



RCM Leaders Share Top Concerns

Survey results reveal rise in
outsourcing to improve results

Health System Financial Pressures Continue

From Medicaid “unwinding,”¹ to record-level expenses and payer denial rates, health systems and physician practices continue to face unprecedented financial pressures. According to the April 2023 Kaufman Hall National Hospital Flash Report, hospital margins approached near zero percent in March 2023, up from -1.5% in February.² With the threat of an impending recession, many providers are on high alert, fearing what could be an even rougher road ahead.

Times of turbulence such as these require organizations to look inward to identify opportunities to reduce waste, improve efficiencies, and optimize every potential for increasing revenue. To find out which areas revenue cycle leaders are focusing on over the next 12 months, Omega Healthcare partnered with Eliciting Insights to conduct a national survey. The survey included 125 hospital revenue cycle leaders from across the country.

Survey Results

Of all issues reported, denials, audits, and takebacks came in at the top spot, with 67% of respondents reporting it as a top concern. Others included improved patient collections, workforce retention and training, improved coding documentation and accuracy, and declining revenue.³

The majority of the top challenges reported in the survey involve business office processes like claims management, billing, payment posting and reconciliation, A/R management and collections, denials and appeals management, underpayment analysis and recovery, and physician coding and documentation improvement. These areas represent significant opportunities for evaluation and optimization. But with revenue cycle leaders and office managers already being asked to do more with less, finding the time with which to identify areas that need improvement and finding the resources to develop and implement improvement plans can seem like an overwhelming undertaking. According to our survey, many are turning to outsourcing.

As part of its survey, Omega Healthcare asked respondents which revenue cycle processes, if any, they currently outsourced or were planning to outsource over the next 12 to 18 months.⁴



1 “10 Things to Know About the Unwinding of the Medicaid Continuous Enrollment Provision,” Jennifer Tolbert and Meghana Ammula, Kaiser Family Foundation, April 5, 2023

2 “National Hospital Flash Report: April 2023,” Erik Swanson, Kaufman Hall, May 3, 2023

3 “Market Insights Study,” Eliciting Insights, sponsored by Omega Healthcare, April 2023, N=125 hospital RCM decision makers/influencers

4 Ibid.

Top RCM Processes Currently Outsourced

48%	48%	45%
Patient Collections	A/R Management & Collections	Coding & Chart Audit

Top RCM Processes with Plans to Outsource

19%	18%	18%
Authorization & Medical Necessity	Denials & Appeals Management	Underpayment Analysis & Recovery

These responses align with the latest reports on industry trends, one of which found that 61% of providers have plans to outsource certain revenue cycle processes.⁵ Another report found that of all outsourced solutions providers were pursuing, revenue cycle outsourcing was the most popular.⁶

Choosing Which Processes to Outsource

The following guideline provides an overview of which business office processes benefit most from outsourcing and what to look for when choosing an outsourcing partner.

- Claims Management & Billing
- Payment Posting & Reconciliation
- A/R Management & Collection
- Denials & Appeals Management
- Physician Coding and Billing



5 "61% of Providers Plan to Outsource Revenue Cycle Management Tasks," Victoria Bailey, RevCycle Intelligence, April 10, 2023

6 "2022 State of Healthcare Performance Improvement: Mounting Pressures Pose New Challenges," Kaufman Hall, October 2022

Claims Management & Billing

Issues during the claims management process can lead to a host of revenue cycle problems including claim rejections, poor cash flow, and write-offs. One of the most significant challenges in the claims management process is around data integrity. Nowhere in the revenue cycle is GIGO (garbage in, garbage out) more accurate. Claims that are submitted with inaccurate coding, errors or missing information create cogs in the revenue stream leading to increased rejections, delayed reimbursement, and more work for already overworked staff.

