

# Processing Dental Claims

## What Goes Wrong and How to Fix It

AADOM 3<sup>rd</sup> Annual Conference  
October 27, 2007



1

## Panelists

- **Timothy L. Brown**, Deputy Executive Director – National Association of Dental Plans
- **Jordan S. Firfer, JD**, Executive Vice President – Secure EDI Health Group
- **Forrest Flint**, Vice President, Dental Plans – HealthPartners, Inc.
- **Bonnie Leisgang**, Director of Operations – Humana Dental



2

## Agenda

- Current Market Overview
- Patient Benefit Understanding
- Encounters & Claims Submission
- Inside Dental Benefits Companies
- Future of Payments



3

## Processing Dental Claims What Goes Wrong and How to Fix It

**Current Market Overview**  
**Timothy L. Brown**



4

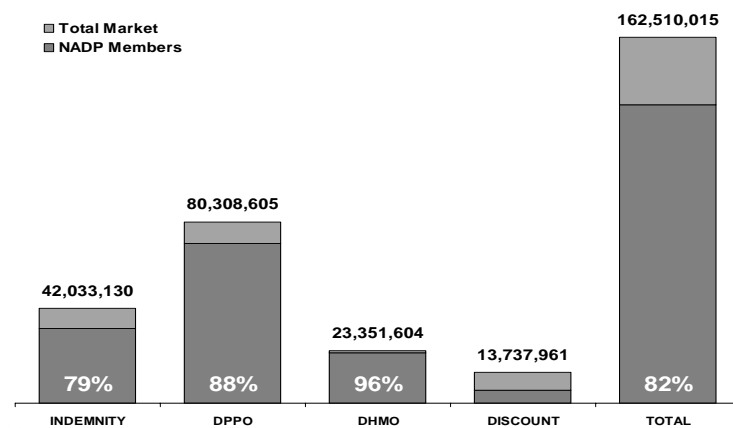
## Overview - Key Points

- NADP is the industry voice
- Benefits pay ½ of services
- Employers buy benefits
- Cost is barrier to care



5

## National Association of Dental Plans



Source: NADP/DDPA 2006 Joint Dental Benefits Report: Enrollment & NADP 2006 Membership Directory

6

## NADP—Key Services

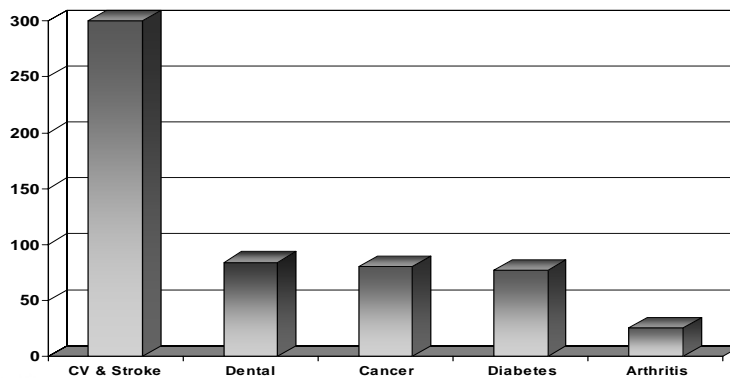
- Government Relations
  - Legislative/Regulatory Tracking & Intervention
  - Federal Lobbying
- Education
  - Annual Conference
  - Virtual Seminars
  - On-line Training
- Representation
  - Press/Public
  - Organizations/Coalitions (ADA, AADC, NDEDIC, NAIC, DDPA, AHIP, BCBSA, OHAP, etc.)
  - National Committees (X12, HL7, CRC, DeCC, etc.)
- Research
  - Enrollment, Networks, Premium & Operations
  - Sales & Metrics w/LIMRA
  - Specialty Research
    - Employer Purchasing Behavior
    - Consumer Satisfaction
    - Brokers
  - Industry Operational Snapshots



