

# COVID-19 BUSINESS IMPACT REPORT

## KEY FINDINGS

Indiana physicians were surveyed to gauge the business impact of the COVID-19 pandemic on medical practices across the state. The results are alarming and reveal a significant drop in patient visits and the challenges facing Indiana's economy and the overall health of Hoosiers.

### *The Strain on #HoosierDoctors and the Health Care Teams they Lead*

#### **PATIENT VOLUMES AND REVENUES**



**82% of physicians** estimate more than **40% decrease** in patient visits and revenues.

#### **TELEHEALTH**



**71% of physicians** use some form of telehealth including phone only, video app or a combination.

#### **HEALTH CARE STAFFING**



**73% of physicians** report reducing staff hours or temporary layoffs. Of those, **over 50%** anticipate eliminating positions within the next two months.

### **AT RISK: THE HEALTH OF INDIANA'S ECONOMY**

Jobs (Direct/Indirect):

**157,522**

Economic Output:

**\$26.4 Billion**

Wages & Benefits:

**\$12.8 Billion**

State & Local Tax Revenue:

**\$895.8 Million**

Source: 2018 AMA Economic Impact Study on Indiana

May 1, 2020

## **BACKGROUND**

The Indiana State Medical Association, the largest physician organization in the state, distributed an online survey to more than 8,500 members to gauge the potential business impact of the COVID-19 pandemic on Hoosier physicians and their medical practices, which employ tens of thousands of health care workers.

ISMA conducted the survey in partnership with the **Indiana Medical Group Management Association (MGMA)** to determine the current and future effects of the stay-at-home order and other social distancing requirements to prevent further exposure of the novel coronavirus. Survey questions were designed to explore patient volumes, practice revenues, impact on medical staff and other issues that could decrease the public's access to care.

The results of the survey are intended to better inform federal and state government officials, as well as guide ISMA efforts to develop solutions that would be beneficial to doctors and the patients they care for.

## **We are #INthistgether**

ISMA is firmly supportive of the actions taken by Governor Eric Holcomb and the health care officials advising his administration.

Their directives have been critical to the medical community's ability to prevent the spread of COVID-19, and, at the same time, allowed doctors to safely and effectively offer treatment for patients suffering from illnesses and conditions that are unrelated to the coronavirus.

While Hoosier doctors are a critical driver of Indiana's economy, the viability of these practices will ensure patients continue to have access to preventive health care services, such as important screenings and procedures. **Our physicians and their employees are necessary to sustain the overall health of Hoosiers – today, tomorrow and in the years to come.**

## **ABOUT THE SURVEY**

**The survey was launched on April 9 and closed on April 26. More than 550 respondents completed the survey for a margin of error of +/- 4% at a 95% confidence interval.**

## ***THE PRACTICE OF MEDICINE DURING COVID-19***

The COVID-19 pandemic in Indiana has quickly changed the way Hoosiers live, work and learn. In an effort to prevent community spread of the novel coronavirus and “flatten the curve” of infections, Hoosiers also have changed the way they seek care and interact with their physicians.

The doctors themselves have had to alter how they treat their patients, staying abreast of the latest policy changes and best practices to protect those they care for despite limited supplies of personal protective equipment (PPE).

Federal and state regulators have allowed greater flexibility in the use of telemedicine during the public health emergency. Medicare, Indiana Medicaid and some insurers are reimbursing doctors for patient visits over the phone as if they were treated in an office. And yet, many Hoosiers are choosing to skip their doctor appointments altogether. Those insurers that only cover interactive audio-and-video services are unintentionally cutting off access to care for older and low-income Hoosiers who lack the technology or the comfort level to seek care using a smartphone or computer capable of video conferencing.

