

Handling UCR Payment Cuts

On occasion, reimbursement from an insurance carrier will be reduced because the carrier states that the charges for services rendered "exceed Usual, Customary, & Reasonable (UCR) charges for the geographical area or type of service rendered".

While the insurance carrier is sometimes correct, and is within their right in setting UCR levels for reimbursement, this is often used in error by the carrier or unfairly used to reduce your bill.

Different insurance companies determine what UCR is in different ways. Originally, limiting the top 2% of fees charged for a procedure did this. Insurance companies, as a cost containment measure and as a way of limiting increases in health care costs, have adjusted their limits to the top 5% or 10% or even 20% of fees charged for a procedure.

Again, the insurance company has the right to determine what is UCR for a given procedure, and, by accepting assignment on a patient's insurance, you have agreed to abide by the terms of the policy as written for that patient. Almost every policy contains wording that allows the insurance company to reduce charges that exceed their determination of UCR.

On the other hand, you have a right to be fairly reimbursed for your services. Some insurance companies use the UCR rules to unfairly reduce your claims because of how they determine what UCR is for a given procedure.

If the insurance company bases their determination of UCR on old information, outdated charges, or includes as part of their database reimbursement to managed care (HMO/PPO) plans, their UCR level may not reflect the general charges used in your area for a given procedure.

Handling UCR Follow-up Calls

In disputing UCR reductions, you need to call the carrier and ask the following questions of a supervisor in the claims review department:

- a) Explain whom you are and that you are calling regarding a reduction of patient's (name) reimbursement based on a UCR determination and that you are in disagreement with the reduction by the carrier.
- b) Ask under what section of the of the patient's policy does the carrier have the right to reduce the compensation to the patient,

- c) Ask how the determination is made that the charges exceed UCR,
- d) Ask what methods are used to determine UCR for your specific area and procedure,
- e) Ask what published or unpublished exceptions there may be to the UCR ruling and how to dispute the ruling for the patient.

A follow up letter can be sent after the phone call (unless the call resolves the problem) based on the following and on the information above.

Dear _____: (Do not use this as a photocopied form letter)

We are in receipt of your letter of (date) concerning reduction of (patient name) compensation based on your determination that our fees billed exceeded your UCR guidelines. Certainly we understand that you must determine UCR for each procedure to assure fair reimbursement. But since we deal with hundreds of insurance companies all over the State of (state), and since we seldom have had our fees questioned, we must protest your determination.

We are familiar with charges for the same services at other offices in our city and we personally know that our charges do not exceed what is usual or reasonable in (city). We are also familiar with statistically valid fee surveys published bi-annually called "Fee Facts", by Data Management Ventures, Inc., and know that we are at or below the 90th percentile for fees charged in our area.

Perhaps the data you are using is not current or reflects discounts given in reimbursement to managed care plans, or you are basing your reimbursement on chiropractic based on office visits and not on individual CPT codes charged by our office. In any case, we would like you to review your determination and remit the additional compensation that we are owed for services rendered.

If you are unwilling to remit the additional compensation, please let us know in writing a) is your determination of UCR charge-based, fee-based or reimbursement based, b) does your database include Medicaid, Medicare or managed care statistics, c) is the database compiled by CPT code, d) what is the age of the data gathered and how specific is it geographically, e) how is the database compiled and from how many providers, f) what are the published or unpublished exceptions to your UCR determinations.

Thank you in advance for your review of our request. We realize the amount in dispute is small, but feel that we are entitled to fair reimbursement and that the patient is entitled to all available benefits of their policy.

Sincerely,

Your Name

cc: Your Patient

Based on the response to your letter, you can pursue the carrier further, bill the patient, or report the matter to the state insurance commissioner for action.

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