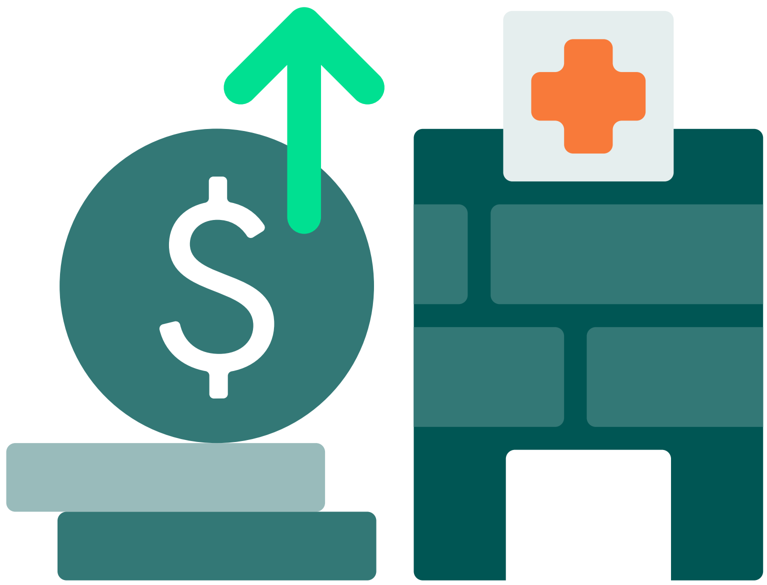
2023 RCM Transformative Trends Report

Top of mind objectives, initiatives and investments for revenue cycle leaders



Hemant Goel

Chief Executive Officer

FinThrive

To our customers, partners and RCM changemakers,

I am delighted to present to you our inaugural research on healthcare technology modernization trends in revenue cycle management. As financial leaders, you know all too well that we are at a critical juncture in the healthcare industry. You face an ever-changing regulatory landscape, increasingly complex reimbursement requirements and modern digital patient engagement expectations, all amid a prolonged state of reduced patient visit volumes and negative operating margins.

We recognize the challenges revenue cycle leaders are facing and are committed to helping you plot your path to revenue recovery. Our 2023 RCM Transformative Trends Report aims to provide you with insights into the goals, initiatives and investments revenue management leaders are making today. This research captures leadership perspectives on what's working, what is not and where organizations are focusing their efforts and investments. We hope these insights help you validate your own path forward during these critical times.

Some important key takeaways have emerged from this research. The top overall corporate objectives of health system financial leaders are:

Increasing Revenue: Health system financial leaders have identified increasing revenue as the top corporate objective for 2023. Our report explores the digital transformation trends that can help drive revenue growth, including leveraging technology for accurate billing, optimizing reimbursement processes and implementing innovative revenue cycle management strategies.

Reducing Costs: Cost reduction is the second most important objective reported. We highlight the role of RCM modernization efforts in streamlining financial operations, automating manual processes and identifying cost-saving opportunities. Our research showcases how technology can help optimize revenue cycle efficiency while minimizing expenses.

Improving the Patient Financial Experience: Enhancing the patient financial experience has become a paramount objective for healthcare organizations. Our research examines how technology can enable personalized and transparent financial interactions, leading to improved patient satisfaction and loyalty. We explore digital solutions that simplify billing and payment processes, offer price transparency and facilitate financial communication.

Managing Staffing Shortages: Health systems are grappling with staffing shortages, posing significant challenges in revenue cycle management. Our research highlights the role of technology in augmenting and empowering the existing workforce. From leveraging automation and artificial intelligence to optimizing staff productivity, we provide insights on managing staffing shortages while maintaining operational efficiency.

Our goal is to empower the healthcare industry with the knowledge and technology necessary to navigate the current financial crisis facing us and accelerate financial recovery. We firmly believe in the power of collaboration and progress. Our research program serves not only as a resource for health system leaders, but also as an invitation to join us on our mission to make the business side of healthcare frictionless for providers, patients and payers. Together, we can navigate the challenges before us and build a brighter future for revenue cycle management in healthcare.

I extend my deepest appreciation for your continued trust and support. It is our privilege to share this research with you and contribute to the advancement of the healthcare community. I encourage you to delve into the insights it offers and leverage them to drive positive change within your organization.

Sincerely,

Contents

Hospital revenue cycle management (RCM) is undergoing a digital upgrade. RCM leaders report technology modernization is a strategic, funded priority in 2023.

More than 90% of finance leaders expected strong budgets for technological advancement this year, according to a study conducted at the 2022 Healthcare Financial Management Association annual conference.[1] Investment in revenue cycle management technology is also a top-five priority for nearly 80% of provider organizations right now, according to joint research from Bain & Company and KLAS.[2]

More specifically, however, what does that mean for the financial health of our community health systems, as well as the financial experience of patients? How will these technology budgets impact the state of healthcare RCM in 2023?

Gaining more insight into the priorities driving health system financial strategy and technology adoption required a deep analysis. Together with AlphaSights Research, FinThrive surveyed health system financial leaders, asking them to identify their top 2023 corporate goals, as well as the initiatives and technology investments they planned to make to achieve those goals.

Four key strategic goals emerged:

- **Increase revenue**
- **Reduce costs**
- **Improve patient experience**
- **Manage staffing shortages**

This 2023 RCM Transformative Trends Report explores those strategic goals in detail, revealing the key influences and organizational stakeholders driving change in the industry. This deeper understanding of the strategic perspectives of these industry leaders will further efforts to make the business side of healthcare a frictionless experience for patients, providers and payers.

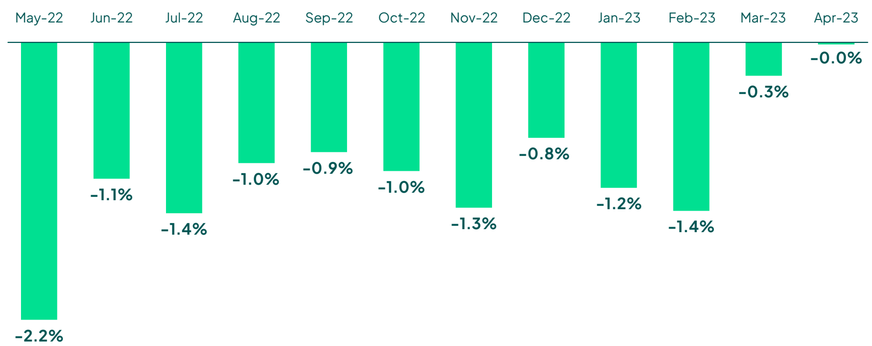
> "It's all about speed. These things can't take 10 years to develop. These are solutions or plans that folks need to put into place now for 2023, not 2026 or 2027."
>
> —Adar Palis, Group Vice President Clinical and Revenue Cycle Application, Providence

Background

Heading into 2023, healthcare financial executives faced a unique mix of challenges that simultaneously eroded revenues and drove up expenses. This resulted in historic financial pressure that remains the top issue to solve for financial leaders.

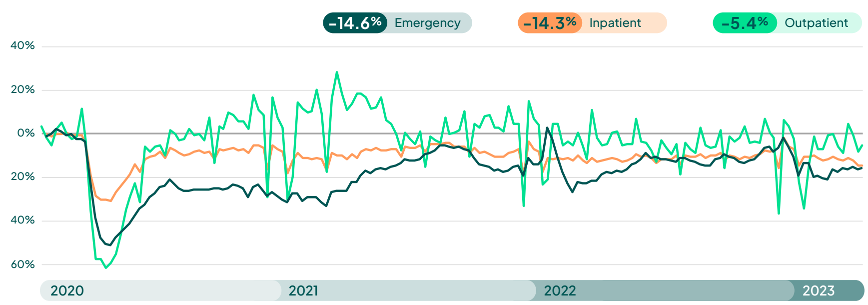
Reduced post-pandemic visits

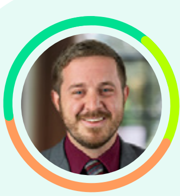
Shifting volumes, labor and supply challenges and diminishing payer relations created a challenging 2022 for healthcare—it was the worst financial year for hospitals since the start of the pandemic, according to Kaufman Hall. Most organizations finished 2022 with negative margins, declining volumes and few paths to growth.[3]



Competition from emerging care settings

Retail outlets including Walmart, Walgreens and The Kroger Co. continue their expansion into healthcare, with Insider Intelligence estimating that nearly 32% of the U.S. population will visit a retail health clinic in 2023.[4] At the same time, the shift to ambulatory is apparent as patient care is transitioned away from acute settings. Telehealth visits are also replacing many in-person visits, especially in behavioral health where over one-third are now virtual.[5]





“This status quo is unsustainable. Health system financial leaders will need to embrace disruption and establish a bold vision for how their organizations will compete and return to profitability in this new, lean market.”

—Jeffrey Becker, MBA, Vice President, Portfolio Marketing, FinThrive

70%

Clinician shortages

Widespread burnout and increased turnover particularly among nursing staff continue to plague hospitals, while at the same time, labor costs for contract workers remains high. The national average weekly pay rate for travel nurses was nearly 70% higher in December 2022 than it was in January 2020.[6]

Overburdened RCM departments

In a recent HFMA survey of healthcare finance leaders, **all** respondents reported having at least one open revenue cycle role—and nearly 20% had more than 30 vacancies.[7] Administrative requirements associated with prior authorizations, as well as looming regulatory mandates like price transparency and the No Surprises Act, are squeezing these overburdened hospital finance teams even further. As a result of RCM staffing issues, 48% of finance leaders are reporting more billing errors, 45% are experiencing long hold times for customer service calls and 29% are struggling with issues related to price transparency compliance.[8]

↑10-15%

Ineffective payer-provider collaboration

After struggling to clear the hurdles to providing care services, hospitals are subsequently finding that it's harder to get paid. Hospital claim denials are up 10%-15% over the last few years.[9] The reason cited most frequently by hospital leaders is payer policy changes, including the increased utilization of prior authorization requirements.

