

Prepared for

***XYZ Hospital & Healthcare System***

Status Report # 4  
August 31, 2004

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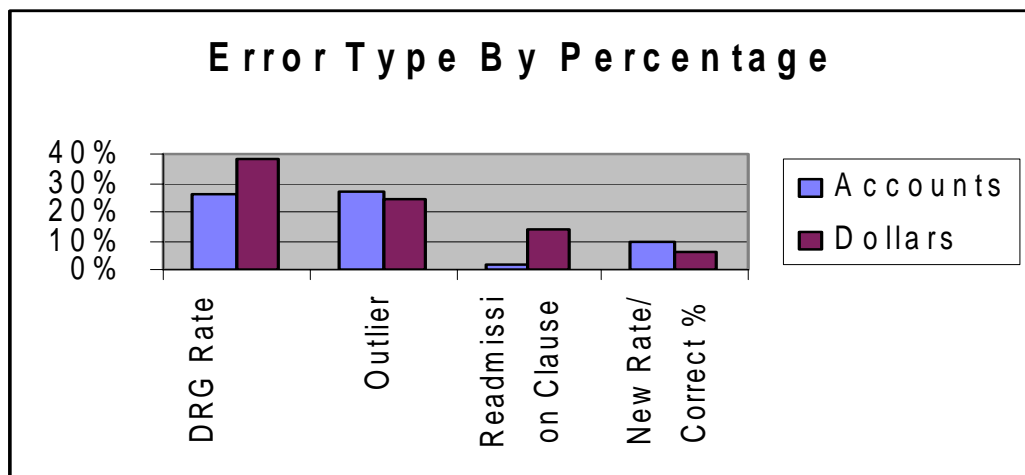
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## I. Executive Summary

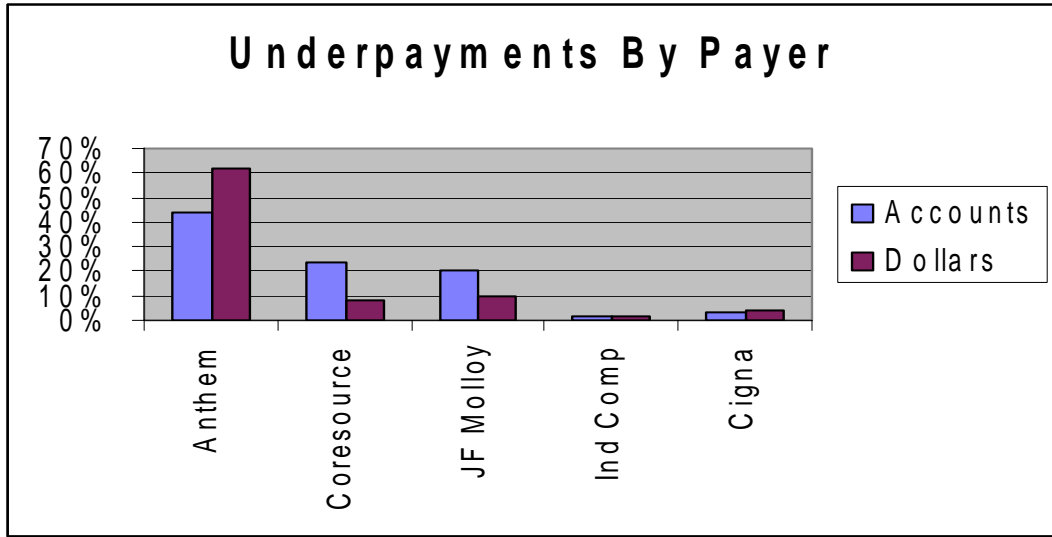
In September of 2001, ANI Healthcare Solutions (ANI) began a review of XYZ Hospital & Healthcare System managed care accounts. To date, XYZ Hospital has provided us with the data for xyz zero balanced inpatient accounts and xyz outpatient accounts. These claims reflect patients admitted from December 31, 2001 through December 31, 2003.

As of August 31, 2004 ANI Healthcare Solutions has recovered \$1,101,996 in underpayments for XYZ Hospital & Healthcare System. The chart below reflects the four largest errors identified for the entire project. DRG rate errors accounted for twenty-six percent (26%) of the errors. It was also found to have the highest dollar amount of underpayments, thirty-eight percent (38%).



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The following graph lists Underpayments by Payer for the entire project.



Of the underpayments found, Anthem BCBS and Coresource make up 68% of the accounts and 70% of the total dollar amount.

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## II. Project Overview

### 1. Summary of Underpayments Identified and Cash Receipts

	Actual Number of Accounts	Dollars	Projected Dollars
Total Reviewed	XYZ	XYZ	XYZ
Amount Recovered	XYZ	XYZ Money Received	XYZ Projected
Project Fees	N/A	XYZ	XYZ
Net Benefit	N/A	XYZ	XYZ

Data above represents all accounts received by ANI through December 31, 2003.

