AI and machine learning lead trends that will revolutionize healthcare finance, June 2022-23

What is the next big thing that will revolutionize healthcare finance?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AI, machine learning</td>
<td>37.8%</td>
</tr>
<tr>
<td>Reimbursement model changes</td>
<td>9.1%</td>
</tr>
<tr>
<td>Real-time authorization, payment reform</td>
<td>8.4%</td>
</tr>
<tr>
<td>Technology advances</td>
<td>7.5%</td>
</tr>
<tr>
<td>Specific patient care (functional medicine; consumerism; value-based)</td>
<td>6.7%</td>
</tr>
<tr>
<td>Telehealth and in-home monitoring</td>
<td>6.7%</td>
</tr>
<tr>
<td>Data analytics, mining</td>
<td>5.0%</td>
</tr>
<tr>
<td>Staffing reductions, shortages</td>
<td>4.4%</td>
</tr>
<tr>
<td>Innovations to eliminate unnecessary care, improve efficiencies</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Source: HFMA Outlook Survey, Second and Third Quarters, 2023

AI AND RURAL HOSPITAL FOCUS TOOK A SIGNIFICANT SHIFT UPWARD ON MEMBERS’ FUTURE FOCUS

HFMA members’ attention to artificial intelligence and machine learning took a sharp increase in the second and third quarters of 2023. Over the past year, members saying that AI and machine learning is the next big thing that will revolutionize healthcare finance rose from 26% to almost 58%.

The advent of ChatGPT and media coverage of AI and machine learning applications appear to have contributed to this increase. In addition, more use of machine learning in revenue cycle operations continues to fuel the interest from healthcare finance professionals in automation and efficiency.
In the second and third quarters of 2023, rural healthcare appeared for the first time as a critical area to watch. The impact of limited healthcare options in less-populated areas of the United States is a growing concern for HFMA members. Concern about rural hospitals was on par with challenges related to provider reporting requirements.

**CONCERN ABOUT PREPAREDNESS FOR TECHNOLOGY, DATA ANALYSIS AND CYBERSECURITY NEEDS INCREASED 5X OVER ONE YEAR**

HFMA members say that being prepared for the future impact of technology, data analysis needs and cybersecurity issues is becoming increasingly important. Survey respondents expressing the critical nature of this area grew by five times from responses gathered a year ago.

**Rural healthcare reaches top-of-mind trend in Q2 and Q3 2023**

What is the next big thing that will revolutionize healthcare finance?

- AI, machine learning: 57.7%
- Rural healthcare loss: 17.6%
- Reporting enhancements: 17.6%
- Technology cost increases: 7.2%
- Data analytics, mining: 5.9%
- Standardized federal and state hospital reporting: 5.4%
- Staff development and education: 4.5%

Source: HFMA Outlook Survey, Second and Third Quarters, 2023

**Attention to technology showed growth over the last year**

<table>
<thead>
<tr>
<th>Month</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2022</td>
<td>2.4%</td>
</tr>
<tr>
<td>September 2022</td>
<td>15.5%</td>
</tr>
<tr>
<td>December 2022</td>
<td>8.2%</td>
</tr>
<tr>
<td>March 2023</td>
<td>11.2%</td>
</tr>
<tr>
<td>June 2023</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

Source: HFMA Outlook Survey, Second and Third Quarters, 2023
EMPLOYED CLINICAL STAFFING DOMINATES PROVIDER HIRING

Healthcare providers continue the trend over the past year of focusing their hiring on employed clinical staff rather than contracted clinical staff and administrative staff, which continued a decline throughout the year. Employed clinical staffing increased consistently between June 2022 and June 2023.

Shortages of clinical workers, and in particular nurses, required some providers to use contracted workers. But providers prefer employed staff because of the continuity and stability they offer to the organization and patient care.

Providers show clear preference for employed clinical staff

How much do you project employment will change within your organization, overall, over the next 3 months?

Source: HFMA Outlook Survey, June 2022 – June 2023
INTERNAL ORGANIZATIONAL ISSUES DOMINATE OBSTACLES TO COST ACCOUNTING IMPLEMENTATION

More than eight in 10 HFMA members say that costing is important to their organizations, with 41% saying that it is very important and 44% saying it is somewhat important. But survey respondents said there are obstacles to implementation, with the top three being barriers that exist within their organizations:

- Internal resource constraints
- Complexity of costing system deployment
- Lack of organizational consensus on costing practices

Cost accounting implementation requires strong internal support

Which obstacles would you cite as the greatest impediments to cost accounting implementation? (Select up to 3 choices.)

- Internal resource constraints: 47.1%
- Complexity of costing system deployment: 35.7%
- Lack of organizational consensus on costing practices: 24.1%
- U.S. healthcare does not reward cost leadership: 19.8%
- Ease and convenience of less complex alternatives: 18.5%
- Competence of finance and accounting personnel: 15.9%
- Lack of board and/or greater C-suite knowledge: 13.9%

Source: HFMA Outlook Survey, Second and Third Quarters, 2023
The Healthcare Financial Management Association (HFMA) equips its more than 103,000 members nationwide to navigate a complex healthcare landscape. Finance professionals in the full range of work settings, including hospitals, health systems, physician practices and health plans, trust HFMA to provide the guidance and tools to help them lead their organizations, and the industry, forward. HFMA is a not-for-profit, nonpartisan organization that advances healthcare by collaborating with other key stakeholders to address industry challenges and provide guidance, education, practical tools and solutions, and thought leadership. We lead the financial management of healthcare.

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