

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

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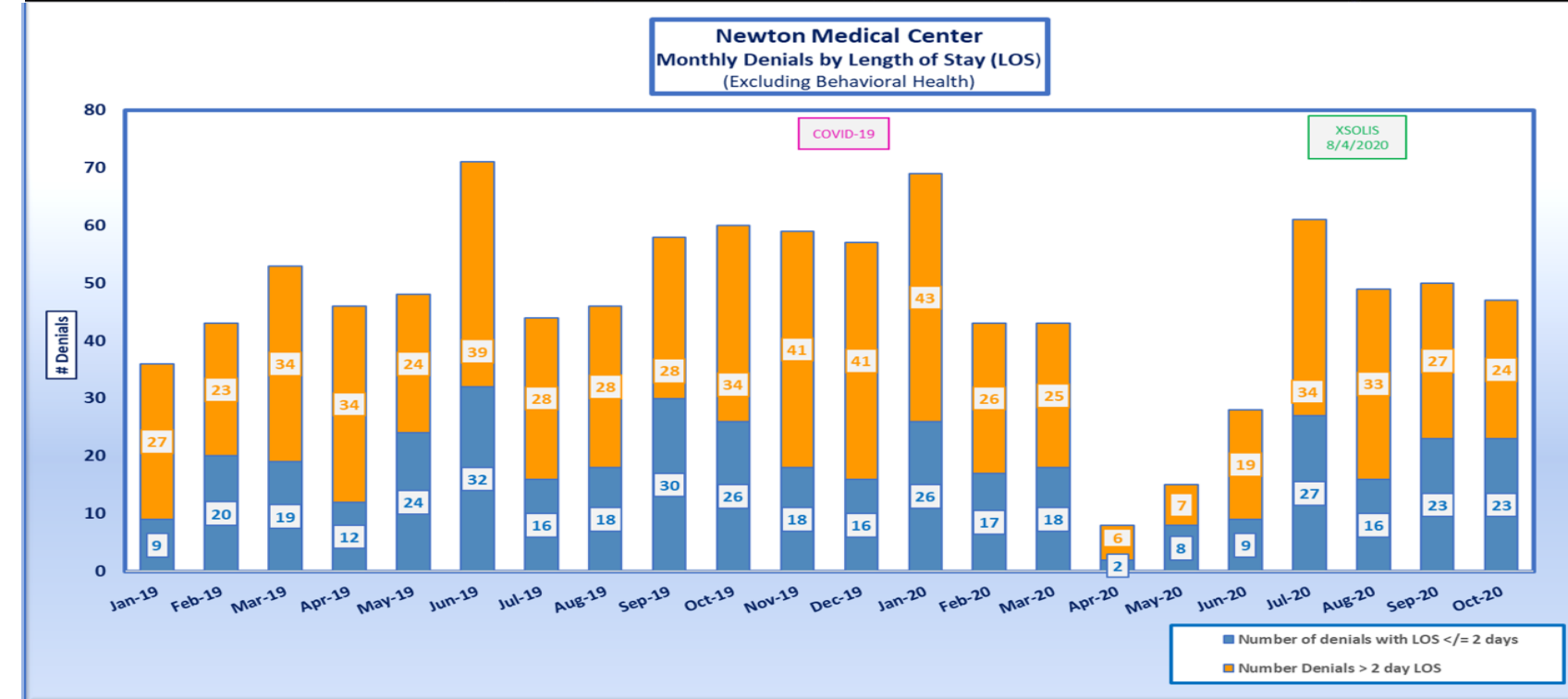


Abstract

- 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.

