COVID-19: Wrenching Disruption *or* Strategic Opportunity?

Short answer: **Both** While budgets are shot, volumes crashing, staffed furloughed, and the long-term is defined in weeks, realize that this situation is only chapter 1 in a long story of health system evolution.

During the past ten-plus years, we have advised our clients that the days of "asset-heavy and labor-intensive" care delivery (that is, large vertically-integrated health systems) are numbered, due to financial pressures and the massive challenge of managing complex enterprises. The alternative? Using this crisis to re-conceive what your organization does.

What to Consider Now

1. **Stay Connected:** People are afraid to go to their doctors and simultaneously prohibited from receiving elective hospital services. However difficult that situation is, it is critical that all providers (health systems, hospitals, physicians, and staff) maintain positive relationships with their communities and patients. Outreach calls to all patients, especially those who are most vulnerable, along with general public relations campaigns designed to instill confidence, will provide valuable benefits. **Telemedicine**: the current pandemic and inability of many patients to receive care in an office setting have spurred the growth of telemedicine, defined as "the practice of medicine using technology to deliver care at a distance."

2. **Maintain Patient Health:** If patients won't or can't see doctors, organizations are obligated to promote and implement alternative service solutions that can help preserve patients' health. Examples include:

    - Consider offering in-home colorectal cancer screening (i.e., Cologuard but only for colorectal cancer screening patients with appropriate risk profiles and only in conjunction with the medical staffs who were previously able to perform routine colonoscopies)
    - Promote self-breast exams for women unable to get their mammograms on schedule
    - Leverage telehealth services, including remote home monitoring:
        - Blood pressure and weight for cardiac and renal patients
        - Include blood glucose measurements for patients who take insulin, oral hypoglycemic agents, etc.
        - Include pulse oximetry and peak flow meter/spirometry for pulmonary patients.
        - Primary care – routine non-emergent care and follow-up visits (e.g., colds and flu, allergies, rashes, sore throats, bladder infections)
        - Mental health visits
        - Orthopedic and other post-procedure follow-up visits
        - Specialist consultation visits, e.g., dermatology

- Mine organizational data to identify at-risk patients and those eligible for screening and preventive services. Develop a way to bring them into the telehealth and reconstitution service schedules

3. **Prepare for the Rebound of Postponed Care and Plan for a "Good" Peak:** Eventually, care delayed *will* be care provided. As part of planning for post-pandemic reconstitution, viable health systems should develop an operating model that can operate at 120% to 150% of prior "normal" operating capacity. For many, this likely includes changes such as:

    - Outpatient imaging and surgery hours from 6 AM to 7 PM Monday through Friday and 8 AM to 5 PM on Saturday and Sunday
    - Changing physician employment arrangements and HR employee policies to accommodate this change without adverse financial implications
    - Implementing employee assistance programs to help employees through this difficult period

4. **Rationalize your Service Lines and Assets, and Re-design your Operating Model:** Now is the time to rationalize what your organization offers and how to deliver these offerings. Considerations include:

    - **Space Planning** - We have long advised that telehealth and remote services will increasingly contribute to care delivery. Their use has ramped quickly during the pandemic. Since the traditional physician facility strategy is not suited for this new model, new space planning strategies must incorporate this trend
    - **Balance Sheet Restructuring** - If your overall capital structure and credit worthiness permit, either pay off existing debt or refinance at today's near-zero rates
    - **Service Portfolio Review** - Take a hard look at your organization's core competencies and what they must be, going forward. Must your organization own and operate dietary, cafeteria, lab, housekeeping, pharmacy, and other non-patient care services if a better, outsourced solution is available? Has your organization kept money-losing service lines afloat because it "feels good" or some key community members pressured your organization to offer them?
    - **Operating Model Review** - Now is the time to set aggressive staffing, productivity, and incentive systems. It is also an excellent opportunity to upgrade talent deficient areas, as there are numerous highly talented people on the market

5. **Start Managing Cash Flow (and budgets) like a Start-up, because You Are:** For anyone who has not been through a loan default review, consider yourself fortunate. The very first thing the creditors insist upon is a detailed and credible budget that correlates to rolling cash-based financial projections. While challenging, this effort instills discipline at

all levels of an organization, since it highlights the cash burn rate and other points of vulnerability.

As always, feel free to contact your Progressive Healthcare professional for more information.