

An Appealing Situation: Workers' Compensation Audits Yield Big Dividends

BY LAURA TUMA

With heavy industry common in the Odessa area, Medical Center Health System sees its share of occupational injuries and deals with a significant number of workers' compensation claims. The system often recoups only a portion of its costs. In one case, MCH billed more than \$100,000 for treatment of a workers' compensation injury, received an initial payment of about \$7,000, and wrote off the rest.

That was before Healthcare Recovery Alliance stepped in. HRA filed an appeal on MCH's behalf and collected more than \$30,000. In fact, in the first year of HRA's contract with MCH, the company brought in about \$270,000 in workers' compensation reimbursement.

"That's money we never would have seen, and we're excited about that," said J.R. Edmiston, MCH's director of patient financial services.

HRA specializes in auditing workers' comp claims and, when warranted, filing appeals on behalf of customers. While hospitals could perform audits and file appeals on their own, most don't have the staff or expertise to make it feasible.

"Ninety-five percent of our business is workers' comp," said Angie Box, HRA's director of operations. "Texas has very strict rules governing workers' comp injuries, precertification and appeals procedures. Workers' comp makes up a small percentage of accounts receivables for most hospitals, so they take whatever payment is initially offered and move on. Since we handle workers' comp all the time, we know what to look for and how to make sure hospitals receive the proper reimbursement for their services."

HRA audits paid accounts to determine whether a hospital was reimbursed according to state-mandated schedules and guidelines. As a contingency fee-based service, HRA receives a portion of the additional reimbursement paid to the hospital. That's the feature that persuaded Edmiston to try HRA in early 2010.

"If HRA collects nothing, I pay them nothing, and whatever they do collect, I would not have collected without them," Edmiston said.

Box says the audit process helps hospitals better understand how to handle future workers' compensation cases. She offers the hypothetical example of a claim for emergency room services that is denied because the injury occurred while the worker was intoxicated.

"We may still work out a deal where the hospital is paid even though the injury is denied," Box said. "That can make a big difference to a hospital."



HRA provides reimbursement review services to health care clients in 16 states. Employees are initially trained on the Texas workers' compensation system because it's one of the most complicated they will encounter.

"All of our new employees have health care collection experience, and it takes six months of training before they are fully versed in Texas workers' comp. It's hard for hospitals to develop that level of expertise because of staff shortages and the backlog of aged receivables," Box said.

HRA also serves as a resource to keep clients updated on workers' compensation developments and other managed care issues.

"I've gotten more assistance from HRA than I expected," Edmiston said. "Angie helps me get a grasp on Texas workers' comp issues through emails and advisories. But I also use her as a resource when we are negotiating contracts for workers' comp or occupational medicine services. I can call her and talk over the proposed terms, and she helps me understand what makes sense."

For example, he says, if a contract proposes to pay \$250 for a specific service and workers' compensation would pay \$500 for the same service, the hospital would need to amend the agreement.

"I didn't expect to get that level of service above and beyond auditing our workers' comp payments," Edmiston said.

For more information about Healthcare Recovery Alliance, contact Mike Stewart at mstewart@hcralliance.com or 817/235-6282 or go to www.hcralliance.com. ★