

- **Title:**

***An integrated approach to Denial management: Increase reimbursement, build value and optimize patient experience.***

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- **Objective of program:** A six-month project to analyze medical necessity managed care denials in two suburban community Hospitals and optimize denial management workflows to achieve a minimum of 10% decrease in Denial volume at each site.

- **Planning/research methods:** The initial steps were to identify key stakeholders including finance, Hospitalists and case management and to obtain accurate data about medical necessity denial numbers along with the total volume of inpatient admissions categorized by payor on a monthly basis. This helped establish a baseline to track any outcomes from the improved workflow. We used a 22-month baseline to account for skewed inpatient numbers during the Covid pandemic. Lean process improvement techniques were used to map the current and ideal future states at each site and a pareto analysis helped identify bottlenecks, silos and gaps that resulted in inefficiencies in the denial management process. Software tools provided real time data on payor communication that was shared openly with all the key stakeholders.

- **Implementation methods:** At each site, we identified 5 main managed care payors that drive volume and initiated an interactive process for clinical communication. We identified gaps within our workflows for case review and payor communication and put a new process in place for each site. We eliminated silos in our current workflows and built a Physician/case management education process that facilitated closed loop communication in a real time/transparent manner.

- **Results:** Within the first month of implementation, we saw a dramatic decrease in inpatient denials at the first site. Medical necessity denials dropped to 40% of baseline. The improvement was sustained throughout the 6 months of the project. Denial percentage measured against commercial admission numbers was 13% at baseline and dropped to 6% within the first month. It was as low as 3% through the project. The second hospital also exceeded the target with denials at 70% of baseline within the first month and as low as 45% during the project. Denial percentage which was 18% at baseline, again dropped as low as 6-8% during the project. Observation numbers and Observation LOS tracked as counterbalance metrics did not change significantly. The post appeal financial savings from this project for the region were estimated at approximately US \$ 400,000 and certainly would have been higher if pre appeal numbers were considered along with the satellite effect on patient satisfaction and LOS management.