

# Hospital Operations Toolkit for COVID-19

## Administration: Financial Sustainability

November 30, 2020

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As a result of the COVID-19 pandemic, the fiscal wellbeing of hospitals and health systems has suffered greatly. Lost revenue, increased cost of patient care, and unprecedented resource and staffing needs were among the most prominent reasons for financial decline; however, many hospitals also reported increased administrative costs associated with added data reporting, testing, and vaccination efforts as major factors impacting financial stability. The [American Hospital Association](#) estimated that hospital financial losses reached \$323.1 billion in 2020; the most recent analysis projects additional losses of \$53-\$122 billion in 2021.

In response to this unprecedented impact on hospitals and health systems, federal, state, and local governments enacted, and continue to extend and establish, an array of financial assistance and recovery programs to stabilize healthcare operations and ensure continued access to vital medical care.

### Government Programs and Policies Supporting Hospitals

#### *CARES Act and Other Federally Funded Programs*

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (a \$2.2 trillion dollar stimulus bill passed in response to the COVID-19 pandemic) extensive relief funds and programs were established to support overwhelmed healthcare systems. The Consolidated Appropriations Act extended and supplemented these programs along with deadlines for spending through December 31, 2021. Among these, the [Paycheck Protection Program and the Health Care Enhancement Act](#), the [Provider Relief Fund](#), and the [Coronavirus Relief Fund](#) allotted billions to aid hospitals and healthcare providers struggling amid the pandemic. The [American Rescue Plan Act of 2021](#) further extended allocation deadlines, created new programs, and funded additional recovery efforts. Using these programs and navigating guidelines can be overwhelming for hospitals and health systems.

- Each federal relief program has key application dates, processes, and deadlines for allocation of funds that should be carefully reviewed and tracked.
- Administrative personnel should continue to monitor new or updated federal reporting requirements, close-out tasks, follow-up procedures, and administrative responsibilities for relevant funding/relief programs facilities have applied for or taken part in.
- As resource and funding options change, hospitals should closely monitor federal updates on repayment terms, extensions, and increased/decreased reimbursement amounts.

- Leadership should monitor updated continuing resolutions and policy changes that could impact recoupment of disbursed funds, reduced per-claim recoupment amounts, or repayment interest rates, as well as payment timelines.
- While national recovery efforts continue to expand, hospitals should review new programs and funding opportunities that may include changes to specific requirements (e.g., who qualifies for relief funding, grants for specialty facilities or services).

Within the Coronavirus Relief Fund, \$150 billion dollars was allotted for state, local, and tribal governments while other government-sponsored programs were enacted to assist medical facilities in maintaining financial resilience. Each of these programs differs significantly in availability, eligibility, and timeline for application and loan repayment.

- It is critical to understand program terms and conditions for compliance.
- State-level financial assistance programs vary widely depending on the type of medical service provided and federal relief funds received.
- Hospitals loans were offered by the Department of the Treasury and Small Business Administration.

### *Federal Emergency Management Agency*

FEMA's [Public Assistance \(PA\) Program](#) is specific for governments and non-profit medical facilities tasked with responding to emergency situations. Facilities are eligible for reimbursement for "extraordinary" costs related to emergency medical services and care not related to usual services.

- As programs change, discussion with jurisdiction emergency managers is essential to understand if a hospital or healthcare facility is eligible under special programs.
- Cost tracking and documentation is critical to obtaining PA reimbursement.
- FEMA [Audit-Related Guidance](#) provides assistance on how best to document and account for disaster costs to prevent fraud/waste and increase financial recovery.
- The FEMA [COVID-19 Healthcare Resource Roadmap 2.0](#) provides a full list of funding solutions/assistance programs for healthcare providers broken down by federal department/agency.

### *Centers for Medicare & Medicaid Services Waivers and Flexibilities*

In response to the pandemic, the [Centers for Medicare & Medicaid Services](#) (CMS) modified certain requirements and programs via emergency declaration [waivers and flexibilities](#) to ensure continued cash flow and added flexibility in payments and allowable services for hospitals. CMS began issuing loans in March 2020 with repayment delayed up to one year of receipt, to begin March 2021. As CMS policies and benefits change, hospitals should maintain awareness of updated coverage and requirements.

Examples of some modifications include:

- Preapproval requirements.
- Changes to physician and healthcare professional state licensing requirements.
- Performance deadlines and timetables (may be adjusted but not waived).

- Payment limits permitting out of network providers in emergency situations.
- Cost-sharing for telehealth visits.
- Vaccine, testing, and treatment allowances.
- New COVID-19 Treatments Add-On Payments ([NCTAP](#))

### *Rural and Other Specially Designated Hospitals*

Even before the pandemic, a quarter of rural hospitals were in danger of [closing](#), a situation COVID-19 has since exacerbated. [Rural hospitals](#), public, and smaller medical facilities are at greatest risk of continued financial hardships that will ultimately lead to more closings if they are unable to merge with other facilities or increase revenue rapidly.

