Hospital Operations Toolkit for COVID-19

Administration:

Financial Sustainability

November 30, 2020

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The COVID-19 pandemic significantly affected the financial wellbeing of many hospitals and health systems across the nation. Federal, state, and local governments enacted an array of financial assistance and recovery programs to stabilize healthcare operations during the pandemic and ensure continued access to vital medical care. Despite this support, many hospitals continue to lack financial stability due to persistent staffing shortages and other workforce challenges, supply chain issues, lost revenue, and rising inflation. In April 2022, the American Hospital Association (AHA) reported more than 33% of hospitals were "operating on negative margins."

Government Programs and Policies Supporting Hospitals

New Federally Funded Programs

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established programs (including the Provider Relief Fund) and provided extensive funding to support hospitals and other healthcare facilities and providers. Subsequently, the Paycheck Protection Program and Healthcare Enhancement Act, Consolidated Appropriations Act, American Rescue Plan, and other laws extended and supplemented these programs and funding. Among other provisions, these programs:

- Reimbursed eligible healthcare providers – including hospitals – for healthcare expenses and lost revenue associated with the COVID-19 pandemic.
- Increased Medicare payments for inpatient admissions.
- Suspended the Medicare sequestration payment adjustment.
- Provided loans through the Medicare Accelerated and Advance Payments Program.
- Designated funding to specific entities, including rural healthcare providers, children's hospitals, and safety net hospitals.
- Reimbursed providers for COVID-19 testing, vaccination, and treatment of the uninsured.

While these new and expanded programs provided many hospitals and other healthcare providers a lifeline to sustain operations throughout the pandemic, their differing eligibility criteria, funding availability and type (e.g., loan, grant, cost reimbursement), deadlines, and reporting requirements have contributed to hospitals' administrative challenges. As the pandemic continues and recovery efforts expand, hospitals should consider the following:

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- Monitor federal legislative activity that may establish new recovery programs or affect the terms and conditions of existing programs.
- Understand what federally funded state and local opportunities may exist to support hospitals.
- Determine eligibility for programs requiring specific designations, such as small businesses or critical access hospitals (CAHs).
- Ensure compliance with eligibility requirements, payment terms, and reimbursement amounts.
- Track reporting requirements, timelines (including extensions), and close-out tasks.

Other Federal Funding Support for Hospitals

Through the [Coronavirus Preparedness and Response Supplemental Appropriations Act](#), the Administration for Strategic Preparedness and Response (ASPR) awarded $100 million to support COVID-19 patient surge preparedness and response. These funds were distributed to the 62 existing state, local, and territorial Hospital Preparedness Program (HPP) cooperative agreement recipients, hospital associations, the National Emerging Special Pathogens Training and Education Center, and 10 regional Ebola and special pathogen treatment centers. ASPR awarded an additional $250 million under the CARES Act to the same entities. The combined funding supports coordination within healthcare coalitions, healthcare workforce training, procurement of supplies and equipment, and improving capacity of healthcare services, including expansion of telehealth.

The Federal Emergency Management Agency (FEMA) Public Assistance ([PA](#)) Program provides reimbursement to state, local, tribal, and territorial (SLTT) governments and certain private non-profit organizations (including hospitals) for emergency protective measures in response to the COVID-19 emergency. SLTT governments may also contract with private for-profit organizations for the provision of covered services.

Hospitals should ensure their SLTT governments are aware of ongoing expenses and operating losses associated with the COVID-19 pandemic and determine whether any funding is available through these and other SLTT funding programs.

Centers for Medicare & Medicaid Services Waivers and Flexibilities

Declarations of public health and national emergencies allowed the Centers for Medicare & Medicaid Services (CMS) to issue [waivers](#) and provide other flexibilities to participating providers and suppliers. Hospitals should take advantage of available flexibilities and prepare for those that will no longer be available once emergency declarations end. Examples of available modifications include:

- Temporary expansion of service sites through the Hospitals Without Walls initiative.
- Waiving enforcement of the Emergency Medical Treatment and Labor Act to enable offsite patient screening.
- Allowing hospitals to treat acute care patients in units usually designated for other purposes.
- Payment for telehealth services provided by hospital outpatient departments and remote outpatient therapy by hospital counselors in the patient's home.
- Expanding the ability of hospitals to offer swing beds.

