# (B.) RCM STAKEHOLDER ANALYSIS

**BUSINESS REPORT, ▮▮▮▮▮▮**

**BUSINESS SERVICES**



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# Executive Summary

*The following document contains the results of Stakeholder Analysis of the RCM process. The readers may browse through using the hyperlinked table of contents.*

**Key Findings:**

At this stage an analysis of stakeholder interests suggests that all high value stakeholders are dissatisfied, and their interests are not met. *In Table A*, such stakeholders being marked in red indicates the unhealthy state of the process. While this is typical of a process in the development stage, it will be beneficial to further the interests of stakeholders that are essential for the long-term survival of the   division. In this case, the clients' interests must be furthered by improving the quality standards of our services. This could mean compromising on the interests of other key stakeholders such as the Sponsors. The objective of profit maximization will be compromised in the short run to improve the client experience. The idea is to focus on interests that foster gratification in the long run instead of stakeholder interests that allow short term benefits.

*Table B* depicts a comparison of influence and importance of individual stakeholders over operations. The influence-importance-dynamic for operations executives is heavily skewed towards importance (10 to 1). While they are essential to the execution and success of ground level operations, they hold very limited decision-making power. Naturally, more critical stakeholders have leveraged their influence to further their interests (like cost optimization). A complete disregard of fair remuneration for operations level executives has made it near impossible to attract experienced human resources. Previously discussed low quality service and the consequential dissatisfaction of clients can be traced to this problem as well.
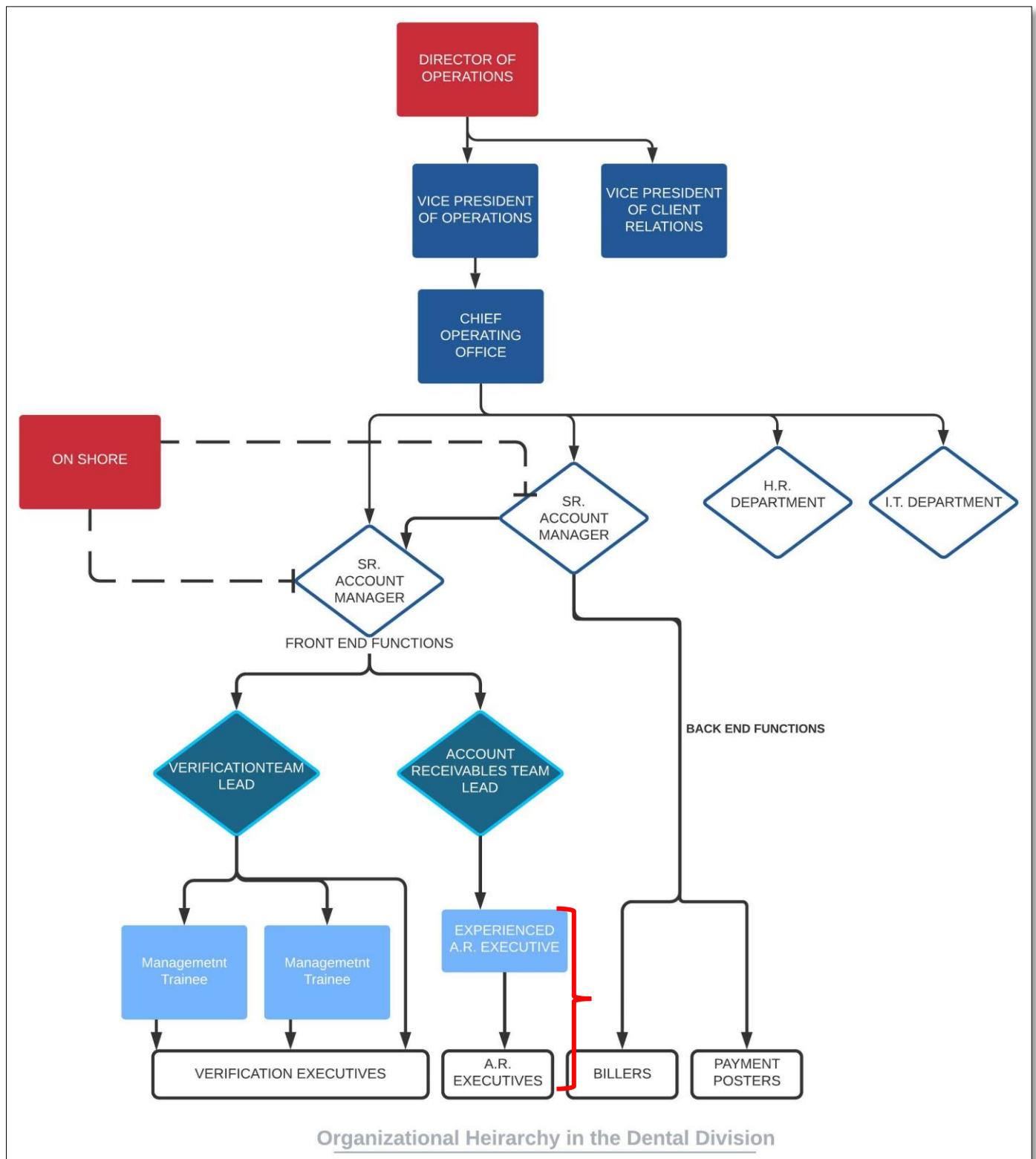
The chain of command and organizational hierarchy in the   division follows a typical three tier management structure. The decision making power is strictly centralized at the highest level and the executionary authorities are delegated to the middle management. There is a risk of conflict of interests within the lower management as well as the middle level managers. The lower managers and veteran executives may feel shortchanged as freshly hired management trainees have an expedited path to management, and the middle management has two employees with the same position with an unsustainable reporting structure. These fault lines have been highlighted in red in the *organizational hierarchy diagram*.

