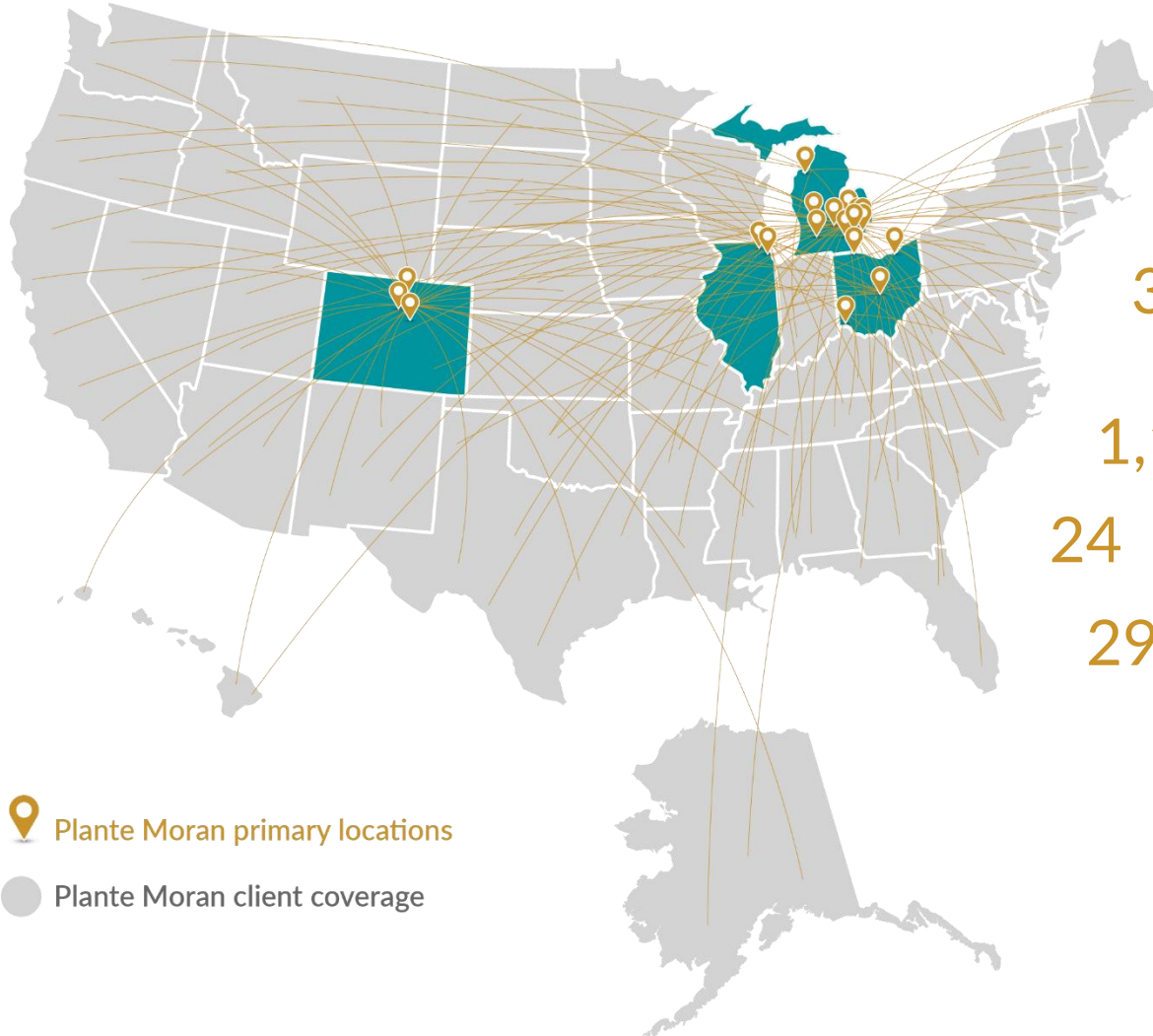![Plante Moran | Audit. Tax. Consulting. Wealth Management.]

Denials Management: Market Trends and Technical Optimization for Health Systems and Healthcare Organizations

Bryant Honsa, CRCR | Principal, Plante Moran, Healthcare

Let us introduce our firm.

