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Academic Health Focus

Preparing for a Post-COVID-19 World: Key Considerations for Academic Health Systems

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Academic health systems (AHSs) are playing a leadership role in serving the surging numbers of COVID-19 patients in many communities. This situation is taking a significant toll on the heroic nurses, physicians, and other health professionals who are risking their own lives to serve these patients. Urgent and elective care is being deferred in most health systems, creating a tremendous backlog of patients needing access to care in the coming months. It is also taking an unprecedented economic toll on these organizations with projected deficits in the billions of dollars. The recent COVID-19 stimulus package is designed to help offset some of these revenue losses, but the amounts cover a fraction of the shortfalls.[1]

While it is difficult to see past the current morass when in the middle of such an overwhelming crisis, the AHS's leadership team and the board should be thinking about what needs be done when the COVID-19 surge subsides to help the enterprise move forward and prepare to act decisively when, or even before, the situation begins to improve. This article looks at six factors for AHS leaders to consider.

Key Board Takeaways

Academic health systems should ensure the following is taking place to prepare for a post-COVID-19 world:

- Board members and executives need to recognize their physicians, nurses, and other team members for the sacrifices they have made during this period.
- Plan to create segmented care models, which allow health systems to serve both COVID-19 patients and others, over the next 12–24 months as the virus will continue to spread. The models could include the partition of units/floors of hospitals for COVID patients and adhering to strict protocols for testing, PPE, and patient interaction, and for those health systems with geographically proximate acute care facilities, consider dedicating one site as a COVID treatment center while directing "non-COVID" patient care to other facilities.
- Develop new referral sources and ensure timely access to services, to reduce the impact of patients unwilling to access care over the next year, due to safety concerns
- Move quickly to improve efficiency and divest assets that are not core to the organization's strategy or financially viable, to strengthen their financial performance.
- Restructure physician enterprises to serve greater numbers of patients and improve efficiency, by better leveraging the time and effort of their physicians and care teams, while appropriately leveraging telehealth.

1. Restructure Faculty and Ambulatory Enterprise Operations

Serving the large numbers of patients whose care was deferred and restoring some of the revenue lost during this period will require near-term planning, even before this crisis ends. This will require a change in the operating model and culture of the clinical faculty and ambulatory enterprise at many AHSs. AHSs are typically known for innovation, which makes many of them leaders in providing sophisticated care locally, regionally, and nationally. However, that innovation culture and a highly decentralized operating model often results in limited organizational discipline and operational inefficiency.

1 Susan Morse, "House Passes $2 Trillion Stimulus Package: What Now for Hospitals?" *Healthcare Finance*, March 27, 2020.

AHS leaders should think now about how they will operate in the coming months and years to serve this backlog of patients in a timely manner and how they begin to operate with higher levels of customer orientation and productivity over the longer term. While there may be significant short-term activity to serve patients whose care was deferred, many patients will be unwilling to access care due to safety concerns or changed economic circumstances. AHS leaders need to determine how to grow their referral sources as other health systems compete for the same patients.

2. Redesign the Health System's Operating Model

Many AHSs have accumulated assets through mergers and acquisitions but continue to operate more like holding companies than integrated health systems. This situation emphasizes the importance of thinking about how best to use a health system's assets in a coordinated manner to drive clinical, capital, and operating efficiencies. For example, one AHS in a market where the number of new virus cases has not grown dramatically is conducting previously canceled elective surgeries at one of its hospitals while reserving another of its hospitals in the same market for the expected growth in COVID-19 patients.

3. Integrate Operations and Right-Size the Cost Structure

Most AHSs have achieved strong financial performance over the past decade by growing patient volumes and revenues. This crisis may demonstrate that care can be delivered with different staffing models for caregivers, though the sustainability of these approaches needs to be assessed. In addition, the physician enterprise needs to be restructured to reduce costs and expand access. The amount of financial support provided to the physician enterprise has grown more quickly than other costs due to increasing physician compensation, among other drivers. This situation isn't sustainable. At the same time, restructuring care models to make greater use of advanced practice providers, RNs, and others can enable physicians to focus their time on those patients needing physician involvement in their care.

