Alarming Trend: Sharp Increase in Commercial Insurer Claims Denials

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Anecdotal evidence about increasing claim denials has been on the medical practice airwaves for months. Whether purposeful or not, commercial health insurers are denying claims at alarmingly high rates. A newly published analysis of claims data revealed that commercial insurers denied a remarkable 15.1% of claims, compared to 3.9% by Medicare. There is limited industry data about the number of denials that are appealed - or, more importantly, the denials that are overturned for payment. The most important issue, however, is what happens at *your* practice. The key is to know about this trend - and to fight for every dollar.

Understand the Opportunity. The term, "silent killer," is often used in medical settings with reference to diseases that do not present with many symptoms. Medical practices can fall into a silent killer trap with denials, as the symptoms are difficult to see. When a claim is paid by an insurance company, it is rarely paid at the practice's billed charge due to contractual rates negotiated between the payer and the practice. Therefore, there is an accepted level of non-payment (or contractual write-off). It would be easy to let this

expected write-off amount conceal a denial problem. To monitor this in your practice, routinely run an Unpaid Claims Report or a report for all charges that have $0 payments associated with them. This analysis must be performed at the line-item level. The goal is to understand **why** the services were not paid. Alas, you've opened your denial treasure chest.

Dive Deep. The treasures are waiting, but they will require additional insight to get the gold. Run reports to illuminate the reasons for the denials. This requires an assessment of CARCs (claim adjustment reason codes) and RARCs (remittance advice remark codes) to uncover further detail. You can find a listing of the codes here. Sort your top 10, and then study the details in an organized fashion:

- by service (is there a particular CPT code that is being denied?)
- by provider (is there a particular provider whose services are being denied?)
- by insurer (is there a particular insurer who is denying payment for services?)

Add the date, as there may be denials that cannot be addressed due to timely filing or appeal deadlines. Finally, pull the high dollars to the top, as you'll want to prioritize those.

Attack the Problem. With an understanding of the magnitude of the opportunity, gather resources to address the root cause of the problem. Depending on the size of your practice, consider creating a committee or workgroup that documents a strategy and assigns responsibilities to a team – or it may involve one individual who dedicates a portion of their time to analysis and resolution. Regardless, the key is to establish an action plan with milestones; otherwise, denial management can be overwhelming. Use the top 10 reasons for denials as a guide. For example, if "subscriber not eligible…" is your top denial, decide who can work on the existing denials – and give them step-by-step instructions to work them. This may include, but not be limited to, looking in the guarantor's account for a copy of the insurance card; querying the hospital's database to see if the facility has alternate insurance on file; searching any known beneficiary databases [including Medicaid]; contacting the guarantor by phone; etc. Be sure to prioritize denials by dollars, as it's foolish to spend 30 minutes trying to chase down a $5 denial. Billers are tenacious by nature, so you may need to set guardrails to ensure resources are used wisely.

Recognize that Prevention is the Best Medicine. Perhaps most importantly, it's crucial to embark on a prevention campaign at the same time as you're addressing the existing problem. Denials represent a problem that has already occurred. Take that same top 10 list and determine how to **prevent** the denial from happening in the first place. For example, eligibility-related denials can be improved with a better front-end registration process. This requires leaning into the training, performance expectations, workflow, and tools available to schedulers and receptionists. Furthermore, it requires special attention for out-of-office services, as practices are typically not in control of (or even present for!) the registration process.

Denial management and prevention is work that never stops for a medical practice. It's

important to ensure that you do not give insurance companies a reason to deny or delay payment of your claim. Implementing some basic procedures can help ensure you do not leave precious revenue on the table.

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