

## Implications of the COVID-19 crisis for the health care ecosystem

Gearing up for the next normal

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### The future accelerated

For nearly two years, we've been talking about the future of health; envisioning what health care might look like in 2040, how it might take shape, and the radical changes that would occur between now and then. We specifically highlighted archetypes that would likely form the backbone of this future health care ecosystem. In this vision, rather than treating illness, in most cases, health care should be able to detect and prevent it. Consumers would be in charge and actively focused on sustaining their well-being.

And while we knew some areas would mature faster than others, we never imagined that treating a novel illness and a global pandemic could so quickly change the course of health care's future.

Seemingly overnight, the health care ecosystem and the consumers it serves face an unfamiliar world of remote working, virtual doctor visits, and a supply chain marked by shortages of medical supplies, personnel, and services. And just as rapidly, these areas are transforming to meet the new challenges—deploying technology and security protocols to support a newly virtual workforce; swiftly scaling virtual health services for COVID-19 and non-COVID-19 patients alike; and forming new partnerships to produce and procure desperately needed capabilities, treatments, and supplies.

But perhaps the most significant force for change in health care's future (beyond the pandemic itself) is consumer behavior. Consumer behavior will guide the reemergence of the sector and rebuilding trust will be a key catalyst for recovery. Grief, uncertainty, and fear will likely drive many consumers to behave very differently in the recovery phase, enhancing a need to focus on meeting consumers where they are and delivering care on their terms. It's not just about continuing and improving upon virtual care models in the future environment, it's about reestablishing consumer trust in the system to effectively address the emotions and vulnerabilities that people are feeling as reopening begins to occur.

What this could mean for the health care ecosystem is that the decisions and investments organizations make today—in what is clearly a fast-moving and unpredictable situation—will sow the seeds for the next normal. A normal that could shape a health care system that is more accessible, affordable, effective, and better positioned to offer consumers the opportunity to receive quality, equitable care when it's needed and that focuses on their long-term well-being.

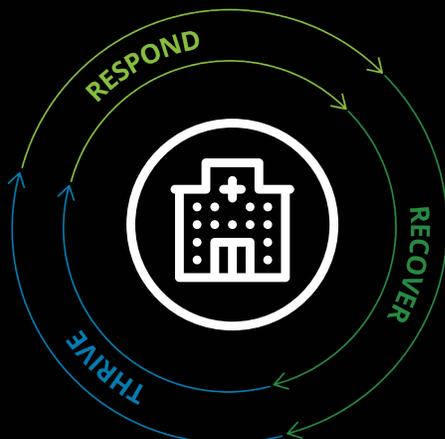
### Stages of crisis: A framework for responding, recovering, and eventually thriving

At Deloitte, we see the COVID-19 crisis unfolding in three overlapping phases over time: Respond, Recover, and Thrive. While it's not possible to predict how long each phase will last or whether they will unfold in a wholly linear manner, close monitoring and analysis of incoming data—along with measurement of consumer attitudes and actions—will be critical to formulating effective strategies in each phase and the process as a whole. And while progress in each stage will vary significantly by organization and geography, lessons can be learned from players in other markets in the United States and globally along the way.

**Respond:** Develop immediate response

**Recover:** Learn and emerge stronger

**Thrive:** Build long-term health care resiliency



## Response challenges, lessons, and victories

The unprecedented speed and scope of the COVID-19 pandemic is forcing health care organizations to address many unexpected and critical challenges at the same time. As quickly as issues emerge, executives and their teams must find ways to address them—whether it be removing barriers in the supply chain, scaling technology to support patients and support virtual workers in innovative ways, or complying with new government mandates along with waiver and relief policies. And while some of the steps that organizations take now may be effective as the crisis evolves, many will need to be reevaluated or revamped, or perhaps abandoned completely. That's why it's critical to have a clear picture of where organizations are now, how they got here, and what the last few months in response mode have taught leaders and health care organizations.

