
Revecore®
Uncovering Underpayments.
A Multi-Faceted Approach for Health Systems

Revenue Recovery Pressures Facing Hospitals

Hospitals today are navigating a financial environment with few historical comparisons. Workforce shortages, supply chain instability, and sustained inflation have driven expenses well above what reimbursement rates have kept pace with. In 2025, total hospital expenses grew 7.5% according to the AHA, more than twice the rate of growth in hospital prices over the same period. Labor alone accounts for 56% of total hospital costs, and workforce costs rose an additional 5.6% as systems competed to recruit and retain nurses, physicians, and clinical staff.

The gap between the cost of delivering care and what hospitals actually receive for it has reached a level that is difficult to sustain. The AHA estimates that in 2024, Medicare reimbursed hospitals at just 83 cents for every dollar spent on patient care, resulting in more than $100 billion in Medicare underpayments that year alone. When Medicaid is added, combined government underpayments reached $130 billion in 2023, and those shortfalls have been growing at an average of 14% annually since 2019. The inflation gap compounds the picture further: from 2022 to 2024, general inflation rose 14.1% while Medicare inpatient payment rates increased only 5.1%, a mismatch the AHA estimates translated into $8.4 billion in lost hospital revenue over just those two years.

83¢

Medicare reimbursement per dollar spent on patient care in 2024

SOURCE · AHA 2026

$130B

Combined Medicare & Medicaid underpayments in 2023, growing 14% annually since 2019

SOURCE · AHA 2026

Medicare Advantage (MA) plans add another layer of financial pressure.

Hospital reimbursement from MA plans fell 8.8% on a cost basis between 2019 and 2024, even as MA enrollment surged. Meanwhile, KFF analysis found that MA insurers made nearly 53 million prior authorization determinations in 2024, a more than 40% increase since 2020. The share of those prior authorizations that providers needed to appeal rose from 7.5% in 2019 to 11.5% in 2024.

Commercial payers have added to the burden in parallel. A 2025 Premier survey of 280 hospitals found that providers spent an estimated $25.7 billion in 2023 managing insurance claims, with roughly $18 billion of that potentially unnecessary, going toward arguing over claims that should have been paid at submission. Approximately 70% of denied claims are ultimately overturned, but only after multiple rounds of reviews averaging 45 to 60 days each. According to the AHA's 2026 Costs of Caring report, hospitals spent $43 billion in 2025 on administrative work related to collecting payments insurers owed for care already delivered.

Revenue cycle staffing shortfalls compound these dynamics in ways that rarely surface in aggregate financial reports. The American Academy of Professional Coders (AAPC) found that 63% of healthcare providers report staffing gaps in their revenue cycle management departments. The consequences are concrete: billing errors, delayed claim submissions, and claims that go unpursued altogether. Medical coders were identified as the most difficult revenue cycle role to fill, followed by billers. When specialized roles go vacant or turn over at high rates, the work that requires the most expertise, including underpayment identification and appeals, tends to fall further behind.

> The combination of government underpayment, escalating payer complexity, and constrained internal resources creates conditions where revenue leakage becomes structural rather than incidental. For many health systems, the question is less whether underpayments are occurring and more whether the infrastructure exists to surface and recover them.

The Limitations of Payment Variance Tools

Most health systems have some form of payment variance process in place, and for a certain category of underpayment, those tools perform a real function. When a payment falls meaningfully short of a contracted rate in a way that can be directly measured, variance tools can surface the discrepancy. The challenge is that this represents a fraction of where underpayments actually occur.

False Variances
Variance tools generate output that must still be reviewed, validated, and acted on. Health systems relying heavily on these tools frequently encounter false variances, discrepancies that appear significant in the system but do not hold up under review. Each false variance consumes staff time that could be spent on genuine recovery. In environments already stretched thin by staffing shortfalls, this is a meaningful resource drain.

Narrow Scope
Payment variance tools are built to detect quantifiable differences between expected and received payment amounts. They are generally not designed to identify underpayments that stem from billing and coding issues, clinical documentation gaps, payer policy misapplication, or line-item bundling errors, all of which result in underpayment but generate no visible variance because the payment, however incorrect, matches the processed claim.

Where Recoveries Actually Come From

Operational data on where recoveries actually come from makes the scope limitation concrete. Approximately 30% of recoveries originate from billing and coding discrepancies that variance tools routinely miss entirely. Revecore data shows that an even larger share, over 50%, comes from zero-balance review of denied claims: accounts that have already been worked by hospital staff but were closed without full recovery, often due to resource constraints, incomplete documentation, or unfamiliarity with payer-specific appeal requirements.

HIDDEN IN BILLING & CODING

~30%

of recoveries stem from billing & coding issues invisible to variance tools

HIDDEN IN ZERO-BALANCE

>50%

of recoveries come from zero-balance denied claim review

This is where the concept of hidden denials becomes relevant. Some zero-balance accounts represent claims that were adjusted to zero through a denial process that was never clearly flagged as such. These are claims where a payer issued a denial that effectively closed the account without generating an open balance, leaving them invisible to standard workflows. Others are known denials that were identified, partially worked, and ultimately set aside when the complexity of the appeal exceeded available bandwidth.

