



Why Posting Errors are the Norm in EOB Processing

*Improving receivables with more accurate
billing and healthcare payment data*

August 10, 2015



Introduction

This white paper exposes and explores many of the industry “secrets”, which both vendors and providers seldom discuss, yet the majority encounter, dealing with inaccuracies of posting Explanation of Benefits (EOBs) forms.

EOB forms continue to populate the healthcare remittance and payment landscape. Although a variety of larger health systems have attained 80-90% electronic adoption, many smaller, more regional providers experience as high as 50%+ EOBs. Transferring EOB data from the originating paper into hospital information systems (HIS) and practice management systems (PMS) is fraught with errors and is typically understated. Most hospitals, physician groups and providers have decided to live with mediocrity in this area, because it is considered “the norm”.

We'll explore the root causes of these errors and lack of accuracy to uncover solutions so providers no longer need to tolerate the intolerable.

The Opportunity for Poor Quality is Everywhere

The quality and accuracy of remittance data in EOBs can be negatively affected when proper systems or controls are inadequate for these three processes:

1. Claim Origination:

Inherently, errors originated from an incorrect claim generation contribute to poor EOB data quality. According to Health Insurance Expert, [Michael Bihari](#), MD, many errors can impact the accuracy of claim data including:

- Double billing
- Miscalculating the coinsurance amount
- Wrong procedural and diagnosis codes
- Insurance fraud
- Switching health plans
- Out-of-network calculations
- Incorrect denials

Due to the complexity of the healthcare system and the variability of the scenarios, there is no simple solution to this type of problem. Implementing a variety of quality control techniques and data validation to the claims process, either internally or externally at a clearinghouse, will help minimize inaccuracies after the procedure is completed. This will also support a more accurate payment reconciliation process for the patient.

2. Manual EOB Posting:

Transferring EOB remittance and payment data from paper EOBs into HIS/PM systems is prone to error due to antiquated manual processes, such as moving a ruler to various locations on the EOB. Speed is a challenge to maximize due to the number of fields, which require visual location, as well as interpreting and memorizing specific payer-based rules. EOB data entry software often times lacks the needed functional sophistication. Slow, tedious and repetitive processes contribute to high labor costs highlighted in the Orbograph's white paper: [Strategic Considerations for Paper-based Healthcare Payments](#).

Errors Degrade The Patient Experience

As patient responsibility becomes a greater share of medical receivables, healthcare providers must minimize errors which cause patient confusion and delay payments.



Why Posting Errors are the Norm in EOB Processing

The diagram below identifies a minimum 10-step process required for the majority of EOB data entry and posting personnel. The process requires individuals with strong experience in healthcare coupled with an efficient working knowledge of posting software. Operationally, the posting individual has to balance between incentives for speed and quality of posting.



Quality is many times a low priority due to lack of reporting tools, software controls and employee accountability. Often, keyers can post as high as 2% of all fields with incorrect information. Assuming 15-25 fields per claim, some form of error can exist in nearly 1 in 4 claims. Even for a modest provider with 10,000 paper claims per month, the exposure to 2,500 billing errors exists!

3. EOB Conversion:

For providers who do not wish to staff for the EOB data entry function, EOB conversion services and software platforms can be used for this purpose. This process involves extracting remittance information from an image of an originating EOB form, or PDF version, to create an EDI 835 formatted file for autoposting into HIS/PM systems.

This service is offered by a wide range of vendors including clearinghouses, billing companies, business process outsourcers and banks.



- A. Outsourced labor service: In order to attain low cost processing objectives below US labor rates, vendors and providers use a variety of companies or employees outside the US for business process outsourcing (BPO). These companies staff specialty-trained workers to enter EOB information, along with other paper-based payments. Although it is a mature approach to the market, this option involves intensive training overseas, staff management and continuous hiring, as turnover is typically high. Quality control measures are built into software keying platforms. BPOs can be a highly error-prone approach when strong controls are not deployed. Posting rates are typically quoted at 95% without accuracy targets.

Why Posting Errors are the Norm in EOB Processing

- B. OCR software recognition with in-house reject repair: OCR forms vendors look at EOBs simply as a new type of unstructured form. This philosophy can be difficult to implement due to the requirements of building templates to match EOB formats. OCR software can also be unreliable when confidence levels are not properly tuned and reject repair software with the forms processing OCR is challenging. These configurations typically require in-house IT resources for software installation and administration and have higher levels of OCR accuracies.
- C. Full service, cloud-based automation platform: This classification of solution is typically cloud-based, incorporating multi-engine OCR technologies, as well as integrated quality control processes to ensure completeness of information, proper formatting and limited errors. Postability rates can be 99%+.



The overall risk of errors in scenario #3 is much lower than any others due to the extensive use of EDI 837 claim information and validation logic applied in the platform during processing. For example:

- A typical EOB requires 17 fields of information extracted into an EDI 835 file as a minimal data set. Only 3 of the 17 fields are manually validated vs. system validated.
- When EDI 837 claim data is present, a more robust 835 can be created, representing 55 different fields. The system will validate 95.5% of these fields automatically, with the remainder manually.

These platforms are able to attain high levels of character and field level confidence due to multi-engine OCR recognition engines. One sample set found accuracy levels at 99.94% per field. That equates to potentially only 6 misread fields every 10,000 fields, or 1 in every 1,667!

With many of these misreads resolved prior to posting, one can see how postability rates with this processing methodology can be far superior to pure OCR recognition software or internal posting.

Source: http://healthinsurance.about.com/od/healthinsurancebasics/a/EOB_errors.htm

About Orbograph

Orbograph is a premier supplier of electronic/paper automation solutions in healthcare revenue cycle management (RCM). The cloud-based Healthcare Payments Automation Center (HPAC) is “Enabling Transformation of Healthcare Payments” by converting paper-based EOBs, correspondence and patient payments, normalizing ANSI X12 EDI 835 remittance advices and reconciling EFT/ACH payments to ERAs via reassociation.

If you have any questions or would like to discuss further any of the topics presented, please contact:

Joe Gregory
VP of Marketing
978-667-6037 x5046
joe.gregory@orbograph.com

