What's Eating Your Bottom Line?

GREATER HEARTLAND SUMMER EDUCATION EVENT

AUGUST 4TH, 2023

Agenda

1 | **Welcome & Introduction**

2 What are Denials Costing your Organization?

3 How to Design Meaningful Denial Reports

4 Improving First Pass Payment Rate

5 Preventing our Most Common Denials

6 Leveraging Analytics for Denial Prioritization

Who Really Bills Claims?

Green	Patient Access
Blue	HIM/Coding
Orange	Charge Master
Yellow	System Generated
Pink	Billing

Not the Billing Department

Billing, 3%*

Only used when a claim denies first time around

System Generated, 17%

Charge Master/Dept., 11%

HIM/Coding, 13%

Patient Access, 56%

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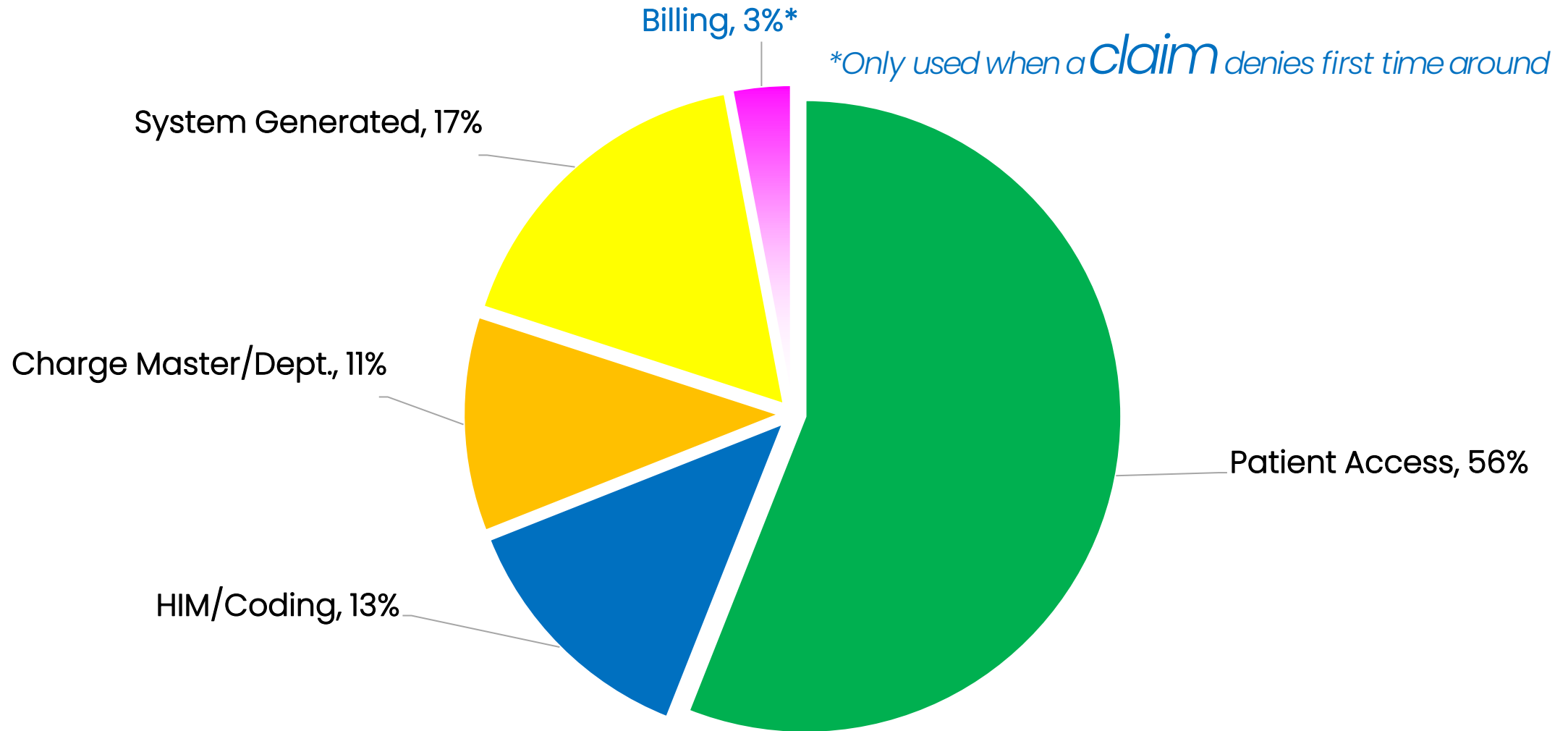
Comparison –
Billing requirements to denials by department

UB fields by department

- Billing, 3%*
- System Generated, 17%
- Charge Master/Dept., 11%
- HIM/Coding, 13%
- Patient Access, 56%

Only used when a claim denies first time

Denials by department

- Billing, 3%
- System Generated, 18%
- Charge Master/Dept., 8%
- HIM/Coding, 31%
- Patient Access, 40%

