

**W**ithin the billing industry, Denial Management has come to be used as a catch-all term used to describe many different things related to non-payment of physician claims. Some use the term to describe a means of addressing claims denied for medical necessity. Others use the term to describe how selected information is tracked for a specific payer.

Few appreciate the value a true Denial Management system can bring to a radiology practice. A true system provides crucial management data for the billing process; these data are then used to increase and accelerate cash flow. The system accomplishes this needed service by tracking, quantifying, and reporting on every claim billed for which any payer denied the service. The reporting should be comprehensive, reporting on all denials (not just selected denials). This type of reporting is necessary to understand the entire financial situation of the practice.

It is possible to reduce first-time claim denials by 50% to 60% by using a comprehensive Denial Management system. In our experience we've come across practices (with numerous payer contracts in place) with no way of monitoring if the payer is denying their claims at unrealistic rates, or even for what reason. Your billing system should have the capability to enable you to systematically identify carriers that constantly do not pay your claims. The billing system should also track why these carriers are rejecting your claims.

What is typically missing from troubled billing operations is the lack of the management-reporting expertise needed to extract the data in a concise and meaningful manner. Because radiology billing deals with a large number of relatively small claims, it is crucial to develop computerized management reports that summarize data clearly. The reporting system also needs to have the ability to provide detail, when necessary, in order to argue your case with the payer. The reporting tools must be able to identify which managed care companies chronically reject your claims. The tools must also be able to assess the entire practice to determine the main reason for denials.

A comprehensive Denial Management



system has two main purposes. First, to provide feedback on why claims are not being paid on the first submission to the respective payers. The second is to assist in management of the practice's relationship with the payers; the system accomplishes this task by providing specific information on each payer. Exhibit 1 shows a Denial Management report. Advocate's Denial Management software database has been designed to track, quantify, and report on all denials for all payers. The standard monthly output illustrates, by payer, the number of claims denied and the reason for the denials. With these unique reports we can easily identify which payers are inappropriately denying claims; we can also compare these payers to their peers.

### Denial Management Reporting

The unique output for each practice allows us to refine the data-capture systems used in the billing process. Based on the type of rejections received, we may request modifications to the hospital's system or to the documentation provided by the radiologist. Managed care companies that are chronic violators are contacted to discuss how and when they intend to process and pay outstanding claims. We also ask how they intend to correct such problems in the future. If the issues persist, there may be grounds to terminate the contract.

Only by quantifying and analyzing the problem can you discover how to improve on the process. A true Denial Management system gives you a way to optimize and accelerate cash flow. When we use this system, our client practices can finally force managed care to adhere to their contractual relationship.

Denial Management Practice Financial Class Summary						
Payer	Total Paid Procedures	Total Denied Procedures	Percentage Denied	Year-To-Date Total Paid Procedures	Year-To-Date Total Denied Procedures	Year-To-Date Percentage Denied
Blue Shield	5,794	183	3.2%	23,207	916	3.9%
Commercial	659	96	14.6%	3,731	620	16.6%
Aetna	86	18	20.9%	414	63	15.2%
United Health Care	68	5	7.4%	350	20	5.7%
Managed Care	118	16	13.6%	740	72	9.7%
Priority Health	409	23	5.6%	2,915	168	5.8%
Cigna Insurance	36	15	41.7%	241	25	10.4%
Medicare	7,936	387	4.9%	39,728	1,648	4.1%
Medicaid	537	121	22.5%	3,393	247	7.3%
Totals	15,643	864	5.5%	74,719	3,779	5.1%

Exhibit 1