



Credit Balance Industry Report

Q4 2024

What can you learn by looking at credit balance and refund data from over 60 health plans and nearly 1000 US healthcare providers?

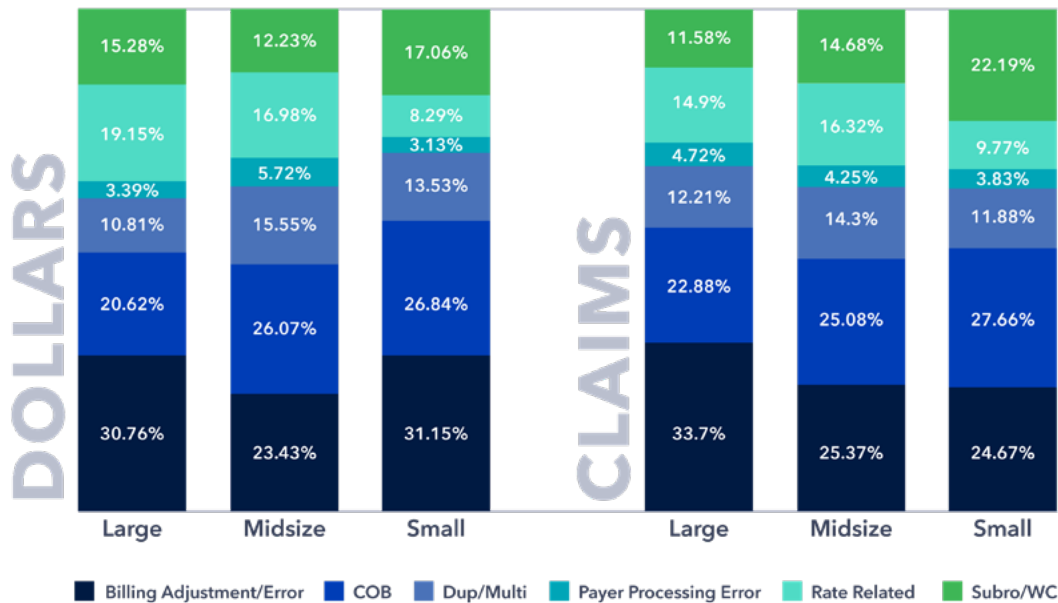
You can learn what causes them, and how the causes differ depending on EHR, hospital size, CMS rating and payer type.

In continuing with TREND Health Partners' mission of transparency between payers and providers, we are providing these quarterly reports on the state of credit balance refunds in American to help both sides better understand root causes. With a deeper understanding of the causes, we can be better empowered to pursue and facilitate prevention.

This report is focused specifically on validated insurance refunds. This analysis is focused on the root causes that can be mitigated by actions taken on the provider side. Those root causes are billing errors (fully preventable by providers) and COB related refunds (partially preventable by providers).

If you would like to receive benchmarking data that is specific to your plan or health system, please contact us at benchmarks@TRENDHealthPartners.com for a custom benchmarking report.

