

COVID-19 HOSPITAL & HEALTH SYSTEM SURVEY

The Impact of the Pandemic on Provider Revenues, Elective Procedure Volumes, Telehealth Use, & Working Arrangements

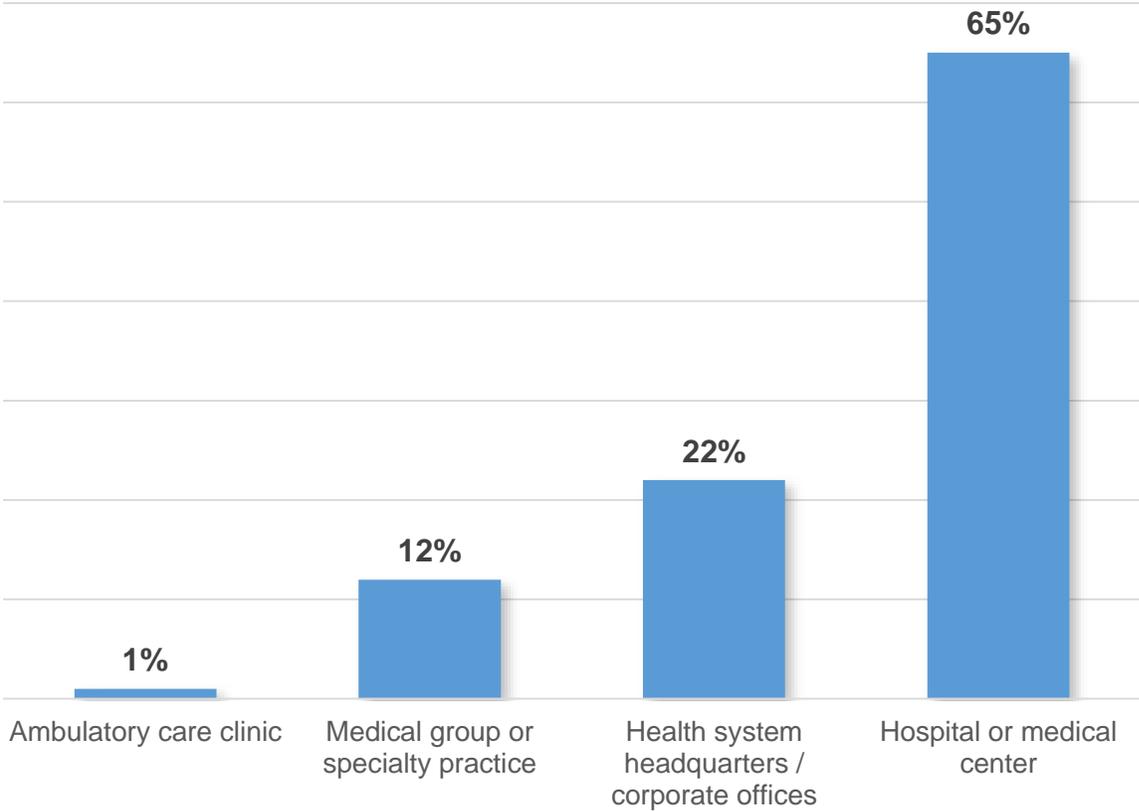
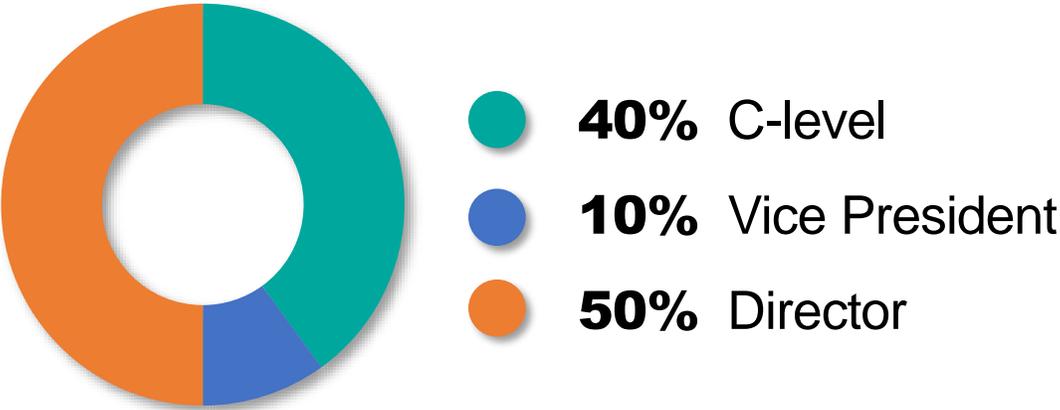
May 2020