The survey found that **42%** of RCM leaders currently outsource claims management and billing, or plan to.⁷

When choosing an outsourcing partner for claims management and billing, providers should look for one that can demonstrate a high level of accuracy. The most effective vendors will be those that leverage the latest technology, especially artificial intelligence (AI), machine learning (ML), robotic process automation (RPA), and natural language processing (NLP). These technologies streamline workflow and processes, and help deliver more accurate coding by proactively identifying and flagging potential coding issues so they can be addressed before the claim has a chance to hit the payer's adjudication system and be rejected or denied.

When talking to a potential partner, providers need to ask how many A/R specialists they have, how they are trained and managed, what their first pass claim acceptance rate is and how they manage rejections and denials. Finally, providers should confirm that the potential partner has expertise in areas most relevant for the facility. For example, if the provider treats a lot of worker's compensation or automobile accident cases, the partner should have a proper level of understanding in the complexities and nuances of those claims.

⁷ "Market Insights Study," Eliciting Insights, sponsored by Omega Healthcare, April 2023, N=125 hospital RCM decision makers/influencers

Payment Posting & Reconciliation

Posting and reconciling payments are time-consuming, highly manual processes that are prone to error. This can lead to slow turnaround times, missed discrepancies, partial audits, and the risk of inappropriate patient billing. A lack of resources or poorly trained staff can lead to mistakes and backlogs, both of which can impact A/R and cash flow.

The survey found that **27%** of RCM leaders currently outsource the payment posting and reconciliation function, or plan to.⁸

One of the most important capabilities to look for when choosing an outsourcing partner for payment posting and reconciliation is automation technology such as AI and intelligent character recognition. These technologies are able to take much of the manual element out of the process, thereby improving accuracy, staff productivity, and turnaround times. This, in turn, reduces A/R days and optimizes cash flow.

Organizations struggling with backlogs should consider leveraging an outsourcing partner to work down those backlogs so staff can finally get ahead of their posting and reconciliation workload.

A/R Management & Collection

Collecting from patients and payers has become more challenging than ever. Many organizations do not have the staff necessary to follow up with multiple payers or to chase patient payments. The impact on a provider's bottom line is significant; more than \$7.5 billion in patient responsibility goes uncollected each year.⁹

The industry's benchmark for optimal days in A/R is 30 to 40 days.¹⁰ A/R over 90 days should not exceed 10%, and self-pay A/R over 90 days should be less than 30%.¹¹ The good news is that outsourcing partners can help providers achieve optimal KPIs more quickly than many providers could expect on their own.

Not surprisingly, **58%** of providers surveyed currently outsource A/R management and collection, or plan to.¹²

When choosing a partner for A/R management and collections, the most crucial element to look for is a highly trained team of revenue cycle experts with experience in payer requirements and regulatory compliance. It can be challenging for provider staff to stay on top of ever-changing payer requirements, especially for organizations experiencing high staff turnover or labor shortages. The best partners understand the complex nature of A/R management and collections and know how to collaborate with payers on the provider's behalf to ensure timely reimbursement and reduce write-offs.

Another essential factor to consider is the outsourcing partner's approach to standard operating procedures (SOPs). The best partners are those that have created specific SOPs with their clients for each payer, as well as for more complex claims like worker's compensation and motor vehicle accident or secondary and tertiary claims. Having detailed and customized procedures as a resource can help streamline A/R management and facilitate faster reimbursement, tailored to the needs of the provider.

As with other business office processes, providers should choose a partner that leverages the latest industry technology to streamline A/R management and collections. The use of RPA "BOTs" is a great example. Because BOTs are adept at rules-based tasks that are highly repetitive, they can be used to automate A/R management and follow-up. Besides reducing errors, using BOTs increases staff productivity, bringing more value to both the outsourcing partner and the provider.

