



Sloppy Workers' Comp Billing or Fraud?
Duplicate Billings May Cost Employers Millions
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Just over 4% of all workers' comp claims for one large employer have a duplicate bill sent to a health care provider. Let's say that one more time: Some 4% of workers' comp claims were also billed to the injured workers' health insurance provider.

Of those duplicate billings, approximately 57%, or almost \$1.3 million, were paid, according to a new study. Just 1% of those duplicate bills are California workers' comp claims. It's a limited study using a sample from just one large employer, so it may be even worse and more costly for employers overall, says Archie Anderson, president and CEO of Options & Choices, Inc., the firm that conducted the study.

Employers and insurers are obviously concerned that it may be more than innocent billing mistakes causing this double dipping. It may be, they say politely, another way to "make mischief" or to commit fraud.

Because workers' comp carriers and group health carriers don't communicate with each other, an employer may be completely unaware that it's happening.

"If just 1% of the claims ... are double-billed, you've got a \$350 million problem.
—Archie Anderson,
Options & Choices, Inc.

"If just 1% of the claims in the country are double-billed, you've got a \$350 million problem," Anderson says. "For any employer, I think there is a real cash issue because if I'm paying out \$250,000 in duplicative payments. That's cash out the door."

Anderson discusses the results of the study, which relies on a sample from a large national employer with 100,000 employees and 11,000 workers' comp claims annually. The study treated each bill for treatment as a separate claim record.

"There is an occurrence of duplicate billing on the exact same workers' comp claim, same date of service, same ICD-9, same billing codes, same provider also billing to group health," Anderson says. "This was an aged claim analysis, meaning all the payments have been made. This particular employer was not even aware."

The study notes that not only did 57% of the duplicate claims actually receive payments, but 32% of the duplicate claims filed were paid more than was billed. "In essence, the big story here is that the combined cost on the total duplicate bill is four times more than the original workers'-comp-only bill," Anderson said.

Reasons for Duplicate Payments

Anderson says the study doesn't necessarily indicate fraud. There could be a number of reasons for duplicate billing, including aggressive billing practices.

"One could be fraud. There could be an element of that. Another could just be sloppy billing practices on the part of the provider, or a poor cash application accounting system. It could just

be pure error or mistake as well,” Anderson said. “The real point is that there is an occurrence, and we believe based on this sampling that there is a prevalence of this occurring in the marketplace.”

Steve Cattolica, director of government relations for the California Society of Industrial Medicine and Surgery, says that it could be a fraudulent component, but confusion and even coercion could play a role.

“If an injured worker doesn’t know who the workers’ comp carrier is or they are somehow told or cajoled into not reporting, it’s [billed] by the group health plan. Later [it’s discovered] it was a workers’ comp injury and the workers’ comp carrier is billed,” Cattolica says. “[The health care provider] isn’t going to rescind what it sent out in the mail.”

Anderson also noted that it’s difficult for employers, especially small employers, to acquire the ability to integrate the two systems. Federal privacy laws also make it difficult to follow up if there is discrepancy, he says.

“The other problem with follow-up on this is the confidentiality and HIPAA issues...the confidentiality of the medical treatment provided to the injured party, and so that really makes it that much more difficult to follow up on an individual basis,” said Bill Zachry, vice president of risk management for Safeway.

Health Insurance Portability and Accountability Act rules apply on the group health side, but in workers’ comp, if an employer wanted to recover a duplicate payment, it would have to be handled in such a way that the individual is not identified.

Lach Taylor, an attorney on staff with CHSWC, recalls that as a trial judge he had a case where a provider was billing both the workers’ comp and health care systems. The provider lost her license.

“It’s a problem to match up the systems, but in this case the workers’ comp carrier and the health care provider happened to be the same,” Taylor says.

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