A Study on Settlement of Reimbursement Claims in TPA

MBA Hospital and Health Management
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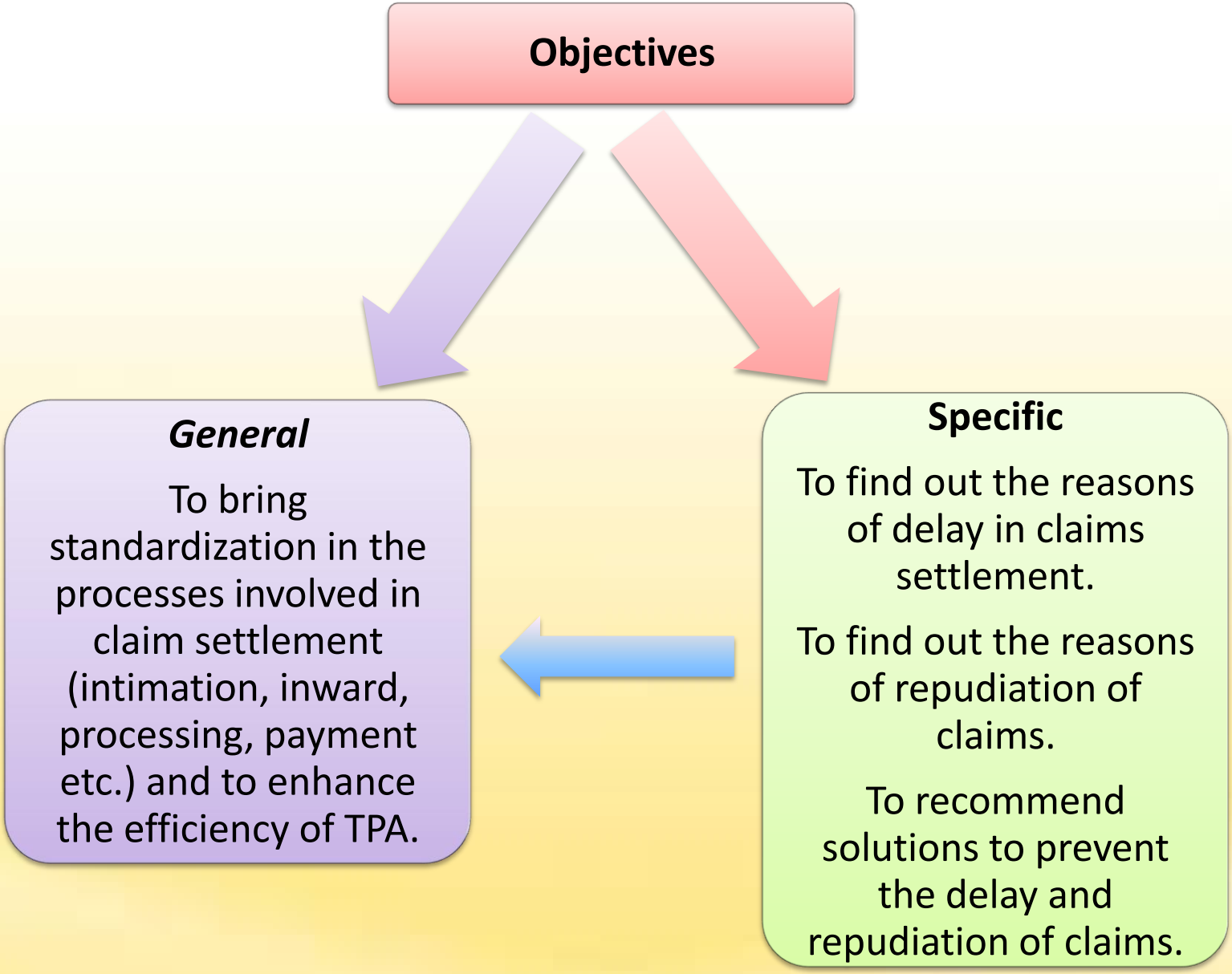
Introduction

- A third party Administrator (TPA) is an organization that processes insurance claims or certain aspects of employee benefit plans for a separate entity. This can be viewed as “outsourcing” the administration of the claims processing.

- Every four out of nine policyholders have faced problems with their health insurance providers and third party administrators (TPA) at the time of getting their claims approved.

- The time agreed for claim settlement with TPA is less than 1 month, whereas actual time taken for claim settlement varies from 2 to 3 months.

- As on time claim settlement is the major issue for insured this study is based upon that. In the study the reasons for delay in claims settlement and reasons for repudiation of claims were identified and their possible solutions were given.


