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Revolutionizing RCM: The power of a single strategic partner

Revenue cycle management (RCM) is critical to hospital and ambulatory clinic financial stability. But it is frequently complicated and disjointed. These disconnects can create provider and patient frustration and leave revenue uncollected. Collaborating with a strategic partner to implement end-to-end, automated RCM solutions can fix these problems.

Health care financial landscape

At first glance, the national health care administrative cost landscape looks bleak. These expenses account for 25% of all U.S. health expenditures. However, very few of these costs garner a return on investment, chipping away at a facility's bottom line.

Thanks to medical billing errors, the U.S. health care system loses an estimated $935 million weekly. These errors arise from different sources, with typos responsible for over 25% of mistakes, and coding errors accounting for 63%. Additionally, approximately 35% of unpaid bills are due to undetected errors, while poor clinical documentation contributes to 44% of inaccuracies.

Many RCM-related factors point to the need for a leaner, more streamlined revenue cycle. Workflow inefficiencies, such as manual medical-necessity reviews, can add up to 30 minutes to each claims processing incident. And while average claim denial rates are only 12%, over 80% of those rejections were avoidable. These problems, as well as patient payment delays, led over 50% of hospitals to report negative margins last year.

Implementing flexible, scalable, end-to-end RCM technology presents vast billing and coding improvement opportunities. Collaborating with a strategic partner gives providers a streamlined approach to the revenue cycle and is the key to success.

Existing challenges to effective RCM

All hospitals and ambulatory clinics are unique. But some challenges test almost all facilities equally.

Recent data from management consulting group Kaufman Hall reveals that razor-thin margins are now the new normal, particularly for hospitals. Denied claims, late or nonexistent payments, and improper coding can reduce revenue. Consequently, health system leaders face unprecedented pressure to streamline their RCM.

Staff shortages also contribute to these RCM hurdles. Nearly half of all hospital executives recently reported a severe shortage of RCM professionals, and many remaining staff members continue to work from home. This combination slows down the entire billing process. Fewer staff members are available to answer any received print mail – the preferred communication method in health care. As a result, returned claims also take longer to process. And the outcome interrupts a steady cash flow.

Reimbursement model changes also present a challenge. One-third of patients are now covered by high-deductible health plans (HDHPs). They pay more for their health care, and many are struggling. Consequently, hospitals and ambulatory clinics need to be proactive and creative in their attempts to secure payment. Focusing on cash collection and front-end collection is important. It's equally vital to make it as easy as possible for patients to pay their bills. In fact, patient demand is increasing for more retail-like payment options with flexible payment plans.

Challenges across the revenue cycle

Each segment of the revenue cycle also presents a specific set of challenges:

Front end:

- Acquiring and retaining patients
- Collecting payments before service or at point-of-service
- Decreasing denials (reducing bad debt, write-offs and rework)
- Maximizing net patient revenue
- Reducing missing appointments

Middle cycle:

- New and ongoing staff training
- Revenue leakage
- Rising costs
- Timely records review
- Value-based care complexity
- Volume of records for review
- Workforce challenges

Back end:

- Identifying trends impacting the bottom line
- Lack of visibility to ensure prompt payment and prevent denials
- Reworking and quickly resubmitting rejections and denials
- Submitting clean claims
- Time and expense of managing denials

With a robust, end-to-end revenue cycle software solution, a strategic partner can generate better financial outcomes. They can also improve operational efficiencies and foster greater patient satisfaction. These solutions alleviate administrative burdens and meet provider needs through:

- Accurate coding
- Decreased documentation
- Improved patient experience
- Improved reimbursement and revenue

Robust end-to-end RCM solutions

Several health care industry changes disrupt hospital and ambulatory clinic bottom lines. Value-based care models, HDHPs, lower reimbursement rates and increased regulations all create a financial pinch.

Fortunately, end-to-end RCM software, services and analytics can help. They give staff the tools they need to maximize efficiency, control costs and address cash flow, all while enhancing the patient experience. Having a single strategic partner across your entire revenue cycle enables you to better address 5 significant pain points in health care.

