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The Light At the End of the Tunnel

10 Ways That Medical Groups Can Adapt to the “New Normal”

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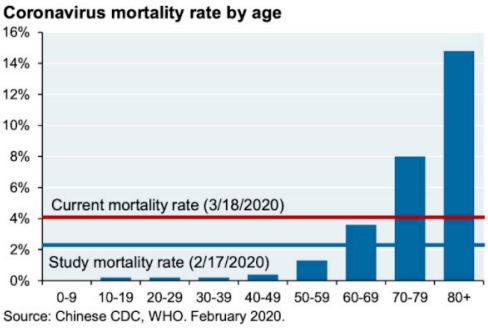
Medical groups have seen a rapid decline in ambulatory volume over the last few weeks. While the coronavirus pandemic has yet to peak in many parts of the United States, many medical groups are preparing for what comes next.

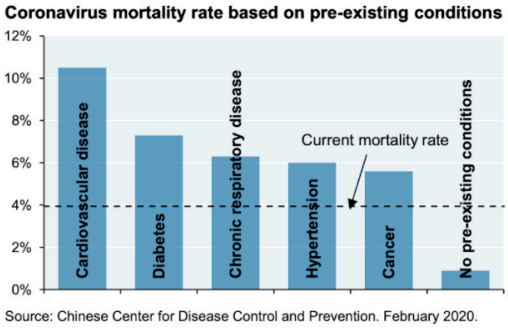
We believe that there is a light at the end of the tunnel and that many medical groups have the ability to come out of this crisis stronger. Groups that are agile, emphasize service quality, and keep an eye on costs will succeed in the intermediate term. In this paper we outline strategies medical groups can use to remain competitive in the months following this crisis.

How Much Longer Will This Last?

The question on everyone's mind is how long this will last. Although the duration of social distancing measures remains unknown, data from China, Hong Kong, and South Korea may be instructive. In Wuhan, the epicenter of the outbreak, strict social distancing measures remained in place for 51 days. In the United States, the response has been fragmented geographically, but the Federal government continues to signal that broad-based social distancing measures are incompatible with the American way of life and more targeted approaches are appropriate. This suggests that 51 days of social isolation may be higher than Americans are willing to accept.

Lifting of restrictions alone, however, will not lead to a resumption of the normal course of business for medical groups. As shown in Figure 1, patients over the age of 65 have a risk of mortality from coronavirus that is 10-100x higher than younger populations. According to the 2016 National Ambulatory Medical Care Survey, patients over the age of 65 account for 54% of physician office visits. These patients will either be encouraged to limit in-office physician contact until the risk of the contracting the virus becomes negligible or be nervous about visiting the doctor for anything but the most essential services. For these groups a new normal will emerge.





What Practices Should Expect Post COVID-19

In the wake of COVID-19 medical groups should expect a host of challenges and opportunities that will define a "new normal". Groups' ability to capitalize on these will lead to material differences for practices. These include:

1. **Deferred demand.** Care that has been deferred during this crisis should logically lead to pent up demand for services. However, this demand is not a given nor is it guaranteed. Data from the 2007 and 2008 recession, for example, demonstrate statistically significant reduction in elective procedures such as screening colonoscopy and hip arthroplasty [1] [2]. Given residual fears and a volatile economic climate, we expect this to be even more pronounced with demand slowly increasing over time and flowing in the direction of least resistance. Hence,

2. **Increased desire for telehealth services.** Prior to COVID-19 telehealth visits accounted for fewer than 5% of all physician office visits (American Telemedicine Association). While it is too early to quantify how this has evolved in the past few weeks, anecdotal evidence suggests it will be a dramatic shift. The Cleveland Clinic is on track to log more than 60,000 telemedicine visits in March.[3] Before March, that health system — which has hospitals in Ohio and Florida — averaged about 3,400 virtual visits a month. Virtually all medical groups we have spoken with now offer some sort of telehealth and payors are increasingly offering payment parity to in-person visits. How groups integrate telehealth services vs. bricks and mortar remains to be seen. A major unknown remains the extent to which payers will reimburse providers for the provision of virtual care following the pandemic. Given strong consumer interest, residual fear, and the possibility of another pandemic in the future, however, we strongly expect for the current approach to be standard of care moving forward.

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3. **Focus on cash flow.** Data from the last recession shows an increase in the amount of bad debt among provider groups. According to an AHA survey in October 2008, 50% of provider groups reported moderate to significant increases in their uncompensated care. Estimates are that this represented an 8% increase in the 4th Quarter 2008 compared to the 4th Quarter of 2007. Given another likely recession and a significant increase in the prevalence of high-deductible health plans, successful groups will be increasingly focused on collecting the patient portion. While this historically has been pushed to the time of visit or even after, we expect groups to try and accelerate this. People, process, and technology on this front will be increasingly important.

