

Evolve

Healthcare  
Marketing®



# The State of the Healthcare Industry

Inaugural outlook survey provides snapshot of key industry decisionmakers during COVID-19

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We embarked on the inaugural survey of key healthcare decisionmakers as history unfolded in the summer of 2020. While the novel coronavirus ravaged communities across the United States, some local providers faced unprecedented ICU surges, while preemptive shelter-in-place protocols and elective procedure moratoriums elsewhere brought patient volume to a standstill. All the while, sudden mass unemployment pushed the nation's economy towards the brink, further exacerbating an already precarious financial situation for many hospitals, health systems and medical practices.

Our team set out to take the pulse of providers, investors, practice leaders and other key healthcare decisionmakers during these challenging times. We wanted to know whether these decisionmakers were hopeful about the coming months; whether technology is playing a bigger role in running their practices; and if this historic disruption stands to accelerate longstanding industry trends such as consolidation.

Many of the results were surprising. In particular, given the strong headwinds, we were taken aback by the resolve and optimism of many practice leaders as well as the swift and relatively seamless pivot to telemedicine. And with nearly 100 providers and practice leaders participating, we also were thrilled with the level of engagement we received from our outreach efforts – an indication, perhaps, of just how vital this information is during these uncertain times.

Signed,

Pete Cunningham, Evolve Healthcare Marketing

Matthew Murray, Evolve Healthcare Marketing

John Nantz, Redwood Advisors

Kevin Howard, Redwood Advisors

# Introduction

## Welcome to the new normal.

On Jan. 21, 2020, media reports confirmed the first known coronavirus case in the United States.<sup>1</sup> Nearly nine months later, there have been almost 7 million confirmed U.S. cases, 203,000 deaths and roughly 100 million tests performed, according to Johns Hopkins.<sup>2</sup>

Meanwhile, the virus has disrupted every facet of the economy, including – ironically enough – the business of healthcare: A recent U.S. Census

survey found that 40 percent of Americans are delaying medical care during the pandemic.<sup>3</sup> Even more, a Commonwealth Fund study found that outpatient volume dropped by 60 percent during some of the darkest days of the pandemic last spring.<sup>4</sup>

### Falling off a cliff<sup>5</sup>

Harvard research shows volume decline among U.S. outpatient providers in spring 2020



<sup>1</sup> <https://www.nbcnews.com/health/health-news/1st-case-coronavirus-china-confirmed-u-s-n1119486>

<sup>2</sup> <https://coronavirus.jhu.edu/map.html>

<sup>3</sup> <https://www.axios.com/census-americans-delayed-medical-care-coronavirus-99913086-58d5-4200-9fc3-6fab08030aba.html>

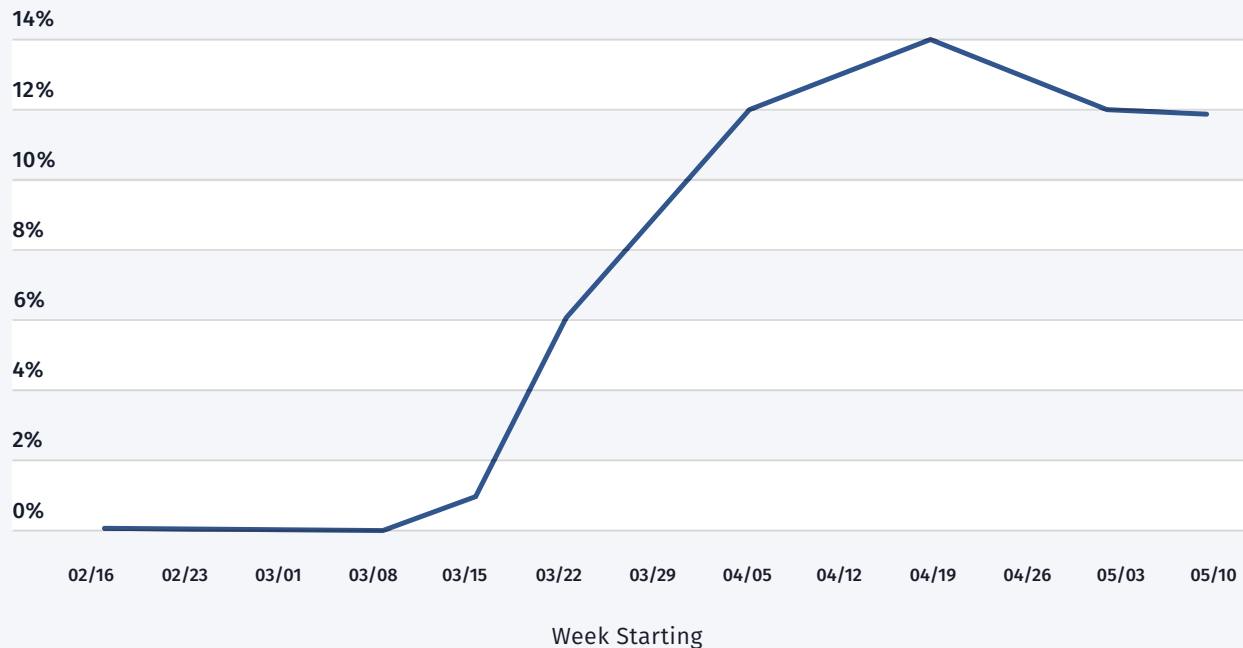
<sup>4</sup> <https://www.commonwealthfund.org/publications/2020/apr/impact-covid-19-outpatient-visits>

