

Pre-Pay vs. Post-Pay

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Introduction - Dr. Michael Seavers

Academics

- Ph.D. in Public Administration, Penn State University
- Masters in Healthcare Administration, Penn State University
- Masters in Business Administration, Penn State University
- Masters in Computer Science, Villanova University
- Bachelor Science in Computer Science, Shippensburg University

Work Experience

- Shared Medical
- Aerospace
- Pick, pack, and ship industry
- .Coms
- Health insurance (Blues 18.5 years)
- Professor – Healthcare Informatics

Learning Objectives

- Analyze differences between pre-pay and post-pay solutions.
- Compare different strategies and vendor solutions for first-pass, second-pass, and third-pass post-pay solutions.
- Examine methods to communicate with providers and hospitals to lessen major pushback when implementing these strategies.
- Discuss if COB should be a payment integrity issue.
- Evaluate different choices for starting a payment integrity unit.

Agenda

- Determine the goal of a Payment Integrity Unit
- Define Pre-Pay & Post-Pay
- Analyze the Post-Pay process
- Analyze the Pre-Pay process
 - Claims editing – Lessons learned
- Summarize overall challenges with Pre-Pay & Post-Pay
- Discuss scope issues with Payment Integrity Unit (initially)

Goals & Definitions

Pre-Pay vs. Post-Pay



Payment Integrity - Goal

- “To encourage the affordability of healthcare by preventing poor quality claims upfront, avoiding downstream costs where possible, and recovering improperly spent funds post-pay when necessary.”
(HealthEdge.Com, July 2023)
- Is it all about ROI?
 - Need to keep provider & hospital relations in good standing
- “Go left” – switch from post-pay focus to pre-pay focus

Pre-Pay & Post-Pay Definition

Pre-Pay: During claims adjudication, claims edits cause a claim to be denied (or reviewed).

- Can help “auto adjudication” rates – depending on organization’s definition
- Area where Payment Integrity area meets Claims Operations area
- Pro: Deny claims upfront with no additional costs (“finders fees”)

Post-Pay: After claims adjudication & claim is paid, claim analysis for incorrectly paid claims.

- Pro: Provides more time, especially for high-dollar claims and complicated claims

Process flows are different

Post-Pay Is NOT Dead

- Various healthcare media has proclaimed it
- May 27, 2008 – *Healthcare Finance News* headline:
 - “Companies Offer Plan to End ‘Pay and Chase’ Methods”
- April 7, 2014 – *Healthcare Finance News* headline:
 - “‘Pay and Chase’ Fades as Insurers Seek Revenue Integrity”
- Like Faxes, Post-Pay is NOT dead



Post-Pay

Post-Pay Processing Flow

1. Determine criteria for post-pay claims selection
 - High-dollar
 - Complicated claims
 - Need major medical records
2. First-pass inside then second-pass outside
 - Incentive: inside employees getting a “finders fee”
3. All outside layers
 - First-pass specific post-pay vendor (have 30 days with the data)
 - Second-pass after 30 days
 - Can have multiple second-pass vendors
 - First-come-first-serve for “finders fee” payment

Post-Pay Issues If New Payment Integrity Unit

- Medical records
 - Provider contracts – only a certain % can request medical records
 - Issue if in Blues association
- Retroactive provider/hospital pricing
- Scope besides medical claims:
 - Drug, behavioral health, chiro
- If ASO situation, billing for “found” monies

Post-Pay Vendors

- Optum
- Zelis
- Cotiviti
- HealthEdge
- MultiPlan
- EXL

Requirement: Determine how to
deal with medical records

Now: AI

A blue stethoscope is positioned on a medical chart. The chart contains various text elements, including "PATIENT'S DETAILS" and "PATIENT'S HISTORY". The word "Pre-Pay" is written in white, bold, sans-serif font, centered over the stethoscope's chest piece. A white, wavy underline is positioned beneath the text.

