

True Cost of Denials for Critical Access Hospitals

September 19th, 2019

National Rural Health Association



Introduction



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Discussion Topics

Cost of Denials for Critical Access Hospitals

Critical Denial Points in Billing Cycle

Kirby Medical Center – Denial Case Study

Leveraging Analytics

Examples of Targeted Denial Prevention

Who Really Bills Claims?

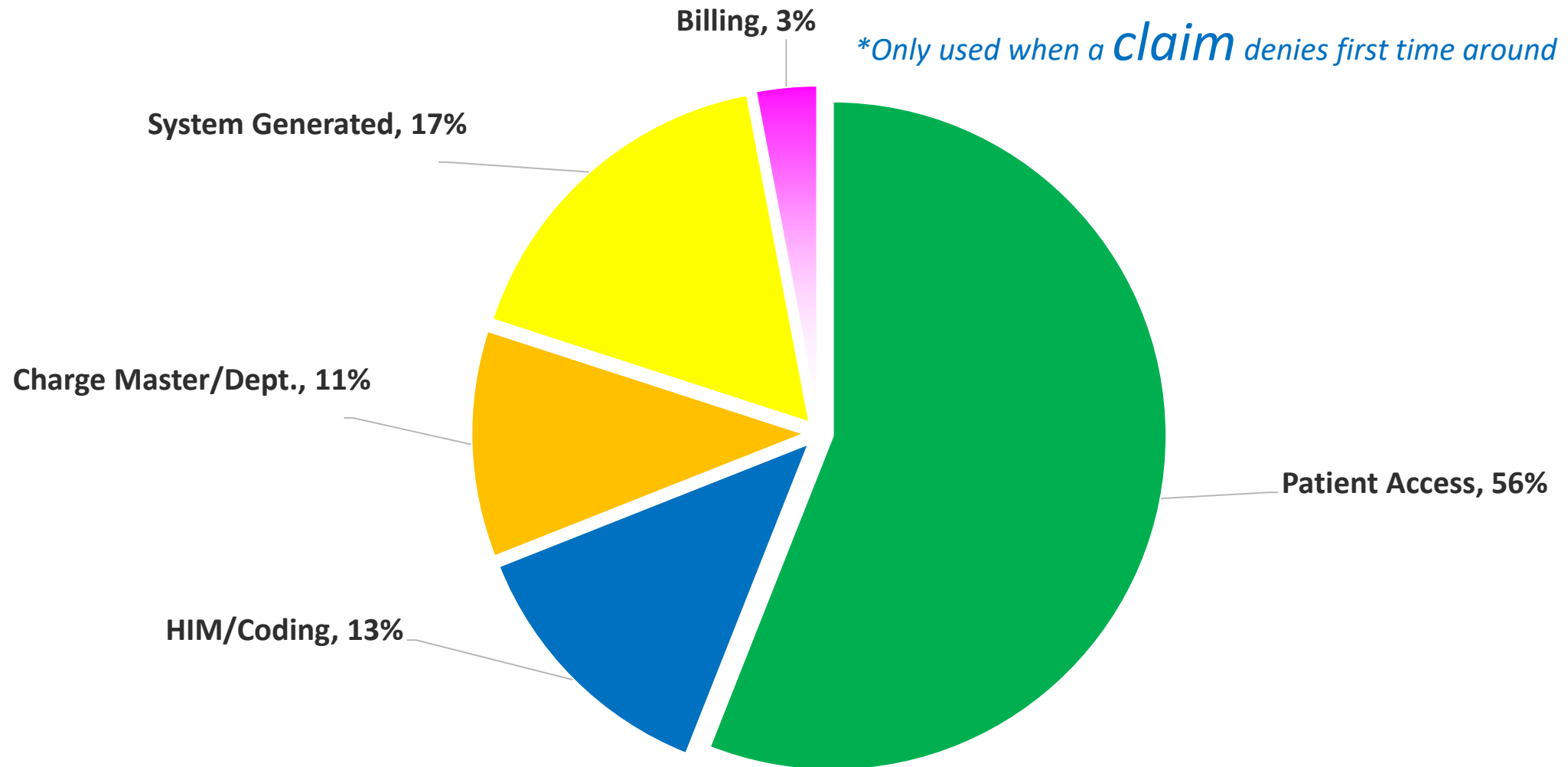
- Green Patient Access
- Blue HIM/Coding
- Orange Charge Master
- Yellow System Generated
- Pink Billing

The image shows a complex medical claim form with multiple sections. The form is color-coded to match the legend on the left. Key sections include:

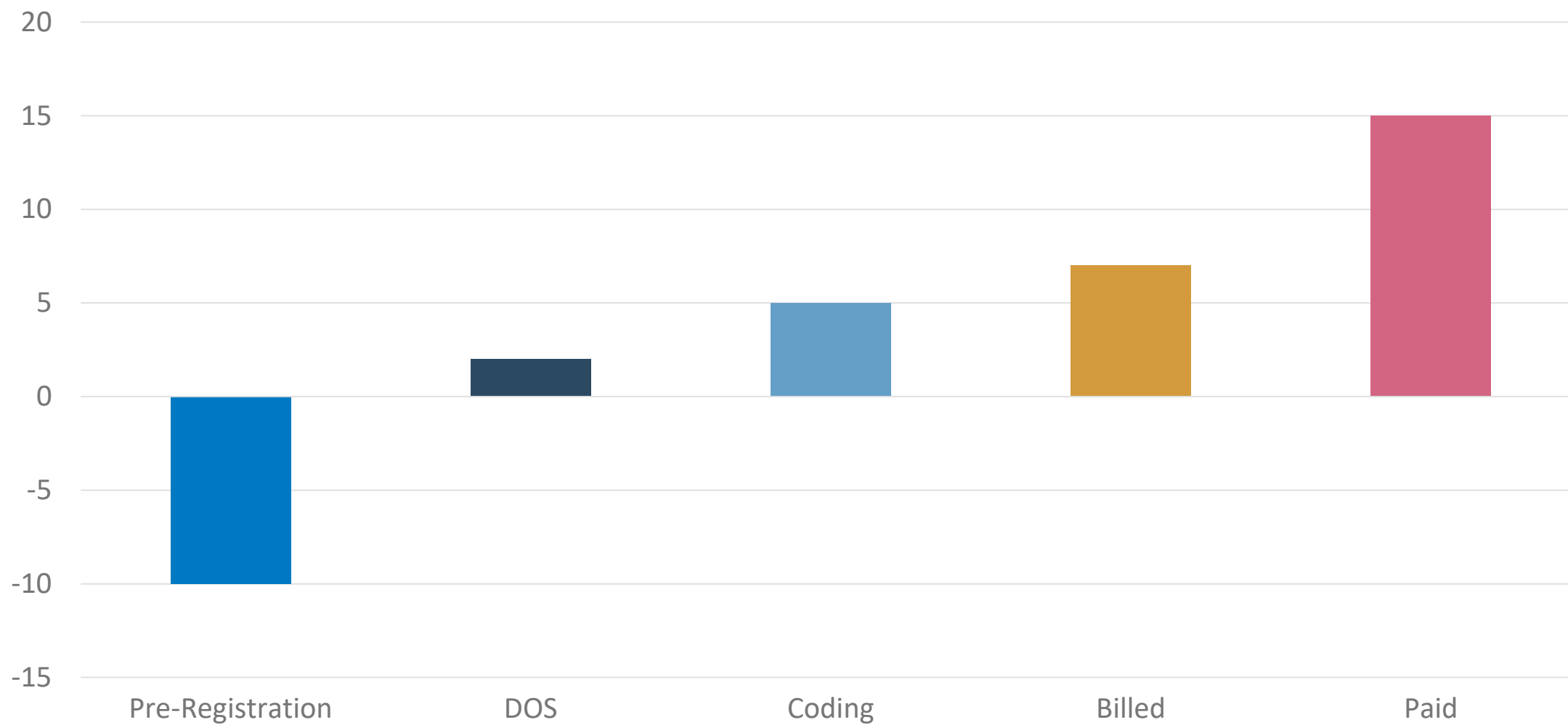
- Green:** Patient Access (top header, patient name, address, birthdate, sex, admission date, state).
- Blue:** HIM/Coding (diagnosis codes, procedure codes, occurrence dates).
- Orange:** Charge Master (value codes, amount, HCPCS codes, rates).
- Yellow:** System Generated (charges, total charges, non-covered charges).
- Pink:** Billing (payer name, health plan ID, insured's name, insurance group, treatment authorization codes, document control number, employer name, remarks).

The form also includes a 'TOTALS' section and a footer with the NUBC logo and reference numbers.

Not the Billing Department



Timeline of a Paid Claim



Payment Turnaround Times

Statement Date To Import

Institutional	Current Month 9.7	Last 6 Months 14.2	Community 18.5
Professional	Current Month 11.0	Last 6 Months 12.7	Community 16.0

Export To Paid

Institutional	Current Month 14.6	Last 6 Months 17.9	Community 17.7
Professional	Current Month 15.6	Last 6 Months 20.6	Community 17.0

Payer Turnaround (3 Months Avg)

Parent Payer	Turnaround
AETNA	80.1
ILLINOIS MEDICAID	54.3
AARP	34.4
MOLINA IL	26.7
MED ADV AETNA	17.4
MED ADV UHC PAYERS	16.6
UNITED HEALTHCARE	16.0
MEDICARE LEGACY PART A	15.9
MED ADV ADVANTRA FREEDOM	15.8
MED ADV HEALTH ALLIANCE	15.4

Claim Turnaround Trend



Provider Turnaround (3 Months Avg)

Provider Name	Turnaround
KIRBY RURAL HEALTH CLINIC ATWOOD	55.7
CERRO GORDO RURAL HEALTH CLINIC	46.9
KIRBY MEDICAL CENTER AMBULANCE	18.3
KIRBY MEDICAL CENTER	11.9
KIRBY MEDICAL GROUP	7.0