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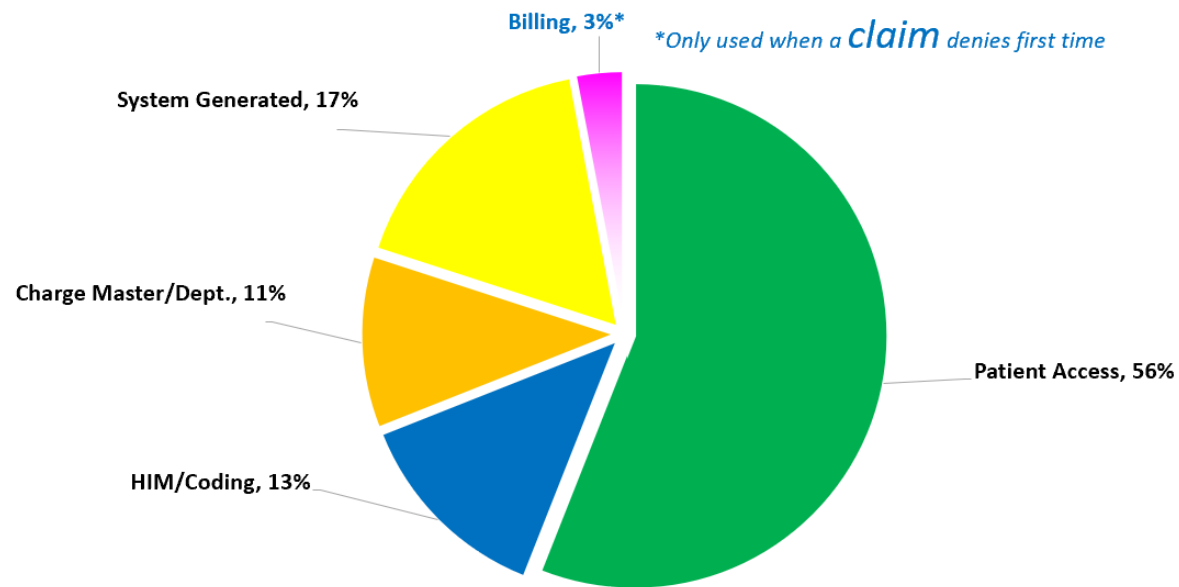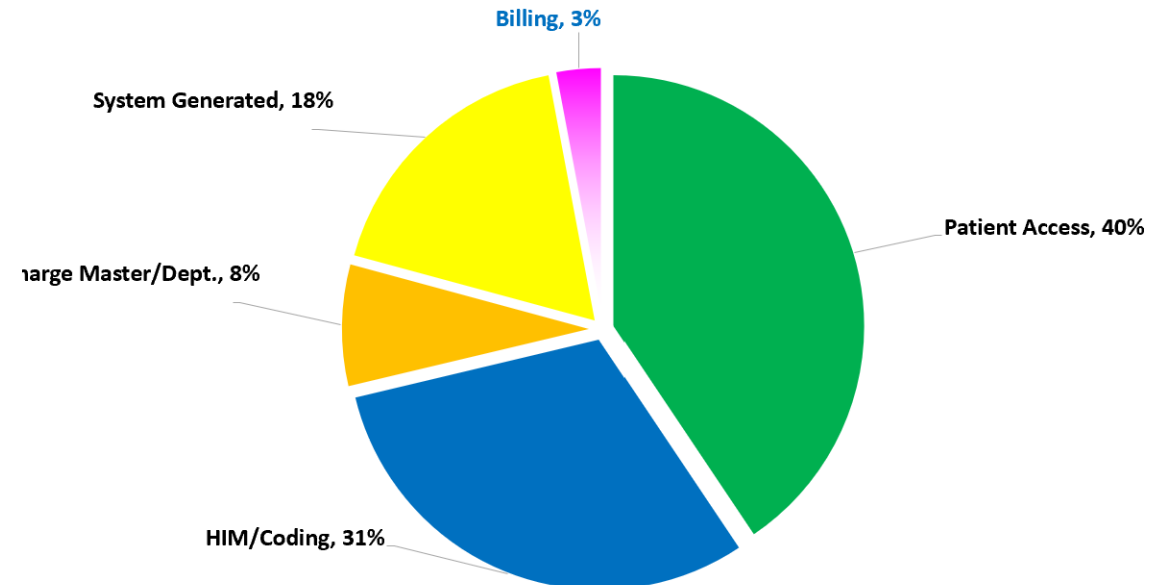
Timeline of a Paid Claim
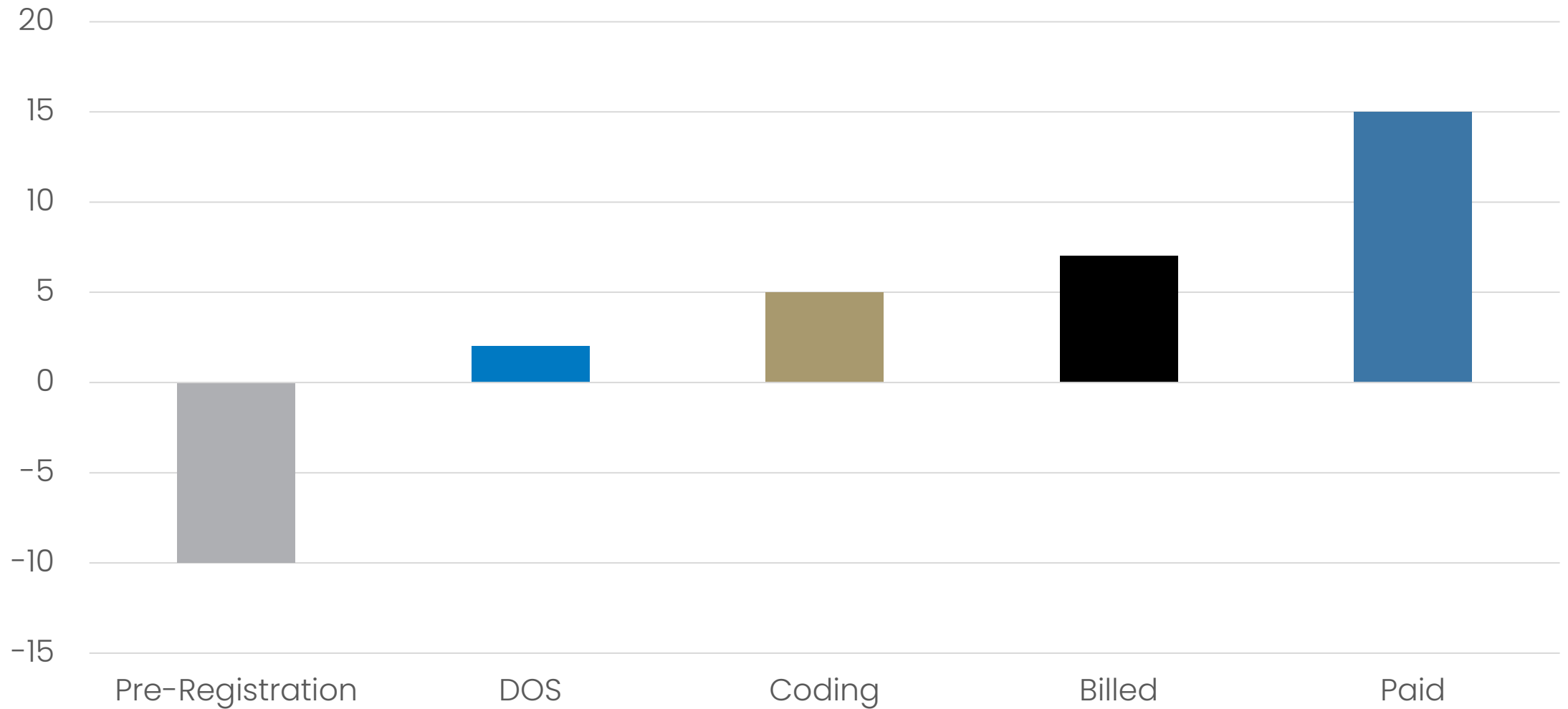
Payment Turnaround Times

