The Changing Face of Outsourced Revenue Cycle Management

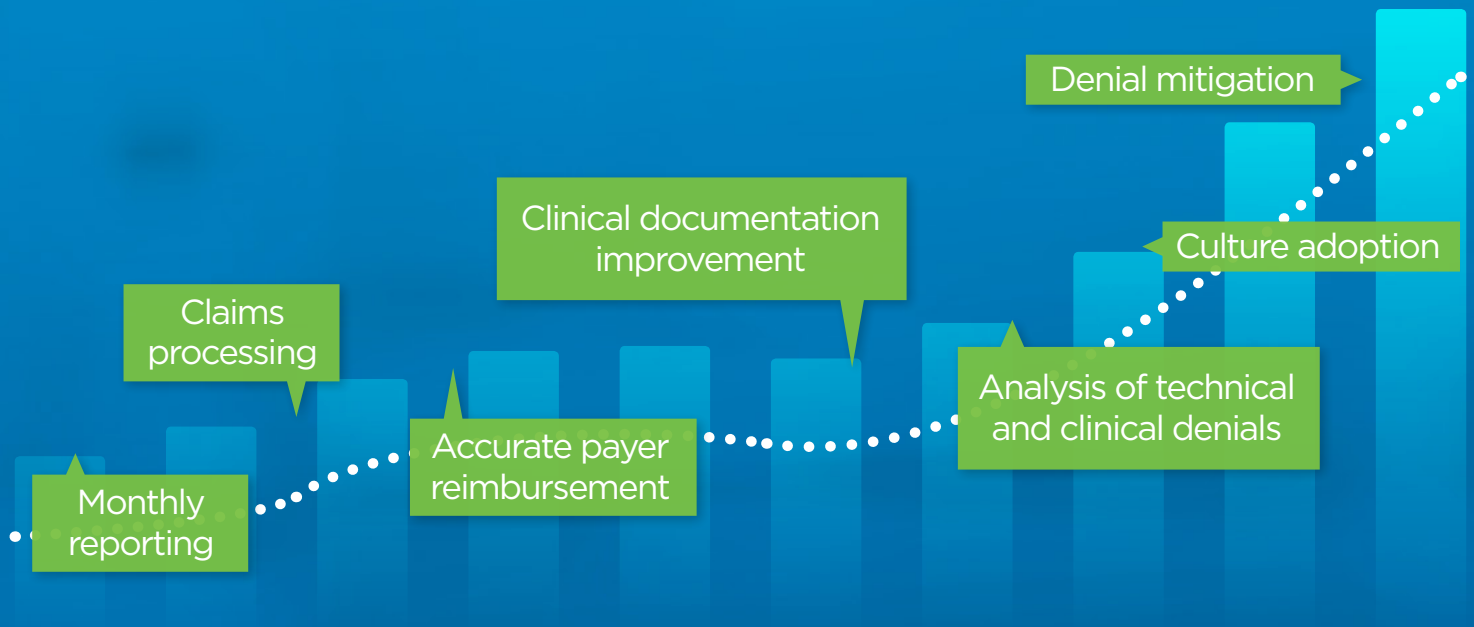
It’s not just billing anymore

Cerner®

Because one-size-fits-all, **really doesn't.**

Your business needs are unique. That's why we've designed revenue cycle management services to address the complex challenges of managing your revenue cycle operations.

As health care shifts from volume to value, we help organizations like yours prepare for regulatory changes so you can optimize reimbursements while maintaining high-quality care and controlling cost to collect.



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Navigating a value-based landscape

The shift toward value-based reimbursement affects all aspects of care, processes, procedures and devices. The Health Care Transformation Task Force reported 41 percent of its provider and payer members' business in 2015 was in value-based payment arrangements, up from 30 percent in 2014.[1]

As healthcare organizations make system-wide changes to lower costs and improve quality, many are evaluating how to optimize revenue cycle management (RCM) to meet industry and consumer demands. Executives know they need to improve revenue cycle processes, but often don't have the organizational resources or expertise to do it all internally.

"Revenue cycle keeps getting harder," said Don Paulson, vice president of revenue cycle with *Cerner RevWorks* at Adventist Health, a nonprofit integrated health system with 19 hospitals and more than 280 clinics on the west coast and Hawaii. "The ever-increasing complexity in revenue cycle drives up the cost of collection. Changes in charging, coding and billing make it more and more difficult to get timely, accurate payments and compliant billing."

Adding to this complexity, value-based reimbursement uses key performance indicators (KPIs) differently than fee-for-service. Instead of measuring KPIs on a 90-day cycle, value-based reimbursement models shift cash flow to a continuum that lasts throughout the patient's care. That care continuum could last months.

Leading RCM technology adjusts timelines to suit a value-based program. It also combines clinical and outcomes data with financial and operational data to measure quality benchmarks payers look for.

"Large and small healthcare providers are evaluating their current cost of collections and looking at the value in outsourcing revenue cycle." said Paulson. "When they can get equivalent or better results at lower costs, it makes financial sense to do so."