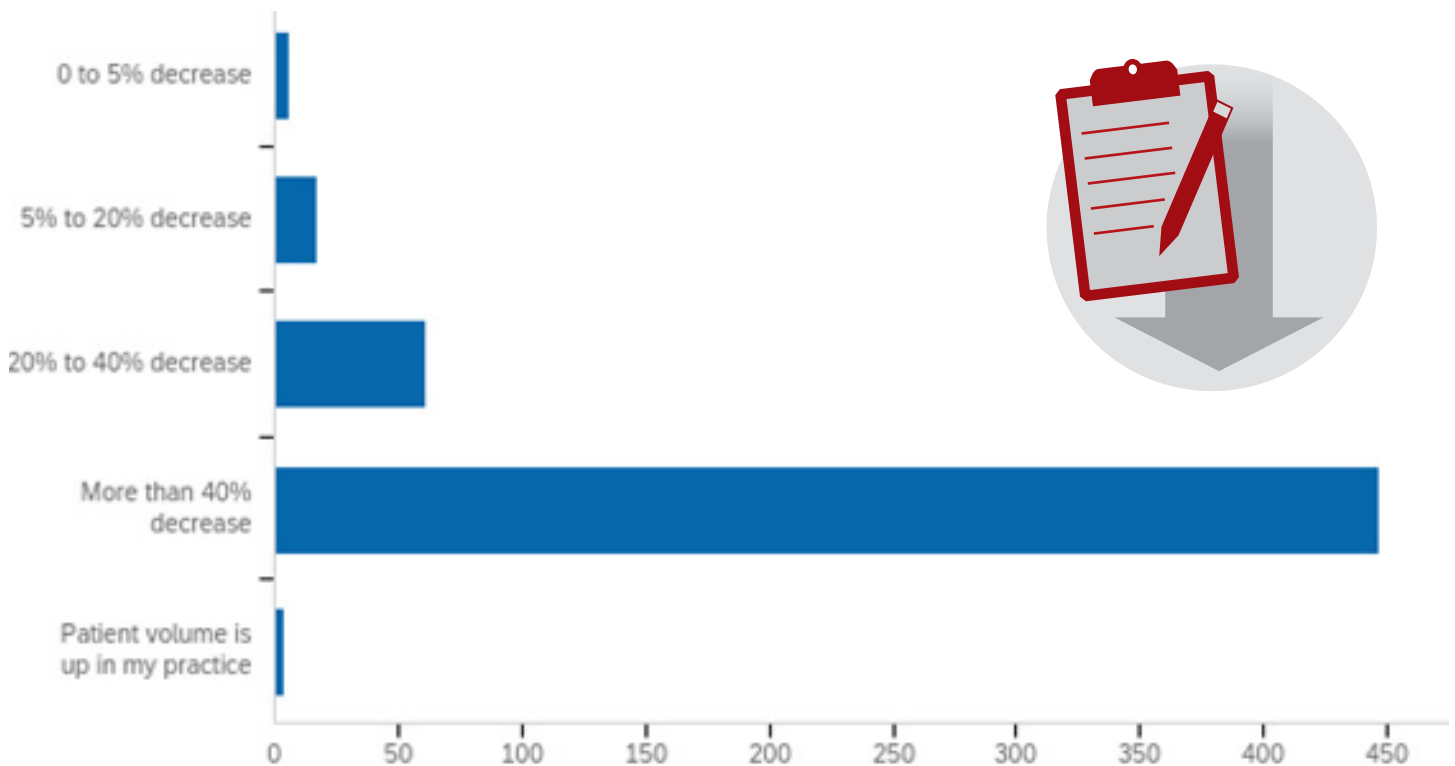
Meanwhile, most elective medical procedures were canceled starting in March to preserve PPE and other supplies that are needed by doctors on the front lines treating COVID-19 patients. Many of these offices essentially shut down, reduced hours and furloughed or laid off workers as a result.

Physicians are now relieved that elective procedures are gradually being reintroduced through Gov. Holcomb’s updated executive orders. However, the continued lack of PPE could still be a barrier preventing some offices from returning to normal operations, and patient volumes will likely be reduced for an extended period of time due to COVID-19.

## ***PATIENT VOLUMES AND REVENUES***

More than 80% of practices report a decrease in patient volumes and associated revenues of 40% or more. Some respondents mentioned an 80% to 90% loss in revenue and the potential closing of their practices.

