

## ISSUE BRIEF

# Healthcare Utilization During a Pandemic

## How COVID-19 Impacted Administrative Transactions

### Introduction

During the early months of the coronavirus (COVID-19) pandemic, the healthcare industry was unclear how the pandemic would impact utilization trends. Providers, health plans, and state and federal government leaders worked to contain the spread of the virus while treating infected patients. Surges in COVID-19 cases strained healthcare resources as providers and patients postponed elective procedures and treatments. To better understand the impact of the pandemic on overall healthcare utilization trends, the 2020 CAQH Index included questions on the impact of COVID-19 on administrative transactions. Medical plans were asked to report the percent change in transaction volume from January 2020 to May 2020 compared to January 2019 to May 2019.<sup>1</sup>

The results indicated that most administrative transactions experienced a decline in volume during the early months of the pandemic (January – May 2020) compared to the same timeframe in 2019. During 2020, federal and state entities focused on developing policies aimed at preventing

and reducing the risk of COVID-19 transmission, which resulted in lower healthcare utilization. While changes in telemedicine policy allowed many Americans to receive essential care quickly and efficiently, a reduction in overall healthcare utilization<sup>2</sup> impacted transaction volume and the revenue cycle workflow.

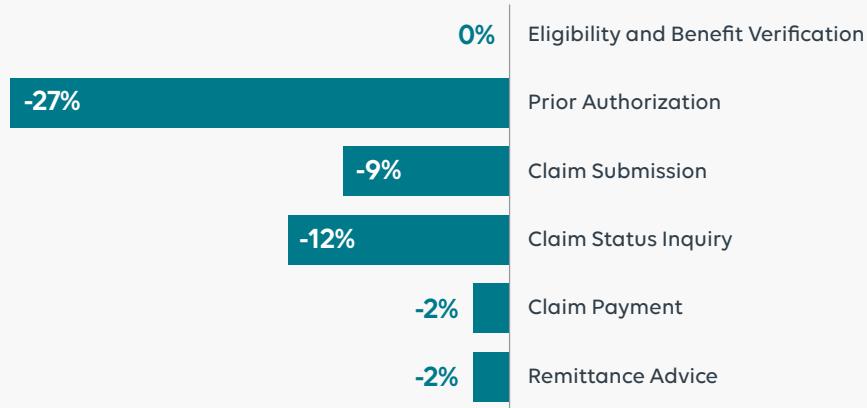
### Findings

The 2020 CAQH Index collected information on the change in transaction volume during the early months of the pandemic for six common administrative transactions. When comparing changes in volume between January to May 2019 and January to May 2020, eligibility and benefit verification was the only transaction to remain stable with less than one percent variation. In contrast, prior authorization experienced the highest decline in transaction volume at -27 percent. Claim status inquiry reported the second-highest decline in transaction volume (-12 percent) followed by claim submission (-9 percent). Claim payment and remittance advice experienced a negative two percent change in volume.

The reductions in transaction volume can be partly explained by changes in pandemic resource allocation, healthcare policy and social behaviors to contain the spread of COVID-19. Social distancing methods encouraged people to remain physically

distant from people not in their household, which led to fewer in-person non-emergent medical visits.<sup>3</sup> Efforts to minimize in-patient visits to lessen the burden on hospitals and medical facilities treating coronavirus patients also impacted transaction volume.<sup>4</sup>

### Percent Change of Administrative Transaction Volume from January 2019 to May 2019 vs. January 2020 to May 2020



### Pandemic Resource Needs and Policy Changes Led to Declines in Administrative Transaction Volume

Several policies were enacted throughout the early months of the pandemic to help curb the spread of COVID-19 and to reduce the strain placed on the healthcare system. Federal and state policies focused on “flattening the curve” by emphasizing social distancing to avoid exposure and transmission of COVID-19.<sup>5</sup> All 50 states declared states of emergency and some states implemented “shelter in place” policies asking individuals to remain at home unless going out for essential activities.<sup>6</sup> As these restrictions came into effect, many providers cancelled appointments and transportation options shut down. Patients were afraid to risk virus exposure by going to their providers for regular treatment, and many chose to defer treatments.<sup>7</sup>

Additionally, in early March 2020, the Centers for Medicare and Medicaid Services (CMS) announced that all elective surgeries, non-essential medical, surgical, and dental procedures be delayed during the pandemic.<sup>8</sup> These changes impacted patient/provider encounters and transactions along the administrative workflow by reducing transaction volume for prior authorization, claim submission and claim status inquiry, given that patients were unable to schedule non-emergency or elective procedures and were also hesitant to visit doctor offices due to fear of infection.

