



Migrating to electronic payments and remittances in healthcare

While the number of healthcare payments and remittances sent electronically is increasing steadily, paper and manual processes continue to play a sizable role, costing both health insurance payers (i.e. Aetna, United Healthcare, Blue Cross/Blue Shield, etc.) and healthcare providers (i.e. doctors, clinics, labs, specialty physicians, etc.) time and money.

CAQH® (Council for Affordable Quality Healthcare), a non-profit alliance of health plans and related associations, estimates that shifting to electronic payments and remittances could save the U.S. healthcare industry more than \$1.3 billion annually. In the dental market, moving from paper to electronic claim payments could save another \$346 million annually.

Paper pain points

As mentioned previously, paper payments and remittances are inefficient and costly. Payers must print, mail and store the documents, and providers must spend time and labor processing them.

According to CAQH®, providers spend on average between eight and 30 minutes more processing manual transactions versus the time required to process an electronic transaction. And, in general, most providers prefer to receive their payments electronically. Yet, nearly 40 percent of claims payments are still sent via paper. While the mandates and industry best practices call for an electronic remittance advice (ERA), in the HIPAA standard 835 format, with the accompanying ACH payment information included in the file, some payers still cling to the traditional ways of doing things. The old adage, “it’s not broke, why fix it” applies here. They can send ERAs and they can deliver ACH so why make a change? The problem is, many Payers are not looking at the claims disbursement process holistically and are failing to recognize the value of a single platform, which can handle all payment types for them.

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Payment Master

Helping to address this challenge is U.S. Bank Payment Master, powered by InstaMed, a full-service claims disbursement solution that delivers electronic remittance advices and payments compliant with the Health Insurance Portability and Accountability Act (HIPAA). “Payment Master helps healthcare payers streamline their claims disbursement process by providing a network of providers that signed up to receive payment and remittance information electronically. This delivers savings on print, postage, and operational costs,” says Greg Kassebaum, vice president and healthcare group product manager with U.S. Bank.

The Payment Master solution is built on a payment network that connects more than two-thirds of the healthcare market. And, because Payment Master is a cloud-based solution, there is no need for payers to install additional hardware or software to leverage it.

Once a payer sends U.S. Bank its file with claims to be paid that day, the bank manages the rest, Kassebaum says. Payment Master receives a single output file from the payer, whether in a standard healthcare 835 file or proprietary format, and then consolidates payments across providers, ensuring each provider receives the payment as they have selected (i.e. paper or electronic). A team of dedicated professionals continuously reaches out to providers who are not currently part of the network, or who are receiving paper checks and remittances, to promote the benefits of automated electronic processing.

Payment Master matches the payment information in the output file received from the payer to the provider network, all of which have indicated how they’d like to be paid. “Whether it’s check, ACH, or virtual card, the platform handles that process from beginning to end,” Kassebaum explains. This includes managing all bank account and routing number information for the tens of thousands of providers being paid every day. “Many payers achieve electronic adoption rates of 65 percent or greater within 12 months of deploying the solution,” he adds.

Provider outreach

U.S. Bank also partners with payers to promote the benefits of electronic payments and remittances with providers. “We do regular, ongoing outreach to providers to get them signed up to receive the payment and remittance information electronically and remind them of the benefits of doing so which include: improved cash flow, ability to auto-post the remittance file, and reduced operational expenses associated with paper processing,” Kassebaum notes.

Both payers and providers benefit from greater adoption of the healthcare standard 835 file, which combines the payment and remittance information into a single file. According to a recent study from the 2016 CAQH Index, the total cost to both parties of processing a paper claim payment averages \$3.46, compared to \$0.78 for an electronic claim payment. Similarly, the cost of processing a paper remittance averages \$6.19, compared to \$1.00, if the remittance is handled electronically.

“There are two key components of the value proposition for Payment Master” according to Jim Moynihan, senior vice president, CTP, FHFMA at U.S. Bank.

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First, U.S. Bank has had unique success in achieving very high (more than 80 percent) adoption of EFT and ERA among providers for our participating customers. Secondly, U.S. Bank provides unique customer service that is a hallmark of our solution. Claim or medical bill payers may have a provider relations staff and a treasury/finance staff but neither of these want to field provider questions on payments. Payment Master bridges the gap between these two areas with a staff trained specifically to field questions and solve issues. Claims payers can benefit from the economies of automation without having to increase provider relations or treasury staff. This is a long term win-win for our customers.”

Contact your TM consultant today to schedule a revenue cycle engagement and find out how much you could save by increasing your electronic claim payment adoption.

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