Rising to the Challenge
Insights and Innovations for Healthcare Pandemic Recovery

Summer 2021 White Paper

ache.org
Introduction

The COVID-19 pandemic has brought with it many challenges for the healthcare field, including considerable financial and other hardships. This white paper highlights how a variety of healthcare organizations have navigated—and continue to navigate—through these challenges. The healthcare leaders featured here discuss their organizations’ responses to the pandemic in relation to fluctuations in care utilization and capacity management, the movement toward consumerism, changing approaches to infrastructure demands, health equity and access to care, and other trends. They also share successful recovery strategies and innovations that they plan to carry forward in the post-pandemic environment.

Navigating Financial Challenges from the Pandemic

The COVID-19 pandemic has been financially devastating to all types of healthcare institutions, from independent rural community hospitals to large healthcare delivery systems. Deborah J. Bowen, FACHE, president and CEO of the American College of Healthcare Executives (ACHE), describes the difficulties encountered by these institutions: “Healthcare leaders are not only recovering from what has been one of the most devastating healthcare crises in recent history, but they have also had to address the significant financial setbacks that their hospitals and health systems have experienced because of the pandemic. Ensuring that they remain viable, sustainable organizations that serve our communities while improving access for vulnerable populations remains a priority. For this reason, it has never been more important for member-serving organizations like ACHE to provide a home for shared problem-solving, learning, and solutions to support healthcare leaders as they navigate these challenges.”

Peter Selman, FACHE, CEO of Baptist Medical Center South, concurs, stating, “You almost can’t be too hyperbolic about the challenges that hospitals across our nation have faced. COVID-19 has been the ultimate test for our health system.” COVID-19 cases halted elective surgeries at many hospitals and health systems. They also had to purchase additional equipment, rapidly deploy telehealth solutions, and respond in other ways that impacted their finances.

David L. Schreiner, FACHE, president and CEO of Katherine Shaw Bethea Hospital, an independent rural community hospital, points to the extreme difficulty hospitals have had during the pandemic in adjusting their capacity to respond to fluctuations in patient load. He adds that Katherine Shaw Bethea lost $12.8 million in calendar year 2020. Financial challenges included a loss of approximately 40 percent of volume in the second and third quarters of 2020 from cancellation of elective procedures. The hospital also spent millions of dollars earlier in 2020 for a COVID-19 surge that did not occur until late 2020 to early 2021. In addition, it spent a significant amount of money on items such as negative air pressure systems and personal protective equipment.

Speaking from a community rural segment perspective, Mitchell Clark, senior vice president of Cerner, says: “We’ve basically had to, in a very short amount of time, reimage almost every area of our business, from how we support the client, to how we implement solutions, to how we educate people.” Costs were associated with implementing virtual registration and scheduling and operationalizing the organization to allow nonessential associates to work remotely, which necessitated additional technical support.

To handle high COVID-19 hospitalization rates, Banner Health, the largest healthcare delivery system in Arizona, made a number of adjustments that had financial implications. Becky Kuhn, FACHE, Banner Health’s COO, states that most of the system’s pandemic-related costs were related to labor. The system brought in 2,500 external nurses to help the state of Arizona manage the crisis. Nathan Shinagawa, FACHE, COO of Banner Health’s Ocotillo Medical Center, notes that bringing on premium labor to deal with the pandemic has created significant financial liability because the duration of patient surges and of the pandemic itself are unknowns. To cut costs, Banner Health reduced the salaries of senior-level leaders for a time and offered sabbaticals to individuals. And to avoid layoffs, the system redeployed many team members, moving some from ambulatory services to different care facilities and others from the corporate office to local hospitals.

William Feaster, MD, chief health information officer at Children’s Hospital of Orange County (CHOC), mentions that although some organizations cut expenses through reductions in force, CHOC, like Banner Health, did not lay off nonclinical workers but instead redeployed them—for example, to perform patient screenings. In addition, CHOC is supporting efforts to house and screen migrant children at the Long Beach Convention Center. CHOC has incurred expenses in implementing community vaccination clinics as well as vaccinating its employees and provided employees with childcare while at work. CHOC was strong financially before the pandemic and has been able to absorb the losses incurred by this added burden.

