

# Lockton Healthcare Practice Update

*COVID - 19 - Healthcare Impact*

---

March 2020



Dear Clients,

While the coronavirus (COVID-19) situation remains very fluid and seems to evolve on a daily (or even hourly) basis, we at Lockton's Healthcare Practice wanted to take a moment to address the stresses that you might begin to see. Please take a moment to review the potential impacts below as well as some recommendations that we have put together for our Healthcare clients.

Potential Impacts:

- **Supply chain disruption:**
  - As COVID-19 continues to spread, the need for medical supplies will continue to increase. Since a large portion of medical supplies for the US Healthcare System are imported from China, the strain on supplies will continue to be felt due to this large reliance on foreign manufactured medical supplies. The Federal Government has stated they will begin to loosen some manufacturing regulation that will help some domestic manufacturers, such as 3M in Minnesota, to meet the demand for some basic supplies such as surgical masks. These links will provide value resource and insight:
    - [Centers for Disease Control and Prevention](#)
    - [ECRI](#)
    - [HFMA](#)
- **Labor availability / Worker safety:**
  - A key element to ensure there is continued labor availability relates to keeping our professionals in the healthcare system as safe as possible. A healthy and fully staffed healthcare system workforce will be critical to combating the virus. Unfortunately for healthcare workers, it will be nearly impossible to avoid all coronavirus exposure and as a result we expect to see a rise in Workers' Compensation claims.
- **Financial impact / Credit availability:**
  - Healthcare is a thin margin business, yet in order to meet the demands of the communities they serve, many hospitals may need to deploy significant amounts of additional capital to purchase the additional supplies and equipment required to handle the influx of patients. If credit and borrowing capability is restricted, it could have a disastrous impact on the facilities we need to combat the virus. The American Hospital Association, American Medical Association, and American Nurses Association issued a joint letter to the Senate and House requesting as they develop an economic stimulus package, that it includes a comprehensive funding strategy to ensure hospitals, health systems, physicians and nurses are viable and directly supported for preparedness and response. The request includes: updating/training/implementation of pandemic preparedness plans, obtain scarce supplies, ramp up infection control and triage training, construct retrofit separate areas to screen and treat large numbers of suspected COVID-19 persons including temporary structures, address financial impact of cancellations of elective surgeries and procedures due to COVID-19, implement expanded telemedicine and telehealth capabilities.

- **Patient safety:**

- Protecting patients from harm is an ongoing focus of healthcare organizations. The experts agree that patients at the greatest risk are the elderly and those with serious comorbidities such as heart disease, diabetes, obesity, and respiratory issues. Operators of hospitals and nursing homes by their very nature care for these at risk patients and having the precautionary tactics in place is critical. The CDC has provided resources for hospitals and healthcare professionals preparing for patients with suspected or confirmed COVID-19. The American Health Care Association/National Center for Assisted Living issued updated guidelines in response to the COVID-19.

With the strains on the supply chain and a potential shortage of healthcare professionals, the healthcare delivery system will push the risk management department to the limits of its ability to manage the risk created by COVID-19. In this quickly changing environment, we recommend utilizing the resources made available by [ECRI](#).

- **Telemedicine:**

- As healthcare organizations are faced with a need to be creative and flexible while extending care to broader populations, many are considering Telemedicine. Telemedicine can help ensure continuity of care for patients during the COVID-19 pandemic. Keys to consider will certainly include licensure of providers, state/federal/international laws as well as reimbursement structures. It is recommended that healthcare providers review the regulations and speak with their insurance brokers and carriers regarding this expanded offering. Additional considerations can be found [here](#).

## *Important Links*

Lockton's Coronavirus Advisory Practice is closely monitoring the outbreak on behalf of our clients. The situation is fast-developing, and local health agencies should be consulted for the latest news and directives. [The Coronavirus Advisory Practice page](#) has been established as the central source of Lockton's thought leadership and supporting materials on the coronavirus. It includes access to our Coronavirus Advisory Practice leaders as well as the latest available resources, such as:

- [Podcast ERISA is a Friend of Mine](#)
- [House Imposes Temporary Paid Leave and Healthcare Mandates](#)
- [CDC Risk Assessment](#)
- [State and Local Health Department Gateway](#)

Please note: For the most up-to-date information and resources, visit the [Centers for Disease Control and Prevention's National Institute for Occupational Safety and Health \(NIOSH\)](#). This should be your primary source for emergency preparedness and response to the coronavirus.

We would be more than happy to answer any questions you may have regarding the above and would also be happy to participate in any calls with any clients where they have questions around this topic.

Regards,

Lockton Healthcare Practice



**LOCKTON®**

---

**UNCOMMONLY INDEPENDENT**