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COVID-19: Cash Acceleration in Revenue Cycle Management

Healthcare providers must address COVID-19 cash flow issues to remain stable in the short term and position themselves for resilience in the future.

Despite disruption to normal business operations resulting from the COVID-19 crisis, provider organizations will continue to incur expenses and, with few exceptions, must still pay their bills each month. Although these obligations may be manageable in the short term, the path to a financially stable future grows more challenging with every day that passes in this new reality. Provider organizations are finding themselves in positions of decreased cash flow, largely due to shifts in volume and disruption to normal revenue cycle operations. Exacerbating the issue, public health guidelines are encouraging providers to send certain employees home, including revenue cycle staff, which can significantly impact collections productivity. Unless actions are taken now, cash flows could continue to worsen and may take months, if not years, to fully recover. Fortunately, there are recovery strategies and best practices that healthcare providers can implement now to accelerate cash and achieve financial resilience. By actively addressing and re-evaluating business operations in this “new normal,” provider organizations will be in a position to mitigate the lasting effects of COVID-19.

Provider organizations are facing unprecedented challenges brought on by the COVID-19 pandemic and are responding in truly extraordinary ways to quickly and effectively meet the needs of their patients, employees and communities.

The impact of COVID-19 on provider cash flows is significant when examining key performance indicators (KPIs) such as unbilled/discharged not final billed (DNFB), net days in accounts receivable (AR), bad debt, and cash collection of net revenue. Changes in these important indicators are significant, as they often lead to decreases in revenue, patient volume, profit margin and patient satisfaction.

Unlike most businesses, healthcare providers have multiple payer contracts that create unique challenges in acquiring cash and improving KPI levels. This process becomes even more complex during a crisis, when the need for medical care and resources is extreme and collection of the patient data required for billing and cash collection payments takes a backseat. Nevertheless, it is important for providers to do all they can to maintain consistent cash flows and positive financial health in order to continue offering necessary services and resources to their community.

Despite contingency plans for expected financial declines, extreme disruptions such as those caused by COVID-19 put pressure on an organization's ability to achieve smooth and stable operations. Provider organizations should reevaluate current processes to look for opportunities to become more resilient and well equipped. Further, they must address immediate cash demands, as well as prepare themselves for the next steps in long-term recovery efforts.

Immediate Action

During a crisis, providers must shift efforts to ensure that immediate patient needs are met. In the case of COVID-19, this includes increasing available patient beds, empowering clinical staff, and obtaining personal protective and respiratory equipment, to name a few. Nevertheless, efforts to minimize financial loss are essential to ensuring that quality services and resources can remain available. In order to maintain the cash necessary to continue providing patient care, provider organizations should consider the following immediate actions:

— Gain access to credit lines and temporary cash: To meet immediate cash flow needs, provider credit lines and access to temporary credit methods should be made available as soon as possible.

— Ensure data collection stays intact: Without the correct data, providers may not be able to bill for all services rendered or may have to call the patient post-visit for additional information.

— Accelerate bill processes: Staff should use available resources to ensure a smooth revenue cycle process and prevent unnecessary payment delays caused by incorrect, inconsistent or insufficient billing information. Specifically, staff must ensure they are correctly coding claims, closing encounters and resolving bill edits, with a focus on Medicaid claims, as they typically have the quickest payment turnaround. If possible, staff should create a COVID-19 denials management and reporting process to address specific challenges.

— Communicate with payers: Medical practices can and should ask payers for authorization timeline extensions, timely filing and appeal deadline suspensions, and cash advances or periodic interim payments (PIP) on future claims. Eliminating time constraints ensures that providers will not forgo cash inflow due to decreased staff capacity. Cash advances and PIPs help providers maintain an influx of funds even if other revenue streams are delayed.

— Focus on technology needs: A surge in stay-at-home orders, lack of sufficient hospital space, and relaxed platform regulation due to COVID-19 means claim editors must be able to support changes in provider offerings and technological needs such as telehealth quickly and effectively, not only to deliver critical care to patients remotely, but also to maximize revenue capture. Staff should be aware of individual payer guidelines and appropriate CPT codes and modifiers (including when to apply a GT modifier to Medicare payers), as well as changes in regulatory policies.

— Quantify regulatory impact: The financial impact of emergency regulations and the resulting amount of cash needed on hand should not be overlooked. COVID-19 regulations, for example, involve paid leave obligations, where the provider may be required to continue to pay employees who are unable to come into work.

Looking Long-Term

Though immediate response plans are the focus today, providers must also begin strategizing for the recovery and restoration ahead.

