



ARTICLE

The Transformational Edge: Intelligent Work Distribution

Healthcare: Higher Costs, Growing Complexity and Technology

According to the Centers for Medicare & Medicaid Services (CMS), national health expenditures are projected to reach \$6.2 trillion in 2028, or 19.7% of GDP.¹ Due to aging Baby Boomers, the increase is highest for Medicare, with a projected 7.2% compound annual growth rate (CAGR) from 2018 to 2028; the overall CAGR is 5.4%. The high rate of growth is neither affordable nor sustainable and will increase management focus on cost reduction.

Aside from some pockets of innovation, the focus on value is incrementally transforming care delivery. Proactive, patient- and home-centric intervention that is coordinated across the continuum is emerging as a model for primary care delivery. Population health inclusive of social determinants has been applied for risk stratification and elsewhere.

While the healthcare ecosystem keeps evolving, the basics of work performance have changed very little. For the most part, they went from paper and pencil to an electronic worklist on a laptop. Work queues/worklists are still being deployed to create a false sense of efficiencies. Quantum changes to the work distribution system need to take place for true cost savings to occur.

Healthcare has not been immune from technological transformation affecting other industries, and more broadly, society at-large. Cloud computing, data sciences, artificial intelligence (AI), the internet of things (IoT), robotic process automation (RPA), digital media and other technologies are being applied. AI is used to allow computers to make decisions like humans, whereas RPA is used for task automation. Data science is critical to unlocking the vast streams of structured and unstructured clinical, and non-clinical data pervading healthcare.

¹ National Healthcare Expenditures, projected <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected>

