

# BKD

CPAs & Advisors

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## COHFMA Road Show



# Moving from Denials Management to Denials Prevention

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# Agenda

- › Denials Management vs. Denials Prevention
- › What data do you need
- › Who is included
- › What is the focus
- › Let's get started!

# Denials Management vs. Denials Prevention

## Denials Management

- › Retrospective management of denied claims
  - Partial claim payment
  - Payment less than expected
  - No claim payment

## Denials Prevention

- › Pre-service delivery processes to mitigate a claim denial
  - Technical denials
  - Clinical denials



# Denials Data

Metric	Top Quartile*	National Average*
Initial Denial Rate as % of Gross Patient Revenue	0.98%	6.55%
**Initial Denial Rate as % of Submitted Claims (Lagged)	8%	11%
Denial Write-Offs as % of Gross Patient Revenue	0.24%	0.48%
Denial Write-Offs as % of Net Patient Revenue	0.57%	1.24%

\*Source: Healthcare Business Insight (HBI) Hospital Financial Benchmarks 2017-2018

\*\*Initial Denial Rate based on industry observations

# Denials Data

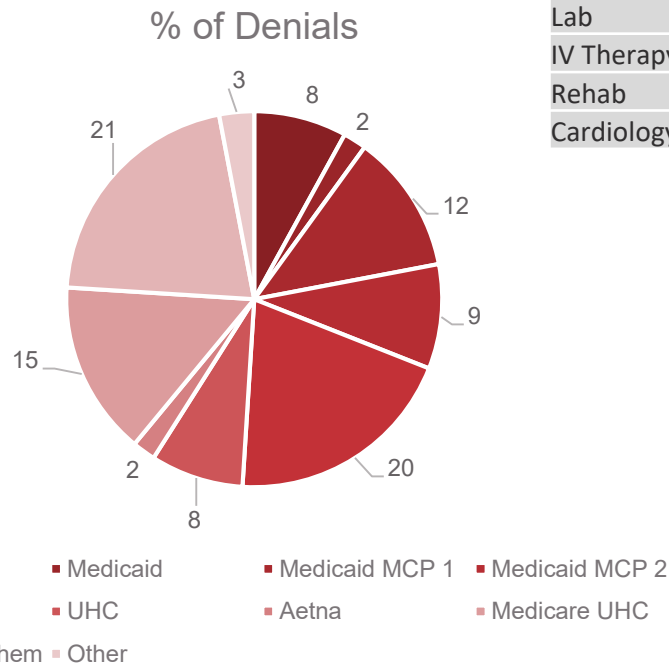
## › Denial Root Cause

- CARC & RARC codes
- Initial review
- Initial category assignment
- Denial worked & resolved
- Final category assignment
- **Examples:**
  - › COB
  - › Coverage issues
  - › Medical necessity
  - › Prior authorization hospital vs. prior authorization physician