7

## Costs of Chronic Diseases

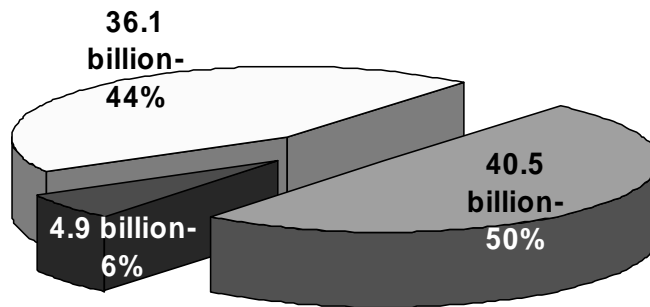
Treating Dental Disease Costs Over \$84 Billion Annually



Source: National Center for Chronic Disease Prevention

8

## Benefits Pay Half of Dental Care



■ Dental Benefits ■ Government Programs □ Out-of-Pocket



Source: CMS-U.S. Health Spending Projections 2000-2014

9

## Employer Impact

- About 97% of dental benefits are provided through group policies
- Primarily through employers
- Some via associations like AARP
- Some via organizations such as credit unions



10

## Impact of Dental Disease

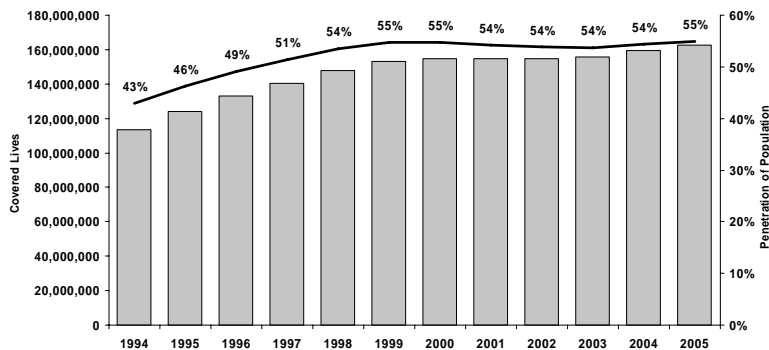
- Over 164 million work hours (82,000 work years) lost annually.
  - **1 in 3 people over age 30 suffer from periodontal disease.**
- Over 51 million school hours (45,000 school years) lost annually.
  - **Tooth decay**
    - Increasing in 2-5 year-olds—now @ 28%
    - Impacts more than 21% of 6-11 year-olds, and
    - Affects more than 59% of 12-19 year-olds. <sup>2</sup>



1 U.S. Dept. of Health and Human Services, Oral Health in America: A Report of the Surgeon General, National Institutes of Health, 2000.  
 2 Centers for Disease Control and Prevention, Trends in Oral Health Status: United States, 1988-1994 and 1999-2004. Series 11, Number 248. 104 pp. (PHS) 2007-1698.

11

## Dental Benefits Enrollment



Source: NADP/DDPA 2006 Joint Dental Benefits Report: Enrollment

12

## Most Requested Benefits

Dental is the **third** most requested employee benefit.

1. Medical
2. Pharmacy
3. Dental



13

## Why Enrollment Matters

- Dental Benefits overcome cost barrier to dental visits.
- People with dental benefits
  - Likely to have a regular dentist,
  - Visit the dentist more frequently,
  - Take children to dentist more often, and
  - Have more dental procedures.



14

# Processing Dental Claims

## What Goes Wrong and How to Fix It

Patient Benefit Understanding  
Timothy L. Brown



15

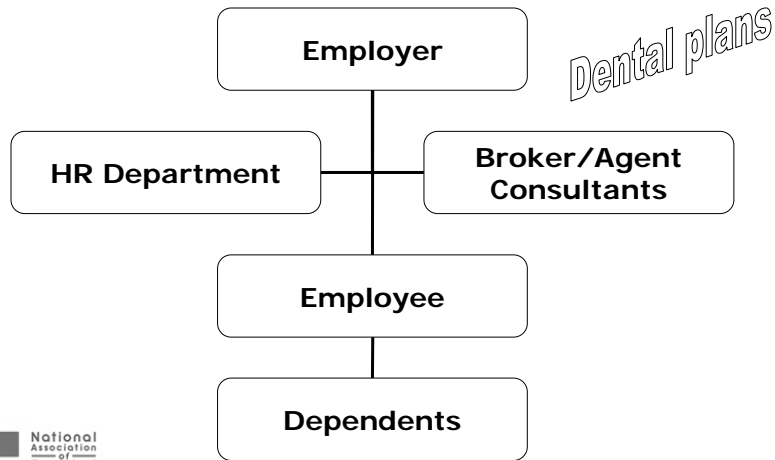
## The Market

- The Process and the layers
- Consumer is driving the market
- Large Group
  - Consultants/Agents/Brokers
  - HR Departments
  - ASO (self-funded)
- Small Group
  - Brokers/Agents



