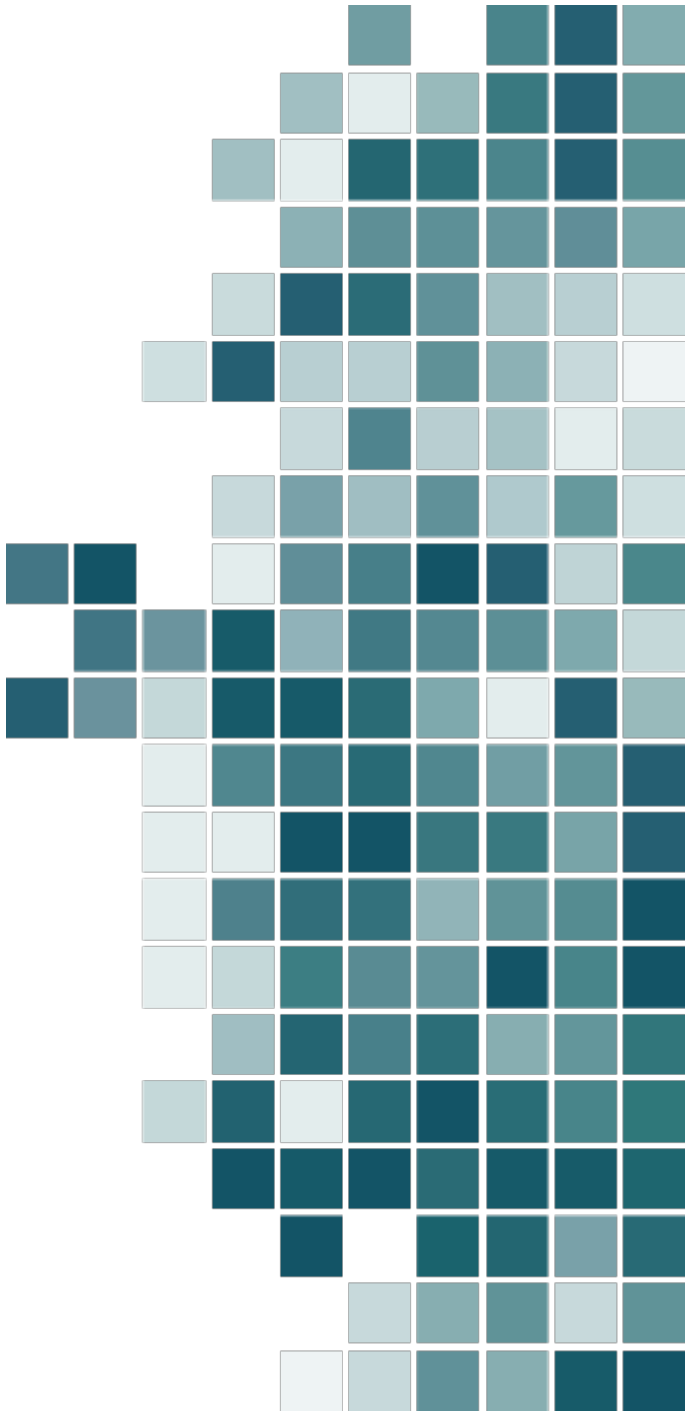
Xtend Healthcare

Denials Management to Denials Prevention

HFMA Oregon Spring Conference
May 16, 2024

Colleen Goethals, MS, RHIA, FAHIMA
VP, Mid-Revenue Cycle
Xtend Healthcare



Agenda

- Impact of denials
- Know your denial rates
- Root Cause
- Workflow assessment & potential denial reasons
- Coding focus
- Writing successful appeal letters
- Measure your success

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Increasing negative reimbursement impact of denials

- **89%** of all hospitals have seen a significant increase in denied claims.
- **15%** of hospital claims are initially denied
  Average of **3.2%** of all claims denied included preapproved claims (prior auth obtained)
- **90% of denied claims are preventable**
- **35%** of providers appeal denials even though **66%** of denied claims are **recoverable**
- **51%** of revenue cycle leaders surveyed reported they will be ***"more aggressive"*** in challenging denial claims
- "**Highest priority**"

