

PLUTUSHEALTH

— Excellence in Healthcare Revenue Cycle Management



Importance of Revenue Cycle Management in Healthcare: Business, Facility and Patient Benefits

Revenue cycle management optimizes every step of customer billing and payment processing. That leads to higher revenue and lower costs. RCM also allows you to simplify processes, reduce claim denials, and improve the patient experience

Why Is Revenue Cycle Management Important in Healthcare?

Revenue cycle management helps healthcare organizations get paid for patient services. It reduces errors in the healthcare authorization process. It smooths out the billing and collections process. And it improves care for patients.

The goal of good revenue cycle management is to:

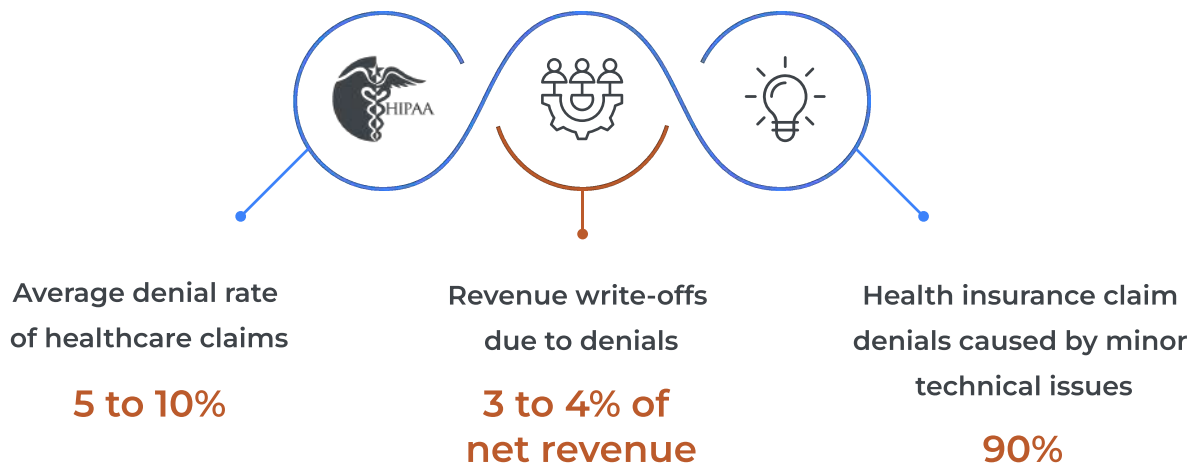


Increase healthcare facility revenue

It does this in many ways, including increasing efficiencies in accounts receivable collection and decreasing errors that otherwise lead to lost income.

Studies show that minor technical issues cause [90% of health insurance claim denials](#). An example is missing information in a patient's chart. Good revenue cycle management can prevent those issues. Studies have also shown that the average hospital can [increase its annual revenue by \\$5 million](#) through claim denial prevention.

Problems With Collecting Revenue Owed to Healthcare Organizations





Simplify and streamline processes

Good RCM allows your organization to create an overall strategy for more efficient processes. These processes start with a patient first requesting an appointment and continue through your organization collecting final payment. RCM results in less wasted effort, resources, and errors.



Increase revenue cycle visibility

An important benefit of RCM is that it allows your organization to examine data and [track metrics on your revenue cycle](#). This will enable you to see inefficiencies and problems and correct them.



Give a healthcare organization an advantage over competitors

Good RCM can provide your organization with a competitive advantage. More efficient revenue cycle processes mean your organization can improve patient care and better satisfy patients.

Mark Thompson, Vice President of Revenue Cycle with Advanced Urology, an [Atlanta-based physician practice group](#), says good RCM offers many benefits.

It especially helps a healthcare organization's bottom line



Mark Thompson

VP REVENUE CYCLE

"Good revenue cycle management expands revenue and decreases costs at the same time," Thompson says. "So, it's really pulling both of those levers."

The 17 Benefits of Healthcare Revenue Cycle Management

RCM provides many benefits to healthcare organizations. For example, it reduces errors and payment denials from insurance companies and government payers. It improves efficiencies, reduces costs and increases revenue. It also improves patient care.



Here is a comprehensive of all the benefits of healthcare revenue cycle management:



Reduces errors

RCM significantly reduces errors in the authorization and claims preparation process. It also can detect any errors and fix them quickly. This allows quicker payment. It also reduces costs, as the organization doesn't need to spend time and resources detecting and correcting errors further into the process.



Points out missing information in patients' charts

Many insurance denials can come from missing information about the patient, procedure, or treatment. RCM ensures the healthcare organization submits all appropriate information about the patient and treatment.



Reduces denials

RCM significantly helps organizations in denial management by reducing errors and providing all needed information. It reduces claim denials by both insurance companies and government payers.

