



**Addressing Revenue  
Challenges Using  
Data: Success Stories**

 **HealthCatalyst®**

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Healthcare systems routinely confront significant revenue challenges. These financial obstacles include margin compression, increasing costs, the threat of increased debt service, fragmented business models, and the associated loss of revenue. As a result, many organizations face declining cash flow, limiting their ability to fund capital initiatives and other strategic investments.

Focusing on improving billing and collection processes can accelerate cash flow and significantly increase the availability of cash funds while also improving patients' financial experience. Healthcare systems can achieve meaningful financial improvement in two impactful ways:

- Managing the revenue cycle to reduce bad debt and denials.
- Improving clinical documentation to capture unbilled receivables and late or missing charges.

Here is how the most successful organizations are tackling these revenue-related problems.

# Denial Management's Improvement Effort Produces \$14.99M Reduction in Denials



## Executive Summary

At MultiCare Health System, the processes for denial management were not as effective as they could be, negatively impacting net patient revenue and financial performance through millions of dollars in adjustments. While only two-thirds of denials are recoverable, nearly 90 percent are preventable. MultiCare looked at improving denial management as an opportunity to improve appropriate revenue capture for services provided. Through targeted improvement efforts that included standardized workflows and increased data visibility, the health system is improving the root cause of denials.

## Results

\$14.99M reduction in denials and avoidable write-offs.

## Denial Management: A Critical Component of the Revenue Cycle

MultiCare Health System, an integrated healthcare delivery system, is comprised of five hospitals

and numerous primary care, urgent care, and specialty care service organizations that employ an extensive network of providers. Throughout its health system, MultiCare experienced variability in the performance of key activities required to ensure appropriate reimbursement and maximize revenue. The health system looked to its lack of uniformity in the denials management process as an opportunity to improve overall revenue.

Denial management, the process of following up on and reducing denials and rejected claims from payers, is a critical component of an effective revenue cycle management program. <sup>1</sup> Only two-thirds of denials are recoverable, but nearly 90 percent of claim denials are preventable. <sup>2</sup> Despite the importance, it can be difficult for revenue cycle teams to manage denials while also managing other high-priority projects.

## Poor Data Visibility Limits Improvement Efforts

MultiCare has a comprehensive revenue cycle management plan that helps ensure provided care is appropriately billed and appropriately reimbursed. Unfortunately, the processes for denial management were not as effective as they could be, resulting in millions of dollars in adjustments, which negatively impacted MultiCare's net patient revenue and overall financial performance.

MultiCare lacked visibility into denials management. While reports could be manually developed using data in the EHR, the reports were largely retrospective and provided information at a summarized level, lacking the level of detail needed to assess potential opportunities for