

Denials Architecture Workshop

Translating Revenue Leakage Into Operational Action

created by Joyful Health

First, Who are we?

Joyful Health - Revenue recovery services

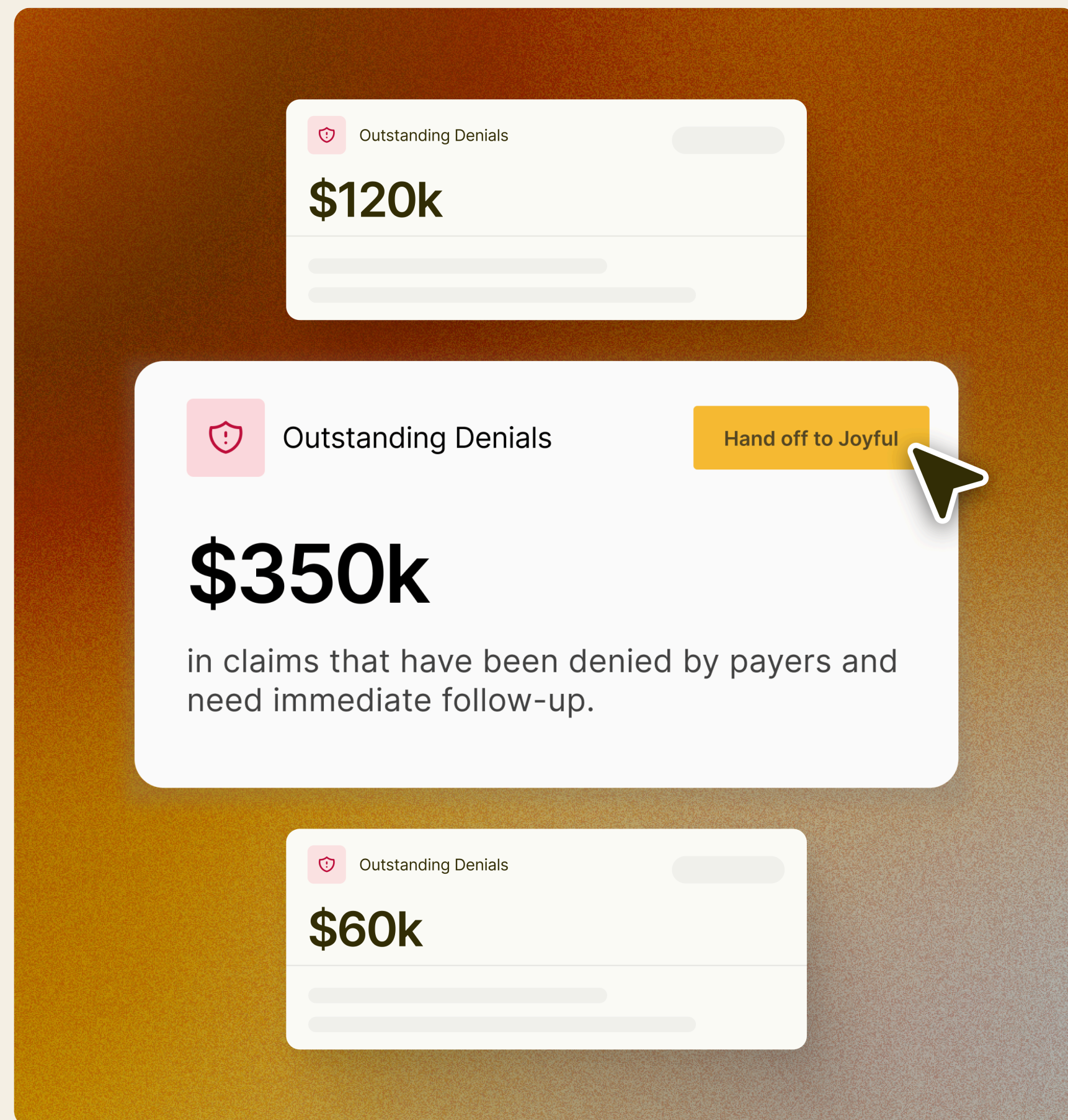
We recover revenue others leave behind:

Our team handles the time-intensive follow-up work so you can focus on patient care. You only pay when we recover money for you.