16

## The Parties Involved



## Why Employers Matter

- Employers purchase benefits
  - **Competitive benefit packages**
  - **Affordable options**
- Medical inflation limits dollars for dental
- Costs to sell to small groups and individuals are higher

## “What type of dental benefits do you offer?”

Employer paid   
  Contributory   
  Voluntary

<b>6 to 49 employees</b>	34%	50%	17%
<b>50 to 249 employees</b>	24%	64%	12%
<b>250 to 999 employees</b>	18%	74%	8%
<b>1,000 to 9,999 employees</b>	19%	75%	6%
<b>10,000+ employees</b>	31%	64%	5%



Source: NADP 2005 Purchaser Behavior Study

19

## Do you consider dental benefits:

Essential   
  Differentiator   
  Unimportant

<b>6 to 49 employees</b>	45%	48%	7%
<b>50 to 249 employees</b>	49%	48%	3%
<b>250 to 999 employees</b>	55%	42%	3%
<b>1,000 to 9,999 employees</b>	62%	36%	2%
<b>10,000+ employees</b>	58%	39%	3%

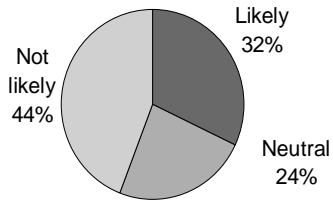


Source: NADP 2005 Purchaser Behavior Study

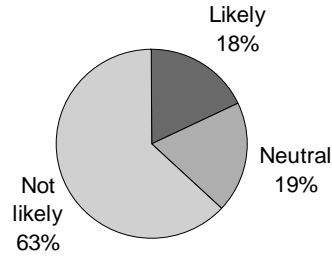
20

## Cost Shifting to Employees

**Increase the proportion of dental rates that employees pay**

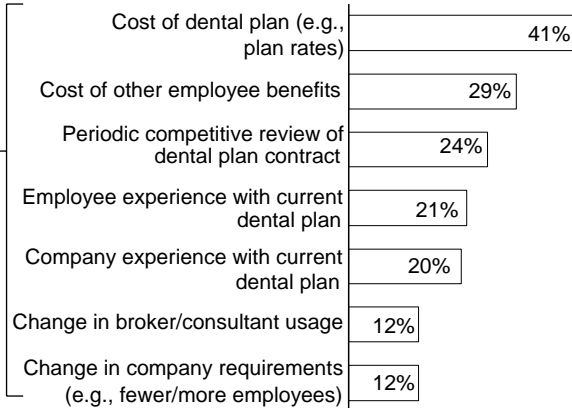
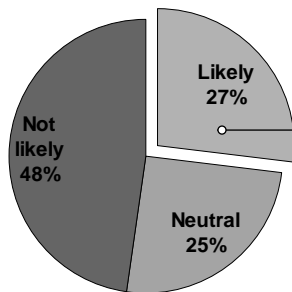


**Change to entirely voluntary dental benefit**



Source: NADP 2005 Purchaser Behavior Study

## Reasons for Changing Carriers



Source: NADP 2005 Purchaser Behavior Study

## Employers Measure Success

- Cost
- Network Size
- Multi-Year Price Guarantees
- Complaint Volume
- Claims Processing
  - Speed
  - Accuracy
- Call Center
  - Speed of Answer
  - First Call Resolution
  - Abandon Rate



23

## Employees Interest in Benefits

- 72% of all employees report obtaining dental benefits at work
- 5% report obtaining dental benefits on their own
- Seeking more voluntary benefits
  - One-third of all occupations
  - 30% in all size companies
  - 35%-36% of boomers & young families



SOURCE: Fifth Annual MetLife Study of Employee Benefit Trends, 2007.

