

REVENUE CYCLE MANAGEMENT | FINANCIAL OPTIMIZATION

# The Independent Practice Guide to Cleaner Claims & Faster Payments

A practical framework for reducing AR days, eliminating preventable denials, and building a revenue cycle that performs — without adding internal headcount.

**11.81%**Avg initial denial  
rate in 2024**38 Days**Revascent average AR  
days**99%**Revascent clean  
claim rate**\$1B+**A/R managed  
by Revascent

This guide is written for practice administrators, physician-owners, CFOs, and revenue cycle leaders at independent practices, specialty groups, and ambulatory surgery centers. It provides a benchmark-driven framework for diagnosing revenue cycle performance gaps and building a measurable improvement plan.

**Independent Practices + Specialty Groups + Hospitals**

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### About This Guide

This guide is written for practice administrators, physician-owners, CFOs, and revenue cycle leaders at independent practices, specialty groups, and ambulatory surgery centers. It provides a practical, benchmark-driven framework for diagnosing revenue cycle performance gaps and building an improvement plan grounded in measurable outcomes.

## The Revenue Cycle Performance Gap

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Every dollar your practice earns must travel a complex path before it reaches your bank account. That path — from patient intake through final reimbursement — is your revenue cycle, and for most independent practices and specialty groups, it leaks.

Claim denials hit an average initial rate of 11.81% in 2024 <sup>1</sup>, up from 10.2% just a few years earlier, according to Kodiak Solutions data covering more than 2,100 hospitals and 300,000 physicians. Accounts receivable days also climbed, with true AR days increasing 5.2% year-over-year across the industry.

The financial impact is real and compounding. Denied claims cost an estimated \$25 to \$118 each to rework <sup>5</sup>. Aging receivables become permanent write-offs. Staff hours spent chasing underpayments are hours not spent on clean claim submission.

### What You Will Learn in This Guide

How to diagnose your AR days and denial rate against 2025 benchmarks. The five primary drivers of claim denials and how to eliminate them at the source. What a proactive, embedded RCM model does differently than traditional billing vendors. How to build a sustainable revenue cycle with the right people, processes, and reporting.

## 1 Where Independent Practices Lose Revenue

Revenue leakage rarely comes from one dramatic failure. It accumulates through dozens of small breakdowns across the revenue cycle, each one individually manageable but collectively destructive.

### AR Days: The Most Visible Performance Indicator

Days in Accounts Receivable measures how long it takes your practice to collect payment after services are billed. The industry benchmark for physician groups is 30 to 40 days. Multi-specialty clinics typically aim for 28 to 40 days. Hospital systems range from 35 to 50 days <sup>3,4</sup>.

High-performing practices maintain AR days under 35, per the Medical Group Management Association (MGMA). When AR days climb above 50, it signals systemic breakdowns: delayed claim submission, high denial rates, slow payer follow-up, or weak patient collection workflows. Every additional day of uncollected revenue represents working capital your practice cannot use.

### Claim Denials: The Compounding Revenue Problem

According to Experian Health's State of Claims 2025 research, 41% of healthcare providers report that at least one in ten claims is denied <sup>2</sup>. In 2022, that figure was 30%. The trend is moving in the wrong direction.

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The five most common drivers of preventable denials:

1. Eligibility verification failures at registration — responsible for approximately 22% of preventable denials
2. Missing or incomplete prior authorization documentation
3. Coding errors, including incorrect modifiers and missing specificity
4. Claim submission timing failures that exceed payer timely filing limits
5. Patient status and medical necessity documentation gaps

## **Credentialing and Enrollment Gaps**

One of the most significant and overlooked sources of revenue loss is credentialing. When provider enrollment is incomplete, misconfigured, or lapsed with a payer, claims cannot be paid. For one hospital, Revascent identified \$8.8 million in claims blocked by credentialing gaps and payer configuration errors. Within 120 days, \$2 million was recovered with more in the pipeline.

