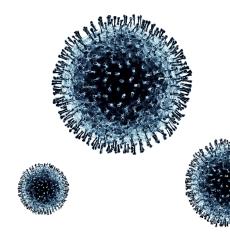
Physicians examine options in a post-COVID-19 era

June 12, 2020



The COVID-19 pandemic continues to be on the forefront of physicians' minds as a humanitarian crisis. As these healthcare providers seek to deliver safe care to patients, they also are examining how to maintain their practices' financial stability. In McKinsey's Physician Survey, conducted in May 2020, physicians said they were now more likely to refer procedures and surgeries, physician visits, and diagnostic testing to non-hospital locations and to shift in-person visits to telehealth. Roughly a fourth of independent physicians say they are now more likely to pursue alignment with a larger organization, preferably another independent physician practice, to obtain financial and operational support. COVID-19 has also increased physicians' feelings of burnout.

While COVID-19 appeared to dramatically halt elective volume as states shut down, most

Return of volume and shifting sites of care following COVID-19

physicians report expecting to see pre-COVID-19 volumes return within a year to similar sites of care, with the exception of an expected 2X growth in telehealth uptake Post-operative follow-up Physician-estimated

volume of patients, pre- and post-COVID-19 Average number of monthly patients by visit type (n = 507)

Pre-operative consults **Before** 727 Follow-up visits New patient visits without physical exam New patient visits with Past month 267 physical exam 753 In a year

COVID-19 % of respondents $(n = 528)^1$

Expected site of

patient visits, post-

58% Physician's office in a non-hospital building Change from -5% pre-COVID-19, absolute %

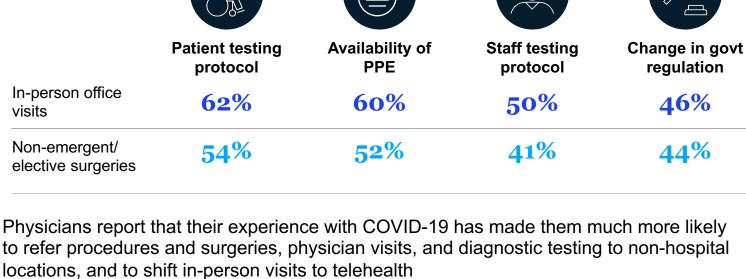
or surgeries, post-COVID-19 % of respondents $(n = 438)^2$ Telehealth +7%

Expected site of

elective procedures Ambulatory surgery center (ASC) +2%

Volume appears to have begun to return with over half of physicians saying that they're offering in-person visits as of May 5; top factors that could accelerate timing include patient testing protocols and the availability of PPE

Top factors that could accelerate timing for restarting non-COVID-19 care % of respondents (n = 245 in-person office; n = 445 elective surgeries)

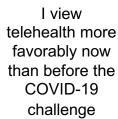


Physicians are now more likely to refer ... to non-hospital locations than to hospitals % of respondents agreeing (n = 538)

40% 50%

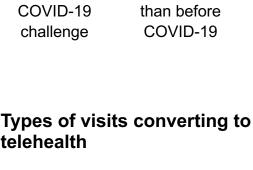


20%



telehealth

exam (n = 413)



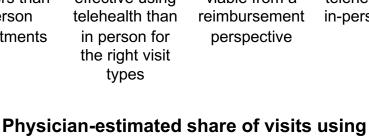
I am more

comfortable

with providing

telehealth now





telehealth, %

2

Physicians can

be similarly or visits are even more financially viable from a effective using

reimbursement perspective

Telehealth

prefer telehealth over in-person visits

9

Most of my

patients now

New patient visits without

physical exam (n = 180)

New patient visits with physical

Follow-up visits (n = 416)

Pre-operative consult (n = 352)

Post-operative consult (n = 347)

partnership, and acquisition

of respondents report their

<14 days

9%

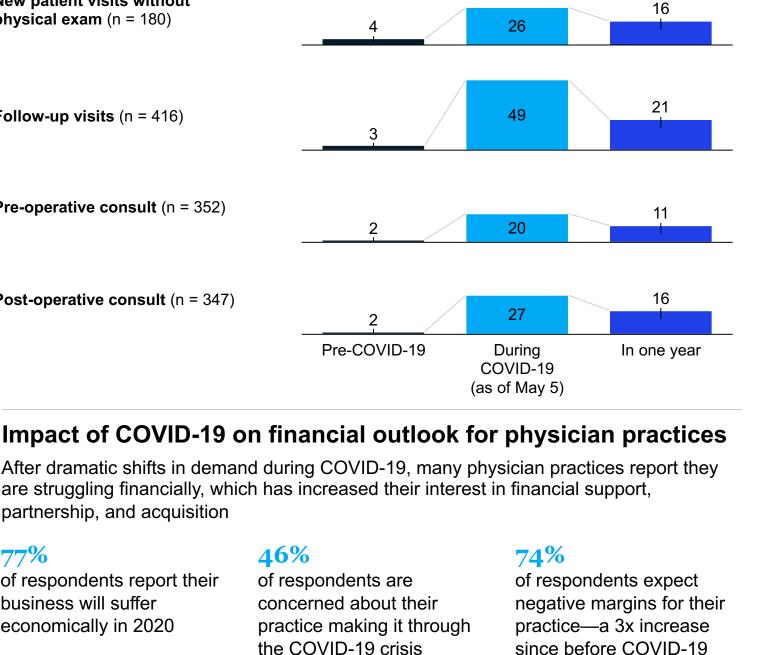
14%

51%

business will suffer

economically in 2020

77%



Among physicians who answered, 43% of respondents expect to have fewer than 28 days cash on hand, an 85% increase since pre-COVID-19—leading to an increase in self-

