

COVID-19: Physician Practices Disrupted

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Many physicians, and other clinicians, are working harder than perhaps they ever have under extraordinary conditions, as COVID-19 surges through our communities. While those conditions will improve as the initial surge subsides, physician practices, both independent and employed, will need to change to respond to the consequences of that surge, and the potential for secondary waves of the virus. Some of those changes will become part of the “new normal” that emerges from the crisis.

As the beds in convention centers and hospital lobbies empty, hospitals and health systems need to give attention to what comes next for physician practices.



INDEPENDENT PRACTICES NEED HELP

There are opportunities in addressing the needs of independent physicians, many of whose practices face immediate and serious financial pressures as visits and revenue decline. Primary care physicians, orthopedists, cardiologists, and gastroenterologists, among others, have lost significant amounts of income and face the specter of losing their ability to remain independent. It is not clear how much support the economic relief measures will provide in this regard.

Independent physicians who are financially challenged are likely to find employment and alignment opportunities attractive, even if they have not responded in the past. Those health systems and hospital that can focus attention on developing relationships with these physicians will be at an advantage.



There are several ways for healthcare organizations to build relationships with these physicians while meeting their immediate needs:

- Offering the practices support in making the operational modifications needed to return to active practice while COVID is still very much a factor (e.g., giving immediate attention to patients with the highest need, increasing/formalizing

telemedicine capacity, teaching staff proper use of PPE, scheduling to provide for continued physical distancing in waiting areas, etc.)

- Establishing professional services arrangements, especially with physicians who have previously resisted the potential for employment
- Developing employment relationships with those physicians with new interest

COVID-19-related economic pressures may result in a wave of alignment opportunities, but hospitals and systems will have to be cautious due to their own financial challenges in the wake of the pandemic.

POST-PANDEMIC PLANNING FOR THE PHYSICIAN ENTERPRISE

Before the COVID pandemic, hospital-employed physician networks averaged losses of approximately \$195K per physician FTE annually. The pandemic may result in an increased direct subsidy of \$25K to \$50K per FTE, at least temporarily. To mitigate further losses in employed physician practices, hospitals are accessing available federal and state stimulus relief, implementing short term cost reduction initiatives such as furloughs and compensation reductions, and redeploying providers so that they can generate revenue through alternative sources (e.g., to cover telehealth shifts and/or provide inpatient hospitalist coverage).

But the hospitals and health systems should also develop a post-pandemic plan to be ready for what will likely be a gradual return to a new normal, interrupted by lesser surges of COVID patients until there is either a vaccine, a treatment, or herd immunity is reached. Demand for care will be influenced by three factors:

- The significant backlog of deferred care that becomes increasingly vital to address, and how much of that is defined as essential care
- The extent to which social distancing and other virus-control measures are maintained
- The impact of the millions of unemployed who will lose insurance coverage

Planning for the aftermath will need to include:

- Increasing capacity for the patients that will need care which has been deferred, by mobilizing resources, expanding hours of operation, modifying the appointment scheduling system, and developing criteria and procedures for the use of telehealth on a longer-term basis
- Building a data system to flag when a new pulse of cases starts, requiring, for example, reversion to in-person care only for emergency case visits

- Developing and acclimating patients to new office procedures including social distancing and other precautionary steps to prevent virus spread
- Assuring availability of behavioral health services to address the secondary impact of mental health problems likely to follow
- Email, letters, and social media to update patients on services and appointment availability

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Unfortunately, at a time when healthcare leadership are exhausted, none of these challenges can be ignored. If you wait on engaging with your independent physicians, you could be preempted by other systems or hospitals. And chronically ill patients cannot be put off indefinitely without serious health impacts. It's a time to give those who have been forced into inactivity a chance to step up, and to make optimal use of outside resources. ●