CAPLINE SERVICES

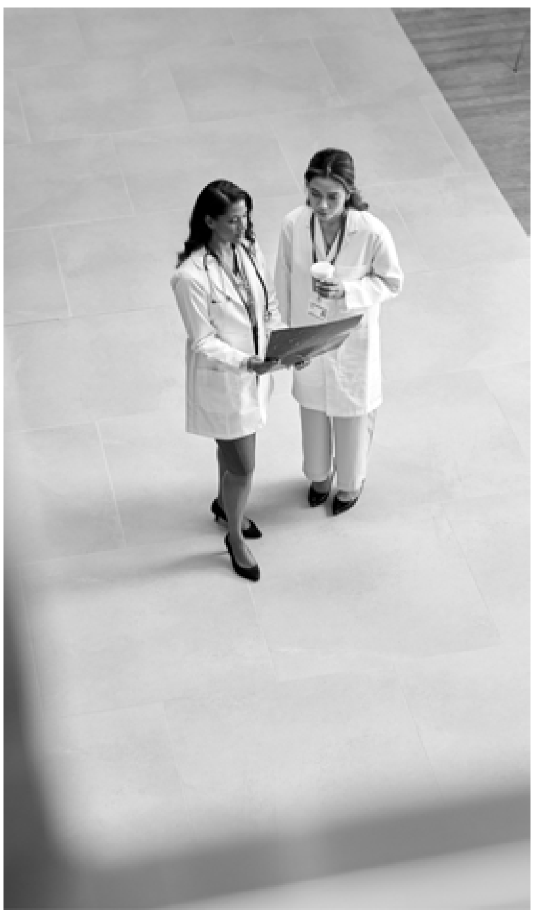
WHITE PAPER

Addressing personnel shortage crisis across practices

Overview

Personnel shortage is one of the most pressing issues in the U.S healthcare community. Unfortunately, the last eighteen months have been anything but predictable in healthcare staffing. Finding and keeping talented employees has never been more difficult as the world approaches a new era of work.

Staffing shortages are plaguing providers in both large and small facilities. The 'Great Resignation,' along with the broader consequences of the COVID-19 pandemic, vaccine regulations, and ever-increasing competition for skilled labor, has resulted in personnel shortages in various businesses. It all comes down to one thing: finding methods to work more innovatively and doing more with less.



Staff shortage crisis- A growing problem

As the U.S population ages, the administration is prioritizing a fund infusion to improve the accessibility for the elderly and disabled. Primary headwinds for an increased staff demand are coming from an aging population. It is an indication that the demand for workers will increase significantly in the coming years.

A study by Mercer has predicted a shortage of 400,000 home caregivers and 29,400 nurse practitioners by 2025. In addition, almost all healthcare consulting firms believe that there will be a significant shortage of physicians, nurses, and other healthcare workers during the next two decades.

The scarcity of workforce affects clinicians and caregivers and the supporting ecosystem of healthcare educators, administrators, revenue cycle specialists, and technology specialists. Furthermore, these shortages might be even more severe in rural and distant places.

Current headwinds in Healthcare

Impacted margins since Covid-19

According to Kaufman Hall's 2022 National Hospital Flash Report, hospitals witnessed unexpected drops in income, operating margins, and outpatient numbers in January 2022 as expenses continued to grow.

Outpatient revenue dropped 7.5 percent from December to January, resulting in a 4.7 percent decline in gross operating revenue, excluding CARES funding, from month to month. Conversely, in-patient revenue increased by 2.7 percent in January compared to December, but it wasn't enough to compensate for the reduction in outpatient volume.

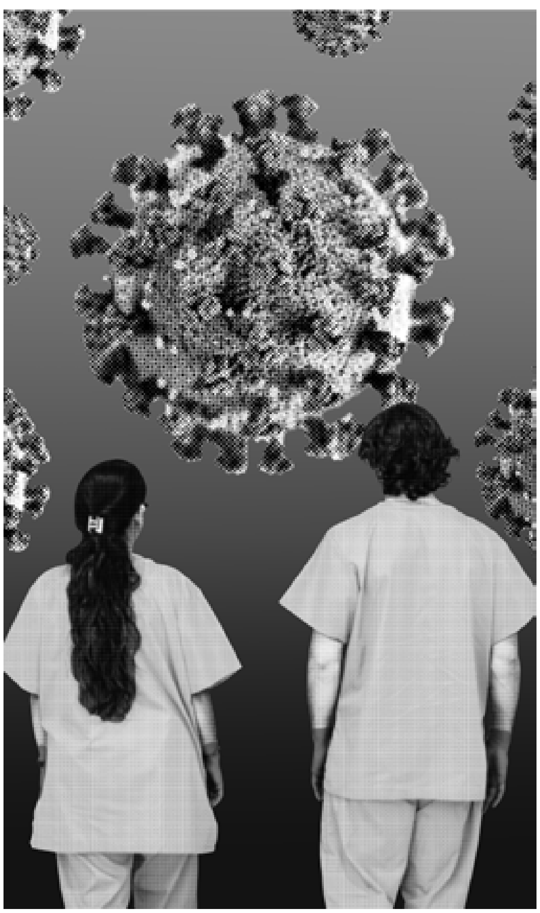
Due to an infusion of federal funds and expanded telehealth reimbursements, primary care practices began to recover financially by the summer of 2021. However, many primary care practices face significant financial challenges, particularly small and independent clinics. The Larry A. Green Center surveyed these providers and found that a third (32%) of them had not recovered financially as of September 2021.