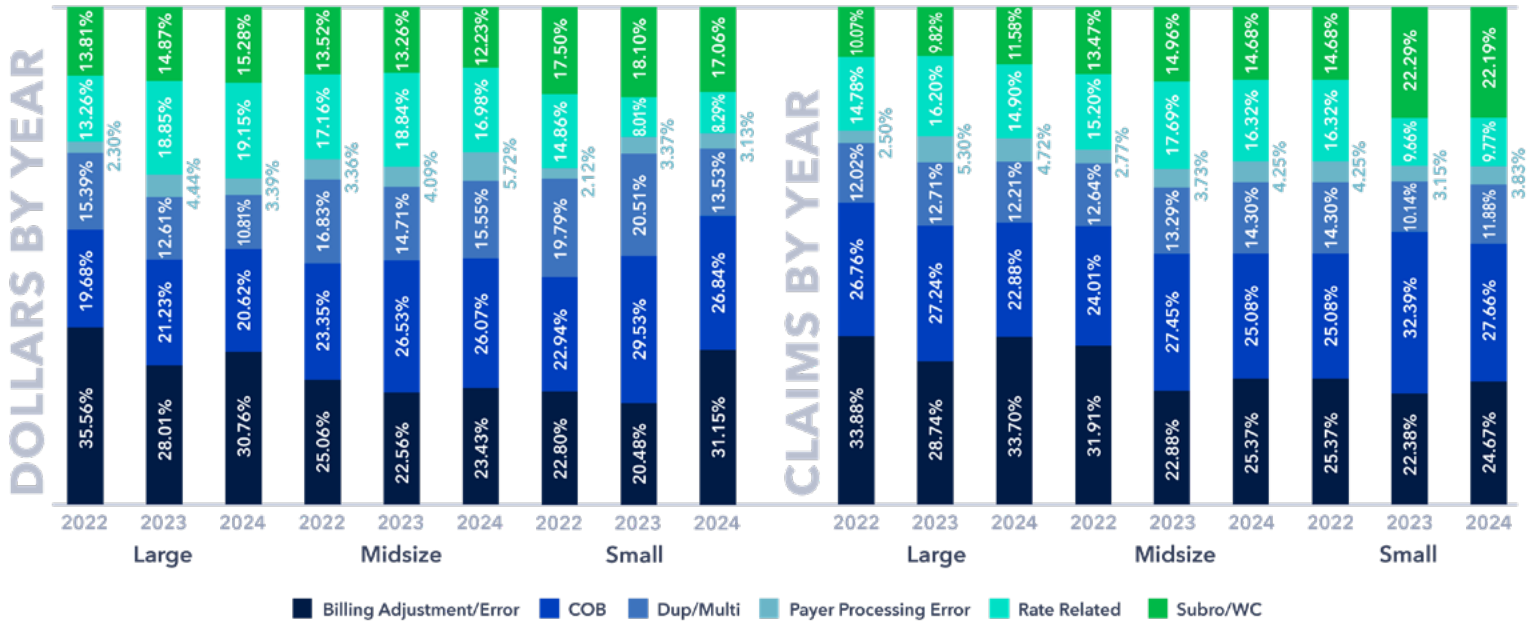
Credit Balances in US Healthcare - 2024 Q4 Snapshot REFUND VOLUME AND DOLLARS BY PROVIDER SIZE BY CAUSE YTD 2024





Credit Balances in US Healthcare - 2024 Q4 Snapshot

YOY REFUND VOLUME AND DOLLARS BY PROVIDER SIZE BY CAUSE



What the data tells us

Post claim charge adjustment and reversals drive a high volume of Billing Adjustment error across all markets. This is due largely to adjustment and reversal of ancillary charge reimbursement on Labs, Drugs, EKGs, etc. as well as place of service (ie high rate of recurring stays in rehab facilities).

Depending on provider, charge adjustments and reversals represent between 50-75% of billing adjustment errors in both the dollars and count of refunds.

