Offshore Revenue Cycle Resources 2026

Examining the Advantages and Disadvantages of Leveraging Offshore Resources in Revenue Cycle Management

August 2026

Executive Summary: Offshoring drives biggest ROI when work selection, preparation, and organizational governance align.

Healthcare delivery organizations (HDOs) continue to face significant financial pressures, including staffing shortages, rising labor costs, an evolving reimbursement landscape, and growing administrative complexity. These challenges are pushing leaders to consider offshore resources to reduce costs, access talent, and expand capacity. However, such resources bring concerns over quality, security, compliance, and patient experience. To provide clarity into healthcare's experiences with and perceptions of offshoring, particularly in revenue cycle management (RCM), KLAS surveyed RCM leaders at 105 HDOs—predominantly health systems, hospitals, and physician practices—to understand how they are approaching these challenges.

Think big: volume and organizational readiness shape adoption

Larger, centralized organizations can spread implementation and oversight costs across greater revenue cycle volume. Smaller organizations are less likely to offshore because the business case is weaker, governance resources are limited, and local identity matters more.

Cost savings open the door; capacity strengthens the case for offshoring

The vast majority of respondents who use offshoring cite reduced cost as a benefit; this is a benefit that can be realized immediately after the initial investment of training and process documentation. Other reported benefits include rapid scalability, access to additional revenue cycle talent, and the ability to absorb volume fluctuations.

Work selection and governance drive satisfaction more than location of resources

Satisfaction is highest for standardized, transaction-intensive work and declines as judgment, exceptions, and complexity increase. Among current users, 60% report that offshore quality is the same as or better than onshore quality.

Offshore doesn't mean hands off; success requires defined scope, active management, and awareness of risks

Experienced organizations emphasize clear scope, detailed processes, training, SLAs, communication, QA, and escalation paths. The most persistent problems are language barriers, time zones, and insufficient oversight, those these are not as extreme as those without offshoring experience believe.

Bottom line: Offshoring is not a universal labor replacement. It works best as a deliberately governed extension of the revenue cycle team, focused on the right work. AI presents similar benefits through reducing labor needs rather than increasing labor capacity.

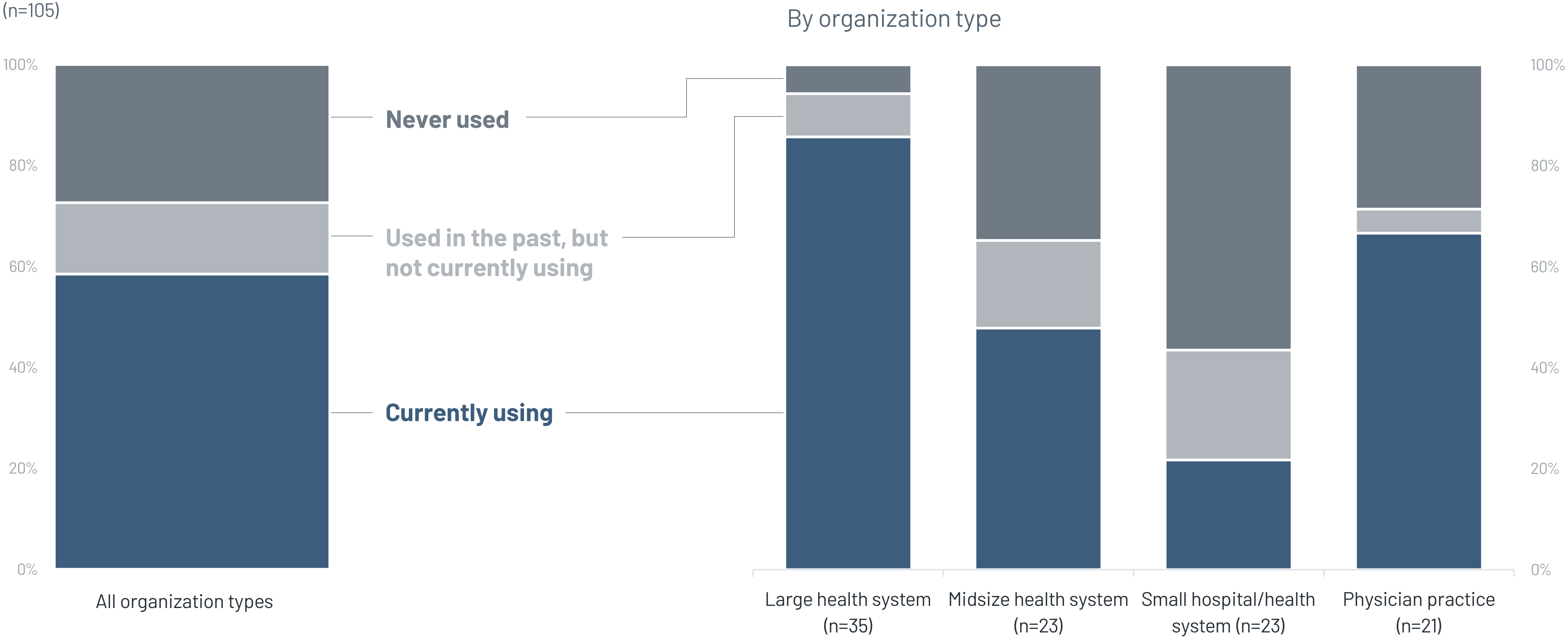
1

Think big: volume and organizational readiness shape adoption: Larger, centralized organizations can spread implementation and oversight costs across greater revenue cycle volume. Smaller organizations are less likely to offshore because the business case is weaker, governance resources are limited, and local identity matters more.

Despite significant resource constraints, small health systems are far less likely to offshore; larger organizations with centralized revenue cycle operations are leaning in.