 Denied and rejected claims

 Aged A/R (60-365+ days) clean-up & recovery

 Complex appeals



Workshop Goals

By the End of This Session, Participants Will Be Able To:

01

Quantify Revenue Leakage More Effectively

Move beyond denial rate reporting to understand financial impact, recoverability, and revenue at risk.

02

Distinguish Symptoms From Root Causes

Differentiate between payer responses, workflow breakdowns, and systemic operational drivers.

03

Build a Structured Denial Categorization Model

Apply a repeatable framework for categorization, ownership assignment, and operational analysis.

04

Prioritize Denial Work Based on Financial Impact

Identify which denial categories materially impact cash flow, create avoidable revenue leakage, or warrant operational escalation.

05

Translate Financial Insight Into Operational Action

Connect denial patterns to: workflows, systems, staffing, and process improvement opportunities.

06

Establish a Closed-Loop Denial Management Approach

Create a model that supports ongoing measurement, recurrence reduction, and cross-functional accountability.

Revenue Leakage Visibility & Executive Challenges

Why does this conversation exist?

Most organizations can report denials.

Far fewer can explain:

- Why the same denial categories continue recurring
- Where operational breakdowns are actually occurring
- Which denials materially impact financial performance
- What actions will meaningfully reduce revenue leakage

Visibility is not the same thing as operational clarity.

Organizations today often have:

- denial dashboards,
- A/R reporting,
- payer trend analysis,
- and operational metrics,

but still struggle to translate those insights into:

- prioritization,
- ownership,
- and sustainable operational improvement.

The Executive Problem = Fragmentation

Finance	Revenue Cycle	Operations
Revenue variance	Denial volume	Workflow inefficiencies
Cash flow disruption	Aging A/R	Documentation gaps
Forecast instability	Appeals backlog	Staffing constraints
Margin pressure	Work queues	Process inconsistency

Different functions experience different symptoms of the same underlying revenue leakage problem, but those signals are rarely connected into a unified operational and financial view.

When these functions operate independently:

- Denial activity becomes reactive
- Accountability becomes fragmented
- Root causes remain unresolved

Today's Working Model

Component	Purpose
Financial Baseline	Quantify revenue leakage and financial impact
Denial Architecture	Distinguish symptoms from root causes
Categorization Framework	Create structured, actionable denial groupings
Financial Prioritization	Focus effort on highest-impact opportunities
Operational Translation	Convert insight into workflow and system changes

The workshop is built around five core components.

The goal is not simply to resolve denials. The goal is to understand and reduce the systems creating them.

Types of Revenue Leakage

Revenue Leakage Type	Definition	Example
Lost Revenue	Revenue unlikely to be recovered	Timely filing denials
Delayed Revenue	Revenue that may still be recoverable but impacts cash flow and aging	Appeals backlog
Preventable Leakage	Revenue loss tied to operational or workflow breakdowns	Eligibility mismatch
Administrative Waste	Operational effort spent on low-value or recurring denial activity	Reworking repeat denials

Denial Rate Is an Incomplete Metric

Denial rate is one of the most commonly used indicators in revenue cycle reporting because it is easy to trend, benchmark, and communicate.

However, denial rate alone does not explain the true financial or operational impact of denials.

Two organizations can report similar denial rates while experiencing very different:

- cash flow disruption,
- operational burden,
- recoverability,
- and revenue leakage outcomes.

Organization	Denial Rate	Dollars at Risk	Average A/R Age	Recoverability
Organization A	8%	\$450K	42 Days	High
Organization B	5%	\$2.1M	118 Days	Low

Financial Prioritization Model

Not all denials warrant the same level of operational attention.

Effective denial management requires organizations to prioritize based on financial impact, recoverability, and operational value — not visibility alone. High-visibility denials are not always high-priority denials.

Organizations often over-invest operational effort into:

- low-dollar recurring denials,
- highly manual rework,
- or issues with limited recoverability,

while under-prioritizing:

- aging high-dollar claims,
- systemic workflow failures,
- and preventable revenue leakage.

Factor	Key Question
Financial Impact	How much revenue is at risk?
Volume & Recurrence	How frequently is the issue occurring?
Recoverability	Is the revenue realistically recoverable?
Aging / Timely Filing Risk	How quickly does action need to occur?
Operational Effort	How much labor is required to resolve?
Preventability	Could this issue be reduced upstream?

The Denials Architecture Model

Introducing the Denials Architecture Model

Most organizations manage denials at the surface level — focusing on denial codes, payer responses, and appeals activity.

