

TIME FOR CHANGE

Why the Opportunity to Optimize RCM is NOW



nextgen[®]
healthcare

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Physician practices are the backbone of care delivery, but inadequate revenue cycle management (RCM) can get in the way of stability, growth, and success. Independent physician practices may not have the technological and human resources or capital to invest in RCM solutions. Additionally, growth may make it difficult to coordinate RCM efforts across multiple facilities.

How can a physician practice overcome these challenges and develop a strong foundation for RCM?

WHY IS RCM A CHALLENGE?

Physician practices are known for their ability to deliver high-quality, affordable care with that personal touch. In fact, research has shown that small, physician-owned practices provide more personalized and responsive care to patients while achieving lower average costs per patient, fewer preventable hospital admissions, and lower readmission rates versus larger medical groups and hospitals.

Where physician practices may struggle, large health systems may excel. RCM is one area where health systems tend to outperform independently owned practices.¹²³⁴

The demands of a complex process

The healthcare revenue cycle is a complex process that ties together the administrative and clinical functions needed for providers to get paid for services rendered to patients. The process ranges from patient registration and insurance verification to claims processing, reimbursement, and collections. Management of the revenue cycle requires strong leadership and a large, knowledgeable team, as well as a practice management (PM) system, financial analytics, and possibly additional solutions and services.

People, capital, and technology are generally more available at large organizations. Acquiring what is needed for a smooth, fast revenue cycle can be a challenge for practices dedicated to delivering highly personalized, quality care at an affordable price.

That's not to say larger practices with more access to resources don't encounter obstacles with optimal RCM. The sheer complexity of the





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COVID-19 sparks change

More practice leaders are reevaluating their financial processes and technologies in the wake of the COVID-19 pandemic. Changes are necessary to recover lost patient volumes and revenue. Many of these leaders are seeking a partner to manage key aspects of the revenue cycle, such as claims submission, physician credentialing, and patient billing. Others are looking for a partner to handle all aspects end-to-end.

Partnering with an RCM company can give practices access to greater expertise and superior technology compared to what is available to them on their own. Additionally, an RCM partner has the ability to scale operations and reduce a practice's expenses, especially when talent recruitment and retention is a major barrier to optimal RCM.

But finding the right RCM partner to embark on the outsourcing journey, whether it is for parts or all of the revenue cycle, is key to success. Not all companies or vendors can deliver on the benefits of RCM outsourcing. Some practices have learned this the hard way.

WHEN SHOULD YOU LOOK FOR A NEW RCM PARTNER?

There are two major reasons why your practice should consider partnering with a third-party organization for RCM optimization, according to Sean Murtagh, vice president of financial solutions at NextGen Healthcare.

1. Declining reimbursements

The most obvious reason, Murtagh says, is declining reimbursements. The healthcare industry went through its most volatile year in recent history because of COVID-19. On top of managing patients during a global pandemic, the virus negatively impacted nearly all physician practices financially.⁵

Medical Group Management Association (MGMA) found that, on average, patient volumes at physician practices fell by 60 percent. For many practices, revenues were cut in half during the first half of 2020.

Consider that reimbursements were declining before the pandemic. Practices are still recovering from financial losses of 2020. They may experience more declines over the next couple of years as third-party payers continue to look to cut costs.

In light of this economic reality, Murtagh says practices need an RCM strategy to achieve three goals:

1. Maximize reimbursement
2. Speed up cash collections
3. Find opportunities to lower costs





“Practices still haven’t mastered RCM because there are so many changes that occur. Whether it’s staff, payers, or the practice specialty, everything’s constantly changing. How do you achieve transparency in this environment?”

– Sean Murtagh, VP of Financial Solutions
NextGen Healthcare

These three goals of optimal RCM—and pandemic financial recovery—depend on the use of automation and technology augmented by professional expertise. Yet many organizations rely on processes for RCM that are out-of-date.

“Practices still haven’t mastered RCM because there are so many changes that occur. Whether it’s staff, payers, or the practice specialty, everything’s constantly changing. How do you achieve transparency in this environment? That’s where the analytics part of this comes in,” says Murtagh.

Financial analytics are essential to achieving the transparency needed to accomplish the three goals of successful RCM. Analytics solutions gather and digest data to track key performance indicators (KPIs). These KPIs give your practice insights into both challenges and opportunities. Insights may be based on trends in accounts receivable (A/R), claim denials, payments from patients and third-party payers, physician performance, or referral patterns. Understanding these trends can help you drive your business forward.

