COSMOS
Navigate the Compliance Universe

Report on Medicare Compliance Volume 27, Number 31. September 03, 2018
Hospitals Take a Hit from Line-Item Denials; CDM Contract Language May Reduce Them

By Nina Youngstrom

Claim denials based on coding and medical necessity soak up a lot of attention, but Medicare and commercial payers also are plucking charges off claims, attorneys say. Hospitals may want to put a lid on these line-item denials during contract negotiations with health plans, when they could review the charge description master (CDM), which lists the prices of every hospital service. It will be hard for payers to complain about charges if they don't raise objections upfront, lawyers say.

Without monitoring line-item denials, hospitals could be sacrificing 5% to 10% of their expected net revenue on the commercial side, said attorney Stephen Goff, with King & Spalding in Sacramento. There's also an opportunity to improve compliance. "Out of 20 times we think the health plan is wrong, we find two or three times where the provider needs to change its chargemaster to make it more compliant," he said at an Aug. 27 webinar sponsored by the law firm.

In line-item denials, payers won't recognize items as separately billable or replace them with a different line item, Goff said. "I'm talking about chargemaster denials," he explained. "Almost all line-item denials are done to reduce reimbursement. They're not done by commercial plans to show you they know about codes." Payers can't deny or change line items without itemized bills, however. "When you submit claims electronically, they will pend the claim and ask for an itemized bill. That's the tip off they will do some kind of a desk audit," Goff said.

This document is only available to subscribers. Please log in or purchase access.

Purchase Login

Copyright © 2024 by Society of Corporate Compliance and Ethics (SCCE) & Health Care Compliance Association (HCCA). No claim to original US Government works. All rights reserved. Usage is governed under this website's Terms of Use.