

TIME FOR CHANGE

# Why the Opportunity to Optimize RCM Is Now

A guide for community health centers.

nextgen<sup>®</sup>  
healthcare

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Community health centers are the backbone of delivering care to underserved, underinsured communities—but inadequate revenue cycle management (RCM) can get in the way of stability, growth, and success. Small to medium-sized health centers 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.

**This guide will help you better understand how your health center can overcome financial challenges and develop a stronger RCM foundation.**

# WHY IS RCM A CHALLENGE?

Community health centers are known for their ability to deliver high-quality, affordable care. A high-performance health center provides 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 community health centers may struggle, large health systems may excel. RCM is one area where health systems tend to outperform community health centers.<sup>1234</sup>

## 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, or lack thereof, 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 needed for a smooth, fast revenue cycle; however, this can be a challenge for health centers dedicated to delivering highly personalized, quality care at an affordable price.





The sheer complexity of the healthcare revenue cycle and the economic changes, such as those wrought by the COVID-19 pandemic, have left even the most financially secure health centers struggling to maintain smooth operations.

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## COVID-19 sparks change

More community healthcare 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 provide community health centers 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 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 for part or all of the revenue cycle, is key to success. Not all companies or vendors can deliver on the benefits of RCM outsourcing. Some health centers have learned this the hard way.

# WHEN SHOULD YOU LOOK FOR A NEW RCM PARTNER?

There are two major reasons why your community health center 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 healthcare organizations financially.<sup>5</sup>

Medical Group Management Association (MGMA) found that, on average, patient volumes at healthcare 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. Community health centers 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 healthcare providers need an RCM strategy to achieve three goals:

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





“Healthcare providers still haven’t mastered RCM because there are so many changes that occur. Whether it’s staff, payers, or the 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.

“Healthcare providers still haven’t mastered RCM because there are so many changes that occur. Whether it’s staff, payers, or the 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 provide 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. Growth

Community health centers 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.

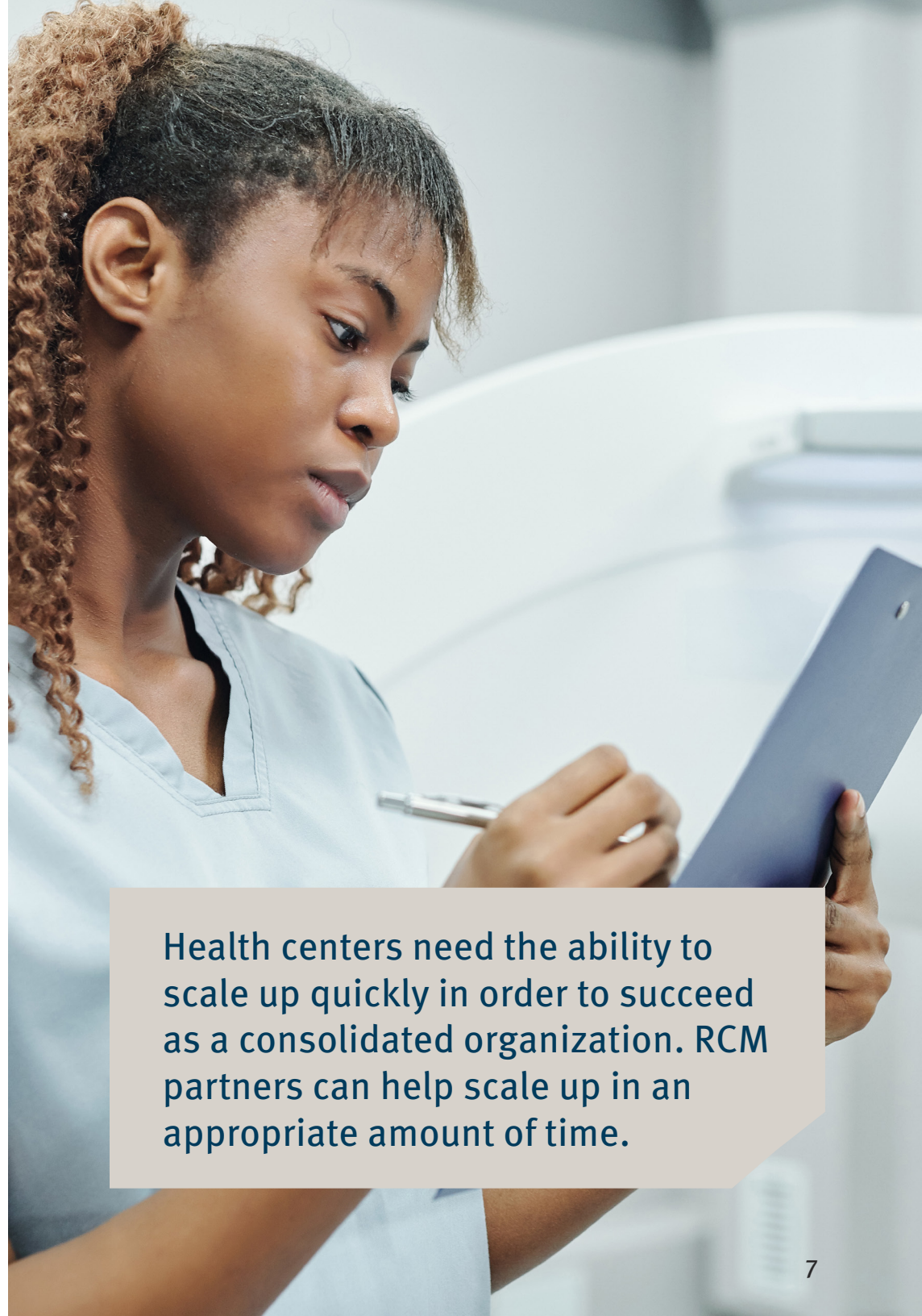
Health center consolidation may provide greater financial stability and revenue growth opportunities, but community health leaders should consider how RCM will look after a deal closes, Murtagh advises.

