

MyHealthGuide

Newsletter for the Self-Funded Community

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PCG Software's (www.pcgsoftware.com) *Virtual Examiner* Provides Fraud, Abusive and Waste Detection Technology that Integrates with TPA's Current System

Fraudulent, abusive and wasteful billing practices represent a pervasive challenge for self-funded health plans. PCG Software's *Virtual Examiner* offers advanced fraud, abuse and waste (FAW) detection technologies as a way to improve the bottom line and improve service levels.

In recent years, FAW has skyrocketed in healthcare. Violent, organized crime has entered the healthcare fraud business in a big way. The National Health Care Anti-Fraud Association estimates, conservatively, that the outright fraud represents 3% of the nation's health care outlay. Some estimates range as high as 10% or \$200 billion a year.

PCG Software provides tools to analyze payment patterns and identify claims with a high probability of being fraudulent, abusive and wasteful.

How much is at stake in terms of premium dollars?

There is no reliable research, but, extrapolating from other market segments, the numbers can be staggering. In analyzing 24 months of data for one Midwestern union plan with only 15,000 covered lives, PCG Software found \$8 million in bad claims. Auditing one of the biggest national, private payers, an overpayment rate of 15% was found, even though they were using basic claims scrubbing software from one of the largest healthcare information technology companies.

For TPAs and other payers, PCG Software has been able to find an average 5% to 15% in unnecessary overpayments.

FAW Detection Technology Solutions

PCG Software's *Virtual Examiner* FAW detection technology only requires a dedicated PC. Although the solution resides on a separate server, it is integrated with a TPA's existing claims adjudication system. Installation and training on systems like *Virtual Examiner* can be completed in about a week once the interface has been developed. Small to large TPAs can leapfrog the big commercial health plans and in terms of technology advancements.

TPAs can now complement their core systems with tools to perform analyses, review trends and detect outliers. The most advanced applications can detect potential patterns of abuse in an easy-to-understand format that lets the users review large volumes of data quickly.

Virtual Examiner Detects the Following Types of Fraudulent, Abusive and Wasteful Practices

- **Churning.** High-volume, large-scale fraud will often require that an impossible number of encounters were provided in a given time frame. With the right tools, TPAs can identify outliers, based on hours and quantities, which represent possible criminal activity.
- **Spiking.** Physicians and other care providers file roughly consistent numbers of claims from month to month. But claims adjudication software does not monitor bill volume by group and provider. By searching claims data properly, TPAs can identify providers who show a sudden “spike” in claims.
- **Trending.** TPAs should be able to compare how a physician bills for evaluation and management (E&M) codes against peers in the same specialty and against national CMS benchmarks. *Virtual Examiner* can analyze the data by group or provider to reveal who consistently bills only at the highest level.
- **Double billing.** TPAs must be able to detect those physicians and other providers who are filing duplicate claims. This double billing may take the form of claims submitted to multiple payers or multiple providers billing for the same service.
- **Top 40 unbundling by group and by provider.** TPAs should have access to summary reports that identify providers with the highest rates of billing errors and dollar-value losses.

About PCG Software

Established in 1984, PCG Software is a leading provider of innovative software solutions designed to slow the escalating costs of healthcare. The company works with healthcare payer organizations to increase profitability and maximize financial recoveries, while assisting their provider partners to improve the accuracy of billing processes. The company’s flagship software solution enhances claims adjudication systems with more than 30 million edits per claim and uses investigative profiling reports to graphically indicate patterns of fraud and abuse. Through more accurate and efficient claims adjudication, this fraud and abuse prevention software acts as an automated cost containment system for national and regional health insurance plans, independent practice associations and third party administrators. Visit www.pcgsoftware.com.