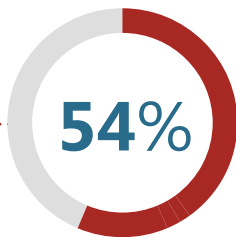


The Impact of COVID-19 on Employed Physician Networks

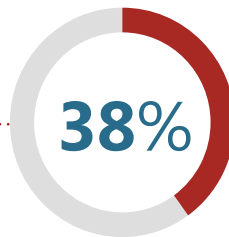
In HSG’s ongoing commitment to developing and sharing knowledge to support our hospital and health system partners throughout the current pandemic, we developed the COVID-19 Strategic Implication Survey. This survey was designed to capture health system executives’ perspectives on COVID-19’s current and expected impact on employed physician networks.

PROVIDER COMPENSATION

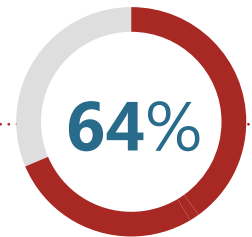
Many respondents are unsure what changes are needed to physician compensation, but acknowledge this is an area of uncertainty that should be addressed soon; providers are unlikely to tolerate ambiguity around their future compensation.



54% of respondents have **not made any temporary or short-term changes to provider compensation** as a result of COVID-19.

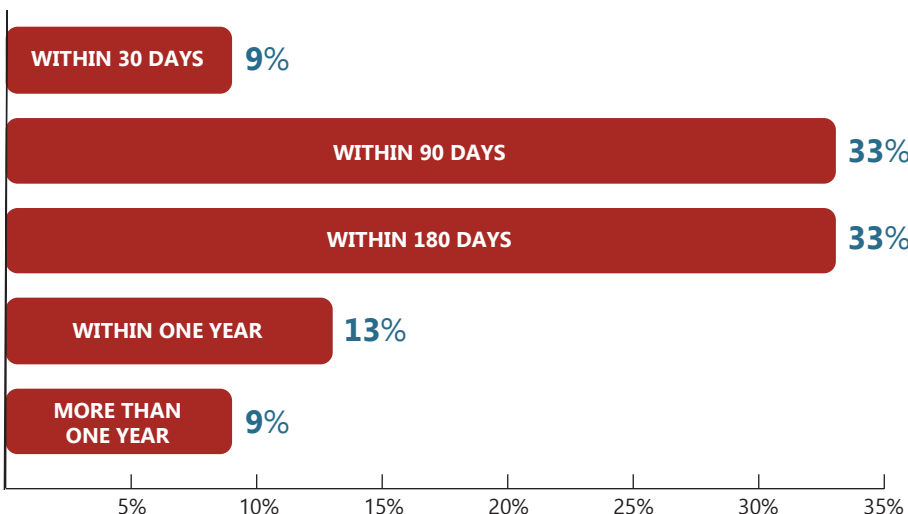


But only 38% of respondents indicated **they do not anticipate needing to make permanent changes to provider compensation** as a result of COVID-19.



2/3, or 64%, of healthcare executives think **they might need to reevaluate or redesign provider compensation** as a result of COVID-19.

PRE-PANDEMIC VOLUME PREDICTIONS

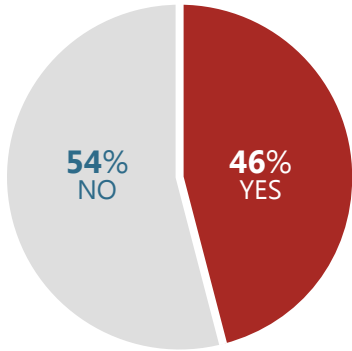


When asked how quickly their organization anticipates returning to pre-pandemic volumes, **approximately 20% of respondents believe it will take more than 180 days.**