What to do about it

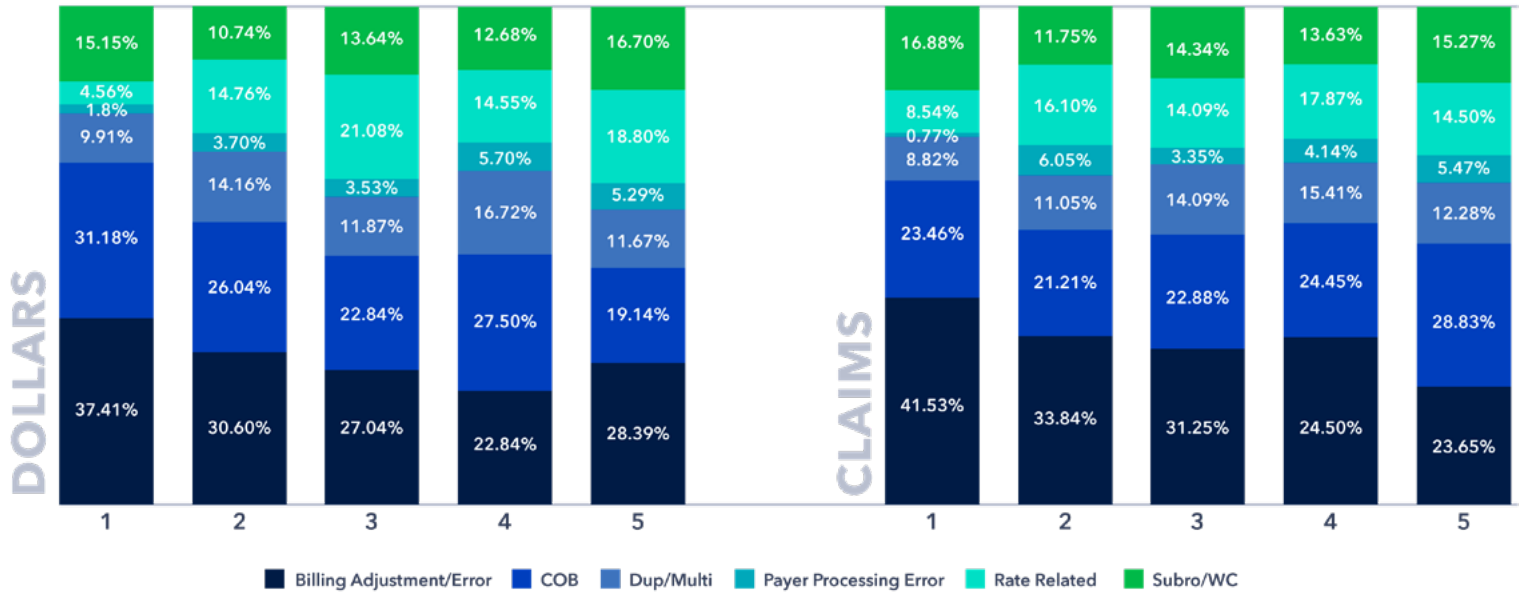
- ✓ Reevaluate reimbursement on charge adjustments to verify changes in reimbursement for prevention of invalid adjustment causing credit
- ✓ Implement an automated late charge adjustment policy for late charges that have no impact on reimbursement
- ✓ Enhance up front edits to pick up EKG or radiology charges that may be inclusive to procedures
- ✓ Root cause analysis of late charges to determine root causes





Credit Balances in US Healthcare - 2024 Q4 Snapshot

REFUND VOLUME AND DOLLARS BY CMS RATING BY CAUSE, YTD 2024



What the data tells us

High-performing providers, with more cohesive processes, tend to see less Billing Adjustment errors and less problems with COB versus lower rated providers.

In the highest performing revenue cycle shops, we see a smaller proportion of billing error related refunds. In these health systems, we see a higher rate of payer driven refunds. These health systems also tend to have a lower rate of false credits driven by non-charge adjustment and other self-inflicted errors. The same goes for COB, hospitals who are higher performing and have more cohesive processes, you will see less registrations errors, etc. Also to note, hospitals who have older patient billing systems also have a higher rate of billing errors.