<sup>5</sup> Ibid.

## Telehealth boom<sup>6</sup>

Harvard research shows abrupt technology pivot among U.S. outpatient providers in spring 2020

Number of telehealth visits in a given week as a percent of baseline total visits



<sup>6</sup>Ibid.

It was amidst this historical transition last summer that our researchers went into the field to measure how the pandemic was affecting key healthcare decisionmakers. In terms of the big picture, here's what we found:

- Most practices have either seen patient volume return to a pre-COVID level, or they expect it will return by Jan. 1, 2021.
- Telehealth is here to stay.
- By forcing technology adoption and reliance on scale, the disruption actually improved the long-term financial outlook for many larger practices.

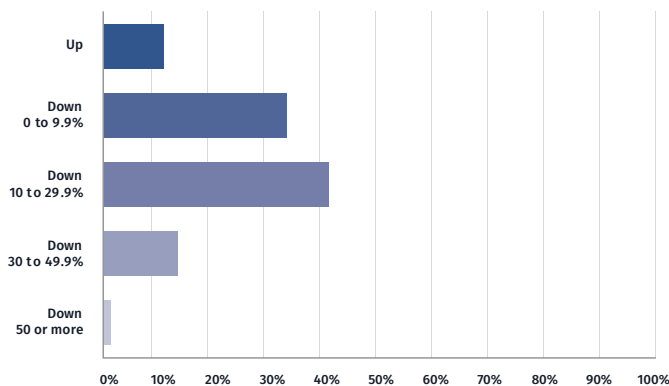
Other key findings include:

- Almost half of the physicians surveyed reported no change in job satisfaction during the pandemic; however, the majority of the remaining physicians surveyed described their job satisfaction as “worse.”
- More than 60 percent of the physicians surveyed said the pandemic has not made them want to sell their practices.
- Despite this apparent resolve, more than one-third of all survey respondents still said they expect the pandemic to accelerate physician retirements.

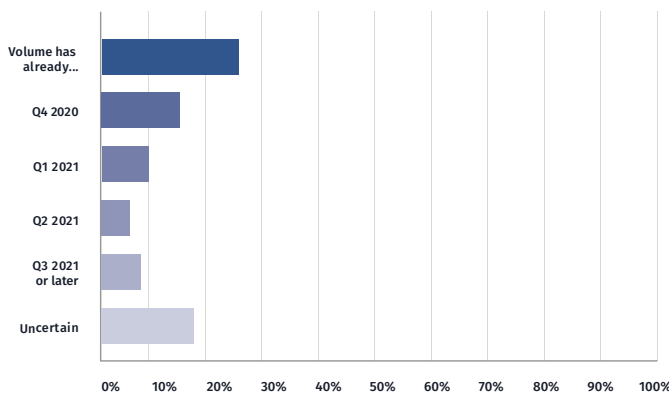
# Survey results

## PATIENT VOLUME

How do you expect 2020 patient volume will compare to 2019 at your practice or practices you serve?