Practices are constantly looking at margins, and staff is experiencing decreasing take-home earnings. It has resulted in an inability to capture better staff or disburse better salaries. It will take time for practices to get back to pre-pandemic margins, and that too after making considerable changes to the way these practices function.

The inefficiency of Cares Act funding

On March 27th, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act. This bill set aside $2.2 trillion to provide quick and immediate economic relief to anyone affected by the COVID-19 epidemic in the United States.

According to the American Hospital Association report, the CARES act allocated $178 billion in relief funding to all providers, with $148.4 billion disbursed. The amount was distributed between the hospitals and practices to cover the losses stemming from the pandemic.



Problem

The problem, however, is that the scale of loss was much higher than what was disbursed. As a result, healthcare facilities got a minimal boost, not strong enough to cover the losses these facilities had experienced between 2020 and beyond.

Practices are not able to give solid financial backing to their operations. The pandemic has already wreaked havoc on the ways practices function. Moreover, the unreliable, weak finances hamper roping a talented pool of workers.

Increasing healthcare costs

According to a paper published in Health Affairs, the price rise will accelerate healthcare spending inflation in 2022, owing to higher labor and supply costs for providers. In 2022, prices are predicted to rise by 3.6 percent, resulting in a 4.6 percent increase in overall healthcare spending to $4.5 trillion. In 2021, prices increased by 2.7 percent, 3.1 percent in 2020, and 1.1 percent in 2019. As a result, out-of-pocket expenses are expected to rise 6.1 percent in 2022 and 4.6 percent from 2021 to 2030.

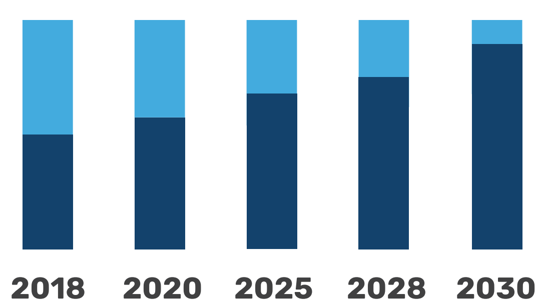
According to the Centers for Medicare & Medicaid Services (CMS), by 2028, these costs will have risen to $6.2 trillion, or $18,000 per person, and will account for more than 20% of GDP. Moreover, the significant diagnostic and treatment expenses of a pandemic and the long and short-term financial consequences of such outbreaks are not factored into these forecasts.

The factors that are currently driving high healthcare costs include:

Aging population

In 2019, over 16.5 percent of the American population was 65 or older, predicted to rise to 22 percent by 2050. As a result, enrollment in Medicare will rise from 60 million in 2018 to 75 million by 2030. According to the Congressional Budget Office, Medicare costs will rise from 3% of GDP in 2019 to 6% in 2049..

MEDICARE



Inflation

> *"The biggest problem is the lack of qualified workers available in the workplace right now. Inflation has increased wage demands and 3rd party payers refuse to give providers any fee increases. Only option is to become out of network and have the patients pay the difference."*
>
> *- Dr. Bryce Duskin, DDS*

Healthcare prices are rising faster than the total inflation rate in the economy. Over the last 20 years, the consumer price index for medical services has risen at a rate of 3.5 percent each year, compared to only 2.5 percent for the CPI. Increasing prices due to innovative and groundbreaking technology resulting in better and more expensive procedures, complicated, unconnected healthcare provider-payer technologies resulting in a high amount of administrative waste, and consolidated, branded hospital experiences resulting in the creation of large monopolies fueling price growth are among the key cost drivers. One of the significant contributors to the overall expenditures of Healthcare in the economy is the healthcare payment cycle and administrative processes.

Work from home

Many workers have adjusted to the new normal and are hesitant to return to the office-based model as COVID-19 generates a new, remote RCM administration workforce. Furthermore, the battle for billers and coders has moved from local to national. Even while frontline healthcare professionals, like doctors and nurses, battled the epidemic, most hospital administrative workers, except front-end registration personnel, transitioned to a work-from-home arrangement. Finally, due to the new operating model's inefficiencies, most institutions' accounts receivables spiraled.

Staffing shortages- What could be done?

We have understood that healthcare is not what it used to be a decade ago. Things have changed. On top of everything, the pandemic has spiraled things out of control. We look at hospitals and practices struggling to keep up with a positive cash inflow. The prices of commodities, including medical services, and salary demands, have skyrocketed.

