MEDICAL REVENUE CYCLE SPECIALISTS

Denials Management Strategies to Improve your Bottom Line

July 10, 2024

Kem Tolliver, FACMPE, CPC, CMOM

Disclaimer

No advice

The information contained in this presentation is for general use only. The information is not advice and should not be treated as such.

Limitation of Warranties

This information is “as is” without any representations or warranties, expressed or implied. The presenter makes no representations or warranties about such information. Without prejudice to the generality of the foregoing paragraph, the presenter does not warrant that: The information in this presentation will be constantly available, or available at all; or that the information in this presentation is complete, true, accurate, up-to-date, or non-misleading.

Professional Assistance

Do not rely on the information presented as an alternative to legal advice from your attorney or other professional legal services provider. If you have specific questions about any legal matter, you should consult your attorney or other professional legal services provider. You should never delay seeking legal advice, disregard legal advice, or commence or discontinue any legal action because of information in this presentation. This presentation may not be reproduced in any form without the prior written consent of the presenter. American Medical Association copyrights CPT® codes, descriptions, and other data. All rights reserved. CPT is a registered trademark of the American Medical Association.

Kem Tolliver, FACMPE, CPC, CMOM
CEO of
Medical Revenue Cycle Specialists

Your Speaker

Professional Experience Highlights:

- Author of "Revenue Cycle Management: Don't Get Lost in the Financial Maze" published by MGMA®
- Author of "Advanced Strategy for Medical Practice Leaders – Financial Management Edition" published by MGMA®
- MGMA® distinctions in, "Better Performing Practice" distinctions in Accounts Receivable & Collections
- Prior Chair of Government Affairs Committee and member at large for Board of Directors of MD MGMA
- Maryland General Assembly expert testimony supplier on healthcare and financial legislation
- Adjunct Professor of Revenue Cycle at Catonsville Community College
- Co-Host of RevDive Podcast hosted by Slice of Healthcare Media
- National Presenter and Educational on Revenue Cycle Management, Practice Management and Coding

Education & Certifications:

- Dual B.S. degrees in Healthcare Administration (Summa Cum Laude) & Organizational Management (Magna Cum Laude)
- Fellow American College of Medical Practice Executive (FACMPE), Certified Professional Coder (CPC), Certified Medical Office Manager (CMOM)

Professional Affiliations:

- Faculty Member of Practice Management Institute and Member of CMOM Certification Program Committee
- Past President of Prince George's County, Maryland chapter of AAPC
- Co-founder of Prince George's County Practice Manager's Association
- Serves on the Novitas JL Carrier LCD Advisory Committee
- Serves on the MGMA Evaluation and Management Strategy Committee
- Served on the Board of Directors for Laurel Regional Hospital from 2017-2018
- Served as a Mentor for the Prince George's County Public School's 2018 PTECH Health Innovation Program
- Served on the Totally Linking Care-Maryland Advisory Council

Awards & Recognitions:

- State of Maryland Governor's Volunteer Service Certificate for 2015-2018
- Nexus Health, Fort Washington Medical Center nominated her for the 2016 Community Health Award
- MD MGMA's 2016 Outstanding Service Award
- Heart to Hand, Inc. 2019 Heart of Gold Award for 501(c)(3) community-based public health medical practice leadership

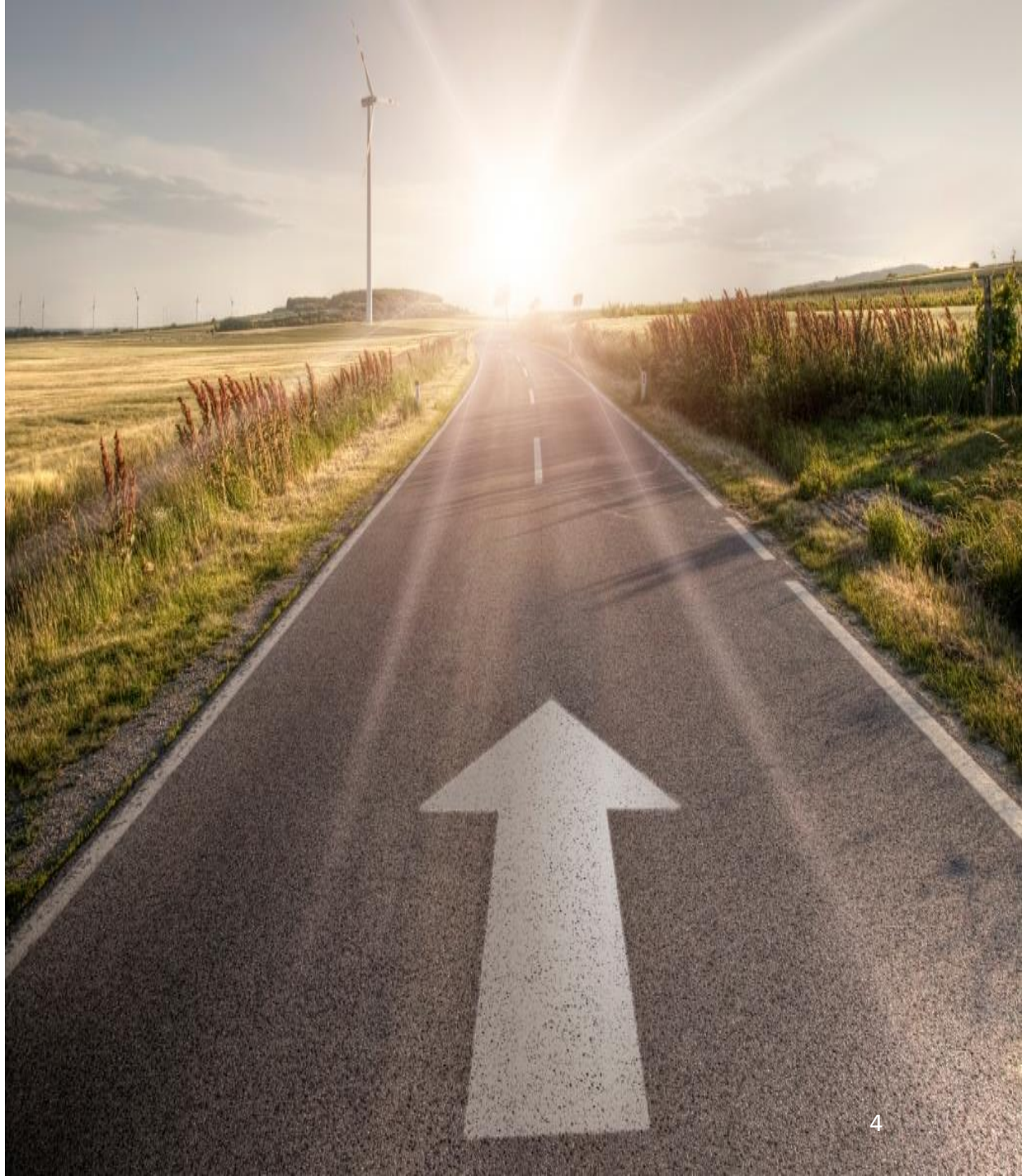
MEDICAL REVENUE CYCLE SPECIALISTS

Abstract

Public healthcare organizations have unique considerations when prioritizing healthcare delivery and payment for services.

There are industry metrics to measure success in denial management.

This session will review best practices in preventing and managing denials to produce clean claims.