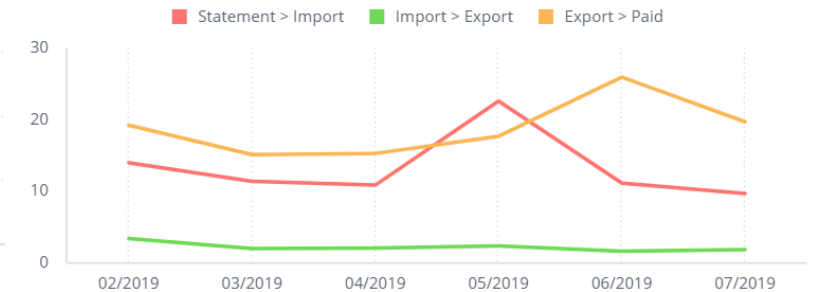
Contract

Current Month

KIRBY MEDICAL CENTER

Current Month

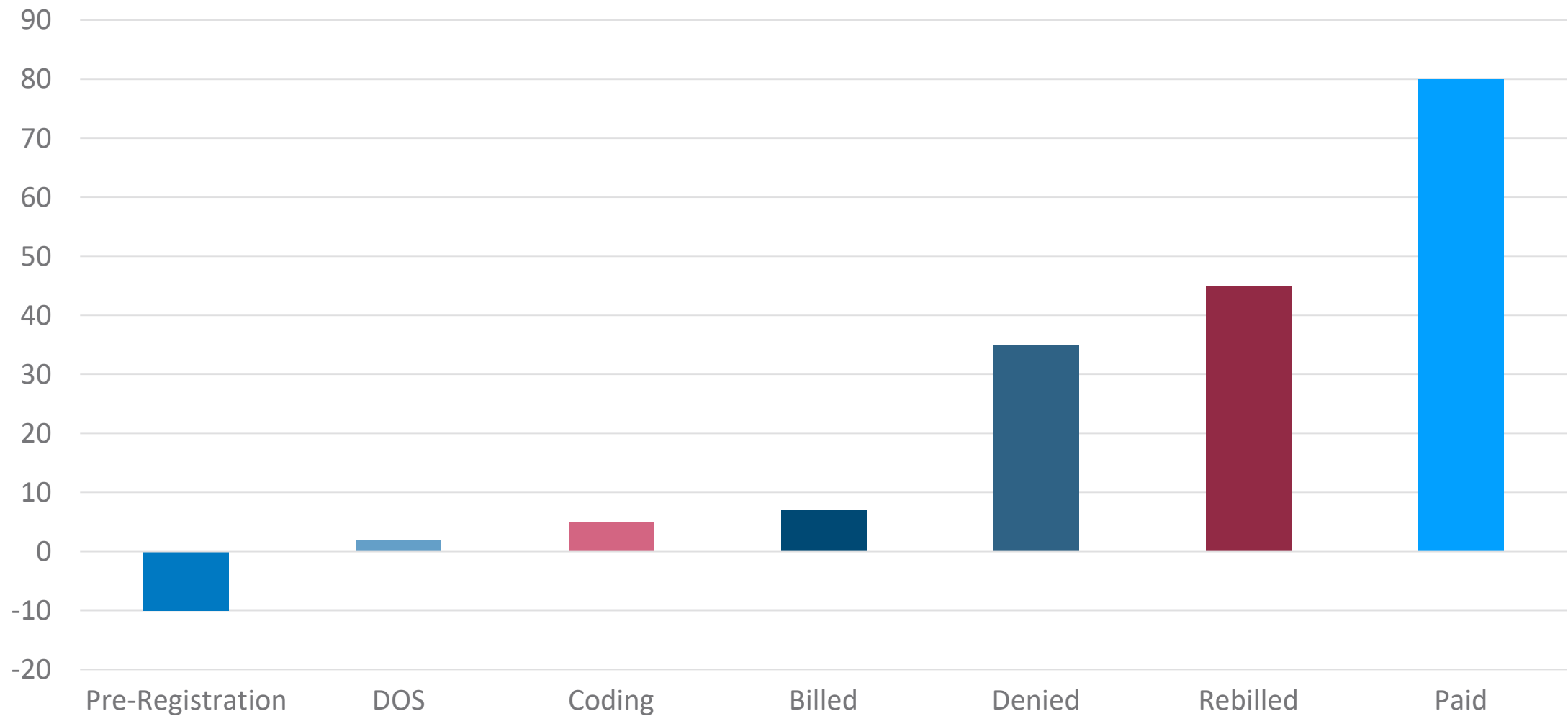
Bill Cycle Trend



Type of Bill Turnaround (3 Months Avg)

Claim Type TOB	Turnaround
711	41.6
132	31.3
133	22.5
22	15.7
23	14.0
131	11.6
11	9.4
851	7.1

Timeline of a Denied Claim



Payment Turnaround Times

If you bill correctly, they will pay

If you bill correctly, they will pay
most claims in 15 days

If you bill most of your claims correctly and keep your
unbilled to less than 7 days, **GDRO in the 30s is easy!**

Cost of Unnecessary Denials

Cost to rework a claim due to denial = \$118

- Denial rates average 10-40% of claims
- Almost 60% of claims rebilled after a denial – DENY AGAIN!

8,000 claims x 20% FPDR = 1,600 denials

1,600 x \$118 per denial = \$188,900/month

1,500 denials worked per FTE per month

Calculating Denial Rates

- How are you reporting denial statistics?

Only denials resulting in write-offs

Service line versus total claim denial amounts

Charges denied as a percent of revenue

Volume of denials being reworked by staff

Anything not paid on first submission

Performance Dashboard

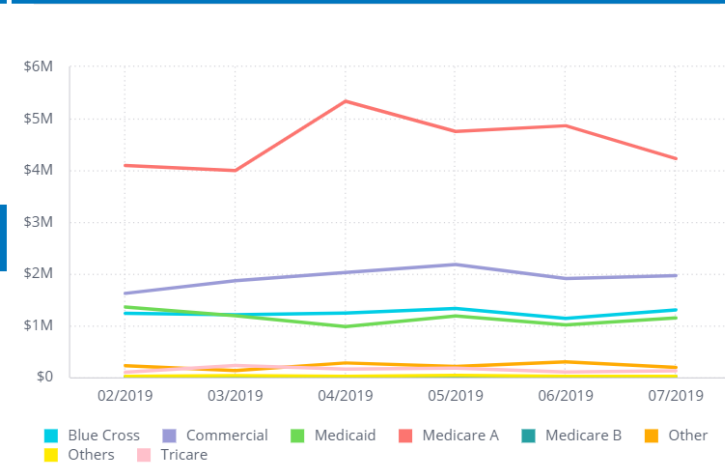
Daily Statistics

Billed Dollars	Current Month \$9.2M	vs 6 Months 11.52%
Collection Dollars	Current Month \$2.6M	vs 6 Months 20.83%

Denials

Denied Dollars	Current Month \$623.9K	vs 6 Months -15.85%
Denied Claims	Current Month 286	vs 6 Months -18.83%

