

2003
HEALTH CARE
HALL OF FAME

...to view photos
from the induction
ceremony

Modern Healthcare

Modern Healthcare

The only healthcare business news weekly

Home | Archives | Advertising | About Us | Subscribe | Make us your home page

November 12, 2003

DAILY DOSE
a daily email newsletter
REGISTER TODAY!



Advertisement



Print this page



Email to a friend



Related stories

Hello Mark. Not Mark?
Update your login.

powered by
careerbuilder.com

Advertisement

The Edge >> Written by Mary Chris Jaklevic

Making it click

Providers are hanging up the phones and heading for the Internet to communicate with health plans. Web-based tools are saving time and money on both ends

Story originally published October 27, 2003

When it comes to conducting business with health plans, the mouse is replacing the speed-dial button.

Health plans, once widely accused of delaying payments to hospitals and physicians, are launching Internet tools that promise to reduce claims hassles and even help speed payments to often cash-starved providers.

In an effort to lure providers away from the telephone, health plans are competing to offer user-friendly Internet sites where providers can perform routine tasks such as verifying patient coverage, obtaining referrals, checking the status of claims and filing appeals.

Experts say the tools are the harbinger of an era, probably a few years off, when providers' information systems will be capable of filing claims directly to health plans over the Internet, shrinking the processing time for complex transactions even further-from days or weeks to just an instant.

Along with market forces, the standard format for electronic claims required by the Health Insurance Portability and Accountability Act of 1996 is fostering efficiency in the claims system. Already on the payer side, some claims are adjudicated without human intervention.

Faster claims payment is a priority for many hospitals, which are striving to improve their cash positions.

"The whole business model is changing rapidly to provide better links among hospitals, physicians, payers and consumers," says Michael Davis, a managing vice president at Gartner, an information technology research company based in Stamford, Conn. To do that, he says, "We need to go to architectures that are Web-based and Web-enabled. If you look at what is happening in supply chain management, the same thing is happening in the revenue cycle."

While increasingly profitable, health plans are under pressure to control soaring administrative costs, which grew 24% from 1999 to 2002, according

Subscribe today to Modern Healthcare's Daily Dose!

Advertisement

Advanced Search	GO
Hot Topics	
Quality Improvement	
Specialty Hospitals	
Features	
Construction	
Finance	
Human Resources	
International	
Legal Affairs	
Managed Care	
Patient Care	
Physicians	
Policy	
Technology	
Resources	
100 Top Hospitals	
Archives	
Cover Stories	
Commentary	
Daily Dose Online	
HIPAA	
Meetings	
Other Web Sites	
Profiles	
Special Reports	
Surveys/Lists/Data	
Recognition Programs	
100 Most Powerful	
CEO IT Award	
Design Awards	

- Hall of Fame
- Spirit of Excellence
- Trustee of the Year
- Up & Comers
- Sponsored Sections**
- Career Center
- Classified
- Straight Talk
- Marketing/Advertising**
- About Us
- Editorial Calendar 04
- Editorial Calendar 03
- Media Kit
- Press Releases
- Reprints/Newsfeeds

to a report by Cap Gemini Ernst & Young. Seeking to boost efficiency, health plans doubled their spending on information technology during those years, displacing sales and marketing as their No. 1 administrative expense, according to the report.

For health plans, an increase in claims offset potential productivity gains from electronic claims submissions, according to Cap Gemini, which reported claims volumes at top-performing health plans grew nearly 50% from 1999 to 2002 to an average of one claim per member per month.

The growth escalated the volume of phone calls necessary to gather information about patients' insurance coverage and track the status of claims, which has become a huge financial drain on both sides. Industry sources say the cost to hospitals of making a single call is somewhere from \$2 to \$5, with health plans paying somewhat less to answer a call.

Officials at Cigna Corp. say the cost of answering an Internet inquiry is about one-tenth that of a handling a provider's telephone call. Cigna launched a provider Web portal initially for physicians in March 2002. The service was extended to the health plan's 4,000 member hospitals in August.

Quicker and slicker

Most major health plans either have launched new Web sites or enhanced existing ones to make them more useful to hospitals and physicians.

The new tools are winning fans among hospital administrators.

In the past year, 357-bed Central Baptist Hospital in Lexington, Ky., has begun to use the Web almost exclusively to communicate with health plans, even handling Medicaid and Medicare claims, says Barbara Thies, the hospital's appeals coordinator. As a result, staff that used to spend nearly all of a 40-hour workweek on the phone now spend about five hours, she says.

"There's really nobody we don't have access to on the Web," Thies says.

For example, last year the hospital piloted a Web site started by Blue Cross and Blue Shield of Kentucky. Hospital staff use the system to precertify services, check benefits and copayments before service, notify the health plan of patient discharges, check to see whether claims will be paid, and submit appeals of payment denials, says Donna Ghobadi, vice president of managed care.

Anthem officially launched its Web tool for providers in Indiana, Kentucky and Ohio this fall, and it plans to extend provider access to include benefit information on patients in other Blues plans later this year.

Four health plans-Anthem, UnitedHealthcare, Humana and CHA Health-trained hospital staff over the summer on Web site enhancements that added functions and met HIPAA privacy requirements.

The hospital's admissions coordination center, business office, verification staff and the departments of case management, home health and home



Advertisement



Advertisement

infusion, and registration all access health plan data on the Web, Thies says. The site soon will be available in the emergency room, where benefits and copayments can be checked after normal business hours.