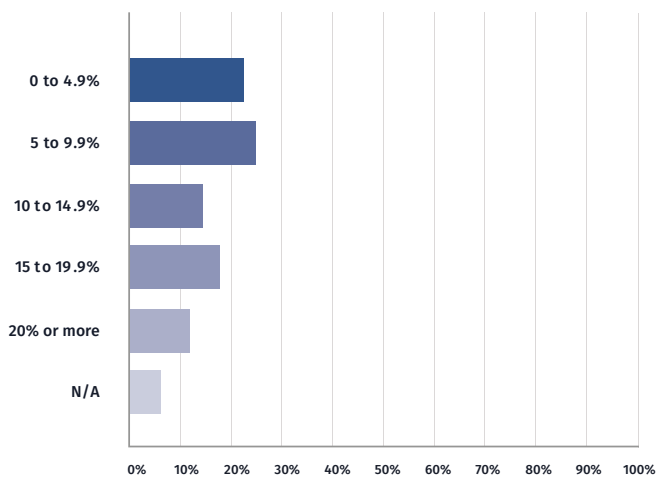


When do you expect patient volume will return to a pre-COVID level at your practice or practices you serve?



## OPERATING EXPENSES

How much have COVID-19-related expenses increased operating costs (e.g., PPE, staff bonuses) at your practice or practices you serve?



“Despite increased PPE costs, the profit margins from the reduced volume are higher than before the pandemic, in part, because we adjusted our staffing levels. We’re now reviewing our whole operational plan so that we can continue to operate lean and mean moving forward.”

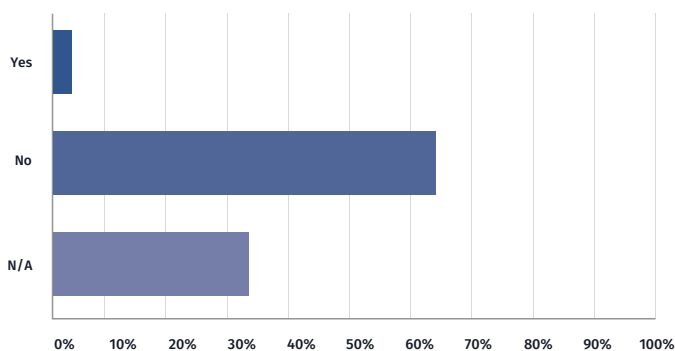
-Barry Tanner, Physicians Endoscopy

# Survey results

## PHYSICIAN JOB SATISFACTION, PRACTICE CONSOLIDATION

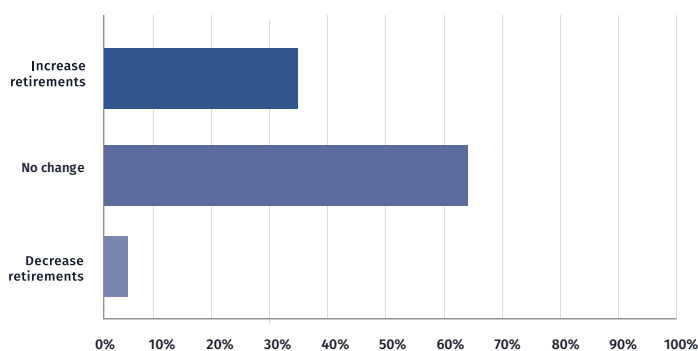
Are you more likely to sell your practice because of COVID-19?

Answered: 82 Skipped: 2



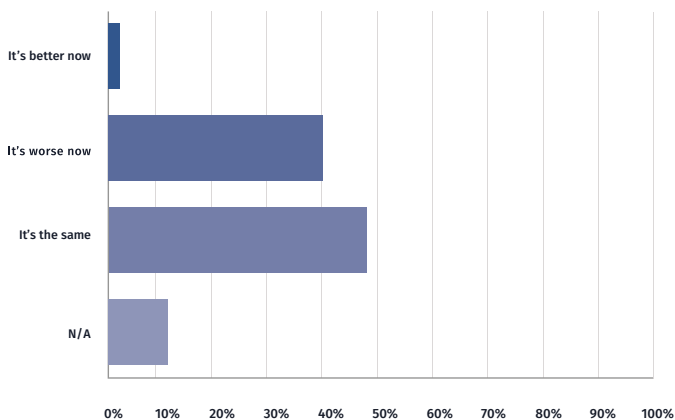
How will COVID-19 affect physician retirements at your practice or practices you serve?

