

2024 Healthcare Business Trends Report



Trends Driving the Next Four Years

How healthcare executives are setting up for success



Leading a healthcare organization has never been more challenging.

Savvy executives are calling in the experts.

In a decade marked by turmoil, constant pressure has become the accepted baseline for healthcare organizations.

Continuous financial strain, regulatory complexity, cybersecurity risk and emerging care delivery models make it increasingly difficult for hospitals and health systems to deliver necessary care in their communities.

To understand how healthcare leaders are planning for the next four years, Ensemble Health Partners commissioned a survey of more than 100 executives representing organizations ranging from multi-hospital

health systems to specialty physician groups. The following report outlines the four key themes that emerged from this research:

- > Implementing new payment models and adapting to payor changes will become increasingly critical.
- > Growth, not cost cutting, will be the most viable path to longevity.
- > Investment in revenue cycle managed services will increase to address continued labor challenges, payor issues and process complexity.
- > Leaders want one comprehensive partnership capable of managing end-to-end processes, with performance – not cost – driving vendor selection.

01

Adapting to payor changes + new payment models is becoming more critical.

Aside from clinical quality, **responding to payor changes and implementing alternative payment models like value-based contracts will become top strategic priorities** by 2028.



As the task of managing payor relationships increases in complexity, **executives are becoming more involved** than in the past.

25%

of executives are **heavily involved** in their organization's managed care strategy.



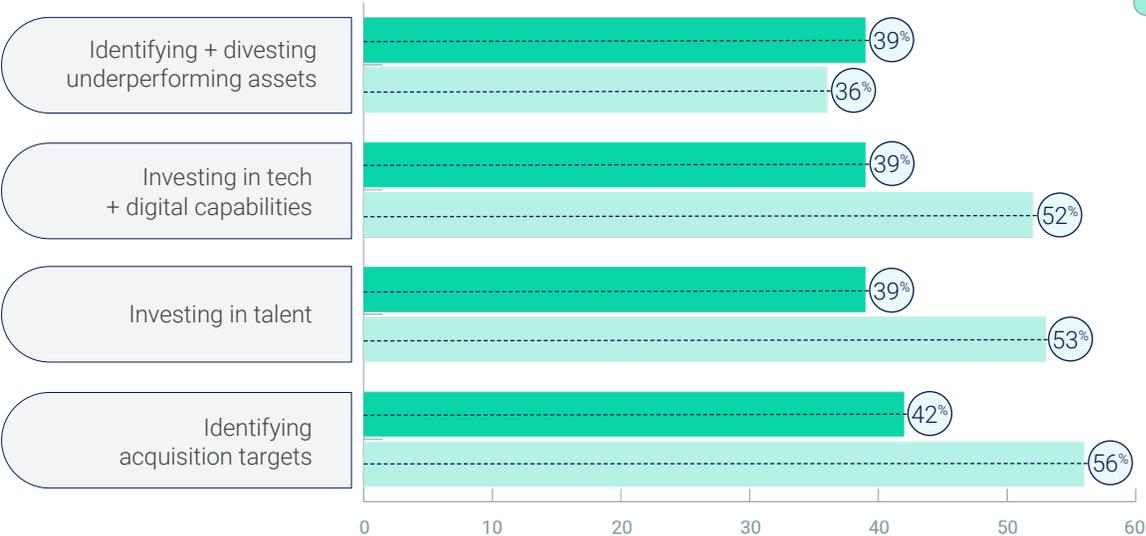
02

Growth, not cost cutting, will be the most viable path to longevity.

Identifying assets for divestiture will be a much lower priority by 2028, while **identifying acquisition targets and investing in talent and technology will become a higher priority.**

Q. What are the most important priorities for your organization now and in the next four years?

● 2023
● 2028



Healthcare leaders are **looking to grow beyond their acute hospital assets to compete** with payors' vertical integration efforts.

