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Executive War College

2026 PAYOR DENIAL IMPACT REPORT

UNVEILING THE LATEST TRENDS AND RECOMMENDED PRACTICES FOR OPTIMIZING CLINICAL LAB, HOSPITAL OUTREACH, MOLECULAR, AND PATHOLOGY CLAIM DENIALS AND APPEALS

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Presenters

Diana Richard

AVP, National Accounts
XiFin, Inc

With 20 years of experience working in the diagnostics industry, Diana has an exceptional understanding of the market landscape. She has worked with numerous healthcare providers, helping them improve their revenue cycle management performance, explore financial process improvement opportunities, and develop strategic partnerships. Diana's previous roles include senior-level business development, client management, billing performance, internal auditor, and marketing. Diana holds a BA in Marketing as well as Economics from Francis Marion University.

Stephanie Denham

VP, Enterprise Clients
XiFin, Inc

Stephanie has over 20 years of experience in healthcare revenue cycle management (RCM). As a Certified Public Accountant (CPA), she brings a strong financial foundation to strategic initiatives that improve client satisfaction by fostering strong partnerships with key stakeholders. She collaborates with cross-functional teams to deliver actionable insights, streamline workflows, and improve RCM outcomes. Prior to joining XiFin in 2018, Stephanie served as Director of Client Management at Change Healthcare (formerly McKesson).

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Overview

- Introduction / Recent Payor Updates
- 2025 Denial Trends
- 2025 Appeal Trends
- Addressing Operational Imbalances in Reimbursement
- Strategic RCM and AI Partnerships
- Key Takeaways

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Data Mining: Value in the Numbers

XiFin Client Database

Anatomic Pathology, Molecular, Clinical Lab, and Hospital Outreach Lab Transactions

More than **30 Million Claims** Analyzed

2026 Study of 2025 Denial and Appeal Trends by:

- Payor Group
- Denial Reason
- Appeal Type
- Revenue Generated

25+

Over 25 publicly traded companies use XiFin

73%

73% of the largest laboratories utilize XiFin

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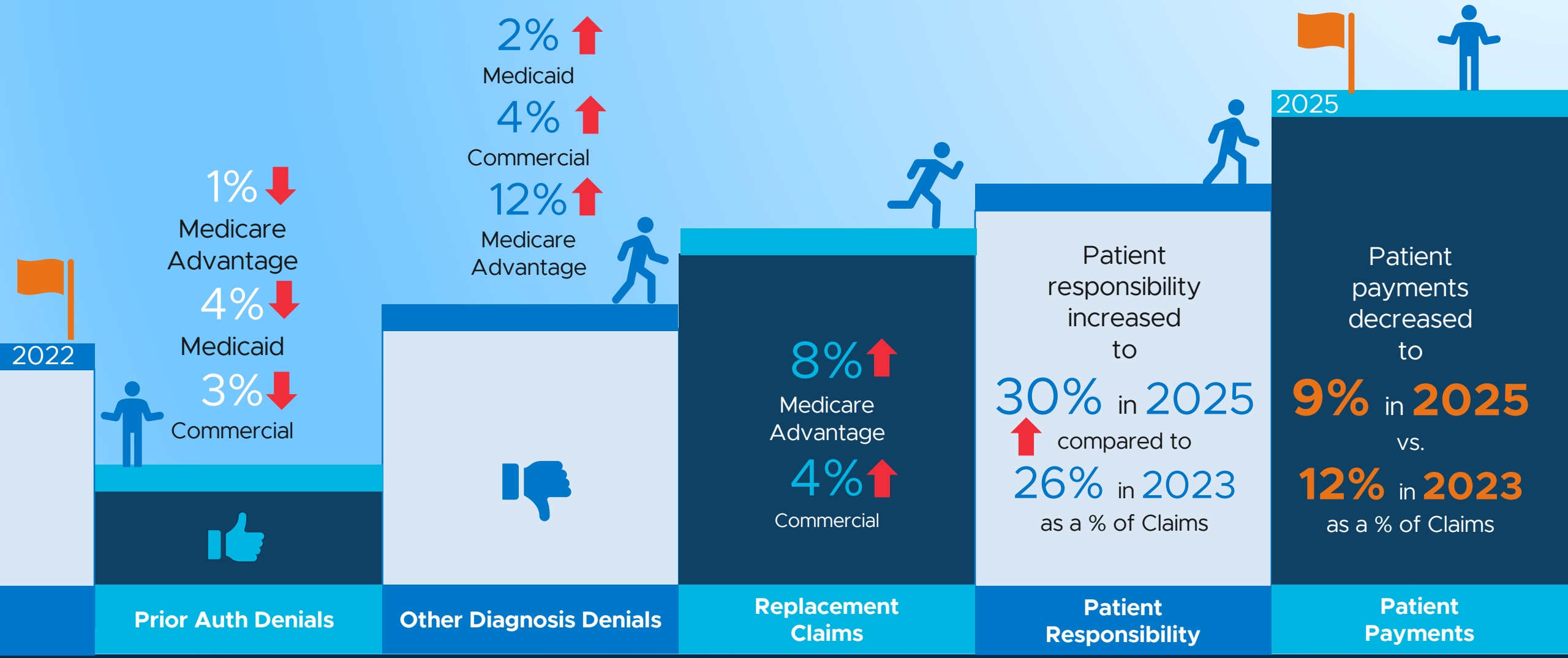
Key Factors Impacting Reimbursement

Analysis of Change from 2023 to 2025



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Recent Updates to Payor Policies/Coding

CPT 87801 – STI molecular testing: Bundling Changes

- 87801 is treated as a bundled "ceiling" code by most payers
- Billing individual STI NAATs together almost always triggers downcoding
- Appeals based on "multiple results" generally fail unless payer-specific exceptions exist

New Pathology & Lab CPT Codes (Effective 1/1/2026)

The AMA introduced significant new and revised codes, particularly for molecular and infectious disease testing, while deleting older or redundant codes, including:

- 81354 – Genome-wide cytogenomic analysis (optical genome mapping)
- 81524 – CNS tumor DNA methylation profiling
- 87182 / 87183 – Advanced antimicrobial resistance detection
- 87494 / 87627 / 87812 – Expanded infectious disease panels and antigen combinations. Older PLA codes tied to legacy testing approaches were deleted.

