

As America's health care providers continue responding to the first wave of COVID-19, Banner Health is being hit hard for the second time. On July 12, Arizona's largest health care system was at the epicenter of the pandemic — nearly four months after it was first impacted by the initial shelter-in-place order.

"Today [July 12], we have more than 1,500 in-patients who are either COVID-positive or are suspected of having COVID-19 and are awaiting [test] results," says Marjorie Bessel, M.D., chief clinical officer. "That represents 45% of the COVID-19 inpatient hospitalizations in Arizona. Our intensive care unit volumes are at their peak and we have the highest number of ventilated ICU patients since this surge began."

The financial outlook for Banner Health has changed dramatically since the shelter-in-place order, which took effect in mid-March and lasted until May 1. In response, Banner Health shut down so-called elective surgeries and curtailed non-emergent care services.

"We saw immediate declines during that period. Inpatient volume went down 30% from pre-pandemic levels," says Dennis Laraway, chief financial officer. "Outpatient services declined much more sharply — by 40% to 60%, depending on the modality."

Exclusive of CARES Act funding, Banner forecasts operating losses of \$500 million for fiscal year 2020 as compared to initial budget expectations, with expected revenue losses approaching \$1 billion for the year. Laraway notes the stimulus dollars provide an essential bridge to help support operations as traditional patient volumes and revenue streams have been curtailed severely.

To date, Banner Health has received about \$300 million in pandemic assistance from the federal government. But even with those funds, the organization has had to focus on flexing staff and cutting costs without negatively impacting its workforce capacity, all while now operating in excess of 100% licensed bed capacity.

"The intensity and burden on our health care workforce is very significant," Bessel says. "These patients are very ill. They have an incredibly long length of stay and the amount of full-time equivalent (FTE) resources that it takes to care for them is very, very significant — even for those outside of the ICU."

Banner Health has brought in more than 750 nurses and respiratory therapists to meet the needs of COVID-19 patients and plans to add 350 to 375 more by late July to meet surging demands. Costs for adding these resources will come at a premium, with Texas, California, Florida and other surge states vying for similar resources to augment their core staffing. Laraway says his projections have not yet taken these costs into consideration.

Additional staffing will be needed for some time even after the surge crests, Bessel says, as the health system for the second time tries to handle a backlog of nonemergency services.

While Laraway notes the "extremely disruptive" impact that the surge of COVID-19 patients is having on the health system's operations and its finances, he is particularly concerned about the effect this environment is having on clinical staff and consumers.

"The workforce has taken a pounding from this activity. The organization and its workforce are exhausted from having to care for such a rush of COVID-19 patients.

It's operationally disruptive and it's taxing health care systems in these high-COVID-19 states," he says.

Laraway lauds the rapid work by federal legislators and the health care field to enact the CARES Act to speed payments to hospitals diagnosing and treating large numbers of COVID-19 patients. Now, he says, it is time to enact another round of funding.

"We're afraid that the CARES Act money will run dry and states like Arizona, Florida and Texas might be left with a really big hole in our health care systems. While many of these systems are strong, vibrant enterprises, they also serve as the safety net in many communities," Laraway says. "As we're taking a beating from the pandemic, enduring economic losses and having to curtail routine services, it's going to put a lot of stress on health care systems to be that safety net for our communities."