

RIVET HEALTH LAW, PLC

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When the Juice Isn't Worth the Squeeze

Navigating Federal Rule Changes, AI-Driven Denials, and Costly Appeals

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Session Overview & Objectives

- Explore Payer Adoption of AI in Denial Generation & Processing
- Assess Cost-benefit Thresholds for Appeals
- Review Key Federal & Legislative Updates Impacting Denials
- Attendees Will Walk Away with Actionable Frameworks for Strategic Escalation

AI-Driven Denials: The Automation Era



Predictive Analytics Models
Flagging 'Low-Value' Claims



Natural Language AI Parsing
Clinical Notes for Denial Triggers



Automated Claim
Suppression & Downcoding



Algorithmic Audit Scoring
for Utilization Review

The Denial Landscape: A Shifting Battleground



Denials have become more automated, data-driven, and costly to appeal.



The challenge: identifying when a denial is financially and operationally worth contesting.

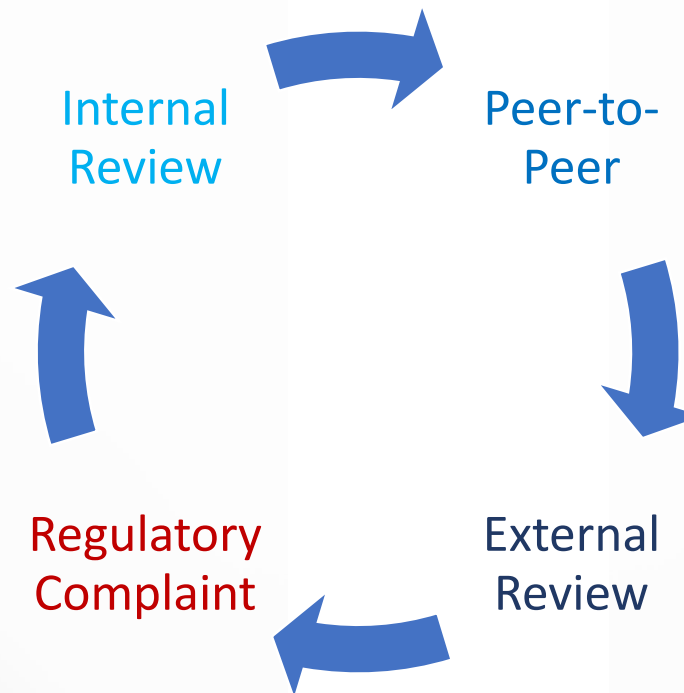


AI tools are reshaping payer workflows, shifting burden and cost to providers.



Automation efficiency has outpaced appeal capacity shifting financial and administrative risk downstream.

The Appeal Escalation Continuum



Cost-Benefit Analysis: When to Let Go

- ✓ Quantify appeal cost vs. potential reimbursement
- ✓ Factor in staff time, consultant expense, and opportunity cost
- ✓ Weigh probability of overturn and payer relationship effects
- ✓ Track win-rate and overturn metrics by denial category and payer to refine thresholds.

Decision Framework: Fight or Fold?

Evaluate Each Claim Through Four Pillars:

1. Financial Impact
2. Probability of Success
3. Precedent-setting Value
4. Operational Bandwidth

Federal & Legislative Updates

2025 Budget Reconciliation Law (enacted 2025) — Medicaid/ACA

- ✓ New eligibility verification/work requirements and administrative checks likely to raise coverage-related denials and uncompensated care risk in 2025–26

2026 MA & Part D Final Rule (CMS-4208-F) — issued Apr 4, 2025

- ✓ Holds plans to approved inpatient admissions (can't reopen except for obvious error/fraud)
- ✓ Clarifies what counts as an organization determination (appealable), and strengthens provider notice requirements

Appeals “Amount in Controversy” (AIC) for 2025

- ✓ ALJ: \$190; Federal District Court: \$1,900 (applies to filings on/after Jan 1, 2025)

Federal & Legislative Updates

CMS-0057-F (Interoperability & Prior Auth)

CY 2026 OPPTS/ASC Proposed Rule (published Jul 2025)

- ✓ Proposed 2026 outpatient & ASC payment updates

FY 2026 IPPS Final Rule (released Jul–Sep 2025)

- ✓ Inpatient payment/quality updates for FY 2026 that drive reimbursement baselines and may shape medical-necessity review patterns

CY 2026 Physician Fee Schedule (PFS) Proposed Rule (Jul 2025)

- ✓ Proposed Part B payment & policy changes for 2026; potential documentation/coverage clarifications affecting appeal arguments

Federal Oversight & Accountability

OIG:

Ongoing scrutiny of improper MA denials; automation may amplify risks.

