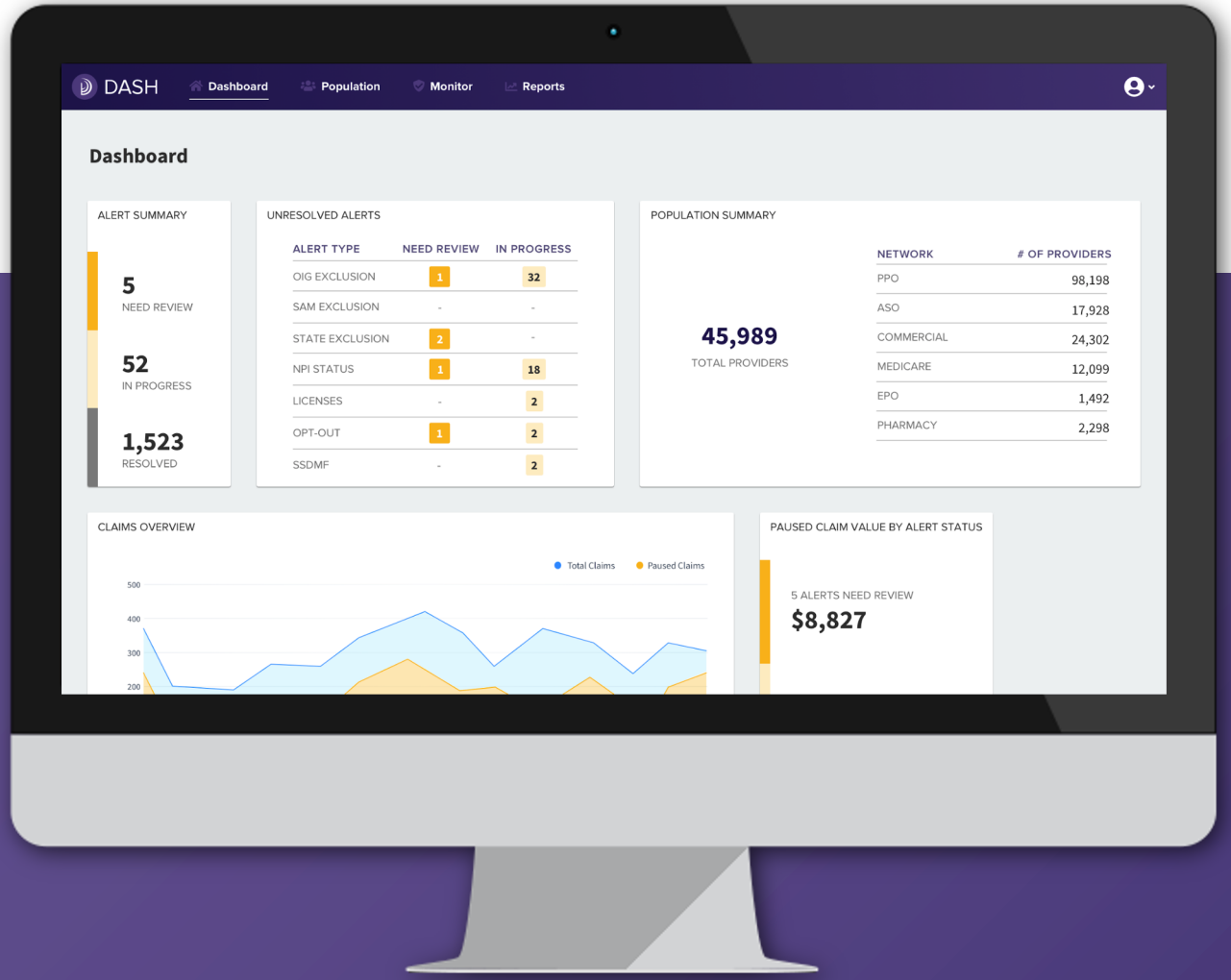
Introducing the newest **ProviderTrust** innovation:



DASH

We use smarter data and monitoring to **greatly reduce the costs of claims leakage** for health plans.

Questions?

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