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# South Florida's Healthcare Industry Recovery is on the Mend Despite New Variants – Here's How

By Alex Binelo, Partner at BDO USA, LLP

Our hospital systems and healthcare workers have been put to the ultimate test over the past two years. With over five million confirmed cases in Florida and new variants spreading rapidly, COVID-19 continues to impact every player in the local healthcare industry.

During the first couple months of the pandemic, we saw some medical practices struggle due to a decreased demand for services that patients didn't consider "essential." Then, numerous hospitals lost revenue after experiencing a significant reduction in elective surgeries, as well as diminished bed capacity and staffing constraints. The increasing costs of insurance and Medicaid contracts also compounded these financial matters for several providers.

As new variants emerge, healthcare organizations are better positioned to face these challenges because they have adapted their business models and determined how to increase efficiencies by serving patients in new ways. In fact, BDO's recent CFO Survey, which polled 100 healthcare industry CFOs with revenues ranging from \$250 million to \$3 billion, found that 63% of healthcare organizations are thriving and 82% expect to be thriving in one year. In South Florida, telehealth innovations have given primary care physicians the flexibility to provide patients with more convenient care and the bandwidth to garner additional business. Fewer in-person visits have reduced patient costs, allowing primary care facilities to benefit from cost-savings bonuses on capitated health plans, including Medicare Advantage.

In addition to making these operational pivots, healthcare organizations that received Provider Relief Funds (PRF) and related government funding are positioned to face new variants and come out of the pandemic with greater financial stability. A number of South Florida's specialty practices have quickly rebounded because of the funds.

While some of the federal funding program updates, such as changing eligibility criteria and the need for additional documentation, have required increased oversight to ensure compliance with the latest audit requirements, the funds have had an overall positive impact on South Florida's healthcare industry.

Looking ahead, we expect to see continued growth and investment in South Florida healthcare. The influx of people moving to Florida from across the country and the substantial senior population has sparked a great deal of merger and acquisition activity from out-of-state private equity groups. These firms are attracted to opportunities for consolidation and acquisition and are heavily investing in Florida's rapidly growing healthcare tech industry. The firms are also helping South Florida companies expand and replicate their success in regions across the country. Several medical centers are bringing South Florida's full-service medical center concept, which involves multiple specialty offices in one large facility, to regions of Texas and California.

As South Florida further emerges as a healthcare hub, mergers and acquisitions are expected to continue, especially over the coming months before any new tax proposals are finalized.

While the state's healthcare sector has seen unprecedented challenges over the last two years, it has proven incredibly resilient with access to better services and working systems in place to care for high volumes of patients. Adversity often breeds innovation, and the positive steps South Florida's healthcare organizations are taking have positioned them to help more people in 2022 and beyond.

[Click here to read the 2022 BDO Healthcare CFO Outlook Survey findings.](#)

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