cognizant

Healthcare Foundations

Claims

Learning Services

Agenda

Claims Operations

- Indicate three key uses of claim data by payers
- Identify three standard code sets

Payment/Denial Explanations

Identify correct claim form based on provider type and service billed

- Professional Claims (1500)
- Facility Claims (UB 04)
- Describe the purpose of remittance advice and explanation of benefit statements

Claims Administration

What is a Claim ?

A **claim** is a request to an insurer or health plan for payment of benefits.

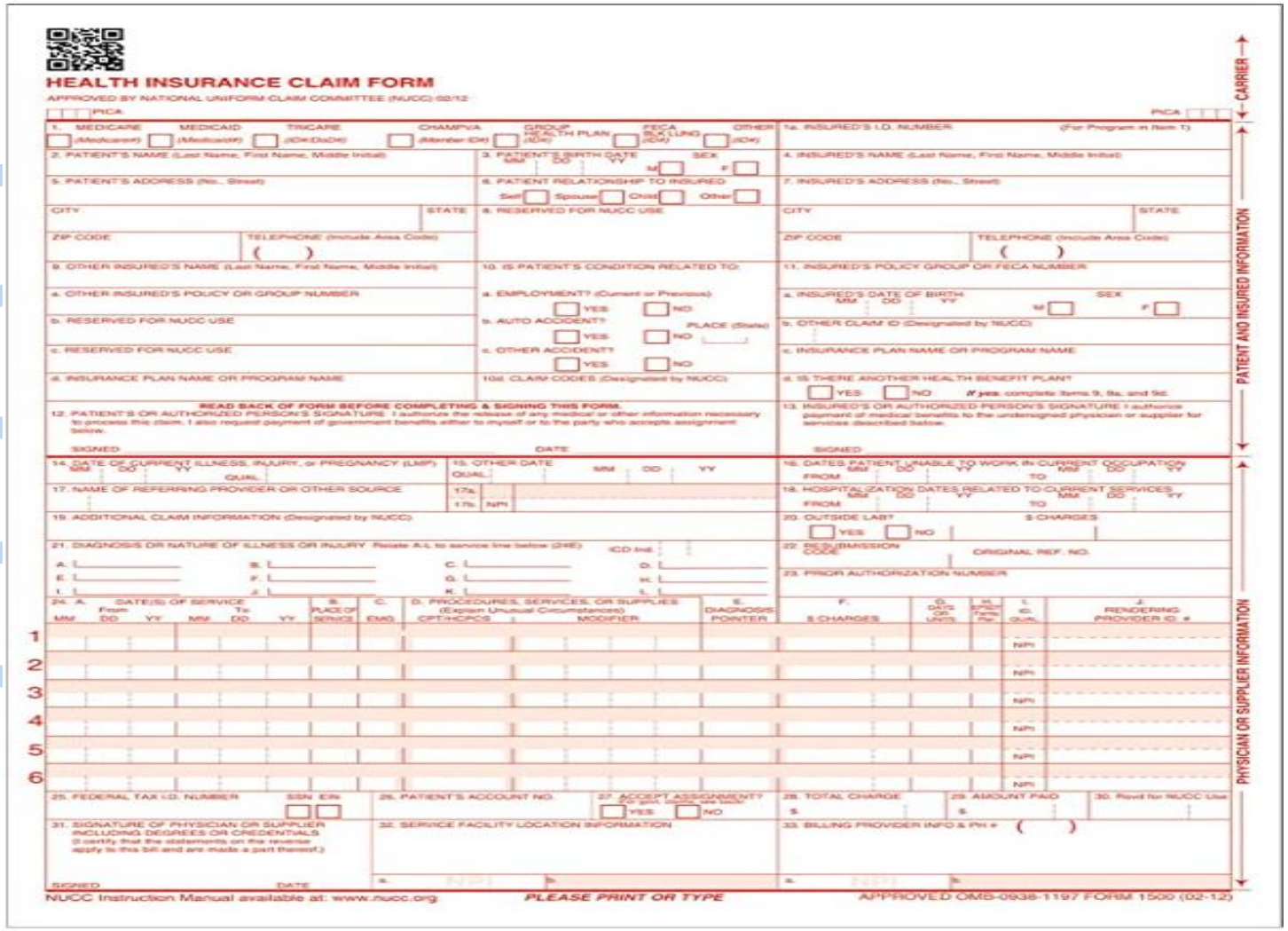
- Billed by provider on behalf of member
- The person or entity submitting a claim is called the **claimant**; this may be an insured, but in health coverage it is most often a provider.
- **Claims administration** or **claims processing** is the receiving, reviewing, adjudicating, and paying of claims.
- In a health plan, the claims function varies by plan type and provider compensation arrangement

- The claim links every facet of the healthcare community.

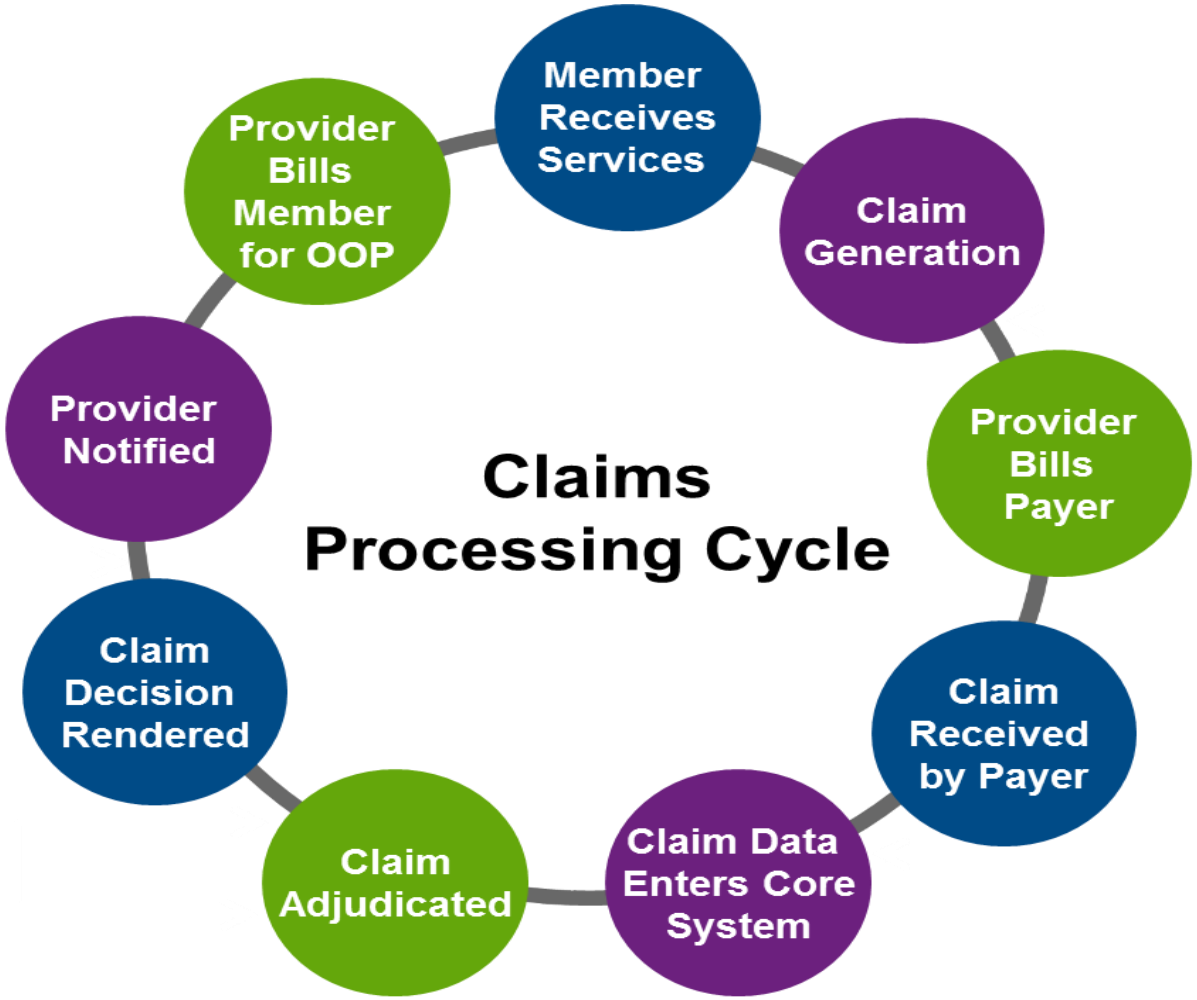
Claims Operations

The claim provides important data to the payer.

