

# EMERGE // Converting the Challenges of COVID-19 into Actionable Opportunities

Quick Hit

## Strategic Implications: How has COVID-19 Impacted Our Long-Term Strategy?

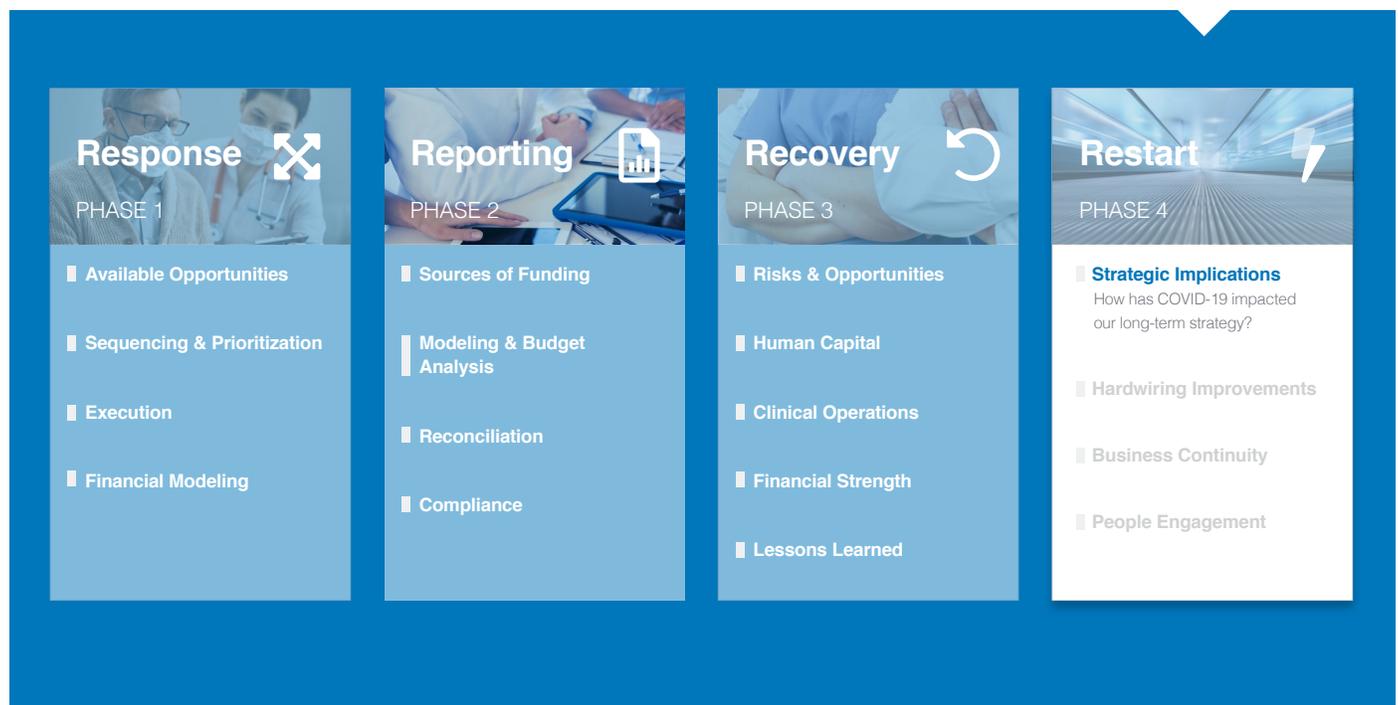
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### Introduction

The disruption and volatility associated with the current global efforts to defeat the worldwide COVID-19 pandemic are challenging the healthcare provider community in unprecedented fashion. The concept of [Transformational Agility](#) as embedded in DHG Healthcare's [Risk Capability](#) perspective has taken on new urgency as organizations must position themselves in a timely and thoughtful manner to identify opportunities, employ risk mitigations and confidently move forward – to a stronger future beyond COVID-19.

Today, we continue our communication series *Emerge: Converting the Challenges of COVID-19 into Actionable Opportunities*. This series dives into the key questions that organizations look to answer as they emerge from COVID-19 in a manner unique to their circumstances and aspirations. Today's communication focuses on Strategic Implications, one of the key elements of the Restart phase of DHG Healthcare's Emerge framework. This topic ties directly to Balanced Revenue Portfolio, Enterprise Sustainability, Targeted Clinical Transformation, Deep Market Understanding and Scalable Technology Analytics, all fundamental priorities of Risk Capability.



