

Improving Multi-Hospital Health System's Capabilities to Prevent Payment Denials



Freed Associates developed and implemented a customized solution to help a large provider organization understand the root causes and at-risk dollars for denied claims. Freed then developed an action plan, targeting activities required to streamline future claims payment.

Situation

Healthcare providers recognize that securing prompt, accurate payment for services is critical to an organization's financial health and facilitates the delivery of cost-effective care. Unfortunately, providers increasingly wrestle with payment denials, and struggle to contain the costs associated with identifying and appealing denied claims.

A multi-facility health system knew that a significant portion of their claims were being denied or delayed, but they lacked a consistent means to quantify the dollars at risk across the entire health system. Further, because they collected the denials information from multiple sources, they struggled to aggregate the data in a way that allowed them to identify and target the root causes for denials.

Solution

The client engaged Freed Associates to develop a standardized process for quantifying denials across the health system. The client needed an efficient means to identify the issues and processes that were impeding accurate,

timely claims payment, and the ability to track improvements over time.

In the past, the client classified denials based on generic denial reasons transmitted by payers. However, the denial reasons were not applied consistently by all payers, nor did they identify the true root causes of the denials. Freed overhauled the process and developed a reporting system that quantified at-risk dollars for key breakdown points in the client's revenue cycle. This enabled front-end revenue cycle leaders to quickly recognize root causes and develop action plans to address risk areas.

Freed also worked closely with the client's IT team to develop a consistent and accurate data stream to feed the reporting system. Freed designed a process that achieved the project goals using the client's existing systems and applications, avoiding the need for costly software purchases or implementations.

Throughout the engagement, Freed consultants worked closely with client leadership and staff to ensure effective adoption of the new processes. The team delivered training and performed quality reviews for the staff responsible for flagging denials, and assisted revenue cycle department leadership develop action plans to address the reasons for denied claims. As implementation challenges were encountered, Freed consultants collaborated with the client to develop mitigation plans and revise tools and processes as needed.

Results

Freed's denials reporting solution gave the client its first glimpse into the net revenue impact of denials across the organization. Each facility now uses a common reporting system to assess where faulty processes are placing dollars at risk, and a dedicated denials task force has been established to propose solutions to prevent future denials.

Using Freed's denials reporting system, the client was able to identify approximately \$20 million in denied net revenue for services provided in the first year the system was implemented. More importantly, the reports identified preventable issues that had caused a significant portion of these denials. The client implemented controls to address these issues, and has experienced an immediate reduction in denials.

Client feedback about the reports has been overwhelmingly positive as they provide information that is both comprehensive and easily digestible, especially for departments unfamiliar with claims payment processes. By collaborating with the client, Freed was able to implement concrete solutions that seamlessly added to the client's bottom line, using existing information technology systems.