- A variety of financial support has been made available depending on specialty designation (e.g., Critical Access Hospitals) and relief/capacity needs.
- Some requirements for grants include number of COVID-19 patients seen or special hospital designation (e.g., children’s, rural, or safety net hospital).
- Facilities that are considered small businesses should be aware that while some relief programs have closed to larger health systems, funding has been continuously set aside for small business, rural healthcare facilities, and other hospitals that may have special designations.
- Federal goals aim to increase rural health capacity via increased funding to compensate healthcare providers, focus on expanding telehealth services, and train rural healthcare providers in specialty care (e.g., respiratory therapy).

### *Hospital Preparedness Program*

Through the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Office of the Assistant Secretary for 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 these 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. In addition to this supplemental funding, ASPR implemented some flexibilities to reduce burdens on recipients of non-COVID-19 HPP funding.

While directed toward state, local, and territorial health departments, hospitals may also benefit from the approximately \$730 million awarded by the Centers for Disease Control and Prevention through the Coronavirus Preparedness and Response Supplemental Appropriations Act to support the public health response to COVID-19 and the \$2 billion awarded through the American Rescue Plan to establish, expand, and sustain a public health workforce.

## *Resources Related to Government Programs*

- American Academy of Family Physicians: [Coronavirus \(COVID-19\) Financial Assistance Programs](#)
- American Hospital Association:
  - [Fact Sheet: Financial Challenges Facing Hospitals and Health Systems as a Result of COVID-19](#)
  - [Financial Recovery and Forecasting Post-COVID-19](#)
  - [Hospitals and Health Systems Face Unprecedented Financial Pressures Due to COVID-19](#)
  - [Sources of Financial Support for Health Care Providers during the COVID-19 Pandemic](#)
  - [Summary of American Rescue Plan Act of 2021 and Provisions Affecting Hospitals and Health Systems](#)
- American Medical Association: [COVID-19 Pathways to Recovery](#)
- American Society of Clinical Oncology: [COVID-19 Government, Reimbursement & Regulatory Updates](#)
- ASPR:
  - [HPP COVID-19 Resources for Health Care System Preparedness and Response](#)
  - [COVID-19 Supplemental Funding Overview](#)
- 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](#)
- Centers for Disease Control and Prevention: [COVID-19 Funding](#)
- Centers for Medicare & Medicaid Services:
  - [COVID-19 Accelerated and Advance Payments](#)
  - [COVID-19 Emergency Declaration Blanket Waivers for Health Care Providers](#)
  - [Fact Sheet: Repayment Terms for Accelerated and Advance Payments Issued to Providers and Suppliers During COVID-19 Emergency](#)
  - [New COVID-19 Treatments Add-On Payment \(NCTAP\)](#)
- Children’s Hospital Association: [COVID-19: Policy Resources for Children's Hospitals](#)
- Health Resources and Services Administration:
  - [Coronavirus \(COVID-19\) Information](#)
  - [Provider Relief Fund Reporting Requirements and Auditing](#)
  - [Provider Relief Fund Terms and Conditions](#)
- Kaiser Family Foundation:
  - [Funding for Health Care Providers During the Pandemic: An Update](#)
  - [Medicaid Emergency Authority Tracker: Approved State Actions to Address COVID-19](#)
- Kaufman Hall: [Healthcare Costs Post-Pandemic, A Different Perspective](#)
- Rural Health Information Hub: [Rural Response to Coronavirus Disease 2019 \(COVID-19\) – Funding and Opportunities](#)
- The White House: [Fact Sheet: Biden Administration Takes Steps to Address COVID-19 in Rural America and Build Rural Health Back Better](#)

- U.S. Department of Health and Human Services:
  - [COVID-19 Guidance for Hospital Reporting and FAQs for Hospitals, Hospital Laboratory, and Acute Care Facility Data Reporting](#)
  - HHS Office of Inspector General: [Hospitals Reported That the COVID-19 Pandemic Has Significantly Strained Health Care Delivery](#)
  - [Tracking Accountability in Government Grants System \(TAGGS\)](#)
- U.S. Department of the Treasury:
  - [About the CARES Act and the Consolidated Appropriations Act](#)
  - [Assistance for State, Local, and Tribal Governments](#)

## Healthcare Coverage and Billing Policies

Many health insurance providers enacted emergency plans, financing options, and waivers to support medical providers during the COVID-19 crisis. In February 2021, 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. The update clarifies the requirements for coverage and scope of allowable reimbursements.

