

CHAPTER: 01

ANALYSIS OF DENIAL IN IN-PATIENT BILLS OF THIRD-PARTY ADMINISTRATOR DEPARTMENT

Yashika Bhatia

Student, IIHMR University

Dr. P.R. Sodani

Professor, IIHMR University

DOI: <https://doi.org/10.52458/9788196897475.2023.eb.ch-01>

Ch.Id:- IIHMR/NSP/EB/PHPMBT/2023/Ch-01

INTRODUCTION

The healthcare sector in India faces significant challenges in meeting health goals due to the complexities arising from changing disease patterns. The increasing prevalence of communicable and non-communicable diseases, a low level of public spending on healthcare, high out-of-pocket expenses, inadequate public healthcare infrastructure, the emergence of corporate hospitals, and the high cost of treatment in private healthcare facilities have led to a heightened demand for health insurance [1]. Despite five decades of progress in healthcare, India lags behind several rapidly developing countries in health indicators. The government and the public have explored various health financing options to address challenges posed by the private sector, rising healthcare costs, and evolving disease patterns. Since 1991, the liberalization and economic policy of privatizing the insurance sector have significantly impacted health insurance, although it remains an underdeveloped and less prominent segment within the nationalized insurance companies' product portfolios in India. This sector calls for fundamental changes from a management perspective [2]. Numerous critical issues underscore the urgent need for policy formulation and assessment in the healthcare sector, which, if effectively managed, could rapidly enhance access to care, health outcomes, and the overall health status of the country. Formulating, assessing, and implementing policies in the healthcare sector is exceptionally challenging, given the changing epidemiological, technological, institutional, and political landscape [3]. The Insurance Regulatory and Development Authority licensed Third-Party Administrators in 2001 to regulate healthcare costs and enhance services in hospitals for the benefit of society.

AIM

To analyze the denial occurrences in the in-patient bills within the third-party administrator department of Sarvodaya Hospital and Research Centre, Faridabad.

RATIONALE

This research aims to comprehend the causes behind denials and areas that can be enhanced in the process. The motivation for conducting this study lies in the significance of in-patient revenues for hospitals, as it serves as a primary source of income. Denials not only result in revenue loss but also directly impact patient satisfaction or dissatisfaction.

RESEARCH OBJECTIVE

1. To comprehend the TPA procedure system.
2. To identify the primary issues causing denials in claim settlements.
3. To conduct a root cause analysis.
4. To propose essential strategies for reducing the denial rate.

RESEARCH METHODOLOGY

The study conducted at Sarvodaya Hospital and Research Centre in Faridabad employed a descriptive research design to analyse the denial rate within the Third-Party Administrator (TPA) department. The study focused on both in-patients and day care patients within the hospital, with a sample size of 1414 Mediclaim patients admitted during a three-month period. Data collection was meticulously executed on a day-to-day basis, with all denials received from the respective TPA/insurance companies being recorded in Excel sheets. The recorded details encompassed patient names, IP numbers, bill amounts, approval amounts, and TPA remarks. The study incorporated a combination of primary data obtained through direct observation and secondary data sourced from the HIS (Hospital Information System) and the Remedinet online portal. This comprehensive approach allowed for a thorough examination of denial patterns and contributing factors within the TPA department at Sarvodaya Hospital and Research Center.

RESULTS & DISCUSSION

In the months of March and April, out of a total of 1898 and 1728 admissions, 38% and 40%, respectively, were TPA admissions at Sarvodaya Hospital. Among the 81 denials recorded during this two-month period, 2% pertained to dialysis, 27% to electives, and 71% to other admitted patients. The reasons for denial encompassed issues such as unjustified hospitalization, medical reasons, policy clauses, pre-existing diseases, and waiting periods. The ramifications of these high denial rates were significant, including a loss of revenue due to patients opting for Discharge on Request (DOR) upon denial of pre-authorization. This, in turn, contributed to a reduction in the average length of stay and further financial setbacks stemming from non-payable charges, co-payments, and room charges. Additionally, the cumulative effect extended to patient dissatisfaction, compounding the challenges faced by Sarvodaya Hospital in managing TPA admissions effectively.

CONCLUSION

This study highlighted the significant need for medical or health insurance in a country like India, given the changing disease patterns and the rise of lifestyle diseases. The absence of insurance coverage can potentially lead to financial ruin due to the exorbitant costs associated with healthcare. The introduction of Third-Party Administrators (TPA) by the Insurance Regulatory and Development Authority (IRDA) aimed to establish a system to manage and regulate healthcare costs and services effectively. TPAs play a crucial role in ensuring improved health services for both insurers and the insured.

The occurrence of cash delays or denials is not a qualitative indicator for healthcare providers. A key factor in alleviating financial burdens is the reduction and prevention of claim denials. Strategically focusing on denial prevention can positively impact the overall efficiency of the revenue cycle by identifying and addressing processes and errors that contribute to denial.

REFERENCES

1. Bhat, R., & Reuben, E. B. (2002). *Management of claims and reimbursements: The case of mediclaim insurance policy*. *Vikalpa*, 27(4), 15-28.
2. IIMA 1999. *Indian Institute of Management, Ahmedabad. Report of the one-day workshop on 'Health Insurance in India'*. Oct. 30, 1999
3. Kalyani, K. N. (2004). *Paying the Bill! -The great Indian health insurance puzzle and its solution*. *Journal of Insurance Regulatory and Development Authority*, 4-5.