24

## Key Market Trends

- Medical care inflation limits growth
  - **Dental Benefits Enrollment Tracks Population Growth**
- Cost shifting to consumers
- Large employer market saturated
  - **Competition keeps premiums down**
  - **Competition fosters product innovation**



25

## Why Products & Coverage Matter

- Product variations
  - **Increase employers offering dental**
  - **Result in greater enrollment**
  - **Expand complexity in administration**
- Coverage expansions
  - **Address consumer needs**
  - **Expand acceptance of dental treatment plans**



26

## Member Education

- Plan documents
- Certificates of coverage
  - **Print**
  - **On-line**
- Customer Service
- HR Departments



27

## Member's Benefit

- Determination of benefit is based on whether the procedure performed falls within the parameter's of the member's plan document.



28

## Key Points

- Patient is removed from process
- Employers drive the process
- Employers change plans
- Complexity driven by marketplace

## Processing Dental Claims What Goes Wrong and How to Fix It

Encounters & Claim Submission  
Forrest Flint

## Encounters & Claims Submission

- Current Claims Stats
- Claims Mistakes
- Tips & Solutions
- Technology (i.e. FastLOOK)
- MN Legislation



31

## Dental Carriers Average...

- 93% of claims processed within 10 business days
  - **250+ million claims annually**
  - **70% auto-adjudicated**
- 81% of calls are answered within 30 seconds
  - **About 4% of calls drop before begin answered**
  - **94% 1<sup>st</sup> call resolution**



32

## Claims Statistics

- 250+ million dental claims annually
  - 70% auto adjudicated (processed with computerized decision logic)
  - 30% not auto are simply missing information
  - 5-10% undergo various levels of detailed review
  - 90-95% of claims reviewed only for liability under the plan contract



33

## Claims Statistics

- 3 out of 4 payers process over 90% of claims within 10 business days
  - 94.3% Total payer average
  - 94.9% Small payer average
  - 93.9% Large payer average



34

## Electronic Claims

- 39% average all carriers (2006)
- 43.2% when weighted for enrollment
  - Range from 2% (small carrier) to 56% (large carrier)
  - Higher adoption in large carriers



SOURCE: 2007 NADP/LIMRA Dental Metrics Report

35

## Avoid Common Pitfalls

- ADA Claim Form
  - Use current version (J400 – 2006)
  - Includes area for NPI
- Attending Dentist Information
  - Name
  - Address
  - Tax ID Number (TIN)
  - National Provider Identifier (NPI)



36

## Avoid Common Pitfalls

- CDT Codes
  - Use CDT-2007/2009 codes
  - Plans required by law and contract to **ONLY** use current codes
- Date of Service
  - The actual day on which the service was performed



37

## Avoid Common Pitfalls

- Missing Teeth Information
  - **On claims for**
    - Periodontal
    - Prosthodontic (fixed & removable)
    - Implant service procedures (if covered)



38

## Avoid Common Pitfalls

- Patient Information
  - Patient Full Name
  - Identification or Member Number
  - Date of Birth and
  - Relationship to the Insured (self, spouse or dependent)
- Periodontal Charting



39

## Avoid Common Pitfalls

- Tooth Number, Quadrant & Surface
- X-rays
  - Affix firmly to claim
  - Do not submit original films
  - Consider “scanned” x-rays
  - Consider electronic claim and attachment



40

## Avoid Common Pitfalls

- X-rays
  - **Clearly label submitted x-rays with**
    - Patient's Name
    - Date the X-ray was taken
    - Tooth number(s)
    - Complete name/address of the dental office



41

## Know What to Send to Whom

- NEA Fast Look ([www.nea-fast.com](http://www.nea-fast.com))
  - **Partnership with NADP and launched in 2007**
  - **Single source on-line look up for attachment requirements**
    - Up-to-date
    - 24/7
    - Easy to use
    - Saves time & unnecessary attachments
  - **Future Integration into practice management systems for seamless claims processing**



42

## MN Administrative Simplification Act

- Signed by Governor Pawlenty on May 25, 2007
- The law requires that all health care providers and group purchasers must exchange health care administrative transaction in standard electronic format starting in 2009.



43

## MN Administrative Simplification Act

- The four health care transactions that must be electronically exchanged are:
  - **Eligibility**
  - **Claims**
  - **Payment**
  - **Remittance advice.**
- Electronic standard form will be developed by DOH rules.