2. Practice growth

Practices should consider partnering with a third-party organization for RCM if they are planning to grow or are in the process of adding new providers and facilities.

Mergers and acquisitions (M&A) in healthcare have rapidly increased in the last decade. COVID-19 did not slow down this consolidation. Physician medical group deals soared in the first quarter of 2021, with 112 publicly announced deals. In comparison, there were 60 deals the previous quarter. Authors of a report on M&A data said it was “the most robust quarter for M&A in the physician medical groups sector ever” and that they expect more deal announcements as practices seek stability after the pandemic.⁶

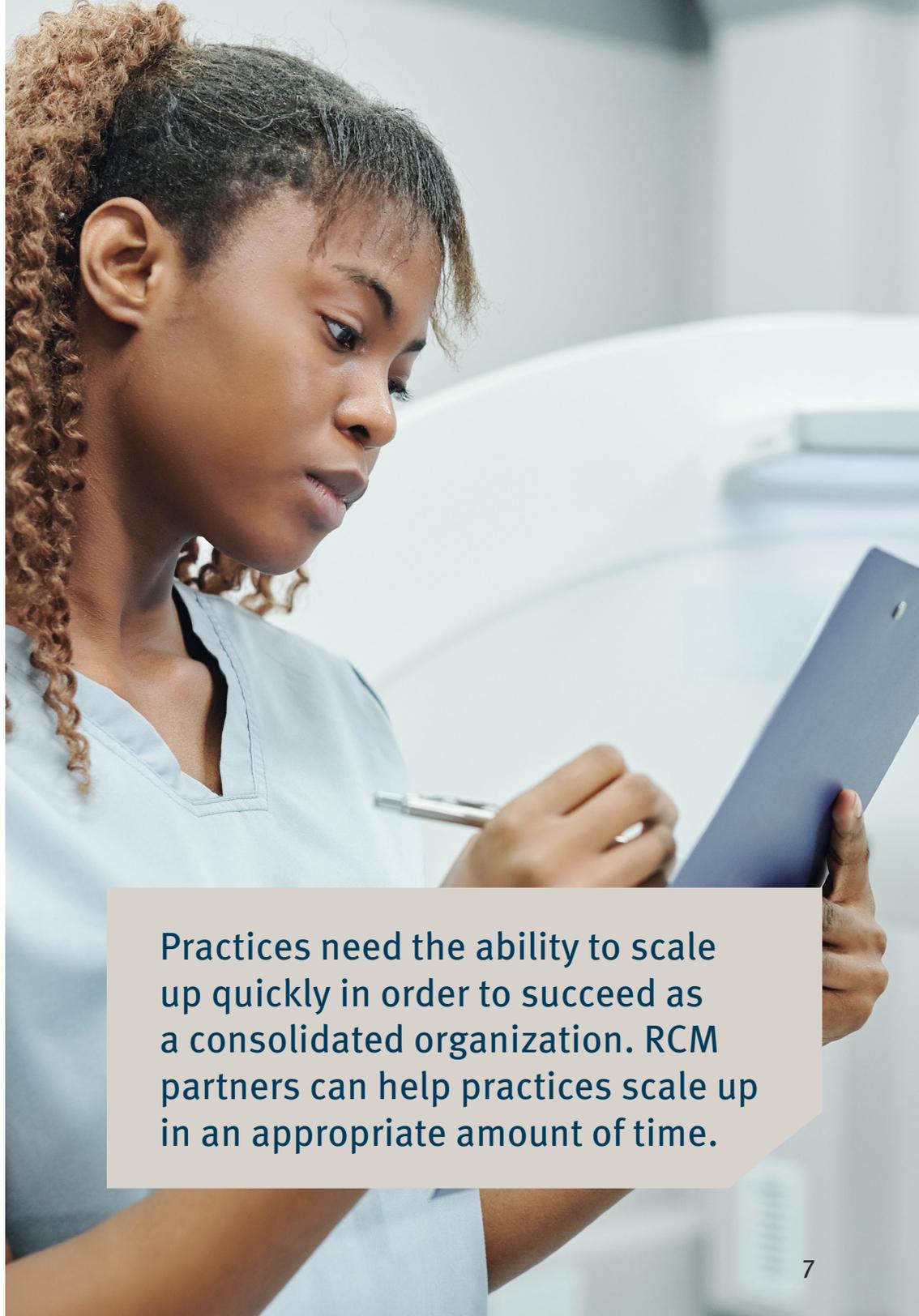
Practice consolidation may provide greater financial stability and revenue growth opportunities, but practice leaders should consider how RCM will look after a deal closes, Murtagh advises.

