3 Tips for Maximizing Value in Rev Cycle Technology

By Eric Wicklund

healthleaders exchange

REVTECH EXCHANGE

With the healthcare industry struggling to balance cost against value, RCM leaders should follow these tips to get the most out of their technology investments.

Revenue cycle managers often feel like the forgotten family member at a holiday gathering, pushed to the children's table for meals and the end of the line for desserts. But with new technology like AI, they're finding the elusive ROI to help the health system stay in the black and giving rev cycle operations a moment in the spotlight.

The challenge lies in using technology to get ahead of the curve, says Michael Finley, Director of Revenue Cycle at Emplify Health, the Midwestern health system borne out the merger of Bellin health and Gunderson Health. By doing so, RCM leaders can demonstrate value to multiple departments, including clinical care, and show that "we can all own this together."

Christina Slemp from Community Health System attends the Exchange.

Finley was one of roughly two dozen RCM leaders taking part in the recent HealthLeaders Rev Tech Exchange in Nashville. During the two-day event, they discussed the challenges of investing in new technology at a time when healthcare is struggling to stay in the black. But amid the pressures of workforce shortages, cost concerns and well-prepared payers, those investments could position a health system for long-term sustainability.

The key, say RCM leaders who've been in the trenches, is to find the right technology, the right vendors and the right collaborators, both inside and outside the enterprise. And that's not an easy task.

"We look at technology like it's going to solve all our problems," warned Derek Dudley, VP of Revenue Cycle Operations at Tidelands Health. "But a $200 hammer isn't going to make you a better carpenter."

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KEY TAKEAWAYS

- Tight operating margins and rising expenses are forcing RCM executives to think long and hard about how they should invest in technology.
- Collaborating with other departments, such as clinical and IT, can build support for the new tool or program.
- RCM leaders need to understand how to define ROI in this new environment of value-based care, and how to work with vendors to share risk and assure outcomes.

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In today's complex healthcare landscape, nonprofit healthcare organizations are turning to intelligent automation to address staff burnout, lower the overall cost while improving efficiency of collecting payments, and revolutionize revenue cycle operations overall. Healthcare executives discussed how they are successfully applying these intelligent automation solutions in a roundtable discussion at the recent Health Leaders Revenue Cycle Technology Exchange gathering. These executives echoed what the Bank of America healthcare team has heard from other organizations around the country: These solutions help address long-standing challenges in medical record retrieval, letter composition, and denial management—critical functions for ensuring financial health while delivering high-quality patient care.

Transforming Medical Record Retrieval

Medical record retrieval is a foundational but labor-intensive process in revenue cycle management. Historically it has required manual intervention, and has been a repetitive, low-skill task often handled by a cash posting specialist capable of being used for much higher value functions. As revenue cycle managers evaluate and deploy tools capable of automating this process, they report these tangible improvements and applications:

- Intelligent data mining: Organizations can quickly identify and extract relevant patient information from electronic health records—reducing the time and cost of manual searches.
- Improved accuracy: By reducing human error, these solutions ensure the correct records are retrieved and shared with authorized payers.
- Workflow optimization: Prioritizing record requests based on payer deadlines and financial impact ensures high priority asks are addressed first.

Streamlining Letter Composition and Improving Denial Management

A 2023 American Hospital Association report showed a 56% jump in Medicare Advantage claim denials between January 2022 and July 2023, as well as a commercial insurance claim denial rate increase of nearly 20%. To combat this increasing inefficiency, organizations are looking to improve the composition of their appeal letters. The goal is to address appeals for denied claims with precise and persuasive documentation using:

- Dynamic template creation: Tailored templates are based on payer-specific requirements and denial codes.
- Language refinement: Auto-populated letters include terminology that resonates with payers, improving the chance of overturning denials.
- Predictive analytics: By identifying patterns in denials and predicting which claims are at risk, these tools enable proactive intervention.

Managing for the future

While evolving technology can drive these sorts of transformational improvements within revenue cycle operations, the application of intelligent automation does not come without ongoing considerations, including:

- Maintaining data privacy and compliance: Any new tools and their specific usage must adhere to HIPAA and other regulations; that's a paramount concern.
- Absorbing the cost of initial investments: While new automation solutions are positioned to deliver long-term savings, the upfront costs of technology and training may strain tight budgets.
- Managing organizational change: Successful adoption requires buy-in from stakeholders and support for staff adapting to new workflows—both initially and on a regular, ongoing basis.

