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November 2018

# **Why Using Electronic Remittance Advice (ERA) is Key to an Optometrist's Financial Success**

## **The Easy Way to Post Insurance Payments**

### **1. Introduction**

How often do you feel that claims should have been reconciled and payments should have been posted faster and more accurately? If you're like most private practice optometrists, you'd have wanted these pains to be resolved once and for all. The good thing is, we have the answer: ERA (Electronic Remittance Advice).

ERA, which is often referred to as the HIPAA 835 file, is a free feature with the latest version of practice management (PM) and electronic health record (EHR) software. Thus, there is no cost involved.

This feature is included in the PM, the application used for dealing with the practice's day-to-day operations, ranging from scheduling, claims reconciliation, payments posting, and reporting. Usually, PM software is bundled together with EHR software.

The Affordable Care Act (ACA) required health plans to implement ERA under Stage 2 of Administrative Simplification provisions, which provided solutions to increase transaction volume, complex compliance issues, and high administrative costs. Overall, ERA is designed to automate processes and accelerate the revenue cycle.

It's the standardized electronic version of a paper explanation of benefits (EOB). It provides detailed information on the amount billed, the number of payments paid by the insurer, and a summary of any discrepancies or errors. It's commonly attached to a check or a statement of electronic payment.

Whether you've been processing claims and posting payments manually or using paper records at the beginning of the workflow and managing claims at the end, you're exposed to various errors in coding that could result in denied claims. When such occurrences happen multiple times, it could reduce the practice's cash flow and the overall financial integrity.

In the beginning, the thought of using ERA might be daunting, as in any change. The good thing is, with cloud-based PM and EHR, the learning curve is relatively short. You can have your staff members start using the ERA feature within hours, as the navigation is straightforward with a clear interface. If they're already familiar with the existing software, it's nothing more than another seamless addition.

Unlike self-serve and cloud-hosted technologies, the latest PM and EHR software is cloud-based, which allows a hands-free approach to maintenance and upgrading. It also enables users to use it from anywhere and at any time without being on a specific computer. They can use it with laptops, tablets, smartphones, and smartwatches.

Your optometry practice deserves the best tool for posting payments quickly with minimal errors and auto-updating. In this e-book, we'll discuss the following:

- Fast, easy, and accurate insurance payment postings with ERA.
- The pains of posting payments manually.
- Why using practice management and EHR software is the best option.

## **2. Fast, Easy, and Accurate Insurance Payment Postings with ERA**

Having financial integrity is key to the health of any business, including optometry practices. When you're on track, your daily actions align with the plans, and the company can grow steadily over time.

Without a system that provides a snapshot view, business owners will have difficulty understanding where it stands and keeps up with the cash flow status. In an optometry practice, it mainly depends on the accuracy of claims and the speed of receiving payments.

As it goes without saying, the bottom line is the lifeline of any business. With a robust bottom line, you can expand the practice, hire more employees, and promote it online and offline, all of which are intended to bring in more revenue. Otherwise, the business might encounter liquidity and other financial issues that could jeopardize its financial integrity in the future.

The thing is, processing claims and posting payments manually or semi-manually pose the risk of inaccuracy and delayed reconciliation, which could potentially affect the bottom line. With this in mind, ERA (Electronic Remittance Advice) is developed to help existing PM and EHR users to understand claims' statuses better so you can take the necessary actions as quickly as possible.

Moreover, straightforward claims will be auto reconciled, so there is no additional action needed. Auto-reconciliation performs as a track-and-report system that automatically debits and makes credit adjustments to a premium based on eligibility. ERA's built-in chart feature provides a clear view of the current state of auto-reconciled accounts with an interactive graph.

Imagine when you'd need to determine the total of processed claims, reconciled payments, overall monthly revenue, and available cash flow. With pen-and-paper processing, you'll be required to input data manually on an Excel spreadsheet before you can have those questions answered. As preparation takes hours, the time spent on such a presentation could have been better used for customer-facing activities that generate revenue.

