

## Collection System for Insurance Accounts

***“The squeaky wheel gets the grease”***

20<sup>th</sup> Century Proverb

That 20<sup>th</sup> century proverb is a good way of thinking about the collection system for insurance accounts. If your office accepts assignment of insurance benefits it is important to have a system in place to follow-up on past due insurance claims. Insurance companies are notorious for delaying payment and hanging on to your money as long as they possibly can. By delaying payment, the insurance company is able to invest your money for their benefit. A delay of a few weeks on a single claim may not seem like a big deal, but when you add up the millions of claims and the many weeks of delays you can see that this amounts to serious money for the insurance companies. It is time to stop the delay tactics and the system I am about to recommend will provide the solution.

The great news is that many states have enacted legislation that requires insurance companies to pay claims within a specified period of time (usually 30 days, but it can vary from 15-60 days). As your first step, I recommend that you call your state insurance commission (located in your state capital) and ask if your state has enacted legislation that requires insurance companies to pay claims within a certain period of time. If the answer is ‘yes’, be sure and get the specific state statute so that you can provide that when you contact the insurance companies.

While the trend is for states to enact this legislation, some states have not done so and thus have No time limit on the payment of claims. If your state does not have a specific time limit, there is an obscure federal statute that requires insurance companies to pay or respond to your claim within 30 days. Unfortunately this statute reads pay or respond, so an insurance company is in compliance if they ask for more information on the 29<sup>th</sup> day!! This just shows how strong the insurance industry lobby is, since they pushed hard to water down this legislation by inserting the ‘or respond’ clause. In any case, you can use your state statute or the 30 day federal statute when following up on past due insurance claims.

Once a week I recommend that your financial coordinator print out an aged accounts receivable report listing all accounts in alphabetic order A-Z. Your financial coordinator should review the report and use a highlight marker to color code any account over 30 days (ie: use yellow for patient receivables and green for insurance receivables). I would recommend printing this report on Monday morning so that your financial coordinator can schedule specific time during



the week to work on collecting aged accounts receivable. By developing the discipline of printing this report every week and scheduling necessary collection time, your office will stay on top of any aged accounts and follow-up in a timely manner.

**NOTE:** All insurance claims should be filed electronically!! The reason I recommend electronic filing is that electronic claims are paid first. Paper claims are paid last!! Another reason I recommend electronic filing is that when you file your claims electronically you can produce a transmission report from your clearinghouse that documents that the insurance company actually received the claim. If you mail your claims in then you have no documentation that the insurance company ever received the claim.

Armed with the report of insurance claims that are aged over 30 days, your financial coordinator should batch all of the aged claims from each insurance company. Your financial coordinator should then call the insurance company and ask to speak to a claims supervisor. Your financial coordinator should ask for the claim supervisor's name for documentation purposes. Your financial coordinator should ask the claims supervisor the following questions:

1. Have you received the claim?
2. Do you require any additional information to pay this claim? If yes, what information do you need?
3. When can we expect payment?

The tone should be firm, yet polite. If the claims supervisor says they never received the claim your financial coordinator can check the transmission report (pull that report before calling the insurance company) and provide the following reply:

*Payment coordinator: "That claim was filed electronically and I have a transmission report that says that you received the claim on Monday, March 3 at 10:42 am."*

The claims supervisor will almost surely say.....*"Hold please!"*

When the claims supervisor comes back on the line they will likely have magically found your claim and your payment coordinator can then ask questions #2 and #3 above.

If the claims supervisor asks for additional information (ie: birth date, social security number, narrative, perio chart etc...) you can provide that information either electronically by email or by fax and keep the claim moving through the adjudication process. Keep simple documentation notes on all conversations with the insurance company.



It is best to call the insurance company to follow-up on claims, however in the event that you are unable to call or the on-hold times are excessive, use the sample follow-up letter included at the end of this report.

NOTE: You should never re-file a claim unless there is absolutely no alternative! When you re-file a claim the 30-day clock starts all over again and it just delays payment further.

Once it has been determined that in fact the insurance company has your claim, and any necessary missing information has been provided, your financial coordinator should conclude the call as follows:

Financial Coordinator: *“As you are aware, state (or federal) statute requires payment on this claim within 30 days. You are now over that time limit. If our office does not have payment on this claim within 7 days I will ask the patient to file a formal complaint with their employer and the State insurance Commission.”*

This last statement is extremely effective because the insurance companies recognize that it is the employers who purchase the claims and they want to satisfy the employers and they also understand that the State Insurance Commission has ultimate jurisdiction over them and they do not want to run afoul of the State Insurance Commission.

If you do not have payment within 7 days then call the patient and ask them to complain to their benefits supervisor at work and file a formal complaint with your State Insurance Commission.

This is definitely one of those situations where the ‘squeaky wheel gets the grease’! One of the reasons that insurance companies hold on to your money as long as the can is that you let them! It is about time that you stop insurance companies from taking advantage of you.





## Sample Follow Up Letter

(Insert Vice President's Name)  
Vice President of Claims  
Name of Insurance Co.  
Address  
City, State, Zip Code

RE: (Insert Patient's Name and Social Security Number)  
Policy Number:

Dear Insurance Co.:

The purpose of this letter is to request action on the above referenced claim. The claim was sent electronically to you on (insert date). As of today, we have received neither a payment nor an explanation of the delay.

If we do not receive payment within 7 days of this letter, we will refer the matter to our patient for further action, which may include a complaint to their employer or a formal complaint to the State Insurance Commissioner.

Sincerely,

(Insert Doctor's Name)





## Collection System for Insurance Accounts Checklist

- ✓ Contact State Insurance Commission and ask if your state has enacted a state statute requiring insurance companies to pay claims within a certain period of time
- ✓ If you are not already doing so, start filing your claims electronically
- ✓ One a week (preferably Monday), print a complete aged accounts receivable report arranged in alphabetic order A-Z
- ✓ Color code the accounts receivable report (green for insurance accounts)
- ✓ Batch the aged claims from each insurance company
- ✓ Call the insurance company, ask to speak with a claims supervisor and get their name for documentations purposes (keep notes on all calls with the insurance company)
- ✓ Ask the following three questions:
  - Have you received the claim?
  - Do you require any additional information to pay this claim? If yes, what information do you require?
  - When can we expect payment?

❖ Complete the conversation with the following comments:

Financial Coordinator: *"As you are aware, state (or federal) statute requires payment on this claim within 30 days. You are now over that time limit. If our office does not have payment on this claim within 7 days I will ask the patient to file a formal complaint with their employer and the State Insurance Commission."*

- ❖ If you have not received payment within 7 days call the patient and ask them to complain to their benefits supervisor at work and file a formal complaint with your State Insurance Commission.