

EXECUTIVE BRIEFING PREVIEW

Eight Ways Covid-19 is Transforming Your Service Lines



Covid-19 is having a major impact on care delivery in every shape and form. Specialty care was in the spotlight early in the pandemic, when many procedures were put on hold. Then hospital leaders had to navigate re-opening and accommodating procedural backlogs. Even if the transitional period between closing and opening is over, the implications for service lines will continue for years as the pandemic continues to fundamentally transform specialty care.

Eight Ways Covid-19 is Transforming Your Service Lines

AVAILABLE
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AVAILABLE WITH
MEMBERSHIP

06 Hospitals and health systems should not take any physician relationships for granted.

07 Limited cash for capital purchasing does not necessarily mean limited leverage.

08 Rationalizing services can no longer be avoided.

Supply and demand will be uneven and unpredictable.

Expect unpredictable volumes in the near term as service lines balance evolving patient demand with available capacity. Some patients will continue to avoid the hospital for fear of exposure to the virus, while others have been anxiously waiting to catch up on delayed care. In the short term, many service lines will be managing through a backlog of delayed elective procedures while balancing “standard” procedural demand.

At the same time, upstream diagnostic delays (colonoscopies, stress tests, etc.) will limit downstream utilization and may alter expected procedural demand. Beyond these demand-side factors, leaders will also need to closely monitor unpredictability of supplies and services. Infectious disease prevention and cleaning protocols, clinician availability, and personal protective equipment (PPE) supply will impact ongoing capacity for specialty services. Beyond these operational hurdles, leaders must prepare for local Covid-19 flare-ups and surges, which can lead to additional pauses on certain procedures and throttled primary care supply again. Given all these issues, Covid-19 will continue to upend expectations of both supply and demand in waves moving forward. ▼

takeaway

Covid-19 will redefine standing expectations of supply and demand, requiring agility to make continual changes.

Traditional productivity assumptions are out the window. Leaders must review demand on a weekly basis and continually adjust productivity and volume expectations.

FACTORS THAT WILL IMPACT DEMAND IN THE SHORT TERM:

- » Prolonged economic stress leading to care avoidance or delayed care
- » Patient anxiety amid safety concerns and increasing preference for freestanding care sites, and even their homes, to avoid the hospital
- » Limited ED capacity
- » Reduced medical tourism

SERVICE LINE EXAMPLE

An analysis from Cigna revealed that hospitalizations for atrial fibrillation (AF) and transient ischemic attacks (TIA) were down 35% and 31%, respectively, in March 2020 compared to previous months.

▼ **35%**
ATRIAL FIBRILLATION
HOSPITALIZATIONS

▼ **31%**
TRANSIENT ISCHEMIC ATTACK
HOSPITALIZATIONS

Changes to the upstream ecosystem will disrupt referral source mix.

Provider referrals to specialty care will continue to be delayed due to patients deferring primary care and diagnostic testing. Even as primary care practices return to pre-pandemic capacity, specialty care volumes will not immediately return to previous levels due to patient fears and the need for practices to take infection prevention steps. Additionally, some primary care practices will have closed or been acquired during the pandemic. Commercial insurers will try to prevent radical, ongoing deflation of screening by eliminating out-of-pocket costs for all in-network primary care services through 2020. Yet the overall impact of these policies remains to be seen. ▼

takeaway

Covid-19 will reshape specialty care referral streams, and service line leaders will need to assess how Covid-19 has impacted major upstream referring providers in their market.

Seek local or regional data on delays in screenings and diagnostic testing to improve utilization projections. Leaders should also reach out to key referring providers to reestablish relationships and gauge their well-being and future strategy.

SERVICE LINE EXAMPLE

A recent report found that cervical cancer screenings fell by 68% from mid-March to mid-April of 2020, compared to a similar period in the year before. Similarly, cholesterol panels and the blood test to detect diabetes were down 67% and 65%, respectively.

▼ **68%**

CERVICAL CANCER
SCREENINGS

▼ **67%**

CHOLESTEROL
PANELS

▼ **65%**

DIABETES BLOOD
TEST SCREENINGS

Site-of-care shift of specialty services from the hospital will accelerate—but also fragment.

Prior to the pandemic, site-neutral payment policies were shifting more specialty services into the outpatient setting. Consumerism and payer steerage fueled by Covid-19 will accelerate and complicate these shifts. Lower copays, site-of-service reviews, and expanded service coverage from payers will steer patients to receive care outside of the hospital. Expect most of the patients seeking care at these facilities to be higher-paying, commercially insured patients, eroding the remaining hospital-based payer mix.

The new complexity for service lines is that this trend is no longer linear—it's not just a direct shift from inpatient to outpatient to ambulatory service center (ASC) to office. Some inpatient care has shifted directly to home settings. Some outpatient and ambulatory care have gone to telehealth. As patients avoid hospitals, they will seek alternative entry points into the health care system, including office-based labs, ASCs, and other freestanding facilities.

Some providers have also transitioned appropriate patients to medical management in the short-term to avoid the need for procedures, which is further reducing the need for inpatient services. It remains to be seen if any of these short-term shifts will change longer-term practice patterns if clinicians see positive patient outcomes on medical management. ▼

takeaway

If hospitals are going to compete in this evolving landscape, they will need to have a diverse set of ambulatory care sites.

But program leaders will also need to revisit and revise assumptions regarding ambulatory space needs and placement, given the recent changes in ambulatory demand. Instability in the freestanding market could change the physical footprint of services for the community, which will change the convenience factor for the consumer. Determining the appropriate amount of ambulatory capacity will be difficult, but necessary, for service line leaders moving forward.

SERVICE LINE EXAMPLE

Only 15% of consumers reported they would be comfortable entering their local hospital for a medical procedure immediately after Covid-19 restrictions are lifted.

Specialty telehealth is here to stay—and it fundamentally changes the geographic boundaries of competition.

Programs that initiated brand new telehealth capabilities within a matter of days now have time to consider a longer-term strategy and develop a sustainable telehealth infrastructure. Service lines that have not expanded telehealth are in a for a rude awakening, because telehealth is becoming an integral part of care delivery. All service lines will be tasked with evaluating which care should remain virtual after the crisis abates and which should go back to in-person care. Program leaders should consider how to embed telehealth into care standards to encourage ongoing reimbursement from payers—from virtual visits to remote monitoring.

Federal telehealth requirements have changed during the Covid-19 pandemic, redefining geographic boundaries in secondary and tertiary markets. If these standards remain in place, they will reduce former geographic limitations that once defined how far health system reach and scope could be. This will both enable new growth opportunities and introduce new competitors. ▼

takeaway

Telehealth will disrupt the traditional patient journey into and through the health care system for many care episodes.

Service lines should embrace this change, not play it safe. If approached the right way, telehealth can help programs with center-of-excellence ambitions as they expand their reach and capabilities.

SERVICE LINE EXAMPLE

60% of all consumers would consider a virtual visit if they had to wait at least a day to see their regular provider in person, according to our 2020 consumer preference survey.

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Advisory Board interviews and analysis.

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