- Disease management
- Reporting and Analysis
- Provider Reimbursement
- Premium Determination
- Benefit Determination



Claims Processing Cycle



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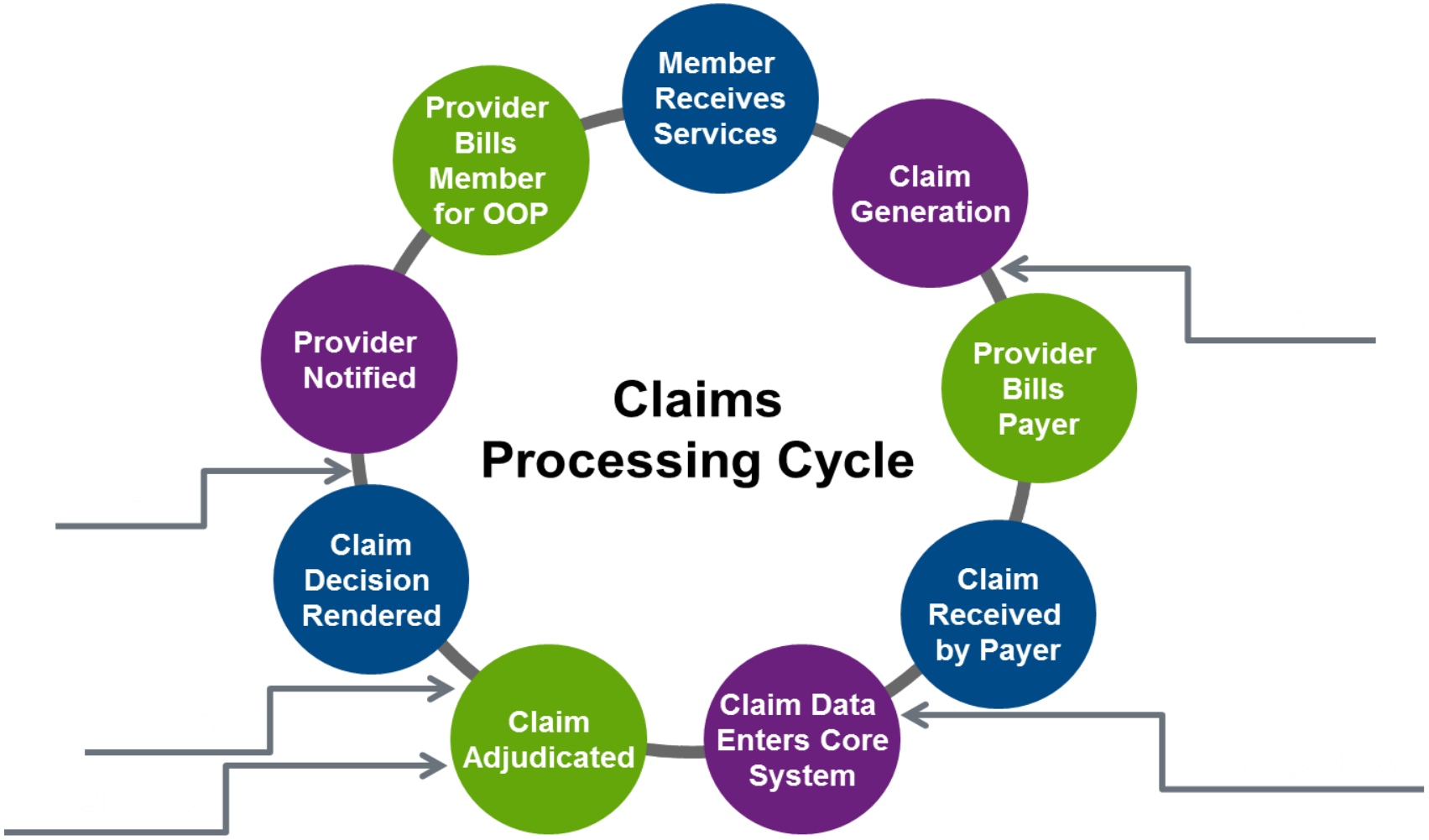

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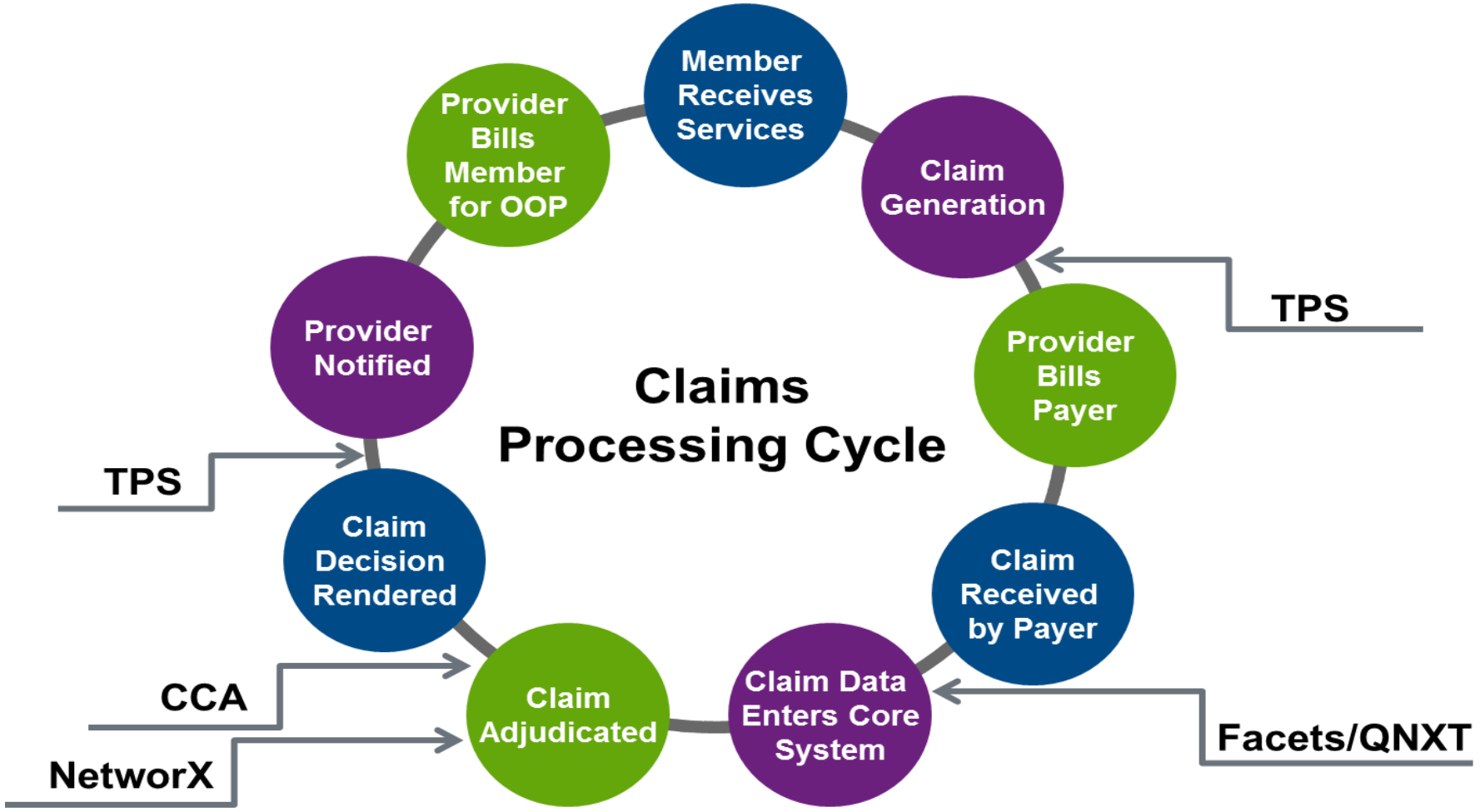
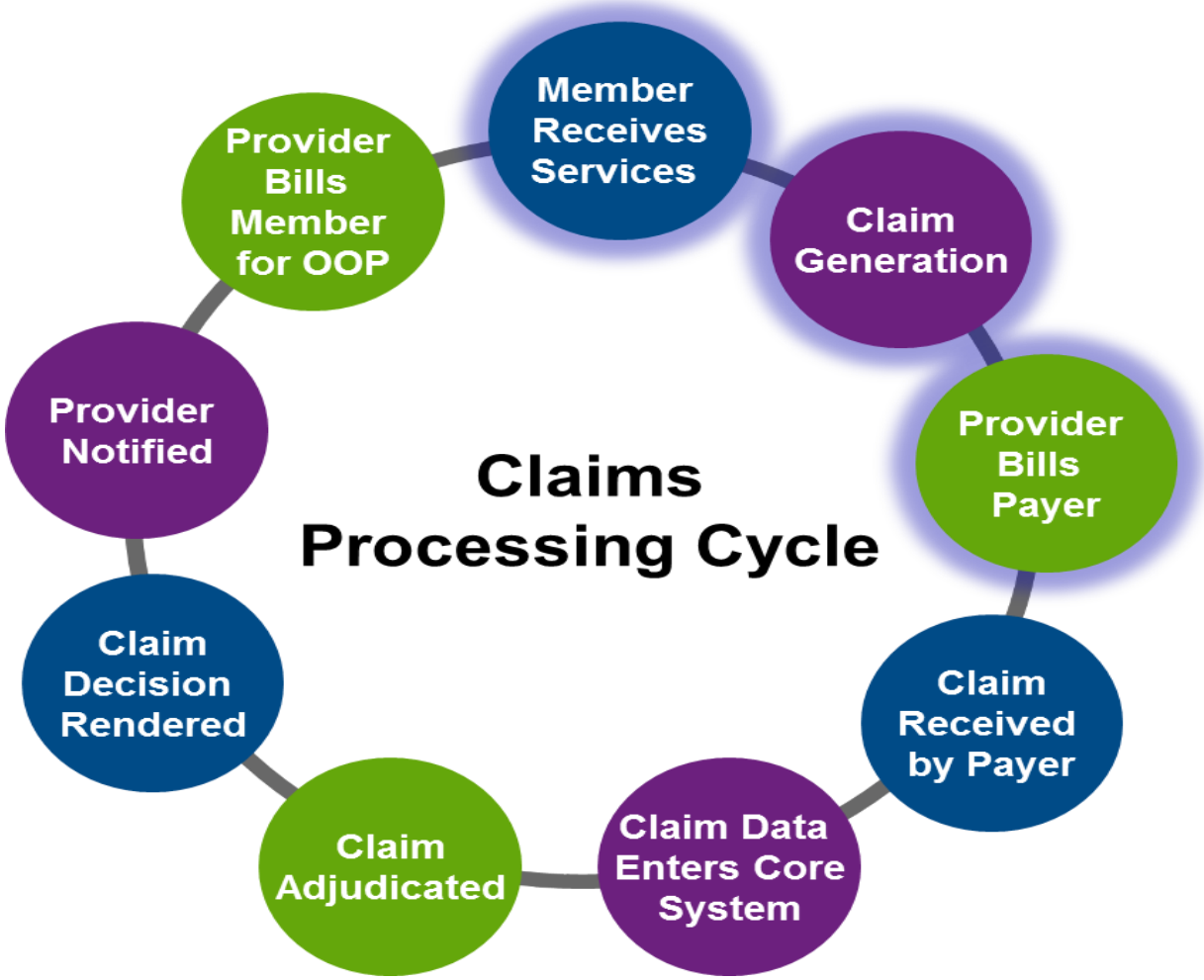


