

Navigating the Pandemic: Strategies for Resilient Healthcare Institutes Accounts Receivable

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Abstract - As the world continues to emerge and develop economically, unforeseen events certainly get in the way and could bring about damage which victims can suffer a lot from. COVID-19 has drastically affected the world not only risked health conditions but also economically. The purpose of this study is to understand the accounts receivable during the pandemic and how it influences the collection rates. This study is designed using the qualitative approach in determining the research question where acquiring information is through research and it will be performed using a case study method. Medical institutes faced significant accounts receivable challenges during the COVID-19 pandemic, including delayed claim processing, lengthy payment cycles, and cash flow strain due to remote work inefficiencies and evolving insurance policies. To address these issues, the hospital automated billing processes, improved digital tools, maintained telemedicine services, and implemented flexible payment plans and proactive insurer follow-ups. These strategies mitigated accounts receivables HMO payment delays, streamlined operations, and ensured revenue continuity. The hospital's experience highlights the importance of technological integration, adaptability, and proactive financial management in maintaining healthcare financial stability during crises.

Keywords: Resiliency, Strategies, Collection, Accounts Receivable, Case Study Method

I. INTRODUCTION

Health insurance companies play a crucial role in mitigating uncertainties and risks that threaten the health of individuals and businesses, thereby supporting financial stability at both micro and macroeconomic levels. Among the various models, Health Maintenance Organizations (HMOs) are particularly significant, focusing on patient wellness and cost containment (BambooHR, 2021). HMOs serve as a vital revenue source for many hospitals, a role that has become even more critical amid the financial challenges posed by the COVID-19 pandemic. Globally, the demand for private health insurance has surged, especially in developing countries like India and China, driven by heightened health risks during the pandemic. According to the World Health Organization (WHO), global health insurance spending surpassed \$7 trillion in 2017, with major companies including Aetna, Anthem Blue Cross and Blue Shield, Cigna, Humana, UnitedHealthcare (all US-based), as well as Aegon (Netherlands), Allianz (Germany), and Bupa (Mergent, 2021).

The COVID-19 pandemic has disrupted financial flows between HMOs and healthcare providers, as lockdowns and Enhanced Community Quarantine (ECQ) measures delayed

claims processing and payment collections, worsening hospital fund shortages (Escolango, 2020). The transition to digital operations has been uneven due to regulatory challenges, further impeding efficient transactions. These disruptions have also negatively impacted insurance sales, particularly corporate accounts, which constitute a significant portion of insurance packages (De Vera, 2020). Meanwhile, the pandemic has highlighted the urgent need for comprehensive healthcare coverage, increasing the responsibility of insurance providers to meet rising demand. However, the complexity of insurance plans—with varying coverage, premiums, and out-of-pocket costs—complicates the selection process for individuals (Hayes, 2021). Additionally, pandemic-related health protocols have made procedural requirements such as referrals and approvals more cumbersome, affecting patients, providers, and HMOs alike.

This study intended to answer the following research questions:

- (1) How does COVID-19 pandemic change the account receivable collection?
- (2) How does the medical institute cope with HMO accounts receivable payment delays?

II. LITERATURE REVIEW

The historical and economic significance of insurance is traced back to its origins 4,000 years and emphasizing its role in protecting health and assets (Dorofti & Jakubík, 2015). Insurance companies are identified as critical stabilizers within financial systems, not only due to their substantial investments in financial markets but also through their interconnectedness with banks and their function in safeguarding the financial stability of households and firms (Financial Stability Review, 2009). Health Maintenance Organizations (HMOs) are a specific type of insurance provider, offering plans that cover a range of medical services, from hospital expenses to doctor consultations, thus playing a pivotal role in healthcare financing (PESOLAB, 2021).

The COVID-19 pandemic's impact on healthcare systems is a major theme in recent literature. Studies highlight that the pandemic exposed and exacerbated existing vulnerabilities, including shortages of personal protective equipment (PPE), ICU beds, and testing capabilities, which severely hampered the response to the crisis (Kaye et al., 2021). Disruptions were not limited to COVID-19 care; services for noncommunicable diseases also suffered, particularly in low-income countries, as resources were diverted and access to routine care was reduced. Despite these challenges, healthcare organizations responded with innovations such as telemedicine to maintain service delivery. These findings underscore the pandemic's dual role in both straining and transforming healthcare systems worldwide.