Demand for innovative therapies

Health systems want to deliver advanced therapies, such as genomics for personalized medicine and predictive analytics for diagnosis and treatment. These technologies are expensive, and health systems are leaning on their finance leaders to fund them at a time when cash reserves are extremely low.

The end of the Public Health Emergency

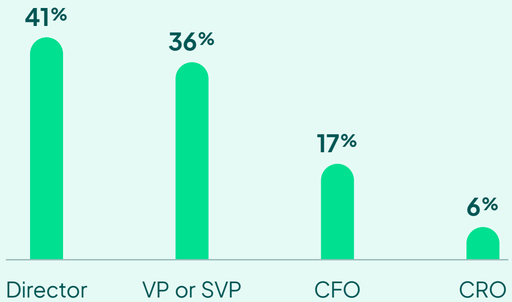
The official unraveling of the Public Health Emergency in the spring of 2023 could leave millions of Medicaid members without coverage and put significant stress on health systems.[10]

Methodology

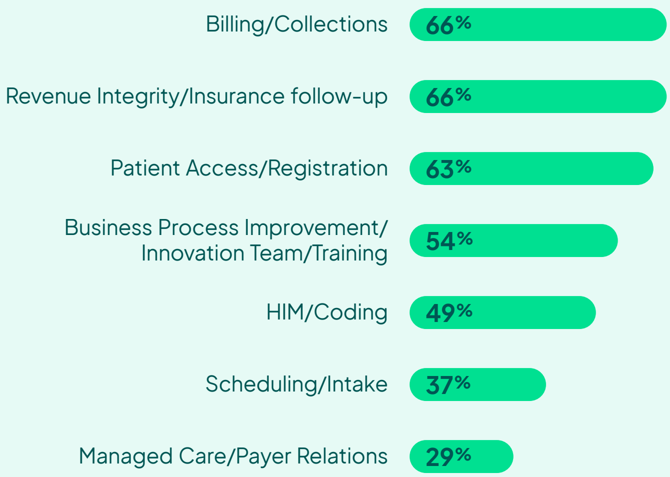
To understand how healthcare organizations are responding to these challenges, 86 financial executives were asked to rank their organization's top three overall corporate objectives for the year ahead. From there, they reported on the initiatives and investments they planned to make in order to achieve these goals.

To conduct the research, FinThrive partnered with AlphaSights to identify a curated network of RCM leaders. Surveys were disseminated and fielded online between December 2022 and February 2023.

All respondents held **leadership roles** in their financial organizations, with the majority at the Director, Vice President or Senior Vice President levels. The breakdown of titles was as follows:

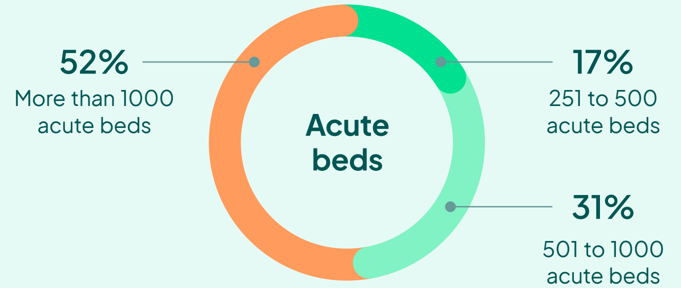


Director-level roles represented a broad range of **responsibility** across the revenue cycle, including billing, coding, process improvement and patient access.*

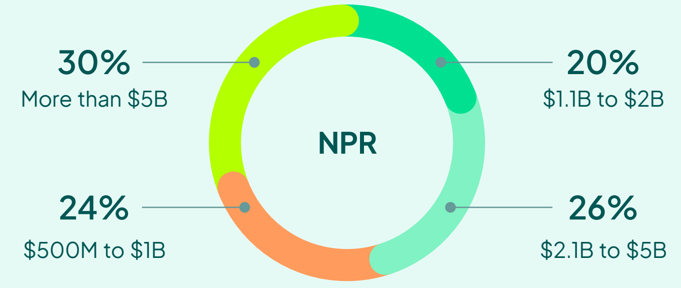


** Totals do not add up to 100% because some respondents reported working across multiple function areas.*

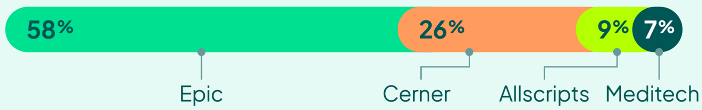
Respondents also represented the full spectrum of **acute-care hospitals**, ranging from 251-500 acute beds at the smaller end to more than 1,000 acute beds at the larger end.



Net patient revenues were fairly evenly distributed in representation from $500 million up to more than $5 billion.



To understand respondents' technology and integration considerations, the survey queried **EHR information**. The majority (nearly 60%) are Epic hospitals, followed by Cerner, Allscripts and Meditech. The breakdown is as follows:



Strategic Goal 1

Increase revenue

With **91%** of responding finance leaders citing it as a key organizational goal, increasing revenue is the **clear standout priority for 2023**.

It's no wonder: Several critical industry shifts are signaling the need for additional cash flow.

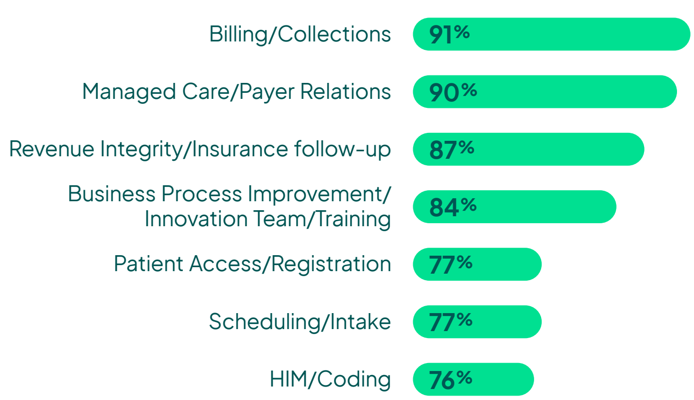
Hospitals are more financially vulnerable than ever
Negative margins for more than a year have had a significant impact on cash reserves and put hospitals in extreme financial peril. Across the U.S., 631 rural hospitals are at immediate or high risk of closing because of financial losses and insufficient financial reserves to sustain operations.[11] Other major health systems have been hit with credit downgrades as a result of ongoing losses, declines in investment values and operational challenges.[12] All this speaks to the urgent need for health systems to identify a viable post-pandemic business model.

Unfavorable payer mix
By 2030, every Baby Boomer will be age 65 or older, representing 20% of the U.S. population. The majority (77%) of U.S. adults over the age of 65 were members of a Medicare or Medicare Advantage plan in 2021.[13] As Baby Boomers shift from commercial to government plans, providers and patients will be struggling to cover the shortfall. Further, the end of the Public Health Emergency will likely see many Medicaid patients losing their coverage, which will result in a rise in uncompensated care.

Regulatory compliance
According to the American Hospital Association's Regulatory Overload Report, hospitals spend $38.6 billion a year complying with 629 different regulatory requirements.[14] With new regulations on price transparency and interoperability, that number will grow.

Key stakeholders

Finance leaders across the board are focused on increasing revenue, with responses greater than 75% in every department. However, we see incremental differences in Billing/Collections and Managed Care/Payer Relations, where more than 90% of respondents cited "increase revenue" as a top priority.



Top initiatives

As a result, the top planned initiatives for 2023 are those that can maximize reimbursement.

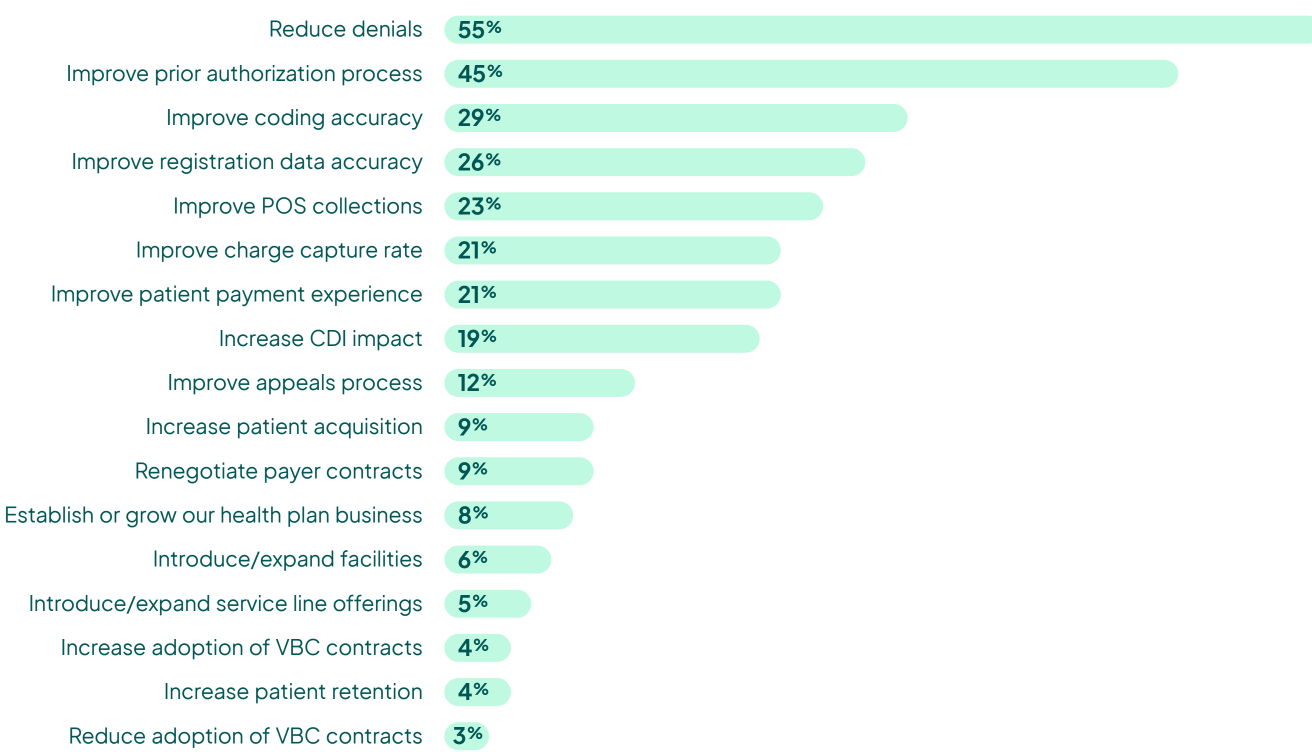
A recent review found that 86% of denials are potentially avoidable