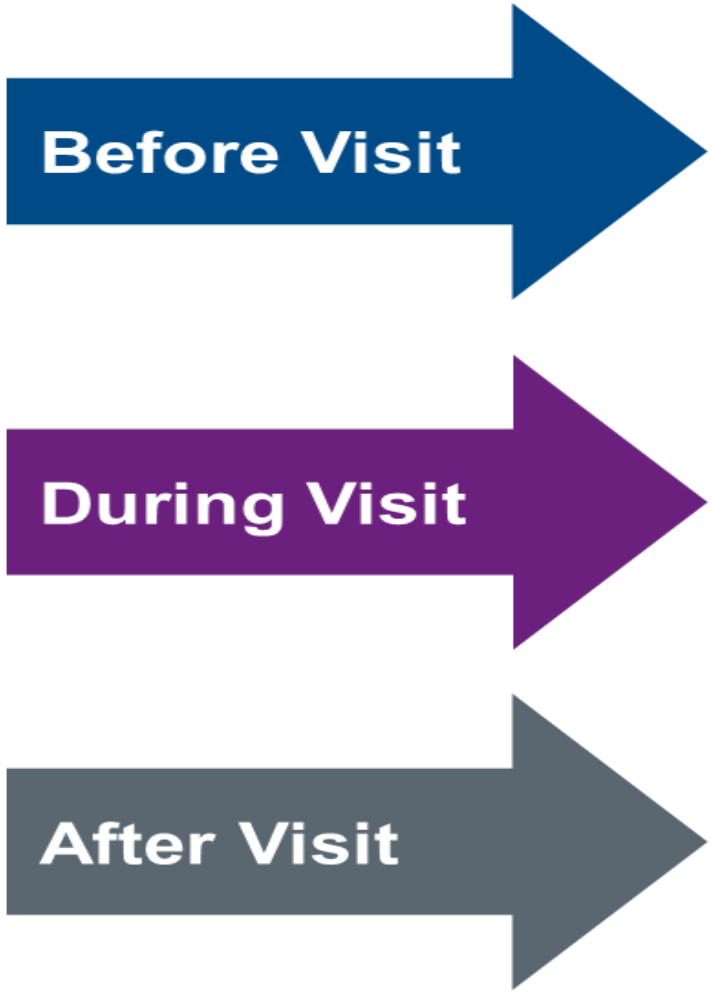
Claims Processing Cycle – Contd..



Member Visit Case Study

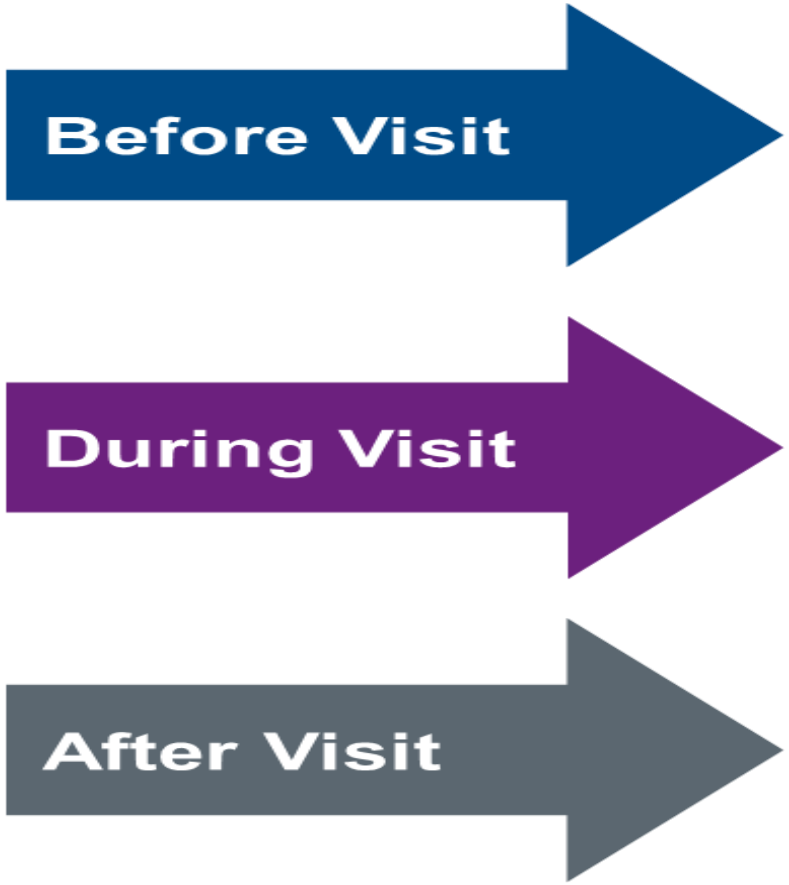
- Visit to PCP office for bronchitis symptoms
- Member has a PPO plan
- Deductible has not been met for the year
- Member’s first visit in over 12 months to PCP

Claim Generation



- Eligibility Verification
- HIPAA Release

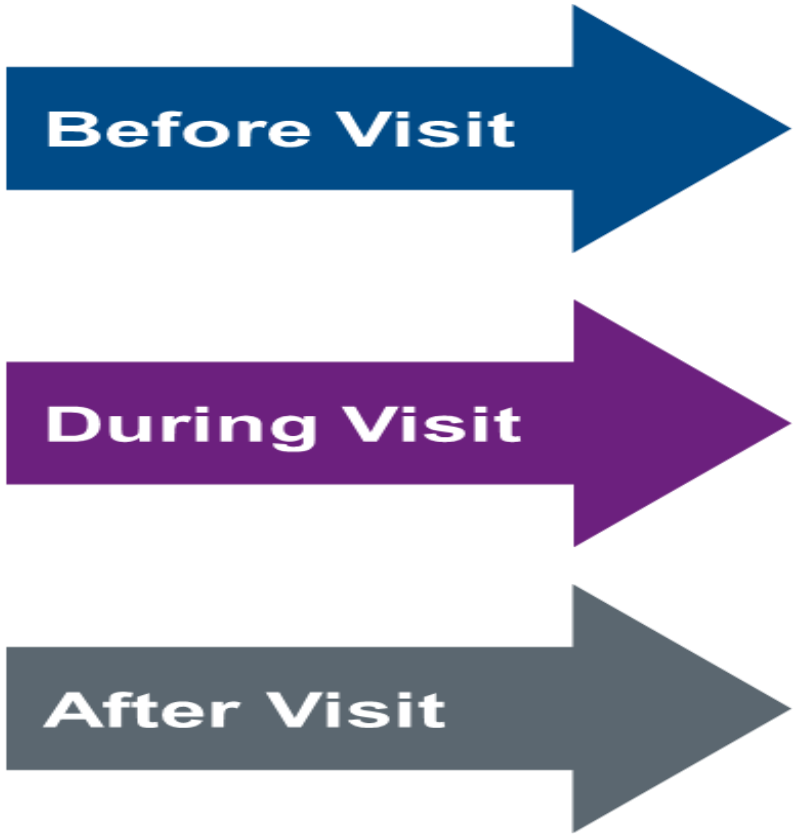
Claim Generation – Contd..