1924   year founded

3,500+   total staff

360+   partners & affiliated entity members

1,100+   number of CPAs

24   offices worldwide

29   languages spoken

⬤ Plante Moran primary locations

⬤ Plante Moran client coverage

Bryant Honsa, CRCR
Principal | Chicago, IL

Discussion Topics

The Importance of Denials Management

Why is this conversation so important?

Understanding the Current Landscape

Complexities in Denials Management

Current Challenges in Denials Management

Emerging Trends and Technologies

Best Practices for Today

Evaluating Where you Stand

Conclusion and Q&A

Why is this conversation so important?

The $62B problem

On average hospitals face up to 5% of net patient revenue loss due to preventable denial related issues

A 2023 study recognized 35% of health systems have over $50M in preventable denials

Modern Healthcare

Hospitals are going to have to ensure that they are **receiving every dollar** that they are **entitled to receive**.

Caroline Hudson | Dec 29, 2022

https://www.modernhealthcare.com/finance/hospitals-financial-2023-contract-labor-staffing-payer-reimbursements

Understanding the Current Landscape

Equipping your organization with the tools to battle increased complexities in Denials Management

Understanding of the
Problem

Payers are utilizing increasingly complex tools and technology to maximize their returns on insurance premiums

Understanding of the
Solution

Healthcare providers must determine optimal strategies while minimizing costs to maximize reimbursement for services provided

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Complexities of Denials Management

Healthcare providers continue to face increased challenges related to denial management
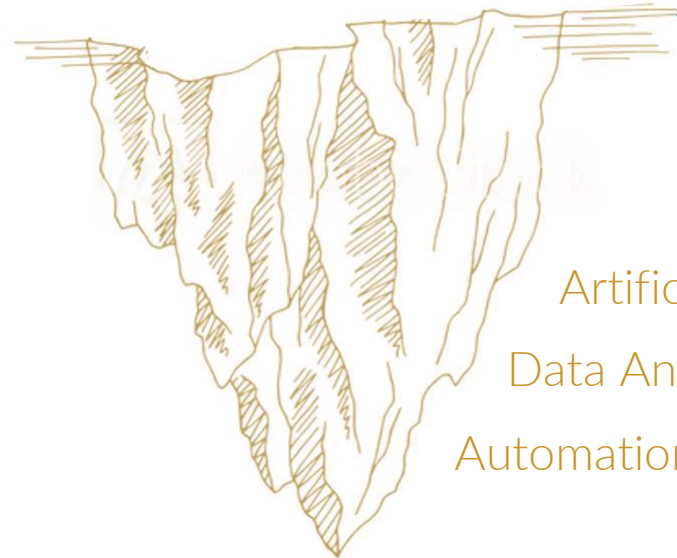
Current Challenges in Denials Management

High Denial Rates

Complexity of Payer Rules

Manual Processes

Simple to identify leakage areas **difficult** to determine solutions.

Emerging Trends and Technologies

Artificial Intelligence

Data Analytics

Automation Tools

Difficult to implement the solutions but **simplifies** ability to respond to payers

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Discussion Topics

The Importance of Denials Management

Current Challenges in Denials Management

- Increasing Denial Rates
- Understanding the Current Landscape
- Complexities in Denials Management

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Increasing Denial Rates

The new normal: Denials aren't going anywhere

The American Medical Association reports that denial rates **jumped to 11% in 2023**, up from 8% just two years prior.

For an average health system, this translates to approximately 110,000 unpaid claims causing significant loss to all healthcare organizations

What's contributing to the surge in denials?

- Increasingly complex billing codes and documentation requirements

- Shifting payer policies and regulations

- The widespread adoption by payers of AI-boosted denials systems

- Staffing shortages in revenue cycle departments

Complexity of Payer Rules

An increase in Medicare Advantage and Medicaid Advantage plans has increased the complexity of payer rules for health systems

Payers are utilizing artificial intelligence to process and deny claims at unprecedented speeds.

Hospitals and healthcare systems lack the resources, both financial and organizational to adopt AI technologies to combat these automated denials.