Q. Where else do you plan to grow to complement your acute hospital assets?

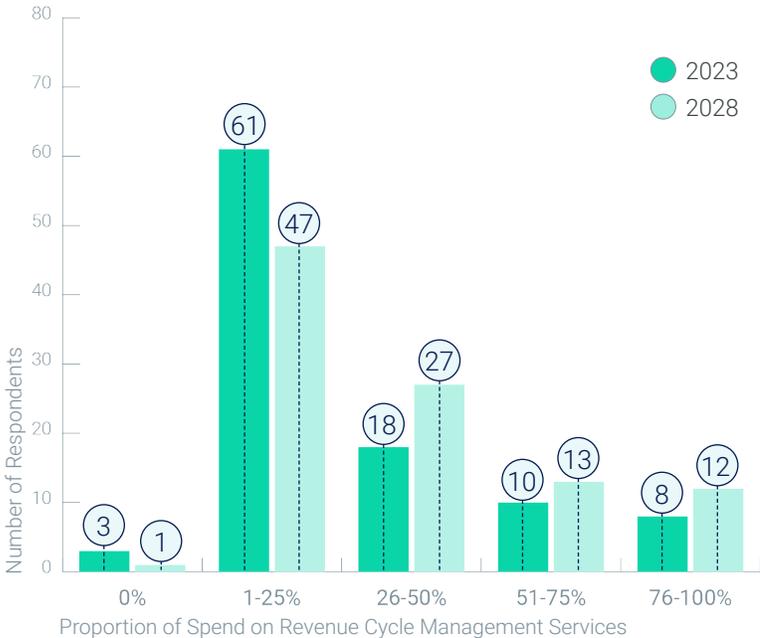


03

Investment in revenue cycle managed services will increase to address key challenges.

Organizations **plan to allocate more of their revenue cycle budget to managed services** instead of internal labor or revenue cycle technology.

25% of organizations plan to **spend over 1/2 their RCM budget on managed services** in the next five years.



Nearly all healthcare **leaders consider managed services a more viable option to address their challenges** than keeping revenue cycle operations in house.

Q. Why would you pursue fully outsourced revenue cycle solutions?



55% of organizations currently insourcing denials management would **consider partnering with a firm to manage the complexity.**

04

The value of an end-to-end partnership will increase, focusing on performance over cost.

More executives are **looking for one comprehensive RCM partnership to solve business issues, versus managing multiple vendors.**

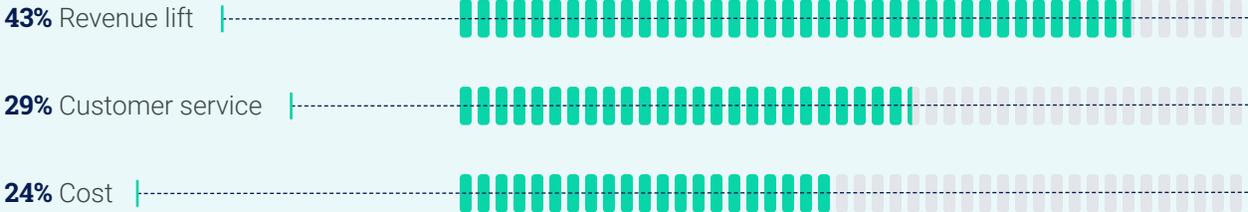
95% would **pursue end-to-end managed services** to solve key business issues

71% believe **managed services provide superior results** compared to in-house operations

60% think **it's important to partner with a single firm** for RCM services

Executives aren't looking for the lowest cost vendor. **When ranking the most important factors in selecting a partner, they're focused on driving results** to get maximum value from their revenue cycle.

Q. What are the most important factors when selecting an RCM partner?



Gone are the days of health system operators managing everything from care to cash flow.



For informed healthcare leaders, the path forward is clear: Focus on delivering exceptional clinical care and find reliable partners for everything else. As you set your own organization up for success, keep these takeaways in mind.

01 **Implementing new payment models and adapting to regulatory change and payor pressure won't be easy.**

Strengthen your managed care department and arm your teams with the data they need to remain compliant to regulatory updates and go toe-to-toe with payors during contract negotiations. [Learn how to strengthen your payor strategy.](#)

02 **Cost-cutting your way to growth is no longer enough.**

Ensure you have a clear understanding of your organization's revenue, cost accounting, profitability by service line and market share in the community. Opportunities for growth may lie in unexpected actions, such as a partnered investment with a path to full ownership, co-investment with commercial relationships or by monetizing internally developed technology and capabilities. [Explore types of partnership opportunities that may lead to growth.](#)

