

FORV/S™

Denials Prevention: Strategies to Avoid Revenue loss and Re-Work Cost

October 12, 2023



FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

**AR HFMA
Payor & Reimbursement
Summit**

Agenda

- Meet the Panel
- Revenue Cycle and Denial Trends
- Howard Memorial Story and Denial Case Examples
- Q & A

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Meet the Panel



William J. Craig, CPA FHFMA CHFP
Chief Financial Officer
Howard Memorial Hospital



Ryan Rozwat
Director
Revenue Cycle
FORVIS



Isadorah Plaisimond
Managing Consultant
Revenue Cycle
FORVIS

FORV/S



FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

Revenue Cycle: Renewed Focus on Margin AND Strategy



- Headwinds for healthcare executives:
 - Strategic plans non-existent or limited
 - Revenue cycle metrics off track
 - **Labor shortages**, contractors, and employee benefit rates unprecedented
 - Remote or hybrid workforce
 - Non-Rev Cycle Margin Impacts
 - Supply costs, inflation, “The right” volumes creating margin difficulties
 - **Insurance Denials on the Rise**

FORV/S



FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

Insurance Denials' Great Impact on Providers

Insurance Denials Have a Large Impact on Organizations' Financials & Patient Experience

Financial Impact	Cost of Re-Work	Patient Experience
<ul style="list-style-type: none"> 3.3% hospitals' net revenue lost due to claim denials* \$4.9M average hospital annual net revenue lost due to denials** 12% of total hospital claim charges submitted received an initial denial*** 	<ul style="list-style-type: none"> \$118 average to formally appeal a denied claim* Re-work Costs including staff & vendor labor (10 to 25% of payments in some cases) Reduced speed to payment & AR resolution 	<ul style="list-style-type: none"> Unexpected patient liabilities Delay in patient care or statements received Required patient involvement in complex appeals process

* Healthcare Business Insight (HBI) Hospital Financial Benchmarks Q1 2022 National Average*

** Change Healthcare Study 2022**

*** Change Healthcare Study 2016***

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Insurance Denials Are Not Slowing Down

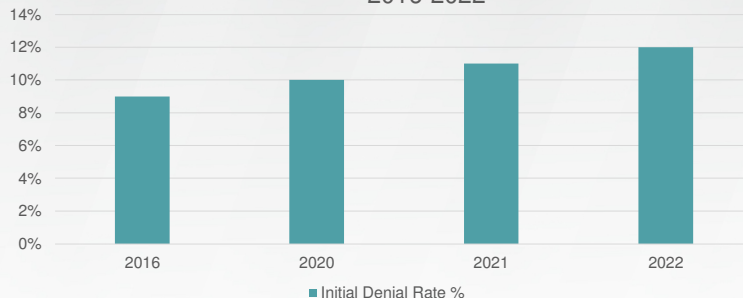
Year over Year Insurance Denials & U.S. Healthcare Complexity Continue to Rise

33% Increase in National Average Insurance Denial Rate from 2016 to 2022¹

100,000 Estimated number of payor policy changes between 2020-2022²

12% of all provider claims submitted are partially or completely denied¹

National Average Claim Denial Rate Trends 2016-2022



¹2022 revenue cycle denials index Change Healthcare

²Experian Healthcare Survey June 2022

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

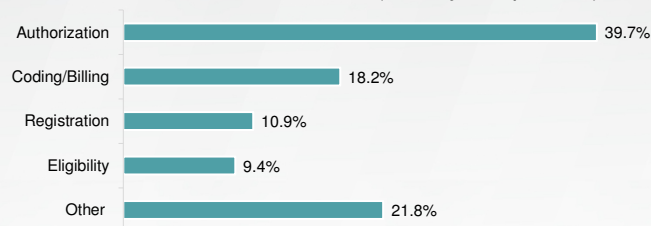


Denial Prevention Opportunity

Recent 2023 Survey¹ results of healthcare finance and operations professionals on insurance denials:

- 31% of responses indicated preventing denials is the top area of focus for denials management improvement
- Only 17% of organizations indicated they were allocating most of their resources to front-end revenue cycle tasks focused on prevention (disconnect between exec priority and actual resources allocated)
- 39.7% of survey responses indicated prior-authorizations was the greatest cause of denials

