CLIENT SUCCESS STORY

A Successful Clinical Appeal Is A Win For The Hospital And The Patient

Advicare Wins Claim For Medically Necessary, Authorized Service & Engenders Gratitude From Hospital's Patient

While there are many rules and regulations in place to define the working relationship between hospitals and insurers, one aspect that is unregulated is what constitutes medically necessary care for purposes of health insurance reimbursement. With the exception of "life-saving" or "life-extending," the concept of medical necessity can be interpreted differently from payer to payer.

Payers' failure to honor prior authorization for services further complicates matters. That's because when providers seek – and receive – authorization, some payers maintain that such authorization does not guarantee payment.

The appeal addressed in this case study required Advicare to leverage the clinical and legal expertise of its team. On the clinical side, Advicare effectively demonstrated medical necessity by developing a persuasive appeal letter, supported by a comprehensive nurse review. To address the payer's failure to honor the prior authorization, Advicare invoked *promissory estoppel*, a legal principle in contract law that stops an organization from going back on a promise even if a legal contract does not exist. The hospital, Advicare posited, relied on the information provided by the payer to the hospital's subsequent detriment.

Advicare deployed its interdisciplinary team of lawyers and clinicians with far-reaching experience handling complex, problematic, and costly denials, as it does for all clinical appeals. The Advicare team stood up to a payer to fight a denied claim for an outpatient service that was denied based on the patient's coverage, despite the payer's prior authorization.

> "To address the payer's failure to honor the prior authorization, Advicare invoked promissory estoppel..."

The provider, a large Midwest hospital system, exercised great care in "checking all the boxes" to ensure proper reimbursement. Its staff properly sought precertification for a Reduction Mammaplasty (CPT 19318) and obtained an authorization number for the procedure. Nevertheless, the claim was denied based on the patient's policy.

Recognizing that billing issues can negatively affect a patient's experience and hence, the provider's reputation, the hospital filed a first-level appeal. However, the authorization was still not honored, and the patient received a bill for $47,652 stating the charges were not covered by her health insurance.

Steps Towards Success

When the patient received the bill, she was understandably distressed, and her anger was directed toward the hospital. The patient's surgeon escalated the complaint to the hospital's president, and Advicare began working the case on behalf of the hospital *and the patient*.

Approaching the denial from both a clinical and legal perspective, the Advicare team maintained that the patient and the hospital were not at fault because they relied on a reasonable promise – in this case, authorization from the payer. The appeal exposed the payer was in the best position to let the hospital know the service was not covered versus authorizing the service.

In addition, Advicare's appeal leveraged the patient's medical records to demonstrate the patient had endured chronic pain over an extended period. Advicare detailed the conservative, phased approach her physicians applied prior to recommending surgery, including diagnostic evidence, photographs, and imaging studies.

90% of denied claims are preventable, but only **66%** are recoverable.

Navigating Complicated Appeals

Like many cases, this particular appeal grew increasingly complicated. Originally, the Third-Party Administrator (TPA) responsible for adjudicating the claim directed Advicare to submit a Business Associate Agreement (BAA), slowing down the process and adding layers of additional bureaucratic red tape. However, Advicare had a favorable working relationship with the payer organization and was able to appeal the case directly to the financially responsible party.

After additional follow-up that included support from Advicare's Denial Resolution, Payer Relations, Legal, and Nursing departments, the hospital received an approval letter authorizing reimbursement for the procedure.

Restoring Patient Trust & Loyalty

Denied claims cause a "ripple effect" beyond the provider/payer relationship. A denied claim that becomes an unexpected medical bill damages the provider's reputation with its patients. Therefore, a successful appeal does more than recover revenue – it can help restore patient trust and loyalty and, ultimately, drive additional revenue through repeat business and favorable reviews. In this case, with Advicare's assistance, the hospital was able to demonstrate its commitment to its patients while overturning a costly clinical denial.

For more information about what Advicare can do for you, contact Bob Colón, Senior Vice President of Business Development at Advicare, at (484) 787-7151 or bcolon@myadvicare.com.

ADVICARE® CLINICAL DENIALS RECOVERY

2525 Drane Field Road, Suite 12
Lakeland, FL 33811

(863) 683-6358
Fax: (877) 489-8211