“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, Health centers 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 health centers in a job market that favors workers; consider that one in four Americans plan to leave their employer post-pandemic.<sup>6</sup>

Community health centers 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 long-standing 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.<sup>7</sup>

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 the 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.<sup>8</sup>

### Specialty-specific services

The experience brought by the RCM services provider as well as knowledge of various specialties 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.

Specialty dictates RCM workflows. The right RCM partner should thoroughly understand your various specialties 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 community health centers choose to partner with a third-party organization for RCM is to access expertise and technology that would otherwise be unavailable to them.

Community healthcare providers have implemented practice management (PM) technology to streamline processes and get paid quicker. While PM systems have been linked to revenue cycle KPI improvement, health centers 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.<sup>9</sup>

Partnering with the company that developed your PM software can help your health center 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 health center requires for optimal RCM.**

## **Enterprise-level functionality**

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

“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 clinics,” Murtagh asserts.

“That’s a big thing today because, otherwise, you’re running several sets of reports, one for each clinic. There is inefficiency there, so health centers 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. Community health centers should not expect to simply hand over RCM to another company. 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, you should be seeking a partnership. An RCM partner will be able to provide specialty-specific knowledge and technology to deliver the capabilities you require for optimal RCM. And the right partner will be invested in ensuring your health center’s success in the long term.



## A PARTNERSHIP IN ACTION

**Shawnee Christian Healthcare Center** provides a comprehensive array of services to address physical, emotional, psychological, and spiritual needs of the residents of the Shawnee neighborhood in Louisville, Kentucky. Achieving these goals requires not only the commitment of doctors, nurse practitioners, medical assistants, and other providers but also a dedicated billing and medical coding staff to manage the intricacies of running a federally qualified health center (FQHC). In addition, another factor is invaluable—a strong partnership with a revenue cycle management (RCM) services provider.

### THE CHALLENGE

**Wendy Grimes** is the revenue cycle coordinator for Shawnee Christian Health Center. She describes the situation in the back office when she began working about 5 years ago.

“It was a mess,” says Grimes. “There were a lot of lost payments and miscommunications. To find information I needed, I would have to rummage through file cabinets or ask someone—except the person who had the information no longer worked here.”

### THE RESULT

#### Establish the relationship

Shawnee Christian Health Center became a NextGen Healthcare client in May 2017. Grimes recalls that it took a little time to build effective communication between her team and NextGen® RCM Services, as each team had its own professional lingo.

