Conquering Denials;

How to win the War

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Healthcare Resource Group

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Todays Topics

1. WHY!?!?!?
2. What are we up against?
3. Gather the Data
4. Gather the Troops
5. Take Action
6. Monitor Results

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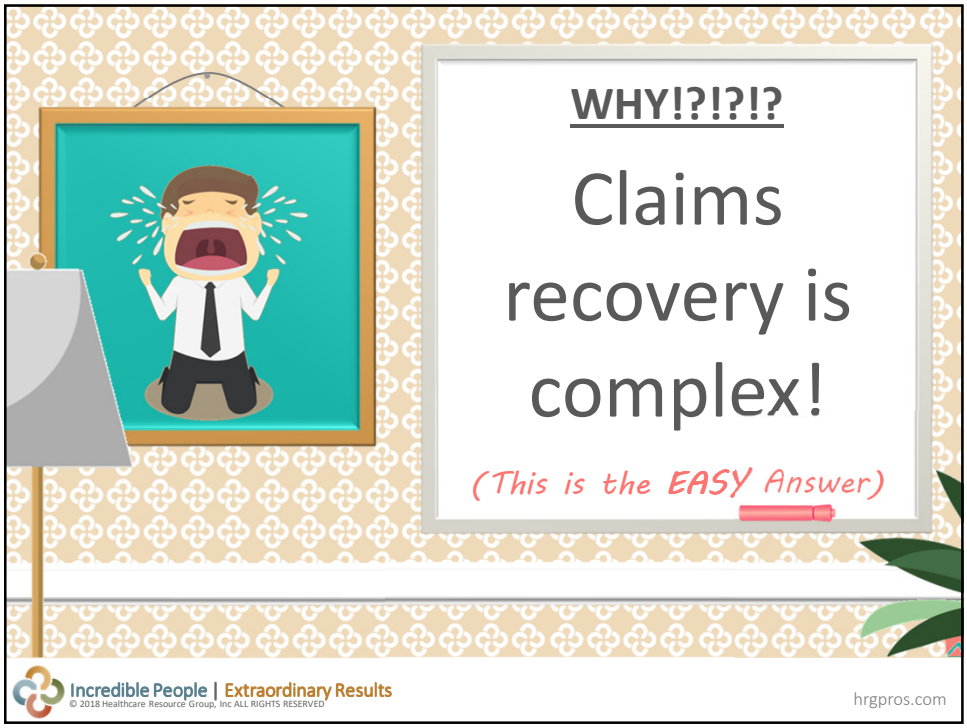
WHY!?!?!?
Claims recovery is complex!
(This is the EASY Answer)
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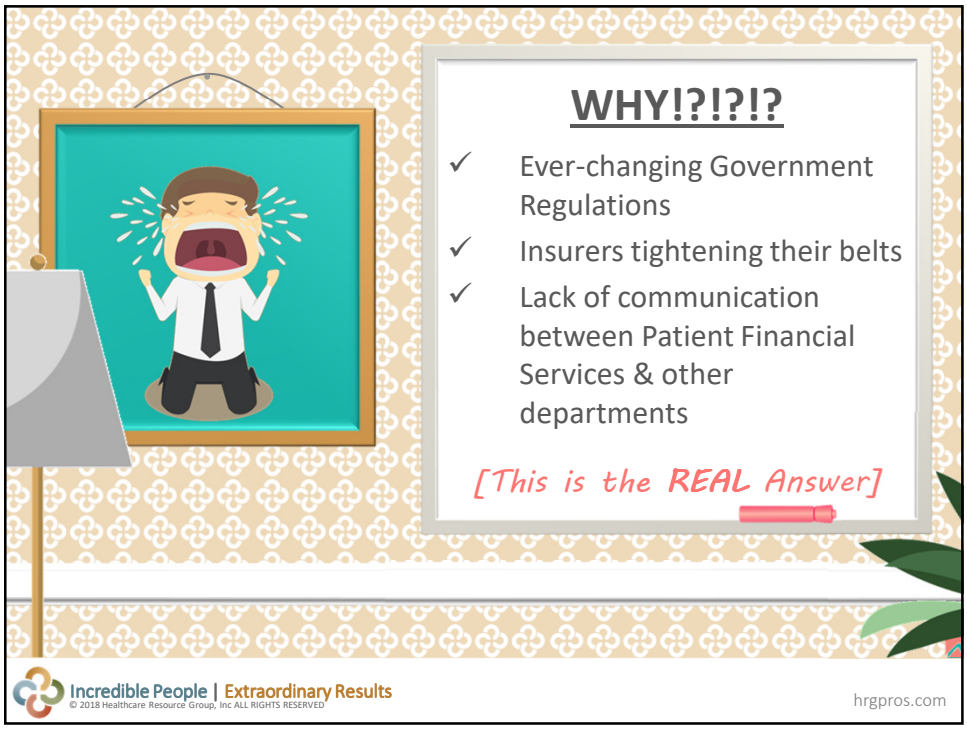
WHY!?!?!?
✓ Ever-changing Government Regulations
✓ Insurers tightening their belts
✓ Lack of communication between Patient Financial Services & other departments
[This is the REAL Answer]
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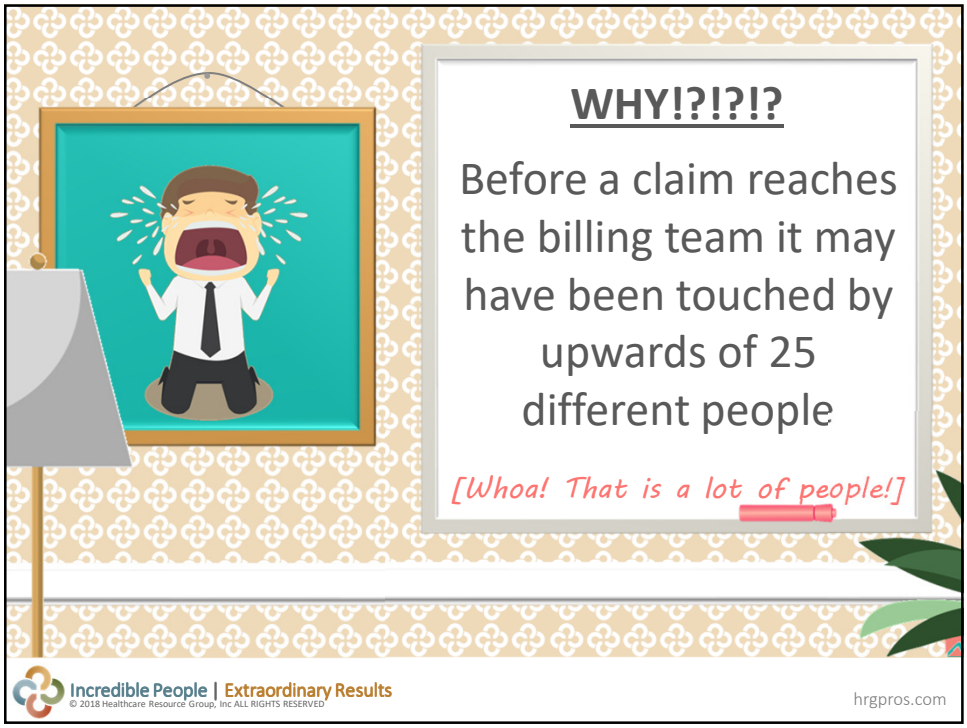
WHY!?!?!?