Greatest Cause of Denials (Survey Responses)



FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

¹Waystar/HFMA Survey, February-March 2023



Provider Challenges Addressing Denials

Our clients & healthcare providers at large continue to struggle reducing insurance denials & revenue loss from preventable operational issues

1

Revenue Cycle Staffing – Staffing & turnover challenges in revenue cycle have limited an organization's ability to proactively approach prevention initiatives & staff education

2

Denial Visibility & Reporting – Complex system & reporting limitations have limited providers' ability to prevent denials & monitor appeal success

3

Regulatory & Payor Complexity – Providers continue to have difficulties adhering to constantly evolving regulatory requirements & successfully defending post-payment audits

Experian Health – The State of Claims 2022

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Question #1

Is your organization experiencing increased pressure from insurance denials?

- A** / Yes, we are experiencing increased initial claim denials
- B** / Denials have remained about the same
- C** / No, not experiencing an increase in denials
- D** / Not applicable or unsure

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Assess Opportunity to Reduce Denials

One of the first steps in reducing denials is understanding where and how much revenue you are losing and the financial opportunity for reduction

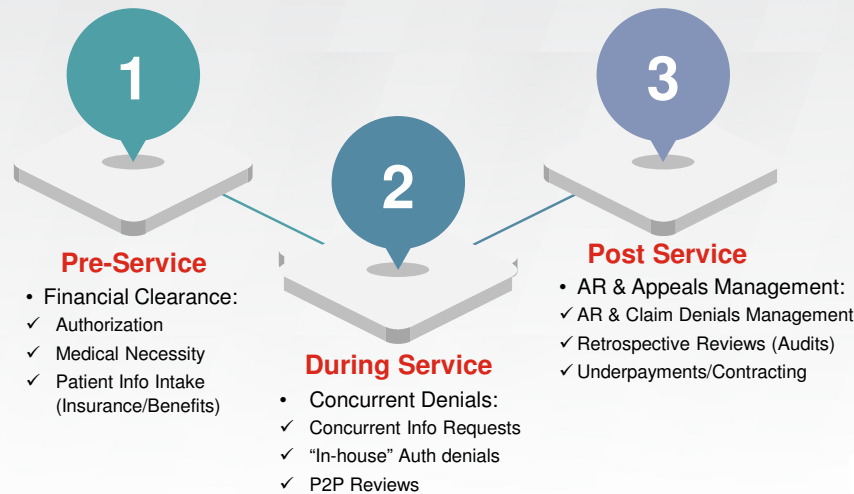
Annual Denial Write-Offs by Reason	Gross Denial Write-Offs	Denial Re-Work Cost Reduction Opportunity	Total
Authorization	\$23,344,000	Estimated Annual Accounts Requiring Staff Resolution Effort (Accounts Worked) ¹	162,847
Medical Necessity	\$17,508,000	Current Average Minutes to Work an Account ²	11.0
Timely Filing	\$11,672,000	Estimated Average Hourly Staff Rate ³	\$28
Credentialing	\$2,334,400	Opportunity Estimation	
Late Charges	\$1,167,200	30% Reduction in Denied Account Resolution Time (11 minutes to 7.7 minutes)	\$250,000
Total Gross Annual Denial Write-Offs	\$58,360,000	40% Reduction in Denied Account Resolution Time (11 minutes to 7.2 minutes)	\$365,000
Estimated Blended Net Collection Rate	25.8%	<small>¹ Example Hospital Insurance Accounts Multiplied by Claim Denial Rate & 2x additional re-work factor ² Example Avg. Minutes to work (HBI low range of accounts worked per hour) ³ Example Estimated blended Avg Hourly Labor Rate (AR team, Specialized Clinic Staff)</small>	
Estimated Net Annual Denial WO's	\$15,056,880		
Annual Denial Write-Off Reduction Opportunity			
10% Reduction Net Annual Denial WO's	\$1,505,688		
20% Reduction Net Annual Denial WO's	\$3,011,376		
30% Reduction Net Annual Denial WO's	\$4,517,064		

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Strategies to Improve Denial Performance

Opportunity to reduce and prevent denials and revenue loss prior to service, during service, and after service

