HBCS REVENUE CYCLE

HOW TO MITIGATE THE GROWING IMPACT OF DENIALS

Payers are using increasingly sophisticated algorithms resulting in skyrocketing denial rates and lost revenue. In order to mitigate the growing impact, healthcare leaders must prioritize improving claims and reducing denials.

75% of healthcare leaders surveyed said reducing denials was their top priority.[1]

~11% of all claims were denied in 2022, up 8% from 2021.[2]

2% Denials cost health systems up to 2% of net patient revenue annually.[3]

Hospital denial rates have increased by 20% over the past five years.[4]

Top Denial Causes

The top reasons for denials[5], according to healthcare leaders surveyed, are:

- ▶ Authorizations
- ▶ Provider eligibility
- ▶ Code inaccuracies
- ▶ Incorrect modifiers
- ▶ Failure to meet submission deadlines
- ▶ Patient information inaccuracy
- ▶ Missing or inaccurate claim data

Denial Benchmarks

Providers should aim for the following denial benchmarks:

5% – 10% Industry average[6]

5%   10%   15%

<5% Best practice[7]

Ensure Clean Claims

The industry benchmark for clean claims rate is 98%.[8]

The following are three proven methods for improving your organization's clean claim rate and, thus, reducing denials.

- ▶ **Leverage automation technology to streamline patient access workflows:**
  - ▶ Ensures patient demographics are up to date
  - ▶ Gives a more complete picture of a patient's primary, secondary, and tertiary coverage
  - ▶ Provides greater transparency for medical necessity and prior authorization requirements

- ▶ **Utilize claims scrubber software:**
  - ▶ Identifies and flags potential claim issues
  - ▶ Enables the proactive correction of claims before they are submitted
  - ▶ Reduces rejections and denials

- ▶ **Build a top-performing team of coders**
  - ▶ Offer rigorous training
  - ▶ Require staff members to achieve and maintain coding certification
  - ▶ Support continuing education
  - ▶ Implement KPIs and incentives to promote top performance

Streamline and Automate Denial Management

Many organizations rework only the highest-value denials, which is likely why up to 60% of denials are never resubmitted.[9] This approach leaves much-needed revenue on the table.

The best way to ensure you capture every dollar you're owed is through the following:

- ▶ **Determine the cause:**
  - ▶ Identify denied claims
  - ▶ Perform root cause analysis
  - ▶ Apply analytics with which to prioritize rework

- ▶ **Resolve claim issues:**
  - ▶ Work with payers to identify ongoing issues and problematic trends
  - ▶ Implement preventative processes to avoid future denials
  - ▶ Assign specific payer denials to specific team members so they gain a better understanding of the payer's requirements and to streamline future rework

- ▶ **Resubmit and track the claim:**
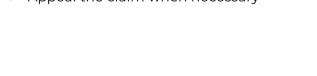 - ▶ Ensure the corrected claim is complete and accurate and that all necessary documentation is attached prior to submission
  - ▶ Track the status of the claim with the payer
  - ▶ Close the loop by ensuring the claim is resolved
  - ▶ Appeal the claim when necessary

HBCS Denial Analytics solutions improves key financial and operational performance metrics and assists in driving initial denial rates below the industry averages. Health systems and physician organizations receive advanced tools to identify, measure, resolve, and prevent insurance denials.

SOURCES

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