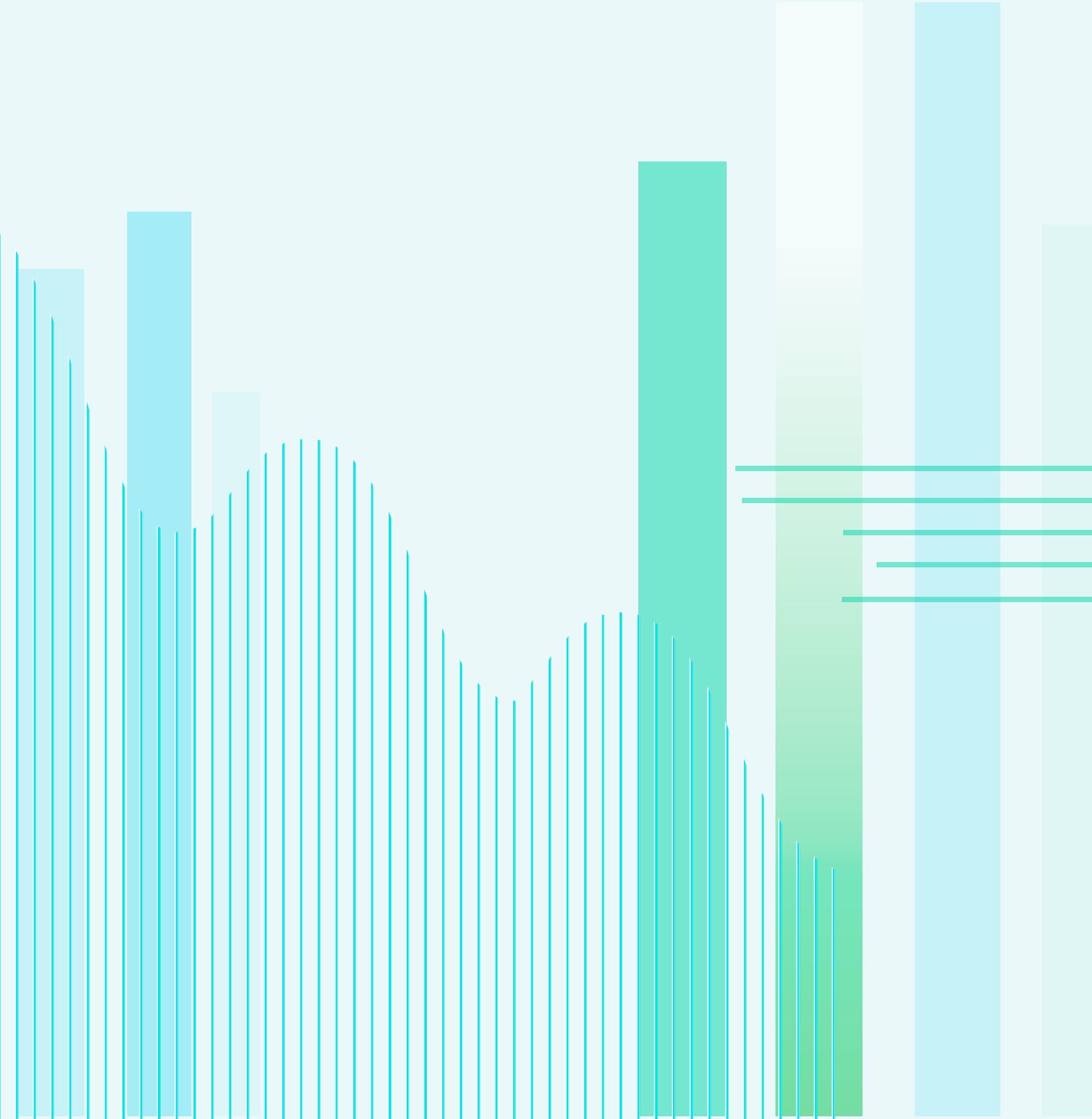
03 **Addressing labor challenges and margin pressure will require the right partners.**

Focusing your energy on clinical excellence and growth means bringing in the right resources for the rest. Instead of searching for individual vendors to solve each revenue cycle problem, consider finding a few key partners — or one end-to-end partner — to help streamline the process and reduce complexity. [See how an RCM partner can significantly impact your bottom line.](#)