Problems With Collecting Revenue Owed to Healthcare Organizations



The U.S. spent about **\$3.8 trillion on healthcare** almost **\$1 trillion** was administrative work

Study estimated that insurance companies and government payers denied about **10% of submitted claims**

Study estimated that half of healthcare administrative costs were **wastefully mismanaged**

The average denial rate of healthcare claims is 5 to 10%, according to an online educational module titled “Five Key Metrics for Financial Success in Your Practice” from the American Academy of Family Physicians. Also, [revenue write-off adjustments because of denials amount to 3 to 4% of net revenue](#) for healthcare providers. Revenue Cycle Advancement Center’s 2017 Hospital Revenue Cycle Benchmarks study found that insurance companies and government payers denied about one in every ten submitted claims.

Thompson says good RCM focuses “on things like how can we put good claim edits in place so that when our coders and our billers are submitting claims, they’re submitting the cleanest claim possible to reduce the chance of those denials on the back end. So, good RCM is really just making sure that you have all the right processes and controls in place so that you know what the issues are before you get those denials.”



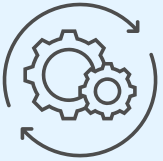
Increases claims paid on the first submission

RCM helps healthcare organizations reduce errors and provide all needed information in their first claim submission. That means more claims get fully paid on that first submission.



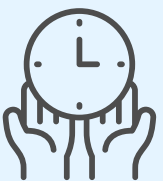
Increases organizational efficiency

Good RCM allows healthcare organizations to improve and automate various tasks they may have tried with different systems and departments. RCM makes the entire process more effective and efficient.



Simplifies processes

Effective RCM processes are more efficient and user-friendly for healthcare providers and administrators, reducing the need to repeatedly deal with insurance companies' inquiries about denied claims over weeks or months.



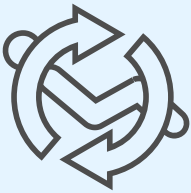
Decreases administrative burden and saves staff time

RCM reduces the administrative burden on healthcare organizations by simplifying processes and increasing efficiencies, freeing up staff from tasks such as claim denials, appointment scheduling, intake information collection, and payment processing. “This reduces the need for back-end staff to engage in busy work related to fighting denials”, according to Thompson.



Speeds up revenue collection processes

Effective RCM accelerates payment collection for healthcare organizations by automatically tracking payments due and increasing the likelihood of on-time payments, which is particularly crucial with the rise of high-deductible insurance plans that often require full payment from patients, taking longer than from insurance companies.



Reduces over treatment

Medical providers can sometimes “overtreat” patients by ordering too many tests or other services that aren’t necessary or helpful. RCM processes monitor and reduce this.



Reduces healthcare fraud

Inaccurate billing – intentional or unintentional – can lead to fraud investigations of healthcare organizations. RCM focuses on accuracy in coding, data collection, and billing. This helps prevent inaccuracies or problems that can lead to fraud or fraud investigations.



Reduces patient fraud

Patient fraud is a growing issue for healthcare organizations, with patients misrepresenting insurance coverage or using someone else's personal information, such as Social Security numbers, to obtain medical services. This is called medical identity theft.

Good RCM includes verification and authorization to reduce the chance of fraud significantly.



Enables greater visibility of process problems and inefficiencies

RCM helps healthcare organizations identify and address issues, recurring mistakes, and inefficiencies in insurance authorization and revenue collection processes, facilitating revenue cycle process improvement and adherence to RCM best practices.



Improves patient care

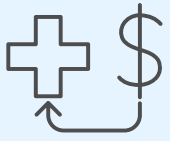
RCM improves revenue collection, patient care, and resource allocation, while ensuring appropriate provider and treatment selection from the patient's initial contact with the healthcare organization.

“I really think that with good clean (RCM) scheduling up front, that's really what sets this whole machine in motion moving in the right direction,” Thompson says. Correct appointment scheduling with the right doctor and procedure allows the patient care team to initiate care in the right direction.



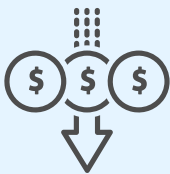
Enhances patient experience

Beyond improving treatment, RCM can improve the entire patient experience with a healthcare organization. It simplifies making an appointment, finding the right provider and answering insurance questions, among other things.



Can help healthcare providers transition to value-based reimbursement practices

The U.S. healthcare industry is shifting towards a value-based reimbursement model, which emphasizes payments based on overall patient health instead of specific services provided. RCM aids providers in this transition by analyzing patient data to ensure that the organization delivers the best possible care.



Reduces costs

RCM simplifies processes and increases efficiencies. It reduces administrative work and errors. And that all means it reduces costs for healthcare organizations.

Government data showed that the U.S. spent about \$3.8 trillion on healthcare in 2019. Almost \$1 trillion of that was on administrative work. A 2021 McKinsey & Company study found that simplifying and automating certain activities – including payment transactions and patient services, which RCM does – could save the healthcare industry \$265 billion per year. That's \$1,300 for each adult in the U.S.



Increases revenue

RCM reduces insurance denial of claims. It reduces errors and makes revenue collection more efficient and effective. All that, along with other process improvements that RCM brings, increases revenue for healthcare organizations.

Whether organizations perform RCM with internal staff or outsource it to RCM experts, “you can way out-perform on the revenue side,” Thompson says.

Thompson says that even a 0.5% improvement in revenue collection for an organization that bills tens or hundreds of millions of dollars is significant money. But good RCM helps smaller organizations as well.

