healthPRIME

Unlocking Lost Revenue: Denial Management Performance for Pathology Providers

How pathology practices can reclaim denied revenue

Pathology practices have not escaped today's growing reimbursement and denials crisis. In fact, the College of American Pathologists reported that prior authorization denials alone surged nearly 25% in just four years, a signal that operational inefficiencies and payer scrutiny are taking a measurable financial toll.

While the causes of denials vary, the outcomes are the same: delayed payments, lost revenue, and mounting pressure on financial performance. In today's reimbursement landscape, denial prevention and recovery are not optional - they're essential, which is why you need a strategy that effectively prioritizes your denials.
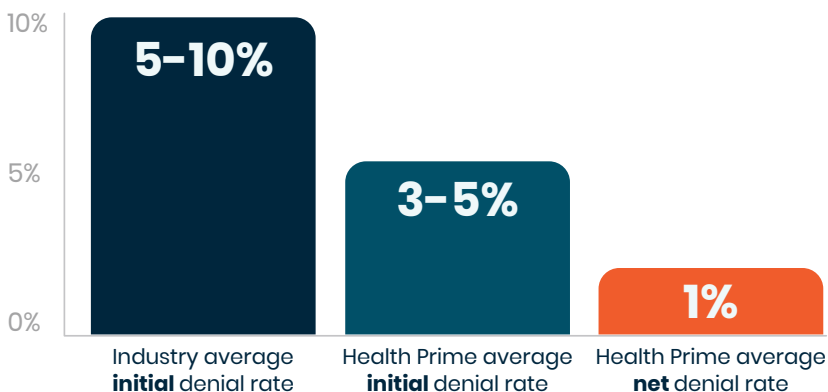
Effective denial management

A comprehensive denial management plan goes beyond surface-level fixes. It requires a structured step-by-step process that includes clean claim submissions, technology-driven denial tracking and analytics, root cause analysis to help prevent future denials, and dedicated denial teams with a systematic appeals process. To measure the true effectiveness of your appeals process, it's essential to understand and track both initial and net denial rates – two key metrics that reveal how well a practice is managing denials from start to finish.

Initial vs. net denial rates

While it's common for pathology practices to track initial denial rates, net denial rates are equally, if not more, important. An initial denial rate refers to the percentage of claims rejected upon first submission. By contrast, a net denial rate reflects the percentage of claims that are not reimbursed, even after appeal or resubmission efforts.

A low net denial rate means denied claims are being effectively worked, appealed, and reimbursed, a cornerstone of any comprehensive denial management plan. Yet, as Fierce Healthcare reports, many groups don't have adequate staff or internal resources to engage in what is a long and expensive process.

Bar chart:
- Industry average **initial** denial rate: 5-10%
- Health Prime average **initial** denial rate: 3-5%
- Health Prime average **net** denial rate: 1%

Fewer denials. More revenue.

Health Prime consistently outperforms industry benchmarks, delivering lower initial and net denial rates, resulting in stronger collections for our clients.

The Health Prime client advantage

Health Prime leverages deep data analysis and client performance reviews to drive financial improvements, including recovering revenue lost to initial claim denials. This type of continuous process improvement work is applied to clients of all sizes – from large to small – in order for them to reduce avoidable denials, accelerate reimbursement, and ultimately strengthen their bottom line.

Real client results

High impact for a high-volume practice

A large, long-time pathology client was experiencing an already-low denial rate of 3.63%. Despite the low rate, Health Prime knew more revenue could be collected.

Through a combination of data-driven insights and proactive management, we deployed a denial management plan that lowered the net denial rate to just 0.67%, converting what would have been lost revenue into collected dollars.

Practice details: 40+ providers
EMR System: EPIC
Region: Midwest

Quarter	Initial Denial Rate	Net Denial Rate
Q1 2024	3.63%	0.67%

99.33%
Percent of claims resolved by Health Prime.

Big results for a small practice

A small pathology client was experiencing a low initial denial rate of 4.86%. Despite the lower-than-average denial rate, Health Prime prioritized reducing the rate further.

Through targeted denial management and process improvements, Health Prime was able to reduce the net denial rate to 3.65%, driving meaningful financial gains.

Practice details: 6 providers
EMR System: EPIC
Region: Midwest

Quarter	Initial Denial Rate	Net Denial Rate
Q1 2024	4.86%	1.21%

98.79%
Percent of claims resolved by Health Prime.

Denials management that delivers

Not all billing partners approach denial management with the same level of rigor. Pathology practices should look for a partner who can:

- Maintain low initial denial rates by using automated claim checks, payer-specific edits, and clinical validation.
- Recover denied revenue efficiently — with a focus on resolution, not just tracking.
- Drive net denial rates down through structured, timely follow-up on rejections and appeals.
- Use data to identify patterns and prevent future denials rather than only reacting to issues.

> "Our new electronic workflows from Health Prime enable us to review pathology reports efficiently. We can discover and correct billing errors before they happen, reducing denials and decreasing days in AR."
>
> **–Pathology Practice Administrator**

Tailored support enables better outcomes

Whether a pathology practice operates as a small group or a 40+ physician organization, denial management should never be one-size-fits-all. Practices benefit from working with partners that are large enough to offer scale and technology – but small enough to provide attentive, customized support.

In a time when denial trends are climbing across all specialties, having the right denial management infrastructure in place isn't just helpful, it's essential. Pathology groups that prioritize this will be better positioned to weather industry changes, maintain predictable cash flow, and preserve revenue that might otherwise be lost.

Health Prime is a leading provider of revenue cycle management solutions for pathology groups. With a team of 5,000+ employees across the U.S., Latin America and Asia, we accelerate reimbursements for thousands of physicians nationwide. To learn how we can help your pathology practice improve operational efficiency and financial performance, please visit **hpiinc.com/pathology.**