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DENIAL TRENDS

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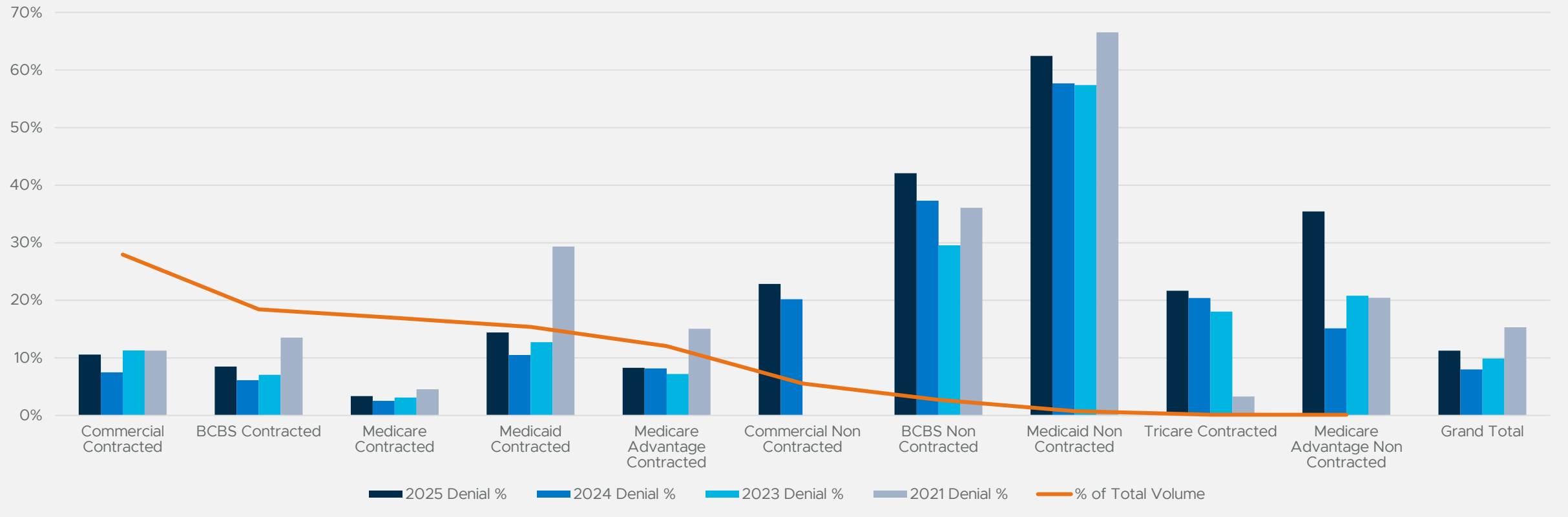
Risk of Denial: Averages by Payor Group, All Segments

% Claims Denied by Payor Group in 2025, Compared to 2024, 2023, and 2021



Source: XiFin Data

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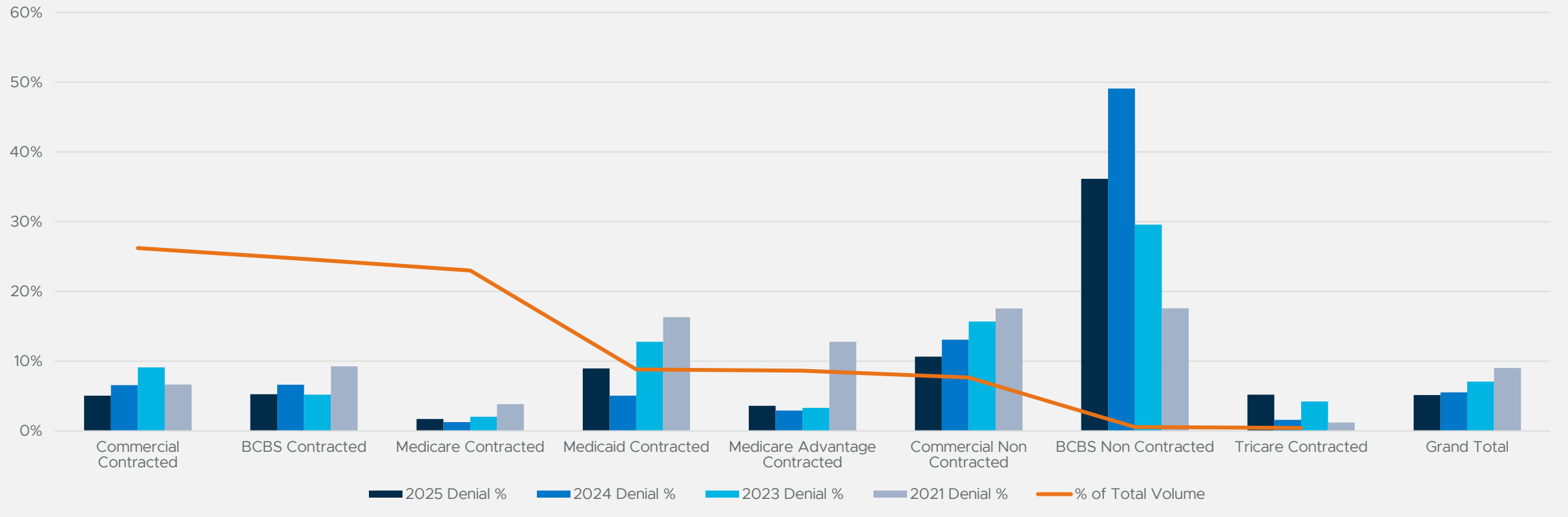
Risk of Denial: Averages by Payor Group, Pathology

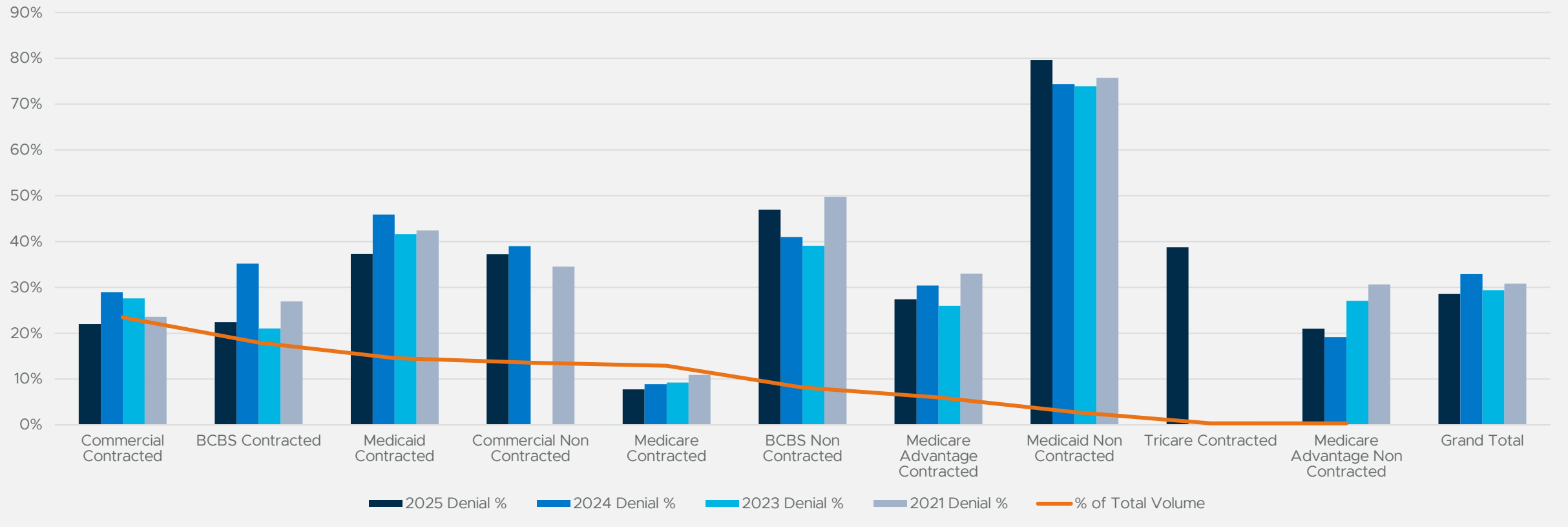
% Claims Denied by Payor Group in 2025, Compared to 2024, 2023, and 2021