“In most specialties, many groups are growing through acquisition. They’re picking up small- to medium-sized practices and merging together,” Murtagh says. “So, how do you manage consolidation? Do we consolidate to one tax ID? Do we have multiple tax IDs? Do we have a central billing office? How do we communicate workflows and processes? You did it one way before but now you are part of a bigger entity. How do you work in the new ecosystem?”

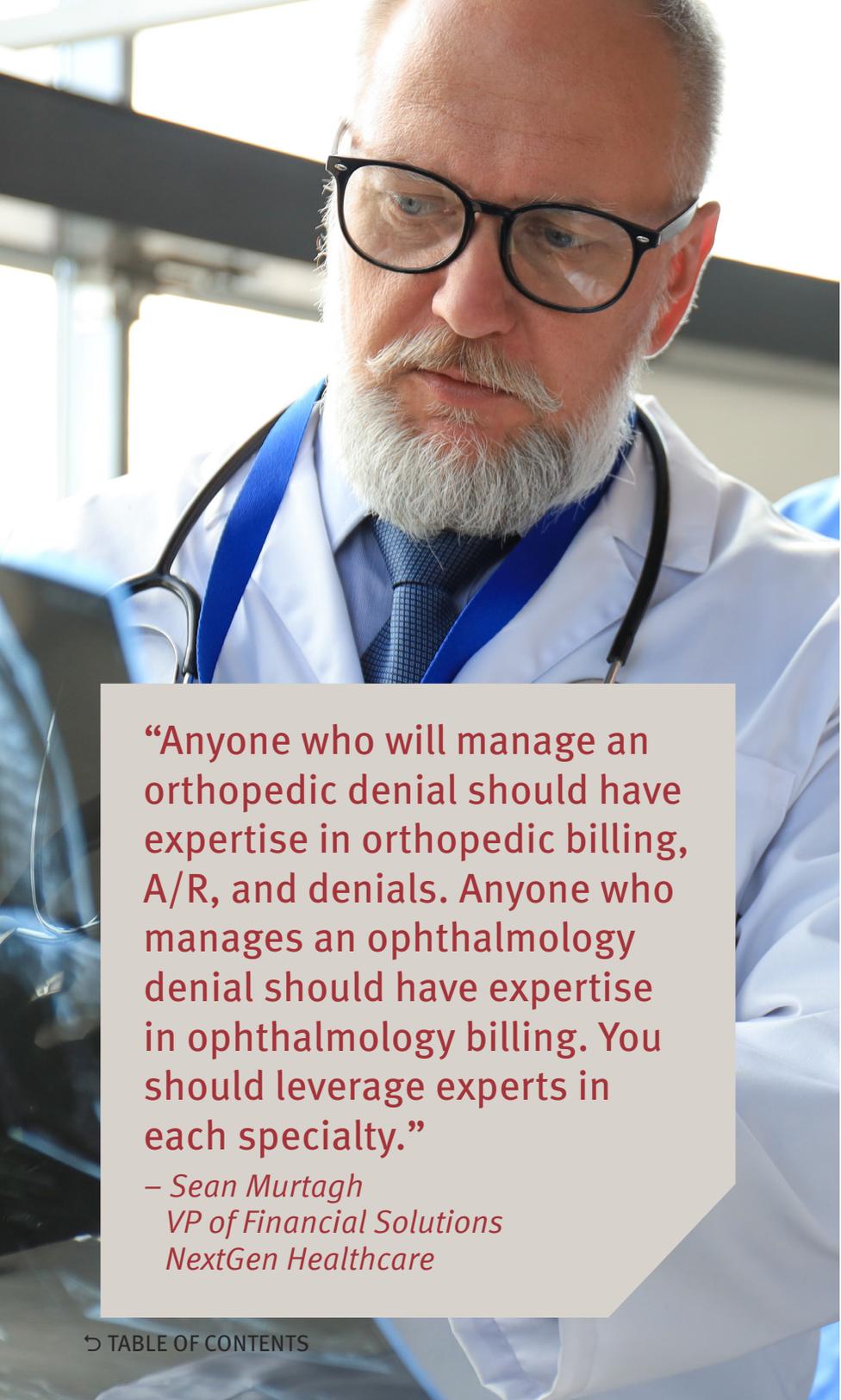
Answering these questions on your own is a major challenge. For example, practices may think a central billing office would work. However, finding qualified staff may be challenging. Staff recruitment and retention may be a major hurdle for physician practices in a job market that favors workers; consider that one survey found one in four Americans plan to leave their employer post-pandemic.⁷