A critical area addressed in the literature is the approval and claims processing mechanisms of HMOs. The process is often complex, requiring coordination among primary care physicians, accredited providers, and insurance administrators. Patients must navigate referral systems and eligibility checks, while hospitals and providers face varying payment systems—ranging from fixed payments to cost-based reimbursements (Davis, 2020; Greenfield, 1985). This complexity can lead to administrative delays and disputes,

particularly in the context of increased healthcare utilization during the pandemic. The division of responsibilities between HMOs and Independent Practice Associations (IPAs) further complicates claims management, as each entity covers different aspects of patient care and associated costs (BCBSIL Provider Manual, 2010).

Despite the breadth of existing scholarship, gaps remain regarding the financial implications of delayed HMO payments, especially during public health emergencies like COVID-19. Most studies have focused on operational disruptions and healthcare delivery challenges, with less attention paid to the downstream effects on accounts receivable and hospital cash flow. The current study seeks to address these gaps by examining how payment delays from HMOs impact healthcare institutions' financial stability and their ability to provide uninterrupted care. By synthesizing recent findings and identifying these unresolved issues, the literature review situates the present research within the ongoing discourse and highlights its contribution to both academic and practical understanding of healthcare finance and management.

III. MATERIALS AND METHODS

This study employs a qualitative research design using a single instrumental case study approach to deeply explore how a denominational hospital in southern Philippines manages payment delays from Health Maintenance Organizations (HMOs) while complying with COVID-19 protocols. This approach is appropriate because it allows for an in-depth, contextualized understanding of complex organizational behaviors and processes involving financial challenges and regulatory compliance within a real-life setting, which quantitative methods alone might not capture effectively. The case study method facilitates the collection of rich, detailed data from multiple sources and levels within the hospital's operations, enabling the researchers to examine decision-making, collection strategies, and resource allocation during the pandemic. This exploratory design is well-suited to answer the "how" research questions central to understanding the hospital's coping mechanisms amid the unprecedented challenges posed by COVID-19.

The target population for this qualitative instrumental case study consists of personnel at denominational hospital who are directly involved in or knowledgeable about the accounts receivable process and its challenges during the COVID-19 pandemic. Using purposive sampling, participants were selected based on their specific roles and tenure covering the pandemic period, including top management responsible for financial decision-making and resource allocation, the accounting head overseeing financial statements, and accounts receivable staff handling communication and collection of HMO claims. Ethical procedures were followed, including obtaining informed consent, ensuring participant anonymity, and securing permission from the hospital to conduct interviews and review relevant documents.

Data collection employed semi-structured interviews guided by a protocol developed from the research questions and theoretical frameworks, targeting key stakeholders such as hospital administrators, finance officers, and HMO representatives. Secondary data sources included hospital financial records, collection policies, and public health guidelines related to COVID-19, enabling triangulation to enhance validity. The research utilized document

review alongside interviews to provide contextual evidence on trends in accounts receivable and the impact of delayed HMO payments during the pandemic.

The research process involved systematic phases: compiling data by transcribing interviews and digitizing documents, disassembling data through open coding to identify key phrases and patterns, reassembling codes into broader thematic categories such as operational inefficiencies and billing challenges, interpreting these themes in relation to the research questions and relevant literature, and concluding with a synthesis of findings that highlight coping strategies and operational impacts. Data collection continued until saturation was reached, ensuring comprehensive coverage of perspectives and experiences.

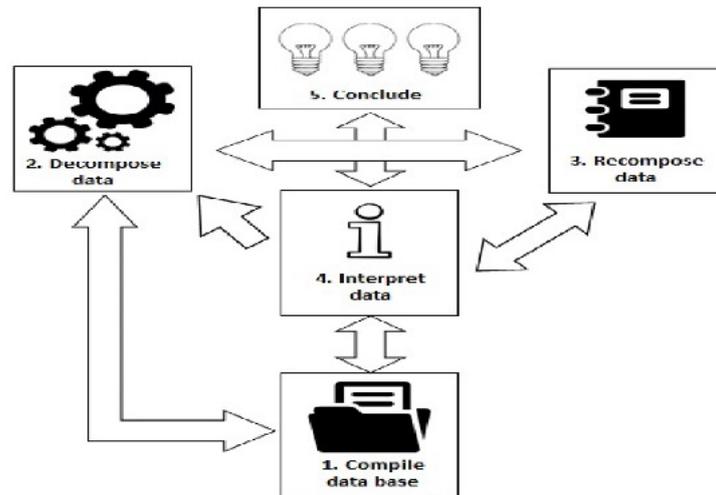


Figure 1. Case Study by Yin, 2011

For data analysis, qualitative thematic analysis by Yin (2011) was applied using coding techniques to break down and categorize the data, supported by visual tools like thematic matrices to identify relationships between themes. The study adhered to Lincoln and Guba’s criteria for trustworthiness—credibility was ensured through triangulation and member checking; transferability through detailed contextual descriptions; dependability via an audit trail and peer debriefing; and confirmability by reflexivity and documentation of biases. This rigorous approach strengthened the reliability and validity of the findings, providing insightful conclusions on how Adventist Hospital-Davao coped with HMO payment delays amid COVID-19.