8 Ibid.

9 "How Payment Plans Could Cure A \$7.5B Medical Malady," PYMNTS, January 15, 2019

10 "Five Key Metrics for Financial Success in Your Practice," AAFP Assembly, accessed via website on May 19, 2023

11 "Keeping Score: Utilizing Key Performance Indicators to Transform Your Revenue Cycle," Lori Zindl, MGMA, 2018

12 "Market Insights Study," Eliciting Insights, sponsored by Omega Healthcare, April 2023, N=125 hospital RCM decision makers/influencers

Denials & Appeals Management

Payers are denying more claims than ever—up to 12% of all claims submitted.¹³ According to one study, “out of \$3 trillion in total claims submitted by healthcare organizations, \$262 billion were denied, translating to nearly \$5 million in denials, on average, per provider.”¹⁴ Managing denials and appeals requires a comprehensive strategy that includes both technology and team expertise. The best outsourcing partners will have both.

47% of providers currently outsource denials and appeals management, or plan to.¹⁵

Providers should look for a partner that uses automated workflow tools to streamline the entire denial management and appeals process. By linking the denial to the original claim, these tools can identify root causes without time-consuming manual research. BOTs can automate the appeals process to improve revenue reconciliation. The best partners will use this information to implement and recommend preventative measures to proactively reduce similar denials in the future.

One of the best reasons to outsource denials and appeals management is that partners can quickly work down backlogs while also tackling the smaller-balance accounts that providers often don't have time to address. These smaller balances may seem insignificant but can add up over time. Providers, especially now, cannot afford to overlook any potential revenue source.

Finally, organizations should look for a partner that can demonstrate a high level of proficiency with appeals management. They should be adept in industry regulations, Medicare benefits policies, payer rules, and national and local coverage determinations. They should also show advanced clinical expertise to enable effective medical record reviews and appeals creation.

Top Causes of Denied Claims¹⁶

- Issues with prior authorization
- Inaccurate eligibility information
- Incorrect patient data
- Inaccurate, outdated, or nonspecific coding
- Missing information

13 “The Change Healthcare 2022 Revenue Cycle Denials Index,” Change Healthcare, 2022

14 “Success in Proactive Denials Management and Prevention,” Glen Reiner, HFMA, August 29, 2018

15 “Market Insights Study,” Eliciting Insights, sponsored by Omega Healthcare, April 2023, N=125 hospital RCM decision makers/influencers

16 13 top reasons for claims denials,” Andrew Cass, Becker's Hospital CFO Report, January 23, 2023

Underpayment Recovery

In 2019, even before the pandemic, hospitals in the U.S. were underpaid by an estimated \$75.8 billion from Medicare and Medicaid.¹⁷ The same year, hospitals provided \$41.6 billion in care that was uncompensated.¹⁸ Many organizations have neither the time nor the staff necessary to pursue underpayment recovery.

Outsourcing underpayment recovery is an area that can bring a relatively quick return on investment, and 49% of providers surveyed currently outsource this function or plan to.¹⁹

When choosing an outsourcing partner, the top criteria should be a dedicated team focused solely on underpayment recovery. Providers should ask potential partners what the likely recovery will be in terms of the percentage of monthly collections. Those that have the best approach will be able to identify the cause of the underpayments and help the provider create a strategy for proactively reducing them in the future.