Xtend Healthcare

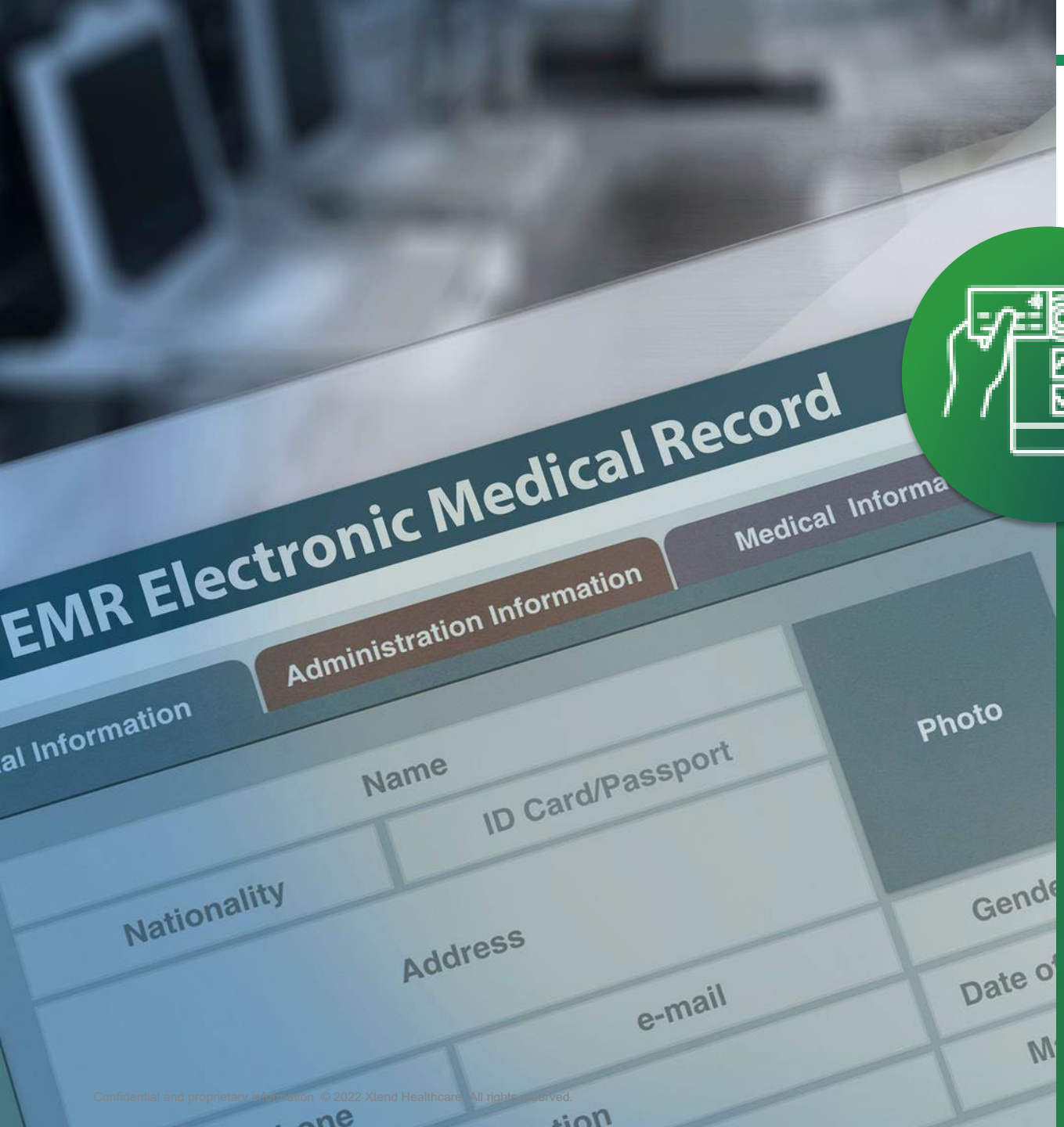
Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Denials by Payors

- The average denial rate by Payor:
  - Medicare 8.4%
  - Medicare Advantage is 15.7%
  - Medicaid is around 15%
  - Commercial—13.9%

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare



Top causes of denials*

48%
Authorizations

Followed by:

- Provider eligibility—42%
- Code inaccuracies—42%
- Incorrect modifiers—37%
- Timely filing—35%
- Patient inaccurate info—34%
  - Including diagnoses to meet medical necessity
- Missing/Inaccurate claim data—33%

*Experian Health survey 2022

Confidential and proprietary information. © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare

Factors for the increase in denials

- Lack of denials resources
- Staff attrition and training
- Growing denials backlog
- **Payer policy changes occurring more frequently**
- Pre-authorization tracking
- Technology challenges

Confidential and proprietary information. © 2023 Xtend Healthcare. All rights reserved.