4. **Cost pressure.** WIth lower volumes for the first half of the year and challenges with collections, there will be increased pressure to reduce costs, particularly by reducing construction spending, and streamlining and automating administrative services and reviewing marketing expenses and programs. While construction expenses typically fall during recessions we expect that fall to be even more pronounced given the shift to virtual care.[1]

5. **Agility.** Given rapid changes that are underfoot, groups should prepare to respond quickly to environmental changes. The pace of change will likely be affected by uncertainty around Covid-19 infections and changing social distancing measures as cases re-emerge following gradual relaxation of those measures. Whereas some medical groups have historically approached change cautiously, the new paradigm will reward those groups that can quickly identify opportunities and execute on them.

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– Reeves M. et al. Companies Need to Prepare for the Next Economic Downturn. Harvard Business Review. April 2, 2019.

How Groups Can Adapt to the New Normal

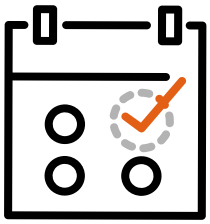
High-performing medical groups will begin preparation for what happens after the initial coronavirus surge begins to recede.[4] Groups should convene a task force to assess the changes taking place in their markets, develop a working model of what the new normal will look like, and how best to compete in the new normal. In our experience, this task force should include executive champions including the Chief Operating Officer, Chief Marketing Officer, Chief Clinical Officer, as well as physician leadership. The task force should be empowered to make rapid clinical and operational decisions and adjust budget as necessary to achieve strategic objectives.

We believe the following strategies must be employed successfully to thrive in the new normal.

1. Articulate a telehealth strategy.

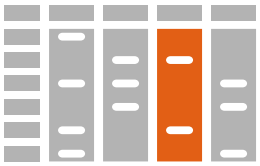
Successful groups will articulate a clear strategy around telehealth. For most groups this should include to provide virtual consultations to recheck patients. Initial consultations could also be explored when clinically appropriate. While it's unlikely that most medical conditions will be fully resolved virtually, the provider can articulate a treatment plan that allays patient concerns and minimizes risk of infection. For groups to be successful, they should develop clear clinical criteria for telehealth services and ensure these are collected at the time of scheduling to ensure appropriate use of provider time.

2. Make it easy to get patients in.



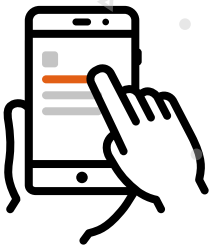
Successful groups will be able to capture the pent up demand in the 3rd and 4th quarters of this year by reducing the friction in the patient journey. These groups will likely move towards greater centralization of appointment scheduling to more efficiently leverage staff and view inventory across all locations, expand appointment scheduling hours, streamline the amount and type of information that is collected at the time of scheduling to reduce handle and hold times, and offer real-time and asynchronous ways of scheduling appointments online. This may require changes to physician behavior as well: groups may find that modifying templates to maximize appointment capacity is an equally powerful lever in increasing access. Data across Radix clients show that patients scheduling appointments online are younger and commercially insured. These are economically attractive patients that successful groups will effectively compete for. Those content with the knowledge of their full schedules might find themselves serving a greater and greater share of Medicare and Medicaid patients.

3. Improve appointment density.



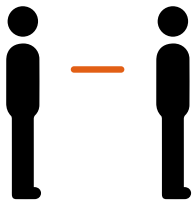
Provider groups can try to meet the pent up demand by optimizing scheduling strategies. Importantly, groups will need to do so without negatively impacting patient or staff health. Where historically groups have simply overbooked to increase volumes, they will now need to approach this problem using more sophisticated strategies that will minimize the risk for overcrowding. These include techniques such as data-driven smart-overbooking based on no-show prediction, relaxation of scheduling restrictions that might lead to lower access, aggressive management of capacity, including creating flex time based on demand, and better load balancing across large networks.

4. Implement advanced patient engagement strategies.



In addition to regular communication, high-performing groups will implement strategies to improve appointment attendance. Strategies such as automating wait-lists to fill last minute cancelled slots, providing patients the convenience to reschedule or cancel their appointments, and suggesting earlier time slots can enable clinics to improve fill rates of short term appointment inventory and improve utilization of providers.

