

Strategy Concepts for Denial Prevention and Management



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OF EL PASO

Presenters



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Agenda

This presentation will highlight key aspects of industry trends and understanding of denial data, beginning with the processes, systems, and tools.

TOPIC	~MINS.
Introductions	5
Insurance Denials Impact & Recent Trends	15
Denial Management Concepts <ul style="list-style-type: none">• Explore the essential processes and tools used to standardize and visualize denial data.• Detail how to examine denial data in order to identify root cause, extrapolate trends, and draw actionable conclusions.• Build the skills to effectively communicate denial data to relevant stakeholders.	35
Questions	5



Financial impact - Lost revenue due to denials

The mounting costs of denials is too high. Hospitals lose \$262 billion each year, which is approximately 10% of the claims paid out.**

Up to 90% of denied claims are preventable.**

Re-work of denials claims - technical approximately \$118/claim, professional approximately \$25/claim.**

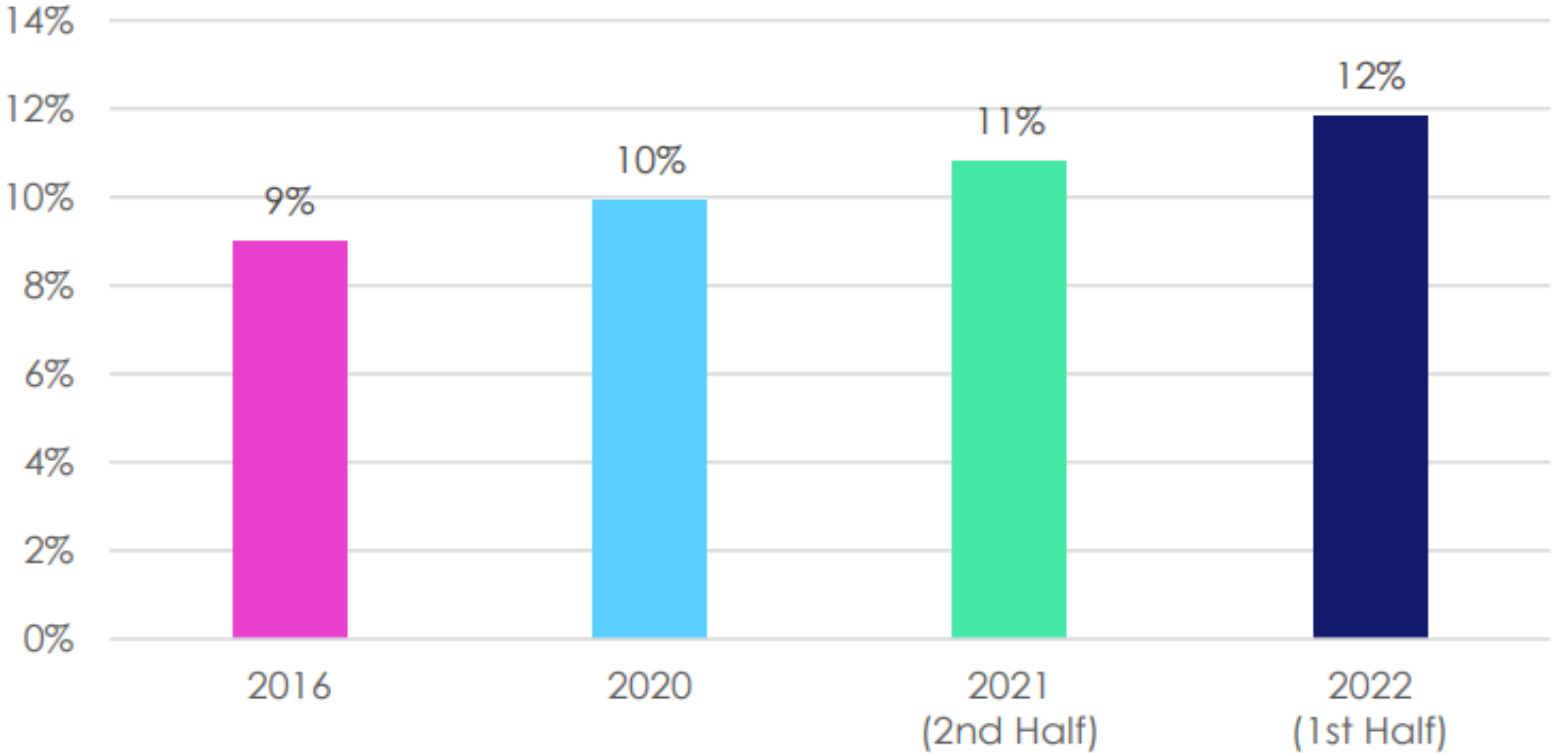
Only 20 % of clinical denials get appealed and less than 40% of them get overturned.**

** - Clarivate - Clinical Denials and appeals management, May 2022

Denials Continue to Rise

The average denial rate is up 3% since 2016, hitting 12% of claims denied upon initial submission in 2022.