Initiatives to **reduce claim denials** are the top priority by a large margin, which correlates to the fact that denials are up 10-15% in the last few years.[9] It's a smart choice, considering that a recent review of national medical claim denial trends[15] found that 86% of denials are potentially avoidable.

High denial rates are attributed to lack of resources and staffing on the front end to ensure claims are submitted correctly, as well as to legacy technology that can't keep up with regulatory changes or the current electronic processes.

Additionally, prior authorization requirements are a key friction point for providers and payers, with 86% of providers saying this "cost-saving" measure actually leads to higher overall utilization of healthcare resources and unnecessary waste.[16] Payers are standing by the requirement, but they are working to streamline the process with improvements such as electronic submissions. Hospitals looking to **improve the prior authorization process** as a strategy to increase revenue (the number two top priority) are targeting denials, like the 6% of prior approval requests that were denied for Medicare Advantage plan members in 2021.[17]

Improving coding accuracy, the number three top initiative, will certainly help correct front-end errors and reduce denials. Hospitals also hope a focus on coding accuracy at the provider level will uncover new revenue in the form of unbilled and under-billed services.



Top investments

To grow revenue, finance leaders plan to make investments in RCM technologies that will search for missing revenue, improve claims processing and accelerate reimbursement.

Underpayment recovery

First and foremost, hospitals are going after funds they are contractually due. They plan to adopt claims analysis and contract management solutions to help them track projected reimbursement and spot underpayments. More than half of hospitals in a recent KLAS survey had underpayments in the 3%-10+% range.[18] Some providers are also choosing to outsource those claims to A/R services that can rework underpaid and inappropriately denied claims to recover the funds.

Current adoption of the technology is 74%, so it represents a revenue opportunity for more than a quarter of our respondents.

$40M

One midwestern health network found $40 million in underpayments over seven years—**95% of which was recoverable**.[19]

Charge capture audit/analytics

A recent study in the Journal of Healthcare Management found significant improvements to hospital revenue by ensuring that coding practices capture the true complexity of care being delivered.[20]

Solutions that make it easier for clinicians to capture charges at the point of care, therefore, are likely to be sound investments.

With the addition of analytics, these solutions can help identify coding errors to address issues prebill that could lead to denials and underpayments down the line.

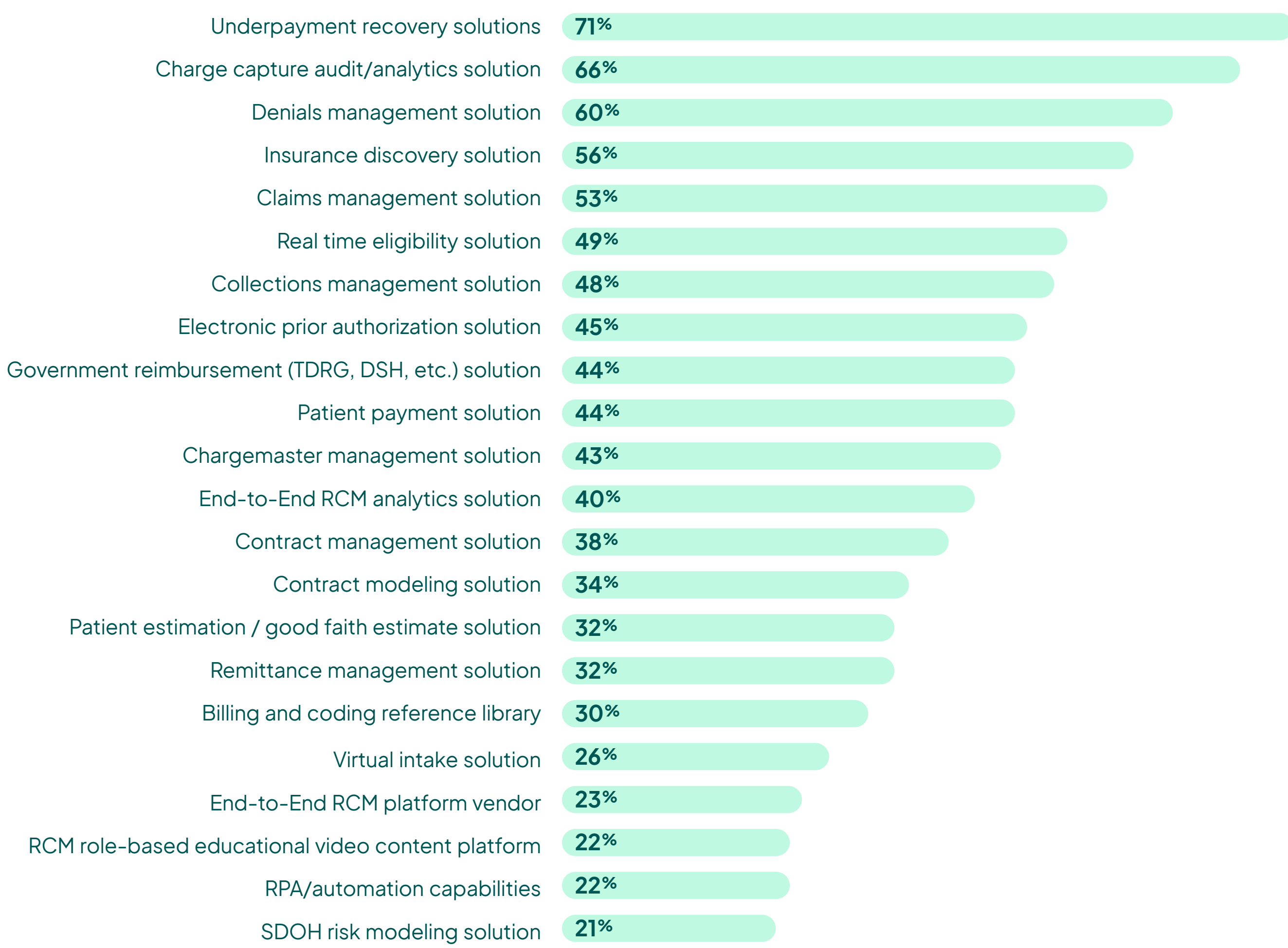
Denials management

That 10-15% increase in denials is clearly a tipping point for revenue-focused respondents, as most are planning to implement an automated denials management solution. Finance leaders are looking to get ahead of denials, leveraging predictive alerts to identify problems before filing, advanced reporting to uncover root causes, workflow logic to route claims for correction and refiling, and AI-generated appeals letters for easy escalation.

Insurance discovery

Of the 86% of denials that are avoidable, 26% fall under registration and eligibility,[15] which makes this front-end process a key place for revenue-generation investment. Automated insurance discovery software leverages proprietary databases and patented technology to confirm or identify all available insurance coverage that may have been missed at registration. Hospitals that use insurance discovery solutions find billable third-party insurance for as many as 5% of their patient accounts. Further, billing the correct insurance at the outset reduces denials and improves cash flow by reducing days in A/R.

Interestingly, despite a strong focus on prior authorizations from an initiative standpoint, finance leaders may not be completely sold on electronic prior authorization technology as a means to increase revenue. From an investment standpoint, the solution is eighth on the list, and current adoption of the technology sits at 75%. Prior authorization technology has attempted to solve one of healthcare's deepest challenges and has fallen short in many cases given the complexities. Ensure a holistic, automated and adaptable platform can address all the nuances of prior authorization before investing large dollars.



Strategic Goal 2

Reduce costs

Cost reduction is a close second after increasing revenue, with **76%** of financial leaders citing it as a top strategic priority.

As the American Hospital Association noted in its 2023 Cost of Caring report,[21] a confluence of rising costs has devastated hospitals and health systems that have spent the last few years battling the COVID-19 pandemic.