- Waiving certain requirements for hospitals to be designated as sole community hospitals, CAHs, and Medicare-dependent small rural hospitals.
- Waiving CAH bed numbers and length of stay limits.
- Providing enhanced payments for COVID-19 treatments.
- Changing some physician and other healthcare professional state licensing requirements.
- Waiving various workforce, specialty services, and graduate medical education requirements to maximize staffing.
- Issuing waivers to some provisions of the Stark Law.
- Reducing administrative burden related to discharge planning, medical records, verbal orders, advance directives, and other reporting requirements.

Resources Related to Government Programs

- American Hospital Association:
  - COVID-19 Pathways to Recovery
  - Financial Implications of COVID-19 on Hospitals and Health Systems
  - Financial Recovery and Forecasting Post COVID-19
  - Summary of American Rescue Plan Act of 2021 and Provisions Affecting Hospitals and Health Systems
- ASPR:
  - COVID-19 Supplemental Funding Overview
  - Hospital Association COVID-19 Preparedness and Response Activities Cooperative Agreement FAQs
- ASPR TRACIE:
  - Centers for Medicare & Medicaid Services (CMS) Waivers and Declarations for COVID-19
  - COVID-19 Healthcare Delivery Impacts
  - Federal Recovery Programs for Healthcare Organizations
- Children's Hospital Association: COVID-19 Policy Resources for Children's Hospitals
- CMS:
  - Coronavirus Waivers and Flexibilities
  - COVID-19 Accelerated and Advance Payments
  - Hospitals and CAHs (including Swing Beds, DPUs), ASCs and CMHCs: CMS Flexibilities to Fight COVID-19
  - New COVID-19 Treatments Add-On Payment (NCTAP)
  - Teaching Hospitals, Teaching Physicians and Medical Residents: CMS Flexibilities to Fight COVID-19
- FEMA:
  - COVID-19 Supplemental Resources
  - Emergency Medical Care
  - Resource Roadmaps
- Greater New York Hospital Association: COVID-19 Funding and Billing
- Health Resources and Services Administration: Coronavirus (COVID-19) Information

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- Kaiser Family Foundation:
  - [Funding for Health Care Providers During the Pandemic: An Update](#)
  - [Medicaid Emergency Authority Tracker: Approved State Actions to Address COVID-19](#)
- Rural Health Information Hub: [Rural Response to Coronavirus Disease 2019 (COVID-19) – Funding and Opportunities](#)
- U.S. Department of Health and Human Services (HHS) Office of Inspector General: [Hospitals Reported That the COVID-19 Pandemic Has Significantly Strained Health Care Delivery](#)
- U.S. Department of the Treasury: [COVID-19 Economic Relief](#)

Healthcare Coverage

Many health insurers enacted emergency plans, financing options, and waivers to support medical providers during the height of the COVID-19 crisis.

- As private payor policies and allowable expenses change, hospitals should understand specific program allowances and restrictions. Many state and private payors update their policies, payment rules, and authorization requirements often; hospitals should designate a staff member to monitor resources for changes/updates and subscribe to notifications and alerts. Hospitals may want to create a table or worksheet to track changes related to relevant private payor allowable services. State hospital associations and other advocacy organizations may also be reliable sources of summary information.
- As coverage for treatment, vaccination, and testing changes, hospitals should monitor insurer sites and information portals for updates. The Departments of HHS, Labor, and Treasury issued updated [guidance](#) under the [Families First Coronavirus Response Act](#) requiring health plans and private payors to cover COVID-19 testing, vaccines, and related services.

To ensure continued access to priority medical services amid the pandemic's social distancing measures, government agencies and private insurers expanded telehealth services and coverage for beneficiaries. Once the public health emergency declaration expires, changes and/or new restrictions to reimbursable telehealth services may occur.

- Hospitals and healthcare providers should be aware of changes to policies and terms that pertain to telehealth coverage, reimbursement, and termination of benefit dates that may vary by state and by CMS service codes.
- While sustained use of telehealth services could account for a sizable proportion of health spending in the future, healthcare facilities should analyze the benefits of expanding telehealth services against the cost of making permanent changes to their care model. This could include large investments in updating technological capabilities and establishing permanent virtual services.

Understanding complex rules and policies for proper billing as a result of the COVID-19 pandemic is essential. Proper documentation and coding will enable rapid and reliable reimbursement. It is important those responsible for hospital finances:

- Are prepared for a variety of new coding scenarios and services.
- Ensure consistency in coding practices by collating and distributing all best practices to a central location, identify which staff members need access to this information, and ensure these points of contact are documented.
- Plan for training of staff and implement consistent communication practices across the facility for changes and updates.
- Coordinate closely with the Finance and Administration Section under Incident Command to enable recovery of response expenses.

