Every Dollar Counts: Revisiting Pre-Bill Review to Recover Revenue

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Traditionally, healthcare organizations have managed their revenue cycles in a linear workflow model—coding cases, submitting claims, waiting for denials, and responding to those denials through appeals. However, revenue cycle management has been evolving as a result of an increased focus on denial prevention strategies, leading to the emergence of the performance of pre-bill audits as a key revenue cycle strategy.

Why Consider Pre-Bill Reviews?

According to one recent report, the average rate of claims denials among U.S. hospitals ranges from a high of 10.58 percent among large hospitals (250-400 beds) in the Northern Plains to a low of 5.61 percent among medium-sized hospitals (100-250 beds) in the same region, with averages for very large, large, and medium-sized hospitals in areas across the nation tending to fall predominantly between 7 to 9 percent.[a] Clearly, such statistics point to an opportunity for reducing denials. By increasing the percentage of claims approved the first time around, hospitals and health systems can mitigate their risk of denials, receive more accurate payment, and reduce operating costs.

As part of a complete denial management program, pre-bill reviews proactively protect an organization's revenue integrity by moving case reviews to the front end of the revenue cycle. Instead of waiting 30, 60, or 90 days until claims are denied by the payer, an effective pre-bill program corrects demographic, insurance, coding, and billing information before claims are submitted. Pre-bill reviews increase the chance of submitting a clean claim, reduce the number of denials, and mitigate resource-intensive appeals.

Essential Building Blocks

Whether organizations begin with high-dollar inpatient claims or low-dollar ancillary write-offs, there are three important components to building a successful pre-bill review program:

- Technology-driven audit workflow
- Experienced auditing staff with coding, billing, and documentation knowledge
- Feedback loops and training programs aimed at preventing future mistakes


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Systems must be able to identify targeted cases by DRG, complication or comorbidity/major complication or comorbidity, and other hospital-defined criteria and automatically divert the cases to an auditor work queue prior to billing, where the information can be accessed by experienced audit staff.

The pre-bill auditors should be authorized and able to communicate effectively with all revenue cycle stakeholders to ensure correct coding, validate DRG assignments, and confirm the presence of appropriate clinical documentation to support the claim.

To achieve maximum benefit from pre-bill reviews, processes for immediate feedback and education also must be in place. Findings, recommendation reports, and targeted training help prevent common mistakes from reoccurring and bad habits from becoming ingrained into daily documentation, coding, and billing practice.

Denial Prevention Without Billing Delays

In the past, many hospital executives dismissed pre-bill reviews out of a concern that they would delay claim submissions, thereby bringing about an increase in unbilled (or *discharged-not-final-billed*) accounts. However, with technological advancements and the refinement of pre-bill audit approaches leading to availability of pre-bill audit experts, organizations are increasingly adopting this important denial-prevention step.

One large academic medical center in the northeast reviews cases as part of a two-part denial prevention strategy. Pre-bill reviews are conducted for high-dollar inpatient cases, and post-bill reviews are conducted for low-dollar ancillary claims, which add up to large amounts. In the single fiscal year since the medical center began performing the pre-bill reviews, it has been able to identify and recoup $11 million in revenue that would have been unclaimed and written off had the reviews not been performed.

Pre-Bill Reviews in Practice

Every healthcare provider organization faces claims denials. And the percentages being written off continue to climb. Even with large denial management teams, organizations face limited time, budget, and resources. New strategies are needed to move from denial management to denial prevention. The pre-bill review is a proven practice to consider.

By asking what is being denied and why, organizations can focus pre-bill reviews and target efforts to achieve the maximum return.

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Footnotes

a. Lagasse, j., "Hospitals in Northern Plains Have Higher Average Claim Denial Rates, Relayhealth Data Show," *Healthcare Finance*, March 15, 2017.

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