

Health insurers split with US over relief after cyberattack

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Health insurers and U.S. government officials are expected to meet next week to hash out differences over how to assist cash-strapped medical

practices, as a cyberattack last month continues to hold up billions of dollars in payments.

The Biden administration has been dialing up pressure on [insurance companies](#) broadly to advance payments to doctors and clinics who say the Feb. 21 hack of UnitedHealth Group Inc. subsidiary Change Healthcare has roiled their finances.

Insurers are concerned that the push for payments doesn't fully take into account steps the companies have taken to get business back to normal, according to three people familiar with the situation who asked for anonymity to discuss private talks.

The companies worry that sending out money before claims have been received and evaluated could lead to problems when the advance payments need to be reconciled with billing. It could also introduce new headaches to manually process paperwork like tax reporting for a huge number of transactions, two people said.

Representatives from insurance companies are expected to meet with U.S. health officials on Monday, according to people familiar with the matter. The gathering follows another meeting this week that was attended by UnitedHealth Chief Executive Officer Andrew Witty, other health-industry leaders and top U.S. health officials.

In advance of the meeting, Department of Health and Human Services officials pressed insurers to get payments flowing and asked for detailed information about where bottlenecks still exist and progress in clearing them, according to a document reviewed by Bloomberg News. The officials also asked insurers to describe other remediation efforts.

UnitedHealth has announced assistance programs for providers and Medicare is offering advance payments. But the broader health-

insurance industry has been largely silent on whether they will advance funds to providers during the Change outage.

Following the attack on Change, insurers adopted workarounds, switching to competing computer networks and reverting to paper. Yet some physician groups have said that processing of claims and payments slowed to a crawl and has yet to be fully restored.

To help relieve the logjam, U.S. officials have asked insurers to suspend rules that force doctors to seek authorization before delivering some care, but insurers fear that could lead to fraud or abusive billing.

The administration earlier asked UnitedHealth and its peers to advance funding to providers. At the meeting this week, the administration told the insurers they should do more.

UnitedHealth has announced two advance-funding programs and has said it would act as a funder "of last resort." It has also urged its rivals to also advance payments to providers, and a spokesman said in an email on Friday that the company is ready and available to provide funding to those in need.

HHS said providers are seeking more assistance and called on the entire industry to expand relief.

"This was a systemic cyberattack and it requires a system-wide response, which includes UnitedHealth Group and other payers," the agency said in an email statement Friday. "Case-by-case review is not enough." The agency said it expected insurers to make advance payments, offer other flexibility, and speed up claims processing.

Continuing effects

The disruption from the cyberattack has been uneven, with some providers unaffected and others hit severely, the Blue Cross Blue Shield Association said in a letter to HHS on Friday. Blue-branded insurance companies are "using targeted, tailored solutions," including technical support to help providers switch to other networks and offering advance payments on a case-by-case basis, the letter said.

Some insurers have said their claims volumes have started to rebound. Elevance Health Inc. initially saw inbound submissions from providers drop by 15% to 20%, according to Chief Financial Officer Mark Kaye, but by late last week daily claims "were trending back toward normal levels," he said at a conference on Thursday.

Since the breach, cumulative claims received by Elevance are down by 10%, Kaye said. Elevance has extended deadlines and is "working with some providers individually," including on loan options, he said. Elevance uses a Change competitor, Availity, as its primary channel to receive claims.

Elevance didn't respond to requests for further comment.

Provider pain

Meanwhile, some smaller medical providers said they remain in the lurch.

Oregon Oncology Specialists, a 20-physician cancer practice, sought out bank loans when payments from insurers dropped precipitously after the hack, according to Mel Davies, its chief financial and information officer. This week, payments were at 50% of normal levels.

Davies said that the practice tried to apply for UnitedHealth's financial assistance, but it took two weeks to get logged into the system, and

ultimately they were offered just \$7,600—less than 10% of a day's payroll, Davies said. She applied for more, but as of Thursday hadn't heard back.

UnitedHealth said that they are looking into the practice's situation.

Larger, publicly traded enterprises are also facing continuing cash-flow interruptions. Option Care Health Inc., a home-infusion company that had \$4.3 billion in revenue last year, said in a regulatory filing Thursday that more than half its claims since the hack "remain unable to be processed." Its shares fell as much as 2.9% in trading Friday.

Political pressure

Hospitals, meanwhile, are incurring costs for trying to get new systems running while payments are still held up, and feeling the strain on their finances.

"It's incredibly frustrating for them to be faced with all of these additional workaround costs, and this high cost of borrowing money to kind of make up for the losses, meanwhile the payers are sitting on all of the premiums they collected and making money on that," said Molly Smith, group vice president for [public policy](#) at the American Hospital Association, in an interview this week.

HHS Secretary Xavier Becerra said at a Senate Finance Committee hearing Thursday that insurers holding money from Medicare and Medicaid plans need to get it to doctors and other providers.

"We're saying to them, you need to start making payments," he said.

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