FTC:

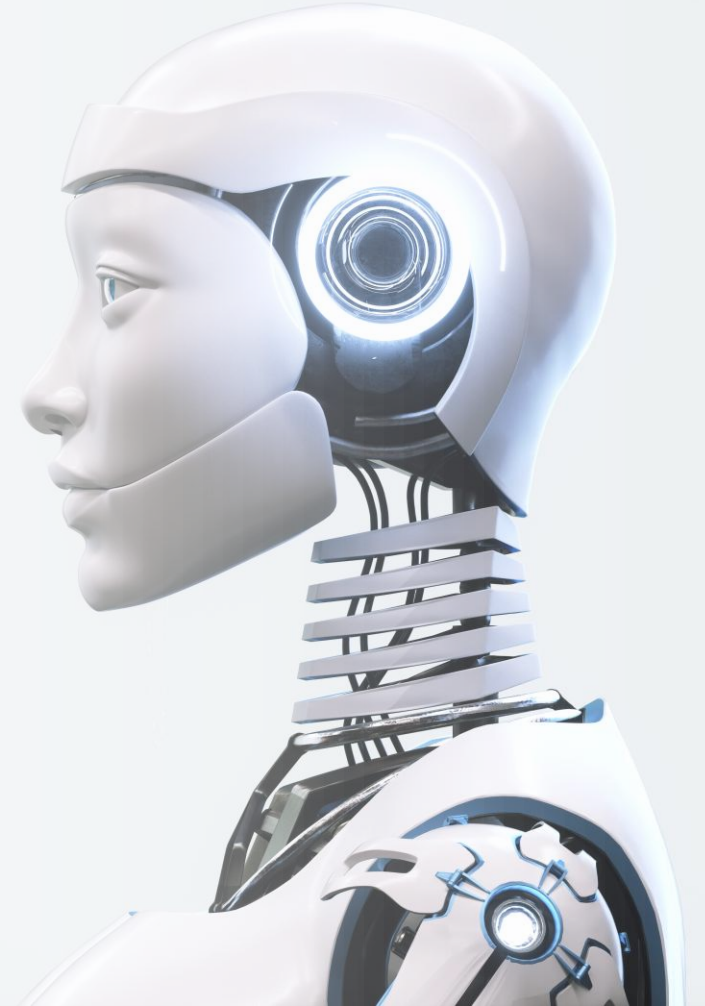
Warns against algorithmic bias and opaque decision systems.

Policymakers:

Growing calls for AI audit frameworks and transparency.

CMS:

Expects MA plans using AI tools to ensure explainability and clinical oversight.



Risk & Compliance Factors



ERISA §503:
Right to full and fair review

No Surprises Act:
Broader appeal and
external review mandates

AI Opacity = Compliance Risk:
FTC warns on unfair/deceptive
algorithmic use

CMS on MA + AI:
Tools may assist, not replace
individualized clinical review

Strategic Safeguards for Providers

Maintain Payer-specific AI Denial Watchlists

Track Algorithmic Trends in Denial Data

Partner with Compliance to Flag Systemic Issues

Document All Payer Correspondence

→ Algorithmic Disclosure Requests Strengthen Future Appeals

Escalate through CMS, DOI, or OIG when Warranted



Ethics of Automation

Transparency:

Who made the decision — human or machine?

Accountability:

Automation does not absolve compliance duty.

Integrity:

Patient care cannot be optimized by efficiency alone.



Future Outlook: Regulation & Reality



AI Integration in Payer
Workflows Will Deepen



Providers Must Strengthen Analytics
& Appeal Documentation



Expect Forthcoming AI Audit
Regulations



Legal, Clinical, and Financial Teams
Must Collaborate

Framework Summary

Operational Loop

Detect automation signals → Quantify expected value → Choose the right escalation lane
→ Document outcomes → Update payer playbooks & training

Performance Tracking

- Use dashboards to monitor recovery, win rates, and cycle time by payer issue.
- Align staffing and escalation thresholds to the data.
- Focus top talent where the return is highest.

Outcome

Turning regulatory knowledge into measurable revenue protection and improving the experience for patients and clinicians.

Key Takeaways

- ✓ Not All Denials Merit Pursuit
- ✓ Algorithmic Oversight is Both a Compliance and Strategy Issue
- ✓ Transparency Demands are Increasing
- ✓ Smart Triage = Sustainable Success



Q&A with Discussion

Open dialogue encouraged!

Consider:

- ✓ Regulatory Interpretations
- ✓ AI Oversight
- ✓ Operational Strategy Insights

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