Omega Healthcare™



PLAYBOOK

AI and the Revenue Cycle: Benefits and Best Practices for Providers

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Intro: The Current Reality

For providers, navigating complexities in the healthcare ecosystem has never been more challenging. Sluggish, historically low margins, ongoing staffing shortages, skyrocketing expenses, an increasingly complex regulatory environment, and mounting administrative burdens exacerbate provider and nurse burnout and undermine financial outcomes.

This is the post-pandemic “new reality.” To overcome its challenges and thrive in this resource-constrained environment, healthcare organizations need to adopt innovative strategies.

Hospitals’ labor costs, which on average account for 60% of a hospital’s budget, increased by more than $42.5 billion between 2021 and 2023.

American Hospital Association

Chapter 1: Opportunities for AI Throughout the Revenue Cycle

Advancements in artificial intelligence (AI) offer promising opportunities for healthcare providers to drive efficiency, accuracy, and alignment across their operations, transforming patient care and enhancing their financial performance.

Incorporating AI solutions at every stage of the revenue cycle can address many of the most common challenges that undermine quality care delivery and accurate reimbursement. By establishing compliance guardrails, human-in-the-loop oversight, and process optimization, providers can ensure these AI solutions meet their organizations' specific needs, allowing them to navigate the complexities of revenue cycle management (RCM) more effectively.

In this guide, we explore how integrating AI streamlines processes, reduces administrative burdens, and minimizes errors to optimize:

- Scheduling and eligibility verification
- Prior authorization processes
- Clinical documentation
- Medical chart coding and audits
- Claims management and billing

Understanding AI Technologies and the Revenue Cycle

Before we discuss when, where, and how AI can be incorporated to optimize revenue cycle management, it's important to understand the "what." A range of artificial intelligence technologies can be used to streamline and support RCM processes. Each performs a unique function, but they are often used in tandem to enhance results.

Below, we explore the key AI technologies addressed throughout this guide and incorporated into the following use case solutions.

Machine Learning (ML)
Machine learning is a type of AI that enables systems to learn from data and improve their performance over time without being explicitly programmed. ML models analyze historical data to identify patterns, make predictions, and support decision-making in real time. In RCM, ML can be applied across a range of use cases to help providers predict outcomes, identify errors, and take proactive steps to avoid costly mistakes.

Predictive AI
Predictive AI uses statistical models and algorithms to forecast future outcomes based on historical data. By analyzing past trends, predictive AI can anticipate future behaviors and outcomes. In the context of RCM, it can help providers identify and preemptively address a variety of issues, from appointment no-shows to claims denials.

Rules-Based Algorithms
Rules-based algorithms follow predefined rules to automate processes, typically for routine and repetitive tasks. These algorithms help enforce compliance, streamline workflows, and mitigate

the occurrence of manual errors. For example, in RCM processes, rules-based algorithms can ensure that workflows comply with payer rules and regulatory standards, reducing errors and improving approval rates.

Generative AI (GenAI)
Generative AI is an advanced form of artificial intelligence designed to create new, original content. By learning from large datasets, it can produce text, images, audio, code, and even complex documents. Unlike traditional AI, which is primarily used for analyzing data or performing rule-based tasks, generative AI can mimic human creativity and communication — to a degree — generating human-like content autonomously.

Generative AI's ability to create natural, human-like content is particularly useful in streamlining labor-intensive processes. In RCM, GenAI can automate tasks such as billing correspondence, reducing the manual workload on healthcare staff.

AI Applications: RCM Challenges and Solutions

Patient Access

Challenge:
Scheduling and Eligibility Verification
Scheduling issues are the first hurdle in the revenue cycle for both providers and their patients. Overbooking, long wait times — sometimes it takes months for patients to be seen — and unexpected scheduling delays can lead to significant patient frustration and lost revenue for providers. Booking and confirming appointments can become time-consuming, with staff dedicating countless hours just to scheduling management.

Once an appointment is scheduled, verifying insurance coverage introduces additional complications. In fact, inaccurate or missing eligibility information is a **leading cause** of denied claims.

Verifying coverage is equally complicated. According to a 2022 **study**, 15 to 20 percent of insured individuals change their health insurance plans or experience coverage disruptions every year, including during annual re-enrollment. Even when consistent coverage is not an issue, many patients **don't fully understand** the nuances of their insurance plans and may overlook additional coverage options.

From scheduling to eligibility verification, these challenges can lead to errors — meaning providers miss out on available reimbursements.

Solution:
Rules-Based Algorithms, Generative AI, and Predictive AI
Integrating AI-powered solutions into patient access workflows can help streamline scheduling and eligibility verification by:

- **Automating registration and scheduling,** reducing administrative burden, and minimizing delays.
- **Forecasting no-shows and cancellations,** allowing for proactive rescheduling and resource optimization.
- **Identifying gaps or inaccuracies in eligibility and coverage information,** ensuring claims are more likely to be approved.