A long term retention of low-quality resources would indicate that H.R. has managed to solve the employee retention and attrition problem. However, the medium- and long-term effects of retaining sub-standard executives will affect the client churn rate. Thus, over time, misguided incentivization of H.R. would solve one problem while creating a more complicated one.

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# Organizational Hierarchy in The Division



Organizational Heirarchy in the Dental Division

The chain of command and organizational hierarchy in the   division follows a typical three tier management structure.

The higher management composes of the Director of Operations, the C.O.O. and a set of Vice Presidents who are responsible for separate portfolios. The management at this level is concerned with the business development, strategic decision making, resource allocation, rebranding and aggregate success of █████████

Smooth execution of day to day operations for specific processes is handled by the middle management. The acting Senior Account Managers for the   R.C.M. process ██████████████████████████████. The Senior Account Managers are accountable for the execution of all sub processes. However, the managerial responsibility of backend/day-time operations (Billing and Payment Posting) and frontend/night-time operations (Verification, and Account Receivables) are divided between the two managers

The labor intensive nature of night-time operations demands further decentralization of workload. Here the two sub processes, verification and account receivables are managed by two team leads: ██████████████ (Management Trainee) for Verification and ██████████████ for Account receivables. The lower management works in conjunction with veteran executives to manage ground level tasks.
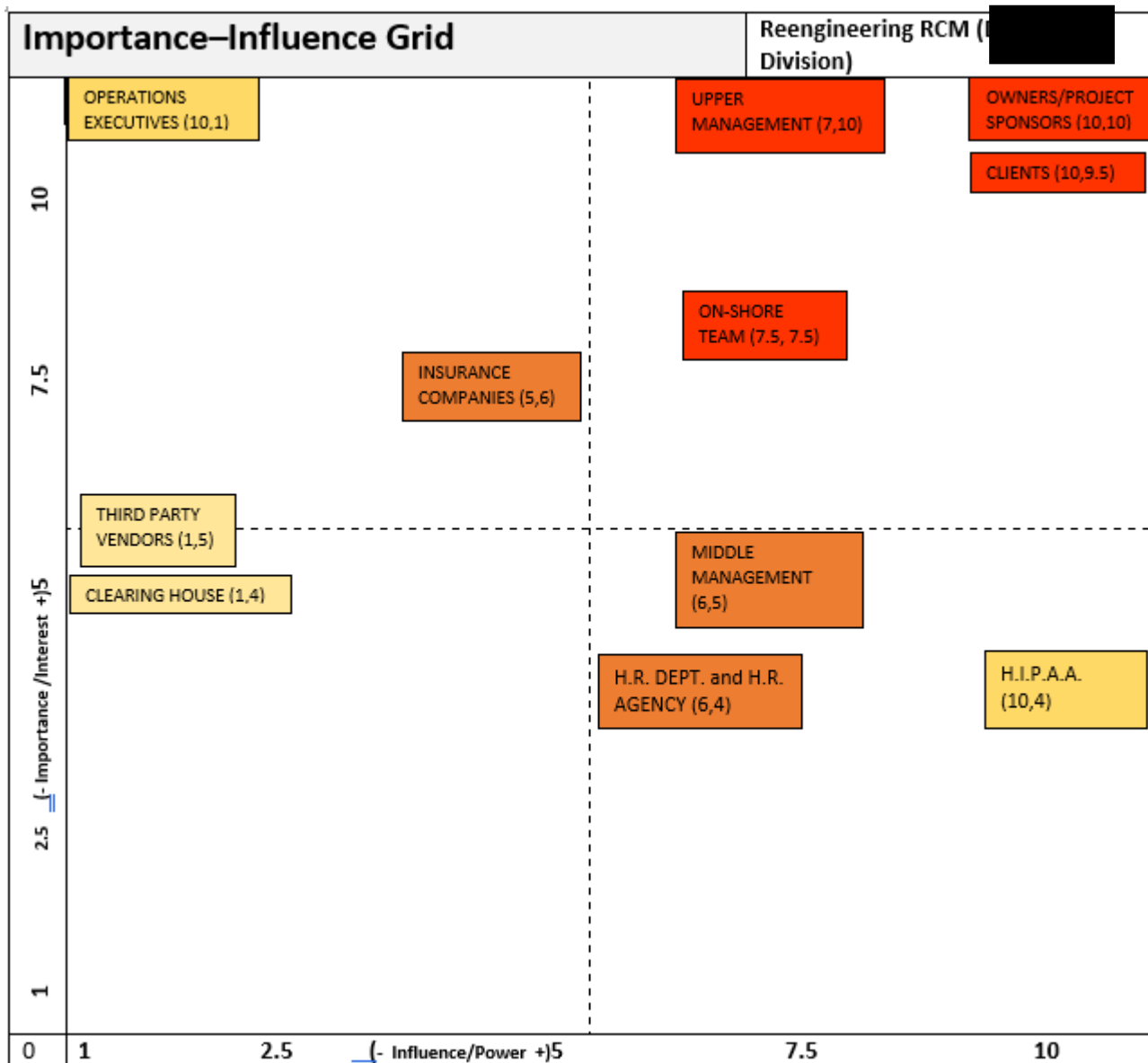
At ground zero, the Management Trainees and the Executives execute day to day tasks for the clients. Management Trainees are expected to learn the day to day operations of the company with the objective of being integrated into the lower management within one year of hiring. For this, the trainees are put through a development regime with experienced Operations Executives. These two stakeholders collaboratively perform actual tasks on behalf of the clients.