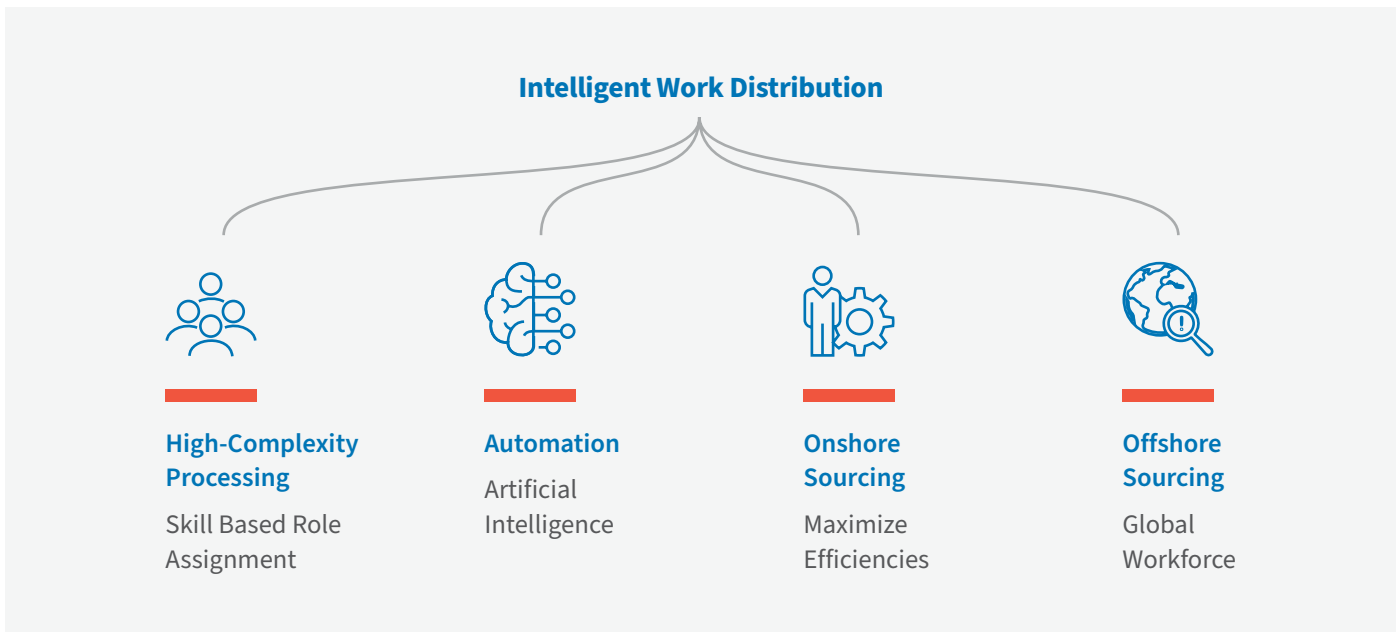
Intelligent Work Distribution

The healthcare industry has been buffeted by rising costs, the transition to value-based payments, emerging technologies and, most recently, COVID-19, which created a remote workforce that did not exist before. The buffeting has forced managerial attention on potential opportunities to enhance workflow through the automation of repetitive tasks and the reallocation of personnel to higher-level activities. Offshore and onshore options are also being considered.

More specifically, Intelligent Work Distribution replaces the work queue/worklist with task assignment to the highest-quality, lowest-cost assets. The matching of task type to asset capability enables the co-existence of the human and digital workforces. This process takes advantage of global sourcing capabilities and a digital workforce to create the Hybrid Workforce. The **Hybrid Workforce** focuses on completing the task and not on the number of workers. The ability to distribute tasks across the hybrid structure enables high quality at a lower cost.

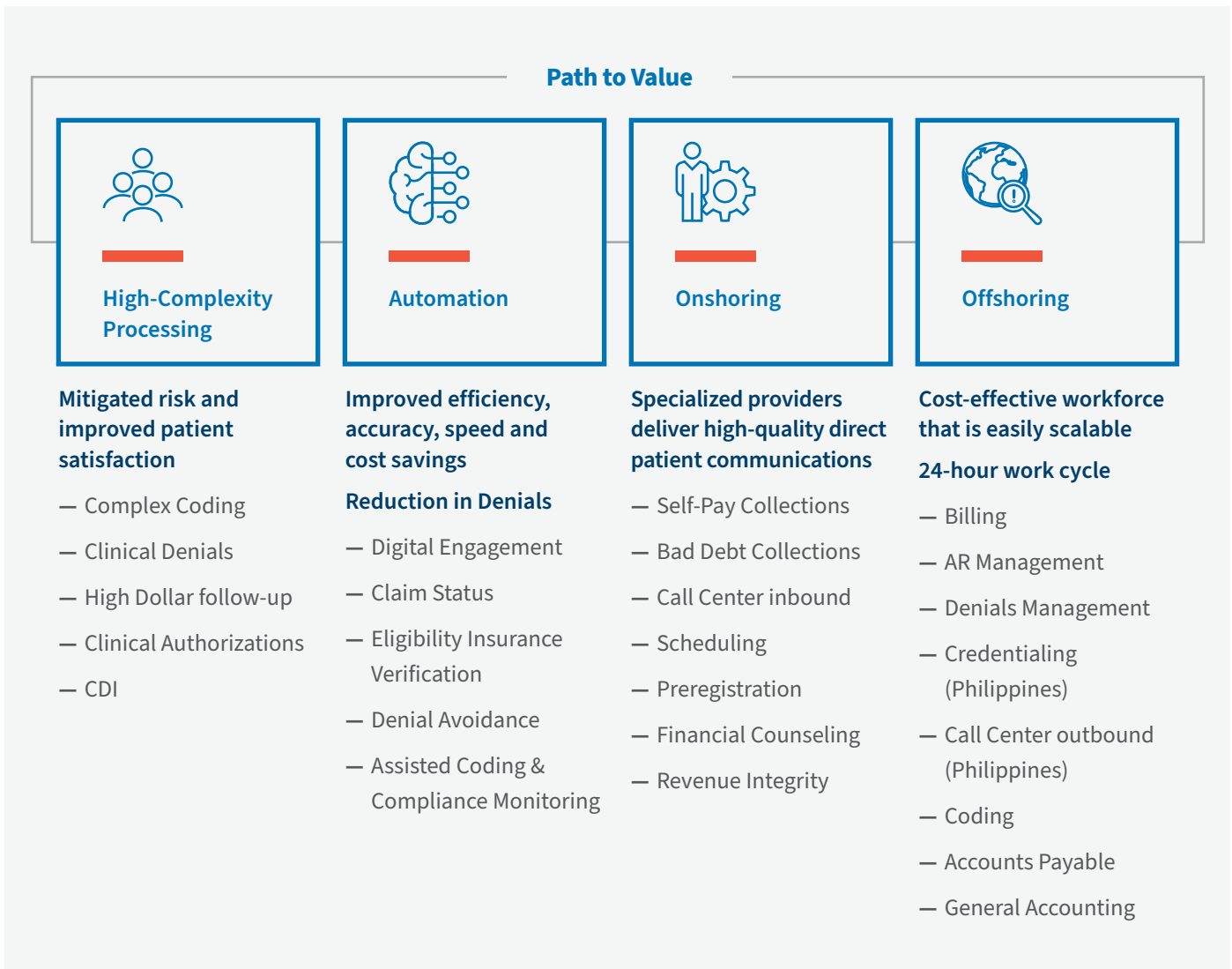
Intelligent work distribution (IWD) entails asset optimization, cost reduction and sustainable performance improvement by assigning at the task level the allocation of a resource based on complexity and location: highly complex (manual) and repetitive (automation), onshore and offshore.

