



Actionable Insights & Strategies From the Change Healthcare 2022 Denial Index

May 2023





Speaker

Janette Hagen, CHFP
Customer Success
Director

Joni's Background

Personal Highlights:

15+ Years Healthcare Experience
HFMA CHFP Certified

Experience:

Hands on experience with all aspects of the Revenue Cycle, including, but not limited to, patient access, billing, and financial counseling.
Excellent analytical and organizational abilities combined with the ability to remain flexible in all situations viewing problems as new opportunities to move product and operations forward
Professional experience with over 15 years in the healthcare and insurance industry
Skilled at leading professional discussions for discovery of defining, setting, and achieving goals
Experience in project implementations at all project team levels

Education:

BA, Upper Iowa University

Certifications:

Certified Healthcare Financial Professional(CHFP) – HFMA



Research Methodology

Denials Index Research Methodology

How we gathered our data



The Change Healthcare 2022 Revenue Cycle Denials Index is based on an internal analysis of ~441 million hospital claim remits valued at \$500 billion in total charges across more than 1,500 U.S. hospitals.

Change Healthcare revenue cycle analysts used primary institutional inpatient and outpatient claims submitted by a range of small, medium, and large facilities. These claims were processed by Change Healthcare from July 2021 through June 2022.

The 2021–2022 data was then compared and trended against data reported in the 2017 Change Healthcare Healthy Hospital Revenue Cycle Index and the 2020 Denials Index report.

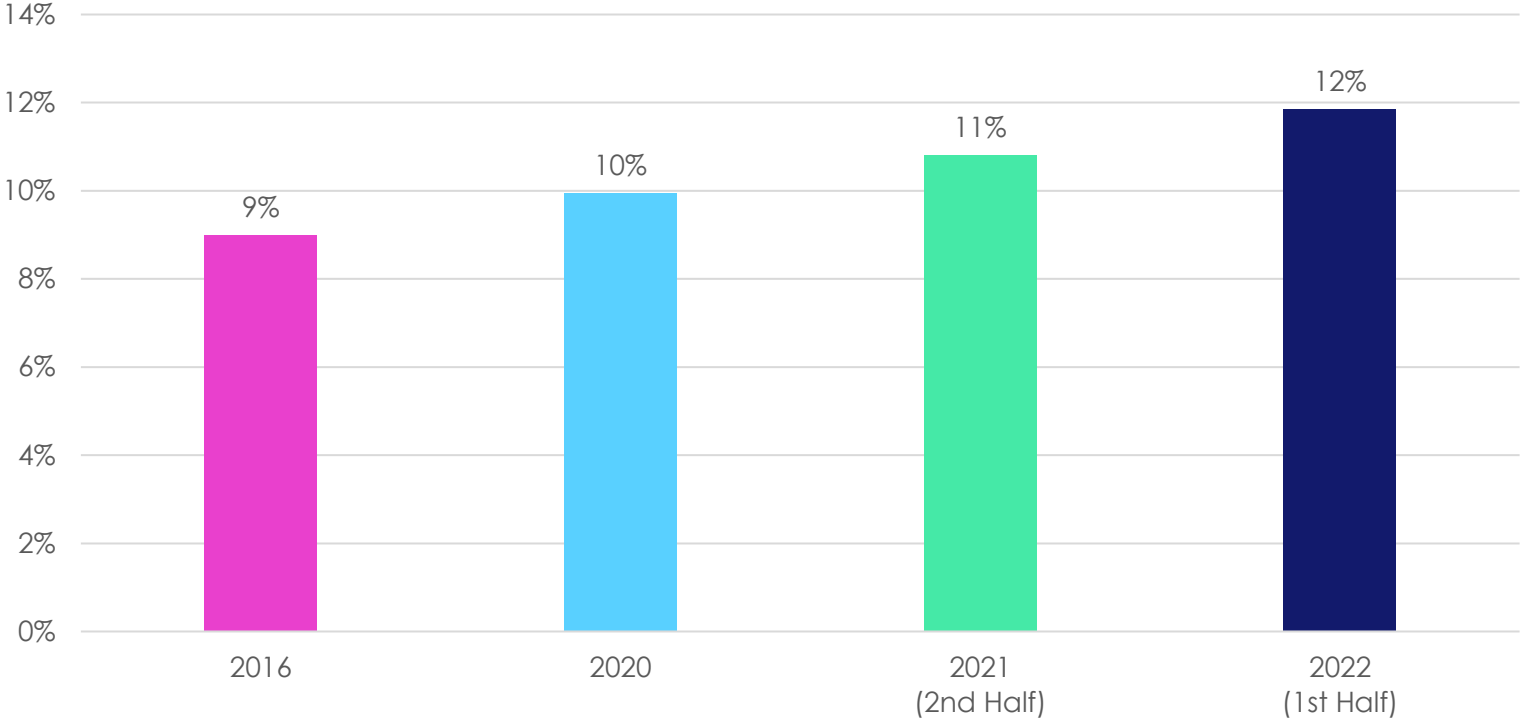
The data used may or may not be representative of other healthcare segments and/or provider types.