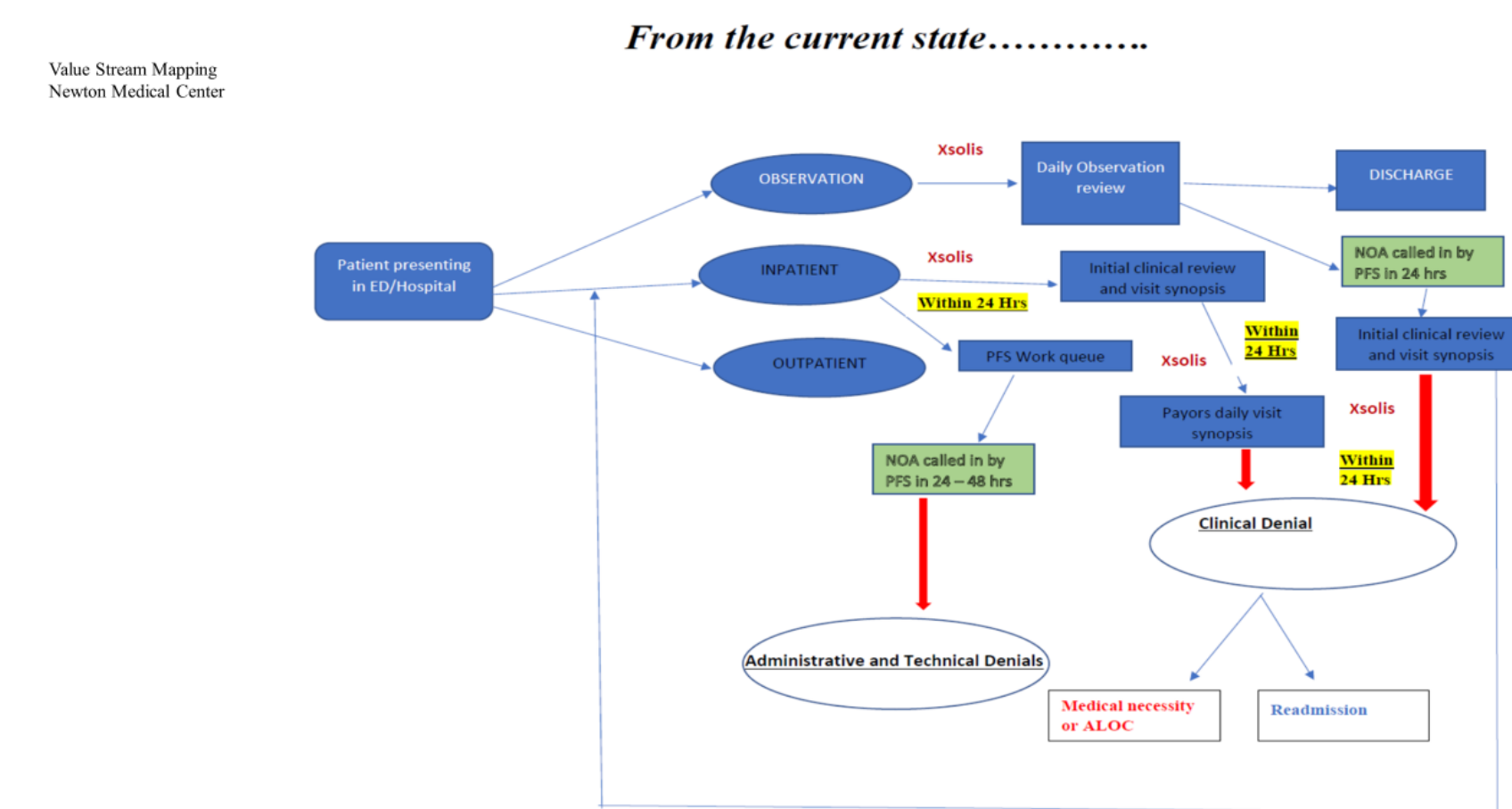
Introduction

Measure/Goal	Strategy	Timeline
To track managed care medical necessity denials by site (NMC and HMC) and establish the current state in terms of workflow for payor communication and frequency of inpatient reviews	Collaboration with finance to ascertain accurate denial numbers and calculation of percentage of total denials using the inpatient numbers in the WAR and MAR for NMC and HMC. Collaboration with case management leadership at both sites to establish the current state for payor communication and review's. Map the ideal future state to decrease the total volume of medical necessity inpatient denials	10/26 - 11/15 (3 weeks)
Education and coaching of case managers about appropriate and timely payor communication	Use of Xsolis reporting and daily managed care payor log to track communication with payors in real time. Education and coaching of case managers and presentation of these cases at the monthly CM meeting at both sites for education and focused coaching for the individual CMs where appropriate	12/1/2020 - 01/31/2021 (implemented concurrent with the next step)
Education and coaching of Physicians	Education of clinicians to increase use of MCG for clinical decision making. Develop a real time feedback process for the clinicians on a bi-weekly or monthly basis using the denied cases as examples to drive better documentation and improved medical decision making	12/1/2020 - 01/31/2021 (implemented concurrent with the previous step)
CDI coaching and collaboration	Develop a structured process for education of physicians for documentation at both sites with the CDI team with a focus on denials and use of evidence-based guidelines to optimize documentation	02/01/2021 - 02/28/2021
Final Goal	10% or more decrease in inpatient medical necessity denials at the end of the 6 month period as measured monthly at each site	