## **Clean Claim Rate: The Foundation of Faster Payment**

Your clean claim rate measures the percentage of claims that pass through first submission without rejection or correction. The target is 95% or above. Revascent maintains a 99% clean claim rate across its client base. When the rate falls below 90%, the entire revenue cycle slows, adjudication timelines extend, and cash flow becomes unpredictable.

## 2 Why Traditional RCM Models Underperform

Most practices struggling with revenue cycle performance are not struggling because of bad staff or complicated patients. They are struggling because the model they use was not designed to produce consistent financial outcomes.

Traditional billing vendors operate on a transactional model. They receive charges, submit claims, and report results. What they do not do is own the outcomes. When denial rates rise, they manage the queue. When AR days climb, they process the backlog. Accountability stops at task completion, not financial performance.

### The Accountability Gap

The core problem is that most billing vendors are processing claims without owning outcomes, creating a persistent gap between activity and financial results. Without proactive management, root cause analysis, and performance accountability, the same denial drivers repeat month after month. AR days creep upward. Clean claim rates plateau. The practice absorbs the cost of chronic inefficiency without a clear path to improvement.

### What Independent Practices Actually Need

Resource-constrained practices do not need more billing activity. They need better financial outcomes. High-performing RCM support requires end-to-end management from patient intake through final payment, proactive denial prevention rather than just denial processing, specialty-specific coding expertise, and data-driven reporting that makes performance visible and actionable.

### Traditional Vendor vs. Embedded RCM Partner

Dimension	Traditional Vendor	Revascent Model
Accountability	Activity completion	Financial outcome ownership
Denial management	Reactive appeals	Root cause elimination
Front-end coverage	None	Eligibility, auth, intake
Credentialing	Excluded	Proactively monitored
Reporting	Monthly summaries	Real-time dashboards
AR Days target	Not defined	38 days average

## 3 The Embedded RCM Leadership Model

The most effective approach to revenue cycle management for independent practices is not outsourcing a task. It is embedding leadership. The distinction is significant, and the financial outcomes reflect it.

### What Embedded RCM Leadership Means

An embedded RCM leadership model places an experienced, senior revenue cycle professional inside your organization's operational structure — working alongside your leadership team to diagnose and fix the full revenue cycle, not just to process the claims it generates. Revascent embeds executive-level RCM leadership with decades of hospital and practice experience directly into client organizations.

### What the Model Delivers: Chicago Safety Net Hospital

Starting AR was over 228 days — more than four times the hospital benchmark. Within 120 days of Revascent's embedded engagement:

<ul style="list-style-type: none"><li>• <b>\$4.3 million</b> in charges billed from a previously unaddressed coding backlog</li><li>• <b>\$2 million</b> recovered from a credentialing block affecting \$8.8M in claims</li><li>• <b>\$300,000-\$500,000</b> in additional monthly cash collections</li></ul>	<ul style="list-style-type: none"><li>• The <b>highest cash collections month</b> in hospital history</li><li>• Clean claim rate improved <b>20+ percentage points</b> (below 50% to above 70%)</li><li>• <b>\$7 million</b> in active denials addressed, targeting <b>\$1million/mo</b> in preventable reduction</li></ul>
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### The Five Functions of a High-Performance RCM Model

<b>1 Front-End Revenue Cycle Management</b>	Eligibility verification, prior authorization, patient intake accuracy, and payer-specific documentation requirements must be managed before the encounter closes. Front-end failures drive the majority of preventable denials.
<b>2 Coding and Compliance Accuracy</b>	Specialty-specific coding expertise is not optional. For ophthalmology, cardiology, podiatry, OB/GYN, urology, and orthopedics, coding complexity is a primary driver of denials and compliance risk.
<b>3 Proactive Denial Management</b>	Reactive denial management is expensive and inefficient. Proactive denial management means analyzing denial patterns to identify root causes, then implementing workflow changes that prevent the same denial from reoccurring.
<b>4 AR Follow-Up and Collections</b>	Aging receivables require structured, payer-specific follow-up workflows with specialized teams assigned to payer categories, tracking response timelines and escalating claims before timely filing limits are reached.
<b>5 Reporting and Performance Analytics</b>	You cannot manage what you cannot measure. Revascent provides descriptive, predictive, and prescriptive analytics covering AR days, denial rates by payer and code, clean claim performance, and collections trends.

