

# Unlocking hidden value: Discover the impact of prospective DRG Validation

As healthcare costs continue to rise, ensuring that costly inpatient care is paid accurately has become a significant financial concern for health plans. DRG validation is a crucial part of a payment integrity program that helps ensure plans pay accurately—and members don't incur more out-of-pocket expenses than necessary. Traditional DRG validation programs provide a valuable service: identifying costly inpatient billing errors. But their focus on postpayment review can lead to challenges in recovering funds from an overpayment, sometimes leading to provider dissatisfaction and member discontent. In Cotiviti's experience, recovering erroneous payments can take over 90 days, and recovery can yield a mere 70% of the incorrect payment.

**At Cotiviti, we recognized the pressing need for a solution that not only addresses these challenges, but also unlocks hidden value within the DRG validation process.** Enter our prospective Clinical Chart Validation (CCV) solution—a game-changing innovation designed to complement retrospective paid claims approaches, increase recovery rates, elevate medical record receipt rates, and reduce administrative costs by as much as 15%.



To learn more about how Cotiviti's solutions can improve your payment integrity, call (866) 292-6971 or email [answers@cotiviti.com](mailto:answers@cotiviti.com).

## How does it add value?

For prospective CCV, Cotiviti performs a comprehensive audit of a subset of claims before payment, while the remainder seamlessly flows through analytics for potential postpay review.

A key driver of this additional value-add lies in the ease of contacting providers before claims have been paid rather than after. Prepay CCV minimizes these challenges by identifying errors proactively and allows plans to take full advantage of the prepay-to-postpay DRG approach.

## One health plan's journey to additional value

A regional plan implemented retrospective CCV in 2021 and prospective review in early 2022. In its first full year with the program, the plan recovered \$7 million through postpay CCV and identified an additional \$4 million with prospective CCV. The plan also garnered an impressive 33% retrospective change rate and 41% prospective change rate—compared with industry averages of about 20%. These figures underscore the plan's commitment to identifying the right claims for investigation and maximizing the value of its DRG validation program. Going forward, the health plan is looking to add CCV's short stay and readmissions audit types and add more large markets to the program, bringing its estimated annual CCV savings potential to more than \$200 million.

### Key savings

- \$7M** in annual postpay recoveries
- \$4M** in annual prepay identifications
- >40%** prospective change rate

### Key benefits experienced

- Significantly improves the accuracy of inpatient claim DRG validation, reducing errors and helping ensure correct payments
- Higher recovery rates and cost savings
- Streamlined processes, reducing administrative burden and expediting payment resolutions

### Key Cotiviti differentiators

- AI-driven chart selection reduces medical record requests to providers
- 96% sustainability rates for best-in-class accuracy
- Experienced, credentialed nursing and coding teams perform reviews and conduct appeals support under the oversight of our physician medical director team



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