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HEALTHCARE

5 PAIN POINTS FOR REVENUE CYCLE EXECUTIVES

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Significant gaps in expected revenue are the ultimate "pain point" for hospital and health system executives, and revenue cycle leaders are no exception. Understandably, their focus is naturally drawn to immediate, bread-and-butter solutions like reducing avoidable write-offs and bad debt, and improving timely billing and follow-up.

But revenue cycle leaders are paying increased attention to longer-term transformation beyond these basic metrics. As providers are coming to realize, they need to deal with immediate shortfalls in a way that also establishes the infrastructure — organizational as well as technological — for deep, strategic, sustainable change.

Engagements with clients nationwide, confirmed by a September 2019 HFMA/Navigant survey of 108 chief financial officers and revenue cycle executives,[1] have revealed the following five "pain points" — areas of concern but also of opportunity — facing healthcare revenue cycle executives today:

1) Optimizing the return on electronic health record investment; 2) enhancing patient engagement; 3) improving clinical integration; 4) managing cost and scale, including through robotic process automation (RPA) and the forging of innovative partnerships; and 5) rebalancing health system revenue (as you would with an investment portfolio), rationally and strategically.

Several of these can be addressed via local system upgrades or targeted performance improvements — the traditional purview and focus of the revenue cycle. Yet, the overall takeaway here is that the revenue cycle must use its unique vantage on operations, outcomes, and financial health to drive and support responsible, savvy change — not just within its traditional scope but across the organization.

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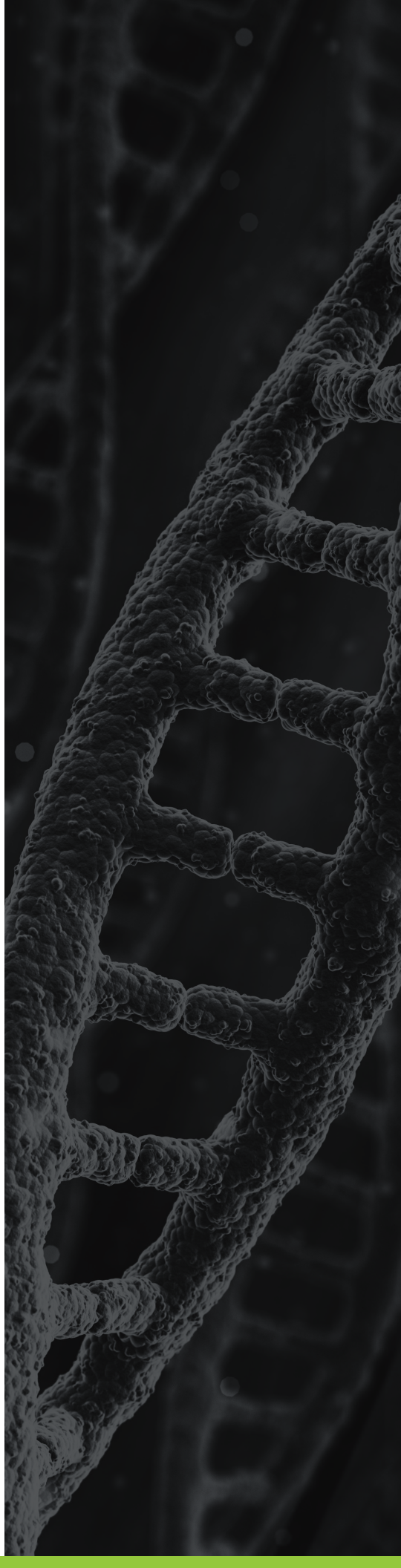
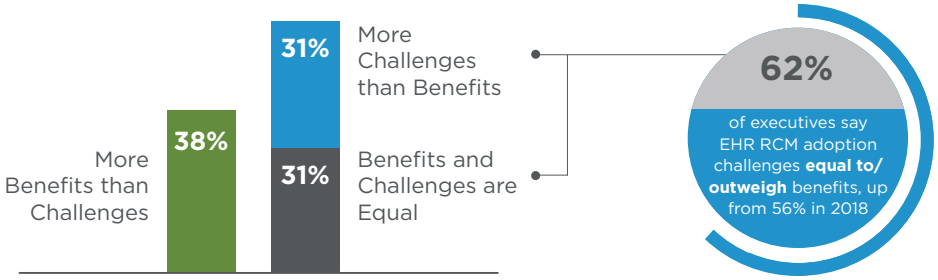