However, these signals are often symptoms of deeper operational and systemic issues.

Sustainable denial reduction requires organizations to move beyond payer responses and diagnose the systems driving them.

Layer	Focus	Examples
Surface	What the payer communicates	Denial codes, CARC/RARC responses, payer denial reasons
Structural	Where operational breakdowns occur	Intake workflows, authorizations, documentation, billing processes
Root Cause	Why issues continue recurring	Training gaps, workflow design, ownership ambiguity, system limitations

Surface Layer: Denials as Symptoms

The surface layer represents what organizations most commonly monitor:

- denial codes,
- rejection messages,
- payer responses,
- and appeals activity.

These signals describe what happened — but not necessarily why it happened.

Common Surface-Level Signals

- CO-16 — Missing or incomplete information
- CO-197 — Authorization issues
- Eligibility denials
- Medical necessity denials
- Coding-related denials

Payer responses identify the symptom of the problem — not always the operational driver behind it.

Organizations that operate primarily at the surface layer often become:

- reactive,
- appeal-driven,
- and limited in their ability to reduce recurrence.

Structural Layer: Operational Breakdown Points

The structural layer focuses on where breakdowns occur within operational workflows and revenue cycle processes.

While the denial appears at the payer level, the contributing issue often originates upstream.

Common Structural Failure Points

- Intake and registration workflows
- Authorization processes
- Eligibility verification timing
- Clinical documentation workflows
- Charge capture and coding processes
- Claim submission and billing workflows

Structural issues create the operational conditions that allow denials to occur.

Organizations that identify structural breakdowns are better positioned to:

- reduce recurrence,
- improve accountability,
- and prevent downstream revenue leakage.

Root Cause Layer: Systemic Drivers

The root cause layer focuses on why denial patterns continue recurring despite ongoing operational effort and appeals activity.

At this layer, organizations move beyond individual claims and identify the systemic drivers contributing to revenue leakage.

Common Root Cause Drivers

- Workflow design gaps
- Ownership ambiguity
- Training inconsistencies
- System configuration issues
- Policy or process variability
- Payer-specific requirements and nuances

Root causes are the underlying conditions that repeatedly generate operational breakdowns and denials.

Root causes are the underlying conditions that repeatedly generate operational breakdowns and denials.

- reduce repeat denials,
- improve operational efficiency,
- and create more sustainable financial performance.

Example: Moving Beyond the Denial Code

Surface-level denial reporting often groups denials together based solely on the payer response code.

However, identical denial codes may originate from entirely different operational and systemic issues.

The denial code alone does not provide enough information to accurately diagnose the issue.

Without deeper categorization and root cause analysis:

- unrelated denial drivers become grouped together,
- operational ownership becomes unclear,
- and corrective actions become less effective.

Layer	Example #1	Example #2
Surface	CO-16 — Missing/ Incomplete Information	CO-16 — Missing/ Incomplete Information
Structural	Provider taxonomy code missing or invalid on claim	Required modifier missing from submitted CPT code
Root Cause	Enrollment/ configuration issue within billing system	Coding workflow or training inconsistency

Structured Categorization & Operational Translation

Denial Categorization Framework

Most organizations categorize denials using:

- payer responses,
- broad denial buckets,
- or inconsistent naming conventions.

As a result:

- unrelated issues become grouped together,
- operational ownership becomes unclear,
- and analysis becomes difficult to operationalize.

Effective denial management requires structured categorization.

A strong categorization framework should:

- distinguish denial symptoms from operational drivers,
- support consistent analysis,
- clarify ownership,
- and enable financially meaningful prioritization.

Why Denial Categorization Often Fails

Many organizations have denial categories, but those categories are often too broad, inconsistent, or operationally unclear to support meaningful analysis.

As a result, reporting may increase visibility without improving decision-making or prevention efforts.

Common Categorization Challenges

- Denial categories are overly broad
- Similar issues are grouped together incorrectly
- Naming conventions vary across teams
- Denial codes are treated as root causes
- Ownership is unclear or inconsistent
- Categories do not support operational action

When categorization lacks structure, organizations struggle to identify meaningful patterns and prioritize effectively.

Poor categorization often leads to:

- fragmented reporting,
- inconsistent analysis,
- duplicated operational effort,
- and recurring denial patterns without clear resolution.

Structured Denial Categorization Model

Effective denial categorization requires more than identifying the payer response.

