By Palmer Hamilton

Strategies to Improve Motor Vehicle Accident Claim Collections

By tracking and following up on motor vehicle accident claims, hospitals can increase revenues.

Motor vehicle accident (MVA) claims present different business process challenges for hospitals compared with traditional health insurance claims. Technically a subset of third-party liability claims, MVA claims are regulated by each state’s property and casualty laws and regulations, which can cause them to differ from health insurance claims. Among the challenges MVA cases present are:

- How to authenticate patient demographic information on MVA cases
- Whom to bill
- How long to keep the accounts receivable (A/R) on the books

Although MVA volume is typically a small part of a hospital’s gross revenue, these cases can pay up to full charges, resulting in net revenue improvement.

Challenges of MVA Cases
The challenges hospital business offices face with MVA cases concern access, advocacy, and payment.

Patient access issues. Getting correct demographic data for MVA patients can be difficult, because there is no electronic eligibility verification for automobile coverage. Underdocumented MVA cases are often segmented into the self-pay bucket for accounting, but they need attention.

MVA patients most likely arrive in the emergency department (ED) and may not have insurance information available. One of the first challenges is to determine whether to consider the account as health insurance, automobile insurance, or both.

Many hospitals establish a process for monitoring ED admissions to identify MVA cases. The admissions staff needs to be trained to document these cases. The process, which occurs within the first 24 hours of the patient visit, could include a work queue type of accountability to assign the cases to specific staff members and ensure that the facility can account for tracking each new case.

For MVA cases, the staff should determine whether the patient has more than one insurance carrier. In addition, staff needs to determine for each carrier and policy if the coverage includes medical payment (MedPay) or personal injury protection (PIP). Both are optional components of car insurance that pay for medical care and related expenses for the driver and passengers regardless of a determination of fault. The requirement to have either varies among states.

Some individuals may not know whether they have MedPay or PIP included in their automobile coverage if it is optional in their state. Typically, MedPay information is on the policy’s declaration sheet. Additionally, MedPay is often added to policies in increments such as $1,000, $3,000, or $5,000, and MVA patients might not know or recall the amount of their coverage. Usually, the hospital staff has to get this information from the insurance carrier.

When there is an auto accident, MedPay coverage applies up to the limit for the driver and for each of the driver’s passengers. When passengers have their own policies, their coverage applies for themselves as well. See tips about whom to bill at www.hfma.org/rcs.

Payment issues. MVA cases can involve both automobile insurance and health insurance claims and payments. Typically, automobile insurance is the primary payer, although this varies by state. However, the turnaround time for payment on automobile insurance claims can be lengthy.

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There are rules for resolving which policies pay to avoid double payment, but in those cases, knowing the maximum limit on all policies is essential. Because each state regulates its own property and casualty insurance, just like health insurance, the rules will vary based on the provider location.

Finding information about insurance coverage is labor-intensive and time-consuming. In the case of a multiple-car accident and/or multiple-passenger situation, the primary way to capture the pertinent information about other vehicles and their drivers is to obtain a copy of the police report. This task can take significant time, but the reports may be available online. Pursuing police reports can create an opportunity cost if it distracts staff from other patient accounting work that routinely needs to be done.

Patient advocacy issues. In MVA cases, a patient might have legal representation, which could hinder communication and information capture for the hospital business office. Because their purpose is to help the patient, attorneys usually are not motivated to help the hospital.

Once automobile accident patients have legal representation, they usually stop communicating with the hospital on the advice of their legal counsel. All inquiries need to be directed to the patients’ lawyers, which underscores the need to collect patient demographic information diligently early in the process.

WEB EXTRA
See tips on whom to bill for MVA claims at www.hfma.org/rcs.

How to Authenticate Patient Demographic Information

The hospital staff should attempt to interview the patient or any family members present to identify what types of coverage exist. This step is usually manual and requires diligence. Identifying health insurance coverage, including Medicaid, at this point is helpful, too. Capturing MVA coverage upfront is the key to receiving payment. Hospitals can also get copies of police reports to get information about the patient.