Before a claim reaches the billing team it may have been touched by upwards of 25 different people
[Whoa! That is a lot of people!]
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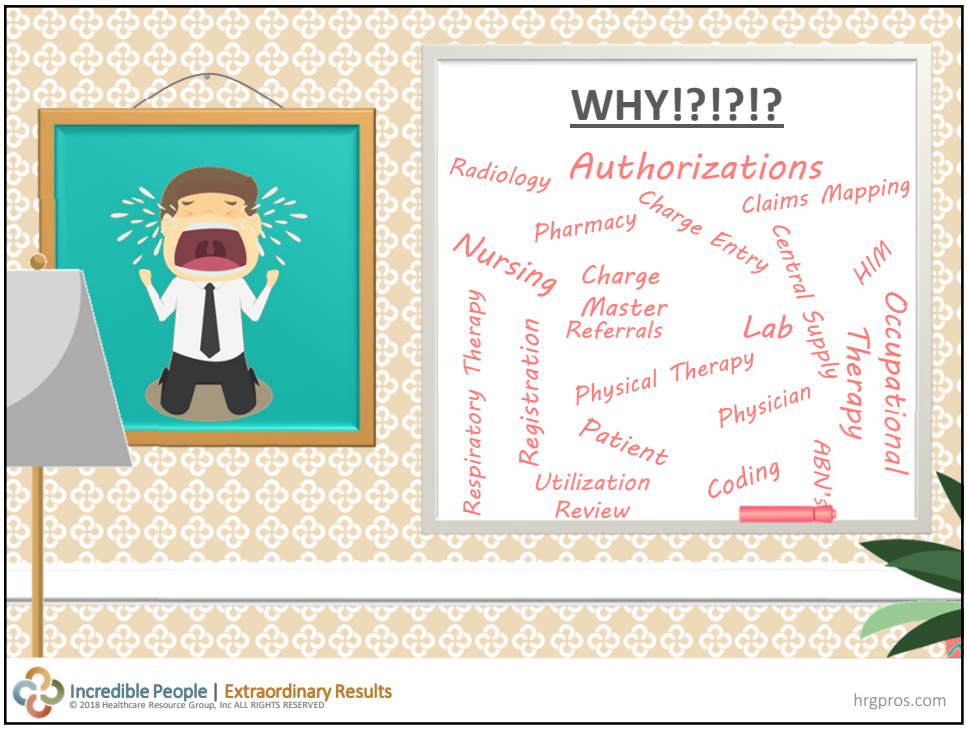
WHY!?!?!?
Radiology
Authorizations
Claims
Mapping
Pharmacy
Charge Entry
Central Supply
HIM
Nursing
Charge Master
Referrals
Lab
Occupational Therapy
Respiratory Therapy
Registration
Physical Therapy
Physician
Patient
Utilization Review
Coding
ABN's
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They did it!
WHY!?!?!?
When there are so many people/departments contributing to each claim it naturally leads to finger pointing
[Remedies for this later…]
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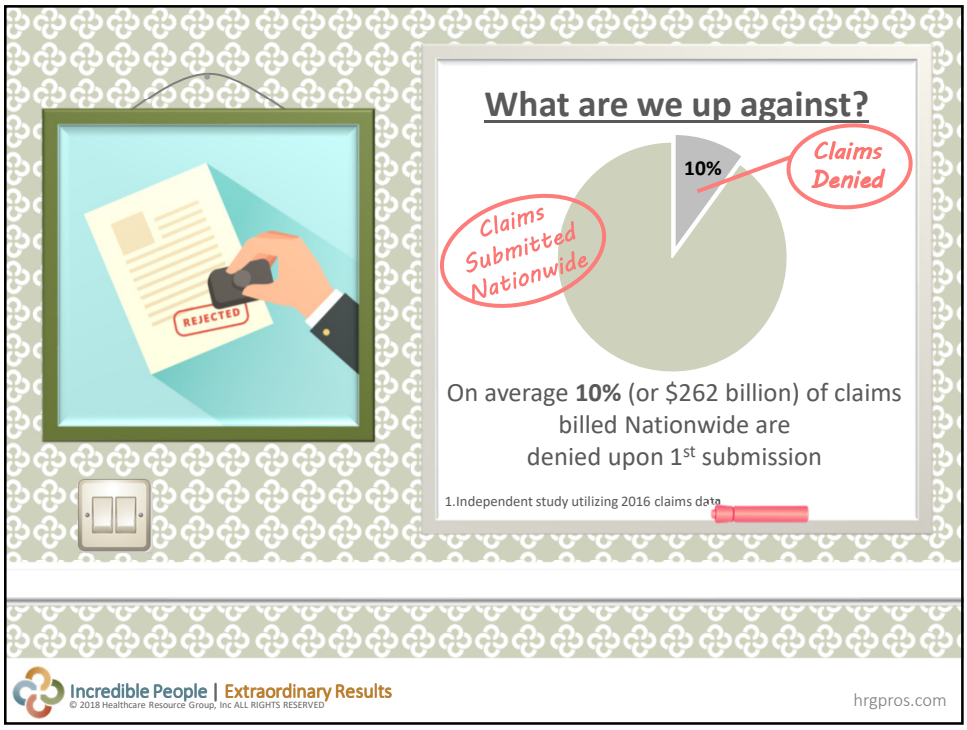
REJECTED
What are we up against?
10%
Claims Denied
Claims Submitted Nationwide
