

Rewiring the Industry Approach to Clinical Denials

Anthony Felipe

Dave Szandzik



hfma™
louisiana chapter



August 27-29, 2023
New Orleans, Louisiana

Agenda

01

Introduction

02

Key Challenges

03

Rewire Clinical Denials

04

Proactive Approach

05

Conclusion

Introduction

hfma™

louisiana chapter

“ In a recent study, **75%** of participants indicated that **reducing denials is their highest priority**¹ ”

“ Over **100,000 payer policy changes** for coding and reimbursement have been recorded between March 2020 and March 2022¹ ”

“ Denials increased to **11% of all claims in 2022**, averaging 110,000 unpaid claims for an average-sized health system² ”



[1] <https://www.experian.com/content/dam/noindex/na/us/healthcare/state-of-claims-2022.pdf>

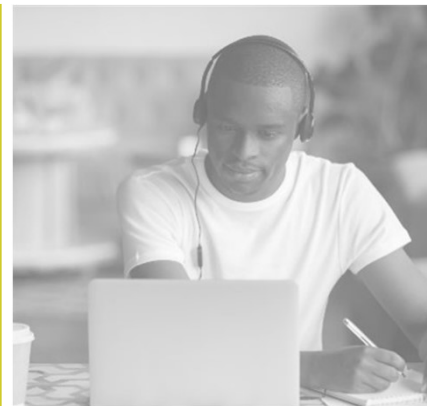
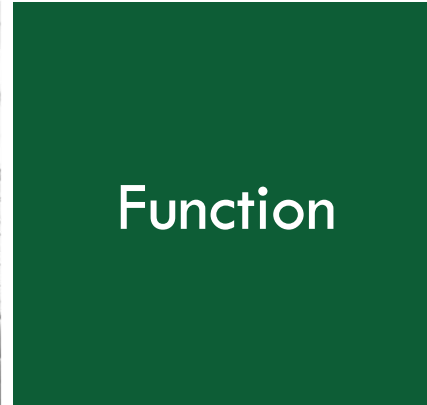
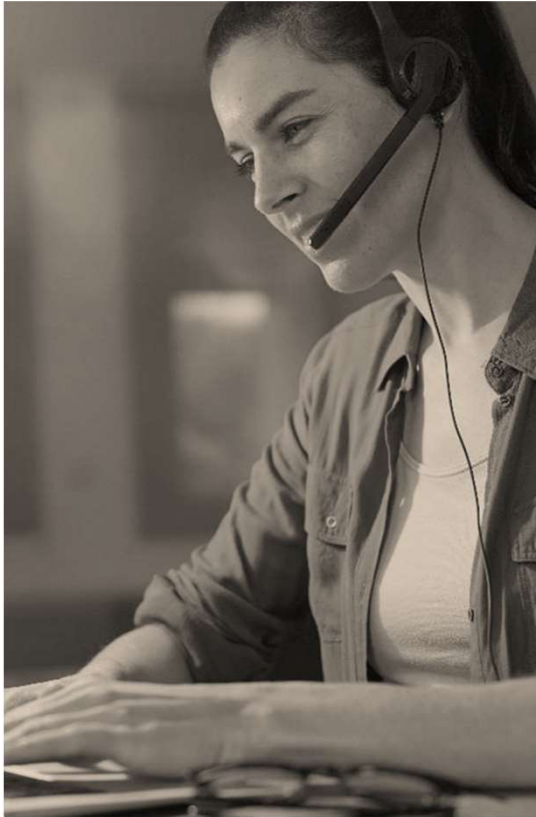
[2] <https://www.crowe.com/-/media/crowe/llp/widen-media-files-folder/h/hospital-double-whammy-less-cash-in-more-cash-out-chc2305-001b.pdf?rev=91d36c682ee744b1ab4bcb56cb769bc1&hash=9A63564E3DBD39914F3674540158857E>

Key Challenges

hfma™

louisiana chapter

Key Challenges



Rewire Clinical Denials

hfma™

louisiana chapter

Foundation for Reducing Clinical Denials



01

Process

Retrospective processes
are not enough



02

Calibrated Talent

Educate and match
expertise to the need
for interacting with
clinical staff



03

Prevention

Establish iron-clad
clinical record to
prevent clinical denials

Rewire Clinical Denials: Things We Can Control



Team

- Specialized Clinical Denials Team
- Team Roles
- Team Development & Education



Contracting

- Contract Terms
- Collaboration with Rev Cycle



Process

- Documentation & Iron-clad Record
- Coordination Across Stakeholders
- Root Cause & Proactive Improvements