Let's look at four of the more critical and accelerated issues that many organizations are trying to address:

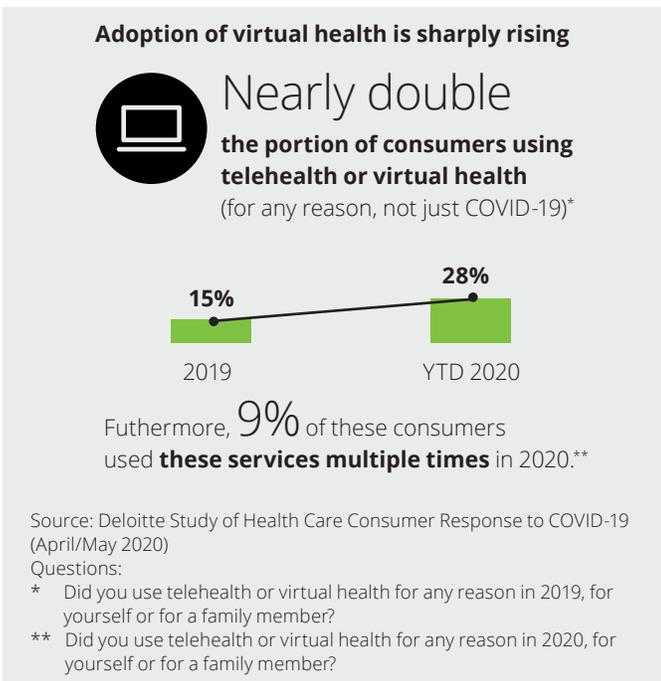
### Virtual health

Virtual health includes at-a-distance interactions to further the care, health, and well-being of health care consumers in a connected, coordinated manner. It includes not just virtual provider visits, but also many complex aspects of care delivery and management, such as Hospital at Home® and virtual tumor boards. The COVID-19 crisis has accelerated the need, deployment, and adoption of virtual health solutions across health care organizations, enabling clinicians and consumers to connect in a safer and more efficient setting.

In response to the COVID-19 outbreak, federal regulators have loosened some restrictions around virtual health. In recent weeks, the US Centers for Medicare and Medicaid Services (CMS) have temporarily eased restrictions on the use of virtual health among Medicare members in an effort to decrease administrative burdens and further expand telehealth—including where, how, and what services are covered.<sup>1</sup>

Organizations are undergoing exponential changes in their transition to virtual services. Over the past several weeks, many hospitals and health systems were able to quickly extend and expand technology into new areas to conduct virtual visits. Consumer adoption of these new care options is soaring in the wake of COVID-19. A recent Deloitte survey of health care consumers revealed that the percentage of consumers who said they or a family member had a virtual or telehealth visit nearly doubled, jumping from 15 percent in all of 2019 to 28 percent in the first four months of 2020 alone.<sup>2</sup>

However, in some cases, the pressure to make virtual services more readily available has led to clunky consumer experiences, less-than-ideal processes, and increased concerns about patient data risk. While many clinicians and patients have been understanding and engaged through this accelerated transition, as the crisis evolves, organizations might discover that some patients and clinicians aren't as forgiving of a system where the processes, platforms, and workflow are still being worked out.



### Workforce strategies

The health care workforce has been significantly impacted by the COVID-19 crisis. How health care organizations respond and recover to support their employees—who in turn serve their patients and members—will rely in no small part on rethinking the strategies for rapidly rewired workforces. Many health care organizations are confronted with difficult decisions to furlough nonessential staff and have rapidly deployed work-from-home approaches where possible. Those same organizations must determine which staff will need to be reengaged and which roles will continue to work at home permanently versus being brought back onsite. They must also assess how to maintain secure access and productivity for newly remote workers—many of whom have not worked from home before. Beyond these considerations, health care organizations are grappling with how to support employees' mental health and well-being, particularly frontline staff who may experience acute stress disorder, acute stress responses, or post-traumatic stress disorder brought on by the intensity and uncertainty of the environment. Addressing the workforce impacts of COVID-19 effectively will require human-centric approaches that are future-thinking, data-driven, and allow organizations to move quickly to support evolving employee needs.

### Supply chain

The outbreak of COVID-19 has disrupted the health care supply chain in ways never before imaginable. Supply shortages across personal protective equipment (PPE), medical devices, and pharmaceuticals have resulted in a volatile marketplace further complicated by instances of price gouging, fraud, and low-quality suppliers. A “control tower” approach can help health company leaders proactively manage their end-to-end supply chains in real time, offering them a way to recognize the extraordinary cases and identify the right triage and care approaches. But effectively managing both the short- and long-term implications of an evolving health care supply chain involves new skills, business processes, and advanced technologies.

As some states begin to restart nonemergent and elective care, limited suppliers, backlogs, and reallocation of PPE will impact hospital operations. Hospitals should evaluate their current critical supply stock, determine what is necessary for scheduled care, and plan for any existing supply gaps by engaging with the vendors directly and/or sourcing from alternate suppliers. They also should step up conservation, security, and preservation efforts, including storage facilities and sterilization methods.

