



WHITE PAPER

# The Importance of Financial and Clinical Alignment

TWIN PILLARS IN THE VALUE-BASED REVENUE CYCLE

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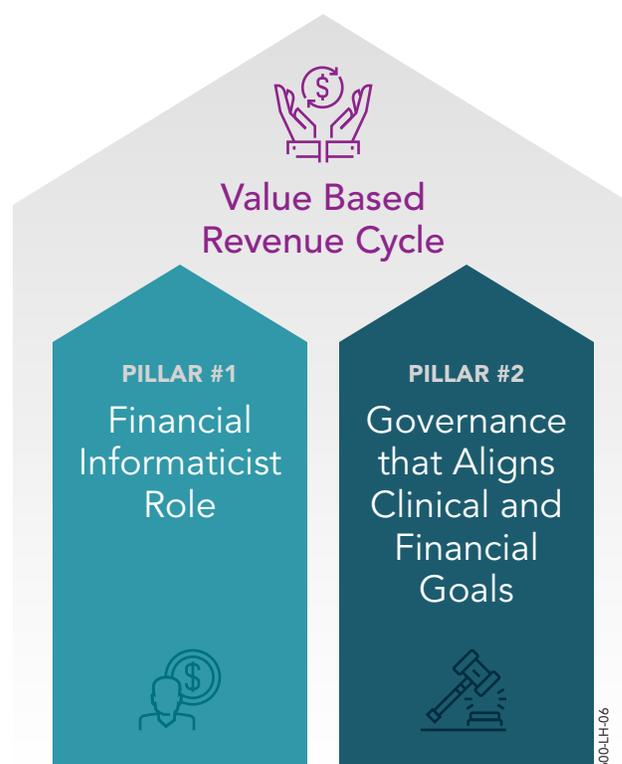
The need for data-driven metrics has increased under value-based payment models. More and more, hospitals and health systems are finding that at least a portion of their revenue is tied to meeting or exceeding certain clinical quality measures. At the same time, they must demonstrate cost effectiveness—including finding more efficiency within revenue cycle processes.

Developing such efficiencies, though, is often a challenge given that data tends to be siloed in multiple core, best-of-breed technology systems. The mission of many CIOs and information technology (IT) departments today is to overcome that obstacle by aggregating data and creating financial reports capable of helping revenue cycle leaders effectively manage costs and reimbursement.

To do that well, healthcare organizations must commit to greater clinical and financial alignment. Two ways to accomplish a stronger alliance include:

- 1 Developing the role of Financial Informaticists; and
- 2 Making the revenue cycle a superseding “chain of custody” that bridges both clinical and financial processes.

Raising these twin pillars of a value-based revenue cycle will not only help create efficiencies, but will also move hospitals and health systems closer toward their broader organizational goals.



**FIGURE 1.** Development of a Value-based Revenue Cycle is critical to meeting organizational goals as healthcare payments become more linked to clinical performance, resource use, and patient experience.

## BRIDGING THE GAP BETWEEN REVENUE CYCLE AND IT

As the role of IT has expanded within healthcare, so has the role of Clinical Informaticists. These professionals have become common in hospitals and health systems over the past decade or two due to their synergistic clinical and IT knowledge. Their broad perspective and expertise help healthcare organizations make higher quality clinical decisions based on data captured in electronic health records (EHRs) and other systems.

With the shift to value-based payment, integrated systems and data analytics, the need has now emerged for a similar new “liaison” role: Financial Informaticist. Financial Informaticists should combine financial and health IT expertise, with a specialized understanding of healthcare’s unique payment structures and business needs.

Just as a Clinical Informaticist supports clinical quality improvement, a Financial Informaticist helps drive higher revenue cycle and financial performance by maximizing reimbursement, accelerating cash flow and reducing costs. A Financial Informaticist can bridge the inherent knowledge gaps that exist between revenue cycle and IT leaders. One such way is helping IT professionals understand why specific financial data is important, and exactly how it might be used.

For example, an important revenue cycle performance indicator for most hospitals and health systems is the Discharged Not Final Billed (DNFB) statistic. Revenue cycle professionals need to closely monitor this metric to assess their cash flow performance, but health IT professionals might not understand the number’s context or significance. A Financial Informaticist could offer the meaning behind this statistic to IT staff, so that the reporting tools they develop offer the most relevant insight to guide effective decision making.

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With a Financial Informaticist acting as a liaison, revenue cycle professionals are more likely to have the tools and insights they need (such as dashboards and other reporting capabilities) to improve their processes and performance.

## BLENDING CLINICAL AND FINANCIAL ACCOUNTABILITY

Having Clinical and Financial Informaticists is one step in the right direction, but hospitals and health systems also need a governance structure that better aligns clinical and financial goals. Fortunately, alignment can be achieved through any number of governance models.

For instance, a hospital might designate that a certain vice president (VP) position have complete visibility into financial and clinical objectives and metrics. Understanding the value of this more holistic role, revenue cycle leaders could advocate for the removal of separate islands of expertise.

Clinical and Financial Informaticists could then work side-by-side as a clinical-financial dyad operating within the revenue cycle. Together, this cross-

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disciplinary dyad and the newly created VP could be empowered to work toward—and hold joint accountability for—meeting clinical quality and financial measures. For example, they might be tasked with improving revenue cycle performance by finding ways to reduce claims denials due to clinical reasons such as insufficient documentation—as well as solving other overlapping revenue cycle challenges.

With a tighter collaboration, clinical and financial teams can more efficiently identify performance-enhancing opportunities across the healthcare enterprise. Then, they can spearhead efforts to implement the best practices necessary to attain them.

### **STRONG GOVERNANCE IS CRITICAL**

As we strive toward the alignment between clinical and financial, a strong governance model is essential. The revenue cycle governance team should include members from all areas, as there is a need for administrative involvement, revenue cycle leadership, and clinical leadership. This ensures that the greater mission of the organization is at the core of each initiative. As the impact of the clinical areas on the revenue cycle process are better understood by clinical leadership, the more likely it is the organization will embrace the needs of revenue cycle in clinical workflows. Our experience shows that clinicians conveying a message to their peers ensures a higher level of acceptance. If there is an employed physician group, we recommend that there be representation from that group as well.

### **REACHING BROADER SYSTEM GOALS**

Today’s value-based reimbursement models mean clinical delivery and financial responsibility are indebted to one other. This symbiosis will only grow stronger as healthcare payments become more linked to clinical performance, resource use and patient experience.

That is why any investment in talent or technology must be grounded in aligned purpose and strategy. Engaging a skilled advisor who has experience matching healthcare’s clinical, finance and IT goals can certainly drive the strategy discussion and help organizations find direction. Furthermore, by pairing Clinical and Financial Informaticists to promote alignment and accountability, organizations can reap the benefits of a fully supported revenue cycle.

## ABOUT LEIDOS HEALTH

Leidos Health is a leading healthcare IT consulting firm with deep clinical and technical expertise to support our customers in selecting, implementing, and optimizing information technology investments. Leidos Health offers a comprehensive range of technology services for healthcare providers — from vendor selection, strategy, design, implementation, and optimization — across all major electronic health record systems. Our professional services help providers define and enhance IT strategy, optimize technology for their clinical workflow, improve the revenue cycle, and meet regulatory requirements.

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