Xtend Healthcare

Why the focus on denials?

67%

Payor policy changes occurring more frequently

51%

Reimbursement taking longer

43%

Increase in claim submission errors

42%

Overall increase in denials

Confidential and proprietary information © 2023 Xtend Healthcare. All rights reserved.

Know your denial rates

Calculate your denial rate

Number of zero paid claims denied by total claims remitted.
Strive for <5%; Best practice is 2% or lower

Calculate your claims and dollars rate

Total dollars remitted – total dollars paid/by total dollars remitted

Know your rate of appeals

Best practice: 85 – 88% of denials should be appealed

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

We found denials…now what?

What type?

- **Technical denials - (group by payer)**
  - Start tracking “top 10” reasons
    - Authorization
    - Out of network
    - Missing/wrong codes or modifiers
  - Appeal technical denials with letters
- **Clinical denials**
  - Medical necessity
  - Designate clinical resources
  - Robust appeals letter writing team

Technical denials

- Rejected for non-medical reasons

Clinical denials

- Medical necessity
- Length of stay
- Level of care determination
- Coding

Consider an outsource partner

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare

Denials requiring appeal

Days, service level of care denied for no concurrent authorization

Not a covered service

Claim denied for elective service without pre-authorization

Timely Filing

Charge/procedure as bundled

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Denials requiring additional information

- Pending receipt of medical records
- Pending receipt of itemize bill
- Missing or inaccurate information
- Charge or coding issues

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Data and Analytics

- Using denial data to identify root cause is critical
- Document and trend the reasons for denials
- Identify patterns and trends

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Identify the Root Cause(s)

Create a multidisciplinary team

- Coding
- Patient Access
- Utilization Management
- Managed Care
- Revenue Cycle
- CDI
- HIM/Coding
- Legal
- Compliance
- *Physician Liaison*

