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Key Revenue Cycle Trends for 2022 and Beyond

Innovation in Adversity



By

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Tech, investments, efficiency, patient experience, underpayment recovery, and coding automation are some of the themes that will drive the revenue cycle market momentum in 2022 and beyond. Coming at the back of a long period of adversity due to COVID-19 and an already challenging economic environment for hospitals and healthcare systems, we see a new wave of consolidation, invention, and innovation. In this paper, we discuss some of the trends we are seeing.

TIGHTENING PROFIT MARGINS – A PANDEMIC RAVAGED REVENUE CYCLE TO BOTTOM OUT.

Kaufman Hall predicts that hospital operating margins will fall 80% below pre-pandemic levels by the end of 2021. With hospitals operating on extremely tight margins, projecting cash flow and the ability to extract the maximum out of the revenue cycle is more critical than ever before. This will drive key technology, and process innovation as revenue cycle leaders and managers strive to improve business outcomes.

Now, let's look at the broad trends in each of the major revenue cycle processes.



Patient Access and Experience

Patient experience is now one of the key issues impacting the healthcare industry. There is a huge information deficit in the area of patient payments. “How much should I pay from my pocket?”, the answer to this question has been surprisingly difficult to find. Patients must get quick and easy access to the information about services performed and corresponding charges, the amount expected to be paid by their insurance company, and the out-of-pocket expenses they are expected to bear.



We anticipate patient access and experience to improve with new technologies that can project the costs they need to bear, improved omnichannel information availability, and improved payment plans. Patient financial services will go through a much-needed overhaul.

Prior-Authorization and eligibility verification

While great tech exists for information interchange, prior authorization and eligibility verification tech adoption have lagged because of a lack of standardized documentation and information exchange protocols. With clearing houses now modernizing, there is new hope for API-driven information exchanges.

Autonomous Coding

Automation tech is seeing increasing adoption, and there is a general perception that Coding, billing, and accounts receivable problems will be solved through automation. Artificial Intelligence, Machine Learning, and Robotic Process Automation technologies provide great promise to lower labor costs. Medical Coding is becoming data-driven and autonomous with improved standardization through ICD-11 and a better combination of virtual scribing, Universal Medical Language Systems (UMLS), OCR, and natural language processing (NLP). While these are still early days, coding tech is yet to prove effective in finding discharges not fully coded (DNFC) and arresting revenue leakage.



A/R, Denial Management, and Appeals Filing

Accounts Receivable status has moved from calls to portals. We see increasing relevance for chatbots using conversational AI in A/R and denial management filing. Data structures can now power customized appeals filing as well.

Focus on the front-end

Most revenue cycle leaders agree that they need to solve revenue cycle issues in the front-end rather than elongate the cycle and wait to address them in the back end. They recognize that they need to link prior authorization, revenue integrity, clinical documentation improvement, and denial management to accelerate their revenue cycle. The ability to quickly identify denial issues, determine root causes, and develop solutions to reduce these denials through an iterative model that focuses on denial prevention is considered the key to addressing revenue cycle issues.



Underpayment and Analytics

The Hospital Revenue cycle is fraught with underpayment issues. Contract analysis and underpayment identification can help them arrest underpayments. As the shift to more branded, national healthcare practices is happens, and performance analytics becomes a critical business function. Practice-specific analytics using standard measures and KPIs will enable accurate views of performance and drive corrective action.



Unprecedented Financial Activity – Private Equity, IPOs, Mega-mergers, and more

“It’s like Woodstock,” as some revenue cycle deal makers are saying. The role of private equity in healthcare, in general, and the revenue cycle business, in particular, has increased to an unprecedented level.

- **Entry of the big boys.** The big boys, i.e., the large PE firms, including Everstone, Barings, and Pamplona Capital, have made strategic investments in revenue cycle assets.
- **Technology-led investments.** The invested companies include focused revenue cycle service providers and niche technology play such as autonomous Coding, patient experience, prior authorization, and large-scale offshore companies.
- **Investments in revenue cycle aggregators.** It seems like if a company’s resume says revenue cycle, it is likely to attract many valuations. Further, larger companies such as Ensemble, R1 RCM, and others choose to hit the primary market through an initial public offering. We are seeing increasing consolidation of revenue cycle service providers as well.
- **Provider side consolidation.** There is an increasing amount of investment in consolidation on the provider side. Push to provide branded healthcare experience through nationwide chains is driving investments in areas such as urgent care, behavioral/mental health, wellness-focused treatments, home healthcare franchises, etc

In 2022, we anticipate the continuance of these trends and mega-mergers will be more of a norm than an aberration.



Telehealth Adoption

Spurred on by the Pandemic, telehealth adoption is increasing. Not only does this mean a lower cost of care, but it also requires the adoption of new processes for patient monitoring and managing the revenue cycle.

Remote Working

The COVID-19 necessitated revenue cycle team members to adopt Work-from-home models. It also required operations managers to be flexible and adopt technologies to monitor revenue cycle performance. We anticipate that hospitals and healthcare systems will look at remote working as the new normal and encourage a significant % of their workforce to work remotely.



Labor Shortage and Outsourcing

There is an acute shortage of qualified revenue cycle staff and COVID-19. Many community hospitals are concerned about the community's response to outsourcing and offshoring strategies they adopt. At this time of rising hospital expenses and reducing revenues due to declining reimbursements, outsourcing, offshoring, and automation can help them contain costs and sustain profitability.



“What is the calculus of innovation? The calculus of innovation is quite simple: Knowledge drives innovation, innovation drives productivity, productivity drives economic growth.”

- William Brody, Scientist

Conclusion

There has never been a better time to be in healthcare – and these are the most challenging times as well. Both in terms of economic activity, and innovation, 2022 is likely to set a scorching pace. Whether you are a healthcare system, revenue cycle services provider, or technology solutions provider, this year will force you to think innovatively, build new delivery frameworks, and create the revenue cycle of the future.

ABOUT MEDICAL BILLING WHOLESALERS

Medical Billing Wholesalers (MBW) provides business process outsourcing, revenue cycle KPI measurement, and robotic process automation tools. The company operates from 5 delivery centers in Chennai and Bangalore and has sales offices in New York, Dallas, Fort Lauderdale, Las Vegas, and Nashville. Through our clients, we support over 2,000 physicians across over 20 medical specialties and uses over 15 EMR/practice management systems today. The company applies proprietary workflow tools, and robotic process automation capabilities to help clients do more with the revenue cycle.

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