Objectives
General
To bring standardization in the processes involved in claim settlement (intimation, inward, processing, payment etc.) and to enhance the efficiency of TPA.
Specific
To find out the reasons of delay in claims settlement.
To find out the reasons of repudiation of claims.
To recommend solutions to prevent the delay and repudiation of claims.

Research Questions

- How to prevent the delay in final claims settlement?
- How to prevent repudiation of claims?

Methodology

Area of the study

- E- Meditek TPA Services Ltd. (Gurgaon) – Head Office

Study Design

- Descriptive study

Type of data

- Quantitative Data (Data of claim files)

Sample size

- Total 260 claims - 130 IPD and 130 OPD claims for the study of delay in claims settlement.
- Total 200 claims - 100 IPD and 100 OPD claims for the study of repudiation of claims.

Sampling Technique:

- Random sampling

Data Collection Tool:

- Data of claims were collected and entered in MS Excel sheet and analyzed by calculations, graphs and pie charts.

Data collection:

Primary Data

- Direct observation: claim files were observed and processed.
- Discussion with medical and administrative staff.

Results

Criteria taken for Analysis

➢**Turn Around Time:**

Standard TAT set by the company:-

- 30 days for IPD
- 15 days for OPD

➢**Percentage distribution of claims according to TAT & Status:**

4 categories of claims according to that:-

- Claims processed within TAT
- Claims processed beyond TAT
- Repudiated claims
- Claims in Discrepancy

- **Average Number of days of claims settlement (for the sample taken):**
  - $\frac{\text{Sum of aging of total claims taken in the sample}}{\text{Total No. of claims taken in the sample}}$
- **Distribution of claims according to the reasons of delay in claim settlement**
- **Distribution of claims according to the reasons of repudiation of claims**

- IPD and OPD claims were studied separately.
- IPD claims were more crucial than OPD claims
- More monetary value incurred in IPD claims
- Reasons of repudiation of claims are different in IPD and OPD.
- Magnitude of delayed and repudiated claims are different in IPD and OPD.

Steps of Claim Settlement in E -Meditek

1. File comes
2. Stamp of date, Seal of receiving
3. Data entry, UID No.
4. Scanning
5. Inward
6. Bill entry
7. Claim Processing
8. Approval
9. payment
10. File sent to Insurance company