# Table (A): Stakeholder Interests

| Stakeholder | Interest | Impact | Priority |
|---|---|---|---|
| **Internal Stakeholders** | | | |
| Sponsors | Profit Maximization<br>Successful Organizational Rebranding | HIGH | HIGH |
| Higher Management | Constant Business Development<br>Resource Allocation/Cost Optimization<br>Accountability Assurance | HIGH | HIGH |
| Middle/Lower Management | Operations Management<br>Quality Assurance<br>Client Retention | HIGH | HIGH |
| Human Resource Department | Timely Hiring Targets<br>Hiring of Quality Human Resource | MEDIUM | MEDIUM |
| On Shore Team | Business Development<br>Successful communication between on-shore and off-shore team | HIGH | HIGH |
| Operations Executives | Incentives for Higher Quantity of Work<br>Appraisal for Quality of Work | LOW | LOW |
| **External Stakeholders** | | | |
| Clientele | Timely Verification<br>Quality Billing Service<br>Revenue maximization<br>High acceptance rate of payments<br>Low Turnover Rate | HIGH | HIGH |
| Insurance Companies | Optimize Benefit Payments | LOW | LOW |
| Clearing House | Correct mediation of claims | LOW | LOW |
| Third Party Vendors (ACN) | Continuous Tenure based contracts | LOW | LOW |
| Regulatory Framework H.I.P.A.A. (Health Insurance Portability and Accountability Act) | Healthcare Data Protection | LOW | LOW |

# Table (B): Stakeholder Influence and Importance

| Stakeholder | Influence | Importance | Role |
|---|---|---|---|
| **Internal Stakeholders** | | | |
| OWNERS/PROJECT SPONSORS | 10(High) | 10(High) | Investors and risk bearers for the entire project. |
| Human Resource Department | 6(Medium) | 4(Medium) | Talent acquisition for the project |
| Operations Executives | 1(High) | 10(Medium) | Service delivery and day to day tasks for the client |
| Executive board/ Higher Management | 7(High) | 10(High) | The upper management has the final decision on the project's direction |
| Middle/Lower Management | 6(Medium) | 5(Medium) | Smooth execution and management of operations. |
| On Shore | 7.5 (High) | 7.5 (High) | Direct Client Management and Business Development |
| **External Stakeholders** | | | |
| Clientele | 10(High) | 9.5(High) | Patrons of the organization |
| Insurance Companies | 5(Medium) | 6(Medium) | Reimbursement of medical bills on behalf of covered patients |
| Clearing House | 1(Low) | 4(Low) | Mediation of Claims between practices and insurance companies |
| Third Party Vendors | 1(Low) | 4(Low) | Executing excessive workload for specific clients on a contract basis |
| Regulatory Framework H.I.P.A.A. (Health Insurance Portability and Accountability Act) | 10(High) | 4(Low) | Protection of medical data of American citizens. The regulators cannot influence the decision, but their validation is essential to stay within the legal boundaries |

