



Three Pillars of Success in Healthcare Revenue Cycle Management

PEOPLE, PROCESSES, AND TECHNOLOGY



Effective revenue cycle management (RCM) is paramount in the healthcare industry, serving as the backbone of financial health and operational efficiency for healthcare providers.

At its core, RCM encompasses the entire lifecycle of patient care, from appointment scheduling to the final payment of a balance. This makes it a critical component in sustaining the delivery of quality healthcare services. The importance of RCM cannot be overstated, as it directly impacts a healthcare organization's ability to generate revenue, manage costs, and ultimately provide care to patients.

Success in RCM doesn't come down to one factor alone. It requires the support of three pillars — people, processes, and technologies — to navigate successfully. In this insight, we explore how skilled people, efficient processes, and emerging technologies can unlock revenue cycle success.



People: The Heart of Healthcare RCM

People, including trained professionals and dedicated staff, are the cornerstone of effective RCM. Their knowledge, experience, and commitment help ensure that each step of the revenue cycle is managed with precision and care, from accurate coding and billing to diligent follow-up on unpaid claims.

However, new challenges with staffing shortages, inflation and rising expenses are hitting medical groups, health systems and hospitals hard in their budgets. Labor pools across the country have been diluted and the number of qualified candidates needed to fill open positions has been reduced.

As a result, healthcare organizations require new employment models, restructuring and process automation. Moreover, development of a remote workforce is necessary to take advantage of new tools, reduce expensive overhead, satisfy the expectations of candidates and create a cost-efficient business model. Additionally, these factors create a need for interim resources to fill openings while clients recruit to fill positions and work to implement long-term solutions.

STEPS FOR TRANSFORMING HEALTHCARE ORGANIZATIONAL OPERATIONS AND STAFFING MODELS

1. **Develop Workforce Management Strategy and Staff Modeling**
 - ▶ Create a comprehensive strategy to manage workforce effectively.
 - ▶ Design staff models that align with organizational goals.
2. **Provide Interim Resources for Mission-Critical Positions, if Necessary**
 - ▶ Supply temporary resources to ensure continuity in key roles.
3. **Implement Technology Solutions**
 - ▶ Automate administrative tasks using advanced technology solutions.
4. **Adopt Remote Staff Models and Telecommuting Strategies**
 - ▶ Develop and implement strategies for remote work and telecommuting.
5. **Enhance Employee Recruitment and Retention**
 - ▶ Formulate strategies to attract and retain top talent.
6. **Conduct Performance Assessments and Restructuring Plans**
 - ▶ Regularly assess performance and develop plans for organizational restructuring.

Processes: The Framework for Efficiency

Efficient and streamlined processes are essential for the smooth operation of revenue cycle management (RCM), ensuring that every step from patient intake to final billing is conducted with precision and minimal waste. To truly drive efficiency, a comprehensive assessment and redesign of the operating model is typically necessary. Effective approaches involve standardizing workflows to ensure consistency and reliability across all RCM functions and ensuring that the organizational structure is supportive of a best practice RCM operation. By centralizing RCM operations, organizations can reduce redundancies, improve communication, and leverage economies of scale.

Implementing these changes not only enhances the accuracy and speed of the billing process but also frees up valuable resources that can be redirected towards patient care. The ultimate goal is to create a seamless, integrated system that supports both operational excellence and superior patient outcomes.



ROADBLOCKS TO PROCESS IMPROVEMENT

Healthcare organizations should be vigilant of common roadblocks that can complicate efforts to refine RCM processes, including:



Reluctance to Offer Feedback: Team members may be reluctant to offer feedback on processes for fear of retaliation. Leaders must actively work to dispel fears by reassuring employees that their contributions are essential for the growth and improvement of the organization, and that their jobs are not at risk for identifying areas of improvement.



Resistance to Change: Resistance to change can slow progress in the workplace, especially when it comes to altering established processes. It is important to manage change effectively by communicating the benefits clearly and providing the necessary training and support to ease the transition.



Ignoring Data: Data-driven decision-making is key to identifying process inefficiencies and measuring the success of implemented changes. Ignoring data can result in missed opportunities for optimization and can lead to decisions based on assumptions rather than facts.