Experience with Offshore Resources

(n=105)



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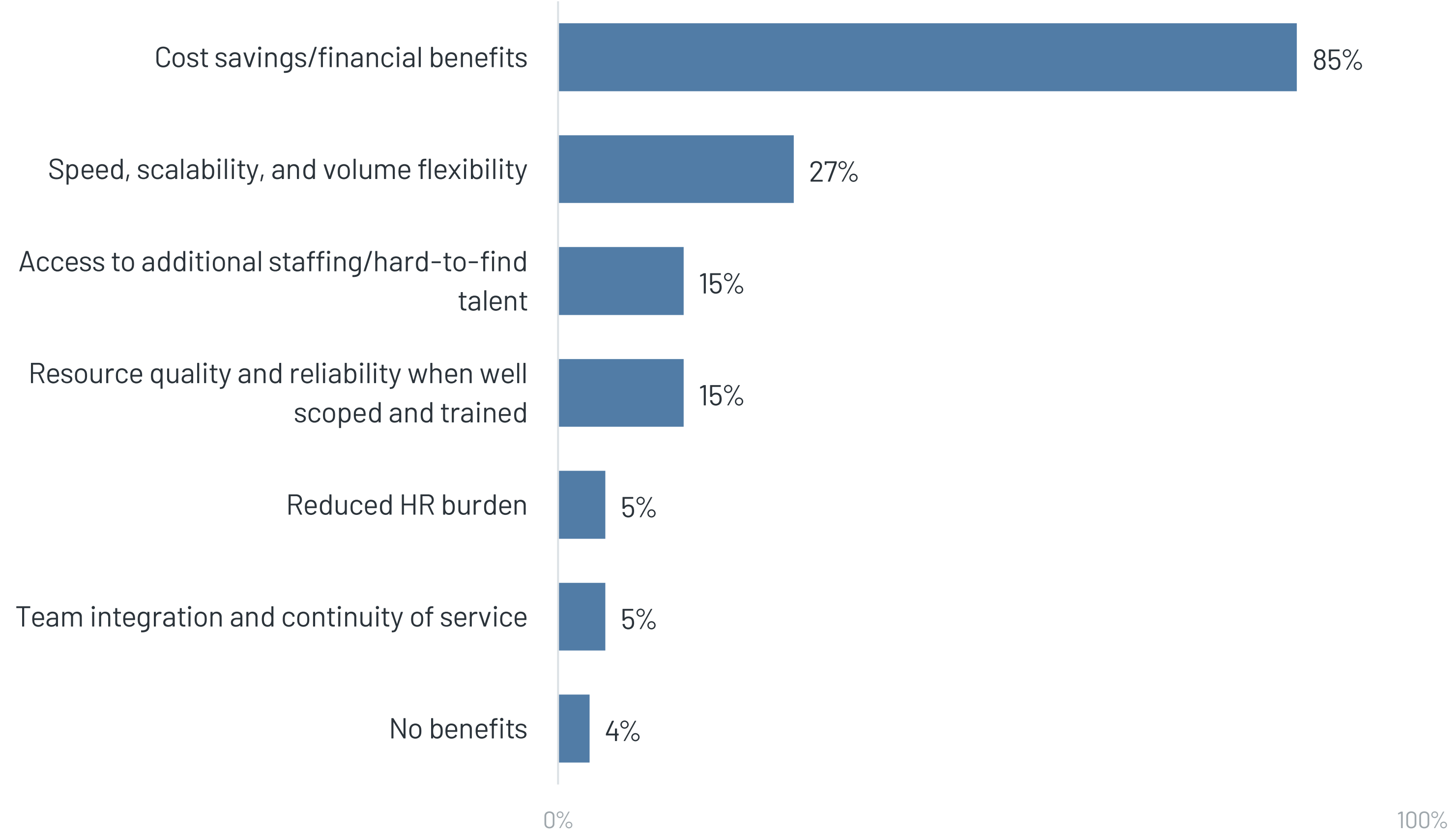
Cost savings open the door; capacity strengthens the case for offshoring: The vast majority of respondents who use offshoring cite reduced cost as a benefit; this is a benefit that can be realized immediately after the initial investment of training and process documentation. Other reported benefits include rapid scalability, access to additional revenue cycle talent, and the ability to absorb volume fluctuations.

Unsurprisingly, cost savings are the primary benefit of using offshore resources. Volume of work for large organizations leads to quicker ROI.

Benefits of Offshore Resources

Respondents currently using offshore resources; respondents could report more than one benefit (n=55)



Note: Not all respondents currently using offshore resources answered the question as to what benefits they have achieved.

Of those that mentioned cost savings as a benefit, over half (55%) also reported other benefits, scalability being the most common. Only 8 respondents using offshoring did not mention cost as a benefit; comments from these individuals centered mainly on quality and reliability of resources.

*"**We get a lot more work done in a shorter period of time at a lower cost, and the work product is the same** if you train the resources correctly and have the right work aids and processes in place."*

—Revenue cycle director

Select comments on the benefits of offshore resources.