5. Reduce opportunity for contact.

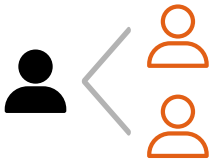


Given continued concern over Covid-19, groups should invest in tools to minimize contact. This includes more frequent cleaning of facilities, improvements in infrastructure, and implementation of technological solutions. For example, groups are already retrofitting offices with automated doors, enhanced ventilation systems, and waiting nooks spread throughout buildings. Additionally, we expect demand for contactless check-in, electronic messages to patients that their doctor is ready for them, and systems to screen patients prior to arriving in the office, potentially even enabling high-risk patients to wait in their cars or outside of the building.

6. Focus on existing patients.

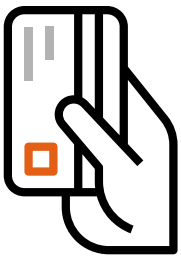
While deferred demand will likely increase volumes in the second half of the year, successful groups will execute strategies to ensure existing patients get care that may have been deferred. Groups should prepare marketing campaigns now to identify those patients (e.g. those who did not arrive for an appointment in the first half of the year or canceled their appointment) and encourage them to schedule. Automating both the outreach to these patients and the ability for these patients to electronically reschedule will not only improve the operational workload, but create a favorable patient experience.

7. Convert referrals.



For most specialty groups, referrals will continue to be a large source of inbound volume. A recent survey found that suboptimal referral conversion costs nearly half of healthcare organizations 10% of annual revenue. In our experience this is considerably higher for specialty groups. Groups ought to invest in capabilities to ensure referrals are appropriately tracked, patients are scheduled, and referring providers are informed of their visit.

8. Collect payments upfront.

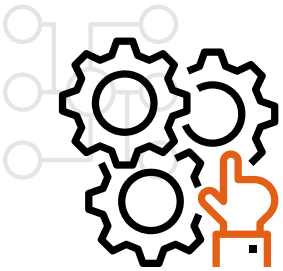


Groups have historically collected payments at the time of service. Where appropriate, however, groups should collect these at the time of scheduling, which is typically 2-6 weeks before the appointment (perhaps longer in the case of pent up demand). This can be done by integrating payments collection mechanisms at the time of scheduling rather than at the time of service.

9. Compete for market share.

During slowdowns, many medical groups initiate cost-reduction programs, which frequently include cuts to marketing. Cuts in marketing spending, however, can backfire if it leads to lower market share and patient volumes. High performing groups will do thoughtful reviews of marketing spending and rigorously evaluate return on investment associated with that spend. Given decreased advertising spending globally, the cost per patient acquisition will likely decrease in the wake of the coronavirus crisis leading to an opportunity to grab market share from competitors who are slow to respond or distracted.

10. Standardize, centralize, and automate what you can.



Groups that historically have operated independently must standardize, centralize and automate administrative functions. These include functions such as those related to revenue cycle, appointment scheduling and even clinical workflows. There is no silver bullet here, but high-performing groups will invest in management capacity to identify opportunities and successfully execute on them.

Closing

COVID-19 presents an extraordinary opportunity for medical groups, especially those that can respond nimbly to rapid environmental changes. While the duration of the crisis is uncertain, our best guess is that we will begin the return to a new normalcy in 2 months. Groups should prepare for that new normal now and put into place operational structures that can enable successful execution of strategic priorities.

About Arun Mohan

Arun Mohan, MD, MBA is a practicing physician and Co-Founder and CEO of Radix Health. Prior to joining Radix, Dr. Mohan was President and Chief Medical Officer for Hospital Medicine and Population Health at ApolloMD, where he led one of the largest independent medical groups in the country with over 300 physicians practicing in 30+ locations. Earlier in his career, Dr. Mohan held senior roles at Emory Healthcare and Emory University School of Medicine. Dr. Mohan is a frequent presenter at national conferences and his writing has appeared in numerous journals including New England Journal of Medicine, JAMA, and American Journal of Managed Care, among others. Dr. Mohan earned his medical and business degrees at Emory University and completed his residency in internal medicine at Harvard Medical School.
Arun Mohan, MD, MBA

About Radix Health

Radix Health is a technology company that believes that patient experience starts with patient access. Our data-driven solutions align provider supply with patient demand, maximizing existing capacity and reducing delays in care. We help leading medical groups to optimize every step of a patient's appointment journey - from alerting patients to needed care, helping them find the right provider, scheduling an appointment across multiple channels, and engaging with patients until the day of their visit. We take the busy work out of getting patients in the door so you can focus on the hard work of keeping them healthy. To learn more, please visit www.radixhealth.com or follow us on LinkedIn or Twitter.

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