

# Health Insurance Companies Process 1 in 5 Claims Wrong

## Proper Medical Billing and Coding is Important for Correct Insurance Payments



The American Medical Association (AMA) has come out with a report stating that one in five medical claims submitted to health insurance companies are processed inaccurately, which leaves physicians and other healthcare providers receiving lower or no reimbursements for services provided.

The AMA estimates that up to \$15.5 billion in unnecessary administrative costs could be saved by medical practices if insurance companies would improve their claims processing accuracy. This would lead to lower healthcare costs and improve quality of care.

As much as \$210 billion is spent per year on insurance claims processing. Physician practices spend up to 14% of their revenue in medical billing costs to submit claims and help ensure accurate payments from insurers. Even at these rates, practices find it difficult to keep up with burdensome requirements and administrative challenges imposed by insurance companies.

Two of the reasons that a staggering 20% of all claims are processed incorrectly include 1) lack of eligibility, and 2) that contracted fees for service were paid correctly as low as 58.6 percent of

the time, as stated by the AMA report. These numbers actually show an improvement over last year.

When preparing their claims for insurance submission, physicians need help to submit them in a timely and accurate manner, with all the proper coding, modifiers, and supporting documentation. Medical billers and coders must follow the progress of those claims and appeal all underpayments and denials when necessary. Plus, doctors must submit their claims electronically. There are offices that still file claims on paper, which results in increased error rates and much slower payments.

To the patient, incorrectly processed claims mean that they may be responsible for medical bills that should have been paid by their health insurance company. “We want to make sure that insurance companies pay our patient’s medical bills, as they are contracted to do so,” says Dr. John Farrell, practicing physician and Director of Capture Billing. “When we submit the claims accurately, we expect them to pay them properly. Our mission is to make sure they do.”

Physicians and healthcare facilities can get assistance in proper coding, claims submission, and follow-up by contracting with a good outsource medical billing company such as Capture Billing, who are experts at submitting claims properly and will fight to get the correct insurance reimbursements due their physicians at a lower cost that can be done in-house.

## About the Author



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Manny Oliverrez, CPC, is a 20-year healthcare veteran and the CEO and co-founder of Capture Billing, a medical billing services company located outside of Washington, D.C. He teaches the nation's physicians, administrators, and medical practices how to maximize billing and revenue cycle management processes. Manny also frequently posts articles and videos on his [award-winning healthcare blog](#). For more information on Manny and his company, please visit [his website](#), or call (703)327-1800. And if you're on [LinkedIn](#), please look for him there too. **READ MORE**

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