- Eligibility Verification
- HIPAA Release

- Services Provided
- Documentation of Visit
- Medical Billing

Claim Generation – Contd..



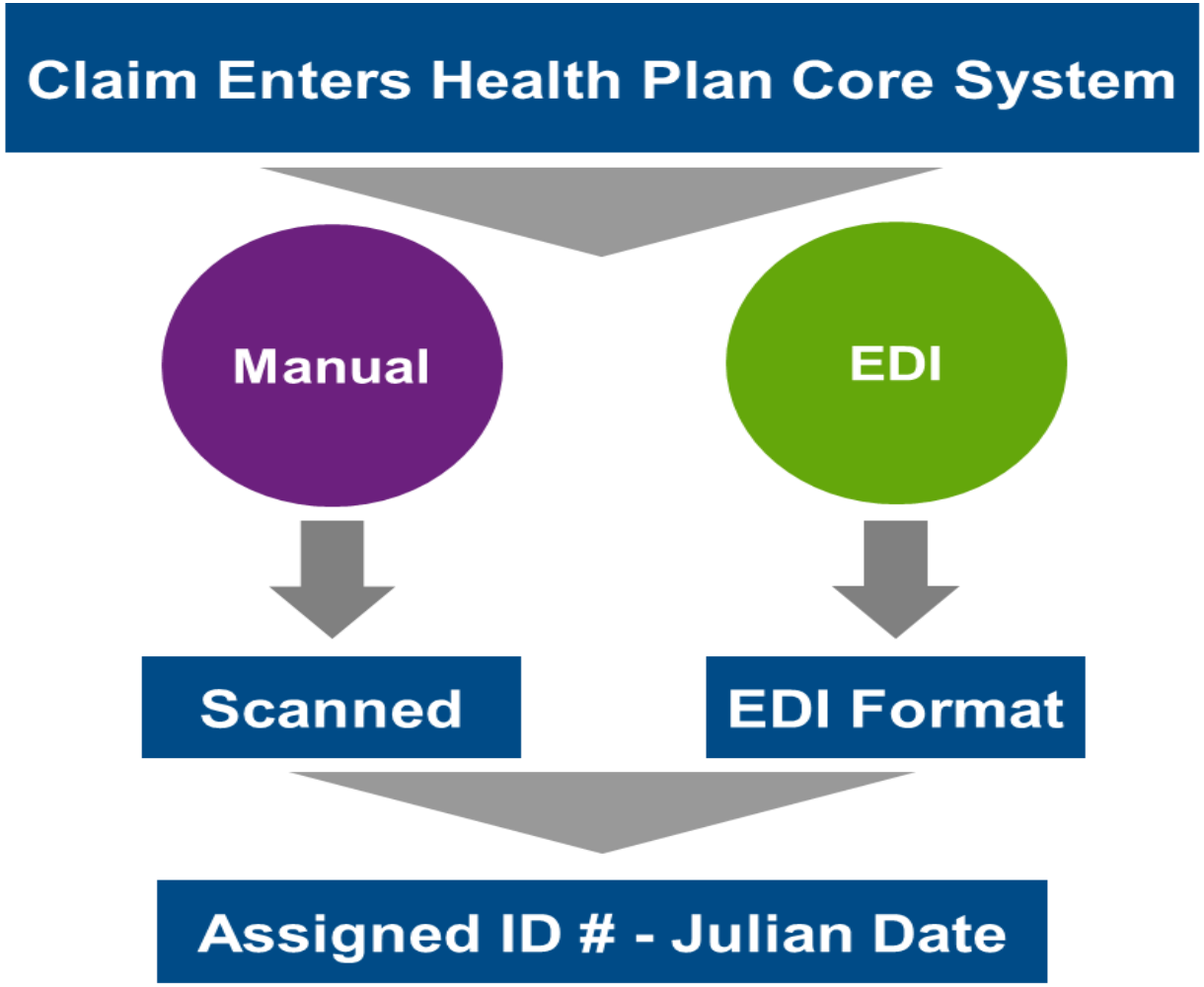
- Eligibility Verification
- HIPAA Release

- Services Provided
- Documentation of Visit
- Medical Billing

- Claim Created
- Claim Submission via EDI

Claims Processing Cycle – Contd..

Claims Processing Cycle – Contd..



Julian Date

What is a Julian Date?

- Method to represent the date in a 3-digit format
- Every day in the year is a sequential number

Examples:

- January 27 = 027
- March 5 = 064
- March 10 =

Julian Date – Contd..

What is a Julian Date?

- Method to represent the date in a 3-digit format
- Every day in the year is a sequential number

Examples:

- January 27 = 027
- March 5 = 064
- March 10 = 069

Payment Method

Payment Method	Provider is paid:
Lesser of	Contracted fee or the charge billed (the lesser of the two)

Payment Method – Contd..

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Lesser of	Contracted fee or the charge billed (the lesser of the two)
Per Diem	A daily rate regardless of total charges incurred to provide services to the member

Payment Method – Contd..

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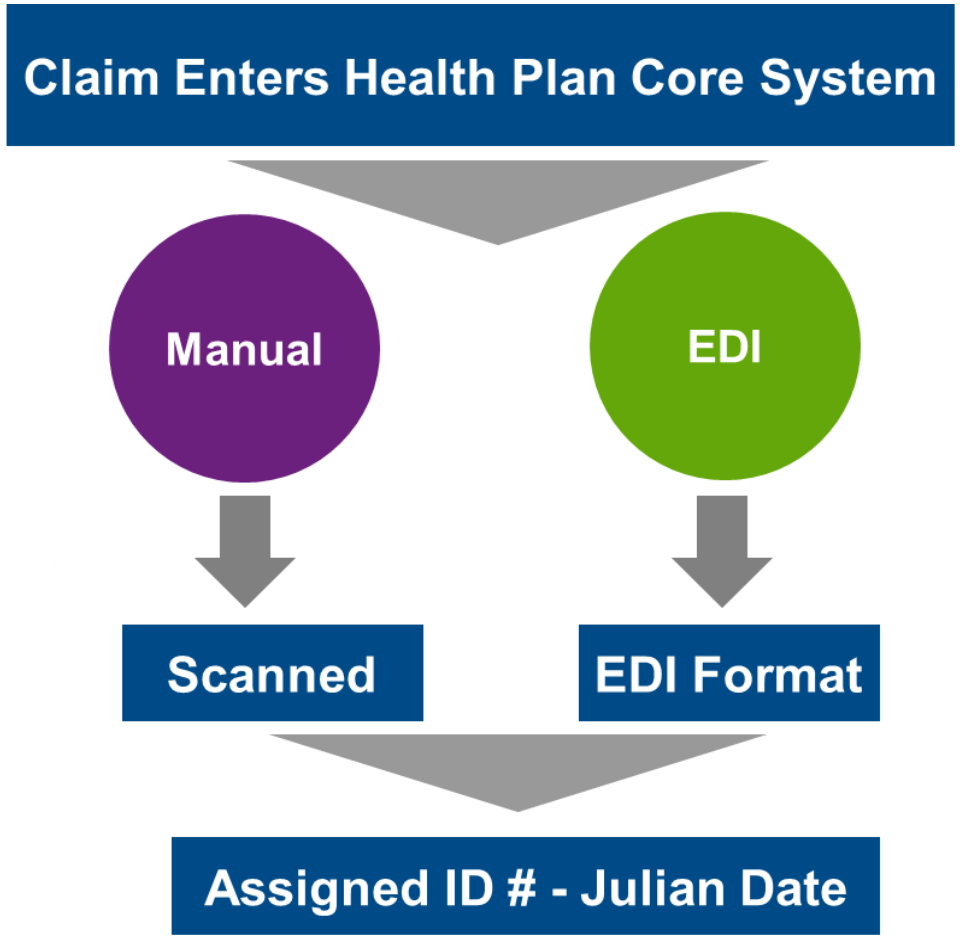
RBRVS	Resource-Based Relative Value Scale fees are paid based on amount of time and resources associated with services (RVU-Relative Value Unit)

Payment Method – Contd..

Payment Method	Provider is paid:
Lesser of	Contracted fee or the charge billed (the lesser of the two).
Per Diem	A daily rate regardless of total charges incurred to provide services to the member.
RBRVS	Resource-Based Relative Value Scale fees are paid based on amount of time and resources associated with services (RVU-Relative Value Unit).
Global/Case Rate	A flat fee by bundling codes for payment for an episode for services for same diagnosis.

Claims Processing – Contd..