Denial Trends and Causes

Denials Continue to Rise

The average denial rate is up 3% since 2016, hitting 12% of claims denied upon initial submission in 2022.

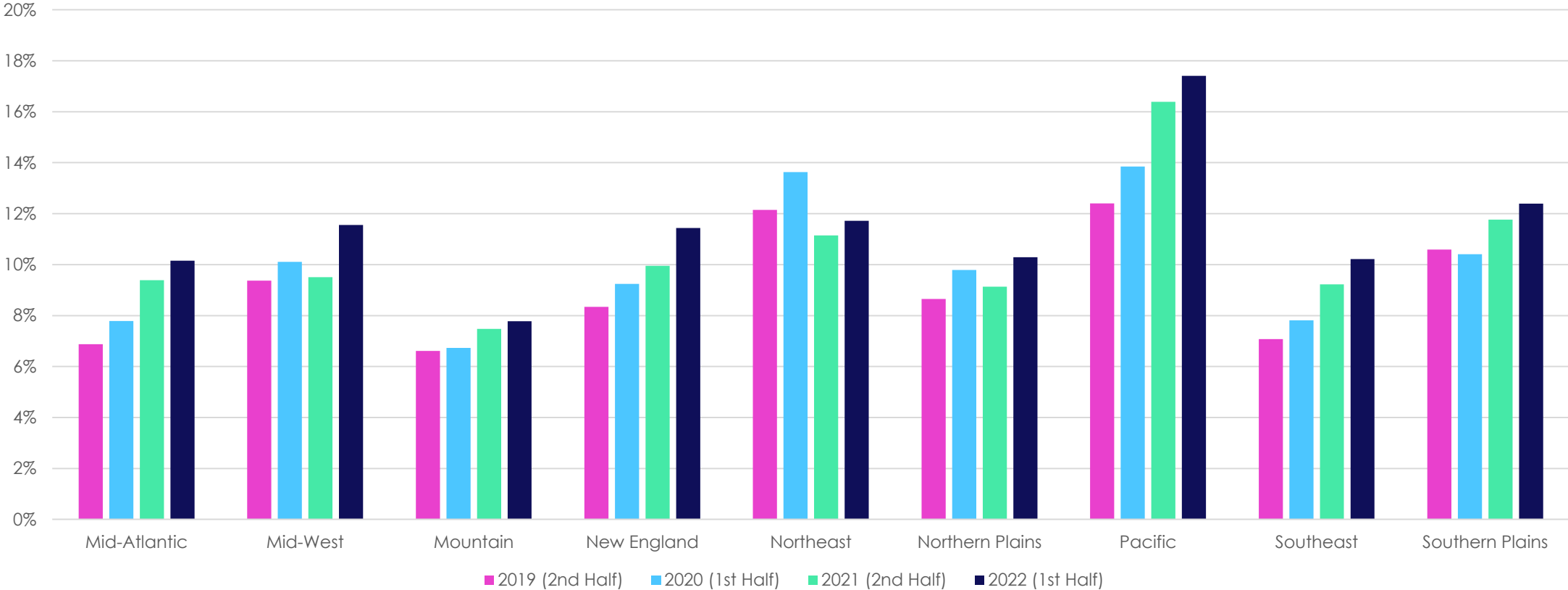
National Denial Trends
2016–2022 (1st Quarter)



Change Healthcare internal data, 2016-2022
*Percentages have been rounded

Denial Rates Continue to Increase Across the Country

The Pacific region continues to see an increase in denials, whereas we're seeing a slight decrease in the Northeast; however, denials continue to rise across the country.



