Preparing to outsource your revenue cycle management

Getting maximum benefit from outsourcing revenue cycle management (RCM) requires preparation and planning for a smooth transition.

Outsourcing RCM can increase cash flow, reduce denials and streamline operations, but success depends on disciplined preparation and continued engagement from your business office. The transition works best when people who know your workflows and pain points—your revenue cycle staff—are included early, help define scope and responsibilities, and serve as designated contacts for the vendor across functional areas.

As your service provider begins managing processes, your team's role shifts to monitoring performance, resolving day-to-day questions and safeguarding the patient financial experience. Clear divisions of labor between the practice and the vendor should be documented and reinforced in implementation. In general, consolidating more of the RCM process with the vendor reduces handoffs, clarifies accountability and improves efficiency.

We draw on our expertise in helping medical groups and healthcare organizations optimize their RCM to outline practical steps to prepare for outsourcing and maximize its benefits, including how to involve key office staff, decide what to outsource and set explicit responsibilities that align with your goals.

Include key office staff in the RCM outsourcing transition

Your current revenue cycle team holds deep knowledge of workflows, bottlenecks and pain points within your organization. Their expertise makes them critical partners during the outsourcing transition. Involving these employees early ensures that their insights shape the process, their questions are addressed and their concerns are acknowledged. This collaboration strengthens the outsourcing relationship and helps define roles and responsibilities clearly.

To maintain operational efficiency, establish designated contacts for each functional area of the revenue cycle that your service provider will manage. While a single point of contact may seem convenient, it rarely meets the practical needs of day-to-day operations. Different staff members typically have specialized knowledge in their respective areas, making them the best resource for resolving vendor inquiries quickly and accurately.

Deciding what to outsource and setting clear responsibilities

The revenue cycle spans from the patient's first interaction to the final payment posting. While you divide responsibilities between your internal team and an outsourcing partner, explicitly define boundaries—and align them with your organization's outsourcing goals. Ambiguity in roles can lead to inefficiencies, missed follow-ups and increased accounts receivable (AR) days .

For example, if your practice assigns the RCM vendor to manage medical claims submission and follow-up, while retaining responsibility for vision claims, the vendor will have no visibility into the status of those vision claims. Without clear documentation, this gap can easily be overlooked, resulting in delayed denials management, and revenue leakage. Ensure such details are captured in the contract and reinforced during implementation.

In general, the more of the RCM process that is entrusted to the vendor, the better the results are likely to be. Fewer handoffs mean clearer lines of accountability, streamlined workflows and improved efficiency. Practices that consolidate responsibilities with their outsourcing partner often see stronger performance and reduced administrative burden.

Setting expectations for outsourced RCM results and related key performance metrics

Clear expectations are essential for a successful outsourcing partnership. Decision-makers should communicate desired outcomes to both the vendor and internal staff, including expectations around key performance indicators (KPIs), supporting metrics and reporting processes that reflect those goals.

Common KPIs include:

- AR days
- Denial rate and appeal success rate
- Patient collections rate
- Net collection percentage

Improvements in these areas should be measurable and visible over time.

Define the scope of receivables included in the vendor's contract. For example, will the vendor manage claims older than 89 days prior to go-live? Clarifying these details upfront prevents misunderstandings and revenue delays.

Finally, establish a reporting cadence and access method. Ask how frequently KPI reports will be delivered and in what format. If your vendor offers weekly check-in calls, make them a priority. These sessions provide valuable insights into performance trends and opportunities for improvement.

Creating a realistic transition timeline and milestones

For first-time outsourcing, expect the transition to take longer and plan accordingly. A successful go-live depends on completing several critical setup activities, including:

- Configuring patient statements
- EDI payer enrollment for services such as claims submission, eligibility and benefits (E&B), electronic remittance advice (ERA) and electronic funds transfer (EFT)

Most vendors implement transition in phases. Typically, the process begins by granting the vendor access to your practice management system. From there, the vendor will assist your team with:

- Payer portal access
- VDI setup (of required)
- Document management system (DMS) configuration
- Concurrent EDI payer enrollment

Before going live, insist on a comprehensive testing of all features and workflows, including patient statements, claims submission and DMS functionality, to ensure accuracy and prevent disruption.

Ensuring vendor access to applications and portals

A successful outsourcing partnership depends on seamless collaboration between your vendor and office staff. To achieve this, the vendor must have timely access to all required data and systems, including:

- Practice management applications

- Electronic medical record systems

- All payer portals

However, granting access is not always straightforward. Restrictions on two-factor authentication, such as payers not permitting authentication messages to non-US-based phone numbers, can create delays. To prevent disruptions, establish and document a standard operating procedure that covers:

- Credential provisioning and renewal

- Secure sharing of authentication codes

- Compliance with payer security requirements

- Contingency steps for access issues

Proactive planning ensures your RCM service provider can work efficiently without compromising security or compliance.

Preparing and securing patient and financial data

Your vendor will require accurate financial reports such as aged trial balance (ATB) reports, AR, denials and payments summaries—to establish baseline performance and calculate contract pricing. These reports must be thoroughly validated for accuracy and must not include any protected health information (PHI). Data integrity at this stage is critical to avoid pricing errors and operational issues later.

To maintain HIPAA compliance and safeguard sensitive information, all files must be encrypted prior to transmission. This practice is important for secure delivery, whether through encrypted email or an approved secure file transfer protocol. Confirm with your vendor which encryption standards and transmission methods they support, and document those procedures as part of your compliance checklist.

Safeguarding the patient experience

Patients should understand that your practice partners with a third-party vendor to improve revenue processes, and that this collaboration benefits them.
For example, an experienced RCM service provider can:

- Streamline eligibility verification and prior authorizations
- Deliver accurate co-pay estimates
- Accelerate access to necessary medical services

Advanced tools such as claim editing software and predictive AI help improve first-pass claims rates and secure full reimbursement from payers. These improvements reduce billing errors and prevent unpleasant financial surprises for patients and your practice.

Equally important is clarity on patient communication. Define who will contact patients directly and who will handle billing inquiries. These responsibilities should be assigned during the what-to-outsource phase to ensure a consistent and positive patient experience.

Posting and reconciliation duties

Your practice retains control of its bank accounts. Payments from insurers and patients should flow directly into those accounts. To avoid confusion, reconciliation responsibilities must be clearly defined in the vendor contract and be supported by consistent communication. For example, office staff may provide details about paper checks received from patients, but vendors typically require confirmation that those checks have been cleared before posting them in a practice management system. Build this step into workflows to keep posting and ensuring that the reconciliation is synchronized.

Continuing governance and feedback

Governance doesn't end at go-live. Build regular feedback opportunities into your service provider contract and encourage office staff to document both successes and areas for improvement. Because no single team member sees every aspect of the outsourcing relationship and scheduling routine reviews. This requires participation from key staff. These structured touchpoints help maintain alignment, strengthen collaboration and ensure your practice receives optimal results from outsourcing RCM.

Next steps

Once your practice commits to outsourcing RCM, success depends on the partnership. Work closely with your vendor to implement the practices and procedures outlined above. With clear communication, robust governance and disciplined execution, your practice can maximize reimbursements, maintain healthy cash flow and build long-term financial strength.

For information about how Cognizant works with medical groups and practices to manage and optimize the revenue cycle, visit www.cognizant.com/us/en/industries/healthcare-technology-solutions/revenue-cycle-management-solutions.