44

## Why was the law enacted?

- To reduce administrative costs
- To accelerate the use of (HIPPA) standard electronic transactions
- Allocate more of every dollar on health



45

## Effective dates

- **Eligibility**
  - Rules released: January 15, 2008
  - Effective: January 15, 2009
- **Claims:**
  - Rules released: July 15, 2008
  - Effective: July 15, 2009
- **Payment / Remit:**
  - Rules released: December 1, 2008
  - Effective: December 1, 2009



46

# Processing Dental Claims

## What Goes Wrong and How to Fix It

Inside Dental Benefits Companies  
Bonnie Leisgang



47

## Inside Dental Benefits Companies

- Claims Process
- Common mistakes / solutions
- Technology (i.e. imaging, x-rays, etc.)
- Web site access
- Why payers don't delay payment



48

## Claims Processing

- Claim processing utilizes CDT codes
- Claim review based on plan design
- Review includes:
  - **Utilization of patient's past and current history**
  - **Charting, x-rays, records**
- Narrative



49

## Why Payers Don't Delay

- Performance guarantees in contracts with large employers
- Financial Penalties from employers if guarantees not met
- No benefit to delay for ASO business as costs passed directly to employer



50

## Why Payers Don't Delay

- Delayed claims create phone calls to customer service centers
- Substantial costs for service center
  - Staff
  - Telephones / equipment
  - Call capacity



51

## Why Payers Don't Delay

- Relationship with Dental Offices
- Prompt Pay Laws
  - What is a clean claim?
  - Payment time frames
  - Typically 30-45 days
  - Vary from state to state



52

## Paper Claims

- Paper claims are scanned or keyed into system
- Possible Problems
  - **Handwritten entries**
  - **Light print**
  - **Unclear copies**

## Electronic Claims

- Uniform set of data
- Software provides feedback and ability to correct immediately
- Eliminates most of the common errors and mistakes

## Avoid Common Pitfalls

- **Coordination of Benefits**
  - **State regulations dictate how COB is handled**
  - **Submit any EOB or remittance notice from the other carrier**



55

## Avoid Common Pitfalls

- **Narratives**
  - Explain why a procedure was recommended
  - Used to determine if procedure covered under benefits and assign to coverage
  - If not covered under plan, provider can charge patient accordingly



56

## Avoid Common Pitfalls

- Notes
  - Use ONLY to provide additional information on the claim/procedure
  - Information in section will remove claim from auto adjudication



57

## Avoid Common Pitfalls

- Payer Name
  - Current name and update Provider Management System regularly
- Prior Placement Date
  - Date of initial placement (crowns, bridges, partials, dentures)
  - Unique situations provide narrative



58

## Technology

- Imaging of claim and x-ray
- Shared tools with Contact Center and Claims
- Automation of claim payment



59

## Website Access

- Access 24/7
- Plan Design
- Claim payment history
- Ability to submit question via e-mail



60

# Processing Dental Claims

## What Goes Wrong and How to Fix It

Future of Payments  
Jordan S. Firfer, JD



61

## Future of Payments

- Current Payment Process
  - Payers
  - Reconciliation
  - Patients
  - Collections
- RTA
- EFT
- Review the Financial Cycle



62

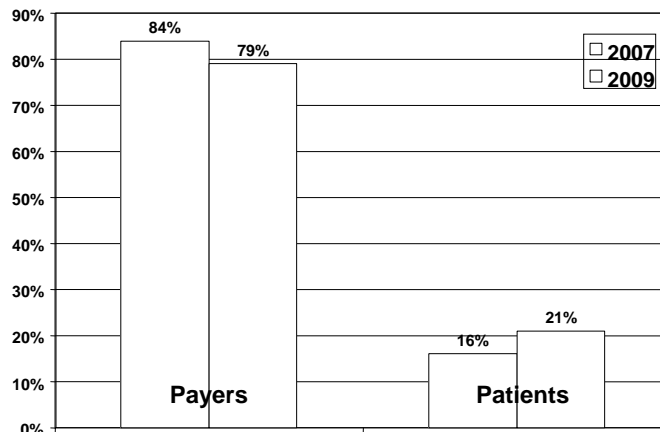
# Current Payment Process

## Payers

- Claim Submission
- Adjudication
  - Pending state and RFAI
- Payment 'cycle'
- Check processing
- Snail Mail