Cash acceleration energies should not stop once the crisis stabilizes. Lasting financial hardships could mean practices, clinics and hospitals are unable to provide quality patient care and must modify service offerings or even shut down permanently. Some best practices for recovery include, but may not be limited to, the following:

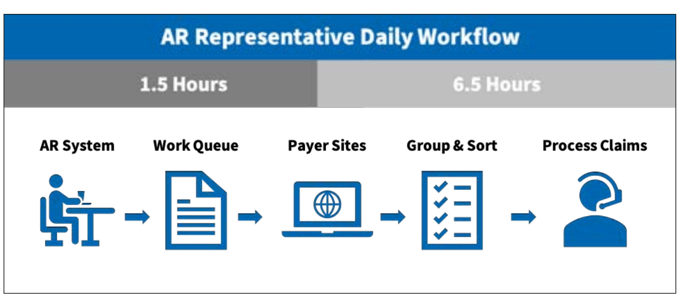
— Maximizing cash inflows: Cash regains will influence how quickly a provider can recover. When filing and collecting claims, providers should initially focus on easy targets such as consistent payers or those with quick turnaround times, and larger gains such as Medicare, Medicaid and self-pay.

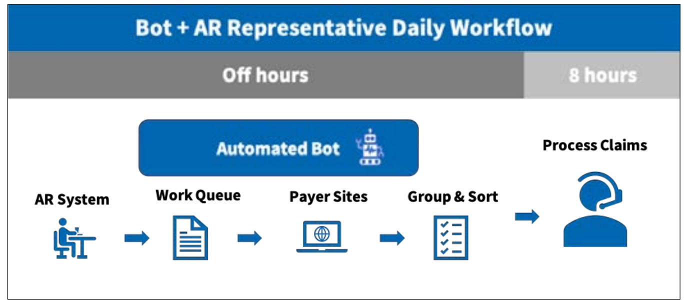
— Adjusting AR strategy: Revenue cycle staff should refocus billing efforts, payment follow-up and account resolution to ensure that AR balances and ratios are as low as possible. Even though AR is considered part of the organization's assets, high AR means low cash on hand, and is an indication that the provider may not be able to pay its bills.

— Encouraging payments in self-pay accounts: Patients are now responsible for a significant portion of their healthcare costs, and therefore make up a large amount of provider revenue. Providers should consider implementing a self-pay discount or prompt-pay program to encourage quick patient payment and cash inflow.

— Using assistance programs: Providers should be sure to research and take advantage of any eligible government funding, grant funding or other programs dedicated to help with recovery, such as deferring tax payments. Be aware of timelines and qualification requirements.

— Employ a digital workforce: While not necessarily a strategy to address the immediate COVID-19 response, setting up a digital workforce can help mitigate future disruptions and make day-to-day operations more efficient. A digital workforce that uses artificial intelligence (AI) or robotic process automation (RPA) better enables the human workforce to concentrate on value-driven processes, increasing staff capacity and cash flow potential.





How to Move Forward

COVID-19 is proving to be a major test for organizational resilience across industries and will likely require businesses of all types to reevaluate their operations. As challenging as recent events have been, they may prove to be an opportunity for healthcare providers to find and address financial vulnerabilities. Providers can analyze how their revenue cycle and cash flow processes held up against COVID-19 challenges. These findings can be applied as a template for provider organizations looking to use this experience to become more resilient.

Technology and Telehealth

It is already evident that the COVID-19 pandemic will have a lasting effect on the way healthcare organizations view and use technology. While uncertainties around reimbursement have made providers reluctant to adopt telehealth on a large scale, COVID-19 pushed providers to explore their telemedical capabilities, with revenue cycle staff having to quickly learn the intricacies of digital medicine while also experiencing the nuances of working remotely, a new experience for many revenue cycle teams.

Given this push for rapid telehealth adoption, providers have an opportunity to improve processes that will make telehealth a viable organizational offering, representing a new stream of cash influx. By analyzing system gaps found during the COVID-19 crisis, providers will be more prepared to fully integrate digital and remote workforce strategies into the revenue cycle. Areas of focus can include building a resilient infrastructure with HIPAA-compliant vendors for the at-home workforce, advancing remote and digital workflow staff training, introducing system automation and developing an AR denials management team dedicated to telehealth payments.

Conclusion

The financial impacts of COVID-19 may have lasting impacts on providers, as many organizations struggle to meet financial and operational obligations. Providers are being forced to take immediate action to maintain cash flows through modified billing processes, AR management, payer communications and use of new technologies. Organizations must also take a long-term view to withstand aftershocks by modifying systemwide revenue cycle strategies. Although it will be a long road to recovery, advances in technology and cash flow strategies have the potential to reinforce provider resilience and preparedness. This is a call to action for healthcare providers to strengthen their financial systems now in order to withstand COVID-19 related challenges today — and be prepared for whatever may come next.

BRUCE HALLOWELL
Senior Managing Director
T: +1 828 461 8752
bruce.hallowell@fticonsulting.com

MICHAEL MORAN
Managing Director
T: +1 216 407 2656
michael.moran@fticonsulting.com

SHANNON YOUNG
Consultant
T: +1 518 605 1600
shannon.young@fticonsulting.com

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