Organizations need to reimagine their processes and optimize their workforce to achieve sustainable performance improvement while enhancing patient and staff engagement. Intelligent work distribution empowers organizations with simple and fast processes tied to clear and measurable outcomes.



Intelligent work distribution requires a global view of onshore, near shore (e.g., Mexico, Canada) and offshore (e.g., India, Philippines) competencies and efficiencies. COVID-19 has fundamentally altered the use of hybrid (e.g., onsite, onshore) resources. The benefits of offshoring include lower labor costs, cost savings, tax benefits, 24/7 operations and the availability of skilled labor.² Automation is applied to repetitive tasks and elsewhere. RPA bots have been described as “cheap, easy to use and compatible with existing back-end systems.”³ Estimated cost savings approximate 25 percent to 60 percent.⁴

The assignment of work is based on many factors tailored to organizational goals and business model. Each of the paths to value — high complexity, automation, onshoring and offshoring — is associated with a specific value proposition that may include efficiency, accuracy, risk mitigation, cost savings and patient satisfaction. Based on our experience, intelligent work distribution allows for flexibility when allocating resources. For example, in revenue cycle management, coding can be automated until an exception arises and re-routing occurs.



² Pros and Cons of Offshoring. Full Scale; December 20, 2018 <https://fullscale.io/blog/pros-and-cons-of-offshoring/>

³ “The Robots are Coming for Phil in Accounting.” *The New York Times*; March 7, 2021 <https://www.nytimes.com/2021/03/06/business/the-robots-are-coming-for-phil-in-accounting.html>

⁴ 15 RPA benefits compiled from top sources. AI Multiple; January 1, 2021 <https://research.aimultiple.com/top-robotic-process-automation-rpa-benefits/>



Health systems that have outsourced part of their revenue-cycle functions with offshore resources have significantly lowered their cost-to-collect ratio. Automation is associated with an even lower hourly cost per full-time equivalent. Intelligent work distribution results in faster realization of value. Traditional models are driven by FTE benchmark variance, followed by operational centralization, process standardization and optimization. In contrast, Intelligent Work Distribution is task-oriented and allocates work based on the relationship between cost and quality.

Recommendations

Intelligent Work Distribution re-imagines work across the continuum of labor and technology, and across geographies. Revenue cycle, shared services, IT and other applications have applied IWD, generating significant productivity and cost savings. IWD is more than a concept; it is a reality.

The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.

FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

BRIAN FLYNN

Senior Managing Director
+1.617.283.9136
brian.flynn@fticonsulting.com

BRUCE HALLOWELL

Senior Managing Director
+1.828.461.8752
bruce.hallowell@fticonsulting.com