"The benefits are cost and the ability to scale. Sometimes the denials are not always predictive, meaning a payer might go crazy or we might have a bolus of service. Coming out of COVID, we had a crazy amount of inpatient stuff. We didn't have enough coders to handle that. So ***the ability to scale is important. And sometimes the need is temporary or seasonal, so offshore gives us a lot of flexibility there.****"*

—VP of revenue cycle

"Cost savings are a benefit for sure. The ***ease of replacing workers is also a big deal because the offshore companies have a force of workers they can pull from****. If I lose a person, I have to go find someone to hire. Typically, the offshore companies will have somebody lined up for me, so* ***there is less downtime****. When an offshore worker leaves or quits, they are replaced quickly."*

—Revenue cycle director

"The offshore groups are very enthusiastic. It is hard to find resources onshore sometimes. Offshoring is a great avenue to hire from. The offshore folks are good at doing what needs to be done and saying what is going to happen. They deliver on things. ***As long as we can provide clear training on what to do, they will do things with high quality****. Historically, the people are like part of our team but just in a different office."*

—C-level

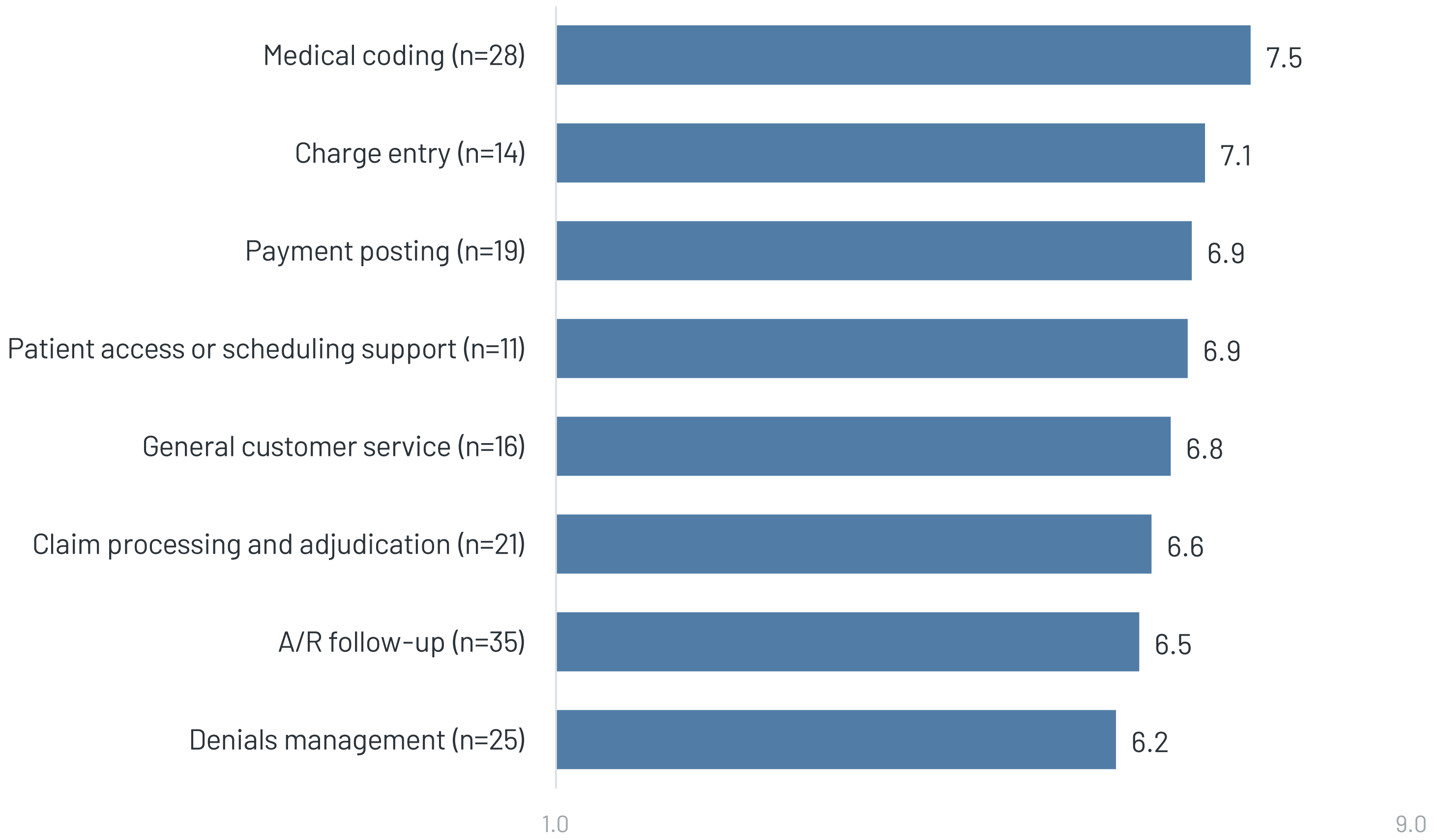
3

Work selection and governance drive satisfaction more than location of resources: Satisfaction is highest for standardized, transaction-intensive work and declines as judgment, exceptions, and complexity increase. Among current users, 60% report that offshore quality is the same as or better than onshore quality.

Satisfaction is inversely correlated to the complexity of the function being offshored; lower-complexity, transaction-intensive work is the best offshore bet.

Satisfaction with Offshore Resources

(1–9 scale)



Tasks done by offshore resources vary in complexity and in their need for human judgement. Respondents using offshore resources today typically report higher satisfaction with resources who handle lower-complexity tasks like charge entry, payment posting, and some medical coding (like outpatient coding) compared to higher-complexity, judgement-intensive tasks like denials management.

"The struggle with denials is understanding all of our contracts and what a payer does or doesn't do. ***There is a lot more variation and a lot more expertise required, and it takes a long time to get offshore resources up to speed in some of those cases. . . . That is what makes denials management so tough; it is ever changing.****"*

—VP of revenue cycle

India and the Philippines are far and away the most common countries in which offshore resources are located.