Practices need the ability to scale up quickly in order to succeed as a consolidated organization. RCM partners can help practices scale up in an appropriate amount of time.

The right RCM partner should have the capabilities needed to support future growth in the face of common challenges, such as constantly changing payer rules, new state and federal requirements for medical billing, and limited access to human and technology resources.



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SELECT THE RIGHT RCM PARTNER

Even before the COVID-19 pandemic exacerbated longstanding challenges, healthcare leaders have been interested in revenue cycle outsourcing. For example, one survey found that demand for outsourcing of full RCM services increased by 48 percent from 2015 to 2019.⁸

The uptick in demand for revenue cycle outsourcing services has opened the doors for companies to offer and compete for services. But not all RCM service providers are created equal. In fact, one-third of provider organizations end up regretting their choice in revenue cycle outsourcing company, according to a 2019 KLAS market report. Provider organizations using full revenue cycle outsourcing services were more likely to be dissatisfied with their purchase.⁹

Specialty-specific services

The experience brought by the RCM services provider as well as knowledge of a practice’s specialty is extremely important to finding the right partnership. “Anyone who will manage an orthopedic denial should have expertise in orthopedic billing, A/R, and denials. Anyone who manages an ophthalmology denial should have expertise in ophthalmology billing. You should leverage experts in each specialty,” Murtagh states.

Your practice’s specialty dictates RCM workflows. The right RCM partner should thoroughly understand your specialty to avoid leaving money on the table. For example, an RCM partner should know how to code and bill for frequently administered specialty drugs. More generalized RCM service providers may not know how to maximize reimbursement.

Access to technology

One of the main reasons why practices choose to partner with a third-party organization for RCM is to access expertise and technology that would otherwise be unavailable to them.

Practices have implemented practice management (PM) technology to streamline processes and get paid quicker. While PM systems have been linked to revenue cycle KPI improvement, practices may get too comfortable with their system for their own good and fail to use it to its full potential. Most provider organizations are missing capabilities, using redundant technology, or managing conflicting systems.¹⁰

Partnering with the company that developed your PM software can help practices leverage technology to its full potential. Many developers of PM and EHR solutions offer RCM services.

Developers of PM solutions that also offer RCM services know the ins and outs of their technology. Therefore, they can improve implementation of the PM system. They can also give your practice better access to financial analytics.





An RCM partner will be able to provide specialty-specific knowledge and technology to deliver the capabilities your practice requires for optimal RCM.

Enterprise-level functionality

An RCM services provider should also support enterprise functionality to address the challenges associated with growing your practice.

“People are looking to have some flexibility with regard to customizing their databases. Enterprise-level organizations also want to have a single database that’s able to adapt to multiple practices,” Murtagh asserts.

“That’s a big thing today because, otherwise, you’re running several sets of reports, one for each practice. There is inefficiency there, so practices need enterprise functionality to have all information in one database. That is something that a CFO is concerned about. You need a single source of truth to be transparent.”

Transparency

The right RCM partner should be transparent. Practices should not expect to simply hand over RCM to another company. Practice leaders should seek a partner to optimize RCM while giving them deeper insights into how they run their business.

Overall, expertise and technology are just two components you should be looking for when outsourcing RCM. Ultimately, your practice should be seeking a partnership. An RCM partner will be able to provide specialty-specific knowledge and technology to deliver the capabilities your practice requires for optimal RCM. And the right partner will be invested in ensuring your practice’s success in the long term.



A PARTNERSHIP IN ACTION

Loden Vision Centers is a growing ophthalmology practice located in Nashville, Tennessee. The practice is not only growing its number of locations, but also in staff and services offered to patients. This growth is helping the practice deliver innovative care to patients. However, it has not come without some growing pains.