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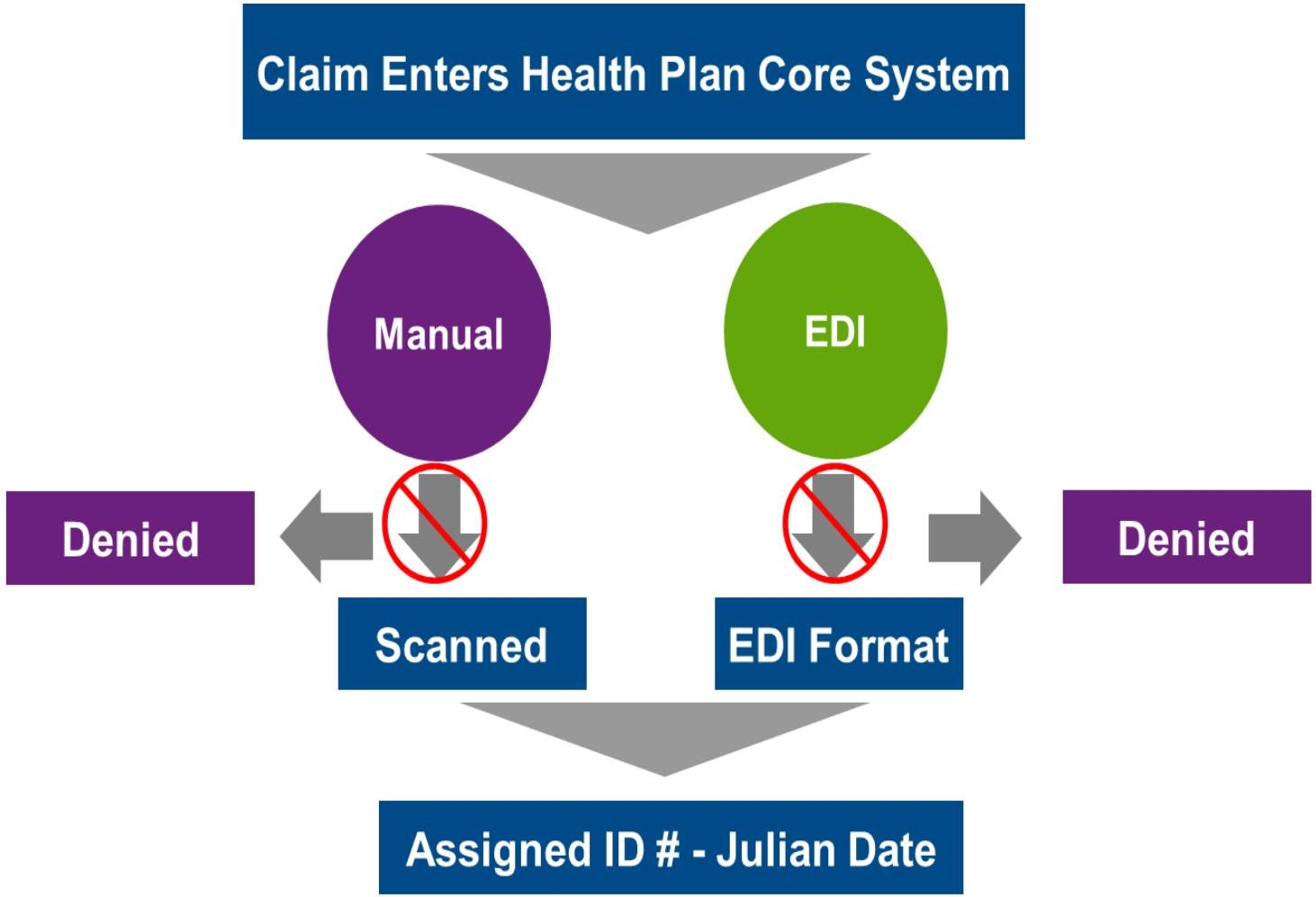

