



To: Senate Special Committee on Economic Recovery

From: Rachelle Colombo
Executive Director

Date: August 13, 2020

Re: Economic impact of COVID-19 and related shutdowns on physicians and health care providers

The Kansas Medical Society appreciates the opportunity to provide information regarding the economic impact of COVID-19 and related government policies affecting the practice of medicine and delivery of health care. The impact to the health care sector was immediate, pre-dating government shutdowns and state and local ordinances with health care providers following CDC guidelines to suspend all elective, non-urgent care in early March. What played out over many weeks and months across all sectors was felt acutely by health care providers within ten days of the President's emergency declaration.

Physicians and patients alike heeded guidance to defer or delay care to preserve PPE, reduce risk of exposure and allow medical facilities to prepare equipment and maintain adequate capacity for an expected surge. As a result, within a week to ten days of the declaration, practices across Kansas were facing impending financial ruin. Increased cost associated with difficult to procure PPE, payroll of non-physician providers combined with a reduction in patient population by as much as 75% left many providers unsure of how they would keep their doors open.

Physicians in every specialty across the state – from solo practitioners in Johnson County, to the largest family practice clinic, specialists and employed physicians – all communicated severe financial hardship and threat of permanent closure and potential bankruptcy. Some closed their doors indefinitely, many reduced their workforce and suspended physician pay, and all struggled to maintain adequate patient population, procure PPE and worried about unmitigated liability threats. Though a significant portion of physicians utilized telehealth to continue patient care, the mode cannot accommodate all patient and provider types and is reimbursed at a lower rate than in-person care. So, even as telehealth volume increased for some, income remained markedly insufficient.

PPP loans, the passage of liability protections and a return to preventive and routine care helped to stabilize the climate in April and provided a pathway towards

viability, but there is no question that the economic damage to health care providers will be long-lasting.

Kansas has been lucky not to experience a surge in COVID that overwhelmed our providers and facilities - but the effects of the pandemic will be far felt. Delayed care, changes in workforce, increased costs, and the impact on provider mental health are all significant and long-lasting.

Most physician are still at less than 70% of their pre-COVID production. While many have maintained their full employee rosters, some have implemented hiring freezes and reduced staff. This is not unique to the physician community alone, and is affirmed by our communication with other health care provider associations.

The Kansas Nurses Association, Kansas Optometric Association, Kansas Academy of Physician Assistants and the Kansas Dental Association all report similar experiences during March and April with the restrictions on non-urgent care. Across the board, these health care professionals have faced furloughs, hiring freezes, insufficient reimbursement levels for telehealth, lack of access to adequate PPE and increased costs in procuring what is available. Health care providers support the use of masks as it reduces the spread of the virus but allows for the economy at large to remain more open.

Moving forward, we would urge you to remember that many of these front-line workers are also business owners and employers. Physicians and hospitals employ doctors, nurses, physician assistants and more. They work together as a team to provide the best care possible for Kansas patients and need policies that support high quality care, adequate reimbursement, and liability protection and promote necessary training and education. Each of these factors has been impacted by COVID and it is too soon to know the full effect of the pandemic on the Kansas health care sector. Policies which further exacerbate financial hardship such as tax increases, fee increases or inadequate reimbursement will slow the recovery and weaken our health care sector.

Kansas physicians want to care for their patients – those affected by COVID and those without and we must consider how to allow all patients to have access to the care they need, during this pandemic and beyond.

Thank you for allowing us to offer these comments.