Fluctuations in Care Utilization and Capacity Management

Capacity management is one of the areas where hospitals have been hit the hardest during the pandemic. In dealing
with influxes of intensive care unit patients to significant drops in routine care utilization, they have had to design creative strategies to deal with the fluctuations and imbalances.

For example, Baptist Medical Center South, a large urban safety-net hospital, typically operates at 100 percent or greater occupancy. In January 2021, during its most severe spike in COVID-19 cases, the medical center had 80 to 90 COVID-19 inpatients a day along with approximately 35 convalescent patients and 70 ventilated patients. It was also boarding 90 to 100 patients per day in suboptimal, nontraditional areas as a result of the inpatient bed shortage. In response, Baptist converted outpatient areas and waiting rooms to inpatient units to give those patients improved privacy and safety. When elective and nonessential procedures were suspended to preserve resources, the hospital redeployed those team members to support its COVID-19 testing sites, monoclonal infusion clinics, and vaccination sites.

To address its capacity concerns, Banner Health implemented a “capacity cabinet” composed of individuals who considered each facility’s bed capacity, staffing, resource availability, and equipment availability in determining where to place patients. In the Phoenix market, where the system has multiple facilities of different sizes, it designated certain ones as tier 1 facilities that it would use most. Although moving patients from one facility to another to better balance patient load required a great deal of infrastructure adjustment and decision-making, this was more effective than attempting to move staff.

Brenna Quinn, senior vice president of enterprise solutions at Cerner, stresses the need to involve government agencies more in crisis planning, as inconsistent decisions and policies across locales have created confusion and care delivery challenges during the pandemic. Quinn says healthcare providers must proactively “manage up” by including state and local officials in tabletop disaster planning and helping to establish standards for industry oversight organizations.

Changing Approaches to Capital Budgets and Infrastructure Plans

How has the pandemic impacted healthcare leaders’ thoughts on capital budgets and infrastructure plans? Selman of Baptist Medical Center South responds that “improving our overall net position annually and maintaining a strong, stable position with independent rating agencies will be key as we explore necessary and strategic capital projects in the future.”

To reduce the number of people who had to enter patient rooms and better leverage hospitalist and emergency physician resources, Banner Health set up telehealth services in its inpatient rooms and the emergency department, resulting in more than 1,000 endpoints of added capacity of telehealth. From an infrastructure standpoint, Kuhn explains, telehealth must be managed and maintained. And while Banner Health continues to put capital investment into new hospitals, she has found that design flexibility is more important than ever since the pandemic began. For example, depending on patient load, hospitals might need to accommodate two people in a room rather than one.

Banner Health’s Shinagawa also sees technology constituting a bigger share of capital investments in healthcare systems going forward. He adds that emergency department volume decreased at his hospital during the pandemic and may never return to prepandemic levels. Consequently, flexibility must be built into the design process.

Impact of the Pandemic on the Movement Toward Value-Based Care and Consumerism

The trends toward value-based care and consumerism have not been pushed aside by the COVID-19 pandemic. Healthcare leaders in a variety of settings believe these growing movements are affecting the financial health of hospitals, healthcare systems, and the healthcare sector as a whole.

After its research showed that patients have a great deal of respect for their physicians, Katherine Shaw Bethea Hospital “went virtual in a really big way,” according to Schreiner. The hospital’s physicians have presented information on COVID-19 and other health concerns to the community through a variety of delivery methods, including videos, FaceTime, social media, and online programs. It also advanced a proactive approach in educating its workforce about the latest developments in the pandemic. The organization’s goal continues to be to ensure that people feel connected, hear relevant news from the hospital first, and receive a consistent message about best practices to stay healthy.
According to Schreiner, the pandemic “gave a high number of people a reason to not have healthcare they never enjoyed receiving in the first place.” In the hospital’s rural community, for example, the pandemic gave a busy farmer who might have put off a wellness exam or colonoscopy a new excuse to delay it. As its community’s healthcare leader, the hospital’s role is “to continue that education, give them what they need to make their own decision,” Schreiner says. Although the hospital launched telehealth about three months before the pandemic began, the pandemic spurred it to “do things with telehealth that we thought would take us three years … in three weeks,” he adds.