MEDICAL REVENUE CYCLE SPECIALISTS

Learning Objectives

Objective 1	Objective 2	Objective 3
Examine Workflows that lead to denials	Analyze industry benchmarks used to measure denial prevention success	Explore tools to implement in a denial prevention and revenue leakage program

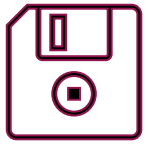
MEDICAL
REVENUE CYCLE
SPECIALISTS

REVENUE CYCLE OVERVIEW

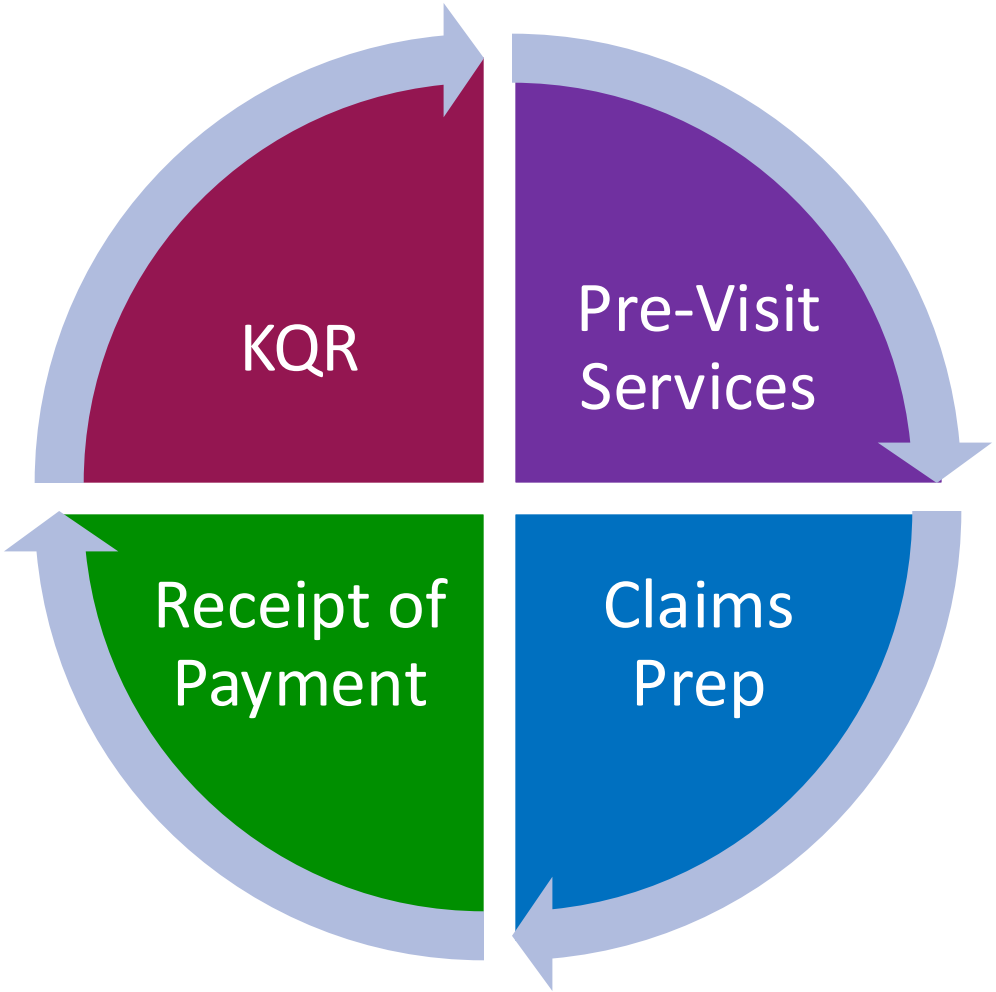
MEDICAL
REVENUE CYCLE
SPECIALISTS

Data Collection within the Revenue Cycle

Based on information from **your data**



Based on information from **the payer**

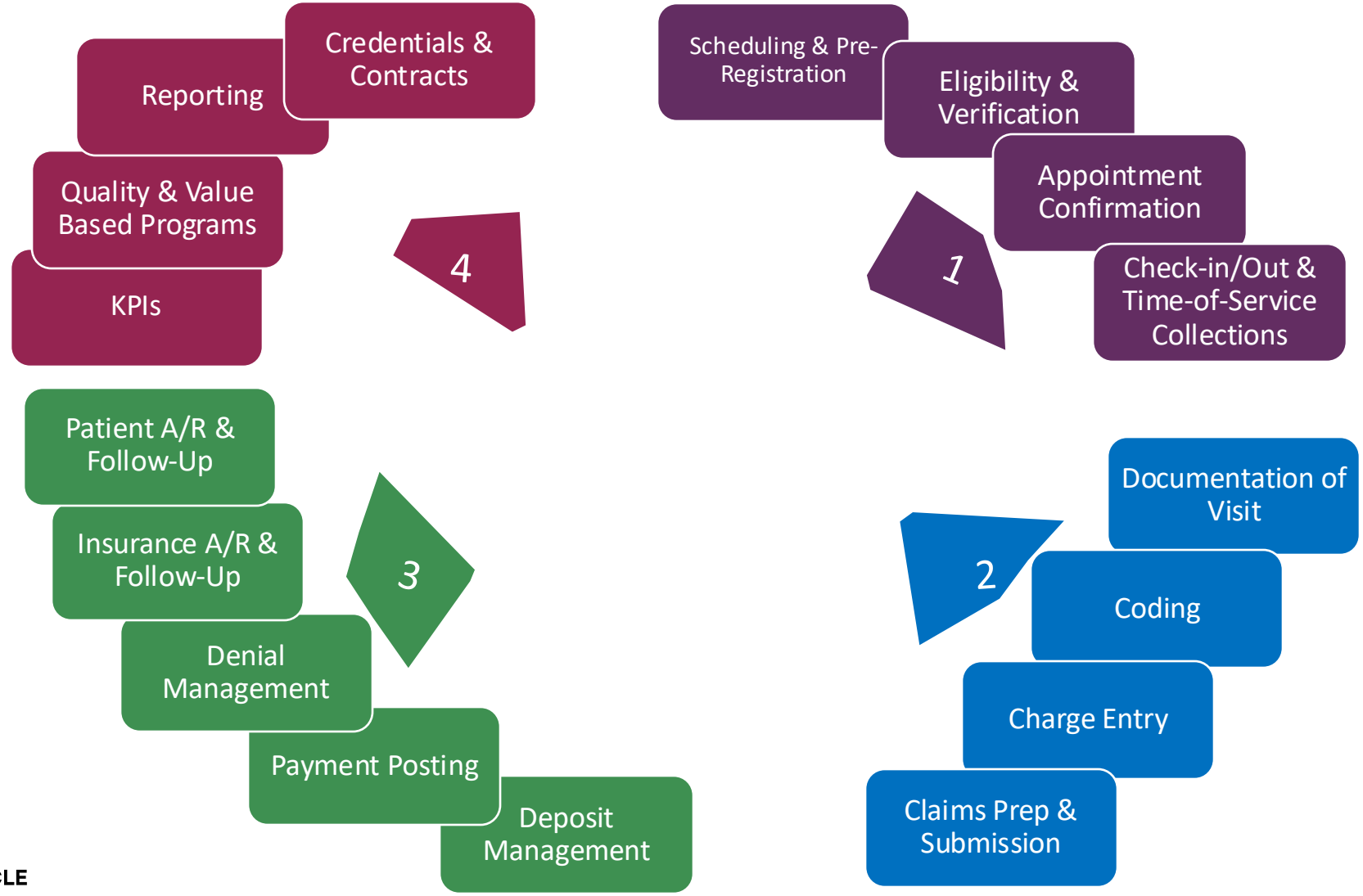


Based on information from **the patient**

Based on information from **the provider**

MEDICAL REVENUE CYCLE SPECIALISTS

Revenue Cycle Components within Each Quadrant



MEDICAL REVENUE CYCLE SPECIALISTS

3rd Quadrant: Receipt of Payment

Based on information from **the payer**

Key Components

- Deposit Management
- Payment Posting
- Denial Management
- Insurance A/R Follow Up
- Patient A/R Follow Up

This quadrant is our opportunity to hear back from insurance companies to see if we've followed their payment guidelines. We can correct errors and avoid patient's getting unnecessary bills. It's also a good idea to educate patients on their financial obligations to minimize care avoidance.

MEDICAL REVENUE CYCLE SPECIALISTS

DEFINING AND PRIORITIZING DENIALS MANAGEMENT

MEDICAL
REVENUE CYCLE
SPECIALISTS

Importance of Denials Management

Healthcare Providers submit claims with the expectation of being paid. We have set our financial forecasts and estimates of costs of care delivery on projected revenues.

Identifying the reasons why our claims are denied, correcting those problems and learning from each experience promotes a healthy revenue cycle. Denied claims creates more work for our team and moves our focus away from revenue optimization, putting us on the defense of our bottom line.