On average 10% (or $262 billion) of claims billed Nationwide are denied upon 1st submission
1.Independent study utilizing 2016 claims data
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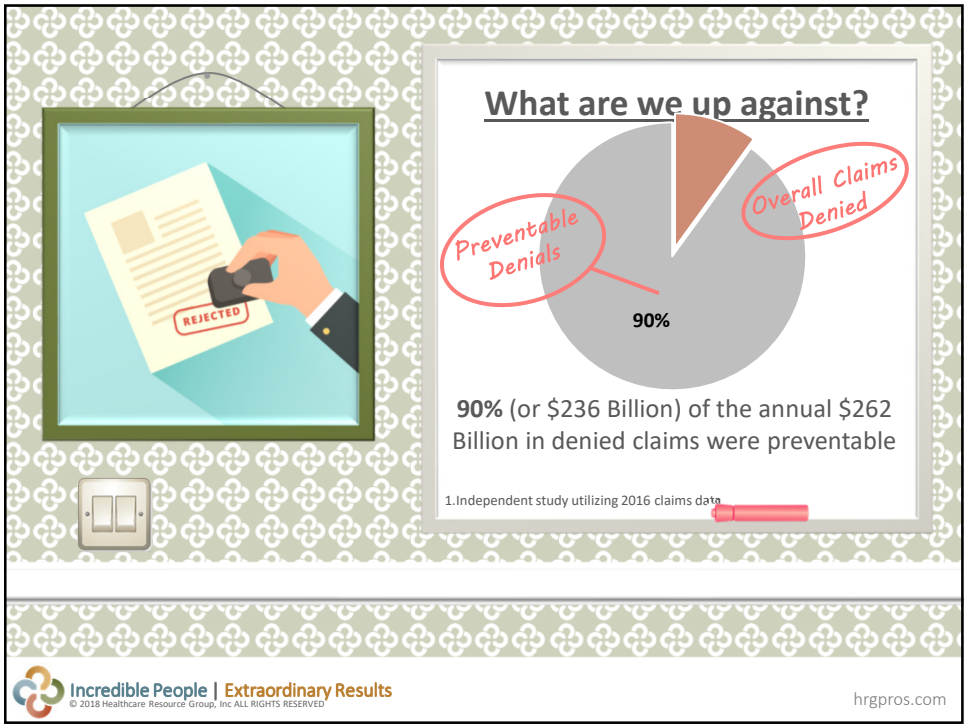
What are we up against?
Preventable Denials
Overall Claims Denied
90%
90% (or $236 Billion) of the annual $262 Billion in denied claims were preventable
1.Independent study utilizing 2016 claims data
REJECTED
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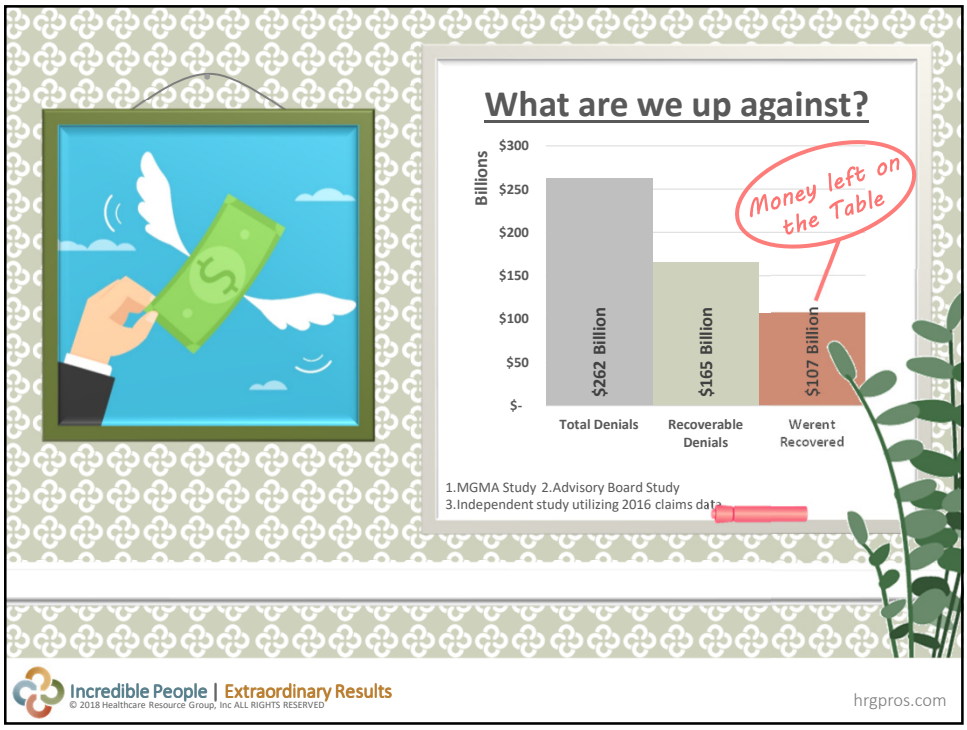
What are we up against?
Billions
$300
$250
$200
$150
$100
$50
$-
$262 Billion
$165 Billion
$107 Billion
Total Denials
Recoverable Denials
Werent Recovered
Money left on the Table
1.MGMA Study 2.Advisory Board Study
3.Independent study utilizing 2016 claims data
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What are we up against?