- As private payor policies and allowable expenses continue to change at a rapid pace, having a strategy and dedicated staff member to monitor, document, and communicate changes for private payor and health plan coverage is imperative to expedient payment.
- Hospitals may want to create a table or worksheet with relevant private payor allowable services to track changes and updates.
- As of October 1, 2020, several private insurers stopped fully covering virtual visits under specific circumstances. Other insurers expanded telehealth coverage through the end of 2020 and beyond. Administrative personnel should stay aware of these types of fast-moving changes and verify the process for receiving notification/updates.
- As treatment, vaccination, and testing coverage change frequently, it is essential that providers monitor insurer sites and information portals for updates. State health associations have reported complaints against private payors for under-reimbursing providers for COVID-19 testing and vaccination services, shifting the cost to physicians. Administrative leaders should identify who in their state or local jurisdiction can assist with verification of reimbursement claims and where/how to file regulatory complaints.

To ensure continued access to priority medical services amid the pandemic’s social distancing measures, government agencies and private insurers greatly expanded telehealth services and coverage for beneficiaries. As the popularity of telehealth services has continued to grow, in the summer of 2021 it still accounted for nearly [17%](#) of outpatient service claims. However, once the public health emergency declaration expires, changes and/or new restrictions to telehealth reimbursable services may occur.

- Hospitals and health care 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 large proportion of health spending in the future, healthcare facilities should analyze the benefits of expanding telehealth services against the cost of permanent changes to their care model. This could include large investment in updating technological capabilities and establishing permanent virtual services.

With substantial changes to medical services in response to the COVID-19 pandemic, understanding complex rules and policies for proper billing is essential. Proper documentation and coding will enable rapid and reliable reimbursement. It is important those responsible for coding procedure:

- Are prepared for a variety of new coding scenarios and services.
- Understand specific program allowances and restrictions. Many state and private payors update their policies, payment rules, and authorization requirements often; healthcare facilities should designate a staff member to monitor resources for changes/updates and subscribe to notifications and alerts. State hospital associations and other advocacy organizations may also be good sources of summary information.
- 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 proper training of necessary staff and implement consistent communication practices across the facility for changes and updates.
- For new scenarios that may arise it is important to document the hospital's best practice and distribute information accordingly.
- Accounting staff should also coordinate closely with the Finance and Administration Section under Incident Command to enable recovery of response expenses.

Beginning January 1, 2021, CMS revised Evaluation and Management (E/M) coding guidelines. While these changes are meant to reduce administrative demand, learning these new coding protocols will be integral to efficient and effective billing.

### *Resources Related to Healthcare Coverage and Billing*

- 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](#)
  - [Health Insurance Provider Actions Concerning the COVID-19 Vaccines](#)
  - [Health Insurance Providers Respond to Coronavirus \(COVID-19\)](#)
- American Academy of Family Physicians:
  - [Coding for Evaluation and Management Services](#)
  - [Coding Scenarios during COVID-19](#)
- American College of Emergency Physicians: [ACEP COVID-19 Field Guide-Billing and Coding for COVID Care](#)
- American College of Physicians:
  - [COVID-19 Coding and Billing](#)

- [COVID-19 State and Private Payer Policies](#)
- American Medical Association:
  - [AMA Releases 2022 CPT Code Set](#)
  - [COVID-19 CPT Coding and Guidance](#)
  - [Evaluation and Management \(E/M\) Code and Guideline Changes](#)
  - [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](#)
  - [Medicaid State Plan Fee-for-Service Payments for Services Delivered via Telehealth](#)
  - [Telemedicine](#)
- Healthcare Financial Management Association: [HFMA Recommended Coronavirus Resources](#)
- Health Resources and Services Administration:
  - [Billing for Telehealth during COVID-19](#)
  - [COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured](#)
  - [COVID-19 Coverage Assistance Fund](#)
- United Healthcare: [COVID-19 Billing Guide](#)

## Financial Fraud and Scams

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 diligently investigate these illegal activities and provide guidance including:

- The U.S. Department of Treasury directs any fraudulent communications to be reported to the [Federal Bureau of Investigation](#).
- Internal Revenue Service-related scams should be reported to the [Treasury Inspector General](#).
- The [Small Business Administration](#) and the U.S. Department of Health and Human Services [Office of the Inspector General](#) update their websites with information on current fraudulent activity including proper authorities to be contacted.
- 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 Federal Bureau of Investigation 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 resources during the pandemic, many administrative staff may have dual roles to fill. To streamline duties of designated staff who may also need to act as “security/fraud officers,” hospitals may want to create a one-page 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 jurisdiction.
- How and when to report fraudulent activity.

### *Resources Related to Fraud*

- Federal Bureau of Investigation:
  - [Internet Crime Complaint Center](#)
  - [Field Offices](#)
- Health Industry Distributors Association: [Vetting Offers for PPE from Unknown Sources](#)
- Senior Medicare Patrol: [COVID-19 Fraud](#)
- U.S. Department of the Treasury:
  - [COVID-19 Scams](#)
  - [IRS-Related Coronavirus Scam](#)

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