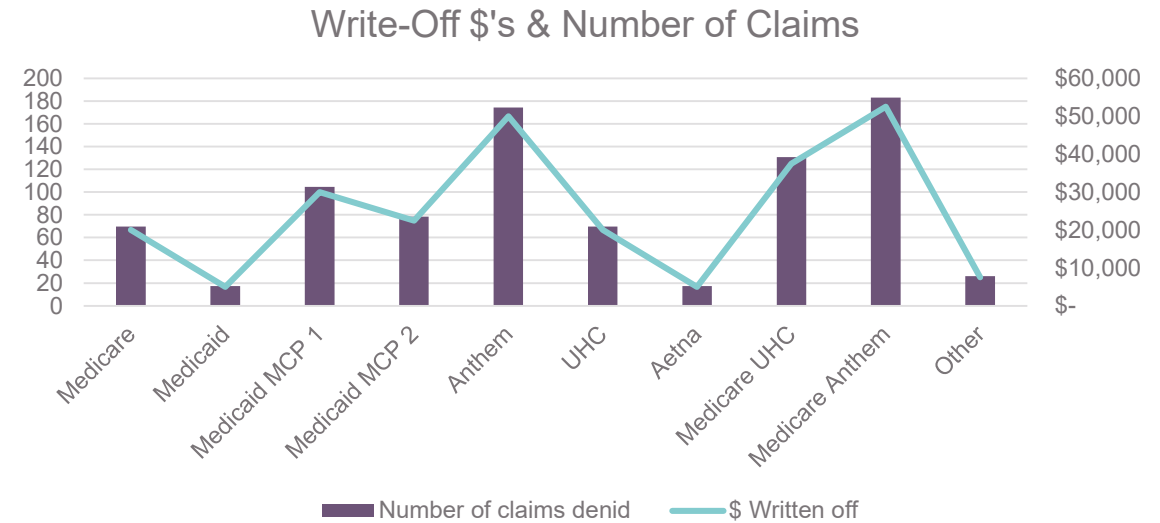
## › Denial Write-off Reason

- Review and appeals exhausted
- Final determination of denial and need for write-off
- **Examples:**
  - › Timely filing
  - › Medical necessity not met
  - › Inappropriate status
  - › No prior authorization hospital vs. no prior authorization physician

# Denials Data – Dashboards, reporting and trending



Department	\$ Denied	\$ Denied compared to last month	Number of Claims denied	Number of claims denied compared to last month
Radiology	\$13,974	-6.1%	9	5
Lab	\$8,742	0.1%	109	105
IV Therapy	\$125,000	85.0%	4	2
Rehab	\$3,750	-1.9%	18	20
Cardiology	\$18,500	100.0%	1	0



# Who Is Included

Clinical & Revenue Cycle leadership and process owners

*Leadership to drive the change*

*Process owners to implement the change*

## › Clinical staff

- Physician Champion
- Service Line Leaders
- Department managers
- Pharmacy

## › Revenue cycle staff

- Patient Access
- Billing
- Coding/HIM
- Denials
- UR/Case Mgmt

## › Support staff

- IT
- Managed Care
- Quality



# Who is included



## › Denials Steering Committee

- Monthly meetings to set direction, expectations and timelines
- Utilize dashboards, reporting and trending data for targeting areas and monitoring for improvement

## › Denials Sub Committee

- Weekly meetings to address charge from Denials Steering Committee
- Reports to Denials Steering Committee on progress
- Utilize dashboards, reporting and trending data for targeting areas and monitoring for improvement

# What is the focus

- › Identifying those denials that are:
  - Preventable
  - High volume
  - High dollar
  - Process oriented
- › Reviewing processes, making changes & monitoring outcomes
- › Creating a sense of accountability

# What is the focus

- › 29 – *The time limit for filing has expired*
- › **No hospital should ever see this denial!**
- › Monitor claims in PFS and in Clearinghouse
- › Take action on set threshold
  - Example: 10 days DNFB
- › Take action on identified issues
  - Coding delay
  - IT issue

# What is the focus

- › *27 – Expenses incurred after coverage terminated*
- › Registration process breakdown
  - Checking insurance card every encounter
  - Running insurance eligibility every encounter
  - Process to reschedule elective services if no insurance card produced
- › Create process policy & procedures, educate, monitor & report

# What is the focus

- › *18 – Exact duplicate claim/service*
- › Billing process breakdown
  - Resubmitting original claims to payer
  - Payer rules for submitting corrected claims
  - Education issue with staff
- › Create process policy & procedures, educate, monitor & report

# What is the focus

- › *197 – Precertification/authorization/notification/pre-treatment absent*
- › Issues and processes can vary by location, department, ordering physician, etc.
  - Streamline process
  - Authorization **before** scheduling
  - Stay on top of payer policy changes
  - Outline process for when authorization denied but treatment still rendered

# What is the focus

- › *50 – There are non-covered services because this is not deemed a “medical necessity” by the payer*
- › Need to investigate for failure point
  - Medical policy / LCD not met, documentation issue, coding issue, patient does not meet qualifications, etc.
  - Clinical involvement is critical
  - Process implementation & fail safes
- › Slow and steady wins the race!

# Let's get started!

## Ready

- Reporting structure in place
- Identify pain points that are preventable
- Identify key stakeholders

## Set

- Denials Steering Committee sets goals, direction & expectations
- Leadership support of process improvement
- Kick-off meeting with key stakeholders & set accountability standards

## Go

- Determine process flow, educate, train & implement changes
- Monitor changes, trend outcomes, tweak processes as necessary
- Celebrate the wins!



# Let's get started!

## › Denials prevention expected results

- Lower overall denial rate
- Reduce days in A/R
- Lower cost to collect rate
- Increase to net revenue
- Repurpose follow-up or denials staff to non-preventable denials or other pain points
- Increase in staff and patient satisfaction



# Questions?

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# Thank You!

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