MEDICAL REVENUE CYCLE SPECIALISTS

DENIAL MANAGEMENT PITFALLS

The biggest mistakes in denial management are:

- Failing to appeal or resubmit
- Rushing through appeals
- Not tracking allowable amounts vs. reimbursed amounts

Resulting in:

- Missed patient collection opportunities
- Decreased total reimbursements
- Allowable amounts going uncollected

MEDICAL REVENUE CYCLE SPECIALISTS

According to the OIG, Medicare Advantage Organizations pay 75% of their denied claims when they are appealed and Almost 65% of denied claims are **never resubmitted**

Factors of Denial Management

Denials These are either opportunities to improve processes or to collect revenue earned

Contracts How much we can receive, how timely, and how hard we can fight for it depends on how well we negotiate our contracts

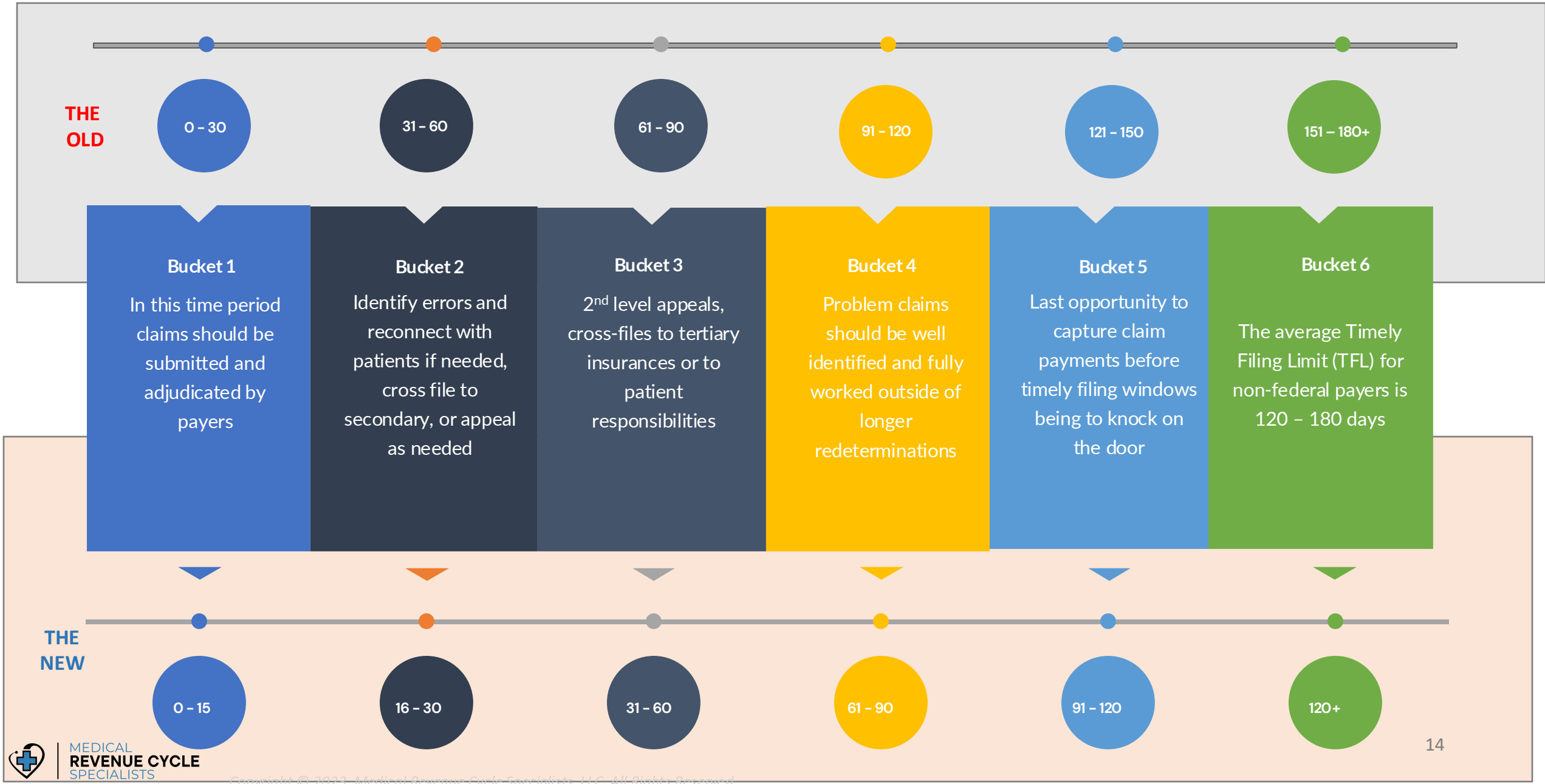
Reporting This is critical to understanding how well we are doing in each area of the revenue cycle

A/R When the money sits with the payer or the patient it isn't sitting in your bank account

Denials management is not just the billing department's job. It is an organizational team endeavor.

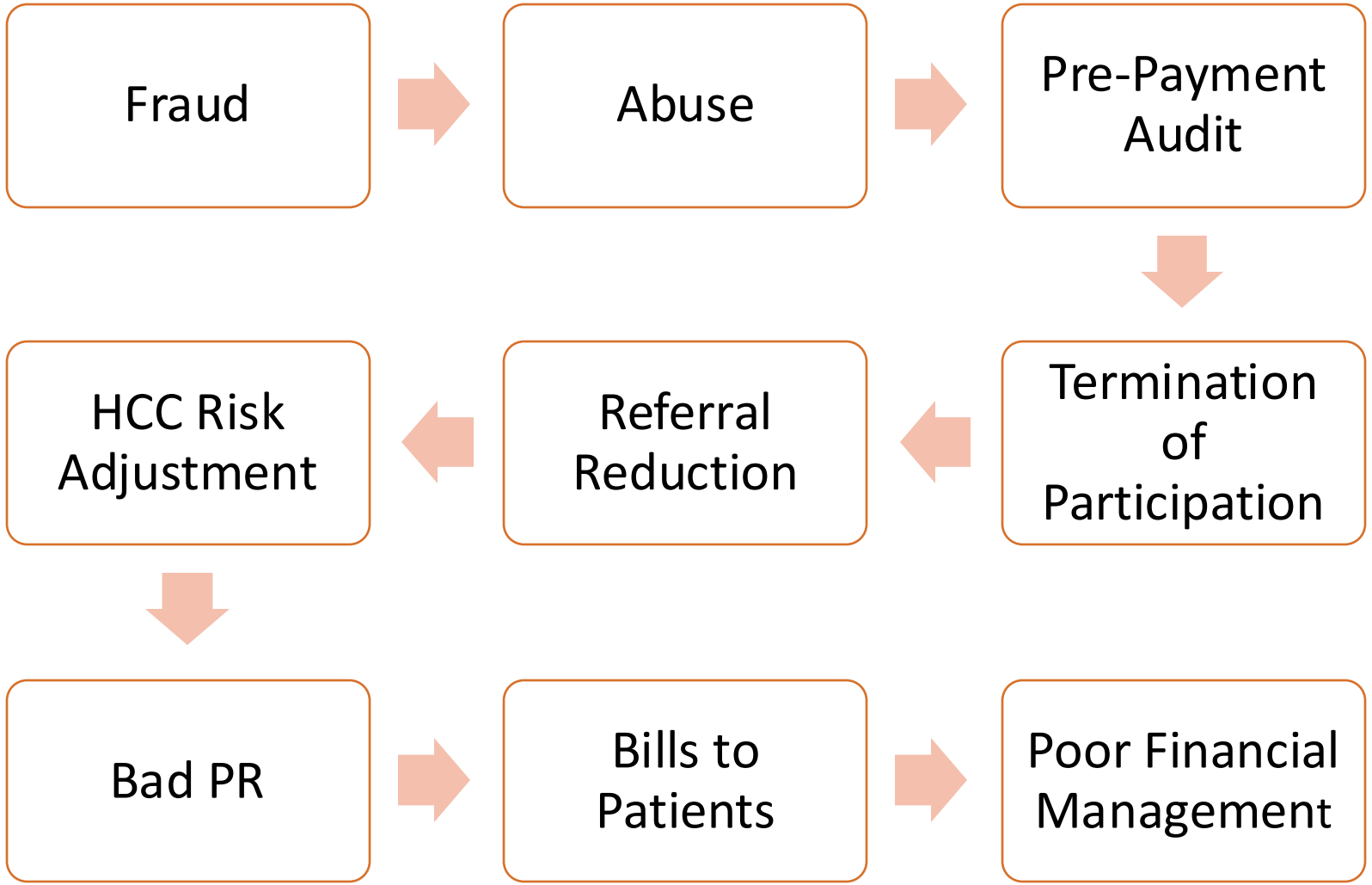
MEDICAL REVENUE CYCLE SPECIALISTS

Reinvent Aging Accounts Receivable (A/R)



MEDICAL REVENUE CYCLE SPECIALISTS

Risks as a Result of Repetitive Denials



MEDICAL REVENUE CYCLE SPECIALISTS

Skills Required for a Revenue Cycle Team

Front Office Staff
Prior Auth Staff
Billers
Coders
Medical Assistants

- ❑ Excellent Communications
  - Insurance Companies
  - Internal Providers
  - Referring Providers
  - Co-Workers
- ❑ Problem Solver
- ❑ Tech-Savvy
- ❑ Report Vulnerabilities
- ❑ Compliance Guru
- ❑ Detail Oriented

https://oncpracticemanagement.com/issues/2023/may-2023-vol-13-no-5/3205:revenue-cycle-workforce-recruiting-and-cultivating-your-team

MEDICAL REVENUE CYCLE SPECIALISTS

USING DATA TO MANAGE DENIALS

MEDICAL
REVENUE CYCLE
SPECIALISTS

REPORTS TO REGULARLY REVIEW

A key component of Revenue Integrity and Revenue Cycle Management is the reconciliation of monthly Charges, Adjustments and Payments. Create customized reports based on your organizations: Specialty, geographic location, patient population, and service opportunities.

