

## In Brief Article

### Medical Billing: Tricks of the Trade

#### **Part I of a multi-part series.**

*By Steve Lombardi*

#### **Goliath Isn't Getting Any Smaller or Kinder**

Give me a moment of your valuable time to focus your mind's eye on a reasonably simple process that can reduce medical costs. I'm referring mainly to charges for hospital services. The relationship of hospital and patient operates for the most part on trust. We tend to believe in that same trust when paying the bill. But is that trust deserved? Is the hospital taking advantage of that trust? Over the past several decades the landscape has changed in the medical profession. No longer is the hospital business office part of a kind and caring religious institution. Hospitals look less and less like benevolent not-for-profit institutions and more like well-heeled business machinery.

One example of this changing industry is the patient's billing statement. The industry has put a great deal of thought into designing a consumer billing statement that conveys very little detail. Hospital billing departments are operating to create barriers; often times making the patient give-up asking questions before they get answers.

By becoming slightly more familiar with medical audits attorneys can reap large savings for injured victims. In the past we've been unable to properly examine hospital charges due in large part to not having a basis to know what is reasonable. In recent years the Internet has made more information available to the public. With more information the tide of sentiment has been ebbing towards those kind and caring benevolent institutions of healing. As Bob Dylan says, "*The times are a changing.*" So climb aboard this magic bus of information and learn a bit more about how to audit medical charges.

Several recognized methods can be employed in developing an effective strategy for getting to the bottom line. Whether it's negotiating directly or indirectly or through a combination of the two, we owe it to our clients to know more about this process.

The direct method requires the lawyer to do the negotiating. This is time consuming, expensive and requires many hours of study. The online course to learn ICD and DRG Coding costs \$2000. Due to the complexity of diagnosing and coding it is difficult to develop the knowledge to negotiate effectively. To stay current constant attention to changes in reimbursement rules is required. The hospitals have a large staff whose sole function is to know this area. Chances are you're at a disadvantage. But don't give up.

The indirect method allows us to level the playing field. It employs an independent contractor who is knowledgeable of government rules that regulate medical billing practices. These independent contractors work either on a contingent fee or on an hourly basis. Contingent fees are based upon a sliding scale with the percentage declining as the amount saved increases. The fees are open to negotiation.

Employing independent contractors can save a lot of time and money. The confluence of Medicare, Medicaid, private insurance and a small army of lobbyists hired by the medical industry continuously impact the rules. Our government heavily regulates this area to curtail industry abuses in the Medicare and Medicaid programs. Those abuses are estimated by the General Accounting Office to exceed \$10 billion annually. Actions involving the abuses more often than not are for fraudulent billing practices. Medical service providers employ legal staff that devotes a tremendous amount of time and effort to learn and *massage* these regulations. In Iowa ***Medical Savings Specialist*** is one such company devoted to saving the patient money. [Medical Savings Specialists, P.O. Box 231, Winterset, Iowa 50273. Contact: Marcia Harris or Rebekah Mitchell. Phone: [515] 462-4337. Fax: [877] 694-0510. E-Mail: [rmitchell@gateway.net](mailto:rmitchell@gateway.net) or [marciaday@msn.com](mailto:marciaday@msn.com).]

A list of auditing firms in other states is listed at [www.billadvocates.com/affiliates.htm](http://www.billadvocates.com/affiliates.htm) or in the appendix to the Medical Bill Survival Guide.

