

<b>PART THREE</b>
<h2>Learning Objectives</h2>
<b>UNDERSTANDING AND MANAGING DENIALS</b>
<ul style="list-style-type: none"><li>■ Explain why denials occur</li><li>■ Identify how denials impact the revenue cycle</li><li>■ Solutions for management of denials</li></ul>
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*The bullet points below include some suggested talking points to help your discussion.*

Our learning objectives today are to help you:

- Define “denials” vs. “rejections.”
- Explain why denials and rejections occur.
- Identify how denials impact the revenue cycle.
- Discuss solutions for the elimination and management of denials.

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## Why Denials Occur

### Payer requirements are not identified and followed

- Pre-authorizations/Certifications
- Late admission notifications
- Non-approved technology or drugs are used
- Patient is treated in inappropriate setting
  - Inpatient vs. outpatient
  - Psych vs. medical

### Claims are mishandled

- Late charges
- Overlapping dates of service
- Incomplete documentation

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*The bullet points below include some suggested talking points to help your discussion.*

Denials may occur when payer requirements are not identified and followed. For instance:

- Pre-authorizations/certifications may be required to comply with the patient's policy.
- Notification of the patient's admission may be required within a certain time period by some payers.
- New, expensive equipment or drugs may require prior approval.
- Many contracts specify the type of setting in which the patient should be treated, such as inpatient vs. outpatient.
- Occasionally, a patient in a psychiatric unit requires treatment for a medical condition. The patient may need to be transferred to a medical unit before the payer will cover the treatment.

Denials may also occur when claims are mishandled. For instance:

- Charges that are entered after the initial claim was sent.
- When a patient has overlapping dates of service that are not identified and billed correctly.
- If documentation does not support the treatment or service provided.
- When the wrong insurance plan code is used to identify the patient's insurance, for example:
  - Leona Miller is being admitted to General Hospital. She has Pro-Con Insurance HMO. The system has three Pro-Con plan codes to select from: Pro-Con Indemnity, Pro-Con PPO, and Pro-Con HMO. The registrar selects the Pro-Con Indemnity plan code which can result in a denial from the payer if not caught before the claim is submitted.

(How are overlapping dates of service handled in your facility? Ask for one or two volunteers.) *No more than a one minute discussion.*

- Many systems have a flag or report to identify overlapping dates of service.

EXERCISE 2

## Connecting Process and Payment


- We're all in this together
- Watch out for the unexpected


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*The bullet points below include some suggested talking points to help your discussion.*

### **Exercise 2: The Connection between Process and Payment**

Now, we are going to watch another video that demonstrates how easy it is for things to go wrong.

**Exercise instructions:** please turn to Exercise 2 in your Participant Workbook. 

- Take a few minutes to review the questions before we watch Video #2: The Connection between Process and Payment.
- This is a group exercise. 
- Within your groups, answer each question based on what you see in the video.
- Take five minutes to complete this exercise.

**Group debrief:** (Ask for responses from each group and record them on the flipchart.) *Five minutes.*

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**Exercise 2: The Connection between Process and Payment**

Please complete the following questions after watching Video #2: The Connection between Process and Payment

Characters:

- Jessica, patient access representative
- Diane, case manager
- Barbara, denial manager
- Jane, Dr. Martin's office representative

1. Was this claim denied or rejected?

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2. Based on your answer from #1, please identify why it was a denial or rejection.

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3. Identify three process failures that occurred that influenced the denial or rejection outcome.

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4. How could this denial or rejection have been prevented?

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5. What is the impact to the revenue cycle?

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