

# Covid-19 financial implications for physician groups

## Challenges and questions that medical group leaders should be considering

It's no surprise that the Covid-19 pandemic will bring a new set of challenges for medical groups. In the weeks since the initial outbreak, physician practices across the country have experienced a reduction in visit volume, an increase in telehealth adoption, a cash crunch, and difficult workforce decisions. Medical group leaders need to be prepared take short- and long-term action in order to mitigate the financial consequences of this pandemic.

We've compiled the most likely situations that members have and will continue to encounter as a result of Covid-19. This document provides the questions that physician groups should be considering as their business evolves.

### How we suggest you use this document:

- Leaders should go through this document and determine which questions are most critical for your organization to address in the short, medium, and long term
- Determine how your organization will approach forecasting the magnitude of these forces in your market(s)
- Use the recovery period to mobilize the resources necessary to address key challenges and opportunities

## Visit volumes

Force	Magnitude depends on	Questions to consider
 Decreased in-person visit volume across ambulatory specialties	<b>Length of outbreak</b> <b>Length of social distancing</b> <b>PPE and supply shortages</b>	<ul style="list-style-type: none"><li>• How long will patients avoid care because of Covid-19 or social distancing?</li><li>• What new, virtual care channels do medical groups adopt?</li><li>• How do medical groups market themselves to patients during the Covid-19 outbreak?</li><li>• How do medical groups adjust physician compensation given decreased productivity?</li></ul>
Decline in non-emergent procedures	<b>Length of outbreak</b> <b>Length of social distancing</b> <b>Regulatory limits on care</b> <b>PPE and supply shortages</b>	<ul style="list-style-type: none"><li>• How long will patients avoid care because of Covid-19 or social distancing?</li><li>• How long do regulators limit elective procedures?</li><li>• When should groups restart and ramp up elective procedures?</li></ul>
Decline in emergent care	<b>Patient perception</b> <b>Messaging to patients</b> <b>PPE and supply shortages</b>	<ul style="list-style-type: none"><li>• How much is social distancing causing patients to avoid essential care?</li><li>• How do medical groups communicate to patients when it's necessary to seek care even during the outbreak?</li></ul>

## Visit volumes continued

Force	Magnitude depends on	Questions to consider
<i>Worsening patient health from deferred care</i>	<b>Patient behavior during social distancing</b> <b>Length of outbreak</b> <b>Length of social distancing</b>	<ul style="list-style-type: none"> <li>• How do groups decide which patients to prioritize seeing in a recovery/phased recovery period?</li> <li>• Can physician infect patient health during social distancing?</li> <li>• What virtual tools can groups leverage for their highest risk patients?</li> <li>• How can groups determine when a high risk patient's health worsens to the point that an intervention is essential care?</li> </ul>
<i>Pent-up demand for care</i>	<b>Length of enforced social distancing</b> <b>How long patients avoid care after social distancing ends</b> <b>Effectiveness of telehealth</b>	<ul style="list-style-type: none"> <li>• Will all patients come back or only the most in-need?</li> <li>• At what pace will patients try to seek care during recovery/phased recovery?</li> <li>• How do groups prioritize which patients get care first post-Covid?</li> <li>• How effective is telehealth for managing patient health during social distancing?</li> </ul>
<i>Access and practice operations</i>	<b>Group capacity post-Covid</b> <b>Patient demand</b>	<ul style="list-style-type: none"> <li>• How will group capacity be different post-Covid with furloughs and people coming back from the front lines in the hospital?</li> <li>• What role does telehealth play in group access strategy going forward?</li> <li>• Is this the moment for groups to evolve their care models?</li> <li>• How do groups segment their patients post-Covid?</li> <li>• How does the practice of medicine evolve from the physician perspective?</li> <li>• Should groups carry forward some of the strategies they've learned during Covid or try to return to pre-Covid models?</li> </ul>
<i>Seasonality of care</i>	<b>Impact of HDHPs</b> <b>Future flu or Covid seasons</b>	<ul style="list-style-type: none"> <li>• How does Covid-19 affect patient deductibles across 2020?</li> <li>• Should groups be preparing for a second spike in procedures towards the end of the year? Or will seasonality be offset by concerns of a second Covid-19 wave?</li> <li>• How do patients respond to future flu or Covid seasons in the fall and winter?</li> </ul>