Top Payer Codes Billed

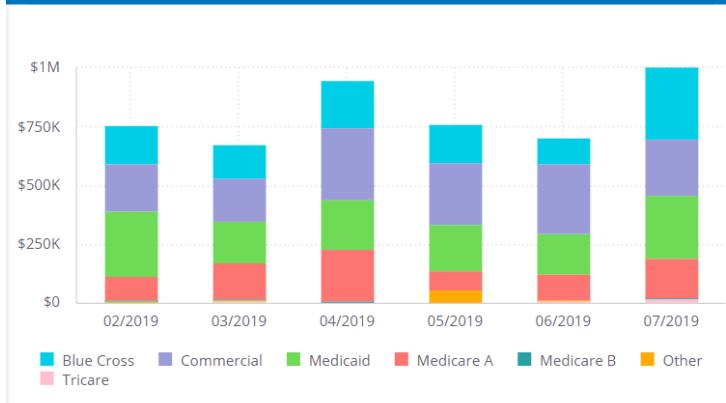


Contract	Current Month
KIRBY MEDICAL CENTER	Current Month

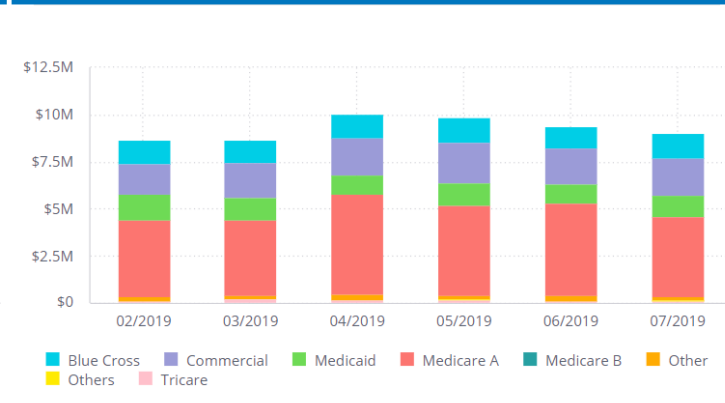
Calculations

Resubmissions	Current Month 5.19%	6 Months 9.28%	Community 2.65%
Denied Dollars	Current Month 5.81%	6 Months 8.01%	Community 8.16%
Denied Claims	Current Month 5.16%	6 Months 6.41%	Community 6.27%
Clean Claims	Current Month 55.81%	6 Months 50.11%	Community 67.87%

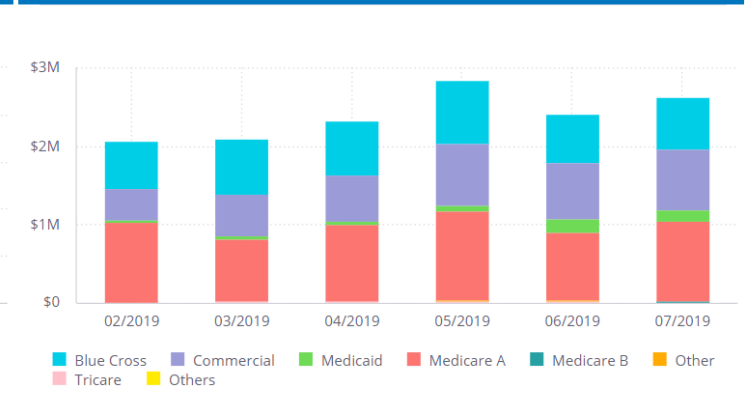
Denied (Dollars)



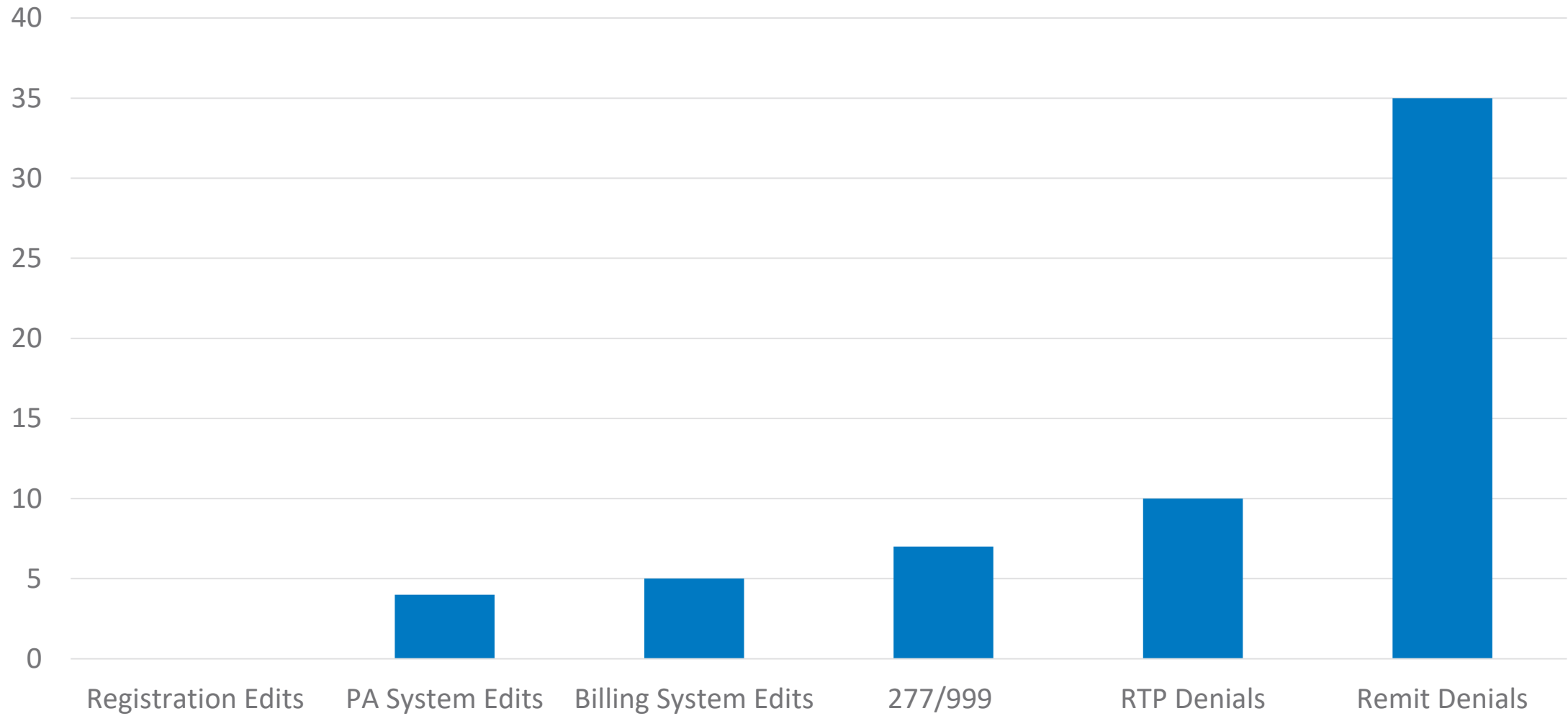
Billed (Dollars)