At Baptist Medical Center South, the acceleration of telehealth services in inpatient and ambulatory settings is a major strategic priority for the hospital. Selman explains, “We used a virtual nursing platform earlier during the COVID-19 crisis to put more clinical resources at the bedside. It had a huge impact on patient safety and patient experience, so we are implementing it throughout our facilities.” Although the associated clinical and information technology infrastructure requirements are “enormous and expensive,” the hospital must strive to meet the changing needs of consumers.

“Patients are consumers of healthcare. They want availability outside of ‘regular’ hours—across the board—including access to care as well as ability to schedule and pay for treatment and convenience.”

Brenna Quinn
Senior Vice President, Enterprise Solutions
Cerner

organizations must be better prepared for emergency situations in terms of volumes, equipment, staffing, shifting of workloads or roles, and work-life balance.”

Before the pandemic, Banner Health embraced consumerism not only to serve patients’ direct needs but also to support its risk-based population health approach. Anticipating that patients will continue to seek lower-cost options, the system has opened dozens of urgent care locations, and the number continues to grow. It has also partnered with other providers and offers ambulatory physical therapy and imaging services in its communities. Although there is significant revenue differential associated with providing such services, the health system’s goal is to keep patients in its fold. Having an electronic health record (EHR) platform serves its patients well and helps to keep them within Banner Health’s network.

Banner Health has also been in the managed care business for some time. It owns a Medicaid plan, recently launched a wholly owned Medicare Advantage plan, and has a joint venture with Aetna on a commercial plan. According to Kuhn, enterprise-wide, more than 20 percent of the company’s revenue comes from population health management, and it anticipates that number increasing to 40 or 50 percent.

Cerner’s Clark feels that the pandemic has highlighted the role of the critical access hospital and the importance of its services in rural areas. He explains that healthcare organizations need CRM (customer relationship management) tools that engage patients and residents in their communities. When elective surgeries were put on hold during the pandemic, organizations that had tools in place to stay in touch with consumers could more easily contact them to reschedule. According to Clark, the pandemic “really exaggerated the real need that was already there: to have a connection to those folks in their community, no matter where they presented themselves.” He believes this need will only be elevated in the future.

Richard J. Flanigan, FACHE, Cerner’s senior vice president, states that the pandemic has revealed that consumers’ loyalty to their physician, health system, and even health insurance companies is not as strong as one might think. “COVID has changed everything,” he says. “It is the societal reset for healthcare.” He believes that with personal health records, patients eventually will no longer have to rely solely on their providers to be their fiduciary for their health and medical information.

“Organizations must take accountability for the health of their community, embracing risk and taking on business models that allow them to have some relationship with the marginalized members of their community, embracing the consumer business model, and moving away from a pure B2B model.”

Richard J. Flanigan, FACHE
Senior Vice President & Cerner Brand Ambassador
Cerner
Intersection of Health Equity, Access to Care, and Financial Health

Tackling the disparities in access to and delivery of healthcare “is both an ethical and business imperative,” says ACHE’s Bowen—particularly during a crisis such as the pandemic. “Healthcare leaders are uniquely positioned to close the gap in disparities for all through their plans, words, and actions. Strong organizational leadership, at the governing and leadership levels, that is representative of the community will better position organizations to meet the needs of those they serve. Providing opportunities for leaders to connect with and learn from one another through education and networking is critical to ensure that DEI [diversity, equity, and inclusion] initiatives are integrated into the fabric of organizational health in every way.”

Hannah Luetke-Stahlman, director of social care at Cerner, also believes health equity is important as viewed through the post-pandemic financial recovery and organization health lens. “Equity is about caring for the whole person, ensuring everyone has a fair and just opportunity to be as healthy as possible,” she explains. “When we care for the whole person, we see their health and quality of life improve. When their health improves, there is also then a reduction in unnecessary hospital utilization, avoidable emergency department visits, and improved patient and family satisfaction—all improving overall health outcomes while also lowering cost.”

