Vetting the Right Revenue Cycle Partner

Insights on Driving Efficiency and Financial Outcomes in Revenue Cycle from Leading Health Systems

Leading Health Systems Increasingly Turn to Revenue Cycle Partnerships

Health systems are acutely aware of the complexities of revenue collection and reimbursement. Many are increasingly looking to outside partners to support revenue cycle management (RCM) to reduce costs and improve their organization's fiscal health. Traditionally, a health system's revenue cycle was managed through a combination of four channels—an external partner, people processes, internally built technology, or via their electronic health record system. While this combination approach still applies today, most (93%) health systems now rely on at least one strategic partner who supports the integration of people, processes, and technology to streamline RCM.[1,2]

Defining RCM Partnerships

Historically, Leading Health Systems (LHS)[3] have relied on "vendors" that offer revenue cycle products. Yet many health systems are now seeking a valued partner who integrates people, processes, and technology to efficiently manage their lifecycle. These partnerships vary and can function differently from one health system to the next.

83%	10%
Of health systems outsource some component(s) of revenue cycle	**Of health systems use an end-to-end solution**

There are two primary approaches to RCM partnership:

1. **Modular partnerships** provide technology and/or services to manage a specific component of the revenue cycle. The majority (83%) of health systems participate in modular partnerships but maintain internal oversight of most of their revenue cycle functions.[1] Budget constraints, complicated red tape to approve new solutions, and competing system priorities often stymie further investment in RCM partnerships.
2. **End-to-end (e2e) partnerships** provide a suite of technology and/or technology-enabled services to cover all components of the revenue cycle across the front, middle, and back-end. Currently, 10% of health systems use e2e partnerships.[1] This approach is on the rise—36% of health systems in a modular partnership would consider investing in a future e2e solution. Health systems are looking to standardize processes and drive performance through fully integrated technology platforms with proven analytics.

Improved Outcomes Driving Partnership Investments

There is near-consensus across health systems that relying on manual processes prone to human error or stop-gap technologies only solves specific RCM pain points. Furthermore, internally built technologies have struggled to keep up with the complexities of RCM or technology leveraging automation and artificial intelligence (AI). This recognition ultimately results in those health systems abandoning their own solutions and "do-it yourself" mindset. While health systems continue to grapple with unprecedented turnover and vacancies, many are exploring automation or AI to complement other sustainability strategies to support the workforce. As a result, strategic RCM partnerships are now seen as a must-do strategy to improve financial performance, strengthen employee engagement, minimize human error, and enhance the patient financial experience.

"In the healthcare industry, there is a notion that 'we' believe that we can do everything better ourselves. Healthcare is going to move in the direction of other industries (like the automotive industry) and embrace automation. And it will be driven by cost and hopefully quality. The future will push this even harder."

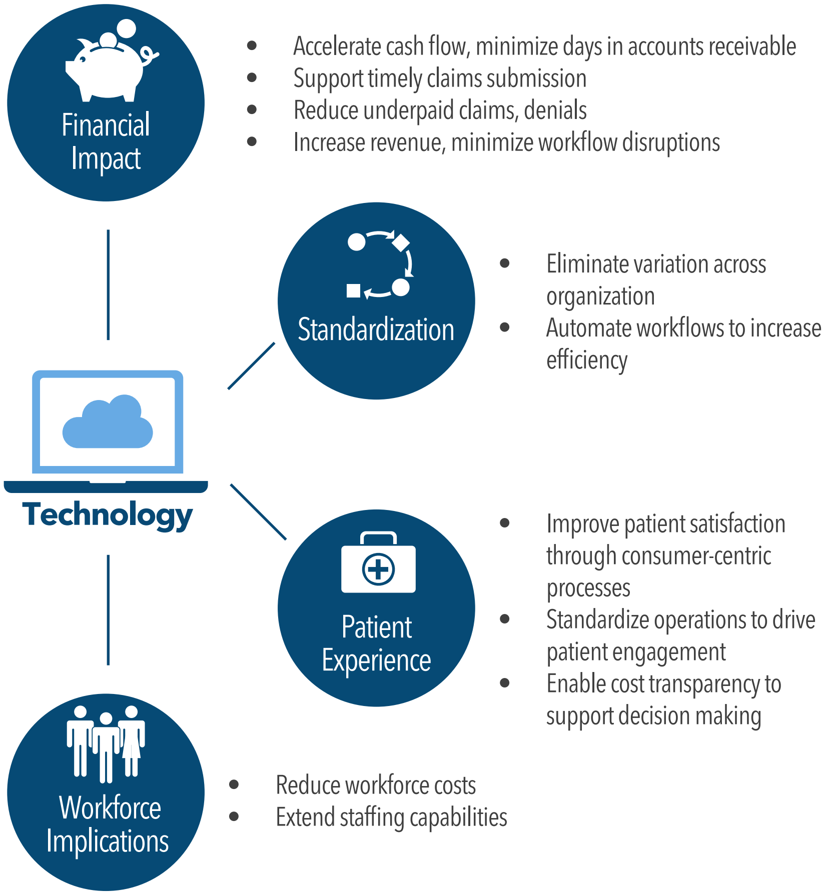
– Chief Financial Officer, Leading Health System

