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# Benchmarking Revenue Cycle Costs

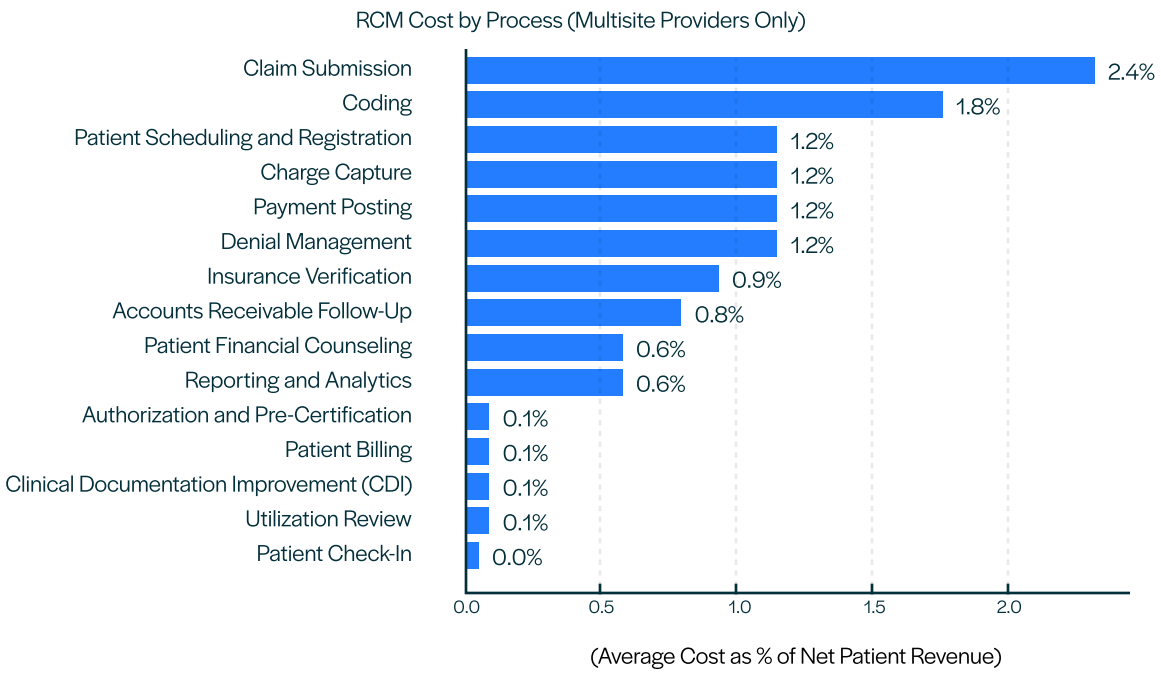
A Data-Driven Guide for Finance Executives

## Executive Summary

For finance executives at multisite healthcare organizations, Revenue Cycle Management (RCM) is a critical lever in operational and financial strategy. This white paper presents benchmark data on RCM spending across provider types and process categories, evaluating delivery models ranging from in-house operations to outsourced and AI-augmented solutions. Drawing from the 2024–2025 Tally RCM Finance Study, this guide aims to help executives establish appropriate RCM cost expectations, evaluate structural efficiency, and inform technology or vendor investment decisions.