Data Analysis: IPD Claims

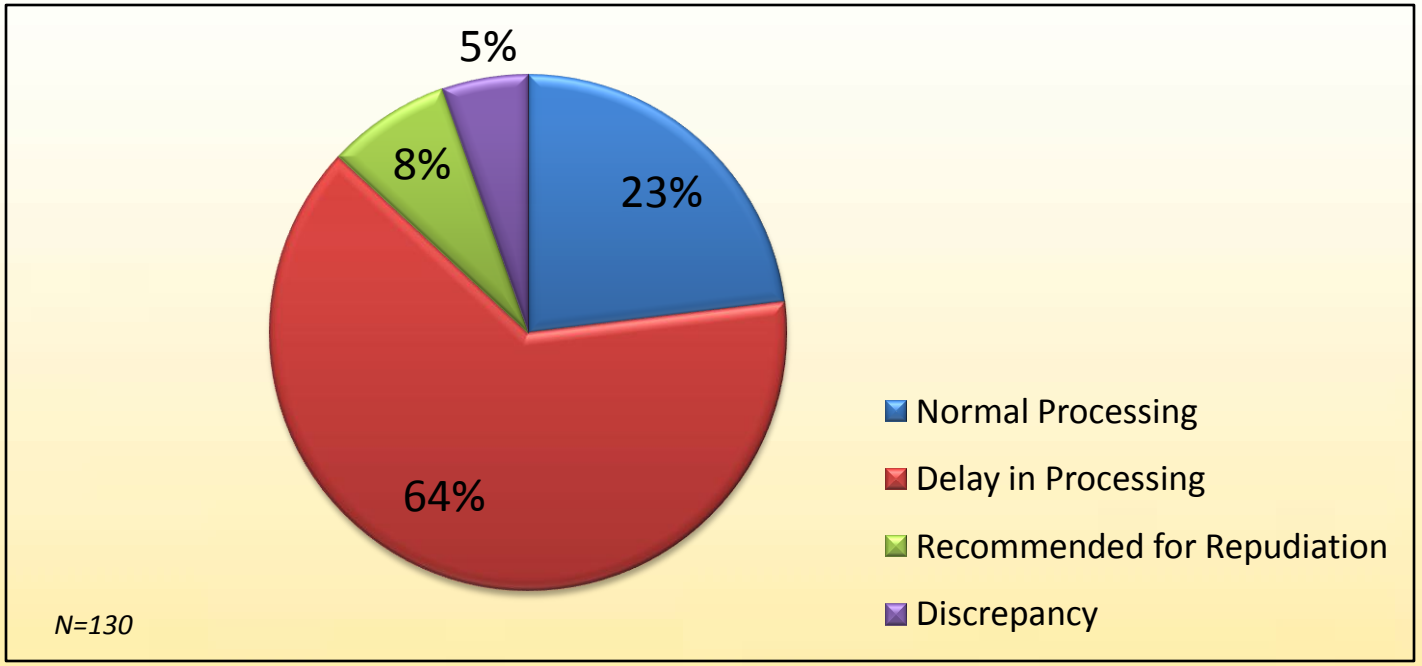


**Figure 1. Distribution of claim settlement according to TAT & Status in IPD claims*

The figure shows that out of 130 IPD claims, only 23% claims are settled within TAT, 64% settled with delay and 8% were repudiated, not getting anything..

Data Analysis: IPD Claims

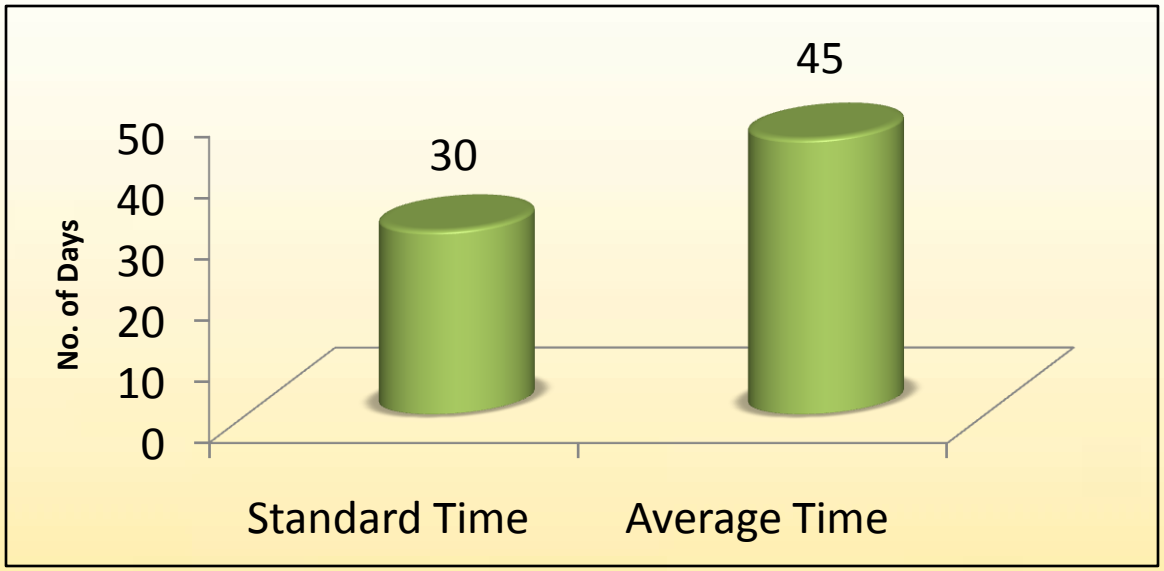


**Figure 2. Number of days of claim settlement in IPD Claims (for the sample taken)*

The figure shows that in IPD on an average claims are settled in 45 days but the standard TAT set by E- Meditek is 30 days.