Filling out claim forms manually usually takes 10 to 20 minutes per patient. With 30 patients seen per day, this activity would consume 4 to 6 hours. This explains why many practices hire a designated full-time or part-time employee (a medical biller or an office manager) to handle claims and payments, which can add to the operating costs. If this person is also in charge of other duties, a slight change in time management will risk a late posting.

Visualize the backlog when the employee doesn't work for one week or, even, just a couple of days. Naturally, the risk for late verification is high, leading to missing out on receiving payments. In the end, without timely claims submittal, the practice's financial integrity will be compromised.

According to the latest information, the salary of an employee who handles optical billing and claims is \$71,580 annually. And this cost can be reduced considerably to 20 percent or nearly zero by using ERA. With only 30 minutes per day working on billing and claims, the biller cost could be reduced to a meager \$17.88 per day or \$4,292 per year.

(Source: SimplyHired Optical Billing Salaries <https://www.simplyhired.com/salaries-k-optical-billing-jobs.html>)

Most claims take days to reconcile without ERA, even if you use an online medical claim clearinghouse. If there are errors or discrepancies, the process will need to be repeated, taking a few more days to conclude.

Examples of the reasons of denied claims include incomplete information, data mismatch, typos, no Social Security Number, out-of-network provider, failure to provide pre-authorization, service not medically necessary, uncovered benefit, the patient no longer covered, uncovered pre-existing condition, lower-level service, procedure and diagnosis codes incorrectly linked, and other coding and administrative errors. According to the American Medical Association, approximately 11 to 27 percent of medical claims were rejected in 2013.

(Source: The American Medical Association, the National Health Insurer Report Card <http://www.healthcarebusinessstech.com/no-margin-for-error-reduce-rejected-claims-with-accurate-patient-data/>)

The ERA algorithm that checks patients' information with the claim explanations ensures that the claims are processed accurately. For instance, it can automatically sort paid and unpaid claims, clarify accepted and rejected claims, verify charges and checks, and pinpoint underpayments and chargebacks.

An honest mistake like missing or adding an extra number or space might sound trivial, but it could potentially be harmful and waste a lot of time and resources to fix. A whole batch will need to be reviewed to locate the error before it can be remedied. The review and correction process can take anywhere from a few minutes to an hour per claim.

Late verification comes with the risk of not being paid due to the statute of limitations –90 days for most insurers and 12 months for Vxx. ERA solves this issue with auto-reconciliation and automated checking of patient information and claims explanations.

In manual or semi-manual processing, after the payer has approved the claim, the payment reimbursement can take anywhere from 2 to 6 weeks, during which your practice must continue operating. Cash flow issue often occurs, consequently. This cycle will be significantly reduced from weeks to days with ERA, which lowers the risk of being rejected and getting unpaid.

Overall, ERA provides unprecedented speed, ease, and accuracy in submitting claims and posting payments. Now practices can get paid within days instead of weeks, and total claims submittal within 30 minutes instead of 4 to 6 hours per day.

### **3. The Pains of Posting Payments Manually**

Many practices still adopt the pen-and-paper approach for recording patient information and processing claims and payments. This method isn't only slow and inefficient but also prone to human errors and discrepancies and can be pretty costly. With mistakes comes re-verification, which could result in late verification. Thus, the risk of being rejected for payment is increased as well, as payers enforce the industry's statute of limitation, with 60 days and 90 days as standard practices.

First and foremost, as an employer, most likely, you'd need to hire a designated biller for processing claims and posting payments. This alone would cost at least one person's salary annually. If you outsource the billing process to a third-party processor, you can see a significant increase in operating expenses.

Even if you use the online clearinghouse solution, partly processing manually still consumes time and resources. For instance, per payer, there is a limit on the number of eligibility checks per call. And it usually takes between 3 to 5 minutes per patient per check call. Also, since every clearinghouse and payer's site is different, you'd need to train every new staff member every time.

When handling each claim, they must re-type the patient check-in information before processing it on the payer's and the clearinghouse's sites. In a nutshell, before any staff member can handle any claim, they need to master numerous payer and clearinghouse systems.