Statement Date To Import

	Current Month	Last 6 Months	Community
Institutional	13.3	12.9	16.9
Professional	23.6	15.8	15.2

Export To Paid

	Current Month	Last 6 Months	Community
Institutional	17.9	17.6	16.3
Professional	21.3	17.8	16.5

Claim Turnaround Trend

Legend: Statement > Import, Import > Export, Export > Paid

Inst / Prof

03/2022 04/2022 05/2022 06/2022 07/2022 08/2022

Contract	Provider NPI	Month
General Hospital	Provider NPI	Current Month

Community State

State Name

Bill Cycle Trend

03/2022 04/2022 05/2022 06/2022 07/2022 08/2022
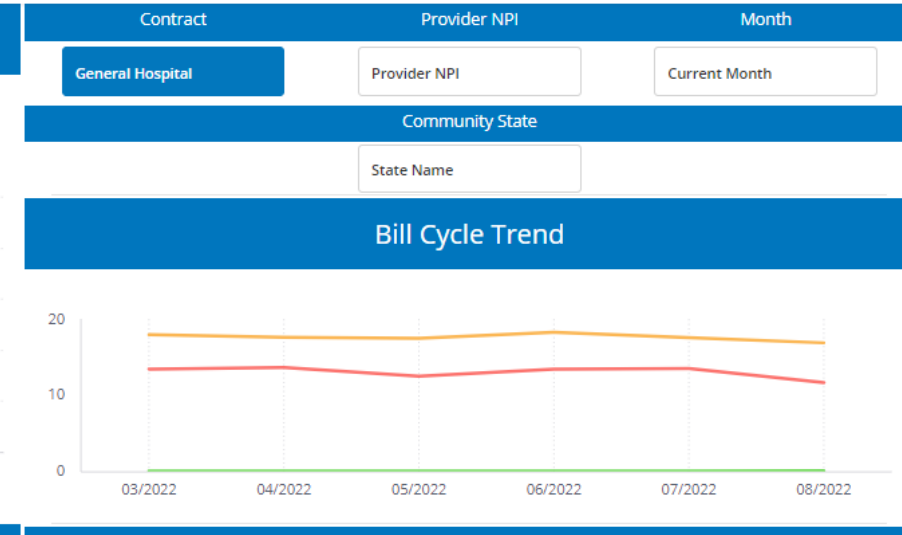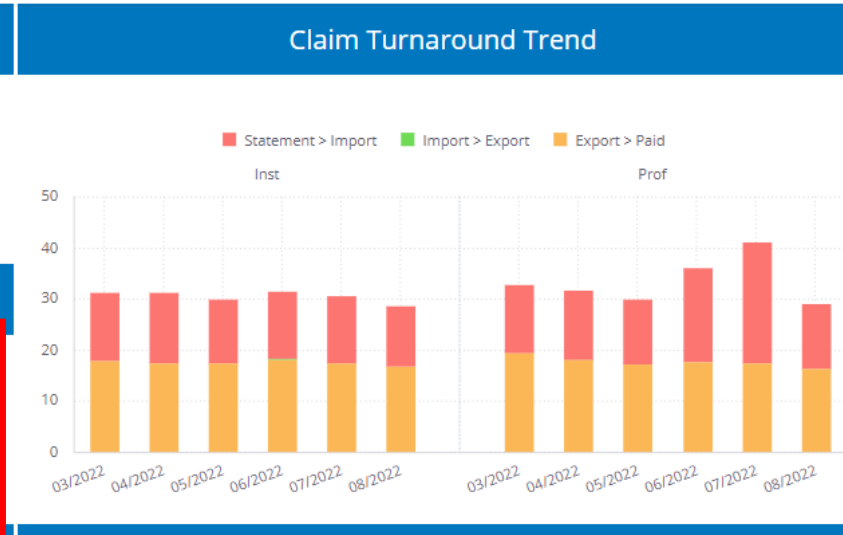
Payer Turnaround (3 Months Avg)

Parent Payer	Turnaround
HPS	37.2
AARP	31.4
DEAN MEDICAID	28.1
DEAN HEALTH PLAN	27.8
CHILDRENS COMMUNITY HP	27.5
MED ADV UHC	25.5
MED ADV COMMUNITY CARE ORGANIZATION	25.0

« ‹ 1 2 3 › »   Rows 1-15 (37 Total)

Provider Turnaround (3 Months Avg)

Provider NPI	Turnaround
0000000002	14.0
0000000016	12.7

Type of Bill Turnaround (3 Months Avg)

Claim Type TOB	Turnaround
19	49.6
22	25.2
132	24.6
133	23.6
111	17.4
81	14.0
141	10.8
131	10.0

OS inc.