National Denial Trends
2016–2022 (1st Quarter)



Change Healthcare internal data, 2016-2022

*Percentages have been rounded

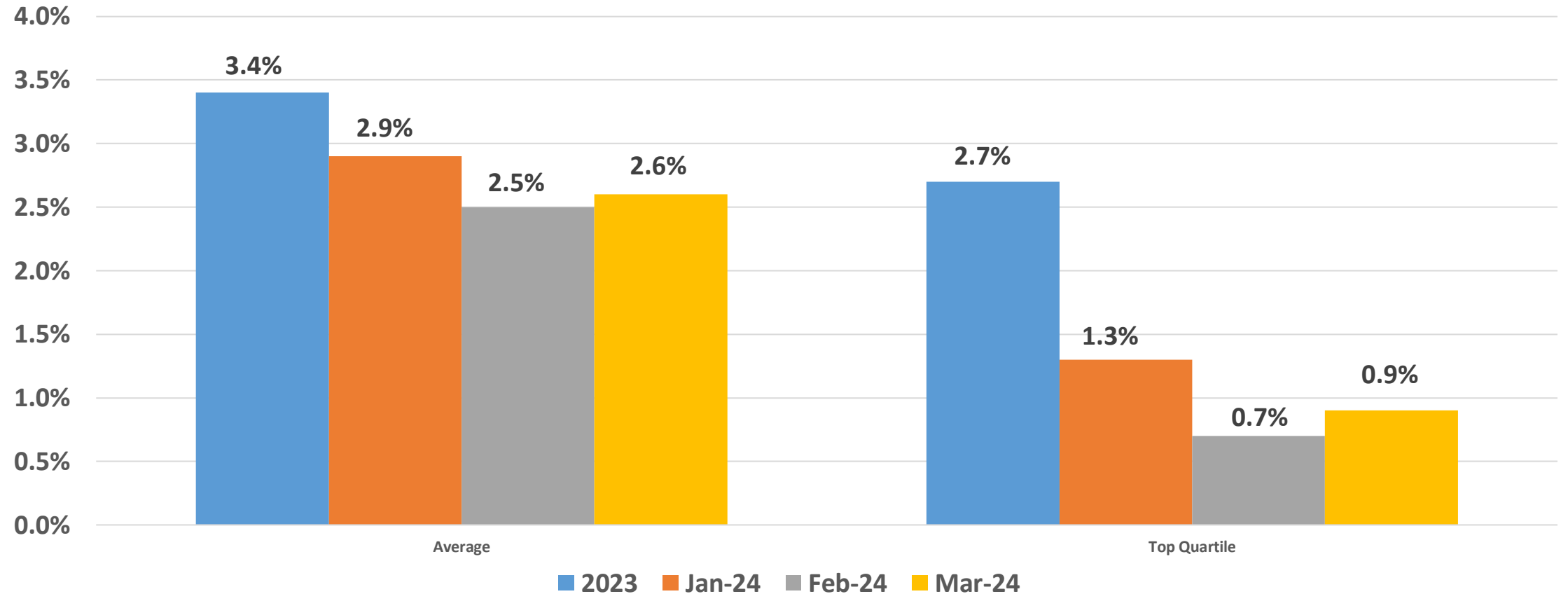
[The Change Healthcare 2022 Revenue Cycle Denials Index](#)

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Denials write off as a percent of Net Revenue

Denials write off as a % of Net Revenue



** - Clarivate – KPIs, denials write off as a percent of Net Revenue, April 2024

Denials Management and Prevention Strategy

As U.S. hospitals are dealing with pressing financial concerns like increased supply costs and workforce crisis, claim denials are adding fuel to this fire.



Structure and people

Organization need assessment to address denials and staff accordingly **

Internal expertise OR retain a third party for complex denials work

Clinical Documentation Integrity staff (including a Physician Advisor) **

Qualified staff of coders and strong leader with open channel of communication with Patient Accounting

Committee with strong leadership **

Strong denials prevention structure and payer contracting Relations **

Workflows and Technology

Structured approach to address denials

Prioritize and work daily

Customized write off approach to have a clear visibility in types of denials **

Appeals letter and approach 1) UR for clinical denials and 2) PA for all other denials

Electronic customized worklist which is easy to work and also help maintain detail **

Strong Financial Clearance policy



Provider Challenges in addressing denials

Many healthcare providers continue to struggle in reducing insurance denials from preventable Operational issues and successfully appealing and overturning denials

- 1. Revenue Cycle Staffing** – Finding and retaining qualified candidates is a major key to success in managing denials. Lack of staffing and turnover challenges in revenue cycle limits an organization’s ability to proactively approach prevention initiative & staff education
- 2. Denials Visibility and Reporting** – Due to the nature of complexity of denials, organizations without proper tools and processes are limited to its abilities to prevent denials and monitor appeals and outcome processes
- 3. Technology Adoption** – Many healthcare organizations are significantly behind payer adoption of advance technology (AI) in processing and resolving claims



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Key Strategies for Managing Denials at UMC

- Tracks denials through a data-driven workflow
- Denial Management System
- Contract Management System
- Share goals and KPI's on best practice measures
- Training- Insurance fundamentals and denial prevention strategies
- Denial Task Force



“Your insurance company has spoken on covering your surgery.”