In matters of health status, outcomes, and access, Flanigan explains that an individual’s ZIP Code—more than race or ethnicity—is the critical factor. “Equity is about outcomes,” he says. “We should expect that citizens should have access to a set of healthcare services that is based on their humanity, not based on their ZIP Code or anything else.” He believes healthcare organizations should have a community engagement strategy to ensure an equitable system of care. That point is particularly important to consider when navigating through a healthcare crisis.

Continuing in that vein, Gayle L. Capozzalo, FACHE, executive director of The Equity Collaborative, stresses that providing access to care also means developing partnerships with community-based organizations that serve and have the trust of individuals in a given hospital’s catchment area. Forming these partnerships, she says, allows healthcare organizations to “do what they do well, and at the same time support those that are successful in providing education and addressing the interplay between the socio-emotional and physical aspects of health.”

Information technology plays an important role in health equity efforts. It creates a data collection, management, and processing method that is both consistent and fair. Although the concept of addressing determinants of health is not new, it is increasingly becoming a high priority for Cerner’s clients.

Cerner focuses not only on its technology products and services, but also on community investment and engagement, policy, and research. Developing improved measurement as it relates to determinants of health and inequities also is vital. “If we’re going to be successful as an industry in addressing real-world health and racial disparities, we have to invest our time and resources changing the systemic policies and systems that have created the multifaceted challenges we face today,” Luetke-Stahlman says.

Bowen adds: “At the end of the day, patients are looking for high-quality, safe, and affordable care that they can easily access. Healthcare leaders and trustees that fully commit to create safe, equitable, and effective care will invariably foster a culture that is driven to do what’s best for patients every day, every time. This includes fully evaluating where disparities exist, and systematically and diligently addressing them. To deliver on these commitments will also require the full support of leaders to invest in building a resilient workforce that reflects the communities they serve.”

Capozzalo agrees. “We know that organizations are more innovative and profitable and can create more inclusive cultures of belonging when their leadership is diverse. And that means gender, color, and ethnicity,” she explains. To truly address the issue of equity in healthcare, organizations must review what they are doing structurally and culturally to ensure diversity in their own ranks because, as Capozzalo notes, “We aren’t as innovative when we all come from the same place.” As the pandemic has proven, innovation is crucial for institutional survival.
Innovations and Successes That Will Carry Forward

Amid the many difficulties during the pandemic, many healthcare organizations also have success stories to share. The healthcare leaders featured in this white paper believe that the innovations that have come out of the pandemic are here to stay, or at least will influence the post-pandemic healthcare arena.

Cerner’s Quinn succinctly points out that healthcare sector successes during the COVID-19 crisis have included creative ways to care for people outside of hospitals and provider offices. Shinagawa characterizes the rapid deployment of telehealth at Banner Healthcare as a huge advance. Although the telehealth program was based on existing technology, the pandemic forced its roll-out to all of the system’s 30 hospitals within a few weeks—successfully. The pandemic pushed the system to use its existing technology in new ways. Another important change born from the crisis is the fact that the public, and Banner Health’s own nonclinical staff, truly recognize providers as healthcare heroes. Shinagawa hopes that mindset is maintained in the future.

Kuhn reiterates that corporate redeployment has been a major success but also emphasizes how Banner Health greatly improved communication with remote employees during the pandemic by holding virtual town hall meetings to explain what was happening in the organization. Its technology platform supported events for up to 2,000 participants. Banner Health has used a range of different channels for communication during the pandemic, which it wants to continue to use in the future. Kuhn also lauds the health system’s enterprise-wide efforts to deliver more than 400,000 vaccinations in its communities. Its process engineers were deployed to every site to help determine how to continuously improve efforts in this area.

The virtuality of care delivery is seen as potentially the biggest pandemic-related innovation that will carry forward, according to Clark. As he explains, “Organizations that already had their toe in the water with virtual health capitalized on being able to quickly mobilize the opportunity to see patients to provide some chronic disease care and monitoring as well.”

The COVID-19 pandemic has also prompted healthcare organizations to proactively communicate with their communities. CRM that allows providers to reach their constituents is still evolving in healthcare, especially in rural America. According to Clark, Cerner’s expansion of service lines into new population areas will continue in the post–COVID-19 world. Clark explains that the pandemic has served to solidify Cerner’s commitment to provide “an open and seamless exchange of information—across the county and across the country. That’s something good that’s going to come out of a horrible thing.”