Pre-Pay

Pre-Pay Processing Flow

1. Gather claims (e.g., EDI, manual, Fax, real-time)
2. Data validation
3. Eligibility
4. Provider verification
5. Duplicate check (look back timing)
6. Managed care – referrals & pre-auth
7. Clinical edits
8. Medical utilization
9. Pricing
10. Payment (check & EOB)

Steps 2-8: Continue or deny

Steps 6-8: Possible review

Pre-Pay Clinical Edits

1. Do it in-house

- Pros – Complete control
- Cons - Must continuously keep up with regulation changes (legal)

2. Utilize third-party software

- Pros
 - Continuously updated
 - Provided quoted rational for denials
 - Consistent with national & state standards (e.g., LCDs, gender, new coding: telemedicine – Covid, DRGs, home health expansion)
 - Look back database
- Cons
 - Expensive

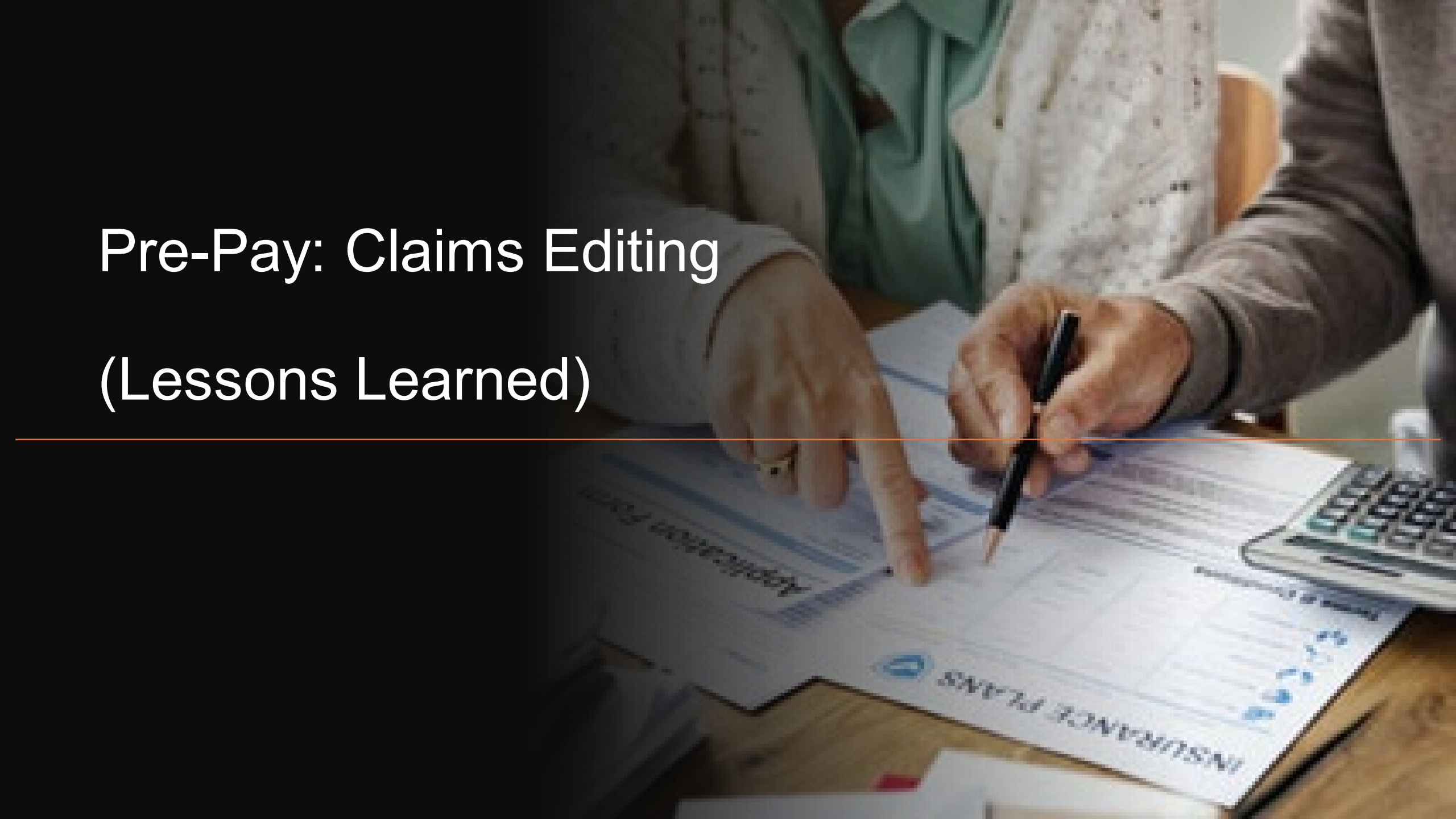
Pre-Pay Vendors

- Optum
- McKesson's/Change Healthcare ClaimsXten – Now LyricIQ
- Zelis
- Cotiviti
- HealthEdge
- Conduent
- MultiPlan
- EXL
- ClarisHealth

Requirement: Real-time with
claims adjudication system

Now: AI & Software Robotics

Pre-Pay: Claims Editing (Lessons Learned)



Scope: Pre-Pay Software

- Scope:
 - Provider & hospital claims
 - Implementation: Do it together
 - Medicare
 - Medicaid
- Questionable scope:
 - Federal Employee Plan
 - Department of Welfare
 - Medicare Supplemental

Selecting Pre-Pay Claims Editing

- Requirements?
 - Most ROI?
 - Easiest to implement and maintain?
 - Best customer support and release updates (e.g., new codes)?
 - Real-time with current claims adjudication system?
 - Look back capabilities (date range)?
- Reduce to 2-3 viable vendors
 - Send claims data for them to provide ROI – need 6 months of data
 - What data not to send? E.g., behavioral health, STD
 - Need your organization's IT resources
 - Need to discuss your claims data with vendor before analysis

Selecting Pre-Pay Claims Editing

- Analyze data from 2-3 vendors
 - Note: Ask for specific examples, but they will not show you their “secret sauce”
- Decide on one vendor
 - Understand if getting an “A” team to implement or not
 - Ask references about relationship between pre-pay vendor and claims adjudication vendor

Implementing Pre-Pay Claims Editing

- Provider abrasion