Cost increases have come from all sides.
Between 2019 and 2022:

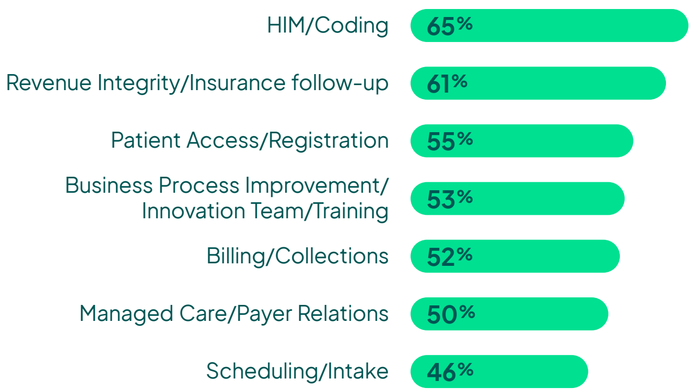
- Contract labor expenses increased 257%.
- Hospital drug expenses per patient increased 19.7%.
- Per-patient hospital expenses for medical supplies and equipment increased 18.5%.
- 78% of hospitals say their experience with commercial health insurers is getting worse, resulting in significantly increased administrative costs and a backlog of aging claims that lead to reduced cash flow.

Many hospitals and health systems are looking to technology to help reduce costs, but that can add additional expense, as well. While hospitals have historically lagged behind other industries in technology investment, a recent KPMG report found that hospitals are ramping up. A decade ago, hospitals were spending only 1% of their budgets on technology. Now some are spending up to 10%.[22] This industry shift is prompting the need for more creative cost-cutting strategies. Health systems are holding their finance leaders accountable for ensuring there's a viable business model that sits underneath any new technology adoption.

Key stakeholders

Large hospital systems are perhaps hardest hit by rising costs, as they represent the majority of stakeholders focused on reducing expenses. Fifty-five percent of hospital finance leaders from systems with 1,000+ beds are targeting initiatives that will cut costs.

Vice Presidents and Senior Vice Presidents are taking the lead in this area, slightly ahead of Directors. By department, the primary teams tasked with reducing costs are HIM/Coding (65%) and Revenue Integrity/Insurance Follow-Up (61%).

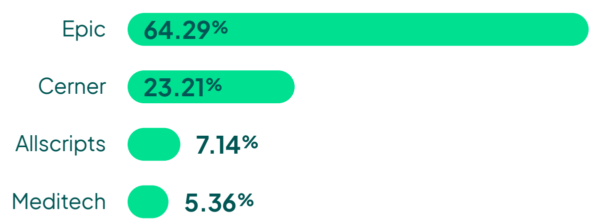


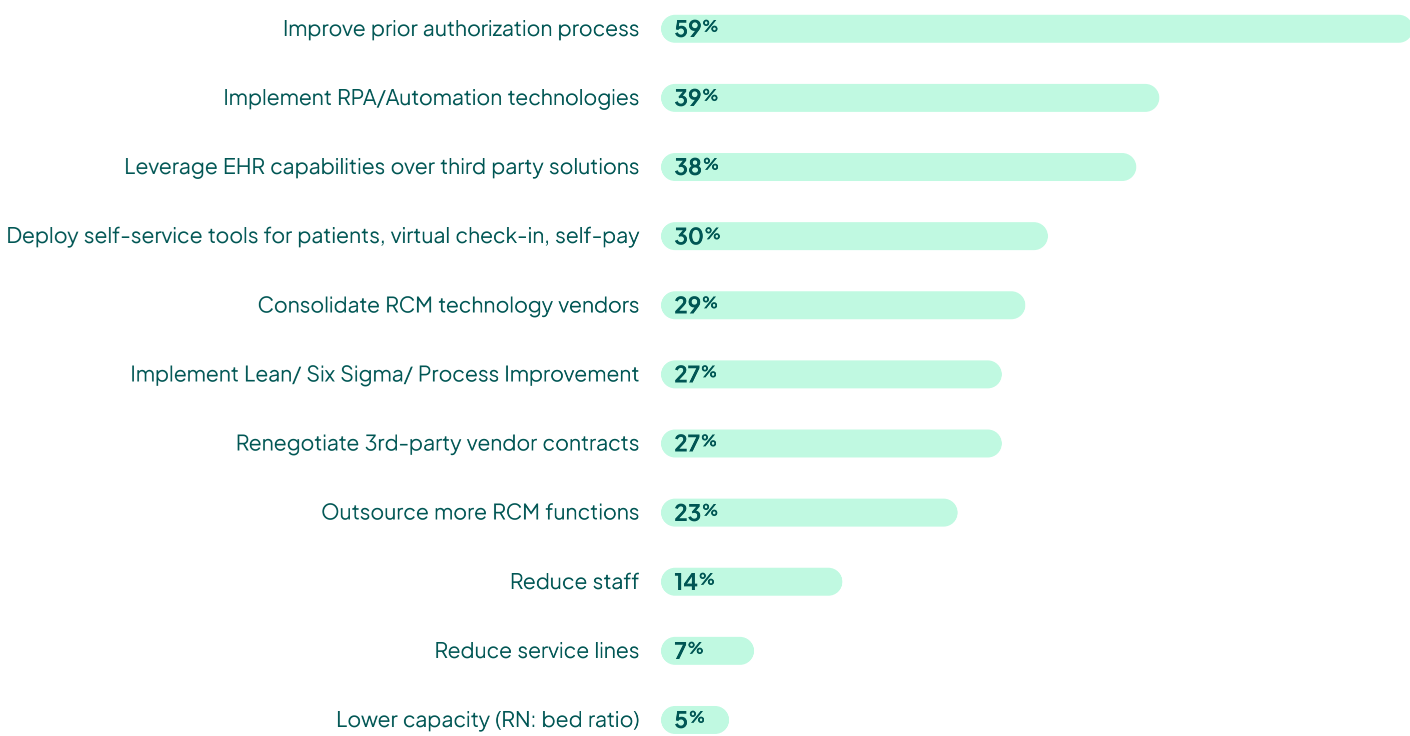
Top initiatives

Prior authorization is getting major attention as a cost-cutting measure this year, cited among survey respondents by a wide margin. Manual processes that include phone calls and faxes are likely to blame on the cost side, as providers complain that this insurance hurdle contributes to administrative waste and even care delays.[16] Considering this, coupled with lower revenues coming from significant rates of prior authorization denials,[17] it's easy to see why providers are targeting prior authorizations as an area for reform.

Automation, a hot topic in many industries, also appears to hold promise as a means to reduce expenses in healthcare—it's in second place on the list of key initiatives. There's plenty of opportunity here. A recent Health Affairs research brief confirmed that at least half of all administrative spending in the U.S. is wasteful—which equates to somewhere between $285 billion and $570 billion.[23] The process improvements proposed by the researchers to cut administrative waste include electronic prior authorization systems and steps to streamline billing. This suggests that Robotic Process Automation (RPA) and other automation tools are well suited to help alleviate the wasteful spending burden.

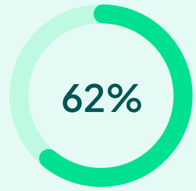
Notably, finance leaders are looking to save costs this year by **leveraging the capabilities of their EHRs rather than investing in third-party solutions**. This makes EHR integration more critical than ever for technologies that want to serve hospitals and health systems.