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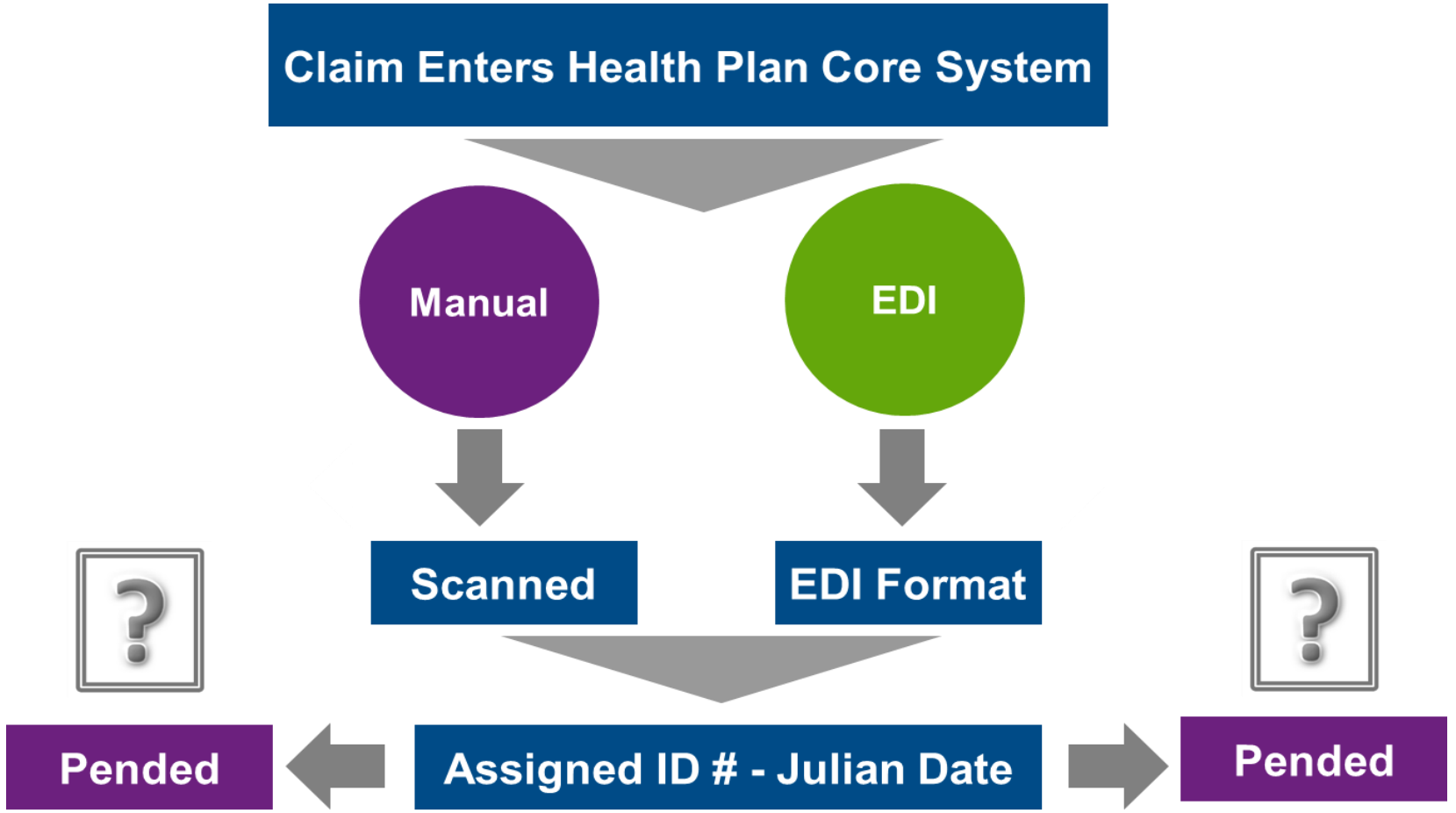
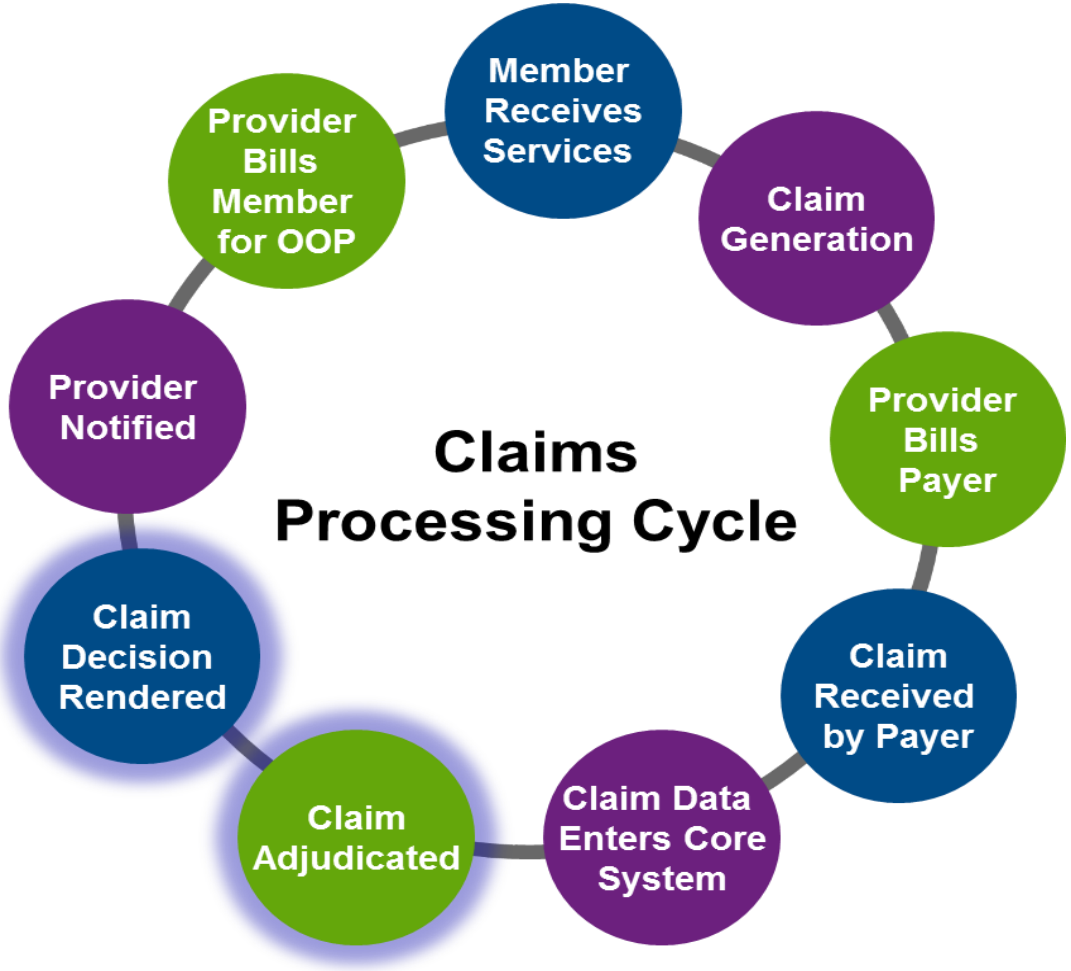
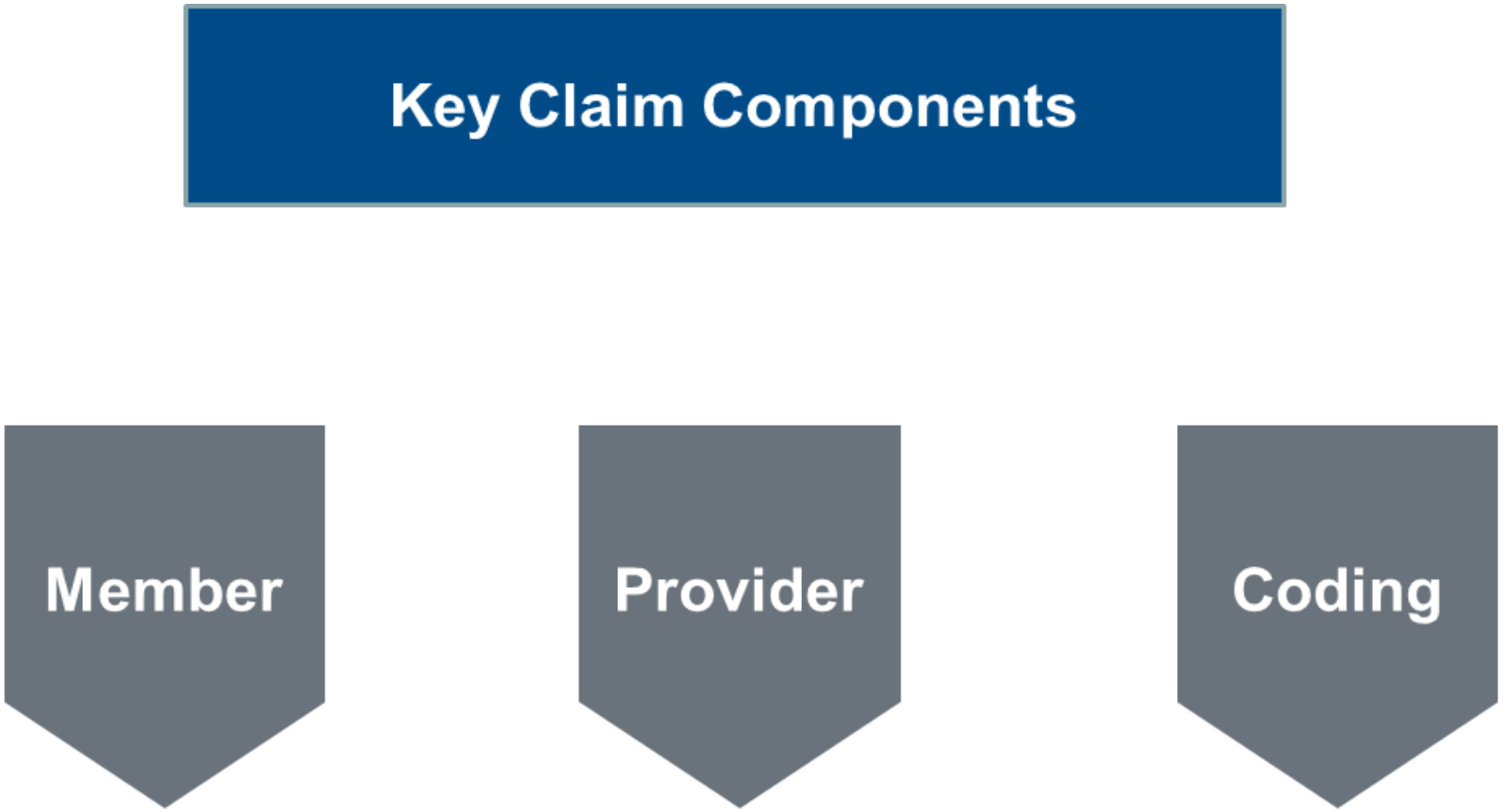


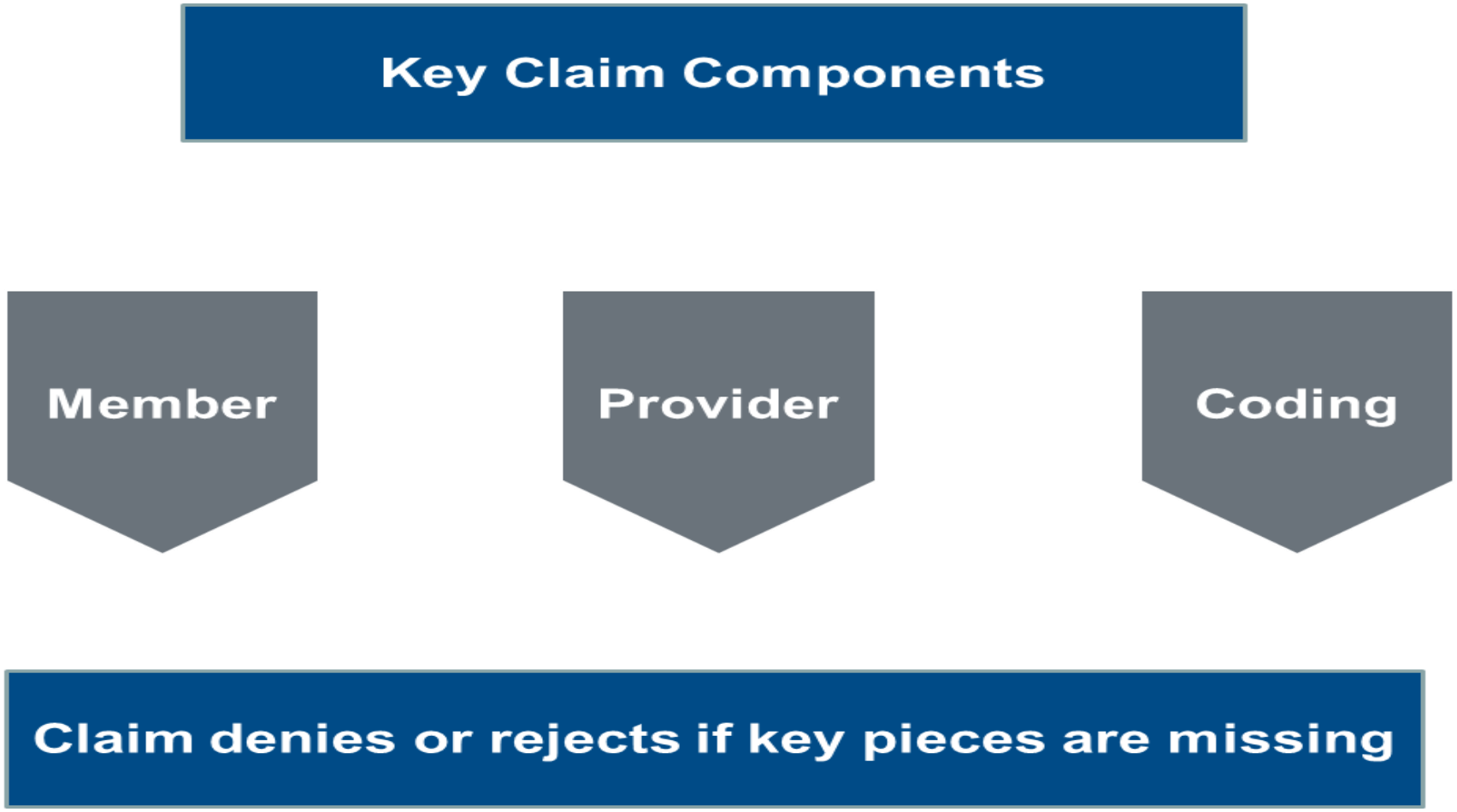
Claims Processing Cycle – Contd..