Perspective

- Patient Centric
- Payor & Provider Collaboration

Proactive Approach

hfma™

louisiana chapter



RETROACTIVE

Perpetual & repetitive action.
No feedback or root cause on
how to address clinical denials

CLINICAL DENIALS

To prevent and negate the root
causes of clinical denials, those
departments and leaders, including
physicians, must come together to
solve this problem and achieve
record integrity



PROACTIVE

Eliminate clinical denials
through process improvement,
root cause analysis, and data-
driven methods

Clinical Denials Prevention Framework

Identification & Detection

Identify denials by root cause/reason

Root Cause Analysis

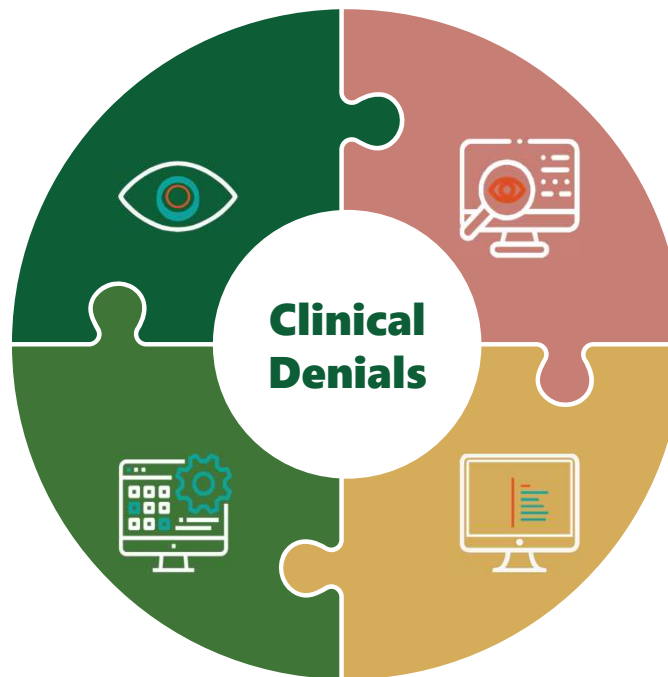
Organize improvement efforts to address root causes

Results Monitoring & Reporting

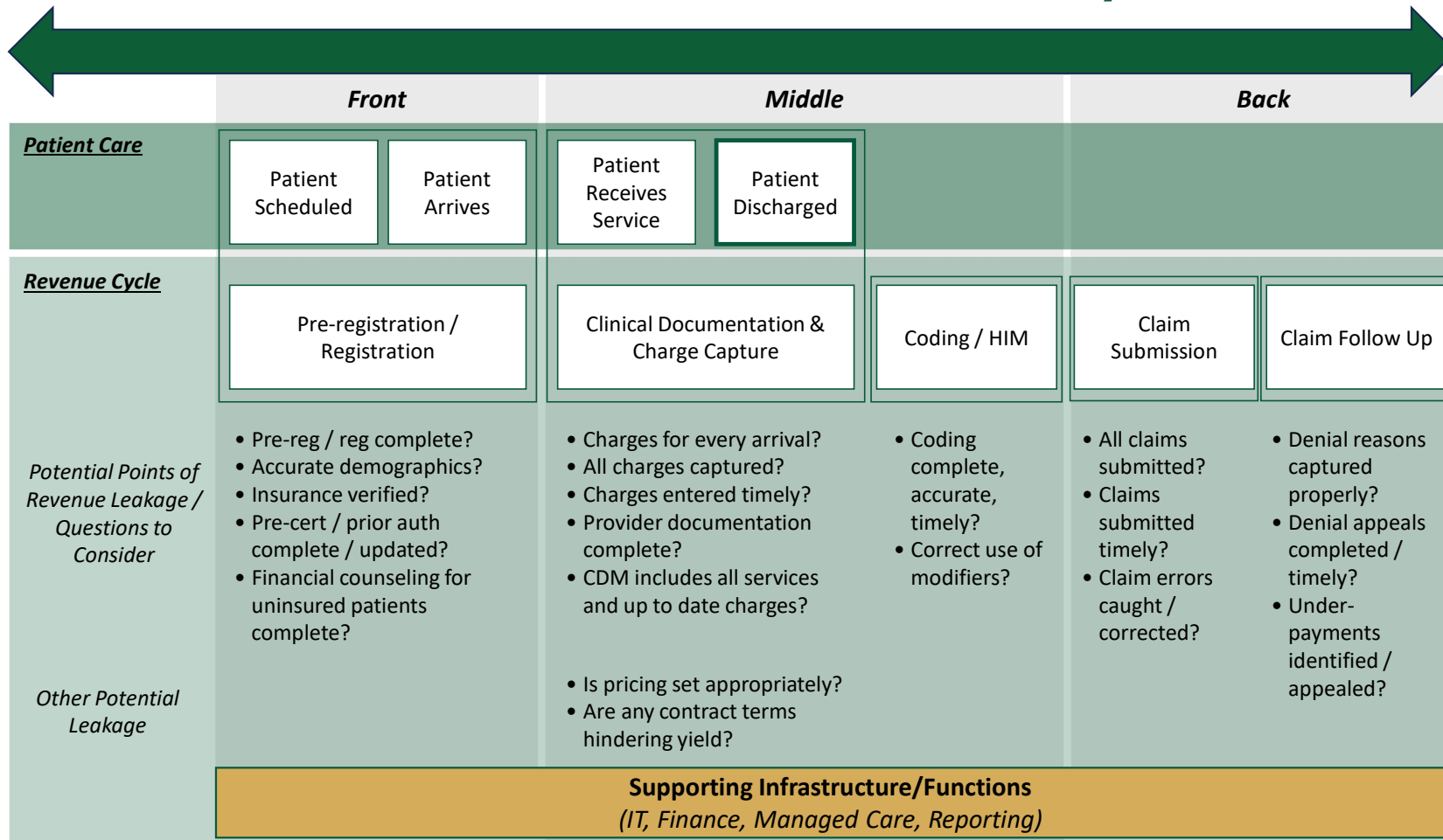
Monitor results and ensure root cause fixes are maintained