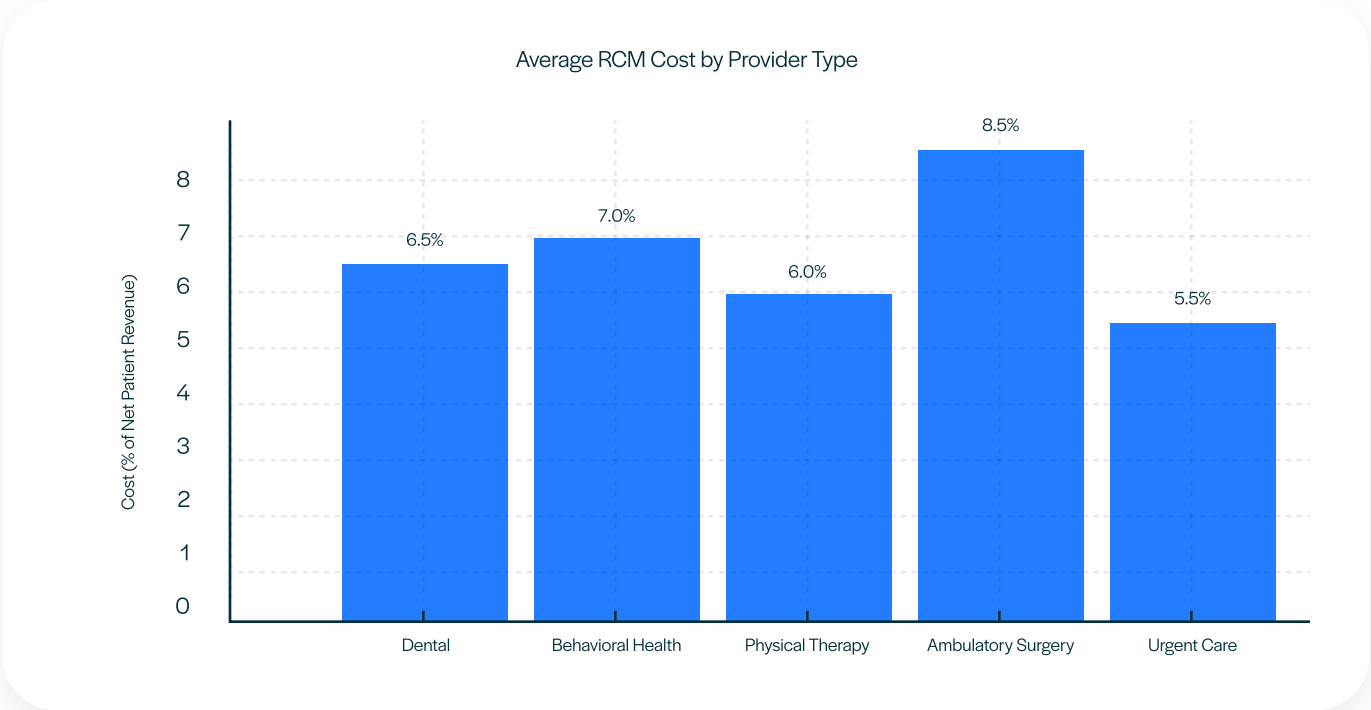
## RCM Cost Allocation by Process (Multisite Providers)

The cost of RCM varies widely across its subprocesses, especially within the context of multisite providers. Processes involving manual intervention and payer interaction—such as denial management and coding—typically represent the largest share of RCM expense. The following chart illustrates average RCM costs by process as a percentage of net patient revenue across ten multisite provider verticals.