Source: XiFin Data

Risk of Denial: Averages by Payor Group, Molecular

% Claims Denied by Payor Group in 2025, Compared to 2024, 2023, and 2021



Source: XiFin Data

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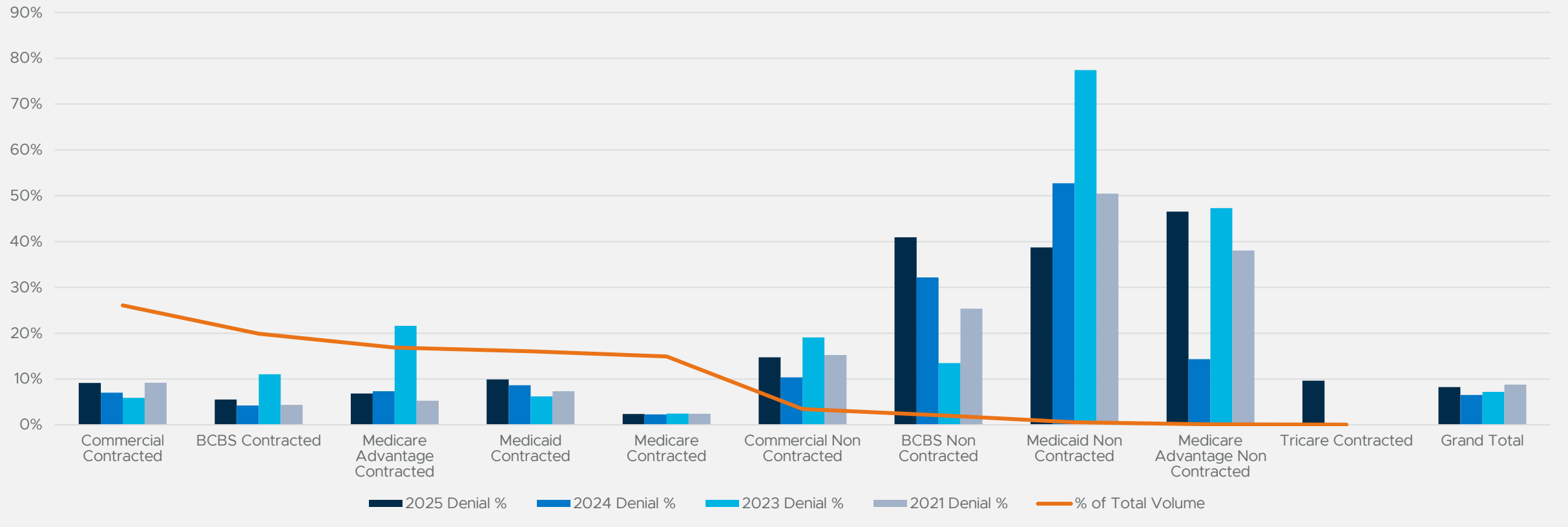
Risk of Denial: Averages by Payor Group, Clinical (Non-Hospital)

% Claims Denied by Payor Group in 2025, Compared to 2024, 2023, and 2021



Source: XiFin Data

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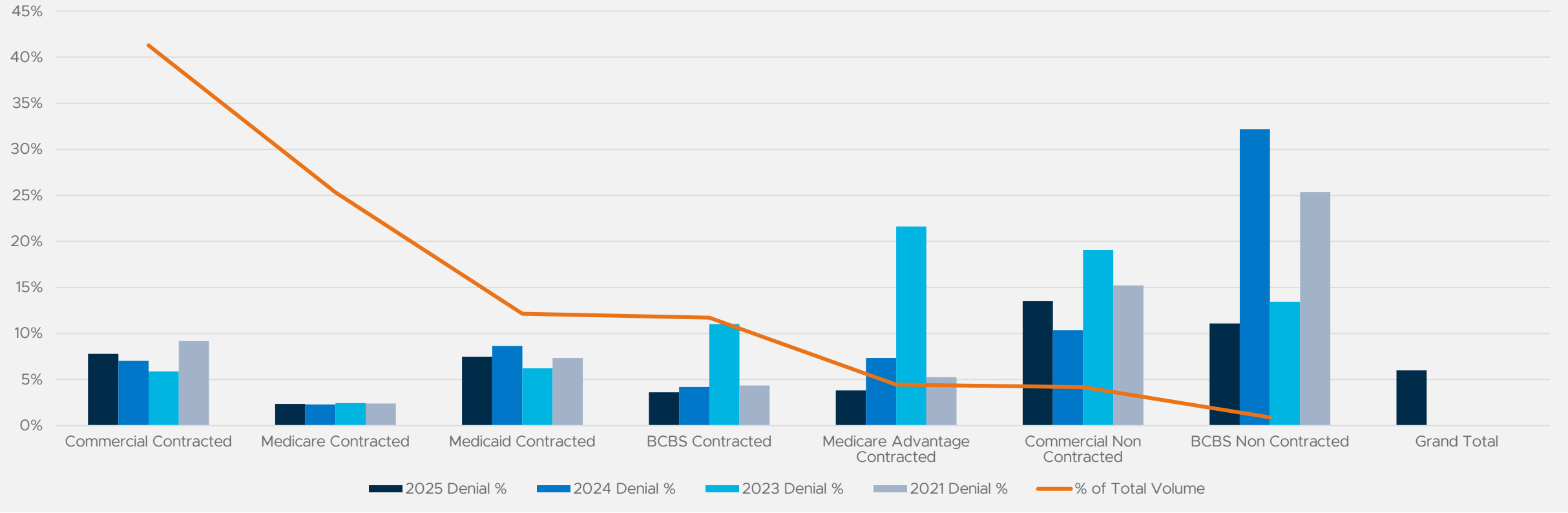
Risk of Denial: Averages by Payor Group, Hospital Outreach Lab

% Claims Denied by Payor Group in 2025, Compared to 2024, 2023, and 2021



Source: XiFin Data

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Top Denial Reasons

CO151

Payment adjusted because the payor deems the information submitted does not support this many/frequency of services

CO55

Experimental/Investigational, when a procedure code is billed with an incompatible diagnosis for payment purposes, and the ICD-10 code(s) submitted is/are not covered under an LCD or NCD

CO252

Claim will be considered when additional claim information is received

CO96

Non-covered charges

CO50

Non-covered services because this is not deemed a “medical necessity” by the payor

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Denial Trends By Denial Type: Pathology

Denial Type	% of Total Denied 2025	% of Total Denied 2024	% of Total Denied 2023	% of Total Denied 2021	% of Total Denied 2018
Duplicate Denial	35.5%	40.0%	41.7%	48.1%	45.2%
Procedure Not Paid Separately	23.0%	16.5%	23.2%	16.9%	8.3%
Coordination of Benefits	15.0%	7.5%	6.6%	7.9%	4.8%
Experimental / Investigational	6.4%	5.7%	5.8%	8.6%	6.7%
Non-Covered	5.2%	3.9%	4.3%	6.1%	13.8%
Prior Authorization	4.9%	4.5%	7.9%	15.7%	8.1%
Procedure Code Inconsistent with Modifier Used or Required Modifier is Missing	2.9%	2.0%	3.3%	3.0%	1.0%
Incorrect Payor	1.6%	0.9%	0.6%	0.9%	0.9%
Services Not Provided By Network/ Primary Care Provider	1.4%	2.3%	2.3%	4.7%	3.5%

