

Collection pitfalls by functional area

<i>Problem</i>	<i>Result</i>
1. REGISTRATION DATA—DEMOGRAPHICS	
a. Patient or guarantor name misspelled	Claim denied
b. Subscriber's Social Security number is entered as patient's	Claim denied
c. Guarantor not identified	Cannot bill insurance or guarantor
d. Guarantor is "self"	Claim denied if not corrected
e. Guarantor address is "same as patient"	Claim denied if not corrected
f. Guarantor is "facility" for grant or special study patients	Cannot bill family
g. Guarantor's birth date is missing	Payer cannot identify guarantor
h. Guarantor's employer is missing	Claim may be rejected; payer may not be able to identify patient
i. Missing/incorrect home address	Cannot bill guarantor
j. Missing/incorrect phone number	Cannot call guarantor
2. REGISTRATION DATA—FINANCIALS	
a. Insurance or HMO name only	Unknown billing address causes no payment or delayed payment
b. HMO name and address only	Billing address may still be uncertain, causing delayed payment
c. Wrong/missing certificate/policy number	Claim denied
3. FINANCIAL COUNSELING	
Patient not referred to Medi-Cal/California Children Services/Victims of Crime	Potential lost income; increase in receivables
4. INSURANCE ELIGIBILITY/VERIFICATION	
Verification not done for date of service	Claim denied
5. SERVICE AUTHORIZATION	
a. Service not preauthorized	Claim denied
b. Emergency service not authorized within two days	Claim denied
c. Only initial service authorized	Subsequent services denied
d. Authorization not specifically defined	May be partially denied, downcoded, or completely denied
e. Authorized, but no number or authorizing agent name	Payment delayed or denied
f. Missing referring MD	Potential payment delay
g. Authorization from HMO, no independent practice association/Med Group	Claim usually denied
6. CHARGING/CODING	
a. Incomplete or illegible information	Charge entry/billing delayed
b. Invalid code selection	Billing/payment delayed or lost
c. Inaccurate code selection	Risk during payer audit; possible reduced income
d. Overbilling/unbundling	Reduced reimbursement; increased denials and collection cost; increased likelihood of payer audit
e. Charge for nonbillable service	Claim denied
f. Special circumstances not indicated (i.e., bill insurance only; courtesy discount, etc.)	Poor patient relations
g. Charge document not submitted timely	Payment delayed or lost

Problem

Result

7. COLLECTION OF COPAYS/DEDUCTIBLES

- a. Share of cost not collected
- b. Share of cost not cleared
- c. Copay or deductible not collected

- d. Payment not attached to charge ticket

Income delayed or lost; increased collection cost
Medi-Cal withholds payment
Delayed payment; increased receivables; increased collection costs
Payment misallocated; poor patient relations; unnecessary follow-up

8. CHARGE ENTRY

- a. Charge not posted timely
- b. Data entry errors

- c. Backup documentation not referred to billers
- d. Charge documents not filed correctly

Delayed billing/payment
Claim denied; to be corrected or reprocessed; payment delayed
Payment delayed
Unable to verify charge data

9. INITIAL BILLING

- a. Charge entry error not identified by biller (i.e., wrong modifier, location, etc.)
- b. Incomplete claim
- c. Missing necessary remarks on claim
- d. Missing report/attachment

Claim denied; to be corrected or reprocessed; payment delayed
Claim denied
Payment delayed/denied
Payment delayed/denied

10. COLLECTION FOLLOW UP & REBILLING

- a. Outstanding claims not stratified

- b. Unpaid indemnity claims not billed to guarantor after 60 days
- c. Statements not sent regularly
- d. Collection agencies not utilized appropriately
- e. Small balances not written off routinely
- f. Unpaid claims/line items not rebilled within time limit

Improper utilization of collection resources; payment reduced or lost
Payment delayed; poor patient relations
Payment delayed or lost; poor patient relations
Loss of income from bad debt accounts
Inefficient use of collection resources
Payment lost; increased write-offs

11. PROCESSING DENIALS/REJECTIONS

- a. Correspondence not given to collection rep
- b. Delay in working correspondence
- c. Improper codes not referred to coding for correction
- d. Appealable denials not resubmitted correctly/timely
- e. Appropriate denials not processed correctly

Payment delayed or lost
Payment delayed or lost; poor patient relations
Payment lost; increased write-offs
Payment lost; increased write-offs
Unnecessary rebilling/collection follow-up

12. PROCESSING PAYMENTS

- a. Payment posted to incorrect invoice

- b. Payment not compared to profile, and not referred for review and appeal
- c. Contract adjustments made inappropriately
- d. Proper contract adjustment not made
- e. Financial class not changed to secondary insurance
- f. Financial class not changed to self pay, appropriate
- g. Financial class changed to self pay inappropriately

Incorrect collection efforts; incorrect follow-up; poor patient relations
Lost opportunity to identify low payment

Inability to identify low payment and appeal
Inflated receivables
Lost income
Lost income
Poor patient relations

13. CONTRACTS

- a. Exclusions/noncovered benefits not defined
- b. Case rate base period not clearly defined

Increased collection cost and receivables
Lost income/poor payer relations;
increased collection cost; increased receivables

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