



WHITE PAPER:

A ROAD MAP FOR SIMPLIFYING MOTOR VEHICLE ACCIDENT CLAIMS AND MAXIMIZING REVENUE RECOVERY

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OVERVIEW

Motor Vehicle Accident (MVA) claims are complex, time consuming, and often unprofitable unless handled correctly. For one, the odds are stacked against the provider, because almost all such claims involve legal issues unrelated to the care of patients. Meanwhile, for the eighth year in a row, the majority of hospital CEO's (according to the American College of Healthcare Executives) list financial challenges as their biggest concern. Collecting revenues from liability claims can help with those concerns. Keeping a hospital running at an optimal level to provide patients with leading edge services is becoming increasingly more difficult due to dwindling returns in revenue and rising healthcare costs. Focusing on revenue recovery in MVA claims is critical if medical providers want to look for creative ways to meet these concerns. So how do we achieve this pivotal goal?

In order to maximize MVA reimbursement, it's important to develop a broad understanding of the challenges facing all parties involved.

When a patient enters a hospital E.R. for treatment of a broken arm or the flu, claims are typically processed directly through the individual's health insurance plan or via Medicare/Medicaid. But with MVA cases, the claims filing process becomes considerably more complicated.

In these particular cases, providers should investigate ALL possible sources of insurance coverage. These sources of coverage include automobile insurance, homeowners' insurance, and health insurance. Most importantly, each accident claim should always start with medical payments coverage ("Medpay"). Medpay is first-party coverage and is often the only source of payment. Medpay is optional coverage and can be available from either the patient's own auto policy or the policy covering the car in which the patient was traveling. Homeowner policies can also provide Medpay coverage. Since Medpay insurance claims are usually paid out on a first-come, first-serve basis, the hospital must act quickly. Medpay funds can be disbursed to other parties (chiropractors, physical therapists, anesthesiologists, etc.) ahead of a hospital's own claim. When the coverage is exhausted, secondary insurers such as commercial or governmental payers generally require a hospital to provide evidence of

the Medpay exhaustion before processing any claim. This can be incredibly time consuming and costly.

Another challenge regarding MVA claims is the complexity of state lien laws. Many states allow health care providers to assert statutory liens for services provided to patients involved in accidents where a third party is potentially responsible for the injuries sustained. As with most statutes, lien laws are generally difficult to understand and require strict compliance with each and every procedural detail laid out in the statute. For example, most lien laws contain time limits for perfecting a lien. Failure to meet those deadlines voids the lien. To add further confusion, lien laws vary from state to state so time limits, filing requirements, etc. differ significantly between states. Therefore, providers must completely understand the requirements of each lien statute applicable to the patient's third party claim in order to ensure maximum reimbursement.

Finally, understanding coordination of benefits rules in the MVA setting is difficult yet extremely important to ensure maximum recovery. Does a hospital have to file with a government insurer such as Medicare or Medicaid? The answer is "no," says Lyn Allgood, CEO of Allgood Professional Services, LLC in Augusta, GA. "Government insurers are almost always payers of last resort and even require providers to pursue MVA liability insurers for payment before filing with them. There is little doubt this requirement will continue and likely become more prevalent with healthcare reform."

Even though it's an uncertain road, implementing forward thinking strategies will result in increased revenue and decreased denials and refunds. One way to accomplish this goal is to work with a specialized professional service company that has the expertise and track record for maximizing revenue recovery along with the ability to tailor its services to meet a hospital's specific needs, responsibilities, and goals.

In this paper, we will address 5 strategies to improve the MVA claims collection process.

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5 TIPS FOR IMPROVING MOTOR VEHICLE ACCIDENT CLAIMS

According to national data from the Centers for Disease Control and Prevention, MVAs represent four percent of hospital emergency room visits. Yet, these accounts are often the most difficult for hospitals to manage because of the complex nature of MVA claims. Allgood Professional Services offers the following tips for hospitals to maximize their MVA collection rates:

1. Revenue recovery starts at registration. A hospital's registration team has one of the most important roles in the MVA claims collection process. However, hospitals must make sure their registrars are asking the right questions. Doing so will expedite the claims process and also lead to higher reimbursement rates. For instance, if a hospital fails to get the appropriate information during patient registration (e.g. health care and auto insurance information; accident report), they could ultimately miss the time limit for perfecting their liens.