## 4 Building Your Revenue Cycle Improvement Plan

Improving financial performance does not require a complete system overhaul. It requires a prioritized, sequenced approach that addresses the highest-impact problems first.

Step 1	<b>Establish Your Baseline</b> Calculate your current AR days (total AR divided by average daily charges). Identify your denial rate by payer, CPT category, and denial reason code. Measure your clean claim rate on first submission. These three metrics reveal precisely where your revenue is leaking.
Step 2	<b>Identify Your Highest-Impact Problems</b> Not all RCM problems are equal. A credentialing gap affecting a major payer can represent millions in blocked revenue. A coding error on a high-volume procedure code compounds across hundreds of claims per month. Prioritize by financial impact and speed of cash generation.
Step 3	<b>Fix the Front End First</b> Because most preventable denials originate at patient registration, eligibility verification, and authorization intake, front-end improvements generate the fastest and most durable downstream benefits. Implement real-time eligibility verification and automate prior authorization tracking.
Step 4	<b>Address Denial Root Causes Systematically</b> Every denial is data. Denial patterns aggregated by payer, procedure code, and time period reveal the specific operational failures driving your revenue leakage. Address root causes, not just individual claims.
Step 5	<b>Measure, Report, and Hold the Team Accountable</b> Set specific, measurable targets for AR days, clean claim rates, and denial rates. Report results monthly. Review trends quarterly. When performance deviates from targets, diagnose the root cause and intervene before the deviation compounds.

## Revascent RCM Performance Benchmarks

Revascent clients consistently achieve a 99% clean claim rate and average 38 AR days across the client base. Revascent manages more than \$1 billion in AR, providing the scale, expertise, and payer relationships that independent practices cannot replicate with internal staff alone.

## 5 Proof in Practice

The metrics above are not projections. They are outcomes documented through Revascent's embedded RCM model. The clearest illustration of what this model delivers is the Chicago safety net hospital case study, which documents the transformation of a hospital with 228 days in AR into an organization that recorded its highest cash collections month within 120 days of engagement.

The operational changes that produced those results — credentialing correction, clean claim improvement, denial root cause elimination, and systematic AR recovery — are the same disciplines that apply to independent practices and specialty groups of any size. The scale differs. The model is the same.

INTERVENTION	RESULT IN 120 DAYS
Recovered coding backlog	<b>\$4.3 million billed</b> — \$1 million + already collected
Resolved credentialing block	<b>\$2 million recovered</b> from \$8.8 million in blocked claims
Aggressive AR recovery	<b>\$300,000-\$500,000</b> additional monthly cash
AR recovery milestone	<b>Highest cash month</b> in hospital history
Denial root cause elimination	<b>\$7 million+</b> addressed, <b>\$1 million/mo</b> preventable reduction targeted
Clean claim rate improvement	<b>20% improvement</b> — below 50% to above 70%

These results are replicable. Every independent practice and specialty group with AR days above 50, denial rates above 5%, or clean claim rates below 90% has recoverable revenue that embedded RCM leadership can unlock.

### FREQUENTLY ASKED QUESTIONS

## 10 Questions Answered for Practice Leaders

These questions are written to directly answer the most common queries from practice administrators, physician-owners, and revenue cycle leaders researching RCM options.

