

Envisioning the New Normal:

Real Estate + Life Sciences



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Part 6: Impact of Telemedicine on Medical Office

Introduction

While health practitioners work to manage COVID-19, the healthcare industry itself is being transformed by the challenges and opportunities of the pandemic. Hospitals are restructuring to meet fluctuating inpatient care demands while outpatient care facilities have been forced to adopt new ways of meeting their patient's needs in a socially-distanced world. One such adaptation is the dramatic increase in telehealth, a broad term capturing technology-based ways of enabling clinicians to communicate with patients, perform virtual exams, and connect with colleagues via video conferencing platforms. It remains to be seen whether this shift will result in a permanent structural change to patient care, but it has highlighted the advantage of having flexibility in available medical office structure.

Telehealth Access and Use

Telehealth is not a new concept. Medicare has been offering telehealth services for years, primarily to address the needs of older Americans who, as a result of mobility issues, cannot easily visit healthcare providers in their office. Telehealth was previously a limited offering due to restrictions on reimbursements, HIPAA liability concerns, practitioner apprehension around malpractice and certain tests which require personal interaction. In an effort to control the transmission of COVID-19 and optimize available treatment space, telehealth services in the United States dramatically increased at the onset of the pandemic. This transition was facilitated by the removal of restrictions relating to reimbursement and privacy rules through the Coronavirus Aid, Relief and Economic Security (CARES) Act. Many private insurance companies also waived co-payments and deductibles that would normally be charged for telehealth appointments. According to the Department of Health and Human Services, the percentage of total primary care visits for Medicare beneficiaries conducted via telehealth increased from just 0.1% in January of 2020 to a peak of 45.9% in April. As restrictions on in-person activity used to combat the spread of COVID-19 have been relaxed, telehealth usage has decreased. As of June 2020, telehealth utilization remained at 19.9% for Medicare patients. Starting on October 1, 2020, two of the largest health insurers are no longer waiving telehealth related co-payments and deductibles for some customers. How much these changes will affect telehealth utilization is still unclear.

Sustainability

COVID-19 forced the acceptance of a near-exclusive use of technology, not only to access goods and services, but also to connect with communities. In addition to the increased use of telehealth services, the use of video conferencing has completely supplanted in-person meetings. Zoom reported a daily meeting use of its program in April 2020 of more than 300 million participants, a jump from 10 million in December 2019. The mental hurdle of using telehealth, by both practitioners and patients, seems to have already been removed. Whether expansion of telehealth activity continues in a post-COVID world will depend on permanent legislation similar to the CARES Act, allowing for broadened telehealth service reimbursement and thoughtful guidelines around privacy concerns.

Medical Space Considerations

Providers, patients and insurers increasing or maintaining their current usage of telehealth will have a long-term impact on how care is delivered. There will likely be a surplus of exam rooms at existing and planned outpatient clinics post-pandemic. Additionally, social distancing guidelines have virtually eliminated the need for waiting room space. Providers have implemented online check-in and are even asking patients to wait in their car until they are called in for their visit. Like exam rooms, any decrease of in-person patient visits post-pandemic will provide an opportunity to recapture some waiting room space.

While patients will be receiving telehealth calls or remote monitoring from home, practitioners will need space for calls or virtual visits, as well as remote monitoring and diagnostic equipment. Medical office buildings should consider providing telehealth suites for such visits, equipped with internet redundancy, appropriate lighting, computer equipment and privacy accommodations to address HIPAA compliance.

Despite the increase in telehealth for basic care and monitoring, patients will always need to visit the office for treatments, physical evaluation and use of diagnostic equipment. Recaptured space from exam rooms and/or waiting rooms could be used for high-value imaging, diagnostic, specialty procedures or laboratory equipment.

Outlook

Industry leaders conclude that, regardless of the net impact of telehealth, the demand for medical office space will rise and change over time. The U.S. population continues to grow and age, increasing the overall demand for healthcare services. COVID-19 has challenged healthcare to consider separating inpatient care facilities from outpatient care spaces and from administrative spaces. Such restructuring could lead to an increased overall need for medical office spaces that are adapted to accommodate telehealth-specific requirements and reduced inpatient visits.

Part 7 Preview

The next article in the *Envisioning the New Normal: Real Estate + Life Sciences* series, we are partnering with **Gensler** to examine flexible and sustainable laboratory spaces. In particular, we will look at why creating flexible lab spaces is important at both the owner and the user level, and how it can be accomplished.

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