

# AAHAM THE JOURNAL

FALL 2023

OF HEALTHCARE ADMINISTRATIVE MANAGEMENT



## The Power of AI at Your Fingertips

Federal Hospital Charity Care Screening Mandates:  
Is Your Hospital Ready for the Change?

Increasing Charity Care in Response to Consumer Medical Debt May Be Challenging

# Calming the Claim Denial Riptide

## Strategies for mitigating increasing claim denials

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In the first three months of 2023, approximately one-third of inpatient and outpatient claims submitted by providers to commercial payers went unpaid for more than 90 days. Many were outright denied.<sup>1</sup> Claim denials that were once reserved for a sliver of expensive medical treatments have become a more common occurrence for ordinary medical care. Current payer practices combined with artificial intelligence (AI) and computer algorithms are denying claims by the thousands every month.

### Reimbursements and Margins

Our revenue cycle management customers report that insurance denial rates have increased significantly in the post-COVID-19 world, negatively impacting reimbursements. This escalation of denials is causing huge administrative burdens for hospitals, health systems and physician groups.

Furthermore, the demand for staff to work aged insurance and denials has increased. With labor costs growing across

the board for providers and vendors, these competing pressures result in reduced margins and even operating losses for some.

### Options for Reducing Denials

There are really only two options for starting to beat the payers at the denials game:

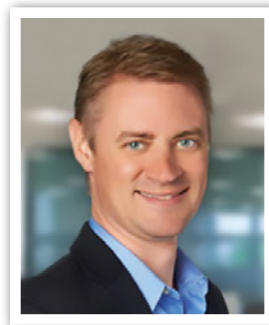
- Build AI in-house via your internal IT team and deploy it with your existing staff. Providers need to be using AI aggressively to automate billing, claims follow-up and the appeals process in order to increase the response times and throughput to match that of the payers who have added significant utilization of AI over the past couple of years.
- Partner with an expert denials resolution vendor who is using similar automation and can add staff and automated throughput to increase your current capacity.

Unfortunately, many healthcare provider teams do not have the internal staff or financial resources to build AI technologies internally. That leaves choosing and partnering with the right vendor as typically the best solution.

### Tips

Before selecting a denials management firm with significant AI automation capabilities, ask the following questions:

- What processes does the vendor employ to review data, remit data, and determine and classify the nature of denials?
  - What is the vendor's track record for appealing and overturning denials?
  - Can the vendor help institute process improvements for claim submissions that will reduce future denials?
- To effectively research and fix denials, the right vendor should:
- Provide proper verbiage in the submitted claim
  - Manage the appeal process
  - Deliver denial analytics and transparent reporting back to your system
- Ideally, the vendor should utilize EDI billing data (ANSI 276/277 and 835) to determine whether claims were paid correctly. Next, they should remit that data into the healthcare provider's proprietary system so the organization can benefit from that information.



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<sup>1</sup> AHA. Report: Hospitals struggle to collect payments from commercial insurers. <https://www.aha.org/news/headline/2023-05-22-report-hospitals-struggle-collect-payments-commercial-insurers#:~:text=One%20in%20three%20inpatient%20claims%20submitted%20by%20providers,200%2C000%20physicians%20analyzed%20by%20Crowe%20Revenue%20Cycle%20Analytics>. Accessed September 29, 2023.