In order to ensure that patients received the care they needed as quickly as possible and to help reduce administrative burden during COVID, several health plans waived requirements for prior authorization for COVID-19 treatment.<sup>9</sup> Some health

plans also suspended prior authorization and referral requirements for in-network providers for non-COVID care to help relieve some of the administrative burden for providers and to free up hospital beds by reducing delays in care. This resulted in a 27 percent decrease in the number of prior authorizations conducted during the early months of COVID-19, the highest decrease in transaction volume among the transactions reported.

Both claim submission and claim status inquiry experienced declines in volume as patients and providers modified their behaviors to follow new guidelines surrounding COVID-19. One national health plan stated that claim submission and claim status inquiry volume were down due to closed facilities or because patients were uncomfortable going to doctor appointments. One plan reported that, during the height of the pandemic when their contact center staffing was negatively impacted by COVID-19, they decided to focus resources only on inquiries that directly impacted immediate member care.

### **Rise of Telemedicine Services Offset Volume Declines For Some Administrative Transactions**

Policies surrounding telemedicine helped offset claim volume losses during the pandemic by making it easier and more affordable for patients to access routine care through virtual means. Telemedicine services provided patients with access to a host of medical services such as COVID-19 visits, wellness visits, dermatology, eye exams, mental health counseling, urgent care and many other services at home.<sup>10</sup>

With the expansion of telemedicine, providers continued to verify a patient's eligibility and benefits to determine if they were eligible for telemedicine visits. Verification checks are often conducted multiple times throughout a patient encounter due to changes in policies and coverage as well as the increasing number, variation and complexity of health plan benefits. Given the rise in unemployment during COVID-19 causing shifts in coverage,<sup>11</sup> changes in telemedicine policies, and increased telemedicine use, eligibility and benefit verification volume did not decrease and appears to have increased on a per claim basis early in the pandemic.

Claim payment and remittance advice experienced small declines in volume (negative two percent) relative to other transactions. One health plan reported that claim payments and remittance advice volume remained steady as plans reimbursed providers for telemedicine services and claims that were not settled. Given overall patient visits were down during the early months of the pandemic, providers had time to reconcile and bill for pre-COVID services. Despite the relative stability in claim payment and remittance volume, defaulted premium payments due to unemployment may put a strain on future health plan financial reserves.<sup>12</sup>

### **Conclusion: Entering a Transitional Phase**

As federal and state policies continue to prioritize the prevention and transmission of COVID-19, it is important to understand the impact that COVID-19 is having on utilization and administrative transactions to identify gaps and opportunities in processes and systems. Changes in transaction volumes can have financial implications as less money is being exchanged due to fewer treatments and procedures.<sup>13</sup> Fewer individuals may be needed to perform certain tasks while utilization is down<sup>14</sup>, and systems used for bulk processing may not be as cost-effective. While these changes may be temporary, COVID-19 has led health plans and providers to rethink their workforces and processes related to the delivery of safe and efficient care.<sup>15</sup>

At the forefront of these changes is the need to focus on technology and automated processes that are critical for maximizing care efficiency and engaging patients in their care. As telemedicine grows more popular with patients and providers, administrative systems will need to adapt to better support telemedicine.

Interoperability should also be promoted to help respond to emerging industry needs and to improve care coordination. The COVID-19 pandemic demonstrated the importance of interoperability in treating and tracking patients as medical information often resides across multiple provider and health plan systems.

While utilization and transaction volume are expected to increase over time, health plans and providers are grappling with the immediate impact of COVID on the business of healthcare and the unknown long-term effects. Ongoing research and industry commitment are needed as stakeholders continue to navigate new policies and technologies and transition to a post-COVID era, one where new norms in the utilization and delivery of care may exist.

