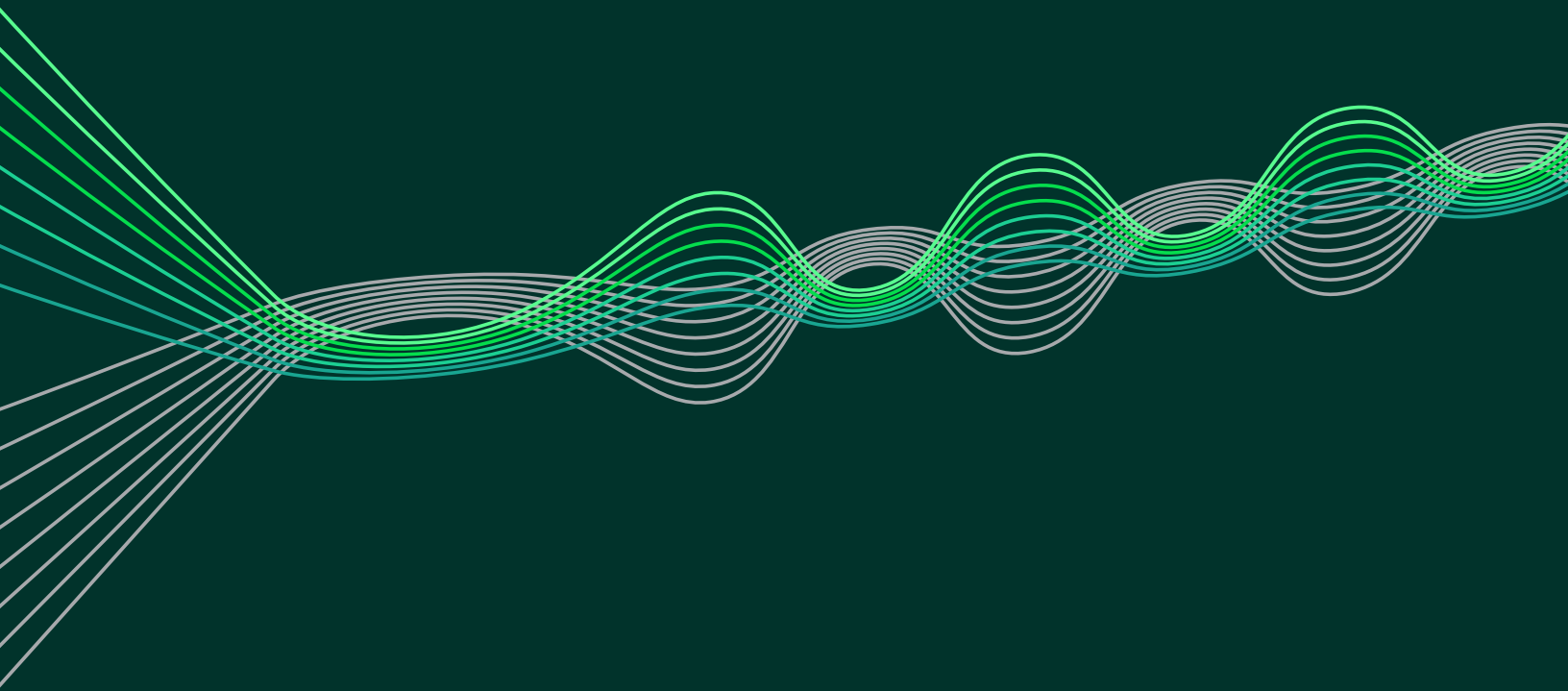# Uniting denials data silos with a unifying thread

Clinical denials pose a significant challenge for hospitals and health systems, creating a ripple effect that impacts cash flow, delays payments and strains revenue cycle teams. Many hospital executives and revenue cycle managers find themselves grappling with a lack of visibility into denials data as information often remains siloed across teams.

According to an industry report, incomplete and or incorrect data is the top reason for health system denials. This absence of this data leads to confusion as to who is responsible for denied claims and which team should re-submit clean claims, ultimately resulting in revenue loss.

What can be done to unite these silos? Let's explore the reasons behind data silos, the benefits of a proactive approach and practical steps to make this transition—ultimately helping you fashion a more efficient and resilient revenue cycle.

# The hidden costs of denials management

According to a Change Healthcare report, *"about 10-15% of claims are denied, and each claim denial can cost a healthcare organization anywhere between $25 and $118 to rework, depending on the complexity of the claim and the time it takes to resolve."* Additional insight from the report shows that denials have increased by 23% over the past five years, with 86% of denials being potentially avoidable. The cost to appeal claims can consume up to $9 billion in administrative costs annually for U.S. hospitals.

The costs associated with denials are a reality hospital executives face daily and can impact cash flow, margins and the overall financial health of an organization. But, when it comes to managing a health system effectively, it is not only about lost dollars. Operational strain on revenue cycle teams is a real concern. Staffing shortages mean hospitals must find ways to improve efficiency, including doing more with the same or fewer staff. Solving these struggles calls for a proactive, integrated approach to denials management that breaks down silos in denials data and across teams.

## 10-15% of claims are denied

## 23% increase in denials over 5 years

## 86% of denials are potentially avoidable

# Why is denials data often siloed?

Coding, clinical documentation integrity (CDI) and other revenue cycle teams often work in isolation, each with their own view of denials data. These team silos can create barriers to understanding the root causes of denials, resulting in slower response times and missed opportunities for preventing denials in the first place. Furthermore, the lack of data visibility created by these silos can lead directly to delayed payments, increased administrative burden and decreased efficiency. How can you unite team workflows and achieve this data visibility?