04 **Remember that you get what you pay for.**

Instead of looking for the lowest cost vendor, determine what your organization really needs for success and find a partner capable of delivering on that consistently. Don't discount your revenue cycle as a cost center. Maximize its value by focusing on revenue lift as a core component to your enterprise strategy. [Find tips for selecting the right RCM partner.](#)

About the Survey



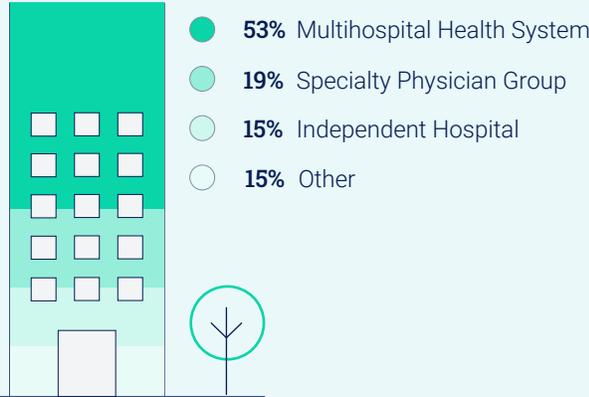
Respondents

Demographics + Firmographics

Data in this report stems from two surveys that reached a combination of over 100 senior healthcare executives. The first was a market survey conducted on behalf of Ensemble Health Partners by a market research firm in May 2023, and the second, audience polling at an Ensemble-hosted event in September 2023.

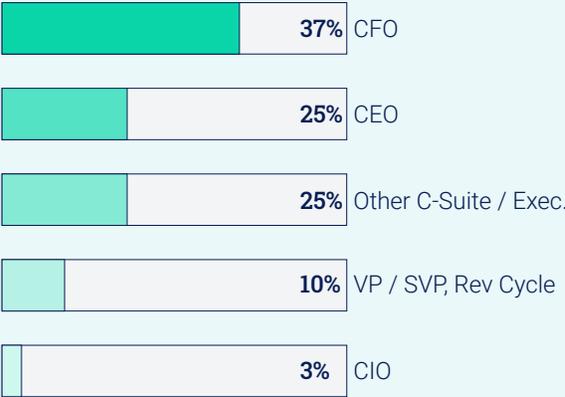
Organization Type

More than half the respondents (53%) represented health systems.



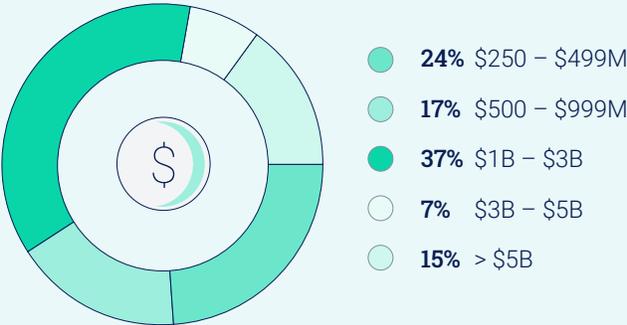
Respondent Title

CFOs comprised most respondents (37%) followed by an even split between CEOs and other C-suite roles (25%).



Average Annual NPR

The majority of organizations (59%) had an average annual net patient revenue of \$1B or more.



Patient Accounting System / Electronic Health Record

Most organizations (32%) used Epic.

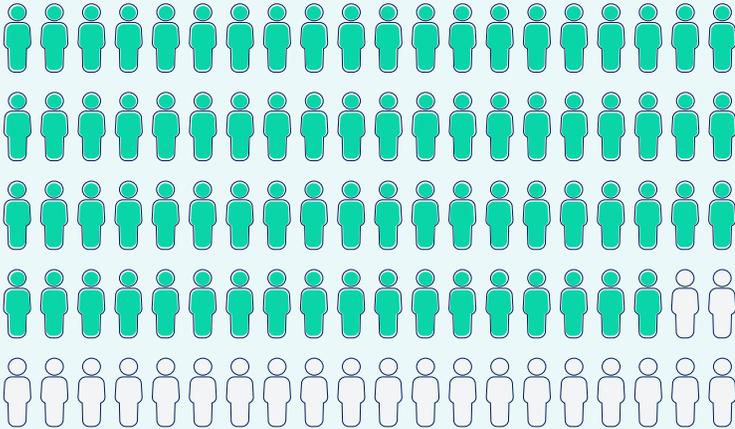


Revenue Cycle Outsourcing

78%

of healthcare execs partner with an RCM vendor for full outsourcing or point solutions.

