

3 Strategies for Preventing Claims Denials and the Damage They Cause

Discover the consequences of denied claims and learn how preventing claims denials can improve revenue cycle performance.

Denials are costly, inefficient, and distracting. They're more than just a small frustration; as denials pile up, so do their negative impact on your operations and revenue.

Proactively preventing claims denials can help your organization avoid financial and operational consequences.

The Top 5 Consequences of Claims Denials



1 | Lost revenue

One denial may not seem too costly on its own, but collectively, they add up. Half of hospitals recover less than **50% of initially denied claims**.¹ That's a significant amount of money left on the table.



2 | Cash flow disruptions

Claims denials delay reimbursements, causing cash flow to be less consistent and more unpredictable. This makes it difficult to plan for the future and reliably cover expenses.



3 | Extra work

67% of healthcare professionals cite front-end workflows like eligibility and benefits verification as the top contributor to claims denials.¹ When performed manually, these are also some of the most time-consuming tasks. Repeating them for every corrected claim can eat up hours of billers' time each week.



4 | Increased administrative costs

While it's good to resubmit denials instead of letting them go unpaid, reworking claims is costly. Claims submission tasks account for 23% of medical providers' total annual spend.² Every denial that needs to be resubmitted adds to this cost.



5 | Staff inefficiency

Denials divert staff time and effort away from other essential tasks, making billing and operations less efficient. Dealing with denials is also a hassle, which can bring down staff morale and contribute to burnout.

3 Ways to Curb the Damage of Denials

It's a widespread misconception that denials are an inherent, unavoidable part of the revenue cycle. Preventing claims denials is achievable with proactive measures.



1 | Identify mistakes before submission

Catch coding errors, missing details, and incorrect information before claims go out the door by double-checking them against patient eligibility records and payer rules.



2 | Use performance data to improve workflows

Understand why denials are happening with **revenue cycle analytics** that **identify denial trends for you** so you can make changes to produce better outcomes.



3 | Improve your claims management tools

Upgrade from siloed systems and manual, error-prone tasks and start managing claims for every payer in one place. Boost accuracy, simplify eligibility checks, and reduce denials by automating claims with Inovalon's **claims management solutions**.

Solutions for Preventing Claims Denials

Ready to resolve the costly effects of denials and achieve a 98% or better first-pass payer acceptance rate?³

Request a Demo

¹ "Claims Denials: Causes, Impact, and AI-Enabled Prevention Strategies," Inovalon, October 2024, <https://www.inovalon.com/resource/claims-denials-causes-impact-and-ai-enabled-prevention-strategies/>

² "2024 CAQH Index Report, Feb. 11, 2025, www.caqh.org/hubfs/Index/2024%20Index%20Report/CAQH_IndexReport_2024_FINAL.pdf

³ Inovalon internal reporting, Claims Management Pro, February 2025