Organizations need a structure that connects denial activity to operational failure points and systemic drivers.

Structured categorization creates clearer operational visibility and more actionable analysis.

Category Layer	Purpose	Example
Domain	Identifies the general operational area	Authorization, Eligibility, Coding
Failure Type	Defines what specifically failed	Missing, Invalid, Mismatch, Expired
Root Cause Driver	Explains why the issue occurred	Workflow gap, Training issue, System configuration

Example: Structured Denial Categorization

Structured categorization allows organizations to separate denials that may appear similar at the payer-response level but originate from different operational issues.

Denial Scenario	Domain	Failure Type	Root Cause Driver
Missing provider taxonomy code	Enrollment / Billing Configuration	Missing Information	System configuration gap
Missing modifier on CPT code	Coding	Missing Information	Workflow or training inconsistency
Authorization submitted under incorrect provider	Authorization	Mismatch	Intake ownership ambiguity
Eligibility termed prior to DOS	Eligibility	Invalid Coverage	Verification timing failure

Connecting Denials to Operational Ownership

Denial reduction becomes significantly more difficult when operational ownership is unclear or distributed inconsistently across teams.

Structured categorization helps organizations identify not only what failed — but where accountability for prevention and resolution should exist.

Denial Category	Potential Operational Owner
Eligibility Verification	Front Desk / Intake
Authorization Management	Authorization Team
Documentation Deficiencies	Clinical Operations
Coding & Modifier Errors	Coding Team
Enrollment / Taxonomy Issues	Credentialing / Billing Configuration
Claim Submission Errors	Billing Operations

Financial Prioritization Beyond Denial Volume

Not all denials carry the same financial significance.

Organizations that prioritize based only on denial count or visibility often misallocate operational resources.

Effective prioritization requires understanding:

- financial impact,
- recoverability,
- aging risk,
- recurrence,
- and preventability.

Denial Category	Volume	Dollars at Risk	Recoverability	Priority Level
Missing Modifier	High	Low	High	Moderate
Timely Filing	Low	High	Low	Critical
Eligibility Verification	Moderate	High	Moderate	High
Authorization Mismatch	Moderate	Moderate	High	High

Prioritization Tradeoffs in Denial Management

Operational resources are limited.

As a result, organizations must continuously make decisions about where time, staffing, and escalation efforts should be focused.

Without structured prioritization, teams often become consumed by:

- highly visible denials,
- repetitive manual work,
- or large denial volumes with limited financial impact.

Common Tradeoffs	
Focus Area	Potential Risk
High-volume low-dollar denials	Significant operational effort with limited financial return
Appeals-heavy workflows	Teams become reactive rather than preventative
Low recoverability balances	Resources spent on claims unlikely to pay
Lack of aging prioritization	Increased timely filing and cash flow risk

Root Cause Identification and Mapping

Denials are often attributed to the team directly working the denial — even when the underlying issue originates much earlier in the revenue cycle workflow.

Effective root cause analysis requires organizations to connect denial activity to the operational processes contributing to the issue.

Denial Category	Volume	Dollars at Risk	Recoverability	Priority Level
Missing Modifier	High	Low	High	Moderate
Timely Filing	Low	High	Low	Critical
Eligibility Verification	Moderate	High	Moderate	High
Authorization Mismatch	Moderate	Moderate	High	High

Translating Financial Insight Into Operational Action

Identifying denial patterns and root causes only creates value when organizations translate those insights into operational change.

Without clear action pathways:

- reporting remains informational,
- denial trends continue recurring,
- and financial performance remains unchanged.

Insight Identified	Potential Operational Action
High eligibility denial volume	Adjust verification timing and intake workflows
Recurring modifier denials	Implement coding review checkpoints
Authorization mismatch patterns	Clarify ownership and standardize intake processes
Timely filing increase	Redesign claim submission escalation workflows
Credentialing-related denials	Improve payer enrollment monitoring processes

Closed-Loop Denial Management & Organizational Maturity

Closed-Loop Denial Management

Many organizations approach denials as isolated operational events:

- a denial occurs,
- the denial is worked,
- and the claim is resolved or appealed.

However, without a structured feedback loop, the same denial patterns often continue recurring.

Closed-loop denial management focuses on both:

- resolving denials
- reducing recurrence.