“But we migrated pretty smoothly and got up and running,” says Grimes.

Grimes values the partnership she has developed with Christina Gerrets, senior manager for RCM Client Management at NextGen Healthcare.

“Christina and I have a great working relationship,” says Grimes.

#### Set priorities

“Our first step,” recalls Grimes, “was to set priorities and become more organized.”

With so many issues that needed to be tackled, Gerrets advised selecting five items to focus on first. They developed a plan to put items in categories and prioritize them. Then they began sorting through tasks—determining which problems needed to be addressed by the front desk team, which by the payment team, and so on.

“Over time, we were better able to retrieve payment information. We were able to know exactly who spoke to our patients, what was decided, and what needed to be done,” said Grimes.

## A pandemic strengthens a partnership

Everything was going as smoothly as can be expected when managing accounts receivable (A/R) for an FQHC. Then the COVID-19 pandemic hit. The pandemic was hard on everyone in healthcare, FQHCs included. However, the experience strengthened the partnership between Shawnee Christian Healthcare Center and NextGen RCM services.

Early on in the pandemic, according to Grimes, the only information on coding and billing available was targeted to private family practices. There was no specific information available for FQHCs.

“NextGen RCM Services helped us determine what codes we needed to use, which carriers provided coverage, and which diagnoses were covered.

“I’ve done coding and billing for many years and have taught it as well. Even so, when you have so many things thrown at you from all directions at once, it’s a huge challenge. It’s very helpful to have a partner like NextGen RCM Services.

**“There are checks and balances in place that neutralize the effects of potential errors.”**

NextGen RCM Services also helped by sharing information about how other practices resolved the challenges they faced, connecting Grimes to peers at other FQHCs and billing professionals at NextGen Healthcare; providing support to get telehealth up and running; and streamlining processes to prepare for vaccine administration.

## The rap on wraps

Grimes and Gerrets work together to track key performance indicators (KPIs), monitor reports, and uncover pain points. One concern is monitoring and following up on requests for supplemental payments, called wraparound

payments or wraps. When a Medicaid managed care organization (MCO) is the primary payer, the state may make secondary payments (wraps) to supplement or make whole the encounter rate for an FQHC visit.

“Wraps are something we collaborate on frequently, one of our biggest pain points,” explains Gerrets.

Grimes explains further: “As an FQHC, we deal with high volume but low dollar amounts. We have to pay close attention to wraps. We depend on this money to make us whole.

“This was all new to me when I came to work for an FQHC. I had to learn it all and learn it quickly. It’s a painful area, but I’m able to stay on top of it, thanks to my partnership with NextGen RCM Services,” Grimes said.

## Relationships first

“I look at Shawnee Christian Healthcare as being my family,” explains Grimes. “When I leave in the evening, I say ‘good night, family.’ After all, on many days, I spend more time with the staff than I do with my family.

“Working with NextGen RCM Services is an important part of our partnership with NextGen Healthcare. We know they’ll be there for us, thick or thin, and we can work out any issues. We will find a solution that was workable for both teams. Because that’s what we are—teams—and we’re all in the trenches together.

**“I can’t say enough good about NextGen Healthcare and my RCM team. It makes my job a lot easier when I have partners that know what they’re talking about, they stand by what they say, have a good product, and deliver it well.”**

# LONG-TERM SUCCESS WITH AN RCM PARTNER

Many community health centers face important decisions as they move along the road to financial recovery during the ongoing evolution of the COVID-19 pandemic and beyond. Community health 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.

RCM vendors can help to optimize RCM, alleviating the demands of building a large internal billing team. Many health centers have also already tapped their internal expertise to help. Community health 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 costs.



**Without strong RCM, recovery and long-term success will be more difficult to achieve.**

# NEXTGEN RCM SERVICES

NextGen® Revenue Cycle Management Services employs sophisticated technology and an expert professional team to help your health center achieve a faster, more effective revenue cycle. Specific needs are addressed by a dedicated client manager with expertise in their 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 health center.

Automation, financial analytics, and specialty-specific expertise create a tailored, transparent solution. Armed with this resource, health centers 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 health center, while enabling your plans for growth and care delivery.

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*– Sean Murtagh, VP of Financial Solutions  
NextGen Healthcare*

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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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