Shifting Denial Trends and What They Mean for Your Revenue Cycle Workforce

Sarah Loeffler

Vice President
Thought Leadership & Content

Sloeffler@KnowtionHealth.com

Our Services

Coordination of Benefits Solution

Engage patients to help resolve

65-75% overturn rate with payers

Clinical Denial Solution

Industry-leading technology-enabled service

Employ physicians, nurses, and legal staff to resolve denials

50% or greater overturn rate

Low Balance Solution

Proprietary Resolution Probability Scoring (RPS)

Advanced analytics, automation, contract modeling and workflow technology

Complex Claims Solutions

Motor Vehicle Accident (MVA)

Workman's Compensation

Third Party Liability (TPL)

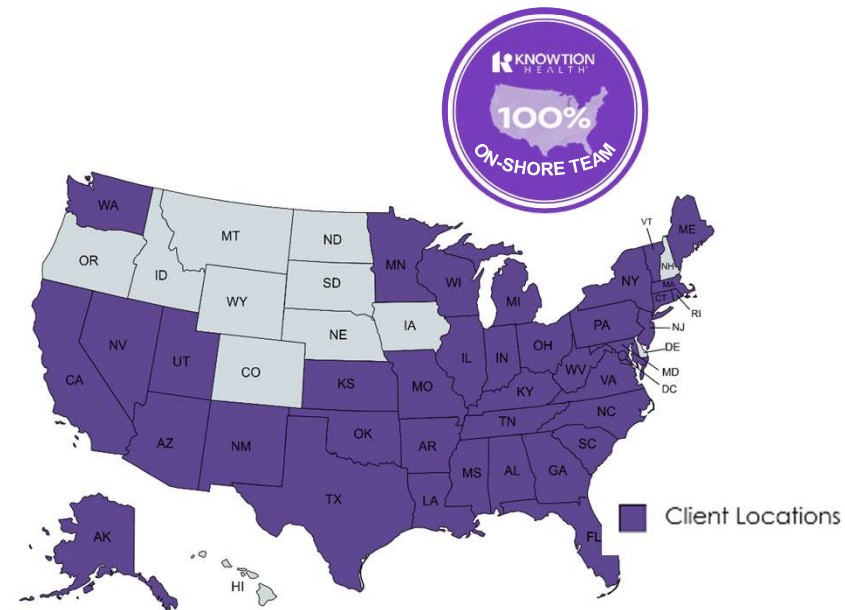Veterans Administration (VA) Claims

Audit Defense Solutions

Defense of audits and prevention of future audits

CDI education and recommendations

About Knowtion Health

Leaders with 25 Years of Healthcare Experience	**Pioneers** of COB Denial Recovery	We work with **20% of the top 100** U.S. Health Systems
Serve over **350 Hospitals** Nationally	Recover more than **$726M Annually**	**Average COB recovery rate is 65-75%**

Client Locations

Atrium Health

INTEGRIS

Allegheny Health Network

Saint Luke's

Yale NewHaven Health

Stanford MEDICINE

OKLAHOMA HEART HOSPITAL
PROUDLY PHYSICIAN OWNED

MedStar Health

Texas Health Resources℠

BJC HealthCare

AdventHealth

Seattle Children's
HOSPITAL · RESEARCH · FOUNDATION

PROMEDICA

UHS Universal Health Services, Inc.

LCMC Health

Agenda

01

Shifting Denial Landscape

Increasing Claims Denials
65%+ Growth Over Past Few Years
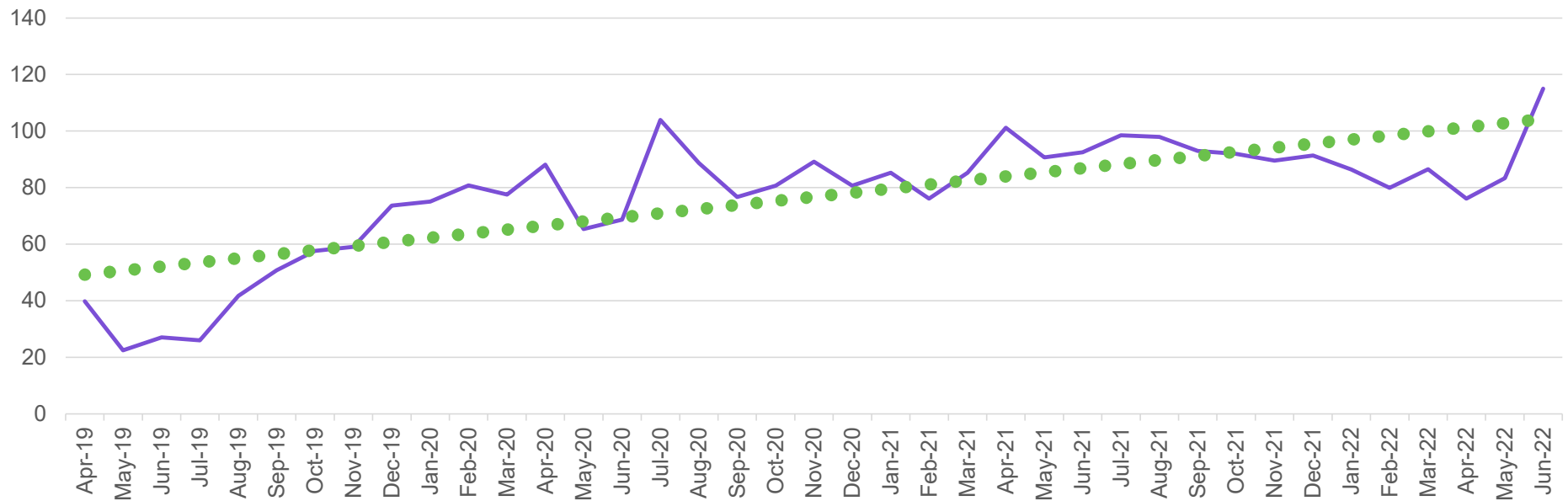
Total Denials

