



THE PALMETTO PROBLEM

THE TRANSITION FROM NHIC TO PALMETTO GBA FOR MEDICARE CLAIMS HAS BEEN PLAGUED WITH PROBLEMS. IS THERE AN END IN SIGHT?

BY SCP STAFF

WISH I HAD A TOMATO, quipped one House of Delegates attendee as Palmetto GBA's Vice President of Medicare Operations Mike Barlow spoke to the crowd. And that was just one of the milder vents of frustration from physicians over the payment delays, rejected claims and sparse personal communication, as Palmetto took over processing California's Medicare claims from NHIC, the previous contractor. Indeed, the conflict has become almost hostile, with angry physicians and office managers on one side and the overwhelmed—and often under-trained—staff at Palmetto on the other.

So how did we get here from what might have been an easy transition? That's a little like asking "How did we wake up one morning to find the economy in shambles, major financial institutions buckling and the entire world grappling with the fallout?" While we won't go so far as to say that the bug-ridden Palmetto transition can be compared to the complexity of problems with the national economy, we can say that the deeper you dig into the issues, the more perplexing it all becomes.

And that's even discounting the scale of the problem. Medicare is a gigantic insurer for California. All sources interviewed for this article submitted between 30 percent to 90

percent of their claims through the federal insurer. This year there will be approximately 4.5 million Medicare beneficiaries in California. Here's what our investigation revealed about the whole tangle.

The Busy Signal Headache

THE MOST NOTICEABLE of all of Palmetto's woes—and the one causing the most frustration—is the inability of physicians and office managers to get customer service representatives on the phone. "When we called, it would take anywhere between 4 minutes and an hour and a half to get through the busy signal, then we would be on hold for another half-hour or 45 minutes," says Sanjay Sippy, CEO of Medical Billing Management, a Los Angeles firm serving about 60 physicians. "Then there were times they even hung up on us."

For Palmetto's part, the company points out that according to data from both NHIC and the U.S. Centers for Medicare and Medicaid, typical call volumes during the NHIC

uted to under-trained customer service representatives who have to hunt through reams of information to find an answer, and some must be attributed to difficult problems, and "personality issues" on both sides. As tempers flare, customer service representatives lose their cool and get snippy with the customers, creating a never-ending loop of argumentative conversation and finger-pointing.

Palmetto has, indeed, posted answers to many frequently asked questions on its website, but it can be a bit like looking for the proverbial needle in a haystack. There's an awful lot of information there for very busy office managers to sort through, and what's there does not always answer someone's specific question. Even county medical associations, such as the Los Angeles county Medical Association, that are fortunate enough to have their own economic advocacy departments are overwhelmed by the volume of calls from members, and by the vast amount of often-confusing information coming from Palmetto.

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reign averaged between 2,000 and 2,500 a day. Before the transition took place, Palmetto staffed up for the expected call volume, even adding additional staff to handle unforeseen circumstances. But since the transition, Palmetto has received four or five times the expected call volume. Many of those are redials, but Palmetto says that even if the true number of callers is 150 percent of normal, the impact to the call center is overwhelming.

Compounding that problem, each call takes longer than normal to negotiate. While Palmetto points out that many of callers' questions can be answered through its website, that is probably not the whole answer. Some waiting must be attrib-

Overarching Issues

PALMETTO'S BARLOW attributes approximately 80 percent of service center calls to two main overarching issues: Palmetto's procedures for handling claims are different than those used by NHIC; and Palmetto's software has been kicking out claims because many of the company's jurisdiction-specific settings have been out of date. As an example of changes in procedures, NHIC may have ignored some procedure code and modifier combinations that were actually not supposed to be allowed, according to the CMA. In other words, Palmetto's procedures are actually stricter than those used by NHIC.

The Trouble with Enrollment

If enrollment with Palmetto is causing you trouble, the California Medical Association has a few helpful suggestions.

Northern California (including Riverside and San Bernardino Counties)

- If you sent an application to NHIC only in response to its "option codes" letter, and you are not submitting claims, the CMA suggests that you submit claims anyway. You are likely to get paid. NHIC never put the procedures in place that it warned about in its letter, and Palmetto will process those related applications beginning in January.

- If you sent NHIC an application in

response to its option codes letter and are getting paid, your application will still be processed in January at the earliest.

All California

If you applied for NHIC enrollment for reasons other than its option codes letter, and you are not getting paid, you may be having NPI-related problems. Please send CMA: your individual and group name; your old Provider Identification Number; each NPI; the reason for your application, such

as an address change; your NHIC reference number; the date you applied; if submitting, include information about whether Palmetto is rejecting your claims; the "message number" of your rejections.

