

Healthcare 2022: Overcoming the financial impact of COVID-19

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Abstract

COVID-19 has had a tremendous impact on people around the world as well as on the global economy. It is a topic which cannot be ignored in any healthcare boardroom for the foreseeable future. While the pandemic profoundly transformed global healthcare, it also tested organizational change management processes and tested commitments to customer service and consistently exceeding customer expectations. In our new “disrupt or be disrupted” competitive market, dynamic strategies will portend better patient outcomes and an improved bottom-line.

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1. INTRODUCTION

The worldwide human and economic toll of COVID-19 is the 800-lb gorilla in every healthcare boardroom in 2021; and well beyond. People suffered. Routine, screening, preventive, and elective care volumes dropped. Revenues and operating margins declined. Our workforce, infrastructure, and supply chains were strained. The pandemic profoundly transformed global healthcare, catalyzing unprecedented acceleration in change management processes.

2. Discussion:

Successful organizations responded quickly to the adjust course. Major players demonstrated that agility and large scale need not be a zero-sum game. COVID-19 enhanced our focus on the social determinants of health, advancing health equity, and reducing healthcare disparities. ^[1] Continuously striving to better understand diverse demographics, updated Community Health Needs Assessments (CHNA) will build upon this framework, addressing increased access and other specific and unique community needs. The next phase has already been ignited - unprecedented collaboration with partners toward innovative solutions to help shape our collective ability to navigate from recovering, to thriving in a post-pandemic “new normal.” The silver lining is we can embrace our newfound resilience and our lessons learned, including the consequences of a static business model. We now have a blueprint to help prepare for the next, inevitable, “Black Swan” event. ^[2]

Many institutions are actively undergoing mergers and acquisitions, seeking to expand their sphere and footprint. Consolidation is de-rigueur, having begun well before COVID. The landscape will continue to dramatically change as smaller entities are made offers they just cannot refuse from a business perspective. While some say these evolving monopolies will result in higher prices for patients, others believe patients

may benefit. ^[3] Patients will be able to obtain timely care, close to home, by familiar providers. Research has shown higher rates of adherence to prevention services and treatment regimens when patients are cared for in familiar settings. If specialized care is needed, they can be transferred from these gateway entry points and be seen in the parent institution. Our desire for health equity means reducing as many potential obstacles to receiving care as possible. Keys to sustainable success following a merger are multifactorial, including sensitivity to existing cultures, open robust communication, and extensive collaboration. ^[4] Local and remote stakeholders must help each other understand differences, common goals, strengths, weaknesses, opportunities, and threats. Building successful business models must always focus on the Institute for Healthcare Improvement (IHI) Quadruple Aim: 1) enhancing the patient experience, 2) improving population health, 3) reducing costs, and 4) improving provider well-being. ^[5] While strategically, financially, and operationally aligning those components, be certain to also always assure compliance with your institution’s core values.

Going forward, alliances between healthcare and technology will be more important than ever. Each will bring distinct strengths to the partnership, creating value by combining expertise to save costs, improve quality and enhance the user experience. Data and analytics will guide us to overcoming potential economic and operational uncertainty and ultimately strengthening stability during transformative change. Examples include virtual care and remote work, both now essential components of day-to-day operations.

In the post-COVID era, employees will come to expect more flexibility in their work schedule. This may include the option to work remotely or even simply coming in late

the day after working extra hours. An added benefit is that such gestures of workplace flexibility act as a signal of recognition, trust, and appreciation.^[6] Without a positive culture and high morale, retaining key employees will be increasingly more difficult.

While previously viewed as a threat to healthcare business model, COVID-19 created a need for robust telehealth to care for patients and help offset significant financial losses. This will become universally integrated into the design of services and become a ubiquitous component of effective care delivery. Success will mandate a comprehensive understanding of local policies (malpractice, reimbursement, technological adaptations, cybersecurity, privacy concerns, etc). For expensive or inadequately funded healthcare systems, telehealth provides greater efficiency, better population health, and improved patient satisfaction, engagement, and empowerment, at a reduced cost. More robust patient monitoring, including remote monitoring, also supports the industry's shifting focus from care of the sick toward prevention and wellness. Virtual second opinions will also add value by improving quality of care at reduced cost.^[7] Correctly implemented, telehealth delivers value for patients, families, providers, and payers, improving care delivery while providing strong return on investment.

No money, no mission. Responsible organizations and accountable leaders embrace fiscal responsibility and financial stability. Yet, increased efficiency and reduced expenditures must never occur if they require sacrificing quality and safety. Notwithstanding, evolving payment models will occupy a central place in health policy conversations and initiatives. We must explore the nuances of fee-for-service, fee-for-value, pay-for-performance, bundled care, capitated care, and various managed care payment options.^[8] One of numerous revelations following COVID-19's decreased utilization and financial disruption was the unrealized risk undertaken by relying on fee-for-service as a primary business model. Capitalizing on these opportunities for strategic and innovative payer-provider partnerships and alignment enables all entities to better weather future storms. Positioning organizations for sustainable economic viability requires fully understanding unique payment landscapes.

Long-term planning and sustainability will entail creating a roadmap for the future predicated on bold steps and strategically calculated risk management. We must always foster a culture of inclusion and belonging among an invested and engaged workforce. Active outreach will enable partnering, connecting, and aligning with diverse communities and cultures in a segmented healthcare market. Collecting, analyzing, leveraging, and reporting data central to operations will be critical. Metrics to be monitored include the expected financial performance and quality outcomes, but also patient satisfaction and employee wellness. Tracking key performance indicators and critical determinants of success embraces accountability and identifies gaps where opportunities exist for improvement.

We will embrace and nourish harmonious relationships, and continuously explore partnerships and collaboration across sectors, organizations, industries, payers, and government agencies. There will inevitably be disruption from novel services provided by competitors, including both incumbents and new entrants. To capitalize on market opportunities, our planning and operations must remain creative, nimble, and flexible.

Healthcare is a low margin industry. Optimizing a business model and comprehensive marketing strategy will mandate

creating opportunities, increasing demand for services, and establishing reliable referral patterns. Our market position will be strengthened by consistently delivering value, which we identify as great outcomes (quality, safety, patient-centric care, unmatched patient experience and patient satisfaction) at a fair cost.^[9]

Leadership is ultimately accountable for the critical decisions and transformational innovations. As Henry Ford opined, "if I had asked my customers what they wanted, they would have said faster horses." Steve Jobs followed up with, "it's not the customer's job to know what they want." Yet, to a significant extent, the needs of our patients is still what drives a significant component of innovation in products and services. Their goals influence the development of clinician-patient interactions. Their demand drives care delivery by partners, across geographies. Their expectations drive the transition from paternalistic transactional encounters to holistic, customer-driven, transformational ones. Consensus-driven alignment and coordinated processes will support the necessary work of implementing sustainable solutions to enhancing value for those seeking our care.

Merging existing and new resources will prime a robust system that promotes access, eliminates barriers, and seamlessly connects all people to the care they need. Teams of stakeholders will discover new pathways to positively influence the healthcare landscape. We will deliver novel pragmatic transformational solutions, streamlined operations, modern delivery systems, and optimized outcomes.

3. Conclusions:

A great patient experience requires a commitment to customer service.^[3] Treat your customers the way they didn't even know they wanted to be treated. Provide them with products and services they didn't even know they wanted.^[10] Generate loyalty by consistently exceeding customer expectations. In our "disrupt or be disrupted" competitive market, these strategies and our commitment to action portend better outcomes and an enhanced business bottom-line.

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