Countries to Which Revenue Cycle Work Is Offshored—by Type of Work

Respondents could report more than one country

1%–20% | 21%– 40% | 41%– 60% | 61%– 80% | 81%– 100%

	India	Philippines	North America	South America	Europe	Middle East
A/R follow-up (n=31)	61%– 80%	21%– 40%	1%–20%	1%–20%	1%–20%	1%–20%
Charge entry (n=11)	61%– 80%	1%–20%			1%–20%	
Claim processing and adjudication (n=17)	81%– 100%	1%–20%	1%–20%	1%–20%		
Denials management (n=21)	81%– 100%	1%–20%	1%–20%	1%–20%		
General customer service (n=14)	21%– 40%	21%– 40%	21%– 40%	1%–20%		
Medical coding (n=22)	81%– 100%	21%– 40%	1%–20%		1%–20%	
Patient access or scheduling support (n=12)	41%– 60%	41%– 60%	1%–20%	1%–20%		
Payment posting (n=19)	61%– 80%	1%–20%			1%–20%	

Note: Countries mentioned by a single organization were combined by continent: North America (Dominican Republic, Costa Rica, Puerto Rico, Canada, Mexico), South America (Colombia, Uruguay), Europe (Macedonia), and Middle East (country not specified).

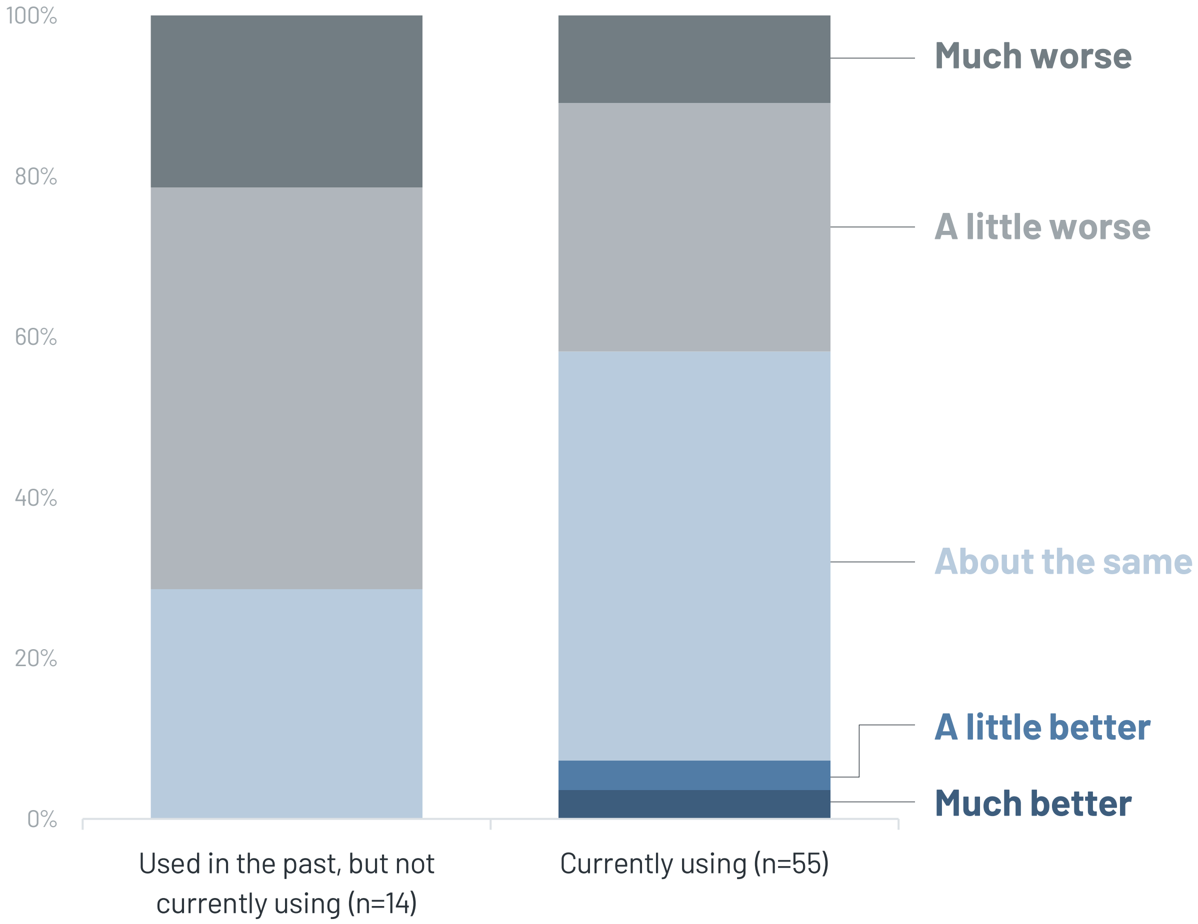
Most organizations report offshore work being done in India, though patient-facing work such as scheduling support and customer service is happening at a lower rate due to language barriers and customer complaints over strong accents.

"The offshore staff tends to score better in our post-call surveys with patients. However, ***we seem to have some concerns raised by patients who are detecting accents****. There seem to be additional concerns or red flags raised, especially around things like scheduling, when they hear a strong accent."*

—C-level

Organizations need to look at outcomes other than quality of work to find the value of offshoring.

Quality of Offshore Resources Compared to Onshore Resources



Quality is never the driver for choosing to offshore. No interviewed organizations pointed to quality as the main deciding factor, though it is a consideration. Most often organizations are looking to solve cost or capacity concerns with quality being one measure of the impact.