CartoonStock.com



Healthcare providers should think of denials as more than just back-end problems.

- (1) **Identify denials** - CARC/RARC
- (2) **Categorize**-Controllable, Medical Necessity, Uncontrollable
- (3) **Root Cause** -Assign to departments for corrective action
- (4) **Tracking Mechanism**- Monitor status of resubmitted claims with regular follow up
- (5) **Trend Top Denials**- What needs to be improved and what is working well.
- (6) **Prevention**- Payer Relations (contracts), Staff Education/Training, Internal Payer pre-edits





Daily Denial Report Tracking and Management

UMC created an automated feed of the electronic insurance claim response data (835s) & utilizes a script to turn this information into daily meaningful information to track and monitor root causes driving denials.

Denial Reporting Group	Claim Adjustment Group Code	Adj Reason Code Value	Adjustment Reason Code	Posting Priority	Denial Status	First Denial Date	Last Activity Date	Last Activity User Name	Service From Date	Service To Date	Aging	Gross Billed Charges/Denial Amount	Expected Reimb Amount	Recovered Amount	Last Clinical Service	Encounter Type	Health Plan Name
Authorization Referral	CO	197	Precert/auth/notification absent	90	open	4/15/2024	4/20/2024	xxxxx	3/5/2024	3/8/2024	31	10,000	5,000	0	Internal Medicine	Inpt	Aetna
Benefits	CO	55	Proc/trtmt experimental/investigational	40	closed	5/1/2024	5/5/2024	xxxxx	4/1/2024	4/1/2024	19	500	150	0	Clinic	outpt	BC/BS
Billing	CO	16	Claim lacks info needed for adjudication	50	closed	3/2/2024	3/5/2024	xxxxx	2/28/2024	2/28/2024	75	15,000	7,500	0	ED	outpt	Humana
Coding	OA	9	Proc/rev code inconsistent w/ PT's age	60	open	5/1/2024	5/2/2024	xxxxx	4/1/2024	4/15/2024	19	20,000	7,500	7,500	Cardiology	Inpt	Wellmed
Medical Necessity	CO	50	Non-covered: not deemed med. necessity	80	open	5/10/2024		xxxxx	4/3/2024	4/3/2024	10	35,000	25,000	25,000	Trauma	outpt	UHC
Patient Access	CO	140	Ins'd health ID # and name do not match	70	closed	4/1/2024	4/10/2024	xxxxx	3/1/2024	3/1/2024	43	45,000	15,000	15,000	Trauma	outpt	Medicare
Provider Enrollment	CO	147	Prov contracted rate expired/not on file	30	open	4/30/2024	5/1/2024	xxxxx	3/1/2024	3/15/2024	20	24,000	21,000	21,000	surgical	Inpt	Tricare



5 Top Denial Trends



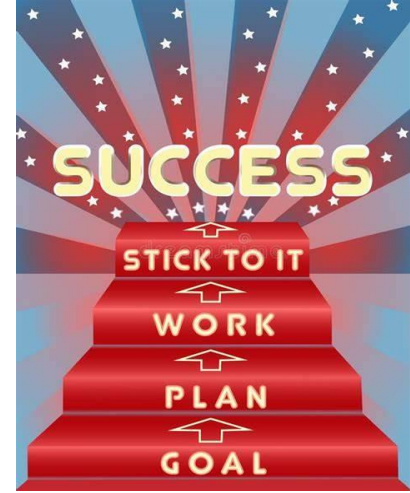
- Insurance Verification
- Medical Necessity
- Non Covered Provider
- Lack of Pre Authorization
- Untimely Filing

The reality is that even when all the right pieces are in place, denials still occur. Determine what actions are required to keep mistakes from being repeated.



Actionable Items Taken

- Patient Access Trainer
- Patient Accounting Trainer
- Enhancing integrated insurance verification system
- Monitor and keep up with payer edits. (Billing Scrubber)
- Monitor Underpayments from Payers
- Monthly meeting with payers
- Dedicated denial team and denial task force
- Weekly training with payers





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Denials Management



Champion(s)

- District CFO
- UMC CFO

Chair(s)

- Asst. Admin., RCM
- Admin. Dir., Patient Financial Services

Members:

- Physician Advisor
- Dir., Care Management
- Dir., HIM
- Dir., RCM
- Dir., AR and Denials Management
- Ops. Dir. Patient Access



Establish and Communicate Goals

Current State 2023:

Denials % Net
Revenue - 1.59%

Desired State 2024:

Denials % Net
Revenue - 1.45%

Current State 2024:

Clean Claims Rate
95.6%

Desired State 2024:

Clean Claims Rate
99%
September 30, 2024



Key Take Always to Prevent Denials

- Identify Denials Reasons
- Keep the Process Organized
- Identify Trends
- Tracking mechanism
- Prevention
- Benchmark Performance/Establish Goals
- Be Proactive

IN SUMMARY

- Know your Business
- Organize your Process
- Measure your opportunities and Successes
- Collaboration with all Stakeholders

Thank you