Four Key Reasons Leading Health Systems Pursue Revenue Cycle Partnerships (Figure 1)

Over the years health systems have explored various options to optimize the revenue cycle, but today almost all now recognize the role technology and RCM services play in driving performance. Health systems pursue RCM partnerships that include technology and/or services to support process improvement, workforce performance, and four primary outcomes:

1. **Improve financial performance.** The primary reasons health systems seek RCM partnerships are to increase operational efficiency, reduce costs, and improve revenue. For example, accelerating cash collection and minimizing denials strengthens a health system's financial standing, enabling growth and scalability.
2. **Drive standardization to increase efficiency.** Regulating revenue cycle workflows can eliminate variation and redundancies, allowing providers to focus on care delivery while fostering effective performance management practices.
3. **Optimize the patient experience.** Today's patients want more control, including price transparency and digital self-service processes. Partnerships can support tailored digital interfaces that drive engagement and improve the patient financial experience.
4. **Create a sustainable workforce.** As health systems face challenging labor shortages, RCM partnerships support automating manual processes that free up staff to address more accounts and complex claims—eliminating administrative burdens to improve employee satisfaction. Additionally, some e2e partnerships can support employee career advancement through training and skills development.

Figure 1. Four Key Reasons Leading Health Systems Pursue Revenue Cycle Partnerships



There are several reasons why revenue cycle partnerships support these outcomes—including the use of automation and AI. Executives agree automation and AI drive much of their interest in partnership because they know it leads to better outcomes, higher ROI, and improved RCM satisfaction.[4] While automation does not require partnership, almost all (97%) health systems currently using automation or AI for at least one part of their revenue cycle have a modular or e2e partnership.[1]

Four Key Differences Between Modular and e2e Partnerships

Successful revenue cycle partnerships drive value for health systems to help them maintain profitability and efficiency in an ever-changing landscape. But when it comes to deciding what type of partnership to pursue, health systems must evaluate a host of factors to determine what solutions meet their revenue cycle needs. The remainder of this brief outlines the domains revenue cycle leaders must consider when evaluating modular and e2e partnerships. Health system leaders can use this framework to decide which factors to prioritize when choosing an RCM partner.

There are four domains in which executives have shared varying expectations across modular and e2e partnership attributes:

- **Collaborative strategy:** A partner's ability to integrate RCM best-practices and solutions to fit a health system's needs.
- **Governance and infrastructure:** Willingness to define policies and procedures that hold both parties accountable.
- **Culture and values:** Demonstrated respect for a health system's culture and values.
- **Implementation and deployment:** An actionable approach to implement RCM solutions that minimizes disruptions to patient care.

The graphic below analyses these four domains by partnership type and assigns the level of priority executives ascribe to each domain:

Priority Level

High Priority | Medium Priority | Low Priority

Domain	Modular Partnership		End-to-End Partnership	
	Attributes	Priority	Attributes	Priority
Collaborative Strategy	❑ Thought partner that consults on technology and services to address revenue cycle functional area(s). ❑ Flexibility to implement 1+ RCM solution based on a health system's budget and priorities. ❑ Outcomes that are mutually agreed-upon to drive efficiency, reduce risk, and improve revenue performance.		❑ Applied best-practices to improve all revenue cycle functional areas. ❑ Co-managed or operating service model that shares risk, embeds processes and operations, and is in alignment with health system financial goals. ❑ Outcomes that are mutually agreed-upon to drive efficiency, reduce risk, and improve revenue performance.	
Governance and Infrastructure	❑ Separate governance structures that allow the partner and health system to retain individual identities and processes. ❑ Health system oversees the partner, internal RCM processes, and solutions. ❑ Consistent CXO-partner engagement, including a partner point-person to address challenges and achieve desired outcomes.		❑ Collaborative leadership and governance structures that foster a vision to transform a health system's RCM. ❑ Strong health system oversight throughout the partnership to ensure that goals and the vision is met. ❑ Consistent CXO-partner engagement, including a partner point-person to address challenges and achieve desired outcomes.	
Culture and Values	❑ Respects health system oversight of all RCM functions. ❑ Trusted and transparent in their ability to handle sensitive data and share widespread trends.		❑ Respects health system values (e.g., faith-based, patient-first culture) and solutions support mission. ❑ Trusted and transparent in their ability to handle sensitive data and share widespread trends.	
Implementation and Deployment	❑ Consistent point of contact throughout implementation and deployment. ❑ Implementation only impacts select revenue cycle area(s), the remaining RCM functions are maintained internally by the health system. ❑ Customer support to overcome obstacles and drive performance. ❑ Training conducted by the health system.		❑ Consistent point of contact throughout implementation and deployment. ❑ Staggered rollout of solutions across health system sites to reduce risk and maximize success. ❑ Long-term support services to overcome obstacles and drive performance. ❑ Co-managed training to ensure a smooth transition and gain staff buy-in.	

