BALANCE BILLING:
3 STRATEGIES FOR SIMPLIFYING COLLECTIONS IN THIS COMPLEX WORLD
According to a 2011 analysis by Health Services Research, eight percent of privately insured individuals have used out-of-network providers, and 40 percent of those individuals received “surprise medical bills,” a term known as balance billing in the healthcare industry.

Another report by Consumer Union shows that nearly two-thirds of privately insured Americans will fight these surprise bills, often leaving the burden of collecting these legal bills on the physicians.

In Florida, the House Insurance & Banking Subcommittee approved HB 221, the balance billing proposal aimed at protecting patients from surprise charges when they receive emergency healthcare.

As you are likely aware, there is a great deal of political strife between providers and payers over reimbursements, and patients are stuck right in the middle. Let’s discuss the current state of balance billing, what it could mean for your collections, and identify some strategies for improving collections through this complex process.
Balance billing, or surprise medical bills, are when providers send patients a bill because the entirety of their services was not covered by insurance companies. This often occurs when a patient needing emergency care visits an in-network emergency department but is treated by physicians who are out-of-network.

**WHAT BALANCE BILLING LOOKS LIKE TO PATIENTS**

<table>
<thead>
<tr>
<th>Professional charges</th>
<th>In-Network Provider Group (e.g. 20% coinsurance)</th>
<th>Out-of-Network Provider Group (e.g. 40% coinsurance) with Balance Billing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,200</td>
<td>$1,200</td>
</tr>
<tr>
<td>Insurer contract (or negotiated) rate</td>
<td>$750</td>
<td>Not applicable as out of network</td>
</tr>
<tr>
<td>Insurer reasonable &amp; customary rate</td>
<td>N/A</td>
<td>$800</td>
</tr>
<tr>
<td>Insurer payment</td>
<td>$600 (80% of $750 – the contract rate)</td>
<td>$480 (60% of $800 – insurer’s reasonable &amp; customary rate)</td>
</tr>
<tr>
<td>Patient coinsurance</td>
<td>$150 (20% of $750)</td>
<td>$320 (40% of $800)</td>
</tr>
<tr>
<td>Balance billed amount</td>
<td>$0</td>
<td>$400 (original charges less insurance &amp; coinsurance payments)</td>
</tr>
<tr>
<td>When paid in full, patient has paid</td>
<td>$150</td>
<td>$720 (coinsurance plus remaining balance)</td>
</tr>
</tbody>
</table>
Clearly, patients do not voluntarily visit out-of-network providers. However, the reality is that most of these services are provided by emergency care physicians, often in situations where patients have no time to assess insurance matters in life-or-death, or, emergency, situations.

Because many hospitals use contract-based or outsourced emergency physicians, patients find themselves getting a bill from out-of-network physicians that provided them care at in-network hospitals. As these physicians are unable to resolve the billing problems with insurance providers, the bills are passed on to unsuspecting patients.

According to data compiled by Texas Organization Center for Public Policy Priorities, the likelihood of a patient receiving treatment from an out-of-network physician at their in-network hospital -- and getting a balance bill -- is staggering.

### Table 1: Out-of-network Emergency Room Physician Services at In-network Hospitals

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Average Percentage of Dollars Billed Out-of-network for Emergency Room Physician Services at In-network Hospitals</th>
<th>Percentage of In-network Hospitals with No In-network Emergency Room Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Healthcare</td>
<td>68%</td>
<td>45%</td>
</tr>
<tr>
<td>Humana</td>
<td>42%</td>
<td>56%</td>
</tr>
<tr>
<td>Blue Cross Blue Shield</td>
<td>41%</td>
<td>21%</td>
</tr>
</tbody>
</table>

The nation’s largest insurer, UnitedHealthcare, has publicly stated they won’t pay the bills of out-of-network emergency physicians even if they are working for in-network hospitals. The buck, quite literally, is passed to the patient.

**Going after Collections from Insurance Companies May Result in Legal Warfare**

As health insurance provider Aetna has shown, lawsuits aimed at physicians are not out of the question. In New Jersey, they sued six out-of-network physicians for allegedly over-charging medical services and have formed a lobbying firm to help what they call “price-gouging.”

**Expect Consumer Education to Remain Low on Balance Billing**

Out-of-network care will likely continue to be a trend amongst emergency providers even with the risk of insurance lawsuits and patient uproar. Patients don’t often have the opportunity to select an emergency room when riding in an ambulance, and even if they are taken to an in-network hospital, the entire emergency department may be comprised of non-participating physicians.

The Affordable Care Act (ACA) sought to shed light on out-of-network costs to those registered, but the data that might help these patients has not yet been published.

Therefore, expect that patients are unlikely to be aware of the effects of balance billing before care and are more likely to try to refute, or negotiate, with emergency care physicians, after the fact.

