

STRATA REPORT REVEALS COVID-19 IMPACT ON U.S. HEALTHCARE DELIVERY

SIX-MONTH ANALYSIS OF PATIENT AND PROCEDURE VOLUME AT 275 HOSPITALS SHOWS AN INDUSTRY IN SLOW RECOVERY

CHICAGO, September 23, 2020 — A comprehensive six-month study of patient and procedure volume at 275 hospitals by Strata Decision Technology (Strata) revealed the significant financial and operational impact of the COVID-19 pandemic on the U.S. healthcare system. *The National Patient and Procedure Volume Tracker™* from Strata reveals the clinical and financial implications of COVID-19 treatment, details volume and revenue trends from the past six-months and documents the impact of telehealth adoption.

To analyze the impact of COVID-19, data scientists from Strata aggregated data from a cohort of 275 hospitals in 58 healthcare delivery systems, a subset of the over 1,000 hospitals and 220 healthcare delivery systems across the country that use the company's [StrataJazz®](#) financial planning, analytics, and performance platform. Collectively, the hospitals in the COVID-19 cohort serve nearly 86 million Americans, account for \$81 billion in annual operating expense, represent all census regions, and treated over 160,000 COVID-19 patients.

The updated [National Patient and Procedure Volume Tracker](#) reveals the following:

COVID-19 Analysis: Healthcare providers have quickly learned and heroically responded to COVID-19 as demonstrated by dramatically lower ventilator and mortality rates

- COVID-19 inpatient volumes did not surge nationwide as expected and did not replace the dramatic decline in total admissions
- Admission rates from the ED declined across all age cohorts, suggesting providers have developed more skill in identifying who has COVID-19 and corrected treatment
- Admitted COVID-19 patients in the top seven DRGs have a length of stay 20% higher than non-COVID patients for the same DRG, justifying an increase in reimbursement
- While ventilator use has declined dramatically, most COVID-19 patients who are on a ventilator stay on it for over 96 hours

Patient and Procedure Volume Analysis: The impact to inpatient and ER volumes has been significant and the new normal may force a wide-spread re-evaluation of financial models for hospitals

Inpatient volume has not fully recovered with inpatient procedures and surgeries still down significantly

- Volumes now approaching 2019 levels, but lost volumes have not recovered
- The "new normal" may be 90-95% of previous levels
- Inpatient procedures and surgeries continue to trail 2019 levels, down 18.6% cumulatively, having a negative financial impact
- Medical, not surgical service lines, have come back strongest as patients have focused on chronic, preventative, and screening care

Outpatient volume has recovered for some, but not for all

- Volumes fell significantly, but have now recovered, down 56% at the start, but down only 1.5% for the past 30 days
- Recovery is not evenly distributed, as some areas have come back strongly, while other care areas still lag
- Volume rebound demonstrates ongoing recovery outside the inpatient setting, including new channels such as telehealth

Emergency room visits are still down by 25% nationally

- Emergency Room (ER) care fell by 50% with people only going to the ER if essential
- Potentially serious care, that normally comes to the ER, is still being avoided or is down
- This decrease in ER visits also potentially reflects a return to the optimal role of the ER
- ER volume is still down by approximately 25% nationally vs. 2019

Telehealth Analysis: Telehealth shows staying power as a new channel and will need to be evaluated and integrated into care planning in a thoughtful way

- Telehealth filled a void during pandemic and was utilized for ~50% of telehealth-eligible office visits at peak as face-to-face visits dropped by 50%
- In-person visits have rebounded, driving telehealth down to 11% of eligible visits and reflecting the current hands-on nature of healthcare
- Contrary to the belief that technology is for the young, telehealth utilization was strong across age cohorts
- Some visits types like behavioral health sustained telehealth volume better than others, while phone check-ins, basic follow-ups and consultations show decline

“The work of our hospitals and healthcare providers in both battling COVID-19 and saving lives has truly been heroic,” stated Dan Michelson, Chief Executive Officer of Strata Decision Technology. “The data from the *National Patient and Procedure Volume Tracker* will help all stakeholders understand that there are clear, significant, and long-term implications for our healthcare delivery system. They will need to think different and consider new approaches as they plan their road to recovery.”

National Patient and Procedure Volume Tracker is Available for Free to All Stakeholders in Healthcare

The *National Patient and Procedure Volume Tracker* was launched in May 2020 to help all stakeholders in healthcare understand the impact of COVID-19 on the U.S. healthcare delivery system. The data behind the Tracker is from StrataSphere, Strata’s unique and comprehensive data-sharing platform that helps providers leverage the power of a network that represents approximately 25% of all provider spend in U.S. healthcare.

“This report should compel health systems to accelerate their move to value-based models of care, fast track digital health efforts, and evaluate how to reduce their cost of care delivery,” commented Steve Lefar, Executive Director of StrataSphere for Strata. “It is more important than ever to understand cost and revenue drivers today and in the future. The time is now for leaders to quickly evaluate and start making changes.”

StrataSphere currently includes over 100 participating health systems, representing more than \$150 billion in operating expense. Whereas existing comparative analytics and benchmarking solutions rely primarily on public datasets, StrataSphere provides accurate, actionable and timely comparisons of key metrics. StrataSphere utilizes machine learning to leverage trillions of data points from this network of providers already using StrataJazz for financial planning, analytics and

performance. For this reason, participation in StrataSphere requires no additional data submission or work effort.

The *National Patient and Procedure Volume Tracker* is free and available at www.stratadecision.com/National-Patient-and-Procedure-Volume-Tracker/.

About Strata Decision Technology

Strata Decision Technology provides an innovative cloud-based financial analytics and performance platform that is used by healthcare providers for financial planning, decision support and continuous improvement. Founded in 1996, the Company's customer base includes 1,000 hospitals and many of the largest and most influential healthcare delivery systems in the U.S. The Company's StrataJazz® application is a single integrated software-as-a-service platform that includes modules for capital planning, continuous improvement, contract modeling, cost accounting, cost management, decision support, financial forecasting, management reporting, operational budgeting and performance improvement and strategic planning. The Company's headquarters are in Chicago, IL. For more information, please visit www.stratadecision.com.