



Office of the Sr. Vice President for
VCU Health Sciences and Chief
Executive Officer of VCU Health
System

September 24, 2021

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Via E-mail and Regular Mail

Commissioner Scott A. White
State Corporation Commission
Bureau of Insurance
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Richmond, VA 23218

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Arthur L. Kellermann, MD, MPH
Professor and Sr. Vice President
VCU Health Sciences and Chief
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Dear Commissioner White,

I am writing to ask that the Virginia Bureau of Insurance take immediate action to investigate the claims processing delays our health system is experiencing with Anthem, the largest payer in our region.

Over the past 12 months, our health system has treated more than 94,000 individual Anthem members. However, at the close of August, VCU Health System carries the burden of **more than \$385M in outstanding accounts receivable** with Anthem, with \$171M greater than 90 days old. A significant portion of the outstanding claims are for Anthem's commercial lines of business where currently 52 percent of claims for our hospitals are greater than 90 days old. We have been working tirelessly with Anthem for more than a year to address these concerns.

Although Anthem acknowledges at least partial responsibility and assures us that fixes are in the works, **these numbers have not moved as new claims outpace resolution of the old.**

Concurrently, we struggle with an escalating COVID-19 pandemic and our region remains in crisis. For over a month, the central Virginia region's hospitals have been on "Code Black," with all hospitals on diversion and available ICU beds in the single digits.

Anthem's claim processing delays impose an unmanageable disruption that threatens to undermine our financial footing as additional reserves are required to support this massive outstanding receivable. Va. Code § 38.2-3407.15 (B.1) requires that carriers pay clean claims within 40 days of receipt of the claim.

We ask that the Bureau examine the underlying business practices that are causing delays to process clean claims. A sample of issues identified to date include the following:

- Anthem automatically pends any claim with charges exceeding a specific dollar threshold as NOT a "clean claim," requesting an itemized bill before considering payment. Providers must upload these documents through a secure portal to Anthem's Availity platform.
- Anthem requests detailed medical records (including handwritten notes) prior to considering clean claims for payment. Providers must upload these documents through a secure portal to Availity.
- Anthem acknowledges significant issues with their Availity portal. For months, a water mark was placed on documents loaded to the portal that rendered the documents illegible. Although that problem has been addressed, a significant number of claims impacted by that error have not yet been paid. Additionally, other documents have been acknowledged as received in Availity,

but Anthem subsequently cannot locate them. Some files are too large to upload to Availity, so providers are forced to print to paper and mail to Anthem.

- Anthem is incorrectly processing claims for professional providers (loaded wrong fee schedules, not recognizing modifiers, etc.) resulting in multi-million dollar underpayments for Anesthesia, Nurse Practitioners, Pathology and Behavioral Health providers.
- Since implementing their new claims system, Anthem is incorrectly notifying patients that our providers are "out of network," resulting in denied claims or higher out of pocket expense by patients for seeing an *in-network* provider.
- VCU Health is both a network provider and an Anthem client, as many VCU faculty and staff are insured through the Commonwealth's Anthem COVA Care plan. Our outstanding accounts receivable just for the COVA Care line of business exceeds \$33M, with **60 percent of that A/R greater than 90 days old.**

In addition to these headwinds, later this year VCU Health will be transitioning our electronic medical record and all-revenue cycle systems to EPIC. Clearing this backlog of outstanding Anthem claims will be critical to our successful transition.

We continue to meet with Anthem weekly. We have invested an extraordinary amount of time and resources to address these concerns, but we are out of time.

The number of demands (often sequential) that Anthem places in front of providers to be successfully reimbursed is untenable. We labor under increasing demands for prior authorization and redirection of care away from our providers due to an ever-changing list of site of service policy changes. These policies fragment care, adding administrative burden while we struggle to simply be paid for the care we provide.

VCU Health System is exploring all options to address Anthem's business practices, but we have mounting concerns that the recourse available to us will either fall short, or cause significant harm to Anthem's insureds and may adversely affect other providers in the region.

We ask that the Bureau of Insurance, as the Commonwealth's oversight agency for insurance companies, explore all available avenues to ascertain why Anthem continues to fall short in meeting its contractual obligations not only to VCU Health System, but also to other health care providers in the Commonwealth. This action is necessary to ensure that Virginia's health care providers, including its safety net hospitals, remain operationally viable during a time of unprecedented capacity demand.

Sincerely,



Arthur L. Kellerman, MD, MPH, FACP, FACEP
Professor and Senior Vice President, VCU Health Sciences
Chief Executive Officer, VCU Health System

cc: Daniel Carey, MD, MHCM, Virginia Secretary of Health and Human Resources
Emily Elliott, Director, Virginia Department of Human Resources Management
Craig Connors, Senior Director, Payor Relations, Virginia Hospital & Healthcare Association