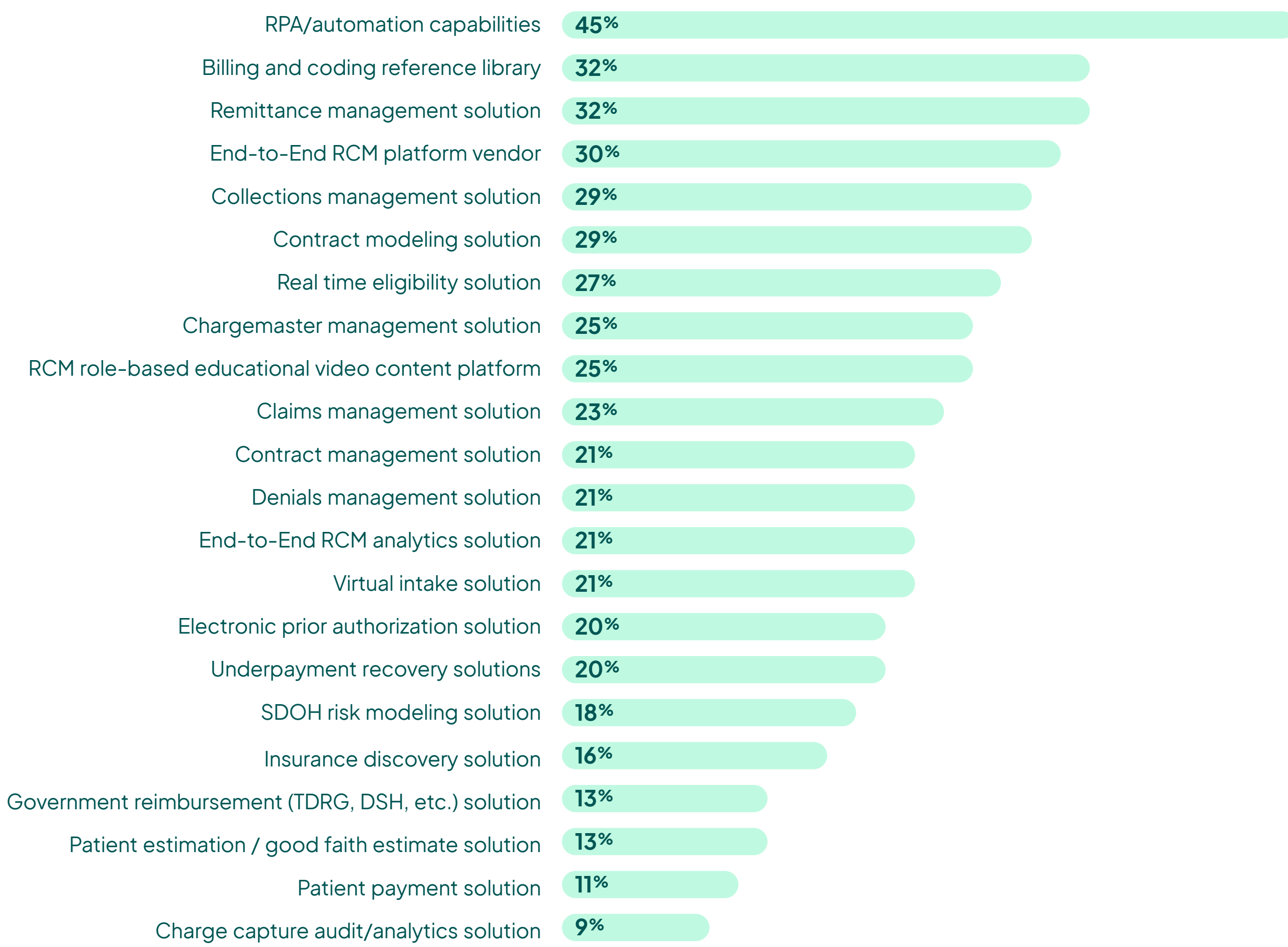
Top investments

The key investments for 2023 follow the automation theme with solutions designed to streamline RCM administrative tasks, optimize claims processing and improve efficiency. Here again, however, respondents appear to be walking past dedicated prior authorization solutions, despite a clear focus on improving the prior authorization process.



Current RPA adoption among our respondents

This may suggest that finance leaders are expecting across-the-board **Robotic Process Automation** improvements to cover prior authorizations, as well—it took the top spot by a large margin. RPA can improve operational performance and cut expenses by significantly reducing the time it takes for staff to complete manual tasks, including securing prior authorizations. RPA adoption among our respondents is currently at only 62%, with significant variation across different use cases, so there's room for growth in the category.



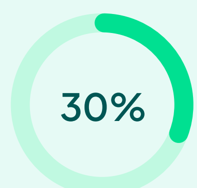
Finance leaders plan to invest in **billing and coding reference libraries** this year, which will simplify and streamline the claims process by creating a self-service support area for staff. Coding errors are responsible for 17% of all claim denials, the second most frequent cause of preventable denials.[15] CDM management software targets laborious manual processes, making it easy for hospital finance teams to ensure charges are correctly captured and bills are complete.

Coding errors are responsible for **17% of all claim denials**, the second most frequent cause of preventable denials

On the back end of the claims process, **remittance management** solutions are being selected to automate the retrieval, capture and storage of electronic remittance advice files from payers. Unmatched remits can take staff up to four minutes to investigate, which drives up costs without increasing revenue. Remittance solutions reduce follow-up calls and integrate with the EHR for effortless documentation.

Several respondents are taking a broader approach, looking to overhaul the entire RCM process with an end-to-end RCM platform **vendor**. For in-house management, software suites work together to optimize the reimbursement process. Hospitals with significant staffing issues find success outsourcing the entire RCM process to third-party partners. Either way, vendor consolidation presents an immediate opportunity to restructure technology budgets to support cost-reduction initiatives.

Hospitals also plan to leverage automation for **collections management**. With customizable business rules, these solutions optimize the collections process, efficiently manage large volumes of open receivables and help their collections staff resolve accounts more quickly.



Plan to invest in End-to-End technology in the next 24 months

Strategic Goal 3

Improve patient experience

Those who think patient experience isn't a financial goal, should reconsider.

In fact, 90% of patients say a good financial experience is a deciding factor for returning to a medical provider—and 93% say that a poor billing experience would cause them to seek care elsewhere.[24]

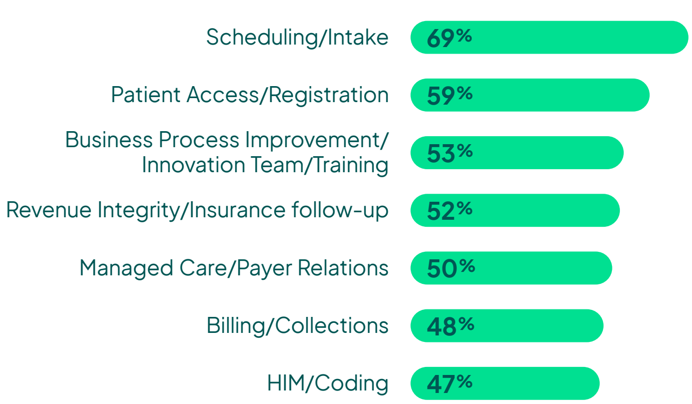
Those are big problems, considering the results of a 2022 patient leakage report.[25] According to researchers, hospitals could boost their revenue 17% by reducing the number of patients who leave their ranks to receive care from other providers. For every dollar spent on patient retention efforts, hospitals can expect to gain $31.36—and could potentially see up to $500.

Our survey respondents clearly understand this, bringing "improve the patient experience" to the number three spot on their list of top strategic goals.

Key stakeholders

Large hospitals with 1,000+ acute beds are dominating the effort to improve patient experience, with nearly 60% of respondents citing it as an area of focus.

The Directors appear to be tasked with the work, as they represent the majority of respondents. Initiatives are happening throughout the organization, evidenced by the fairly even distribution across departments. However, there's a clear emphasis on the front end of the patient experience, such as Scheduling/Intake and Patient Access/Registration.



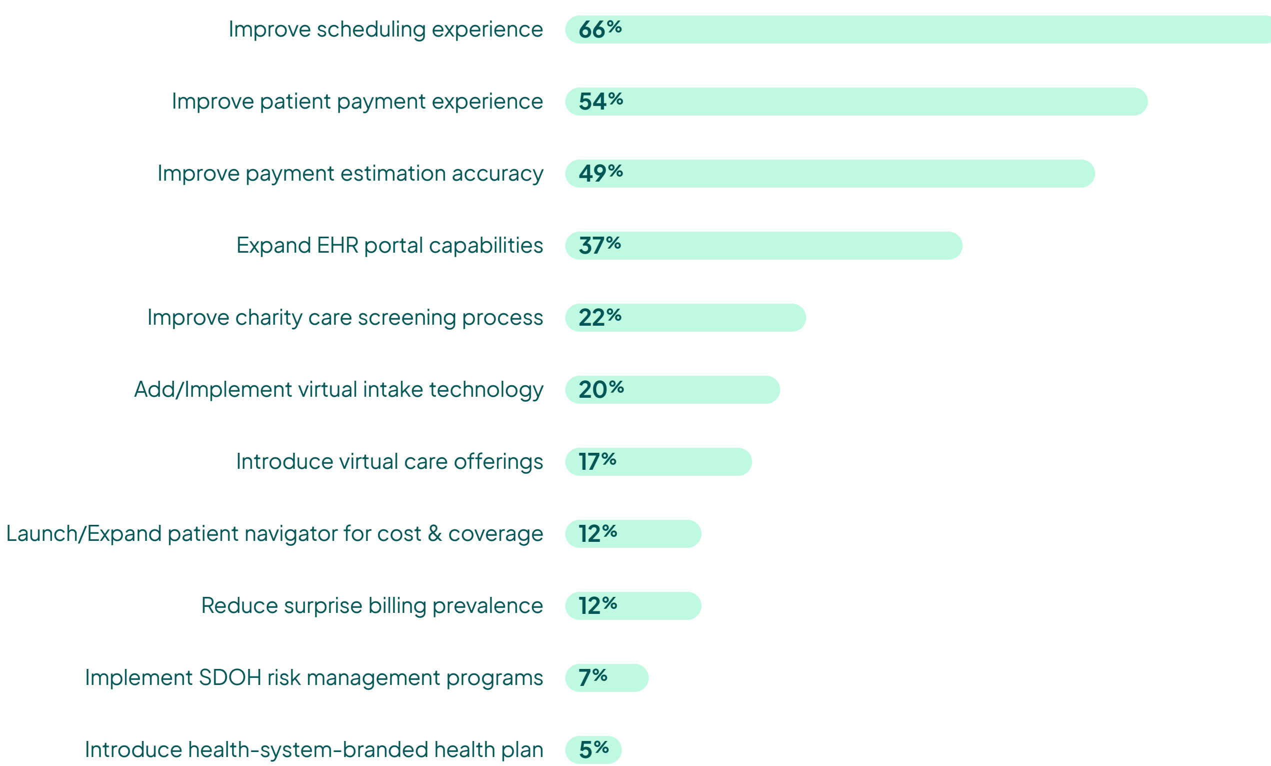
Top initiatives

In the area of patient experience, four initiatives stand out prominently for our respondents. All are geared toward reducing friction for patients and increasing transparency.

Improving the scheduling experience is the top initiative—self-scheduling is associated with high patient satisfaction and lower administrative costs

Improving the scheduling experience is number one, which is a good choice considering that self-scheduling is associated with high patient satisfaction and lower administrative costs.[26] The next two deal directly with the patient financial experience, targeting the overall **patient payment experience** and, more specifically, **payment estimation accuracy**. Current adoption across most of these technologies is in the 60% to 70% range for our respondents, going as low as 32% for virtual intake. The strong focus in this area suggests they know what they are missing. Financial priorities, as well as a reliance on the status quo for patient intake, have placed hospitals in a recovery position. They must react to regain patient loyalty by providing a frictionless, accessible onboarding experience that delights their consumers.