Always Remember:

1. Receipt of a denial does not necessarily mean lost reimbursement, *but it always means additional labor*
2. Denials will *NEVER* be completely eliminated

1.MGMA Study 2.Advisory Board Study
3.Independent study utilizing 2016 claims data

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What are we up against?

The best practice target denial rate is

5%

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What are we up against?

Denial Rate Formula:

$$\frac{\text{Total number of claims denied}}{\text{Total number of claims remitted}} = \text{Denial Rate}$$

(If claims remitted data is not available, claim submission data can be used in its place)

1.HFMA Key Maps

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Gather the Data

Key data elements for Denial Tracking:

- ❑ Date Denied
- ❑ Payer
- ❑ Denied Amount
- ❑ Denial Reason
- ❑ Action taken to resolve

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Gather the Data

Condition the denial data into root-cause areas

Example Root Cause Areas:

- Billing
- Coding
- Registration/Authorizations
- Additional Info Requested
- Contract/Credentialing
- Patient Care/Utilization

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Gather the Data

HRG 2019 cumulative denial data from 100+ facilities showed:

- Billing	25%
- Coding	9%
- Registration/Authorizations	39%
- Additional Info Requested	16%
- Contract/Credentialing	4%
- Patient Care/Utilization	7%

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Gather the Data

Billing 25% of overall denials

The top 3 reasons:

1. Duplicate claims
2. Untimely filing
3. EOB from primary required

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Gather the Data

Coding 9% of overall denials

The top 3 reasons:

1. Service included in another procedure
2. Diagnosis/CPT Code related denial
3. Invalid value/occurrence code or Modifier

