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How to strengthen your revenue cycle in response to COVID-19 disruptions

By Robert Linnander and Morgan Haines

As health systems focus on delivering care during the global COVID-19 health crisis, revenue cycle and finance leaders are bracing for seriously challenged cash flows and constrained revenues. Inpatient censuses are at record lows in preparation for surge capacity expectations and profitable elective procedures are postponed. That puts health care providers in a precarious financial position.

Through our client engagements, our experts have identified several no-regrets strategies that health systems should consider now. This white paper highlights tactics to stabilize performance and accelerate recovery.

Cash flow and receivables management: What can providers do in this current situation to increase cash now?

While cyclical or fluctuating patient volumes are common in revenue cycle operations, the COVID-19 crisis differs in its breadth across services types and payers. For most health care providers, this unique environment has rapidly deteriorated the typically steady rate of billings to commercial and governmental payers. Many health systems are experiencing, or anticipating, a corresponding decrease in cash flow. With volume declines, functional areas are evaluating "flexible staffing" decisions. The tendency for many leaders is to request hour reductions, furloughs and formal layoffs to address the cost conundrum. This decision is often fitting but should not necessarily be deployed universally.

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We are working with our revenue cycle operators to balance the need for thoughtful cost control without sacrificing the steady conversion of existing receivables to cash. While there are many tactics to consider, we've highlighted a few that our clients are pursuing to rebalance staff and accelerate cash collections.

Maintain accounts receivable (AR) staff contingent to the extent possible in order to avoid further exacerbating current cash flow. Many accounts require manual intervention to liquidate and if staff are not available to provide appropriate follow-up, cash flow will diminish. There is always work to do to in AR. Your AR staff can work diligently to create clean paths when billings inevitably grow. With a cleaner slate, staff will be able to liquidate new receivables more efficiently.

AR work requires considerable know-how, strong work habits, and account relationships. However, compensation bands for back-office staff may be lower than other functional areas of the hospital. When you evaluate the positive impact of these staff on cash flow against labor expense, it is often a net positive decision.

Set aggressive short-term goals for your staff. With a sharp reduction in under 30-day-old receivables across all payers, your old performance benchmarks no longer apply. For the short term, it's time to set new ones that make more sense. For example, if your typical Net AR Days target is 45 days, drop it to 25–30 as a new performance goal. It is then critical to communicate these goals appropriately to staff to garner their dedication to the cause and deploy new accountability methods to measure productivity and quality, remotely.

Focus staff on specific AR "cleanup efforts." There is rarely a shortage of accounts that need attention in the back office. These may include denied AR where collaboration with payers to establish leeway and immediate processing can be leveraged or those small balances with easier remediation. Every dollar counts right now, so staff should work their entire queue down to zero. We're also working with our clients to analyze average time to pay as a way to determine SWOT teams for these cleanup efforts.

Our clients are also **working to align staff to volumes.** There are various ways to do this that are worth considering during this time. Leaders may rebalance staff workload (e.g., adjust alpha and payer splits, shift billers to AR follow-up or outpatient coders to coding denials) and evaluate outsource relationships and contracts by reviewing work assignments for insurance receivables and adjusting as necessary to accommodate your workforce.

Endeavor to understand how to **take advantage of the CARES Act** reimbursement opportunities and act fast. Sources of funding are becoming available on a daily and weekly basis. So it's critical that health care providers have a mechanism to identify these sources, apply expeditiously, and track pre-payments accordingly.

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Managed care negotiations: How can providers collaborate with health plans to preserve revenue and accelerate collections?

Health care providers are increasingly seeking support with advanced payments and contract restructuring in light of rapidly changing financial positions. Proactive communication with health plans is key when evaluating potential options to support resiliency. CMS has expanded the Accelerated and Advanced Payment Program to prevent disruptions in claims submission and processing for providers with repayments beginning at 120 days after issuance. Private plans have also introduced various initiatives to provide financial support to in-network providers.

While many health plans have temporarily waived COVID-19 cost-sharing for beneficiaries and expanded telemedicine coverage, providers must understand the fine print behind these changes. How will patient cost-sharing waivers be administered so providers avoid losses? What claim requirements (including codes and modifiers) have changed, and which authorization requirements are relaxed? How long will changes be in place, and is there opportunity to permanently extend some coverage policies?

When engaging in collaboration with health plans, providers should quantify the administrative burden associated with health plan policies. Further, denials and bad debt adjustments related to COVID-19 encounters should be tracked using dedicated adjustment codes.

Self-pay management: How can providers best support our patients and manage the expansion of uncompensated care?

