Workers' Comp

Audit, Audit, Audit: Why You Should Further Scrutinize Workers' Compensation Bills

December 1, 2017
3 MIN READ
Author profile image

Alex Sun

Chief Executive Officer

It's very easy for payors to end up overpaying on medical bills. Auditing – a crucial but often forgotten or under-executed part of the claims process – can help payors identify questionable billing practices and prevent overpayment on workers' compensation claims.

What is Auditing?

Auditing can take many shapes and forms but the essence of an audit is to review and verify that every line item is billed correctly and accurately. Since the complex factors to consider are numerous, it is important to employ clinical experts, sophisticated software systems, and robust industry data when performing the advanced auditing required. For most claims, including the example above, there are a few key types of audits that help find billing inaccuracies and improve claim outcomes.

Key Audit Types

Correctly Identifying Facility Type

Many states have adopted fee schedules that factor in the type of facility where services were performed in determining the price for services rendered. For example, the same procedure would cost a different price depending if it took place in an outpatient facility or ambulatory surgical center. It can be difficult to keep track of these complex, jurisdiction-based rules, so an auditing service can come in handy to accurately classify bills. In addition to helping pay the most accurate price on bills, accurately classifying facility type also helps with speeding up processing times, reducing the number of reconsiderations, cutting unnecessary processing costs and

providing more precise bill routing and fee schedule application.

Validating DRG Groups

Many times, the difference between just one tier in a Diagnosis Related Group (DRG) is substantial – from $2,000 to $35,000 per code depending on the services billed and the difference in payment for what the provider reports and what service was actually performed. Validating the DRG pre-payment can mean big savings on a small amount of bills – alleviating reconsiderations and requests for refunds from providers and promoting accurate system routing and faster turn-times.

Understanding and Reviewing Implant Charges

Billing for implants is typically extremely vague, which frequently causes denials and long processing times. For example, you could get one line item for implants with 17 units billed for 17 different implants. That can make it very difficult for adjusters and bill reviewers to decipher, even with lots of documentation. A clinical review of implant invoices can alleviate these issues, reducing the chance of the claim coming back for re-review, cutting processing time and allowing for faster, more accurate payment.

Checking for Unbundled Charges

When a provider bills for a procedure, usually the cost of items like surgical trays or drugs that are specific to the procedure are actually included in the full price for the procedure itself. When a provider practices unbundling, they still charge the same price for the procedure, but they also list those additional items as line times – essentially asking for payment for supplies and drugs twice. It can be difficult to notice when this is happening, this is why it's crucial to have a robust software system and clinical auditors that can identify these types of billing practices so they can help stifle overpayments and educate the provider on acceptable billing practices.

Conclusion

The many hidden complexities in medical billing make it difficult to ensure you're not overpaying on workers' compensation bills – from incorrect facility classification to unbundling. To combat questionable billing practices – whether they are intentional or unintentional – workers' compensation payors need to add clinical auditing as a key component of their claims workflow.



©2022 Enlyte Group, LLC.

mitchell | genex | coventry