hfma™



Respondents

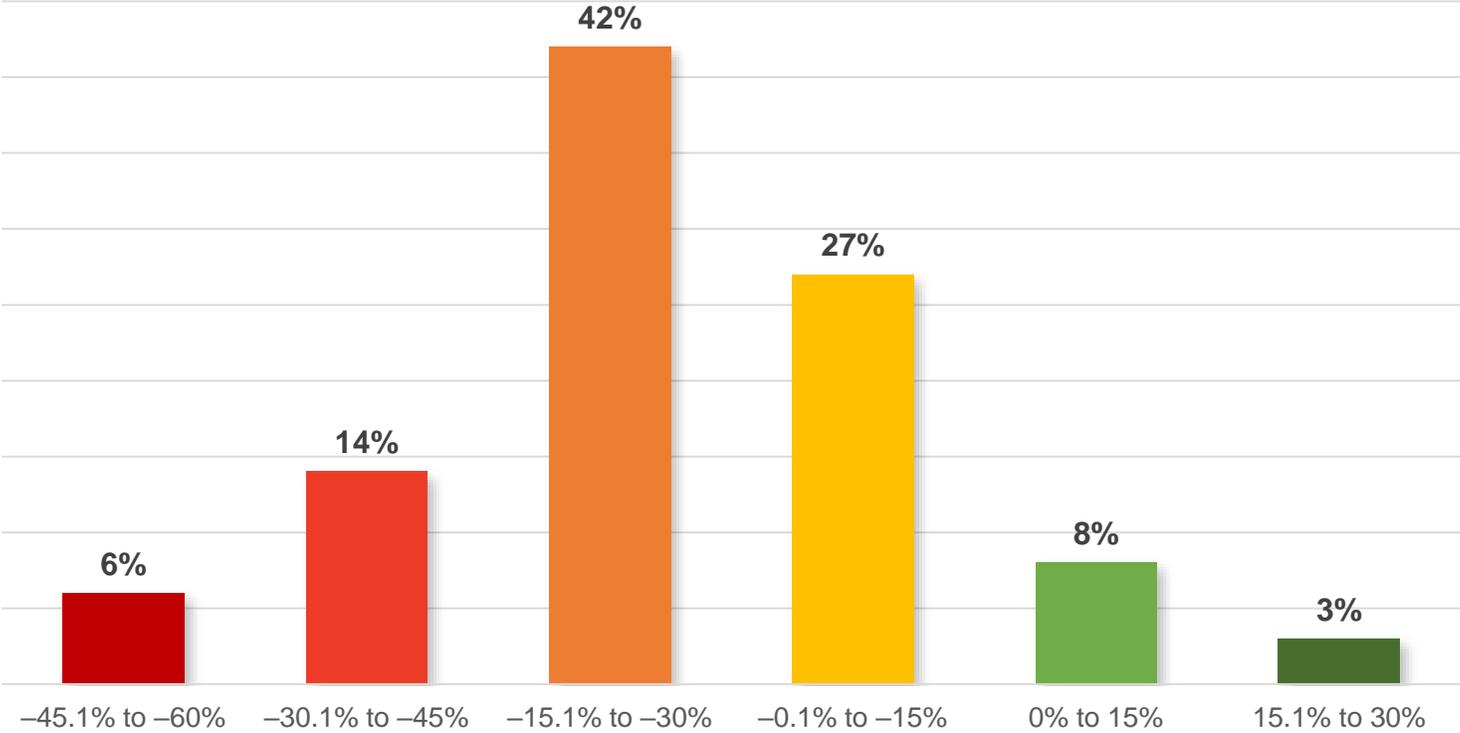
174 Respondents



Responses were fielded May 4 - May 8, 2020

Providers projecting revenue & patient volume drops, incremental improvements by year's end

Q: How do you expect your future revenues to compare to pre-pandemic revenue levels?

