

Transforming Revenue Cycle Management in 2025 and Beyond

EXECUTIVE SUMMARY

Revenue cycle management (RCM) in healthcare is undergoing a profound transformation in 2025, driven by advancements in automation, regulatory changes, and the increasing adoption of value-based care models. Healthcare providers face significant challenges in on-time revenue recognition, which impacts their financial stability and operational efficiency. A recent survey in 2024 revealed that nearly 50% of healthcare leaders identify timely patient collections as their most pressing issue, followed by denial management (36%) and staffing shortages (32%).

Additionally, cybersecurity threats have become a major concern: the 2024 ransomware attacks posed a risk to 50% of U.S. medical claims, disrupted services nationwide, and resulted in over \$2.4 billion in financial losses. To mitigate these challenges, healthcare executives continuously look for solutions that help them with real day sales outstanding (DSO) improvements, risk reduction, and improvements to compliance. The recent outsourcing patterns in RCM are indicating a growing trend toward leveraging external expertise to address RCM issues.

This whitepaper explores the latest trends reshaping the RCM landscape, identifies challenges faced by providers, and examines the role of emerging technologies, such as generative AI, in enhancing operational efficiency.

1. EVOLVING DYNAMICS IN RCM

Value-Based Care (VBC) Models

The push for value-based care (VBC) in the U.S. is led primarily by the federal government, with the Centers for Medicare & Medicaid Services (CMS) setting ambitious goals to transition all Medicare payments to value-based models by 2030. Healthcare providers, especially larger systems and accountable care organizations (ACOs), are increasingly participating to improve outcomes and share in cost savings. Patients, too, are influencing this shift through a growing demand for more personalized, coordinated, and outcome-driven care.

The shift from fee-for-service to value-based care is compelling providers to focus on patient outcomes rather than service volume. Under VBC, providers face greater financial risk and reward, depending on their ability to improve patient outcomes and control costs. This model requires significant investment in data analytics, care coordination, and preventive care strategies. While larger health systems are better equipped to handle these changes, smaller practices often struggle with administrative and technological demands. Despite these challenges, VBC aims to enhance care quality and patient satisfaction while reducing unnecessary spending, aligning financial incentives with long-term health outcomes. To enable these transitions, healthcare providers are looking for off-the-shelf solutions that can kickstart their projects with embedded data analytics, improved clinical documentation, and a more integrated approach to care delivery.

Regulatory Changes

The Centers for Medicare & Medicaid Services (CMS) have introduced updates to the 2025 Fee Schedule, impacting reimbursement rates and billing codes. These changing guidelines are significantly impacting RCM by introducing regulatory and reimbursement changes that require providers to adapt quickly. Key updates include the unbundling of care management billing codes for rural health clinics (RHCs) and Federally Qualified Health Centers (FQHCs), eliminating the previously used G0511 code, which increases billing complexity and demands more detailed coding. CMS is also removing productivity standards for RHCs, altering financial planning assumptions, and implementing reforms to streamline the prior authorization process. Additionally, the discontinuation of four Medicare payment models will force participating providers to revise their RCM strategies. Together, these changes demand enhanced compliance, better financial forecasting, and updated billing workflows to maintain revenue integrity and operational efficiency.

Technological Advancements

Technology enhancements are transforming RCM by streamlining operations, improving accuracy, and aligning financial processes with clinical care. Modern EHRs and EMRs have evolved into integrated, cloud-based platforms with built-in billing tools and real-time data capture, enhancing coding precision and speeding up claims. Automation and AI reduce manual errors and accelerate workflows, while predictive analytics help identify revenue risks and optimize financial performance. Crucially, improved interoperability—driven by mandates like the 21st Century Cures Act—is enabling seamless data exchange between providers, payers, and patients, reducing delays and errors. Together, these advancements are making RCM more efficient, transparent, and patient-centered.

2. NOT ALL PROVIDERS HAVE THE SAME CHALLENGES – ONE RCM SOLUTION DOES NOT FIT ALL

RCM varies significantly across healthcare provider types due to differences in size, complexity, and patient populations.

- a. **Large hospital systems** require sophisticated, integrated RCM solutions to manage high patient volumes, diverse services, and complex payer contracts.
- b. **Community healthcare providers**, such as FQHCs and RHCs, focus on Medicaid, Medicare, and low-income patients, requiring efficient management of government reimbursements and simplified billing.
- c. **Specialty clinics** deal with complex coding and pre-authorizations for specialized treatments, often facing payer-specific reimbursement challenges.
- d. **Independent practices** typically use more manual RCM processes, focusing on accurate coding and patient collections, often with limited resources for advanced technology. Each type of provider adapts its RCM approach based on size, patient mix, and service complexity.