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receiving payment. If multiple providers are involved, including ambulance service, ED physicians, and a radiologist, the hospital will benefit from acting quickly and diligently to pursue payment.

**Strategies for Managing MVA A/R**

Many hospitals treat MVA business like a form of self-pay. From an accounting point of view, this is necessary because they have to sort the business into categories for reporting purposes, such as the cost report or other audited financial statements.

Once cases are identified, hospitals typically prioritize the claims by charge volume. For example, they establish a threshold of $2,500 for cases to get individualized attention. Individualized attention can involve obtaining a copy of the police report, contacting the patient, and referring the account to the hospital’s attorney. Although this strategy makes sense, it can lead to missed opportunities for the smaller claims.

Because of the indemnity potential on MVA cases, hospitals that successfully pursue higher volume cases might justify adding staff to target all cases. A high volume of $1,000 ED visits, for example, could warrant adding staff dedicated to working these smaller accounts. MVA specialists can file liens to protect the hospital and can communicate with patients’ attorneys and insurance carriers. Of course, hospitals incur costs to use these special resources. For some, however, this expense means the difference between no payment and some payment.

Timing and good information are important when hospitals have MVA claims. The healthcare organization is one of several potential providers seeking payment from the capped limits in MedPay. One director of patient financial services commented, “MedPay is like a buffet line when the kitchen is shut down. You better get in line in a hurry if you want anything.” This statement underscores the need to implement a process to identify MVA cases as early as possible.

**Tracking MVA Cases**

Some hospitals include MVA as a category for registration and flag MVAs upon arrival so that someone in patient access or the business office can seek insurance information from the patient.

Some hospitals ask their IT department to create a “script” for tagging MVA claims as they are billed. The “E code” query will note the presence of diagnosis codes EB12.0 through EB19.9, which are ICD-9-CM diagnosis codes related to injuries sustained in motor vehicle accidents. Although this information does not appear until the bill drops, it ensures that the hospital can account for all MVA cases to work and monitor.

In all cases, the hospital and the patient benefit from communication. Staying in touch with patients through the process can lead to improved patient satisfaction. For example, a thoughtful explanation of the purpose of liens and up-front education about insurance could prepare patients for the reality of the legal steps that might follow.

Some hospitals outsource MVA claims, using various arrangements. One outsourcing option is to perform the work off site through routine data exchanges to track E codes, which will begin the process of requesting police reports and contacting the patient and insurance carriers. Another outsourcing option involves having on-site staff dedicated to managing the MVA accounts.

Payment terms vary, but a significant portion of the payment should be linked to collections.

As with other contingent arrangements, the hospital will need to assess whether the value of the service will benefit the organization’s bottom line.

**Hospital Liens**

Filing medical liens is an important and common part of managing third-party liability claims. Unfortunately, in some instances, insurers make payments to attorneys or individuals, and the individuals fail to follow through with payment to medical providers. Experience shows that simply filing a lien does not guarantee payment. Hospitals may need to protect their liens by sending copies of the lien to the patient, the patient’s attorney, and the insurance carrier. Lien laws vary from state to state, but in some case law examples, attorneys have gotten paid and then successfully claimed to be unaware of a hospital bill or lien before dispersing payment to the patient.

There is also ambiguity about prioritization of payment and whether to pro-rate payment if there is a settlement insufficient to cover all outstanding medical bills. Like getting into the buffet line for MedPay, hospitals need to assert liens to attorneys in patients’ settlements. Hospitals should become familiar with lien laws for their state. Their state might also have other laws that vary by jurisdiction. For instance, in some states, charging a patient’s attorney for copies of medical records nullifies the hospital’s lien. Hospitals often discover this law when a high-dollar claim goes unpaid.

**Increasing Revenue**

MVA accounts represent a legitimate way to increase hospital revenue. Hospitals should establish processes to identify and follow up with all MVA accounts and to track resolution with and without liens. Taking steps to improve the process can produce noticeable improvement quickly.

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