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Driving financial and labor sustainability to remain viable

The promise of remote work for independent and critical access hospitals



The crisis in small population health care

Critical access, smaller, independent and rural hospitals face many obstacles that their larger and urban counterparts may not deal with. For example, small organizations may not have access to:

- A larger, experienced labor pool
- Professional recruiters to identify the most promising applicants beyond the clinical functions
- Funds to invest in innovative technology to improve efficiency, reduce uncompensated care and increase cash collections
- Extensive data security expertise, processes and protocols
- Lower per-patient administrative costs due to larger patient population

These issues put independent, rural and critical access hospitals at higher risk of closure. The Center for Healthcare Quality and Payment Reform found more than 150 rural hospitals have closed in the past 2 decades. Additionally, nearly 30% of rural hospitals are at risk of closure with more than 200 at risk of immediate closure, prior to losing the funds and flexibility created by the COVID-19 public health emergency.

The greatest areas of risk

The hospitals most at risk of closing are aggregated in states that have not expanded Medicaid, or have chosen to expand but have not yet implemented it:

- Alabama
- Florida
- Georgia
- Kansas
- Mississippi
- North Carolina (expansion expected to begin in fall 2023)
- South Carolina
- South Dakota (expansion begins July 1, 2023)
- Tennessee
- Texas
- Wisconsin
- Wyoming

Extensive rural health disparities

However, the risk isn't unique to these states. Nationwide, 6 states are at risk of more than half of their rural hospitals closing, and another 6 states are at risk of losing 40%–50% of their rural hospitals.

The impact on the residents of these communities cannot be overstated. Rural health disparities are already well known. According to the FDA, residents of rural areas are "… generally at higher risk of disease and death than people living in urban areas." According to the American Association of Medical Colleges, these disparities are due to "… deeply rooted … economic, social, racial, ethnic, geographic and health workforce factors." These factors make the issue of disparities particularly difficult to solve.

The loss of funds related to the end of the COVID-19 Public Health Emergency is expected to increase the risk and accelerate closures if no further government action is taken. The Centers for Medicare and Medicaid Services has proposed a Rural Health Strategy that requires hospitals to close inpatient beds in favor of emergency care only in return for higher Medicare payments.

While the Rural Health Strategy may be the only option to keep emergent care available in rural communities, many of these hospitals and the communities they serve find this rescue plan untenable. Fewer than 60% of rural hospitals now offer labor and delivery services, causing an increase in both emergency department and preterm births. These patients already travel greater distances to receive specialty care, and removing inpatient beds will mean that patients may not be able to receive visitors due to distance.



Hospitals at highest risk of closure are in states that haven't expanded Medicaid.

Independent and urban safety net hospitals impacted as well

According to an article in Kaiser Health News, while the greatest area of hospital loss has been in rural areas, the closing or acquisition of urban and suburban independent hospitals has been increasing. For-profit companies sell unprofitable safety net hospitals to private equity, which then closes the hospital. Not-for-profit hospitals struggle to keep their doors open, particularly in areas where a significant portion of the payer mix is Medicare and Medicaid. More robust focus on the revenue cycle may help these organizations and their communities remain healthier. This focus would include identifying coverage for uninsured patients, preventing Medicare and Medicaid denials, ensuring cash is collected from those who can pay, and automating where possible to improve efficiency.

Outsourcing: A scalable solution that smaller hospitals may not have considered

A business trend in recent decades has been to concentrate on core services and outsource everything else. This trend has reached the health care industry, with many larger hospitals outsourcing functions such as environmental services, food service and revenue cycle activities. While this trend has firmly taken hold in larger and urban organizations, many smaller and rural hospitals have not yet jumped on the bandwagon, perceiving that the costs of outsourcing would be too high for them to bear. But this perception may be incorrect.

Many functions can be easily outsourced at a scalable level to offer attractive benefits — and even cost savings — to hospitals and improve the patient experience. One of these functions is revenue cycle management.

By outsourcing end-to-end revenue cycle management, smaller, independent, rural and critical access hospitals may be able to:

- Expand the size of their available experienced labor pool with domestic or global remote resources
- Offload labor headaches, such as recruiting, hiring, coaching and education
- Retain labor with employee benefits offered by the outsourcing company, such as education, career progression and more
- Gain innovative transformative technologies without continuous capital investment
- Improve data security
- Reduce their per-patient administrative costs
- Implement best-practice workflows to improve efficiency
- Reduce uncompensated care costs
- Consolidate revenue cycle partners for efficiency and cost savings
- Deliver an outstanding patient experience

An example of an end-to-end revenue cycle outsourcing engagement might include:



Patient access contact center services with artificial-intelligence technology to create more efficient scheduling, registration, pre-service cash collection, clinical triage and patient portal support services.



Financial clearance services, such as technology-enabled eligibility and enrollment services to identify federal, state, local and charitable sources of care funding for self-pay patients and identify patients that may have third-party coverage due to motor vehicle or workplace accidents. Financial advisors can help insured patients understand their health plan benefits, out-of-pocket expenses and financing or payment plan options.



Revenue integrity services with expert clinicians and transformative technology to ensure documentation matches the level of care being billed and that clinicians are providing accurate information for optimal billing. Utilization management and connected authorization management services ensure a patient's care is authorized prior to service and include physician and hospital coding services, coding education and more.



Revenue management services to manage receivables, denials and appeals management, total business office outsourcing, patient responsibility management services, underpayment audit and recovery and transfer DRG services.

The remote workforce: A great enabler

The COVID-19 pandemic introduced many providers to the benefits of a remote workforce, and many larger hospitals have now made this a cornerstone of their administrative workforce. According to a 2022 McKinsey report, 43% of health care practitioners and 45% of health care support staff work remotely, with the majority working remotely full time. Revenue cycle work can be outsourced to lower-cost-of-living areas domestically or globally to help reduce labor costs. By leveraging a remote labor pool, health care providers can access a larger pool of talent, which is critically important as the nation continues to experience near-record lows in unemployment rates. This can also help level the playing field from a revenue cycle management (RCM) talent perspective for critical access and smaller, independent hospitals by bringing top-notch talent to these provider organizations.

A remote workforce can be critical as a disaster arbitrage. Should your community be impacted by a natural or man-made disaster, your RCM team members may be affected. A remote workforce can ensure that your revenue cycle function continues to operate while your clinical team focuses on caring for your patients.

Optum revenue cycle experts bring decades of RCM success to our outsourcing engagements. This includes mentoring and educating remote RCM talent to deliver revenue cycle excellence.

Contact us to see how your hospital or health system can improve collections and reduce costs to remain viable.

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