Claims Components



Claims Components – Contd..



Claims Components – Contd..

Key Claim Components

- Member Name
- Health Plan ID
- Date of Birth
- Gender
- Verification important
- Accuracy important

Claims Components – Contd..

Key Claim Components

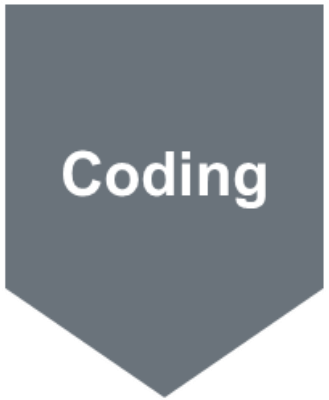
- Provider Name
- Tax ID Number
- National Provider Identifier (NPI)

Claims Components – Contd..

Key Claim Components

Language of Healthcare:

- Represents Service Provided
- Reimbursement Code Based
- Benefits and Out of Pocket Costs



Language of Healthcare

CPT

Current Procedural Terminology : Professional Billing

- 99214 – Office visit
- 36415 – Venipuncture

ICD

International Statistical Classification of Disease and Related Health Problems : Professional and Facility Billing

- ICD-9: 250.00 – Diabetes
- ICD-10: E08.00 – Diabetes

Rev

Revenue Code: Facility Billing

- 0110 – Room & Board (Private)
- 0191 – Subacute Care – Level I

DRG

Diagnostic Related Groups: Facility Billing

- 292 – Heart Failure & Shock w/cc
- 089 – Concussion w/cc

POS

Place of Service : Professional and Facility Billing

- 11 – Office visit
- 21 – Inpatient Hospital

Required Claim Formats

- What are the two types of standard claim forms?

Required Claim Formats – Contd..

- What are the two types of standard claim forms?

CMS 1500

Required Claim Formats – Contd..

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CMS 1500

UB 04

Required Claim Formats – Contd..

- What are the two types of standard claim forms?

CMS 1500

UB 04

- What types of providers bill on the two forms?

Required Claim Formats – Contd..

- What are the two types of standard claim forms?

CMS 1500

UB 04

- What types of providers bill on the two forms?

Professional

Required Claim Formats – Contd..

- What are the two types of standard claim forms?

CMS 1500

UB 04

- What types of providers bill on the two forms?

Professional

Facility

CMS 1500 – Professional Claims

Standard claim form for non-institutional providers

Medicare requires EDI billing of the 1500

What are the three key claim components?

CMS 1500 – Professional Claims – Contd..

Provider Type	Service Example
Primary Care Physician	Hospital visit for a patient in the hospital
Specialty Care Physician	Surgery charges for knee replacement
Physician Assistant	Office visit for strep screening
DME Supplier	Charges for a wheelchair
Psychologist	Behavioral health consult

CMS 1500: Language of Healthcare

HCPCS

Health Care Common Procedure Coding System

- A0429 – Ambulance service, basic life support, ER transport
- L0120 – Cervical, flexible, non-adjustable foam collar

CPT

Current Procedural Terminology

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POS

Place of Service

- 11 – Office visit
- 21 – Inpatient Hospital

UB 04 – Facility Claims

Standard claim form for institutional providers

Medicare requires EDI billing of the UB 04

What are the three key claim components?

UB 04 – Facility Claims – Contd..

Provider Type	Service Example
Inpatient Procedures	Hospital stay including associated supplies
Surgical Procedures	Non-physician surgery charges
Outpatient Procedures	Non-inpatient services, e.g., same day surgery
Radiology Procedures	Services provided for MRI or an x-ray
Home Health Services	Services provided in a patient’s home

UB 04: Language of Healthcare

Rev

Revenue Code

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POS

Place of Service

- 11 – Office visit
- 21 – Inpatient Hospital

CMS 1500 or UB 04?

- Patient Story: Injured Runner

CMS 1500 or UB 04? – Contd..

Provider	Services	Claim Form
Marathon City Hospital ER	ER, X-Ray, Casting Supplies	

CMS 1500 or UB 04? – Contd..

Provider	Services	Claim Form
Marathon City Hospital ER	ER, X-Ray, Casting Supplies	UB04

CMS 1500 or UB 04? – Contd..

Provider	Services	Claim Form
Marathon City Hospital ER	ER, X-Ray, Casting Supplies	UB04
Marathon City ER Physicians	ER Physician Consult	

CMS 1500 or UB 04? – Contd..

Provider	Services	Claim Form
Marathon City Hospital ER	ER, X-Ray, Casting Supplies	UB04
Marathon City ER Physicians	ER Physician Consult	CMS 1500

CMS 1500 or UB 04? – Contd..

Provider	Services	Claim Form
Marathon City Hospital ER	ER, X-Ray, Casting Supplies	UB 04
Marathon City ER Physicians	ER Physician Consult	CMS 1500
Ortho R Us Physicians	Orthopedic Physician Consult and Treatment in ER	

CMS 1500 or UB 04? – Contd..

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CMS 1500 or UB 04? – Contd..

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Marathon City Hospital ER	ER, X-Ray, Casting Supplies	UB 04
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Ortho R Us Physicians	Orthopedic Physician Consult and Treatment in ER	CMS 1500
We See You Physicians	Radiologist Reading the X-ray	

CMS 1500 or UB 04? – Contd..

Provider	Services	Claim Form
Marathon City Hospital ER	ER, X-Ray, Casting Supplies	UB 04
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Ortho R Us Physicians	Orthopedic Physician Consult and Treatment in ER	CMS 1500
We See You Physicians	Radiologist Reading the X-ray	CMS 1500

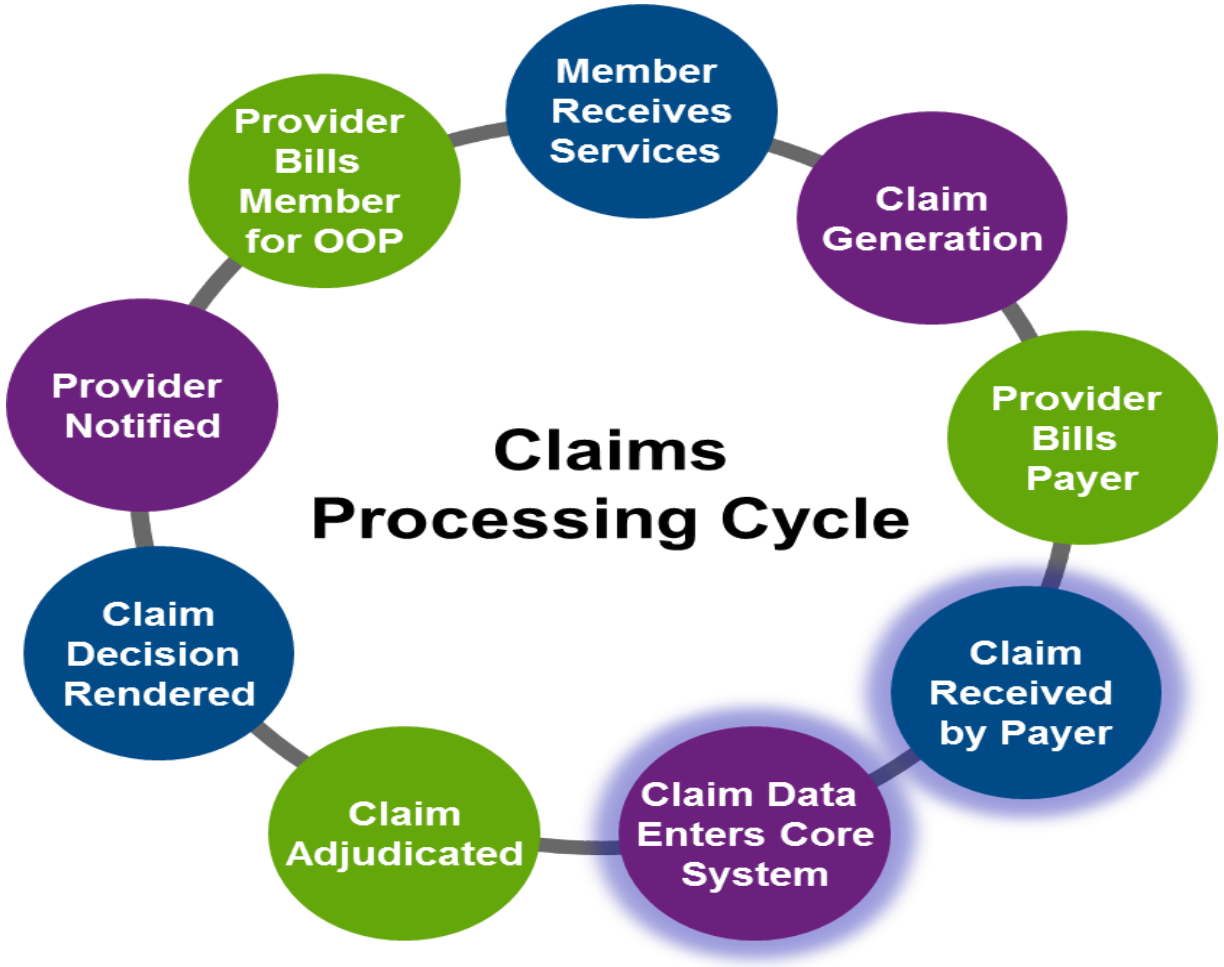
CMS 1500 or UB 04 ? – Contd..