Inadequate Training: Implementing new processes without proper training can lead to errors and frustration. Comprehensive training programs are essential to help ensure that team members are competent and confident in their roles within the new processes.



Lack of Clear Objectives: Without clear objectives, process improvement efforts can become unfocused and inefficient. Setting specific, measurable goals and key performance indicators ensures that all team members are aligned and working towards the same outcomes. Tracking progress and achieving goals provides motivation for teams and allows leaders to demonstrate the value of these processes to the rest of the business.



Insufficient Resources: Process improvements often require investments in technology, personnel, or other resources. Failing to allocate the necessary resources can hinder the effectiveness of new processes and lead to burnout among team members.

By being aware of these pitfalls healthcare organizations can significantly enhance their RCM processes. This not only leads to better financial outcomes but also contributes to a more engaged and empowered workforce.



STEPS FOR REVENUE CYCLE PROCESS IMPROVEMENT



Assessment

- ▶ Conduct a detailed assessment to identify key initiatives that can produce financial improvement in the shortest amount of time.



Enablement

- ▶ Begin with data collection, analysis, and benchmarking.
- ▶ Understand the current state of your organization and compare it against industry standards.
- ▶ Focus on specific metrics that can be improved based on the collected data.



Discovery

- ▶ Examine pre-visit, front-end, mid-cycle clinical/operational, and back-end workflows.
- ▶ Evaluate metrics, technology, and staffing enablement to identify areas for improvement.



