

Case Study

DRG Validation That Protects Cash and Compliance

How a large nonprofit health system strengthened revenue integrity, reduced audit exposure, and sustained coding throughput with a governed DRG validation engine

A large nonprofit health system in Arizona serves a population of roughly 5 million through 9 acute care hospitals and 200+ care locations, supported by 17,000+ team members and 4,000+ medical staff. Its stated mission is to improve the health and well being of those it serves, with a vision centered on being the partner of choice in transforming healthcare for its communities.

For health system CFOs and revenue cycle leaders, scale like this creates a predictable tension: growth amplifies throughput demands while raising the

cost of coding variability - DNFB sensitivity, denial triggers, and Diagnosis-Related Group (DRG) audit exposure compound quickly. The client's near term goal was straightforward: maintain dependable facility and professional coding flow and add a pre bill control that improves DRG accuracy without slowing claims.

Vee Healthtek was brought in to run this like an operating system - measured, visible, and governed - rather than a set of disconnected tasks.

The Challenge

The client measured success primarily through accuracy and turnaround time, and expected performance to hold through volume spikes, PTO seasons, and backlog events. In parallel, inpatient claims needed a tighter pre bill lens: the organization wanted to catch both missed legitimate reimbursement (down coding) and avoidable over coding risk before claims left the door.

The Solution: A Governed, Tech Enabled DRG Validation Engine

We built a governed, tech enabled workflow anchored in three mechanisms:

1

Production control with performance visibility -

Recurring, structured reporting for volume and quality across chart types (IP, DRG review, observation, surgery, endoscopy) to create predictable operational cadence.

2

Quality analytics and closed loop CAPA -

Error trend tracking, root-cause analysis, and corrective/preventive actions reinforced through targeted education (PDx, CC/MCC validation, PCS capture, disposition, POA), operationalized through dashboards, trend analytics, and standardized feedback loops.

3

DRG validation as a pre bill revenue integrity control -

A single loop that prioritized high-impact cases, reviewed the full medical record against coding guidance, issued compliant corrections and query opportunities, and fed learnings back into coder workflows.

We also supported a major platform transition in the coding environment - managed within governance rather than treated as a side event - so throughput stayed predictable.

Impact

- DRG validation delivered about **\$784,000 in total value** by recovering legitimate reimbursement from down-coded accounts and preventing over-coding exposure from up-coded accounts.
- Across more than 5,200 facility accounts, **quality held at about 99%** - comfortably above the 95% benchmark - while maintaining steady throughput across chart types.
- DRG audit corrections produced about **\$205,000 in combined impact** by improving under-coding and reducing over-coding exposure.

Why the client chose us

The decision centered on risk-managed adoption and operational confidence: start small, validate performance, and expand scope while maintaining control. The client valued our ability to ramp coverage during backlogs and peak periods while staying consistent on accuracy and turnaround time, alongside satisfaction with security and operational reliability.

As one client leader said
**When volume spikes hit,
you ramp quickly - and
quality still holds**

Transferable Insight for Health System CFOs and Revenue Cycle Leaders

Treat DRG validation as a pre bill control system, not an audit project. When you pair disciplined governance (dashboards, trend analytics, CAPA) with clinically informed DRG validation, you protect revenue integrity, reduce preventable audit exposure, and keep claims moving - without trading speed for compliance.

About Vee Healthtek

Vee Healthtek is a technology-led revenue cycle partner for U.S. health systems and physician groups. We treat revenue cycle as a structural determinant of growth and resilience, not an administrative process. Our modular capabilities span every stage of the revenue cycle, enabling both targeted interventions and full-cycle transformation. By combining engineered workflows, practitioner insight, and a global delivery architecture, we turn revenue friction into flow - from access to A/R - and shift it from a cost center to a revenue performance system.

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