Moving forward, health care organizations need better visibility into qualified suppliers and forecasted demand to be able to address their current needs and anticipate future surges in care. Key to this effort is the close management and continuous monitoring of relationships with critical third-party suppliers. Even after the initial validation of a supplier, organizations should be tracking compliance with regulations, as well as the supplier's financial viability and business continuity plans.

### Scenario planning

As health care organizations continue to manage the challenges and uncertainties of the COVID-19 pandemic, they should consider not only how to respond and recover, but also how to prepare themselves for tomorrow. Most health companies are asking three complex, yet simple questions: When? What? How? Health companies, particularly providers, may need to continue using a control tower approach to help them consider recovery efforts while balancing ongoing responses to the situation as it evolves in real time.



## Guiding questions for scenario planning

### When?

Determining when your organization is ready to resume is critical (beyond permission from regulators, federal, and state officials)

### What?

Determining what services to provide is vital to how organizations will navigate recovery

### How?

Operationalizing and rolling out new processes, including communications, requires careful consideration to support a smooth reentry



None of these “simple” questions are simple and, for most, they will have to be answered with a particular focus on very localized context, the strength of current capabilities along with planned strategic roadmaps, and liquidity constraints to finance the rebalancing act—knowing that most organizations are facing challenging economic positions. That said, the balance of sensing and problem-solving can converge for leaders who leverage a dynamic planning model to identify and respond to evolving market signals while proactively shaping the market where possible.

## Recovery strategies: New opportunities in the next normal

As the world—and the health care ecosystem—starts to think about and plan for recovery, the only certainties are uncertainties. Opportunities to effect positive changes will emerge long term. But it is critical for health care leaders to be tracking the lessons and liabilities of their ongoing response efforts and looking for the kernels of future opportunity—the actions and investments that could help their organization prepare for, even shape, the next normal. Scenario planning plays a critical role in this process and can help build the foundation for thriving in the future. Scenarios enable an organization to develop hypotheses about the range of divergent possibilities that may evolve. They serve as a framework for responding with more agility while formulating potential paths to value in the face of uncertainty.

As of this point in the pandemic, there are three areas where, as things continue to evolve, recovery may initially begin to take shape. During this time of rebuilding, there may be opportunities for health organizations to rethink the enterprise and accelerate transformation to seed future growth.

### 1. Site-of-service and care model transformation

With on-demand, self-service, online access, and extreme connectivity already the norm in industries like retail, media, and hospitality, it was only a matter of time before health care followed suit. Needless to say, the COVID-19 crisis has disrupted both the nature and the timeline of industry transformation—particularly its site-of-service and care models.

As organizations rethink the types of services provided and the locations where they are performed, they must also rethink the current parameters of care delivery models and be ready to transform at the enterprise level—not just optimize select pieces of the ecosystem within existing constructs.

**Types of services:** The current situation is a catalyst for redefining what health services are. It's shifting the long-held assumption that health care is “sick care” for the physical body and expanding it to include consumers’ needs and goals for the mind, spirit, and body:

- Diet and exercise as medicine.
- Spirituality to address physical and mental well-being.
- Integrating goals and consumer preferences into the design of services provided, and through the channels/locations in which they receive services.

**Location:** It's unlikely that health care would revert to a time when virtual or automated care was not part of normal operating procedure. Especially now, consumers expect care to be available when, and how, it's most convenient and safe for them—via their phones, fitness trackers, or computers; at their home; in their frequented retail setting—and across the spectrum of their health needs and goals, from wellness to illness. This includes virtual care (virtual visits, remote monitoring); at-home prescription delivery (mail order or even drones); remote monitoring; video consults provider-to-provider; digital diagnostics and decision support; and self-service applications for education, behavior modification, and social support, among other options.

**Service and cost transformation:** What all this COVID-19–related disruption lays bare is that it's time for the health care industry to go beyond the idea of consumer-directed health care—to effectively put the consumer at the center of all business decisions and commit to elevating the human experience in health. Defining products and market offerings and building care models that serve consumers’ needs and goals from well-being to sick care will require streamlined connectivity and personalization. It will demand unconventional and unexpected partnerships across competitors, niche players, and nontraditional or “orthogonal” competitors to create an ecosystem that can magnify consumer impact. Even at this challenging time, organizations need to be willing to invest in enhancements, even

replacing foundational structures, technologies, and workforce expertise, to enable consumer-centric health in the next normal. That means more earnest exploration of emerging models—such as value-based care, health care services, and capitated payments—that put patient needs and cost-management concerns front and center.