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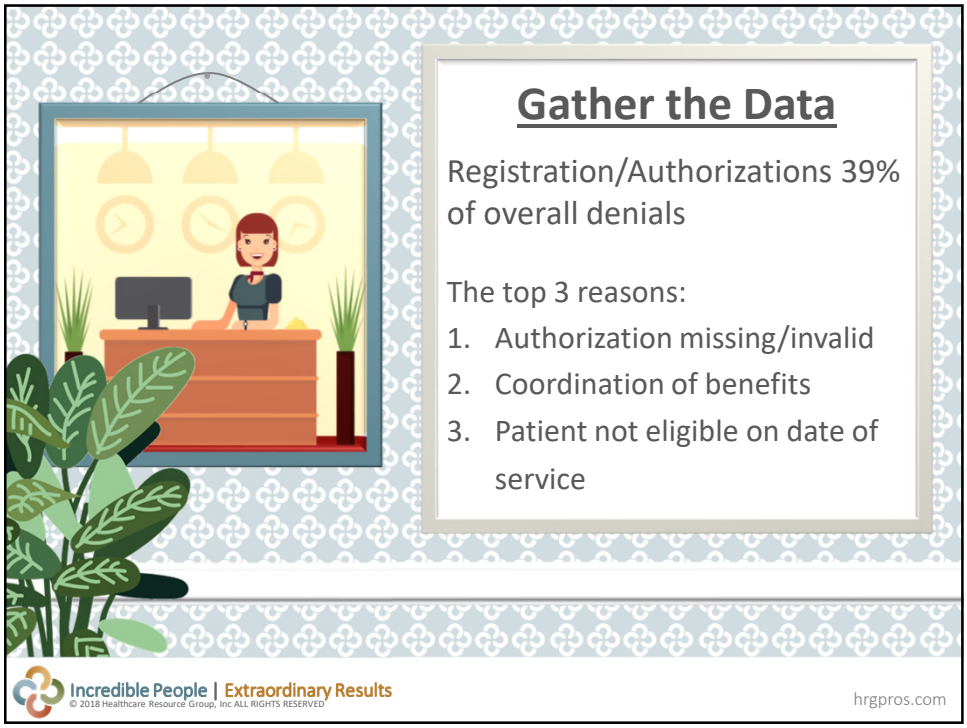
Gather the Data
Registration/Authorizations 39% of overall denials
The top 3 reasons:
1. Authorization missing/invalid
2. Coordination of benefits
3. Patient not eligible on date of service
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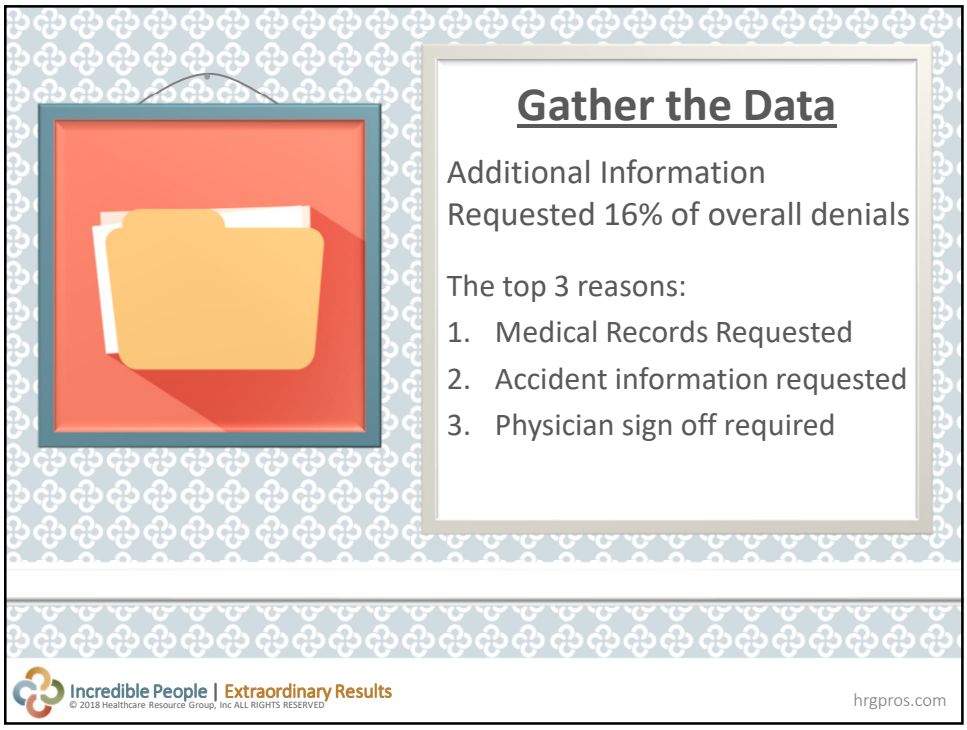
Gather the Data
Additional Information Requested 16% of overall denials
The top 3 reasons:
1. Medical Records Requested
2. Accident information requested
3. Physician sign off required
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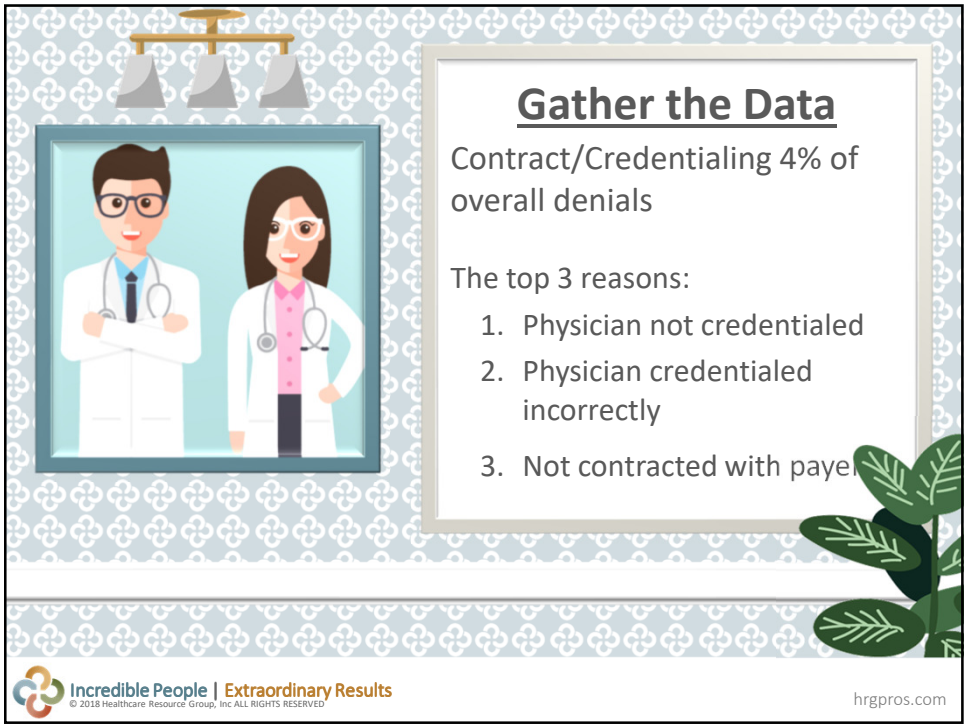
Gather the Data
Contract/Credentialing 4% of overall denials
The top 3 reasons:
1. Physician not credentialed
2. Physician credentialed incorrectly
3. Not contracted with payer
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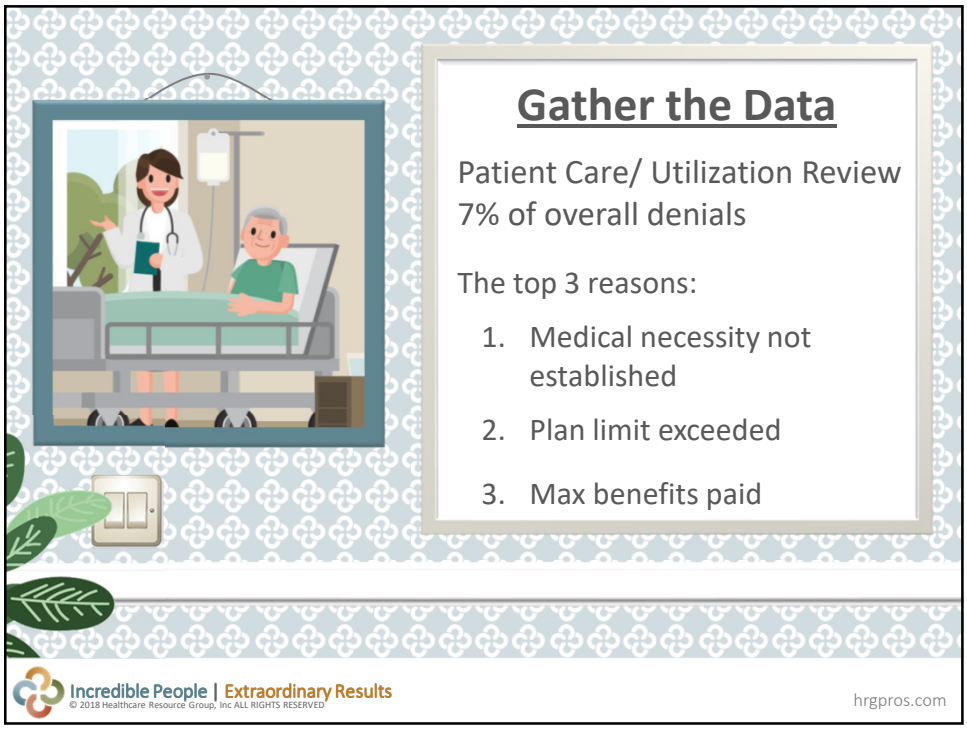
Gather the Data
Patient Care/ Utilization Review 7% of overall denials
The top 3 reasons:
1. Medical necessity not established
2. Plan limit exceeded
3. Max benefits paid
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Gather the Troops

