Accelerate healthcare revenue cycle operations to help meet cash goals

Key findings and insights from PwC and Becker's Hospital Review healthcare revenue cycle survey

In August 2022, PwC and *Becker's Hospital Review* conducted a survey of 120 healthcare leaders representing the C-suite, VP and director levels. The survey asked about current operational and financial challenges and potential solutions. A common theme from the survey was the impact that labor shortages are having on the revenue cycle back office and the bottom line.

Becker's Hospital Review recently spoke with Jacob Shurbet, PwC Managing Director, and Josh Cahn, PwC Principal, about the survey results. They discussed the costly struggle for healthcare organizations to meet their cash goals and potential solutions to this issue.

Expert Interviews Included!

Josh Cahn

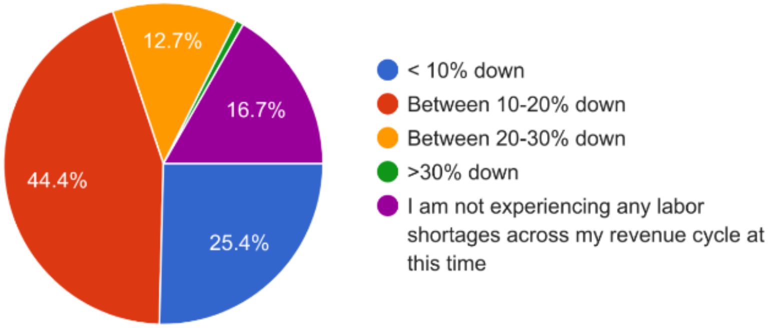
Principal, PwC

Jacob Shurbet

Managing Director, PwC

Healthcare labor shortages extend beyond front-line caregivers and into the back office

The tight labor market for nurses, physicians and other clinical staff has been front and center in the headlines. However, 83 percent of survey participants indicated that they are also experiencing labor shortages across the revenue cycle. Of those survey respondents reporting revenue cycle staffing shortages, 44 percent indicated that their revenue cycle staff was down 10 to 20 percent below steady-state levels.



Interestingly, a small number of organizations (17 percent) said their revenue cycle teams have not been affected by the prevailing labor market trends. "Some of these organizations may be smaller, with less staff overall, or there may not be a lot of local competition for talent," Mr. Shurbet said. "Others may have instituted better employee retention strategies, such as improved benefits, permanent work-from-home policies or an increased focus on mental health. In addition, we are seeing that employee turnover has cooled a bit compared to the spring."

While employee retention strategies are an important talent management tool, they can add cost to a provider's operating model, which may not be sustainable over the long term. "It will be important to see the impact that cost-to-collect reduction strategies have going forward on future staffing needs," Mr. Cahn said.

Most hospitals and health systems aren't meeting their cash goals; payer processing is a key contributor

A majority of survey participants (84 percent) reported that their organizations are behind on their cash collections for the current fiscal year. One of the main drivers is payer processing challenges — 46 percent of respondents identified this as the primary reason why they aren't meeting their cash goals.

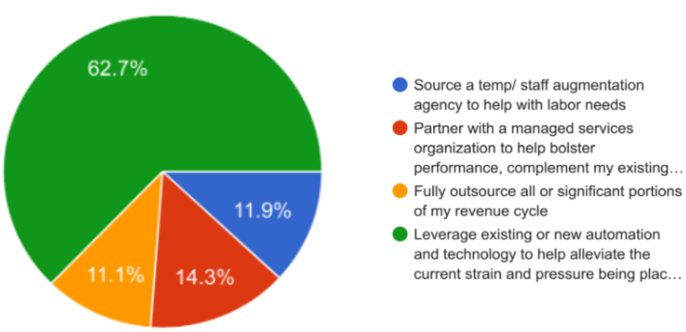
"We know that certain payers have backlogs due to staffing challenges," Mr. Shurbet said. "We've also seen that denials have trended up. In some cases, denials have increased by 20 percent compared to the last five years. Some of this can be related to COVID-19 and payers scrutinizing medical necessity and patients' admission status more than in prior years."

To address payer processing issues, healthcare leaders need to leverage data to illustrate where payers aren't meeting their contractual obligations. It's also essential for organizations to work collaboratively with payers. For example, it could be helpful to point out where it is costly to both parties when payers deny certain claims or require peer-to-peer review on other claims.

"Using data in meaningful ways is crucial to succeeding in today's environment where collaboration is more important than ever," Mr. Shurbet explained. "This is where organizations should be looking to invest in new ways to power analytics or new teaming opportunities with companies that offer analytics-as-a-service capabilities."

To achieve revenue goals, automation and technology are viewed as impactful and immediate solutions

Nearly two-thirds of survey respondents (63 percent) felt that leveraging existing or new automation and technology would alleviate the current strain and pressure on the revenue cycle. They also felt that these solutions would be the most impactful and immediate solution to reaching their near-term cash goals.



Although automation and technology are sound strategic approaches for solving revenue cycle challenges, implementation and following best practices can be difficult. "Leaders must think more like retail or e-commerce companies when it comes to technology in this space," Mr. Shurbet said. "This includes taking more of a personalized approach and segmenting patients into different categories based on likelihood to pay."

PwC encourages healthcare organizations to track customer lifetime value, as well as deploying omni-channel outreach strategies that use phone, text messages, interactive voice response technology, email and traditional paper bills. Automation is a great way to score patient interactions and quickly identify ways to improve engagement and outreach.

Technology and automation alone, however, aren't sufficient to solve cash collection issues. Although technology is an enabler and can provide some relief, hospitals and health systems must explore a variety of options to close current financial and operational gaps. Examples include payer contracting, collaborating with a managed services organization to bolster performance or outsourcing portions of the revenue cycle.

"Technology and automation are great assets to add efficiency to the revenue cycle. However, more strategic payer/provider collaboration remains a priority for many organizations to ease administrative friction and serve as a winning proposition for all stakeholders," Mr. Cahn said.

Upskilling revenue cycle teams and strategic partnerships can also help

It's important for health systems to develop specific strategies for developing their revenue cycle team members. "To keep pace with the ever-evolving healthcare ecosystem, continual investment in your employees shouldn't be an afterthought," Mr. Shurbet said. "Upskilling revenue cycle team members will enable them to focus on process improvement and solve complex problems. This can help improve employee retention and help support the long-term success of your organization."

Hospitals and health systems also need to explore the value that strategic relationships with revenue cycle managed services providers like PwC can help bring to their operations. "Business outcomes and analytic-enabled managed services can bring providers the leverage they need to accelerate results, while concentrating the internal workforce on the highest-impact focus areas," Mr. Cahn said.

Conclusion

To survive and thrive, healthcare leaders need a nuanced approach to revenue cycle management to reach cash goals. Technology and automation can help relieve the burden of administrative tasks for employees. However, these tools are unlikely to solve the problem without a multifaceted approach.

Strengthening team members through upskilling and strategic relationships with managed service providers can create a more resilient and sustainable revenue cycle function that can weather changes in the labor market, as well as other macroeconomic shifts.