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# The Future Of Healthcare Revenue Cycle Management: Challenges And Opportunities

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You may be forgiven for thinking that the healthcare industry was rolling in profits over the last two years. In reality, many healthcare facilities and providers faced the greatest threat to their survival ever during Covid-19.

The pandemic severely overwhelmed hospitals and increased hospitalizations threatened to hamper the healthcare services industry. Many facilities cut

salaries and **laid off** staff. Now, they are seeking payments from a patient base that's mentally and financially depleted.

It's unsurprising that Covid-19 has served both as an agent and an accelerant in driving significant trends in healthcare revenue cycle management (RCM). What we see is a mixed bag of regulatory changes, rising patient-as-a-payer burdens, growing reliance on automation and tremendous cultural shifts that place employees in their homes.

Healthcare providers must deploy a multifaceted response rooted in knowledgeable agents, data-driven analytics and high-quality customer care that will squarely tackle the imminent challenges and seize the opportunities ahead.

## More Self-Paying Patients

Patients **increasingly** are selecting **high deductible health plans** (HDHPs), which charge low monthly premiums but have high deductibles. Patients are either self-paying for their care entirely or partially through HDHP memberships, both of which increase strains on collections. The pandemic further compounded the issue, with millions of people losing their livelihood, their health insurance or both. Businesses also canceled medical insurance for employees when it became clear they **would be shuttered** for an extended period, forcing patients to cover healthcare costs by themselves.

An Urban Institute analysis found that over three million Americans **lost job-based coverage** over the summer of 2020. Providers need to work with, and not against, overextended patients to achieve higher patient payment rates since they now constitute a larger slice of the payments pie.

Improving their early-out services, like engaging with patients shortly after discharge to explain the difference between patient and insurer responsibility, has shown to significantly reduce accounts that go into collection. But that kind of pain-point exploration demands more resources, including specialized training and expertise that most providers either don't have yet or can't manage on their own.

## Where Automation Doesn't Help

The challenges of Covid-19 also compelled providers to automate complex workflows to drive efficiency and minimize costs. Providers are automating more components of their revenue cycles, with 78% of health systems **reporting RCM automation**. Still, processes like claims management and follow-up communications largely remain manual due to the challenges around executing workflows that require collaboration between multi-party systems, which are constantly undergoing configuration changes by their own internal teams.

On top of that, patients often find tech-enabled customer support for healthcare frustrating. Fee schedules can't necessarily be automated since they change regularly and are negotiated on a case-by-case basis between insurers and providers. While automation promises to accomplish a lot, it requires continual oversight and management.

Improvements to automation within RCM will continue into the foreseeable future, but the challenges will continue to be:

- Fragmentation of the U.S. healthcare system.
- New risk arrangements that are quickly replacing fee-for-service models.
- An ever-growing diversification of RCM and claims software.

Because of these factors, human intervention will be key in ensuring providers are being reimbursed and compensated in a timely manner. Efficient coordination with payers on denied or misdirected claims and concise coordination with patients to collect or make arrangements to capture their out-of-pocket responsibilities will continue to require specialized vendors who focus on handling complex healthcare contact center services.

## Dealing With Bills

There have been significant legislative and regulatory changes over the last two years, too. **The No Surprises Act** went into effect on January 1, 2022, for example, protecting patients from surprise medical bills generated from out-of-network (OON) emergency care. The law also requires insurers and providers to negotiate payments in final-offer arbitration, wherein each party

offers a payment amount, and an independent arbitrator chooses one or the other.

This law is bound to have a profound effect on healthcare RCM because providers will have to identify OON claims early and assign codes to these claims within their digital records. They'll also have to expedite the explanation of benefits (EOB), group the right claims together and process them accordingly with internal departments or outside vendors.

Last year's **price transparency rule** also compels hospitals to provide pricing information online, in both machine-readable and retail-style "shoppable" formats. With bipartisan support, the plan by the Centers for Medicare & Medicaid Services proposed to raise fines to a **maximum penalty of \$2 million** for noncompliant hospitals.

## **Pitfalls And Opportunities Ahead**

Surprisingly, there are no new large RCM companies that are taking on all of these challenges in a comprehensive way. That opens a competitive advantage for business process outsourcers (BPOs) that invest in the most effective implementation software and the right digital system management tools. The healthcare industry will value these vendors that can handle multiple implementations, assimilate diverse systems and execute process management around RCM activities.

Data analytics are an important weapon to have in your arsenal, too, but most healthcare providers don't have those capabilities in-house. Vendors that offer data analytics across past claims, accounts receivables, denial management processes and other services will help healthcare companies better utilize their time, resources and budget. Data analytics can fuel efficiencies across all services and processes. But what many vendors may be overlooking is the fact that highly trained customer service agents — and continuity of agents — may turn out to be more valuable than ever.

BPOs that commit to providing trained, knowledgeable agents who understand the complicated healthcare payments infrastructure, as well as the industry's increasingly complex regulations and compliance standards, will have a performance advantage. And finally, integrating service with firm

workflows, seamless communication technologies and hands-on managerial support will help providers and healthcare facilities simultaneously improve RCM efficiencies and enhance customer experience journeys.

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