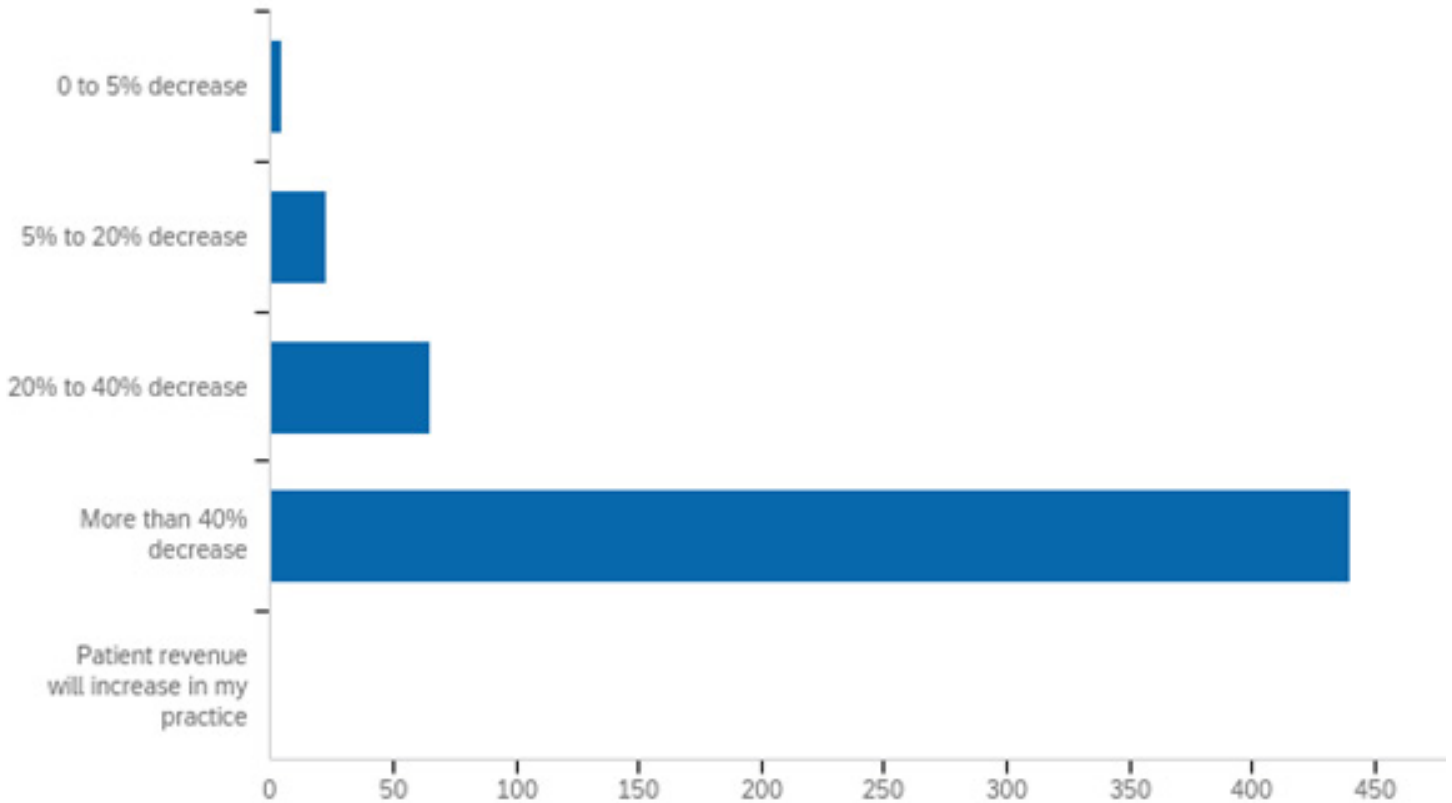
### **Percentage by which patient visits (or patient encounters) have decreased**



0 to 5% decrease	1%
5% to 20% decrease	3%
20% to 40% decrease	11%
More than 40% decrease	84%
Patient volume is up in my practice	1%

