



24-7 CONSULTANCY

Revenue Recovery That Never Sleeps

CASE STUDY

DME Revenue Optimization

PREPARED BY:

24-7 Consultancy

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Case Study: DME Revenue Optimization

Maximizing Orthotic & DME Reimbursement: Hospital System Revenue Recovery

Executive Overview

A regional health system (350+ beds, 4 facilities) engaged TFSC to address critical revenue leakage in their DME and orthotics program. Despite strong clinical utilization of braces, AFOs, and rehabilitation devices, the system faced mounting accounts receivable and compliance risks due to fragmented billing processes.

Engagement Scope: Full DME revenue cycle management including prior authorization, coding optimization, claims submission, and denial management.

Duration: Month to Month initial contract (concluded Q2 2024)

Result: \$1.8M annual revenue recovery, 40% denial reduction, 99.2% clean claim rate

The Challenge

The health system's DME program had expanded significantly, but revenue operations lagged behind clinical growth:

- **Authorization Bottlenecks:** Complex orthotic devices (custom AFOs, spinal braces) required detailed prior auth submissions that billing staff lacked expertise to navigate
- **Coding Inaccuracy:** Generalist coders struggled with HCPCS Level II nuances—particularly K-codes and L-codes for orthotics—resulting in 18% initial denial rates
- **Documentation Failures:** Missing Certificates of Medical Necessity (CMN) and physician justification letters triggered Medicare audits and payment delays
- **Cash Flow Crisis:** Average DME reimbursement timeline stretched to 52 days, straining working capital

"We were prescribing appropriate devices, but our billing team couldn't keep up with the documentation requirements. Each denied claim represented both lost revenue and a patient access issue."
— Revenue Cycle Director, Regional Health System

TFSC Solution: Specialized DME Revenue Architecture

Phase 1: DME Billing Infrastructure Audit (Weeks 1-4)

- Analyzed 18 months of DME claims data to identify denial patterns by device category
- Mapped workflow gaps between clinical prescription, supplier coordination, and billing submission
- Identified \$2.1M in potentially recoverable revenue from incorrectly denied/complex claims

Phase 2: Specialized Team Deployment (Weeks 5-8)

- Assigned certified coders with specific DME/orthotics expertise (HCPCS Level II certified)
- Implemented dedicated prior authorization unit for high-cost devices (>\$1,000)
- Established direct EMR integration for real-time charge capture at point-of-care



Phase 3: Process Optimization (Ongoing)

- 24-hour claim submission protocol for all DME orders
- Automated CMN validation checklist before payer submission
- Quarterly compliance audits to ensure Medicare DME quality standards

Quantified Results (12-Month Period)

Metric	Pre-Engagement	Post-Implementation	Improvement
First-Pass Denial Rate	18.30%	4.10%	77% reduction
Clean Claim Rate	81.70%	99.20%	17.5% improvement
Average Days to Payment	52 days	31 days	40% faster
Prior Auth Approval Rate	74%	96%	22% improvement
Annual Revenue Recovered	Baseline	\$1.8M incremental	23% revenue increase

Specific DME Categories Impacted:

- Ankle-Foot Orthoses (AFOs): 94% clean claim rate achieved
- Spinal Orthotics: Authorization approval improved from 68% to 98%
- Post-Surgical Bracing: Denial rate reduced from 22% to 3%

Compliance & Risk Mitigation

Beyond revenue recovery, the engagement addressed critical compliance vulnerabilities:

- **Zero Medicare audit flags** following implementation of CMN validation protocols
- **100% timely filing** compliance for Workers' Compensation DME claims
- **Standardized documentation** templates reducing physician burden while ensuring payer requirements met

Strategic Implications for THUASNE

This case illustrates the critical intersection where THUASNE's clinical excellence meets revenue realization:

For THUASNE's Hospital Partners:

- Ensures full reimbursement when THUASNE devices are prescribed
- Reduces administrative friction that might discourage device utilization
- Protects against audit risk in increasingly scrutinized DME billing environment

For THUASNE's Consulting Growth:

- Positions THUASNE as offering "prescription-to-payment" solutions, not just products
- Creates sticky relationships: hospitals rely on THUASNE for both device quality AND revenue protection
- Differentiates against commodity DME suppliers lacking billing expertise



About TFSC DME Expertise

TFSC specializes in complex revenue cycle management for high-value medical devices and hospital-based DME programs. Our team includes certified professional coders (CPC) with specialized training in HCPCS Level II, orthotic/prosthetic billing, and Medicare DME compliance.

Core Capabilities:

- Prior Authorization Management for Orthotics & Prosthetics
- HCPCS Coding & Documentation Compliance
- Workers' Compensation DME Claims
- 24/7 Claims Processing & Denial Appeals
- Hospital EMR Integration (Epic, Cerner, Meditech)

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