1 Patient engagement

Many patients are paying a higher portion of their health care costs than ever before. Consequently, they demand a better, more customer-friendly experience like they are used to in other industries. In fact, 61% of patients say negative health care interactions can push them to avoid seeking care altogether.

Integrated, omnichannel patient intake and engagement enables you to meet these patient expectations. The use of intuitive digital tools improves patient safety and simplifies the health care experience. The ultimate result is higher patient volume and net revenue. Patient engagement tools provide:

Online patient scheduling: Convenience often drives patients to choose and stay with a hospital or ambulatory clinic. Online scheduling lets them quickly search for available appointments on demand without speaking to staff. Reducing administrative tasks gives staff more time to deliver a better customer service experience to grow and retain patient volume.

Appointment reminders: Automated appointment reminders and alerts sent via text, email or a patient portal reduce the no-show rate. It also results in higher collected revenue.

Mobile intake: Online preregistration forms save patients time when they arrive at appointments. It decreases error rates, claims denials and overhead expenses. Mobile intake also eliminates avoidable office workflow, such as manually inputting information, copying forms and scanning completed paperwork.

Price transparency: Patients want to know how much services may cost. An easy-to-use portal displays costs so patients can control their expenses by comparing prices for medical procedures, services and prescriptions and making well-informed health care decisions.

2 Financial clearance

Patient financial clearance tools help hospitals and ambulatory clinics better understand their patients' ability to pay for services.

Eligibility verification: Allows staff to quickly check patient eligibility for each health care encounter. This tool integrates with the health information system (HIS). It confirms coverage dates, in-network and out-of-network coverage, copayments, deductibles and coinsurance. As a result, the suite of services helps reduce bad debt, avoidable write-offs and administrative rework.

Authorization and medical necessity: Reduces claims denials and improves reimbursements. The tool automatically detects if a service requires prior authorization, submits electronic requests and monitors any pending decisions. Results then automatically load into the HIS. It also checks existing treatment guidelines to determine medical necessity and updates the HIS.

Price estimation: Create more accurate cost estimates for patients. Sharing price information can boost patient satisfaction and total patient revenue.

Propensity to pay: Onsite and remote teams help hospitals and ambulatory clinics determine which patients can pay their bills. Our financial counseling and eligibility and enrollment services teams identify patients who could benefit from charity care and connect them to those services.

Address validation: Patients fill out countless health care forms. Tools that verify their current address ensure private health communications get delivered safely.

3 Revenue integrity

Submitting accurate claims is critical. It drives reimbursement and limits claim denials based on medical necessity. Innovative technologies boost staff coding capabilities to reduce compliance and audit risks.

Medical necessity: Artificial intelligence (AI)-driven solutions use natural language processing to search provider notes looking for clinically relevant information that supports a medical claim. Clinical intelligence helps improve accuracy and efficiency.

Clinical documentation and coding: Search all claims for missed documentation, quality events and clinical validation opportunities. If needed, the technology can also suggest appropriate codes to secure proper reimbursement.

Infusion and injection coding accuracy: The charging rules for infusions are complex, and payer audits have become more common. Web-based solutions make it easier to interpret charging rules and reduce charging inconsistencies. If a payer launches an audit, documentation is available to explain how the charging application follows existing guidelines.

4 Reimbursement management

Customizable, end-to-end solutions can improve claims reimbursement management. When implemented across hospitals or ambulatory clinics, our tools can help improve revenue cycle operational efficiency.

Charge capture: Integrating into the existing workflow enables claims submissions from your practice management or billing system. That direct link ensures medical claims include the correct codes the first time, avoiding resubmissions and denials.

Claims and remittance processing: Efficiently manage all types of payer claims in one integrated system to help accelerate cash flow, decrease accounts receivable, limit denials, improve staff productivity and reduce costs.