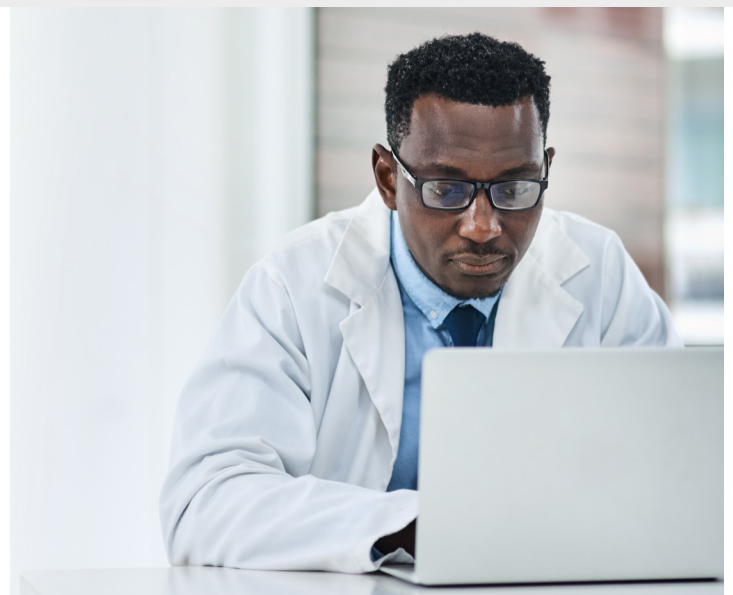


The right partner should be able to demonstrate a deep understanding of payer contracts and discrepancies, which means they'll have the knowledge necessary to cross-verify payer fee schedules and calculate accurate reimbursements. They should also be willing to communicate with payers on behalf of the provider to close the loop on recoveries.

Physician Coding and Billing

With more than three quarters of physicians employed by health systems,²⁰ proper coding and billing for physician claims is key to revenue cycle success. However, as patient volumes have risen since the pandemic, so have practice expenses and the staffing crunch. Direct expense per provider in Q1 2023 increased by 17% over Q1 2022.²¹

Practices who have invested in RCM systems and staffing may find it hard to switch methodologies to outsourcing claims and billing. However, the challenges of hiring, training and retaining RCM staff in a tight labor market, maintaining the floor space to accommodate an RCM team, and the cost of maintaining RCM software are challenges to practice leaders and staff whose priority is on delivering quality patient care. Outsourcing this function can help accelerate cash and improve net patient revenue without these burdens.



¹⁷ "AHA: Hospitals provided \$41.6 billion in uncompensated care in 2019," American Hospital Association, January 21, 2021

¹⁸ Ibid.

¹⁹ "Market Insights Study," Eliciting Insights, sponsored by Omega Healthcare, April 2023, N=125 hospital RCM decision makers/influencers

²⁰ "74% of physicians are hospital or corporate employees, with pandemic fueling increase," Kelly Gooch, Becker's Hospital Review, April 19, 2022

²¹ "Physician Flash Report: Q1 2023," Bates and Swanson, KaufmanHall, May 3, 2023

The Bottom Line

The quality of a provider's bottom line is directly correlated with the quality of their business office processes. But in a time when providers are seeing high turnover and growing days in A/R, it can be challenging for them to maintain highly skilled resources to manage business office processes effectively. Omega Healthcare can help.

Omega Healthcare's business office specialists, enabled by technology through the Omega Digital Platform, can manage the entire process on the provider's behalf, from claims submission to payment posting and reconciliation, to A/R and collections, and underpayment recovery. Omega Healthcare's team of specialists is always up to date on the latest industry regulations and ever-changing payer requirements. This helps significantly reduce rejections and denials and ensures providers collect every dollar they're owed. Omega Healthcare helps alleviate stress and administrative burdens so staff can focus on more strategic initiatives.

OMEGA HEALTHCARE GETS RESULTS:

- ✓ More than **\$15B** in A/R collections each year
- ✓ **15,500+** specialists with expertise in **80+** billing systems
- ✓ **15 million** transactions processed for eligibility verification and prior authorizations per year
- ✓ **99%** payment posting accuracy
- ✓ Clients experience a **30%** average reduction in A/R days and a **25%** average increase in collections
- ✓ **Technology-enabled solutions** with AI/ML, RPA, NLP, business intelligence and other automation technologies
- ✓ **More than 1,000** BOTs deployed to automate repetitive tasks and processes
- ✓ **Proprietary workflow technology** improves efficiency and streamlines and automates processes

Omega Healthcare is ready to help providers accelerate cash flow and reduce administrative costs. To learn how Omega Healthcare can help your organization, visit www.omegahms.com/provider-rcm-services/



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