

Administrative Simplification
Operational Guidelines

Simplification Area: Claims Processing

Topic: Adjustments made to Paid Claims

Objective: Clarify how Health Plans process Under and Overpayments

Expected Impact: *Hospitals & Medical Practices:* In those cases when claims are adjusted, billing staff spend time to follow up and correct their postings. In some cases, a “refund” check is issued to a health plan for an overpayment, only to have the overpayment deducted from a future reimbursement, causing an ‘over correction’ which negatively impacts cash flow.

Health Plans: Staff spend time accounting for provider “refund” checks and resolving issues that arise from deductions or “takebacks” which offset overpayments from previously paid claims.

Synopsis:

Common questions about how participating Health Plans handle Claims Adjustments are answered. Health Plans spell out their processes and timelines.

Background:

Health Plans post numerous types of adjustments to claims as part of the adjudication process. These adjustments, which include take back of payments, refunds, balance billing of members, etc. are communicated to providers on the Remittance Advice. There are variations across health plans in how adjustments are posted and how they are communicated. These variations cause considerable claims reconciliation effort by both plans and providers. Staff time is required to reconcile the adjustments and Accounts Receivable days are impacted.

The intended benefits of simplifying the claims reconciliation process between providers and payers is to reduce “outstanding” claims payment issues, thereby reducing the overall accounts receivable days for providers and the administrative follow up practices that currently are burdensome to both providers and health plans.

Under and Overpayment Process Table

Please access the Forum's website at www.wahealthcareforum.org/adminsimp/Claims_Process/adjustments.asp for a table which includes answers to common questions regarding Claims Adjustments for each of the participating Health Plans. The table includes:

- Eight common questions for over and underpayments
- Health Plan specific answers to how over and underpayments should be handled

This table provides general guidelines which will apply for the majority of situations.