Answered: 82 Skipped: 2



How has COVID-19 changed physician job satisfaction at your practice or practices you serve?

Answered: 83 Skipped: 1



**“In April, everyone thought that physician platforms would come to a halt. But what ended up happening was that smaller practices — which are great growth drivers but have been historically reluctant — began calling private equity-backed platforms about selling. Basically, they didn’t want to go through the experience of COVID impacting their small practices ever again.”**

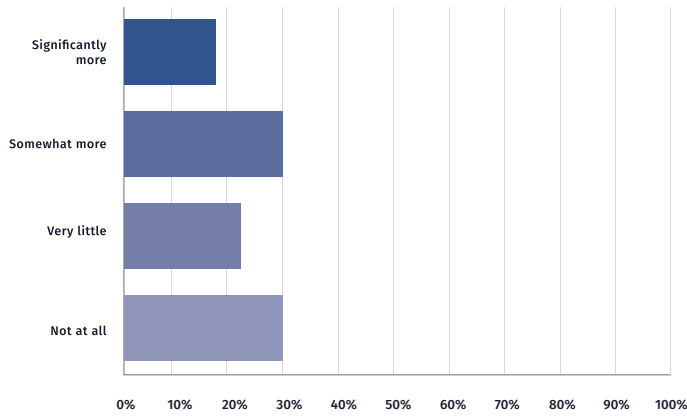
**-Marc Cabrera, Oppenheimer & Co**



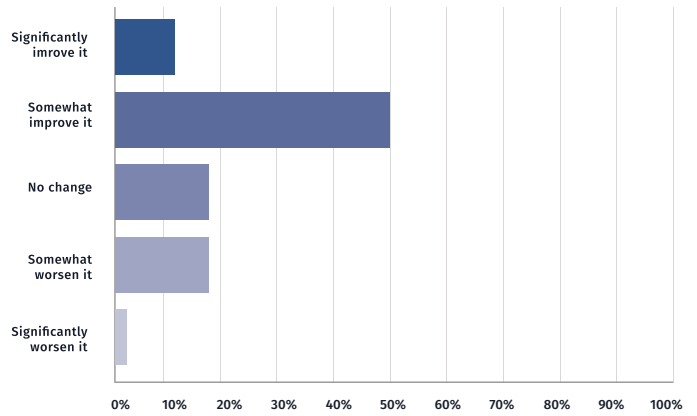
# Survey results

## TECHNOLOGY ADOPTION

To what extent is COVID-19 making your practice or practices you serve more reliant on telemedicine?



How will telemedicine affect healthcare long term?



“Patients feel safer and more comfortable with telemedicine. While insurers will continue to take a hard look at reimbursements for virtual visits, it’s an area that will continue to improve and grow.”

-Barry Tanner, Physicians Endoscopy



# Methodology

The 2020 report is based on emailed surveys and telephone interviews conducted during August 2020. Our researchers contacted about 6,000 physicians, practice leaders and outside investors, and 84 individuals completed our online survey. Additional participants were interviewed by telephone. The following further breaks down our survey's participants:

## PRIMARY TREATMENT SETTING

Inpatient	16.25%
Outpatient	73.75%
N/A	10.00%

## LOCATION

California	9.64%	8
Florida	8.43%	7
Alabama	6.02%	5
Georgia	6.02%	5
Illinois	6.02%	5
New York	6.02%	5
Louisiana	4.82%	4

Michigan	3.61%	3
Minnesota	3.61%	3
Missouri	3.61%	3
Pennsylvania	3.61%	3
Texas	3.61%	3
Idaho	2.41%	2
Indiana	2.41%	2
Maryland	2.41%	2
Massachusetts	2.41%	2
Mississippi	2.41%	2
South Dakota	2.41%	2
Washington	2.41%	2
Colorado	1.20%	1
Iowa	1.20%	1
Kansas	1.20%	1
Kentucky	1.20%	1