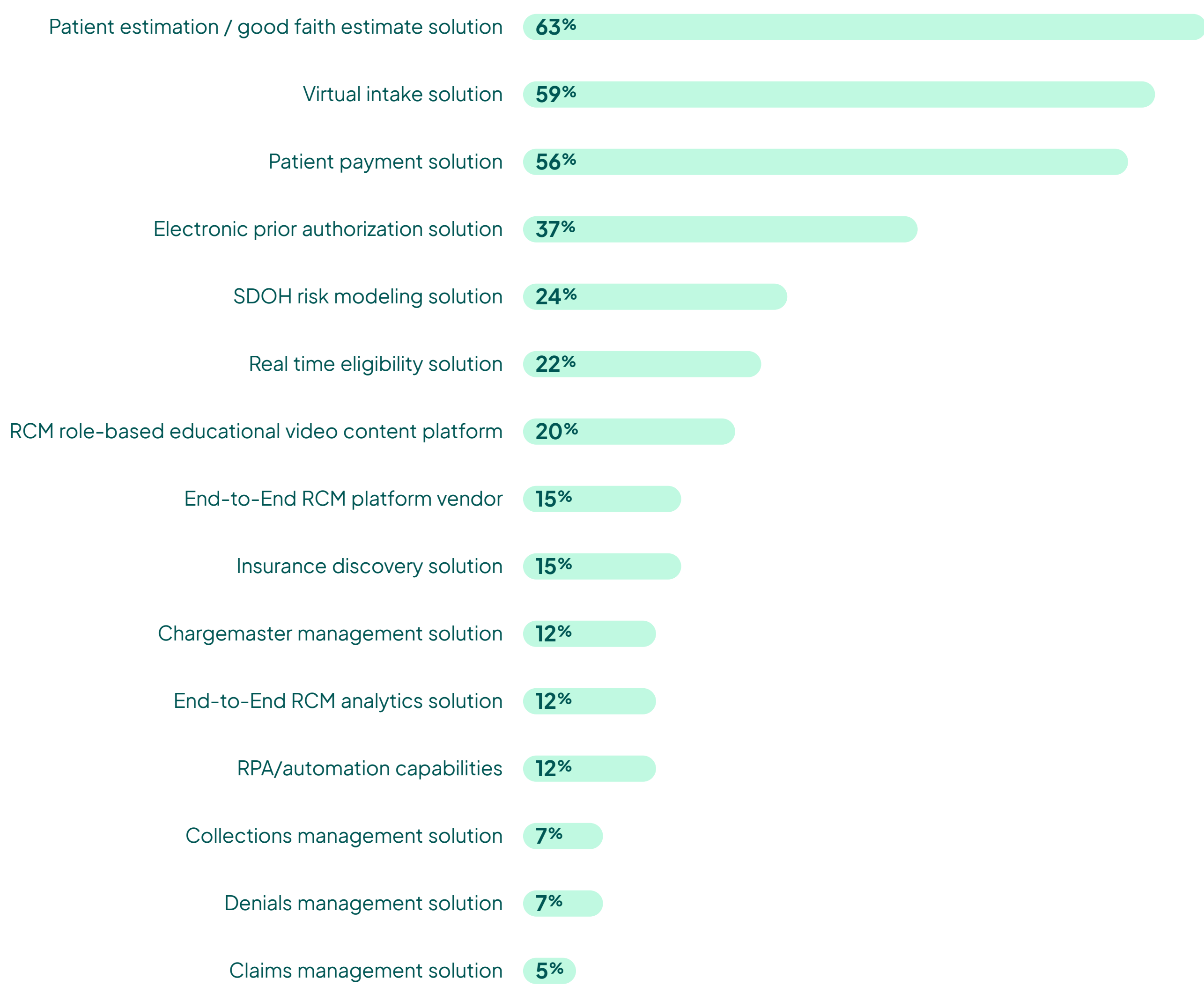
Expanding EHR portal capabilities is number four, no doubt in recognition of the smooth interface capabilities needed for effective patient access of the other three initiatives.



Top investments

Finance leaders want digital tools that will help them expand access for patients, improve communication and offer a personalized care experience. They also hope digital technology will enable them to be agile, adjusting tools in real time to ensure they're working optimally and meeting patient expectations. Let's take a look a the three key investments that support these goals.

Payment estimation
Nearly 90% of patients want estimates before service, but surveys show that only 30% receive them.[27] Hospitals are closing the gap, choosing software solutions that allow patients to generate their own estimates online, which gives them more visibility into their financial obligations.



Virtual intake

83%

Medical practices still check in most patients at the front desk

A recent MGMA Stat poll revealed that 83% of medical practices still check in most patients at the front desk.[28] Full-featured virtual intake platforms automate the entire registration process, from scheduling to pre-payment to digital check-in. To significantly move the needle on patient experience, hospitals are choosing platforms that offer digital scheduling, documents management, automated messaging and appointment reminders, and online payments.

More specifically, a fully digital intake solution improves patient experience in several essential ways:

- **Less stress means better quality.** Forms filled out in the comfort and convenience of home allow patients to take their time, be more thorough and ensure they're providing complete and accurate information. This, in turn, leads to better patient care. More than 60% of patients say they have waiting room anxiety,[29] which can impact attention to detail in their patient histories.

- **Virtual intake minimizes wait times.** Pre-cleared patients don't have to come in early for clipboard work, which alleviates both waiting room anxiety and post-COVID distancing challenges. Studies show that patients who arrive later also report higher satisfaction with their care experience.[30]

- **Digital check-in is faster and easier.** Virtual intake technology represents a much bigger advancement than simply digitizing paper data. Digital forms are interactive, guiding patients through the process, showing them where to sign and what to fill out next. Fields can be pre-populated for existing customers, and automated notifications help patients with pre-visit instructions.

- **Pre-registration is more private.** Digital intake eliminates uncomfortable discussions at the check-in desk, so it is also more likely to elicit sensitive Social Determinants of Health information, such as housing or food insecurity, which can greatly impact outcomes.[28] Patients can decide when and where to complete their pre-registration and intake.

Patient payment

Patient payment solutions are often components of complete virtual intake platforms, for example for pre-paying co-pays during the digital registration process. However, they're valuable on their own both for reducing friction in the patient experience and for increasing revenue. Studies show 32% of patients who receive their bills via text message will pay them in less than five minutes. A quarter of patients will pay a bill within five minutes when it arrives via email or the patient portal.[31]

32%

Patients who receive their bills via text message will pay them in less than five minutes

Strategic Goal 4

Manage staffing shortages

The healthcare staffing shortage underlies and contributes to all the other hospital challenges that impact the revenue cycle, including reduced revenues, rising costs and poor patient experience.

Staffing discussions usually center around clinical staff, but administrative vacancies are prevalent and impactful as well. A recent HFMA survey of healthcare finance leaders found all respondents with at least one open revenue cycle role and nearly 20% with more than 30 vacancies.[7] RCM staff are highly skilled and expensive to replace and retrain. Staffing constraints in RCM also severely impact hospital cash flow and lead to inefficiencies that reduce reimbursement and delay payments. As a result of staffing challenges in RCM, 48% of finance leaders are reporting more billing errors and 29% are struggling with issues related to price transparency compliance.[8]

Patient experience—and patient outcomes—unquestionably suffer, too. Highlighting just a few examples, a recent MGMA article noted that staffing issues have led to long call-center wait times, the elimination of proactive scheduling calls to patients who have been referred for care and even reduced pediatric clinic hours.[32]

Industry analysts project that hospitals won't see a return to normalcy for several years, not months,[8] which means hospitals will not be able to wait this out. They must proactively search for solutions. Our survey respondents are understandably concerned, ranking "manage staffing shortages" number four on the list of top priorities for 2023.

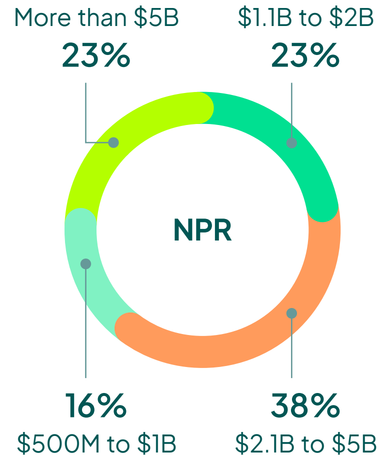
48% 48% of finance leaders are reporting more billing errors

29% 29% are struggling with issues related to price transparency compliance

Key stakeholders

In finance departments, staffing shortages appear to be squeezing hospitals in the middle of the revenue range. Hospitals with a net patient revenue between $2.1 billion and $5 billion are more strongly invested in this strategic goal.

