5 MUST-DO'S FOR HOSPITALS FINANCIALLY DISTRESSED BY COVID-19

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Even before COVID-19, many U.S. hospitals and health care systems faced difficult financial straits for a variety of reasons, including tough market conditions, weak cash management practices and historically thin margins. Beyond these existing trends, COVID-19 has cancelled hospitals' profitable elective surgeries, increased supply and labor costs and decreased revenue and available cash. A recent rating agency report predicts a 25%-40% reduction in average monthly revenue among non-profit hospitals due to the impact of COVID-19.

Amid these troubling financial times, what should hospitals and health care systems be doing now to meet patients' needs and preserve their long-term financial viability? Here are five "must-do's":

1. **Sensibly resume elective surgical procedures** – Now that the initial wave of COVID-19 cases has passed, many states which had previously restricted elective surgical procedures are gradually allowing these procedures to resume. Before incrementally resuming surgical procedures, hospitals will want to ensure enterprise-wide preparedness for service resumption. Several leading health care organizations recently issued a joint statement with guidelines for health care organizations and professionals to safely resume service. These guidelines include measures such as implementing policies for testing patients and staff for COVID-19, developing a surgery prioritization standard based on pent-up patient demand and adopting COVID-19-based policies for pre- and postoperative care.

2. **Increase financial and clinical alignment** – The hospital's CFO and financial team should be regularly communicating with clinical leadership to detail the dynamics of the system's finances and care and solicit one another's support and ideas for improvement. These conversations should candidly detail the current and projected financial condition of the organization, explain the likelihood of potential financial scenarios impacting the system and outline current clinical practices impacting finances. Furthermore, organizations should be re-budgeting and re-planning for the current fiscal year as well as next fiscal year. All involved should know and be tracking key financial performance metrics such as monthly cash, revenue by department, denials, and payer mix. Emphasis should be placed on maximizing revenue capture in higher-profit areas. Hospitals should work with their commercial and public payers to reduce or eliminate denied claims, which delay reimbursement and cost additional resources to rework.
3. **Plan for telehealth from now on** – Operationally, telehealth and remote patient monitoring are here to stay. Hospitals need to plan accordingly, and seek ways to increase their reimbursement opportunities, as well as closely monitor and resolve any telehealth-related denials from payers. Because telemedicine billing is still relatively new, it is causing much confusion in the marketplace, including appropriate coding, billing, and denials. Organizations Health care providers should expect to see increased denials on telemedicine claims and plan to rebill as necessary. Despite the initial capital costs, hospitals should be thinking now of their longer-term telehealth and remote monitoring capabilities, and invest properly to ensure future sufficiency and capability. Care management teams should proactively reach out to patients to discuss using telehealth services to manage their care. Hospitals should also emphasize in telehealth and remote monitoring their knowledge and expertise in post-acute care; organizations that do so insufficiently will likely find competitors filling the void.
4. **Recognize the "new normal" of decreased margins** – Hospitals operating under already tight margins will assuredly find these margins squeezed even further during and after this pandemic. Amid finite sources and levels of revenue, organizations will increasingly need to cut costs in ways which don't detrimentally affect patient care. For example, hospitals should consider outsourcing key non-patient-facing functional areas like human resources, revenue cycle management and finance, and supply chain management. The "new normal" cultural mantra should be around proactively curtailing costs at all times, not waiting for the next crisis or negative financial news to spur action.
5. **Emphasize communications and marketing to allay fears** – No matter how rigorous a hospital's operational and sanitary practices related to COVID-19, the public (and even employees) won't fully believe it until they've heard about such measures – repeatedly. At a time when many prospective patients are delaying surgeries and treatment for chronic and even acute problems due to COVID-19 concerns, hospitals need to make assuaging

such concerns an operational priority. The reality is that many patients will not voluntarily return to a hospital for an elective procedure until they fully know of that hospital's plans for keeping patients safe from COVID-19. Hospital administrators should be considering out-of-the-box marketing approaches to get the word out about their “new normal” operational practices, including using digital/social tools, enlisting endorsements or testimonials from credible local celebrities, and touting their quality ratings. Consider also the usefulness of patient recruitment and retention measures such as a patient loyalty program.

In Conclusion

The five “must-do’s” listed above are requirements for survival in this “new normal” era of health care. It won’t take long for an organization to begin realizing the benefits of implementing any of these measures. The key is proactively pursuing these measures now, and not waiting for further financial challenges to develop.