Implementation & Execution

Partner with clinicians to implement root cause fixes



The Record - Driven Revenue Cycle



High Performing Clinical Denials Programs



	Operations Component	Ideal State
1	Sponsorship/ Structure /Alignment	<ul style="list-style-type: none"> Established Clinical Denials Unit Alignment & Transparency through Utilization Review Committee. Assigned Physician Champion(s) Coordination with CDI/Quality
2	Process Flows	<ul style="list-style-type: none"> Focus on denials prevention vs. fixing accounts 100% review of cases Concurrent review/appeals
3	Operational Prioritization	<ul style="list-style-type: none"> Clear process from clinical to the rev cycle team for account visibility and management. Technology is optimized through work queues and data transparency
4	Staffing & Staff Allocation	<ul style="list-style-type: none"> Strategic approach to cases reviewed and appealed Appeals per day per FTE >10 Staff Assigned based on expertise/need
5	Education - Staff & Physicians	<ul style="list-style-type: none"> Real time documentation support, with strong physician advisors. Quality Assurance audits & education

High Performing Clinical Denials Programs, cont'd



	Operations Component	Ideal State
6	Payer Relations / Contract Mgt	<ul style="list-style-type: none"> Payer Scorecards <ul style="list-style-type: none"> By CARC Code By Specialty/DRG/CPT Code Underpayments & Denials behaviors
7	Reporting /Metrics/ Feedback	<ul style="list-style-type: none"> Standardized reporting/Scorecards Key Metrics <ul style="list-style-type: none"> Initial Denial Rate < 10% Days from Initial Denial to Appeal = 10 Days % of Initial Denials Reviewed/Appealed = 100% Appeal Success Rate > 70% Actual vs. Expected Reimbursement on Appealed Accounts > 95%
8	Vendor Management	<ul style="list-style-type: none"> Formal, robust vendor mg. program Triage accounts to match task to skill-level Vendor results reporting

Clinical Denials Advisory Committee



Resources with Influence

Bring resources together from key stakeholder groups, including clinical partners

Coordination Across Enterprise

Provide information and data needed to quickly identify problems and root causes

Problem Solvers

Move from “problem fixers” to “problem solvers”

Sample Denials Dashboard



SAMPLE

Reporting Month: May 2023

Initial Denial Volume	% of Initial Denials Reviewed	Appeals Posted	% of Initial Denials Appealed	Days from Initial Denial to Appeal	Successful Appeals	Success Rate on Appeals Filed	Resulting Payments from Appeals	Expected Reimbursement	Actual vs. Expected Reimbursement %
525	60%	175	33%	30	50	29%	\$ 950,000	\$ 1,125,000	84%

Key CARC Codes (Partial List):

39 - Services denied at the time authorization/pre-certification was requested
50 - Non-covered, Medical Necessity
150 - Level of Care
197 - Precertification/authorization/notification/pre- treatment absent
198 - Pre-cert Exceeded

Patient Types Included:

Inpatient
Observation
Outpatient

Conclusion

hfma™

louisiana chapter

2023 Louisiana HFMA Summer Institute



August 27-29, 2023 | New Orleans, LA