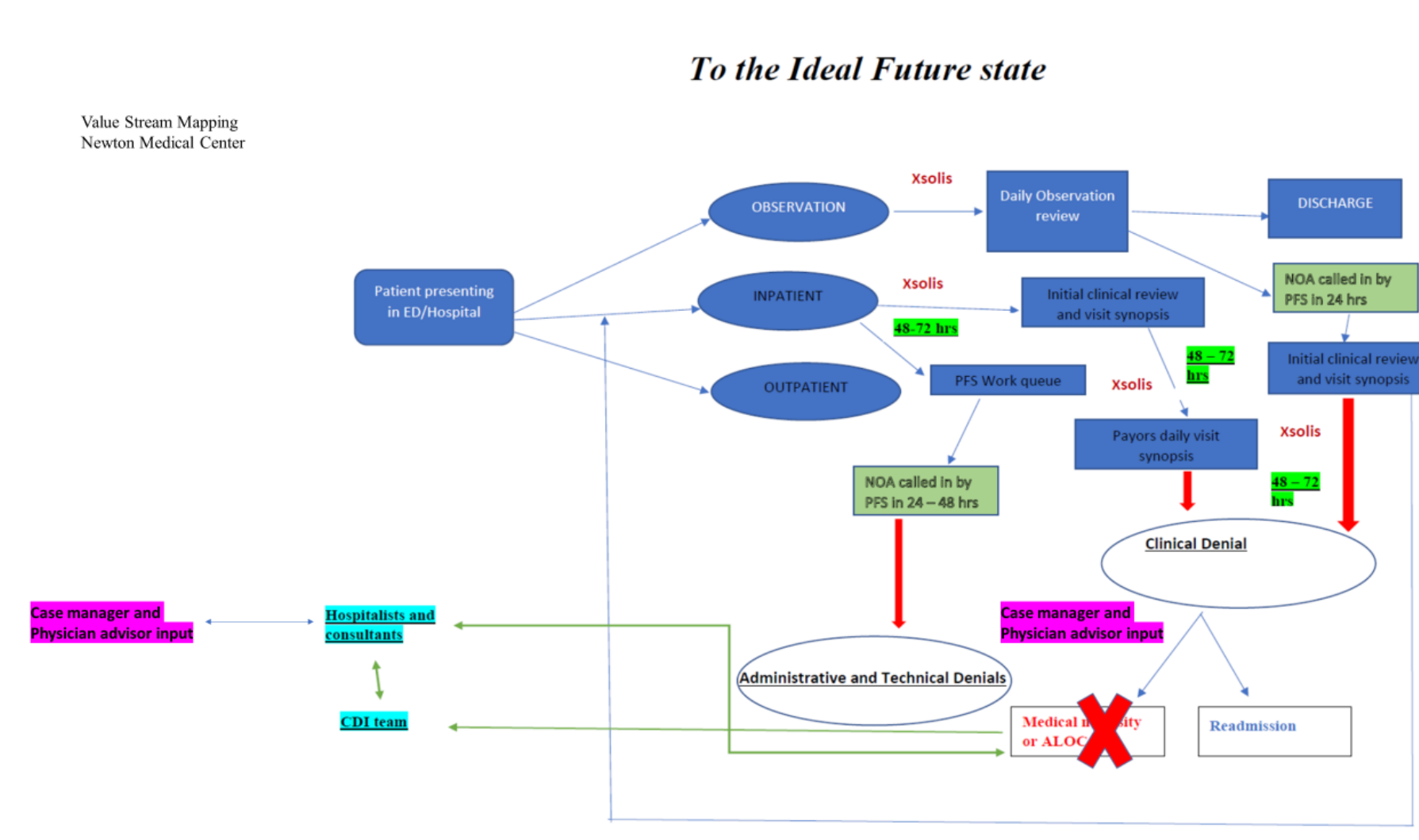
Methodology

There is nothing so useless as doing efficiently that which should not be done at all



- Preliminary analysis of the baseline revealed that a large percentage of the denials were 1-2 day LOS
- Time to initial clinical review (24 hrs vs 48-72 hrs)
- Identification of 5 main payors
 - Aetna Managed Medicare
 - Aetna Commercial
 - Horizon NJ Health
 - United Healthcare
 - Horizon BC
- Communication with payors – initial and follow up and on initial notification of denial
- Education of Physicians and CMs in real time with cases
- Involvement of CDI team for documentation opportunities

Almost all quality improvement comes via simplification of design, manufacturing, layout, processes, and procedures



Results

If you define the problem correctly, you almost have the solution

MONTH	Total Denials	Medical Necessity Denials	Readmission Denials	Number of denials with LOS <= 2 days	Number Denials > 2 day LOS
Jan-19	36	33	3	9	27
Feb-19	43	42	1	20	23
Mar-19	53	53	0	19	34
Apr-19	46	46	0	12	34
May-19	48	48	0	24	24
Jun-19	71	71	0	32	39
Jul-19	44	43	1	16	28
Aug-19	46	46	0	18	28
Sep-19	58	58	0	30	28
Oct-19	60	58	2	26	34
Nov-19	59	56	3	18	41
Dec-19	57	54	3	16	41
Jan-20	69	67	2	26	43
Feb-20	43	38	5	17	26
Mar-20	43	40	3	18	25
Apr-20	8	8	0	2	6
May-20	15	15	0	8	7
Jun-20	28	27	1	9	19
Jul-20	61	61	0	27	34
Aug-20	49	44	5	16	33
Sep-20	50	45	5	23	27
Oct-20	47	42	5	23	24

In God we trust.... All others must bring data



Real time measurement of metrics and transparency facilitated engagement and helped empower the staff

Case level feedback from payor Medical Directors and case presentations to the Hospitalists