Data Analysis: IPD Claims

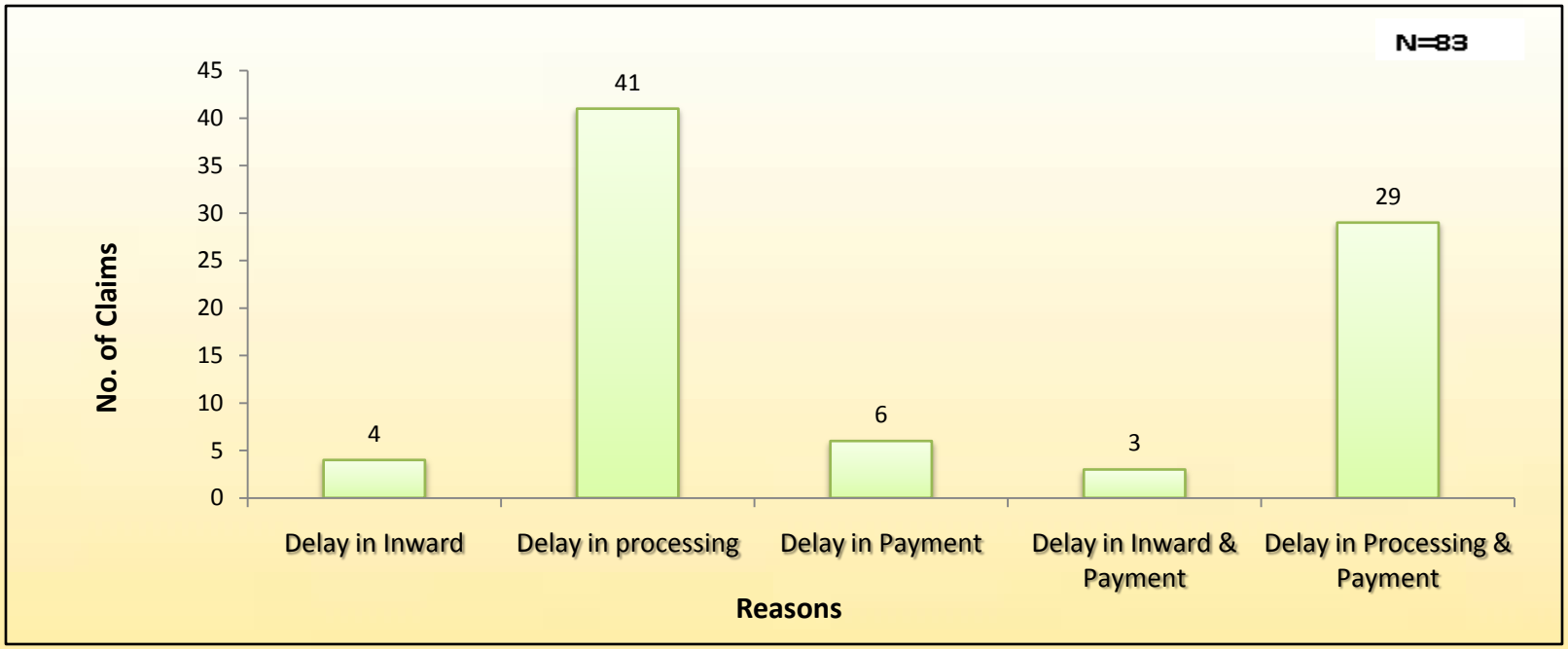


**Figure 3. Reasons for delay is final settlement of IPD claims*

The figure shows that out of 83 IPD claims majority of claims (approximately 50%) were delayed due to delay in processing.