The rate of adoption of intelligent automation tools is rising, as organizations continue to deal with increased operational complexity without additional staff to support that new complexity. Revenue cycle management leaders said that adopting these intelligent automation tools is no longer a luxury but has become a necessity. From medical record retrieval to denial management, these emerging technologies are helping organizations overcome operational hurdles, recover revenue, and focus on their core mission of caring for patients. Executives believe that investments made today will position their organizations to reap future dividends in the form of sustainable financial health and improved patient financial experiences well into the future.

Left to Right: Derel Dudley, Vp of of Revenue Cycle of Operations at Tidelands Health, Gregory Arnold of Endeavor Health, and Shannan Bolthon, Vp of Stanford Health Care lead a panel at the Revenue Cycle Exchange.

So how can RCM leaders make the most out of their technology investments? Here are a few suggestions:

Redesign Vendor Contracts to Share Risk.

With razor-thin margins and little money to spend on new ideas, RCM leaders are changing how they negotiate technology contracts. Many executives are asking for proof of concept up front, or asking competing vendors to prove which of their products suits the health system's needs (one RCM executive called this a "bake off").

Phillip Boyce of Baptist Health attends the Exchange.

The idea, says Shannan Bolton, Vice President of Revenue Cycle Optimization and Performance Excellence at Stanford Health Care, is to create more of a partnership between the health system and the technology vendor, one in which both sides share some of the risk.

To reduce long-term expenditures and gain better control over multi-year projects, revenue cycle leaders are also looking for shorter contracts, with the ideal length being three years. And they're more critical of the value of these deals. Executives at the Rev Tech Summit say they're looking for an ROI of at least 3:1, meaning a new technology has to produce three times the cost that the health system put into the project. No one is touching a 1:1 return, and even a 2:1 return is too meager, given the likelihood of add-ons and unanticipated expenses.

"Some very good products don't justify the expense" said Jonathan Davis, Executive Director of Patient Access and Revenue Cycle Analytics at Yale New Haven Health. RCM execs may not have the budget or the time and resources to spend on new ideas that take too much time to develop value or don't have clear value to begin with.

Collaborate With Clinical, IT Leaders to Boost Value.

Healthcare leaders across the enterprise know that a new idea or program needs widespread support to survive, and that's especially true in RCM. Revenue cycle executives need to collaborate with their counterparts in clinical, IT and other departments, highlighting the benefits that a technology may offer to them as well.

Much as a CIO or CNO will seek out a "champion" to help launch a new tool or strategy, RCM leaders should make those connections as well. Collaborating with IT execs will help ensure that a new tool integrates seamlessly with the EHR and other platforms, reducing stress on the IT department and ensuring that RCM staff get the most out of the technology as soon as it's installed.

Support from the clinical department is equally important, especially with the rapid adoption of AI. For examples, Lynn Ansley, VP of Revenue Cycle Management at the Moffitt Cancer Center, said revenue cycle leaders should even go on rounds with clinicians to understand their workflows and see where RCM technology intersects. This not only helps clinicians understand how RCM technology might impact clinical care, but it also gives RCM staff insight into how clinical technology might boost revenues.

The key word in all of this is collaboration. With healthcare leaders moving away from point solutions that address just one problem, vendors are developing products and platforms that address a number of issues. This is especially true of AI: an ambient listening tool that can capture the doctor-patient conversation and transcribe it for the medical record can also, in some cases, capture codes for that encounter. RCM leaders need to recognize those opportunities to share the benefits.

Understand ROI as More Than Just a Dollar Amount.

While much of RCM revolves around making sure the healthcare enterprise is financially sound, bringing in revenues to offset expenses, healthcare itself is about clinical outcomes. Factors like the shift to value-based care and an increased emphasis on patient engagement and satisfaction are changing how health system leaders define ROI.

While most RCM technologies focus on improving financial outcomes, the idea that a technology like AI can reduce stress and improve workflows is quickly gaining ground, especially as the healthcare industry faces workforce shortages. This is especially true in revenue cycle and IT departments, which are competing against much larger and more profitable industries for top talent.

A new technology or program that can reduce workloads and handle repetitive and mind-numbing administrative tasks, therefore, allows RCM leaders to move staff around and address other challenges, such as reducing denials, fine-tuning prior authorizations and even working with patients to help them understand their financial responsibilities.

In short, the HealthLeaders Rev Tech Exchange helped RCM leaders to better understand how technology is changing not only healthcare delivery but healthcare value. A savvy executive needs to understand how new technologies like AI can improve administrative processes and reduce staff stress and position revenue cycle management as a crucial part of the healthcare enterprise.