IV. RESULTS AND DISCUSSIONS

The pandemic led to several challenges, including operational inefficiencies, difficulties in billing and collections, and increased strain on accounts receivable. These challenges were primarily due to factors such as delayed claim processing, complex billing procedures, and limitations in in-person interactions. By understanding these challenges, we aim to gain insights into the impact of the pandemic on healthcare revenue cycle management and identify strategies to improve financial resilience in the future.

The Impact of COVID-19 Pandemic on Accounts Receivable

Theme 1: Operational Inefficiencies and Delays in HMO Claims Processing

Operational inefficiencies and delays, particularly in the management of HMO accounts receivable, have been exacerbated by the COVID-19 pandemic, highlighting critical challenges across healthcare institutions. Prior to the pandemic, outdated systems already hindered claims processing, but the sudden shift to telehealth services introduced new billing and payment procedures that many HMOs had yet to adopt, resulting in patients paying out-of-pocket or being unable to claim services (Ara et al., 2021). The implementation of skeletal workforces in HMO offices across the Philippines further delayed claims processing, compounded by new requirements for validating claims that were not previously in place (Leite et al., 2020). Financial constraints intensified backlogs, while communication difficulties—such as reduced contact frequency and multiple call transfers—impeded timely resolution of collection concerns. These disruptions underscore the urgent need for healthcare organizations to modernize revenue cycle management systems and develop resilient operational strategies to mitigate financial losses and maintain service quality during future crises (Ara et al., 2021; Leite et al., 2020).

Theme 2: Increased Strain on Accounts Receivable and Financial Health. The COVID-19 pandemic significantly increased the strain on accounts receivable management within healthcare institutions, reflecting a broader challenge across various business sectors. Research highlights that managing receivables is a strategic function crucial to organizational performance, with prolonged accounts receivable days negatively impacting financial outcomes such as return on assets (Yao & Deng, 2018; Gurung, 2023; Suleiman & Abdullahi, 2022). During the pandemic, healthcare providers faced a rapid accumulation of receivables due to bulk claims and operational disruptions, which exacerbated existing backlogs and heightened the risk of uncollectible accounts. Limited staffing and reduced face-to-face interactions further complicated collection processes, impairing cash flow essential for daily operations. These challenges underscore the urgent need for healthcare organizations to

enhance revenue cycle management strategies to improve financial resilience and operational efficiency during ongoing and future crises.

Codes	Categories	Themes
Outdated System Highlighted in Pandemic Collection Difficulties	Disruption in Internal Processes of HMO Accounts Receivable	Operational Inefficiencies and Delays
Skeletal Workforce		
Need for efficient processes amidst collection difficulty		
Backlogs in claims processing		
Delays in Claims processing		
Difficulty in Processing claim due to new processes		
Less communication to follow up payments		
Bulking of Account Receivable	Increased Strain on Accounts Receivable	Increased Strain on Accounts Receivable
Difficulty in collecting payments due to bulk claims		
Complex billing Procedures	Challenges In Billing and Collection Practices	Heightened Challenges in Billing and Collection
Billing discrepancies		
Difficulty in payments follow ups		
Difficulty in Collecting payments	Difficulty In Claims Processes and Collections Due to Restrictions	
In-Person collection restriction due to health protocols		
Delayed Claims due to restrictions		
Struggling in collecting payments due to restrictions		

Table 1. Themes, Categories and Codes for the Impact of COVID-19 Pandemic on Accounts Receivable

Theme 3: Heightened Challenges in Billing and Collection Practices

The COVID-19 pandemic significantly intensified challenges in billing and collection processes within healthcare institutions, driven by increased medical bills and the introduction of complex new service lines such as telehealth and COVID-19-related treatments. These developments necessitated more detailed coding and billing practices to ensure accurate reimbursement, while evolving insurance policies and added documentation requirements further complicated claims processing (Reid, 2012; Leite et al., 2020). Pandemic-related restrictions on movement and in-person interactions disrupted traditional workflows, limiting access to HMO offices and delaying claim submissions and payment collections. These operational barriers not only increased administrative burdens but also heightened financial risks for healthcare providers, potentially delaying patient care due to reimbursement delays. Collectively, these challenges highlight the critical need for healthcare organizations to innovate and adapt their revenue cycle management strategies to maintain financial stability and operational efficiency in an evolving healthcare environment.

