How Academic Health Systems Can Leverage the Revenue Cycle to Achieve Strategic Priorities

Many academic health systems struggle with two inherent challenges: (1) the complexity of multiple management and governance structures across the shared landscape of the partnered medical school and healthcare delivery system and (2) the need to fund a broad range of strategic priorities—from expanding clinical service lines; to modernizing or building clinical, research, and education structures; to fulfilling mission-critical research commitments.

A solution to help address both of these challenges can come from an overlooked corner: the revenue cycle.

Advancing a revenue cycle model that incorporates industry-leading practices could enable increased access to capital and further the academic health system's ability to:

- Align the revenue cycle operating model to support strategic priorities
- Enable the realization of full revenue potential at the lowest possible cost to collect
- Create a consistent and predictable patient financial experience across the academic health system
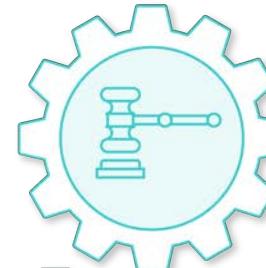
The Chartis Group recently conducted a series of interviews with the revenue cycle leaders of several leading academic health systems. Overall, most organizations had redundancies in their revenue cycle operations and opportunities to better use technology to automate processes and realize efficiencies. Others that have advanced the needle in many ways acknowledged the effort and investment it took to reach their goals and move toward a leading-practice model.
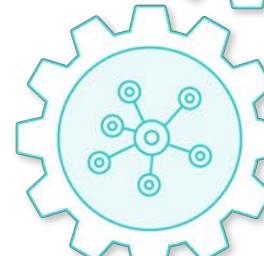
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The 5 Key Revenue Cycle Differentiators

Academic health systems should leverage five key strategic differentiators in order to develop a leading-practice revenue cycle operating model.

Operate in a **Centralized Revenue Cycle Leadership Model** to Reduce Redundancy

83% reduction in governance meetings was noted by one major health system after moving to a centralized governance model.[1]

Cultivate a **Shared Services Operating Model** to Reduce Costs

75% of provider executives believe they are *overspending* on corporate services.[2]

Leverage **Patient Liability Management** to Improve the Patient Experience

66% of consumers would consider switching healthcare providers for a *better payment experience.*[3]

Increase Focus on **Strategic Vendor Rationalization** to Improve Operational Efficiency

69% of healthcare organizations use *more than one* vendor solution for revenue cycle management.[4]

Automate with **RPA (robotic process automation) & IA (intelligent automation)** to Improve Financial Performance

70% of health systems believe investments in RPA/IA will *need to grow* to meet enterprise goals.[5]

Adopting a Leading-Practice Model Can Be a Complicated Journey

The five revenue cycle differentiators are good guideposts for optimal performance improvement and could logically apply to any large or regional health system. However, the unique and inherent challenges already noted complicate the pursuit of these differentiators for academic health systems (to varying degrees).

PERSPECTIVE FROM THE FIELD

One academic health system in the Midwest recognized these inherent challenges as a primary barrier and chose to address this barrier head on by orchestrating a unified, single legal entity structure for the entirety of their scope (medical school, hospitals, and community physician enterprise).

> It was a difficult journey that took many months, but it is one of the best decisions we've made.
>
> —Chief Financial Officer (CFO) in the Midwest

