MDaudit Road Map

Upgrading Denials Management through Audit Analytics
Implementing long-term problem resolution can be particularly effective for healthcare organizations when it comes to denials management. According to some estimates, denials cost healthcare organizations nearly 3% of their net revenue annually. In recent years, denials have grown to encompass 15-20% of the billing value of total claims. That can translate to $6 million for a 200-bed hospital to over $260 million for an 1100 bed facility. In spite of increased attention, however, improving denials management has proven to be difficult. Part of the reason for the difficulty is because of the disconnect between denial creation and root cause resolution. The organization’s business office - billing, claims management, accounts receivables management - is responsible for creating and submitting patient claims to third party payers as well as processing payments, addressing over or underpayments, and resolving the payers delay or denial of payment. Some offices address the delays/denials as they occur, while others may assign to a specialty unit, (e.g.: payment variance unit) who may group the unpaid/underpaid claims by payer and/or reason. Usually denied claims require the business office to seek information from other departments, such as Health Information Management (HIM) or patient admitting/registration. HIM may need to refer to care management or the primary care physician for additional supporting documentation, or to resolve an issue within charge entry or on the charge master. The updated information is then sent back to billing, who may then send to the payer or re-submit a new claim.

The business office is usually not the origin of reason for denial, but is responsible for resolving the denial. Root cause resolution of the issue is often completed without them even knowing an error occurred. The result is that the denial creating process repeats for weeks, months, even years. Top performing providers have built payer delay and denials management teams comprised of process owners (root cause, responsible for addressing process gaps and accountable for implementing corrective actions), responsibility owners (ensure required actions for claims remediation/resolution are completed timely), and senior leadership, who is authorized to administer disciplinary action to ensure accountability. Some organizations have pulled in their compliance teams to work with the revenue cycle group to create automated processes enabling them to dive deeper into the process and get to the root cause of denials. Breaking out of the siloes of the revenue cycle and compliance audit teams to drive a combined proactive approach is proving to be beneficial in reducing expensive denials.

At the core of any successful denials management programs is data management to ensure data integrity, track volumes, time spans, activity, and status for each type of denial, by root cause, process, and responsibility owners. There are four steps to incorporating your compliance team to help upgrade the effectiveness of your denials management program.

An old proverb says if you give a man a fish, he’ll eat for a day, but if you teach him how to fish, he’ll eat for a lifetime. You can apply the same logic to non-conformance issues in business. A transactional approach will resolve an immediate problem, but fixing the underlying process will ensure a long-term solution and minimize a repeat of the issue.
There is no lack of data when it comes to denials. Big data has arrived in the healthcare industry and the amount of data now available grows larger every day. All stakeholders must agree on the true and final source for all data. The EDI transaction set standards 835 and 837 are the industry standards source data for claims for services provided, charges, payments, adjustments, payment delays and payment denials.

Accessing the appropriate data is the first step in implementing a proactive approach to denials management. You must ensure you are selecting an appropriate sample size, something that is difficult to do manually. Using an automated approach to data collection will ensure that you are collecting enough current data to yield relevant trends.

Once you have collected the data, you must configure your systems to allow both the revenue cycle and compliance audit teams to share it. To fully leverage the strengths of each team, they must be working from the same data sets.
An automated audit workflow allows you to focus your efforts on specific areas of denials management. You can select targeted problem areas and randomly pull selected bills for documentation review and critical areas for improvement.

An integrated solution also allows you to set up a central data repository to enable you to track and capture all data in one database for effective audit analysis over time. Having the data consolidated in one place also allows for robust reporting functionality to help communicate to various members on both the revenue cycle and compliance teams. You should be able to automate the distribution of summary reports to senior leadership detailed by process and root cause owners, alerts to all stakeholders based on agreed parameters such as revenue impact, volume of occurrence, age from discharge, days inactivity, and days for resolution.

Collaboration and seamless integration of the audit tool and the organization’s billing systems enables a more effective auditing process.
Acting on the Findings

Analyzing global pools of data rather than individual transaction incidents leads to more effective root cause analysis. This analysis can reveal patterns and uncover flaws in the process that are causing denials issues. You must identify root cause owner and determine or designate a process owner. The next step is developing a remediation plan including action items, impacted areas, and target completion date. Internal audit, finance, and revenue cycle teams should review and approve the corrective action plans.

Finding the problem at the source and initiating appropriate correction eliminates the need to chase individual problems as they occur. This provides a much more effective, long-term solution to denial issues.
Achieving ongoing improvement

The process doesn't end with implementation of corrective action. To ensure the effectiveness of actions taken requires an ongoing review of the process. This continuous monitoring is one of the key benefits to be gained by combining the resources of the revenue cycle and compliance teams. Continuous monitoring is an integral component of any compliance program and implementing it for denials management can be extremely effective.

Defining metrics is crucial to establishing a culture of ongoing improvement. This involves establishing a baseline, setting performance goals and targeting completion dates.

Deploying an automated, integrated solution allows you to systematically target areas where corrective actions have been implemented and establish scheduled audits to monitor the processes involved. This is the best way to prevent recurrence of the problems that are causing denials.
Summary

The source data for denials management must be trusted as the true source by all stakeholders as should the process for tracking, monitoring, analyzing, defining, remediating and implementing. For organizations to dramatically improve their denials management, they need to break down silos between revenue cycle and process owners to leverage the strengths of each. Attacking the problem on a case-by-case basis is labor intensive and often does not address the root cause.

Organizational teams should collaborate with internal audit, nurse audit, HIM, and care management to standardize methodologies and techniques to access, analyze and act on findings at the root-cause level. This will eliminate potential “apple to oranges” comparatives and avoid challenges regarding accountability, data that is misleading, or outcomes that are questionable.

Real accountability must be established and consistently enforced to realize the full value and benefit of a data-driven, goal centric denials management program. Submitting claims that are paid quickly and correctly has always been the primary goal. Any response other than a payment results in lost revenue and/or unnecessary labor costs. Doing it right the first time may not always be possible, but with the right data at the right time with a collaborative team, organizations can proactively address the ongoing challenges of denials management.
Sources

1Hospital Denials Management…Insourse, Outsource or Both, HumanArc White Paper, 2013
Once you’ve established a baseline, the next step is to make improvements by initiating a corrective action program that addresses your people, process, and technology.

**People**

Focus on training and education so everyone in the organization understands the depth and impact of the problem and what their role in solving it should be. Specific actions to take include:

- Establish accountability and self-reporting by root cause owner and process owner
- Set a zero to low tolerance for finger pointing and excuses
- Recognize improvement and determine consequences for unacceptable outcomes

**Workflow**

A thorough process review will help highlight redundancies and time-wasting tasks and will quantify the outcome or performance expectation for each task. The most effective way to improve the workflow process is to eliminate errors that could result in a denial.

Key points to include:

- Develop robust pre-visit/visit management process

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**About Hayes and MDaudit**

Hayes Management Consulting is a leading, national healthcare consulting firm and software developer that partners with healthcare organizations to streamline operations, improve revenue and enhance technology to drive success in an evolving healthcare landscape.

Hayes’ MDaudit™ software automates administrative tasks involved in the billing audit process, dramatically improving productivity and helping healthcare organizations reduce billing compliance risk.

To learn how MDaudit can help you streamline your auditing and compliance program, call 617-559-0404 or email mdaudit@hayesmanagement.com. You can also request a demo at www.hayesmanagement.com/software.