Change Healthcare internal data, 2016-2022
*Percentages have been rounded

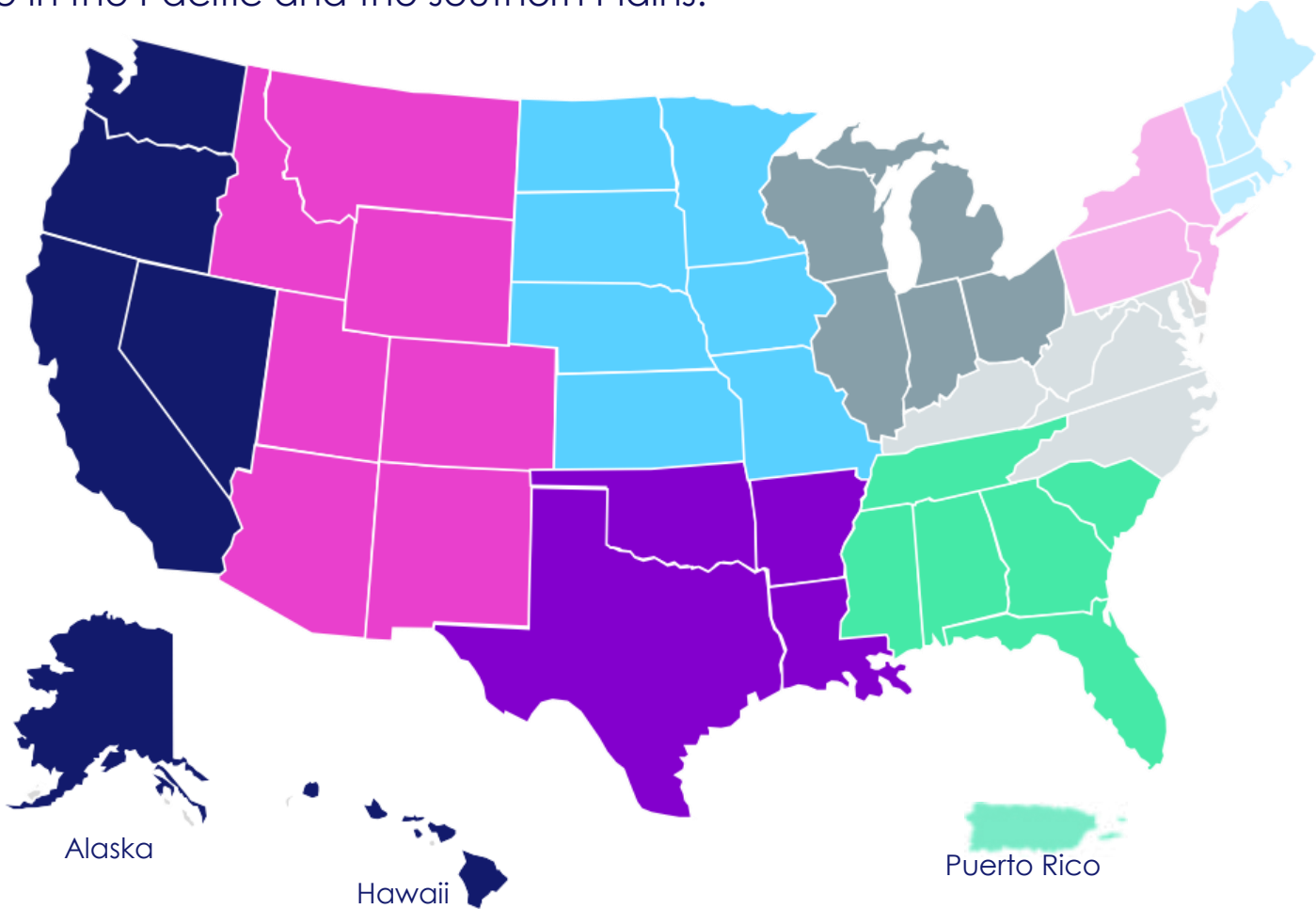


Denial Rates Largely Vary by Region

The **highest denial rates** nationally are in the Pacific and the southern Plains.