Palmetto says 95 percent of applications are completed within 60 days. After sending your application, allow 21 days for an acknowledgement from the company, before calling to inquire. Palmetto will ask for additional information, if necessary, within three weeks of its acknowledgement letter.

Waiting for Payday

WHILE YOU'RE cursing your luck waiting for a check, make sure you've got the dates right. First of all, if you've waited more than 30 days, Palmetto owes you interest. The CMA notes that it takes Medicare 14 days to pay an electronic claim and 29 days for paper. Although electronic claims are posted on the very next day, it can take another full week for a paper check to arrive in the mail.

reduction," says Palmetto's Barlow.

Once again, however, the problem isn't easily addressed by simply throwing resources at it until the backlog clears up. For the past couple of years, practices have been switching over to the new national provider identifiers, or NPIs, from a gumbo of identification numbers, each required by a different insurer. Soon thereafter, Medicare started a two-NPI

But it's important that we don't skip over the fact that Palmetto's claims-editing software frequently rejects or denies claims because it failed to recognize correct modifiers. Enola Berker, owner of Advanced Medical Billing in Imperial County, for example, has about one in every five claims denied "for some crazy reason," she says. "I have trouble with all of my clients getting paid for certain procedures—my physical therapist, she can forget it, she's not getting paid for a while," she adds.

In Palmetto's defense, programming the software correctly is an immensely complicated task, and NHIC may not have been completely helpful in supplying all of its idiosyncratic practices. To make things even more difficult, each jurisdiction has certain rules to determine procedures and modifiers medically "reasonable and necessary," called local coverage determinations. Palmetto only issued its LCDs on Sept. 2, due to a Medicare mandate for contractors to consolidate the LCDs from the old system, which had more and smaller jurisdictions, and therefore many more LCDs.

"We're sending in good claims that are being denied in error," Berker says, referring to her LCD issues. "They have a big glitch in the hospitalization, where you'll bill [days] 16, 17, 18, 19, 20—the first one, they pay. The second one, they say it needs a modifier—it doesn't require a modifier, and if you put a modifier on it, it would be fraudulent billing."

In general, Palmetto has to tweak the LCDs to read claims correctly and to know which modifiers belong and which do not. As rules are fixed, Palmetto does what it calls mass adjustments to claims in the queue—although with no guaranteed timelines for any of the fixes. But claims that have already been rejected? Well, sorry, you have to resubmit them, which—you guessed it—causes further delays in payment, further strain on Palmetto's already-groaning system and further frustration on the part of physicians and office managers.

So what happened to Berker's claim? After being directed to the CMS website by a Palmetto customer service representative to find the "correct" codes corresponding to the relevant LCDs, Berker discovered she had indeed turned in the right ones. She then managed to get through to Palmetto's customer service yet again and convinced them to fix the errors manually. The icing on the cake? The representative who corrected her claim manually said the previous representative appeared to have been "too lazy" to find the right codes herself.

While Palmetto should certainly take the heat for a number of the problems, they also make a fair argument when they point a finger back at NHIC. One problem that Palmetto inherited from NHIC, and a major cause of the phone-jam, was a backlog of unprocessed of physician enrollments and re-enrollments. NHIC was receiving about 600 enrollment applications per day just before Palmetto took over, rather than the expected 400 per day. "When they hit 20,000 pending, we made them get on a call with CMS to talk about inventory

system, one identifying the corporation and one identifying the individual. Medicare's so-called "NPI Crosswalk" approach allowed providers to submit claims containing an NPI and a legacy number, such as an old Provider Identification Number. But the new system proved confusing, as physicians and others mistakenly matched either corporate or personal NPI with legacy numbers.

The detailed process of getting physicians switched over correctly to the new NPIs is still ongoing, and the confusion is only adding more fuel to the Palmetto fire. "When we go out to the physicians' offices and speak to whoever is doing the billing, they have no idea what a type-2 or type-1 NPI is," says Berker, the biller in Imperial. "When you say, 'Have you registered your type-2?' they say, 'Do you have to register it?'" she chuckles.

