



How-to Guide: Strategic Outsourcing During a Staffing Crisis

With Rising Expenses and Ongoing Staffing Issues, It's More Important Than Ever to Optimize the Revenue Cycle

While the pandemic is finally waning and elective procedures have returned, there's another type of issue impacting our communities, which is a worker shortage. Since the beginning of 2022, close to 1.7 million healthcare workers have left their jobs, equating to nearly 3% of the total workforce each month.¹ In fact, 92% of healthcare leaders report difficulties in attracting and retaining support staff.²



At the same time, the increased financial pressures and rising costs have caused many hospitals to cut jobs and services in order to make ends meet. One health system told Becker's Hospital Review, "Our health system, like others around the nation, is facing significant financial pressures from historic inflation, rising pharmaceutical and labor costs, COVID-19, expiration of CARES Act funding and reimbursement not proportional with expenses."³

It's a dire situation for both hospitals and their patients. ECRI, a nonprofit organization focused on patient safety, says 'Staffing shortages are now the nation's top patient safety concern, forcing Americans to endure longer wait times when seeking care 'even in life-threatening emergencies,' or to be turned away entirely.'⁴

Impact on the revenue cycle

A shortage of clinicians isn't the only staffing issue hospitals are experiencing, however. Revenue cycle teams have also been impacted. Becker's Hospital Review reports, "front-end revenue cycle staff, back-office specialists, coders, accounts receivable, and denial management experts are all in short supply."⁵ According to one recent survey, 55% of healthcare finance leaders say they have a shortage of billing specialists and 42% said they have a shortage of patient follow-up staff.⁶

The impact on revenue is compounded when considering that payers have been challenged by the "great resignation" as well. This has exacerbated the issues for hospital billing and has led to greater lag times in processes such as appeal review and approval. Combined with the rise in denials across all payers, these longer lag times can significantly slow a hospital's revenue cycle and cash flow. While hiring more revenue cycle staff could help, that's increasingly not an option in today's highly competitive job market.

Hiring is no longer a local endeavor

During the pandemic, many hospital revenue cycle teams were sent home to work remotely. Today, many of those teams remain remote as virtual work has become the norm across the country. The result is that workers—especially those with the most experience—have significantly more employment options in a virtual work ecosystem. They can essentially work for companies anywhere in the country, creating a highly competitive marketplace. This has driven up costs in the form of higher salaries, large sign-on bonuses, expensive contractors, and increased recruiting efforts. It has also required managers to spend more of their time conducting interviews and overseeing recruiting efforts. For hospitals with limited staff, this has become a Herculean task.

Is outsourcing the answer?

For a growing number of hospitals, outsourcing all or a portion of their revenue cycle processes has become an attractive option, and rightfully so. There are many benefits outsourcers can bring beyond just filling headcount—benefits that hospitals might never be able to realize on their own. Following are just a few examples:

- Allows leadership to focus on more strategic initiatives
- Provides access to broader, multi-shore talent pools at lower costs
- Delivers training at scale, which improves work quality and clean-claim rates while reducing errors, denials, lingering days in A/R, and delayed reimbursement
- Reduces infrastructure costs, as outsourcers can spread each investment across many clients
- Supplies broader access to automation technology, enabling greater process consistency and efficiency
- Enables quicker and more proactive identification of payer trends for more timely intervention, facilitating fewer denials and faster, more accurate reimbursement
- Offers access to a higher level of payer expertise than many hospitals are capable of

When choosing to outsource, it is important to keep in mind that not all revenue cycle vendors are created equal. Those with the broadest experience and highest levels of expertise will deliver a faster return on investment.

Four capabilities to look for when choosing a partner.

1. Global access to revenue cycle experts

The best outsourcers have access to both onshore and offshore teams with long-standing expertise in U.S. healthcare processes. These companies will have a broader network of resources, along with access to high-volume recruiting divisions. This means they not only have a larger pool of candidates to pull from, but also the ability to scale in order to fill vacancies more quickly.

Outsourcers are able to better balance hiring salaries because they aren't bound by U.S.-based headcount. This allows them to have the best of the best without having to spend time and money recruiting, interviewing, and onboarding new staff—savings that is past to their clients.

2. Focus on training

One of the keys to successful revenue cycle outsourcing is to choose a partner that invests in training beyond the initial onboarding phase. The healthcare industry is not only highly complex, but it is also constantly changing. For example, ICD codes have increased exponentially over the last decade.⁷ Bringing new coders up to speed can take months and continued dedicated training time to keep up to date to ensure the highest quality work. Without these ongoing professional development programs, hospitals can experience an increase in denied claims or delayed reimbursement due to an increase in coding errors made by inexperienced staff. That's not the case when outsourcing with a company that embraces rigorous and ongoing training.

Be sure the partner you choose uses industry leading quality and productivity standards. This should include monthly quality assurance checks and client feedback. The best partners will be those that also promote a culture of compliance and accountability among its revenue cycle staff.

Instead of spending weeks or months bringing new team members up to speed, outsourcers add value from the very first day. In short, achieving an optimal return on investment can be much faster when outsourcing than when hiring new revenue cycle staff.