Source: Knowtion Health Business Analytics
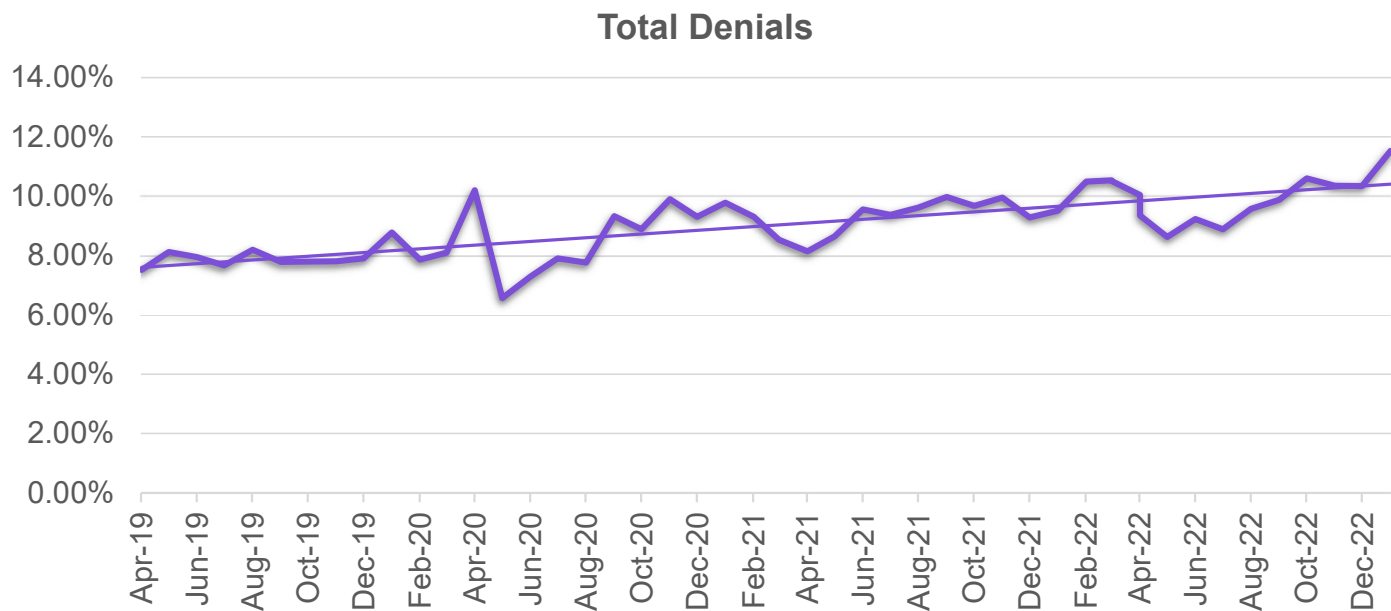
Days to Resolution Is Much Longer

Payers Are Taking More Than Twice as Long for Resolution

Average Days to Resolution

Real-World Impact

Volume and Revenue

That 11% rate = **110,000 unpaid claims for an average-sized health system**

Denials accounted for1.5% of gross revenue in Jan 2021 and increased to **2.5% of gross revenue** in August 2022

02
**Is the Anatomy of
Authorizations & Denials
Changing?**

Recent Allegations on Use of AI

Algorithms Determining Authorizations?

"Although most AI-powered decision-making tools claim to offer only recommendations that are not intended to substitute for clinical or medical judgment or for Medicare law, in the Center's experience, users often **implement the tools' recommendations without any critical examination** of their impact on patients."