A primary catalyst for the move was preparation for an Epic revenue cycle journey. Bringing the entities to a singular legal entity paved the way to fully pursue the five key revenue cycle differentiators, and then some. The CFO noted, "Having all of our entities on a single platform with a single operating model paved the way for optimal performance and greatly simplified our funds flow arrangements."
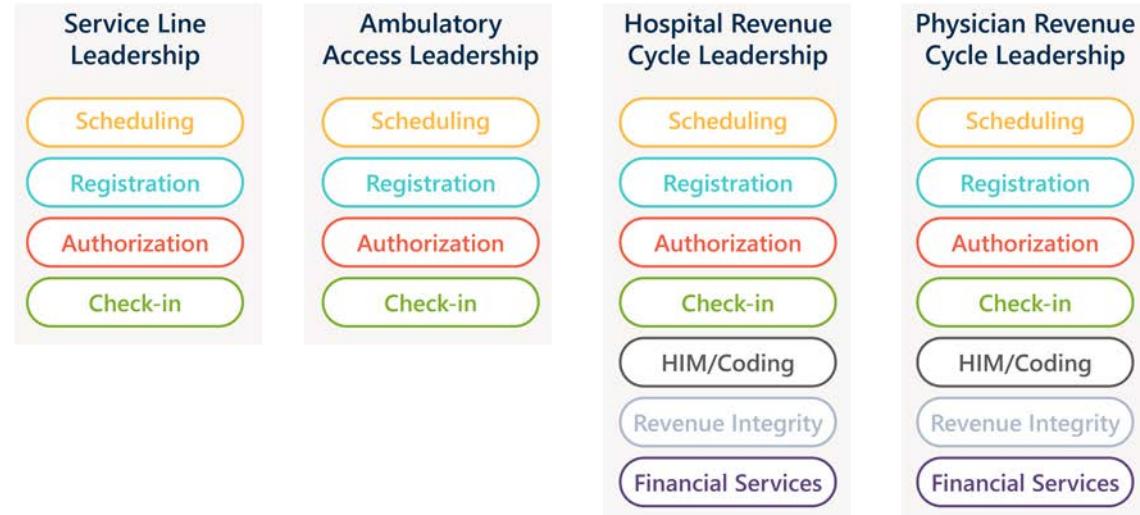
1. The First Strategic Move: A Centralized Revenue Cycle Leadership Model

Centralizing revenue cycle leadership is a key step in leveraging economies of scale and enabling revenue cycle operations to support an aligned strategy. Through our interviews, we found that organizations with a single, centralized revenue cycle leadership team across both the hospital and physician enterprise were more likely to have a leading-practice revenue cycle operating model with more centralized access, revenue integrity and support functions, consolidated billing statements, and centralized vendor management.

A centralized revenue cycle leadership model prioritizes enterprise success over local preference and embraces enterprise-wide, evidence-based practices and standards.
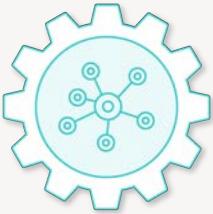
Decentralized Operating Model

VS.

Centralized Operating Model

2. Minimize Cost and Duplication with a Shared Services Operating Model

A shared services operating model enables organizational alignment and effectively leverages economies of scale across an academic health system. When accompanied by effective performance service level agreements, shared services operating models eliminate redundancy and waste, generate operational efficiencies, and reduce infrastructure expenses across front, middle, and back revenue cycle functions.

Other benefits of a shared services operating model include the delivery of a streamlined and consistent patient financial experience; a shortened integration cycle for newly acquired business units; consistent and reliable data; leveraged synergistic spread of technology-enabled workflows across the organization; and expedited technology upgrades and implementations.
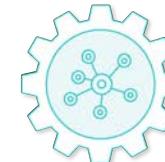
Unintegrated Operating Model

Hospital A
Front Revenue Cycle
Middle Revenue Cycle
Back Revenue Cycle

Hospital B
Front Revenue Cycle
Middle Revenue Cycle
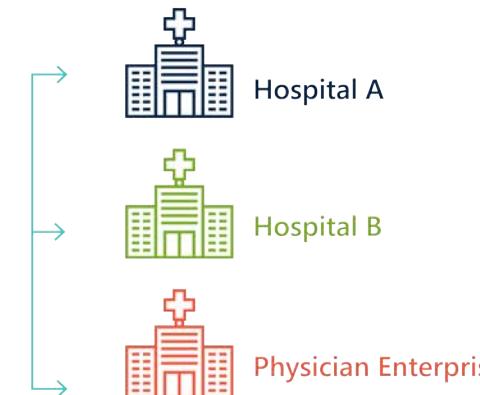Back Revenue Cycle

Physician Enterprise
Front Revenue Cycle
Middle Revenue Cycle
Back Revenue Cycle

VS.

