

HEALTH SYSTEM REDUCES DENIAL RATES AND RECOVERS MILLIONS IN REVENUE WITH HCS CONSULTING SOLUTIONS

Medical billing denials negatively affect revenue, cash flow and operational efficiency. And it's not just the cost of the denials themselves that can erode an organizations' bottom line resulting in permanent loss of revenue. The opportunity cost of resources that could be focused on other revenue cycle activities is substantial as is the cost in terms of the lost revenues from the denials. By rethinking denial management, denial revenues can be recovered with the objective of denial prevention.

THE CHALLENGE

Healthcare organizations however are often more focused on processing denial transactions than identifying the cause—a more comprehensive denial prevention strategy. This imbalance of viewing denials as a back-of-the-house patient handling problem led to a disproportionate amount of denials causing millions in revenue loss for one health system.

Like most health systems, denials reporting was inconsistent across the organization preventing visibility into denials making it in turn difficult to systematically improve the claims management process.

THE SOLUTION

This health system selected HCS Consulting to help them recover millions in revenue and reduce future claims denial rates. As part of their Cash Acceleration project, HCS consultants were provided a list of aged claims representing multiple years of potential denied claims. Through an initial pilot study of sample claims across a variety of payers, HCS Consulting's denial management consultants were able to categorize these claims into denial reason categories representative of the suspected root causes.

THE RESULTS

The results from the pilot study were extrapolated across the total population of aged claim denials with the goal of identifying and prioritizing claim categories with the highest potential to be appealed or written-off.



SERVICES

Revenue Cycle Management

MEASURES OF SUCCESS

- More than \$1.9M in denial revenue uncovered
- Top persistent denial problem areas identified
- Top payers denying claims identified
- Top locations accounting for 75 percent of total denial revenue identified
- Recommendations provided to ensure optimal reimbursement achieved

The denial reason categories provided the health system with a baseline analysis to begin the development of a mitigation strategy for process improvement. The objective of the mitigation strategy was to prevent future, recurring, systemic denials from occurring. This will enable the healthcare organization to retain future revenues for preventable denials and mitigate lost revenue from providing non-covered or inappropriate services.

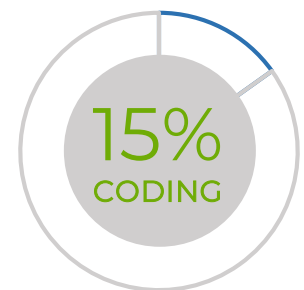
The top four denial causes were found to be issues with registration, billing, coding, and non-covered services accounting for 78 percent of total denials and nearly \$1.9 million in revenue. Registration issues alone accounted for 36 percent of denials with a revenue loss value of \$864,000.

HCS also conducted a breakdown of claim denials by payer insurance and found the top five payers accounted for \$1.2 million or 51 percent of total denial revenue. Through a breakdown of claim denials by location and denial category reasons, HCS consultants were able to identify the top four locations which accounted for \$1.8 million or 75 percent of total denial revenue.

Based on their observations and key findings, HCS Consulting recommended the health system evaluate and strive towards the following:

- Writing off the older claims as they can be reopened as needed
- Conduct a root cause analysis to further determine potential receivables with a strong return on investment
- Examine policies and procedures of top payers who account for over 50 percent of denials
- Review clinic locations with denial amounts greater than \$100,000
- And consider a Revenue Cycle Global review with a concentration on the front-end coding and billing operations and infrastructure based on the top four denial reasons found

By partnering with HCS, this health system gained insight into the root causes of their claims denials and was able to improve the processes needed to effectively prevent future denials realizing the associated positive revenue results.



HCS Consulting provides consulting services in Revenue Cycle Management and Population Health to a diverse range of healthcare organizations nationwide. The company's portfolio delivers quality solutions to empower healthcare organization success, enhance clinical and financial outcomes, and enable the transition to value-based healthcare.

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