

COVID-19 and Your Strategic Plan: What Now?

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The pandemic has led healthcare leaders to ask, “Should we just throw out our strategic plan?” Though much has changed, the quickest and most effective way to lead and make good decisions – and to reassure boards and other stakeholders – is to revise and build on your existing strategic plan¹. It will help set a clear direction for the foreseeable future.

Here’s how:

- **See the situation clearly** – What are the implications of COVID-19 on our internal and external environment and do they alter our path to long term strategic and financial success?
- **Reevaluate vision** – Does COVID-19 fundamentally change the vision our organization wants to achieve over the next five years?
- **Review current initiatives** – Which initiatives are still on target or should be delayed, accelerated, redesigned, or eliminated? Which should be considered near term/immediate vs. longer term?
- **Add bold new initiatives** – What bold actions should we take and which decisions previously ‘off the table’ (e.g., ‘sacred cow’ services, new affiliations/partners), may be ‘on the table’ in this new environment?
- **Engage stakeholders** – What is the most effective way to engage board, physicians, as well as dedicated staff in refining our strategy?



In setting organizational priorities, specific attention should be given to the following strategic areas:

¹ Veralon addresses how to decide on revisions to your strategic plan in Healthcare Strategic Planning, Fourth Edition. A summary can be found here (<https://www.ache.org/learning-center/publications/books/2337>).

- **Partnership/affiliation:** Evaluate whether an affiliation(s)/partnership(s) would help secure needed expertise and resources.
- **Finances:** Pandemic-generated financial strain and changes to future revenue streams imply a need to proactively reduce the cost structure of the organization. Think creatively and boldly about changes, including those that were previously unspeakable (e.g., closing a service(s), shifting services to the community or home settings, relaxing historic orientations to owning most resources).
- **Physicians:** Temporary practice closures may drive independent physicians to seek health system employment. Consider the strategic impact of additional/unplanned acquisitions vs. the opportunity cost associated with physicians choosing another health system partner. Further, it may be time to consider spinning out an employed physician network and/or partnering with physician practice innovators (e.g., OneMedical).
- **Virtual Care:** The pandemic has stimulated a rapid adoption of telehealth across the nation, and many consumers will expect virtual access going forward. Some organizations expect that 30%-40% of all future physician clinic volume to be virtual. Payment models, physician staffing, and facilities will need to be adjusted.
- **Service lines:** Reengaging patients who are reluctant to seek care during the pandemic will be critical to the health and the success of key service lines. (<http://www.veralon.com/a-service-line-approach-to-re-engaging-patients-during-covid-19>). The door may be open to make bold decisions, for example, as some systems have concentrated COVID-19 care at a specific facility, it may be possible to rationalize services and focus care for other service lines in centers of excellence.
- **Value-based Care:** COVID-19 revealed the risk of depending on fee-for-service payments. Evaluate shifting away from fee-for-service toward capitated payment models and risk contracts. If the temporary reimbursement for virtual care is diminished, value-based models may be a viable alternative to support virtual care.

Quickly identifying and implementing the optimal strategic initiatives is critical to bouncing back from the pandemic to rebuild patient activity and gain/retain competitive market advantage. ●