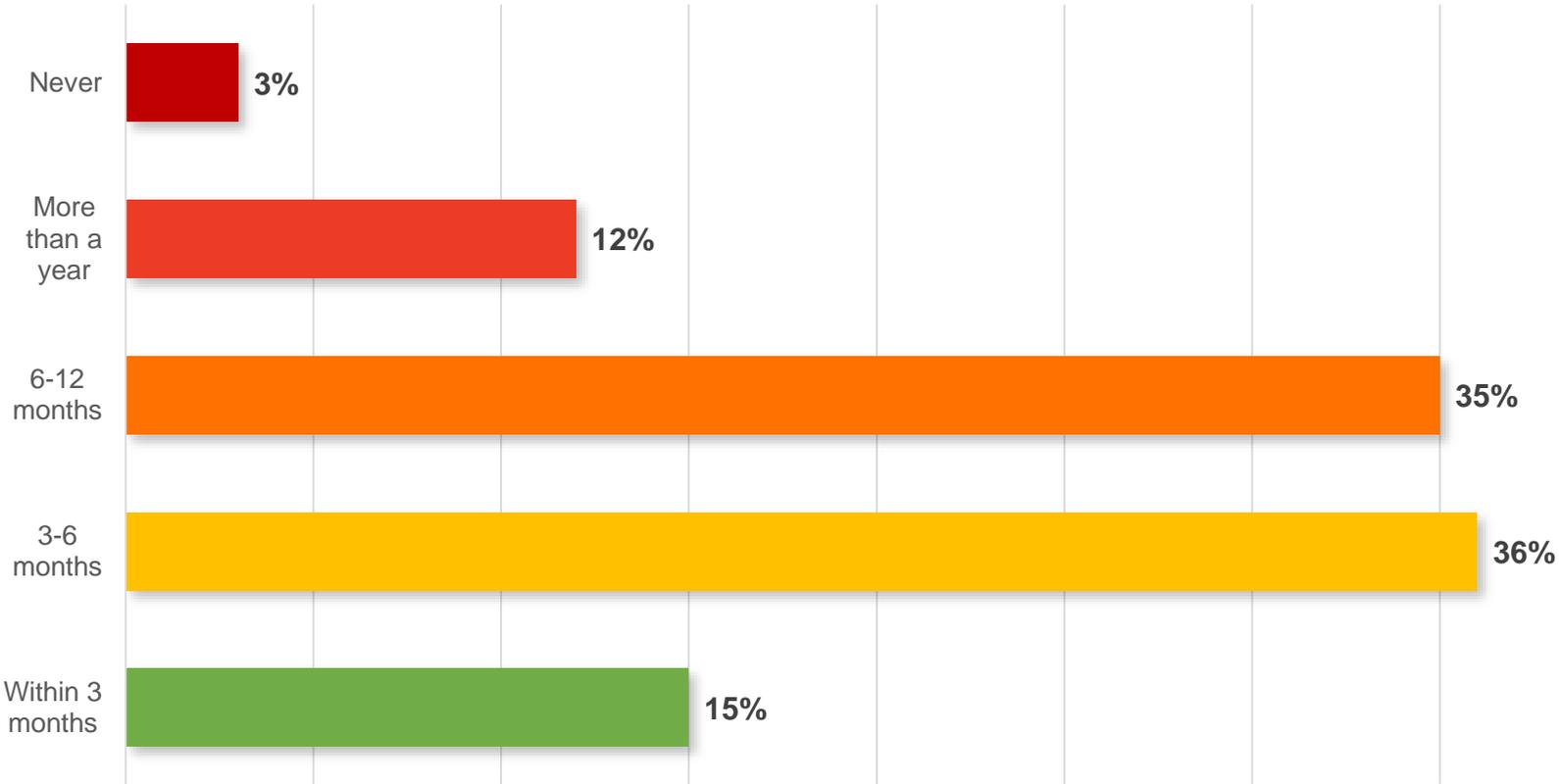


Compared to **pre-COVID-19**, **89%** of executives predict their organizations' revenues will be **lower at the end of 2020**.

Among respondents, **almost two-thirds** project **decreases of greater than 15%**, and **one-in-five** forecast **decreases of more than 30%**.

Providers projecting revenue & patient volume drops, incremental improvements by year's end

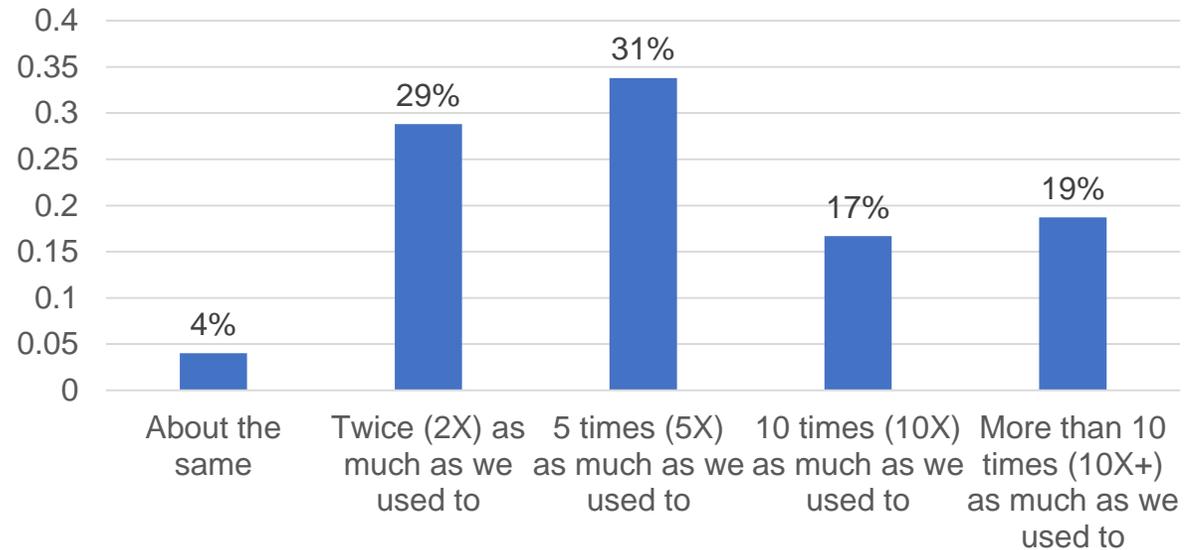
Q: When do you anticipate your elective procedure volumes returning to pre-COVID levels?