4. Dramatically Expand Virtual Health beyond Video Visits

The COVID-19 crisis has brought virtual health into the mainstream for organizations that previously had not meaningfully invested in this area.[2] However, providing large numbers of video outpatient visits is only a start toward harnessing these capabilities and improving patient experience, outcomes, and efficiency. Most health systems have not built virtual critical care capabilities to manage patients across their network of ICUs. Similarly, health systems with large numbers of rural affiliates can create hub facilities to help staff emergency rooms in settings where it is difficult to recruit physicians and provide specialty care virtually to patients and affiliated providers in disciplines such as infectious disease, endocrinology, genetics, and others.

5. Optimize Future Clinical Network Configuration

The current COVID-19 crisis will create opportunities to affiliate with healthcare organizations that are unable to withstand the short-term economic pressures and view AHSs as attractive affiliation partners. AHSs should think now about what kinds of assets they want to align with to avoid wasting time with opportunistic assessments of potential partners. In addition, funding strategies for these potential transactions should be considered as soon as practical. AHSs will also want to keep in mind the following:

- **AHSs should be cautious when considering hospital and health system affiliation opportunities:** Some community hospitals, particularly smaller hospitals, will not be financially viable and many potential partners will need significant capital investment.
- **Independent physician groups are likely to seek partners, but strategic and economic fit should be carefully assessed:** Similarly, physician office visits have reportedly declined by 40–60 percent during the COVID-19 crisis, which could rapidly increase the number of physicians seeking health system employment.[3] Many

2 For more on expanding virtual health, see Mackenzie Horne et al., "Robots, Chatbots, AI—Accelerating Virtual Health Capabilities for COVID-19," The Chartis Group, 2020.

3 Alex Kacik, "Independent Physicians Push for Expedited COVID-19 Aid," *Modern Healthcare*, March 27, 2020.

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health systems and physician groups have already made the difficult decision to reduce pay, furlough employees, and/or let non-essential clinicians and staff go to stabilize cash flows amidst abrupt revenue reductions. Each AHS needs to assess their physician platform to determine which physician practices would be accretive to align and the desired scale and operating model for its overall physician enterprise.

- **Cross-continuum care providers could represent attractive acquisition or affiliation opportunities to fill network or capability gaps:** Healthcare providers in other sectors of the industry—such as ambulatory surgery centers, home care, rehab, long-term care, and others—may also become available. AHSs need to determine which of these businesses are a strategic fit today and how their role and economics are likely to change in a post-COVID world.
- **Some AHSs might need to seek a strategic or capital partner:** Depending on the duration of the COVID-19 crisis, some AHSs may decide their financial situation requires a strong financial partner that can step in after this crisis passes. The increased number of health plans with provider business units might create new types of alignment and integration opportunities beyond traditional health system mergers.

6. Determine Future University Relationship

Those universities that continue to own or have financial responsibility for their healthcare delivery enterprise are likely to view the financial challenges created by this crisis as the impetus to rethink the appropriateness and sustainability of this model, particularly in light of their own more challenging financial outlook. Over the last decade or more, AHS financial performance has often been a strong positive contributor to the university's financial performance. While the financial risks of healthcare delivery have always been recognized by rating agencies and parent universities, these concerns have been on the back burner due to strong performance until now. Being part of the university often allows the healthcare enterprise to borrow at attractive rates, but the credit spread between AAA-rated universities and AA or A-rated health systems has not been material.

Over the short term, AHSs will need to find ways to reward and recognize the heroic health professionals and support staff who have cared for patients during this crisis. At the same time, these organizations need to identify changes in the clinical enterprise that are required to fulfill their tripartite mission and remain successful over the ensuing months and years. The crisis has surely introduced new challenges and accelerated issues that AHSs and other providers were already facing. When this COVID-19 surge subsides, AHS leadership would be wise to convene their constituents across different forums, both to honor their sacrifices and to discuss lessons learned. Effective design and implementation of the strategies described above should enable AHSs to maintain and advance their leadership role locally, regionally, and beyond.

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