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

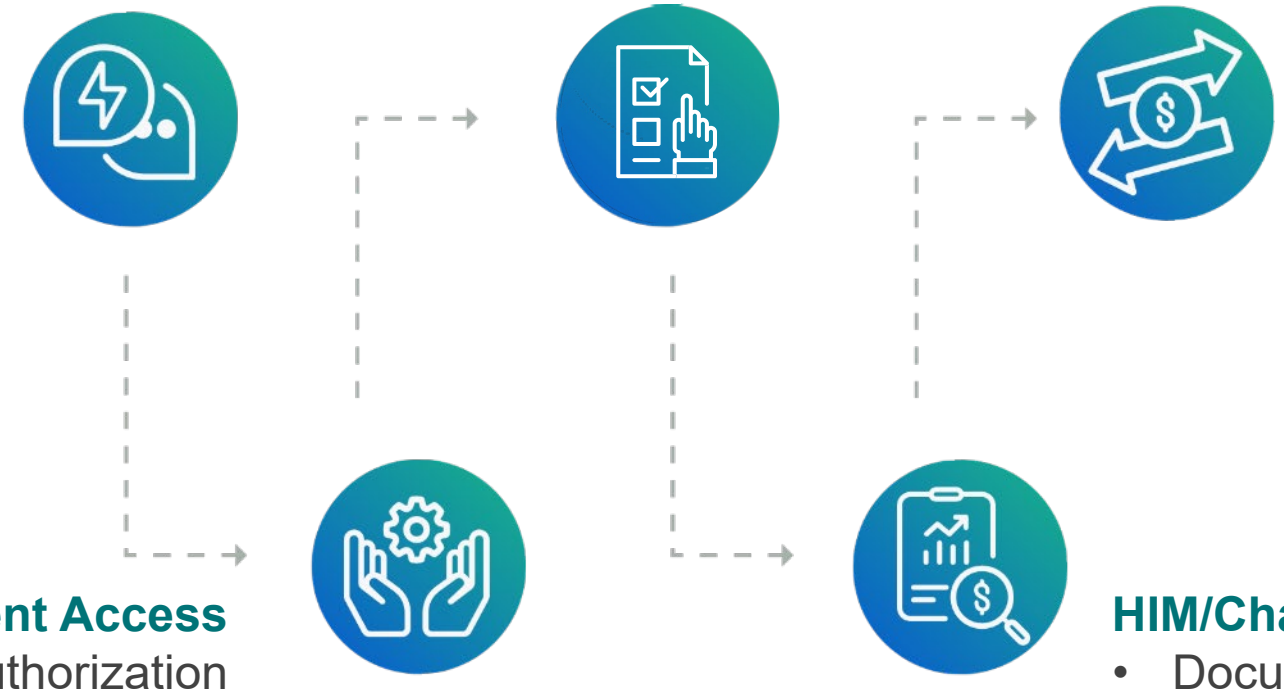
Xtend Healthcare

Review workflow

Scheduling
- Authorization
- Medical Necessity

Patient Care
- Physician documentation; CDI
- Medical Necessity

Billing / Patient Accounts
- Bundling
- Timely filing
- Coordination of benefits



Patient Access
- Authorization
- Patient information accurate
- Covered service

HIM/Charge Capture
- Documentation
- Coding

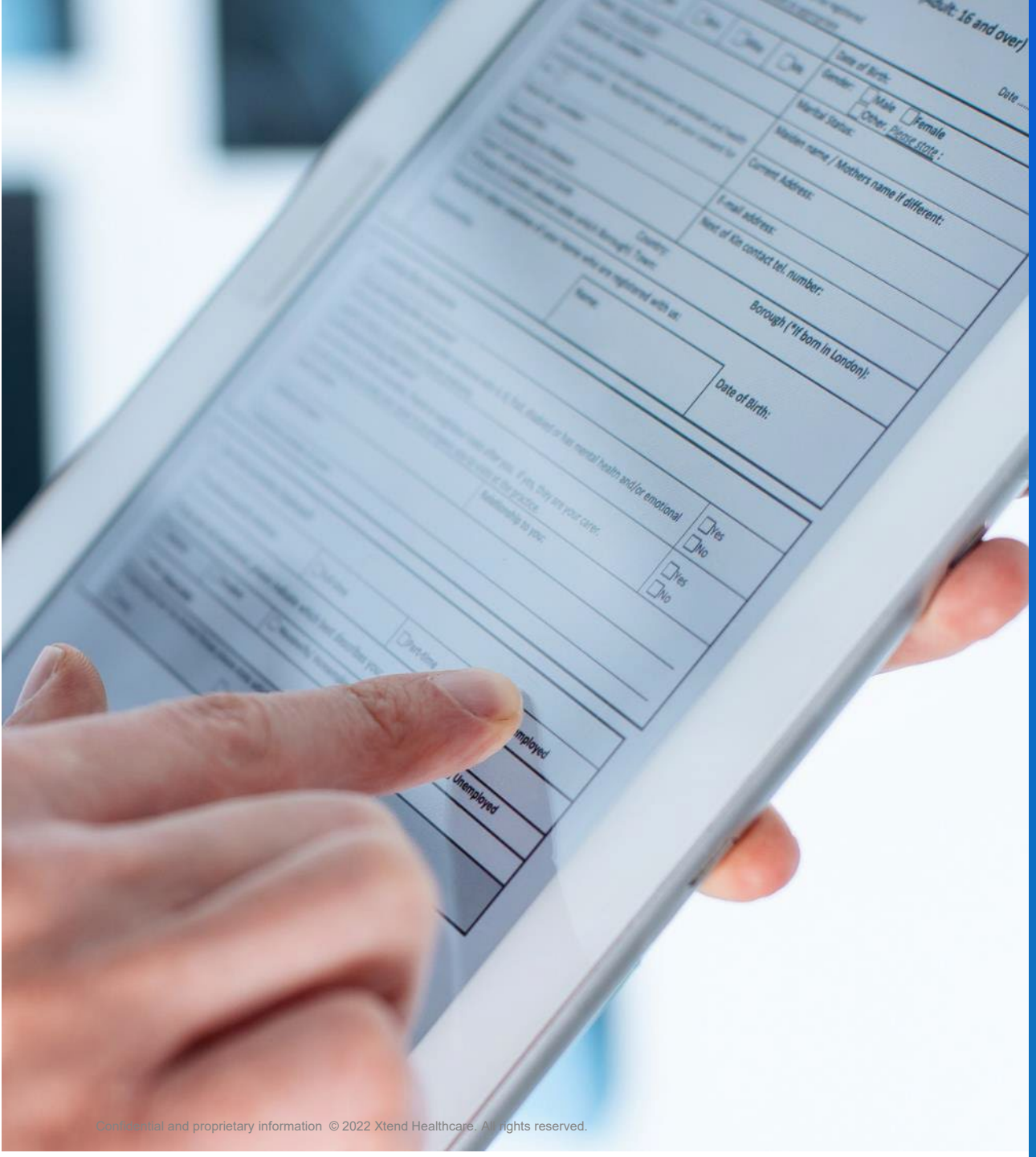
Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare

