

**Here is a typical electronic remittance advice:**

**NATIONAL HERITAGE INSURANCE COMPANY**

PO BOX 272857  
 CHICO CA 95927-2857  
 (866) 502-9054

SOME DOCTOR  
 PO BOX 123456  
 SOMEWHERE CA 91722

PRODUCTION DATE : 01/21/2005  
 PAYMENT ISSUE DATE : 01/21/2005  
 PAYMENT AMOUNT : 240.39  
 PAYMENT TRACE NO : 1234567890

PAT ACCOUNT NO : 9999 MMS  
 PAT NAME : SOME PATIENT  
 PAT ID NUMBER : 123456789D  
 SERVICE PROVIDER:

CLAIM ID : 9999999999999  
 RECEIVED DATE : 01/20/2005  
 CLAIM START DATE : 01/19/2005  
 CLAIM REMARK CODES : MA01 MA18

SERVICE DATE	PROC CODE	UNITS	BILLED AMT	ALLOWED AMT	PAID AMT	ADJ AMT	ADJ CODES	LINE CODE	REMARK
01/19/05	11721	01	50.00	43.12	0.00	43.12 6.88	1 42		
TOTALS			50.00	43.12	0.00	43.12 6.88	1 42		

**Here is a partial analysis from our Report Center:**

Procedure Code	Billed Amount	NHIC	MegaHealth (Florida)	MegaHealth (Texas)	Insurance Co. 4	Insurance Co. 5	Insurance Co. 6	Insurance Co. 7
11721	50	43.12	49.80	53.36	53.36	44.46	49.80	53.36

\* MegaHealth is used only as an example.

**What are we looking at?**

- (1) There was no problem with the NHIC claim.
- (2) When this same code went to MegaHealth (Texas) you under-billed (or worse):
- (3) You were paid \$49.80 through a Silent PPO, here is how:

An individual insured by a small regional insurance company in Florida is visiting Texas and becomes ill. He calls your practice because he saw your ad in the Yellow Pages. Your front office fits them in and he is treated by you.

Since your practice does not have an agreement with the patient's insurance company, you should receive your total billed charge. (The insurance company would generally pay an amount it determines to be the usual, customary and reasonable fee, and the patient is liable for the balance of your charges.) Many practices will not require any payment from the patient at the time of the encounter (other than co-payments noted on the insurance card), but will wait for the payment from the insurance company, and then "balance bill" the patient for the difference between the billed charges and the amount paid by the insurance company.

Instead, your practice receives an explanation of benefits for that patient claiming a discount based on the PPO fee schedule of MegaHealth (a PPO your practice has contracted with). Since you have contractually agreed not to bill MegaHealth enrollees for amounts in excess of the negotiated fee, this discounted fee is all you get.

**Here is what happened.** The Florida insurance company, when it received the bill from your practice, began shopping for a discount. MegaHealth provided its list of preferred providers, and they saw they had a match with your practice. The Florida insurance company sent the claim to MegaHealth for "re-pricing" (insurance talk for applying the MegaHealth discount to your claim). MegaHealth sent your practice an explanation of benefits on the usual MegaHealth forms, with payment at the MegaHealth discounted rate. MegaHealth billed the insurance company for the discounted fee paid to your practice, plus an extra fee. The extra fee is often based on a percentage of the savings to the insurance company, based on the MegaHealth discount as opposed to your billed charges. Your practice was just victimized by a "silent PPO."

**\* You had no way of knowing you were underpaid. You do now!**