Strategies Implemented to Cope Up with Accounts Receivable Payment Delays

Codes	Categories	Themes
Organized collection team	Team Management	Streamlining Internal Processes
Creating team focused solely on HMO process		
Creating Team for collection		
Automate Collection processes	Internal Process Improvement	
Reviewing of Reports		
Enhancing communication	Communication Strategies	
Sending Notice of delayed payment		
Constant phone calls		
Constant sending Email		
Constant Reminders		
Actively Calling		
Constant Follow-up		
Build Rapport		
Prioritize Cash Payment over Availing HMO	Service Access Restriction	Balancing Collection Strategies and Patient Relationships
Ban from availing service		
Suspend Availment		
Uphold good Relationship	Patient Relationship Management	
Prompt payment discounts	Financial Incentives	

Table 2. Codes, Categories, and Themes on Strategies Implemented to Cope Up with Accounts Receivable Payment Delays

Theme 1: Streamlining Internal Processes to Enhance Revenue Cycle Efficiency

Healthcare organizations have increasingly adopted process automation and digitization to improve revenue cycle management, especially during disruptive events like the pandemic. Transitioning from manual to electronic claim submissions has been shown to reduce processing times and minimize errors, facilitating faster reimbursement from payers (Baker et al., 2021). Establishing specialized teams focused on credit and collections enhances expertise in navigating complex payer contracts and reimbursement procedures, leading to more efficient claim processing (Smith & Lee, 2020). Furthermore, proactive monitoring of accounts receivable aging reports enables early identification of delayed payments and contractual discrepancies, allowing institutions to intervene promptly and mitigate financial risks (Johnson et al., 2019).

Theme 2: Optimizing Communication and Collaboration with Key Stakeholders

Effective communication and collaboration are critical components of successful revenue cycle management. Research indicates that maintaining direct and consistent contact with payer representatives improves claim resolution times and payment reliability (Williams & Thompson, 2022). Regular follow-ups through multiple communication channels, including phone calls and electronic reminders, foster stronger relationships and encourage timely payments (Garcia et al., 2020). Additionally, dedicated teams tasked with ongoing engagement and relationship management with payers can overcome barriers posed by limited face-to-face interactions, a challenge intensified during the pandemic (Nguyen & Patel, 2021). These communication strategies contribute significantly to sustaining financial stability in healthcare organizations.

Theme 3: Balancing Collection Strategies with Patient Relationship Management

Healthcare providers face the challenge of enforcing collection policies while preserving patient trust and satisfaction. Studies highlight that restrictive measures, such as limiting service access or requiring upfront payments, can improve cash flow but may risk damaging patient-provider relationships if not carefully managed (Anderson & Mills, 2018). Implementing patient-centered approaches, including transparent communication and flexible payment options, helps mitigate negative impacts (Roberts et al., 2020). Moreover, offering financial incentives like discounts for prompt payments has been demonstrated to encourage timely reimbursements and strengthen partnerships with payers, balancing institutional financial health with positive stakeholder engagement (Kumar & Singh, 2021). This balanced approach is essential for maintaining both revenue cycle effectiveness and patient satisfaction.

V. CONCLUSION

This study examined how the COVID-19 pandemic affected the accounts receivable collection process at Adventist Davao Hospital, focusing on delays in payments from Health Maintenance Organizations (HMOs). The pandemic caused longer payment cycles, more complicated billing, and slower claim processing, worsened by remote work, staff shortages, and changing insurance policies. Despite these difficulties, the hospital adapted by using automated billing systems, digital tools for managing claims, and telemedicine, which helped keep revenue flowing. They also worked closely with insurance providers and offered flexible payment plans to patients, which helped reduce the impact of delayed reimbursements and maintain financial stability during the crisis.

The study fills a gap in understanding how the pandemic disrupted healthcare revenue cycles and shows how technology and strategic financial management can help hospitals stay resilient. However, since the research focused on one hospital and used qualitative methods, the results may not apply everywhere. Future studies with quantitative data across multiple healthcare settings could provide a broader picture. The study recommends that medical institutions keep improving their accounts receivable processes with digital solutions and proactive financial strategies. Policymakers should also consider adjusting HMO work arrangements to speed up payments without compromising health safety. Overall, the findings

emphasize the need for flexibility, technology, and collaboration to strengthen healthcare finances during challenging times.

AUTHORS' CONTRIBUTIONS

The authors equally contributed to the success of this paper. Jea Fabricante and Darwin Roxas contributed to the conceptualization and the title submission to the first phase of the study, while Godwin Mutia was responsible for the conduct of the interview and finalization of the paper. The progress of the paper was under the supervision of their adviser, Clarijun Montebon, CPA.

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