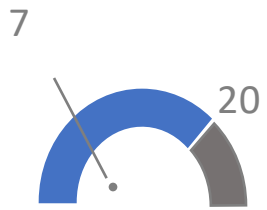
- CPT Productivity
- Top Diagnostic Services
- Referring Providers
- Patient Zip Codes
- Aging Bucket
- Insurance and Patients

- Payer Mix and Financial Class
- Contractual Adjustments
- Non-Contractual Adjustments
- Site Productivity
- Provider Productivity
- Time of Service Collections

- Claims on Hold
- Pended/Delayed Claims
- Trend Payer Receivables & Timelines

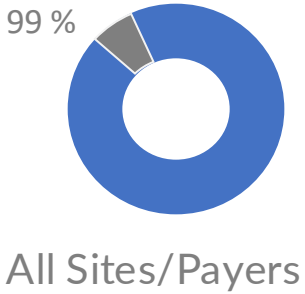
MEDICAL REVENUE CYCLE SPECIALISTS

Key Performance Indicator (KPI) MEASUREMENT & EVALUATION



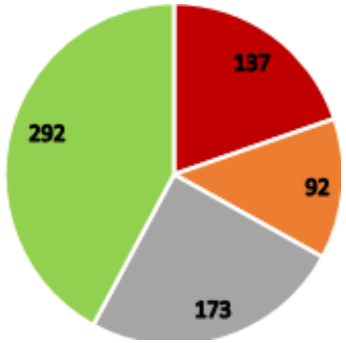
Days to Adjudication

How long does it take for claims to be paid?



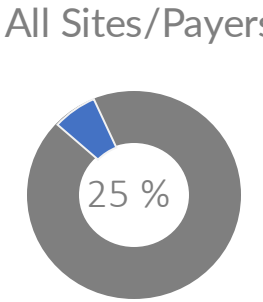
First Pass Acceptance

How effectively are claims being processed error-free?



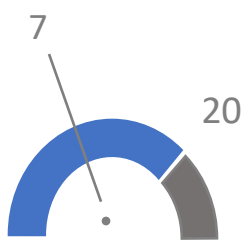
Unreleased Claims

How many claims are not released and sitting in error, modified, hold or validated statuses?



Appeal Rate

How often are billers working denied claims (creating appeals)?

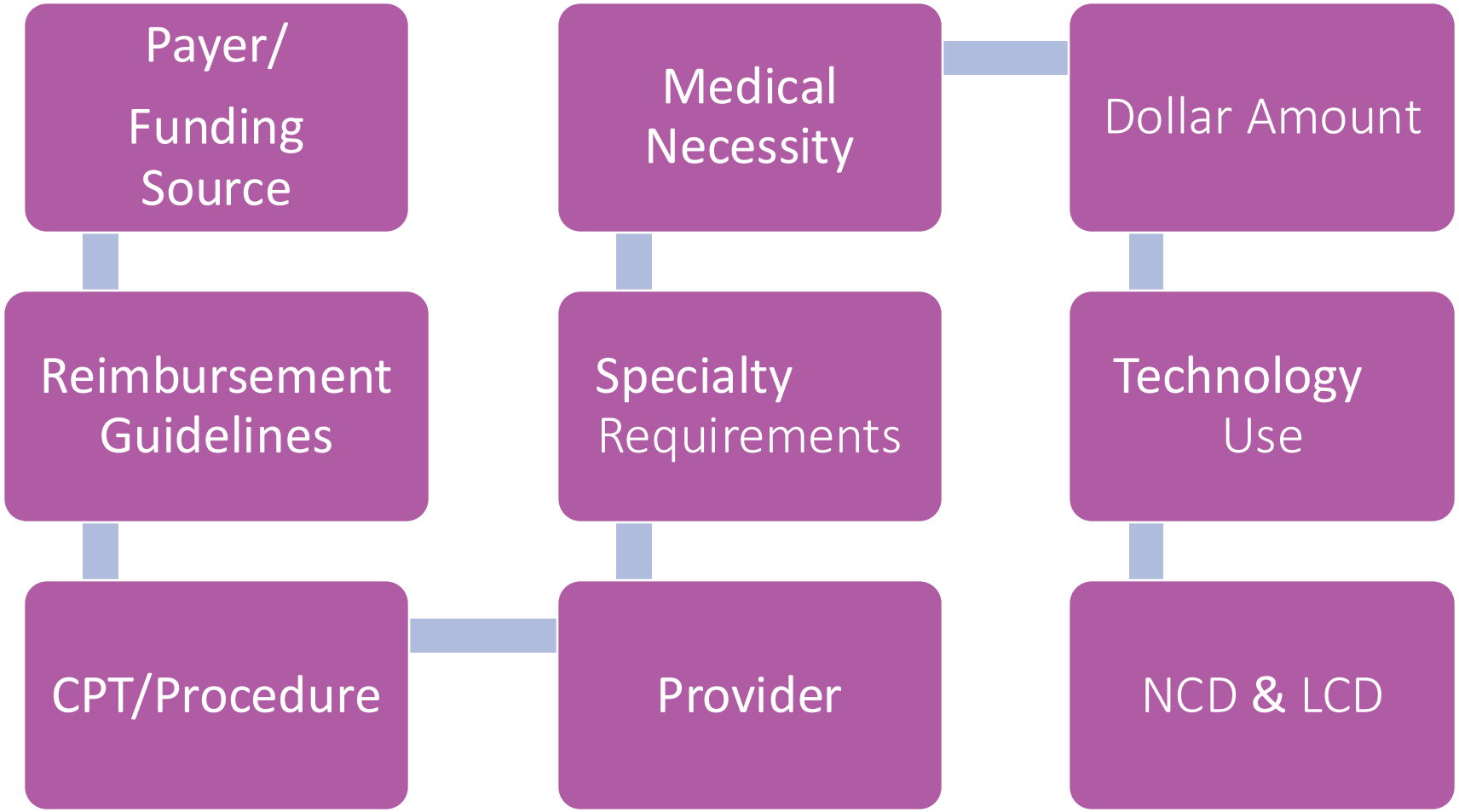


Days to Appeal

What is the average turnaround time for appeal submission?

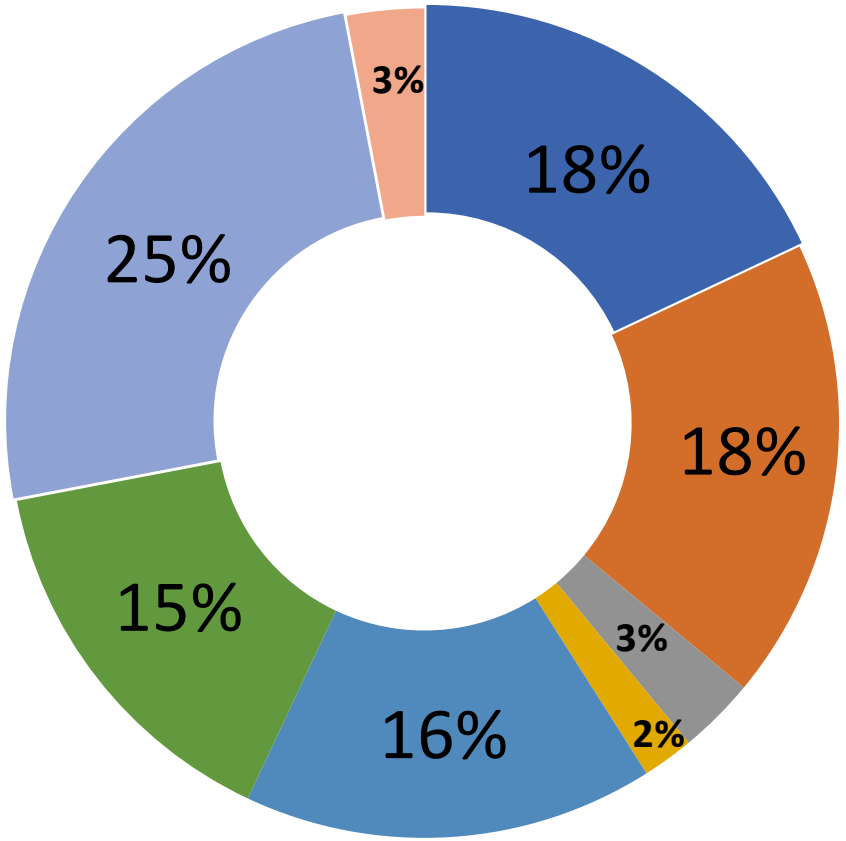
MEDICAL REVENUE CYCLE SPECIALISTS

Categorize Denials to Take Action



MEDICAL
REVENUE CYCLE
SPECIALISTS

Dashboarding Denials



- Patient Registration
- Utilization Review
- Documentation & Coding
- Charge Capture
- Claim Submission Issues
- Contract Management
- Claim Follow up
- Underpayment

