



## MEMORANDUM

**TO: Interested Parties**  
**FROM: Charlene MacDonald, Executive Vice President**  
**DATE: March 22, 2024**  
**RE: Mitigating the Ongoing Implications of the Change Healthcare Cyberattack**

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The Federation of American Hospitals (FAH) urges the federal government to take action to mitigate the consequences of the cyberattack on UnitedHealth Group's Change Healthcare and the impact on patients, hospitals, and other providers across the healthcare ecosystem. Hospitals, physicians, and other providers have continued to treat the health care needs of America's patients throughout this crisis. At this juncture, ensuring action by the health insurance industry to meet the challenges facing providers and their patients is the most critically needed step toward stabilizing the health care system and protecting patient access to care.

### ***Background***

The Change Healthcare cyberattack was an attack on a core engine of the United States healthcare system as Change Healthcare processes 15 billion claims totaling more than \$1.5 trillion a year and may handle 50 percent of all medical claims in the United States. The unprecedented cyberattack occurred one month ago and, while most providers are in the process of finding workarounds and other ways of replacing lost Change Healthcare functions, the disruption to patient care, tremendous financial strain on providers from losing the majority of their cash flow, and reduced functionality of new patchwork system fixes have left providers reeling.

The Department of Health and Human Services (HHS) has taken much appreciated steps within its current limited authorities to provide accelerated and advance payments to hospitals and providers, grant state Medicaid agencies authority to make similar advance payments to Medicaid providers, and encourage Medicare Advantage and other private plans to offer advance payments and suspend administrative requirements such as prior authorization, timely filing requirements, and claims appeal deadlines.

### ***Insurers Decline to Provide Meaningful Assistance***

While UnitedHealth Group has been working to bring systems back online and has offered advance payments to some providers, these payment programs have been insufficient and difficult to access. Most other private health insurers, including Medicare Advantage and Medicaid managed care plans, have declined to provide advance payments to providers and continue to apply prior authorization and other coverage and payment obstacles during the crisis.

Throughout this time, insurers have continued to collect and earn interest on premiums paid by consumers and taxpayers. The vast majority of those premium dollars are required under the law to be spent on medical care. Yet, many providers face a crippling cash flow deficit after weeks of providing needed medical care to patients without receiving payment for those services – forcing some to access lines of credit or otherwise borrow funds at high interest rates to maintain operations and patient care.

Providers have been working around the clock to find workarounds to submit claims to insurers. However, the ability to submit claims is only the first step. The next phases are equally challenging – restoring the normal flow of claims submission, receipt of payment, and resolution of claim denials will take months. This is because the workarounds themselves present many additional barriers before health insurers provide payment on these claims to providers. For example:

- Workarounds for submitting claims do not include the thousands of plan-specific billing and coding requirements needed to file what insurers would deem a “clean” claim, lifting these required code edits, providers are experiencing significantly high rates of claims rejections – 25 to 40 percent (or in some cases significantly more) – compared to a typical rejection/denial rate of about 5 to 10 percent.
- Many hospitals will soon face claims denials in cases where providers were unable to quickly and accurately identify a patient’s insurance – a critical clearinghouse function – before providing the needed care. As rejections and denials proliferate, the burden will fall on providers to identify for each claim the specific reason for the rejection/denial, communicate with the insurer, re-bill the claim and/or appeal it in a timely manner – spending time and diverting labor and resources to meet unreasonable plan requirements. That is an administrative nightmare that piles additional burdens on providers who already are not getting paid for services provided.

### ***Recommendations***

Congress and the Administration must hold health plans accountable in the wake of this devastating cyberattack to alleviate the impact of this crisis on patients and our health care delivery system. The Federation of American Hospitals urges federal policymakers to press federally regulated and financed managed care plans – including Medicare Advantage plans, Medicaid managed care plans, qualified health plans offered on the ACA Marketplaces, as well as group health plans and health insurance issuers offering group or individual health insurance coverage – to meet their obligations to their members by:

- Using their historical claims payment data to establish adequate, accessible, and transparent advance and accelerated payment programs until Change Healthcare’s functionality is fully restored.
- Suspending administrative requirements that are simply unworkable in the context of this widespread crisis, including prior authorization, timely filing and appeals deadlines, and unique coding/billing edits.
- Ensuring third party certification of the cybersecurity of Change Healthcare’s systems.

Should insurers fail to act urgently to address these challenges and ensure timely and efficient reimbursement for patient care services, Congress should provide the Administration with additional authority to compel these actions, as well as enhance Medicare accelerated and advance payments, provide additional payments beyond one month, and extend repayment time periods with no interest. Remediation is needed now to support patients, hospitals, and other providers working through this unprecedented event and to ensure the stability of the American health care system.

If you have any questions, please contact me via email at [cmacdonald@fah.org](mailto:cmacdonald@fah.org) or call (202) 615-0599.

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