One of the most important questions a registrar can ask at the time of admission is, "does your visit to the hospital today relate to an accident?" If the answer is "yes," this will alert the registrar to ask follow-up questions such as, "was this a motor vehicle accident and if so, where did the accident occur?" Locating an accident report is the first piece of the puzzle. Knowing where the accident occurred (e.g. the county or location of the accident if the county is unknown) allows the hospital to begin its investigation to determine the parties involved and the insurance available at the time of the accident. Such information can be essential since patient insurance information or the insurance of the at-fault party is not always available at the time of patient registration, notes Kirby Yawn, Executive Vice President of Business Development at Allgood Professional Services.

It's also extremely important for patient registration staff to properly code accident-related visits within the hospital system. This ensures all related treatments (X-rays, MRIs, surgeries, follow-up physical therapy treatments) are captured to guarantee that the proper insurer is billed for each visit. Failure to do so could result in claims dropping to a secondary insurer. Once this occurs, there is no turning back. A hospital must accept the payment received even if it is less than the amount covered under its lien.

Most hospital administrators understand the importance of the patient registration department; however, implementing these simple strategies will result in dramatic improvement of the MVA claims process.

2. Understand the complexities of state lien laws, including best practices for filing and perfecting liens. Lien laws vary from state to state. In some states, liens can't be applied to Medpay and can only be attached to liability insurance. In addition, there are time limits on perfecting liens in many states. This underscores the importance of gathering insurance and accident information at the time of patient admission to avoid missing the time limits for perfecting liens. If you miss a deadline, chances are you won't be able to receive an extension.

Most courts generally require strict compliance with lien statutes. Failure to do so could result in the forfeiture of a hospital's lien rights. Consult with an expert to make sure you have a detailed understanding of the applicable lien laws and the requirements set within.

ADMINISTRATIVE STAFF VACANCY RATES	
POSITION	MEAN VACANCY RATE
Registered Nurses	13.0%
Pharmacists	12.7%
Housekeeping/Maintenance	5.3%
IT Technologists	5.7%
Billers/Coders	8.5%
Laboratory Assistants	9.5%
Licensed Practical Nurses	12.0%
Imaging Technicians	15.3%
Nursing Assistants	12.9%

Source: American Hospital Association

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3. Properly coordinate benefits. As we've mentioned before, it's imperative for patient registration professionals to gather as much information about a patient and the location/parties involved in an MVA at the front-end of patient registration. Failure to do so can bring collection efforts to a standstill.

It's also important for hospital administrators to recognize that under Medicare and Medicaid laws, hospitals are required to pursue payments from primary insurers prior to filing claims with Medicare or Medicaid. Medpay and liability insurance are always considered primary to Medicare and Medicaid. Furthermore, payments from Medpay and/or liability coverage are often higher than the reimbursement amounts allowed under the Medicare and Medicaid programs.

Collections efforts can also be greatly improved by creating a written assignment of benefits form that includes Medpay and liability insurance. This will allow the hospital to receive payment directly from the insurance company instead of the patient being paid first by the insurer.

If a patient is unable to provide the hospital with insurance or accident information as a result of their injuries, hospital administrators should request this information from the patient's attorney.

4. Identify and evaluate the greatest source of reimbursement (liability and/or Medpay versus health insurance). Hospital executives should be familiar with the rate of return on certain types of claims in order to prioritize which claims to pursue and in what order. For instance, patients who are uninsured and at-fault for the underlying accident should be classified as "self-pay." Because the collection rate on these types of accounts is roughly 7 cents on the dollar, hospitals should look for Medpay coverage before sending these accounts to collections. If the patient is uninsured but another motorist is at fault and is insured, the hospital may be able to collect up to 100 percent of its charges either through Medpay coverage and/or liability or underinsured/uninsured coverage.

One of the most common mistakes hospitals make in handling MVA claims is failing to pursue liability claims before pursuing government payers (e.g. Medicare/Medicaid). This mistake costs hospitals in the U.S. millions of dollars each year. Medicare and

TOP CHALLENGES FACING U.S. HOSPITALS			
ISSUE	2011	2010	2009
Financial Challenges	2.5	77%	76%
Healthcare reform implementation	4.5	53%	53%
Patient safety and implementation	4.6	31%	32%
Government Mandates	4.6	32%	30%
Care for the uninsured	5.2	28%	37%
Physician-hospital relations	5.3	30%	25%
Patient Satisfaction	5.6	16%	15%
Technology	7.2	10%	7%
Personnel shortages	7.4	11%	13%
Creating an accountable care organization	8.4	-	-

In 2011 the average rank given to each issue was used to place issues in order of concern to hospital CEOs, with the lowest numbers indicating the highest concerns.

In 2011 the survey was confined to CEOs of community hospitals (nonfederal, short-term, nonspecialty hospitals).