Compared to 22% who currently manage their entire revenue cycle in-house.



Survey Data

The following section details the specific survey questions respondents were asked and the response data summaries.

TREND 1

Q. Rank the following priorities by order of importance for 2023 and in five years.

N = 100

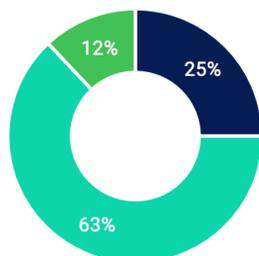
● Not ● Low ● Medium ● High ● Essential



Q. How involved are you in your managed care strategy or payor contract negotiations?

N = 16

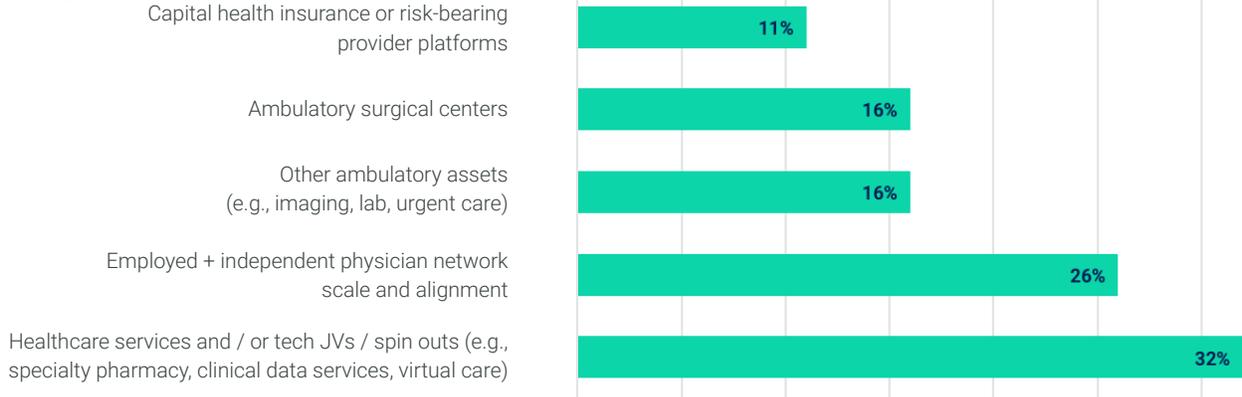
● Very
● Somewhat
● Minimally



TREND 2

Q. Given payors’ material vertical integration efforts + shifts in EBITDA pools, where else do you plan to grow to complement your acute hospital assets?

