

**27<sup>th</sup> Annual Revenue Cycle and Finance Conference**  
**Building Beyond: Leading the Future of Revenue & Finance**

# THE BENEFITS AND PITFALLS OF OUTSOURCING

**Presenters: Steven F. Honeywell and Jeff Hinkle**

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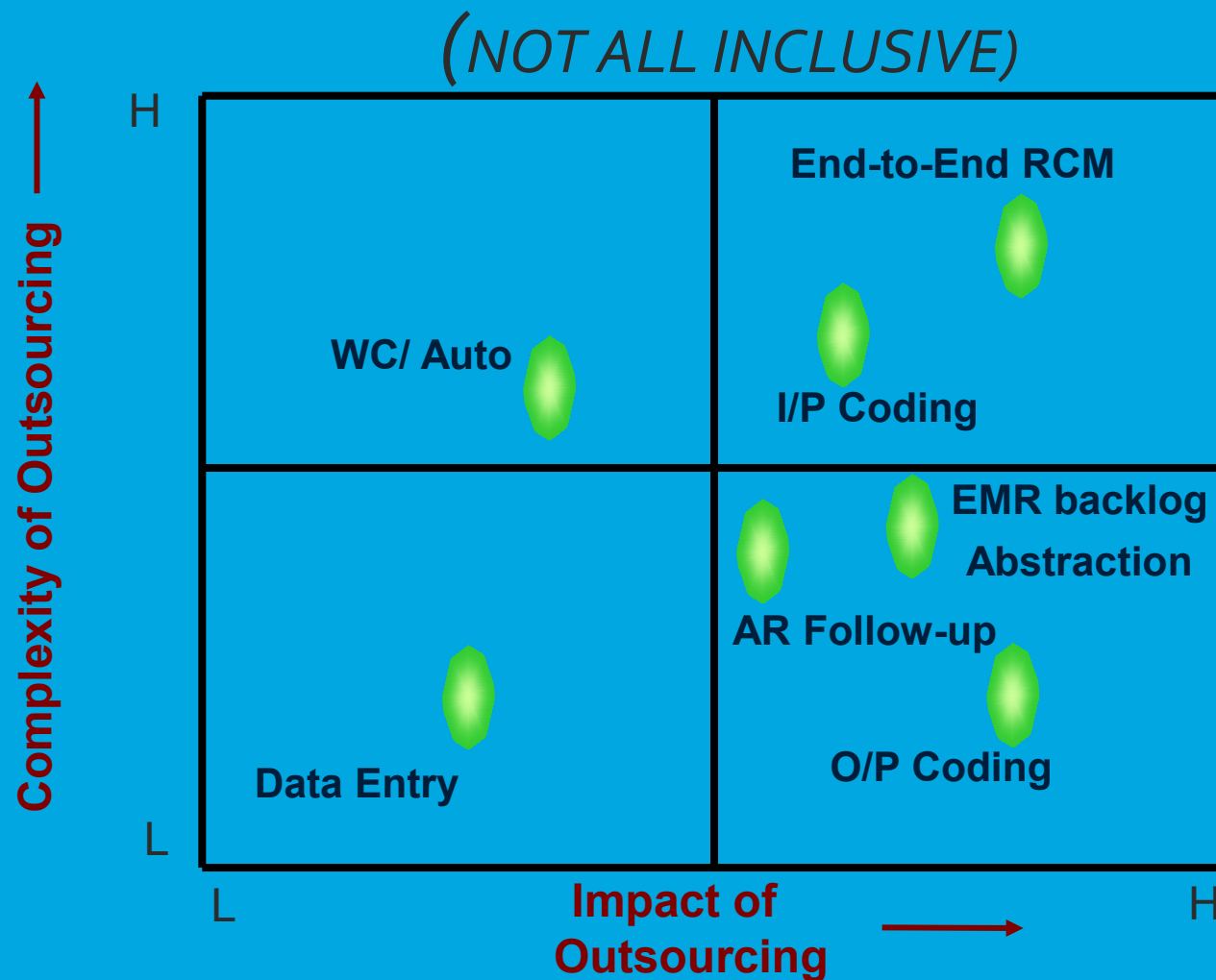
## KEY PREMISE

Providers have limited resources which will be focused on their highest value opportunities. However, every aspect of the revenue cycle must be adequately resourced by both internal and external means, or less than optimum results will be achieved.