- **Streamlining patient call center inquiries** by suggesting relevant next actions for resolution.
- **Anticipating authorization requirements,** ensuring all necessary paperwork is in place ahead of time.
- **Prompting upfront payments** by informing patients of their balance at the time of their visit, preventing surprises and improving cash flow for healthcare providers.

Challenge:
Prior Authorizations
Of all revenue cycle management processes that impact clinical outcomes, prior authorizations are the most formidable.

According to a recent **AMA physician survey**, 94 percent of providers report that prior authorizations have led to delays in care. 89 percent say they have had a negative impact on outcomes, and 80 percent say prior authorization processes have caused patients to abandon treatment.

Intense administrative burdens and fluctuating payer requirements can drain time and resources that health systems should be devoting to patient care. The consequences are reflected not only in clinical outcomes but also in the financial well-being of patients and providers alike.



Solution:
AI-Powered Automation, Machine Learning, and Rule-Based Tools
AI tools and automations help to smooth over some of the most challenging obstacles in the prior authorization process by:

- **Catching payer rule changes** before patient visits, preventing denials due to non-compliance.
- **Assessing the risk of denials** for high-cost drugs and procedures, enabling providers to address potential issues early in the process.
- **Minimizing human errors and wait times** by streamlining workflows and ensuring that authorizations are completed quickly and accurately.
- **Ensuring timely access to care** by reducing time to approval and minimizing unnecessary delays.
- **Reducing surprise patient bills** by ensuring all authorizations are in place before procedures, enhancing patient satisfaction and trust.

Mid-Revenue Cycle

Challenge:
Clinical Documentation Improvement (CDI)
High-quality, comprehensive clinical documentation is essential for effective care delivery, improved patient outcomes, and risk adjustment processes.

It is also a heavy administrative burden. A 2019 **study** estimated that physicians in the U.S. spent approximately 125 million hours documenting outside of their office hours.

But, the consequences of poor-quality documentation prove its necessity. Incomplete or missing

information in patients' records can compromise care continuity and lead to medication interactions, dangerous care plans, duplicate tests, and increased financial liability for providers. Subsequent coding errors can lead to costly denials, suboptimal reimbursement, and compliance audits.

Solution:
AI-Assisted Process Improvement and Documentation Accuracy Support
Integrating AI can improve accuracy in clinical documentation and coding processes by:

- **Automating and/or streamlining administrative tasks,** increasing physician engagement as well as documentation and coding compliance.
- **Enabling documentation specialists to provide more accurate and efficient review and feedback,** facilitating faster reimbursement and reducing denials.
- **Identifying gaps in documentation** and flagging areas where supplementary information is necessary, ensuring completeness and accuracy.

Challenge:
Medical Chart Coding and Audits
The **AMA estimates** that up to 12 percent of all claims contain coding errors. In fact, **42 percent** of revenue cycle leaders cite coding errors as a leading cause of denied claims at their organization.

Whether these errors occur in patterns or as isolated incidents, they create significant financial and operational setbacks for providers, including missed revenue opportunities, inaccurate or duplicate billing, surprise patient bills, delayed or inaccurate reimbursement, underpayments, overpayments, and increased payer audits and takebacks.

Solution:
AI-Enabled Coding Accuracy
AI tools, such as autonomous coding solutions, can be implemented within various stages of the medical chart coding and audit process, lowering the frequency, burden, and impact associated with payer audits by:

- **Delivering faster, more precise coding suggestions,** reducing manual labor and opportunities for errors.
- **Identifying all relevant codes,** including those that might have been overlooked, improving coding completeness.
- **Streamlining coding tasks,** easing administrative burdens to alleviate staff workload.
- **Automating handoffs between digital and manual workflows,** ensuring human-in-the-loop oversight for complex scenarios.

Business Office

Challenge:
Claims Management and Billing
Claims management challenges have a predictable effect: They cost money.

Even when everything goes smoothly in earlier stages of the revenue cycle, providers can still get tripped up at the finish. The complexities of processing, validating, and documenting claims — especially while navigating regulatory changes, payer updates, and staffing shortages — leave providers vulnerable to errors, non-compliance, and downstream denials.

Poor first-pass claim approval rates disrupt cash flow and create bottlenecks in the revenue cycle's backend. Meeting timely filing deadlines is crucial but difficult; when missed, these are the hardest appeals to overturn. Errors result in time-consuming appeals, which, on average, cost providers **$43.84 per claim** — $19.7 billion annually to adjudicate with payers.

Solution:
AI-Supported Denials Prevention, AR Management, and Payment Posting

For providers, AI technologies, machine learning, and rules-based tools can streamline the most challenging components of claims management and billing processes, helping to reduce denials, improve first-pass approval rates, and minimize administrative burden by:

- **Analyzing patterns and predicting the likelihood of claim denials,** allowing for preemptive corrections.
- **Identifying missing information within claims,** ensuring completeness before submission.
- **Flagging potential errors,** enabling proactive corrections, and reducing the chances of denial.
- **Training the system to recognize evolving patterns as payer rules change,** ensuring proactive prevention of future denials.
- **Prioritizing the most pressing denials once the cause is identified,** ensuring resources are dedicated to high-impact cases that can be resolved quickly.
- **Automating billing processes,** including billing correspondence via generative AI, to reduce manual touches and improve accuracy, enabling quicker reimbursements.
- **Minimizing manual workflows and automating payer follow-up,** streamlining payer resolution and payment posting.