"Offshore resources had a bad reputation in medical coding 5, 10, or 15 years ago, but it's a different story today. We've had a lot of success with offshore quality. ***I can't say it's better, but I can't say it's worse either****."*

—Revenue cycle director

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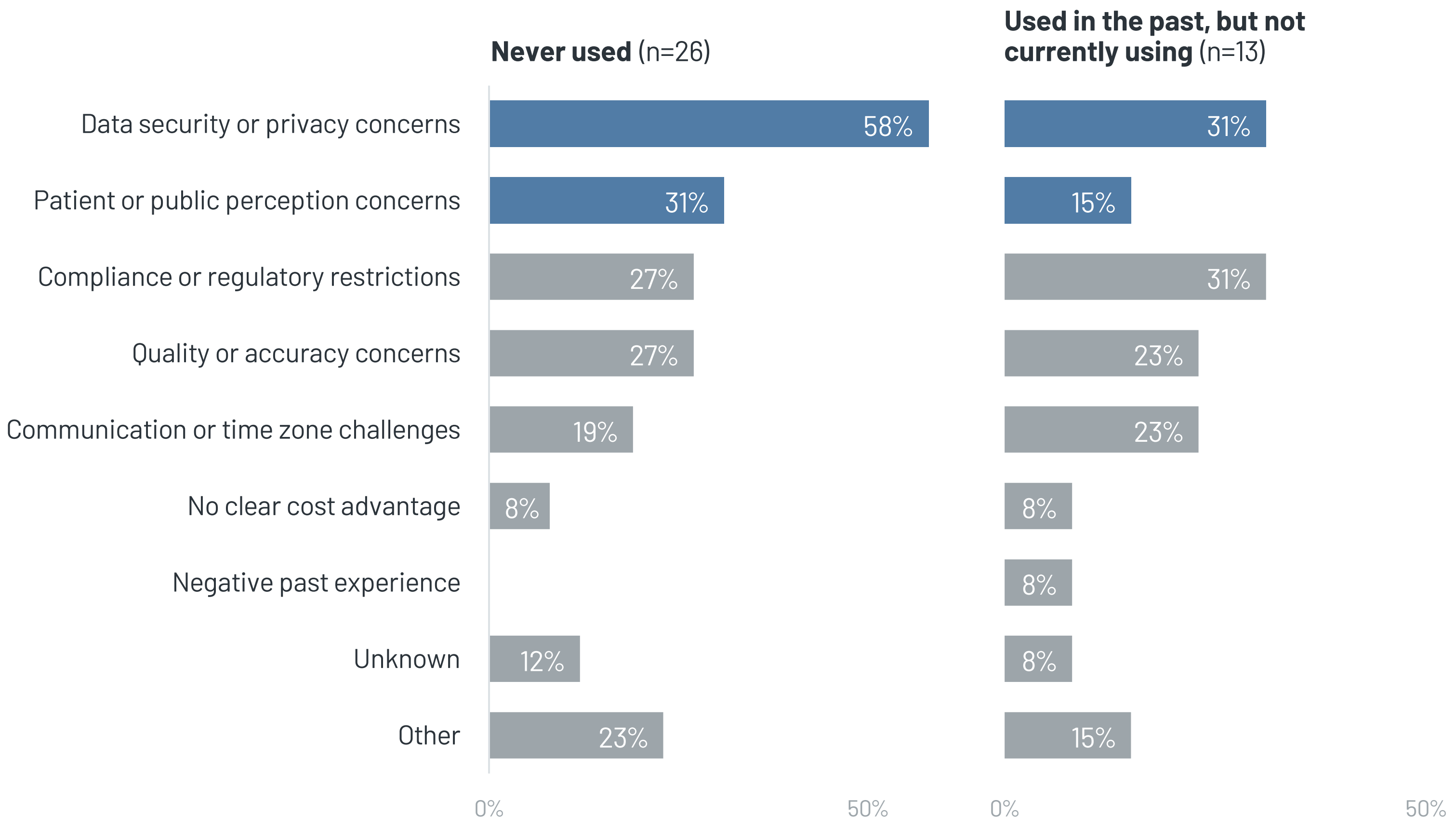
Offshore doesn't mean hands off; success requires defined scope, active management, and awareness of risks: Experienced organizations emphasize clear scope, detailed processes, training, SLAs, communication, QA, and escalation paths. The most persistent problems are language barriers, time zones, and insufficient oversight, those these are not as extreme as those without offshoring experience believe.

Industry inhibitions about offshoring don't always align with the actual experience.

Reasons Offshore Resources Are Not Used—by Current Offshore Use

Respondents could give multiple answers



Note: "Other" includes Medicaid contract, no need, haven't looked into it, internal policy, leadership preference, vendor partnerships, and resource knowledge.