Timeline of a Denied Claim
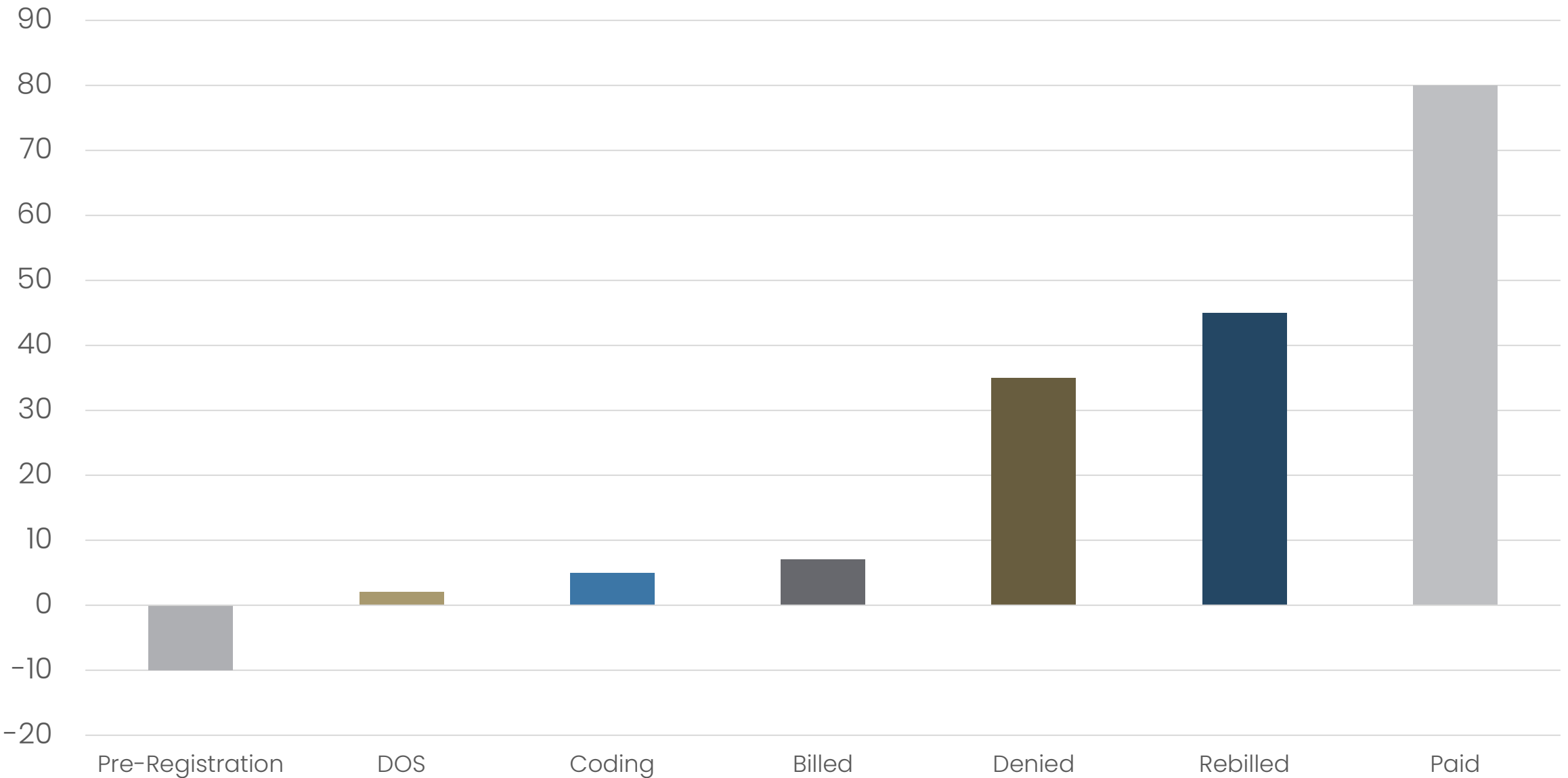
Payment Turnaround Time

If you bill correctly, they will pay

If you bill correctly, they will pay most claims in 15 days

If you bill most of your claims correctly and keep your unbilled < 7 days, GDRO in the 30s is easy!

Cost of Unnecessary Denials

Cost to rework a claim due to denial = $118

- Denial rates average 10-40% of claims

- Almost 60% of claims rebilled after a denial – DENY AGAIN!

10,000 claims x 20% FPDR = 2,000 denials

2,000 x $118 per denial = $236,000 per month

1,500 denials worked per FTE per month

First Pass Yield

- Measure claims being paid on first submission – Goal 90-95%

- Track initial denials separately to identify root cause issues

- Less emphasis on clean claim rate - focus on payment rates

- No response rates – improve 835 response rates

Current Payment Rate	6 Month Payment Rate
90.78%	91.10%
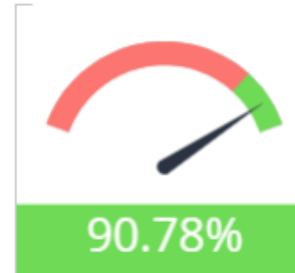
Current Denial Rate	6 Month Denial Rate
4.76%	5.14%
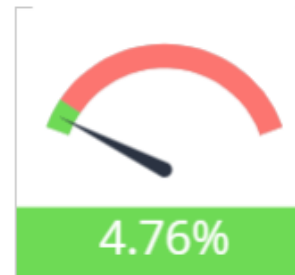
Current No Response Rate	6 Month No Response Rate
4.47%	3.77%
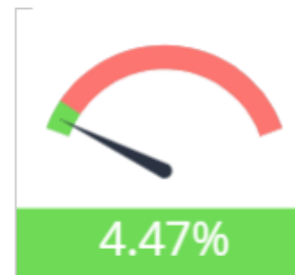
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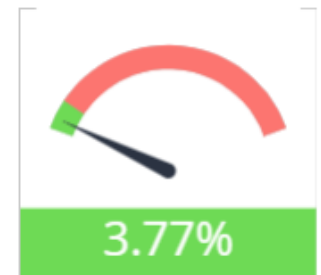
Denials by Category – First Pass

Pie chart legend:
- Add'l Info Requested
- Auth/Pre-Cert
- Benefits Exahusted
- Edit Needed
- Provider Enrollment
- COB
- Coding
- Duplicate
- Eligibility
- Medical Necessity
- No Reimbursement
- Bundling/CCI
- Exceeds Frequency
- Other