Shared Services Operating Model

Shared Services
Front Revenue Cycle
Middle Revenue Cycle
Back Revenue Cycle

Hospital A

Hospital B

Physician Enterprise

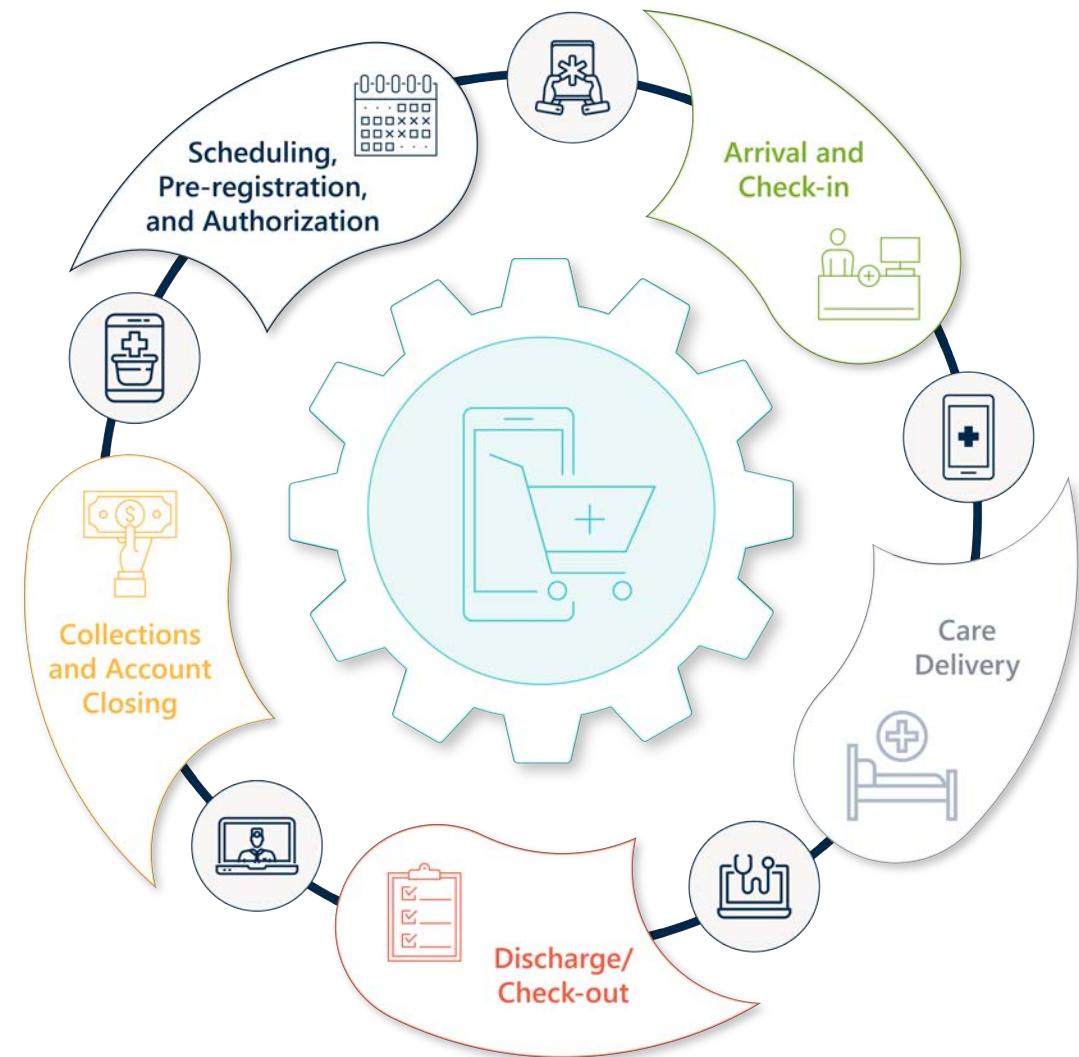| Front Revenue Cycle	Middle Revenue Cycle	Back Revenue Cycle
• Scheduling	• Medical Records	• Claims Submission
• Pre-Registration	• Coding	• Payment/Transaction Posting
• Financial Clearance	• Clinical Documentation Integrity	• A/R Follow-up and Account Resolution
• Patient Liability Management	• Strategic Pricing	• Denials Prevention and Management
	• CDM Management	• Customer Service