Dr. Feaster cites CHOC’s transformation of the care delivery model as an innovation that has altered its consumers’ expectations. “People want care delivered in different and more convenient ways,” he explains. They can see that they do not necessarily have to go to emergency department or a doctor’s office to get care.

Quinn notes that the pandemic has also affected healthcare organizations’ revenue cycle, resulting in declines from deferred or delayed care, the accelerated incursion of alternative venues of care, and the need for greater effectiveness and efficiency. Organizations must be agile and resilient to take on new billing requirements for telehealth and COVID-19 coding. She says, “We need to speed the reduction of administrative overhead, leverage automation, and work with payers to collaboratively develop policies that enable that automation.” She sees the acceleration of bots/robotic process automation as both a cost lever (the pre-COVID strategy) and as a post-pandemic business continuity strategy. Bots can be used to mitigate risks from workforce disruptions such as staff furloughs. Other innovations from the pandemic that will continue going forward include improved supply-chain management and distribution across health sectors, as well as increased collaboration with nontraditional providers.

Schreiner of Katherine Shaw Bethea Hospital points to the continuing importance of small hospitals’ agility in a quickly changing environment. For example, his was “one of the very first hospitals in the country to do a drive-through COVID clinic. We were doing testing as early as anyone nationwide.” Another capability highlighted by the pandemic which will continue long-term is the virtual meeting, which allows leaders to immediately gather more complete and robust feedback from the people who know the most about hospital work, including volunteers, board members, and community committee members, Schreiner suggests.

Schreiner sees another positive effect of the pandemic: the blurring of the lines and arrows on the hospital organizational chart, which can serve to raze silos. For example, nonclinical workers at Katherine Shaw Bethea Hospital were deployed to answer phones, which indicated the importance of cross-training in the future.

Long-Term Strategies to Create Financial Stability and Growth

Our panel of healthcare leaders have put in place multiyear strategies to create financial stability and growth in their organizations beyond the pandemic.
> **Mitchell Clark** of Cerner says the pandemic has shone a light on the fact that many organizations were unprepared for the crisis. “Organizations need to have a long-term plan,” he says. He also believes that hospitals’ connections with their consumers and communities must continue to flourish. In addition, analyzing data has allowed organizations to predict issues much better than ever before, which will be critical if another disaster occurs in the future.

> **Richard J. Flanigan, FACHE**, of Cerner believes “the successful healthcare organization will be much more of a risk-bearing organization and will either have to develop the competencies of insurance, managed care companies, or have strong partnerships with those managed care companies.”

> **William Feaster, MD**, mentions that although CHOC had plans to ramp up its telehealth program before the COVID-19 pandemic began, those efforts were put into high gear once the crisis hit. CHOC rapidly pivoted to telehealth, creating templates within its EHR system for recording visits and developing processes in its ambulatory environment to schedule and manage those visits. Fairly large investments in telehealth infrastructure will continue. “We have to make sure that we put the tools in place to continue to provide high quality care at a distance,” he explains.

He says, “About 20 percent of our specialty visits and 10 percent of our primary care visits are telehealth now and will likely remain at those numbers moving forward. Some visits like minor acute illnesses and follow-up visits are appropriate for telehealth, and others like initial consultations are not.”

“We have to make sure that we put the tools in place to continue to provide high quality care at a distance. With telehealth, we have the opportunity to expand our market beyond our normal geography.” As a result, Feaster believes competition for patients will heat up in the future, and therefore the organization that provides the best telehealth services will likely win market share.

CHOC also is developing a digital patient and experience application that aligns the organization better with its patients and helps them to digitally complete both pre- and intra-visit activities on their mobile devices. “[Organizations that can transform] the quickest and the best are going to be the most successful,” he says.

Likewise, facility planning and ambulatory care needs for the future will need to be rethought, Dr. Feaster adds. In addition, specific to children’s hospitals, he sees the need to dedicate resources to better understand disease and innovate future pediatric care.

