# **Billing Terminology**

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# Why is it Important to Understand?

- ▶ It is like learning another language
- We need to be able to translate to patients and our staff billing terminology if doing any insurance reimbursement with our practices
- Increase reimbursement and patient satisfaction
- ▶ More accurate estimation of patient responsibility for care
- Improve claim processing timelines
- Decrease administration overhead for claim processing

Less denials and lost revenue from outstanding balances

#### HEALTH MAINTENANCE ORGANIZATION (HMO)

- A network of healthcare providers that offer coverage to patients for medical services exclusively within that network. We'll cover this type of insurance more thoroughly in later videos.
- WA (IN NETWORK NEGOTIATED RATE)
  - An arrangement between a healthcare provider and an insurance payer that pays the provider a fixed sum for every patient they take on. Capitated arrangements typically occur within HMOs (See "Health Maintenance Organization (HMO)"). HMOs enlist patients to service providers, who are paid a certain amount based on the patient's health risks, age, history, race, etc.
- ALLOWED AMOUNT
  - The amount an insurance company will pay to reimburse a healthcare service or procedure. The patient will typically pay the balance if there is any remainder.

## ▶ POINT OF SERVICE (POS) PLAN

- In this insurance plan, a patient in an HMO network can go to a physician outside of their network if they are referred there and pay a higher deductible. Think of this as a cross between an HMO and basic indemnity insurance
- ▶ PREFERRED PROVIDER ORGANIZATION (PPO)
  - A plan similar to an HMO, except that the insurance company, rather than the HMO itself, decides who is in the acceptable provider network

#### ► COVERED SERVICE

- Services or supplies for which your health plan will pay (or "cover") all or a portion of the cost
- ► NON-COVERED SERVICE
  - Services or supplies for which your health plan will not pay (or "not cover") any of the cost. Most health plans do not cover all services and supplies, and it is important to be aware of any limitations and restrictions that apply to your covered services

#### ▶ DEDUCTIBLES

- The amount you're responsible for paying for covered medical expenses before your health insurance plan begins to pay for covered medical expenses each year
- OUT OF POCKET MAX
  - The most you will have to pay for covered medical expenses in a plan year through deductible and coinsurance before your insurance plan begins to pay 100 percent of covered medical expenses
- CO-PAYMENT
  - ► The payment you make, usually a fixed dollar amount such as \$15, each time you visit the doctor or fill a prescription medication
- ► CO-INSURANCE
  - A type of insurance arrangement between the payer and the patient the divides the payment for medical services by percentage (example 70/ arrange)

### ► CLEAN CLAIM

- A claim received by an insurance payer that is free from errors and processed a timely manner (reduce turnaround time for the reimbursement process and lower the need for time-consuming appeals processes) ed is
- ▶ EXPLANATION OF BENEFITS (EOB)
  - Document attached to a processed claim that explains to the provider and patient which services an insurance company will cover. EOBs may also explain what is wrong when a claim is denied
- Insurance payments paid directly to the healthcare provider for medical services administered to the patient (occurs after a claim has been successfully process)
- ▶ ELECTRONIC REMITTANCE ADVICE (ERA)
  - A digital version of the EOB, this document describes how much of a claim the insurance company will pay and, in the case of a denied claim, explains why the insurance company.

## Summary of Billing Terminology

- Learning a new language takes time
- ▶ Being able to comfortably "talk the talk" will help lower administration billing overhead costs, explaining estimated costs to families, and get more accurate verification of benefits
- Insurance claims are a complex process, but learning the terms and definitions associated with billing is one step closer to understanding
- ▶ How do you eat an elephant? ONE BITE AT A TIME!