—Center for Medicare Advocacy, "The Role of AI-Powered Decision-Making Technology in Medicare Coverage Determinations"

Recent Allegations on Use of AI

Algorithms Determining Denials?

In May, members of the Senate Permanent Subcommittee on Investigations sent letters to **CVS Health, Humana and UnitedHealth Group** seeking internal documents detailing how the companies decide to approve or deny claims, including how the payers use AI in the process.

In July, Cigna received notice of a federal class action lawsuit that alleges the company "**used algorithms to deny payments in batches of hundreds or thousands at a time**," as part of an almost completely automated claims decision process.

Recent Allegations on Use of AI

Algorithms Determining Denials?

The lawsuit says that instead of individual medical review, Cigna relies on its algorithm to review and frequently deny medically necessary claims. According to court records, the system allows Cigna's doctors to "instantly reject claims on medical grounds **without ever opening patient files.**"

Cigna denies the allegations.

With use of the system, the **average claims processing time is 1.2 seconds**.

03
Your Strategy: Impact on People, Process, Technology & Culture

Shifting Demand for More Bodies–and More Skills

Labor Impact

- **Current State**
  - Recruitment
  - Upskilling coding and documentation staff
 - Retention

- **Future Focus**
  - Growing emphasis on using your team where you can get the most value
  - If using vendors, then holding them more accountable
    - Deep KPI tracking
    - Risk-based arrangements
    - Greater transparency into systems
    - Leaning on them for tech investments that are too capital-intensive for you

"Smarter" Workflows Become the Norm
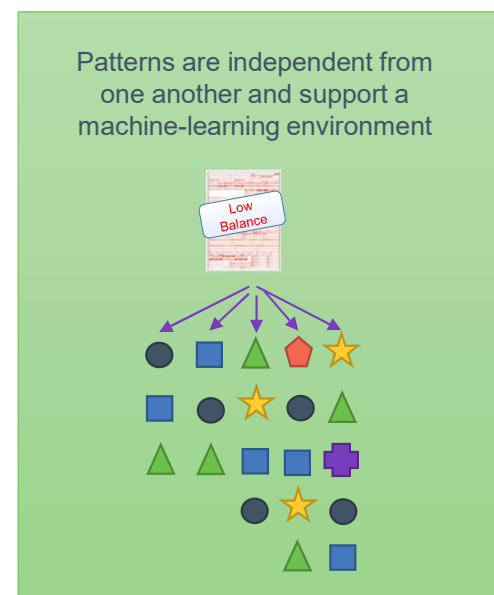
Process Impact

- ### Current State

  - **Rule-based:** Automating rule-based workflows to become faster and more efficient

Rules force first-out actions to drive efficiency

Low Balance
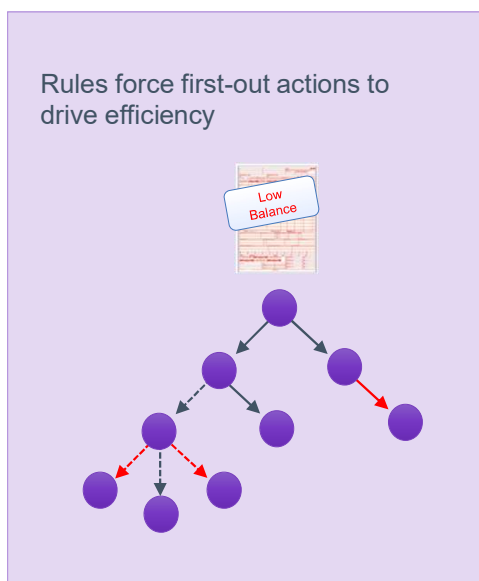
- ### Future Focus

  - **Pattern-based:** Better segmenting and prioritizing workflows to address denials at scale

Patterns are independent from one another and support a machine-learning environment

Low Balance

Getting Better Insights

Technology Impact

- **Current State**

  - KPI reports and dashboards

  - Descriptive reports using historic data to answer questions (i.e., how much payment was recovered through clinical appeal)

  - Cohort analysis that isolates similar denial groupings (looking at payer service line reason code to understand trends)

  - Process intelligence (examining actions step by step to identify gaps)

- **Future Focus**

  - Predictive analytics

  - Unstructured data processing

  - Prescriptive analytics

Source: Deloitte's "Revenue Cycle Analytics in 2023"

Elevating Importance of Denials Management

Culture Impact

- **Current State**
  - "Owned" by Revenue Cycle and managed largely in a silo

- **Future Focus**
  - Alignment with CFO around organizational importance
    - Understanding profitability impact
    - Recognizing level of capital need