

HOSPITALS FACE FINANCIAL CHALLENGES DUE TO COVID-19

The Queen's Health Systems and The Queen's Medical Center | Honolulu, Hawaii

The first case of COVID-19 in the state of Hawaii was confirmed March 6 on the island of Oahu. To meet the demand for screening, The Queen's Health Systems erected a triage tent in the ambulance bay of The Queen's Medical Center on March 12 in addition to other testing sites.

On March 16, The Queen's Medical Center, a major teaching hospital and the only Level I trauma center on Oahu, began to limit hospital access and adjust visiting hours and rules to decrease potential exposure to COVID-19. Queen's also serves as the major referral center for cancer, heart disease, neuroscience, orthopedics, surgery, emergency medicine and behavioral health, and has the only organ transplantation program in the state of Hawaii.

As the level of COVID-19 infections begins to stabilize in the community, The Queen's Medical Center is starting to reschedule appointments, surgeries and procedures that had been delayed.

Jason C. Chang, president of The Queen's Medical Center and chief operating officer of The Queen's Health Systems and The Queen's Medical Center, says, "At one point, all clinic visits were shut down. After we resumed them, the patients haven't come back the same way that we had anticipated. Even with the pent-up demand for elective procedures, minimally invasive and even short-stay procedures are still down by about 18%. We are seeing our in person clinic visits down by about 14%, and the emergency department (ED) is the one that surprised us the most — down by 38%."

And while many services are back online, Chang points out that the state restricts the extent to which services can be relaunched. "Our state requires that we keep 30% of our intensive care unit beds open," he said. This is impactful because it translates to about \$45 million a year in lost revenue from one unit alone. Additionally, the case

mix index in Queen's ED and for surgeries is up about 15%, which, Chang says "shows that patients coming to the ED are sicker."

Chang and his colleagues at Queen's Medical Center are working hard to get the message out that their doors are open and safety protocols are in place for patients needing medically necessary routine, nonemergent care. They launched a campaign — Queen's Prepared to Care — and worked with their patient family advisory council to conduct a community research study to find out what would make them more confident to come back to health care. Recommendations included more patient-facing cleaning, but even after new processes were put in place, patients were still reluctant to come for health services. To make sure that people are not misinformed about what to do with their care, nurses reach out directly to patients to find out how they are doing and assess what needs to be done to maintain their health.

The broader economic impact of the pandemic is a factor that Chang is concerned about. Hawaii went from having the lowest unemployment rate of all 50 states to now having one of the highest with 22% unemployment, because it's so dependent on tourism, which has been totally shut down. Many people lost their jobs and insurance, going from a commercial payer to Medicaid. Hawaii's state budget is looking at a \$1 billion deficit due to the lack of tourism. "The state Medicaid system is faced with a significant shortfall of almost \$60 million — monies that we rely on to take care of the most vulnerable populations. Queen's is the largest recipient of Medicaid in our state with 28% of our patients on Medicaid," says Chang.

Additionally, 40% of Queen's Health Systems' patients are on Medicare, and while \$99 million from the Accelerated and Advance Payment Program helped, those funds will begin to be repaid in August. "Come August, the entire Medicare amount will be withheld, until it is

paid back. That's a 40% cut to monthly revenue. It's very impactful. We are quite concerned," says Chang.

The toll that the pandemic continues to take on patient volumes means significant losses and unprecedented financial pressures for the Queen's health system.

"On a monthly basis, we lost \$50 million in May, \$47 million in April and \$30 million in March. Collectively, we've received \$26 million from the various tranches of the Emergency Relief Fund," says Chang. Queen's is projecting out between 18 and 24 months and expects a

slow return to their pre-COVID-19 revenues. "Projected losses are about \$60 million for 2021," he says. However, he says a worst-case scenario is a \$300 million loss if a second COVID-19 wave occurs like what is happening in some areas of the country.

Chang's message is clear. Without additional financial support from Congress and the Administration, and as losses continue to grow, this pandemic has the real potential of limiting The Queen's Health Systems' ability to meet the medical care needs of their community.