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Margin Pressures in Modern Healthcare:

Optimizing the Revenue Cycle to Ensure System Sustainability

WHITE PAPER

Executive Summary

Hospitals and health systems across the US are grappling with unprecedented financial and operational pressures. Escalating labor and non-labor costs, coupled with rising patient demands and increasingly complex care delivery models, are pushing profit margins to unsustainable levels. However, new technologies and innovative strategies are transforming the revenue cycle management (RCM) landscape, offering a path to resilience and improved financial outcomes.

This white paper delves into the current financial challenges facing healthcare providers, the evolution of the RCM market, and how strategic partnerships with forward-thinking companies like Access Healthcare can drive both financial stability and operational excellence.

How Rising Costs Are Straining Healthcare Systems

Hospitals and health systems are experiencing a sharp increase in expenses across multiple categories. According to Fierce Healthcare, non-labor costs, such as medical supplies, drug expenses, and purchased services, are rapidly rising (Fierce Healthcare, 2025).

Strata Decision Technology reports a 9.1 percent increase in non-labor costs from March 2024 to March 2025, with drug costs surging by 11.5 percent and supply expenses by 10.8 percent (Strata Decision Technology, 2025).

Then there is the cost of labor, which remains a significant burden despite recent slowdowns in salary growth. The American Hospital Association notes that labor costs increased by more than $42.5 billion from 2021 to 2023, with hospitals spending $51.1 billion on contracted staff in 2023 alone (American Hospital Association, 2024).

Compounding these financial pressures, many hospitals are hindered by outdated infrastructure, both physical and digital. Manual workflows and underinvestment in IT limit operational efficiency and slow the adoption of automation in the revenue cycle (Fierce Healthcare, 2025). Thin margins and unpredictable reimbursement cycles further complicate the ability to invest in new technologies or expand the workforce.

An aging population, a growing prevalence of chronic conditions, and rising patient expectations for specialized, high-touch care exacerbate this imbalance between cost, care quality, and system sustainability.

The RCM Market Response: Trends and Technologies

The US healthcare revenue cycle management market valued at $141.61 billion in 2024, is projected to reach $272.78 billion by 2030, growing at a compound annual growth rate of 11.55 percent (ResearchAndMarkets.com, 2025). Several trends are accelerating this growth:

Analytics-driven RCM: Organizations using advanced analytics report up to 40 percent fewer denials and 93 percent first-pass claim rates (Inovalon, 2024).

Adoption of AI and automation: Tools that automate coding, billing, and claims processing reduce human errors and increase speed (AnnexMed, 2024).

Outsourcing surge: More than 60 percent of healthcare providers are exploring RCM outsourcing to mitigate staffing shortages and rising costs (UnisLink, 2024).

These trends highlight that RCM is no longer just a back-office function but a strategic financial pillar. Healthcare administrative costs, including revenue cycle operations, account for 15 to 25 percent of total expenditures (Plutus Health, 2024).

Even small improvements in RCM efficiency can yield significant financial returns. With rising denials, ongoing labor shortages, and increasing complexity in payer rules, leading health systems are now prioritizing RCM investments in analytics, automation, and outsourced expertise.

For example, offshoring medical coding can yield cost savings of 40 to 60 percent for healthcare providers, while also offering advantages like 24/7 coverage (iMedX, 2023). Deloitte estimates that offshoring administrative functions in areas like human resources can reduce labor and overhead costs by up to 50 percent in some cases (Chief Healthcare Executive, 2024). These savings are prompting broader investment in technology- driven efficiencies: nearly 43 percent of health system executives plan to invest in core business technology solutions in 2025, and 30 percent are prioritizing digital platforms to strengthen RCM operations (Finvi, 2025).

CASE STUDY:

Exact Sciences

Exact Sciences, a leading national diagnostic lab company and the maker of Cologuard®, experienced exponential growth during the COVID-19 pandemic. To address inconsistent order entry and rising A/R backlogs, their RCM executives partnered with Access Healthcare. Within weeks, we implemented a scalable solution that combined expertly trained resources with advanced Epic integration. The results were impressive: improved order entry accuracy, 24/7 staffing, reduced denials, faster collections, and a significant boost in cash flow.

Solving the Profit Margin Equation

For more than a decade, Access Healthcare has helped healthcare organizations of all sizes optimize revenue cycle operations, recover lost revenue, and improve operational efficiency. Today, we support more than 150 clients, process over 400 million transactions annually, and manage $120 billion in claims. Our deep understanding of each organization's financial pressures, operational priorities, and clinical workflows enables us to deliver tailored services that produce meaningful results.

Key Approaches

Front-end revenue capture optimization: Access Healthcare collaborates directly with CFOs and RCM executives to evaluate and optimize front-end revenue capture strategies, including prior authorization and benefit verification. These optimizations have been proven to reduce denial volume by double-digit percentages. For instance, Access Healthcare helped an acute care client lower their denials by 17 percent through front-end process improvements. Another client improved case collection timelines, recovering 92 percent of expected collections within 120 days of service—up from 85–89 percent prior to transitioning to Access Healthcare. And, for a national dialysis provider, targeted front-end RCM interventions contributed to a 4 percent reduction in denial rates.

