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Proactively addressing revenue integrity in the era of COVID-19

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The COVID-19 pandemic will undoubtedly leave a permanent imprint on the healthcare landscape. The heightened role of technology, especially as it relates to data access and analytics, is one area that will leave a lasting mark as a differentiator for care and operational efficiency, as well as actionable response.

Amid the initial surge and ongoing impact of COVID-19 cases, healthcare organizations are relying on sound guidance and advanced systems to optimally care for patients. It is also more imperative than ever that they prioritize revenue integrity strategies. While analytics play a key role in helping monitor the progress of the disease and the global healthcare community's efforts to contain it, it is also laying the groundwork for sound revenue integrity practices within a fluid and evolving crisis.

The revenue risks associated with the pandemic are expected to be substantial. Consequently, compliance and revenue integrity departments must be proactive in preparing for the inevitable scrutiny that lies ahead for COVID-19–related claims to ensure their organizations' ongoing success and sustainability. Government monetary stimulus is helping, but hospitals must capitalize on all appropriate reimbursement opportunities and avoid the revenue cycle bottlenecks that can result from denied or delayed claims. They must also quickly and proactively identify and address compliance issues to avoid the potential for bottom-line losses down the road when auditors come knocking.

Ongoing oversight and readiness will require proper allocation of resources supported by the right infrastructures to overcome a fluid regulatory landscape and other challenges. Manual efforts to stay abreast of additions and changes to procedure and billing codes—along with evolving treatment regulations and reimbursement policies—will leave many organizations simply reacting to revenue risks, opening the door for revenue problems that can quickly spiral out of control; that's why forward-thinking organizations are getting their revenue integrity house in order now.

Revenue shortfalls: A deeper look

Providers have faced a perfect storm of revenue hits amid national efforts to adequately prepare for and respond to the coronavirus pandemic. To free up beds and resources in anticipation of significant demand, the elective procedures that make up a sizable part of income for many hospitals and surgery clinics were halted for longer than a month in most cases.[1] In addition, emergency room visits went down substantially amid stay-at-home orders. The result is the loss of millions in revenue for most healthcare organizations.[2]

Reimbursement opportunities have understandably shifted to patient care associated with COVID-19—an area largely untested in terms of payer expectations, claims denials, and compliance. And there is a lot of money at stake: An internal analysis of the Hayes provider community in April found that member organizations had performed more than 180,000 COVID-19–related services since the beginning of 2020, equating to greater than $420 million in overall charges.

Notably, this analysis included both confirmed cases and patients undergoing monitoring for the coronavirus, a distinction that could become important in terms of revenue shortfalls. Foregoing its scheduled 2% merit increase to hospitals and providers, Medicare instead made a strategic decision to increase payments on COVID-19 cases by 20% to address potential revenue losses.[3] Yet, many healthcare organizations may find that this increase falls short of expectations as it only applies to confirmed cases.

The reality for many hospitals, especially those in rural areas, is that COVID-19 admissions have not reached scale against financial losses. Yet the length of stay for pneumonia and sepsis patients has tripled compared to 2019, largely due to COVID-19 monitoring. As a result, reimbursement will likely not cover elective procedure revenue losses.

In a recent study, Strata Decision Technology estimated that 97% of health systems will lose an average of $1,200 per case, or even as high as $8,000 in some instances, and all that with the 20% Medicare payment increase.[4] Keep in mind that cost analysis and contract negotiations for specific diagnosis-related groups like pneumonia or sepsis were based on 2019 data.