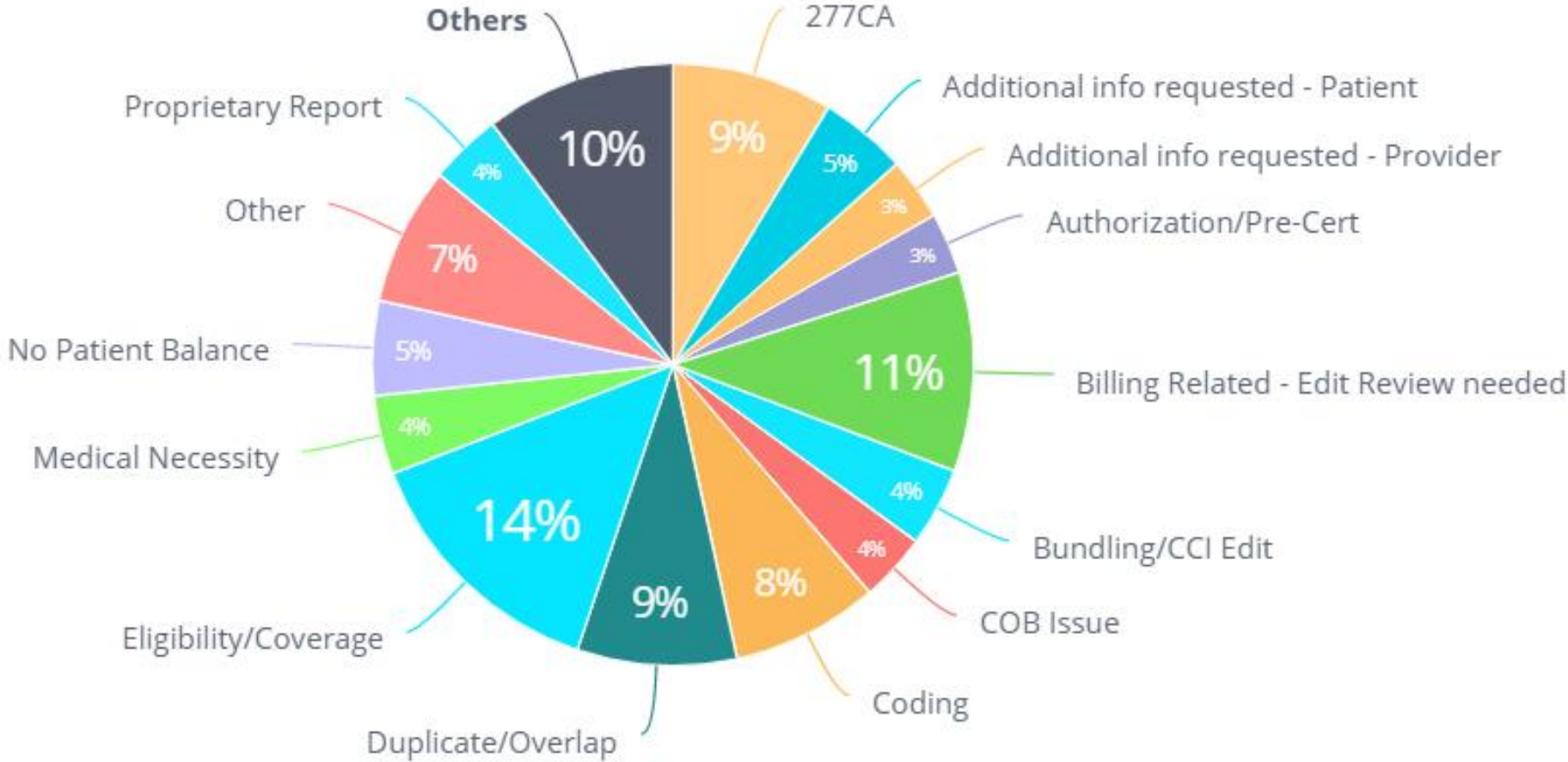
Collected (Dollars)



