Recently the Office of Inspector General (OIG) investigated Medicare and Medicaid medical providers suspected of overbilling the system with improper use of the billing override code 59. Code 59 is one of 35 different coding edits that are used to bypass Medicare's National Correct Coding Initiative. The results of the OIG audit show that 40% of all code pairs billed with the code 59 modifier resulted in overpayments to the medical providers. These overpayments totaled $59 million. Remember, that is for just one of 35 modifiers used to override coding edits. The audit also showed that computer technology did not detect the overbilling errors related to the use of these modifiers. It was only when the medical bills were reviewed independently by hand that these overbilling errors were found. So what does that have to do with you and your workers compensation insurance rates
?

Your North Carolina workers compensation policy is an experience rated policy. Your experience modification factor is an extra multiplier on your rate that applies your past experience with your workers compensation insurance to your current rates. If you have had very few claims and they were all small, then you might find yourself with a modifier that is less than 1. In that case, your positive history will mean you are receiving a discounted rate. But, if your experience has been such that your experience modification factor is larger than 1.0, then you are paying an additional amount on your workers compensation policy due to your past claims experience. Your experience modification factor is calculated based on the frequency of your claims and the severity of your claims. So if you can hold down the severity of your claims, the amount that is paid out, then you can help to keep your experience modification factor lower.

Now here are the facts that you must understand. First of all, workers compensation carriers face the same mult-billion dollar challenges as the Medicare and Medicaid system face. Most workers compensation insurance companies rely solely on their computer technology to detect billing errors and do not conduct reviews of modifier 59. More often than not, the insurance company just applies the fee schedule discount and pays the bill without any investigation to determine billing accuracy.

Much of this seems to be out of the business owners control, so what can you do to protect yourself from intentional and unintentional billing errors that will drive up the cost of your workers compensation insurance? The answer lies in which company you select as your workers compensation insurance company. To begin with, I generally recommend that businesses purchase their workers compensation insurance policy through a company that only writes workers compensation insurance. These specialty carriers are much more price competitive to begin with, but beyond that, since workers compensation claims are the only type

that they handle, they generally have a better system for watching for fraud in the billing process. In addition, a specialty work comp company will often provide on staff nurses to manage a case as well as more systematic and careful review of all medical bills. These differences in approach will not only show up in their lower rates, but will also help you keep your experience modification factor lower, thus lowering your company's specific rates. Of course, if you are able to see copies of medical bills for your injured employees, keeping an eye out for code 59 on the bill might also help you catch a billing error.

Clinard Insurance Group is an independent insurance agency located in Winston Salem that is actively engaged in helping businesses all across North Carolina with their workers compensation and business insurance . We would love to show you how to cut your workers compensation costs dramatically with very little effort on your part. If you would like our help, or if you have questions about your business insurance policies, please call us, toll free, at 877-687-7557 or visit us on the web at www.ClinardInsurance.com .