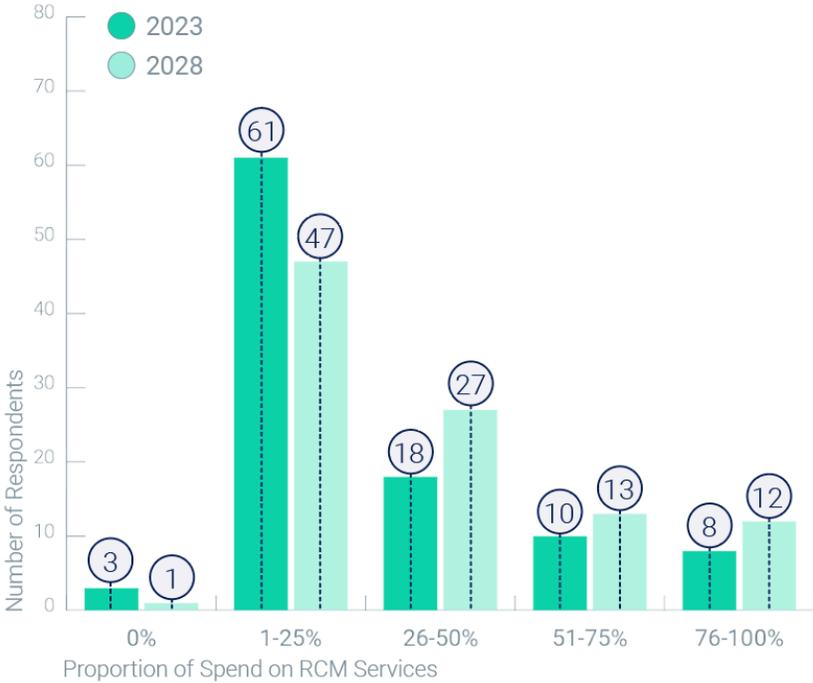
N = 19



TREND 3

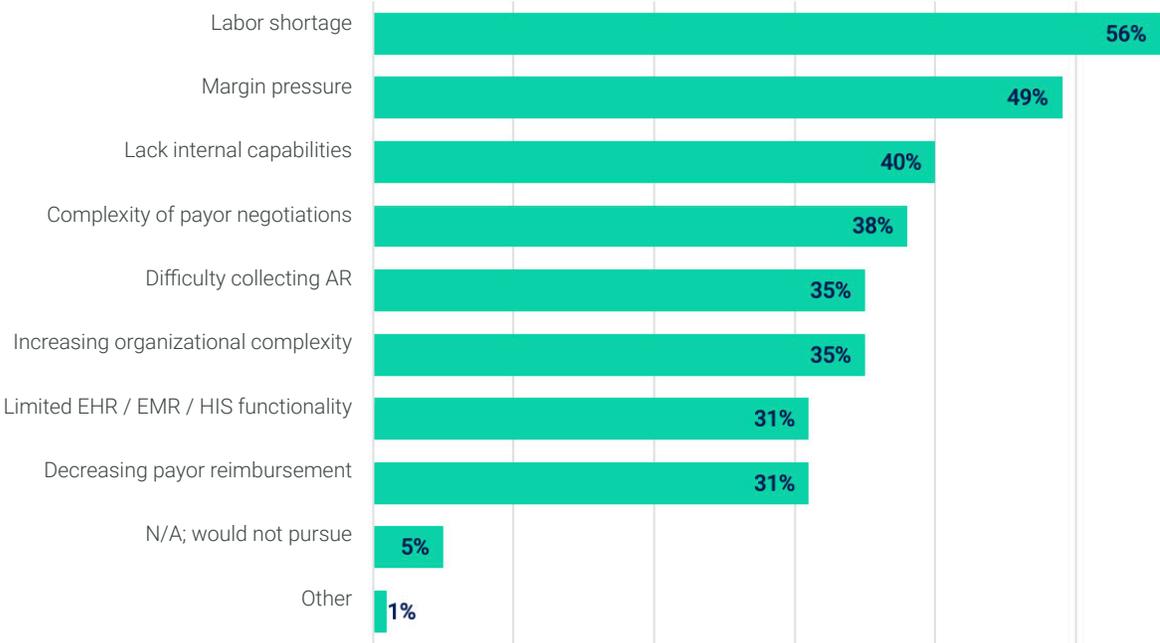
Q. What percentage of your total revenue cycle spend do you estimate is currently spent on revenue cycle services vendors (as opposed to internal labor or technology)?

N = 100



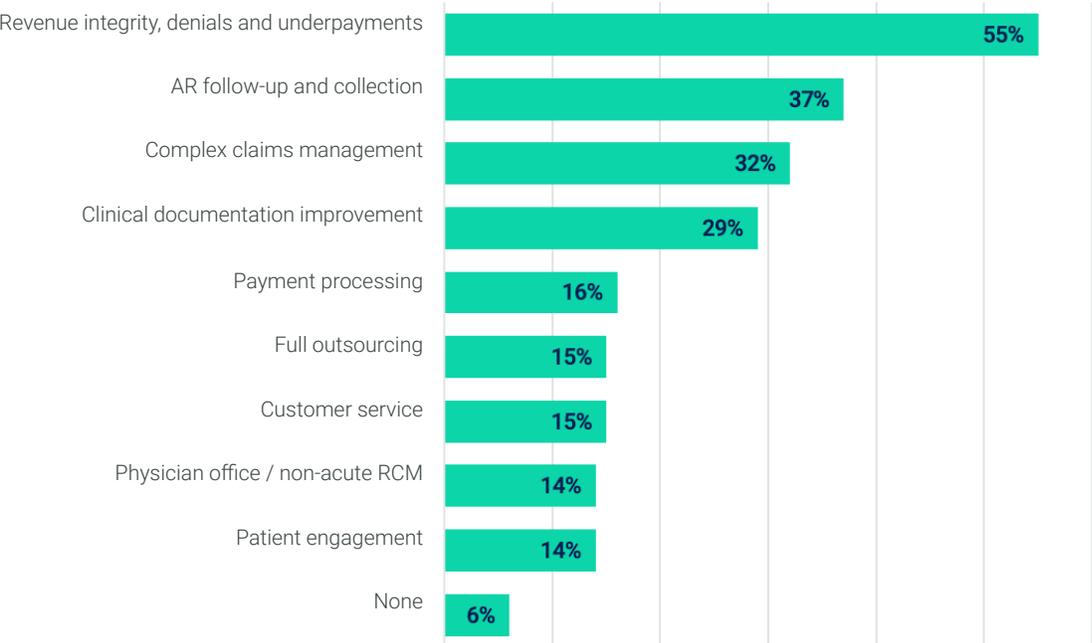
Q. If you could start the revenue cycle solutions selection process over, or if you plan to evaluate other solutions soon, why would you pursue fully outsourced revenue cycle solutions?