Resources Related to Healthcare Coverage

- Alliance for Connected Care: Federal and State Telehealth for COVID-19 Guidance
- America's Health Insurance Plans: Answering the Call: Health Insurance Providers Act Swiftly as Part of the COVID-19 Solution
- American College of Emergency Physicians: ACEP COVID-19 Field Guide-Billing and Coding for COVID Care
- American College of Physicians: COVID-19 State and Private Payer Policies
- American Medical Association:
  - COVID-19 CPT Coding and Guidance
  - Special Coding Advice During COVID-19 Public Health Emergency
- American Society of Clinical Oncology: COVID-19 Coding and Reporting Information
- Center for Connected Health Policy: COVID-19 Telehealth Coverage Policies
- Centers for Medicare and Medicaid Services:
  - Coding for COVID-19 Vaccine Shots
  - Coverage of Monoclonal Antibody Products to Treat COVID-19
  - COVID-19
  - COVID-19 Frequently Asked Questions (FAQs) on Medicare Fee-for-Service (FFS) Billing
  - General Provider Telehealth and Telemedicine Tool Kit
  - Telemedicine
- Federal Communications Commission: COVID-19 Telehealth Program
- Healthcare Financial Management Association: HFMA Recommended Coronavirus Resources
- Health Resources and Services Administration:
  - COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured
  - COVID-19 Coverage Assistance Fund
- Kaiser Family Foundation: What Happens When COVID-19 Emergency Declarations End? Implications for Coverage, Costs, and Access
- Moss Adams: How COVID-19 Disruption Increases Health Care Coding and Billing Errors
- United Healthcare: COVID-19 Billing Guide

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Financial Fraud

Since the passage of the CARES Act, cases of fraudulent activity have grown significantly. Criminal activity ranges from simple scams attempting to sell fake medical products, vaccines, or treatments to elaborate hoaxes attempting to broker loans on behalf of the Small Business Administration. Increased threats of cybercriminal activity including ransomware have also been directed at the healthcare sector. Federal and state officials responsible for investigating provide the following guidance:

- Any fraudulent communications should be reported to the Federal Bureau of Investigation (FBI).
- Internal Revenue Service-related scams should be reported to the Treasury Inspector General.
- Check the Small Business Administration and the HHS Office of the Inspector General websites regularly for information on current fraudulent activity including proper authorities to contact.
- Experts recommend discussing current criminal activity with staff on a regular basis.
  - Provide an area to post information on fraudulent activity.
  - Have a process in place for staff to report suspicious behavior or activities.
- The FBI directs reporting of suspicious or criminal cyber activity to the local field office or 24/7 to Cyber Watch (855-292-3937 or CyWatch@fbi.gov).

With limited human resources because of the pandemic, many administrative staff may have dual roles to fill. To streamline duties of staff who may also need to act as "security/fraud officers," hospitals may want to create a short guidance document outlining:
- Specific resources to monitor.
- Flags for potential fraudulent activity/solicitation.
- Processes for reporting suspected fraudulent activity (i.e., who to report to and how).
- A designated reporting box or administrative email address for easy collection and documentation of suspected fraudulent activity.

Hospitals should also provide fraud awareness information to patients and include information on:

- Where to find official COVID-19 related information and how to avoid and recognize misinformation.
- Where and how to request official vaccine appointments or tests in their area.
- How and when to report fraudulent activity.

Resources Related to Fraud
- American Association of Retired Persons: Beware of Robocalls, Texts and Emails Promising COVID-19 Cures or Stimulus Payments
- BlueCross BlueShield: Healthcare Fraud - COVID-19 Resource Center
- Federal Bureau of Investigation:
  - Internet Crime Complaint Center
  - Field Offices
  - Health Care Fraud
- Health Industry Distributors Association: Vetting Offers for PPE from Unknown Sources

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- Senior Medicare Patrol: COVID-19 Fraud
- U.S Department of Justice: Justice Department Announces Nationwide Coordinated Law Enforcement Action to Combat Health Care-Related COVID-19 Fraud
- U.S. Department of the Treasury:
  - COVID-19 Scams
  - IRS-Related Coronavirus Scam

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