Data Analysis: IPD Claims

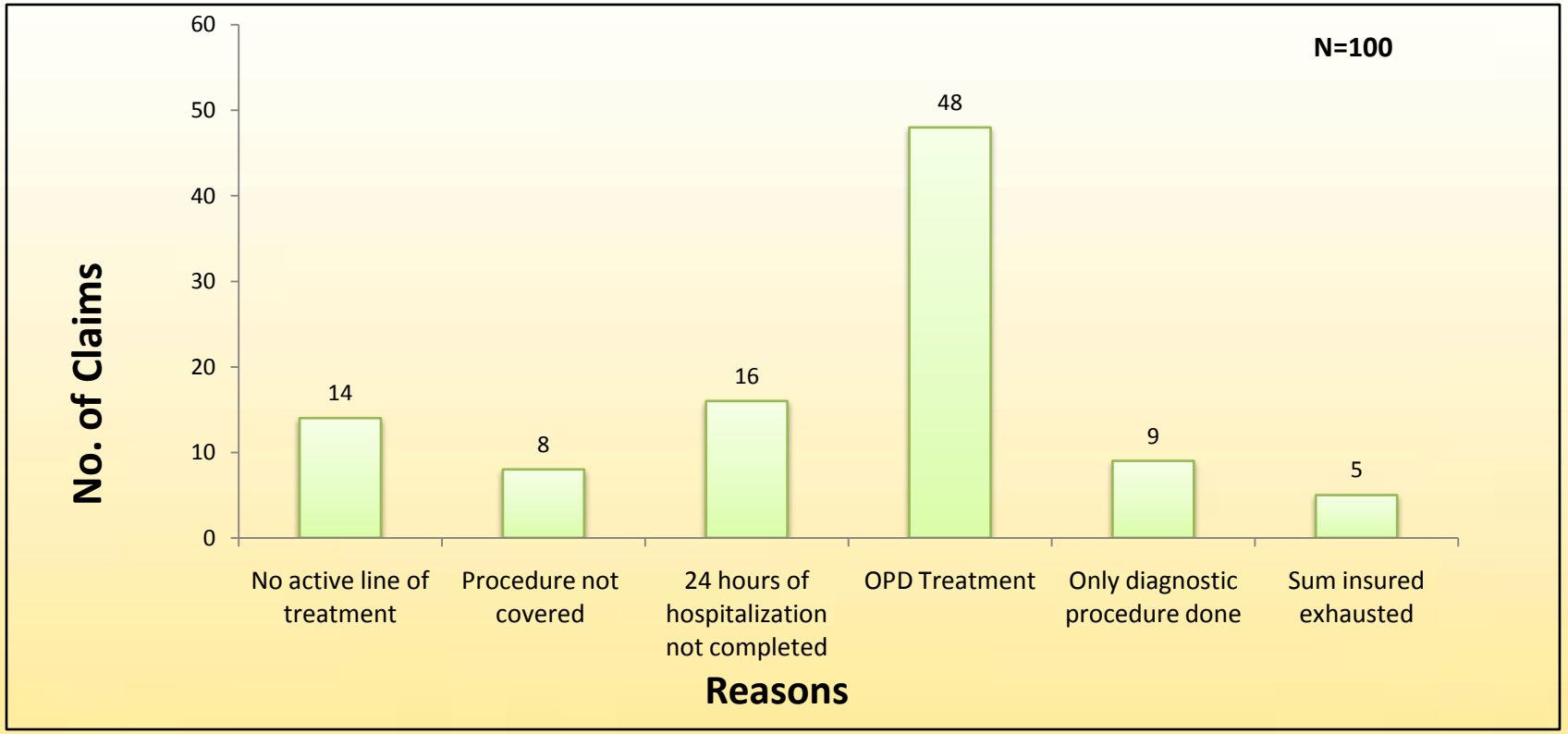


**Figure 4. Reasons for repudiation of IPD claims*

The figure shows that out of 100 IPD repudiated claims, majority of claims (approximately 48%) are repudiated due to the reason that patients are taking OPD treatment during hospitalization.

