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WHY COLLABORATIONS ARE ESSENTIAL TO THE FINANCIAL FUTURE OF HEALTHCARE

By Isaac Sieling and Andrew Grobmyer

Healthcare organizations of all sizes have been on an improvement journey that prioritizes, among other goals, higher-quality care at a lower cost. According to **research from Huron**, cost reduction and optimization are the No. 1 concern for healthcare organizations in the next three to five years. Already burdened by financial woes, the disruption of COVID-19 has pushed financial stability even further out of reach. At the same time, leaders expect to continue advancing big transformational goals, many of which were already in play before the coronavirus pandemic.

To keep pace with competition, survive crisis-related disruption and continue fulfilling their missions, healthcare leaders are rethinking their strategies to stabilize financially without losing ground on long-term transformation.

Leaders' overloaded agendas are forcing them to look realistically at what their organizations can achieve alone versus relying on outside business relationships that they know will help alleviate their toughest challenges faster.

For many, that will mean leaning more on managed services, outsourcing or other strategic partnerships to **change cost structures, drive revenue growth** and **ultimately transform care**. And just like all other aspects of healthcare, those strategic business relationships must evolve to be more agile while delivering deeper value.

Margin, Mission and Transformation: Building Better Collaborations

For years outsourcing and managed services models have produced efficiencies and scale that add up to significant financial savings for healthcare organizations. However, in today's healthcare landscape, healthcare organizations are becoming more complex while seeking to operate more seamlessly across the care continuum. To silo any part of their operations could thwart transformation, and fully transactional relationships do little to support leaders' visions for the future of their healthcare organizations.

New, more holistic models are emerging that generate the performance improvement and financial stability organizations need without sacrificing the focus on organizationwide goals, mission and culture. Traditional transactional outsourcing may work for some targeted areas of operations, but more relational, hybrid models will be the most effective way to accelerate the results of crucial business functions while also supporting an organization's broader ongoing transformation.

At one academic medical center, leaders committed to this type of collaborative model, putting trust in the expertise of a team that can help them prepare for growth while weathering business disruption. Their approach combines the rigor of a high-performing revenue cycle team with a shared vision around patient and consumer loyalty, engaged employees and a vision for long-term transformation.

Where to Start: Why Revenue Cycle Is Ready for New Relationships

At the heart of any healthcare organization's plan to rein in cost, accelerate revenue and regain a financial foothold is its revenue cycle management. Forward-thinking financial leaders are making moves now to prepare for continual economic uncertainty. That includes being ready to respond to ongoing transformational trends that can propel their businesses into the future of healthcare.

Among the biggest trends affecting how work gets done within the revenue cycle are automation, a shift to remote operations, and outsourcing partnerships. The emergence of the trends together makes sense as healthcare faces both the demand for transformation and ongoing crisis management at the same time.

It also makes the revenue cycle an ideal springboard for new ways of operating that bring together talent and expertise from inside and outside the healthcare organization. Healthcare financial leaders need and want more from their systems, technology and talent, but often lack the time, resources or in-house expertise to optimize every part of their business. Moreover, aligning on-the-ground operations to pivotal trends such as automation and remote workforces while realizing efficiencies and financial return takes a significant investment in infrastructure, including technology and talent.

Before the coronavirus pandemic, most organizations did not have the structure to fully support remote workforces. Now leaders face the challenges of improving performance, sustaining culture and reducing cost in a virtual environment. Seeking collaborations to carry some or part of the operational load will be critical to maintaining the momentum behind this major cost-saving trend.

The Tech Effect

Technology strategy, now more than ever, should be a major consideration for any new collaboration, whether fully outsourcing the revenue cycle organization or selecting vendors for a portion of its functions. In the last decade, healthcare organizations made huge investments in their current systems, especially electronic health record (EHR) platforms, yet technology-related inefficiencies continue to frustrate the industry. Additionally, clunky, inefficient software has been a pitfall of past outsourcing relationships, particularly in revenue cycle optimization.

Organizations can't afford to waste time and resources on new technology simply because it's the next new thing. Their ability to realize quick returns on vendor or outsourcing investments depends on how well their partners understand and can leverage their technology stack. In the future of healthcare, collaborations should be designed to optimize current systems and address the interoperability of EHR platforms. This enables smarter business decisions about when to layer in technology that truly aligns to the organization's goals.

Evolving Talent and Training in Revenue Cycle

Whether fully insourced or outsourced, the sustainability of the revenue cycle hinges on talent. Yet, for many health systems, years of status quo operating has stagnated its workforces' skill sets. Revenue cycle employees, or more importantly leaders, are struggling to support trends like shifts to value-based care, consumerism and integration with enterprise technology. Universally, organizations are experiencing a shortage of talent while also understanding they can't hire for the same skills that they did five years ago. The revenue cycle employee of the future is a data-driven problem solver who understands the patient financial experience and the consumer side of healthcare. To that end, a rethinking of how to upskill and retrain revenue cycle teams is needed, and organizations will have to evaluate if their internal capabilities will be sufficient.

Exploring collaborations that prioritize professional development, training and change management provides a foundation to make change stick and helps organizations build the culture to support continual improvement.

Key Takeaways

Healthcare leaders are rethinking the strategies that will help them stabilize financially without losing ground on long-term transformation.

Think differently.

Reevaluate traditional ideas of who runs your busines operations; new strategic partnerships and employee skill sets are paving the way for transformation.

Plan differently.

Invest in business relationships that can accelerate the results of crucial business functions so that leaders can focus on broader transformation goals.

Act differently.

Seek collaborations to carry some or part of the operational load to harness the momentum behind major cost-saving trends.

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