1. Navigant, *EHRs, Consumer Self-Pay Remain Providers' Top Revenue Cycle Challenges,* September 25, 2019, https://www.navigant.com/insights/healthcare/2019/hfma-rcm-survey.

1. OPTIMIZING THE RETURN ON EHR INVESTMENT

More than 60% of the HFMA/Navigant survey respondents reported that EHR adoption challenges either equal or outweigh the system's benefits to revenue cycle performance (Figure 1). The percentage of executives in this group has increased since last year's survey.

Figure 1: EHR Adoption Challenges Still Outweighing Benefits



2019 HFMA/Navigant Revenue Cycle IT Trends Survey

While both the statistics and the trend are dismaying, together they spell the end of the naïve optimism that an EHR implementation or upgrade alone can improve performance. There is now widespread recognition that real EHR optimization requires concrete goal-setting, extensive knowledge of EHR functionality, and carefully targeted interventions — as well as the organizational infrastructure to accomplish them.

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Many high-return EHR metrics are, in a sense, not organization-specific. They still necessitate targeted interventions, but for the most part they deserve attention wherever EHRs are in place. These include metrics around bad debt and avoidable write-offs; prior authorization rates; medical necessity criteria; timely, accurate billing; and appropriate patient follow-up. Pulling these essential levers tends to make a tangible and relatively quick impact on ROI.

Enhancing revenue in this way should not, however, be the endpoint of "optimization." In fact, it's up to revenue cycle leaders to remind the organization that "optimal" is never a static condition: optimal performance will change as circumstances change, even though certain basic themes and key metrics will remain relevant.

More than any individual adjustment or metric, then, the linchpin for realizing maximal revenue with your EHR is fostering a culture of ongoing improvement and establishing the infrastructure to support it. After all, well over half of the survey respondents said they were currently underutilizing existing EHR functions (Figure 2) — even as 87% of them were banking on technology-related capabilities to drive future revenue cycle performance improvements.

Figure 2: Struggles Continue to Optimize Available EHR Functions, Upgrades

2019 HFMA/Navigant Revenue Cycle IT Trends Survey

Technically speaking, a culture of continuous improvement is apparent when staff make use of the EHR's more intricate functionality: the "bells and whistles" around prioritization and account management, refinements to workflows, and information extraction and reporting. For instance:

- Revenue cycle staff can enhance revenue over the long term by scoring work queues and prioritizing them based on risk.
- They can set up clinical charging workflows to make sure that all the appropriate revenue is being captured, and adjust the workflows to prompt appropriate documentation from a clinic visit or inpatient rounding.
- And, most critically, they can extract information from the system with an eye toward communication and culture, not just performance tracking. Reporting should thus take a format that can be shared and interpreted easily, allowing the revenue cycle to take a leading role in identifying issues and educating stakeholders, which in turn enables collective problem-solving.

In ways perhaps not reflected by the original survey question, the EHR's challenges — its bifurcated use for both clinical and financial record-keeping; its complexities and steep learning curve — can actually double as its benefits. Think about it this way: optimizing the EHR demands integration, which in turn requires organizational clarity around roles, responsibilities, process ownership, and accountability. This clarity, and the coordination it breeds, are two institutional qualities that clear the path for patient engagement and help to secure patient loyalty.

Pursuing greater ROI from the EHR can best be understood, then, as the critical first step of a broader, more patient-centric transformation — a transformation driven, at least in part, by the revenue cycle.