Data Analysis: OPD Claims

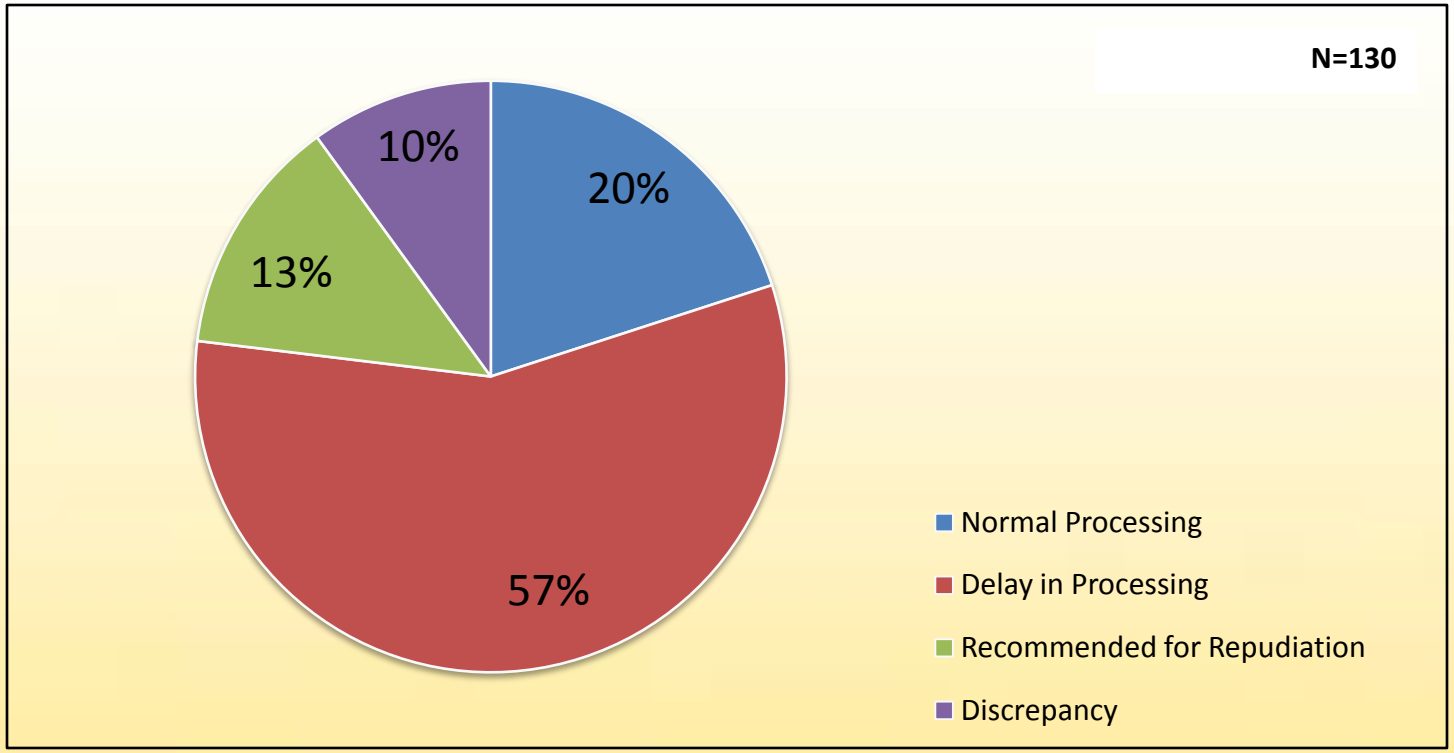


**Figure 5. Distribution of claim settlement according to TAT & Status in OPD claims*

The figure shows that out of 130 OPD claims, only 20% claims were settled within TAT, 57% were settled with delay in TAT and 13% were repudiated, not getting anything.

Data Analysis: OPD Claims

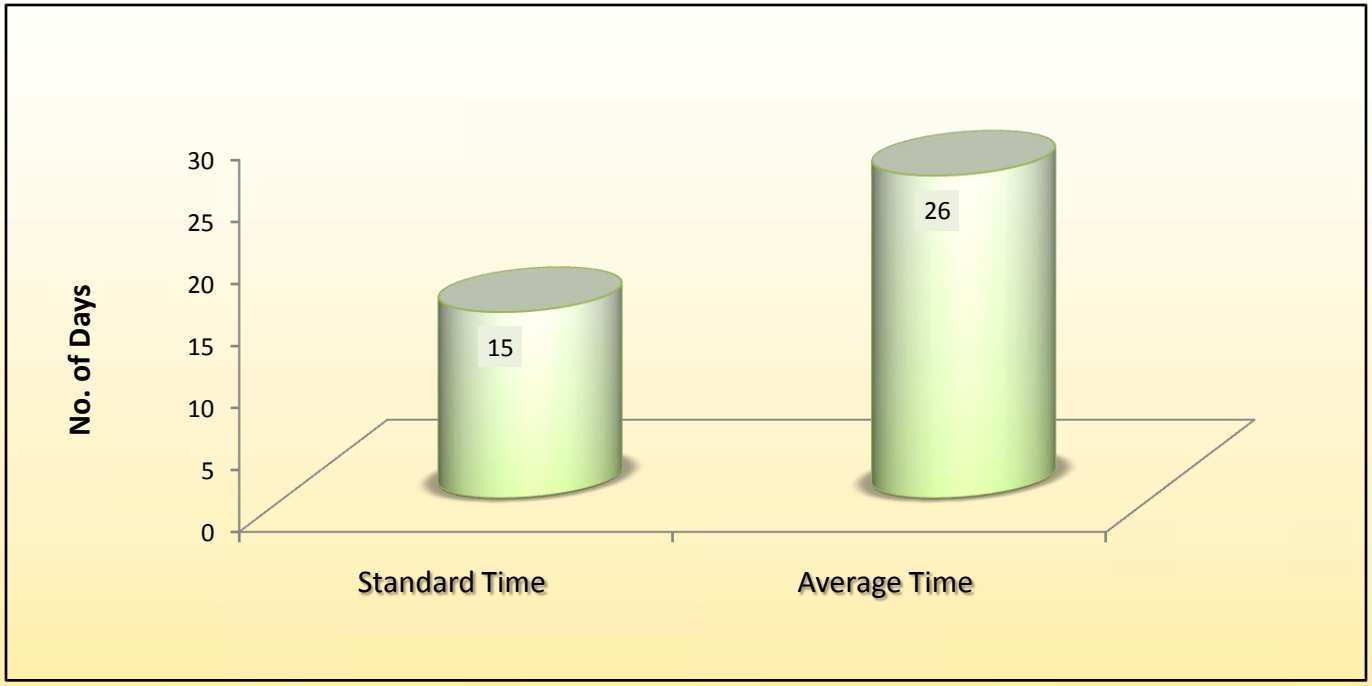


**Figure 6. Number of days of claim settlement in OPD claims (for the sample taken)*

The figure shows that in OPD on an average claims were settled in 26 days but the standard TAT set by E- Meditek is 15 days.