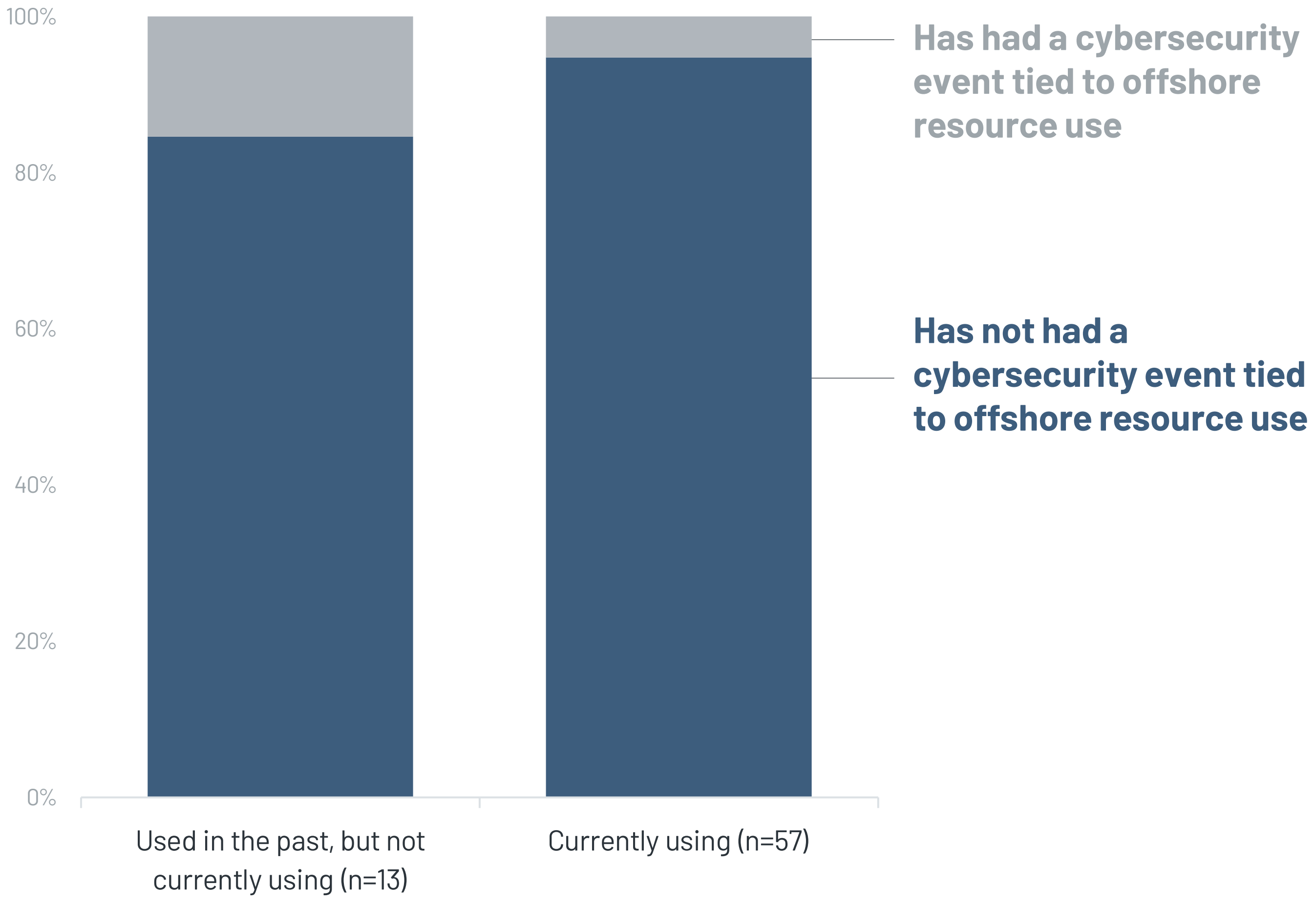
Organizations that have never used offshore resources are almost twice as likely to report data security/privacy and patient/public perception concerns than those with prior experience. Once an organization has experienced offshore resources, many concerns are assuaged, and only one respondent reported a negative past experience that led to them no longer use offshore resources. Lived experience typically shows frustrations such as language barriers and time zone challenges.

"Offshore work is about the same as onshore. We find errors that they make, and we find errors that my team makes here in the US as well. It's about the same if you balance it out."

—Revenue cycle director,
used offshoring in the past

Proper cyber hygiene is crucial when working with offshore resources, but cybersecurity events do not occur at a higher rate than domestically.

Percentage of Organizations with Cybersecurity Event Tied to Offshore Resources



Industry research shows that 93% of organizations have experienced a cyberattack in the past 12 months and 96% have experienced at least two data loss or exfiltration incidents over the past two years. Respondents in this sample report similar frequency, indicating that cybersecurity events are not more common among organizations that use offshore RCM resources.

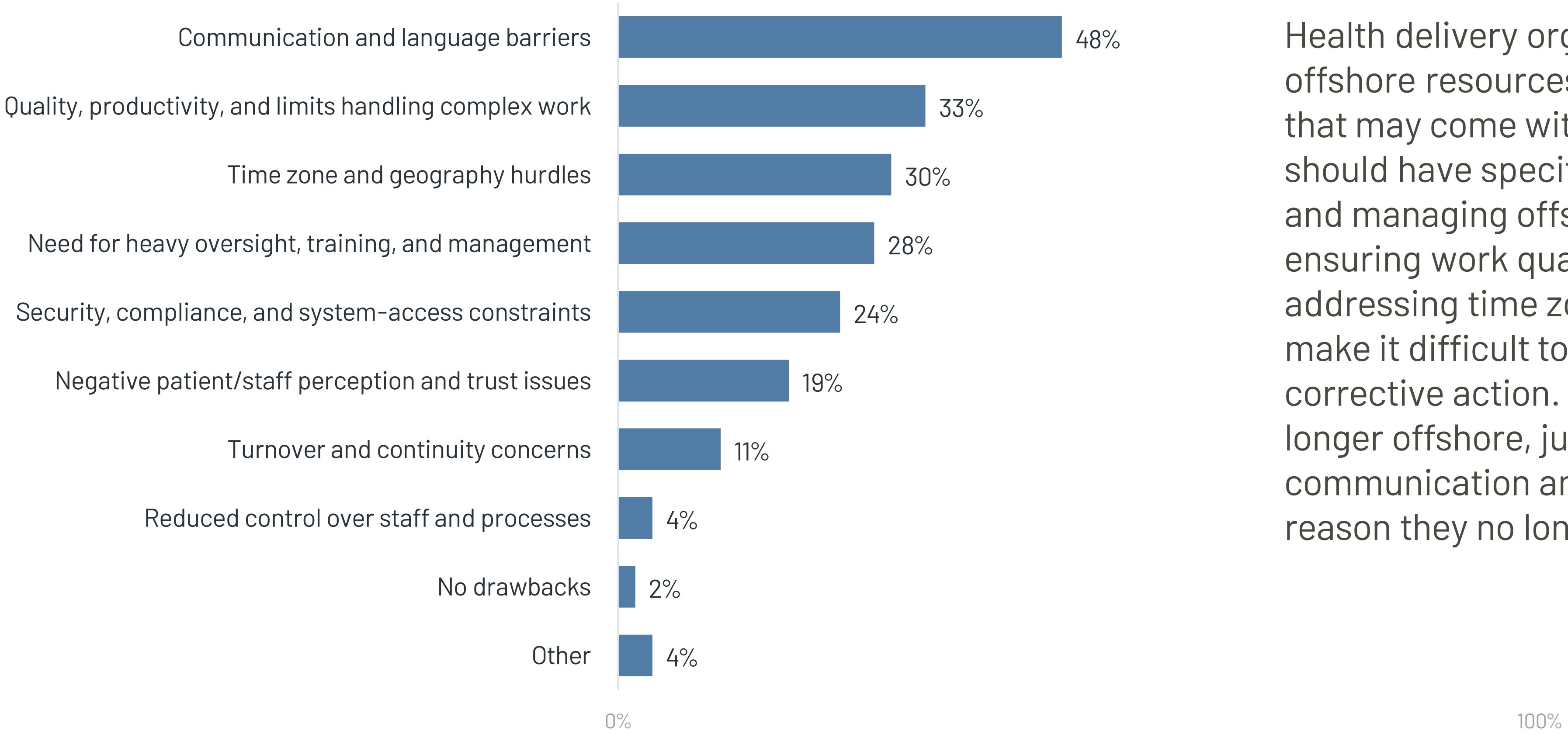
"We have not had a cybersecurity event tied to offshore resources because we do double and triple security. ***We have our own security for offshore resources with our business partners, and we also require them to VPN into our network to do work.*** *They first access their own secure network, then move into a partner network, and then into our network. It can cause some slowness, but we are very overprotective."*