# WHY OUTSOURCE?

- Temporary Opportunity
- Meet Financial / Budgetary reasons
- Self Pay Campaign
- Coding Backlog Resolution
- A/R Clean-up
- Resource/FTE Limited pool vs. Flexibility of vendor
- Customer Service

# SELECTION OF PROCESS – WHAT TO OUTSOURCE



# IDENTIFYING OPPORTUNITIES



List major activities in each segment of the revenue cycle



Document current level of performance



Assess opportunities to improve resourcing of processes

# BUYER BEWARE



Must incorporate vendor/partner into your revenue system



Establish mutually agreed upon performance expectations (SLA's)



Investigate vendor's specific expertise BEFORE contracting

# OUTSOURCING PITFALLS



Outsourcing any part of an organization's business is an important decision and **should not be made lightly** – especially in Healthcare



Executives typically spend months **analyzing operations, and weighing pros + cons** before deciding to go forward with an outsourcing arrangement



The top attraction of outsourcing is **the elimination of the daily management of a process and the ability to cut costs or improve performance**



A good manager will realize that their work is not done when they hand over the reins – **IT'S JUST BEGINNING**



A successful outsourcing arrangement is one that is **carefully managed** and worked as a **partnership** as well as gaining the buy-in from your staff that will be working with the vendor

# OUTSOURCING PITFALLS

## EXAMPLE OF WHAT NOT TO DO: BACKGROUND



UPHS began to look at outsourcing opportunities for the Patient Accounting Call Center



Call Center was difficult to recruit for because of burn-out; existing employees out on FMLA or limited duty related to stress



Abandon rate on calls at 30%, wait times more than 15 minutes, low patient satisfaction and even lower Senior Management satisfaction



After months of feasibility analyses, RFPs, presentations and negotiations UPHS selected a firm in Houston



Early success due to an immediate decrease in abandon rate, wait times and calls to Senior Management



# OUTSOURCING PITFALLS

## ONE MONTH LATER:

- Problems began to pop-up with the details of managing the self-pay accounts receivable:
  - Financial class change
  - Insurance verification
  - Rebilling
  - Account adjudication
  - Transfers to bad debt

# OUTSOURCING PITFALLS

## ROOT CAUSE:

- Management's lack of oversight and ownership of the process
  - This took three months to correct
- *We educated our staff on how to manage an outsourced relationship and the business partner staff on how we do business*

# OUTSOURCING COMPARISON

Total Collections - HB						Total Collections - HB					
Mth/Yr	# Referred	\$ Referred	\$ Collectable	Placement Collections	LIQ%	Mth/Yr	# Referred	\$ Referred	\$ Collectable	Placement Collections	LIQ%
Apr-25	9,523	\$13,367,234	\$13,584,708	\$353,169	2.60%	Apr-25	5,885	\$8,618,068	\$8,203,992	\$123,718	1.51%
May-25	8,283	\$11,645,183	\$11,640,609	\$147,548	1.27%	May-25	5,288	\$6,628,133	\$6,478,868	\$103,539	1.60%
Jun-25	13,860	\$18,241,454	\$18,275,444	\$323,940	1.77%	Jun-25	8,980	\$10,700,648	\$10,588,860	\$161,923	1.53%
Jul-25	11,338	\$14,146,548	\$14,192,936	\$236,510	1.67%	Jul-25	7,175	\$8,472,137	\$8,334,536	\$137,542	1.65%
Aug-25	10,895	\$12,272,064	\$12,238,627	\$241,995	1.98%	Aug-25	6,678	\$8,184,462	\$7,992,909	\$100,729	1.26%
Sep-25	14,795	\$14,516,103	\$14,539,722	\$82,084	0.56%	Sep-25	9,238	\$9,334,686	\$9,280,648	\$47,681	0.51%
6 Month Total	68,694	\$84,188,586	\$84,472,047	\$1,385,246	1.64%	6 Month Total	43,244	\$51,938,135	\$50,879,812	\$675,132	1.33%
Grand Total	68,694	\$84,188,586	\$84,472,047	\$1,385,246	1.64%	Grand Total	43,244	\$51,938,135	\$50,879,812	\$675,132	1.33%

LIQ% VARIANCE		LIQ% VARIANCE
1.09%		-1.09%
-0.33%		0.33%
0.24%		-0.24%
0.02%		-0.02%
0.72%		-0.72%
0.05%		-0.05%
0.31%		-0.31%
0.31%		-0.31%

# KEY DRIVERS OF OUTSOURCING DECISION

## Strategic Intent

Focus on Core Processes and  
leverage vendor strengths

Shift from fixed to variable costs

Improved Quality, Turnaround time

# KEY DRIVERS OF OUTSOURCING DECISION

## Tactical Intent

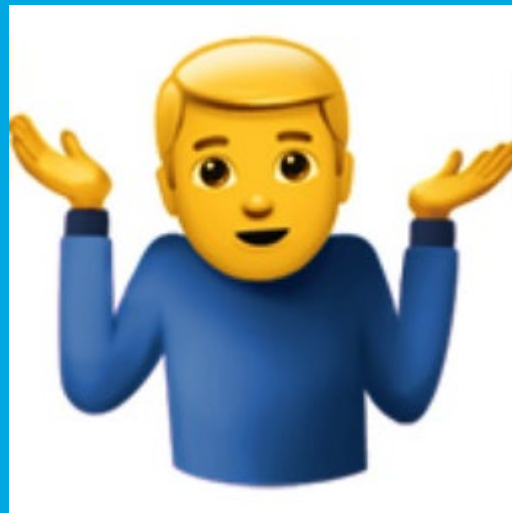
Right-size the cost structure

Staffing constraints

Management and Subject Matter  
Expert bandwidth

# MILLION-DOLLAR QUESTION?

ON-SHORE VS. OFFSHORE  
WHAT'S A HEALTH SYSTEM TO DO?