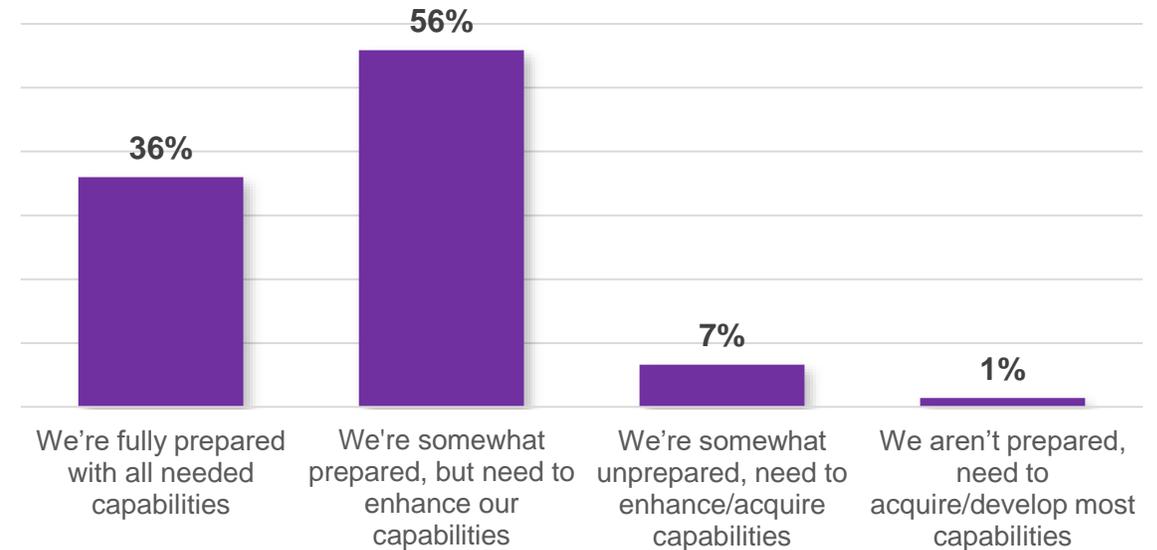
Half of respondents anticipate it will take through the **end of the year or longer** for their organizations' **elective procedure volumes** to return to **pre-COVID-19 levels**.

Majority of providers not yet ready for post-COVID-19 telehealth push

Q: By the end of the year, how much do you predict your organization will be using telehealth compared to last year?



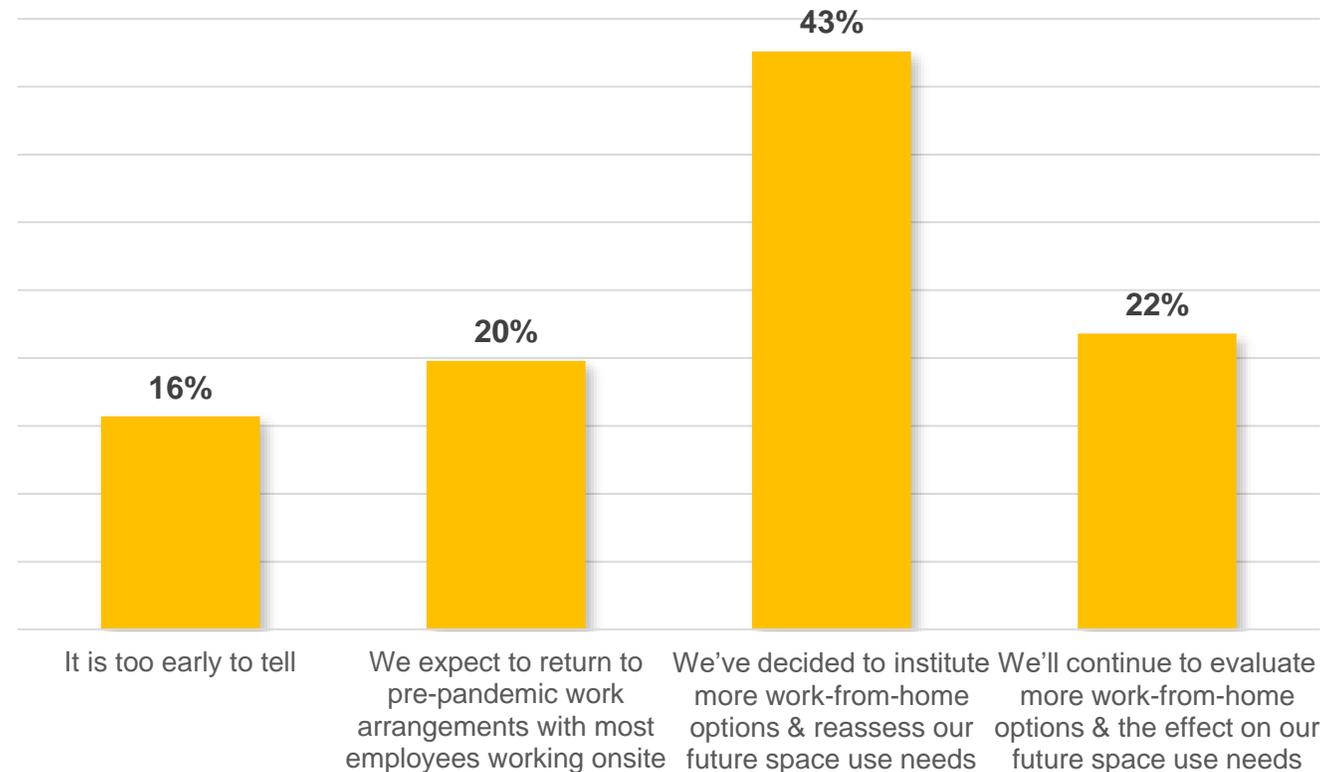
Q: How prepared is your organization to meet the increasing demand for telehealth services?