Mid-cycle improvement: Our certified coding professionals and clinical documentation integrity (CDI) specialists enhance case mix index (CMI), reduce audit risk, and ensure accurate reimbursements. For one large client, productivity improvements in authorization and insurance verification resulted in a 50 percent increase in team efficiency, allowing the same volume to be handled with fewer staff. Our automation initiatives have also driven 10 percent savings in FTE, allowing this client to reallocate resources to

CASE STUDY:

Renal Care Client

A national leader in renal care serving 4.1 million dialysis patients across 4,000 clinics faced significant RCM challenges. In July 2024, the organization was contending with a $120 million cash deficit on claims dating back to the 2023 date of service (DOS), along with $113 million in outstanding accounts receivable.

Access Healthcare stepped in with a multifaceted approach, conducting a thorough patient-level analysis to identify denial trends and recommended specific recovery actions. A specialized team of 35 subject matter experts was deployed to focus on high-value claims and prioritize aged 2023 DOS accounts. Root cause analysis uncovered commonalities among claims at risk of being written off, which informed a series of proactive education initiatives for the client’s A/R teams to prevent recurrence.

This highly targeted strategy delivered significant financial recovery: a $106.9 million reduction in A/R—a 94 percent improvement—in nine months, from July 2024 to April 2025. Additionally, $41.1 million in cash collections were recovered, representing 36 percent of the total 2023 DOS claims.

Back-end A/R management: We scale A/R teams to recover aging receivables while minimizing outsourced labor costs. Our expertise in payer knowledge, workflow automation, and analytics-driven prioritization reduces days in A/R and improves collections.

Across our client base, we achieved a reduction of 11 A/R days, with enterprise-level performance trending at 4.21 days. Additionally, we delivered a 55 percent reduction in aged A/R (180+ days), improving from 49 percent in April 2024 to 22 percent by March 2025. For one client, A/R value dropped from $112 million in October 2024 to $26 million by March 2025—a 76 percent reduction.

Electronic health record (EHR) platform transitions: With deep expertise across all major EHR platforms, Access Healthcare's teams are equipped to step in immediately, minimize disruption, and support continuity from day one. We have deep, trusted relationships with vendors like Epic, Oracle Cerner, MEDITECH, Athena, and others.

Our teams are well-versed in the nuances of each system and leverage intelligent automation and best-practice configuration to improve order entry workflows and accelerate claims submission. This capability is especially critical during large-scale transitions, mergers, and enterprise consolidations.

CASE STUDY:

Ability to Rapidly Scale Through Outsourcing

Access Healthcare has demonstrated rapid scalability for some of the largest RCM clients in the US. For one partner, our team scaled from 45 to 380 FTEs in two years and expanded our scope to include complex services like Notice of Admission (NOA) and sleep study authorization. In another example, we onboarded more than 200 FTEs within 45 days of contract signing, underscoring our ability to move fast and deliver results at scale.

What to look for in an RCM partner

As hospitals and health systems navigate ongoing financial pressures, selecting the right RCM partner is crucial. Here are the key characteristics to prioritize:

Customization over commoditization: Since every healthcare provider is different, choose an RCM partner that tailors solutions to your organization's unique structure, payer mix, and technology platforms.

The "Tech-Human" synergy*:* The best outcomes result from combining AI-driven automation with experienced, responsive teams.

Possess a strategic mindset: An ideal RCM partner should work alongside your leadership team to improve the financial model, not just process transactions.

Ability to scale: Lastly, ensure your partner can quickly adapt to surges in patient volume, regulatory changes, and internal transformations.

CASE STUDY:

A National Durable Medical Equipment Provider

A leading DME with 900 locations nationwide faced serious operational disruptions following a clearinghouse cyberattack. The incident brought electronic remittance processes to a halt, resulting in $42 million in unapplied payments and a sharp increase in overall outstanding accounts receivable. At the same time, the organization was grappling with a 15 percent claim denial rate and inefficient manual inventory processes managed through spreadsheets.

Access Healthcare partnered with the client to quickly stabilize operations and accelerate financial recovery. We implemented streamlined reconciliation strategies, reengineered claims workflows, and conducted detailed denial analysis to identify preventable issues. Our efforts not only brought much-needed visibility and control to payment posting but also helped reduce denials and restore financial momentum in the aftermath of the cyberattack.

Turning Profit Margin Pressures into a Financial Opportunity

The financial challenges facing hospitals are undeniable—but so are the opportunities. By reimagining RCM not as an administrative burden but as a strategic lever, healthcare leaders can unlock new levels of efficiency, agility, and financial performance.

Access Healthcare exemplifies this shift in mindset, delivering tailored RCM solutions that combine advanced technologies, deep domain expertise, and flexible staffing models. From clearing backlogs to reducing denials, accelerating collections, and uncovering revenue you might not of known was missing—we help clients turn revenue pressure into financial performance.

In a healthcare market defined by thin margins and relentless complexity, the question is no longer if you should rethink your RCM strategy—it's why wouldn't you? The future of healthcare belongs to those who operate smarter, faster, and more strategically. Let us help you lead that transformation.

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