3. Technology investments

The sheer scale of an outsourcer's volume enables them to quickly achieve a positive ROI for their clients. In other words, investments that would take an average hospital years or decades to see a return on can be achieved much more quickly with the right outsourcer—a return that can benefit hospitals by way of lower fees.

The most effective revenue cycle vendors are those that invest in automation technology to streamline processes and improve quality and productivity. Automation technologies can simplify the entire revenue cycle by removing manual, error prone workflows (e.g., the prior authorization process). The result is faster, more consistent, more effective management of processes and workflows. This, in the case of prior authorizations, helps eliminate delays in care while improving outcomes and enhancing the patient experience. The best partners will be those that are always looking for innovative new ways to leverage cutting-edge technologies to bring longer-term benefits for their clients.

With outsourcing, revenue cycle leaders gain all the benefits of having the latest automation technology without huge investments or the IT staff needed to manage implementations.

4. Payer expertise

The best revenue cycle partners will have extensive, multi-channel payer relationships, giving them greater insight into payer pain points and a unique ability to work with payers to the benefit of the hospital. With payer staffing shortages as they are, having a partner with this ability is more important than ever to a hospital's bottom line.

When choosing a partner, it is important to find one that has the expertise necessary to manage payer relationships on the hospital's behalf. This should include conducting regular monthly payer meetings to discuss issues and identify resolutions. For example, uncovering an issue with claim adjudication can help determine when to uphold or down-code appeals. This type of proactive intervention can help improve revenue performance.

Success story



Dartmouth Health (DH) is a nonprofit academic health system serving communities throughout New England. DH provides access to more than 2,000 providers, in almost every area of medicine, to deliver care at its Dartmouth-Hitchcock Medical Center. The health system's business goals were to enhance revenue cycle operational performance without disrupting high-priority strategic initiatives like adding new provider affiliates to the DH system. Specifically, DH desired improvements to cash collections, patient satisfaction, and funding for uninsured patients. Additionally, DH sought Epic knowledge and integration expertise.

DH chose Conifer Health Solutions to assume operational management of the revenue cycle and the Single Business Office (SBO) for the entire health system, including physicians, outpatient surgery centers, and imaging centers. Conifer Health supported key strategic initiatives including a localized 'One Call' customer service model, Epic ADT Implementation and ICD-10 conversion.

Conifer Health's top initiatives for Dartmouth Hospital:

- **Implemented "one-call" customer service model.**
Resolved patient billing issues during the initial call, improving patient satisfaction with the billing process.
- **Improved single business office performance.**
Implemented automation and workflow, and introduced subject matter experts, solving challenges from a previous vendor.
- **Completed high-priority strategic initiatives.** Focused on revenue capture opportunities and data transparency for the Epic ADT implementation. Utilized crosswalk approach for issue resolution during ICD-10 conversion.

With Conifer Health, DH exceeded its revenue goals, including:

- **101.9%** of its cash collection goal
- **40%** increase in POS collections
- **23%** reduction in initial denial rates
- **20%** decrease in aged A/R over 90 days
- **~2X** cash collected through financial counseling
- **14%** reduction in inbound customer service calls
- **50%** reduction in patient call volume

With Conifer Health's partnership, DH improved every customer service survey response category and decreased the number of executive/administrative escalations. Today, DH generates nearly \$2 billion in revenues and is both the largest provider of healthcare and the largest private employer in the state of New Hampshire. SBO Net Days in A/R are at a historic low and DH has recognized as an Epic Top Performer—Ranking in the Top Quartile in Discharged Not Final Billed (DNFB), Candidate for Bill (CFB), Coding Days, and Billed Lag Days.

"Conifer Health has helped Dartmouth Health achieve significant improvement in patient satisfaction with billing-related issues and key revenue cycle financial metrics."

Dan Jantzen
CFO, Dartmouth Health

The journey forward

Experts predict that the healthcare industry could be challenged with staffing shortages for some time to come.⁸ In other words, it may be years before hospitals are able to return to a pre-pandemic normal—if they ever do. That means hospitals need a new approach to the way they manage their revenue cycle, one that mitigates the impact of ongoing staffing shortages and gaps in expertise.

Whether or not a hospital should outsource its revenue cycle doesn't have to be an all-or-nothing decision. Most hospitals have certain revenue cycle teams and processes that perform better than others. The strategic approach is to identify which areas of the revenue cycle are underperforming and whether you have easy access to resources necessary to make needed improvements.

Without addressing this issue now, post-pandemic recovery may be severely hampered for many hospitals. Outsourcing can help not only mitigate the impact, but also bring greater productivity, lower costs, and improved outcomes.

Key takeaways

- Post-pandemic revenue cycle pressures are likely to continue for years to come.
- Staffing issues will continue to impact key revenue cycle support roles.
- Permanent adoption of remote work makes the talent pool more competitive than ever, driving recruiting costs up and making retention and turnover even more challenging.
- Underperforming revenue cycle segments present the best opportunity for outsourcing.
- A partner with onshore and offshore resources can deliver a higher level of revenue cycle knowledge, access to automation technology, and greater payer expertise.
- By taking a strategic approach to outsourcing, hospitals can benefit through improved cash flow and faster, more accurate reimbursement.

Sources

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