67% of executives predict their organizations will use telehealth at least five times more than pre-pandemic, but **only ~one-third** believe they have **all needed telehealth capabilities**.

Providers preparing for significant changes to working arrangements

Q: How will the work-from-home experience impact your strategy for flexible work and space planning in the future?



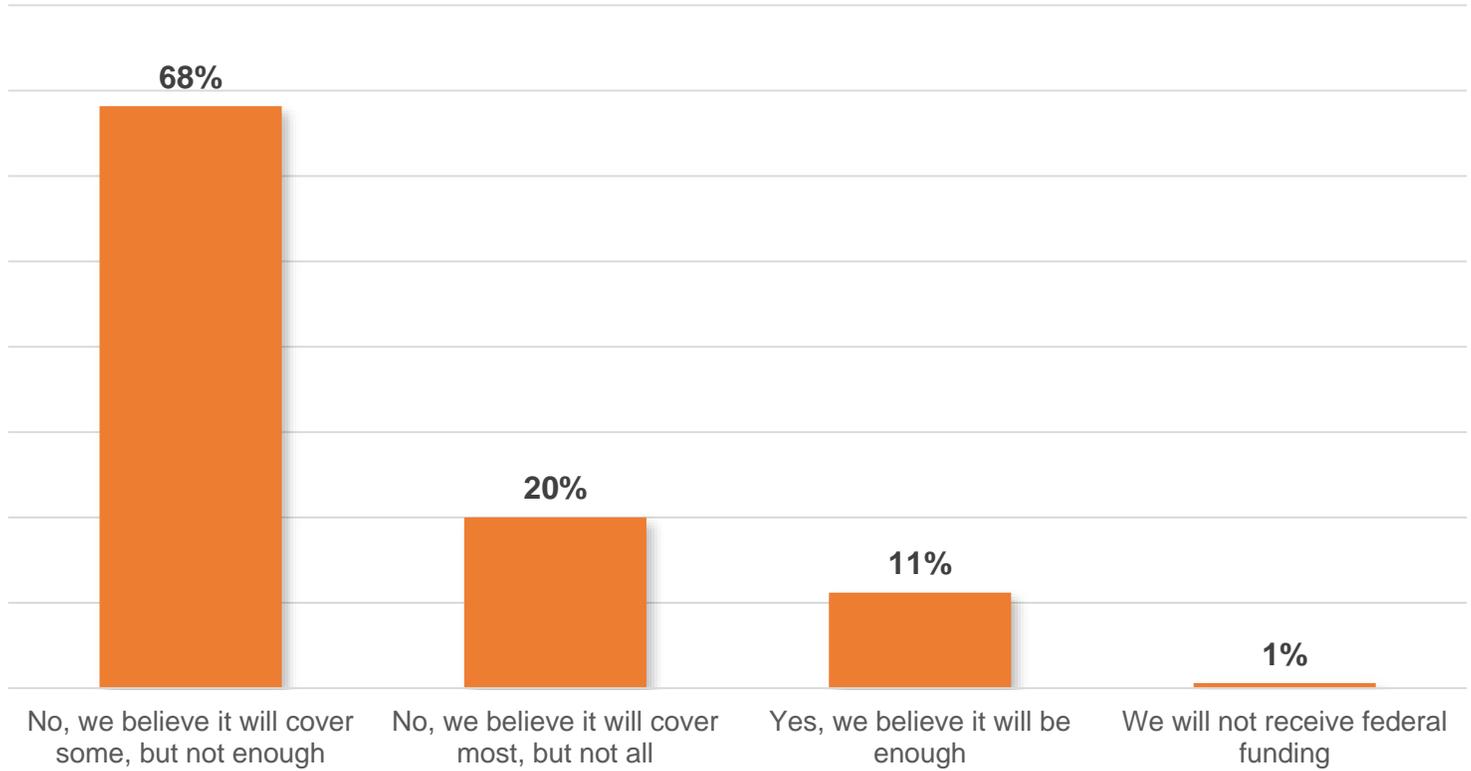
Just **1-in-5 executives** expect their organizations will return to the **primarily onsite work arrangements** established pre-pandemic.



22% of executives have already decided to institute **more work-from-home options, reassess future space needs.**

Federal funding won't cover COVID-19-related costs

Q: Do you project government funding will be enough to cover the additional costs associated with COVID-19 ?