The COVID-19 pandemic has accelerated health care trends that consumers will likely expect to exist at scale. The health care industry players that cannot quickly and radically transform to the new world order taking shape are likely to be left behind—possibly for good.

## 2. Ubiquitous adoption of virtual care

Over the past few months, the use of virtual health care has skyrocketed, due in large part to the onset of COVID-19. Consumers' need for physical and mental health care, paired with their heightened concerns about safety, have accelerated their willingness to use virtual health care. Recognizing the acute need for these services, government agencies have eased existing regulations on its use, and health care payors have reduced, and in some cases removed, payment barriers. However, these changes are only temporary and will require an act of Congress to be made permanent. Moreover, the fact that telehealth is being more widely supported and used does not mean it's working at optimal levels.

Because of the speed of implementation and expansion, telehealth care experiences can be uneven, fraught with technical glitches, and confusing to navigate. And while 84 percent of surveyed consumers who either had a virtual visit last year or used it for COVID-19-related reasons this year indicated that they were "somewhat satisfied" or "extremely satisfied" with their most recent experience,<sup>3</sup> health organizations must be careful not to take advantage of consumers' goodwill when the crisis subsides and virtual care likely becomes a staple in the next normal.



**84%**

of consumers who used virtual health indicated that they were **satisfied with their most recent experience**

Source: Deloitte Study of Health Care Consumer Response to COVID-19 (April/May 2020)  
Question:  
How would you rate your most recent experience with the telehealth or virtual health service you used?

If they haven't already, health organizations should begin thinking about how to scale the virtual health capabilities that are working well now and create a more cohesive strategy to build on them. Innovations in cloud computing and data science—combined with widespread adoption of Internet of Things (IoT) devices over reliable broadband connections—offer a strong foundation for developing agile, secure virtual health solutions and deploying them at scale. The organizations that can create a secure and efficient experience for patients will likely be best positioned to thrive in the future environment.

What can health organizations be doing now to help improve and expand on their long-term virtual health capabilities?

**Define an enterprise-wide virtual health strategy.** Health organizations need to identify overarching objectives and define where they fit in the evolving ecosystem. They should consider the patient populations that would benefit the most; establish clear policies; determine where to invest in technology, analytics, and interoperability solutions; and identify which metrics will be most useful in evaluating success. They also need to understand regulatory and documentation requirements so that the telehealth services they provide will be reimbursable.

**Strive to be both consumer- and clinician-centric with virtual health interventions.** Moving to a more human-centric model will likely require workflow redesign and alignment of clinicians and staff across the organization's network to support and advance virtual health offerings. Focus on improving quality and health outcomes, as well as human experiences. Leveraging virtual health to enable a whole new approach to team-based care could yield significant benefits and satisfaction for both consumers and clinicians.

**Prepare the workforce for changes.** As more physician-patient interactions happen virtually, health systems should ensure clinicians are trained on how to interact with a patient during a virtual visit. Clinicians should also define leading practices for virtual visits. New pockets of previously dormant resources could be activated as a result, and scheduling of clinical staff and patient visits, along with preregistration processes, will likely need to be revamped.

**Partner and collaborate.** Many organizations are increasingly recognizing that they cannot go it alone because they lack the comprehensive offerings needed to thrive in an increasingly virtual health care system. To effectively address the drivers of health—and help ensure everyone can benefit from evolving technology, scientific discovery, and improved care models—health plans and health systems will likely need to partner and collaborate with community service providers, technology companies, retail pharmacies, employers, and others.

**Evaluate cybersecurity and fraud risks.** Expanding the use of virtual health involves new technologies, devices, and vendors—which can create vulnerabilities for health organizations. By incorporating sound cybersecurity, privacy, and antifraud principles at the beginning of virtual health initiatives, organizations can better understand and manage risks. This preparedness is key to mitigating the risk of noncompliance with regulations, unauthorized use and disclosure of data, infrastructure and technology failures, insecure application development, and compromised IoT devices.

While there's work to do to address the cracks and risks in the current landscape, virtual health is here to stay. As challenging as it may be to focus on improving the long-term picture when the immediate situation is so consuming, health care organizations should start now on creating a sustainable approach to virtual care that meets consumers on their terms.

