Take Control of Your Revenue Cycle

Three ways finance leaders are helping their organizations adapt to change

Hospital revenue cycle trends come in waves, according to Michael Rawdan, senior director of financial services and patient experience at St. Luke's Health System in Boise, Idaho. "Five years ago, it was the move to ICD-10," he says. Today, the growing number of self-pay patients is significantly impacting the integrated healthcare system, which sees 1.4 million patients a year. "The single largest change we are trying to address right now is how to manage that population," he says.

"One of the biggest issues I see is denials and responding to incredibly aggressive denial tactics from all payers," says Jane Kaye, president of HealthCare Finance Advisors and a former hospital CFO who helps organizations improve their revenue cycles. She also points out that while CFOs realize they have to use their finance teams in a more sophisticated way, they rarely have the same level of tools that clinicians have access to. In the face of this quickly evolving industry, finance leaders must make smarter investments in financial applications that use AI and enable their teams to spend less time on non-essential, repetitive work, she says. "We need to bring finance teams into the 21st century."

Leaders also point to declining reimbursements, complex payer policies, and a lack of innovation across the revenue cycle in general as among the many challenges hospitals and health systems are grappling with in 2019. As leaders navigate these areas, here are three ways they are driving success across the revenue cycle.

1

Customize each patient's financial journey

"The self-pay portion of our business is our fastest growing business," says Rawdan. St. Luke's has had a 20% increase in self-pay patients each year for the last five years, and self-pay patient dollars have doubled. "The amount that our patients are paying, either balance after or pure self-pay, has grown quite dramatically," he says. "We have spent a disproportionate amount of time in this area making sure we identify how we will handle those obligations and what patients need to address those balances."

Rawdan says the not-for-profit health system, which includes eight medical centers, a children's hospital, and 1,000 aligned physicians, is designing a patient financial journey that is more aligned with how consumers experience retail outlets and banks. Patients, including a growing number of tech-savvy older patients, want a "clear and clean financial journey," he says. "Historically, hospitals have focused on the patient experience via their HCAHPS and CG-CAHPS scores and clinical outcomes. But we have been doing this for four years, and the pressure continues to grow to make that financial journey in and out of the hospital system as good as it can be."

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One way this happens is through St. Luke's third-party portal that allows patients to view bills, manage their accounts, and set up flexible payment plans independently. The health system also leverages data from the portal and across the system to segment patients, customize financial interactions, and design tailored payment plans. "We believe patients will like that a lot better," says Rawdan.

At the same time, as more patients move into high-deductible plans and have increasing financial responsibility for their care, they are becoming more material payers, he notes. As a result, St. Luke's is changing how it negotiates payer contracts. "We are starting to engage more with payers and speak up when we believe the coinsurance or the deductible amount on the member population is inappropriate in the state of Idaho," says Rawdan. "In the end we are trying to drive as much cash to the organization as we can and reduce bad debt, which is becoming an increasingly difficult part of the business."

2

Invest in technologies that address your biggest pain points

Like St. Luke's Health System, Atrium Health in Charlotte, North Carolina, is strategizing the best course of action to address several revenue cycle challenges, the most significant being reimbursement cuts. "In this type of environment, reimbursement cuts could lead to budget cuts and workforce reductions," says Patrick Griffin, vice president of patient financial services. He has responsibility for over $2 billion in revenue at the health system, which has more than 40 hospitals and annual revenue of $10 billion.

More stringent payer authorization policies, the move to value-based care, and a rise in self-pay dollars and bad debt as more patients enroll in high-deductible plans are also top of mind for Griffin. Providers in North Carolina are also bracing for managed Medicaid, he adds. "These kinds of transformations are having a monumental impact on the entire revenue cycle. We have to be more creative and efficient in our collections approach."

To this point, Griffin says goals for revenue cycle management should include retail strategies for front-end revenue cycle optimization to ensure the right information is collected at the time of service. Technology is critical, specifically more sophisticated technologies that automate redundant work and improve workflows across the revenue cycle such as bot technology to handle repetitive tasks like paper scanning. "We have 3,000-plus providers, and the volume of paper received was enormous," says Griffin. "On Monday mornings we would walk into our mailroom filled with numerous bins of paper, including EOBs and correspondence." Now, the new technology categorizes bank images and documents based on key words, then places them into work queues. "We have eliminated the process of delivering bins of paper to our office on a daily basis. It is all automated."

Indeed, more healthcare organizations are starting to use AI in finance, says Kaye. "There are many places in the revenue cycle, particularly in the back end, that are ideal for robotic process automation (RPA), which takes that mundane repetitive nature out of the job and gives that function to a computer. The technology allows staff to perform higher-level work and focus in on processes that are failing or that need further review." For example, RPA is used to reconcile the thousands of banking transactions that occur each month with general ledger entries. "The technology makes the job very appealing to a new generation of employees who have been raised with technology," she says. "They don't want to sit there and download into Excel."

3

Redesign job roles

As the technology improves, the workforce has to evolve as well, says Griffin. Revenue cycle teams must be able to manage all of the nuances relative to payer changes, reimbursement cuts, and the move from volume to value. "Today's revenue cycle requires a higher skill set," he says. "We have rewritten job descriptions to match the skill sets needed." For example, the organization's physician liaison role, which serves as a bridge between medical practices and the system, has been updated to also perform the duties of a denial prevention analyst. The liaison works with registrars to reduce front-end denials. This includes sharing data and monthly score cards with frontline staff. "We are seeing a tremendous impact by taking data to the people on the front lines and showing them the trends and how their teams are improving," he says.

"We are seeing a focus on new jobs with new job titles that didn't use to exist, such as a clinical financial specialist," adds Kaye. This is a clinical employee embedded in a clinical department who reports to finance. "They bridge what clinicians are doing with what insurance companies require for payments," she says. For example, in this role, an RN with an OR background might be embedded in the OR to review patient records and make sure patients are in the OR registration system for exactly the services authorized. "This is the brave new world of revenue cycle management, and it is being driven by insurance denials," she says.