## Why It Matters



### Call to Action

Planning for the longer-term is exponentially more difficult today, as the healthcare industry is experiencing profound uncertainty as a result of **new care delivery models, reimbursement complexity, regulatory pressures and potential legislative reform**. This new depth of uncertainty places important new obligations on the enterprise business planning process, including unprecedented consideration of the importance of crucial change management issues amidst complex transformational change.



### Provider Pressures

COVID-19 has magnified the more traditional pressures providers face, such as **increasing expenses, revenue attrition, efficient access to capital, shifts in care settings and new market entrants**. We are observing instances where these (and other) COVID-19 pressures are accelerating provider business model changes; for example, a fundamental case study is evident in the rapid emergence of telemedicine and telehealth delivery platforms, leading to associated market disruption given new reimbursement certainty for those technologies.



### Required Shift in Paradigm

More than ever, providers must think differently about strategic planning and related target operating models to enable a credible longer-term enterprise vision while providing value to their communities and/or other stakeholders in an ever evolving "ecosystem." This requires a framework that integrates **strategic planning and operational excellence on an ongoing basis, continually driving towards an organization's mission, vision and values while navigating constant change**. The "constant change" dynamic is both volatile and fluid and implies a level of foundational organizational assurance that change can be successfully managed on an industrialized basis, as multiple transformational initiatives are conceived, activated and operationalized. In this respect, building "change assurance" into organizational DNA is mandatory for planning success over the foreseeable future.

## Critical Considerations

We believe that health and healthcare organizations (HCOs) must think differently about their long-term strategies to address changes across multiple domains, including the following:

### DEMAND FOR HEALTHCARE SERVICES: What services are we going to provide?

When planning for the types of services to provide in the future, HCOs must wrestle with balancing matters such as the following (certainly not an all-inclusive list):

- Timing and magnitude of ROI by service line / specialty
- The role and accessibility of primary care (including virtual models)
- Ancillaries, diagnostics and vital community services like behavioral health
- The "look around the corner" relative to emergent social matters and related outcomes (e.g., how funding patterns and community need might shift given the current law enforcement funding dialogue)
- The evolving role of advanced analytics in predicting service offerings – targeted to specific patient populations
- The potential of precision medicine, and the technology it requires, to allow for extreme personalization of care plans





## CARE DELIVERY MODELS: How are we going to provide services?

HCOs must consider the possibility of offering services, traditional and new, in alternative settings and through innovative care models. Planning consideration should be given to matters like:

- Shifting patient preference for where services are received (e.g., onsite clinics vs. retail locations and virtual settings)
- Growing awareness of and desire for concierge models of care
- Pursuing telehealth as a strategy for patient acquisition, market defense and improved access
- Moving services to “better” sites of care (e.g., shifting elective procedures to ambulatory environments, hospital at home models) and the technology that will enable this shift
- Rethinking, reconfiguring and repurposing current facility plans (including associated capital planning) to accommodate for evolving care delivery models
- The plethora of players pushing to provide a solution to the need for national interoperability amongst HCOs (e.g., Universal Patient Identifier, Digital Health Passport)



## FUTURE HEALTHCARE LANDSCAPE: Who are the future players?

Market opportunities created by financial uncertainty and regulatory easements may pave the way for a shift in local and national healthcare players as evidenced by:

- Increasing consolidation and collaboration amongst health systems and community providers as market opportunities emerge to acquire smaller systems and physician practices
- Evolving supply and demand market characteristics dramatically altering the physician group and provider landscape (noting the potential as well for acceleration in a post-COVID environment)
- The formation of “non-traditional” partnerships and vertical integration efforts focused on economies of scale and other potential synergies
- The increased role of private equity and purchasers (employers and payers) in dramatically removing cost from the system through Direct-To-Employer offerings, expanding/unique networks, Primary Care Practices and Urgent Care



## DISRUPTORS (AND DISRUPTIONS): What will alter how we think about providing services?

COVID-19 illuminated a myriad of challenges in our national healthcare ecosystem’s preparation to contain a global pandemic and treat patients at the required scale. The lessons learned from the pandemic will drive HCOs to develop strategies that consider the far-reaching implications of the following:

- New market entrants that redefine how providers compete, serve communities and define value – whether through virtual medicine, network niche products and services or pharmaceutical innovation
- Future wide-reaching, high-impact diseases and pandemics
- The ongoing impact of COVID-19 on patients with chronic conditions or pre-existing medical needs
- Emerging healthcare technology platforms targeted across the continuum (e.g., care management tools, robotics and Artificial Intelligence)