Timeline of Critical Denial/Edit Points



Sample Denial Report



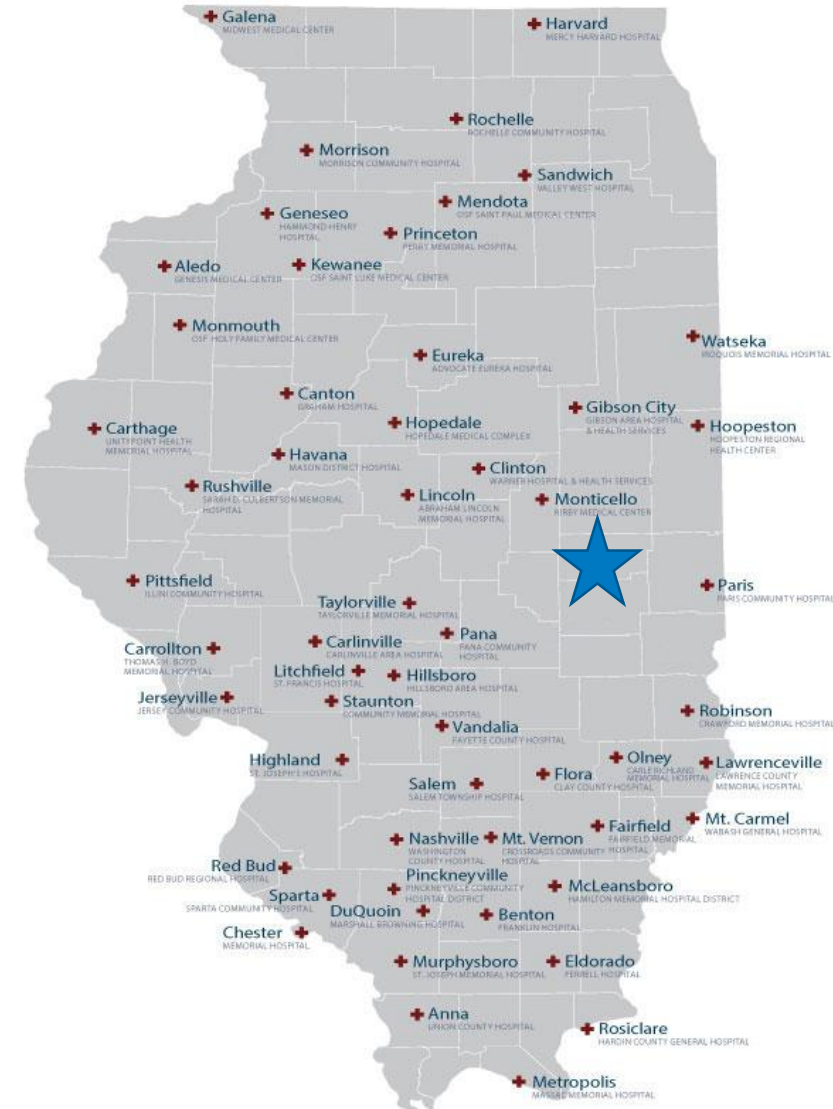
Denials by Category

Denial Category	# of Claims	Total \$ Denied	% of Claims	% of Dollars
Additional info requested - Patient	132	\$ 131,942.51	3.6%	4.2%
Additional info requested - Provider	204	\$ 621,305.48	5.6%	20.0%
Authorization/Pre-Cert	106	\$ 101,816.42	2.9%	3.3%
Benefits Exhausted	42	\$ 33,012.81	1.2%	1.1%
Billing Related - Edit Review needed	785	\$ 308,042.52	21.6%	9.9%
Bundling/CCI Edit	98	\$ 14,184.00	2.7%	0.5%
COB Issue	284	\$ 109,451.93	7.8%	3.5%
Coding	112	\$ 55,211.77	3.1%	1.8%
Duplicate/Overlap	461	\$ 854,248.06	12.7%	27.5%
Eligibility/Coverage	756	\$ 297,024.26	20.8%	9.6%
Exceeds Frequency	51	\$ 45,073.67	1.4%	1.5%
Medical Necessity	72	\$ 211,779.28	2.0%	6.8%
Other	191	\$ 109,688.08	5.3%	3.5%
Other Facility Overlap	37	\$ 5,638.18	1.0%	0.2%
Provider Enrollment	41	\$ 11,518.50	1.1%	0.4%
Timely Filing	264	\$ 197,471.87	7.3%	6.4%
Grand Total	3636	\$ 3,107,409.34		

Critical Access Hospital Denial Reporting – Case Study



- Kirby's Journey
- Studer Principles
- Every staff member has a voice



Putting Data to Work

- Where do I start?
- What are the easy fixes?
- What can be fixed in our EMR versus the Clearinghouse?
- Set goals each week to meet a reduction in denials.
- Accountability from start to finish.



What Reports Should I Use?

- Weekly and monthly reports from efficientC:
 - Top 10 Reasons, Claims on Hold, Denial Details
- Weekly and monthly adjustment reports from your EMR:
 - Administrative, Timely, Non-Covered, No ABN