In addition to progressing the steep learning curve, they'd need to print out the explanation of benefits, review more than 60 pages of instructions, and read detailed descriptions. Next, while processing each claim, they'd need to locate the most appropriate codes and place them in the correct boxes and under the right patient. This being said, each activity is prone to error. And one typo or a single omission is all it takes to invalidate a claim.

Moreover, it takes approximately 10 to 20 minutes to complete each claim, including verifying the patient's and the payers' information. On average, each practice sees 30 patients per day, translating to 5 to 6 hours of claim processing. The time and cost involved in posting payments manually are tremendous.

On top of that, handling payment posting must be done quickly, as it risks being unpaid if the verification is over the time limit sets forth by the statute of limitation, which is 60 or 90 days for most payers and 12 months for Vxx. It usually occurs when an error in the original claim is denied, which hinders a prompt payment. When repeating the verification process, there is also a risk that it'll be rejected beyond the limit.

Overall, processing claims manually and semi-manually comes with these disadvantages: hiring and keeping staff, ongoing staff training, reliance on the right individuals, time-consuming, high operating costs, lack of security, data entry errors, and risk of duplication. These problems would translate to hundreds of thousands to millions of dollars in lost profits in years of practice. With these in mind, a viable option is using ERA, which resolves these problems once and for all.

## 4. Why Using Exxxxx® PM and EHR is the Best Option

Over the years, the healthcare industry has changed considerably. One of the standards implemented is electronic insurance payment and reconciliation, which comes with two components: Electronic Funds Transfer (EFT) and ERA (Electronic Remittance Advice).

EFT enables the delivery of electronic payments to providers' bank account, and ERA is the electronic report sent to providers by insurance companies to explain the acceptance or rejection of payments and simplify the reconciliation of patient accounts. ERA is the electronic counterpart of its paper-based SRA (Standard Remittance Advice), which serves the same function but has been outdated.

EFT will ensure that payments are posted promptly and directly to the bank account, and they're reflected in the ERA. This being said, ERA is only effective when it's used along with EFT.

The ERA report supplies notices and explanations on reasons for payment, adjustment, denial, and uncovered charges of a claim. Besides regular insurers, it also applies to Medicare and Medicaid payments. In the latest version of the cloud-based Exxxxx® Practice Management and Electronic Health Record software, ERA is integrated as an advanced feature, and it's the only automated electronic remittance system in the market that handles all payers, including Vxx.

It was released in November 2018 and is free to use by all subscribers. There is no additional charge at all. For users of the older versions, you'd need to contact Exxxxx® to activate it.

Using cloud-based solutions provides an almost hands-free approach, as there is no on-site server to maintain and no installed software to update. This way, you can focus on running and promoting your practice. Cloud-based also means they can be accessed from anywhere with a desktop or a tablet computer, like iPad and Android.

Many providers like using tablet computers with Exxxxx® PM and EHR, allowing for more convenient data entry. Swiping and pressing are faster than typing. Not only saving time, but you can also continue to communicate with patients while they're in the exam room, instead of typing their data and staring into the computer. Overall, the patient experience would improve as you'd be able to give more face-to-face time to each of them.

The ERA feature in Exxxxx® PM an EHR streamlines Vxx payments and TriZetto (formerly Gateway EDI) clearinghouse insurance postings. The auto-reconciliation process matches each Vxx claim with the payment explanation, which considerably reduces the processing time. Other claim types that can't be automatically reconciled will be posted in separate sections, so you can manually review, process, mark "complete," and finish.

Using this feature in Exxxxx® PM and EHR comes naturally to most users. While it requires a separate activation, it's an integral part of the software and complements other functions well. ERA provides additional information to the funds wired through EFT to ensure its accountability.

Overall, the EFT-ERA system helps practices get paid faster as the payments are deposited directly to a bank account. Every night at 2 am PST, remittance summaries are automatically downloaded and immediately listed on the ERA screen.

In a nutshell, ERA is the preferred way to remit payments today, as most insurance payers have implemented it as a part of their system. And Exxxxxx® ERA is the only electronic remittance automation system in the market that handles all payers, including Vxx.

Please take advantage of it and be reimbursed faster and more accurately.

CTA:

Contact us and have one of our team members gives you a demo.

E-mail:

Phone: