

# PERSONAL INJURY PROTECTION:

A Review of the Medical Billing Process Under the KY PIP System

Hospital Data Update

Kentucky Department of Insurance

November 27, 2018

# HOSPITAL DATA

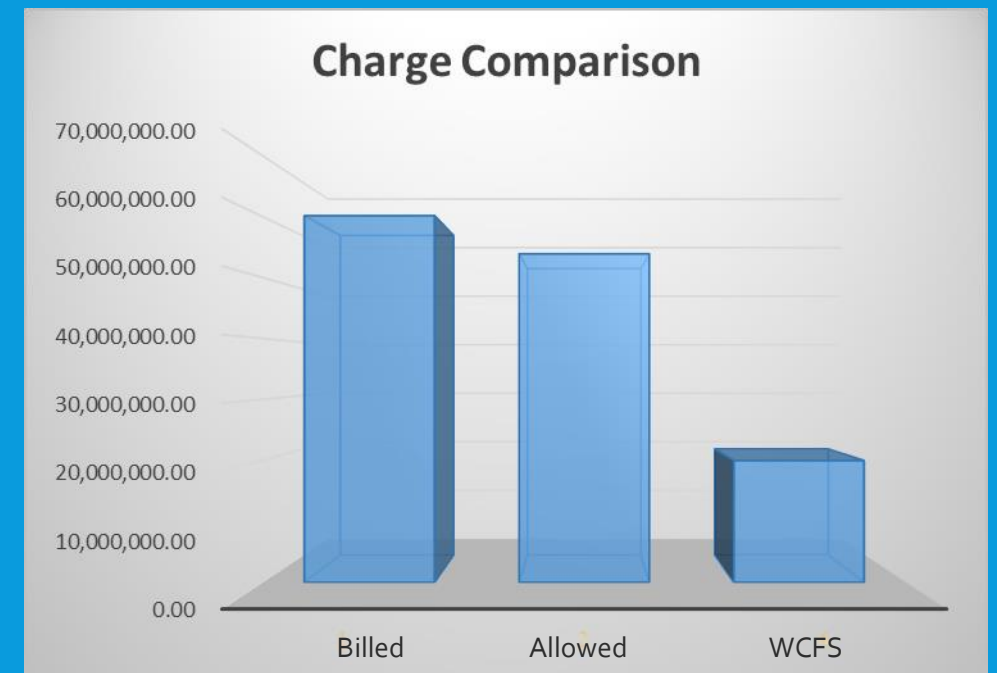
- Aggregate Data
  - 3 Insurance Companies Reported
  - All transactions marked as “hospital” internally or the provider is a hospital paid in 2017
  - 98,962 transactions in total
    - Billed Amount: \$78,214,568
    - Allowed Amount: \$54,846,225
  - Reductions
    - 48% of total transactions paid billed charges.
    - Substantial amount of \$0.00 paid:
      - Exhaustion of PIP benefits; and
      - Redirection of expenses at individual's request

# HOSPITAL DATA

- Comparison
  - In order to compare with WCFS, hospital data had to be refined:
    - Eliminate all hospitals not included in the WCFS cost to charge ratio.
    - Eliminate all hospitals with a zero percent WCFS ratio.
    - Eliminate all hospitals that could not be matched or confirmed.
    - Eliminate all claims with allowed amount of zero.
  - WCFS
    - Unlike non-hospital, the WCFS uses a “cost to charge” ratio to reimburse hospitals.
    - Hospitals submit entire bills, and receive a pre-determined percentage of billed charges.
    - Percentages range from ≈10% to 60%
    - Average percent is 35.66%
    - Example:
      - Kings Daughters Medical Center receives 33.58% of billed charges.