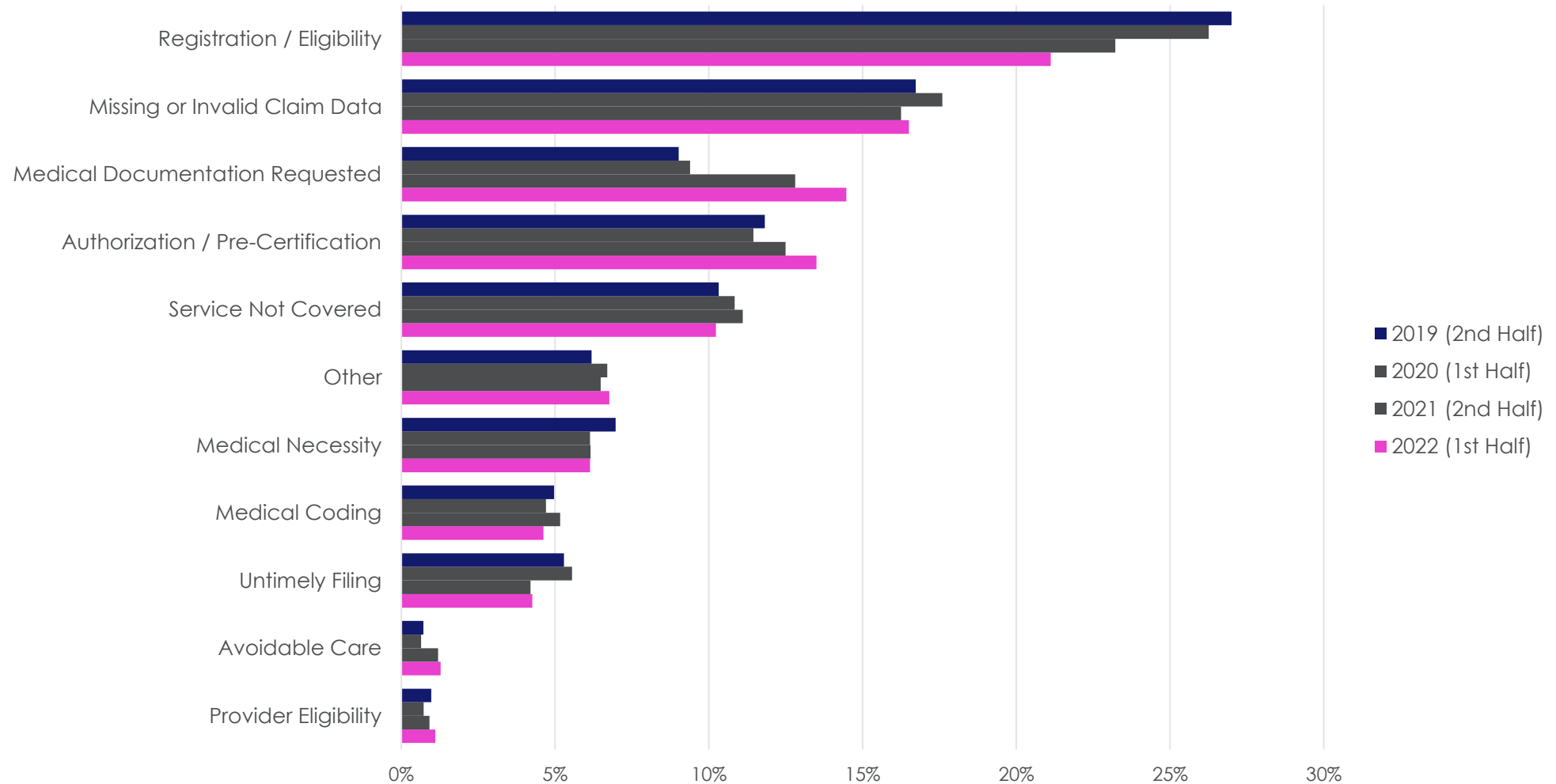
Denials Average, 2021–2022

- Pacific **17%**
- Southern Plains **12%**
- Northeast **11%**
- New England **11%**
- Midwest **11%**
- Mid-Atlantic **10%**
- Southeast **10%**
- Northern Plains **10%**
- Mountain **8%**