Now is the time to think about your under- and uninsured patient strategies. As unemployment rises, proactively identify patients who may have coverage lapses and require financial assistance. Coordinate with these patients on available alternative benefit options such as expedited Medicaid screening, an extended loan program for high out-of-pocket costs, or more flexible payment plan offerings. Training your staff related to COBRA coverage will likely be required.

Shift patient segmentation tools to the front end to allow your financial wellness staff to pre-approve charity care for patients and update policies and procedures to ensure a regimented approach. Hold self-pay accounts within your patient accounting system and make sure you understand the necessary processes to apply for any available funding for uninsured patients.

As our clients re-balance their workforce, we are conducting remote skills training to successfully reallocate staff into patient-facing roles to support the influx of patient coverage questions. To support this resource shift, we recommend retooling customer service and financial wellness scripting to better support first-call resolution and the patient financial experience.

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Revenue integrity: How can providers ensure accurate and complete capture of clinical care provided?

Health care providers should lean on their revenue integrity teams to keep their organization current with changing regulations as they relate to newly established codes. First and foremost, we are working with our clients to ensure charge description masters and fee schedules are updated to include COVID-19-related CPT and revenue codes for diagnostic and treatment services including, but not limited to, laboratory and telehealth. All coding and charge entry teams should be made aware of these new codes via educational memos and stand-up meetings.

Clinical documentation improvement (CDI) staff will play a key role in ensuring that providers are meeting documentation standards for these new codes and should be educated accordingly. CDI staff will also play a key role in ensuring that the documentation of inpatient admissions for COVID-19-related illnesses are supported and reflected in COVID-19-related ICD-10 coding that will drive the appropriate DRG assignment.

With the changing landscape of both outpatient services and inpatient admissions, our clients' CDI and revenue integrity teams are being leveraged to perform retrospective audits to ensure overall integrity of the clinical documentation as it relates to COVID-19, with an emphasis on providing immediate education and feedback to providers when necessary. With the anticipated slowdown in cash flow, comprehensive documentation will create the greatest opportunity to take advantage of new reimbursement methodologies offered by payers.

Revenue cycle analytics: What should providers be tracking differently to understand current and future impact on KPIs and financial performance?

When working to understand the impact COVID-19 will have on organizational cash flow, revenues and operational costs, your traditional KPIs and managerial analyses may not be sufficient. As cash flow begins to slow due to reductions in non-COVID-19-related services, our clients are revisiting AR valuation models to ensure they have the ability to accurately reflect applicable changes to the reimbursement landscape.

These include:

- Payer mix
- Change in service mix (acute, professional and ancillary services)
- Managed care pre-payments
- Medicare reimbursement premiums provided via the Advanced and Accelerated Payment Program

As payers provide cash-flow assistance through premium or pre-payment programs, we are helping our clients develop reconciliation processes and understand balance sheet impacts, accompanied by appropriate training and messaging, ensuring the pre-payments are reflected appropriately in the general ledger.

Many analyses performed during this time will require scenario-based variables, such as local employment market conditions, staffing models, or pre-payments assumptions to be incorporated. These analyses will support the necessary contingency planning to preserve revenues. Consider if employers in your area have furloughed staff or reduced operations. How will that increase your financial risk?

In this time, revenue cycle and finance leaders should consider nontraditional targets to improve financial positions. Our clients are expanding cost to collect analytics to better examine opportunities to reduce nonclinical supplies, restructure property leases, and weigh temporary benefit reductions. Armed with this information, accounts payable teams may better approach creditors to explore flexible payment arrangements to maintain appropriate levels of cash on hand.

The road to recovery

While the road to recovery will be unique to each organization, effective revenue cycle leaders must remain keenly focused on today's business continuity and financial stewardship needs. With most revenue cycle staff now working remotely, hardwiring accountability and keeping a pulse on employee engagement through daily or weekly "stand-ups" and manager check-ins will be critical to keep staff motivated and productive.

We will eventually reflect on urgent decisions made throughout this crisis and prioritize the steps needed for routine operations once again. Recovery will serve as an opportunity to re-evaluate onsite and offsite staffing models, automation, vendor relationships, as well as critical infrastructure needed to reopen access to care and support patient financial needs.

Stay tuned for part two in this revenue cycle series, focused on deploying a strategic back-to-work approach, to be released in the coming weeks.

Meet our experts

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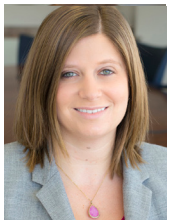

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