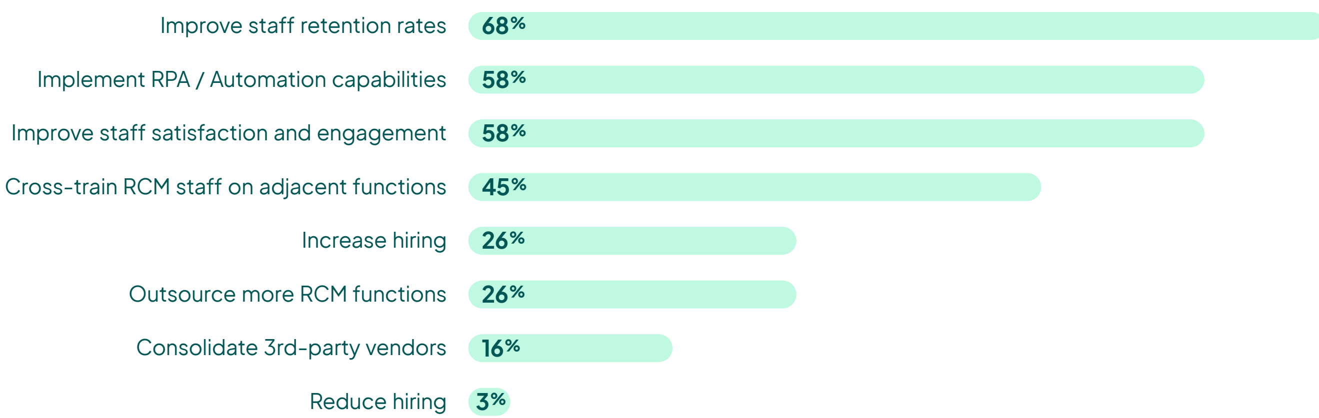
Finance leaders are targeting payer relationships and patient intake to address staffing issues on the revenue cycle side of the hospital. It's a priority for 50% of leaders in Managed Care/Payer Relations and 45% of leaders in Patient Access/Registration.



Top initiatives

Hospital finance leaders are working to keep their employees happy this year. Above all, they want to **retain the staff they have**, likely with strategies to **improve staff satisfaction** and **increase staff engagement**, which is reflected a little further down in the survey. Employee well-being and recognition programs are most certainly a priority in 2023.

From there, we see a commitment to making the job less burdensome with the implementation of automation, an increase in hiring and even outsourcing of some RCM functions.



To dig deeper, we can look to other research on the healthcare labor shortage reported in Healthcare Innovation.[33] When asked about strategies for the second half of 2022, survey respondents said they were focusing on the following four initiatives:

- Finding a strategic RCM partner (28%)
- Adopting new software/technologies (26%)
- Eliminating redundant systems (24%)
- Attracting/retaining RCM talent (21%)

Top investments

To ease workloads and improve employee satisfaction, healthcare finance leaders are taking a comprehensive approach. They're investing in end-to-end platforms that improve processes throughout the full billing cycle.

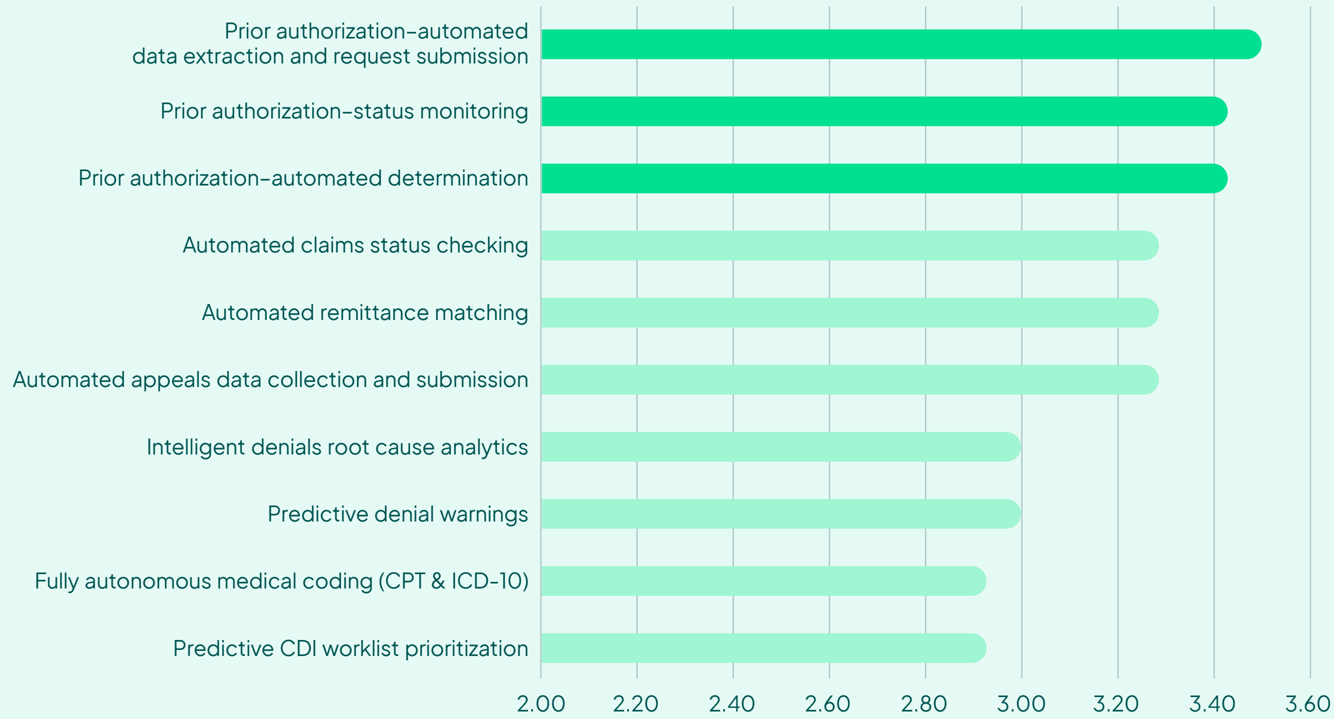
RPA/automation
Hospitals are leveraging Robotic Process Automation to take over some functions in departments that are not fully staffed. It also increases job satisfaction, greatly reducing tedious manual tasks and simplifying complex multi-step processes.

RCM leaders know they have dedicated, talented staff members who are engaged in low-value work such as status checks on claims and prior authorizations. RPA is proving more than capable of handling simple, repetitive work. Bots are also delivering significant ROI—as much as 8X for some tasks. This enables finance leaders to reprioritize work by giving their staff more opportunities to focus on more fulfilling tasks that require skill.

Top 10 ranked AI and RPA use cases across RCM

Average scored values for top 10 CFO ranked RCM technologies, based on a scale of 0 to 4, where 4=Must Have, 3=High Value, 2=Moderate Value, 1=Minimal Value and 0=Not RCM

Consensus Category:
MUST HAVE
HIGH VALUE



The top 10 automation use cases identified by CFO survey respondents.
Q: Rank the following AI/ML/RPA use cases in order of value in an End-to-End RCM platform.
Options: Must Have, High Value, Moderate Value, Minimal Value, No Value / Or Not Viewed as an RCM Technology. N = 14

Virtual intake

On the front end, automating the entire registration process—from scheduling, to appointment reminders, to pre-payment, to digital check-in—frees administrative staff from repetitive and time-consuming administrative duties and enables them to dedicate efforts to more meaningful patient interactions. With virtual intake technology, some health systems are even seeing self-service financial clearance rates as high as 75%.

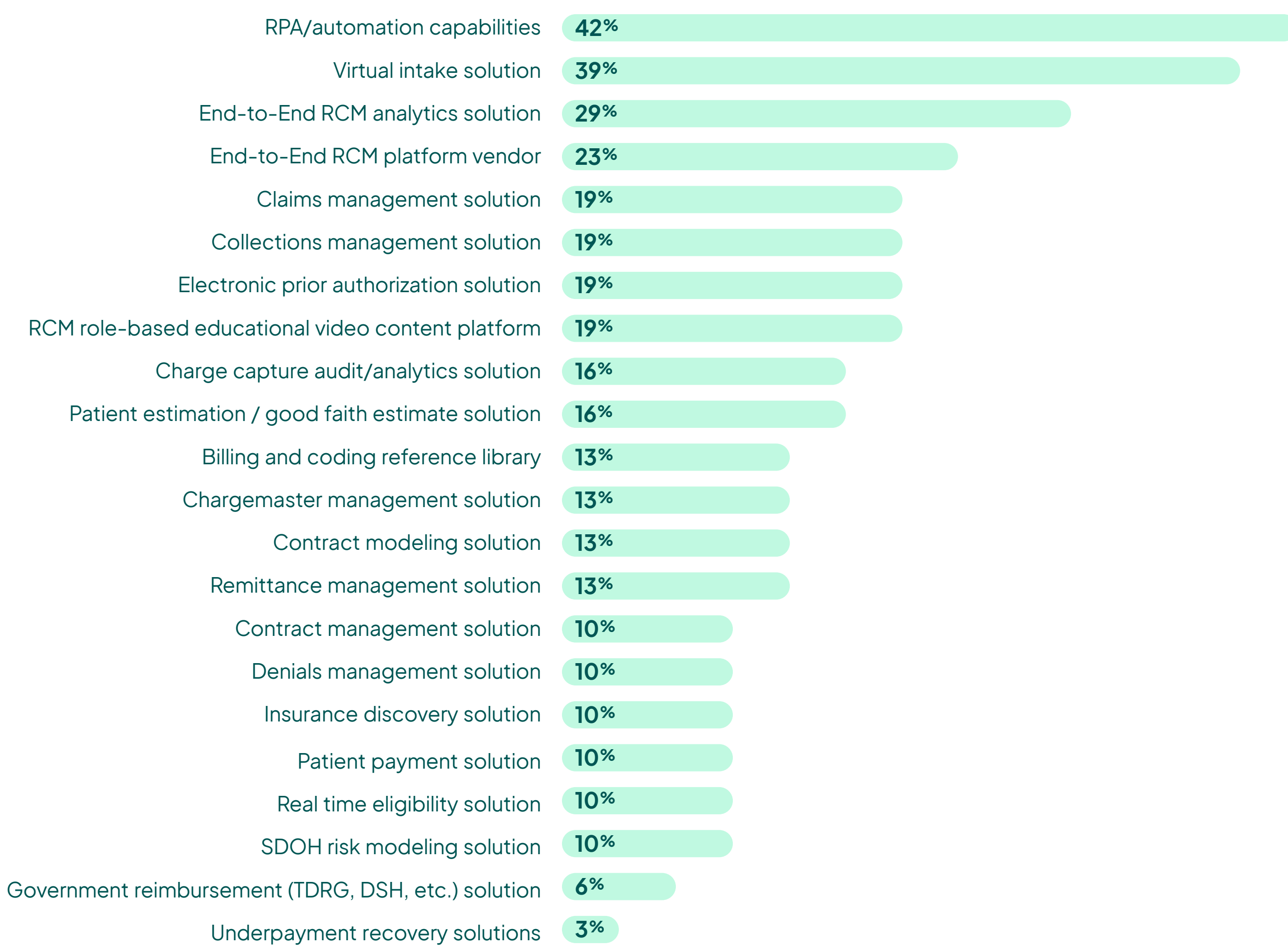
End-to-End RCM analytics

Analytics platforms use automation to root out the culprits of errors, denials and inefficiencies. Armed with the data, finance leaders can implement changes that will have the most impact on workflow and revenue.