Identify

- Categorize
- Resolve
- Diagnose
- Implement Fix
- Measure Recurrence

Sustainable denial reduction requires organizations to treat denials as operational feedback signals — not isolated transactions

Measuring Denial Management Effectiveness

Many organizations measure denial activity primarily through:

- denial rate,
- appeals volume,
- or A/R reporting.

While these metrics provide visibility, they do not fully measure whether operational improvements are reducing recurrence and improving financial performance over time.

KPI	Purpose
Denial Rate by Category	Identifies concentration of denial activity
Repeat Denial Rate	Measures recurrence of operational issues
Time to Resolution	Evaluates operational efficiency
Recoverability Rate	Measures likelihood of successful recovery
Preventable Denial Rate	Identifies avoidable revenue leakage
Dollars Recovered vs Prevented	Distinguishes reactive vs preventative performance

Characteristics of Mature Denial Management Organizations

Mature organizations do not simply process denials more efficiently.

They build operational systems designed to continuously identify, diagnose, and reduce revenue leakage over time.

Common Characteristics of Mature Organizations

- Denial trends are tied to financial impact and operational risk
- Root causes are identified beyond payer response codes
- Operational ownership is clearly defined across teams
- Preventable denial patterns are actively monitored
- Corrective actions are measured for effectiveness and recurrence reduction
- Finance, operations, and revenue cycle teams share visibility into denial drivers
- Denial insights influence workflow, staffing, and system improvement decisions

Mature denial management shifts organizations from reactive resolution toward proactive prevention.

Governance and Escalation Model

Sustainable denial reduction requires more than operational follow-up.

Organizations need structured governance models that connect denial trends, financial impact, operational ownership, and escalation pathways.

Governance Area	Purpose
Operational Reviews	Monitor recurring denial trends and workflow breakdowns
Financial Prioritization Reviews	Align operational focus to financial impact and revenue risk
Escalation Pathways	Address systemic barriers and unresolved operational issues
Cross-Functional Reviews	Align finance, operations, clinical, and revenue cycle teams
Root Cause Tracking	Measure recurrence and effectiveness of corrective actions

From Reactive Resolution to Preventative Strategy

Organizations mature in denial management when they shift from reacting to denials after they occur toward preventing recurring operational failures upstream.

Reactive Organizations	Mature Organizations
Focus on denial volume	Focus on preventable revenue leakage
Measure appeals activity	Measure recurrence reduction
Resolve denials individually	Diagnose systemic patterns
Operate within departmental silos	Align cross-functional ownership
Prioritize visibility	Prioritize financial impact
Emphasize downstream correction	Invest in upstream prevention

In Practice

Organizational Self-Assessment

Reducing preventable revenue leakage requires organizations to evaluate not only denial outcomes but the operational systems and decision-making processes contributing to recurring patterns.

Reflection Questions

- Which denial categories recur most frequently within your organization?
- Which denial patterns create the greatest financial impact?
- Where does operational ownership feel unclear or fragmented?
- Which denial categories consume significant effort but rarely improve over time?
- What operational workflows may require deeper root cause analysis?
- Which teams currently lack visibility into downstream financial impact?

Key Workshop Takeaways

Denials are not isolated billing events.

They are operational and financial signals that reflect how revenue cycle workflows, systems, and organizational processes are functioning.

Key Takeaways

- Denial codes alone rarely identify the true root cause of revenue leakage
- Structured categorization improves operational clarity and accountability
- Financial impact should guide prioritization — not denial volume alone
- Recurring denial patterns often originate upstream of billing operations
- Sustainable improvement requires cross-functional alignment and governance
- Mature organizations focus on recurrence reduction, not just denial resolution

Action Planning and Next Steps

Sustainable denial reduction does not occur through isolated initiatives or one-time cleanup efforts.

It requires organizations to continuously evaluate operational workflows, financial impact, and recurring denial patterns over time.

Questions for Your Organization

- Which denial categories should be prioritized based on financial impact and recurrence?
- Where are operational and financial priorities currently misaligned?
- Which denial patterns may require deeper root cause analysis?
- What workflows create the greatest preventable revenue leakage risk?
- Where does accountability need to become clearer across teams?
- What operational changes could reduce recurring denial activity upstream?

The goal is not to solve every denial at once.

The goal is to build systems capable of reducing recurrence over time.

That's all, folks :)

Thanks for coming!

Join us for our next session, and invite more practices who might find this helpful.

Let's talk!

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