

What is a Clearinghouse?

Background on Change Healthcare Cyberattack and Policy Solutions

On February 21, 2024, Optum [announced](#) that its subsidiary, [Change Healthcare](#), was the victim of a massive cyberattack. Change Healthcare is one of the largest clearinghouses for medical claims. In response to the cyberattack, Optum, itself a subsidiary of UnitedHealth Group (UHG), announced it had disconnected Change Healthcare from Optum/UHG systems. While this move likely prevented the cyberattack from spreading beyond Change Healthcare, the result is that medical practices and hospitals are not able to submit claims or receive payments from most commercial and government payers. With a resolution potentially weeks away, the cyberattack is completely disrupting cashflow to medical practices and hospitals, which threatens their financial viability.

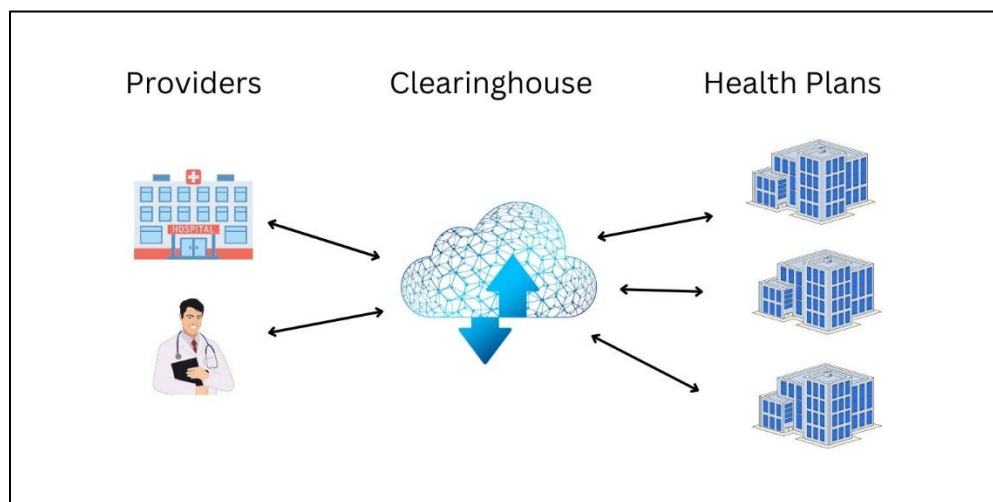
The Healthcare Business Management Association ([HBMA](#)) is a non-profit professional trade association for the healthcare revenue cycle management (RCM) industry in the United States. We are uniquely positioned to serve as a resource to policymakers on the impacts the cyberattack is having on the healthcare RCM process.

➤ **What is a Clearinghouse?**

Clearinghouses such as Change Healthcare serve an essential role in the healthcare revenue cycle management (RCM) process. Clearinghouses exist to simplify the claims submission workflow for providers by allowing providers to submit claims to and receive payments from a single entity (the clearinghouse) instead of to each individual health plan.

The claim payment also includes [remittance advice](#) which provides essential information practices need to understand the payment they receive such as how the claim was adjudicated, how much the patient owes versus the health plan, among other things.

Submitting claims through a clearinghouse is standard industry practice. In fact, most payers only accept claims through a clearinghouse and do not support an option for direct submission from the provider to the health plan.



➤ **Why is the Cyberattack on Change Healthcare so Important?**

Change Healthcare is among the largest – if not the largest – clearinghouse. About [15 billion](#) healthcare transactions for both commercial and government payers are processed through Change Healthcare each year. Change Healthcare serves as a clearinghouse not just for Optum/UHG, but for many other commercial and government payers, including Medicare and Medicaid. Information we have seen suggests Change Healthcare serves as a clearinghouse for over 800 commercial health plans.

Change Healthcare has contracts with some payers to serve as their exclusive clearinghouse. UHG says only eight percent of the plans Change Healthcare works with are under exclusive agreements.

Switching to a new clearinghouse is not like flipping a light switch. It takes a great deal of time and effort. There might also be contractual terms that limit providers from switching clearinghouse vendors.

Further complicating this situation, many other clearinghouses route their transactions through Change Healthcare.

➤ **What can Congress Do?**

1. Create immediate financial assistance to providers.

Providers are currently experiencing massive cashflow disruptions. They are not able to submit claims to health plans or receive payments. Without any assistance, many medical practices will go out of business if this situation is not resolved quickly. No business can survive without any revenue. This cashflow disruption is akin to what occurred during the early days of the COVID-19 pandemic. This situation demands immediate emergency financial support for medical practices and hospitals to help them keep their doors open.

CMS recently announced it is making some advanced payments available to providers. While this is welcome, it will not sufficiently restore cashflows. UHG announced a financial assistance program but that program will have a negligible impact on this situation. UHG has shown very little willingness to help impacted providers restore their revenues.

2. Give CMS authority to provide advanced payments to Part B providers.

CMS began providing advanced payments to Medicare Part A providers. However, CMS does not have clear authority to extend these advanced payments to Medicare Part B suppliers. While CMS eventually created an assistance program that includes Medicare Part B suppliers, the lack of clear authority caused delays in this program being announced. Congress should pass legislation to provide CMS with the authority it needs to make financial assistance to Part B suppliers in the future.

3. Eliminate the 3.37% reduction to the 2024 Medicare Physician Fee Schedule (PFS) Conversion Factor (CF) and provide sustainable Medicare reimbursement rates to providers.

We appreciate Congressional action that partially mitigated this reduction. However, the reality is that providers have been facing over a decade of inadequate Medicare payments. Inflation has outpaced updates to the CF by over 20% since 2010. If more sustainable Medicare reimbursement rates were in place, practices would have a larger operating margin which would make it easier for practices to handle cashflow disruptions.

4. Scrutinize how UHG's vertical market consolidation impacts the healthcare system.

Congress should hold hearings and conduct investigations into the impact UHG's vertically integrated conglomerate has on the healthcare industry. The fact that a cyberattack on a single corporate subsidiary can have such a disruptive effect on the healthcare system speaks volumes. HBMA is happy to serve as a resource to Congress on this topic.