[1] Health Care Transformation Task Force Reports Increase in Value-Based Payments," Health Care Transformation Task Force, press release April 12, 2016.

Why outsource RCM?

Healthcare organizations have reached a revenue cycle crossroads. "Healthcare providers are focusing on cost controls more than ever, including in revenue cycle," said Paulson. "Changes in reimbursement and care models impact net revenue and costs."

Erica Gregory, vice president of *RevWorks* at Cerner Corporation, added that revenue cycle staff often has limited exposure to how other organizations are managing costs and reimbursement shifts. Supervisors may also lack the budget for continuing education to broaden their skillset. This combination often leads to inefficient billing processes without sufficient expertise on how to improve. Outsourcing RCM helps provide the necessary expertise, resources and guidance that many organizations lack to achieve their business goals and control spend.

A recent Becker's report found that nearly 50 percent of hospital CFOs acknowledge that outsourcing RCM has become a more viable alternative to insourcing.[2]

By engaging a trusted RCM services provider with expertise in the new system, they can serve as an extension of the organization's team. They can work together to overcome learning curves and build compliance with a new system, without exhausting resources.

"Leadership knows they need to attract more talent, but those dollars compete with dollars to provide direct patient care," Gregory said. "They need excellence in revenue cycle without having to recreate the wheel."

Breadth of RCM services

Many organizations still think outsourcing means handing over revenue cycle to an outside party. That's often not the case. *Cerner RevWorks* provides a full scope of RCM services dependent on a client's business needs.

One hospital may rely on Cerner's billing experts, while another may need support only during a large-volume quarter, or while transitioning to Cerner's RCM solutions. A large health system may choose the entire spectrum of RCM services, which can help drive performance across the following:

- Access management
- Health information management and coding
- Case management
- Front- and back-office support
- Transition services to help wind down legacy A/R during conversion
- Training and education support

"We redefine workflows so they are as efficient as possible," Gregory said. "We meet our clients where they are to help solve their problems."

Learn how transition services helped one health system minimize financial disruption during conversion.

[2] Brooke Murphy. "25 things to know about revenue cycle management." Becker's Hospital CFO Report, January 30, 2017.

Adventist Health's three-pillar approach

In the face of rapid industry change, leaders at Roseville, Ca.-based Adventist Health knew they needed to lay a foundation that would sustain its fiscal health and provide agility for new models of care. In 2012, they made a strategic decision to implement an integrated RCM platform and leverage services to help streamline workflows and boost their bottom line.

Through a strategic alignment with *Cerner RevWorks*, Adventist Health fully transitioned its RCM operations to Cerner to help optimize financial performance across the organization. The relationship follows a three-pillar approach.

Using Cerner's **scalable system**, *RevWorks* and Adventist Health teams work together to support patient access, coding, HIM, business office management, care management and billing compliance auditing **processes**. Most importantly, they have an **aligned partnership** – the organizations share risks and rewards involved with mutually defined performance goals and outcomes.

Since the rollout, Paulson reports lower cost of collection, a higher percentage of revenue realization and enhanced billing compliance as a result of the collaboration.

"It's an ongoing challenge to collect as much revenue as quickly as possible and at the lowest cost possible," Paulson said. "Cerner RevWorks integrates people, process and technology to help Adventist meet its goals."

While lowering cost to collect and collecting revenue are priorities for Paulson, billing compliance is his "personal passion." "Doing the right thing is very important in the revenue cycle process," he said. "It's definitely more cost effective to avoid an audit."

Paulson noted that outsourcing much of Adventist Health's revenue cycle to *Cerner RevWorks* allows the faith-based organization to devote more resources to its vision: to transform the health experience of its communities through accessible care.

"Working with Cerner allows Adventist Health the resources to transform from fee-for-service into population health," Paulson said. "By taking care of day-to-day operations, Cerner frees up leadership's time to place them in a position for future success."

Scalable technology platform

Process and operations

Aligned partnership, financially bound

Great River Health Systems, West Burlington, Iowa

Great River Health Systems

Great River Health Systems: increasing wellness visits by 551 percent

As healthcare organizations look for innovative ways to increase revenue, many look to alternative services and processes as opportunities to build their bottom line.

Now that self-pay patients account for a greater portion of revenue, healthcare organizations must think proactively to improve self-pay collections. Online bill pay and up-front payments are two sure-fire steps to improvement. Alternative techniques can give an extra boost to patient satisfaction and, relatedly, improved revenue.

For example, Banner Health Network in Arizona uses up-front collections and estimates a patient's overall bill to determine his or her responsibility. It also sends a financial advisor to visit patients and families to discuss ways to settle their account.[3]

Other health systems expand services. They add convenient-care clinics and fitness centers. Some branch out to real estate management. For others, simplifying the registration process can lead to a decrease in accounts receivable days and an improved patient experience.

Great River Health Systems used *Preventive Care Advisor*™, a solution embedded in *PowerChart*® that delivers real-time lists of eligible Medicare-approved preventive screenings, to help improve patient care and revenue.