Share of hospitals with more inpatient days from Medicare Advantage patients than traditional Medicare
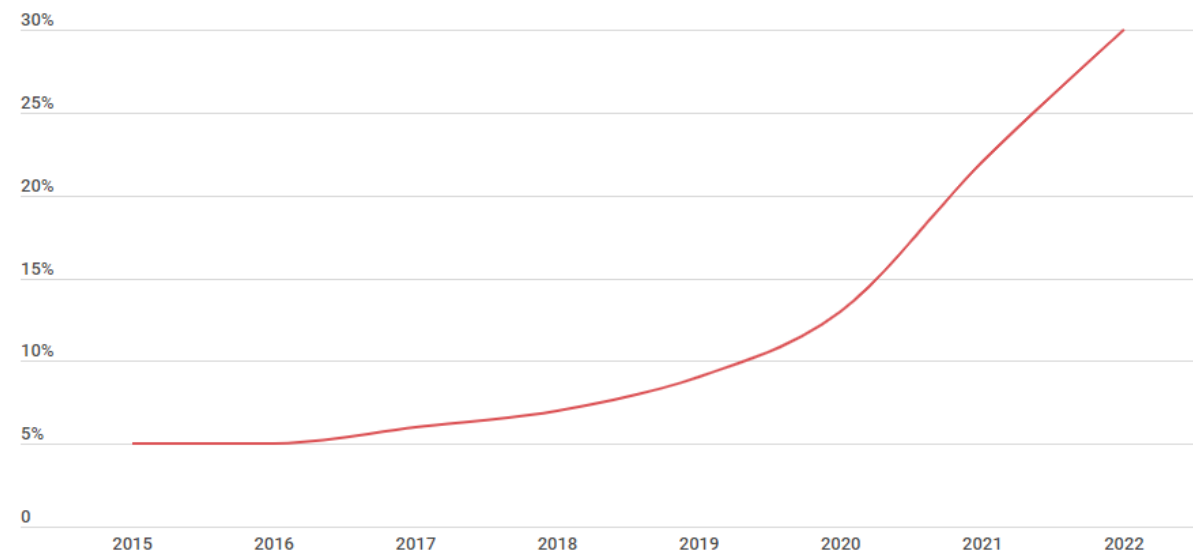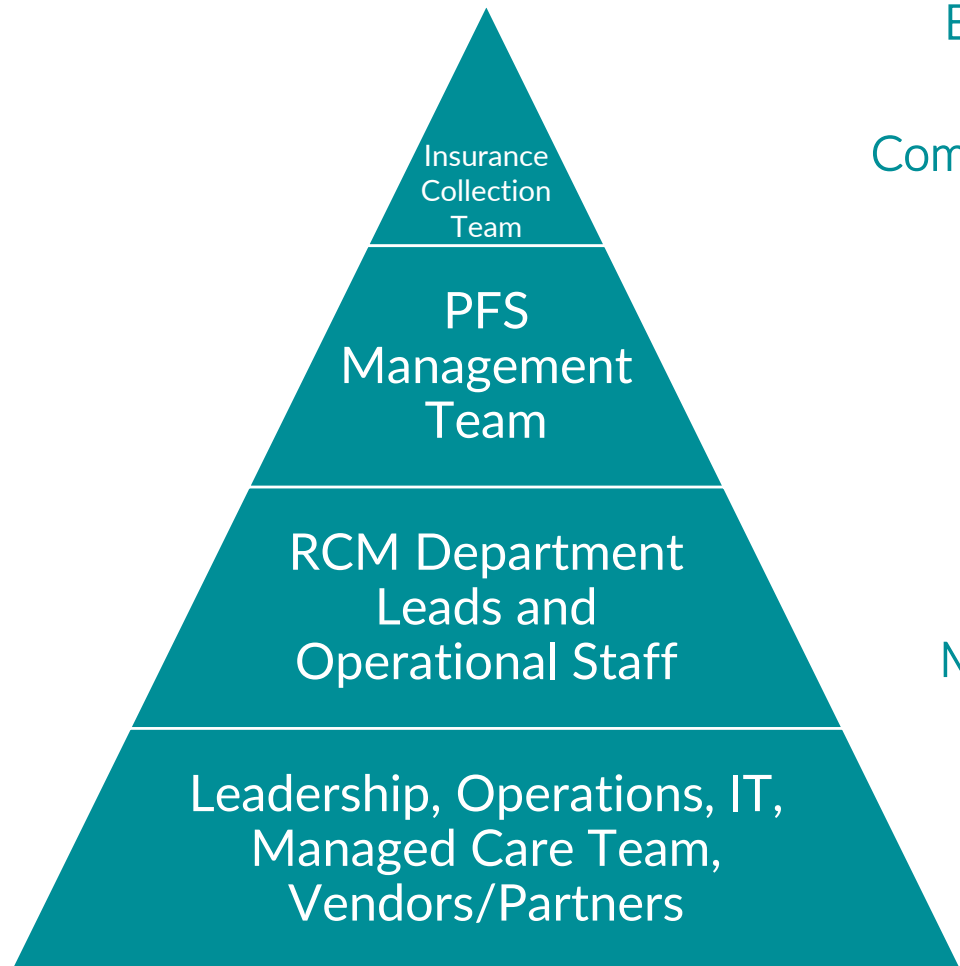
Source: KFF report, 7/23

Manual Processes

How many people does it take to prevent and resolve a denial?