“We were having some really big surgery days,” says Matthew Pierre, CEO. “Six-figure surgery days—hundred-thousand-dollar-plus days thanks to LASIK eye surgery—but our bank accounts weren’t moving. Plus, we weren’t getting answers. We didn’t have insight into the billing process or our data and metrics.”

At a crossroads

Loden Vision Centers was already outsourcing RCM to a third-party company, but financial troubles persisted. Pierre faced a difficult decision as a new leader—keep the current vendor and work with them to improve performance, create a whole new internal RCM team, or switch to a new vendor.

Pierre decided to give the existing vendor a chance. But the same challenges, such as inappropriate billing practices and failure to receive payment for retina drugs, continued to cause the practice to lose money. Building an internal billing team after outsourcing RCM for many years also wasn’t a good option for Loden Vision Centers. The cost-benefit analysis of creating a team and finding an expert leader did not support this option.

It was then Pierre decided to look for a new RCM services provider. One that understood the practice of ophthalmology and could integrate with its existing technology platform.

Loden Vision Centers finds a new partner

Pierre chose to go with NextGen Healthcare for RCM services. His practice was already using the NextGen® Enterprise platform and peer references supported the decision to add RCM services.

“We needed to fix billing moving forward. We also had a lot of historical dollars left on the table,” said Pierre. “I realized if we signed up with



NextGen Healthcare, and began working with their team, we could chase those dollars, especially Medicare dollars going back a year.”

Pierre also valued NextGen® RCM Service’s financial analytics app, which provides access to the practice’s financial performance via smartphone.

Within a month of implementation, Loden Vision Centers’ payments were higher compared to the previous 12-month average, increasing by 32 percent during the period. The practice also observed decreases in billing lag (69 percent), payment lag (28 percent), and days in A/R (16 percent).

But the biggest change for Pierre was insight into the practice’s metrics. “We track metrics such as number of encounters, amount of charges, and collections on a daily basis. We can drill down by provider or location and look at any RCM data point.”

Success with NextGen® RCM Services

The decision to change vendors has transformed financial operations for Loden Vision Centers. Pierre expects improvements to continue thanks to the partnership NextGen Healthcare has formed with the practice.

“More than anything, NextGen Healthcare’s RCM team is a partner. They listened to me. They understood our situation was dire and acted quickly,” Pierre states. “Now this partnership extends further—helping identify the need for business process changes and improving long-term strategy.

When you view your RCM services provider as a true partner—that’s when you know you’ve made the right decision.”