Data Analysis: OPD Claims

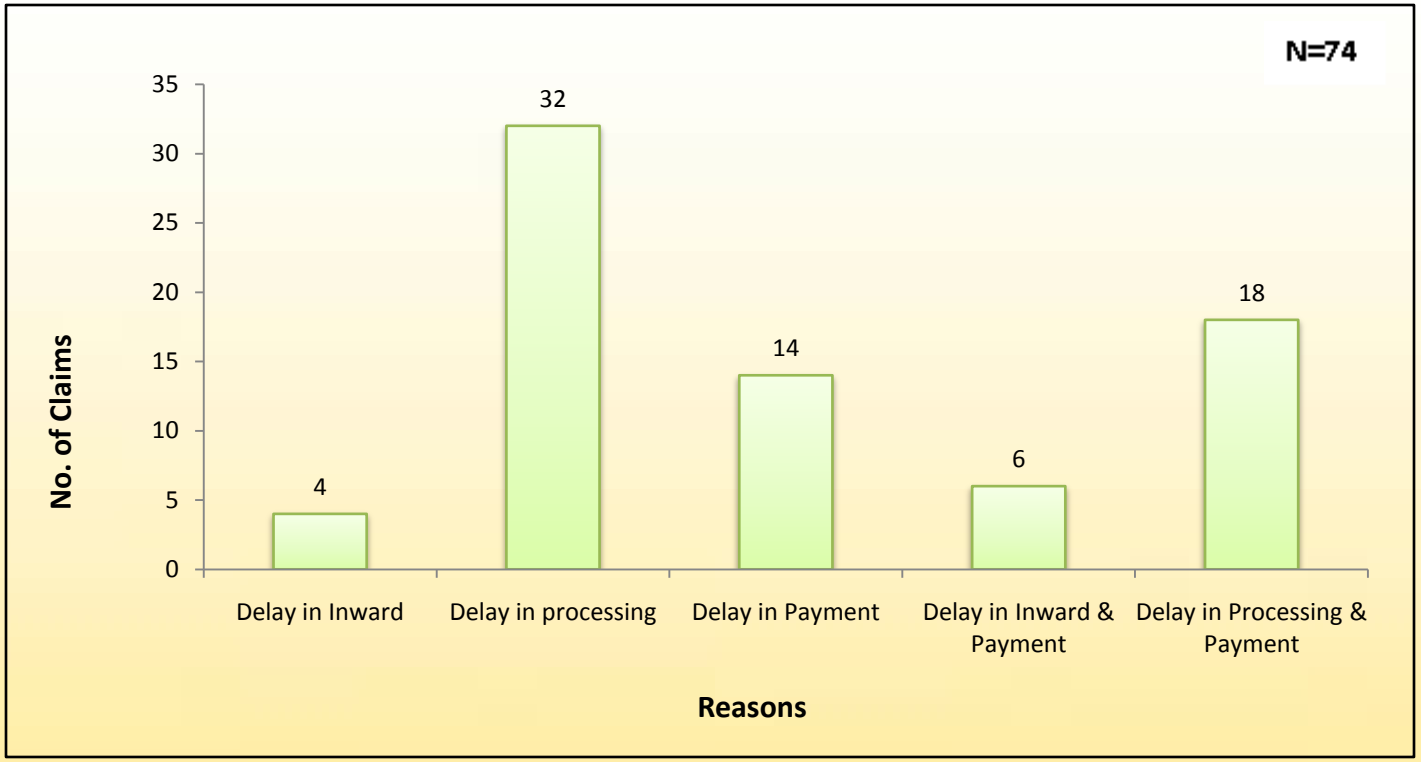


**Figure 7. Reasons for delay is final settlement of OPD claims*

The figure shows that like IPD claims, in OPD claims also, majority of claims (32 out of 74) are delayed by delay in processing.

