



CEO INSIGHTS

From cost center to value driver:

Why revenue cycle management partnerships matter

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Health systems have historically thought we can be all things to all people in all areas. The reality is we can't. We're really good at caring for patients, and for other things, we need to find opportunities to partner.

— Marty Bonick, President + CEO, Ardent Health

A CEO in Conversation

Ardent Health is a large for-profit health system with a long history of partnering with like-minded organizations to measurably improve quality, drive value and enhance community benefit.

When Marty Bonick joined Ardent as CEO in 2020, he saw the revenue cycle as an area prime for partnership. Bonick helped shift the perception of the revenue cycle from cost center to value driver, deciding to invest for growth and transition all in-house revenue cycle

operations to a single strategic partner. And that big bet is paying off.

A year into their full managed services partnership, Ardent has been able to reinvest nearly \$70 million into clinical innovation and patient care that would have otherwise been lost.

We sat down with Marty Bonick to explore Ardent's decision to move to an end-to-end RCM managed services model. Here's what he had to say.



About Ardent Health

30 hospitals

200+ sites of care

6 states

\$4.4B NPR

Why Revenue Cycle?

When Bonick joined Ardent, they had stable revenue cycle performance and ample scale. So why address revenue cycle management in the first place?

"This is an environment where health system operating margins are razor thin," says Bonick. "Many hospital systems are operating at a negative margin. It's almost irresponsible not to consider looking at the revenue cycle."

Traditionally, the key metric used to manage revenue cycle operations is cost to collect. But as payment complexity increases, ensuring organizations are actually collecting everything owed is equally as important as controlling the cost to collect it.

With insurance companies spending hundreds of millions of dollars on payment integrity tactics and advanced technology to flag, deny and reduce payments to providers, Ardent's leadership knew they needed to fight fire with fire.

"We didn't have full visibility into the impact of what was being left on the table. But we knew if we didn't invest in the revenue cycle, we couldn't expect to keep up with payers," says Bonick.

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There are only so many levers of opportunity for margin improvement that you can pull. If you're not focusing on your revenue cycle, you're missing one of the biggest opportunities available to make an impact on your system.

50%

[of U.S. rural hospitals operate at a loss](#), with hundreds vulnerable to closure.

75%

of healthcare leaders say [denials management is their most time-consuming task](#).

67%

[of hospitals](#) are seeking help with cumbersome payer processes.

Why a Managed Services Partnership?

Managed services, or outsourcing, models already exist throughout most healthcare organizations across a variety of critical functions including specialty physician management, housekeeping, nutrition and pharmacy.

With only 25% of the revenue cycle outsourced with Ensemble at the time, Ardent initially considered taking all operations “in house.” But after careful consideration of their performance needs and internal capabilities, they agreed that the time and resources required to build and maintain a high-performing revenue cycle were too significant.

“We could have tried to emulate Ensemble but it would have cost us a lot of money,” says Bonick. “We weren’t going to come up with the same solution at the end of the day, but we would have spent a lot of money trying.”

Fully staffing revenue cycle functions and allocating enough capital to invest in advanced RCM technology are common challenges for healthcare organizations. Revenue cycle staff in health systems can also struggle to grow professionally due to the clinically focused infrastructure.

“We’re a healthcare organization. We are people caring for people. That’s our purpose,” says Bonick. “But at the end of the day, we just didn’t have the management infrastructure, processes or tools to maintain an excellent revenue cycle. And we knew doing it cheaply was not the right answer.”

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By taking a function that is not core to our mission but critical to our business and partnering with a company that does it very well – it allows us to focus on the things that we can do.

61% [believe RCM managed services provide superior results](#) compared to in-house operations.

95% [of executives would pursue end-to-end RCM managed services](#) to solve key business issues.

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We knew we needed a strong partner able to go toe to toe with the insurance companies and make sure we get the payment that we deserve for our services — and we knew we had one with Ensemble.

Why Ensemble?

Ardent decided to consolidate their 15 revenue cycle vendors and select a single partner to manage operations across their entire system. As their existing RCM managed services partner for five hospitals, Ensemble's performance was well-known by Bonick.

In addition to delivering consistent performance results, Ensemble provided a level of data integrity and operational transparency that wasn't available across the rest of Ardent's revenue cycle. Instead of pulling information out of Ardent's host system and trying to re-integrate it like most vendors, Ensemble provided resources, technology capabilities and insights directly into Ardent's system.

Ardent partnership performance within the first 6 months:



26 facilities with 6 different CBOs transitioned to Ensemble > 30 days ahead of schedule



Greater than 100% average cash collections



20% reduction in insurance AR > 90 days

54% reduction in insurance AR > 365 days

"It felt like our in-house revenue cycle performance was a bit of a black box with different systems and vendors," says Bonick. "The data and spreadsheets our teams presented just didn't provide the necessary level of clarity and it was hard to trust the data source. I ended up asking them to produce summaries and insights more like the Ensemble team."

Ensemble assumed management of all RCM functions and vendors and transitioned more than 1,700 people from Ardent to the Ensemble team more than 30 days ahead of schedule.

"It's not as easy as flipping a few switches and the rest of the hospitals are live, but Ensemble made it feel that easy. We didn't see a downturn in performance. We just experienced the upside, which was excellent," says Bonick. "It was one of the smoothest conversions I've ever been through. Now I don't have to worry about revenue cycle because I know it's in good hands."

Client Results

Average performance

5% average increase in net patient revenue

5% average cash yield improvement

5%-10% typical cost savings



Ranked #1 end-to-end revenue cycle firm for partnership and performance, again and again.

Ensemble is the leading provider of tech-enabled revenue cycle managed services, delivering holistic financial health for hundreds of healthcare organizations across the country.