Adoption is extremely high in some areas of analytics technology, as we're seeing 80% to 90% adoption in A/R analytics, claims analytics, collections analytics and coding analytics. The data suggests that success in those areas is prompting respondents to go broader with end-to-end solutions that will address issues like patient matching, contract analytics and urgent care center operations.

End-to-End RCM platforms

Hospitals with significant staffing issues are opting to outsource the entire RCM process to third-party partners. In the 2022 Kaufman Hall State of Healthcare Performance Improvement report, 63% of survey respondents had pursued at least one outsourcing solution, and revenue cycle was among the most common target areas.[34]



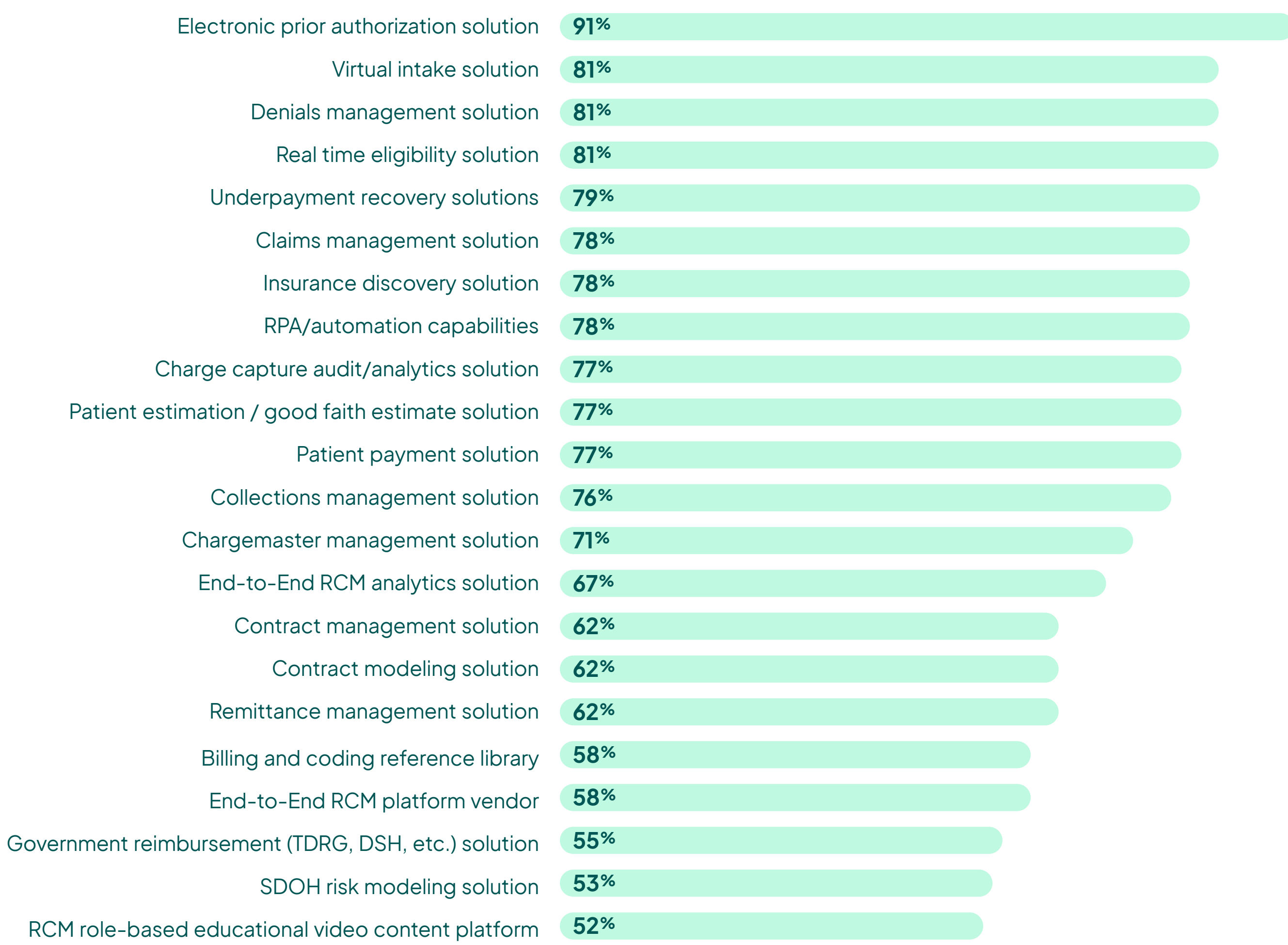
Overall investment summary

It's clear healthcare leaders are making strategic bets when it comes to 2023 technology adoption plans. Looking across all strategic goals, the top prioritized investments are technologies that support multiple organizational initiatives.

Electronic prior authorization technology represents a key area of focus

Electronic prior authorization represents a key area of focus, although adherence to a true, fully electronic workflow has hindered efforts. The data shows that survey respondents expect improvements to the prior authorization process to drive revenue increases, cost reductions and to a lesser extent, improved patient experience.

Virtual intake technology—digital solutions that shift front-office tasks such as scheduling, insurance verification and check-in to a self-service model—is the second highest reported investment. These



solutions are expected not only to improve patient satisfaction but also to drive cost savings by reducing administrative demand. Some finance leaders also expect virtual intake technology to improve POS collection rates and increase revenue.

Denials management and underpayment recovery represent the second and fifth most budgeted-for solutions this year. These technologies are tied to both revenue increase and cost reduction initiatives. Advances in automation and machine learning are being deployed in the denials management space to help health systems identify the root causes of underpayments and denials, and to automate the appeals process.

Viewed through a longer lens, the survey data on the whole reveals a critical trend: Healthcare finance leaders are leaning into the disruption rather than waiting for it to pass. Years of sustained negative margins, reduced patient visit volumes and an increasingly saturated ambulatory market are catalysts that are driving the development of fundamentally different business strategies. In 2023, healthcare finance leaders are embracing the disruption to guide meaningful change within their organizations.

“Successful organizations will take action and assess their operations, technology footprint and other resources to rethink their revenue management strategy.”

—Jonathan Wiik, Vice President, Healthcare Insights, FinThrive

What it means

Embrace
Disruption

Healthcare financial leaders need to embrace disruption

Pre-pandemic visit volumes show no signs of returning. Negative margins will continue to erode cash on hand, limiting funding for traditional growth strategies, like geographic expansion or launching of new service lines. This status quo is unsustainable, and health system financial leaders will need to embrace disruption and establish a bold vision for how their organizations will compete and return to profitability in this new, lean market.

New market entrants are competing for patient loyalty with better digital experiences

Visit volumes are shifting to the outpatient market at an increasing rate. Here, new entrants are competing for patient loyalty by delivering improved outcomes through sticky between-visit engagement tactics including telehealth, remote patient monitoring, digital patient education and price transparency.

Self-service patient tools are seen as a win-win, poised for rapid adoption

Innovative leaders are looking at virtual intake solutions, patient payment solutions and other capabilities to empower patients with digital self-service tools that reduce administrative burden for RCM staff, while boosting satisfaction.

AI, RPA and End-to-End RCM platforms are seen as quickest paths to restoring profitability

Health system financial leaders are looking to technology-enabled RCM optimization to increase revenue and reduce costs, primarily through adoption of AI and RPA tools designed to streamline prior authorizations requirements, reduce denials, overturn underpayments and protect against the rise of payer takebacks. RCM platform players are enabling this transformation through vendor consolidation, targeted deployment of AI/RPA and a centralized end-to-end data analytics environment.

For more information on how to rethink revenue management, visit finthrive.com.

About FinThrive

FinThrive is advancing the healthcare economy. Our 1,600-plus colleagues rethink revenue management to pave the way for a healthcare system that ensures every transaction and patient experience is addressed holistically. We're making breakthroughs in technology—developing award-winning revenue management solutions that adapt with healthcare professionals, freeing providers and payers from complexity and inefficiency, so they can focus on doing their best work. Our end-to-end revenue management platform delivers a smarter, smoother revenue experience that increases revenue, reduces costs, expands cash collections and ensures regulatory compliance. We've delivered over $10 billion in net revenue and cash to more than 3,245 customers worldwide. When healthcare finance becomes effortless, the boundaries of what's possible in healthcare expand. For more information on our new vision for healthcare revenue management, visit finthrive.com.

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