 - Determine top 20 providers and top 10 hospitals who will be affected the most, negatively.
 - Reach out to these organizations individually
 - Determine top 10-20 new claim denials
 - Communicate, communicate, communicate (start 6+ months before impl)
- Phase implementation or “big bang”?
 - Phase implementation, potential more provider abrasion
- Performance test!
- Claims editing test environments vs. claims adjudication test environments
- Customer service – must be ready for the calls

Example of Top-20 Claim Denials

<u>Top 20</u>	<u>Claim Edit Denial Description</u>
1	Only incidental service reported
2	Procedure is part of primary procedure
3	Comprehensive proc w/ app modifier
4	Non-covered service
5	Medicare Unlikely Edits (MUE). Units exceeded
6	Typical daily frequency exceeded
7	Maximum lab tests exceeded
8	Modifier not typical for procedure
9	Not a freq Dx code w/procedure
10	Bundled services

Example of Top-20 Claim Denials

<u>Top 20</u>	<u>Claim Edit Denial Description</u>
11	Follow-up service disallow
12	Unbundled Proc - Unbundle
13	Unbundled Proc - Exclusive
14	Missing 4th/5th digit for date
15	Inappropriate modifier combination
16	Procedure is part of primary procedure
17	Comprehensive proc not allowed
18	Anesthesia modifier required
19	Typically, no surgical assist
20	Diagnosis not typical for age



Pre-Pay & Post-Pay: Challenges & Comments



Overall Challenges with Pre-Pay vs. Post-Pay

- Is the best post-paying vendor one that works themselves out of a job?
 - Move everything to pre-pay?
 - What about clinical chart validations?
- Should have same policies pre-pay and post-pay for consistency (easier to understand by all stakeholders)
- Providers & hospitals have the same software vendor as you do

Scope Issues If New Payment Integrity Unit

- Coordination of benefits
 - In payment integrity or not?
 - Claims issue vs. enrollment issue (CAQH's COBSmart)
- Scope besides medical claims:
 - Drug, behavioral health, chiro
- Is SIU inside or outside payment integrity unit?
- Communication strategy to providers & hospitals?
- Pre-auth, especially new pre-auth FHIR vs. EDI 278 rules
- Legal on your team

Contact Information

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Questions?