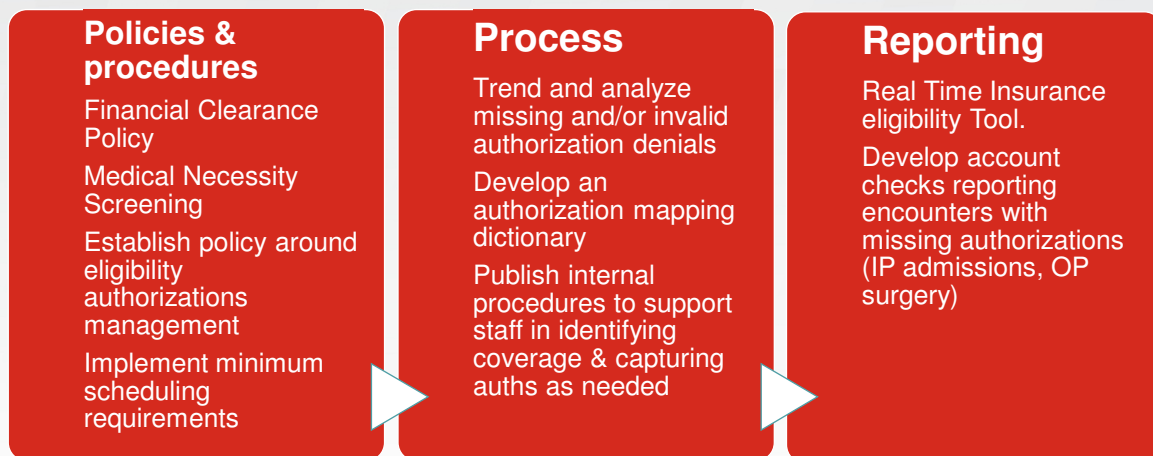


FORV/S

HowardMemorial
hospital

Pre-Service- Denials Prevention

Improving pre-service financial clearance policies, procedures, and reporting can drive reduction of denials and re-work costs.



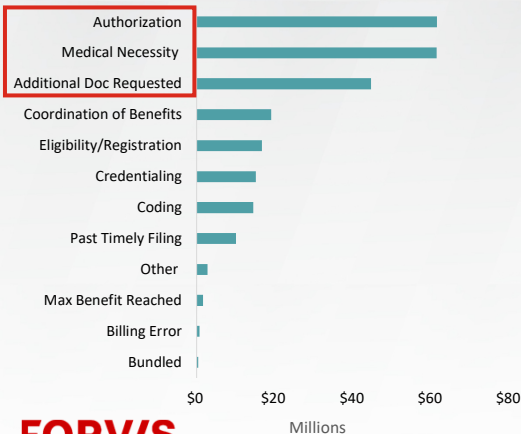
FORV/S

HowardMemorial
hospital

During Service- Denials Prevention & Management

Significant opportunity at most organizations to prevent top claim denial reasons, financial write-offs and reduced AR days through more efficient inpatient workflows

Sample Inpatient Denial \$ by Reason Category



FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

Inpatient Concurrent Workflow Improvement Opportunities

- Notice of Admission and Authorization Automation and Reconciliation
- Tracking concurrent case trends, routing concurrent requests/denials, and meeting timely deadlines
- Collaboration with Physician Advisory & CDE
 - Self denials, clinical appeal language, data trends & education, legal proceedings

13



RRO

Denials Prevention Program

A strong denials prevention initiative can allow your organization to continuously identify, resolve, and monitor denial trends causing revenue loss and re-work costs

Hospital Denial Prevention Program Sample Structure

Executive Sponsors	CFO & Other Clinical Executives		
Committee Lead	Denials Prevention Lead (often within payor contracting)		
	Patient Access	Coding/HIM/PFS	Inpatient/UR
Project Owner	Director – Patient Access	Director – Coding/HIM	Director – Case Management/UR
Project Support	Supervisor – Patient Access	Supervisor – Coding/HIM	Supervisor – Case Management/UR
Other Support	IT Lead Outside Consulting Support Clinic Operations Champions		

Best Practices

- ✓ Cross Department Collaboration
- ✓ Standard and Continuous Performance Improvement Procedures
- ✓ Denials Performance Measurement & Analytics

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

14



Slide 14

RRO Ryan- Replace with Denials Prevention and Management Margin Opportunities (Denial Prevention Program, Rev Integrity, Improved concurrent workflows, etc.