3. Improve Financial Experience and Performance Through Leading-Practice Patient Liability Management

A comprehensive patient liability management program leverages technology throughout the front, middle, and back revenue cycle functions. Patients can self-schedule and receive automated notifications of their authorization status and financial responsibility estimates.

Check-in can be at their convenience, and copayments are made through a secure website. Throughout care delivery, patients and care teams can easily access the patient's coverage benefits and treatment plan. After discharge, follow-up appointments may be scheduled through the patient portal, and patients receive a single billing statement for all visits.

Effective, technology-enabled patient liability management programs provide a consistent, predictable financial experience across the care continuum — increasing patient engagement and retention and supporting the academic health system's financial performance by reducing bad debt and cost to collect.
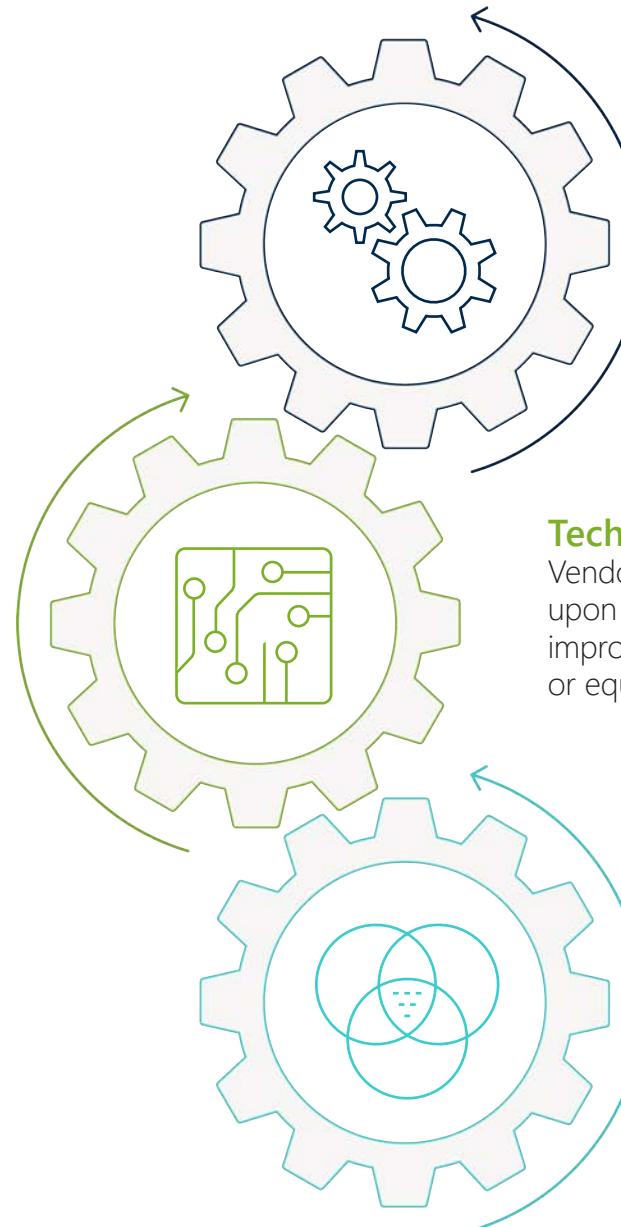
4. Rationalize Revenue Cycle Services and Technology Partnerships

In order to fully optimize service/technology vendors and improve integration across physician and hospital revenue cycle operations, academic health systems should identify and evaluate opportunities across the enterprise to maximize technology enablement, performance efficiency, and strategic vendor partnerships.