—Revenue cycle director

Communication and language challenges become tripping points in offshore vendors' ability to drive full potential value of resources.

Drawbacks of Offshore Resources

Respondents currently using offshore resources; respondents could report more than one drawback (n=54)



Health delivery organizations looking to engage offshore resources should consider the tradeoffs that may come with offshore work. Organizations should have specific plans in place for overseeing and managing offshore resources, auditing and ensuring work quality and consistency, and addressing time zone differences, which can make it difficult to schedule meetings or take corrective action. Among organizations that no longer offshore, just under a quarter cite communication and time zone challenges as the reason they no longer do so.

Note: "Other" includes higher risk of weather-related events and inability to scale to a high volume of resources without additional layers of structure.

Select comments on the drawbacks of offshore resources.

"There are some offshoring options that seem to work, but there are others that do not. ***The primary driver of whether it works is how well the offshore staff speaks English****. There are certain locations where they are trained and are understandable. And there are others where you just don't know what they are saying."*

—VP of revenue cycle

"The drawbacks of using offshore coders are the language barrier and the different time zone. ***It's hard to communicate. When we're getting on, they're signing off****. We overlap a little bit but not much. I've come to tell everyone that we pretty much have a 24/7 coding shop because they are working times that we are off. There is also the language barrier and the safety concerns that people far away are accessing our domestic records."*

—Coding director

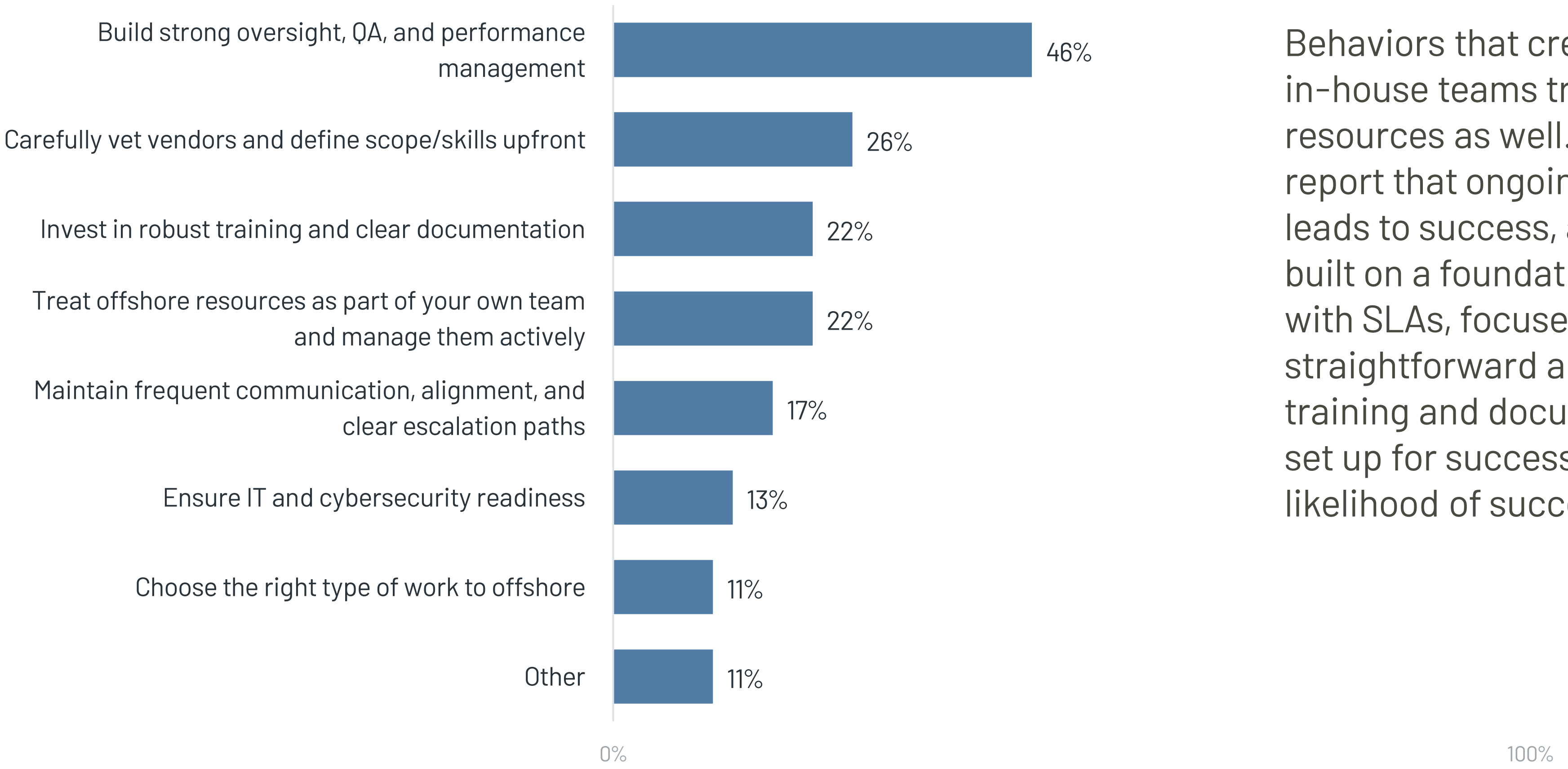
"One of the drawbacks of using offshore resources is the ***communication gap between us, our vendor, and the offshore leaders****. There are gaps in the directives being given to the staff and how well they understand complex scenarios."*

