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Joint Legislative Committee Hearing on Small Businesses
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***Impact of the COVID19 Crisis on
Physician Practices Across New York State***

Good morning Chairwoman Kaplan, Chairman Stirpe, and committee members from both the Senate and Assembly. Thank you for the opportunity to provide comments on behalf of the Medical Society of the State of New York (MSSNY), regarding the impact of the COVID19 crisis on physicians across the state of New York.

This crisis has tested our State and the medical profession like never before. The medical community rallied together to confront a once in a century enemy that we have only recently begun to emerge from. But the fight still goes on. Many physicians witnessed the mass death and suffering of patients that they thought only existed in history books. These images will stay with them forever. Adding to that is that physicians and other health care workers on the front lines were themselves putting their life and health - as well as their families' - at risk.

Secondary to our efforts to continue to confront this outbreak is the absolutely devastating financial impact. Even prior to the outbreak, community-based physician care delivery was becoming an endangered species, as countless physicians across the State found themselves with no choice but to become employed by a large health system in order to continue to deliver care. This was the result of our excessive liability insurance costs, extraordinary tax burden, huge new costs associated with electronic medical record adoption and implementation, combined with the increase ratcheting down on payments by health insurance companies.

The Covid-19 outbreak exacerbated these already startling trends. Like many small businesses across the state, New York physicians faced devastating consequences for their practices. To learn more details about this impact, the Medical Society of the State of New York (MSSNY) conducted two surveys of its membership, over the last month.

Survey questions included loss of patient visits; loss of practice revenue; whether or not physicians had to furlough, or layoff, staff; adoption of telehealth; and whether or not they'd received funding from one of the available programs included in the federal CARES Act stimulus bill, among others. Key takeaways from the first survey include:

- 83% had a reduction of more than 50% in the volume of patients visiting their practices.
- 80% suffered a loss of revenue of more than 50% since the outbreak of COVID19.
- More than a quarter had to layoff, or furlough, more than 50% of their staff.
- 73% applied for forgivable loans through the Small Business Administration's (SBA) 7(a) Loan Program.

Very disturbing reports were also received in the survey's comments, from physicians, that despite having applied for help as soon as the funds became available, they had received no

assistance as of the time they completed the questionnaire. Many found challenges with banks they've been working with for years.

Following a recent replenishment of funds for the PPP program, physicians from across New York, applied again. Several important takeaways from our second survey include:

- 79% have seen a reduction of more than 50% in the volume of patients visiting their practices.
- Nearly 3/4 had a greater than 50% drop in practice revenue.
- More than a quarter had to lay off or furlough more than 50% of their staff, and 40% had to lay off or furlough at least 25% of their staff.

However, there was some modestly positive news from the second survey about efforts to provide a modicum of support to offset these enormous losses:

- 74% were awarded a PPP loan.
- 63% received a CARES Act relief pool grant in the first round which was based on a small % Medicare fee for service payments received in 2019.
- 21% received a Medicare Advance payment (loan).

We reiterate that these programs have only helped to offset a small portion of losses. Many smaller physician practice find themselves unable to pay their rents, medical liability insurance, and other bills. We were also disturbed that the rules for accessing some of these grant funds were based on Medicare revenue, which meant that pediatricians and OB-GYNs and certain other specialties were ineligible to receive these funds.

Once again, though, the comments provided additional information about what physicians are experiencing on the ground including continued, dramatic losses of revenue, as a result of being able to reopen practices to see patients in person, continuing restrictions on “elective surgeries”, for many — still — denial of requests for federal funding, and fear that the ongoing loss of revenue will force them to close their practices, altogether. Please allow me to share of sampling of what our members shared:

“Very difficult for patients and physicians in these uncertain times-with concerns for elective procedures becoming urgent/emergent and not knowing when can they have the needed procedures. Coordinating outpatient post- operative care and preoperative testing is a challenge.”

“The money I got from government is not enough. My office is closed almost two month”

“The whole practice is going down now, and expecting the coming months. We have a difficulty to reopen the practice after the pandemic.”

“Our practice has been around for almost 35 years and provides advanced services for colorectal associated health issues including advanced colonoscopies, minimally invasive

including Robotic surgery. Because of the Covid 19 moratorium all services provided by us are down almost 90% and not sustainable with the revenue and stimulus provided.”

“My practice as a surgeon is down 85% and no relief. The PPP would cost more than I could gain. It does not cover a multitude of physician expenses. I have tried to stay open, but patients are afraid to come in. For the first time in my life, I am on unemployment. I am 5 years from retirement and may not be able to do so. The CARES program promised \$10k. I received \$4,347 in Round 1.”

Overall, while the CARES Act provided some funding to make up for some of the enormous deficits suffered by physician practices, it is not nearly enough to ensure the survival of many physician practices across the state. To that end, MSSNY requests that New York lawmakers please consider the following recommendations:

1. Direct commercial insurers in New York to provide “advance” payments to physicians in the same manner as Medicare is required to in the CARES Act. Recently, Empire announced that it would advance payments to certain independent primary care physician organizations and multi-specialty groups that include primary care, beginning in May. United and CDPHP have also implemented these programs. **MSSNY urges other New York insurers to do the same.**
2. Establish a 9/11-style program to provide hazard pay for frontline healthcare providers, including physicians, to help compensate for lost revenue as a result of the COVID19 crisis.
3. Providing needed relief from insurer-imposed administrative burdens, like pre-authorization, which were recently waived for hospitals.
4. Require health insurers to make bonus payments to their network physicians to account for the costs associated with additional Personal Protective Equipment (PPE) and the mark-up in price, that will be essential as practices begin to open up. Given that insurers have recently seen a precipitous drop in claim submissions, this seems a reasonable request.

In closing, our first priority remains to ensure that our patients, through the crisis and after, can continue to receive the care they need, but we must know that our practices can keep their doors open for patients now and in the future. New York’s health care system, including physicians, shouldn’t have to face financial ruin, while working around the clock to save lives. New York has shouldered the brunt of this crisis and we desperately need the fiscal attention we deserve.

MSSNY will continue to work with New York’s Congressional delegation to fight for additional federal relief funds for New Yorkers, but to preserve the viability of New York’s health care system, including physician practices, more help is needed. We look forward to working with you all, and other policymakers, going forward, to put the pieces of that puzzle together. Again, many physician practices face the possibility of not being able to re-open as we enter a Chronic Covid-19 period – what happens to these patients who these physicians serve?

Thank you for your time and please let me know if you have any questions.