What to do about it

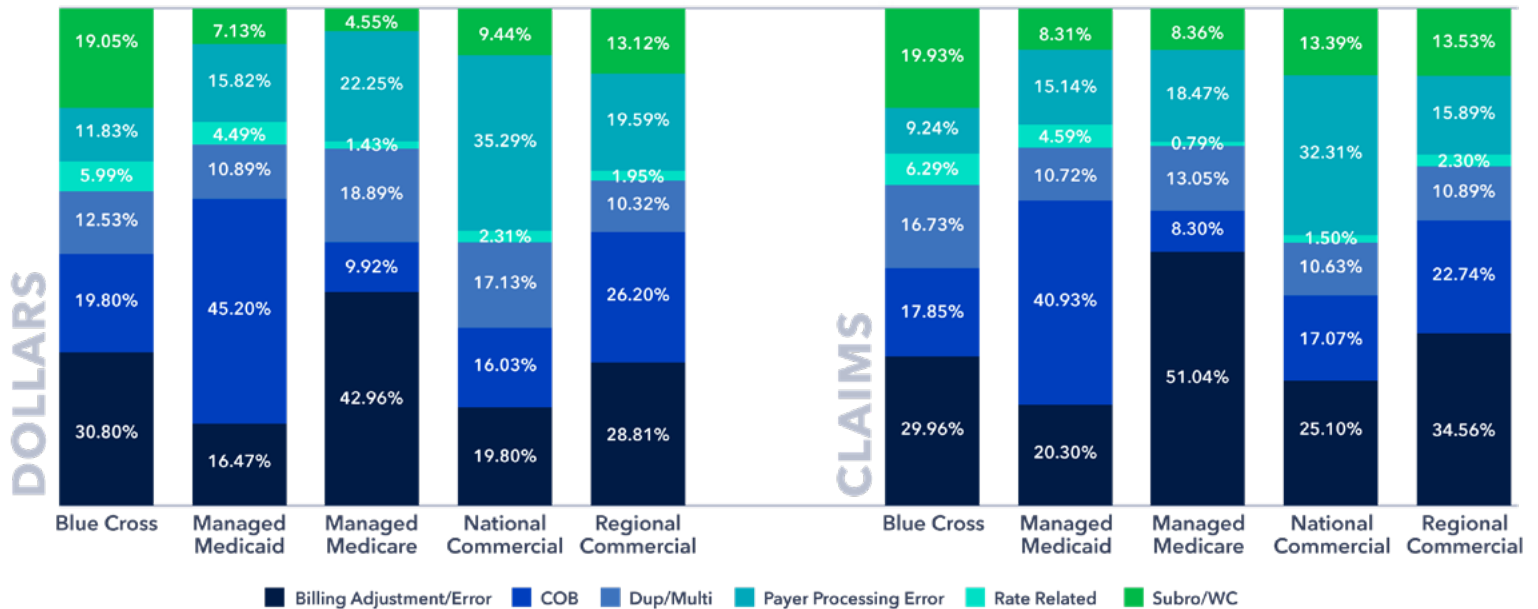
- ✓ Leverage enhanced editing capabilities in Clearinghouse once full claims editing capabilities of patient accounting systems have been exhausted
- ✓ Implement edits up front for accident-related DX codes to review for third party liability
- ✓ Flag related charges for Medicare patients for appropriate billing to skilled facilities when source is from a skilled facility.





Credit Balances in US Healthcare - 2024 Q4 Snapshot

REFUND VOLUME AND DOLLARS BY PAYER TYPE BY CAUSE, YTD 2024



What the data tells us

COB for Medicaid is the highest volume of COB at over 45% of the refunds written for COB because of the payer scope and patients changing MCOs (can be monthly in some cases).

Providers where we see a higher proportion of COB related overpayments typically fall into one of two categories:

- **Children’s hospitals with a lot of dependent coverage under two policies**
- **Hospitals with big Medicaid MCO populations**

COB is better at hospitals with good registration departments.