1. Create a "Denial Committee" that includes a team member from each root-cause area
2. Schedule a monthly committee meeting

When everyone is working together as a team, finger pointing subsides

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Take Action

1. Create a "Denial Committee" that includes a team member from each root cause area
2. Schedule a monthly committee meeting
3. Each month, review the denial data as a team
4. Identify which denials will be the area of focus [typically the top 5 - 10]
5. Assign an owner for each of the chosen denials

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Measure Results
1. Distribute denial details each month, prior to the committee meeting
2. Each department should address their progress
3. CELEBRATE positive movement!
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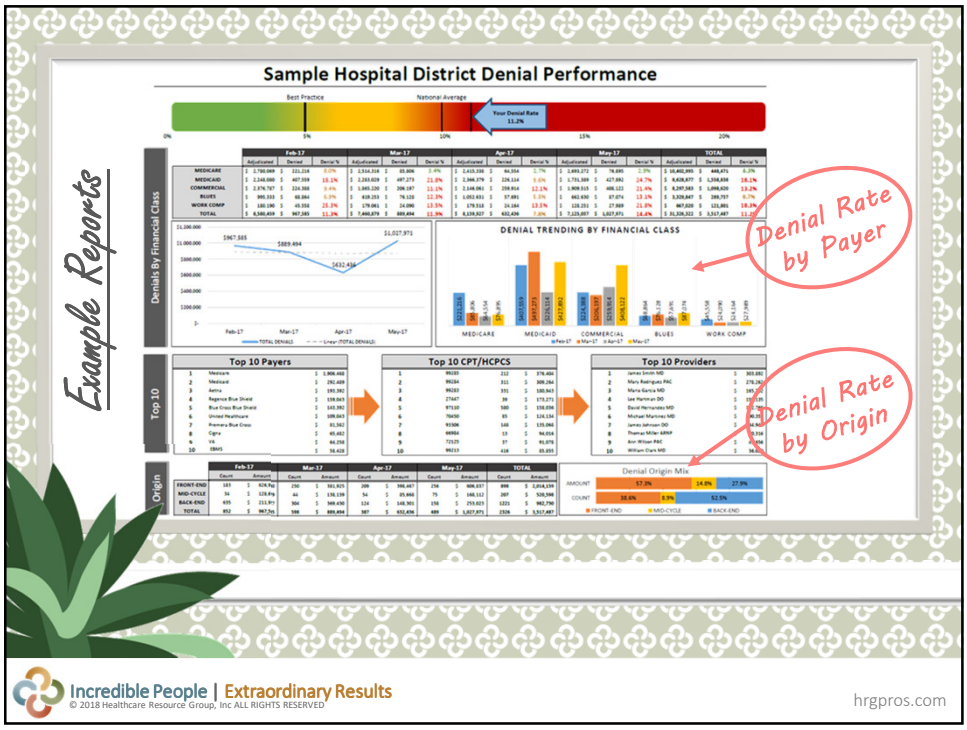
Sample Hospital District Denial Performance
Example Reports
Denials By Financial Class
Top 10
Origin
DENIAL TRENDING BY FINANCIAL CLASS
Top 10 Payers
Top 10 CPT/HCPCS
Top 10 Providers
Denial Origin Mix
Denial Rate by Payer
Denial Rate by Origin
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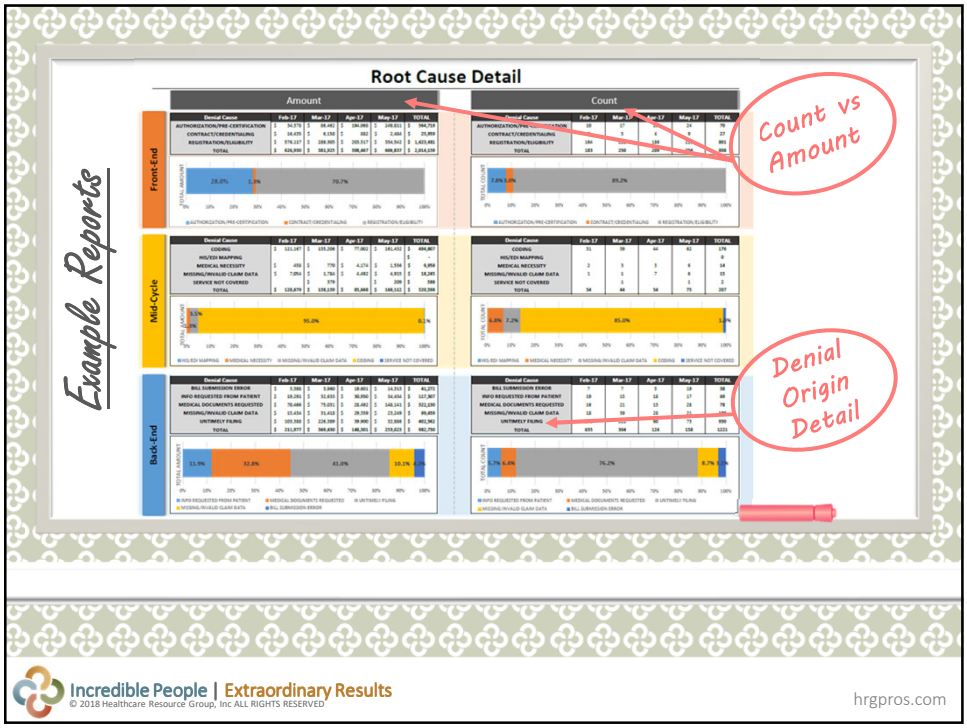
