



# Change Healthcare outage leaves physician practices reeling

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After a routine review of practice operations in mid-February, Omar Maniya, MD, opted to extend the line of credit for the 40-employee New Jersey primary care physician practice that he serves as CEO.

Little did he know the move would prove to be a just-in-time lifeline as within days the cyberattack-driven Change Healthcare cyber outage would have a devastating financial impact on physician practices across the country. At Dr. Maniya's practice, called Maniya Health, "95% of our revenue vanished overnight," forcing the practice to borrow nearly \$200,000 to keep things going.

"We've never used our line of credit—ever—until this," said Dr. Maniya, who trained as an emergency physician and provides urgent care three days a week for the practice in addition to his executive role. "Having that cushion is what allowed us to survive the storm without having to lay off or furlough employees."

Maniya Health has had to reschedule iron-infusion appointments and reexamine its supply-ordering, and it is far from alone in feeling the effects of the cyber outage, as informal AMA survey findings (PDF) show. According to the survey, conducted March 26–April 3 with a convenience sample of 1,400 respondents, restricted claims-processing functionality since the cyberattack has resulted in:

- 36% of respondents reporting suspension in claim payment.
- 32% being unable to submit claims.
- 22% being unable to verify eligibility for benefits.

Practices of 10 physicians or fewer appear to be particularly hard hit. They represented 78% of all respondents.

The survey was conducted after UnitedHealth Group, which owns Change Healthcare, said that claims would be flowing by the weekend of March 23. Despite the company's assurances, serious disruptions continue.



## **“Tremendeous financial strain”**

According to the survey, 80% of respondents reported lost revenue from unpaid claims; 85% have had to commit additional staff time and resources to complete revenue cycle tasks; and 51% have lost revenue from the inability to charge patient co-pays or remaining obligations.

The result is that 55% of respondents had to use personal funds to cover practice expenses, 44% were unable to purchase supplies, and 31% were unable to make payroll. However, even against that backdrop of remarkable challenges, only 15% of practices have reduced hours.

“The disruption caused by this cyberattack is causing tremendous financial strain,” said AMA President Jesse M. Ehrenfeld, MD, MPH. “These survey data show, in stark terms, that practices will close because of this incident, and patients will lose access to their physicians. The one-two punch of compounding Medicare cuts and inability to process claims as a result of this attack is devastating to physician practices that are already struggling to keep their doors open.”

Change Healthcare started experiencing major problems Feb. 21. The AMA has assembled a resource page on the Change Healthcare cyber outage and steps that physicians can take. Since news of the outage emerged, the AMA has been continuously engaging with federal and state policymakers and UnitedHealth Group, pushing for advance payments to affected physicians as well as relief from administrative burdens and inappropriate denials.

The AMA is conducting a follow-up survey of physicians, the results of which will inform its comments for a U.S. Senate Finance Committee hearing—“Hacking America’s Health Care: Assessing the Change Healthcare Cyber Attack and What’s Next”—that is set for April 30. The AMA submitted a statement (PDF) for House Energy and Commerce Health Subcommittee’s April 16 hearing on the matter.

## **5-alarm fire for billing pros**

While advance and temporary payment efforts through UnitedHealth Group subsidiary Optum and the Centers for Medicare & Medicaid Services did help, Dr. Maniya’s practice revenues were still down 60% from January. By April, Maniya Health saw revenues recover to about 85% of what they had been prior to the Change Healthcare outage. But it was a long road back for the practice, which has three locations in the Trenton suburbs.

“This was a five-alarm fire, and our billing team dropped pretty much everything else,” said Dr. Maniya, an AMA member. “They lived and breathed this 24/7. ... At one point we even bought a high-volume



printer to print out thousands of claims and FedEx them to Medicare and FedEx them to some of the other big payers in our state.”

After weeks of upheaval and round-the-clock work, the practice was able to establish connections with three alternative payment clearinghouses to replace Change Healthcare, thus helping Maniya Health get closer to its January revenue flow.

## **Sticker shock ahead for patients**

One major stumbling block is that while payments are flowing in, they often are not accompanied by the electronic remittance advice (ERA) information needed to properly bill patients for the copays that amount to between 10–15% of practice revenue.

“For a few of our very large payers, which account for over 50% of our patient visits, we are not getting any ERA files,” he noted. “Basically, we're getting blank checks, but we have no idea for which patient, which date of service these payments are attached, and therefore have no way through our billing system to figure out: OK, are we having claims getting denied? Are there outstanding balances or deductibles? Are we getting paid the right amount?”

Dr. Maniya sees a mounting problem that will affect his practice's patients and millions of other Americans.

“In May or June, they're going to be getting a bunch of statements from February, March, April and so forth—and now three, four, five months out from the date of service, it's going to be that much harder” for patients to manage. “First of all, it's going to result in some sticker shock because there might be two or three times they were seen, not just one visit.”

Dr. Maniya predicted this will “lead to a lot of backlogged coordination-of-benefits issues and just be that much harder, because it's going to be four months later.”

An announcement this week from UnitedHealth Group portends further disruptions, in the form of cybercriminals' access to protected health information and personally identifiable information that “could cover a substantial proportion of people in America.” The company said it likely will take months of analysis to identify and notify the individuals and customers affected.

In a statement issued yesterday, Dr. Ehrenfeld urged UnitedHealth Group to “quickly operationalize and fulfill its promises to help patients and physicians affected by the breach.” Despite the massive disruption the cyberattack and its aftermath have wreaked, Dr. Maniya said he and other leaders at the private physician practice have done their level best to protect patients and staff from feeling the effects.



“The patient is first,” he said. “We are going to treat them and we're not going to curtail any urgent or emergent type of care. And No. 2 is that our staff—our team members—are really, really important. And we want to make sure that they don't feel the stress in their life. And so, we were able to put those values first.”

Learn more from Dr. Maniya's appearance in a recent episode of “AMA Update” on the pros and cons of private practice.