Physician Group Revenue Cycle Management

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Executive Summary

Methodology

In June 2019, The Health Management Academy conducted a quick-hitting survey of Leading Health Systems to better understand revenue cycle management (RCM) strategies for professional services, or services provided by employed physicians and other clinicians outside of the hospital facility. The 17 responding financial executives represent health systems with an average Total Revenue of $8.1 billion that own or operate 193 hospitals and have approximately 2.2 million admissions per annum. Participating executives represent Chief Financial Officers (CFOs) of Physician Groups, Chief Revenue Officers (CROs), Senior Vice Presidents of Revenue Cycle Operations, and Vice Presidents of Finance, among others.

Key Findings

- Health system physician groups strive to centralize billing and coding operations under a single leader, with 81% offering centralized billing and coding services today.

- Many health system physician groups currently operate billing and coding services in-house (59%) or through a hybrid outsourcing model.

- Physician groups find outsourcing coding staff and technology as the most appealing.

Results

As the industry continues to consolidate, health system executives are evaluating their RCM strategies across all service lines and employed physician groups.
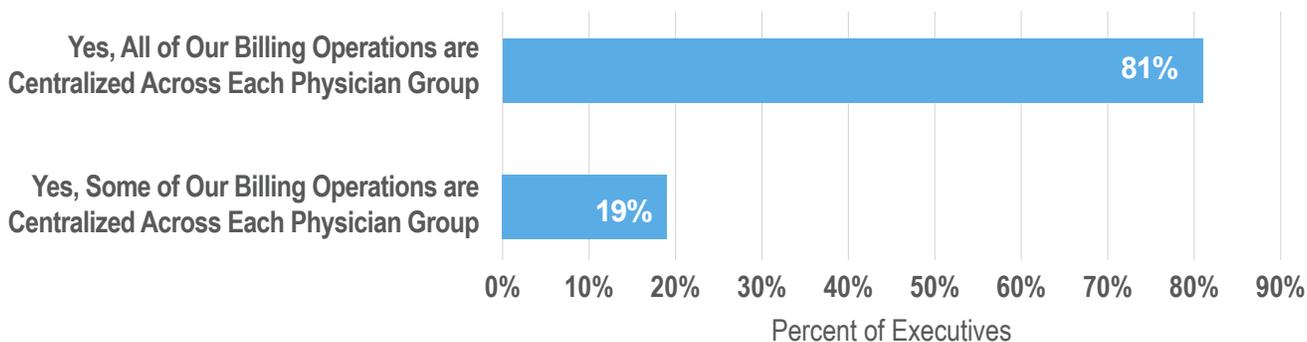
Health systems and their physician groups are aligned on top RCM challenges, with the majority encountering payer relationship management (63%), staff expertise and training (56%), and data management or infrastructure (50%) as top challenges (Figure 1).