Front End Revenue Cycle

- Pre–certification / authorization not obtained
- Non–covered services
- Invalid insurance information
- Patient Identification

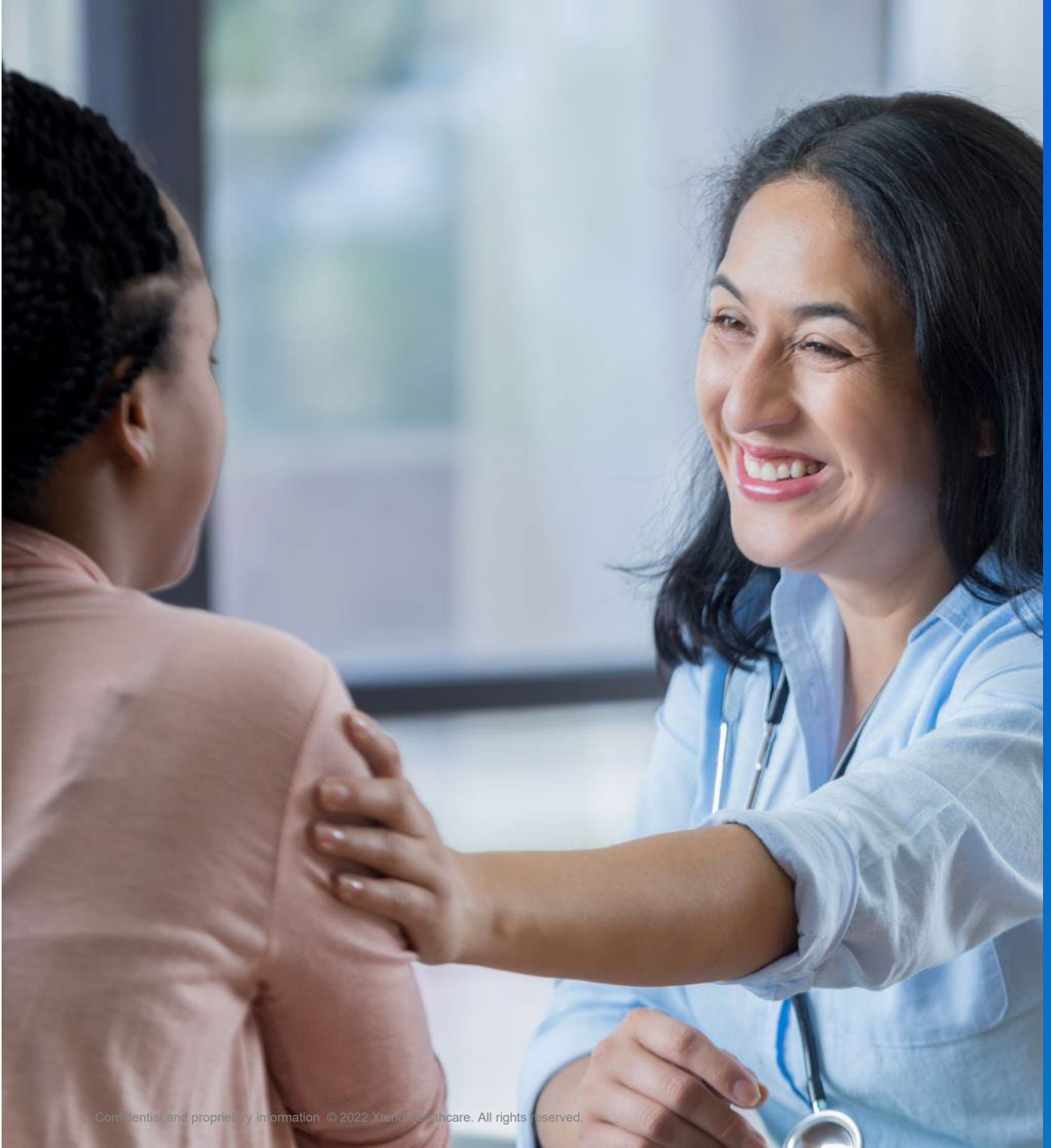
Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.