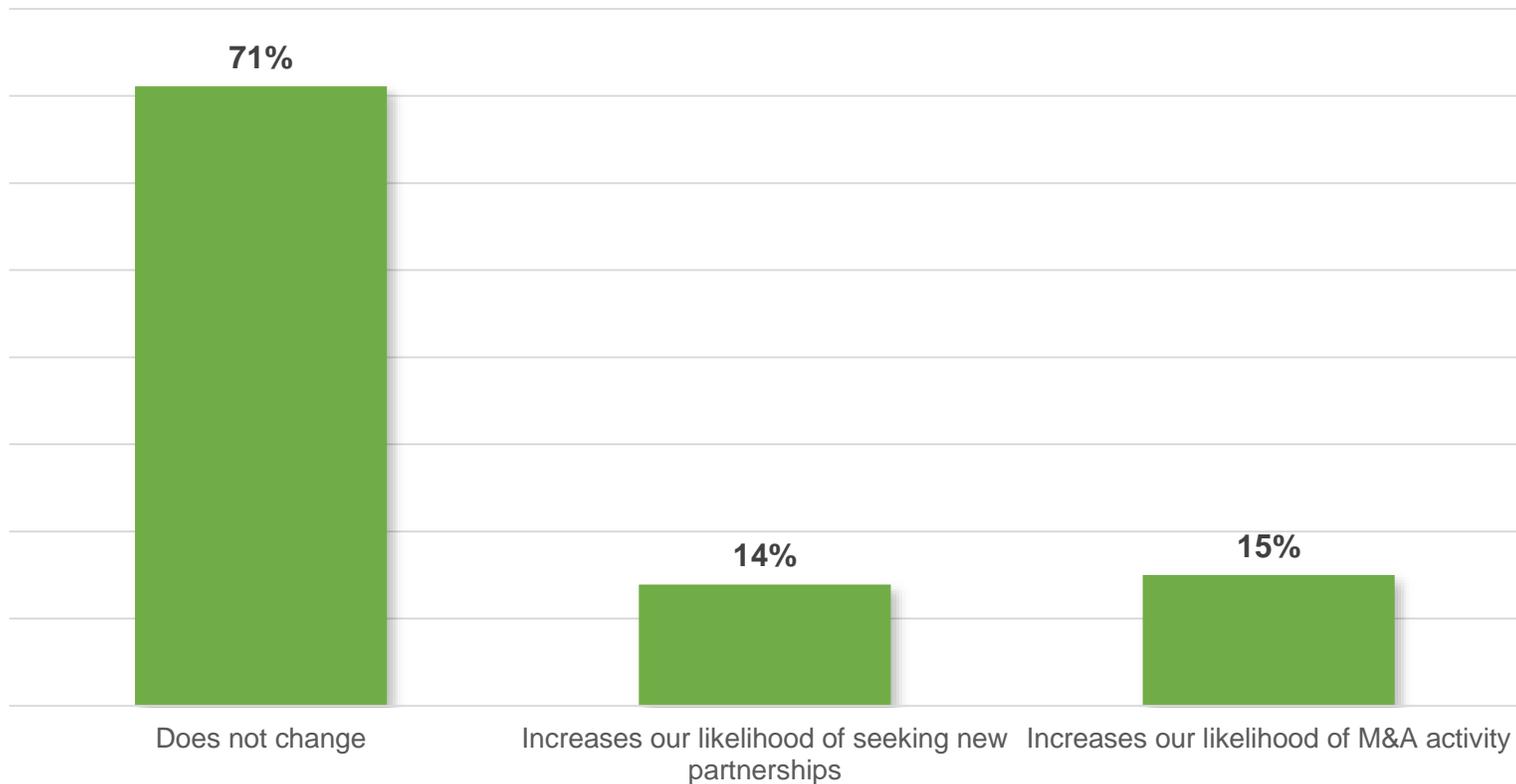


Just 11% of all executives – and only 3% of health system respondents – believe federal funding will be enough to cover COVID-19-related costs.

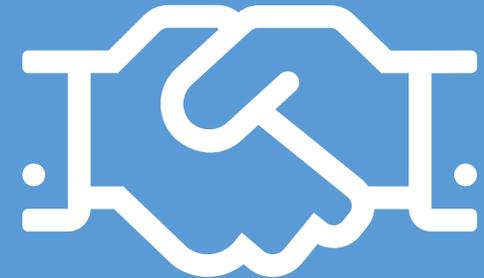
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Increase in thoughtful M&A, partnerships

Q: How does the pandemic change your M&A plans?