Denial Trends By Denial Type: Molecular / PGx

Denial Type	% of Total Denied 2025	% of Total Denied 2024	% of Total Denied 2023	% of Total Denied 2021	% of Total Denied 2018
Prior Authorization	27.6%	25.2%	27.6%	13.1%	22.2%
Duplicate Denial	16.3%	18.2%	22.8%	29.4%	24.7%
Experimental Investigational	14.5%	11.9%	13.2%	4.4%	10.8%
Procedure Not Paid Separately	14.2%	17.3%	15.5%	32.7%	9.3%
Non-Covered	4.6%	5.9%	8.5%	2.9%	13.5%
Coordination of Benefits	3.4%	3.0%	4.0%	2.4%	4.0%
Services not Provided by Network/Primary Care Provider	2.1%	1.6%	3.3%	8.4%	4.4%
Services not Authorized by Network/Primary Care Provider	1.0%	0.9%	1.1%	0.3%	1.5%
Incorrect Payor	0.9%	0.8%	0.7%	1.8%	5.2%

Denial Trends By Denial Type: Clinical (Non-Hospital)

Denial Type	% of Total Denied 2025	% of Total Denied 2024	% of Total Denied 2023	% of Total Denied 2021	% of Total Denied 2018
Procedure Not Paid Separately	59.4%	53.4%	49.8%	37.5%	33.0%
Duplicate Denial	15.2%	19.5%	24.3%	25.6%	27.0%
Non-Covered	6.6%	7.9%	10.1%	8.3%	13.5%
Prior Authorization	3.5%	4.0%	2.8%	4.2%	3.6%
Procedure Code Inconsistent w/ Modifier Used or Required Modifier is Missing	3.2%	0.4%	0.7%	0.7%	2.8%
Coordination of Benefits	2.1%	2.7%	4.0%	3.7%	3.7%
Experimental/ Investigational	1.8%	2.6%	3.8%	5.2%	7.6%
HSA/Flexible Spending Account	0.5%	0.4%	0.6%	0.7%	1.3%
Incorrect Payor	0.4%	0.3%	0.8%	2.1%	1.6%

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Denial Trends By Denial Type: Hospital Outreach Lab

Denial Type	% of Total Denied 2025	% of Total Denied 2024	% of Total Denied 2023	% of Total Denied 2021	% of Total Denied 2018
Procedure Not Paid Separately	61.2%	53.4%	49.8%	37.5%	33.0%
Duplicate Denial	22.6%	19.5%	24.3%	25.6%	27.0%
Coordination of Benefits	3.4%	2.7%	4.0%	3.7%	3.7%
Non-Covered	3.0%	7.9%	10.1%	8.3%	13.5%
Experimental/ Investigational	2.7%	2.6%	3.8%	5.2%	7.6%
Prior Authorization	2.0%	4.0%	2.8%	4.2%	3.6%
Incorrect Payor	0.7%	0.3%	0.8%	2.1%	1.6%
HSA/Flexible Spending Account	0.5%	0.4%	0.6%	0.7%	1.3%
Procedure Code Inconsistent w/ Modifier Used or Required Modifier is Missing	0.3%	0.4%	0.7%	0.7%	2.8%

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APPEAL TRENDS

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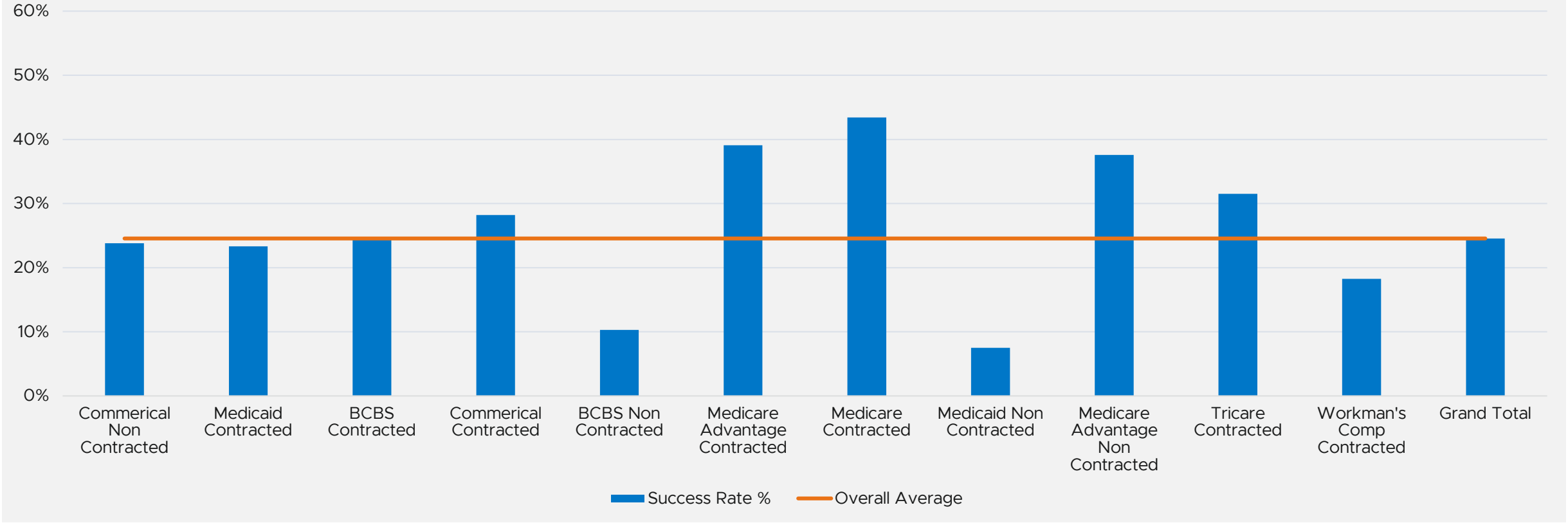
Success of Appeal: Averages by Payor Group, All Segments