MEDICAL REVENUE CYCLE SPECIALISTS

Taking Action on Dashboard Data

DENIAL REASON	CORRECTIVE ACTION
Patient Registration	Improve intake process
Utilization Review	Confirm Prior-Auth needs by Payer
Documentation & Coding	Coding audit/template customization
Charge Capture	Implement reconciliation of services
Claim Submission Issues	Add new claims edits
Contract Management	Interpretation of participation agreement
Claim Follow Up	Leverage web-based portals
Underpayment	Load fee schedules to PM software

MEDICAL REVENUE CYCLE SPECIALISTS

Add These Metrics to Your Review Process

Suggestions to Review	Why
Grouped Denial Codes	These will point you toward workflow/process issues.
% of Claims Paid at First Submission	This data identifies your billing and data entry accuracy
Net Collections Ratio	This indicates whether you are being paid what you are due to receive
Days in A/R	Unclean claims will have longer days in A/R overall than clean claims
TOS Collections	Patient responsibilities due versus received indicates front desk performance

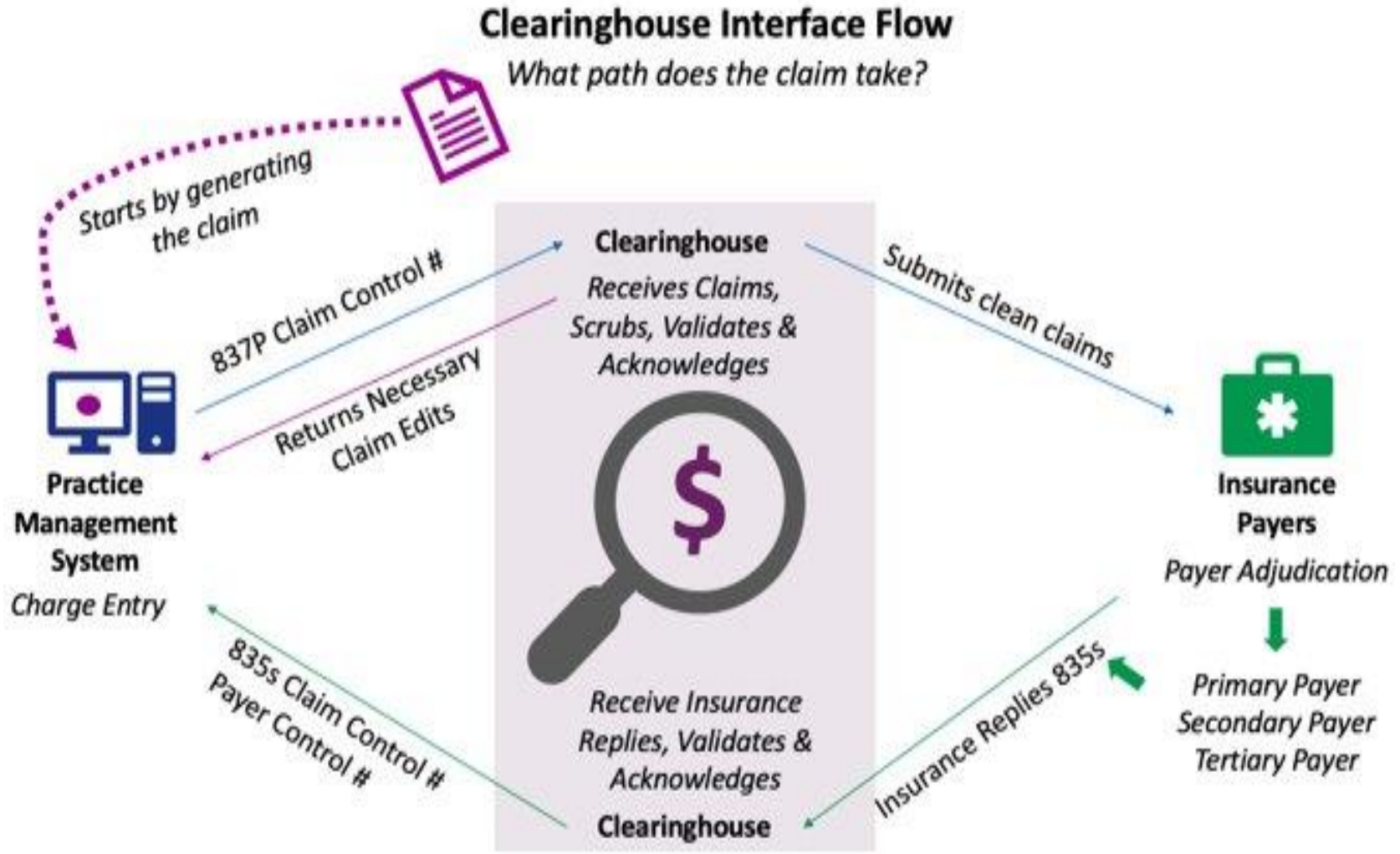
Use Data not Presumptions when Managing Denials

MEDICAL REVENUE CYCLE SPECIALISTS

Electronic Data Exchange & Interpretation

MEDICAL
REVENUE CYCLE
SPECIALISTS

Secure Electronic Transmissions



MEDICAL REVENUE CYCLE SPECIALISTS

Common Electronic Data Transmission Code Sets

Code Set 270	• Query sent by providers for patients healthcare benefits info to insurance.
Code Set 271	• Response from insurance back to provider on patients benefits info.
Code Set 835	• Electronic Remittance Advice (ERA) from Payer to Provider.
Code Set 837	• Electronic submission of healthcare claims from provider to insurance.

MEDICAL REVENUE CYCLE SPECIALISTS

Electronic Data Interchange (EDI)

X12, chartered by the American National Standards Institute for more than 40 years, develops and maintains EDI standards and XML schemas which drive business processes globally. X12's diverse membership includes technologists and business process experts in health care, insurance, transportation, finance, government, supply chain and other industries. The Steering Committee oversees operational activities related to the development and publication of EDI Standards and related work products.

https://x12.org/codes/claim-adjustment-reason-codes

MEDICAL REVENUE CYCLE SPECIALISTS

Claim Adjustment Reason Codes (CARC)

- CARC: Claim Adjustment Reason Codes
  - A CARC offers the most generic information and will be present on all adjusted claims. A CARC is broken up by a group code made up of two letters AND a numeric value plus a possible letter in front of the numeric value.

Payers use CARCs to explain why they processed the claim the way they did. Sometimes these codes are referred to as "denial" codes. Yes, they can explain zero payments, or denied claims, but they can also explain other adjustments.