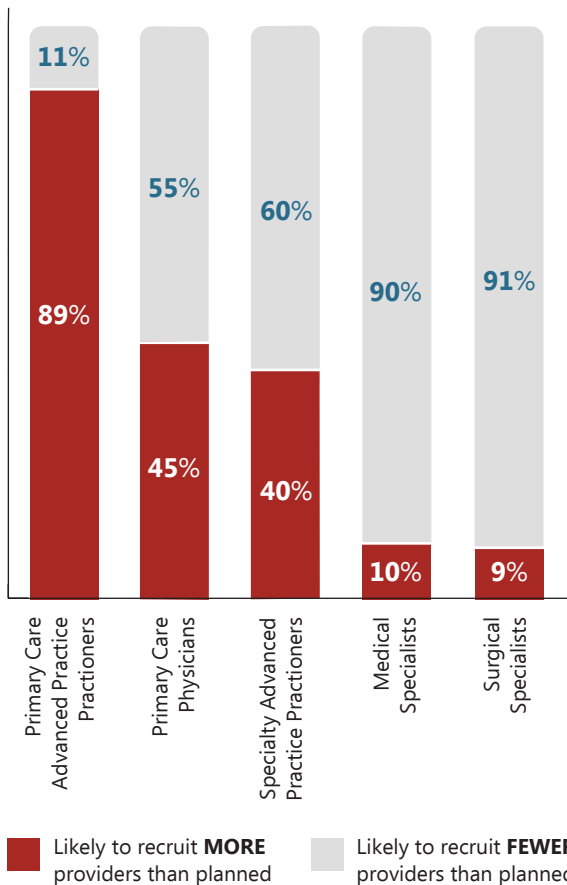
2% of respondents indicated that volume has not decreased as a result of COVID-19. No respondents indicated that volume will never return to pre-pandemic levels.

The results of this April 2020 survey includes the responses from 50 trusted health system executives and employed provider group leaders.

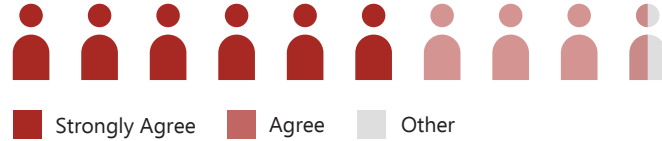
PROVIDER RECRUITMENT



46% of respondents believe COVID-19 will impact their provider recruitment strategies over the next two years. Of this subset, there is a marked difference in belief on how provider types and specialties will be impacted. Specifically, there is strong belief for **more primary care advanced practice providers and fewer medical and surgical specialists.**

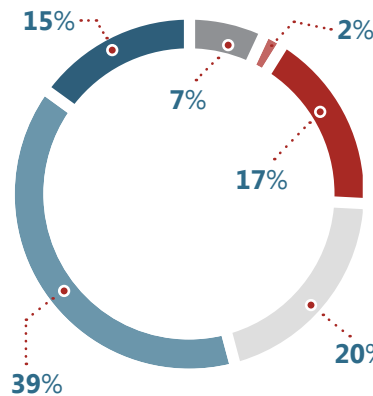


VIRTUAL HEALTH



94% of respondents either "strongly agree" or "agree" that **virtual visits will be a key part of their strategy after COVID-19.** Although not surprising, it underscores the almost unanimous agreement around the acceleration of virtual-visit adoption.

EMPLOYED GROUP INFRASTRUCTURE



More than half of respondents "strongly agree" or "agree" that they will **need to make changes to their employed group infrastructure** as a result of COVID-19.



I think all organizations will continue to evaluate the success or failure of their physician practices, but will likely view them with more diligence.

- A Chief Executive Officer in West Virginia

There needs to be emphasis on managing lower producing providers to have more efficient operations or perhaps manage out. Need to push sustainability now more than ever.

- An Employed Physician Network Vice President in Missouri

We know that many community practices (especially primary care) will not make it through the crisis financially. We will not be able to absorb all of the practices and providers.

- A Chief Financial Officer in Florida