## ***PATIENT VOLUMES AND REVENUES***

### Percentage by which patient revenues have decreased



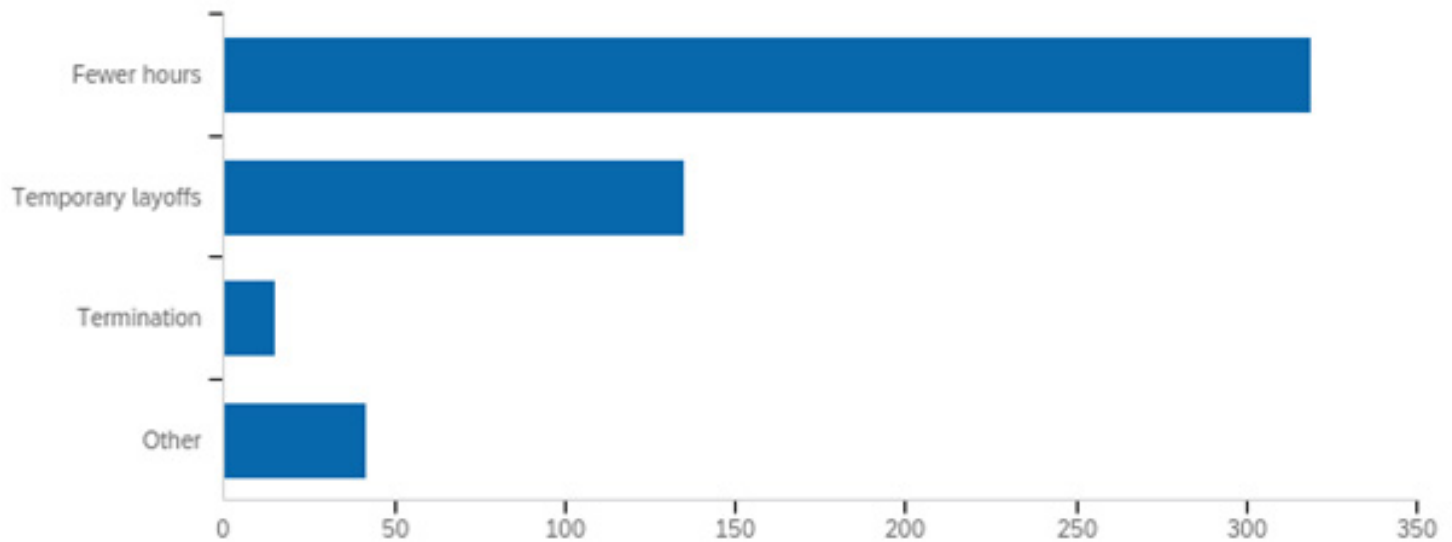
0 to 5% decrease	1%
5% to 20% decrease	4%
20% to 40% decrease	12%
More than 40% decrease	82%
Patient revenue will increase in my practice	0%

## HEALTH CARE STAFFING

A full 73% of practices report reducing staff hours or positions. Out of these, 26% have instituted temporary layoffs; however, 3% have terminated employees altogether.

Looking ahead, slightly more than 50% of practices anticipate reducing staff positions over the next several weeks to two months if the reductions in patient volume continue.

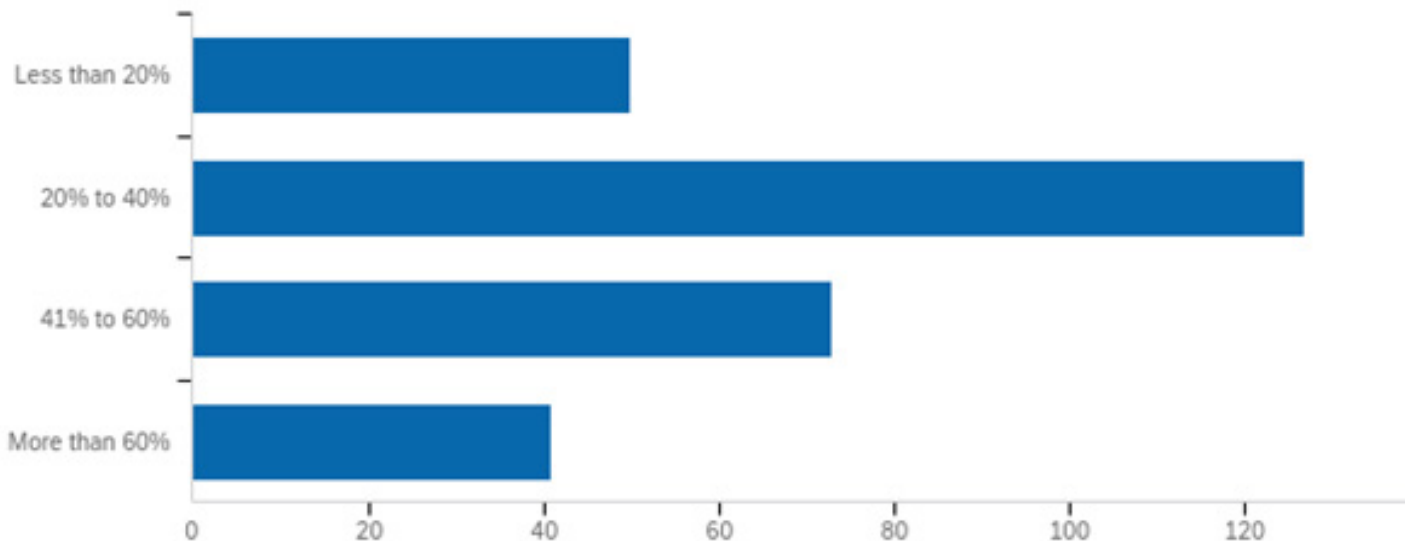
### How have you reduced staffing?



