GOOD PRACTICE 2006 | GETTING PAID

2 GETTING PAID

Insurance Claims: Avoiding Common Payment Pitfalls

If you’re like many psychologists, the health of your practice finances is tied directly to the insurance claims process. Unfortunately, throughout the claims process, there are many opportunities for errors or delays. Read on for tips for avoiding payment errors, minimizing delays and handling actions taken by payers that can plague the claims process.

Common Reasons Claims Are Rejected
Major reasons that payers reject or delay payment on a claim include:
- The health plan did not receive the claim.
- A CPT code is missing or incorrect.
- Provider and/or patient identifiers are not included.
- The health plan information is incorrect.
- The plan does not cover the service.

Administrative errors or delays by the payer can also result in processing errors and delays. Here are some ways you can help to ensure the accurate processing of your claims and avoid payment delays:

Before Providing Services
- Review your contract with the health plan regarding the claim submission requirements, preauthorization requirements, fee-schedule and adjudication process.
- Obtain preauthorization (also called precertification), if that is required.
- Verify that the patient’s insurance covers the service before providing treatment. Ask the company if there are any limitations or restrictions, such as the number of visits or length of the sessions.

What to Do When You Submit a Claim
- Use the required forms and check that all claim submissions are completed fully and accurately.
- Follow the payers’ requirements for claims submission as described in their contract or provider manual.
- Check your procedure codes and diagnosis codes to ensure they are accurate and, if necessary, HIPAA-compliant.

After Receiving Notification of Adjudication
- Carefully review the notification for accuracy and confirm that you were paid for the correct services, that no diagnosis or procedure codes were changed, and that you were paid the correct amount.
- If a claim is denied and you believe denial was improper, submit a timely appeal letter and ask the insurance carrier for reconsideration.

continued on page 8
Insurance Claims: Avoiding Common Payment Pitfalls  continued from page 7

What to Do on a Regular Basis

- Establish and follow a schedule for submitting claims on a routine basis. Inquire regularly with the health plan or intermediary about the status of unpaid claims, generally within one month after filing.
- Keep current information on file regarding the terms of your clients’ insurance policies.
- Know how to access provider manuals and other documents related to your contract. Many are available online. Read health-plan bulletins and newsletters to keep track of the most current information and be alert to upcoming changes.
- File documents describing any changes with your contract and provider manual.
- Understand the collection policies required by various payers. For example, while acknowledging that there may be circumstances affecting patients’ ability to pay, it can be considered fraud for providers not to collect co-payments from beneficiaries.

Two Final Tips for Problem Resolution

With the exception of South Carolina, all states have prompt payment laws. You may be able to use the laws to persuade insurance companies to pay within the required time. These laws typically require the company to pay within 30 days of receiving a “clean claim” that contains all of the information that the payer needs to process the claim.

In addition, your state insurance commissioner’s office may be a source of help, especially if there is a pattern of problems or an egregious situation with a payer.

View new Medicare fee increases and revised CTP codes for 2006 on APApractice.org.

HEALTH AND BEHAVIOR CPT CODES

Practicing psychologists are eligible to bill for applicable services and receive reimbursement from Medicare using “health and behavior assessment and intervention” Current Procedural Terminology (CPT)® codes. These codes, which took effect in January 2002, apply to psychological services that address behavioral, social, and psychophysiological conditions in the treatment or management of patients diagnosed with physical health problems. The Practice Directorate and other key APA representatives developed and won the inclusion of these codes in the CPT manual. A question-and-answer guide about the codes is available at APAPractice.org in the “Legislative & Legal Advocacy” section, under “CPT Coding.”

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