### Methodology

The 2020 CAQH Index included questions related to the impact COVID-19 had on administrative transaction volume. Medical plans reported

the percent change in transaction volume from January 2020 to May 2020 compared to January 2019 to May 2019 for the following transactions: claim submission, eligibility and benefit verification, claim status inquiry, claim payment, claim remittance advice, and prior authorization. Total transaction volume is inclusive of the three modes of exchange collected by the Index: HIPAA-mandated electronic, partially electronic and manual.<sup>16</sup> Reported data was weighted based on medical plan membership size from the AIS Directory of Health Plans for both 2019 and 2020.<sup>17</sup> Health plan reported data represents 41 percent of covered lives in the United States.

### Endnotes

- 1 The 2020 CAQH Index survey questions were developed in collaboration with the CAQH Index Advisory Council which represents organizations across the healthcare industry, including medical and dental plans and providers, vendors, clearinghouses, government and research experts.
- 2 Cynthia Cox, Rabah Kamal, Daniel McDermott, "How Have Health Care Utilization and Spending Changed So Far During the Coronavirus Pandemic?" Kaiser Family Foundation, March 23, 2021, <https://www.kff.org/coronavirus-covid-19/issue-brief/how-have-healthcare-utilization-and-spending-changed-so-far-during-the-coronavirus-pandemic/>.
- 3 "Social Distancing," CDC, November 17, 2020, <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/social-distancing.html>[0].
- 4 "Trump Administration Makes Sweeping Regulatory Changes to Help U.S. Healthcare System Address COVID-19 Patient Surge," CMS, March 30, 2020, <https://www.cms.gov/newsroom/press-releases/trump-administration-makes-sweeping-regulatory-changes-help-us-healthcare-system-address-covid-19>[0].
- 5 Isaac Chotiner, "How to Practice Social Distancing," The New Yorker, March 17, 2020, <https://www.newyorker.com/news/q-and-a/the-vital-importance-of-isolation>.
- 6 Kamran Rahman, Alice Miranda Ollstein, "How States are Responding to Coronavirus, in 7 Maps," March 24, 2020, <https://www.politico.com/news/2020/03/24/coronavirus-state-response-maps-146144>[0].
- 7 "How COVID-19 has permanently changed patient behavior," Accenture, July 10, 2020, <https://www.accenture.com/us-en/insights/life-sciences/coronavirus-patient-behavior-research>.
- 8 "CMS Releases Recommendations on Adult Elective Surgeries, Non-essential Medical, Surgical, and Dental Procedures During COVID-19 Response," CMS, March 18, 2020, <https://www.cms.gov/newsroom/press-releases/cms-releases-recommendations-adult-elective-surgeries-non-essential-medical-surgical-and-dental>.
- 9 "Prior Authorization (PA) Policy changes Related to COVID-19," American Medical Association, February 5, 2021, <https://www.ama-assn.org/system/files/2021-01/prior-auth-policy-covid-19.pdf>.
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- 11 "Unemployment Rates During the COVID-19 Pandemic: In Brief," Congressional Research Service, January 12, 2021, <https://fas.org/sgp/crs/misc/R46554.pdf>.
- 12 Ugo Okpewho, "Financial Impacts of COVID-19 on Health Insurers," BDO, August 2020, <https://www.bdo.com/insights/industries/insurance/financial-impacts-of-covid-19-on-health-insurers>.
- 13 Cynthia Cox, Rabah Kamal, Daniel McDermott, "How Have Health Care Utilization and Spending Changed So Far During the Coronavirus Pandemic?" Kaiser Family Foundation, March 23, 2021, <https://www.kff.org/coronavirus-covid-19/issue-brief/how-have-healthcare-utilization-and-spending-changed-so-far-during-the-coronavirus-pandemic/>.
- 14 "COVID-19 Financial Impact on Medical Practices," MGMA, <https://www.mgma.com/getattachment/9b8be0c2-0744-41bf-864f-04007d6adbd2/2004-G09621D-COVID-Financial-Impact-One-Pager-8-5x11-MW-2.pdf.aspx?lang=en-US&ext=.pdf>[0].
- 15 "Implications of the COVID-19 Crisis for the Health Care Ecosystem," Deloitte, <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/life-sciences-health-care/implications-of-the-covid19-crisis.pdf>[0].
- 16 CAQH Explorations, "2020 CAQH Index," CAQH, January 2020, <https://www.caqh.org/sites/default/files/explorations/index/2020-caqh-index.pdf>.
- 17 AIS Health Data, a Division of Managed Markets Insight and Technology, LLC, AIS's Directory of Health plans: 2019, (2020).