Clinical Lab Products

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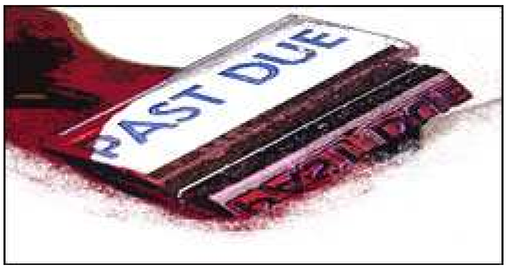
Show Me the Money

by Renee DiIulio

Clinical laboratories can ease their billing burdens, submit fewer denied claims, increase revenues, and manage profitability through the use of billing software.



Money doesn't grow on trees, nor does it grow in a Petri dish. If clinical laboratories want to receive the payments due them, they must submit their claims to payors. According to Xifin Inc, San Diego, the Centers for Medicare and Medicaid Services (CMS) have found that 40% of all claims cannot be processed due to errors and that, of these, half are never resubmitted.

Jim Kasoff, president of Antek HealthWare LLC, Reisterstown, Md, summarizes the challenges in the CMS process: "[The ... automated ... process] requires specified claim information—ie, patient name, last name, insurance, CPT, modifiers—be placed in a set file format. If any of the fields are missing, formatted incorrectly, or inaccurate, the claim simply gets denied. Claims that do pass are sent through a second round of checks that may deny payment for failing to meet criteria on items such as medical necessity failure, failure to meet the filing deadline, or a mismatch between the provider specialty and the charged procedure."

Antek's DAQBilling runs rules on claims before submitting them to the insurance carrier to reduce denials.

To complicate matters further, payors frequently alter the specifications or formats, meaning what worked last month may not be valid this month. Even though the errors may be as simple as missing information or incorrect formatting, the time required to fix them may be seen as not worth the reimbursement. "Deciphering the reason codes and figuring out how to correct the claim for resubmission is like learning a foreign language," Kasoff says.

Burned Money

Independent and reference laboratories may have staff more willing to devote this time. In hospital settings, however, smaller-dollar-amount lab claims are often competing against larger-ticket items, such as imaging studies, for billing staff time. "Oftentimes, the same amount of data is required for a $25 CBC as a $1,500 MRI study. Someone in billing will put their primary effort on cleaning up the higher-dollar item, and over time, the laboratory ends up with a significant number of claims that are not reimbursed," says Jeff Watson, MBA, MT (ASCP), a laboratory product specialist with McKesson, San Francisco.

Laboratories that use billing services may not want to pay for the resubmission service, and those that take on billing themselves must find the resources. Deb Larson, executive vice president of Telcor, Lincoln, Neb, notes that laboratories that do handle their own billing are more likely to resubmit claims. "This can have a significant impact on the bottom line. If the hospital writes off every denied claim under $100, then you are losing all that revenue. If the lab is in control, it may make the write-off amount $5 because that $45 on a $50 reimbursement is significant," Larson says.

Easy Money

Billing control also can impact competitiveness through physician connectivity and pricing. A billing program outside of the hospital enables the laboratory to create its forms, eliminating demographics that do not apply and therefore maximizing workflow efficiency. If connected to the physician electronically, laboratories can ensure clean, legible, compliant information up front using rules-based systems that automatically transfer data to the laboratory information system.

Money Management

For laboratories seeking an integration engine alongside their billing needs, the SEEBURGER Business Integration Service (BIS) by SEEBURGER Inc, Atlanta, may fit the bill. The integration middleware provides data transformation, transmission, and validation/editing.

"We provide the information, workflow, audits, reports, and proactive notifications against the workflow. With this information, organizations can decipher where they need improvement in their business processes and take the appropriate actions to remedy, ie, training and/or business process reengineering," says Monisha Mills, director of communications for SEEBURGER North America, Atlanta.

The system helps to track errors and identify their source so that training can reduce their occurrence. The process of information input/output is managed and gives a client the ability to be proactively notified if the process is broken or if invalid/missing information is received. "Data errors are caught sooner," Mills summarizes.

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"Creating a clean claim on the front end is key when trying to get your lab charges under control," Kasoff says. Laboratory billing systems can check for complete and accurate patient and insurance data (ie, a missing last name or an eight-digit social security number), correct diagnostic codes, medical-necessity checking, authorization to run the test, and complete modifiers.

If properly utilized, electronic systems eliminate the amount of manual entry and double check the data that has been entered. As a result of these capabilities, more claims will meet the payor requirements on the first pass and will not require resubmission efforts.

An independent system also can provide the lab flexibility in pricing and invoicing. "It's hard to measure this, but how many customers are you losing because you can't offer the same services as LabCorp [Laboratory Corp of America, Burlington. NC] or Quest [Quest Diagnostics Inc, Madison, NJ]?" Larson asks.

Billing software can help to eliminate these problems, reducing the number of rejected claims while improving processes that boost the bottom line. "A lot of labs doing outreach don't have a good way to track information. They know they performed x thousand of billable tests in a year, and they know the charges associated with those tests, but they can't track the expected reimbursement or their profitability," Watson says. The right system can help to meet whatever a laboratory's needs are in regard to billing and accounting.

Smart Money

Many systems are capable of interfacing with a laboratory's existing software, so integration is not a huge challenge, but some laboratories may decide to forego any potential problems or additional costs by choosing a sister system. Features should meet the needs of the laboratory. Larson suggests workflow should be the first criteria considered. Does the system permit the user to develop different fee schedules and customized invoices? Does the system submit claims electronically? Does it offer electronic remittance? If the system meets all requirements, does the vendor? Are they reputable? Do they offer state-of-the-art programs? "You want to look at it as a partnership and select a company with experience in the billing arena," Watson says. In other words, can the vendor and its program show you the money?