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2. ENHANCING PATIENT ENGAGEMENT

In the past, the revenue cycle treated patient engagement as something that happened on the back end of the patient experience. It was taken to mean making the statement process more pleasant, for instance, or ensuring that options for self-pay met consumer standards. While those aspects are still important considerations for revenue cycle leaders, the mindset has shifted in recent years to focus much more on the **front end** of the patient's journey. Starting with scheduling and registration, the revenue cycle should be supporting and engaging patients through a combination of transparency, payment support options, and seamless service.

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One newer strategy in this area is to create a single "contact center" that can meet all the patient's pre-service needs. Rather than having them chase down information from various departments and units, patients can use this center for scheduling, learning about pre-registration requirements, price information, pre-service collection, and financial counseling or other payment support.

In the absence of a completely new unit, however, a similar effect can be achieved by cultivating a dedication to the patient's perspective. Instead of thinking "each unit of the health system needs to confirm the patient's data," take the patient's perspective: **"Why do I need to give my personal information each time I speak with someone new?"** Think past your understanding of the complexity of "total cost" to what the patient wonders: **"They know what's going to be done, so why can't they tell me what the procedure costs? And what am I expected to pay before the service?"** Finally, some questions should be answered before they are asked. For instance, **"Why can't I make a payment from my mobile device?"**

Healthcare's new consumerism means that certain payment capabilities — via a patient portal app, as well as by check, phone, and in person; immediately updated account balances; credit card data protection, etc. — are now basic expectations, not special features.

The connection between increased consumerism and greater patient responsibility for costs is well-understood. In terms of the revenue cycle, this connection should prompt more attention to decisions about pricing.

Prospective patients are now highly likely to consider price before engaging a hospital or health system. Revenue cycle leaders should thus be using their expertise and analysis — primarily in the form of strategic pricing, but also in relating price to yield — to help the organization maintain and grow its market share. This means greater attention to competitors' pricing and the organization's distinct strengths and name recognition to inform the pricing of specific services: What is the appropriate price for an MRI or X-ray exam for your patient mix? For your region?

It also means greater transparency around those prices. Without clearly conveying price to prospective patients, the possibility of engagement might be lost entirely, and market share will suffer. If, however, the price is appropriate and easy to find, and there is a logical path from that price to scheduling the service, it can both enhance engagement and lay the groundwork for long-term patient loyalty.

3. IMPROVING CLINICAL INTEGRATION

Everyone in the hospital or health system wants to improve patients' health. They want the right service to be provided at the right time — and get paid for the services that are performed. For that reason, this "pain point" is not phrased to focus on clinical documentation alone, but to signal the broader issue at hand: improved communication between clinicians and the revenue cycle.

Revenue cycle/clinical integration has become absolutely crucial with the rise of risk-based agreements. The increase (and increasing variety) of "value-based" contracts brings with them intense scrutiny around medical necessity and other clinical decisions. A patient's extended length of stay (LOS) used to be almost entirely a clinician's prerogative; now it is a far more complex matter, one with cost implications for the patient and the hospital. (LOS is currently one of the most frequently used bases for reimbursement denials.) Informing physicians about the documentation necessary for ordering that longer LOS is critical — especially because those criteria are now liable to change when a new contract is signed, or if the health system agrees to new rewards or penalties around a specific quality measure. In this last instance, true integration would suggest that the revenue side solicits physician input before any such changes are made.

Unfortunately, integrating revenue cycle and clinical operations is an area where providers aren't seeing enough success — just 3% of HFMA/Navigant survey respondents feel their organizations have been entirely successful at doing so.

Bridging the gap between the revenue side and the clinical side is, of course, a challenge, but that bridge can also be the groundwork for a better-functioning culture overall.

For many providers, creating a **revenue integrity team** composed of personnel from across the organization has served as a culture builder and a channel for education, systems-testing, and process improvement. The most successful teams start with a revenue cycle imperative but then engage actively with clinical leaders at both a senior and at a service line level, incorporating their insights and changes so that the system works for everyone.