Rozwat, Ryan, 2023-08-31T14:14:40.670

PIO 0 Isadorah to create financial clearance best practices. Technology, process, reporting, P&Ps.

Plaisimond, Isadorah, 2023-09-15T18:14:31.248

CPE Question #2

Does your organization have an effective Denials Committee structure?

- A. Yes, we have a dedicated denials team & committee structure
- B. Yes, we have a denials committee structure but not sure how effective
- C. No formal committee structure
- D. Unsure

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



RRO

Howard Memorial Hospital- Case Study

- Howard Memorial Hospital (HMH) in Nashville, Arkansas was named in 2023 as one of the **top 20 critical access hospitals (CAHs) for overall performance** in the country.
- **HMH is a Not for Profit 501 (c) (3).** In addition, community is engaged and actively supports our Howard Memorial Foundation with annual fundraising activities.
- **Robotics Surgery Program** implemented in February 2023.
- **Comprehensive Services** including Emergency Medicine, Surgical Services Program (with two robotically trained surgeons), Primary Care with an onsite Allergy Clinic, Rehab Services Program (PT, OT, Speech Pathology) complete with SwimEx pool, Pediatric Therapy Center (PT, OT and Speech Pathology), Cardiac and Pulmonary Rehab, Certified Diabetes Education, Sleep Study, and Wound Care.
- **Community centric organization** with mission of to improve health in the communities that the Hospital serves.



HowardMemoria
hospital

Slide 16

RRO Bill- Isadorah to tee up and highlight Howard as an organization (awards, etc.. Need Bill to provide
Rozwat, Ryan, 2023-08-31T14:25:00.582

Case Example- Howard Memorial & FORVIS Initiative Timeline

Q1-Q2 2022

- CAH Operations Assessment
- Identified Revenue Cycle opportunities

Q2-Q3 2022

- Denials Prevention Meetings
- Root Cause Sampling and Reporting Procedures

Q4 2022

- Focused Initiatives to **RR**rove Use of Eligibility and Claim Management Tool

Q1 2023+

- Improved Denials Performance

FORV/S

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Case Example - HMH and FORVIS Initiatives Update

Operations Assessment

- Identify and quantify financial improvement
- Roadmap for performance improvement opportunity

Denial Prevention & Management

- Establish Denial Prevention Committee and Structure
- Denial Appeal Templates & Training

AR & Rev Cycle Vendor Optimization

- Targeted Denial and Patient Eligibility Training and Support
- Improved Financial Clearance Monitoring

HM Successes To Date

- ✓ **\$500K+** recovered from Denial Prevention and Underpayment efforts
- ✓ Sustainable Denial Prevention Procedures
- ✓ Improved Financial and Performance Reporting to monitor issues

FORV/S

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



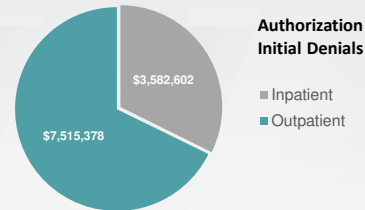
Slide 17

RRO Data breach december 4th 2022, leadership turnover, waystar
(clearinghouse and eligibility tool),
Rozwat, Ryan, 2023-09-18T19:00:06.850

Howard Memorial- Denial Data Mining

Performed Data mining of top issues and trends within recent historical denial data to identify performance improvement areas to target

Denial/Non-Payment Reason Category	Denied Amount (\$)	Denied Amount (#)
Additional Documentation Needed	\$32,364,291	39,644
Authorization	\$11,097,981	10,504
Eligibility/Registration	\$8,922,371	14,132
Coordination of Benefits	\$7,633,978	13,444
Miscellaneous	\$4,917,687	8,420
All Others	\$19,387,811	36,860
Total	\$84,324,119	123,004



Outpatient Authorizations

Denial Reason Category	Denied Amount (\$)	Denied Amount (#)
Medication/Infusion	\$3,015,951	1,164
Surgical & Other Procedures	\$1,334,998	840
Radiology	\$798,202	812
Other	\$741,199	2,152
Radiation Oncology	\$484,131	60
All Others	\$1,140,898	2,024
Total	\$7,515,378	7,052