Example Reports
Root Cause Detail
Amount
Count
Front-End
Mid-Cycle
Back-End
Count vs Amount
Denial Origin Detail
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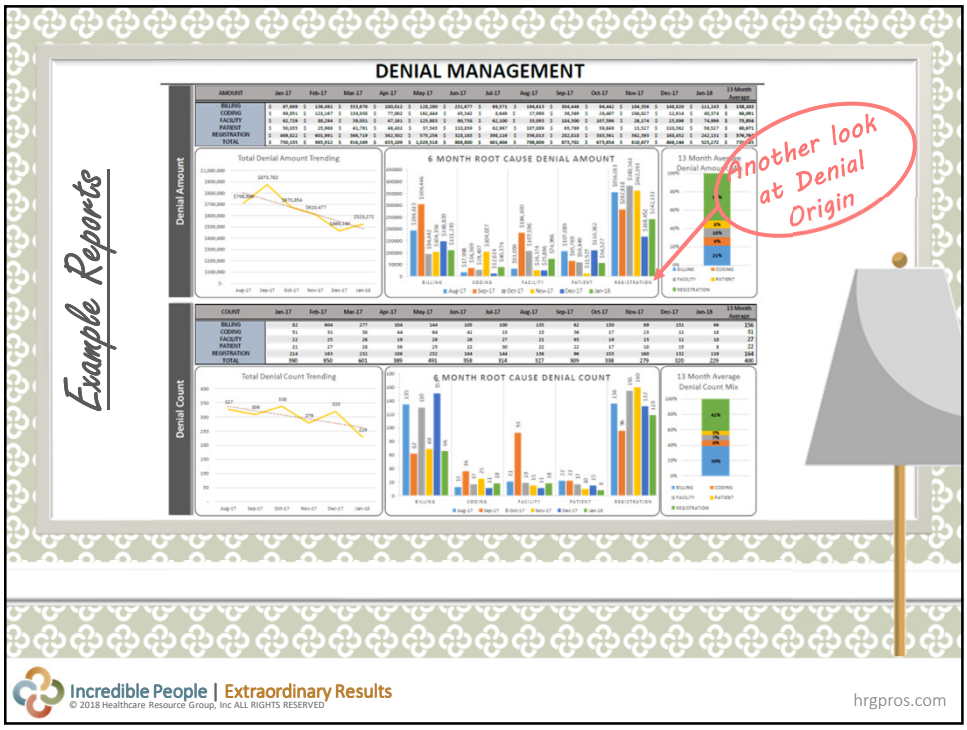
Example Reports
DENIAL MANAGEMENT
Denial Amount
Denial Count
Total Denial Amount Trending
6 MONTH ROOT CAUSE DENIAL AMOUNT
Total Denial Count Trending
6 MONTH ROOT CAUSE DENIAL COUNT
13 Month Average Denial Count Mix
Another look at Denial Origin
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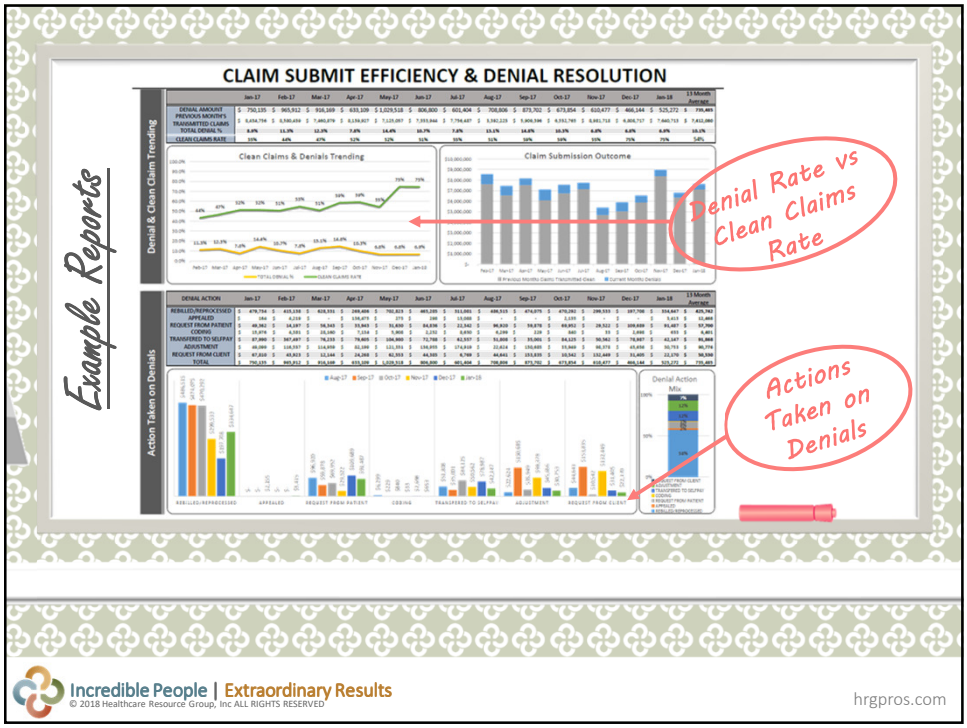
CLAIM SUBMIT EFFICIENCY & DENIAL RESOLUTION
Example Reports
Denial & Clean Claim Trending
Clean Claims & Denials Trending
Claim Submission Outcome
Denial Rate vs Clean Claims Rate
Action Taken on Denials
Denial Action Mix
Actions Taken on Denials
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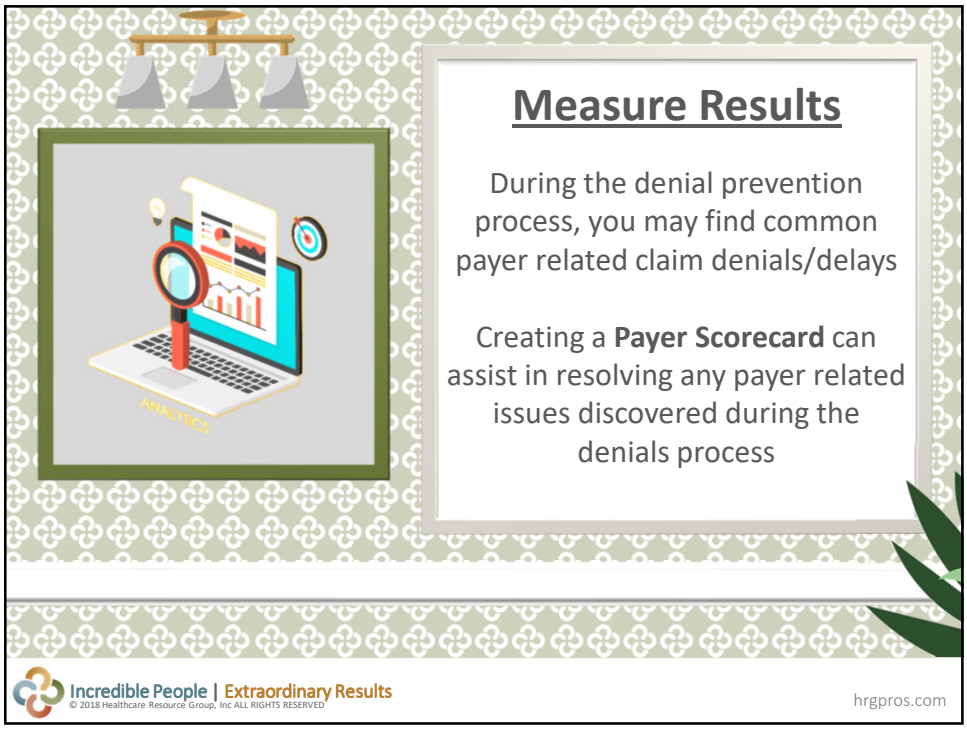
Measure Results
During the denial prevention process, you may find common payer related claim denials/delays
Creating a **Payer Scorecard** can assist in resolving any payer related issues discovered during the denials process
ANALYTICS
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Measure Results