Strive for continuous improvement, instead of perfection

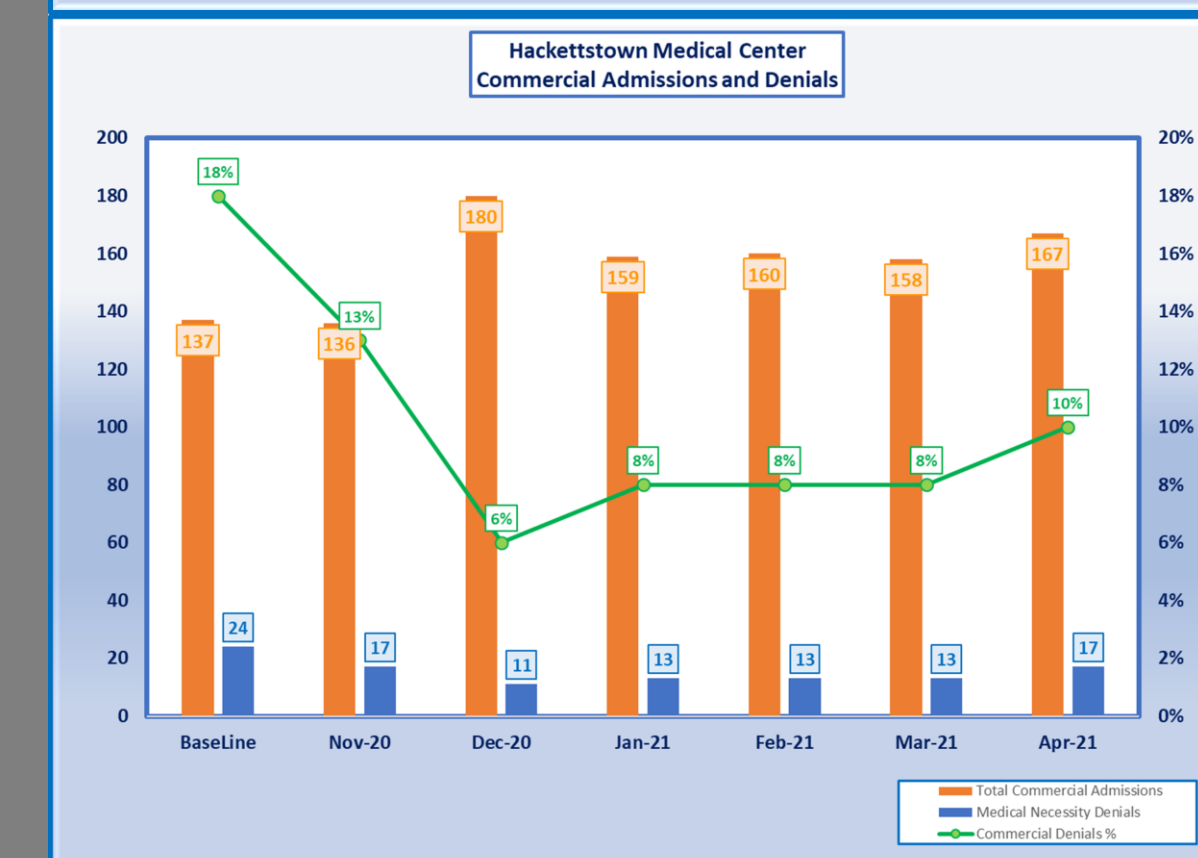
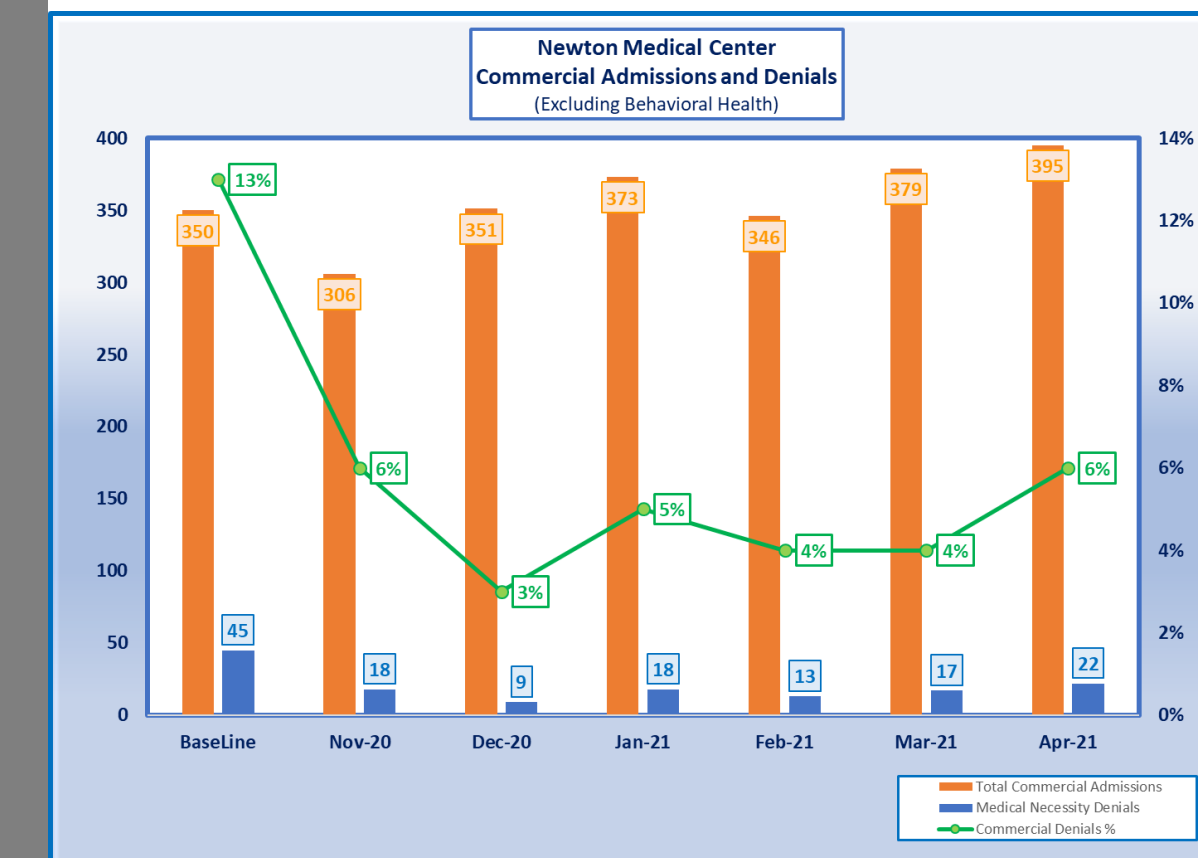
Results - NMC