We interpret the CARC to rework an unpaid claim. Since some line items in a claim can be denied, adjusted, underpaid or overpaid, it gets extremely complex to untangle and resubmit. *-Rivet Health*

CARC Interpretation & Action

1	**Deductible Amount** *Start: 01/01/1995*	Patient Responsibility
2	**Coinsurance Amount** *Start: 01/01/1995*	Patient Responsibility
3	**Co-payment Amount** *Start: 01/01/1995*	Patient Responsibility
4	**The procedure code is inconsistent with the modifier used. Usage: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.** *Start: 01/01/1995 | Last Modified: 03/01/2020*	Fix Modifier
5	**The procedure code/type of bill is inconsistent with the place of service. Usage: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.** *Start: 01/01/1995 | Last Modified: 03/01/2018*	Fix Place of Service Code
6	**The procedure/revenue code is inconsistent with the patient's age. Usage: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.** *Start: 01/01/1995 | Last Modified: 07/01/2017*	Verify Patient Demographics

MEDICAL REVENUE CYCLE SPECIALISTS

CARC Application to ERA/EOB

Cutten Mend Health Insurance
Electronic Remittance Advice

Patient Provider	DOS	Proc	Mod	Billed	Allowed	Pt Resp	Paid	Remark
Al. Caholic Dr. Yoda	1/1/2021	99213		100.00	80.00	16.00 10.00	54.00	PR-2, PR-3, CO-45
	1/1/2021	96372	25	25.00	8.00	2.00	6.00	PR-2, CO-45
			TOTAL	**125.00**	**88.00**	**28.00**	**60.00**	

Remark Codes
PR-2 Patient Coinsurance
PR-3 Patient Copay
CO-45 Charge exceeds maximum allowable

Payment: CHECK
Tracking#: 123456
Date: 1/31/2027

MEDICAL REVENUE CYCLE SPECIALISTS

Graphic Credit: *Revenue Cycle Management Don't Get Lost in the Financial Maze*

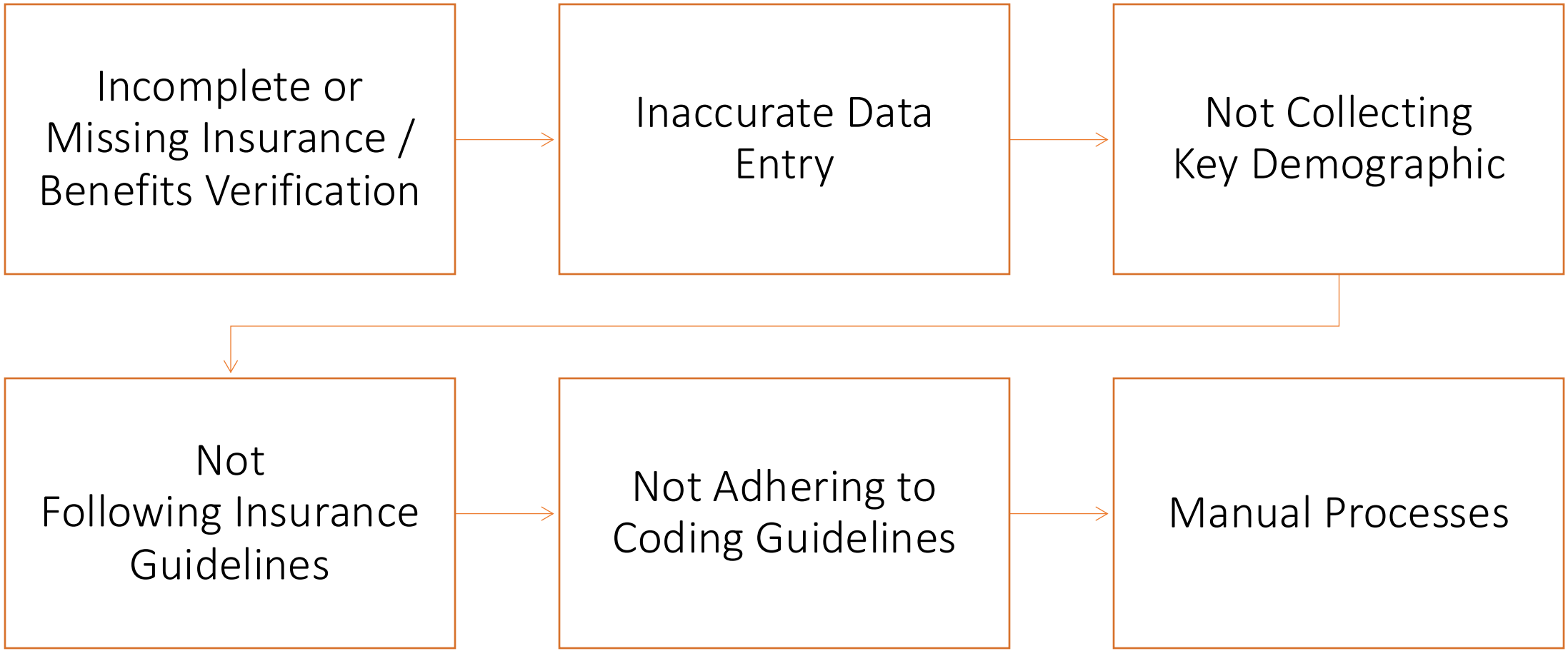
DEVELOPING A
DENIALS PREVENTION PROGRAM

MEDICAL
REVENUE CYCLE
SPECIALISTS

MEDICAL
REVENUE CYCLE
SPECIALISTS

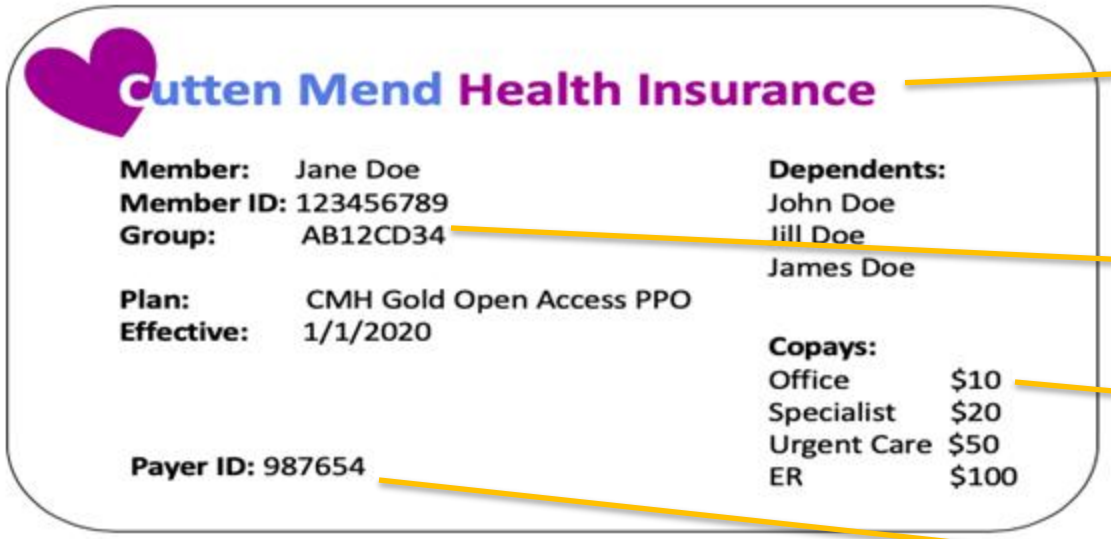
Copyright © 2023. Medical Revenue Cycle Specialists, LLC. All Rights Reserved.

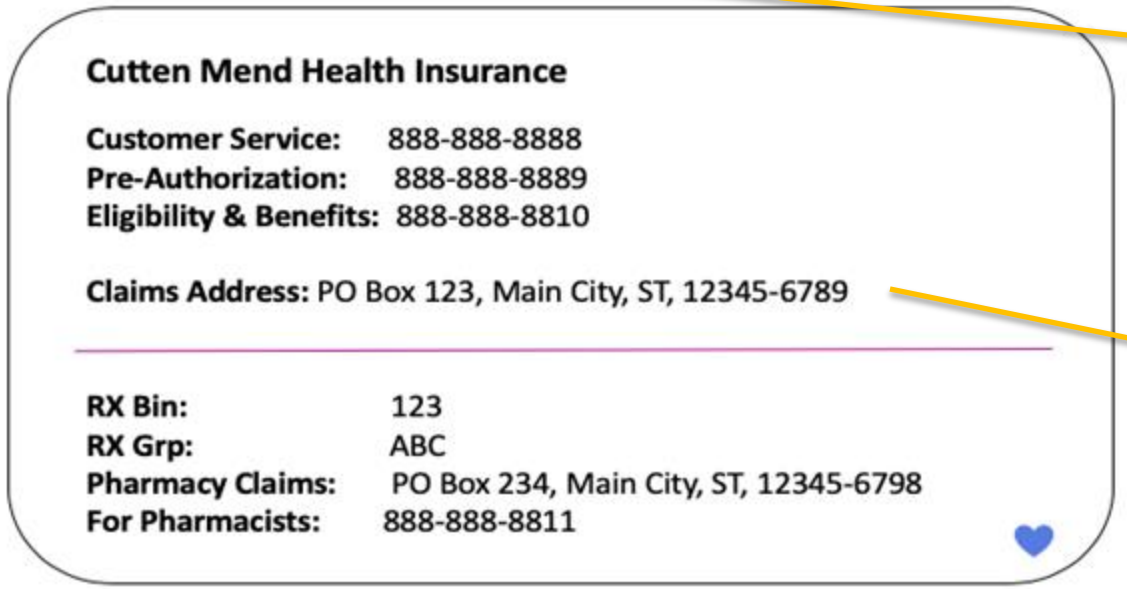
Key Factors that Contribute to Denials



MEDICAL REVENUE CYCLE SPECIALISTS

Insurance Data Gathering, Validation & Entry





Payer Name
Member Name
Member ID Number
Group Number
Plan Type
Office Copayment

Payer EDI #

Eligibility & Benefits

Claims Address

Graphic Credit: *Revenue Cycle Management Don't Get Lost in the Financial Maze*

MEDICAL REVENUE CYCLE SPECIALISTS

React, Prevent, and Optimize (RPO)

