



Promising Practice

Get Pre-Authorization

Problem

You don't know if the third-party payer will cover treatment and some third-party payers *require* pre-authorization.

Solution

Get pre-authorization for treatment to verify what will be covered and to ensure that you are following the payer's requirements for reimbursement.

NIATx Aims

- ✓ Increase admissions
- ✓ Increase continuation

Financial Impact

- ✓ Increase revenue

Featured Stories

[The Counseling Center in Portsmouth, Ohio](#) increased insurance reimbursements from 8% in January to 32% in April. They adopted a new detailed pre-authorization form and created a spreadsheet to track all authorizations. They also listed pre-authorization numbers on the Health Insurance Claim Form (HCFA). A person other than the preparer reviewed the HCFAs to ensure accuracy and completeness. They documented all claims activity (list of claims sent and responses received) on a worksheet for analysis and reporting.

Liberty Center Connections, Inc. in Wooster, Ohio decreased the claim error rate from 33% to 16% and increased insurance reimbursements from 10% to 17% of total charges. An understanding of contract stipulations allowed them to follow more efficient procedures to obtain the authorizations in advance and to ensure that they met requirements. They created a list of insurance providers and the credentials required for reimbursement of services provided. They also created a checklist with information needed to collect from insurance companies when calling to verify coverage.

Lessons Learned

- Verify coverage.
- Get pre-authorization.
- Establish medical necessity.
- Follow contract stipulations.
- Track when re-authorization is needed.

Tracking Measures

Cycle Measure

% of clients with pre-authorizations

Denial Rate = Total Number of Denied Claims/Total Number of Claims Submitted

\$ of revenue from third-party payers

Data Collection Form

None

None

[Revenue by Payer Worksheet](#)

Action Steps

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Related Information

- [The NIATx Third-party Billing Guide, Second Edition](#)

Related Promising Practices

- [Dedicate a Staff Member to Each Payer](#)
- [Assign Appropriate Clinician](#)
- [Use Contingency Management to Collect Client Fees](#)
- [Increase Collection of Client Co-pays](#)
- [Increase Collections from Insurance Companies](#)

More Stories

Meta House in Milwaukee, Wisconsin created a better tool to notify clinicians about county re-authorization due dates, resulting in a decrease in late re-authorizations from 60% to 53%. They adapted their spreadsheet so that re-authorization due dates are calculated automatically. This is part of the new billing system they have created that includes referral, authorization, admission, re-authorization, and successful billing, to eliminate unauthorized treatment.

Muskingum Behavioral Health in Zanesville, Ohio increased the number of clients with third-party payers from zero to 10, and increased third-party revenue by approximately \$1000/month. They contact third parties in advance of billing to get pre-authorization.