N = 100



Q. Which of these revenue cycle services are you most interested in purchasing (excluding those you have already or currently purchased)?

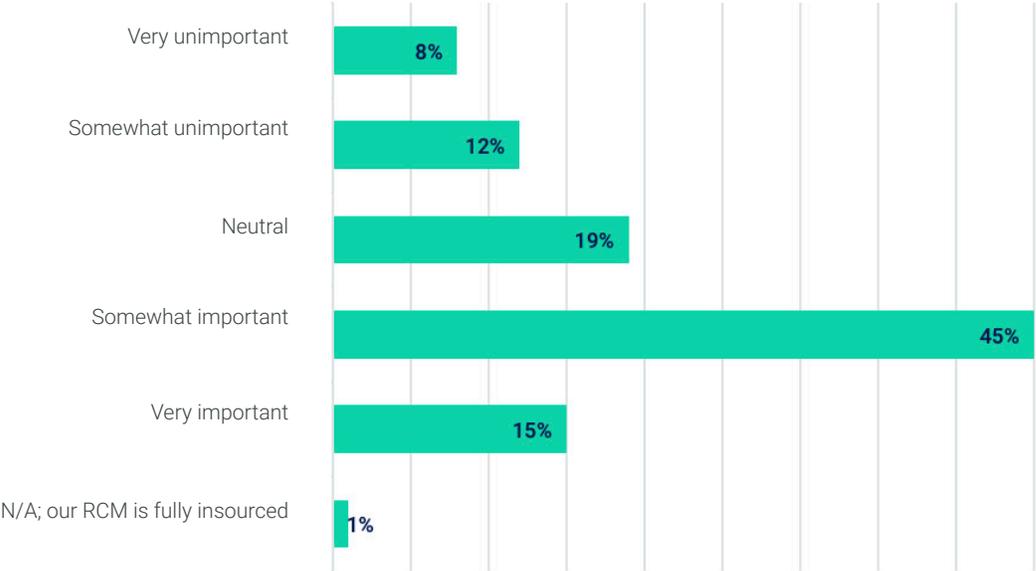
N = 100



TREND 4

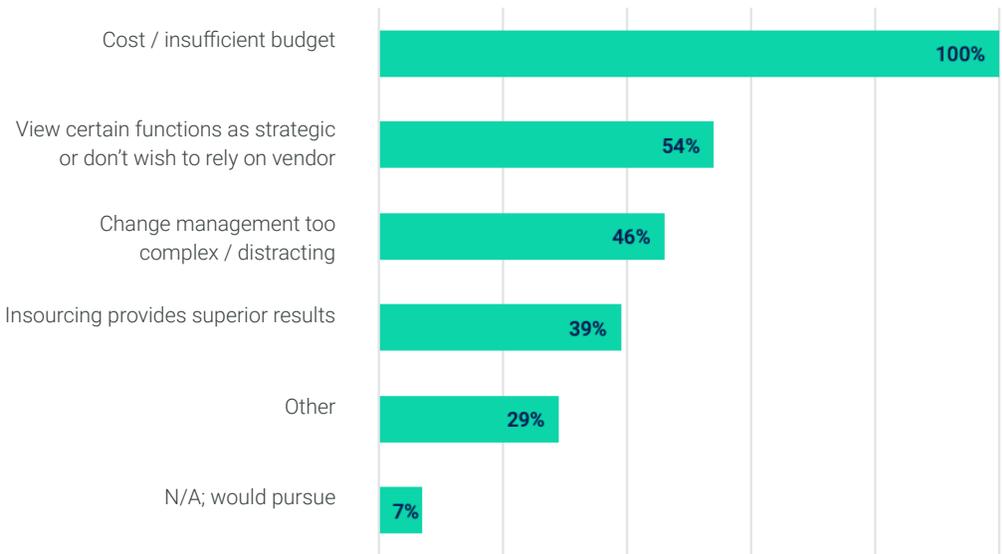
Q. How important is it to buy all revenue cycle services from a single vendor?