	React	Prevent	Optimize
Obtain and Assess Data	• What claims have been denied in the last year? • What are our top 10 denial codes? • What services were most frequently denied? • What is the denial percentage by payer?	• Of the codes denied which were due to things we could've prevented? (like missing prior authorizations)	• What would we prefer to see our denial rates at? • What are some methods by which we could get there?
Evaluate Opportunities	• What can we infer from this data? • What does it tell us about our current processes within the revenue cycle model?	• Where do we have opportunities to prevent the issues we are seeing? • What processes can we implement to support these efforts?	• Minimize redundancy in processes/workflows while optimizing accuracy wherever possible

Developing and Enhancing Your Denials Prevention Program

- **No Silver Bullet -** There will never be a one-size fits all model; take it one step at a time and aim for constant improvement.
- **New Technology** - When you are looking at the integration of multiple data sources, normalizing that data, and consuming useful analytics from it, you may need to evaluate new technologies and infrastructure to support you.
- **Proof of Concept** – You don't have to come up with entirely new metrics to start predicting analytics. Use metrics you already have and move toward predicting those first.
- **Use Disparate Data** – Using data from your EHR and PM system is a great place to start. There are a lot of other data sources that can help as well, check out https://data.cms.gov/tools for examples.

Best Practice Steps from Global Analytics Leader: SAS

MEDICAL REVENUE CYCLE SPECIALISTS

Developing and Enhancing Your Denials Prevention Program

- **Train Your Team** – Denials prevention requires training and education. Take the time to make sure staff understand expectations and have the skills needed to succeed.

- **Internal Controls** – Determine what your internal controls for tracking results will be. Will you confirm that all insurance was verified at the beginning of the day? How are mistakes corrected PRIOR to claims going out?

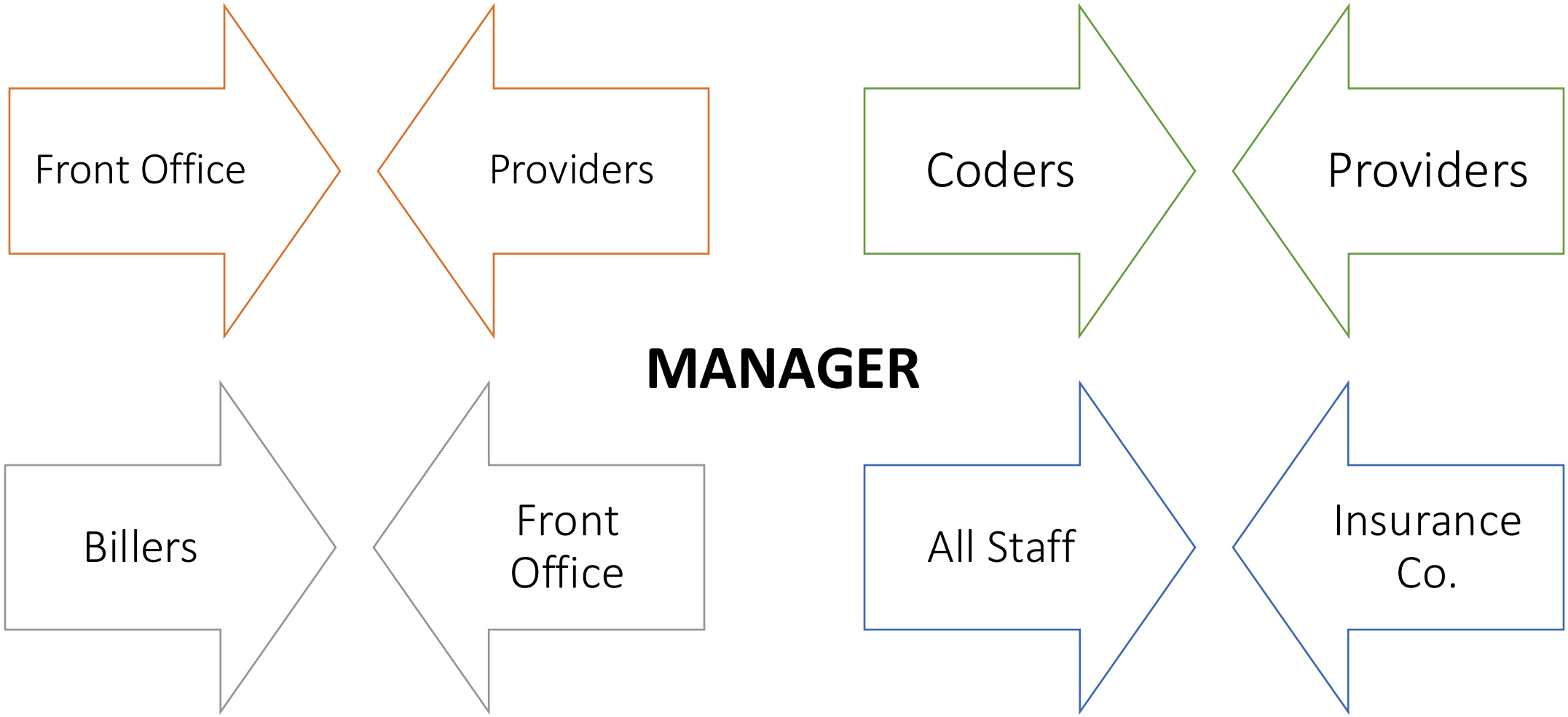
- **Lookback** – With any change management process there will be a period for looking back at what you did, how you did it, and the impact of those actions with the goal of continuous improvement. Have denials decreased? Which ones? What is the dollar value of outcomes?

DENIALS PREVENTION BEST PRACTICES

1. Obtain and evaluate your data
2. Assess to determine what your data is telling you
3. Review indicators of issues by group (ex. data entry problems)
4. Develop data accuracy standards
5. Prepare your team with appropriate training and technology support
6. Enter your contracted allowable amounts into your PM system
7. Evaluate the value of your denials
8. Integrate best practices
9. Apply predictive analytics to your denial management processes
10. Find root causes and correct repetitive mistakes

MEDICAL REVENUE CYCLE SPECIALISTS

Prioritizing Communication to Prevent Denials



MEDICAL REVENUE CYCLE SPECIALISTS

Denial Reduction Strategies

Communication

- Essential to prevention of denial
- Vital to submitting clean claims
- Review policies and procedures of insurance companies
- Dedicated team members
- Build necessary relationships