Insurance Collection Team

PFS Management Team

RCM Department Leads and Operational Staff

Leadership, Operations, IT, Managed Care Team, Vendors/Partners

Examine Denial Reasons — Insurance follow-up staff determine if denial is accurate based on account history

Complete Denial Resolution — Insurance follow-up staff take appropriate actions to resolve denials, and ultimately receive reimbursement for services provided

Analyze Denial Causes — Insurance follow-up staff and supervisors review root cause issues that occurred resulting in initial claim denials

Determine Denial Categorization and Measurement — Collaborative group of professionals (insurance follow-up staff, supervisors, managers, third party advisory teams) determine the classification of denials to identify and quantify financial risk

Maintain Result Tracking — PFS management team, and/or external professionals develop tools to determine the recurring issues related to denials management, monitor trends, and report to leadership and monitor ongoing issues

Develop Preventative Strategies — Collaborative group of professionals (PFS supervisors/managers, RC department leadership, associated staff and third-party advisory teams) develop leadership groups and teams to iteratively develop resolutions to reduce denial volumes

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> Artificial Intelligence

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Data Analytics and Automation

What's next for automation and utilizing data analytics?

Predictive Analytics

Leveraging historical data, predictive analytics can forecast potential denials, allowing organizations to take preventive action in high-risk areas before claims are submitted.

Automated Denial Detection

Implementing tools to scan remittance advice and identify denied claims instantly. These systems flag denials and even suggest the necessary steps for resubmission, claim correction, or appeal guidelines.

RPA for Correcting and Resubmitting Claims

Robotic Process Automation (RPA) tools can correct denied claims by automatically pulling the right data, making edits, and resubmitting claims without manual intervention.

Artificial Intelligence

Considerations and forward-thinking opportunities

Proactive Denials Identification

Utilizing tools to identify potential denials before claims submission through pattern recognition and predictive analytics

Intelligent Appeal Management

AI-driven appeal systems analyze denial reasons and generate custom appeal letters based on the payer's specific requirements. These systems also track appeal outcomes to refine future strategies

Patient Record Analysis

Automated extraction and analysis of essential data from complex medical records, and automated submission of necessary clinical documentation
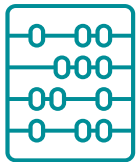
Denial Trend Identification / Financial Impact Quantification

Prediction models to assist finance on upcoming reimbursements based on denial trends to effectively prioritize operational improvements

Discussion Topics

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Best Practices for Today

     Continuous Monitoring and Improvement

     Proactive Denial Prevention

     Collaboration and Training

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Continuous Monitoring and Improvement

What are we doing today to impact our initial denials and avoidable write-offs?

Denial / Write-off Dashboards and Analytics

Comprehensive dashboards display common denial reasons, by payer or by department, and offer actionable insights to improve processes and reduce future denials, as well as the net financial implications associated with errors.

Issues Log Maintenance

Developing a recurring resource to monitor operational changes required to reduce initial denial volumes; collaboration amongst RCM departments, task assignments, deadline management

Real-Time Reporting and Measuring Improvement

Advanced RCM platforms offer real-time insights into denials and overturn rates, allowing organizations to quickly identify whether denials are due to coding errors, eligibility issues, or medical necessity disputes, and what actions were successful.
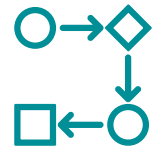
Proactive Denial Prevention

How do we develop prevention measures without complex tools?

Prevention Committees / Organizational Alignment

Developing a platform with appropriate leadership buy-in to implement the strategies to reduce initial denials, utilizing current tools as well as determining future organizational goals

Payer-Specific Denial Rules

RCM platforms are integrated with payer-specific rules, allowing organizations to tailor claim submissions according to each payer's unique requirements and avoid denials.