N = 100



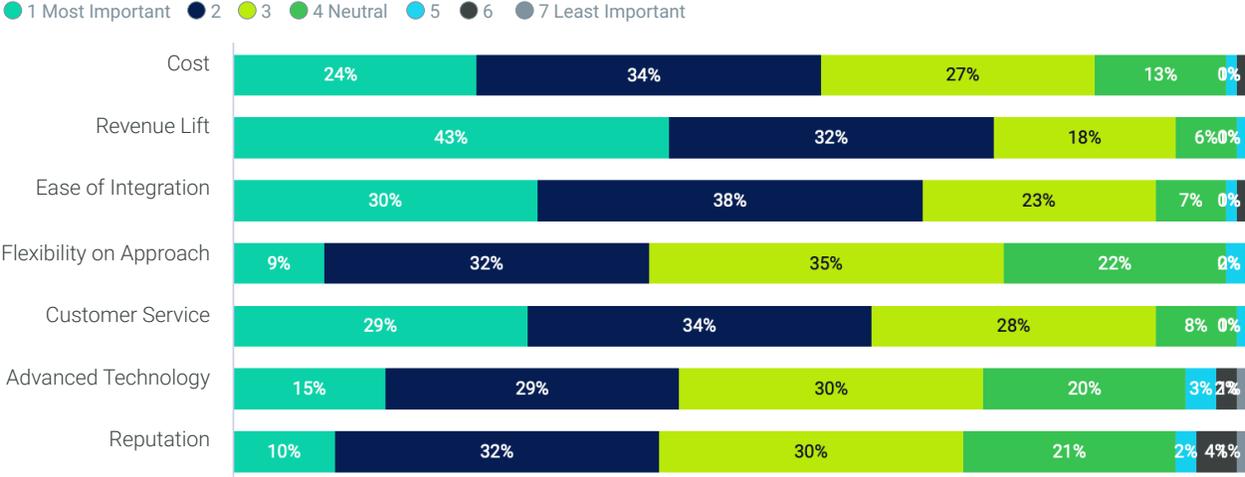
Q. If you could start the revenue cycle solutions selection process over, or if you plan to evaluate other solutions soon, why would you not pursue fully outsourced solutions?

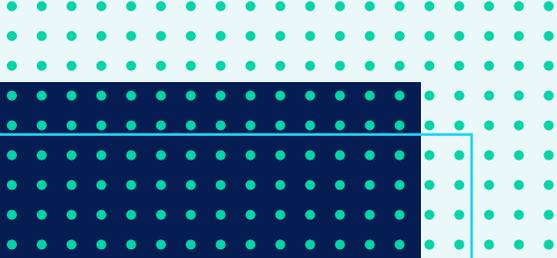
N = 100



Q. Please rate the importance of the following criteria when selecting and purchasing revenue cycle services, where 1 is most important and 7 is least important.

N = 100





“There’s only so many levers of opportunity for improvement in margin that you can pull right now. And if you’re not focusing on your revenue cycle, you’re really missing one of the biggest opportunities out there to make an impact in your system.”

Health System CEO



Rated #1 end-to-end revenue cycle firm by providers, consistently.

Ensemble is a leading provider of tech-enabled revenue cycle managed services, partnering with more than 250 hospitals and health systems across the U.S.

We're driven by people, fueled by technology and focused on progress.

© 2023 Ensemble Health Partners | EnsembleHP.com

The information contained in this report is for discussion purposes only. This report does not contain any binding obligation on behalf of any party. Ensemble assumes no responsibility for any data received from a third-party research firm.