01

### What is revenue cycle management for independent practices?

Revenue cycle management for independent practices is the full process of managing the financial lifecycle of patient care — from eligibility verification and prior authorization at scheduling through claims submission, denial management, AR follow-up, and final payment collection. For independent practices with 5 or more providers, effective RCM is the difference between predictable cash flow and chronic revenue leakage. Key metrics: AR days (target under 35 days), clean claim rates (target 95%+), and denial rates (target under 5%).

**02**

### **What is a clean claim rate, and why does it matter?**

A clean claim rate is the percentage of claims submitted that pass payer adjudication on the first submission without correction or rejection. A rate of 95% or above is considered high performance. Revascent maintains a 99% clean claim rate. When clean claim rates fall below 90%, payment cycles slow, staff spend disproportionate time on rework, and AR days climb.

**03**

### **What are industry benchmarks for AR days in 2025?**

Physician groups should target 30 to 40 AR days. Multi-specialty clinics aim for 28 to 40 days. Hospital systems typically range from 35 to 50 days. AR days above 50 for a physician practice indicate systemic revenue cycle problems requiring immediate intervention.

**04**

### **What causes high claim denial rates in independent practices?**

The most common drivers are eligibility verification failures at registration (approximately 22% of preventable denials), missing prior authorizations, coding errors including incorrect modifiers, claims submitted after timely filing limits, and medical necessity documentation gaps. Addressing these front-end failures is the most effective path to sustained denial rate reduction.

**05**

### **What is the difference between RCM outsourcing and embedded RCM leadership?**

Traditional RCM outsourcing means delegating billing tasks to a vendor who processes claims in the background. Embedded RCM leadership means a senior revenue cycle executive is integrated directly into your organization's leadership structure, diagnosing and fixing the entire revenue cycle — not just processing claims.

**06**

### **How do you reduce AR days quickly?**

Reducing AR days requires a multi-track approach: fix eligibility and authorization failures at the front end; implement payer-specific AR follow-up workflows; address credentialing gaps blocking claim payment; and correct claim scrubber configuration errors. Organizations following structured improvement plans often reduce AR days by 10 to 25 percent within 90 days.

**07**

### **How much does a claim denial cost a medical practice?**

Industry studies estimate the cost of reworking a single denied claim at \$25 to \$118, depending on complexity. For practices with denial rates above 10%, the cumulative rework cost reaches into the hundreds of thousands of dollars annually — before accounting for permanently written-off revenue or the cash flow impact of extended AR days.

**08**

### **What RCM services should a practice outsource?**

Independent practices most commonly benefit from outsourcing end-to-end revenue cycle management including eligibility verification, prior authorization, medical coding and auditing, claims submission, denial management and appeals, AR follow-up, patient collections, payer credentialing, and EDI enrollment. The combination of front-end and back-end services produces significantly better results than outsourcing individual functions.

**09**

### **How does specialty-specific RCM expertise affect financial performance?**

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Specialty-specific coding requirements vary significantly across ophthalmology, cardiology, podiatry, OB/GYN, urology, and orthopedics. A generalist billing approach introduces coding errors that compound across high-volume procedure codes, generating denials that a specialty-trained coder would prevent.

10

### **How do I know if my RCM vendor is actually improving my financial performance?**

Three metrics tell you most of what you need to know: AR days (should be under 35 to 40 days), clean claim rate (should be 95% or above), and denial rate (should be trending below 5%). If your vendor cannot provide monthly reporting on all three metrics by payer and by procedure code, they are not providing the visibility required to manage your revenue cycle effectively.

## **Take Control of Your Revenue Cycle**

Your practice earns every dollar it bills. The question is how much actually reaches your bank account — and how quickly. Revascent works as an embedded extension of your team, managing the full revenue cycle from front-end intake through final collections, with accountability for financial outcomes, not just billing activity.

Schedule a complimentary revenue cycle performance review. We will benchmark your current AR days, denial rate, and clean claim rate against 2025 industry standards and identify the highest-impact opportunities in your revenue cycle.

[revascent.com](https://revascent.com)

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