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Creating effective RCM strategies amid staffing shortages

Providers face a unique set of challenges because many are smaller organizations that may not have the budget or capacity to have a full billing team. A 2023 PWC study found that 83% of the survey participants indicated that they are also experiencing labor shortages across revenue cycle management (RCM).

Additionally, studies find that there's a 30% shortage of medical coders and billing professionals.

On top of staffing shortages, providers face:

- Lack of expertise/training for billing staff
- Lack of efficient and automated technology to augment manual processes
- Underdeveloped and inefficient billing processes
- Incomplete/unanalyzed metrics that drive business decisions

If your organization is facing any of these challenges, or multiple, you're not alone. These are widespread issues that take time and effort to correct.

Whether you're starting a practice or have had high staff turnover, there are basic billing functions you or your staff need to accomplish to ensure you can get paid in a timely manner. While some of these functions may seem small, insignificant or even obvious, they're necessary to every organization that bills for medical services.

The good news is that there are steps you can take to improve or create new RCM procedures within your organization. Overcoming billing process challenges, although not a simple process, is well worth the time and effort. Here's how you can get started today.



Build RCM processes with a solid foundation

Within the revenue cycle, there are three primary phases: front, middle and back. Each of these phases has subtasks that add to the process to follow best practice standards:

Front

Eligibility

- Obtain insurance information proactively and verify through the clearinghouse or payer websites before the date of service and before claims are submitted

Prior authorization

- Submit the prior authorization request to the payer and obtain approval for the procedure

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Middle

Charge capture

- Create charge entry successfully with accurately translated codes
- Document and bill all services precisely

Claims submission and rejection management

- Submit claims in a timely manner when charge capture entry is finalized
- Resubmit clearinghouse-level and payer-level rejections for payment

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Back

Payment posting

- Import electronic remits into practice management systems to be automatically posted
- Validate patient statement billing for accuracy before it's sent to patients

Denial management

- Identify and appropriately address denied claims
- Submit appeals and complete payer follow-up

Optimizing your billing system

For providers to develop and execute effective billing procedures, they must develop their internal processes and consistently evaluate what's successful. Working directly on the provider challenges above can begin to improve your customer and staff experience right away. Here are a few key goals and key performance indicators (KPIs), based on the three RCM phases, to help you get your practice on the right track for efficient billing services, as well as your first or next step to achieve them.

Front

Goal

Minimize patient abrasion/dissatisfaction and streamline intake operations.

KPIs to measure

- High patient Net Promoter® Score (NPS®): A metric used in healthcare to measure patient loyalty and satisfaction. A good NPS score in healthcare ranges from 30 to 70, with scores of 50+ considered excellent

First step(s) for improvement

1. Empower the front desk with a single source eligibility solution to automate insurance verification. Train staff members on how to interpret results from the benefits inquiry
2. Establish patient communication protocols to maintain accurate information and transparency

Middle

Goal

Increase coding accuracy and compliance and maximize claim reimbursements KPIs to measure.

KPIs to measure

- Clean claim rate: A measure of how accurately claims are submitted on the first attempt. Best practice is greater than 95%
- Net collections rate (NCR): A measure representing the percentage of reimbursement collected from the total amount allowed. The best practice is 95%–99% after your adjustments for payer allowances

First step(s) for improvement

1. Perform semi-annual or annual chargemaster reviews to ensure full compliance and accurate charge entry to payer contracts
2. Use chargemaster findings to compare actual payments and cost

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Back

Goal

Decrease aging and at-risk revenue and optimize recovery efforts.

KPIs to measure

- Denial rate: A measure of how many claims are denied each month. The best practice is 5%–10%
- Accounts receivable (AR) aging over 90 days percentage: A measure of how many denials have been in AR longer than 90 days. This metric allows you to determine the root cause of increase. The best practice for physicians is less than 15% over 90 days
- Average days in AR: A measure of how long it takes a practice to get paid for their services. 30 days or less is ideal

First step(s) for improvement

1. Maximize recoveries by comparing payments to fee schedules to identify any improper payments
2. Identify root-causes for denials and implement workflows based on denial reason. Take corrective action
3. Standardize corrective action in SOPs to educate staff and implement a practice for avoidance. Reevaluate monthly to prevent future mistakes



What now?

Jobs within the RCM industry are in high demand. Positions like health information technologists and medical registrars have a much faster than average job outlook at 16% growth. Medical records specialists aren't far behind, growing by 9% between 2023 to 2033.

While demand is high, staffing these roles has been increasingly difficult, leading to inefficient billing processes within provider organizations which negatively impact reimbursement workflows. Worst of all, it impacts providers' ability to focus on patient care.

In light of the challenges providers face, they're learning more about best practices and optimizing in-house billing protocols. When in-house options aren't available, many are turning to RCM outsourcing. In fact, the US revenue cycle management market has continued to grow year over year. Forecasts note the market size in 2024 was about $172B, and anticipated to grow at a 10.1% annual interest rate for the next five years.

No matter the size of your practice, having effective RCM practices is key to maintaining your organization's growth into the future.

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World Headquarters
300 Frank W. Burr Blvd.
Suite 36, 6th Floor
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277

European Headquarters
280 Bishopsgate
London
EC2M 4RB
Phone: +44 207 297 7600

India Operations Headquarters
5/535, Okkiam Thoraipakkam,
Old Mahabalipuram Road,
Chennai 600 096
Tel: 1-800-208-6999
Fax: +91 (01) 44 4209 6060

APAC Headquarters
1 Fusionopolis Link, Level 5
NEXUS@One-North, North Tower
Singapore 138542
Phone: +65 6812 4000

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