



STRATEGIC IMPLICATIONS OF THE PANDEMIC

By: David Miller

As the nation begins to emerge from the depths of the crisis, there is a high probability hospital business models will change. Many of the changes will be led by changes in your employed physician network. HSG has long advocated the growing importance of these networks, and the virus outbreak reinforces the importance of rethinking your vision for these networks. **Our observations on the six biggest strategic implications are:**

1 | VIRTUAL VISITS

Social distancing has led to more individuals using, and becoming comfortable with, virtual visits. Your strategy for delivering those services, and investment in that delivery, will grow in importance. The implications of virtual care on the coordination of patient care will be important as well.

2 | HOME BASED TECHNOLOGIES

The logic of social distancing will drive growth in home based testing. The ability to monitor patients and deliver care in the home will grow as technology grows and innovation emerges. As these realities intersect, expect new opportunities in this arena.

3 | GEOGRAPHIC DISPERSION

As the sickest patients have aggregated in hospital ICUs, and overflowed to other beds, avoiding hospitals is increasingly perceived as a good idea to the average consumer. While that perception is driving the first two trends, it will also drive health systems to provide more outpatient services in locations away from the inpatient hospital. ASCs, imaging services, and service lines (such as orthopedics) anchored in an outpatient environment will grow in remote locations, regardless of the reimbursement implications.

4 | PHYSICIAN OFFICE BASED SERVICES

As hospitals have acquired practices, they have centralized many ancillary services. That trend will reverse, with the transfer of more services back to the decentralized physician offices. This is an extension of geographic dispersion, with minor aggregations of physicians surrounding ancillary services.

5 | CARE COORDINATION

Coordination of care will continue to grow in importance, that is not a new trend. What will change is the mix of services to coordinate, particularly home based technologies and virtual visits discussed above. It will be critical to your future success in risk contracting to have your physicians at the center of this coordination.

6 | RISK CONTRACTING

Hospitals have struggled with revenue as elective cases have been canceled and care has been deferred. The corollary challenge has been compensation to physicians, such as surgeons and anesthesiologist, who may be unproductive during an outbreak. Risk contracts, with their ability to smooth out the flow of revenue, are more attractive. The guidance and participation of a tightly aligned physician group would add value to this endeavor.

HSG recommends you review these issues, and discuss their strategic implications, with your employed network's physician leadership councils. They will have insights into local implications and insights into other drivers of change. They will be able to help system leadership define the key strategic actions in the network and throughout the health system.

Contact [David Miller](#), Founding Partner of HSG, to discuss the strategic implications the pandemic may be having on your employed physician network.



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