**Balance Billing Could be Eliminated in 2017**

States are trying to fill the gaps between insurance companies and providers so fewer patients are left with surprise bills. Florida is one of many states that is proposing independent dispute resolution, although there is a bit of concern from physician and hospital-based groups due to the language on insurers only being responsible for a “reasonable reimbursement.” Clearly, the definition of reasonable needs to be more specific to avoid further dispute should the proposal move forward.

Rep. Carlos Trujillo, R-Miami, wants to put an end to balance billing with HB 221. Trujillo says that PPO members are usually victims of balance billing, and if they are unable to pay the bill may end up filing for consumer bankruptcy. This tends to be an over-dramatization of the facts. The average emergency physician bill for instance is $600 which, even if the patient were billed at 100%, is extremely unlikely to be a catalyst for bankruptcy.
Under Senator Trujillo’s HB 221 proposal, the following has become mandatory:

• Hospitals are required to post information on the insurance plans they accept in the preferred provider network on their websites.

• The bill provides clear information on the implications of selecting an out-of-network provider (for insured patients).

The proposal has not come without conflict; physicians, hospitals and other parties related to emergency care feel that it creates more costs for them long-term. They also feel more blame should be placed on the insurance companies, who they feel don’t properly compensate for the costs and force physicians to pass the bill to the patient.
The New England Journal of Medicine published a study showing that more than 20 percent of patients who received emergency care in-network still received treatment from an out-of-network doctor. Thus, these patients were all billed, on average, $622, in balance billing charges.

While the above is troubling, there is some hope for emergency medicine providers. At DuvaSawko, we understand the troubles emergency medicine physicians face with balance billing challenges, and we can support clients with actionable financial data designed to grow practices and uncover areas of financial growth and opportunity that they never knew existed.

Furthermore, the team at DuvaSawko are working with lobbyists to tackle the U&C (Usual & Customary Rate) issue at the state levels as well as the national levels by participating on the ACEP Reimbursement Committee and EDPMA as a data source.
Using Financial Data from DuvaSawko to Improve Collections

Measuring the financial impact leading to necessary cash flow changes and budgetary adjustments.

For many reasons, balance billing presents a problem to emergency medicine practices. This is where DuvaSawko’s reporting and analytics tools come in. We have designed our reporting tools to allow EM groups to have full control over their financial and clinical data on a daily basis. This allows them to secure valuable analytics on practice data, past performance analysis, and predictive analytics.

To simplify these metrics, dedicated account managers are there to help analyze this data for you, providing expert insight and most importantly, to be a resource to constantly help practices grow.

Some highlights of this software include:

• “Practice Monitor” and its graphical companion “Dashboard;” proprietary decision-support tools based on Key Performance Indicators and trend outliers with real-time results querying against the millions of data lines in our data warehouse.

• 24/7 access via web-portal with extensive, customizable reporting capabilities.

• Metrics reviewed by dedicated Account Managers and senior leadership on a daily basis to provide timely recommendations to clients on effective strategies to improve practice efficiencies.

Learn more about our reporting and analytics services visit www.duvasawko.com
Financial Impact of lower revenues requires staffing changes that are more cost efficient using our staffing model.

If the issues with balance billing aren’t enough for EM groups, they also must try to keep abreast of new medical billing rules and regulations. This means time and energy invested into continuing education, new emergency billing software, and less energy invested in patient care.

Physicians are increasingly plagued with trying to ensure the best level of care to their patients while trying to balance the business side of today’s dynamic healthcare market. In an effort to get back some of the estimated $125 billion left on the table each year due to poor revenue cycle practices, it’s no wonder many emergency medical practices outsource their medical billing.

However, while outsourcing does seem to be a commonality with many EM practices and hospital-employed groups, our Practice Analysis often shows millions of dollars in lost revenue. This complimentary service allows us to discover money that is left on the table almost immediately, allowing you to take actionable measures to remedy your financial woes.

With DuvaSawko’s medical billing services crafted specifically for EM physicians and facilities, you’ll no longer have to worry about the burden of knowledge, time, and effort that goes into getting reimbursed. DuvaSawko’s highly-defensible coding practices ensure that the maximum return on your efforts is reflected in the form of increased revenue to the group.

Learn more about our medical billing services
visit www.duvasawko.com
Having a team in place who thoroughly understands the intricacies of Balance Billing in the EM world.

Knowledge is nothing without execution, and this especially applies to the nuances and details around something as important to a practice as balance billing. DuvaSawko furnishes their clients with a knowledgeable team of professionals whose sole purpose is to help them navigate the very challenging world of Emergency Medicine billing and coding.

Beyond the intricacies that come with balance billing, the team has deep-seated emergency department knowledge and provides an array of value-added services to our client base:

- Expert Analysis of Practice Performance
- Business Trend Identification and strategic planning
- Ad-hoc Reporting
- Business Growth Strategies

Learn more about our medical billing services
visit www.duvasawko.com
CONTACT DUVASAWKO TODAY
TO RECEIVE YOUR COMPLIMENTARY PRACTICE ANALYSIS
AND SEE HOW WE CAN HELP YOU!

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