—Revenue cycle director

Success with offshore resources follows similar patterns to success with in-house employees—set clear expectations, train, and monitor performance over time.

Advice for Successfully Utilizing Offshore Resources

Respondents currently using offshore resources; respondents could give more than one answer (n=46)



Behaviors that create strong, high-performance in-house teams translate to the use of offshore resources as well. Nearly half of respondents report that ongoing performance management leads to success, and this management is often built on a foundation of clearly defined contracts with SLAs, focused scopes of work (often straightforward and less complex), and robust training and documentation. When resources are set up for success and monitored closely, the likelihood of success increases.

Note: "Other" includes offshore to English-speaking countries, stay in the same time zone, and set expectations with current staff.

Select comments on advice for successfully utilizing offshore resources.

*"The advice I would give someone to successfully utilize offshore or nearshore resources would be to **make sure expectations are clearly set up front and then audit the work product periodically** to make sure you're addressing problems early. If training or modification is required, **you can't just set it and forget it**. You need to be actively involved in reviewing the work product and making sure it's acceptable."*

—CFO

*"Have clearly defined SOPs and policies. Set up recurring meetings and regular touch points, and establish KPI reviews to ensure they are meeting expectations and aligning with organizational goals. Keep communication open and consistent. **Any organizational changes need to be communicated to them as well, because they are an extension of the work we do**. If they are not informed, they cannot adjust. **It is critical to keep them in the loop on anything that matters**."*

—Revenue cycle director

*"Be realistic with the benchmarks. The benchmark can't be that the offshore organization be perfect. That isn't realistic. None of the domestic resources are perfect either. People will complain all day long about an offshore issue, but if the company were in the US, they'd still be having that problem or worse. Also, decide how to deploy offshore resources. **I would advise any organization to make sure they're clear on what the boundaries are going to be**."*

—Revenue cycle director

Advice from peers using offshore resources debunks several industry myths reported by those who don't offshore.

Myths	Realities
Data security risk is too high	Security risk is high for both onshore and offshore resources; most organizations offshoring have not had a security event tied to offshore use.
Patients or staff won't accept it	Language skills are important to consider, yet 24/7 access for patients and the ability for staff to focus on higher-skill tasks are important benefits to consider.
The quality will be worse	60% of organizations currently offshoring report that quality is the same or better. With the right training and documentation, expectations, and oversight, quality does not dip.
The savings may not justify the tradeoffs	Cost savings are a nearly unanimous benefit. Organizations should weigh potential drawbacks against the potential financial impacts.
Compliance makes offshoring impractical	Organizations highlight the importance of intentionality regarding the type of work given to offshore resources, mainly considering payer types (government vs. commercial) and associated compliance risks.
Language and time zones make it unworkable	Nearly half report communication/language issues and a third report time zone challenges. Location is a strong factor in both language and time zone challenges.

Factors that lead to offshoring success are also considerations for AI usage; offshore resources add capacity while AI tools reduce the capacity required.

	Offshore resources	AI tools
Cost & economics	Immediate labor savings; ongoing cost scales with headcount	Higher upfront investment; lower long-term cost per transaction
Speed & scalability	Quickly adds people for backlogs, turnover, or volume spikes	Scales processing without proportional headcount growth
Work fit & quality	Best for defined work that still requires human judgment; quality depends on training	Best for repetitive, standardized work; exceptions and complex cases require human review
Management & oversight	Requires clear scope, training, SLAs, communication, and continuous QA	Requires integration, governance, monitoring, validation, and escalation rules
Risk & control	Security, compliance, system access, time zones, and reduced operational control	Data privacy, explainability, model errors, vendor dependency, and errors repeated at scale
Human interaction	Can handle judgment and patient conversations, but language and cultural barriers may affect experience	Provides consistent 24/7 service, but lacks empathy and flexibility in sensitive interactions

Report Information

Reader Responsibility

KLAS data and reports are a compilation of research gathered from interviews with healthcare, payer, and employer organization executives and managers, interviews with vendor and consultant organizations, and other resources, such as healthcare industry reports and websites. Data gathered from these sources includes strong opinions (which should not be interpreted as actual facts) reflecting the emotion of exceptional success and, at times, failure. The information is intended solely as a catalyst for a more meaningful and effective investigation on your organization's part and is not intended, nor should it be used, to replace your organization's due diligence.

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