> **Becky Kuhn, FACHE**, states that Banner Health is focused on growth while ensuring that it is managing its expenses as effectively as possible. Initiatives emphasize managing expenses and reducing staff turnover, both of which have been elevated during the pandemic. The system is also striving to make wise investments. She says, “[Banner Health’s] goal is always to reduce variation that will improve clinical quality and improve operational performance, whether at a 25-bed critical access hospital or a 700-bed, academic medical center.” Having one EHR platform—one approach—will continue to be Banner Health’s success factor and allow it to respond quickly to future changes.

> **Brenna Quinn** of Cerner stresses that organizations should realize “the need to continue the momentum for change created by the pandemic” in their long-term strategic efforts. She also suggests investing in productivity tools to enhance the virtual workforce and changing the way healthcare is delivered by moving to more proactive model. According to Quinn, the post-pandemic environment will include the growth of consumer engagement capabilities, artificial intelligence (AI) across the continuum of healthcare and greater use of analytics, AI, and automation to drive an organization’s margin.

> **J. Peter Selman, FACHE**, of Baptist Medical Center South offers this summary: “The COVID-19 pandemic has taught us a lot of lessons about the procurement of supplies, equipment, medications—and emergency preparedness in general. But the Number One lesson we have learned is that our greatest financial (and reputational) risk is the inability to recruit and retain the best people, especially in a time of crisis when our community depends on us. Invest in your people and the return will follow.”

**Conclusion**

Although the COVID-19 pandemic had a devastating effect on all aspects of life, especially healthcare, healthcare organizations have risen to the challenge, quickly adopting creative strategies to address both their patients’ health and their organizations’ financial health. From rapid implementation of telehealth services, to managing capacity requirements, to communicating with their communities, healthcare leaders have played a significant role in designing plans to address the pandemic’s effects at their institutions.

The healthcare leaders who contributed to this white paper faced these obstacles in many different ways. Their shared insights and approaches to dealing with such a crisis pave the way for other leaders and organizations to navigate effectively when faced with similar circumstances.

As Bowen shares: “ACHE is enormously thankful to our colleagues, members and partners for their vigilance in serving patients. There is no doubt that leaders working together and learning together will advance health outcomes for all.”
Contributors

1. Deborah J. Bowen, FACHE, President and CEO, American College of Healthcare Executives
2. Gayle Capozzalo, FACHE, Executive Director, The Equity Collaborative
3. Mitchell Clark, Senior Vice President, CommunityWorks, Cerner
4. William W. Feaster, MD, Chief Health Information Officer, Children’s Hospital of Orange County
5. Richard J. Flanigan, FACHE, Senior Vice President & Cerner Brand Ambassador, Cerner
6. Becky Kuhn, FACHE, Chief Operating Officer, Banner Health
7. Hannah Luetke-Stahlman, Director of Social Care, Cerner
8. Brenna Quinn, Senior Vice President, Enterprise Solutions, Cerner
9. David L. Schreiner, FACHE, CEO, President, Katherine Shaw Bethea Hospital
10. Peter Selman, FACHE, CEO, Baptist Medical Center South
11. Nathan Shinagawa, FACHE, Chief Operating Officer, Banner Ocotillo Medical Center

American College of Healthcare Executives is an international professional society of more than 48,000 healthcare executives who lead hospitals, healthcare systems and other healthcare organizations. ACHE’s mission is to advance our members and healthcare leadership excellence. ACHE offers its prestigious FACHE® credential, signifying board certification in healthcare management. ACHE’s established network of 77 chapters provides access to networking, education and career development at the local level. In addition, ACHE is known for its magazine, Healthcare Executive, and its career development and public policy programs. Through such efforts, ACHE works toward its vision of being the preeminent professional society for leaders dedicated to advancing health.

Cerner’s health technologies connect people and information systems at more than 27,500 contracted provider facilities worldwide dedicated to creating smarter and better care for individuals and communities. Recognized globally for innovation, Cerner assists clinicians in making care decisions and assists organizations in managing the health of their populations. The company also offers an integrated clinical and financial system to help manage day-to-day revenue functions, as well as a wide range of services to support clinical, financial and operational needs, focused on people. For more information, visit Cerner.com, The Cerner Blog, The Cerner Podcast or connect on Facebook, Instagram, LinkedIn or Twitter. Nasdaq: CERN.