Time is Money! Reducing Claim Denials and Write-offs To Improve Revenue Cycle

September 2012

Educating for Quality Improvement & Patient Safety
Financial Disclosure

Diana Gerhardus, MHA, FACHE, has no relevant financial relationships with commercial interests to disclose.
The Team

Division

- CS&E Participant-Diana Gerhardus, FACHE, MHA, Senior Business Administrator, Department of Medicine
- Team Member-Albert Rios, Director Billing, Coding & Revenue Cycle Operations, UTM
- Team Member-Roger Valdez, Manager, Business Office Healthcare, Insurance Follow-Up - Surgery & Shared Services Team, UTM
- Team Member-Blanca Bidart Sandoval, MBA, Manager, Revenue Cycle Medicine Team & Customer Service & Special Accounts, UTM
- Team Member-Laura S. Vega, CCS-P, Compliance Education Consultant, Department of Medicine

Sponsor Department

- Department of Medicine
# Project Milestones

- Team Created: April 2012
- AIM statement created: April 2012
- Team Meetings: April – May 2012
- Analysis: May – August 2012
- CS&E Presentation: September 2012
AIM STATEMENT

Reduce claim denials due to untimely filing and consequently, write-offs, within the Department of Medicine by 10% by August 2012.
Background

Increasing overall clinical revenue in the Department of Medicine by reducing untimely denials/write-offs allows for growth in clinical programs without additional resource input.

- The Department is positioned to prevent untimely denials/write-offs
- Highest charge $ amount in the Department’s controllable write-offs.
An untimely filing denial is defined as a claim not filed to the payer within a prescribed/contract time from the date of service.

- Medicaid allows 95 days
- Carelink allows 92 days
- Medicare allows 365 days
- Most commercial plans allow 90 days

The goal to file a claim should be less than 15 days from the date of service.
How Will We Know That a Change is an Improvement?

• Untimely denials and write-offs will decrease over a period of time

• Measure
  ◦ Flow chart, fishbone
  ◦ Pareto charts by payer, specialty, and place of service
  ◦ Control chart-charges denied due to untimely claims

• Source of Data
  ◦ EPIC
What Changes Can We Make That Will Result in an Improvement?

Overall, the process remains unchanged but we can.....

- Decrease overall charge lag days- date of service to claim submission
- Clear providers to code services; education
**Intervention**

**Plan**

- Front-end:
  - Reduce overall charge lag days from date of service to claim submission (Jan 2012-August 2012)
Process Analysis Tools
Process Analysis Tools

Problem Statement
High Rate of Untimely Filing Denials in the Department of Medicine

Charges/Claim
- Charge review edit
- Charge submission.entry
- Charge Interface
- Claim edit
- EMR/EHR complexity
- All paper records

Registration
- Incorrect payer
- No insurance information
- Registration staff training/turnover
- Different processes to capture timely charges; paper vs. electronic
- Staff integration
- Coder productivity
- Lack of Coding/Insurance follow-up staff
- Lack of communication between coding and insurance follow-up staff
- Insurance follow-up staff productivity

Education/Process
- Lack of knowledge of workflow causing increase charge lag days
- Lack of knowledge of workflow causing missed appeal deadlines
- Coding education
- Lack of root cause analysis

Coding/Insurance follow-up

Reporting

Technology
Implementing the Change

Do

• Front-end
  ◦ Decrease charge lag days
    • Hire coders; overtime; monitor CRWQ and productivity daily/weekly
    • Clear providers to code their services; educate
Decision Making Tools

Pareto Chart - # of Untimely Filing Denial Claims by Division(Specialty) - Posting Date Sep 2011-Aug 2012

<table>
<thead>
<tr>
<th>Division-Specialty</th>
<th># of Untimely Denial Claims</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitalists</td>
<td>547</td>
<td>22.6%</td>
</tr>
<tr>
<td>Cardiology</td>
<td>542</td>
<td>22.6%</td>
</tr>
<tr>
<td>Nephrology</td>
<td>414</td>
<td>45.1%</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>279</td>
<td>62.2%</td>
</tr>
<tr>
<td>Pulmonary Diseases</td>
<td>185</td>
<td>73.8%</td>
</tr>
<tr>
<td>Infectious Diseases</td>
<td>125</td>
<td>81.4%</td>
</tr>
<tr>
<td>General Medicine &amp; OEP</td>
<td>122</td>
<td>86.6%</td>
</tr>
<tr>
<td>Dermatology</td>
<td>112</td>
<td>91.6%</td>
</tr>
<tr>
<td>Clinical Immunology &amp;:</td>
<td>26</td>
<td>96.3%</td>
</tr>
<tr>
<td>Geriatrics</td>
<td>34</td>
<td>97.4%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>15</td>
<td>98.8%</td>
</tr>
<tr>
<td>Endocrinology</td>
<td>14</td>
<td>99.4%</td>
</tr>
<tr>
<td>Clinical Pharmacology</td>
<td>1</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Pareto Chart - # of Untimely Filing Denial Claims by FC - (Posting Date Sep 2011-Aug 2012)
Check

- Monitor for reduction of untimely denials following intervention

- Improvement noted July and August 2012
  - Time frame should be extended to monitor a change in controllable write-offs
Decision Making Tools

Control Chart of Charges Denied due to Untimely Claims
(Posting Date Sep 2011-Aug 2012)
Decision Making Tools

Control Chart of Charges Denied due to Untimely Claims
(Posting Date Sep 2011-Aug 2012)
Expansion of Our Implementation

Revenue Cycle enhancement must continue to tackle the complexities of the payer system and institution.
Return

<table>
<thead>
<tr>
<th>Potential (Jan 2012-Aug 2012)</th>
<th>Timely-Filing Denial Charges</th>
<th>Timely-Filing Denial Revenue/Month</th>
<th>Intervention Expenses (hired coder; OT hours)</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>$441,342</td>
<td>$138,992</td>
<td>$25,100</td>
<td>$113,892</td>
<td></td>
</tr>
</tbody>
</table>

- **Savings**: Insurance Follow-up Staff productivity due to the reduction of these types of denials
Conclusion/What’s Next

- Other Departments could also benefit
- Continued emphasis on charge lag day reduction
- Add other interventions and monitor
Thank you!