# HOSPITAL DATA

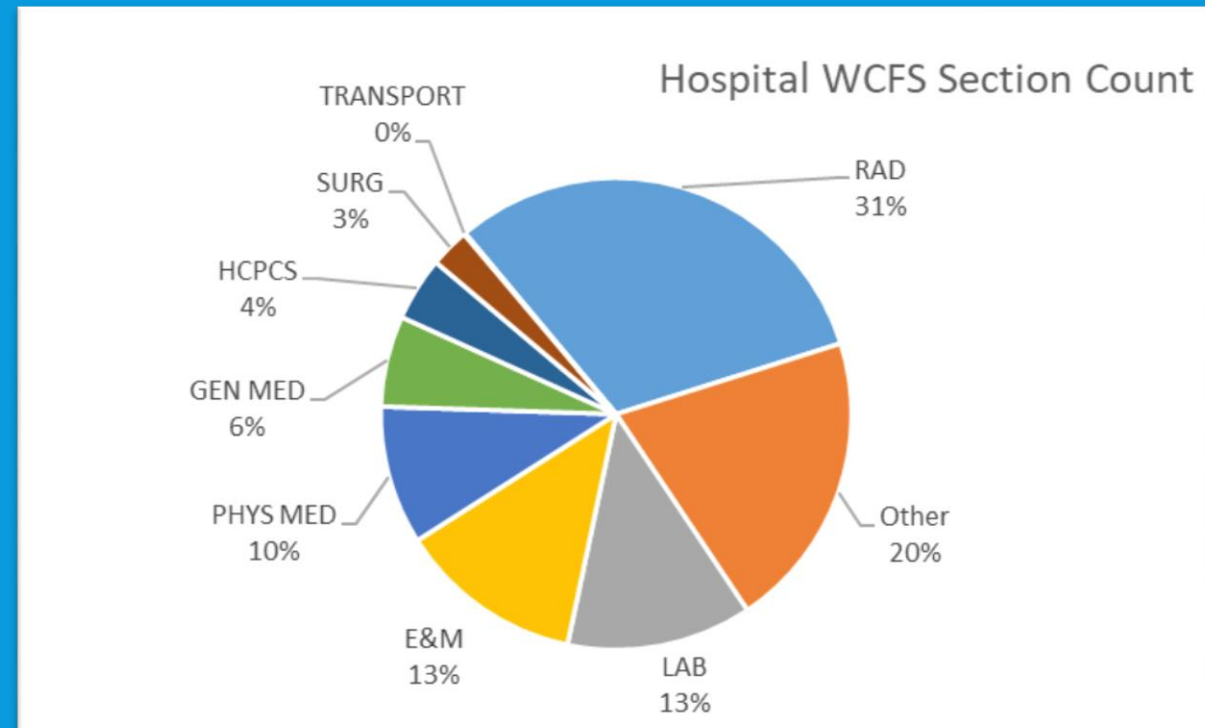
- Data Refinement
  - 98,962 claims reduced to 78,411 claims
    - Total Billed Charges: \$60,114,298
    - Total Allowed Charges: \$53,856,081
    - Total Under WCFS: \$19,973,808
- Averages
  - WCFS Amount to Billed Amount: 33%
  - WCFS Amount to Allowed Amount: 37%



# HOSPITAL DATA

- Commonly Billed Procedures
  - Comparison of the most commonly billed hospital procedures

TYPE	Count
RAD	24,520
Other	16,020
LAB	9,987
E&M	9,953
PHYS MED	7,446
GEN MED	4,878
HCPCS	3,429
SURG	2,117
TRANSPORT	61



# HOSPITAL DATA

- Conclusion
  - Hospital re-pricing does occur, but much less frequently than non-hospital bills.
  - Most hospital bills are paid using billed charges or subject to exhaustion of PIP benefits or re-direction.
  - The usage of the WCFS cost to charge ratio would result in substantial reduction of amount paid to hospitals.
  - DOI re-processing indicates the average amounts coincide with the overall cost to charge ratio average.
  - WCFS would result in higher reimbursements than other fee schedules (i.e., Medicaid).