% Claims Successfully Appealed, by Payor Group in 2025



Source: XiFin Data

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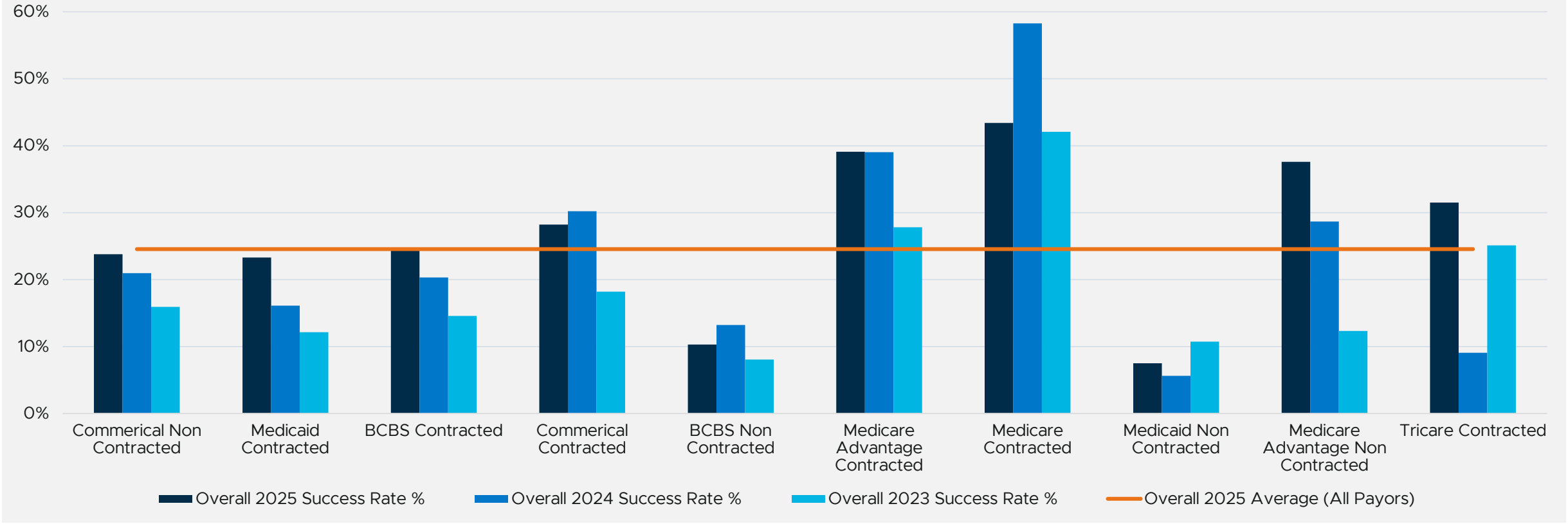
Success of Appeal: Averages by Payor Group, All Segments (2023 – 2025)

% Claims Successfully Appealed, by Payor Group (2023 – 2025)



Source: XiFin Data

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Revenue Impact of Appeals by Segment

	Appeal Payments as % of Total Insurance Payments Received			Average Payment Amount per Successful Appeal		
Segment	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**
Clinical Lab	0.35%	0.09%	0.43%	$171	$131	$96
Molecular/ PGx	**9.30%**	8.66%	11.17%	$1,684	$1,874	$1,584
Pathology	1.41%	1.69%	1.50%	$235	$231	$249
Hospital Outreach	.03%	N/A	N/A	$48	N/A	N/A
Average	5.75%	4.34%	7.38%	$1,328	$451	$541

Source: XiFin Data

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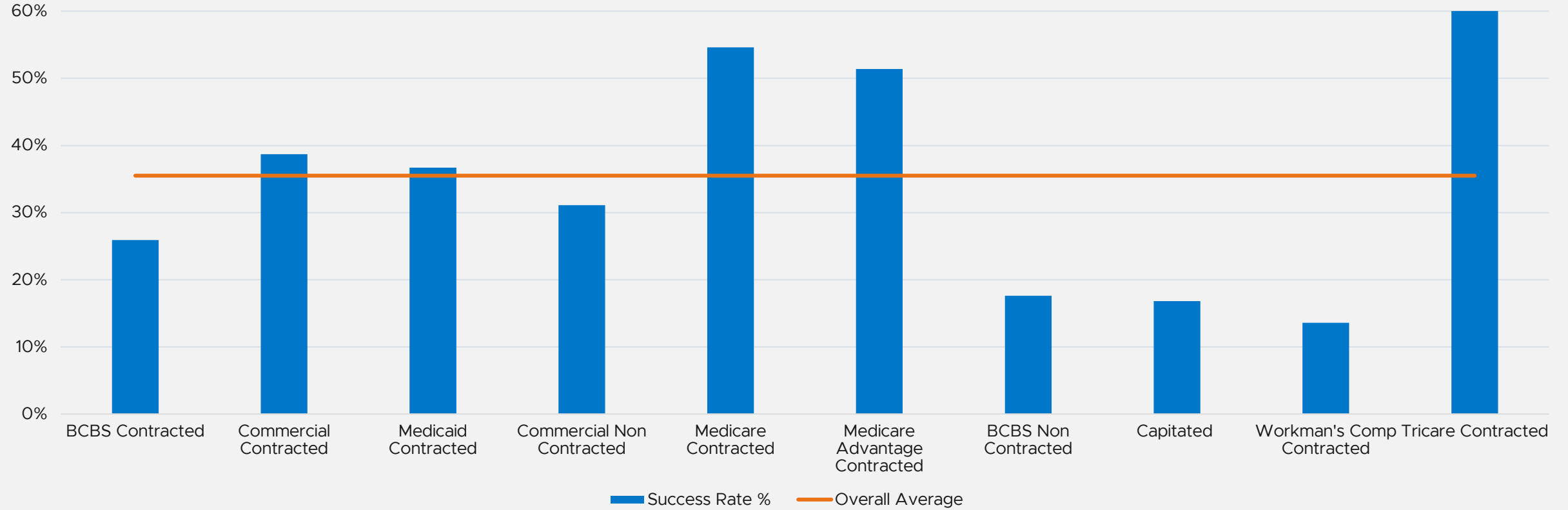
Success of Appeal: Averages by Payor Group, Pathology

% Claims Successfully Appealed, by Payor Group in 2025



Source: XiFin Data

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Appeal Trends by Significant Appeal Types: Pathology

2025 DOS Appeal Success Summary

Appeal Type	% of Appeals Paid after 1st Attempt	% of Appeals Paid after 2nd Attempt	% of Appeals Paid after 3rd Attempt	Total % of Successful Appeals	2024 Tot % of Successful Appeals
Medical Necessity	35.6%	2.7%	1.1%	**39%**	**44%**
Other	34.0%	4.5%	1.5%	**40%**	N/A
Additional Information	29.4%	4.2%	0.7%	**34%**	**48%**
Prior Authorization	19.5%	4.7%	0.6%	**25%**	**29%**
Out of Network	14.0%	0.9%	0.2%	**15%**	**21%**
Non-Covered	44.1%	2.7%	0.0%	**47%**	**36%**
Timely Filing	23.3%	2.1%	0.4%	**26%**	**42%**
Bundling	48.6%	11.5%	13.3%	**73%**	**82%**
Maximum Benefits	32.0%	13.2%	5.2%	**50%**	**56%**

Source: XiFin Data

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Appeal Trends by Significant Appeal Types: Pathology

Appeal Type	2025 Volume and Revenue Impact			2024 DOS Volume and Revenue Impact			
	% of Total Appeals Filed	Avg Payment per Appeal (Paid & Unpaid)	Avg Payment per Successful Appeal	% Appeals Filed 2024	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal	% Change in Appeals Filed 2024-2025
Medical Necessity	27.5%	$91.43	$231.70	19%	$81.49	$185.05	44.5%
Other	24.2%	$98.30	$245.57	N/A	N/A	N/A	N/A
Additional Information	15.7%	$101.54	$296.12	17%	$128.51	$266.71	-6.9%
Prior Authorization	9.0%	$67.12	$270.64	12%	$49.40	$170.98	-26.5%
Out of Network	8.7%	$34.40	$227.59	2%	$32.47	$154.92	336.3%
Non-Covered	3.7%	$50.48	$107.65	8%	$43.26	$118.55	-53.8%
Timely Filing	2.8%	$44.82	$174.06	7%	$98.14	$234.25	-60.2%
Bundling	2.5%	$132.34	$180.26	7%	$145.28	$177.54	-64.7%
Maximum Benefits	1.1%	$185.38	$367.29	3%	$268.28	$481.31	-64.8%

