Good, Better, Best:

How Different Systems Handle Denials

Denials are predictable and preventable, but only if your billing system is built to handle them. From eligibility and medical necessity to NCD and LCD edits, the way your platform manages claim errors directly impacts cash flow and staffing. When labs compare practice management systems, conventional billing tools, and modern lab-specific solutions, the difference in performance and ROI is clear.

Billing experts know payers often look for any reason to deny a claim. Some of the most common reasons for denials relate to:

- Benefits eligibility
- NCD/LCD errors
- Medical necessity errors
- Non-covered services

In the market today, there are three types of solutions built to support labs' revenue cycle management needs:

- Practice management systems (PMS)
- Conventional lab-specific billing solutions
- Modern lab-specific billing solutions

Each solution has benefits allowing labs to assess their needs and select the best system for their organization. By reviewing the performance of labs based on the billing system used, a clear hierarchy emerges showing which solution will provide your lab with the greatest return on investment.

Good: Practice Management Systems

Practice management systems are popular among labs looking for a low-cost solution with the basic billing functionality to get claims out the door. A PMS is designed to manage medical office administrative tasks such as patient appointments and demographics. While they typically have a billing module, the workflow within the application is not developed to handle complex laboratory billing requirements resulting in increased denials.

Because of the limited functionality to manage complex laboratory billing, using a PMS often results in a lower net collection rate (NCR). Labs often experience increased operational costs, too, because more people are hired to manage denials. Keeping a successful lab profitable using a practice management system can be challenging and a constant struggle.

Better: Conventional Billing Systems

The better option is a solution built with conventional laboratory billing in mind. These systems are more costly than a PMS and typically cannot complete all billing functionality within the core billing application.

Billing staff often need to use external spreadsheets, secondary applications to find information, and have to contact patients, payers, and clients outside the billing application in order to correct errors. The corrected information is then manually updated in the billing application.

Finally, a claim is generated and sent to payers. Working in multiple systems reduces the visibility as to the status of denials, requires additional time for discovery and follow-up, and can lead to more errors due to the manual

processes thus creating further denials.

In addition to working errors outside the main billing application, laboratories must create their own external processes for benefits eligibility checking, prior authorization requests, etc., without help from their billing system. Due to multiple systems being used to complete the billing workflow, conventional billing systems lack the ability to develop an appeals package, track the status of an appeal, review payer responses, and generate real-time analytics.

Without integrated functionality to handle front-end billing tasks and back-end appeals, the billing process can be extremely inefficient requiring additional time to complete billing and the need to increase staffing to handle simple tasks. Labs may experience an increase in collections when using a conventional billing solution compared to a PMS, but with minimal visibility, increased cost of the system plus additional staffing requirements to manage denials, the return on investment is minimal.

Best: Modern Lab-Specific Solutions

The best option for labs is a system built specifically to handle the intricacies and constant changes of lab billing. The TELCOR RCM solution provides extensive functionality to handle all stages of the revenue cycle for labs of all types and sizes. As an exception-based system, charges are sent directly into TELCOR RCM from the LIS where they are scrubbed through the rules engine.

TELCOR RCM is developed with a hierarchy of billing rules and can be configured to meet a laboratory's precise billing requirements. If a charge passes through the rules engine with no errors, it is automatically generated onto a claim and sent to the payer without any manual intervention.

For claims flagged with errors, they are visible within the application where staff can make corrections. The charge is then sent back through the rules engine to ensure all

errors were corrected. This process reduces denials, allowing for claims to be paid on first submission.

TELCOR RCM has the functionality to automatically integrate all documentation required for appeals and create an appeals package to meet the unique requirements of different payers. Within the application, staff can track the status of an appeal, the payer's response, the amount paid post appeal, and have analytics to track their success rate.

Positively Impacting Profitability

TELCOR RCM maximizes workflow efficiency by focusing on claim errors. By streamlining the billing process, it frees up time for staff to go after hard-to-collect dollars—all in one single application. This efficiency provides labs the greatest ROI by:

- Increasing productivity while reducing staff due to automation and system customization,
- Improving collections by working all denials not just the easy ones, and
- Allowing labs to grow efficiently without needing to hire more staff.

Not all billing systems are built to protect revenue. Practice management systems may get claims out the door but often drive higher denials and staffing costs. Conventional lab billing solutions improve performance but still rely on manual workarounds that limit visibility and efficiency. Modern lab-specific platforms like TELCOR RCM take an exception-based, automated approach that prevents denials upfront, streamlines appeals, and delivers measurable gains in productivity and collections. For labs focused on profitability and long-term growth, the difference is not incremental. It is structural.