# Breaking down silos, creating a common thread:
## Joining forces with a proactive denials management solution

Claim denials are one of the biggest pain points in the healthcare revenue cycle. The manual process is time consuming and costly. Automated denial management systems are becoming more prevalent, helping providers thread together the process of identifying, evaluating and preventing denied claims. *"For hospitals and health systems, the impact of rising initial denial rates runs deep. According to an American Hospital Association report, 35% of hospitals and health systems reported $50 million or more in lost revenue due to denied claims."*

A proactive denials management solution can also help knit together communication channels among teams, uniting previously siloed views on denials. Even better is a solution that integrates and seamlessly fits into the coding and CDI teams' current processes and workflows. Benefits include:

- **Real time data insights:** Visibility into denials trends and patterns, empowering teams to address issues before they result in lost or delayed revenue.

- **Faster payments, healthier cash flow:** Proactive denials management can lead to faster payments and smoother cash flow, reducing the financial strain on hospitals.

- **Reduced rework and appeals:** Integrated solutions can significantly cut down on the time spent chasing appeals and reworking claims, allowing stretched teams to focus on more strategic tasks.

- **Return on investment:** According to data published in Definitive Healthcare, the average net patient services revenue (NPSR) for the top 50 highest earning hospitals and health systems is more than $3 billion. With 60% of revenue coming from inpatient services, impacting just 1% of NPSR by reducing write offs from mid-cycle denials, could add $18 million to the bottom line. This includes the cost to review, query, appeal and rework those claims.
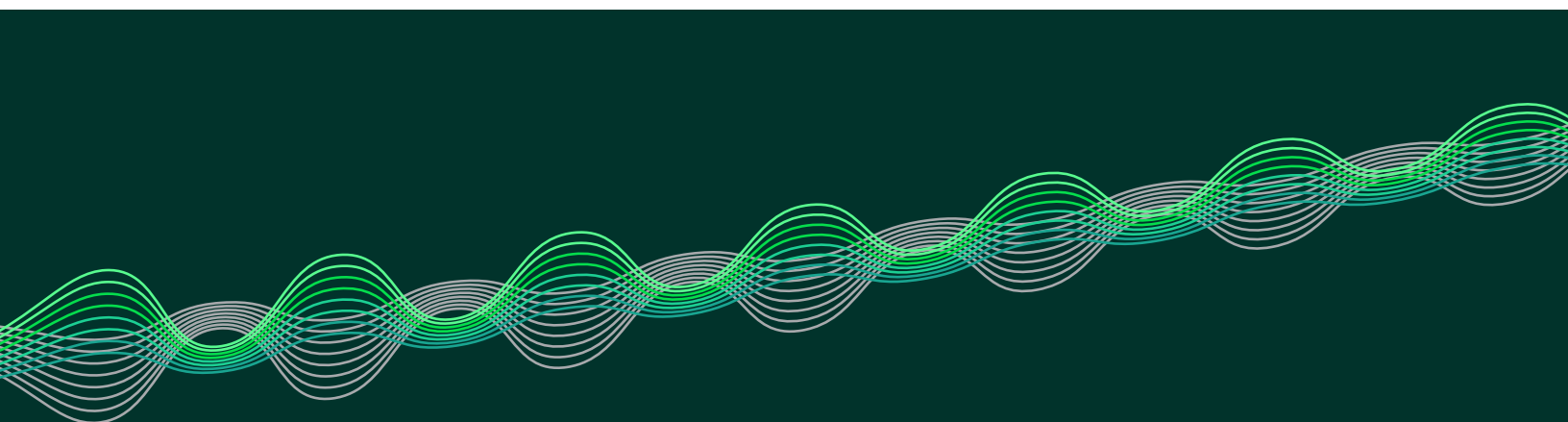
# Making the transition—Practical steps for revenue cycle teams

### First

Your teams can go from putting out denials fires to preventing them altogether.

### Second

Your team can start analyzing trends in your denials data in order to understand the root causes.

### Third

Teams can use clinical and financial insights within the current workflow to help ensure documentation and coding are addressed prior to submission.

### Result

Minimize denials.

One analysis showed that nearly $20 billion was spent in 2022 by hospitals and health systems trying to repeal overturned claims.

## What are the differences between traditional, reactive denials management and a proactive approach?

Organizations that adopt proactive denials management strategies have reported a lower first pass denial rate than those organizations who are focused on tasks on the back end such as working denials and submitting appeals.

# Are you ready for a more proactive approach to denials? Start here:

### Evaluate your current state

Create a self-assessment checklist to identify where silos exist in the denials process.

- Meet with a focused team of physicians, data analysts, and CDIs
- Focus on a single, high priority and actionable problem area
- Review data at your organization and any technologies that are never used or may be ineffective
- Understand blind spots that can be removed with increased data transparency

### Choose the right solution

What should you look for in a proactive denials management solution?

- Ease of integration with existing systems
- Data transparency
- Real-time reporting capabilitites

### Follow best practices for a smooth implementation

Here are a few quick tips on how to pull off a successful launch.

- Involve key stakeholders
- Set up metrics to track success
- Provide regular education and training

# Building a future-ready revenue cycle

Reduce denials stress and take the next step toward a more streamlined, financially sound revenue cycle. Solventum is your strategic partner in this journey, offering the tools and expertise needed to break down data silos and unlock the full potential of mid-revenue cycle processes.

Solventum™ Revenue Integrity System analyzes documents and clinical data to provide proactive, real time insights and strategic recommendations for intervention directly within revenue cycle workflows – making denials prevention part of what your team does every day.

See how this solution can address your specific challenges.

## Contact Solventum today

For more information on how our software and services can assist your organization, contact your Solventum sales representative, call us at 800-367-2447, or visit us online at **Solventum.com**.

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