Patient access potential denials

- Pre–cert / authorization not obtained
- Patient information incorrect or incomplete
- Non–covered services

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.



Patient care areas of potential denials

- Ancillary and patient care units
  - Medically necessary services
  - Authorizations
- Case Management / CDI
  - Clinical documentation does not support level of care; not provided in a timely manner

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

HIM/Coding potential denials

- Coding issues
- CCI Edits
- DNFB edits
- DRG Downgrades
- Incomplete and inaccurate documentation
- Timely filing

Confidential and proprietary information. © 2022 Xtend Healthcare. All rights reserved.

Denials Prevention – Strengthen your success rate!

- Code to the highest level of specificity
  - Capture acuity by coding CCs and MCCs according to the updated coding clinics and coding guidelines
  - Look for missed documentation opportunities
  - Focus on DRGs with CC's and MCC's
  - Productivity is important, but quality is key
- Develop a robust query process to prevent under-coding
  - Quality queries based on ACDIS query guidelines

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare

Denials success

- Engage in continuous improvement
- Regular coding audits
- Review denials analysis data
- Work together
- Education – Get those CEUs! Stay informed!
- Be prepared for a debate with the payors
- Use the PEPPER report to proactively compare performance to other facilities

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Additional departments to include

Information Technology

- Ensure systems are updated timely
- Review interface issues

Compliance

- Routine Audits
  - Remittance advisements
  - Write-offs
  - Zero payment
  - Registration and insurance verificatio
  - Coding
  - Chargemaster

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Appealing Clinical Denials

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Appealing denials

- Need a strong denials team to write the appeals letters
- 85 – 88% of denials is the recommended appeal rate

Tips to writing appeal letters

Appeal every case where there is documentation to support the original coding.

Keep the appeal letter concise to the reason for the denial

Include Clinical and Coding Expertise to write the appeal

Include the pertinent record excerpts that support the appeal.

Include copies of the medical record where helpful

Include official coding guidelines

Include the credentials of those who have reviewed and are involved in the appeal

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Measure your success!

Track and Report

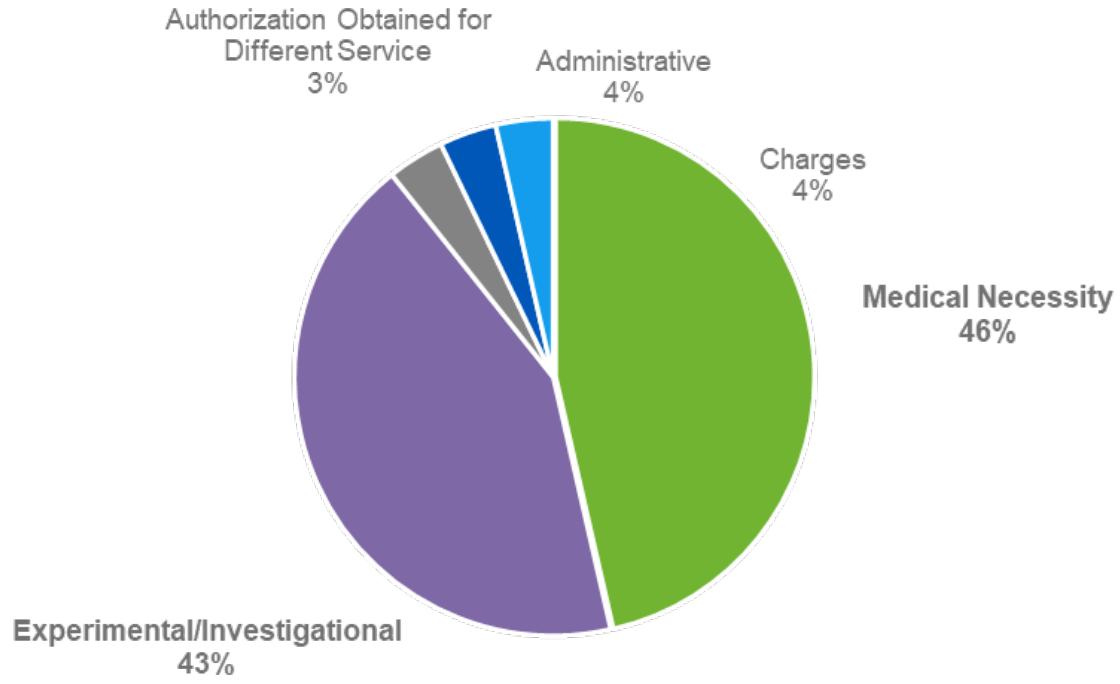
- Total denials
- Total appeals
- Cases not appealed and why
- Total cases overturned and financial impact
- Second-level denials
- Failed appeals