Fewer hours	62%
Temporary layoffs	26%
Termination	3%
Other	8%

## HEALTH CARE STAFFING

By what percentage have you reduced staff hours?

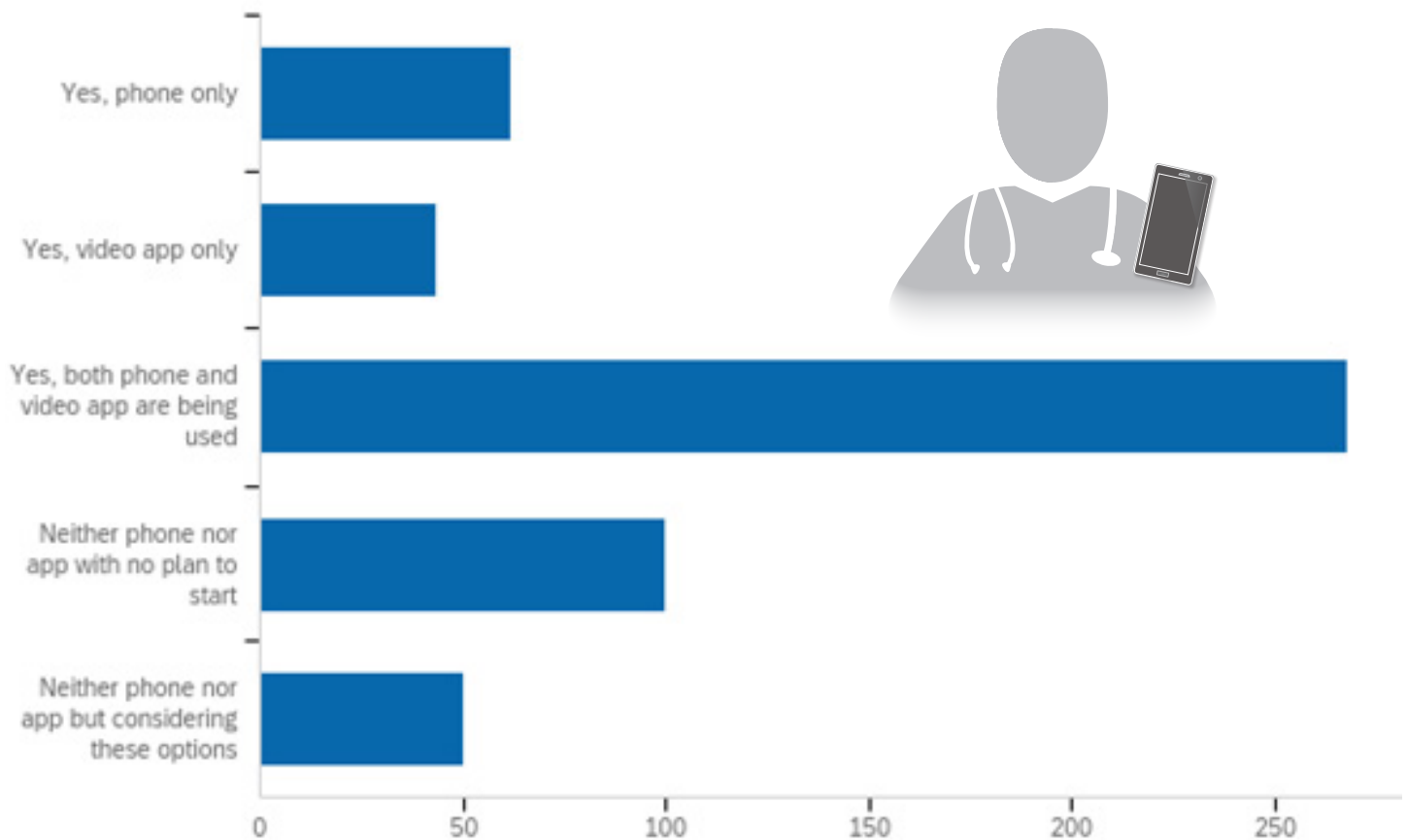


Less than 20%	17%
20% to 40%	44%
41% to 60%	25%
More than 60%	14%

## TELEHEALTH USE

To offset the reductions in patient volumes, 71% of the practices report they are using some form of telehealth, including telephone only, video or a combination of these through telehealth platforms.

### Have you used a telehealth service with patients, and if so, which service?



Yes, phone only	12%
Yes, video app only	8%
Yes, both phone and video app are being used	51%
Neither phone nor app, with no plan to start	19%
Neither phone nor app, but considering these options	10%

Meanwhile, 19% of respondents indicated their offices need additional guidance on telemedicine billing rules and regulations, which can often be confusing. And, an additional 27% “maybe” need additional guidance.