In 2010 and 2009, the percent of CEOs who named an issue among their top three concerns was used to place issues in order of concern to hospital CEOs.

In 2009 this issue was referred to as "implications of healthcare reform."

Source: American Colleges of Healthcare Executives, 2011 survey of 514 U.S. hospital CEOs

TOP FINANCIAL CHALLENGES FACING U.S. HOSPITALS	
Financial Challenges (n=514)	
Medicaid reimbursement	88%
Government funding cuts	88%
Medicare reimbursement	78%
Bad debt	71%
Decreasing inpatient volume	54%
Increasing costs for staff, supplies, etc.	51%
Inadequate funding for capital improvements	43%
Managed care payments	38%
Other commercial insurance reimbursement	35%
Emergency Department	31%
Revenue Cycle management (covering charges to cash)	28%
Competition from specialty hospitals	13%
Other	n-34

If number of respondents is fewer than 50, only numbers are provided.

Source: American College of Healthcare Executives, 2011 survey of 514 U.S. hospital CEOs.

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Medicaid typically reimburse approximately thirty percent or less of a hospital's bill; even worse, if Medicare or Medicaid finds out that a primary payer was available to pay the bill, a refund will likely be requested. The result? The hospital will have to pursue the patient for the charges without the benefit of a lien.

5. Understand the art of negotiating liens and/or settlement of accounts. Negotiating liens can be tricky, especially for hospital administrators or in-house legal counsel not up to speed on recent changes in lien laws.

One of the benefits of using outside counsel to assist with MVA claims is the ability to draw upon the experience and expertise that a specialized vendor has in negotiating settlement of MVA accounts. This includes leveraging the vendor's knowledge of the applicable lien statutes and relevant legal principals as well as their experience in negotiating settlements with the attorneys representing other parties.

CONCLUSION

MVA claims are complex and time consuming. Each claim is fraught with details and requires regular contact with multiple parties. But successful management of MVA claims is possible, especially when hospital administrators implement a comprehensive and methodical approach for pursuing and tracking MVA claims. By utilizing a specialized professional service firm with the expertise and resources to get the job done right, hospitals are positioning themselves for success.

When evaluating an MVA claims process, every hospital should carefully consider what their business and legal staffs are capable of accomplishing internally and under what circumstances they should rely on the expertise of a qualified third-party professional services firm. Carefully consider a third-party firm's expertise, professionalism, and performance regarding relevant lien laws related to the myriad areas of recovery issues associated with MVA claims. After all, your third party vendor represents you on claims that can add up to hundreds of thousands of dollars in unrealized revenues. Revenue your hospital needs to provide its patients with the highest standard of care.

HOW TO MAKE THE MOST OF YOUR LIMITED RESOURCES

One major benefit for using a specialized professional services firm is their ability to address your organization's resource constraints. The greatest challenge that hospitals face with MVA claims is a lack of proper resources. Over the years, drastic cuts in Medicare reimbursements have led to the loss of thousands of healthcare jobs across the U.S., damaging a whole group of already battered industry admin teams that are struggling to keep pace. According to the U.S. Bureau of Labor Statistics, approximately fifteen percent of a hospital's staff is made up of office and administrative support workers. At a mid-to-large-sized hospital (250 plus hospital beds), these support staffers pursue thousands upon thousands of claims for collection annually with minimal results. Meanwhile, the average monthly cost of healthcare claim denials for a 500-bed facility, is slightly over \$1 million according to Healthcare Reports, LLC. What does this mean? It's simple. The cost of health care continues to rise in part because of meager reimbursement rates from payers such as Medicare and Medicaid and insufficient administrative staff to properly pursue each and every claim. Therefore, finding a better approach to MVA collections is not only just a recommendation for a solvent company but a must. So is there actually an advanced approach to MVA claims collections that will work to bring in the revenue hospitals so desperately need to continue to provide sufficient patient care?

The answer is "Yes." Even despite the many complexities and challenges involved, there are proven tactical steps that can be taken (e.g. patient registration, coding, tracking, and prioritizing claims that yield the highest returns) to maximize collections.

"There are a lot of moving parts when it comes to pursuing MVA claims," says Wilson Allgood, Vice President at Allgood Professional Services. "However, hospitals that take a methodical and tactical approach to addressing the top challenges can dramatically improve their collection rates and strengthen their bottom lines."

Given the financial crisis faced by hospitals today, MVA claims recovery isn't just a small spoke of a very large wheel but a vital component that could prove to be the difference between profitability and unprofitability.



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