## **Getting Educated for the Audit**

A basic understanding can easily be achieved by reading *The Medical Bill Survival Guide*. (\$6.99 US Warner Books and can be purchased at Barnes and Noble or at [www.twbookmark.com](http://www.twbookmark.com).) You can become familiar with government regulations by studying the Medicare and Medicaid laws. The regulations for Medicare are found at several sites. [ <http://www.hcfa.gov/> or <http://www.medicare.gov/>]. Within federal guidelines, states have considerable flexibility in setting their own payment policies. Each state can determine how much they will pay for services. The Medicaid fee schedules are at the Iowa Department of Human Services website found at [www.dhs.state.ia.us](http://www.dhs.state.ia.us). Medicare fees are paid through Noridian as the intermediary for Medicare Part B. That information is accessible at [www.Noridianmedicare.com](http://www.Noridianmedicare.com). Payment information for non-physician services such as hospital, home care and hospice can be found at [www.iamedicare.com](http://www.iamedicare.com). Cahaba is the intermediary for services being paid by Medicare Part A. Most hospitals are paid under Medicare's Outpatient Prospective Payment System (OPPS) using Ambulatory Payment Categories (APC) to determine payment levels. This is a very complex system with inpatient services being paid under Diagnostic Related Groups (DRG).

There are several sites available for DRG and CPT coding information. These include:

1. ICD9 site: <http://www.tdrdata.com/icd9main.html>
2. DRG coding: [http://www.nzhis.govt.nz/infostandards/ntd/ntd\\_drg.html](http://www.nzhis.govt.nz/infostandards/ntd/ntd_drg.html).
3. Health Finance Care Administration:  
<http://www.hcfa.gov/medicare/incardir.htm> <http://www.hcfa.gov/forms/>
4. ICD9 codes: <http://www.mtdesk.com/mt.shtml>.

Here are several resources to aid you in interpreting medical abbreviations. *Medical Abbreviations*, Neil Davis Associates, 1143 Wright Drive, Huntington, PA 19006 or the *Dictionary of Medical Acronyms & Abbreviations*, by Stanley Jablonski [ [www.hanleyandbelfus.com](http://www.hanleyandbelfus.com) ].

## **Developing a Systematic Strategy**

First, obtain an itemized copy of the bill. A summary bill will not do. You'll need a bill that breaks down all charges in detail. Review it very carefully. Learn to understand the language employed to describe each item. There's a new phrase in vogue called "*word-smithing*". Word-smithing is creative use of the English language to make simple things seem important and complicated. As an example a *Kleenex* would be identified as a "*mucous recovery system*." If you don't understand the descriptive terminology ask the billing staff for an explanation. If they resist, suggest a deposition at your office as an alternative. Don't shy away from resistance, this industry has developed an attitude designed to make you go away.

Next you'll need a complete copy of the medical records that support the billing statement. If the records are extensive you may choose instead of paying for a copy to view the originals. The hospitals will provide a room for you to do this. You simply need to ask.

In Palmer's book he's developed a simple method he uses to frame the audit. He calls it the Hospital Log. The logging system can be performed by your office staff and reviewed by you. This method compares each physician order to the nurse's recordings of work actually performed. Remember that in this business of medicine the rule is if it isn't documented then it wasn't done and there can be no charge. Live by that mantra. If the nurses didn't document execution of the doctor's order there can be no charge. And conversely, if the nurses document work not ordered by the doctor, there can be no charge. The patient doesn't have to pay for services not ordered but gratuitously made.

Lastly find out as much as you can about payments by third-party insurers providing any coverage for medical expense. The positions of the insured and insurers are during this process much more likely to be congruent than at any time

## **Identifying What To Look For: Knowing the Game**

In the next issue of *In Brief* we'll examine more closely specific medical charges to possibly challenge for substantial savings. You'll know more about individual medical services and supplies where excess charges are hidden and how to discover each. We'll train your eye to uncover the hidden treasure of what's been escaping to the hospital's bottom line. Here's a summary of what we'll look at in the next issue.

1. Identifying un-bundled charges.
2. Identifying excessive or double-billed charges.
3. Identifying unauthorized procedures.

4. Identifying the medical device actually used.
5. Identifying the procedures performed and the supplies actually supplied.
6. Identifying the medical personnel involved.
7. Identifying clerical errors.
8. Identifying unreasonable or unnecessary charges.
9. Identifying undocumented charges.
10. Identifying gratuitous services.

Until the next issue, good luck in your practices.