## ***SURVEY RESPONDENTS***

Respondents to the survey represent practices of all sizes, located in towns, suburbs and large urban areas throughout Indiana.

Nearly 27% of respondents were from practices that employ 60 or more full-time staff, including physicians, other medical professionals, nurses, support staff and office workers.

Out of the total number of employees working in a medical practice, the number of physicians varied greatly. Nearly 25% of practices employed one physician, which was equal to the number of practices that employed 20 or more physicians.

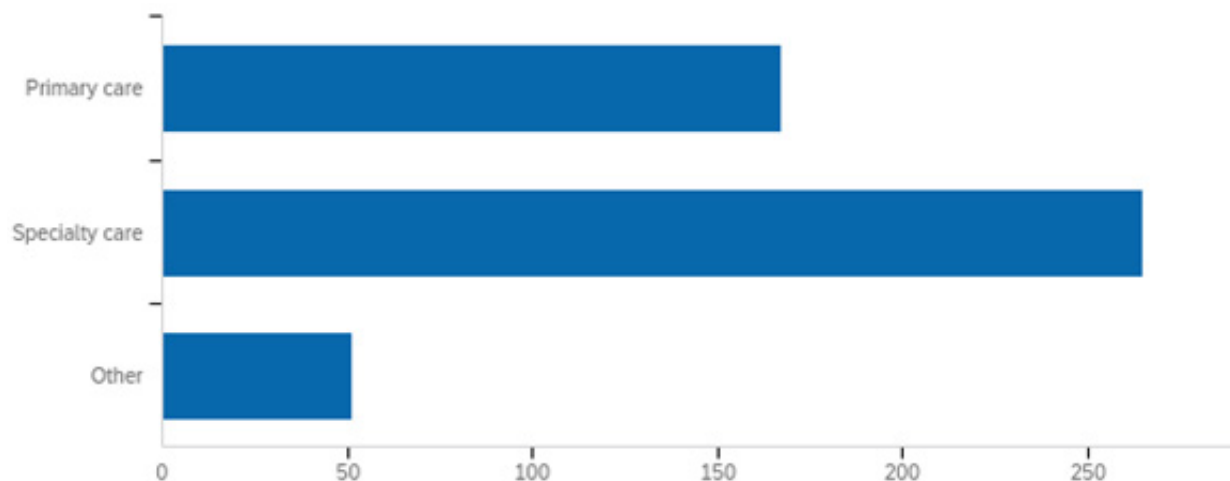
### **SIZE OF PRACTICE BY NUMBER OF EMPLOYEES**

<b>1—3</b>	<b>10%</b>
<b>4—9</b>	<b>27%</b>
<b>10—29</b>	<b>25%</b>
<b>30—59</b>	<b>11%</b>
<b>60+</b>	<b>27%</b>

More than 40% of the practices have a single location, followed by 27% that have two to four locations. However, nearly one-third of respondents, or 30%, are in large practices with five or more locations.

