

# It's Time to Rethink Your *Denial Management* Strategy

Chances are, if you're facing issues with your accounts receivable, your denials are a major contributing factor. While only about two out of every three denials are up for recovery, almost 90% are preventable.<sup>1</sup>

**5%-10%**

of claims are denied, on average<sup>2</sup>

**65%**

of denied claims are never re-submitted<sup>3</sup>

**\$25-\$118**

cost to resubmit a claim<sup>4,5</sup>

## What Are *Denials* Costing You?

We understand that prevention is not easy, but fixing the root cause of denials can significantly improve your financials in the long-run! Every claim that is denied is not only additional work for your staff, but also an additional cost that could have been prevented.

**Example:** A medical practice has lost \$500,000 in annual revenue due to claim denials. To resubmit the claim, the practice needs to spend \$75,000. By not efficiently managing their claims prior to submission, the practice not only received delayed payments, but also a reduced reimbursement amount of \$425,000.

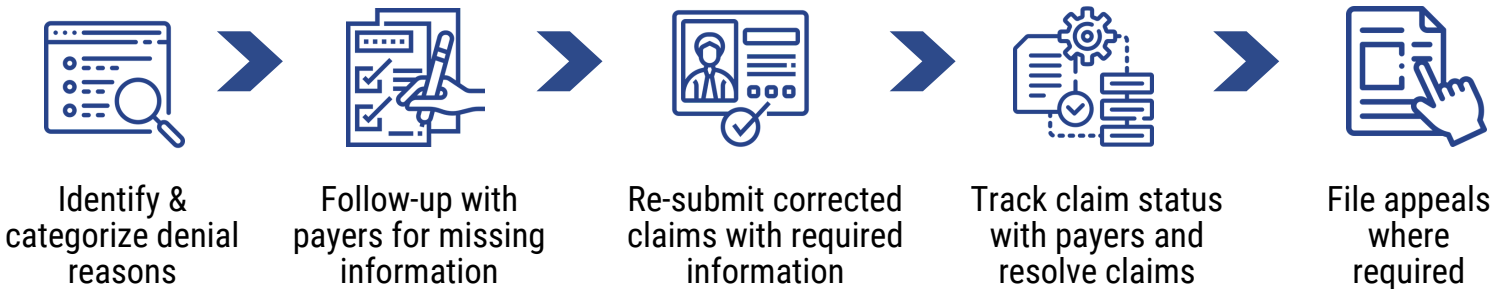
### Annual Revenue Loss Due To Denied Claims

<b>1000</b>	number of claims denied per year
<b>X</b>	
<b>\$ 500</b>	average claim reimbursement
<b>\$ 500,000</b>	annual loss of revenue

### Cost Of Reworking Claims

<b>250</b>	number of claims denied per physician per year
<b>X</b>	
<b>\$75</b>	average cost to resubmit a claim for this practice
<b>X</b>	
<b>4</b>	number of physicians in the practice
<b>\$75,000</b>	cost of reworking the practice's claims

## 3Gen's *Denial Management* Process



## We Help Improve Your Revenue Cycle Efficiency And Reduce The Cost To Collect!

Fifteen cents of every US dollar spent on healthcare is lost on claims processing, payments, billing and revenue cycle management, and bad debt.<sup>6</sup>



### THIS IS PREVENTABLE!

Identifying your denials and developing a prevention strategy will minimize the possibility of future claim rejections and increase collections.



## So, why are your claims getting denied? Here are some of the most common reasons:

- >>> Duplicate claim submission
- >>> Missing information
- >>> Insufficient medical necessity
- >>> Untimely filing
- >>> Service not covered by payer
- >>> Improper coding
- >>> Failure to obtain prior authorization



<sup>1</sup>An ounce of prevention pays off: 90% of denials are preventable. The Advisory Board Group, December 2014.

<sup>2</sup>Top 4 Claims Denial Management Challenges Impacting Revenue. RevCycleIntelligence, March 2017.

<sup>3,4</sup>You might be losing thousands of dollars per month in 'unclean' claims. Medical Group Management Association, February 2014.

<sup>5</sup>Denial rework costs providers roughly \$118 per claim: 4 takeaways. Becker's Hospital Review, June 2017.

<sup>6</sup>US healthcare payments: Remedies for an ailing system. McKinsey & Company, April 2009.