# Methodology

Nebraska	1.20%	1
Nevada	1.20%	1
New Jersey	1.20%	1
North Carolina	1.20%	1
Ohio	1.20%	1
Oregon	1.20%	1
Rhode Island	1.20%	1
Tennessee	1.20%	1
Virginia	1.20%	1
West Virginia	1.20%	1
Wyoming	1.20%	1

Anesthesiology	5.48%
Family medicine	4.11%
Hospital medicine	4.11%
Otorhinolaryngology or ENT	4.11%
Pediatrics	2.74%
Cardiology	1.37%
Emergency medicine	1.37%
Endocrinology	1.37%
Forensic medicine	1.37%
Infectious disease	1.37%
Nephrology	1.37%
Neurosurgery	1.37%
Palliative care	1.37%
Pulmonology	1.37%
Vascular surgery	1.37%

## SPECIALTY

N/A	28.77%
Gastroenterology	17.81%
Ophthalmology	10.96%
Orthopedic surgery	8.22%

# Methodology

## ROLE

Physician (owner)	8.33%
Physician (non-owner)	2.38%
Physician extender	0.00%
Investor	4.76%
Professional services provider	5.95%
Product vendor	0.00%
Administrator	65.48%
Office manager	4.76%
Other	8.33%

101-500	8.43%
500-plus	4.82%
N/A	6.02%

## Interested in learning more? Let's talk.

Based in Chicago, Evolve is a data-driven healthcare marketing agency. We were founded on the belief that traditional marketing tactics are becoming increasingly obsolete, resulting in year-over-year diminishing return on investment. As such, we explore, test and leverage what's working beyond the confines of healthcare – the latest advertising platforms, content, conversion tactics and real-time reporting – and apply our industry specialization to help our clients thrive in an increasingly competitive marketplace.

Redwood Advisors helps multi-site outpatient healthcare organizations maximize value and positive patient outcomes with best-in-class strategic support. We help clients with commercial due diligence, long-term growth strategy plans, M&A and de novo strategy, and practice integration and have worked with a number of successful providers including National Veterinary Associates, Unified Women's Care, U.S. Oral Surgery Management and BioScrip among others.

## NUMBER OF PROVIDERS

1-3	4.82%
4-10	24.10%
11-30	25.30%
31-100	26.51%

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## About the authors

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### John Nantz

John Nantz has delivered more than 60 consulting projects focused exclusively on strategy and organizational excellence over the last 10 years. John has focused on supporting growing outpatient providers and has worked for Unified Physician Management (largest U.S. OB/GYN provider), BioScrip (largest U.S. home infusion provider), National Veterinary Associates (largest U.S. vet clinic platform) and Johnson & Johnson Diabetes Solutions among others. He started his career in McKinsey & Company's San Francisco office and earned a B.A. with distinction in economics and an M.S. in management science and engineering from Stanford University.

### Kevin Howard

Kevin Howard is an associate consultant at Redwood Advisors. Kevin has delivered several projects for a range of clients focused in strategy and organizational excellence. He graduated with Highest Honors from the University of Michigan, Ross School of Business, with a BBA in strategy and supplemental studies in public policy. Previously, he worked in the Market Analysis Strategy Group at The Boeing Company in Seattle.

### Peter Cunningham

Peter Cunningham is the founder and CEO of Evolve Healthcare Marketing, where he is responsible for the company's strategy and product innovation. He also serves as publisher of the American Healthcare Journal, an Evolve-owned media property, and regularly presents at both healthcare industry and private equity investment conferences. A graduate of Drake University, he's also studied digital marketing at Northwestern University's Kellogg School of Management.

### Matthew Murray

Matthew Murray is the chief content officer at Evolve Healthcare Marketing and executive editor at the American Healthcare Journal. Matt started his career at the Economist Group in Washington, D.C., before becoming a media consultant for GE CEO Jeff Immelt, Interior Secretary Ken Salazar, the White House Council on Jobs and the Office of Vice President Joe Biden. He holds undergraduate degrees in linguistics and Russian from the University of Missouri - Columbia and an MSJ from Northwestern University.