Geographically, a quarter of respondents provide medical services in rural areas of Indiana, where Hoosiers are most in danger of losing access to care if physician practices close. While 27% of respondents practice in urban areas, 47% practice in suburbs.

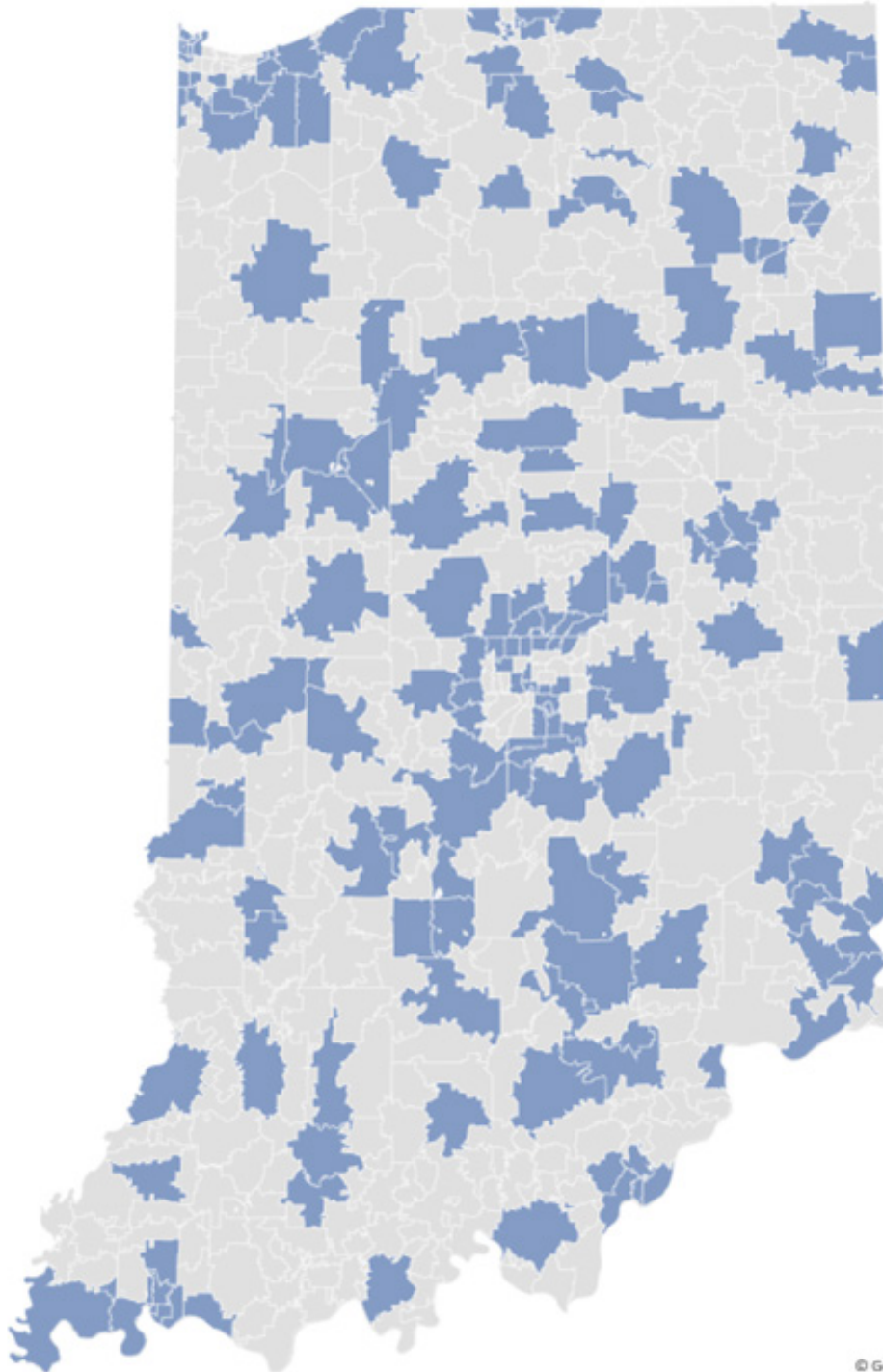
More than half of respondents provide specialty care for patients. Meanwhile, 35% of respondents practice primary care, including family medicine, internal medicine, pediatrics, obstetrics and gynecology.



