

## *Considerations for a Pandemic What does it mean for your practice?*

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In a time of uncertainty and the evolving impact from COVID-19, The Bloom Organization would like to share their experiences from the market regarding both operational and future considerations for a medical practice.

### **OPERATIONAL CONSIDERATIONS**

**"Cash is King"** – Medical practices that have cash reserve are best positioned for long term viability in this environment. An assessment of net working capital needs is paramount. While an efficient revenue cycle can help accelerate cash collections, a practice that has cash reserves will be well positioned. CMS has expanded their [cash acceleration program](#) during this crisis.

**Financial Impact** – Scenario testing of the potential impact both short and long term should be evaluated.

**Elective care** – Postponing elective surgical cases is an important public health measure to ensure capacity for the influx of COVID -19 patients in need of resources. Whether mandated or recommended, we are seeing practices universally postponing elective care. We expect this to lead to “catch up” increases in elective volume once this passes.

**Social Distancing** – Many practices that are continuing to see patients are implementing measures to promote social distancing. A few of our clients have been using text messaging to avoid the use of the waiting room and have patients enter only when ready to be seen. Patients are being screened for risk factors, symptoms and fever prior to being seen.

**Coronavirus Aid, Relief and Economic Security Act (“CARES”)** – The largest stimulus package ever provided by the US government should aid medical practices in need of short term assistance. MGMA has put together a [high level summary](#) which is helpful.

**Ambulatory Surgery Centers** – Ambulatory Surgery Centers are largely at a standstill as they delay elective procedures until appropriate. Similar to the trajectory for other sites of service performing elective cases, we expect ASCs to see a V shaped recovery of volume following the COVID crisis. In the interim, ASCs may be called upon as an extension of the hospital caring for sick patients. The National Law Review has provided some [helpful guidance for ASCs](#).

## **FUTURE CONSIDERATIONS**

**Telehealth** – While most practices are implementing some form of telehealth to improve access for patients, we believe Telehealth will fundamentally change the delivery of healthcare in the future. Consider your options and integration to EMR.

**Patience** – For practices already involved in a transaction process, be patient. With the uncertainty around timing for a return to normalcy, transactions are at a short term standstill. Private equity firms are allocating time, capital and resources to their existing portfolio companies, while accessing capital from the debt markets is currently limited.

**Consolidation** - More sophisticated organizations with the scale, capital and resources to handle such a crisis have become clearly advantageous. This will lead to the acceleration of physician practice consolidation.

**Valuation and Legal Considerations** – As normalcy returns, transaction activity will pick back up. With new complexities surrounding valuation, operational and legal considerations, it is important to engage a seasoned M&A professional and legal counsel.

*We're here to help.*

With 40+ years advising physicians, The Bloom Organization is watching the events closely and prepared to assist medical practices, outpatient care centers with both operational and future considerations to ensure long term sustainability and success. For more information please visit our [website](#) or contact Jason Henke, Director at 305-974-0700.

## **ABOUT THE BLOOM ORGANIZATION**

The Bloom Organization specializes in healthcare transaction advisory. Our clients turn to us for negotiating the strategic partnerships, joint ventures, acquisitions, leveraged buyouts and other transactions that maximize return. We seek to create value for both the short terms needs and long term goals of our clients.

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