Common Payer Scorecard Metrics

- ❑ Average time to pay
- ❑ Denial Rate
- ❑ AR Days
- ❑ Payment Accuracy

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Take Aways:

1. Gather the Data
2. Gather the Troops
3. Take Action
4. Monitor Results

Follow these steps and...

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Take Aways:
You WILL Conquer your denials
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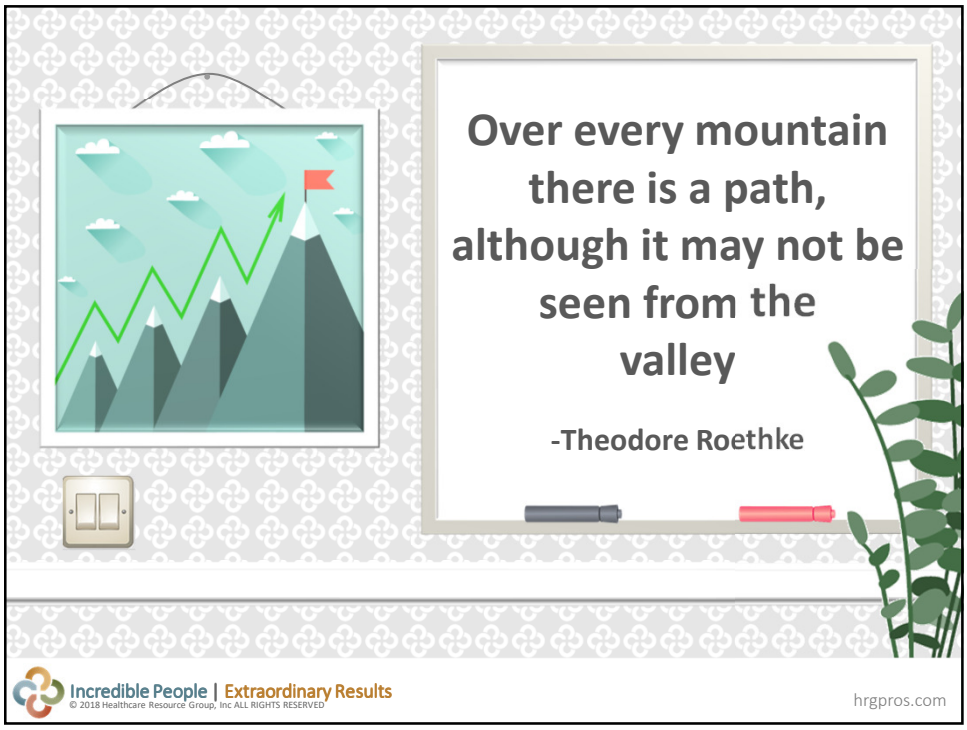
Over every mountain there is a path, although it may not be seen from the valley
-Theodore Roethke
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Questions?
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