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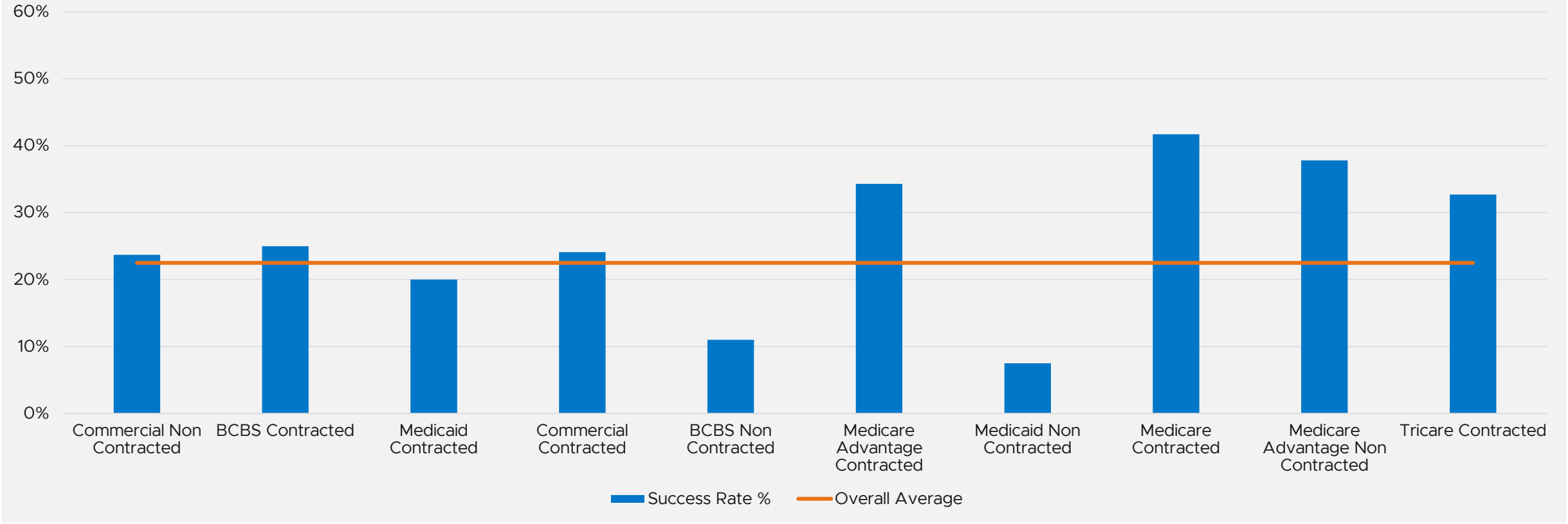
Success of Appeal: Averages by Payor Group, Molecular

% Claims Successfully Appealed, by Payor Group in 2025



Source: XiFin Data

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Appeal Trends by Significant Appeal Types: Molecular

2025 DOS Appeal Success Summary

Appeal Type	% of Appeals Paid after 1st Attempt	% of Appeals Paid after 2nd Attempt	% of Appeals Paid after 3rd Attempt	Total % of Successful Appeals	2024 Tot % of Successful Appeals
Other	16.4%	4.0%	1.2%	**22%**	N/A
Additional Information	25.6%	5.3%	2.5%	**33%**	**30%**
Prior Authorization	16.4%	2.2%	0.8%	**19%**	**14%**
Medical Necessity	10.8%	1.9%	0.4%	**13%**	**14%**
Out of Network	9.0%	1.7%	0.6%	**11%**	**10%**
Experimental/ Investigational	9.5%	2.3%	1.8%	**14%**	**11%**
Non-Covered	10.6%	2.0%	0.8%	**13%**	**20%**

Source: XiFin Data

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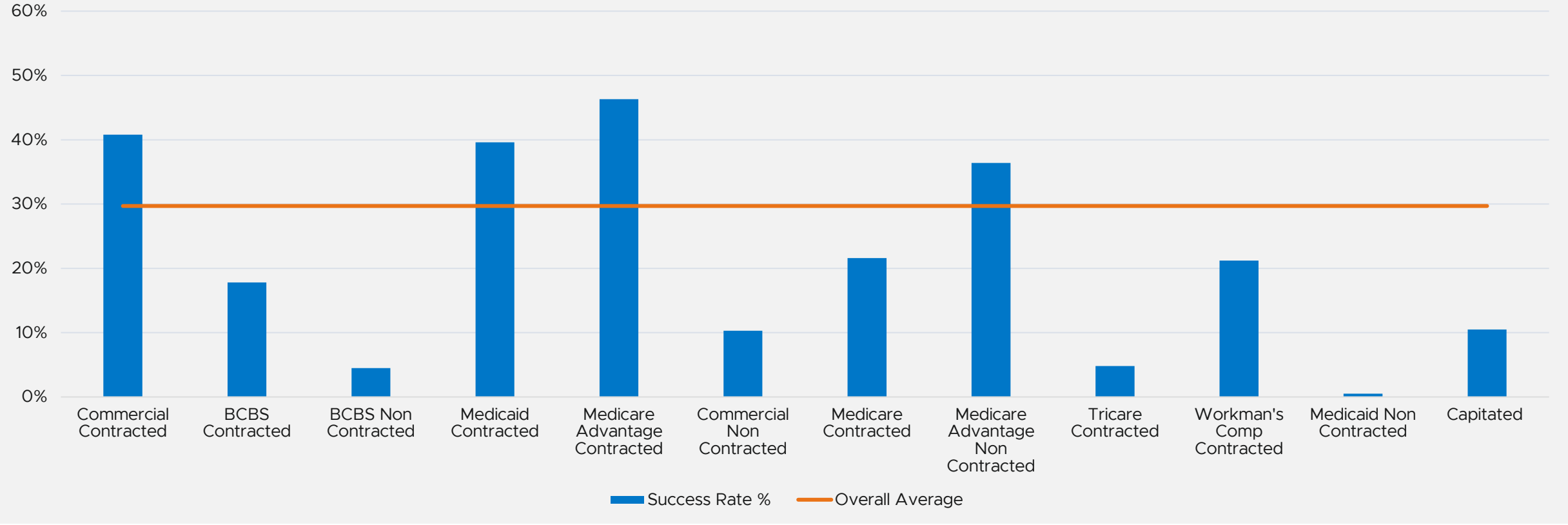
Appeal Trends by Significant Appeal Types: Molecular

Appeal Type	2025 Volume and Revenue Impact			2024 DOS Volume and Revenue Impact			% Change in Appeals Filed 2024-2025
	% of Total Appeals Filed	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal	% Appeals Filed 2024	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal	
Other	28.9%	$282.85	$1,307.61	N/A	N/A	N/A	N/A
Additional Information	27.4%	$529.36	$1,582.99	27%	$696.63	$1,969.90	1.4%
Prior Authorization	14.7%	$510.20	$2,622.25	11%	$227.27	$1,496.10	34.0%
Medical Necessity	14.6%	$245.79	$1,880.03	27%	$175.81	$1,376.56	-45.8%
Out of Network	5.1%	$160.16	$1,425.21	7%	$128.45	$910.32	-26.7%
Experimental/ Investigational	4.2%	$324.55	$2,375.55	3%	$233.43	$2,662.82	40.2%
Non-Covered	2.3%	$213.50	$1,604.04	1%	$237.62	$1,512.34	129.4%

