ARROWLYTICS

Payor Reimbursement Analysis

ABC Orthopedics

Many practices do not have the luxury of paying a subscription fee to analyze insurance payments vs. actual contracted rates e.g Experian. The revenue cycle focus is usually on capturing correct demographics **(IMPORTANT)** to push the claim out the door **(IMPORTANT)** and turning that into cash quickly **(IMPORTANT)**. What can get overlooked is how those payments compare to what the insurance company is obligated to pay by contract.

Arrowlytics has created this snapshot report for ABC Orthopedics to give the practice insight on how its commercial, governmental, and workers' compensation carriers are actually paying in comparison to Medicare (actual Medicare payments to the group, not a national or regional index). The purpose is twofold: to validate the group's understanding of 'who is paying the best', by service line and as tool to compare actual to contracted rates since many contracts are negotiated as a percentage of Medicare.

Note: The data in this report excludes a) the assist modifiers for surgical cases as well as b) PA payments for office activity. The purpose in excluding these elements is to make sure that the payment ratios are not 'diluted'.

Based on 2016 - 2018 Payments (*through June*), these are the areas of concern:

- UHC payments are down across all 9 service categories; this should be investigated immediately. UHC represents approximately 7% of all payments.

  Service categories are casting, diagnostic testing, E&M, injections, radiology, hospital, surgery, MRI, and therapy

- BCBS ratios (PPO/PAR and HMO/POS) have dropped for surgery, therapy, diagnostic testing and injections. The Blues represent 20% of the practice's payor mix. These trends should be examined closely for contract compliance.

- Aetna payments for casting, diagnostic testing and injections are down; and the ratios for surgery and radiology are fluctuating. These trends merit a closer examination too; Aetna payments are 6% of overall payor mix.

Where to Begin...

Behind each of these figures is a story to be understood. Some improvements may be due to better contracts or stronger collection efforts (e.g front end collections, worked denials, new RCM workflows, automation). Of course, the converse is true too, including the possibility that the payor is not complying with your contracted rates.

In addition to the observations above, we recommend that you evaluate your highest and lowest payors as well as your highest volume payor in terms of a) visit levels and b) absolute payment dollars to ensure that the percentages in this report align with your contracts.

Your team at Arrowlytics is happy to discuss this report and the specifics that may underlie your payment reimbursement trends. Reach out, and let us know how we can help!

Your Success Enables Our Success.

"We pay for the mistakes of our ancestors, and it seems only fair that they should leave us the money to pay with."

Don Marquis, early 20th century humorist

If you have any questions about this report, feel free to contact Maureen Ruddy, Partner - Client Relations at maureen.ruddy@arrowlytics.com or 703.303.8455.