3. CAN TRADITIONAL AUTOMATION TOOLS ENHANCE RCM PRACTICES?

Traditional automation tools can significantly enhance RCM by improving efficiency, reducing errors, and accelerating cash flow. Here's how specific automation tools can make an impact:

- a. **Auto Claims Scrubbing:** Automated claims scrubbing tools can detect and correct errors in claims before submission, reducing the likelihood of denials and speeding up the claims approval process. This results in fewer denials, faster payments, and reduced administrative costs.
- b. **Auto Coding:** Automation in coding leverages AI to analyze clinical notes and accurately assign codes (ICD-10, CPT, etc.) for diagnoses and procedures. This helps reduce coding errors, improves coding accuracy, and ensures compliance with regulatory standards. This also leads to fewer claim rejections and faster reimbursement.
- c. **Conversational AI:** AI-powered chatbots and virtual assistants can handle patient inquiries, appointment scheduling, and financial questions (like payment plans or insurance verification). Such tools significantly improve patient engagement, enhance collections by providing real-time answers, and free up staff for more complex tasks.
- d. **Automated Payment Reconciliation** Automated tools can reconcile payments by matching payments to the correct accounts, flagging discrepancies, and automating follow-ups for underpayments or denials. This results in faster payment reconciliation, reduced manual errors, and more accurate financial reporting.

Automation tools streamline the entire RCM process—from claims submission to payment collection—enhancing accuracy, reducing manual effort, and improving the bottom line. By addressing common bottlenecks like coding errors, claim rejections, and payment discrepancies, these tools optimize revenue cycles and support more efficient healthcare operations.

4. DOES GENERATIVE AI HAVE A ROLE IN RCM?

Generative AI is poised to influence RCM with:

- **Enhanced Documentation:** AI can assist in generating accurate clinical documentation, reducing physician burnout and improving coding accuracy.
- **Predictive Analytics:** Generative AI models can forecast patient outcomes and financial performance, aiding in proactive decision-making.
- **Natural Language Processing (NLP):** NLP capabilities enable better understanding and processing of unstructured clinical data, improving coding and billing processes.

While adoption is still in its early stages, healthcare organizations are exploring the potential of generative AI to streamline revenue cycle operations.



5. HOW ARE RCM OUTSOURCING PROVIDERS ADAPTING TO THE CHANGING LANDSCAPE?

RCM BPO (business process outsourcing) vendors are adapting to the changing trends in RCM by incorporating advanced technologies, aligning with value-based care models, and enhancing operational flexibility to meet the evolving needs of healthcare providers. Here's how they are adapting:

- **Investing in Technology:** Vendors are adopting advanced RCM technologies, including AI and automation tools, to enhance service offerings. They are integrating automation tools like AI-driven coding, claims scrubbing, and denial management systems to streamline workflows, reduce human error, and accelerate the reimbursement process.
- **Staying Informed:** Given the frequent changes in healthcare regulations, RCM BPO vendors are focusing on ensuring their solutions remain compliant with evolving laws, including HIPAA, ICD-10 updates, and the latest CMS guidelines.
- **Building Patient-Centered Solutions:** With the rise of high-deductible health plans and a shift in patient responsibility, RCM vendors are enhancing their patient-facing services, such as online payment portals, automated billing notifications, and financial counseling.
- **Focusing on Data Security:** Vendors are implementing robust cybersecurity measures to protect sensitive patient and financial data.
- **Offering Value-Based Services:** BPO companies are developing capabilities to support value-based care models, including data analytics and performance tracking.
- **Building Resilience:** Vendors are establishing contingency plans to mitigate the impact of potential disruptions, such as cyberattacks or system failures.

CONCLUSION

The RCM landscape in 2025 is characterized by rapid changes driven by technological advancements, regulatory updates, and evolving care models. Providers and outsourcing partners must remain agile, embracing innovation and strategic planning to navigate these transformations successfully. By leveraging automation, staying informed about regulatory requirements, and focusing on value-based care, stakeholders can enhance efficiency, reduce costs, and improve patient outcomes in the evolving healthcare environment.



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As Chief Business and Strategy Officer, Dr. Gauri Puri plays a pivotal role in driving growth and development in the payer and provider segments. Her ability to spearhead transformative initiatives and cutting-edge operational processes allows her to identify bottlenecks and deliver impactful results to clients. This unique skillset has enabled her to expand Vee Healthtek's market potential to unlock new revenue opportunities across its portfolio.

