BILLING CLEARINGHOUSES 101

Once the diagnosis and procedure codes are determined at the clinic site, the site needs to transmit the claim to the insurance company (payer). The clinic can submit the claim file to the payer directly or via a clearinghouse. Medical billing clearinghouses take claim information from a billing service or provider, check the claims for errors, and send this claim information electronically to insurance companies. A basic practice management system will allow you to create an electronic claim and submit it to a clearinghouse.

Here's how it works:

- The clinic usually through Practice Management Software (PMS) creates the electronic file (the electronic claim) which is then sent to the clearinghouse account.

- The clearinghouse then reviews the claim and checks it for errors.

- Once the claim is accepted, the clearinghouse securely transmits the electronic file to the specified payer (meeting all confidentiality and security standards required by HIPAA). If the claim in incomplete, it is sent back to the provider to reconcile.

> **Clearinghouse Benefits Summary:**
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> - Claims are sent electronically
> - Reduces claim errors
> - Sends claims to several different insurance payers
> - Sends a large number of claims quickly
> - Reduces time to get paid

Benefits of utilizing a clearinghouse:

- Claims sent electronically are paid much faster than paper claims.

- Some insurers no longer accept paper claims.

- Allows the biller to catch and fix errors quickly.

- Submits claims electronically which can reduce reimbursement times to under ten days.

- Eliminates the need to prepare claims and manually re-key transaction data over and over for each payer.

- Submits all electronic claims in a batch at once, rather than submitting separately to each individual payer. If you subscribe to a good clearinghouse, you'll be speaking with a knowledgeable support person within just a few rings.

- Reduces or eliminates need for paper forms, envelopes and stamps.

- Proof of timely filing.

Cons of using a clearinghouse:

- Submitting claims through a clearinghouse may not be an option for very low volume or low technology sites not using a PMS.

How do I know if I can submit through a clearinghouse?

Most PMS's offer clearinghouse services as part of their package. Check with your PMS vendor.

Claim volume is a significant factor in working with a clearinghouse. Clearinghouses may charge a monthly flat fee or a claim transaction fee based on volume. Usually, the higher the volume, the lower the fee per transaction. When assessing potential clearinghouses, it will be important to know the anticipated claims volume and the fee structure offered. If there is a fairly low volume of claims (less than 500 per month), a monthly flat fee may be more cost effective.

Selecting a Medical Billing Clearinghouse:

A good clearinghouse should have a large payer list, be reasonably priced, and have good technical support. Make sure all the insurance companies you submit most of your claims to are included. Stay away from a clearinghouse that requires a long term contract or penalizes you to terminate service.

Steps for Selecting a Clearinghouse:

- Review the payer lists from the clearinghouse website and make sure the insurance carriers you bill are on the list and that they have a large number of payers.

- If you are planning to use a clearinghouse for Medicaid, confirm that they are familiar with submission regulations for Medicaid, as they vary widely from state to state.

- Try contacting the support line to ensure there is timely service and response.

- Confirm and demo the claims acknowledgement reports.

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- Review the terms of contract and steps for terminating contract if needed.

- Confirm there is online access to update, track, and manage the claims that were submitted and electronic remittance advice downloads.

Steps for Acquiring Clearinghouse Services:

There are several steps that need to take place when acquiring the clearinghouse services:

1. Contact the customer service line of the selected clearinghouse and request the documents that are needed to be filled out in order to enroll for their services.

2. If appropriate, submit the documents to your clinic counsel for approval.

3. Once there is approval, then have the designated staff person complete the documents and submit to the clearinghouse contact person.

4. Review the payer lists in the EMR and update the list to include the payer number assigned by the clearinghouse.

5. Contact the clearinghouse technical support to schedule the training and testing.

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References:

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