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## Reimbursement denials diminish with more precise precertification

By: OR Manager

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*Katrina Spears, MAOL*

With no increases in reimbursement on the healthcare horizon, the leadership team at Advocate Good Samaritan Hospital in Downers Grove, Illinois, knew they needed to maximize revenue capture. The team, including Katrina Spears, MAOL, manager of business and informatics, used Lean methodology to improve precertification and reduce denials, resulting in a 1-year savings of \$213,252.

“We have 10 hospitals within a 20-minute drive of Advocate Good Samaritan Hospital,” says Grant Smith, MSN, MHA, RN, director of surgical services, in explaining the competitive environment. “We can no longer afford to leave money on the table, but need to pursue the money we are owed.”

The award-winning hospital, which is part of the 11-hospital Advocate system, is accredited by DNV GL, which Smith believes is more congruent with Lean than the Joint Commission.

## Opportunity knocks

When Spears saw a 9-month denial total of \$533,414 for the hospital, she knew it was a worthy target for a rapid improvement event (RIE). “Because you’re paying people to come together in one room for a week, you want to make sure you can quantify that you can save money by doing the event,” she says. “Our goal was to stop denials on the front end.”

This would save the business office time in trying to resolve them after the fact—an effort that was not always successful.

Spears, the Lean process improvement owner, created a core RIE team of representatives from utilization management, precertification, revenue compliance, and health information management (medical records) to address the issue. The team met full time for 1 week, so others in the departments assumed members’ work responsibilities.



*Grant Smith, MSN, HA, RN*

Smith says this time commitment is key for success, noting, “You have to get off the bicycle to fix it.” The RIE also had the support of the vice president of medical management.

The core team was supplemented by 25 ad hoc members, including representatives from the postanesthesia care unit (PACU), day surgery, and the business office, who were brought in as needed for information and input.

“It’s important to include the people from the different departments who are performing the work so you get accurate information,” Spears says.

Ad hoc members included two physicians—an emergency department physician and a general practitioner—who are paid by the hospital to act as liaisons for issues related to precertification.

Having a diverse team meant the focus could be placed at the department, rather than the corporate, level. “Too many hospitals only look at denials at the overall hospital level,” Spears says, adding that those at the corporate level for the Advocate system work to get denials overturned, but don’t have the time to assess trends that could be changed.

“Our approach is to have accountability at the department level because the department has the ability to change processes,” she says.

## Getting from here to there

The RIE team first looked at the current state and identified problem areas. One area with significant financial impact was change in level of care after precertification. “It’s probably going to be your most expensive cases that hit inpatient-only denial,” Spears says.

For instance, a surgeon who is performing a knee arthroscopy on an outpatient might see a lesion that causes the procedure to be changed to knee arthroscopy with stabilization of a bone marrow lesion, an inpatient-only procedure. If the patient’s status isn’t changed, the hospital won’t be reimbursed correctly.

The next step was to create a target state that the team wanted to achieve and start to explore how to get there. The goal was to reduce denials by 50%. The target state included having the precertified procedure match the actual procedure performed, ensuring there were no inappropriate changes in patient status from outpatient to inpatient and vice versa, and establishing a process for patients who lack pre- certification approval from their insurance carrier before surgery.

The team then conducted a gap analysis to identify barriers to achieving the target state. “We try to get to the root cause of why we have a gap,” Spears says. “You keep asking why something happens until you get down to what the root cause really is; then you can work on it.” Root causes

fell under two categories: predenial (eg, not catching incorrect level of care changes) and postdenial (eg, not catching denials in time to correct).

## Generating solutions

Once the RIE team understood the root causes, it came up with the following solutions:

- Partner with the ad hoc physicians to educate surgeons.
- Create a process to correct claim coding that is incorrectly entered.
- Design a repeatable denial investigation process so that denial charges are recouped before appeal time frames expire.

One effective, yet simple, change was to take note of even small denials. This meant correcting missing modifier codes and showing the billing staff where to find the advance beneficiary notices used to bill Medicare—actions that immediately saved \$15,000.

“Some people don’t pay attention to these small denials, but they can add up,” Spears says.

To address level-of-care changes, the precertification form for inpatient-only patients is now stamped in red for easy identification.

“The form is then scanned into the medical record, and we use it as a communication tool with utilization management,” Spears says.

The precertification department also highlights inpatient-only procedures on the list of surgeries for the next day and gives the list to the scheduler, who enters the information into the comments section of the schedule, which departments then print out.

“When our charge nurse in PACU sees an inpatient-only, she pays close attention to see if a surgeon changes the level of care,” Spears says, adding that another report is run twice a day to track the level-of-care status of Medicare patients and to verify whether a procedure is inpatient-only.