These should include:

- Assess vendor portfolios for gaps as well as consolidation and optimization opportunities
- Terminate underperforming tools and services
- Identify and evaluate opportunities to insource outsourced services
- Renegotiate favorable rates with vendors based on consolidated volumes
- Actively monitor performance dashboards for accountability with service level performance agreements

An aligned, rationalized business and technology vendor portfolio supports a consistent patient experience; optimizes tools and technology for streamlined processes and workflows; reduces administrative burden; and improves academic health system financial performance at a lower or equal cost to collect.

Performance Efficiency
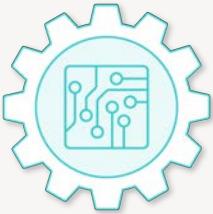Consistent service-level performance agreements in place and vendor performance dashboards actively monitored for performance accountability.

Technology Optimization
Vendors consolidated based upon performance and cost for improved performance at a lower or equal cost to collect.
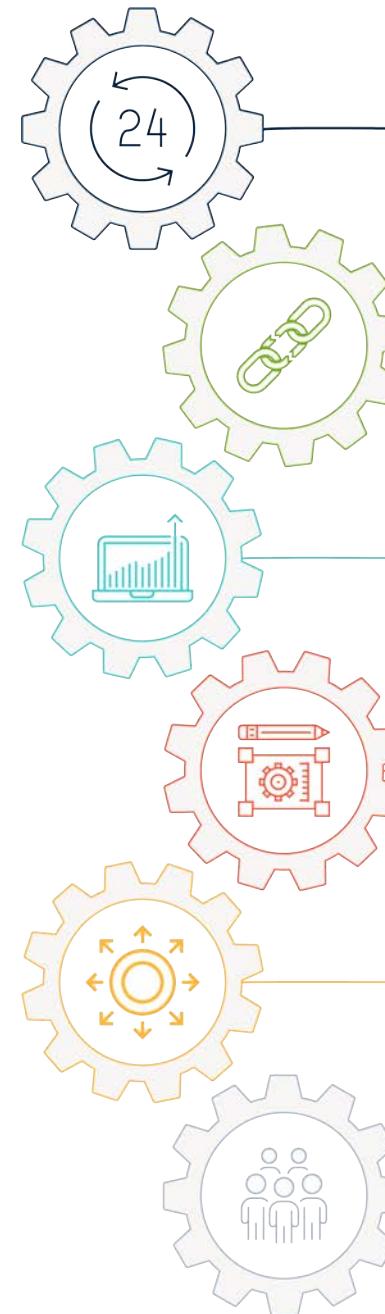
Vendor Consolidation
Tools, technology, and service vendors optimally leveraged for streamlined processes and workflows.

5. Leverage Strategic Automation at Each Stage of the Revenue Cycle

Numerous opportunities exist across the revenue cycle to leverage automation to reduce costs and free up staff for more value-added work. This can be achieved through native systems (core patient management and patient accounting) and/or avenues such as robotic process automation (RPA) and intelligent automation (IA). At the pre-service stage, automation could be utilized to update patient demographics, verify insurance, query patients for missing information, and check medical necessity. During service, automation could identify missing charges and send department-specific alerts. Post-service, automation could perform billing edit resolution, follow-up on unpaid claims, appeal denials, identify and process underpayments, and post payments and adjustments.

Effectively leveraged automation enhances employee satisfaction, accelerates process execution, reduces data input errors, accelerates cash, reduces costs, and improves patient satisfaction through expedited financial cycle processing.