Change Healthcare internal data, 2016-2022
*Percentages have been rounded

Historically, Registration/Eligibility Has Been the Top Cause of Denials



Change Healthcare internal data, 2016-2022

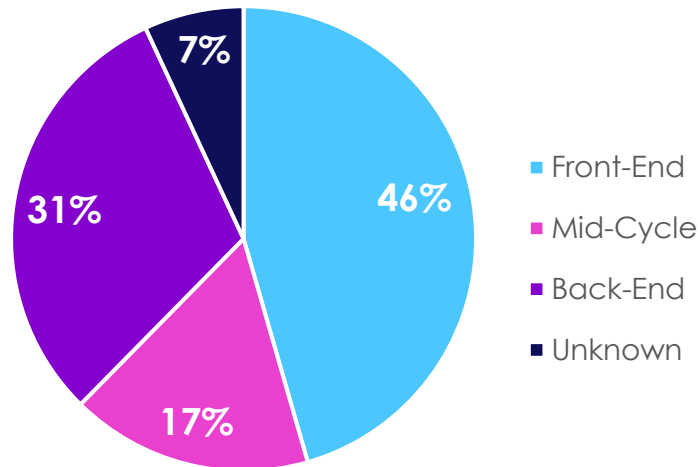


Front-End Denials

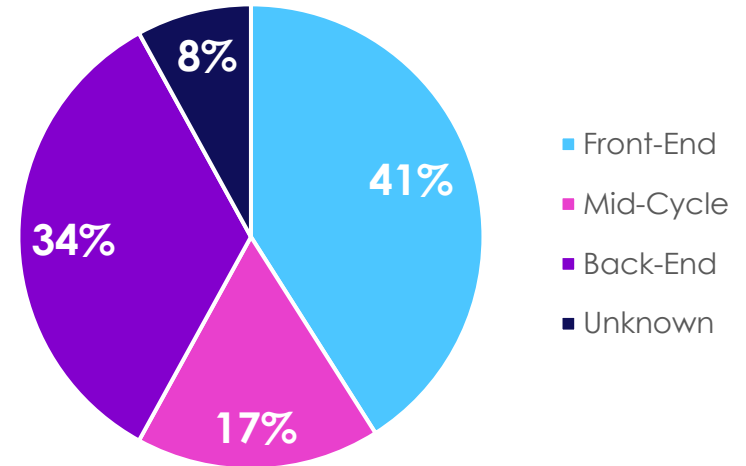
The most common culprit

Aggregated Denials Share by Revenue Cycle Stage, 2019–2022

2019 Q3 – 2020 Q2



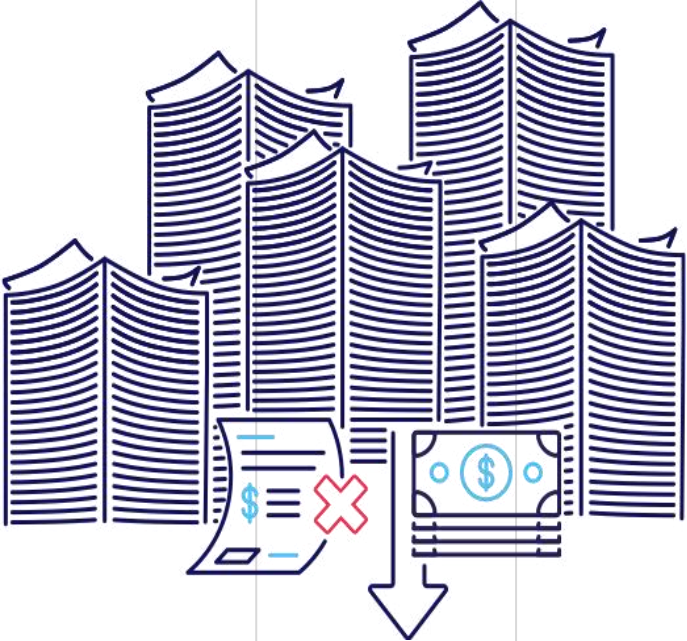
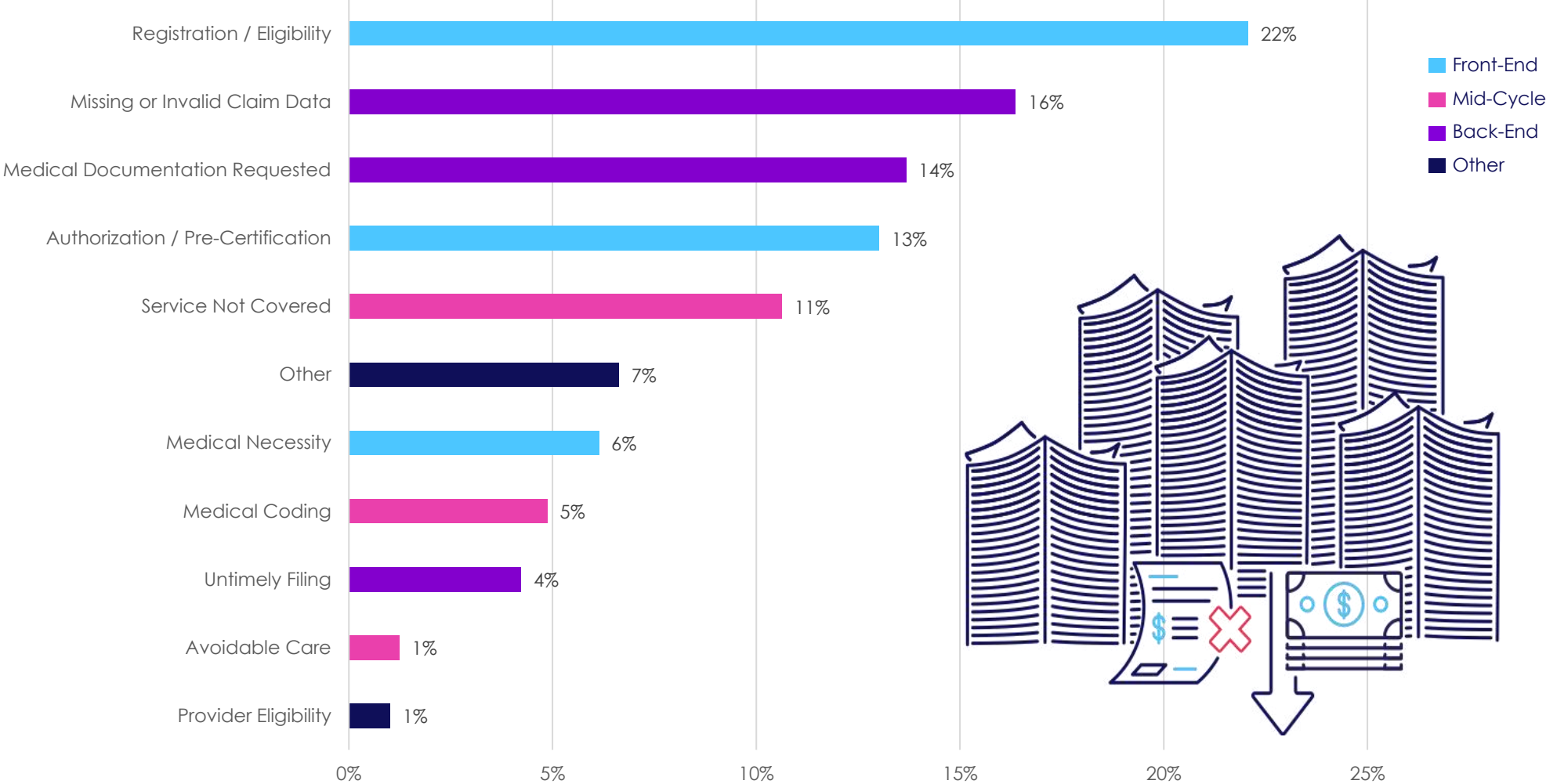
2021 Q3 – 2022 Q2