Source: XiFin Data

Success of Appeal: Averages by Payor Group, Clinical (Non-Hospital)

% Claims Successfully Appealed, by Payor Group in 2025



Source: XiFin Data

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Appeal Trends by Significant Appeal Types: Clinical (Non-Hospital)

2025 DOS Appeal Success Summary

Appeal Type	% of Appeals Paid after 1st Attempt	% of Appeals Paid after 2nd Attempt	% of Appeals Paid after 3rd Attempt	Total % of Successful Appeals	2024 Tot % of Successful Appeals
Additional Information	36.4%	2.4%	0.4%	**39.2%**	**33%**
Medical Necessity	9.7%	2.1%	0.9%	**12.7%**	**12%**
Other	17.3%	2.1%	0.7%	**20.1%**	**65%**
Prior Authorization	1.9%	19.7%	0.4%	**22.1%**	**16%**
Out of Network	7.2%	18.4%	2.1%	**27.7%**	**19%**
Experimental/ Investigational	21.0%	0.8%	0.0%	**21.8%**	**37%**

Source: XiFin Data

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Appeal Trends by Significant Appeal Types: Clinical (Non-Hospital)

	2025 Volume and Revenue Impact			2024 DOS Volume and Revenue Impact			
Appeal Type	% of Total Appeals Filed	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal	% Appeals Filed 2024	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal	% Change in Appeals Filed 2024-2025
Additional Information	59.4%	$40.47	$ 103.29	35%	$41.50	$124.49	69.8%
Medical Necessity	15.1%	$38.53	$302.22	29%	$38.27	$323.10	-47.9%
Other	10.7%	$162.50	$808.27	17%	$19.69	$30.26	-37.1%
Prior Authorization	3.7%	$47.25	$214.25	8%	$51.51	$329.42	-53.4%
Out of Network	3.5%	$46.33	$167.12	5%	$104.57	$540.52	-30.8%
Experimental/ Investigational	1.8%	$15.48	$70.92	2%	$5.99	$16.37	-11.7%

Source: XiFin Data

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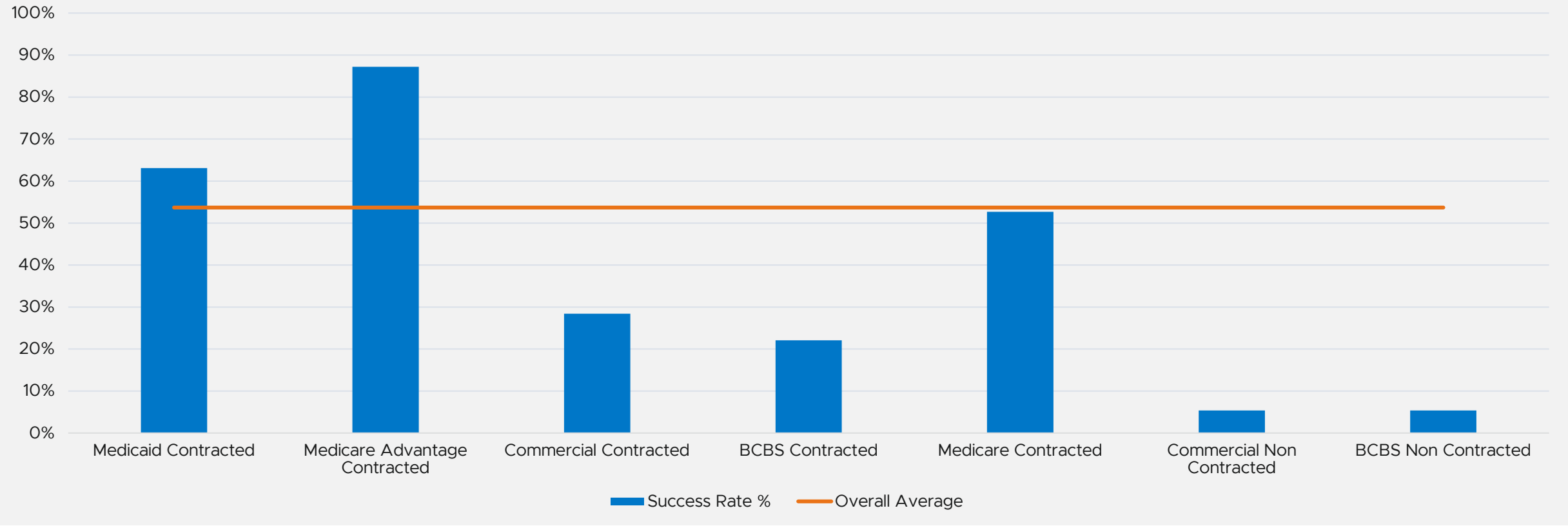
Success of Appeal: Averages by Payor Group, Hospital Outreach Lab

% Claims Successfully Appealed, by Payor Group in 2025



Source: XiFin Data

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Appeal Trends by Significant Appeal Types: Hospital Outreach Lab

2025 DOS Appeal Success Summary

Appeal Type	% of Appeals Paid after 1st Attempt	% of Appeals Paid after 2nd Attempt	% of Appeals Paid after 3rd Attempt	Total % of Successful Appeals	2024 Tot % of Successful Appeals
Additional Information	61.9%	4.8%	1.3%	**67.9%**	**33%**
Other	45.9%	0.8%	0.0%	**46.7%**	**65%**
Prior Authorization	83.1%	0.5%	0.0%	**83.6%**	**16%**
Timely Filing	6.4%	2.1%	0.0%	**8.5%**	**6%**
No Suprises Act	4.6%	0.0%	0.0%	**4.6%**	**0%**

Source: XiFin Data

Appeal Trends by Significant Appeal Types: Hospital Outreach Lab

	2025 Volume and Revenue Impact			2024 DOS Volume and Revenue Impact			
Appeal Type	% of Total Appeals Filed	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal	% Appeals Filed 2024	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal	% Change in Appeals Filed 2024-2025
Additional Information	36.4%	$27.95	$41.14	35%	$41.50	$124.49	3.9%
Other	35.6%	$11.23	$24.05	17%	$19.69	$30.26	109.6%
Prior Authorization	13.7%	$79.32	$94.90	8%	$51.51	$329.42	71.5%
Timely Filing	3.1%	$2.28	$26.76	4%	$5.74	$94.97	-21.7%
No Suprises Act	2.5%	$1.69	$37.08	0%	$-	$-	N/A

Source: XiFin Data

ADDRESSING OPERATIONAL IMBALANCES IN REIMBURSEMENT

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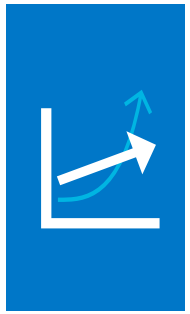
The Common Thread: Complexity Exceeds Manual Capacity

AI at the Edge of Revenue means applying AI principles to revenue-critical workflows



The Illusion of Linear Scaling

- Revenue cycle complexity was historically managed by adding staff, training, and policies
- This approach only worked when rules were stable and complexity grew slowly
- Today, that assumption no longer holds