- Patient Story: Motorcycle Accident

CMS 1500 or UB 04 ? – Contd..

- Patient Story: Cold and Cough Symptoms

Claims Processing Cycle – Contd..



Claims Administration

An **encounter** is a visit by a plan member to a provider of healthcare or related services.

An encounter report includes the services provided, the date of service, the diagnosis, and other information.

A health plan uses encounter reports to track utilization and provider practice patterns and as a basis for future capitation amounts.

Claims administration department includes Data entry clerks, **claims examiners, processors, reviewers, analysts, or adjudicators**. Their exact duties may vary by title or plan, but essentially they review and adjudicate claims that are not electronically processed for some reason.

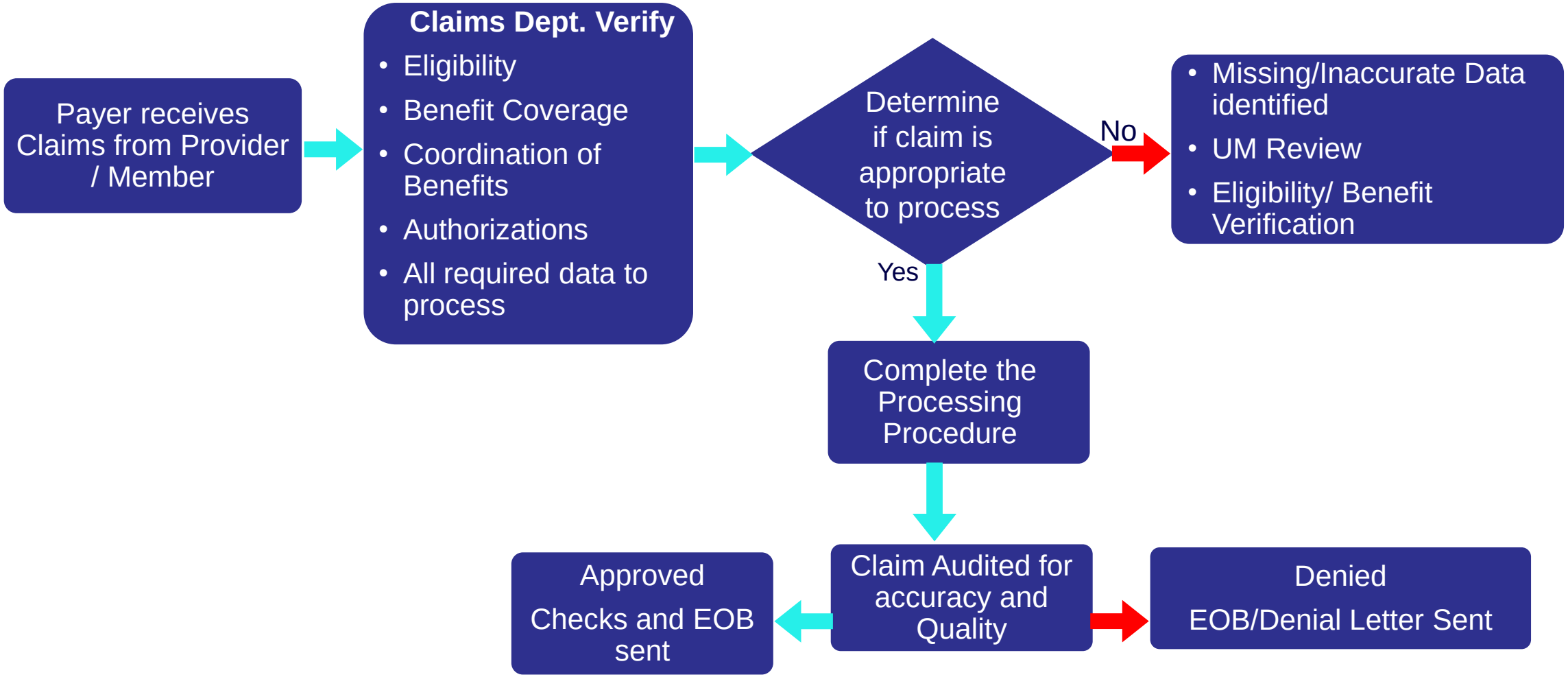
Claims adjustors deal with claims that have been paid incorrectly.

Claims Adjudication

- Adjudicating a claim (determining whether it should be paid and if so how much) can be thought of as satisfying a number of questions about the claim.
- Verifying Member Status - Was the member eligible to receive benefits under the plan at the time services were provided?
- Verifying Provider Status - Was the provider a participant in the plan's network?
- Determining Appropriateness of Treatment Provided - Was the treatment provided medically appropriate and/or medically necessary?
- Verifying Authorization –
    - Was a preauthorization or referral required for the service or treatment?
    - Was a preauthorization or referral given for the service or treatment?
- Verifying That the Service Is Covered by the Plan - Is the service covered under the plan?
- Verifying That the Service Was Actually Provided - Determining the Amount of Benefits to Pay
- What benefits are payable? - Does the member have other health insurance coverage?

- Claims Forms - UB-04(Institutional) and CMS-1500 (Professional)
- Edits- criteria that, if unmet, will prompt further investigation of a claim
- Claim investigation

Claims Adjudication – Contd..



Payment and Denial Explanations

- Evidence of payment or denial
- Provided to member, payer, or provider
- Members receive an Explanation of Benefits
- Providers receive a Remittance Advice
- Medicare and most payers provide data through EDI
- Explanation used to reconcile payment or denial

Explanation Of Benefit (EOB) - Sample

Medicare EOB Summary Info

Claim Info - E14019000100

Submitter Name	[redacted] PHYSICIANS SERVICE
Address 1	
Address 2	
Medicare Paid Date	01/17/2014
BillingProviderName	
Billing Provider NPI	[redacted]
Billing Provider TIN	[redacted]
Submitted Charges	$744.02
Total Medicare Paid Amount	$48.15

Primary Payer Info

ICN Number	00501140170504
Other Carrier Subs. Name	[redacted]
Patient Name	[redacted]
OC Subscriber ID	[redacted]
Medicare Assignment	A

Claim Level Adjustment Info

Paid Date	DOS	Medicare Allowed	Total Charges	Medicare Paid	Medicare Ded	Medicare Coins	Medicare Copay	Medicare Non-Covered	Medicare WO/DC
01/17/2014	08/30/2013 - 08/30/2013	$80.50	$744.02	$48.15	$0.00	$32.35	$0.00	$0.00	$467.50

Line Level Adjustment Info

Item#	Rev. Code	Proc/ Mod	Paid Date	Medicare Allowed	Charge	Medicare Paid	Medicare Ded	Medicare Coins	Medicare CoPay	Medicare Non-Covered	Reason Code	Reason Amount	Medicare Write-off/ Discount	Reason Code	Reason Amount
1	0320	74230	01/17/2014	$80.50	$548.00	$48.15	$0.00	$32.35	$0.00	$0.00			$467.50	CO45 CO253	$466.52 $0.98
2	0440	G8996GN	01/17/2014	$0.00	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00			$0.00		
3	0440	G8998GN	01/17/2014	$0.00	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00			$0.00		
4	0444	92611GN	01/17/2014	$0.00	$196.00	$0.00	$0.00	$0.00	$0.00	$0.00			$0.00		
Total				**$80.50**	**$744.02**	**$48.15**	**$0.00**	**$32.35**	**$0.00**	**$0.00**			**$467.50**		

Explanation of Benefits – Contd..

- The EOB is sent by the Health Plan to covered individuals.
- EOBs explain what medical treatments and/or services have been paid or denied.
- Similar information to a remittance advice.
- Typically a simple version of remittance advice.

Thank you