Reliable
Works around the clock with no sick days

Consistent
Eliminates variations in processes

Productive
Moves up to 15X faster

Auditable
Maintains logs for compliance
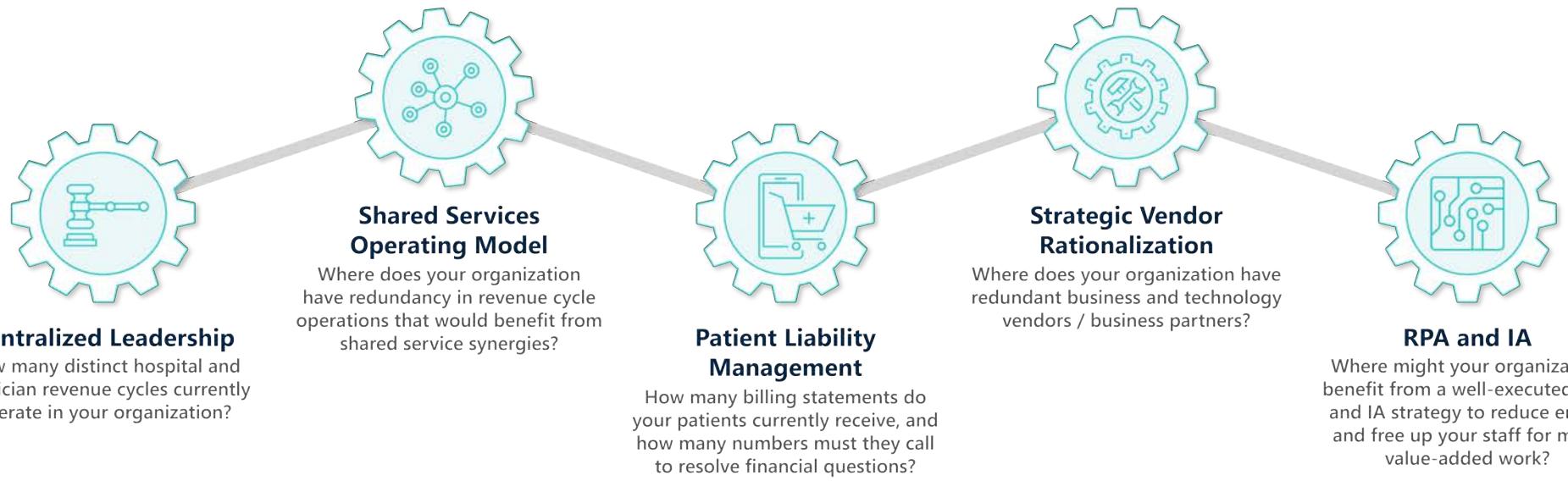
Scalable
Ramps up and down to match demand

Retention
Frees up human resources for higher value-added tasks

How Should an AHS Start on This Path?

Start by evaluating current opportunities with the 5 key revenue cycle differentiators.

Academic health systems that are still in the early stages of their journey to leading practice should accelerate that drive by leveraging key strategic differentiators to overcome organization and financial challenges.

Shared Services Operating Model
Where does your organization have redundancy in revenue cycle operations that would benefit from shared service synergies?

Strategic Vendor Rationalization
Where does your organization have redundant business and technology vendors / business partners?

Centralized Leadership
How many distinct hospital and physician revenue cycles currently operate in your organization?

Patient Liability Management
How many billing statements do your patients currently receive, and how many numbers must they call to resolve financial questions?

RPA and IA
Where might your organization benefit from a well-executed RPA and IA strategy to reduce errors and free up your staff for more value-added work?

Academic health systems not currently operating in a centralized leadership model should reconsider their governance structures. A centralized leadership model enables a collaborative partnership with clinical leaders in the shared pursuit of strategic initiatives and creates alignment to support the overarching strategy of the organization broadly, inclusive of funds flow arrangements, to align clinical care goals and patient care services.

SOURCES

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