# THEN & NOW: GLOBAL SOURCING

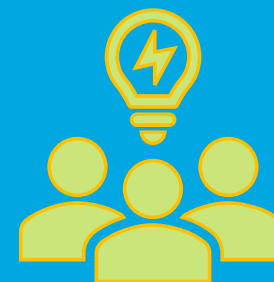
*How can we expect offshore staff to understand US Healthcare?*

*Can the vendor be trusted with confidential Information?*

*Will the vendor be able to understand and manage complex processes?*

THEN

NOW



We are very happy with the quality of staff, their ability to learn and deliver

Our vendor commitment to information confidentiality is second to none. We feel they are our extended business office.

Delivered quality and cost has exceeded our expectations

# BENEFITS OF GLOBAL SOURCING



Ability to scale  
infrastructure

Access to high  
quality subject  
knowledgeable  
resources

Strong teams  
with significant  
US experience

Geo-Diversity



Large financially  
stable vendors

Vendors with  
strong  
processes and  
outsourcing  
experience



Significantly  
lower offshore  
resources

Shift from fixed  
to variable costs



# GLOBAL SOURCING CHALLENGES



Global sourcing challenges hands-on management  
Need to bridge gap of cultural differences  
Need for contingency plans, if offshore operational issues arise  
Mitigate reduced control by working with vendor that is trusted in local geography and has significant US presence.



Need additional security for overseas transmission of data  
Need HIPAA compliance  
Increased security required at facility, unit, and devices  
Mitigate security risks by working with vendor that has data security certifications and HIPAA compliance plan.

# GLOBAL SOURCING: MOVING BEYOND COST

## Quality

- Trained and certified staff
- Performance management
- Quality assurance audits

## Higher Collections

- Increase in collections by working delinquent/ lower value account receivables that they formerly were ignored due to resource constraints.

## Faster Turnaround, Shorter Cycle time

- Offshore companies work multiple shifts and are also able to utilize the time difference to their benefit.

# GLOBAL STRATEGY: WHAT ARE THE KEY STEPS

## **Process Selection**

What processes will be outsourced and when?

## **Vendor Selection**

Who are the right vendors to work with and  
how do we select them?

## **Execution**

What are the key execution steps?

# RCM GLOBAL SOURCING: KEY VENDOR COMPETENCIES

- Business Appetite vs. Business Competency
- Compliance plan, Privacy & Security policies
- HIPPA and Cyber Security
- Strong domain knowledge
  - US healthcare knowledge& training plan
  - Expertise on applications, such as EPIC and 3M
  - Ability to develop interface for diverse IT applications – and accept Epic Guesthouse limitations
  - Vendor's automated work-flow applications for efficiencies in coding and billing work-flow
- Financially stable vendor
- Willing to be subject to US law

# GLOBAL SOURCING: KEY EXECUTION STEPS

## Price and Contract Negotiations

- Ensure local jurisdiction
- Pay for performance
- Build in a pilot and out if pilot fails

## Transition

- Transition of process from in-house to outsourcing vendor.
- Includes process mapping, training and quality metrics measurements

## Quality Monitoring & Improvement

- Constant monitoring of quality & productivity to measure against established metrics
- Analysis of processes to improve quality and productivity

**SINGLE POINT OF ACCOUNTABILITY FOR GLOBAL SOURCING IS CRITICAL FOR SUCCESS OF THE INITIATIVE**

# CURRENT OUTSOURCING

## UPenn

### On-Shore

Self-Pay Call Center  
Bad Debt  
Coding  
WC/Auto  
Zero Balance reviews  
Probate Services  
Unclaimed Property  
Medicaid Eligibility and A/R  
Provider Enrollments  
Early out - Insurance

### Off-Shore

Coding  
PB Billing/Follow-up  
Low Balance  
Credit Balance

## Temple Health

### On-Shore

MA Eligibility  
Bad Debt  
Coding  
CSR/Scheduling  
WC/Auto  
Zero Balance reviews  
Probate Services  
Unclaimed Property  
OOS MA Billing  
Provider Enrollments  
Early out – Self-Pay

### Off-Shore

Coding  
PB Billing/Follow-up  
Low Balance

# SUMMARY



Identify opportunities  
and document  
expected results



Disciplined selection  
process



Teamwork



Communication



Anticipate roadblocks



Celebrate results



Plan the future –  
continued outsourcing  
or incorporating  
activities into ongoing  
work within your  
revenue cycle

# THANK YOU!



Steven F. Honeywell MBA, CRCE- I/P  
Assoc. Vice President – Patient Accounting

[Honeywes@uphs.upenn.edu](mailto:Honeywes@uphs.upenn.edu)



Jeff Hinkle MBA, CRCE-I  
Sr. Vice President – Chief Revenue Officer

[Jeffrey.Hinkle@tuhs.temple.edu](mailto:Jeffrey.Hinkle@tuhs.temple.edu)