Pie chart values: 7%, 4%, 3%, Edit Needed 15%, 4%, 4%, 14%, 4%, Eligibility 20%, 3%, 6%, 11%, 3%, 2%
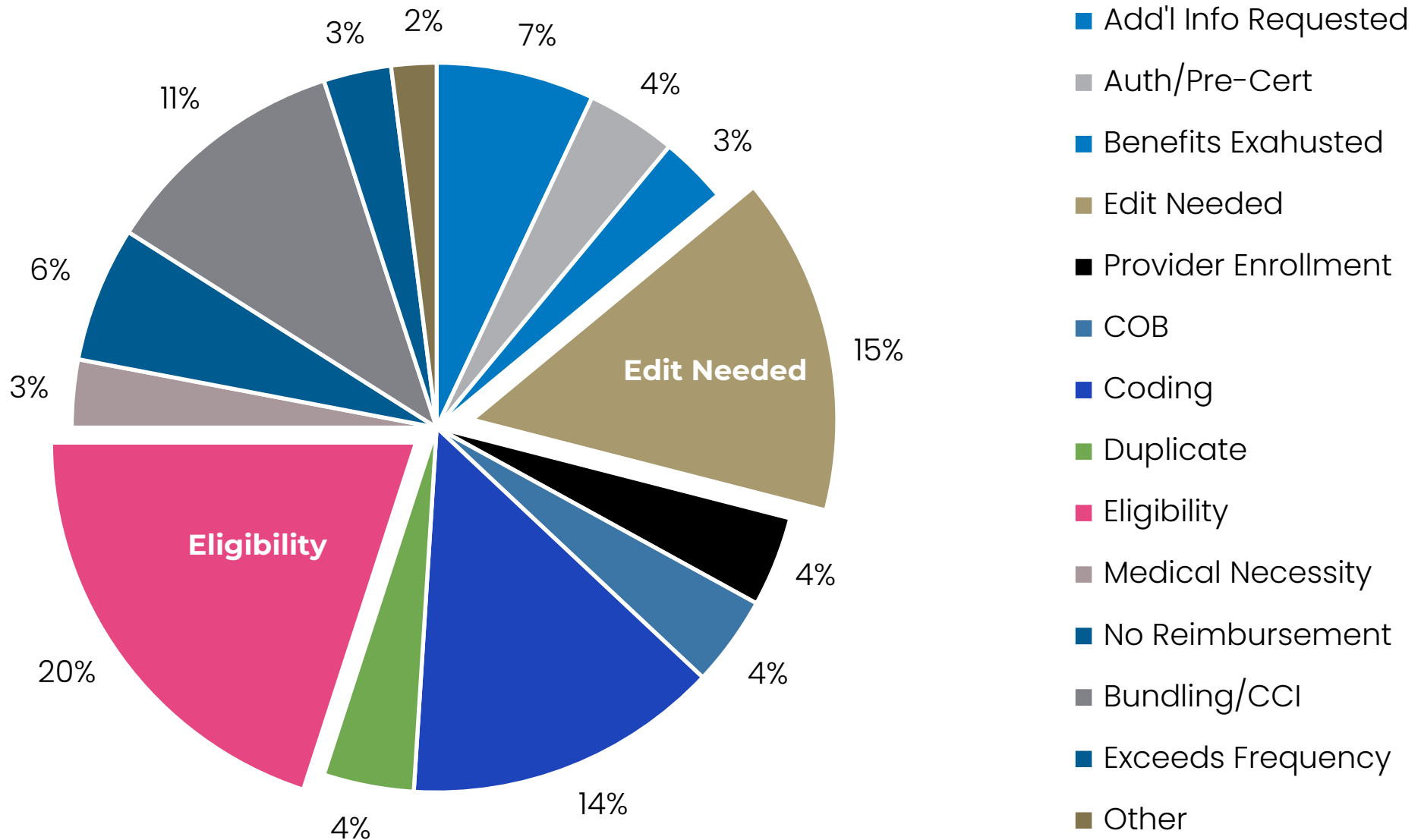
Denials by Category – All Denials

Legend:
- Add'l Info Requested
- Auth/Pre-Cert
- Benefits Exahusted
- Edit Needed
- Provider Enrollment
- COB
- Coding
- Duplicate
- Timely Filing
- Eligibility
- Medical Necessity
- No Reimbursement
- Bundling/CCI
- Exceeds Frequency
- Other

Pie chart values: 5%, 8%, 1%, 14%, 2%, 6%, 7%, 27%, 6% (Timely Filing), 8%, 3%, 6%, 3%, 1%, 3%

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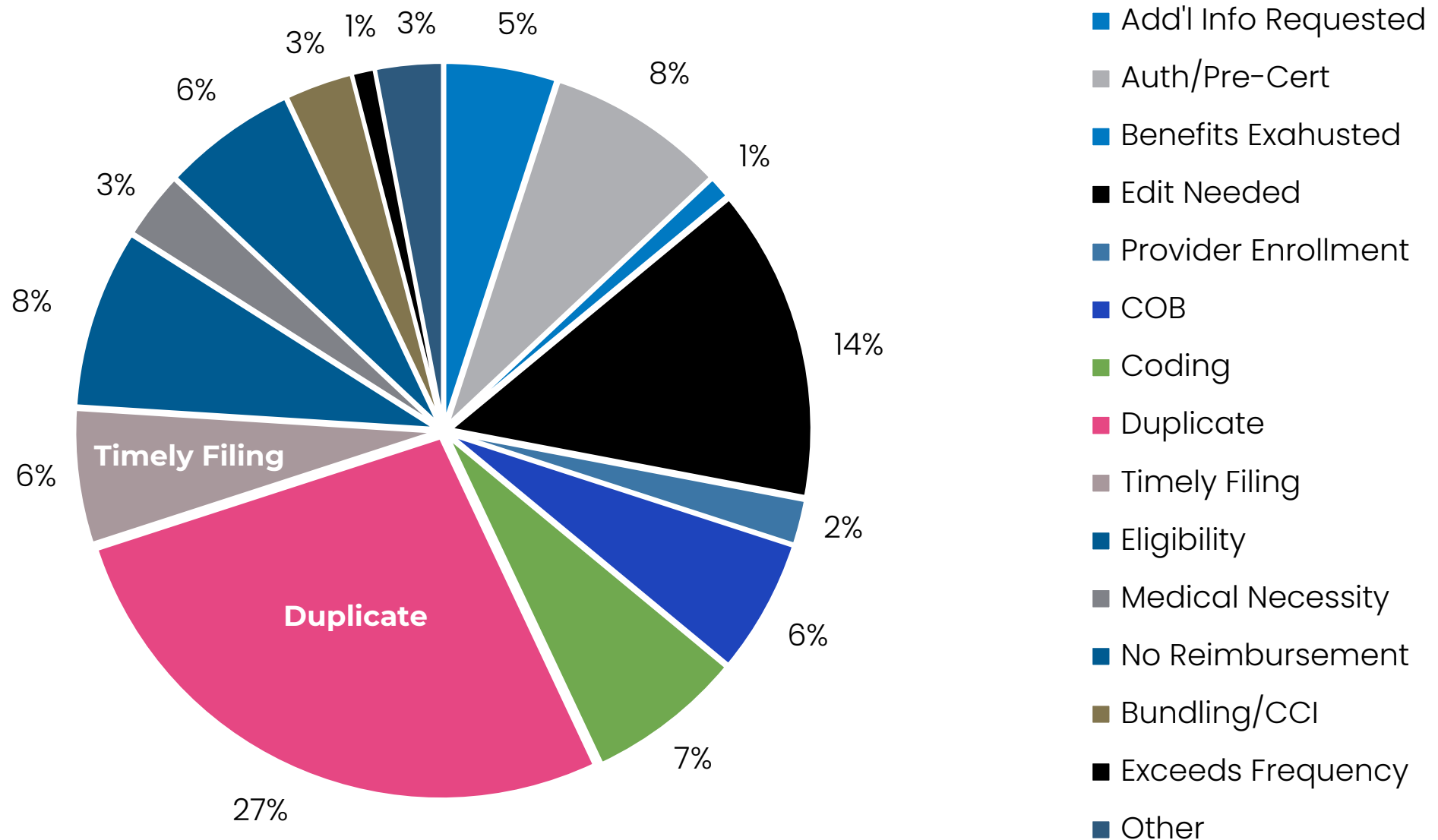
First Pass Denials by Category

