Sequoia

BRANCH PROGRAM

ADVISORY STATEMENT

CLAIM PAYMENT INTEGRITY

Facility Claims Review - The largest category of health care expense typically receives the least amount of due diligence.

THE BRANCH PROGRAM

Branch, Sequoia's cost control program, is a value-added platform designed to assist health plans in the preservation and protection of their plan assets as well as provide creative expertise and solutions to address high-risk cases including Payment Integrity, Contracting, Cell & Gene, Specialty Pharmacy Solutions, and more.

UNMATCHED EXPERTISE

Branch consultants have extensive experience managing complex risk and healthcare compliance - expert clinicians and risk consultants that can help identify and assist in the management of potential catastrophic events with the goal of improving clinical and financial outcomes.

Issue Summary

Medical billing is increasingly complicated by rapid changes in the healthcare market and rising costs of care. The financial and regulatory ramifications of medical claim billing errors and irregularities are substantial. **Access Project,** a Boston-based healthcare advocacy group has found that up to 80% of all medical bills have errors that are not detected or adjusted prior to payment. In addition, **Kaiser Health** has reported that medical billing errors account for $68 billion annually in preventable healthcare overspending.

Claim Payment Integrity

Claim payment integrity processes are a best practice tool to address the increasingly complex claims and to proactively ensure correct health plan or third-party administrator payments. Payment integrity processes should include medical record reviews performed by specialty clinicians, the determination of plan covered services and the validation of charge accuracy based on transparent industry references and plan payment policies. Claim payment integrity processes support timely claim review and payment due diligence to ensure plans control costs, address regulatory compliance and ensure fair and defensible payments to providers and facilities.

Recent Examples of the Impact of Absent or Deficient Payment Integrity Programs

2023 Department Of Justice False Claims Act fines totaling **$68 million dollars** for improper claims payments by four Managed Medicaid health plans. The improper payments were not covered plan benefits and they were not detected or adjusted by the plans based on the Centers For Medicare and Medicaid Services (CMS) program integrity and claims processing manuals. This is a recurring finding for a large number of Medicare Advantage and Managed Medicaid Plans.

For calendar year 2022, The Department Of Justice reported **$2.2 billion dollars** in False Claim Act settlements and penalties.

2023 lawsuit initiated by a Self-Funded plan sponsor against the contract plan administrator that paid **$1.9 billion** of claims for "breach of fiduciary duties" by "approving and paying false, fraudulent, and improper claims" and then failing to use its authority as a claims administrator to recoup such overpayments.

The Solution

Commercial, self-funded, exchange and government sponsored health plans are subject to financial, regulatory, and reputational risk if claim payment integrity reviews are not incorporated in their payment procedures. Effective payment integrity programs are supported by focused expertise including clinicians, charge master specialists and settlement resolution teams. Formulaic technology-based algorithm programs have a limited impact since artificial intelligence cannot review medical records, identify key clinical charge adjustments, and communicate the findings to the providers and facilities to ensure consensus for the charge adjustments.

Claim Payment Integrity Reviews Ensure Plans Are:

- Only paying for charges that are covered plan benefits.
- Identify and adjusting for charges associated with provider preventable or hospital acquired conditions including surgical errors and nosocomial infections.
- Assessing room and board room charges based on documented nursing acuity.
- Adjusting for supplies or patient nursing charges inappropriately billed in addition to room and board or procedure charges.
- Identifying duplicate charges or services billed that are not supported by medical record documentation.

Payment Integrity Client Savings - 22%

The Sequoia Branch Program offers consultative expertise and custom resource solutions to support Health Plan Payment Integrity program design and implementation. We work with plans to address their specific risks and develop efficient workflows to support timely and accurate claim payments.

Our clients ensure regulatory compliance and save an average of 22% from contract payable charges by accessing our Payment Integrity resources.

Contact us today to learn more about the Sequoia Branch high value services.

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