Workers' Comp

Are All Electronic Provider Payment Solutions the Same?

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Tom Kerr (TK): In our previous podcast on electronic payment solutions, we discussed how workers' comp can benefit from the efficiency and cost-effectiveness of digital payment programs. However, before partnering with an organization for an electronic provider payment solution, it's important to ensure the service meets your unique needs. Sanjog Patel joins me today to explain why. Sanjog, welcome back.

So, let's start with this first question. Are all electronic provider payment solutions the same?

Sanjog Patel: Yeah, so the short answer is no, primarily because there's multiple facets to provider payments. And I'm going to focus a little more on the provider payment piece because that's the most relevant piece here.

A lot of vendors out there tend to focus a lot more on the payment part of it because frankly, it's the easier piece of it. But there's more to providing electronic provider payments than just the movement of the dollars. We pay a

lot of attention to those differences that exist in the market.

TK: OK, so let's get into that. What does a true electronic provider payment solution look like?

SP: When we think about a true electronic provider payment, it doesn't really stop at the movement of the dollar. So, if we look at the payment industry in general, you have multiple different types of payments.

You have the consumer-to-consumer payments. Meaning, we went out to a restaurant and I'm paying you back for covering my tab. Companies like Zelle, PayPal, Venmo, have it pretty well covered. And really all they're doing is moving money from one digital wallet or bank account to another. It’s plain and simple.

Another type of payment is consumer-to-business payments. You go out to the store or go on Amazon, purchase an item and you pay for it, right? Again, that's really more about moving the dollars because the merchant already has information about what you're buying and how much you're paying for it and any promotions that exist there.

The third type of payment is the B2B payment. Now B2B payment also has a couple of subcategories. So, when you think about a business purchasing a product or service from another business, usually they have an invoice that they're fulfilling so the merchant invoices the other business and they make a payment for that particular invoice. Usually, the invoiced amount is what's being paid, so reconciliation becomes pretty straightforward.

And then, we finally move into the most complicated payment type, which is what we deal with here, a B2B payment. But it's a payment from an insurer to a potential medical provider. And this is extremely complex, mostly because the bill amount doesn't normally coincide with what's being paid because there are a number of discounts and reductions that are taking place along the way.

So, most of the time, the paid amount may not match the invoiced amount. And so, it creates an uncanny importance on the reconciliation data. Meaning, it's not just about moving the dollars from the insurer's bank account to the provider's bank account, but you also have to accompany the dollars with the associated reconciliation data.

What this looks like in the paper world is just an explanation of benefit or explanation of review, depending on if you're talking about work comp or auto payments. And that gets data entered into the provider's practice management system, so they know how to reconcile the invoiced amount or the billed amount with the paid amount.

But, in the electronic payment world, now that the dollars move electronically, there's still the secondary problem that you have to solve how you're going to provide the provider with the reconciliation data or the EOB data.

And so, automating and integrating and digitizing the movement of that data from the insurer, or actually the bill reviewer to the provider, becomes extremely important. And that's really what we're about.

The movement of dollars is really the easier problem to solve, but we spend a lot of time thinking about how we digitize the movement of data, eliminating a lot of inefficiencies along the way for not only the payer, but also the provider.

TK: Great. And now let's talk about when an electronic provider payment solution doesn't offer some of the components that you just talked about. What could happen?

SP: So, one of the obvious impacts is that you transitioned the movement of dollars from a paper check modality to some sort of a digital modality, whether it's a virtual credit card, or ACH payment. An electronic fund transfer into the bank account.

However, $100 being deposited into a provider's bank account really means nothing to them unless they know what the $100 payment is for. And so, if you're still going to send them a paper EOB, then you still didn't cut out the costs associated with printing a portion of that. You're not really assessing the cost of a check stock and printing a check, but you're still printing an EOB. You're still assessing the cost of an envelope mailing that payment and the provider ultimately having to data enter all that reconciliation data into the practice management system.

So, you really solved a very small portion of the problem for the payer and the provider. So that's one of the obvious impacts of not solving for this other piece, but then also the inefficiency associated the provider still having to track down and find that EOB.

Oftentimes, if they can't find it, they're calling the payer to try and track it down or potentially reissue, then causing duplicative costs associated with printing and mailing these EOBs. So, you're essentially solving 10 to 15 percent of the problem and leaving the other 90, 85 percent of the problem unsolved. and that's the primary impact of not digitizing the data with the payment.

TK: And when you explain to payers the differences between a fully electronic payment system and one that doesn't meet these requirements, what's typically their reaction?

SP: Yeah, so we're really just scratching the surface of this payment digitization, at least in this particular space. For decades now, payers have sent their payments via paper checks. They've transitioned all their payments to ACH because the technology is now more or less widely available.