## Telehealth

Force	Magnitude depends on	Questions to consider
<i>Group adoption of telehealth</i>	<b>Level of adoption</b> <b>Types of telehealth deployed</b> <b>Long-term reimbursement</b>	<ul style="list-style-type: none"> <li>• How do payers reimburse telehealth in future?</li> <li>• Should groups be adopting the minimum necessary or planning for a future when telehealth is broadly reimbursed?</li> <li>• How do groups integrate telehealth into their long-term strategies?</li> </ul>
<i>Clinician telehealth adoption</i>	<b>Adoption during Covid</b> <b>Provider experience delivering care virtually</b> <b>Connectivity to EMR</b> <b>Reimbursement</b> <b>PPE and supply shortages</b>	<ul style="list-style-type: none"> <li>• How comfortable do physicians become with these new technologies?</li> <li>• How do physicians make telehealth profitable for themselves and the group?</li> <li>• Does a new specialty—the “virtualist”—emerge post-Covid?</li> </ul>
<i>Patient usage of telehealth</i>	<b>Length of social distancing</b> <b>Comfortability with technology</b> <b>Payer coverage</b>	<ul style="list-style-type: none"> <li>• How do patients feel about telehealth visits compared to in person?</li> <li>• How does patient adoption of telehealth vary by modality?</li> </ul>
<i>Telehealth reimbursement</i>	<b>Payer coverage</b> <b>Physician group performance with telehealth</b> <b>Patient adoption</b>	<ul style="list-style-type: none"> <li>• How profitable is telehealth for physician groups?</li> <li>• What payment models work best for physician groups if telehealth is now a major care channel?</li> <li>• What can groups and patients do now to ensure payers continue to reimburse telehealth in future?</li> </ul>

## Workforce

Force	Magnitude depends on	Questions to consider
<i>Physician turnover or retirement</i>	<b>Financial impact on physicians</b> <b>Emotional burden from being on the front lines of Covid</b>	<ul style="list-style-type: none"> <li>• How do physician groups handle compensation during social distancing?</li> <li>• What do groups do to promote physician wellbeing and emotional support?</li> <li>• What employment or partnership models are physicians interested in post-Covid?</li> </ul>
<i>Reliance on locums tenens physicians</i>	<b>Physician capacity during and after the outbreak</b>	<ul style="list-style-type: none"> <li>• Do groups expect to have less provider capacity post-Covid?</li> <li>• Should groups be looking to recruit physicians as early as possible despite social distancing?</li> </ul>
<i>Staff cuts or furloughs</i>	<b>Financial impact</b> <b>Length of social distancing</b>	<ul style="list-style-type: none"> <li>• How can groups reduce overhead but ensure staff are willing to return once business reopens?</li> <li>• What does Covid mean for future care team structures and care models?</li> </ul>
<i>Provider recruitment</i>	<b>Provider turnover</b> <b>Financial impact</b>	<ul style="list-style-type: none"> <li>• Can groups that can afford it gain an advantage by recruiting during Covid?</li> <li>• Will recruitment become more or less difficult post-Covid?</li> <li>• Can groups use their Covid response as an advantage in future recruiting?</li> </ul>
<i>Expanded role and reliance on Advanced Practice Providers (APPs)</i>	<b>Decreased restrictions remaining in place</b> <b>Physician and APP experience during Covid</b>	<ul style="list-style-type: none"> <li>• Does Covid result in autonomous APP practice across the nation long-term?</li> <li>• How willing are physicians and APPs to work together autonomously in future?</li> <li>• Is there a major change in care team design?</li> <li>• Do groups now prioritize APP recruitment?</li> </ul>

## Changing reimbursement environment

Challenge	Magnitude depends on	Questions to consider
<i>Performance under risk in 2020</i>	<b>Payer and regulator flexibility</b> <b>Provider risk-to-date</b>	<ul style="list-style-type: none"><li>• What do payers and regulators do about risk for 2020?</li><li>• How do mostly fee-for-service groups do financially compared to groups in value-based care during Covid?</li></ul>
<i>Shift to value-based care long-term</i>	<b>Senior death rate from outbreak</b>	<ul style="list-style-type: none"><li>• Are physician groups more or less willing to take on risk post-Covid?</li><li>• Do payers have to push risk more post-Covid to control costs?</li><li>• What happens to physician group consolidation post-Covid?</li><li>• How does telehealth affect long-term profitability under fee-for-service versus value-based care?</li></ul>