

## Insurers Often Improperly Reimburse Physicians, Adding \$200 Billion Annually To U.S. Health Care Costs,

by Medical-News-Today

Insurers' failure to properly process and reimburse physicians costs the U.S. \$200 billion annually, according to a report released on Monday by the American Medical Association, the Los Angeles Times reports. AMA released the report at its annual meeting in Chicago to coincide with the launch of its "Cure for Claims" initiative to reduce inefficiencies in payment claims (Girion, Los Angeles Times, 6/17). National Healthcare Exchange Services, a California-based claims processing firm, developed the report based on several criteria, including frequency of efficient payments, time taken to reimburse physicians and compliance to contracted rates (Johnson, AP/Hartford Courant, 6/16). The company examined about three million medical claims that were submitted over a six-month period beginning in October 2007 (Los Angeles Times, 6/17). The report examined claims billed to Medicare and seven insurers: Aetna, Anthem Blue Cross Blue Shield, Cigna, Coventry Health Care, Health Net, Humana and United Healthcare (Young, The Hill, 6/16). According to the report, Medicare paid contracted fees 98% of the time, compared with 71% of the time for Aetna and 62% of the time for United Healthcare (Los Angeles Times, 6/17). Coventry paid in compliance to its contracts 87% of the time. Coventry also made its first payments within four days -- the shortest time of the eight health plans -- compared with the industry standard of 10 to 14 days (Von Bergen, Philadelphia Inquirer, 6/17). In addition, Coventry made requests for further information or asked physicians to resubmit their claims within five days, a contributing factor to faster payments. Humana took 22 days, followed by Cigna at 20 days and Health Net at 17 days (Los Angeles Times, 6/17). Medicare was the most likely to deny any part of a claim at a 6.9% rate, followed by Aetna at 6.8%, according to the report. Other insurers' denial rates ranged from 2.7% to 4.6%, the report found (The Hill, 6/17).

Comments William Dolan, an AMA board trustee, said that physicians spend nearly 14% of their revenue on collecting payments (AP/Hartford Courant, 6/16). He said, "The goal of the AMA campaign is to hold health insurance companies accountable for making claims processing more cost-effective and transparent and to educate and empower physicians so they are no longer at the mercy of a chaotic payment system that takes countless hours away from patient care" (The Hill, 6/17). According to Dolan, "Eliminating the inefficiencies of the billing and collection process would produce significant savings that could be better used to enhance patient care and help reduce overall health care costs" (Los Angeles Times, 6/17). Karen Ignagni, CEO and president of America's Health Insurance Plans, said, "AHIP data indicate that virtually all 'clean' claims are processed within 30 days," adding, "In order for claims to be processed as efficiently and promptly as possible, both insurers and physicians need to strive for accuracy and timeliness" (The Hill, 6/16).

---

© 2008 MediLexicon International Ltd

*Insurers Often Improperly Reimburse Physicians, Adding \$200 Billion Annually To U.S. Health Care Costs, AMA Report Finds by Medical-News-Today*