What to do about it

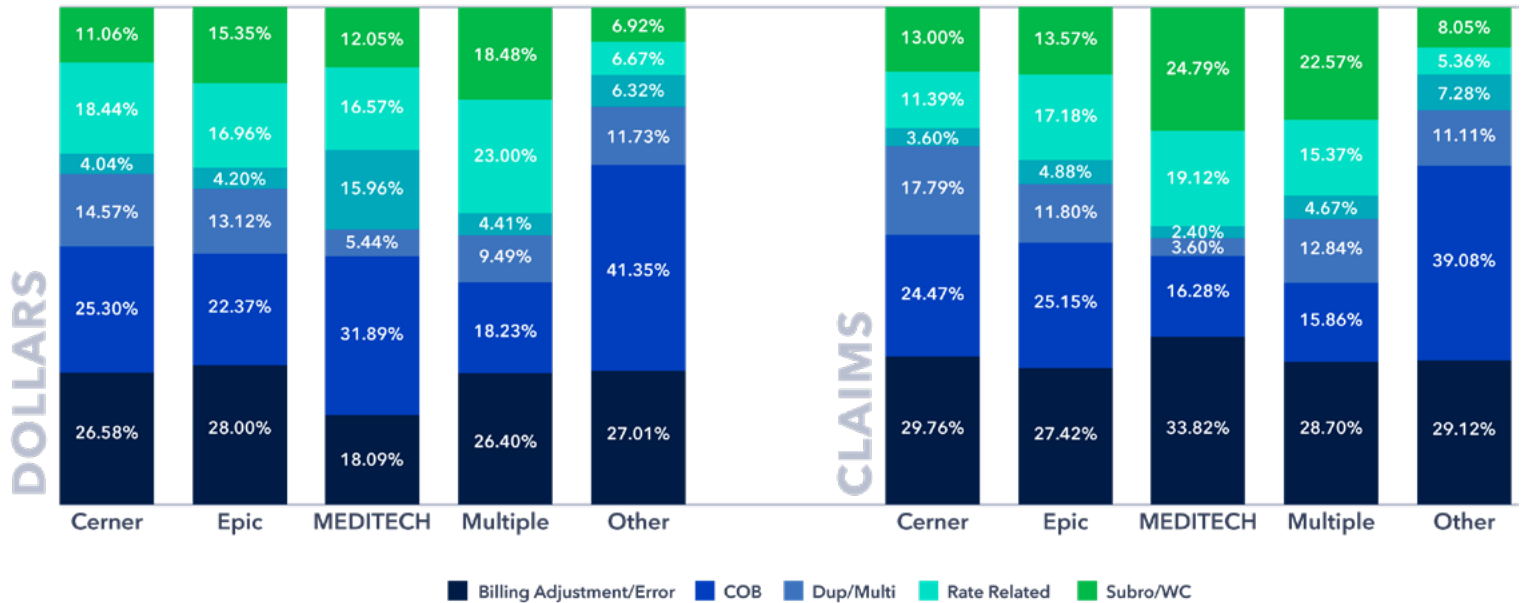
- ✓ Understand state rules on Medicaid eligibility and MCO changes and verify eligibility accordingly
- ✓ Educate registration staff on COB rules covering newborn, multi-generation, birthday rule, etc.
- ✓ Initiate a process with financial counselling to encourage/assist parents to add baby to coverage while inhouse & confirm COB





Credit Balances in US Healthcare - 2024 Q4 Snapshot

REFUND VOLUME AND DOLLARS BY EMR BY CAUSE, YTD 2024



How TREND can help

Revenue cycle is multifunctional and complex and front-line staff is focused on the priorities within their individual environment and does not necessarily get a chance to see the big picture impact. That is where we come into play. We can help identify internal billing inconsistencies based on the data that we received, and occasionally recurring balances can help identify billing corrections as a whole.

We see a mix of opportunity in complete and accurate registration processes, as well as patients updating their COB with payers, and payer internal measures. Just as in variation with in the hospital community in efficiency some payers have implemented processes on their side to have better COB internally. We have relationships directly with payers and work to ensure future COB related errors are resolved proactively.



Together, we are building a future where healthcare is more sustainable, fair, and effective.

We help payers and providers collaborate for mutual benefit and waste reduction to reduce costs and ultimately improve access to healthcare. We do this by aligning the common goals of payers and providers and fostering collaboration through a common technology platform and seamless workflows.

FOR PAYERS



MARY BETH LEIST

BOOK A CALL

FOR PROVIDERS



PATRICK WARREN

BOOK A CALL