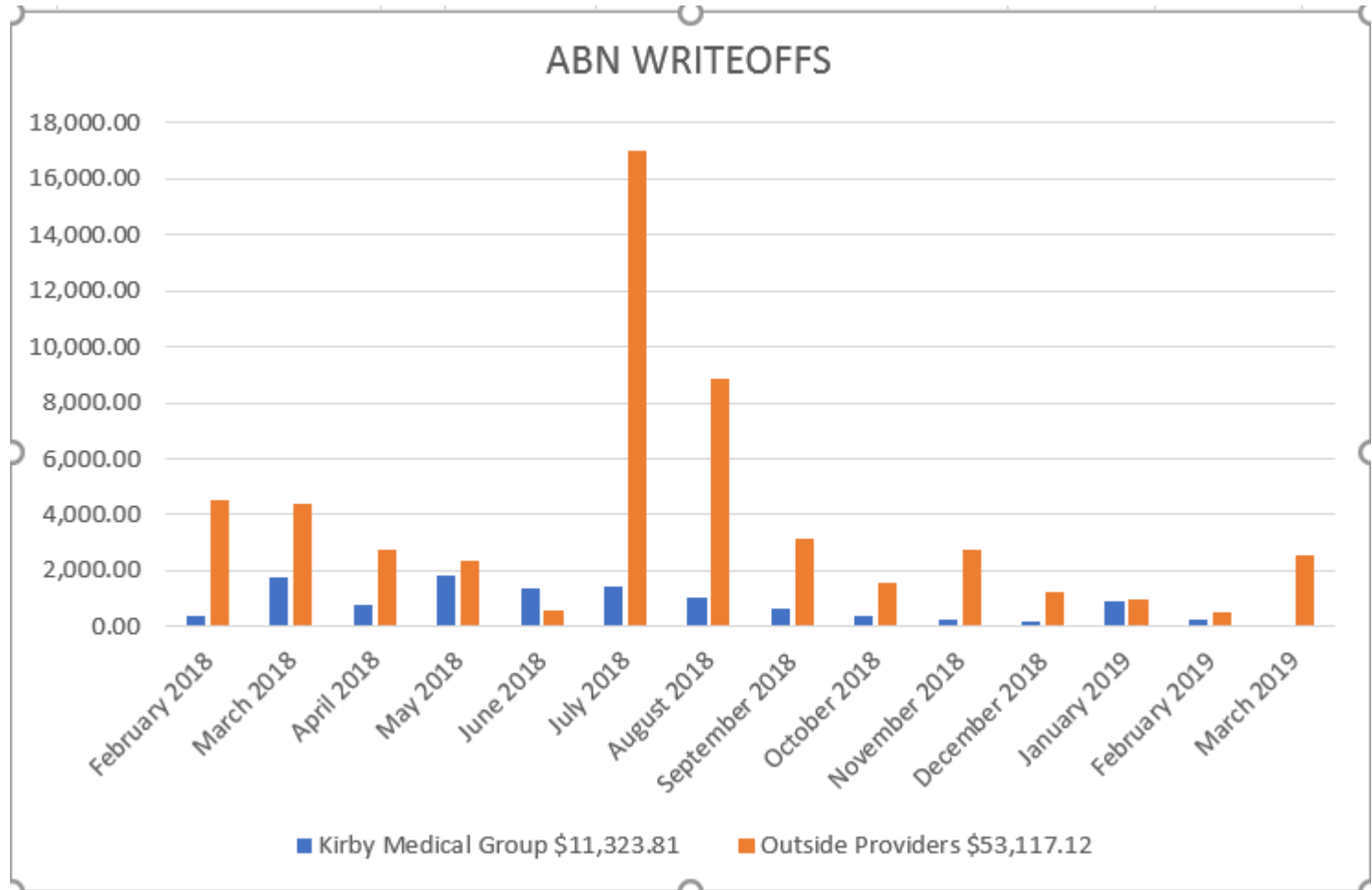
Going Beyond the Data

- Committee created to discuss denials as well as patient concerns.
 - Directors, Chiefs, and Super Users
- Sub-committees to focus on specific denials
 - ex: No ABN's, Surgery Codes
- Education to registration staff and providers as needed.
 - Eligibility Verification day of the visit
 - Attend Med Staff meetings