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4. MANAGING COST AND SCALE

This pain point is a perennial source of frustration in that it seems to defy economic logic. What we've seen across the industry is that mergers and acquisitions have not led to the expected economies of scale. Healthcare may be the only industry where a 50-person organization merges with another 50-person organization — and they end up needing 110 people to make the new organization function properly.

If two health systems are merging, or if a health system is acquiring a hospital, the new entity needs to move rapidly into integration, with the aspiration of becoming a center of excellence. How can an organization take that mission in-house? How can they build efficiencies — through technology, improved communication around complex processes, and targeted deployment of outside resources — to reduce costs?

Ultimately, questions of cost and scale call for a holistic approach.

First, how do you leverage existing systems to meet operational requirements, foremost among them the cost to collect?

Next, what is the right balance of in-house staff to outsourced services, and when can such advanced IT as RPA take care of responsibilities that are holding staff back from the more complex, patient-facing work? In fact, an increasing number of health systems have already implemented technologies like RPA to decrease revenue cycle costs and increase economies of scale, and executives predict they'll continue to invest in it over the next year, the HFMA/Navigant survey suggests.[2]

Finally, what external partnerships (including system leasing agreements with smaller hospitals and innovative vendor arrangements) can best help the organization meet its financial and operational goals?

5. REBALANCING HEALTH SYSTEM REVENUE

As our colleagues have argued of responsible health system leadership, "There is no alternative … to active management of revenue portfolios and to rebalancing that revenue portfolio to actual expenses. This active management is the key to assuring profitable operations in an era of heightened enterprise risk."[3] We believe that revenue cycle leaders should be active participants in any rebalancing discussion.

"Active management" requires thorough, accurate, up-to-date self-analysis: What is your current revenue mix? How does it compare to your expenses? How can you rebalance your portfolio of services and income to reflect the realities on the ground? Are you driving volume where you want it to go? Are you receiving the reimbursement you're entitled to, and if not, is there any recourse available to you? These questions are impossible to answer without input from the revenue cycle.

As our colleagues observe, "Payers have doubled down on micromanagement of their network contracts with hospital systems and physicians to maximize their profits" — so it's now up to health systems to respond. The "robust portfolio approach" they recommend would make use of detailed market insights about competitors' pricing and payer contracts, of course.

More critical, however, are insights into the organization's own strengths, yields, and outcomes. Revenue cycle leaders have a unique vantage on these aspects, and are particularly attuned to how past operational changes have impacted net revenue. That experience, coupled with their intimate understanding of matters like fluctuating reimbursement rates and the cost to collect, puts them in the best position to inform leadership about the downstream impacts of their decisions.

In the end, successful revenue rebalancing necessitates the same qualities — clarity, communication, trust, integration — as the solutions to the pain points above. And while rebalancing decisions will ultimately be up to the executive team, their need for informed guidance is perhaps the clearest example of revenue cycle's new potential for leadership.

"The need for swift, reality-based revenue rebalancing may be the clearest example of revenue cycle's new potential for leadership."

Pain points like the five we've covered here are nearly always symptoms of larger challenges. Many of these conflicts are really about better integration — whether that's with the patient, the clinician, between the revenue cycle and administrative decision-makers, or between merged entities. And just as these symptoms point to broader issues, their answers point to broader solutions as well: namely, that a culture of engagement and transparency will serve the health system well, even when the challenges change.

2. Alexandra Pecci, "NOT UP ON ROBOTIC PROCESS AUTOMATION FOR THE REV CYCLE? TIME TO PAY ATTENTION," HealthLeaders, September 25, 2019, https://www.healthleadersmedia.com/finance/not-robotic-process-automation-rev-cycle-time-pay-attention.
3. Jeff Goldsmith, Tim Kinney, Bill Hannah, and Jeff Leibach, "My parking lot is full; What happened to my bottom line?", Becker's Hospital CFO Report, September 16, 2019, https://www.beckershospitalreview.com/finance/my-parking-lot-is-full-what-happened-to-my-bottom-line.html.

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