As of August 31, 2004, ANI has audited 100% of all inpatient accounts and 100% of all outpatient accounts. ANI has identified 347 underpaid claims totaling \$1,138,445 and has recovered \$1,101,996 (97%) of the collectable underpayments. A.N.I is currently following up on the collection of the remaining underpaid accounts.

2. Summary of Underpayments by Error Type and Insurance Company

i.) Underpayments (Received) by Error Type

Type of Error	# of Accounts	\$Value of Underpayments	% Value
DRG Case Rate	88	\$ 414,415	37.6%
Outlier	93	\$ 259,348	23.5%
Readmission Clause	8	\$ 149,622	13.6%
New Rate/ Correct %	33	\$ 71,215	6.5%
Claim Pended	1	\$ 51,208	4.6%
No Authorization	12	\$ 31,619	2.9%
C-Section	3	\$ 20,295	1.8%
MRI	19	\$ 18,148	1.6%
New Insurance	1	\$ 17,232	1.6%
Px Denied	2	\$ 15,632	1.4%
Observation Outlier	45	\$ 14,026	1.3%
Outpatient %	17	\$ 10,821	1.0%
Cord of Benefits	4	\$ 10,163	0.9%
System Error	3	\$ 4,591	0.4%
Lap/Chol	1	\$ 4,504	0.4%
Capped at Bill Chg	1	\$ 3,254	0.3%
No Claim on File	2	\$ 2,753	0.2%
Correct Discount	2	\$ 1,134	0.1%
Medicare Co-Ins	1	\$ 840	0.1%
Correct Days	1	\$ 500	0.0%
Medical Records	1	\$ 378	0.0%
Amb Run Report	1	\$ 300	0.0%
	<b>339</b>	<b>\$1,101,996</b>	<b>100.0%</b>

The main error ANI Healthcare Solutions identified was the incorrect reimbursements of DRG Case Rates. DRG Case Rate errors accounted for \$414,415 or 37.6% of the total underpayment dollar value. Outlier errors ranked second with \$259,348, 23.5% of the total underpayment dollar value, and Readmission Clause errors ranked third making up 13.6% of the total underpayment dollar value.

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**ii.) Underpayments (Received) by Payer**

The following table lists the underpayments categorized by insurance company. Anthem Blue Cross & Blue Shield accounts for the largest dollar amount of underpayments, totaling \$685,984.

<b>Insurance Company</b>	<b># of Accounts</b>	<b>\$Value of Underpayments</b>	<b>%Value</b>
<b>BCBS</b>	<b>148</b>	<b>\$ 685,985</b>	<b>62.2%</b>
<b>JF Molloy</b>	<b>69</b>	<b>\$ 108,978</b>	<b>9.9%</b>
<b>Coursource</b>	<b>82</b>	<b>\$ 85,735</b>	<b>7.8%</b>
<b>IHN</b>	<b>1</b>	<b>\$ 51,208</b>	<b>4.6%</b>
<b>Cigna</b>	<b>11</b>	<b>\$ 43,030</b>	<b>3.9%</b>
<b>Mega Life &amp; Hlth</b>	<b>5</b>	<b>\$ 30,449</b>	<b>2.8%</b>
<b>IN Comprehensive</b>	<b>5</b>	<b>\$ 27,530</b>	<b>2.5%</b>
<b>IN Carpenters</b>	<b>4</b>	<b>\$ 23,276</b>	<b>2.1%</b>
<b>SIHO</b>	<b>2</b>	<b>\$ 17,732</b>	<b>1.6%</b>
<b>UHC</b>	<b>2</b>	<b>\$ 12,376</b>	<b>1.1%</b>
<b>Sagamore</b>	<b>5</b>	<b>\$ 9,216</b>	<b>0.8%</b>
<b>Champus/Tricare</b>	<b>1</b>	<b>\$ 1,821</b>	<b>0.2%</b>
<b>Empl Health</b>	<b>1</b>	<b>\$ 1,556</b>	<b>0.1%</b>
<b>Humana</b>	<b>1</b>	<b>\$ 1,245</b>	<b>0.1%</b>
<b>Morris Assoc.</b>	<b>1</b>	<b>\$ 1,017</b>	<b>0.1%</b>
<b>IUOE Local 841</b>	<b>1</b>	<b>\$ 843</b>	<b>0.1%</b>
<b>Total</b>	<b>339</b>	<b>\$ 1,101,996</b>	<b>100.00%</b>

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### **III. Recommendations for Future Negotiations**

Healthcare providers traditionally focus on price when negotiating managed care contracts, but it is also important to focus on time limits of appeal. Providers should fully understand, and possibly refuse requirements that could result in loss revenue.

All payment methodologies should be clearly defined and easily understood. The contract should also establish and describe a grievance procedure for resolving disputes between parties.

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## **IV. Recommendations for Operations Improvement**

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## **V. Conclusion**

Both timely underpayment identification and systematic account reconciliation are intrinsic to minimizing revenue lost from a healthcare facility.

By training patient account representatives on how to look for underpayments, providing the necessary tools, and offering incentives, XYZ Hospital will maximize its managed care reimbursement.

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