

Optometry Coding & Billing Alert

Track Denials and Get on the Fast Track to Success

Learn how denials are a 'treasure chest' of valuable information

If you're not paying attention to your denials, you're missing out on information that could drastically reduce the number of denied claims you receive in the first place.

"Your denials really are your treasure chest," says **Elizabeth Woodcock, MBA, FACMPE**, director of knowledge management with Physicians Practice Inc. in Atlanta. They point to the source of the problem (i.e., whether the denial is the practice's fault or the carrier's fault) and give you insight into what you can do to prevent future denials, she says.

To learn the most from your denials, you must track them, looking for recurring problems and areas for improvement. There are essentially three ways to go about this, Woodcock says:

1. The first tracking method is to take a **semi-automated approach**. (A fully automated denials-tracking system would be ideal, but it isn't feasible in most cases due to software limitations, Woodcock says.) With this approach, you'd use your practice management system to track write-offs according to assigned codes. For example, if you had a timely-filing denial for a Medicare claim, you'd write it off as such in your system, instead of as a more general Medicare contractual write-off, Woodcock says. Then you can track denials by write-off code.
2. "The second way to do it is to literally track all of your denials in some kind of **log**," Woodcock says. Design your log in a way that makes the most sense for your practice, and simply fill in the information for each denial you receive.
3. If you don't want to track all the denials that come through the door, a third approach is to track a **representative sample**, Woodcock says. For example, once a week, take a stack of EOBs and fill out a denials tracking form for each. "If you get 1,000 EOBs in per week and you monitor 100, that's a 10 percent sample," she says. You'd then take your findings from that sample and extrapolate them out to your actual number of claims to determine the extent of particular problems.

Whichever approach you take, the goal is to watch for trends and identify areas that need improvement within the practice. The lessons you learn from tracking denials will save your practice money on the front end, while bringing in more cash on the back end, Woodcock says. That is, once you get to the root of your denials, fix the problem and reduce future denials, the billing office won't have to spend so much time appealing them, Woodcock says. And time, after all, is money.