## Importance–Influence Grid
**Reengineering RCM (Division)**



OPERATIONS EXECUTIVES (10,1)
UPPER MANAGEMENT (7,10)
OWNERS/PROJECT SPONSORS (10,10)
CLIENTS (10,9.5)
ON-SHORE TEAM (7.5, 7.5)
INSURANCE COMPANIES (5,6)
THIRD PARTY VENDORS (1,5)
CLEARING HOUSE (1,4)
MIDDLE MANAGEMENT (6,5)
H.R. DEPT. and H.R. AGENCY (6,4)
H.I.P.A.A. (10,4)

(- Importance /Interest +)

(- Influence/Power +)

- **The influence-importance dynamic for the operations executives is heavily skewed towards importance (10 to 1)**. While they are essential to the execution and success of ground level operations, they hold very limited decision-making power. Naturally, more critical stakeholders have leveraged their influence to further their interests (like cost optimization). A complete disregard of fair remuneration for operations level executives has made it difficult to attract quality human resources.
- Predictably so the stakeholder management plan suggests we should continue to favour the interests of the clients and the project sponsors**.** A conflict of interest amongst two high influence & importance stakeholders must be dealt with caution.
- The **labour-intensive and sensitive nature of RCM verification** process emphasizes the need for quality human resources. Also, the   division is still **in its development phase**. Inadvertently, at this stage **H.R. department and contractors hold greater importance** in the   division as compared to other divisions. There is a disconnect between the objectives of mass hiring verification executives and H.R. team's performance benchmarks. Long term retention of low-quality resources indicates that H.R. has managed to solve the retention and attrition problem. However, the medium- and long-term effects of sub-standard executives will affect the client churn rate. Thus, over time, misguided incentivization of H.R. would solve one problem while creating a more complicated one.
- The clearing houses, regulatory bodies and third-party vendors play a supplementary role in the process. While H.I.P.A.A. and Clearing Houses give direction to the operations, they do not affect the decision-making process at            To minimize costs, third party vendors provide sub-standard quality, adversely affecting the clients and consequently the sponsors. Here, the interests of a low influence stakeholder are directly in conflict with high importance and influence stakeholders. If the production capacity was to be improved, the third-party vendors should be eliminated.

# S.W.O.T. Analysis

| STRENGTHS | WEAKNESSES |
|---|---|
| • Decision-making power is not influenced by silent partners as it is an entirely family-owned enterprise (in USA as well as India), and the original equity structure is still intact.<br><br>• No dependence on middlemen or brokered contracts as the American operations have been vertically integrated by acquisitions.<br><br>• Already developed infrastructure and leadership in Medical RCM billing (along with legal and accountancy)<br><br>• 20 year long market presence and a significant footprint in the industry<br><br>• Pre-existing network of HR entities allows easy access to labour pool for l RCM | • Human resources on all levels lack specialization in RCM (from middle management to operations)<br><br>• Substandard operations executives in Verification<br><br>• Lack of auditing and Quality Check<br><br>• Inefficient resource allocation in payroll and employee remuneration<br><br>• Lack of communication and coordination amongst correlated functions<br><br>• Lack of coordination amongst Management Trainees<br><br>• Inability to retain employees and clients |
| OPPORTUNITIES | THREATS |
| • American   market industry produces a gross revenue of $155.2 billion annually<br><br>• The industry had a growth rate of 8% in 2021 and a projected average annual growth rate of 2.7% till 2027<br><br>• **Integration of** ▮▮▮▮▮▮▮▮▮▮ **under a united brand called** ▮▮▮▮▮<br><br>**+**<br><br>**Organisational restructuring to legitimise the firm as a multinational corporate**<br><br>**+**<br><br>**Inorganic growth in the industry by aggressive business development and acquisitions**<br><br>will improve ▮▮▮▮▮ face value for prospective clients as well as potential VCs. | • In the short term, clients may get frustrated by quality issues and integrate their billing process or outsource it to our competition.<br><br>• In the medium term, poor word of mouth amongst practising dentists could disrupt ▮▮▮▮▮ rebranding efforts as a provider of quality business services.<br><br>• Poor churn rate could lead to perpetual loss making. The ongoing trends in client retention and revenue collection indicate that   division is not yet a profit-making initiative.<br><br>• In the long run, advancements in preventative methods and improvement in   hygiene amongst coming generations suggest a bearish trend in high dollar value   procedures |

# Concluding Remarks

Three key stakeholders that have not been included in the report are:

-The competition (in India and U.S.A.)
-The American operations of the organization
-Business Development team in India

This is due to lack of access to information resources and the limited scope of this initiative. This report has been compiled with an intent to open new avenues for detailed research, analysis, and reporting work.

Please share your reflections and feedback, thank you for reading.

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