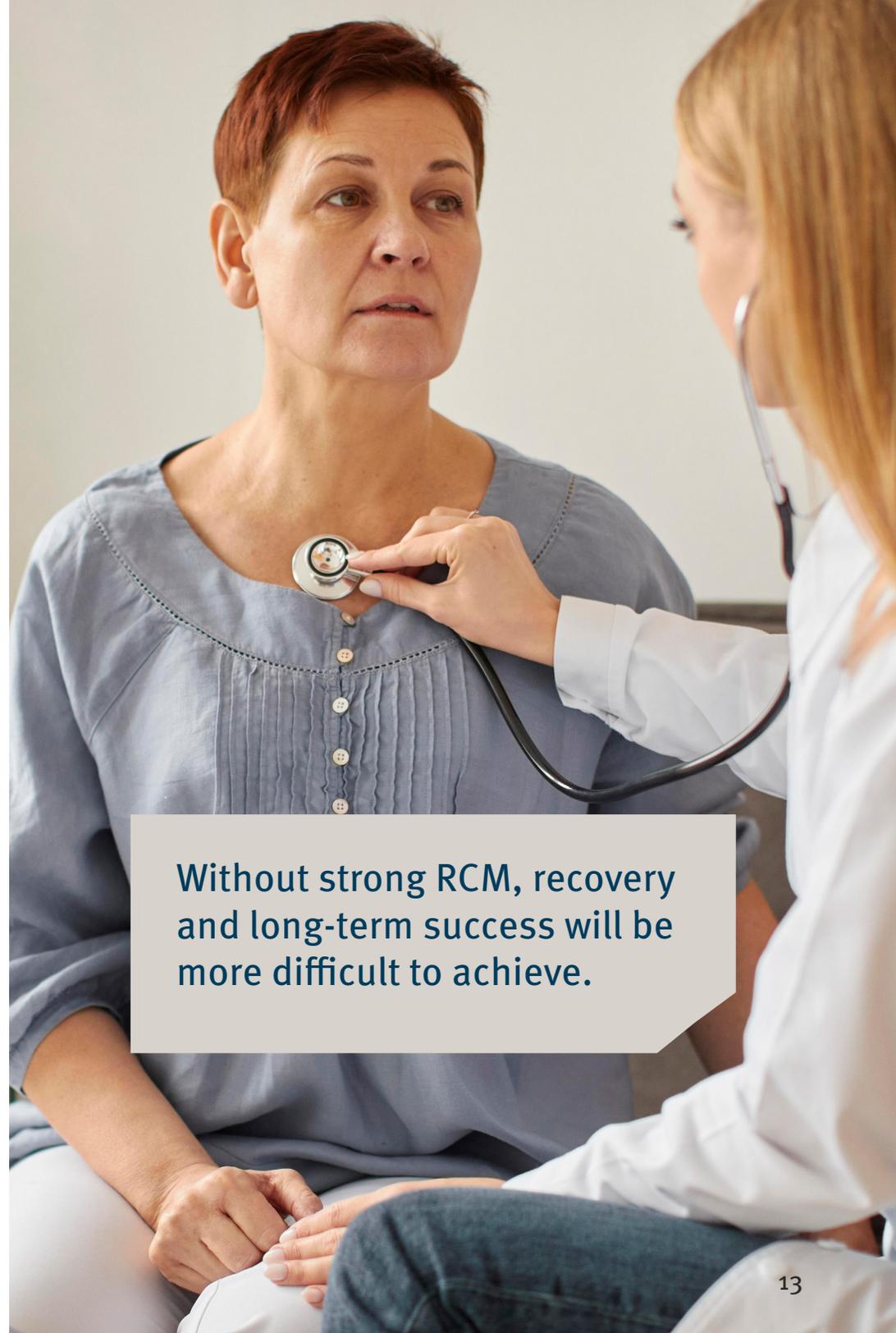
LONG-TERM SUCCESS WITH AN RCM PARTNER

Many practices face important decisions as they move along the road to financial recovery during the ongoing evolution of the COVID-19 pandemic and beyond. Practices leaders should be evaluating their financial standing to develop ways to improve RCM. Without strong RCM, recovery and long-term success will be more difficult to achieve.

The current climate may make building the right internal billing team challenging. The time and cost of recruiting qualified professionals will be a major obstacle for ambulatory providers, who must also compete with larger health systems for the same talent.

RCM vendors can help to optimize RCM, alleviating medical practices of the demands of building a large internal billing team. Many practices have also already tapped their expertise to help. However, practice leaders need to ensure they have a partner, not just a vendor, to ensure long-term success.

The right RCM partner will be able to achieve a faster, more effective revenue cycle by identifying missed revenue opportunities, preventing denials, increasing net collections, and reducing days in A/R. This will help improve the patient experience as well as lower cost for your practice.



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NEXTGEN RCM SERVICES

NextGen® Revenue Cycle Management Services employs sophisticated technology and an expert professional team to help your practice achieve a faster, more effective revenue cycle. Each practice's specific needs are addressed by a dedicated client manager with expertise in their practice specialty. Core functions—including claims submission, payment management, and credentialing—are centralized and managed using a centers-of-excellence approach.

“We are the largest user of our software, so we know how to set it up, we know how to fix it. We have developed proprietary technology to automate our own system,” says Sean Murtagh, vice president of financial solutions at NextGen Healthcare. “The support goes beyond just the product. We’re taking it to the next level to automate functions to make RCM more efficient. We’re always constantly training our people on how to maximize payment.”

NextGen Healthcare technology and services also support automation of routine tasks. You can automate reports and statements; billing; claims; collection and recall letter generation; eligibility and claim status requests, and more. This will make a huge difference in the financial viability and long-term success of your practice.

Automation, financial analytics, and specialty-specific expertise create a tailored, transparent solution for your practice. Armed with this resource, practices have seen faster payments, higher percentages of clean claims, and reductions in A/R days. They have also gained access to financial data and insights that enable them to grow and capture new sources of revenue.

A trusted RCM partner can turn RCM into a strength for your practice, while enabling your plans for growth and care delivery.

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NextGen Healthcare offers many options to support effective practice management and medical billing. You earned the money—now optimize collections with a faster, more efficient revenue cycle.

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