“I think the benefit of good RCM is that you’re going to collect closer to 99 or 100% of the revenue that you are legitimately owed.”

How RCM Affects Each Step in the Revenue Cycle



RCM can improve every step of the revenue cycle. It improves how organizations get information from new patients. It confirms patient insurance. And it improves how organizations get proper approval for treatment, among other benefits.

Here are details on how RCM can help at every step in the revenue cycle:



Provider credentialing and eligibility confirmation

Insurance companies and government payers require a healthcare provider to have proper credentials and be eligible to provide services. RCM processes help organizations ensure credentials and eligibility.

Pre-authorization and verifying eligibility for patients

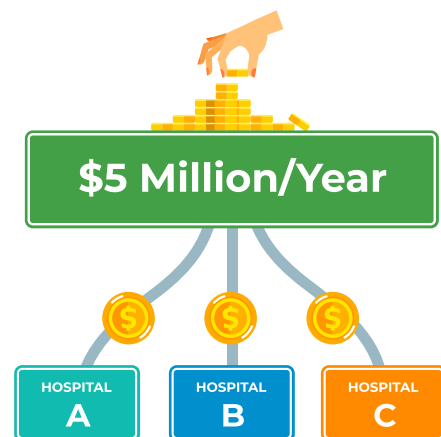
When a patient makes an appointment with a healthcare provider, the provider collects information from the patient, including any health insurance coverage. Denials occur later in the process because of inaccurate information at this step.

“There are certain denials that rear their ugly head on the back end — that stem from poor patient registration, poor scheduling, bad verification of eligibility,” Thompson says. “And really, those are some of the most insidious denials because those are the ones that oftentimes can't be overcome.”

RCM helps the provider collect that information accurately and verify coverage with the insurance company.

How Good RCM Can Help

The annual Revenue Increased by Average Hospitals Through **Claim Denial Prevention**



Proper coding of medical services

When a healthcare organization provides medical services, it must provide the proper code to insurance companies and government payers for those services. Every specific treatment and service has its own code that helps determine what insurance companies or the government will pay for that service.

Many mistakes happen with those codes, which lead to denials of payment. RCM helps ensure that providers give appropriate codes.



How Good RCM Can Help

Study found that simplifying and automating certain administrative activities could save the healthcare industry

\$265 billion/yr



That's
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for each adult in the U.S

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Claim submission

After a healthcare organization has provided treatment and determined the proper code, it sends the claim to the insurance company or government payer for payment. RCM ensures this process happens quickly and accurately.



Claim management

After the healthcare organization submits the claim, it must continue tracking and managing it. Among other things, it must track and resolve any delays, questions on the claim, or denials from the payer. Delays in that process can mean delays in payments or no payments at all. The healthcare organization also must note any payments on the claim. RCM is integral in helping organizations track and manage this process.

Payment collections

After the payer has approved the claim, it sends payment to the provider. The healthcare organization must track that payment. It must also reach the patient for any co-pay due for the medical service. And it must track the collection of that payment.

Analysis and review

Healthcare providers should continually analyze all treatment and claim data. This will help them understand any obstacles to quick and appropriate payments. RCM services and software help providers perform that data analysis. And good RCM also prevents most process problems that can happen without RCM.

Benefits of Revenue Cycle Management by Step

Revenue Cycle Step

How Good RCM Helps

**Provider
Credentialing**

RCM ensures providers are properly
credentialed and eligible to provide
services

**Verification of
Patient Insurance**

RCM collects and confirms health
insurance information from patient

**Coding of
Medical Services**

RCM ensures proper coding for each
treatment or medical service

**Claims
Submission**

RCM ensures quick and accurate
claim submission

**Payment
Collections**

RCM tracks and ensures efficient
payment collections

**Analysis and
Review**

RCM helps healthcare organizations
continually analyze and improve their
revenue collection processes

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Challenges of Revenue Cycle Management

The challenges of revenue cycle management revolve around constantly changing rules. It takes time and expertise to keep up with evolving government and insurance company rules. Also, human error still causes problems even in good RCM systems. Patients may provide wrong information, or the staff may make mistakes.

Independent RCM expert organizations are especially adept at dealing with and [helping providers overcome some of the most common revenue cycle roadblocks](#). For that reason, many organizations outsource much or all RCM work to RCM experts.

Efficient Revenue Cycle Management Outsourcing

Plutus Health offers [full-cycle RCM services](#) to help our clients simplify their processes, [lower their payer denial rate](#), [improve collections](#), and [increase revenue](#). We have created a unique process that combines machine learning technology and robotic process automation to ensure we efficiently address our clients' most difficult challenges.

We tailor our strategies to the revenue challenges of each client, all while decreasing your overall overhead costs. We also are committed to helping our clients save money, so we are adept at integrating with a client's existing software. Schedule a [Free RCM Assessment](#) to find out if your current revenue cycle management process is fully optimized. Organizations use revenue cycle management, or RCM, to ensure effective billing and payment processing. Various industries use RCM. But it is most common – and essential – in the healthcare field. RCM provides revenue benefits that drive success.