Data Analysis: OPD Claims

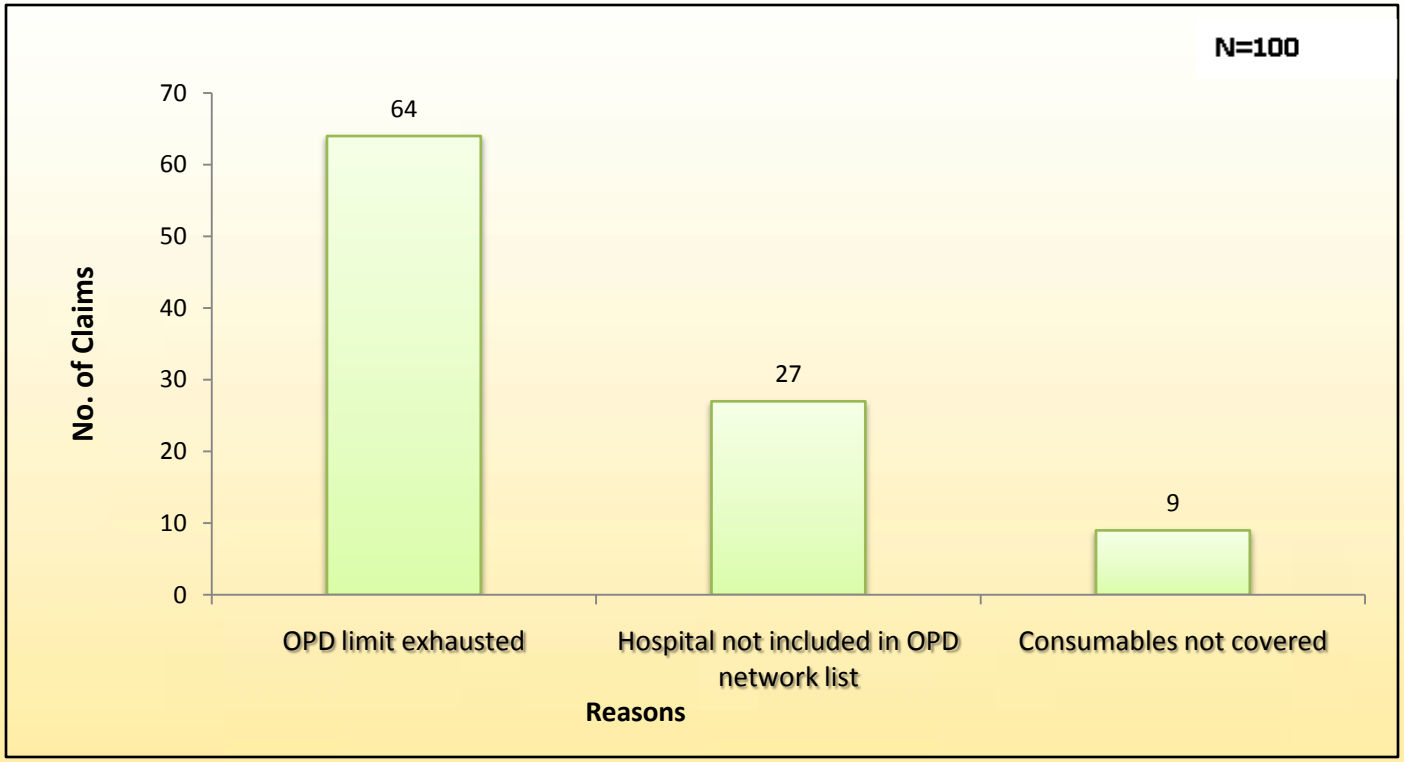


**Figure 8. Reasons for repudiation of OPD claims*

The figure shows that in OPD claims, out of 100, majority of claims (approximately 64%) are repudiated due to the reasons that patient's OPD limit exhausted.

Reasons for delay in claims settlement

- Delay in procedures like inward, bill entry, claim processing by doctors, payments etc.
- Delay from customer side- pending documents, reply to discrepancy is often received late.
- Delay from the branch offices of the company.
- Critical claims- delay from insurance company.
- Errors on the part of Doctors.

Reasons for Repudiation of IPD claims

- Patient is filing OPD claim under IPD.
- No active line of treatment during hospitalization.
- 24 hours of hospitalization was not completed.
- Patient is admitted for only diagnostic procedure.
- Procedure not covered under the policy.
- SI (Sum- Insured) is exhausted.

Reasons for Repudiation of OPD claims

- OPD limit is exhausted.
- Health care institution from where the patient is availing OPD consultation/treatment is not included in OPD network list of insurance company.
- Consumables which the patient is taking is not covered in OPD.

Recommendations

Recommendations to prevent delay in settlement of claims

- For delay in inward, software up-gradation.
- Set time limits and record keeping for each and every step.
- Prompt intimation of discrepancy raised to the patient.
- Regular touch with insurance company, especially for critical cases.
- Updating of NEFT details prior to claim settlement.
- Intimation of checklist of essential documents.
- Training of the staff- to prevent wrong processing and data entry.

Recommendations

Recommendations to prevent repudiation of claims

- Patients/customers should be provided with a proper summary booklet of health insurance policy.
- Information should also be available on the official website.
- TPA Desk members should also educate/inform the patients.
- Patient should be informed immediately after the exhaustion of SI and OPD limit.
- In case of claiming OPD treatment under IPD TPA may inform the same to the concerned patient and may intimate and process the claim under OPD claims.

Thank You !