Nearly half of denials are caused by front-end revenue cycle issues

Change Healthcare internal data, 2016-2022
*Percentages have been rounded

Denials Throughout the Revenue Cycle

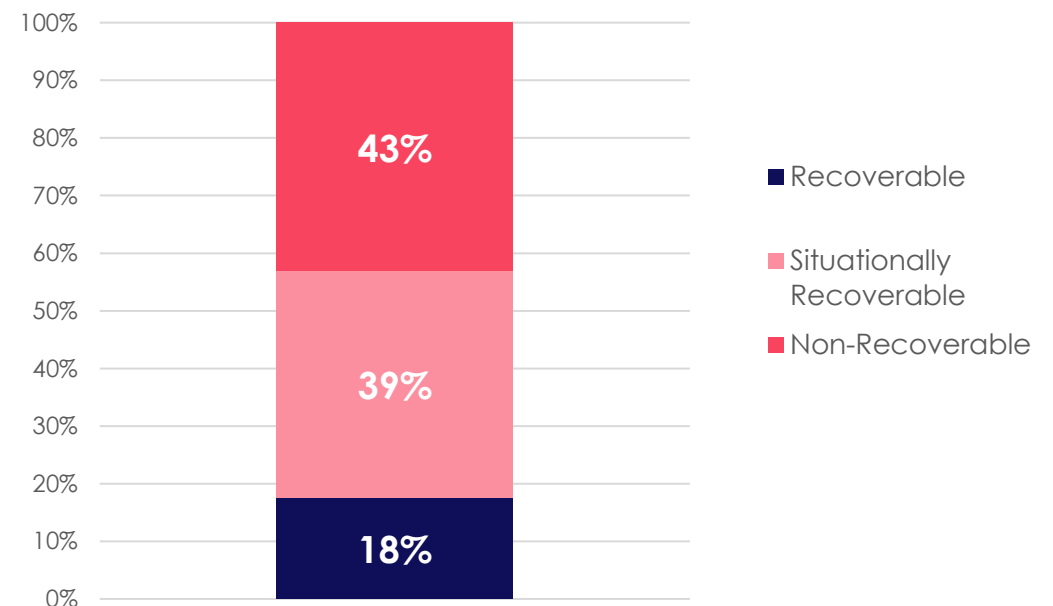
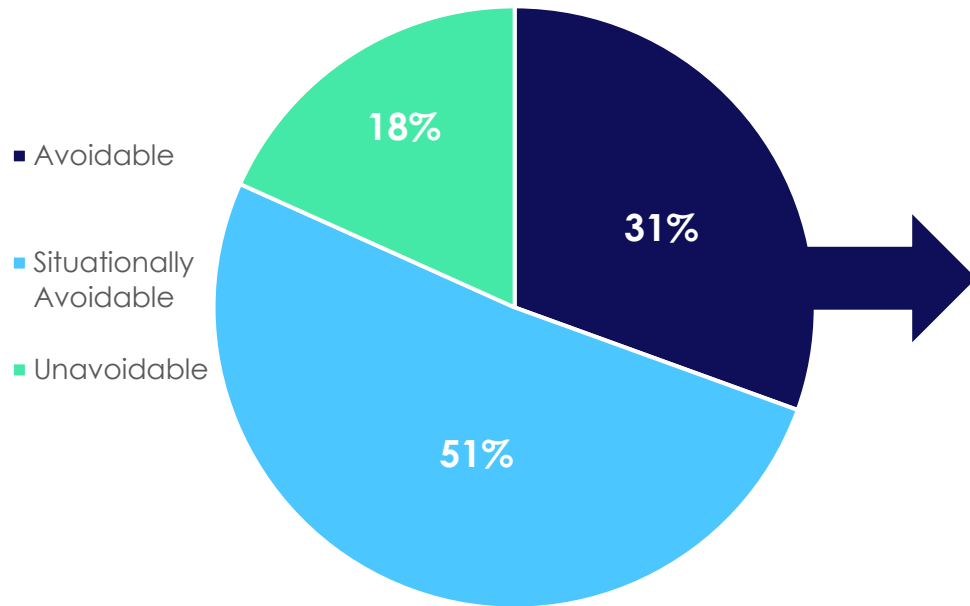