Ghobadi says the staff has significantly reduced time on such tasks as checking whether a patient is eligible for infertility treatments or gastrointestinal bypass surgery, or waiting on hold while a health plan employee researches the status of a claim. "And I can let the patient see their coverage information on the screen if the patient is there at the cashier's station and there is a discrepancy," Ghobadi says. "It allows you to view that person's benefit information in real time. It gives you correct information and allows you to multitask. It doesn't tie a staff person to being on the phone continuously."

Ghobadi says it's unclear to what extent better Internet communication with payers is responsible for a recent decline in the hospital's days in accounts receivable, although hospital staff point to many timesavers.

For example, the Anthem site allows the hospital to download explanation-of-benefits forms rather than wait for them in the mail, enabling quicker filing of claims with secondary payers by as much as two weeks, Thies says.

The site also allows hospital staff to track minute by minute the number and dollar amounts of claims that have been submitted, paid or rejected, and to determine not only the frequency of claims denials but also the reasons behind them, Thies says.

Coordinating payers and providers

Technology has helped to heal some of the problems brought to the fore in the late 1990s, when providers sued health plans over slow claims and lobbied states to pass legislation requiring health plans to pay claims promptly. Health plans complained that providers' claims were inaccurate or incomplete.

"Payers want to pay claims fast. They don't want to be hit with late fees," says Richard Kernahan, director of product management at Vitria Technology, Sunnyvale, Calif., which sells a software product that helps payers with older claims systems insert contract updates more quickly.

But with so many health plan Web sites in operation, training providers how to use each one is critical.

Oxford Health Plans, Trumbull, Conn., has expanded and enhanced its provider Web tools many times since first launching a provider Web site several years ago, says Steve Black, Oxford's chief information officer. But as the Web site has become more useful, only some facilities in its 212-hospital network have taken advantage of the tools, Black says.

This year, Oxford is sending employees to the 25 hospitals in its network that generate the most phone calls to teach their administrators and staffs how they can use the site to reduce administrative costs. "We have built in a very useful set of transactions. But unlike the field of dreams, you build it and they will not come," Black says.

"It's a matter of focus and attention," he says. "The fact is that we are not the only plan they work with."

Attempts have been made to offer all-payer portals with mixed results.

Florida's leading payers, Blue Cross and Blue Shield of Florida and Humana, which have a combined commercial market share of 36% in the state, jointly launched Availity in February 2002 to process transactions online. All of the state's 208 hospitals and most of its physician offices have signed up, Availity officials say. The site recently added links to Aetna and Cigna.

An earlier effort by the managed-care industry to form a national Web portal was less successful. Three years ago, seven major payers-Aetna, Anthem, Cigna, Health Net, Oxford, PacifiCare Health Systems and WellPoint Health Networks-invested more than \$75 million in a joint venture called MedUnite. But the idea never took hold. Last December, MedUnite was sold at a loss-for \$23.5 million-to ProxyMed, a claims-processing company based in Fort Lauderdale, Fla.

MedUnite "became a distraction for the payers. It wasn't their forte," says Ellen Skinner, assistant vice president of provider service for Cigna HealthCare, which launched its provider platform for claims status and eligibility checks on the MedUnite site but later moved the service to its own site.

At least one entrepreneurial firm is picking up the slack. Passport Health Communications, Franklin, Tenn., offers a Web site where providers can access most major payers. It claims almost 700 hospitals and 25,000 physicians as clients, including Santa Barbara, Calif.-based Tenet Healthcare Corp.; Orlando (Fla.) Regional Medical Center; Vanderbilt University Medical Center, Nashville; and Duke University Health System, Durham, N.C.

Passport President and Chief Executive Officer Jim Lackey says the company performs more than 3 million queries monthly, which cost providers 35 cents apiece minus volume discounts. The fee includes training and transaction reports.

"The average hospital probably deals with 50 different insurance companies. To go to each site and remember the login and the password and how the screens work is not a reasonable thing to do," Lackey says.

Lackey says he believes that demand for the product, called OneSource, will accelerate as the self-pay portion of inpatient revenue-copayments and deductibles-increases.

"Whereas before that copay or deductible might have been 3% of a hospital's payments, that may be as much as 20% or 25% now, so knowing what that deductible and copayment is upfront is much more important to hospitals now than in the past, and we're able to provide that information," Lackey says.

Claims submission, which is now handled through third-party

clearinghouses that "scrub" claims of mistakes and format them for the different demands of payers, is expected to be the next target of Web capability.

"Payers and large integrated delivery systems right now are talking. Eventually they would like to have enough intelligence in the provider patient accounting systems to do auto-adjudication on the front end," Gartner's Davis says. Then, he says, the time to process and pay a claim could shrink to less than a day.

"You're going to see the cycle times for payment permanently reduced," Davis says.

Related Stories

- **Employing IT for help wanted**
- **Executive decisions**
- **A defining moment**
- **Triage for the ER**
- **Always vigilant**
- **Feeble giants**
- **An encyclopedia of errors**
- **Raising a red flag**
- **A measured dose of safety**
- **Preventive medicine**
- **Hospitals offer remote control**
- **Eyeing a new solution**

[Home](#) | [Archives](#) | [Contact Us](#) | [Meetings](#) | [Website Login](#) | [Your Profile](#)
[Daily Dose Online](#) | [FAQs](#) | [Reprints/Newsfeeds](#) | [Privacy Policy](#) | [Disclaimer](#) | [Subscribe](#)

Copyright 1996-2003 Crain Communications
Chaffee Interactive, Inc.: Programming, Technology and Hosting Services