Top 3 Medication/Infusion CPT Codes	Denied Amount (\$)
HC-J9201 – Gemcitabine hcl injection	\$540,216
HC-J2505 – Injection, pegfilgrastim 6mg	436,174
HC-C9069 – Belantamab mafodotin-blmf	313,202
Total	\$1,289,592

FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Howard Memorial- Root Cause Issue Identification

Used a structured approach & templates for denial review to identify & quantify issues impacting performance and initiatives to reduce denials

Account	Payor	IP Decision Criteria	Notification Submitted Timely	Clinicals Submitted Timely	Initial Review Complete	Concurrent Review Complete	Medical Necessity Met	DRG2	Additional Comments
4002270678-1	MERIDIAN HEALTH PLAN	MCG	Yes	Yes	Yes	Yes	Yes		This patient should be OBV from beginning.
4002262555-1	AETNA	MCG	Yes	Yes	Yes	Yes	Yes	812	Missing Physician Operative Report
4002250443-2	MOLINA	MCG	Yes	Yes	Yes	Yes	Yes	917	denied inpatient initially, p2p sch for 1/14 which overturned the MD decision to deny. Ref#2201191151
4002255841-1	AETNA	MCG	Yes	Yes	Yes	Yes	Yes	291	Denied inpatient, sent to UMPA, agreed to OBV, remit to OBV.
4002190886-7	IOWA TOTAL CARE	MCG	No	No	Yes	Yes	Yes	854	no auth tab created

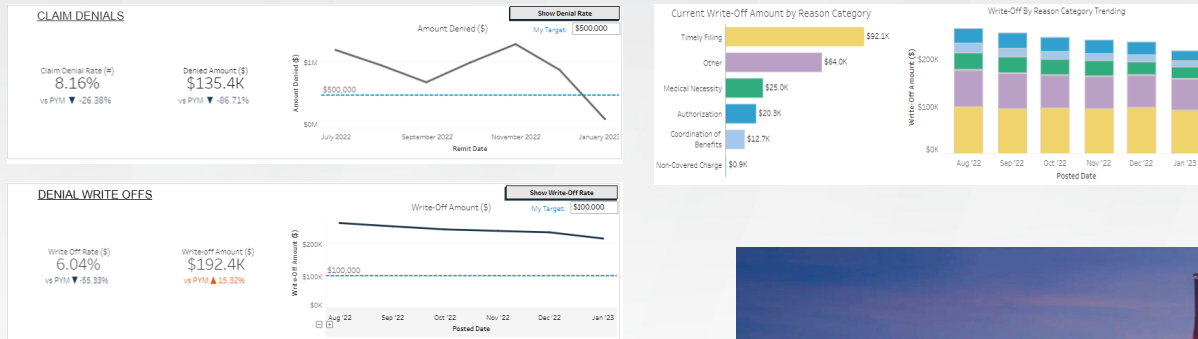
FORV/S

FORV/S is a trademark of FORV/S, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Howard Memorial- Denials Performance Trends

Howard Memorial is Tracking Performance Trends and Denial Specific Initiatives



*Source: FORVIS Denial Monitoring Tool

FORV/S

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



CPE Question #3

Where does your organization primarily source insurance denials performance information?

- A. Patient accounting system or claim software
- B. Bolt-on analytics software or internal data team
- C. Limited denials reporting
- D. Unsure

FORV/S

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Q & A Time

- Bill Craig: williamjc@howardmemorial.com
- Isadorah Plaisimond: Isadorah.Plaisimond@forvis.com
- Ryan Rozwat: Ryan.Rozwat@forvis.com

forvis.com

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by FORVIS or the author(s) as to any individual situation as situations are fact specific. The reader should perform its own analysis and form its own conclusions regarding any specific situation. Further, the author(s) conclusions may be revised without notice with or without changes in industry information and legal authorities. FORVIS has been registered in the U.S. Patent and Trademark Office, which registration is pending.

FORVIS

Assurance / Tax / Advisory

Thank You!

forvis.com

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by FORVIS or the author(s) as to any individual situation as situations are fact specific. The reader should perform its own analysis and form its own conclusions regarding any specific situation. Further, the author(s) conclusions may be revised without notice with or without changes in industry information and legal authorities. FORVIS has been registered in the U.S. Patent and Trademark Office, which registration is pending.

FORVIS

Assurance / Tax / Advisory