## REGULATION AND REFORM: What are the rules we must adhere to when providing services?

HCOs should consider the strategic implications and opportunities associated with the regulatory changes that have emerged in response to the pandemic, such as:

- Regulatory easements, including 1135 waivers, blanket Stark waiver, expanded telehealth codes, FTC and DOJ guidance – all of which are removing legacy market barriers in an unprecedented fashion
- The rigor of future regulatory compliance requirements for provider relief funds, which may either facilitate or hamper organizations from accessing new funding to pursue go-forward operations, strategic initiatives, technological catalysts and capital expenditures

## REIMBURSEMENT: How will we get paid for services?

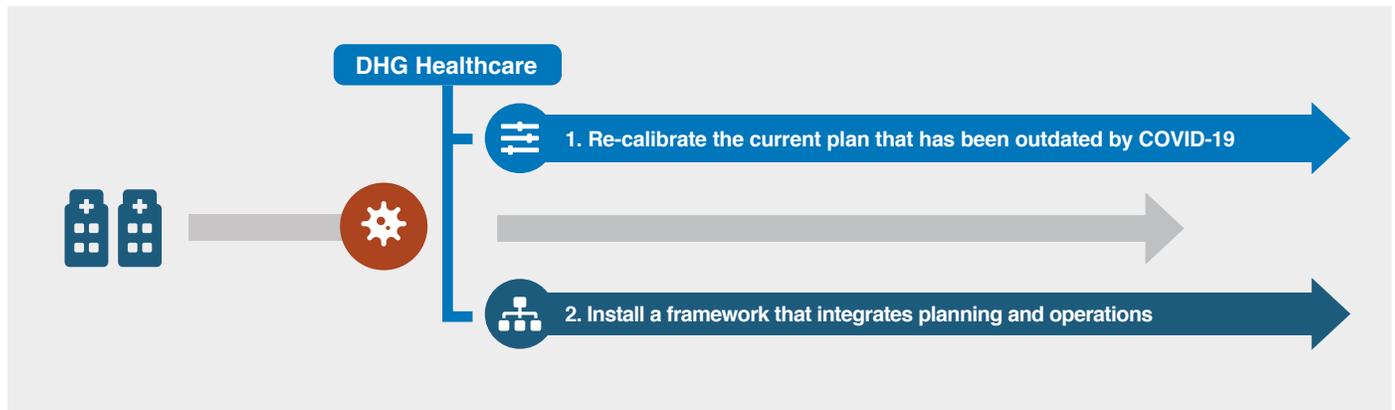
An effective long-term reimbursement and contracting strategy is essential for any HCO and should, for example, take into consideration:

- Collaborating with payers to reconcile short-term and long-term quality and cost impacts due to COVID-19 and amend related policies and structures
- Reimbursement impacts of future utilization, shifts in services, acuity changes and new care models
- Indications from CMS of an expedited shift to value-based reimbursement models
- Appropriate funding commitments to the resources required to execute exceptionally in this area

“ More than ever, providers must think differently about strategic planning and related target operating models to enable longer-term enterprise vision while providing value to their communities...”

## How We Can Help

Healthcare providers find themselves either in the middle of a current three to five-year strategic plan or approaching the turning of their traditional cycle. DHG Healthcare comes alongside organizations to either (1) re-calibrate the current plan that has been outdated by COVID-19; or (2) install a framework that integrates planning and operations and ensures that integration is responsive to the fundamental changes that the pandemic has created.



We do so by providing:



### Evidence Based Insight

Experienced strategic planning professionals that leverage a robust analytics team to provide recommendations in long-term planning.



### Technical Clarity

Subject matter experts across all relevant disciplines to deploy unique skill sets and support all the capabilities needed to develop initiatives.



### Environmental Applicability

National exposure coupled with deep market understandings allow our team to share lessons learned and direct clients to the most appropriate strategies.



### Disciplined Prioritization

Thoughtful and proven approach that deploys a framework enabling our clients to focus on execution of key strategies and work towards achieving their long-term goals.



### Responsible Confidence

A thorough, diligent, collaborative and effective approach – including a dynamic proprietary framework and critical change management tools – that coordinates long-term planning and near-term operational excellence, creating confidence in future success that cascades across organizations and communities.

## Who To Contact For Help:

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