“This report serves as a backup to the PACU nurse,” she says. The precertification department then works with the surgeon to ensure level-of-care changes are corrected.

Spears adds that it’s also important to learn requirements from commercial insurers the hospital has contracts with.

For example, one insurer requires notification upon admission; precertification information must be faxed immediately, or the hospital will not be reimbursed for the procedure.

## Sustaining change

Spears tracked denials to assess progress and give the team feedback. That meant analyzing denials by these categories: utilization, managed care, precertification, Medicare, medical necessity, and public aid.

Initially the analysis was done monthly with the core RIE team, but the reduced denial volume means that Spears can now review the denials herself and reach out to the other individuals as needed. She also reports results quarterly to the vice president of medical management.

To close out the RIE, the team created a communication plan that included continued follow-up and coaching to sustain gains.

Smith says an advantage of the project was that they created a repeatable denials investigation process that all departments in the hospital follow (sidebar, below).

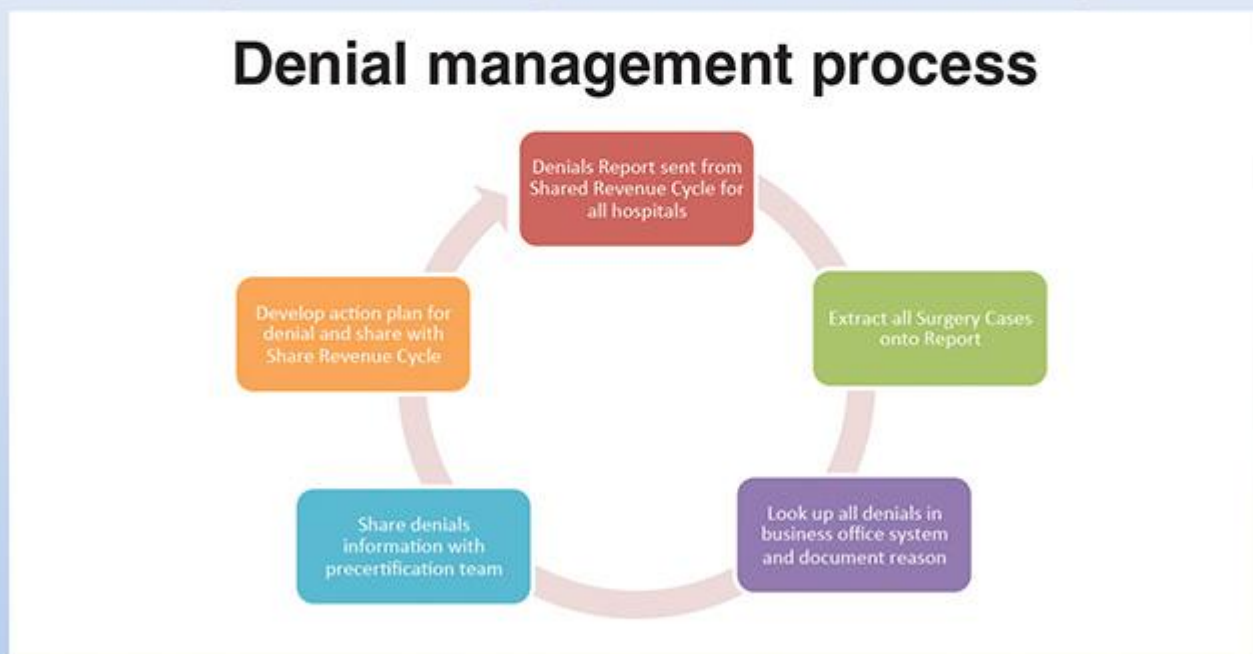
He says this and other RIE projects have sparked interest among employees and surgeons in Lean initiatives.

“All the surgeons at Good Samaritan Hospital want their office staff to be on an RIE,” he notes. “And we want their input.”

## ***Denial management process***

This process is used by hospital departments to investigate denials. Katrina Spears, MAOL, manager of business and informatics at Advocate Good Samaritan Hospital, Downers Grove, Illinois, extracts surgical cases from the overall denials report and then checks the notes from the business office staff to determine the reason for the denial.

“I develop an action plan for each denial and share the information on a monthly basis with our precertification team,” she says.



*Note: Share Revenue Cycle is specific to Advocate. The business office is the typical contact in other hospitals.*

*Source: Advocate Good Samaritan Hospital. Used with permission.*

# Reference

Smith G, Spears K. Show me the money. Presented at the annual OR Manager Conference, 2016.