Change Healthcare internal data, 2016-2022
 *Percentages have been rounded

Avoidable and Recoverable Denials

Some Denials Are Preventable

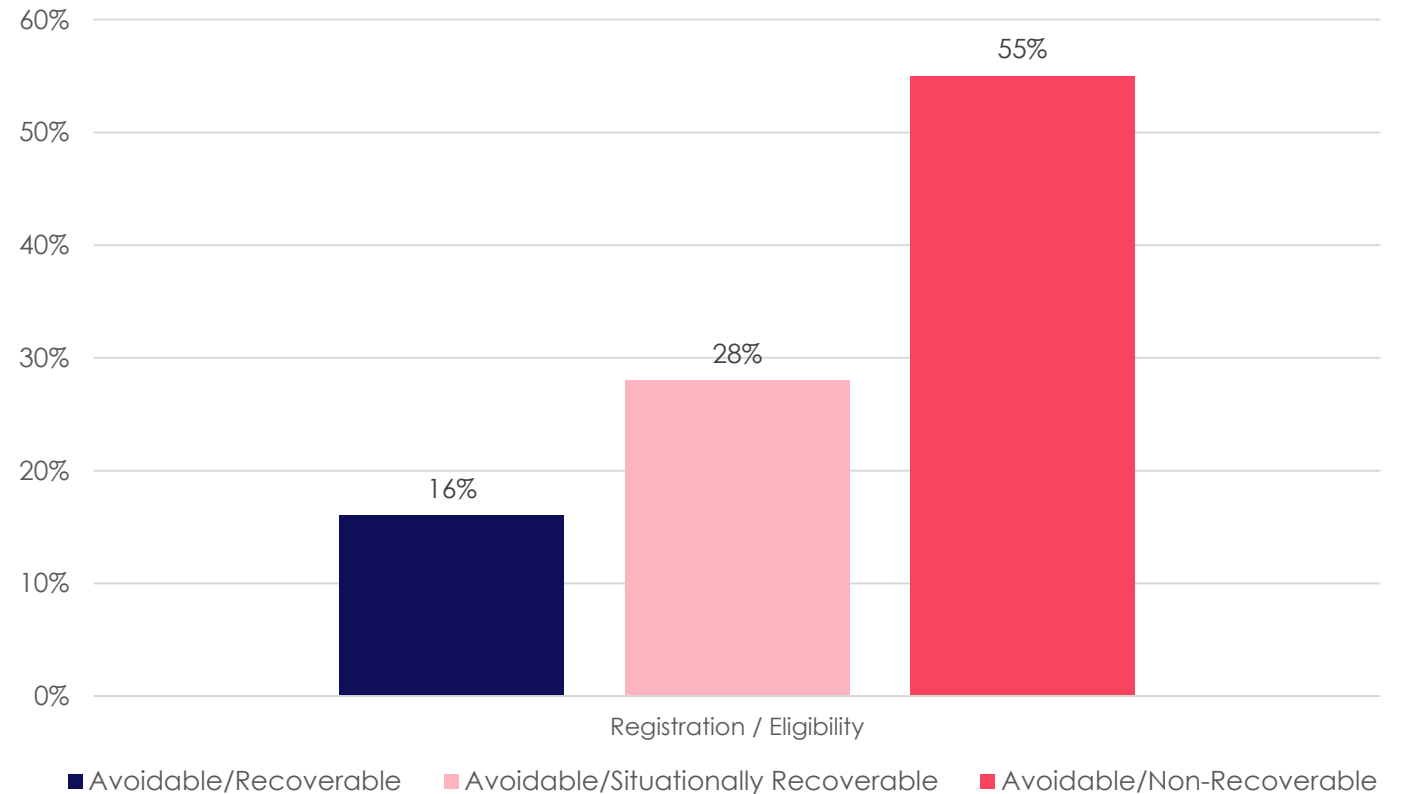
Of the almost 31% of denials that are unequivocally **avoidable**, 43% cannot be recovered. Prevention is the key to avert revenue loss.



