

Case in Point: Appealing Managed Care Claim Denials . . . and Winning 86%

Problem Definition

This health system serves a major metropolitan region and has over dozen member facilities with an aggregate 2,000-bed inpatient capacity. These facilities range from large, urban, acute care and behavioral health centers to rural sites with fewer than 100 beds. In early 2000, it was apparent to management that denials from managed care contracts were leaving *in excess of \$6,000,000 in billings uncollected each quarter*. In fact, the real depth of this system’s denial problem was difficult to appreciate, as different processes in each member facility hindered accurate system-wide assessment and follow-up. Management, however, knew that *cash flow needed improvement*.

Actions Taken

Human Arc’s PayerLogicSM Denial Solutions service was contracted in 2000 to begin with the largest member facility: *analyzing and appealing managed care denials*, collecting data, identifying common problem sources and establishing benchmarks and best practices. Member facilities gradually have been added to the PayerLogic plate until, at present, denials from a majority of affiliated sites are being appealed by the service.

Early in 2001, the client began looking to the PayerLogic Denial Solutions service to help it by *systematically addressing information needs* as well. The service is now supplying the system’s management with precision-targeted denial data. Regular reporting is identifying potential payer contract concerns along with patient access and case management issues. Areas in the hospitals that need better data management and control are now being tracked and accurate measurements are under analysis. Quarterly regional management meetings are also underway to establish best practices.

Results

Through the efforts of PayerLogic Denial Solutions, the system is realizing **millions of dollars in additional reimbursements**. So far, of \$12.3 million in PayerLogic-appealed denials, the system already has received payment on gross charges of \$10.5 million, an impressive **86% success rate on all viable cases**. The breakdown by type of denial is as follows:

Item	Human Arc appealed denials	Payments received on gross charges of	Success rate
Authorization	\$10,200,000	\$ 8,900,000	87%
Medical necessity	831,000	566,000	67%
Technical reasons	884,000	709,000	80%
Documentation	403,000	357,000	89%
Total	\$12,318,000	\$10,532,000	86%

Upshot:

Since 2000, this health system has **boosted its cash flow by many millions of dollars** at the same time that it has gained **much more focused, accurate information** on its denial issues and how to address them. Human Arc’s PayerLogic Denial Solutions created an invaluable win-win situation for this client in just over a year’s time, and set the stage for **system-wide process improvements** thereafter.

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