Analyzing the trends allows you to educate and move from management of denials to *prevention* of denials

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Monthly clinical denials

Denial Reason	Total # Accts	Acct Balance	% of Total Denials	% of Acct Balance
Medical Necessity	13	$58,512	53%	46%
Experimental/ Investigational	12	$44,570	41%	43%
Authorization Obtained for Different Service	1	$4,187	4%	4%
Administrative	1	$1,287	1%	4%
Charges	1	$1,113	1%	4%
Grand Total	**28**	**$109,668**	**100%**	**100%**



Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Next level - management to prevention

- **Transition to denial prevention for the 55% of denials that can't be overturned**
  - Departmental training
  - Engage clinical staff
  - HIM feedback
  - Build out front-end edits to stop denials before admission or service
- **Collapse appeal time**
  - Billing scrubbers are introducing real-time denial adjudication
  - Clean up payer-friendly contracts

Continuous improvement

- Collaborate with payors
- Communicate with colleagues
- Educate: Front, Middle, Back *including Physicians*

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare

In conclusion

Consistent and timely review of denial data

Successful appeals letter writing

Ongoing communication and collaboration

Measure your success

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Thank you for your time.

Colleen Goethals, MS, RHIA, FAHIMA
cgoethals@xtendhealthcare.net

Confidential and proprietary information © 2021 Xtend Healthcare. A

References

- *7 Crazy Stats About Healthcare Claims Denial, Sift, Bethany Grabher, 2019*
- *Success in Proactive Denials Management and Prevention, HFMA, 5/1/2021*
- *Medical Claim Denial Rates Rising, Highest in Initial COVID-19 Hotspots, M. Gavidia, January 21, 2021*
- *Coding Denials: Effective Appeals HFMA 3/1/2020*
- *Denials Management: Getting to the Root Cause, Denise Wilson & Tracey A. Tomak, Nov. 2019*
- *Top Ten Tips for Denials Management, Kathryn DeVault, AHIMA Journal, April 1, 2020*
- *The State of Claims, 2022 Survey, Experian Health*

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare

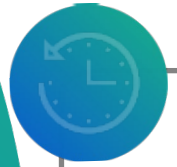
About Xtend Healthcare

Healthcare is all we do.

Senior management has an average of **30+ years experience** in healthcare revenue cycle management

Industry-leading, **award-winning** employee training and education

Heavy technology investment, ($120M annually), **ensuring data security and compliance**



Proven ability to **ramp up quickly** with new clients

Customer service approach that enhances the **patient experience**

Blended approach **optimizes recovery** and communication

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.

Xtend Healthcare

Xtend by the numbers

3,200+ **revenue cycle and public health professionals** connected to our service centers as well as at our customer facilities

$12B+ net patient revenue processed annually

30+ years of revenue cycle experience

300+ contracts in 34 states

5M+ inbound and outbound calls annually

3 US-based RCM service centers

Solutions

Xtend Healthcare

Confidential and proprietary information © 2022 Xtend Healthcare. All rights reserved.