

From financial strain to stability: A rural hospital finds a path forward

Operational focus and revenue discipline help protect care in a vital community

Key takeaways

- Financial performance improved through stronger revenue cycle execution and operational alignment.
- RSM helped manage complex change in a sensitive environment.
- The rural hospital was positioned for long-term sustainability while maintaining their community impact.

A small-town, rural hospital serving as the primary employer and health care provider for their community faced mounting financial pressure. Declining margins, rising operating costs and underperforming service lines put the organization on an unsustainable trajectory. Leadership recognized that without decisive action, the hospital's long-term viability was at risk.

The hospital engaged RSM US LLP's health care industry team to support a margin improvement initiative focused on revenue cycle optimization and broader operational transformation. The engagement was designed to identify immediate financial opportunities while positioning the organization for long-term sustainability—without compromising their mission to serve the community.

Assessing the challenges

While the financial issues were clear, execution proved complex. The hospital operated in a highly sensitive environment where leadership decisions directly affected employment, access to services and the broader local economy.

Key challenges included:



Internal resistance to change, particularly around service line rationalization and workforce alignment



Community concerns, as the hospital was the town's largest employer



Leadership disruption, including a key executive transition that temporarily stalled decision making



Limited internal capacity, especially within the revenue cycle function, following a recent electronic health records conversion

As one RSM leader notes, "If they had continued on that trajectory, they would have ended up closing the facility because they were losing too much money."

The engagement nearly derailed as decisions were deferred and accountability diffused across committees. Progress slowed during the leadership transition, and recommended changes—though data-driven—were often met with emotional pushback.



Guiding through the issues

RSM supported the hospital through a two-pronged margin transformation approach:

1. Revenue cycle transformation

The team assessed and strengthened revenue cycle performance across denial management, charge capture, payer contracting and system configuration. RSM helped the hospital fully leverage existing technology, introduced new dashboards for transparency, and addressed gaps in leadership and process discipline.

2. Operational and resource realignment

Beyond supporting revenue cycle optimization, RSM worked with hospital leadership to evaluate service line performance, staffing models and site-of-care decisions. This included assessments around underperforming services and resource deployment. The team emphasized resource realignment, helping leaders understand how staffing, workflows and service offerings could better match patient demand and financial realities.

Providing a clear roadmap

With new executive leadership arriving at the hospital, RSM had already completed the analytical groundwork and outlined a clear roadmap. That preparation helped accelerate decision-making, and one executive noted that the work saved months of effort while giving leadership a shared understanding of what needed to happen next.

In addition, RSM's impact extended beyond technical recommendations. The team members' deep industry experience, particularly in rural and critical access hospital environments, enabled them to navigate sensitive stakeholder dynamics with credibility and patience.

"We've worked in health systems, not just advised them," one RSM leader explains. "That experience made a difference in how we guided change and earned trust."

Services delivered

- Margin and operational assessment
- Revenue cycle optimization and governance support
- Charge capture and documentation improvement
- Denials management and accounts receivable acceleration
- Workforce and productivity alignment
- Service line and site-of-care evaluation
- Change management and executive advisory support



Meaningful outcomes

The engagement delivered measurable financial improvement within the first year:

- More than \$3.1 million in perpetual annual margin benefits expected from recognized annual savings in resource management and avoidable write-off reductions
- Over \$2.5 million in one-time benefits realized within the first eight months of the engagement
- Significant improvements in cash acceleration, denial avoidance and underpayment recovery
- Closure or restructuring of underperforming services to refocus resources on community needs
- Greater transparency and accountability across financial and operational functions

This client story demonstrates how health care organizations can navigate complex operating environments, stabilize margins and position themselves for long-term success, even when the challenges are significant and the path forward is not straightforward. By combining deep industry experience with disciplined execution and thoughtful change management, RSM helped this rural hospital move from financial uncertainty to greater stability. Most importantly, the transformation enabled the organization to continue fulfilling their mission as a critical health care provider—ensuring ongoing access to care for the patients and community they serve.

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