

# 7 Tips for Managing Financial Health During the Pandemic



From increased expenses to significant revenue loss, the COVID-19 pandemic is putting substantial financial pressure on hospitals and health systems across the U.S. To minimize the economic damage providers must take a proactive and aligned approach to manage costs and optimize revenue.

Here are 7 tips that can help improve your hospital's financial performance as you execute your emergency plan in this national battle.

## 1 Keep in Constant Communication with Payers

Ensure you're keeping in constant communication with Federal, State, Local and critical Commercial payers:

- **Ask questions** to accurately bill and get reimbursed for COVID-19 treatment
- **Discuss how the COVID-19 impact** will factor into regular FFS and Value-Based Care agreements



## 2 Utilize the Stimulus Bill

Get your share of the...

1. **\$100 billion in emergency funds** approved to compensate hospitals and other health care providers for lost revenue and additional costs associated with COVID-19 (exact distribution still in development)
2. **\$16 billion to replenish the nation's depleted stockpile** of medical gear, such as ventilators, medicines and personal protective equipment (PPE)
3. **\$8 billion** for more than 3,000 DSH providers that will reverse cuts in their Medicaid payments for 2020 and 2021

Take advantage of...

1. **The temporary suspension of a 2% Medicare sequestration reduction**
2. A **20% increase in Medicare payments** for treating patients with the virus



## 3 Track all Expenses & Lost Revenue

COVID-19 relief funding for hospitals will be coming through several government sources - all with different requirements. **Start tracking now!** Hospitals could be eligible for funds through:

- Federal Emergency Management Agency
- Several funding streams set up by Congress in the Coronavirus Aid, Relief, and Economic Security Act
- State grants
- HHS programs



## 4 Adjust Cost Accounting to Track COVID-19 Expenses

It is essential to track all the new / increased expenses associated with COVID-19. Create a new GL code to:

- Track all labor costs (OT, new hires, temp workers, training, HR)
- Track all supply costs (Medical equipment, PPEs, etc.)
- Track any applicable capital investments (Construction costs, specialized equipment dedicated to COVID-19 wings, etc.)

Be sure to include any policies that lead to the cancellation or delay of elective procedures



If an organization has more sophistication in defining its costs and lost revenue, they will have a better answer if and when the government calls years from now. Take tracking seriously.

## 5 Help Patients with Medicaid and Charity Care Eligibility

- As the pandemic expands, needs for health insurance coverage through Medicaid and CHIP will increase for people who get sick and lose private coverage due to the declining economy
- Facilitating enrollment for the growing numbers of individuals who will become eligible for Medicaid will be critical
- States can adopt a range of options under current rules, including waivers, to increase Medicaid eligibility, facilitate enrollment and continuity of coverage, and eliminate out-of-pocket costs
- Additionally, there will be a special enrollment period for State exchanges, AND the Trump administration is considering using some of the \$100 billion relief to pay for COVID-19 treatment



## 6 Use Telehealth

- CMS added 85 more Medicare services covered under telehealth
- Clinicians can bill immediately for dates of service starting March 6, 2020
- Services are paid under the Physician Fee Schedule at the same amount as in-person services
- Medicare coinsurance and deductible still apply for these services
- HHS Office of Inspector General (OIG) is providing flexibility for healthcare providers to reduce or waive cost-sharing for telehealth visits paid by federal healthcare programs
- Work with Commercial payers to expand telehealth for those populations as well

## 7 Optimize Revenue Cash Flow

- Critical to update revenue and expense forecasts
- Set aggressive expense reductions targets
- Layoffs, furloughs, and canceled cases will require a reduction in daily spend and expenses
- Conduct OP staff vs. IP staff re-balancing
- **Nail your Billing / Coding for COVID cases**
- Understand Patient Responsibility
- Properly allocate resources
- Get Alignment between Revenue Cycle, Managed Care, and Payer Resources



About the author: Michael Hickey is a LifeWings Senior Advisor and Strategic coach with over 15 years' experience and extensive background specializing in strategy, operations and analytics. His work as both a consultant and within health systems across the continuum has provided him with the ability to stimulate and guide the client's thinking when addressing the challenges organizations are faced with in today's transforming healthcare environment. He has successfully assisted a variety of organizations to transition from traditional fee-for-service operations to the new value-based model of care delivery. Michael has led successful Clinical Integration, Care Delivery, Payer Negotiations and Revenue Cycle projects over his career resulting in direct improvements to the cost and quality of care delivery and measurable revenue optimization.

Michael, along with all of the LifeWings team, is deeply grateful for the heroic work you are doing on the frontlines. Together, we will prevail.