Pre-Claim Submission Feedback

Advanced RCM tools now offer pre-submission checks that allow claims to be reviewed for errors before they reach the payer, reducing the chances of denial

Collaboration and Training

Effective denial management in 2025 will require closer collaboration with both payers and operational staff

Collaborative Payer/Provider Discussions

- Develop periodic joint reviews between healthcare providers and payers help identify potential causes of denials and develop mutual resolutions.
- Healthcare organizations are moving towards proactive payer engagement strategies that involve regular communication, contract management, and real-time feedback loops to reduce claim denials.

Operational Engagement

RCM leadership must work collaboratively and engage operational staff outside of RCM with strategic purpose to effectively change physician and operations behavior

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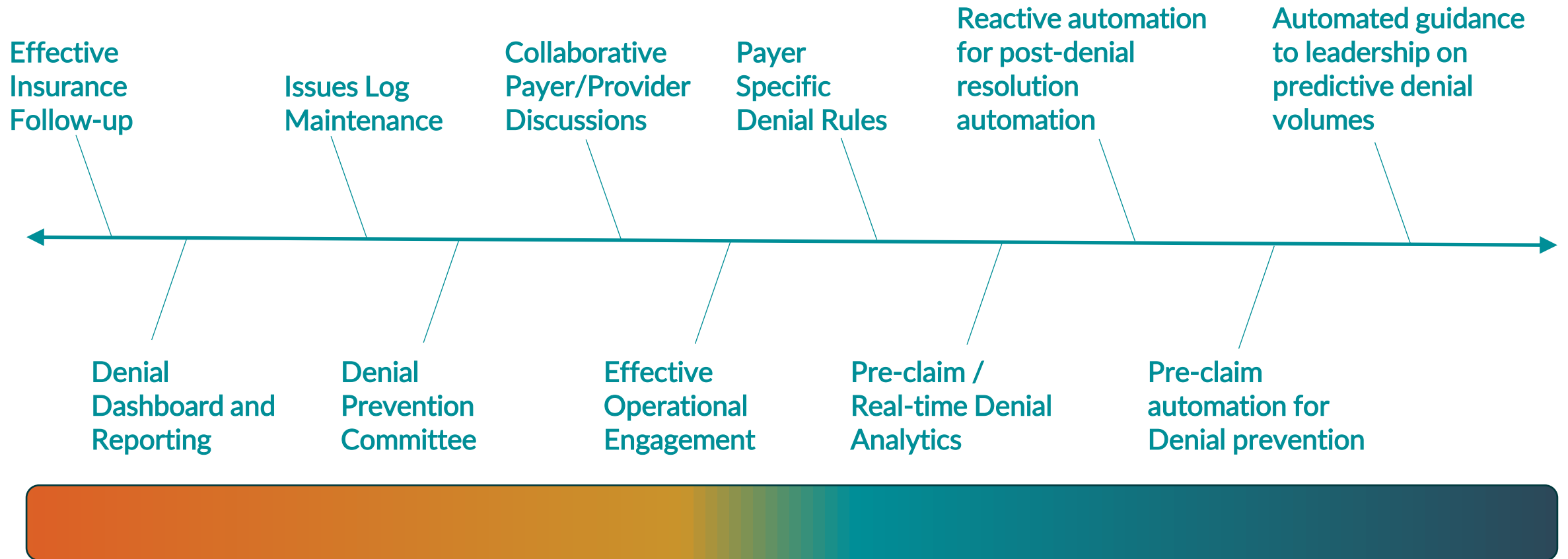Best Practices for Today

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Evaluating Where You Stand

Where do we stand as an organization, and what goals should we be looking towards?

Effective Insurance Follow-up

Issues Log Maintenance

Collaborative Payer/Provider Discussions

Payer Specific Denial Rules

Reactive automation for post-denial resolution automation

Automated guidance to leadership on predictive denial volumes

Denial Dashboard and Reporting

Denial Prevention Committee

Effective Operational Engagement

Pre-claim / Real-time Denial Analytics

Pre-claim automation for Denial prevention

Wrapping up

What is our Denial Management Strategy and are we aligned for the future?

Q&A Session

Review your Reports

What's standing out?
What's the trend?
What's missing?

Trust your Gut

Does it feel right?
Are we confident?
Is it the best outcome?

Ask for Answers

Are we doing enough?
Do we have the resources?
What is our strategic vision?

Thank you!

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