How has COVID-19 influenced physicians' decision to... Number of days of cash on hand % of respondents (n = 451) % of self-employed respondents (n = 230 partner/sell; n = 58 employ)

24%

62%

employed physicians' interest in aligning with another entity

>28 days

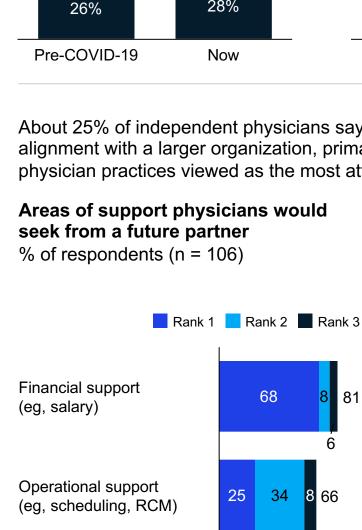
27%

16%

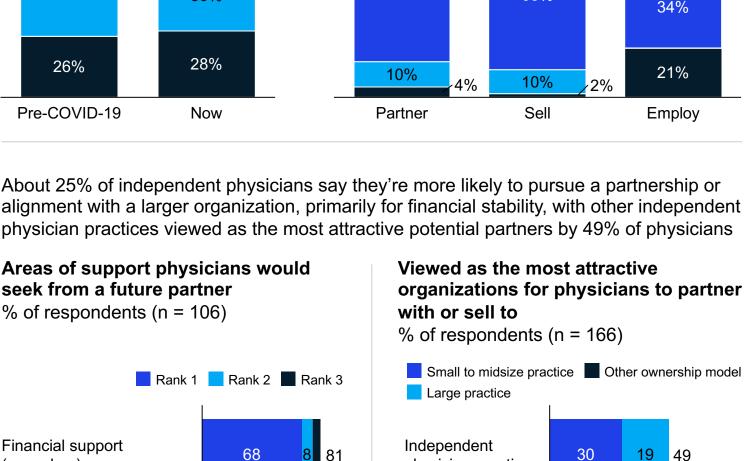
30%

28%

■ 15–28 days ■ Don't know



Patient referral/access support (eg, telehealth.



physician practices

Hospitals/

health systems

Financial sponsor

More likely Less likely

26%

No change Don't know/unsure

45%

emergency department (eg, private equity) visits) 5 Improved access to testing Other 13

of respondents agree that

them that the benefits of

COVID-19 has shown

8 66

20 45

52%

۱3

physicians appear to still desire autonomy

industry is inevitable right now

47%

14% of physicians said they are free from stress and burnout, and 55% state that COVID-19 has increased their feelings of burnout

Physicians' level of burnout

of respondents say

consolidation in the

working for a larger practice outweigh the benefits of working in a smaller practice **How COVID-19 influences burnout**

Despite their interest in alignment and need for financial support after COVID-19,

71%

19

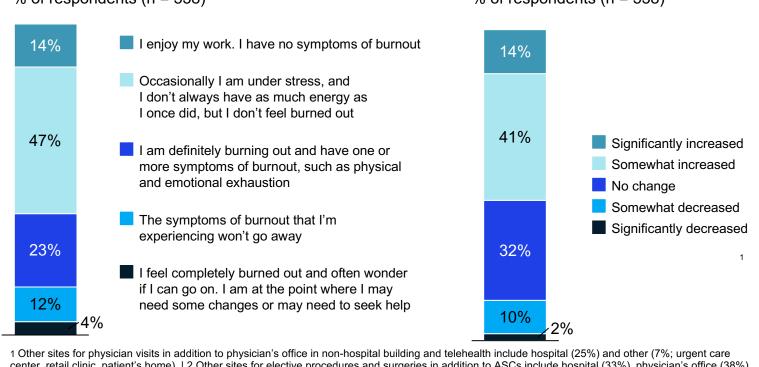
19

of respondents believe

smaller companies should

fight to stay independent

% of respondents (n = 538) % of respondents (n = 538)



center, retail clinic, patient's home). | 2 Other sites for elective procedures and surgeries in addition to ASCs include hospital (33%), physician's office (38%),

other (5%; urgent care center, retail clinic, patient's home). Source: McKinsey COVID-19 Physician Survey, April 27 to May 5, 2020, n = 538 To understand our clients in understanding the response to COVID-19, McKinsey launched a nationwide online survey to gather insight from US physicians of all non-hospital-based specialties into how COVID-19 is affecting their ability to provide care, financial situation, level of stress, and what support they would be interested in.