"You need to put the right leadership structure in place at your organization. What is being understood at the highest level needs to be communicated accurately at all levels. Leaders within your organization should not be competing with the partnership. I always communicated to groups of revenue cycle leaders that we weren't pursuing partnership because we were failing or not doing well…we just needed a partner to help us be the best and retain our market."

– Former Corporate VP of Revenue Cycle, Leading Health System

Additional Factors to Consider When Evaluating RCM Partnerships

Regardless of partnership type, health systems also consider a partner's credibility and reputation within the industry, technology and data capabilities, the impact of technology or solutions on the patient financial experience, and workforce implications.

"When it comes to choosing a new vendor, we typically focus on whether we already have a good existing relationship for them to set up a big project to help us move forward. Other factors we consider are our peers' experiences with a vendor. The biggest thing is trusting a partner and mutual respect back and forth. If a vendor can work with us to co-create or improve products, keep our prices low, and take in our input to help drive their model—that's where we'll go first.

–VP of Revenue Cycle, Leading Health System

While most health systems focus on a partner's reputation and technology, moving forward, health systems should look to prioritize partners with a demonstrated ability to improve the patient financial experience. This includes those that have solutions that support price transparency and simplify a patient's administrative burden. In the wake of staffing shortages, health systems are also considering the impact of RCM partnerships on employee engagement and turnover.

Domain	Attributes	Priority
Credibility and Reputation	❑ Prior modular partnership relationship increases health system likelihood to expand technology-enabled services across their revenue cycle. ❑ Strong reputation demonstrates trust and boosts market position. ❑ Subject matter experts that can advise custom strategy, implementation, operations, analytics, apply current standards, policies, and HIPPA compliance. ❑ Understands the market including technology, payment models, regulations, and health system priorities.	
Technology and Data	❑ Technology maximizes revenue cycle performance, streamlines processes, and boosts efficiency. ❑ Interoperable technology that integrates with health system's EHR system. ❑ Analytics with customized dashboards and metrics to provide actionable intelligence to manage revenue cycle. ❑ Security and privacy procedures to protect patient data and safeguard health system against risks. ❑ Expands technology, functionalities, and product offerings to meet industry needs.	
Patient Experience	❑ Technology simplifies registration, billing, payment, and clearance. ❑ Self-service portals, kiosks to increase convenience, and autonomy. ❑ Price transparency via technology and standardized workflows. ❑ Coordination between patient, payers, providers, and administrative staff. ❑ Technology unifies patient financial experience across the health system.	
Workforce Implications	❑ Centralized processes and workflows across the health system. ❑ Employee satisfaction and morale increases due to reduced workload. ❑ Productivity increases as employees focus on more patients and complex claims. ❑ Staff turnover and costs are reduced for health systems by outsourcing RCM staff. ❑ Comparable salaries and benefits to the health system (for staff transitioned to partner). ❑ Career advancement opportunities, mentorship, and job security (for staff transitioned to partner).	

Three Major Obstacles to RCM Partnership—and How to Overcome Them

While each health system has its own unique journey, executives recognize challenges are bound to pop up when choosing the right RCM partner. Navigating these challenges—and generally, changing RCM workflows and bringing automation or AI into a health system—is undeniably difficult work. Fortunately, the untapped rewards are well worth the effort. Below are common challenges and responses to consider when weighing partnership:

Challenge	Recommendation
Cost With declining margins and eyes fixated on cost containment, health systems are reevaluating their spending. While executives see the value in RCM partnership and technology, many face budget restraints.	**Level Set Around Cost to Maximize Downstream Impact.** To justify costs, demonstrate the value and ROI on RCM partnership including technology and automation. This may entail starting with a modular partnership and targeting a low performing area (or a few).
Stakeholder Buy-in Key stakeholders involved in partnership decision making include the CFO, COO, and revenue cycle leaders. However, alignment between these executives is not always prioritized. Often the lack of synergy around RCM priorities and reasons to pursue partnership creates tension between stakeholders, with no clear path forward.	**Successful Partnership Requires Diverse Expertise.** An informed partnership decision harnesses the expertise of financial and operations executives, and the know-how of revenue cycle leaders. The lack of either perspective is a recipe for suboptimal results. New stakeholder groups can bring valuable perspectives. An executive suggested health systems early in their journey should "bring consumer experience folks to the table" to advise on ways to improve the patient financial experience.
Workforce Equipping staff to work at the top of license, bolstering satisfaction, and competing in a tough labor market are some of the well-established reasons health systems pursue automation. Despite this, the introduction of automation through an RCM partner can cause pushback, as many employees fear change.	**Be Transparent, Address Workforce Implications Head On.** It's important to share workflow changes as early as possible with staff. During partner onboarding, be sure to invest in workplace culture to boost morale. As your partnership progresses, incorporate staff feedback into technology and processes. For systems pursuing e2e partnership, communicate staffing or employer changes early. A health system described their employer transition as smooth due to "comparable benefits", promotion potential, and "really not a lot of change" for staff.

It's clear—health systems view partnership as the primary way to bring automation or AI into revenue cycle management. The question then becomes, what partnership type is best for you? An honest and strategic evaluation of your system, resources, and your partner's priorities can begin to answer this question.

Sources

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