The Claims Chain

AS IF ALL of these problems weren't enough, there are a seemingly endless number of places for things to go wrong in the claims chain. On one end, there is a physician and a sometimes a billing company—make a mistake in filing claims and the ball starts rolling albeit in the wrong direction. Next in line is electronic data transmission to Palmetto, then the company's claims processing and payment. All the while, communications between Palmetto and the billing experts or doctors can go awry, causing even more confusion and angst. If you don't use electronic data interchange for sending claims, then there's the U.S. Post Office to deal with. In one very simple example of how any little bump in the road can make the snowball grow exponentially, Palmetto's voice recognition system does not let people enter claims numbers by speaking into the handset—instead, numbers must be keyed in, which causes far more errors

How the CMA is Helping

STEPPING INTO the Medicare-contractor transition crisis, the California Medical Association has several strategies to help doctors out.

First, the state and county associations are reaching out directly by putting up posters in hospitals and other doctor-rich areas to encourage providers with Medicare payment troubles to call CMA and local associations, among other steps.

At the same time, "we've almost tripled the number of people at [the Center for Economic Services] who are handling the Medicare call volume," says Don Moulds, CMA vice president of medical and regulatory policy. The CMA is also training membership call-center staffers to triage easily resolved reimbursement cases, he adds.

The CMA is also gathering data on the problems doctors are running up against, and it holds weekly conference calls with Palmetto and CMS. "So when we see a frequent problem, we're in constant communication with them to try to resolve it at their end," says Moulds.

Additionally, CMA reimbursement specialist Michelle Kelly is providing regular updates to county association officers in Southern California, ensuring timely and accurate information.

"We want to get to a place where CMS is somewhat proactive about this kind of thing, rather than having to wait until there's a large-scale payment issue before we're in a position to deal with it," Moulds says. "We'd like to see it not happen next time."

Numbers to Know

These services have phone numbers:

Automated Voice Response	866-931-3903
Customer Service	866-931-3901
J1 MAC	866-749-4301
Electronic Funds Transfer	866-749-4301
Reopenings	866-669-5543

And these services have fax numbers only:

Finance	803-462-3916
General Correspondence	803-462-3912
Medical Review	803-462-3929
Medicare Secondary Payer	803-462-3922
Provider Outreach	803-462-3923
Redeterminations	803-462-3914
Urgent Overpayment	803-462-3916

than simply speaking them into the phone.

Another larger—and vastly more problematic—example is the electronic data interchange, or EDI, system itself. There are two procedures to confuse with each other, the EDI Application and the EDI Enrollment. When Palmetto replaced NHIC, the company needed already-enrolled doctors and billers to fill out a new application, not a new enrollment. According to Palmetto, that's the source of a lot of problems. E-mail spam filters cause a different sort of headache. After sending an application to Palmetto, it should take 20 days to receive a password by e-mail—assuming it lands in your email "inbox" and not in your "junk box." Many physicians and their staff have also found that there's another glitch in Palmetto's EDI software that can cause their information to simply disappear out of the system.

Plus, not everyone is so sure that Palmetto is hitting the 20-day turnaround it has set for receiving a new password. For one thing, even if you complete the application on-line, Palmetto must still manually scan a copy into their system. However, filling out the online version does save some time. Adds Berker, "They tell you it's going to take 20 days, but they're 60 days behind in their scanning, so you've got 80-day waits."

An End in Sight

THERE IS, however, light at the end of the tunnel. The company is adding personnel to take calls, and it says that its call volumes will return to manageable levels by the end of November. Barlow says that we might realistically be well into December by the time Palmetto has cleared out the larger issues, and can concentrate on some of the older backlog inherited from NHIC. "We have a plan to be processing applications within CMS standards by the end of 2008," he says. "Everyone will see improvement in timeliness between now and then."

After meeting with the resolutely calm and patient Barlow at the Sacramento CMA meeting, Sanjay Sippy, the Los Angeles biller, was positively upbeat. "We went through edits [code-specific software programming], and they had fixed a lot of the edits that I had brought to the company's attention," he says. "But there were some edits that we enlightened them on, which was great—and that's why by the time I left that meeting, he asked us to be a resource, because I've got 57 or 58 clients now, and growing."

Sippy, however, is more the exception than the rule, given that he was able to meet personally with Barlow in Sacramento and because he represents a large roster of clients. But what about the individual doctor that doesn't have time or resolve to wrangle with Palmetto? Is there any resolution?

Yes, there is, albeit immediate relief is certainly not assured. Both the CMA and county medical associations are doing a yeoman's labor resolving as many issues as they can—often without much help from Palmetto (see "How the CMA is Helping"). At the same time, Palmetto is fixing its claims processing software on a daily basis, along with the LCDs, and although it's hard to find, the company is posting these updates to the Alerts section of its website all the time. In the end the goal is the same—give the doctors and billers what they really, really want, which is to get paid, and paid on time. As Berker succinctly puts it, "I don't care whose fault it is, just fix it." ■