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Optometry Coding & Billing Alert

Billing Strategies: Use Annual Payer Fee Analysis as a Profit Tool

Question: Our practice manager heard at a conference that we should be reviewing our individual payer fee schedules to see if we're losing money on certain services our provider bills for. How should we do this? Plus, when we've done it once, how often should we reassess it?

In today's medical economic climate, you need to find ways to ensure you're billing and receiving every dollar your practice deserves while at the same time not overbilling your patients. If you've never done a simple analysis of your fee schedule, now's the time. Without a periodic assessment of your fees, you can't be sure you're bringing in all the reimbursement you should be getting.

Bonus: Analyzing your payer fee schedule will also help you determine which services are profitable for your office and which are not. For example, if you're running an in-office lab and you find that you're never fully reimbursed for lab services, you may want to switch to an outside lab.

Tip: Your practice's fee schedule should be based on the costs incurred with delivering the services involved, says **Barbara J. Cobuzzi, MBA, CPC, CPC-H, CPC-P, CHCC,** director of outreach programs for the American Academy of Professional Coders in Salt Lake City.

Quickly Assess Your Schedule

Performing a thorough payer fee schedule assessment may seem like a daunting task -- especially since experts recommend doing an evaluation annually. Follow these five steps and your fee schedule reviews won't be quite as time-consuming and headache-inducing:

1. Identify the services your practice bills, ranking them from most frequently reported to least frequently billed. Enter the codes in order in a spreadsheet, listing all the procedure codes in column one.

2. List your current practice fee for each code in column two.

3. Fill in the reimbursement amount each of your contracted payers gives you for the codes in the subsequent columns. Use one column per payer.

4. Find the highest reimbursement amount or maximum allowable for each code from your payer data.List these numbers in the next available column.

5. For each code, compare your current fee to the highest allowable fee. Calculate the difference, and list that amount in the last column of your spreadsheet. For example, if your current fee for a procedure is $200 and your maximum allowable is $250, the difference is $50.

That's $50 your practice is missing out on each time a physician performs that service for a patient enrolled with that payer because your fee is below the payer's fee schedule, Cobuzzi says.

An easy way: If you take the top-20 codes that account for 80 percent of your services, statistically there's very little variation outside of those codes, says **Joan Gilhooly, CPC, CHCC,** president of Medical Business Resources in Evanston, Ill., so you can look at those 20 codes instead of all of the codes that you bill.

Pointer: You don't need a separate fee schedule for each payer or even more than one fee schedule. "Unless you are non-par with Medicare, in 15 years of consulting, I've never heard a valid reason for having more than one fee schedule," Gilhooly says.

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What to look for: You want to find out where you're charging less than you could, but also where you're causing patients hardships because you're overcharging with your non-participating carriers.

Act Accordingly, Making Short-Term Adjustments

Your next step should be to decide what adjustments you need to make to your fees based on what you find during the assessment.

Immediately increase any fee that is lower than your highest payer's allowable. This is money the payer says you deserve for the procedure, and you should bill that amount.

Tip: Make sure none of your fees are below Medicare's fees. You should never have a fee that falls below Medicare's price, experts say.

Avoid overcompensating: Review any fee that is much higher than your highest allowable. You want to be sure that you're not inadvertently pushing away selfpay patients -- either patients with no insurance or patients who are self-pay due to high deductibles with a non-par payer.

"Yes, you're going to want to be sure you're not leaving money on the table, but you also want to be sure you're not leaving patients out on the street. There needs to be a balance," Gilhooly says.

Bottom line: Because most payers now work off a relative value unit (RVU) system, the amount you're charging often doesn't matter as long as it isn't too high or below what the carrier has determined is reasonable and customary, Gilhooly says.

Don't stop there: The best way to maintain your fee schedule and make sure fees don't fall behind is to monitor explanations of benefits (EOBs) and check that carriers reimburse you properly for your charges.

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