



5 Reasons

Denials Prevention

Should Be a Top Priority for 2018

With ever-mounting financial pressures, healthcare leaders are examining their systems performance to identify the most impactful cost-cutting initiatives. While many hospitals consider denials management a necessary evil, new data has revealed just how damaging denials can be to the bottom line. Managing claims denials after they happen isn't enough anymore - **prevention is now key.**

Why should you prioritize denials prevention in 2018?

Reason #1

Lower margins are a new reality

Hospitals' median operating margin decreased from

3.4% → **2.7%**

in fiscal year 2015

in 2016^[1]

The trend is expected to continue due to:



- ✓ Rising pharmaceutical costs
- ✓ Rising labor costs
- ✓ Reimbursement changes
- ✓ Uncertainty in state health insurance exchanges

Health systems must be **more proactive than ever** when it comes to **protecting revenue and preventing unnecessary expenses.**

[1] Becker's Hospital Review 2017 | Moody's: US nonprofit hospitals see decrease in median operating margin
<https://www.beckershospitalreview.com/finance/moodys-us-nonprofit-hospitals-see-decline-in-median-operating-margin.html>

Reason #2

Denials rework and write-offs are costing you money

WRITE-OFFS:

Healthcare organizations' annual loss from **denial write-offs ranges from 1-5% of net patient revenue.** For an average 300-bed organization, 1% can equate to

\$2-3 million
annually.^[2]

REWORK:

Denial rework costs providers roughly

\$118
per claim.



Hospitals across the country
lose approximately \$262 billion per year
on denied claims from insurers.^[3]

[2] Beckers Hospital Review 2016 | 4 ways healthcare organizations can reduce claim denials
<https://www.beckershospitalreview.com/finance/4-ways-healthcare-organizations-can-reduce-claim-denials.html>

[3] Modern Healthcare 2017 | Insurance claim denials cost hospitals \$262 billion annually
<http://www.modernhealthcare.com/article/20170627/NEWS/170629905>

Reason #3

Denials impact patient experience, which affects reimbursement

70%

of patient respondents

who gave the **highest ratings to their quality of care** during the past two years **also gave high ratings to their billing and payment experiences**^[4]



When a patient gets an unexpected bill,
it negatively affects their outlook on the hospitals in your system.

[4] Transunion 2013 | TransUnion Healthcare Survey Finds Consumers' Perception of Quality Care Correlates to Billing Experience
<http://newsroom.transunion.com/transunion-healthcare-survey-finds-consumers-perception-of-quality-care-correlates-to-billing-experience/>

Reason #4

Denials prevention is a top priority for your peers in both small and large systems

Preventing denials and underpayments

81%

Top Priority^[5]

14%

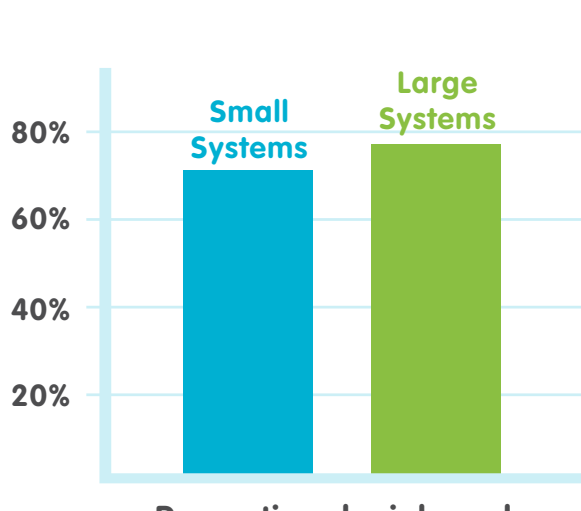
#1 Initiative^[5]

61%

Top Five^[5]



Top Initiative
Among Respondents
from Small and Large Systems



Preventing denials and underpayments

[5] Connance 2017 | What Keeps Healthcare Finance Executives Up at Night?
<http://www.connance.com/wp-content/uploads/2017/01/connance-wp-hospSurvey.pdf>

Reason #5

Denials don't have to be a given

90%

of denials are preventable^[6]

Many of the root causes of denials stem from **front-office functions, such as scheduling and registration**, and from the **limits of manual approaches to claims processing.**



31%

of orgs are still managing denials manually^[7]

With better staff training and supporting technology, you can prevent denials up-front.

[6] Advisory Board 2014 | An ounce of prevention pays off: 90% of denials are preventable
<https://www.advisory.com/research/financial-leadership-council-at-the-margins/2014/12/denials-management>

[7] RevCycle Intelligence | 31% of Providers Still Use Manual Claims Denial Management
<https://revcycleintelligence.com/news/31-of-providers-still-use-manual-claims-denial-management>

Healthcare systems striving to prevent denials need a combination of the right processes, staff and technology...



and sometimes **technology** can help with the processes and staff.