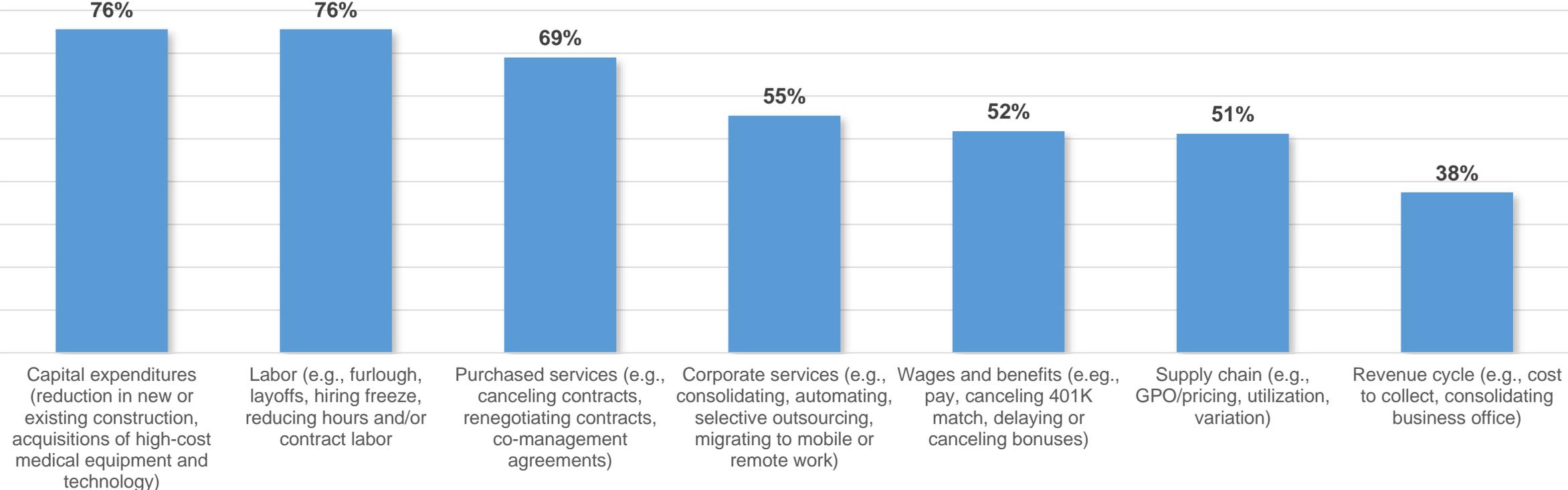


29% of executives say the pandemic has **increased the likelihood** of their organization **participating in M&A or seeking new partnerships.**



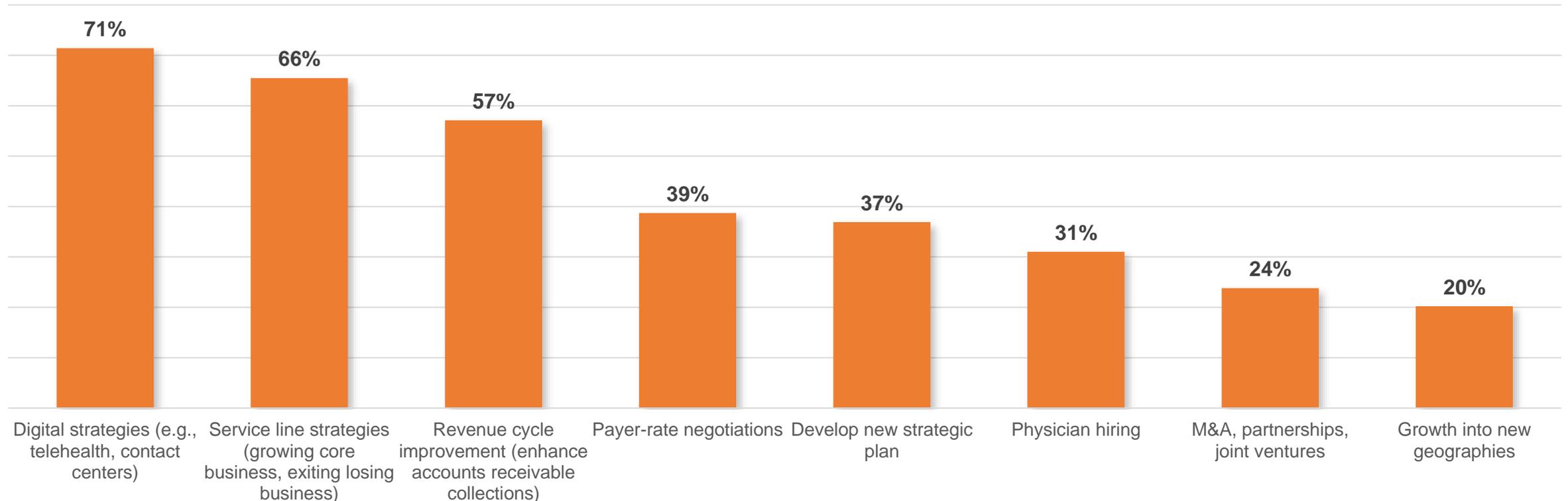
Providers targeting capital expenditures, labor, & purchased services for cost reduction

Q: What areas are you likely to target for intermediate- and long-term cost-reduction opportunities? (Please select all that apply.)