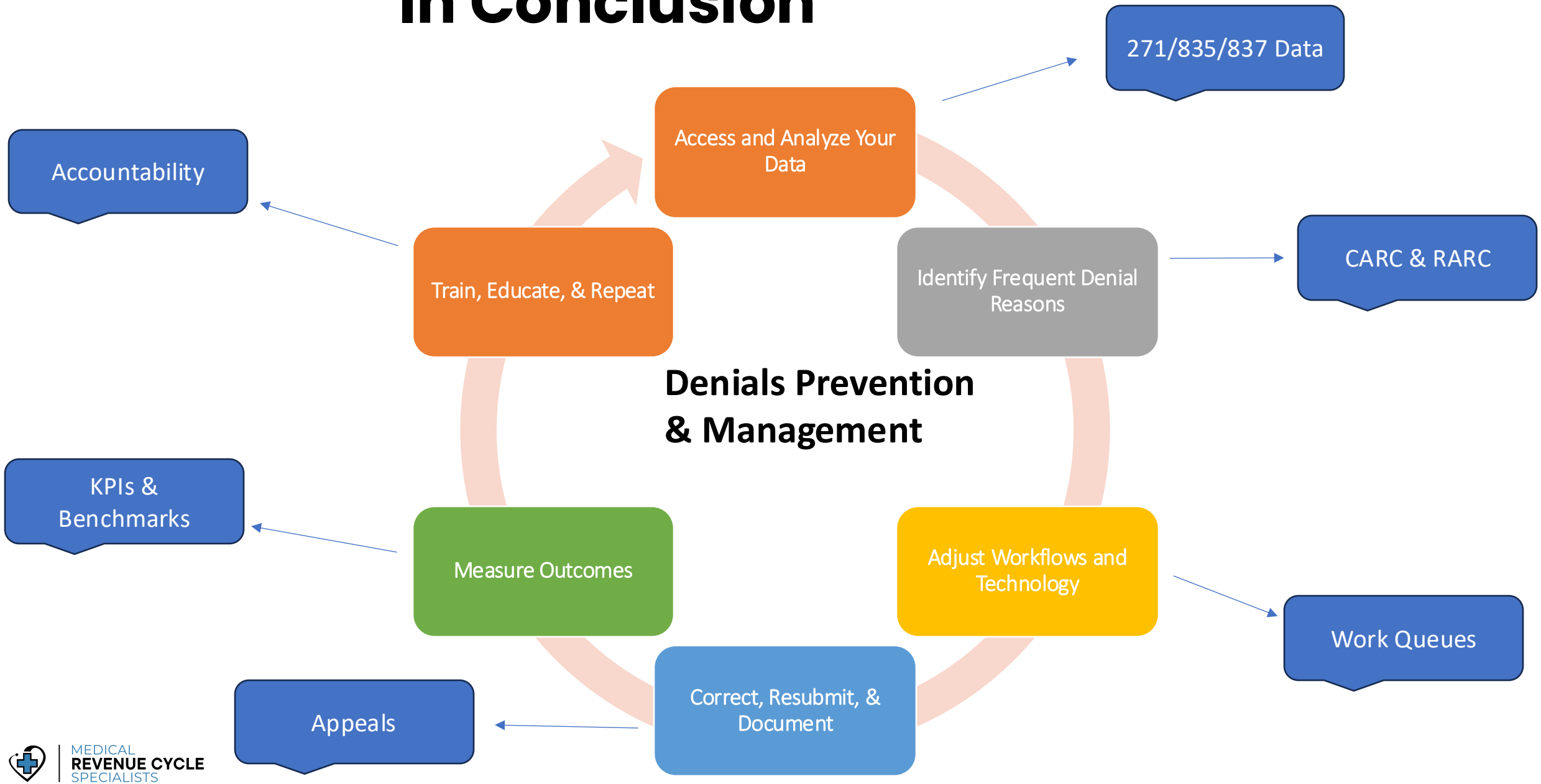
Education

- Training and/or experience
- Cross-train coders and billers
- Current with the latest rules, regulations, appeal rights, and critical timelines
- Keep current reference materials/resources

Accountability

- Dedicate specific staff member
- Set Goals
- Shared Reporting
- Regularly scheduled meeting
- Rewards

In Conclusion



MEDICAL REVENUE CYCLE SPECIALISTS

Image Credit: wallpapercave.com

Bring on the Questions and Comments

MEDICAL REVENUE CYCLE SPECIALISTS

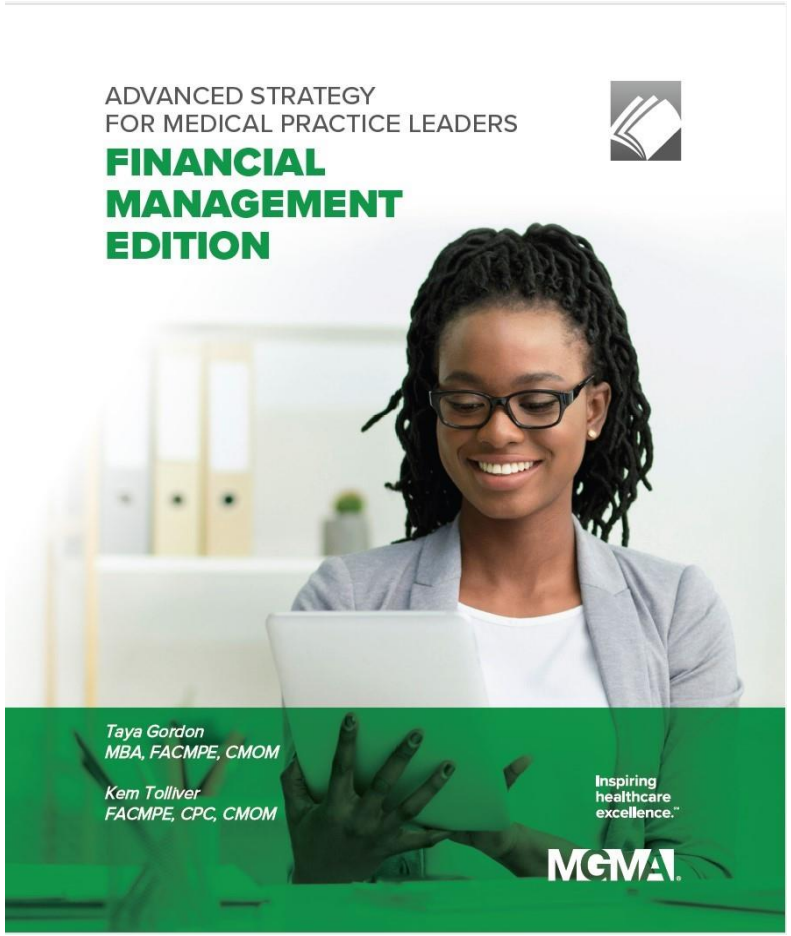
Resource Alert

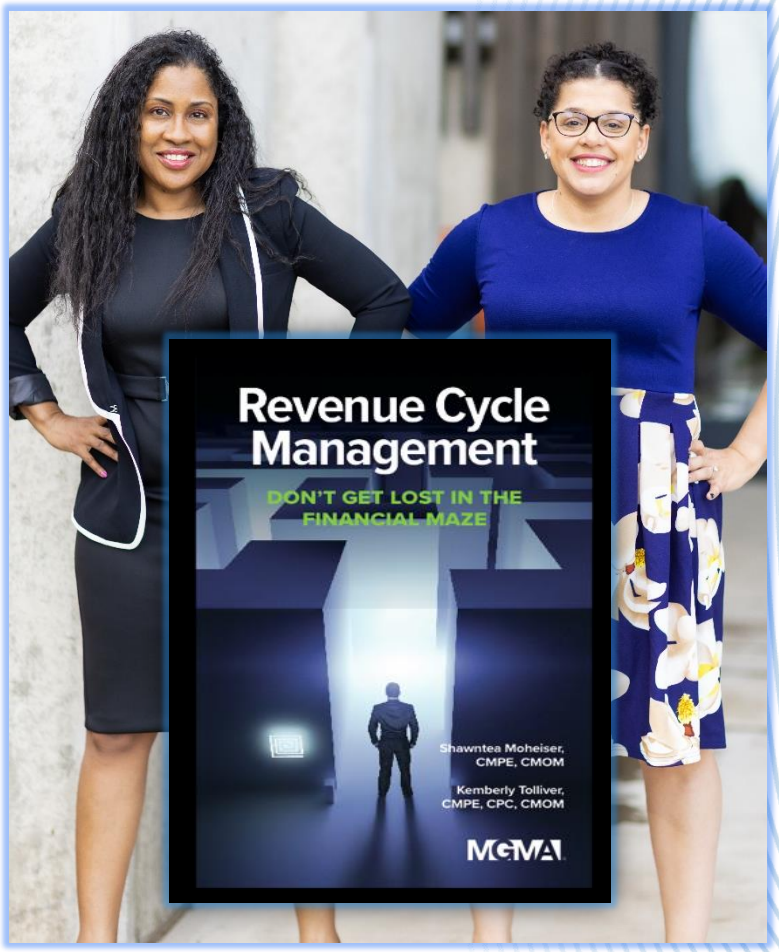
Co-Authors of MGMA's Revenue Cycle Management

Don't Get Lost in the Financial Maze + Advanced Strategy for Medical Practice Leaders

REVDIVE w/ Taya & Kem

Co-Hosts of the "Slice of Healthcare" Podcast:





https://www.mgma.com/books/finmgmt

www.mgma.com/RCM

MEDICAL REVENUE CYCLE SPECIALISTS

MEDICAL
REVENUE CYCLE
SPECIALISTS

Meet our Team

Steve,
Sr. Practice Advisor

Tiera,
Sr. RCM Advisor

Sydney,
Project Manager

Jack,
Client Relations

Rosalind,
Sr. Coding Advisor

Denise,
Sr. Coding & RCM Advisor

Natalie,
Health Dept. Coordinator

Nick,
Media Liaison

MEDICAL
REVENUE CYCLE
SPECIALISTS

Thank You & Let's Stay Connected

Follow Along

Scan for www.medrevenuecycle.com

Kem@medrevenuecycle.com

(301) 249-8500

MEDICAL
REVENUE CYCLE
SPECIALISTS