## ***SURVEY RESPONDENTS***

The following map of Indiana represents the primary and secondary practice locations of respondents:

### **ISMA Business Impact Respondents by ZIP Code**



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## **THE HEALTH OF INDIANA'S ECONOMY**

In addition to the challenges that COVID-19 has created that pose a risk to patient access to medical care throughout the state, ISMA is concerned about the economic strain that COVID-19 also presents.

In 2018, the American Medical Association completed a study on the economic impact of physicians in Indiana. The report states:



“Indiana physicians hire locally, buy locally and support the local economy. Through the creation of jobs with strong wages and benefits paid to workers across the state, physicians empower a high-quality, sustainable workforce that generates state and local tax revenue for community investments. Physicians’ economic output—the value of the goods and services provided—helps other businesses grow through their own purchasing and through the purchasing of their employees. Each dollar in direct output applied to physician services supports \$1.91 in economic activity in Indiana, and physician driven economic activity is greater than legal services, home health care, higher education, and nursing home and residential care.”

Thus, physicians in Indiana are a major driver of the state economy, spurring economic growth and creating jobs. Data from the 2018 study shows more than 157,000 Hoosiers are employed due to physicians in medical services, pumping \$26.4 billion into Indiana’s economy and contributing \$895.8 million to state and local tax revenue.

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### **#HoosierDoctors - 2018 Economic Impact**

*Jobs (Direct/Indirect):*  
**157,522**

*Economic Output:*  
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## ISMA RESOURCES

Since the outbreak of COVID-19, ISMA has actively worked with the governor's office, legislators at the state and federal levels and other health care organizations to ensure physician input was considered to help protect our public health.

When it comes to the resources available to help physicians during the public health emergency, 75% of survey respondents check out ISMA's COVID-19 Resources page at least weekly. They can access up-to-date information, resources and guidelines from the most credible sources, such as ISMA, the Indiana State Department of Health (ISDH) and the Centers for Disease Control and Prevention (CDC).

ISMA created many of its own guidelines and webinars on various topics related to telemedicine implementation, coding and billing; and comprehensive business resources, such as practice management, the Paycheck Protection Program, small business loans and federal stimulus payments.

More than 50% of the practices surveyed had applied for the U.S. Small Business Administration's Paycheck Protection Program for emergency funding to support payroll and some overhead expenses, while another 25% state they are likely to or might apply for this program.



A preview of an ISMA newsletter titled "COVID-19 UPDATE". The header includes the ISMA logo and the title "COVID-19 UPDATE" in large blue letters. Below the header is a date "April 24, 2020" and a "BREAKING" notice: "Elective procedures may fully resume at 11:59 p.m. Sunday". The main body of text discusses Executive Order 20-24, allowing providers to resume elective and non-urgent procedures starting at 11:59 p.m. Sunday, provided they have adopted policies and best practices to protect patients and staff. A sidebar on the right titled "ISMA webinars" discusses the legal and regulatory landscape for health care and offers webinars to help members meet this challenge. At the bottom right is a "LEARN MORE >>" link. The background of the newsletter preview shows a close-up of red and orange virus particles.



PHOTO: CDC/Aliana Eckert, MS

## **CONCLUSION**

While every sector of the economy has been impacted by COVID-19, ISMA is concerned that further harm to local medical practices may hurt Indiana's short- and long-term efforts in sustaining public health.

The results of this survey point to the considerable strain placed on physician practices by the novel coronavirus, and suggest patients are delaying critical care out of fears of COVID-19.

Protecting access to care is critical to maintain the preventive services that keep Hoosiers out of emergency rooms, where the cost of care is highest. In addition, if physician practices close due to COVID-19, a reduction in the number of doctors' offices will lead to a consolidation of providers, which in time could lead to higher prices for all health care consumers. Physician offices in rural areas, which typically employ fewer physicians, are even more at risk of closing, leaving entire communities without enough doctors to care for residents.

Protecting the jobs that are responsible for providing this care is equally critical. Nearly 160,000 Hoosiers are working with or for physicians in health care settings, which fuels the Indiana economy at the state and local level.

The ISMA welcomes further collaboration with local, state and federal government officials, as well as industry stakeholders, to best meet these challenges. By working together, we can protect the access to care that is vital to the overall health of Hoosiers and the health of Indiana's economy.