Change Healthcare internal data, 2016-2022
*Percentages have been rounded

Registration/Eligibility Denials Are Avoidable

Registration/Eligibility denials make up the largest percentage of avoidable denials, which are frequently non-recoverable.



Change Healthcare internal data, 2016-2022
*Percentages have been rounded

Breakout: Top Denials Root Causes

Potentially Avoidable Denials, Top Root Causes, 2021 Q3 – 2022 Q2

Registration/Eligibility	22%	Authorization/Pre-Certification	13%
Coordination of Benefits	45%	Invalid Authorization	58%
Benefit Maximum	34%	Authorization Denied	30%
Plan Coverage	14%	Services Exceed Authorization	7%
Patient Eligibility	7%	No Prior Authorization	4%
Missing or Invalid Claim Data	16%	Service Not Covered	11%
Unspecified Billing Issue	71%	Service Not Covered	56%
Missing/Invalid EOB	16%	Unspecified Billing Issue	20%
Missing/Invalid Documentation	7%	Managed Care	11%
Invalid Provider Information	3%	Non-Covered Days	9%
Medical Documentation Requested	14%	Other	7%
Missing/Invalid Documentation	97%	Unspecified Billing Issue	99.8%
Medical Records Requested	3%	Primary Insurance Denied Claim	0.1%

Change Healthcare internal data, 2016-2022
 *Percentages have been rounded

Staffing, Volume, and Dated Technology Contribute to Increasing Denials

Staffing issues and inadequate training

- Tight labor market impacts hiring and retaining qualified staff.
- Complexity of denials requires robust training and education programs.
- Clinical staff required to manage growing number of clinical denials.
- Inadequate access to data for root cause analysis and expertise on interpreting it.

Growing denials backlog

- Peak seasons, staffing challenges expand denial backlogs due to timely filing deadlines.
- A focus on remedying individual denials versus analyzing root causes fails to reduce volume.
- Lack of denial prevention strategies on the front end and mid-cycle.

Legacy technology

- Ongoing regulatory changes and constant need to update RCM/HIS systems.
- Workflows not automated for clinical attachments or to manage highest priority denials.
- No, or limited, investment in modern analytics/AI that can automate, intelligently prioritize or augment decision making to improve workflow scalability.

Denial Action Planning

Denials Reduction

A three-pronged strategy



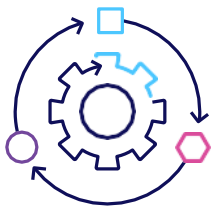
PEOPLE

Training your team to flag and understand root causes will decrease preventable denial rates. Implement proper training, including automated feedback loops providing personalized as well as aggregated insights, to help staff identify trends quickly and prevent unnecessary denials.



PROCESS

Data and insights are only helpful if action is taken. Ensure a proper feedback loop exists so teams take action to improve processes and workflows. Identify opportunities to improve how resources are working or employ technology to supplement or improve productivity of the team and automate workflows to address volume and prioritize work.



TECHNOLOGY

Providers are being squeezed with workforce challenges, higher denial rates, and historically low margins. Technology can reduce the strain and create efficiency in the revenue cycle. Deploy automation and analytics-driven workflow solutions so providers have an opportunity to prioritize and meet the increasing scale at which they need to operate.

People



- Have a **multidisciplinary team** to analyze denial information and manage agreed-upon solutions
 - Key areas of representation – patient access, managed care, case management, health information management, ancillary services and compliance
 - Include examples and discuss root cause
 - Identify opportunities to revise processes or re-train employees.
- Complexity of denials requires robust **training and education**
- **Improve the documentation** of clinical and ancillary services that are provided.
- Regular cadence for denial **discussions with payers**
- If you have limited resources, leverage our expertise to identify and appeal on your behalf.

Process



- Identification using the electronic 835 remittance advice claim adjustment reason codes (CARC) or accompanying remittance advice remark codes (RARC).
- Flagging any underpaid claims
- Running monthly denial reports
 - Access to data is key to identifications
 - Collect data by payer, revenue center, physician, DRG/Primary Diagnosis and other key areas to understand areas for improvement
- Utilize exception base workflows
- Strategize denial prevention during front-end and mid-cycle
 - Fix the denial issue at the source
- Have strong processes to resubmit or appeal claims to receive all or partial payment for services. Track your organization's denial rates, overturned appeals and other indicators of a successful denial management program.

Technology



- Automate denial workflows and reporting
- Review ongoing regulatory changes and update EMR as needed. Create edits in the EMR or our solutions that will identify incorrect information prior to claim submission.
- Our solutions are designed to help prevent denials
 - Clearance Patient Access Suite
 - Assurance Reimbursement Management
 - Acuity Revenue Cycle Analytics
 - Coverage Insight

Q&A

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