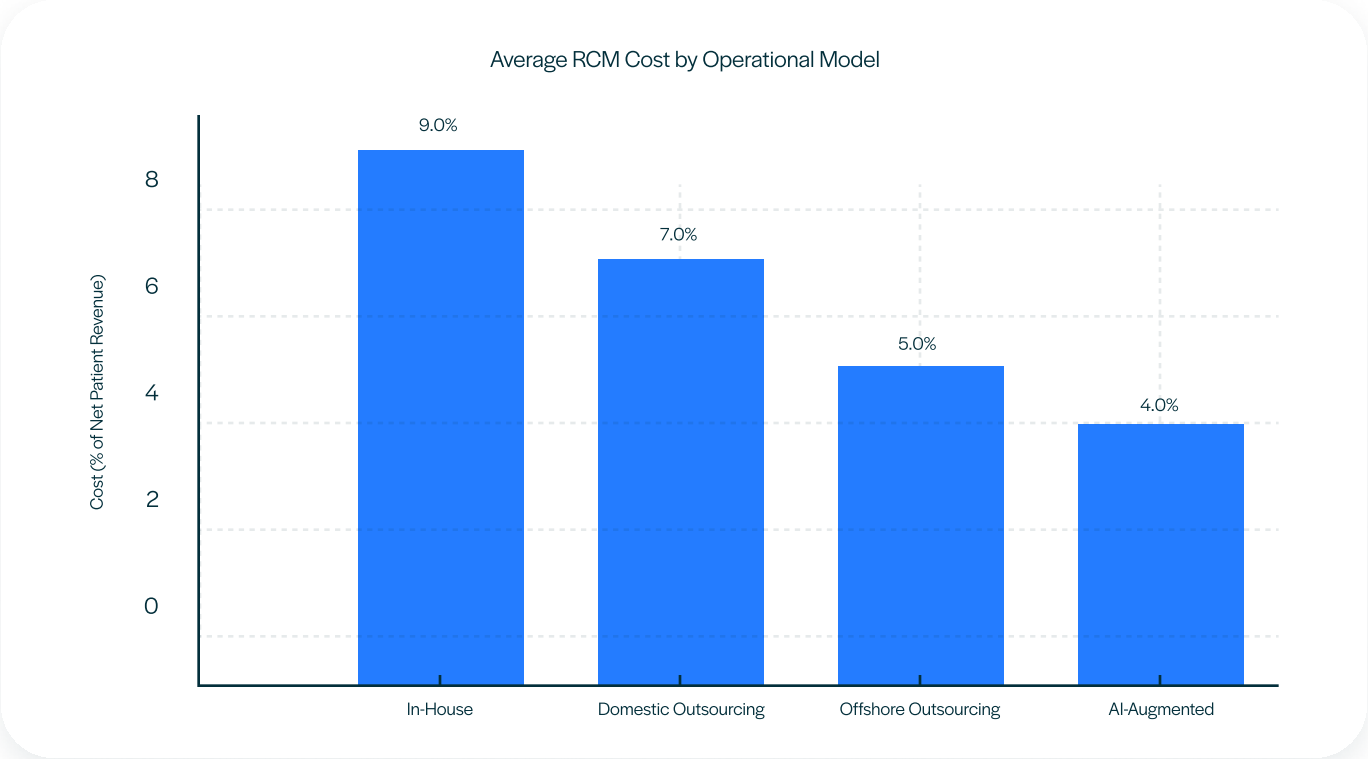
# Comparative RCM Spend by Provider Type

RCM burden is not uniform across the healthcare ecosystem. High-acuity outpatient providers such as ambulatory surgery centers (ASCs) and behavioral health networks typically allocate a greater portion of revenue to RCM activities, driven by service complexity, fragmented payer reimbursement, and high claim volume. The following chart provides comparative benchmarks across common multisite verticals.



# RCM Operating Model Cost Comparison

RCM can be executed using several structural models: fully in-house teams, onshore business process outsourcing (BPO), offshore vendors, and increasingly, AI agents supervised by internal or vendor-based human-in-the-loop (HITL) models. Each model presents trade-offs across dimensions of control, cost, and scalability. The cost profile of each model is shown below as a percentage of net revenue.




- **In-House: 8–10%** of Net Revenue — Provides operational control and institutional knowledge but is resource-intensive.
- **Domestic Outsourcing: 6–8%** — Delivers scalability but may introduce complexity in vendor integration and SLA enforcement.
- **Offshore Outsourcing: 4–6%** — Cost-efficient but may suffer from quality, regulatory, and communication risks.
- **AI-Augmented: 3–5%** — Offers high consistency and scalability; best leveraged for repetitive tasks such as payment posting, eligibility checks, and A/R follow-up.

## Strategic Recommendations for RCM Optimization

Finance leaders seeking to modernize RCM operations should consider a blended approach to optimize cost and performance. Recommendations include:

1. Segment RCM spend to identify automation-ready processes
2. Establish baseline cost-to-collect by site and specialty.
3. Use AI agents strategically in processes that are consuming the most time and morale.
4. Evaluate hybrid operating models, balancing internal talent with HITL-supervised automation and selective BPO engagement.

## Conclusion

RCM is no longer a fixed administrative function—it is a strategic asset. Finance executives in growth-stage healthcare organizations must scrutinize cost drivers at the process level, model trade-offs across delivery options, and adopt emerging technologies to remain competitive. A disciplined, data-driven approach to RCM cost management enables scalability, margin protection, and operational agility.

Reach out to us for more support assessing your revenue cycle spending.

**Data Sources**

2024–2025 Tally RCM Finance Study
MD Clarity: Cost to Collect Benchmark
Plutus Health: Healthcare RCM KPIs
Practolytics: Healthcare RCM Services Cost