But it's a tremendous investment to actually digitize the data piece of it. And so, a lot of our payers don't fully understand the value of digitizing the data and how much of their day-to-day operations they have the capability to optimize.

And so, when we talk about these things, our customers start to understand the potential impact that digitizing the data piece can have in addition to the movement of dollars. And really, it's only after they actually implement the entire product itself when they truly start to see the benefits of a true digital payment solution.

Now, one thing to remember is there's still a huge provider base out there that either doesn't want to or doesn't have the resources to create a fully integrated digital payments solution from their end. Meaning, they also have to ingest this electronic data on their end, which means that requires a little work for them. So, not all the providers have the willingness or the capabilities to digitize that piece. And so, there's still going to be a portion of the provider base that's going to continue to accept payments in a paper format.

So, you're not going to get rid of the problem in its entirety or optimize the entire set of your payment operations. But it does allow for our payers and the providers to digitize — depending on the geography they operate in or if it's a workers' compensation payer or auto payer — anywhere from 25 to potentially 55 to 60 percent of their payments being delivered digitally. And a significant portion of that is then automated in terms of the data capability as well.

TK: Can you give me an example of a customer you worked with in implementing the electronic provider payment solution and any outcomes associated with it?

SP: Yeah, so we actually have a very interesting case study here. We had a customer that wanted to implement this particular solution but had a vendor that they wanted to use in mind. However, we did not have the kind of integration that we have with our preferred vendor. And so, we couldn't potentially get on board with that solution.

They chose to implement a solution with the vendor of their choice. They attempted to do this for a period of time, but they really couldn't go live for reasons that aren't particularly known to us. However, after multiple months of attempting an implementation unsuccessfully, they came back to us and asked to implement with our preferred vendor that we do have all the payment as well as data integrations with.

We were not only able to implement them in our original project timeline that we had estimated for this particular customer, but since the few months that they've been live, we've been able to digitize about 44 percent of their dollars and about 37 percent of their total payment volume on a month?to?month basis in terms of all the payments that they have going out right now.

So, the important thing to know is because we have a preset network of providers, you don't really have to wait for us to onboard a lot of those providers for digital payments for a particular pair. We already have signed contracts from a huge provider base out there to receive their payments through a particular modality.

And so, what we can do is day one, as soon as we put one of our payers on our ePay solution, we can start paying those providers in their preferred modality, digitizing a significant portion of their payment dollars as well as a significant portion of their reconciliation data.

TK: Thank you, Sanjog. Do you have any other suggestions for those looking to integrate with an electronic provider payment system?

SP: One important thing to think about is your current costs of having a paper payment solution. So, the obvious costs of a paper payment solution are the things that you can see and feel. The cost of your check stocks, the printers, the envelopes, the cartridges and then, ultimately, the postage.

Those are the very obvious costs that you can think about when it comes to paper payments. But there's a host of other costs that aren't quite as easy to comprehend or even calculate, but some things to think about is how many of your providers are actually submitting their bills over and over again because check payments tend to be slow.

So, you've completed the bill review process and you mailed out the check yesterday, but the provider has been waiting for several days. And so now they've gone ahead and sent a second bill for the exact same service. Now you're going to have to put that bill through the entire process again. You're going to potentially deny that bill because you've now already sent out a check payment and it's on its way, but you're still going to have to generate a zero pay EOB. You're going to have to now send that out, so you're going to pretty much double your cost of that particular bill because of this low nature of electronic payments.

How much time are your adjusters spending answering phone calls from providers trying to track down their payments because you may not have self-service tools in place for providers to go track down their payments? And generally, how much time are you spending, from a support perspective, assisting providers that want to understand where their payment is?

So, there's all these additional costs to think about as you're considering a payments digitization transition. Ask these questions of how many of these costs any vendor pitching you an electronic payment solution can help you overcome and make a selection based on that.

Does a payment solution have self-service tools for the payer and the provider that is going to allow for an automation of a lot of these manual support activities that you're performing today? Are they moving the data digitally so that reconciliation is automated so that you're not going to have somebody data entering everything into the practice management system?

And, ultimately, do they have a similarly important focus on the provider as they do with the payer? Because this particular process has two primary stakeholders, not just one, and if one of those stakeholders is not getting what they need, they're going to try and get to the other stakeholder to try and figure out how they can make their process better. And that just drives up costs for the payer as well. So, you need a solution that focuses on the provider just as much as it focuses on the efficiency for the payer.

TK: Thanks, Sanjog. And we'll be back again with another Inside Workers' Comp podcast soon. Until then, thanks for listening.

Do you know the hidden costs of paper provider payments? Find more resources and learn more about our ePay solution here.



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