The 378-bed regional health care system in West Burlington, Iowa, increased annual wellness visits among Medicare patients by **551 percent** after implementing *Preventive Care Advisor* into its electronic health record (EHR) in October 2015.

Read the full story here.

[3] Jennifer Zaino. "Revenue cycle tips: Improve customer service, boost collections." Healthcare Finance, May 10, 2015.

Managing cost, competency, capacity

A third-party services provider such as *Cerner RevWorks* sounds ideal in theory. However, for the healthcare organization scrutinizing every dollar, any third party must prove to be trustworthy, financially bound and capable of delivering measurable value.

Cerner RevWorks "lives" by metrics, according to Gregory. *RevWorks* associates begin by gathering baseline data on a client's current revenue cycle performance and end goals. Using this information, they develop a detailed and tailored project plan and continuously monitor progress to ensure the organization achieves results.

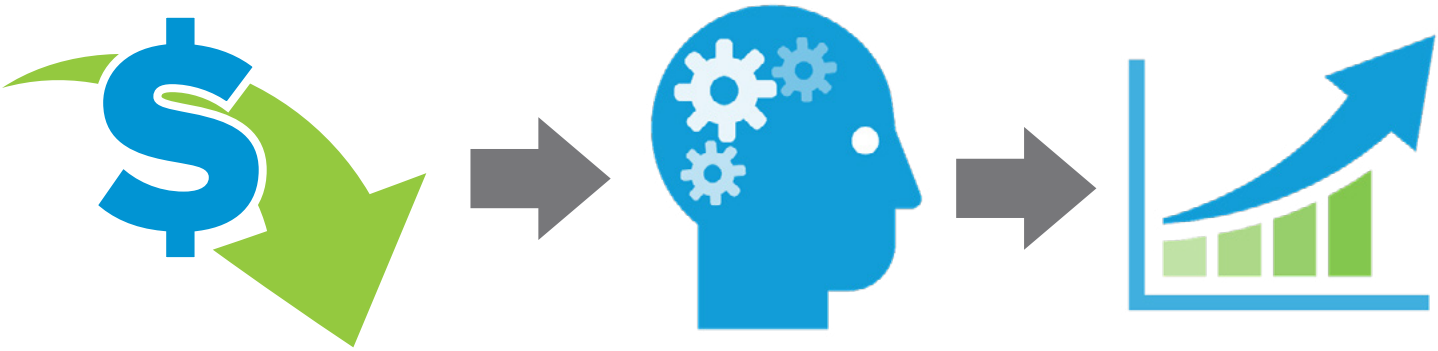
"A plan is only as good as how well it is executed," she said, speaking of Cerner's **competency** and **capacity** of talent. "I have some of the most detail-oriented project managers on my team. They work hard to make sure their execution plans are always clean and on time. That really speaks to the specialized experience Cerner RevWorks provides."

As a result of detailed planning and ongoing metrics, *RevWorks* clients have achieved promising results with a direct **bottom-line** impact, including but not limited to the following:

- A large health system saw a 19-percent decrease in accounts receivable (AR) days and a 62 percent decrease in discharge-not submitted to payer (DNSP) over two years.
- A midsized health system achieved a 25-percent decrease in AR days and a 10-percent uptick in cash in four months.

"The numbers don't lie," Gregory said. "With strong execution, we can really move the needle for organizations that may have been struggling due to market factors that have been hard for them to address."

For more information, click here.



Debunk the myth: Outsourcing RCM doesn't mean you'll lose control.

Shifts in payer mixes and reimbursement structure are not slowing down. More and more organizations are seeking help managing the complexity of the revenue cycle. You don't have to do it alone.

Three good reasons to outsource RCM

1. **Improves viability, sustainability and profitability**

   Placing the burden of staff training and retention on a partner increases efficiency, and leads to faster reimbursement and a more stable cash flow

2. **Lessens administrative burden**

   Reducing human error and inefficient, manual processes can free up providers to focus on patient care

3. **Increases preparedness for industry change**

   Keeping up with regulatory mandates, adapting to new payment models and preparing for tomorrow's trends leads to future flexibility

"The regulatory environment today is pretty onerous, a lot of organizations struggle to get staff up to a particular skill level, know solutions appropriately and stay ahead of market growth. **An RCM partnership becomes an attractive alternative because of the size and scale a partner can offer.**"

Jason Rawlings
Vice President
Cerner RevWorks

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To learn more about the benefits and best practices of outsourcing all or part of your RCM operations, download the Partnering for Success whitepaper at **cerner.com/partneringforsuccess.**

Building trust to prepare for tomorrow, today

Is your organization searching for additional expertise or support to manage the complexity of the revenue cycle? Consider *Cerner RevWorks* to help optimize your financial performance today, so you're better prepared for tomorrow..

Visit Cerner.com/revworks to learn more.

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About Cerner Corporation:
Cerner is the world's largest publicly traded health information technology company providing leading-edge solutions and services for health care organizations worldwide. Cerner's mission is to contribute to the systemic improvement of health care delivery and the health of communities.