- Track all denial sources

- Any claim/service charge not paid on first submission

- Edits are first line of defense to prevent denials

- Engage all departments in improving first pass payment rates
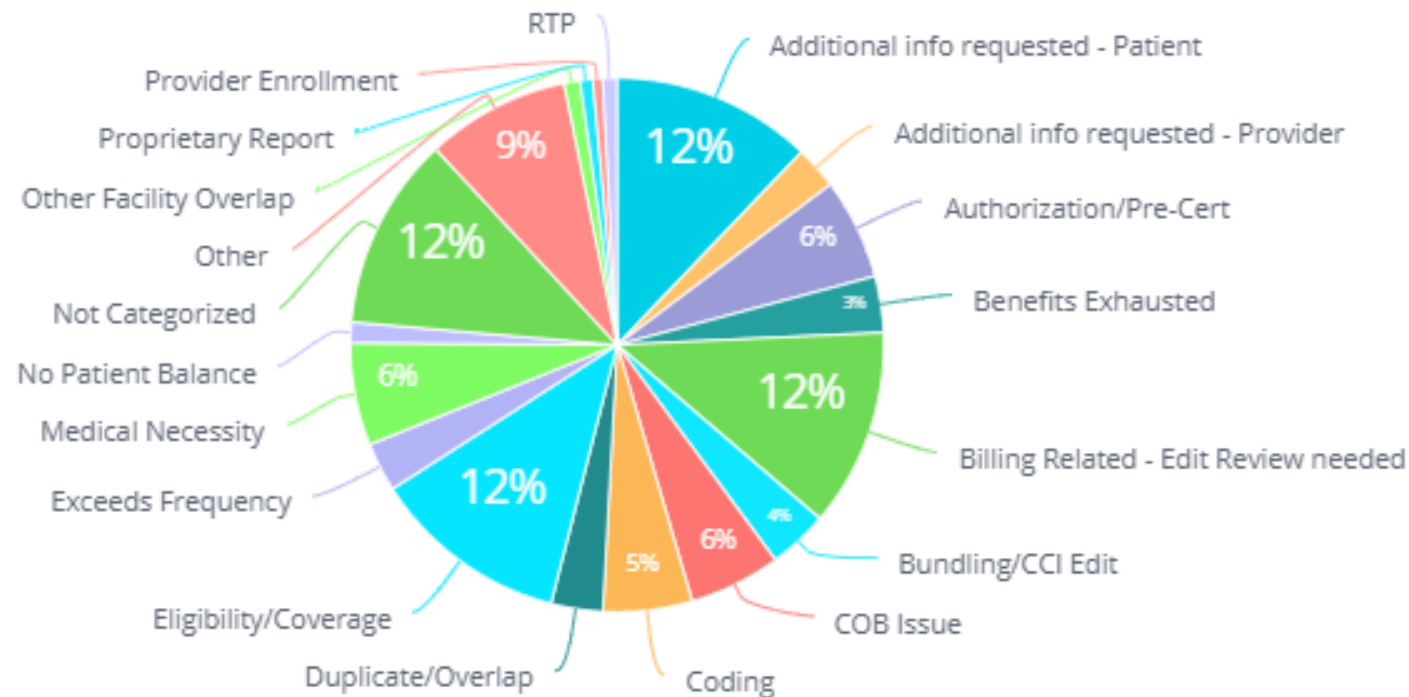
Putting Data to Work

- Where do I start?

- What are the easy fixes?

- What can be fixed in our EMR versus the Clearinghouse?

- Set goals each week to meet a reduction in denials.

- Accountability from start to finish.

Timeline of Critical Denial/Edit Points
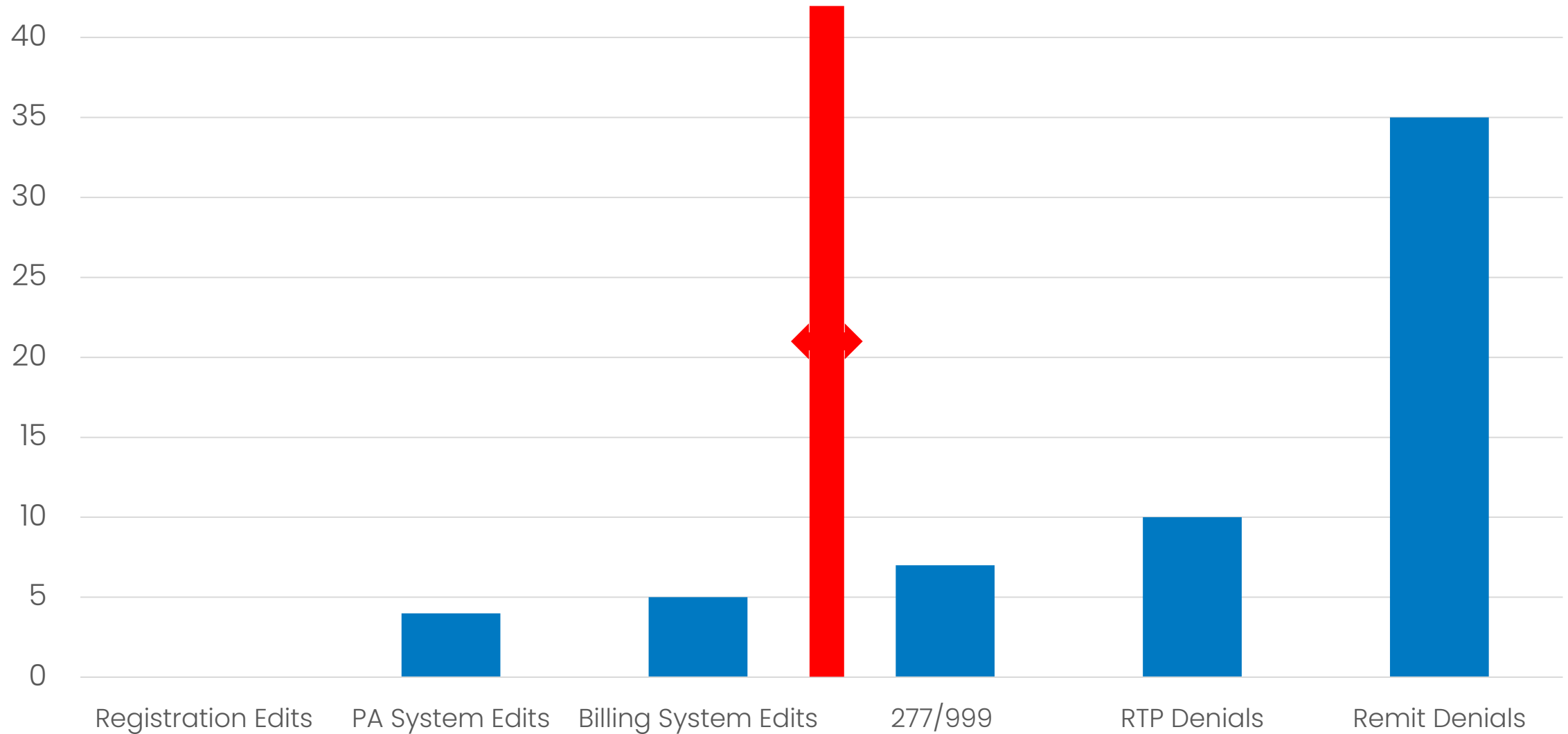
Case Study Reducing Denials - Resubmissions