### 3. Workforce reimaged: Strategies for recovery

Health care industry workers are experiencing incredible emotional, physical, and professional stress from responding to COVID-19. Despite its undeniable negative impacts, this unprecedented event also presents an opportunity to elevate the human experience of the workforce and reshape what, how, and where work is performed. Enabling health care workers and the organizations that employ them to move forward in a positive and productive way involves creative workforce strategies that consider:

**Workforce footprint:** The rapid transition to remote work (for nonessential workers) is one of the most immediate and visible workforce impacts of the pandemic. Not only are health care organizations seeing the possibilities around remote work for traditionally office-based employees, but long-standing orthodoxies around where and how care can be delivered have also been challenged by consumers' embrace of virtual care. Determining which elements of the workforce can continue to work virtually in a full- or part-time capacity can shape health care organizations for years to come. By upgrading cyber and data protection programs and leveraging holistic analysis, organizations can use data to understand how they can optimize their workforce footprint to drive collaboration, performance, productivity, engagement, and cost reduction.

**Workforce planning and alternative talent models:** The pandemic has highlighted the need for dynamic and adaptable workforce planning. At a time when many hospitals are bringing practitioners out of retirement and asking for help from across all parts of the United States, it's clear that alternative talent pools and flexible talent models (e.g., part-time/flexible working arrangements, gig workers, and contractors) can enable organizations to more dynamically meet the needs of a rapidly changing health care future, including potential surges in illness and care needs. Having a dynamic workforce model and leveraging alternative talent models can also help organizations manage workforce spend in today's challenging financial climate. The streamlined integration of alternative talent pools with the broader operating model is critical to unlocking talent as a strategic differentiator.

**Elevating the human experience in work:** New approaches to how work itself is performed will play a large part in shaping the employee experience in the future. The increased use of virtual health and disruptive technologies will help organizations elevate the experience for their workforce, reducing time spent on manual, repetitive tasks so they can focus on more impactful and strategic activities. A heightened focus on the emotional and mental well-being of the workforce—fostering operations, rewards, and a culture that supports employees as they grapple with the lingering stressors created by the pandemic—will be another essential component of the elevated employee experience. Workforce development, training, and reskilling will also be critical to helping workers adapt to the pace of change and enabling health organizations to tap their full potential.

**Workforce teaming:** When strategic decisions need to be made in fast-moving, high-pressure situations like the one the industry is facing now, it's critical that employees have the tools, infrastructure, and support they need to successfully collaborate so they can deliver differentiated experiences to patients and members. Developing an environment where high-performing and productive teams can flourish not only enables organizations to respond effectively during crisis, but also positions them to attract the best people and remain competitive.

While the pandemic has hit health care workers incredibly hard, they've shown the resiliency and determination to emerge stronger from it. Health care organizations should seize this opportunity to bring human-focused solutions to the center of their recovery and lay the groundwork for a more agile workforce.



## Create your own light at the end of the tunnel

For the health care industry, the COVID-19 pandemic is more than a black swan event. It is a global experience that has forever changed the industry as we have known it in unprecedented ways. Consumers' trust has been eroded, and their anxiety, uncertainty, and grief will require ecosystem players to fundamentally transform the way that services are delivered if they are to effectively address the gaps exposed by this crisis and rebuild confidence in the system.

Despite the many devastating impacts of the COVID-19 crisis, it does present the health care sector with a powerful opportunity to innovate at a quicker pace and, in some ways, reinvent itself. The many orthodoxies about how health care teams work and how the system engages consumers have been broken. Amid this stressful and sometimes chaotic response environment, there is a real opportunity to shed the organizational plaque that has been built up over many years of status quo operations and resistance to change. Enterprises that learn from the disruption caused by COVID-19 to reimagine themselves in a "zero-based" way will likely evolve, merge, and transition into more scalable, synergistic, and resilient organizations—organizations that can engage consumers in authentic and impactful ways, emerge from crisis stronger, and ultimately thrive in the future.



## Endnotes

1. Department of Health and Human Services, Centers for Medicare & Medicaid Services, "[Medicare and Medicaid Programs: Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency](https://www.govinfo.gov/content/pkg/FR-2020-04-06/pdf/2020-06990.pdf)," April 6, 2020, <https://www.govinfo.gov/content/pkg/FR-2020-04-06/pdf/2020-06990.pdf>.
2. Deloitte, "Deloitte Study of Health Care Consumer Response to COVID-19," April/May 2020.
3. Ibid.

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