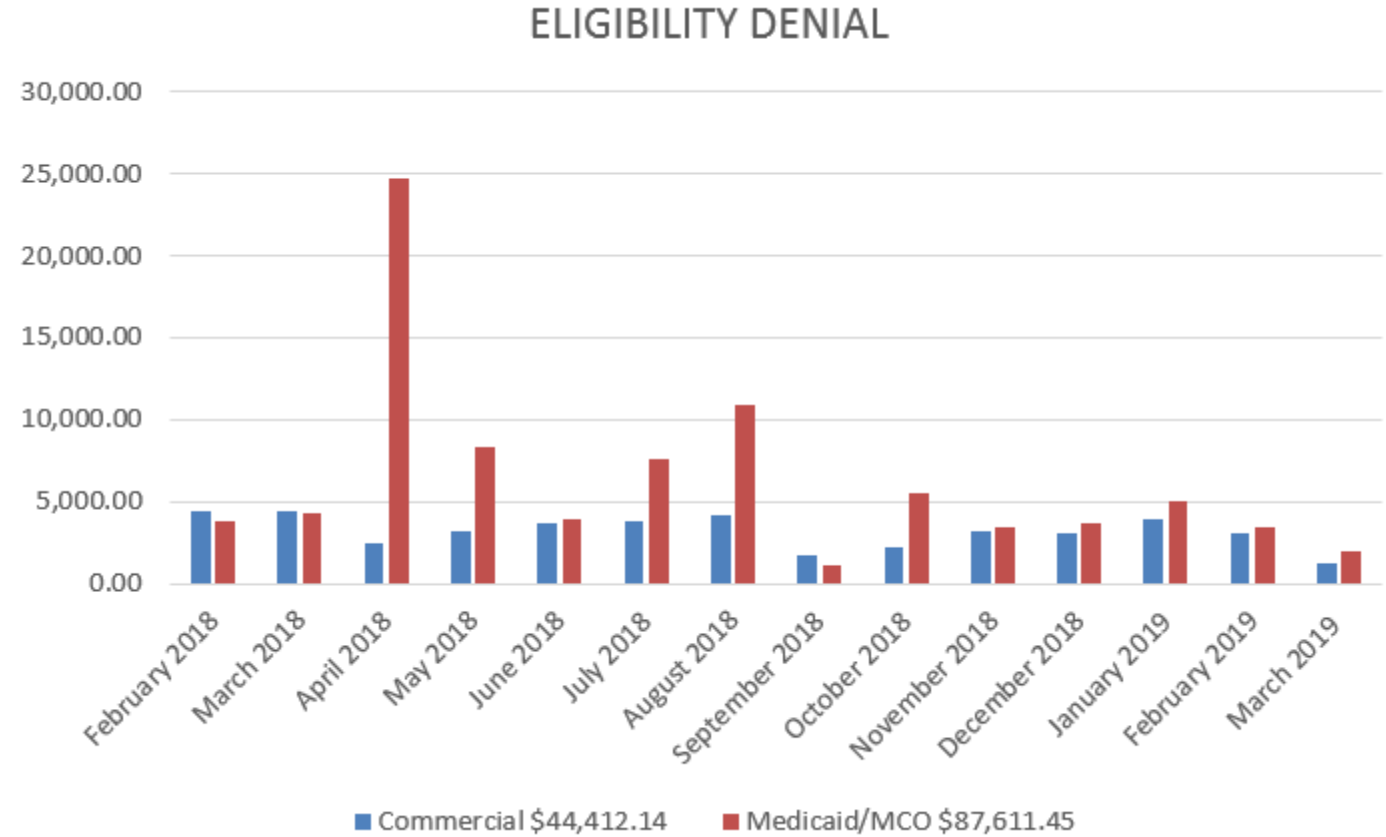
ABN WRITEOFFS

Date	Kirby Medical Group \$11,323.81	Outside Providers \$53,117.12
February 2018	399.64	4,532.23
March 2018	1,783.96	4,373.67
April 2018	798.25	2,769.87
May 2018	1,829.77	2,349.78
June 2018	1,399.76	568.16
July 2018	1,416.43	16,986.01
August 2018	1,044.26	8,834.80
September 2018	673.53	3,132.22
October 2018	413.26	1,578.83
November 2018	233.04	2,721.73
December 2018	200.85	1,212.53
January 2019	898.02	979.13
February 2019	233.04	522.21
March 2019	0	2,555.95



ELIGIBILITY DENIALS

Date	Commercial \$44,412.14	Medicaid/MCO \$87,611.45
February 2018	4,385.00	3,759.00
March 2018	4,412.00	4,246.00
April 2018	2,460.00	24,731.96
May 2018	3,194.02	8,275.24
June 2018	3,728.00	3,938.00
July 2018	3,837.12	7,582.50
August 2018	4,187.00	10,940.55
September 2018	1,681.00	1,074.00
October 2018	2,252.80	5,487.20
November 2018	3,149.80	3,403.40
December 2018	3,029.40	3,684.40
January 2019	3,892.00	4,985.20
February 2019	3,028.00	3,475.00
March 2019	1,176.00	2,029.00



Denial Management

Track all denials by payer



Use system reports – Zero pay posting with ANSI reason and remark codes



Select highest volume and highest dollar denial reasons each month to focus on reducing or eliminating



Add required registration fields, coding, prior authorization and billing edits or system holds to prevent claims from billing with incorrect data

Workers Compensation

W/C Denials – Records Requests

- 100% verification and send records with initial claim.
- If verification is missed, edits hold claim and biller verifies before releasing with records.
- If unable to verify with W/C, bill patient or bill health insurance.

No Authorization Denials

Communicate authorization requirements with staff responsible for obtaining it

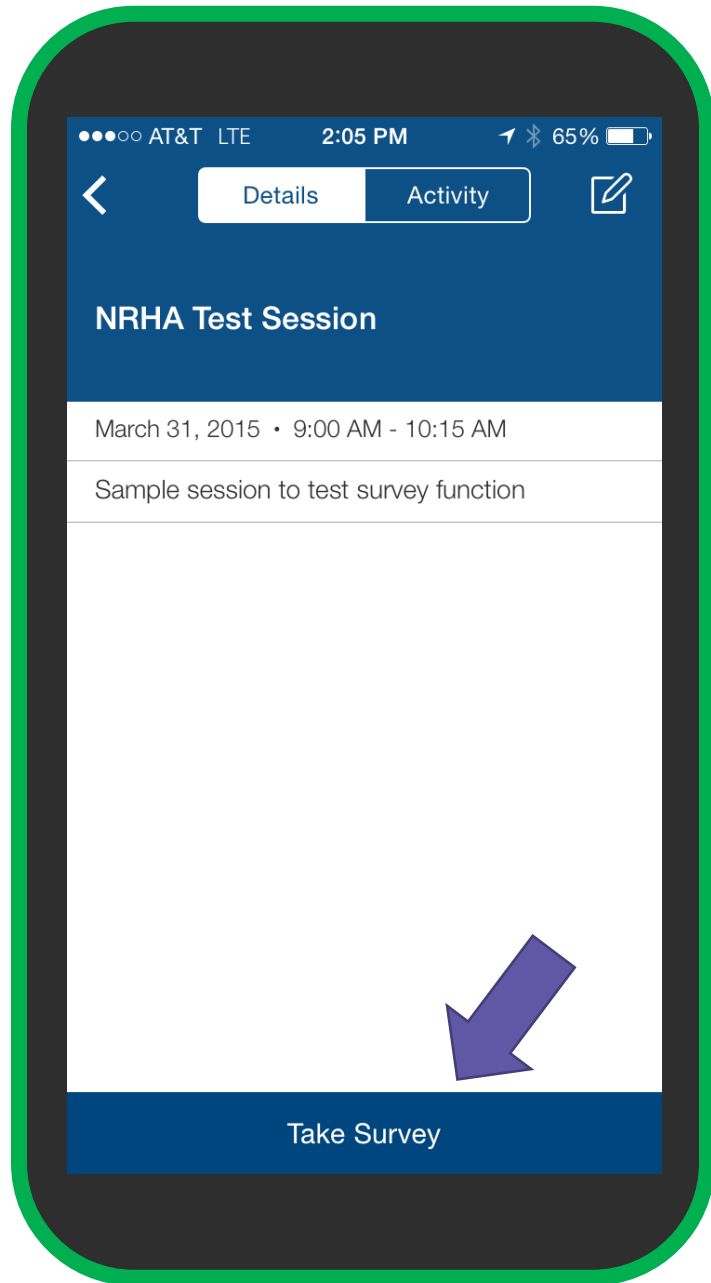
Make sure contracts are clear on what requires authorization

Design edits to look for payers/services that require authorization

Stop claims with no authorization before billing

Questions





**Remember
to complete
your survey
before you
leave this
session.**

Thank you!

Thanks for joining us!

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