

As Hospitals Face Continued Financial Challenges, New Report Highlights Difficulties in Receiving Payment from Commercial Health Plans

A new analysis from Crowe LLP, [“Time for a Commercial Break”](#) lays out the challenges for health care providers in collecting reimbursement for services from commercial health plan payors. Using data from the Crowe Revenue Cycle Analytics software, the report finds that health care providers have a much easier time getting paid by traditional Medicare compared to commercial payors.

While the report notes that in the past there used to be less red tape in dealing with commercial insurers, that has changed. “In fact, commercial payors take the longest to pay, require providers to jump through more administrative hoops to get paid, and delay payments to providers via claim denials at a higher frequency than government payors.”

The analysis finds that through the first quarter of 2023, Medicare initially denied 3.9% of claims, while commercial payors initially denied 15.1% of all inpatient and outpatient claims. Based on their data, Crowe estimates that some insurer denials—those requesting more information or documentation—delay payments by at least 45 days, and that can have a significant impact on cash flow. On top of that, most claims that are initially denied ultimately become paid claims at significant administrative effort and expense for the provider.

The report also notes that about one-third of inpatient and outpatient claims submitted by providers to commercial payors remained unpaid after 90 days, compared to about 12% for Medicare. “It’s hard for hospitals to rebound from the pandemic-induced downturn when their best payors are holding onto a third of their claims payments for more than 90 days,” the authors state.

At a time of significant financial challenges for hospitals and health systems, Crowe says that they hope this analysis can help to show that such challenges are coming from outside forces and are not in the control of the provider.

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