MONTH	Medical Necessity Denials	Total Commercial admissions	Commercial Denial %
Baseline	995	7706	13%
Nov-20	18	306	6%
Dec-20	9	351	3%
Jan-21	18	373	5%
Feb-21	13	346	4%
Mar-21	17	379	4%
Apr-21	22	395	6%

Results - HMC

MONTH	Medical Necessity Denials	Total Commercial admissions	Commercial Denial %
Baseline	24	137	18%
Nov-20	17	136	13%
Dec-20	11	180	6%
Jan-21	13	159	8%
Feb-21	13	160	8%
Mar-21	13	158	8%
Apr-21	17	167	10%

Results



MONTH	Commercial Observation numbers	MONTH	Commercial Observation numbers
Jan-19	85	Jan-19	71
Feb-19	111	Feb-19	49
Mar-19	101	Mar-19	49
Apr-19	85	Apr-19	48
May-19	114	May-19	64
Jun-19	110	Jun-19	51
Jul-19	121	Jul-19	67
Aug-19	134	Aug-19	60
Sep-19	112	Sep-19	53
Oct-19	133	Oct-19	55
Nov-19	114	Nov-19	68
Dec-19	111	Dec-19	80
Jan-20	107	Jan-20	66
Feb-20	106	Feb-20	82
Mar-20	102	Mar-20	59
Apr-20	33	Apr-20	32
May-20	77	May-20	46
Jun-20	84	Jun-20	36
Jul-20	100	Jul-20	43
Aug-20	126	Aug-20	53
Sep-20	98	Sep-20	53
Oct-20	107	Oct-20	63
Nov-20	92	Nov-20	68
Dec-20	101	Dec-20	46
Jan-21	93	Jan-21	53
Feb-21	104	Feb-21	57
Mar-21	126	Mar-21	63
Apr-21	132	Apr-21	89

Newton Medical Center Observation LOS (Hrs)	Hackettstown Medical Center Observation LOS (Hrs)		
Oct-20	30	Oct-20	29
Nov-20	27	Nov-20	28
Dec-20	32	Dec-20	28
Jan-21	30	Jan-21	29
Feb-21	28	Feb-21	29
Mar-21	32	Mar-21	31
Apr-21	29	Apr-21	28

Conclusion

Costs do not exist to be calculated. Costs exist to be reduced

Newton Medical Center		Hackettstown Medical Center	
Total Med Nec Denial \$	\$ 500,000	Total Med Nec Denial \$	\$ 150,000
Total Predicted denials	270	Total Predicted denials	144
Total denials	97	Total denials	84
Projected cost saving (Annualized)	\$ 320,370.00	Projected cost saving (Annualized)	\$ 62,505