Calculations			
Rate	MTD	6 Months	Clients
Resubmission	12.02%	8.62%	4.01%
Denied Dollar	9.97%	10.71%	6.61%
Denial Claim	13.86%	15.75%	5.62%
Clean Claims	64.32%	78.19%	77.01%

Calculations			
Rate	MTD	6 Months	Clients
Resubmission	5.00%	12.44%	5.68%
Denied Dollar	7.15%	6.87%	7.01%
Denial Claim	8.49%	8.79%	6.31%
Clean Claims	52.47%	61.10%	79.79%

Denials by User

- Coding related denials by Coder

- Eligibility denials by Registrar

- Medical Necessity by Physician

- Billing related and duplicate by Biller

- Appeals Denied by Biller

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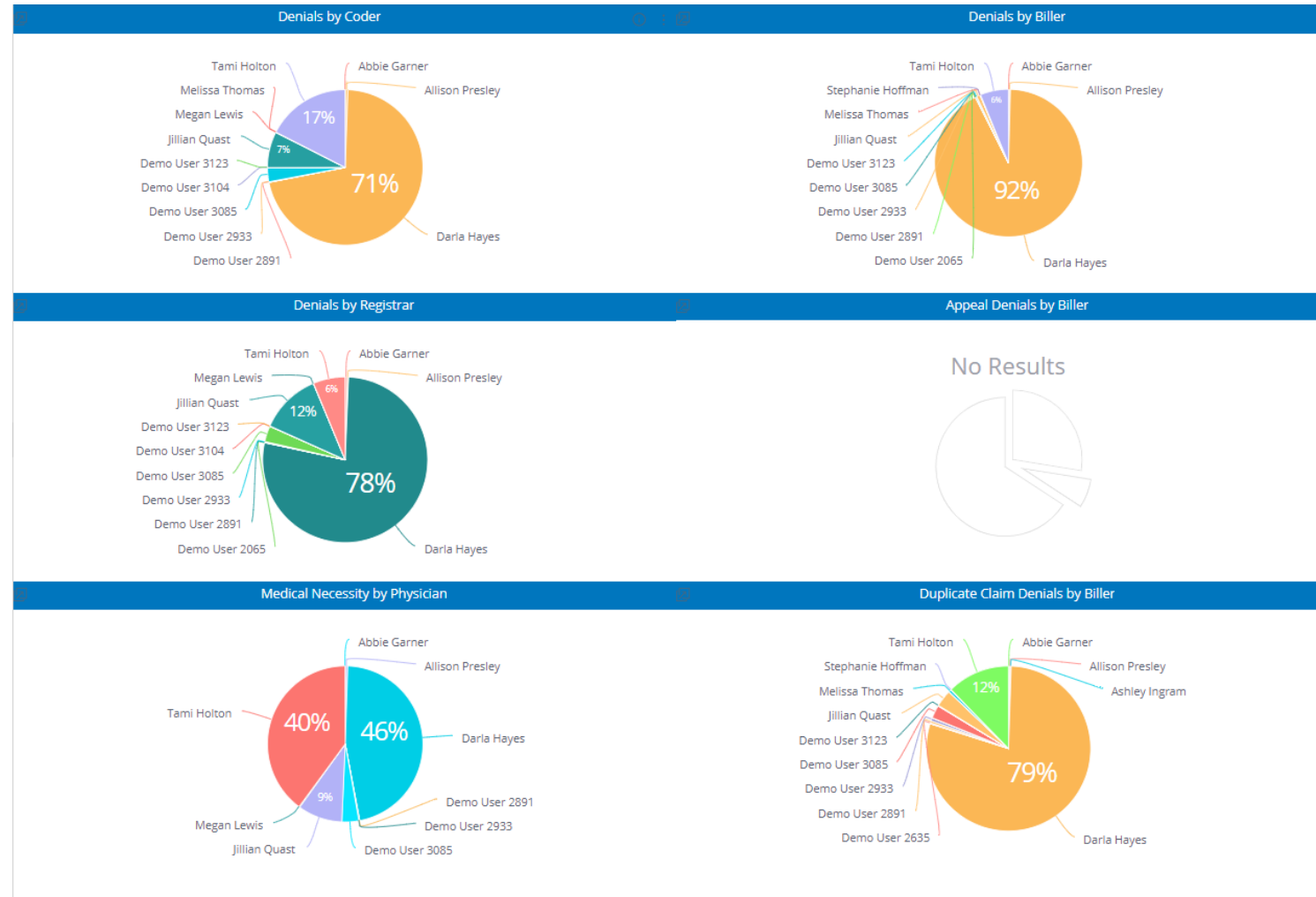
Case Study – Denial Impact

To address net revenue potential and rework opportunities within your gross denials, it's important to understand the category characteristics, and then to review avoidable write-off data (next slide) to understand true losses.