Case and referral management: Allows you to pull real-time clinical data from the electronic health record (EHR) to complete pre-submission medical reviews. These reviews are automatic, instant and accurate.

Denial processing: Quickly addressing denials is vital. Address cash flow and improve efficiency by leveraging machine learning to predict which claims will likely be denied before staff submits them to the payer. Real-time edits and corrections to rejections and denials allow for faster resubmission. Additional denial details and analytics help staff better understand why the claim was denied and potentially avoid denials in the future.

5 Communications and payments

According to a 2022 Kaiser Family Foundation Health Care Debt Survey, 41% of adults in the United States have health care-related debt. Many struggle to pay those bills.

Integrated RCM solutions make it easier for patients to handle their health care expenses. They provide a seamless, user-friendly experience for both staff and patients that boosts patient engagement and satisfaction while increasing collections.

Multiple payment options: Patients can pay health care bills with a variety of easy-to-use, retail-like payment options.

- **Online bill pay:** Offers secure, web-based patient and provider portals for fast payment processing. Patients can pay bills without an account. Or they can create one to set up a payment plan or view their statements. Providers can collect secure and encrypted payment information from anywhere within their organization.
- **Merchant services:** Patients who pay with credit or debit cards, health savings accounts or flexible spending accounts benefit from rapid payment processing.
- **Phone pay (IVR):** This interactive voice response (IVR) system is available 24/7. It uses prerecorded messages to walk patients through the payment process.

Collection solutions: Streamline the payment collection process and reduce administrative costs by electronically collecting payments from patients and payers, accurately formatting claim data based on each payer's unique preferences supporting faster payments.

Financial engagement tools: With an omnichannel platform, it's easier for hospitals and ambulatory clinics to stay financially engaged with patients wherever they are. Comprehensive solutions include statements and letters, digital notifications, a return mail manager and a document archive.

Key insights and impacts

Collaborating with a strategic partner to launch a comprehensive, end-to-end RCM solution can create a seamless, frictionless ecosystem for providers and payers. This investment gives providers free and easy access to administrative and clinical data. Automated products and capabilities integrated into existing workflows and EHRs, support staff and providers. As a result, they can efficiently manage all types of payer claims. Plus, it gives them more time and tools to work to the top of their potential and license.

Optum revenue cycle management solutions leverage data from across the business cycle. And clarity into your revenue cycle gives you a deeper understanding of your business activities. With this information, you can make well-informed decisions to improve your financial outcomes, staff effectiveness and patient experience.

Discover how **our solutions** can help you transform every area of revenue cycle management.

Why Optum?

The revenue cycle can feel disconnected for hospitals and ambulatory clinics of all sizes. In many cases, providers must juggle multiple vendor systems. This business structure has many moving parts and the requirements are constantly changing. As a result, providers get burned out, patients feel frustrated, profit margins fall, costs rise and collections balloon.

Working with a single partner to consolidate vendor relationships can help effectively overcome these pain points. An end-to-end automated strategy connects revenue cycle silos and creates a more efficient RCM experience for all parties.

Optum offers comprehensive, connected solutions grounded in data analytics. As a strategic partner, we provide a flexible operating model. Our solution complements your EHR. It leverages that investment to meet current hospital and ambulatory clinic needs and helps you outline and reach future goals.

Our solutions add value in a wide variety of ways, including:

- Enhancing patient experiences through improved scheduling, easier payment options and fewer denied claims for service
- Integrating clinical workflows to improve documentation, drive appropriate care and streamline outpatient charging
- Increasing revenue and financial efficiency by optimizing claims, reducing denials and increasing patient collections

We produce outcomes-based results through improvements to:

- Patient engagement
- Financial clearance
- Revenue integrity
- Reimbursement management
- Communication and payments

Today's health care environment is rapidly changing. Costs and staff shortages are both on the rise. Facility margins are thin. And a growing number of organizations are beginning to embrace more digital and automated processes. Optum is committed to helping hospitals and ambulatory clinics integrate into this landscape. As a partner, we foster efficient operations that support high-quality care.

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