Get the Reimbursement You Deserve

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How much do you know - and truly understand - about your allowables? This is the term for the discounted price to which you agree as a participating provider for an insurance company. This price is not what the payer reimburses you, but rather the rate you agree to accept as payment in full based on the patient's coverage. It may, for example, be collected from both the insurer as well as the patient in the form of a coinsurance.

Accepting the discounted rate means that you must take an adjustment – a write-off - based on the portion of your charge in excess of that allowable. If every insurer had a single rate, this might be a simple equation to interpret. Not only does every procedure code have a different allowable, but insurers may offer multiple health plans with varying schedules of allowables for each product. To make matters worse, many payers fail to disclose their allowable amounts.

In the business office, it's not uncommon to encounter a lack of understanding about this phenomenon. Ask most billers why the allowable is $47 for a particular service from one health plan, and $92 from another; the answer is often: "…because that's what it [the payer's remittance] says." However, I ask, is either rate truly a reflection of your contract with the payer?Whether it's the complexity, lack of transparency or perhaps ignorance, too many medical practices sweep this issue under the rug, failing to understand the potential reimbursement that they have earned. Consider: this would be the same as Walmart having no idea about their price for a loaf of bread, a gallon of milk or a pair of jeans!

Defining the reimbursement that you deserve to be paid is essential to operating a successful medical practice. If this concept of "allowables" is news to you – or you recognize that there may be opportunity for improvement, the following tips can help you better understand allowables in your practice:

Determine every payer's allowables. Ultimately, you have to request this information if you want it. If the payer tries to claim that there are too many variations, then ask for the allowable related to procedure codes representing the majority of your total reimbursement. This will probably be between 25 and 50 procedure codes per specialty. Don't settle for "110% of Medicare." This leaves too many unanswered questions such as: "Which year?" "Is sequestration applied?" and so forth. Provide the specific procedure codes, and ask each payer to record the specific allowables for each plan that they offer in your market. Be prepared; you will likely have to ask more than once, but don't give up. The exception is Medicare; look up the allowables (for free!) at this link. Medicare rates vary based on geography, so be sure to choose the location of your practice. Many

Medicaid and Workers' Compensation schedules are also available online.

Understand pricing. Allowables aren't what you get paid from payers. Thinking that is what you get paid is a common mistake. Rather, an allowable simply represents the maximum that your practice is allowed to collect . In addition to financial contribution from a secondary payer, if applicable, the allowable also includes copayments, unmet deductibles and other out-of-pocket financial responsibility. This means that you must collect what is owed by patients in order to receive the reimbursement that you deserve. On the whole, failure to collect from patients is the chief reason most practices collect less than 100 percent of their allowables. As the burden of financial responsibility has shifted from payer to patient over the past few years, the "net value" of the allowable has decreased. Take the opportunity to reduce the likelihood of this trend adversely impacting your practice. And, remember, without knowing what those allowables are you'll never be on track to be paid accurately.

Increase automation. To avoid mistakes and stay abreast of your allowables, automate the evaluation of payment gaps. As remittances are posted, most practice management systems provide for a comparison of the expected rate. However, this variance reporting requires your practice to load and maintain the contracted allowables.

Take action. Review the payment variance report on a weekly basis, and more often if you're a high-volume practice or have experienced problems. If you determine that you're not being paid according to your contracted rate, it's time to take action. Call the payer to report the problem. Follow up in writing, outlining the variance and attaching copies of the remittances as proof of the problem, with all protected health information blacked out. Be diligent in your efforts, reporting first to your designated representative, then moving up the payer's organizational chain from there. Get the state insurance commissioner involved if the payer is not responsive.

Don't be left in the dark; understanding allowables provides the framework for successful billing and collections. In the pursuit of well-deserved reimbursement, knowledge is power.