Figure 1. What are the top challenges you face when implementing Revenue Cycle Management (RCM) across physician groups?
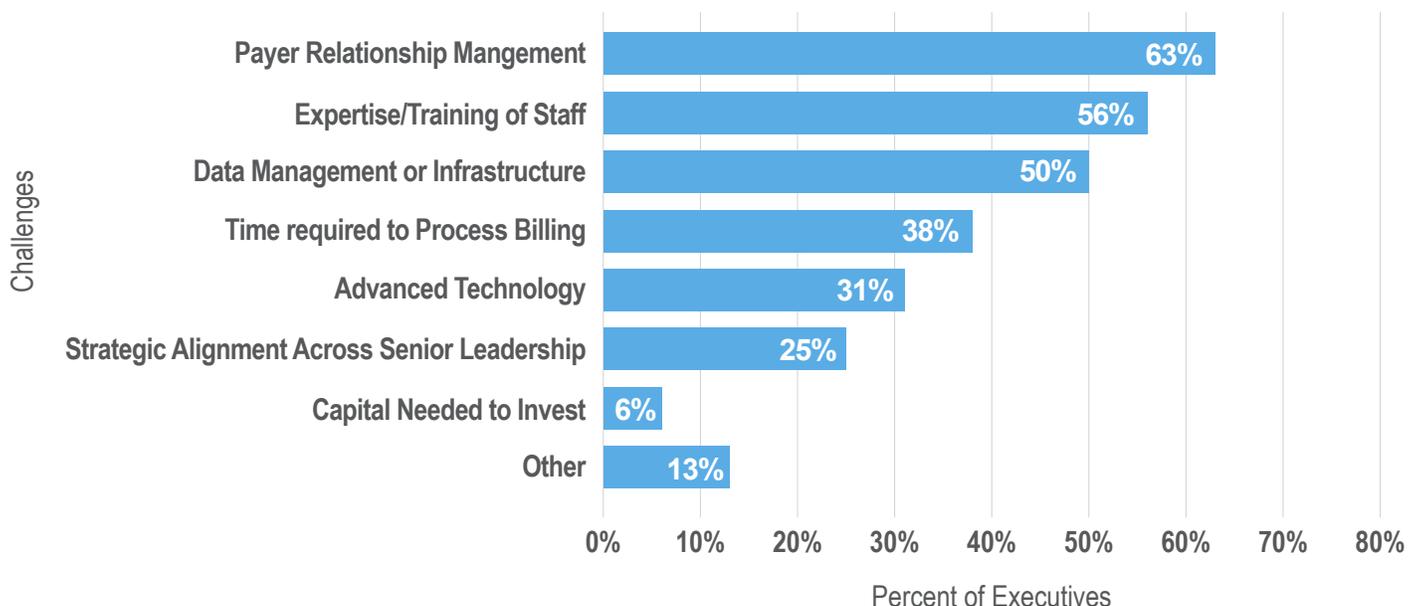
Consolidation and centralization of billing and coding is common among health system physician groups. Most physician groups surveyed (81%) have centralized their coding and billing operations, irrespective of the hospitals' billing operations (Figure 2). Of those that don't currently offer centralized services today, most plan to centralize leadership and decision-making across physician and hospital RCM business offices in the next 3-5 years. For certain service lines, such as emergency medicine and radiation oncology, billing operations are tied to hospitals rather than physician groups given the nature of the hospital-based services rendered.

Figure 2. Are billing operations for employed physicians centralized across your physician groups?
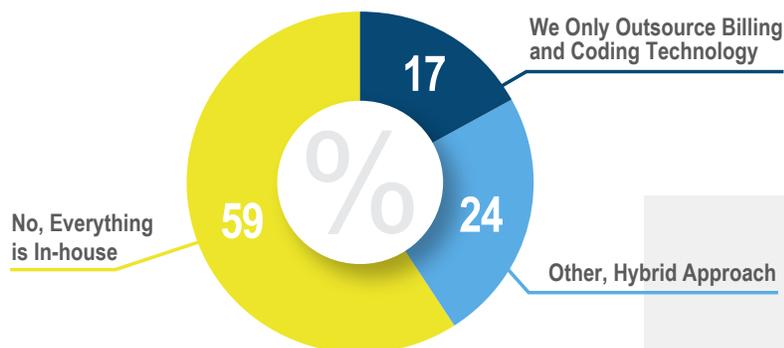

"Our goal is to centralize in each physician group first. Health systems are evolving to offer a single patient billing office. Most people centralize offices but may have one person that oversees everything. We have found this type of leader is hard to find." **– Chief Financial Officer, Physician Group**

Most health system executives find centralized billing integral to improving the patient financial experience. Though most physician groups have centralized their own RCM, it is often still separate from the hospital RCM. Separate coding and billing results in patients receiving multiple bills, causing frustrations for both patients and health systems. As health systems pursue unified billing to improve the consumer experience, financial executives strive to align hospital and physician groups billing efforts and RCM as a whole. Furthermore, most systems operate managed care operations and negotiations with payers separate from RCM. If merged together, many health system executives expect more streamlined collections processes and higher collection rates.

Physician groups are split on the value of outsourcing RCM. Across most health system physician groups surveyed, many operate most of their RCM services in-house (59%) or pursue a hybrid approach by outsourcing select components (Figure 3). The most appealing components to outsource include coding staff and technology.

From a technological perspective, most physician groups surveyed tend to leverage health system EMR and RCM add-ons for coding and billing

Figure 3. Do you outsource all labor and technology for coding and billing of professional or facility fees?

functions. Most physician groups pay health systems for access to their EMR, and purchase add-ons for physician billing and coding operations. Commonly cited add-ons include patient out-of-pocket pre-estimation tools and scheduling tools.

Finally, across most participating health systems, measuring cost-to-collect across all RCM operations is typically only performed if that health system is vetting different RCM vendors. Of those health systems that do measure their cost-to-collect internally, this measurement is typically used to benchmark against their own performance. Health systems are aware that a common definition for cost-to-collect does not exist across the industry and are weary of benchmarking with other health systems.