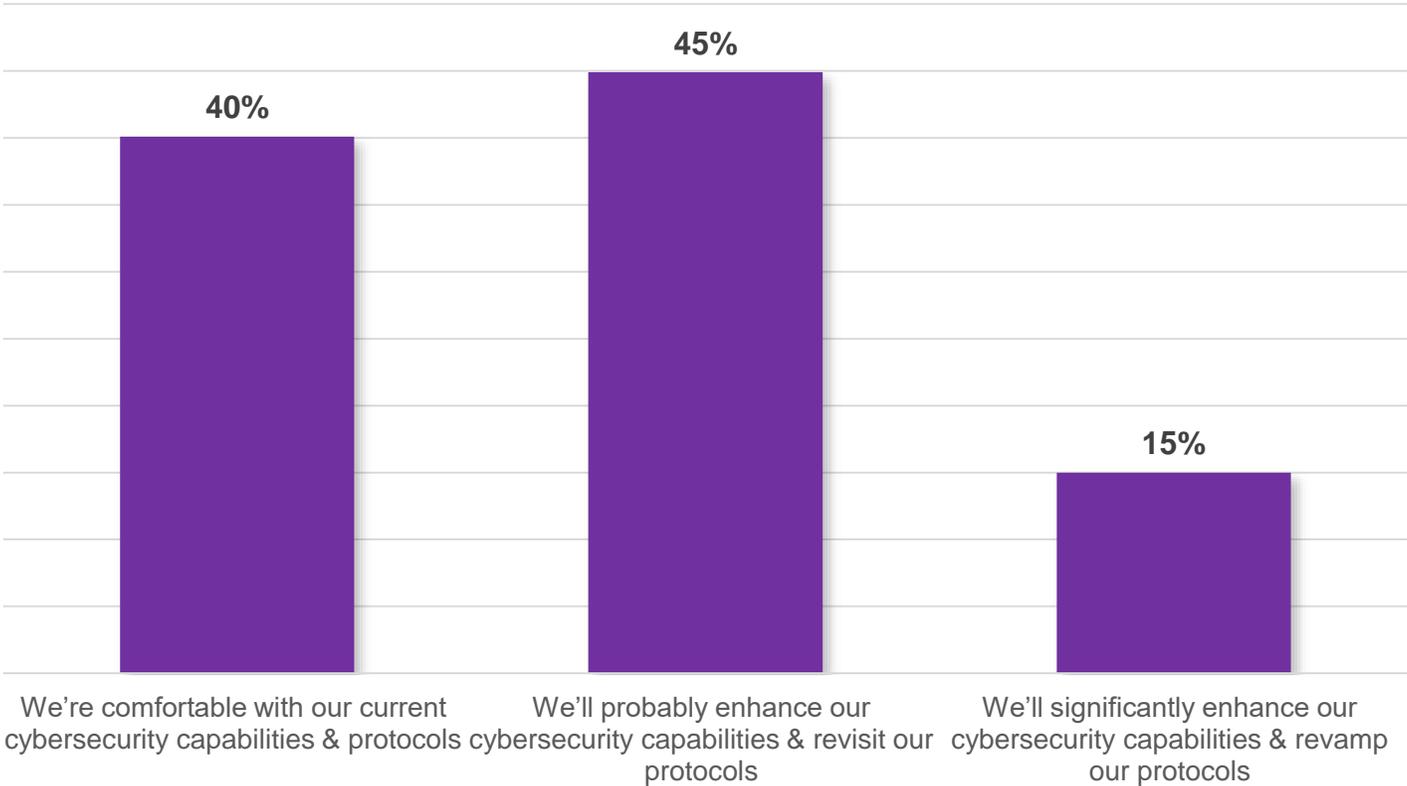
Digital & service line strategies, revenue cycle enhancements targeted for revenue growth

Q: What tactics are you implementing or enhancing to grow revenues? (Please select all that apply.)



Cybersecurity preparedness

Q: To what degree have new COVID-19-related work-from-home arrangements and possible new cyber attacks influenced your focus on cybersecurity capabilities within your organization?



40% of executives say they're **comfortable with their organization's current cybersecurity** capabilities, protocols.

15% of respondents think their organization's current cybersecurity capabilities and protocols will **require significant enhancements.**



“Healthcare has largely been insulated from previous economic disruptions, with capital spending more acutely affected than operations. But this time may be different since the COVID-19 crisis started with a one-time significant impact on operations that is not fully covered by federal funding.”

“Providers are facing a long-term decrease in commercial payment, coupled with a need to boost caregiver- and consumer-facing digital engagement, all during the highest unemployment rate the U.S. has seen since the Great Depression. For organizations in certain locations, it may seem like business as usual. For many others, these issues and greater competition will demand more significant, material change.”

David Burik

Guidehouse Partner and Payer/Provider Consulting Division Leader



“Through all the uncertainty COVID-19 has presented, one thing hospitals and health systems can be certain of is their business models will not return to what they were pre-pandemic. A comprehensive consumer-facing digital strategy built around telehealth will be a requirement for providers. Moreover, shifting hardware and physical assets to the cloud and use of robotic process automation has proven to be successful in improving back-office operations in other industries. Providers will need to follow suit.”

Chuck Peck, MD

Guidehouse Partner & Former Health System CEO

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* Navigant was acquired by Guidehouse in October 2019.

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