Distribution of Top 10 Denial Categories

Billing $3.6M
Registration $2.0M
Other 0%
NonCovered $3.5M
Coding $3.9M
DocmtNeeded $17.1M
Eligibility $22.2M
InfoNeeded $50.1M
Authorization $23.4M
Medical Necessity $13.6M
TimelyFiling $5.7M
Unknown $31.4M

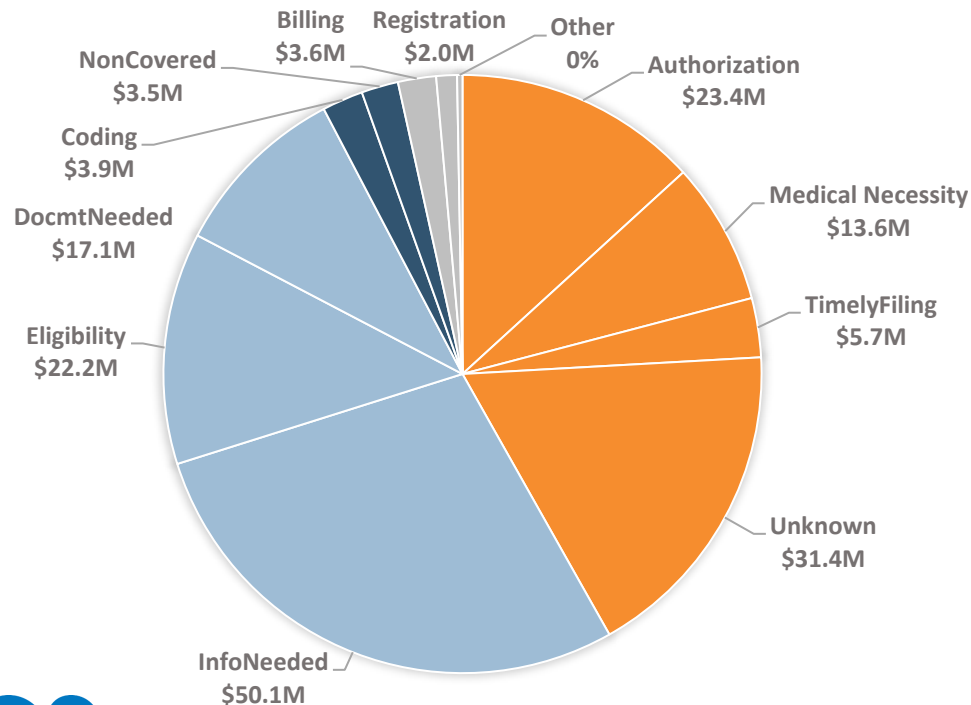| Initial Gross Denials ($)	Category Characteristics	Improvement effort
Avoidable Loss Denials ($74M)	• Hard to recover after service billed • Avoidable reasons: No Authorization, Medical Necessity, and Untimely • Main driver for improved net revenue	High
High recovery Denials ($89.4M)	• Often recoverable after billing • Avoidable reason includes providing additional info, chart requests, COB/Eligibility, etc. • High opportunity to accelerate cash, improve efficiency and eliminate unnecessary write-offs	Medium
Low recovery Denials ($7.4M)	• Hard to recover after service billed and often not highly avoidable • Denial reason includes Non-Covered, Coding • Specific 'bundling' prevention opportunity for avoidable write-offs and efficiencies	Med/High
Soft Denials / System ($6.1M)	• High efficiency opportunity through system updates and review of workflow	Low

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Denials Overturn

99.99% of overturned dollars in 30% of denials

- Model prioritizes denials by their likelihood of being overturned. Ranked in this fashion, 99.99% of overturn dollars are found in the highest-scoring 30% of denials.

depth	observations	initial denied dollars	incremental dollars paid	Overturned Denial Count	% Overturned Per Decile	Cumulative % Overturned	Cumulative % Overturned Captured	Cumulative Lift	Cumulative % Incremental Dollars Paid
10%	6,882	$32,403,697	$6,642,220	4,094	59.49%	59.49%	69.44%	6.9	89.55%
20%	6,882	$7,342,938	$723,383	5,477	20.10%	39.79%	92.89%	4.6	99.30%
30%	6,882	$3,860,517	$51,352	5,815	4.91%	28.17%	98.63%	3.3	99.99%
40%	6,882	$1,966,733	($1,097)	5,872	0.83%	21.33%	99.59%	2.5	99.98%
50%	6,882	$1,649,729	$239	5,883	0.16%	17.10%	99.78%	2.0	99.98%
60%	6,882	$1,056,326	$704	5,891	0.12%	14.27%	99.92%	1.7	99.99%
70%	6,882	$386,741	$569	5,896	0.07%	12.24%	100.00%	1.4	100.00%
80%	6,882	$202,313	$0	5,896	0.00%	10.71%	100.00%	1.3	100.00%
90%	6,882	$193,960	$0	5,896	0.00%	9.52%	100.00%	1.1	100.00%
100%	6,881	$192,656	$0	5,896	0.00%	8.57%	100.00%	1.0	100.00%

Top 30%
- Overturn Rate: 28.2%
- % Incremental Dollars: 99.99%

Bottom 70%
- Overturn Rate: 00.17%
- % Incremental Dollars: 00.01%

Workers Compensation

W/C Denials – Records Requests

- 100% verification and send records with initial claim.
- If verification is missed, edits hold claim and biller verifies before releasing with records.
- If unable to verify with W/C, bill patient or bill health insurance.

No Authorization Denials

Communicate authorization requirements with staff responsible for obtaining it

Make sure contracts are clear on what requires authorization

Design edits to look for payers/services that require authorization

Stop claims with no authorization before billing

Summary

- Monitor First Pass Yield – Goal to get 95% paid on first submission
- Improved First Pass Payment Rates lead to:
  - Increased cash flow
  - Decreased uncollectible write off
  - Improved A/R performance
- Engage all departments in denial prevention
- Look for ways to turn denials into edits to get the claim right the first time
- Prioritize how denials are worked based on historical overturn data

Questions

Thank you for joining us today!

Don't hesitate to reach out to our presenter with follow up questions or if you'd like to learn more about OS inc.'s services.

Lori Zindl
President

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