The financial consequence is the same in either case: earned reimbursement that was never collected. For health systems relying on variance tools as their primary recovery mechanism, these categories of revenue loss fall entirely outside the scope of what is being reviewed.

A comprehensive underpayment recovery approach addresses billing and coding discrepancies, payer pricing errors, hidden denials, and zero-balance account review alongside traditional payment variance, rather than treating variance as the primary lens.

Considerations for Addressing Revenue Loss

1. SPECIALIZATION

Specialized Expertise Across Payer Types

Not all underpayments look the same, and the expertise required to identify and recover them varies considerably. DRG validation issues, Medicare Advantage policy misapplication, stop-loss cases, implant billing, infusion therapy, and trauma claims each carry their own rules, payer-specific behaviors, and documentation requirements. Revenue cycle teams with generalist training and heavy workloads are rarely positioned to develop deep fluency across all of these categories.

Organizations pursuing recovery with specialized resources, whether internal or through a partner, tend to see meaningfully higher recovery rates precisely because the work is matched to staff who understand the particular mechanics of each claim type. This is especially true in complex payer environments, including Medicare Advantage and Medicaid managed care, where plan-level variation in coverage interpretation is significant.

2. IMPLEMENTATION

Seamless Implementation

Any recovery process layered on top of existing operations creates some friction. The practical question is how much. Systems that require significant IT integration work, ongoing manual file transfers, or frequent intervention from revenue cycle leadership to function tend to impose real costs on already-strained teams. The most effective recovery approaches are designed to run behind existing workflows, ingesting data through standard EDI file formats and returning validated results without creating new queues for internal staff to manage.

3. Insight

Data-Driven Insights and Root Cause Reporting

Recovery is only part of the value a strong underpayment program can deliver. The patterns surfaced through retrospective claim review, specific payer behaviors, recurring coding issues, systematic misapplication of contract terms, often reflect problems that, if addressed upstream, reduce future underpayments. Health systems benefit most from partners that provide root cause analysis alongside recovery results, connecting what was found in historical claims to what can be changed in current processes.

This kind of feedback loop also supports payer contract negotiations. When a health system can document that a specific payer is systematically misapplying a coverage rule across a defined service line, that evidence changes the character of the conversation.

4. Proactive Denials

Proactive Denials Management

Denials that close to zero balance, whether because they were adjusted down by the payer or simply never appealed, represent one of the highest-concentration areas of uncollected revenue. Premier's research found that more than half of denied claims, 54.3% across private payers, were ultimately overturned when pursued. Many others are never appealed at all due to resource constraints, deadlines passed, or the complexity of the specific payer's appeal pathway.

Recovering from zero-balance denials requires more than identification. It requires clinical and coding expertise, payer-specific appeal knowledge, and persistence through what is often a multi-round process. Health systems that treat denial recovery as a distinct workstream, rather than a residual task handled when capacity allows, consistently recover more of what they are owed.

By focusing on these elements, hospitals can better position themselves to reduce revenue leakage and capture the full financial value of their services.

Where Specialization Meets Scale: The Revecore Approach

Many underpayments are hidden in zero-balance accounts — significant revenue that would never be collected without focused intervention. Revecore helps hospitals turn those invisible losses into incremental revenue they would not have otherwise realized, by combining deep reimbursement expertise with proprietary intelligence built over decades of operating experience. Every dollar recovered represents net financial gain for our clients.

That outcome depends on people, process, and technology working together. Dozens of specialized expert teams — hundreds of analysts, nurses, and reimbursement specialists with deep experience across DRGs, coding, payment policy, and payer nuance — work claims through a proprietary platform built on thousands of rules and ML-based scoring that focuses effort where recovery is most likely.

The result is recovery performance 2–3x higher than variance-only approaches, faster recovery cycles as low as 30 days for high-probability claims, and actionable insights into payer behavior that strengthen payment accuracy over time. In 2025 alone, Revecore recovered $260 million on behalf of clients — part of more than $3.4 billion collected since 2000 across 700+ hospitals nationwide. These are outcomes internal teams and traditional vendors cannot replicate.

2-3x

Higher recovery performance than variance-only approaches.

30 days

Recovery cycle on high-probability claims, end-to-end.

$260M

Recovered on behalf of clients in 2025 alone.

Revecore · 2025

$3.4B

Collected for clients since 2000 across the U.S.

Revecore · since 2000

700+

Hospitals nationwide served by Revecore programs.

Revecore · Client Base

Revecore®

EVERY EARNED DOLLAR PROTECTED

Turn invisible losses into incremental revenue.

A Multi-Faceted Approach for Health Systems

For more information on how Revecore can enhance your revenue cycle management and support your underpayment recovery efforts, please visit revecore.com.

Visit revecore.com →

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