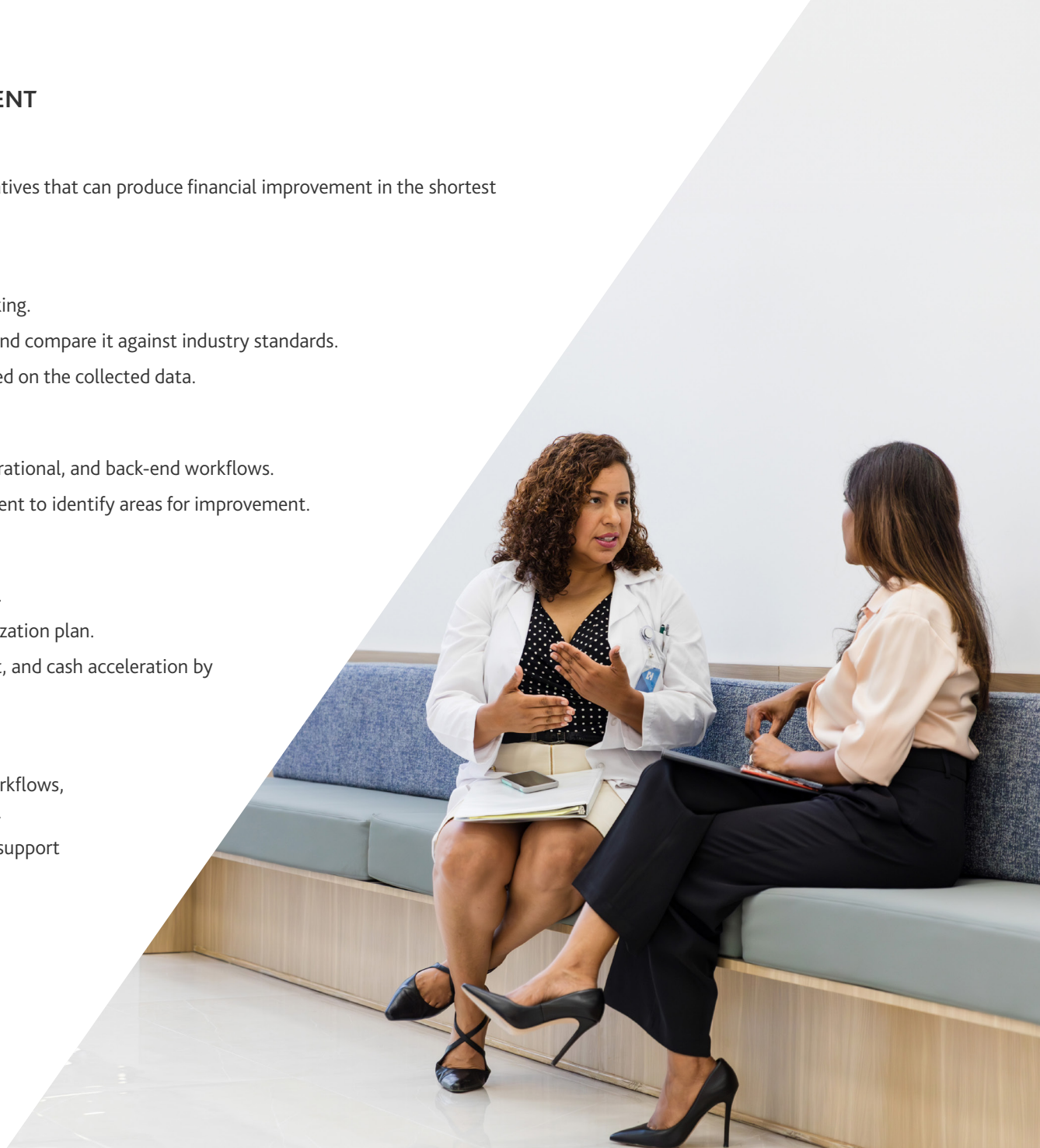
Development

- ▶ Analyze data and assess operations and technology.
- ▶ Collaborate to build a revenue management optimization plan.
- ▶ Focus on volume growth, net revenue improvement, and cash acceleration by harmonizing people, processes, and technology.



Optimization

- ▶ Use findings to design and implement improved workflows, efficient staffing models, and reconfigured systems.
- ▶ Provide training to employees, including providers, support staff, and revenue cycle leaders.
- ▶ Develop strategies to enable sustained revenue improvement and growth.



Technology: The Path to Innovation

Technology has the potential to transform the healthcare sector, and industry leaders are taking note — in fact, according to [BDO's 2024 Healthcare CFO Outlook Survey](#), 98% of healthcare organizations are already piloting generative AI programs. However, historically, healthcare has been slow to adopt new technologies, with revenue cycle management (RCM) in particular experiencing a lag in technology adoption. To unlock full value from the revenue cycle, healthcare leaders need to combine emerging technologies with a strong people-first culture and robust processes.

HEALTHCARE'S TECH LAG

Despite the potential for technology to transform RCM processes, the healthcare industry has been notably slow in adopting these innovations, particularly in the administrative realm. This reluctance is largely due to the complex regulatory requirements unique to the healthcare sector, which often make the integration of new technologies difficult. However, the need for improved efficiency and accuracy in billing and claims processing, patient registration, and payment systems is driving a gradual shift towards embracing technological solutions.

CHALLENGES IN RCM TECHNOLOGY IMPLEMENTATION

One of the primary challenges in implementing RCM technology is the lack of interoperability between different systems and platforms. This can lead to significant gaps in communication between payers and providers, resulting in administrative errors, incorrect denials, and delays in reimbursement. Additionally, the healthcare industry's stringent data privacy and security requirements further complicate the adoption of new technologies, requiring solutions that not only enhance operational efficiency but also ensure the protection of sensitive patient information.

OPPORTUNITIES FOR IMPROVEMENT THROUGH RCM TECHNOLOGY

Improvements in RCM technology require investment, but the potential savings down the line could have a profound impact on the healthcare industry. Innovations such as automated billing and claims processing systems, advanced analytics for revenue forecasting, and electronic health records (EHRs) that integrate seamlessly with billing software can significantly reduce administrative burdens and improve the accuracy of financial transactions. Moreover, the adoption of cloud-based platforms can offer enhanced data security, scalability, and accessibility, facilitating more efficient and flexible RCM processes while safeguarding patient privacy.

To fully realize the benefits of RCM technology, industry-wide collaboration and a willingness to embrace innovation are essential. Healthcare providers, payers, and technology developers must work together to overcome barriers to adoption, develop interoperable solutions, and foster an environment that supports continuous improvement and adaptation while keeping patient safety at the heart of every decision-making process.

Conclusion

People, processes, and technology represent the three pillars that form the foundation of an effective RCM strategy, each playing a crucial role in improving the financial health and operational efficiency of healthcare providers. To unlock the full value that RCM can provide, healthcare leaders must create a balanced strategy for investing in all three areas, allowing for continuous improvement and adaptation to the evolving challenges healthcare will continue to face.



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