

RCM METRICS

# Why “Cost Per Successful Payment” Should Replace “Denial Rate”

The industry’s default benchmark measures an outdated signal. Here’s what to track instead.



# The Metric Everyone Reports

**Denial rate** earned its place at the top of the dashboard appropriately. Every billing system already tracks it; denied claims divided by claims submitted, no extra analytics required. That simplicity is exactly why it became the default, and why it stayed the default long after it stopped being sufficient.

The oversimplified limitation lives inside the formula itself:

**Denial Rate = Denied Claims ÷ Total Claims Submitted**

## What are you missing behind the Denial Rate?



### Time to Resolution

Denial rate doesn't ask how long a claim sat before anyone worked it.



### Touch Count

It doesn't count how many people had to touch the claim to get it paid.



### Staff Cost

It doesn't capture what it cost in staff time to push the claim across the finish line.



### Outcome Blindness

It tells you a claim was rejected, not that it took five or six follow-ups and resubmissions to eventually get paid.



# Why A Low Denial Rate Can Still Mean High Cost

A claim that's never denied can still take six touches and multiple people - to finally get payment. Here's what that actually looks like.

## One Claim, Six Touches, Zero Denials

- The first submission goes out with an eligibility gap
- Eligibility gets rechecked to close the gap
- A rep calls the payer to confirm status
- The claim gets corrected and resubmitted
- Another rep follows up two weeks later
- Payer phone calls and portal research
- Payment finally posts, on the sixth touch

## Result: denials for this claim = Zero It was never denied.

The cost to collect it was still real: six touches' worth of staff time, spread across multiple people, none of it visible in the metric that's supposed to track revenue cycle health.

Multiply that pattern across a few thousand claims a month, and a team can hold a clean denial rate while quietly bleeding margin.



# The Benchmark Few are Hitting

When industry benchmarks focus only on denial percentages, they can miss the more important question: how much time, effort, and expense does it actually take to get paid?


$$\text{Denial Rate} = \frac{\text{Denied Claims}}{\text{Total Claims Submitted}}$$

A benchmark that almost nobody hits stops functioning as a benchmark. It becomes a number people report because it's expected, not because it reflects anything actionable. When an entire industry misses its own target by a factor of three, the honest conclusion isn't that everyone is underperforming, it's that the target was measuring the wrong thing from the start.



## The Target

Most organizations report against a denial-touch rate benchmark of under 10%



## The Reality

Even the strongest-performing organizations rarely fall below 30%

**Say a team spends 40 hours resolving 200 claims, and 180 pay. Denial rate might report a comfortable 8%.**

**Cost per successful payment tells a different story: roughly 13 minutes of staff time behind every dollar collected, whether that claim took one touch or six.**

# Actionable RCM Metric: Cost per Successful Payment

Here's what happens when an organization measures the effort behind a claim, not just the outcome.

**Cost per  
Successful  
Payment**

=

**Total Staff Time Cost**

**Number of Claims Paid**

## The Real World Results

An ambulatory surgery center management company post-pandemic volume surge hit right as the organization opened nine new centers - staff, systems, and workflows were quickly overwhelmed.

Rather than adding headcount, the organization addressed the effort behind claims, denials, and cost as one connected problem, not three separate ones.

- Denials dropped 18%.
- Labor dependence dropped 30%.
- Staff capacity increased by a third, without adding headcount.



**The result:** when the effort behind a claim goes down, denials and cost tend to move together a relationship a denial-rate-only view can't show you, because it was never built to look for it.

# What this Metric Captures that Denial Rate Misses

And what changes once an organization starts tracking it instead.

## What It Captures

Track cost per successful payment and a fuller picture emerges one that denial rate was never built to reveal:

- Repeat touches on the same claim, even when none of them count as a denial
- Staff time spent resolving issues that were preventable further upstream
- Rework cycles that show up in a team's workload but nowhere in a board report
- The full financial effort behind a claim that eventually paid, not just the moment it didn't

**This is where the hidden cost of getting paid actually lives: not in the denials already visible on a dashboard, but in the touches nobody's counting.**

## What Changes

Picture two versions of the same quarterly benchmark review. In the first, denial rate looks stable, the conversation moves on, and the team responsible for six-touch claims that always eventually pay never comes up. In the second, cost per successful payment flags that exact category as the most expensive one in the portfolio, and the conversation shifts to why those claims need so much handling in the first place.

- Leadership stops managing to a number that can be technically hit while cost keeps climbing underneath it
- Resources shift toward the claims, payers, and processes generating the highest cost per resolution, not just the highest denial counts

**Same data. Different question. Genuinely different set of priorities once someone asks it.**

# What Doesn't Change - and the Question that Does

Moving to cost per successful payment is an addition to a metric that was already useful, just incomplete.

**1**

## Denial Rate Still Matters

Denial tracking still matters, and preventable denials still deserve real attention. Nothing here argues for dropping that number from the report.

**2**

## The Cost of Incomplete Data

Margins are thinner than they've been in years, staffing is harder to hold onto than ever, and every dollar spent chasing a claim that should have been cheap to collect is a dollar that isn't going toward keeping the lights on.

**3**

## Seeing Where the Money Goes

Organizations under that kind of pressure can't afford a metric that only tells half the story. The ones who move to cost per successful payment aren't abandoning denial rate. They're finally seeing where their money is actually going.

**The real question was never how many claims got denied. It's what it cost to get every claim paid. Before your next benchmark review, ask a different question: if our denial rate looks fine, do we actually know what it's costing us to get paid?**