# Payment Received

From Payers & Patients



## What Can We Do Today?

- Provide dental practices with information needed to become the decision point for the subscriber
  - Single Consultation
    - Detailed Eligibility in Real Time
    - Understanding the Lifetime Max and current usage
  - Full financial cycle with real time point of service options



65

## What Can We Do Today?

- Everything a provider needs from Eligibility to true payment coordination is available today:
  - Detailed eligibility
  - Real Time Claim Submission
  - Real Time Adjudication (RTA)
  - Claim Status / Claim Tracking (non-RTA capable claims)
  - Payment Coordination (FSA, HSA, HRA, HCRA, HSSA, CSCP, etc...)



66

## What Can We Do Today?

- Everything a provider needs from Eligibility to true payment coordination is available today:
  - Covers 3 Tiers of Payment  
(Tax Exempt, Out-of-Pocket and Post Deductible)
  - Electronic Funds Transfer (EFT)
  - Electronic Remittance Advice (ERA)
  - Payment Reconciliation
  - Coordinate with standard financial transaction tools  
(e.g. PoS & Online)



67

## Real Time Adjudication (RTA)

- RTA enables provider to bill for service while a patient is still in the office and receive an adjudicated response
- Responses include
  - total and allowable charges
  - patient responsibility
    - Coinsurance
    - Deductible
    - Co-payment



68

## Real Time Adjudication (RTA)

- Reliable response for proper payment request at time of service
- More than simple pre-edit rules where non-RTA claims are the 'exception'
- Necessary for complete CDH implementations



69

## Why RTA?: Natural Evolution

- ROI (Pharmacy, Medical & Dental)
- CDH
- Redirection of resources
- Lower legacy dependence
- Real Time analytics
  - Underwriting and risk analysis



70

## Why RTA?: Natural Evolution

- Higher reliability
- Process flow enhancements
  - Rules and workflow flexibility (top down view)
  - Instant rule additions and modification
  - New levels of oversight, management and reporting
  - Rules based reviews



71

## RTA – Quick Statistics

- 68% of all claims are now adjudicated automatically (auto-adjudicated)
  - processed without manual intervention
- Among electronic claims
  - 71% were auto-adjudicated in 2006
  - 49% were auto-adjudicated in 2002



Source: AHIP, Center for Policy & Research, May 2006

72

## RTA – Quick Statistics

- Among paper claims
  - 44% were auto-adjudicated in 2006
  - 27% were auto-adjudicated in 2002
- Among pended claims
  - 48% are pended because duplicate
  - 9 days pended on average
  - RTA systems will check claim history for duplicate claims



Source: AHIP, Center for Policy & Research, May 2006

73

## Why EFT?

- Government endorsement (31 USC §3332)
- Supports CDH
- Not susceptible to mail disruption (e.g. Katrina)
- Reduces identify theft and adds payment confidence
- Can be tracked along the path
- Eliminates cost of replacement checks



74

# Why EFT?

- No need to ‘go to the bank’ for deposits
- Myth – EFT is ‘one-way’
- Combined with CDH, allows for quicker payment even with payers that ‘cycle’ payments
- Completes the ERA
- Why not EFT?



# 2007 Weighted Cost / Transaction by Payment Type

Payment Method	Remittance Method	Survey-Based Cost/ Transaction
<b>PAYER</b>		
Check	Paper	\$7.58
Check	Electronic	\$2.77
ACH	Paper	\$6.53
ACH	Electronic	\$2.65
Wire	Paper	\$7.68
Wire	Electronic	\$2.90
<b>PATIENT</b>		
Credit Card	Electronic	\$0.59
Debit Card	Electronic	\$0.53

## EFT: Steps to Adoption

- Bank ubiquitous
- Simple registration
- Payment coordination
- Clearinghouse / Vendor integration
- Transactional integration (277, 835 / ERA)
- Proven payment method across all industries
- Proven ROI



77

## Contact Us

National Association of  
Dental Plans (NADP)

[www.nadp.org](http://www.nadp.org)

E-mail: [info@nadp.org](mailto:info@nadp.org)



78