Around one-third of all clinical employees had abandoned their positions by late 2021, nearly doubling the rate from two years prior. As a result, providers have been diving into their wallets to keep prized employees, raising pay for skilled staff by more than 12%.

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"We have done well with hygienists and the assistants we have had for a few years. New hires are not sticking. It is hard to find trained dental assistants that live nearby. The ones who leave tend to live about 45 minutes to an hour away. They stay until they can get a job closer to where they live. "

- Dr. Scott Barnett DMD

Practices have to shell out better wages to keep doctors and nurses available. Then comes the front-end revenue cycle staff, patient experience representatives, back-office specialists, coders, coding specialists, and accounts receivable and denial management experts that are already short in supply.

Ultimate solution

In the long run, providers will need to reorganize systems and eliminate inefficiencies to free up scarce resources for patient care. Practices have to cover the additional unreimbursed compensation costs required to stay competitive in today's market. Managing these costs is essential for margins, for ensuring competitiveness against new entrants, for success in value-based care models.

Increasingly, this includes removing all work delegated to non-clinical employees and technology-enabled processes that take up nurses' time. Nurses, for example, spend more time writing, coding, and evaluating information in the (electronic medical record) EMR than they do on patient care, according to a study (59.78 minutes per 4-hour block versus 58.71, respectively).

Better EMR functionality and clinical decision support apps that overlay the EMR will be a significant investment in 2022, reducing that time. In addition, nurses often feel more professionally rewarded when they conduct more direct patient care activities; therefore, this should alleviate an overworked workforce and increase job satisfaction.

Focus on the outsourcing your revenue cycle management staff

The best way to deal with the crisis goes hand in hand with workforce management. The key is to invest in a revenue cycle management staff available at a cost-effective price and for a more extended period. Why- you ask?

Right now, what practices need the most are financial improvements. Revenue cycle management staff can help you bring in positive cash flow by:

1. Avoiding credentialing related denials
2. Avoiding unbilled claims
3. Managing patient balances
4. Avoiding underpayments
5. Address fee-schedule problems
6. Efficiently manage claim denials
7. Introduce patient centricity

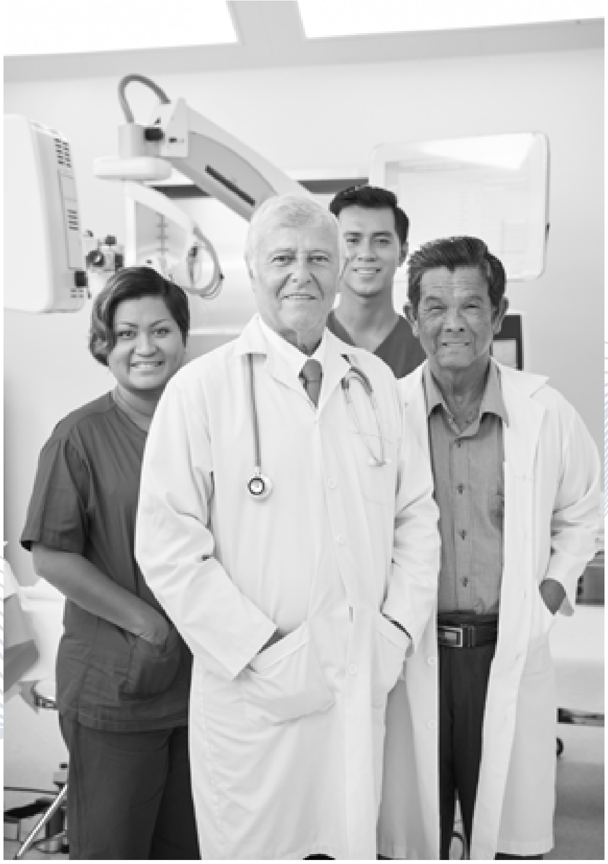
Cost reduction to favor critical recruitments

When the revenue leakage is plugged in, your practice can afford to pay other pools of healthcare personnel their fair share. That is because you won't be losing your money in unbilled claims and denials. The income can be piped into getting on board other medical staff such as doctors or assistants.

Practices can lower their overall cost-to-collect, boost profits via outsourcing, and save money on facilities, infrastructure, and technology. Also available on-demand is front-end, clinical documentation enhancement, medical coding, billing, and collections professionals. Scaling up staffing amid demand spikes is also not a problem.

On-time deployment

Employee recruitment, training, operations management, and people management are just a few critical workforce management duties that practices can outsource to a best-in-class management environment.



Conclusion

Practices are up against several challenges, including an ever-widening talent gap. Therefore, they must make wise decisions as they seek to do more with less. Outsourcing and automation are two essential solutions for bridging the talent gap. Furthermore, outsourcing services providers' unwavering attention to controlling corporate processes by the numbers might boost reimbursements. Capline services equip you with the people, procedures, and technology you need to improve your revenue cycle.

CAPLINE SERVICES

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