Why Traditional Fixes Fail

- Payor rules, coding requirements, and policies now change too fast for manual processes
- Human capacity scales linearly while complexity grows exponentially
- Training, manual QA, and added headcount introduce lag, errors, and delayed revenue

The Case for Intelligence at Scale

- AI enables scale that matches complexity—not more people, but smarter systems
- Can ingest and operationalize the full universe of payor rules
- Learns from every denial, adapts in real time, and predicts issues before submission
- Represents the only sustainable path forward for revenue operations

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Transforming Revenue Cycle with AI

Revenue Recovery, Operational Speed and Effectiveness, Patient Access and Payor Relations

Insurance Capture and Payor Plan Mapping

Payor Policy and Expect Pricing Management

Exception Processing and Denial Prioritization and Routing

Documentation and Correspondence Handling (at intake, during submission, or for back-end RCM)

Patient Responsibility Estimation Accuracy and Timeliness

Unstructured Payor Response Interpretation via Claim Status

Accelerated Appeals Creation and Submission Custom to Payor Policy and Patient History

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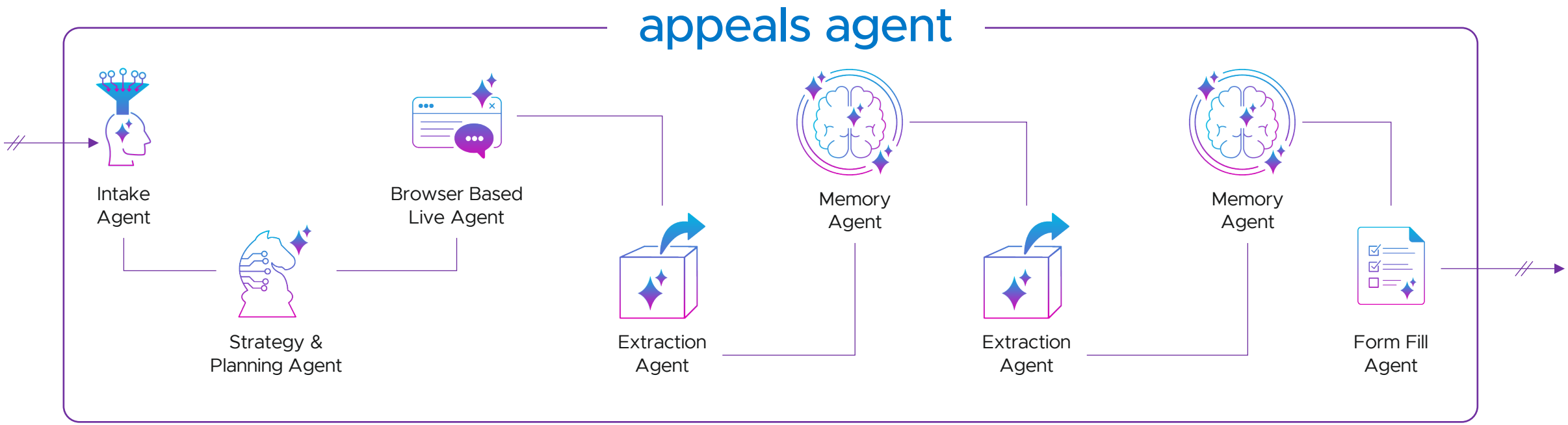
Appeals AI

Orchestrating Multiple Agents to Create Custom Appeals



FOR ILLUSTRATION PURPOSES ONLY: This represents the XiFin® Empower AI Appeals Agent. Other vendors' applications and configurations may vary.

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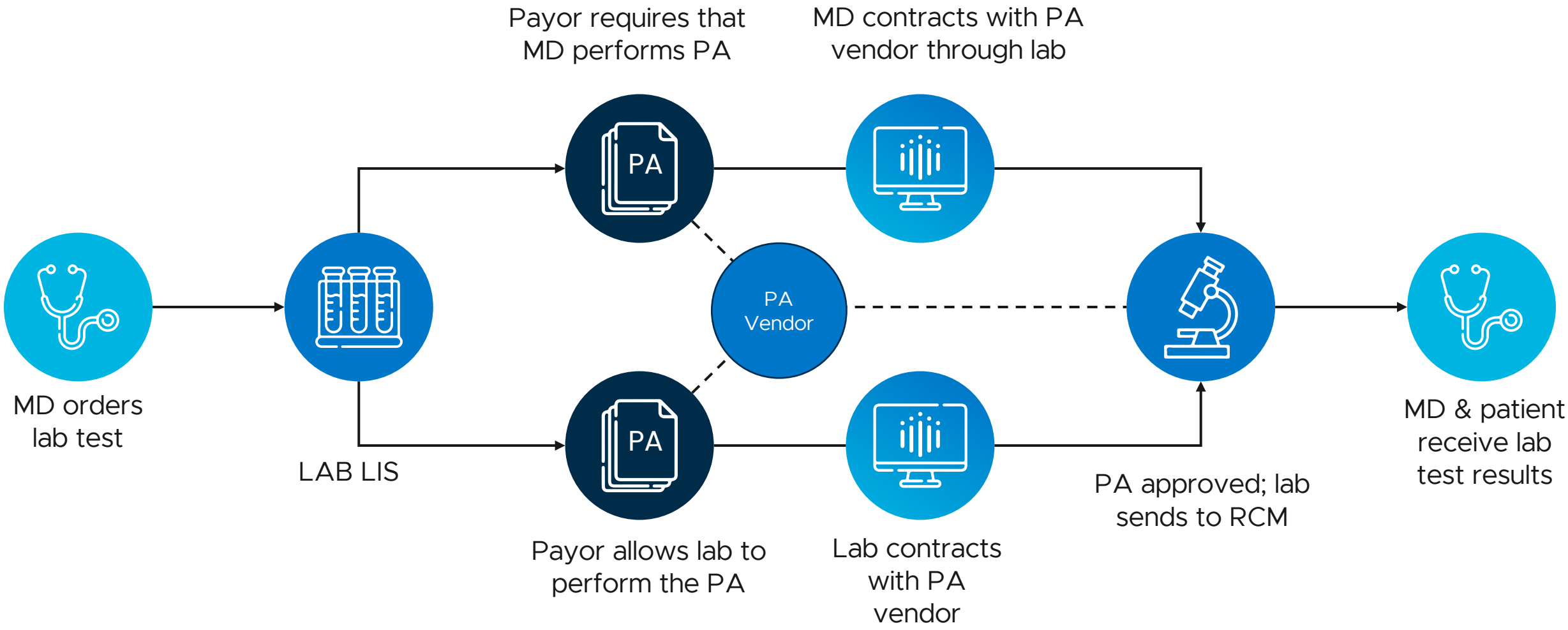
Prior Authorization Process Flow

Example of a workflow that integrates with systems early in the process



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Recommended Practices for PA Success

Create Strategic Partnerships	Partner with specialized PA service providers that integrate into your billing platform to optimize the PA process and increase reimbursement
Payor Engagement & Collaboration	Invest in building strong relationships with payors
Continually Optimize	Early engagement and workflow optimization lead to more PA success
Leverage Experts	Where appropriate, leverage genetic counselors and/or other professional services providers to improve PA accuracy

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Questions?

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THANK YOU!

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