Chapter 2: Best Practices for Implementing an AI Strategy

The benefits of integrating AI into provider workflows are clear. But, maximizing these benefits requires a thoughtful approach.

By adopting the following best practices, providers can ensure they align AI strategy and technology implementation with clinical and financial goals, ultimately improving patient outcomes and their organization's financial performance.

Apply a Clinical Design Mindset

Maintaining a clinical design mindset ensures that clinical care quality remains at the forefront of operations, including the revenue cycle.

Because financial performance is inherently tied to clinical outcomes, optimizing for better clinical results is essential to financial success. A clinical design mindset prevents misalignment between these financial and clinical processes, closing the gap between care delivery and accurate reimbursement. It also reinforces the need for AI technologies to complement clinician workflows, allowing providers to focus on patient care without being bogged down by administrative tasks.

De-Risk Your AI Strategy

Before selecting an AI solution, it's essential to establish a clear strategy that aligns with your organization's unique needs. Meeting providers where they are in their digital journey ensures AI implementations are not only effective but scalable as well.

Start by assessing your organization's current technology landscape — what systems, capabilities, and workflows are already in place? The plan should always be outcomes-driven, ensuring that the level of AI used can be adjusted to meet immediate needs while also evolving with your organization over time.

A strategic approach minimizes risk by allowing flexibility; AI can be scaled up or down depending on the complexity of tasks and the level of integration required. This way, you're not overhauling systems but rather building a plan that grows and adapts to your healthcare operations.

Select Only the Best-Fit Technology

All AI technologies are not created equal. When considering various solutions for implementation, it's crucial to ensure they meet the following criteria:

- The solution is trained using extensive, high-quality data to ensure accuracy and reliability.
- The solution is HIPAA-compliant and purpose-built to maintain data safety and integrity.
- The solution is designed to facilitate smooth handoffs to human operators, enhancing

oversight and maintaining a human-in-the-loop approach.
- The solution has been developed with transparency in mind, allowing users to test for accuracy and identify errors.

Keep a Human in the Loop

AI offers transformative potential, but it is not a standalone solution. Provider- and payer-specific functions are incredibly complex and require equally nuanced — hybrid — approaches.

While AI can automate repetitive and rule-based tasks, complex problems still require human expertise. The best solutions keep a human in the loop to provide oversight and make critical decisions. This ensures technology and people work hand-in-hand to achieve optimal outcomes.

When implementing an AI strategy, it's important to keep change management in mind. Successfully incorporating AI isn't just about technology — it's about reshaping workflows and behaviors to ensure humans and AI work in harmony. By leveraging AI for the tasks it handles best and relying on people for complex problem-solving, healthcare organizations can optimize both clinical and financial performance.

Continuously Track Solution Effectiveness

Ongoing monitoring of AI tools allows organizations to proactively address any issues that may arise. Tracking results ensures any decline in tool performance is quickly identified and rectified. If a solution becomes ineffective, organizations should be prepared to implement new tools, if available, to maintain continuous improvement in their AI strategy.

Partner with Revenue Cycle Experts to Achieve Outcomes

Collaborating with AI-powered revenue cycle experts can optimize processes from the frontend to the backend. These partnerships reduce the need for large in-house IT investments, with RCM partners supplying the solutions and the resources required for implementation and maintenance.

Providers can benefit from advanced AI capabilities without extensive training or having to hire AI experts. Additionally, this approach increases the productivity of existing staff through augmentation or complete outsourcing, empowering healthcare organizations to focus more on patient care and less on administrative burdens.

By following best practices for implementing AI, healthcare organizations can harness the power of evolving technologies to navigate today's uncertainties with greater confidence and effectiveness.

Chapter 3:
Put It Into Practice



Facing unprecedented financial challenges and the pressure to align with evolving payment models, healthcare organizations are motivated to embrace solutions that integrate clinical and financial data and processes.

By embracing AI and incorporating it into revenue cycle operations, providers can navigate today's complexities with an eye toward the future. AI enablement helps healthcare organizations thrive, ensuring financial viability by facilitating the highest standards of patient care.

Omega Healthcare's flexible delivery model enables us to meet you where you are, clearing out the noise and allowing your team to focus on the high-value functions that improve patient outcomes and optimize financial performance.

Powered by an intelligent approach, the Omega Digital Platform leverages the unique synergies of people, processes, and technology to ensure speed, accuracy, and compliance across your operations.

Learn More

Discover how incorporating automation into revenue cycle management drives efficiencies in financial and clinical processes.



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