FUTURESCAN™
Healthcare Trends and Implications
2016-2021

Got Change? An Inside Look at Future Transformations in Healthcare
Society for Healthcare Strategy & Market Development
American College of Healthcare Executives
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INTRODUCTION
THE ISSUE
THE EVOLUTION OF THE PATIENT EXPERIENCE
Christy Dempsey
Chief Nursing Officer
Press Ganey Associates, Inc.

Providers are shifting their focus from patient satisfaction to the totality of the patient experience
This encompasses all aspects of care and services provided across the continuum of care

Futurescan 2016-2021 focuses on:
• Engaging value-conscious patients and consumers
• Exploring capital models to finance the evolution of healthcare
• Identifying change management skills executives and strategists need for the future
• Accelerating innovations that improve value
• Re-engineering care at a massive scale
• Developing effective health promotion and wellness programs
• Assuming risk in caring for defined populations
• Integrating behavioral health and medical care

What’s driving this trend?
New delivery models
Changes in reimbursement
Patient-centered care
Consumerism
At least 10% of hospital reimbursement will depend on HCAHPS scores.

The majority of patients will compare patient experience ratings with those of other hospitals before choosing where to receive care.

New sources of capital are needed to fuel the future transformation of healthcare:
- The financing vehicles hospitals and health systems have utilized in the past are becoming outdated (i.e., tax-exempt municipal bonds).
- Providers need to explore new ways to fund growth and expansion strategies, including taxable corporate debt.

The evolving healthcare landscape means providers must focus on:
- Delivering the right resources at the right time
- Providing patient-centered care that’s attentive to individual needs
- Engaging physicians, nurses, and staff in a team-based culture
- Involving patients and families in care and decision making
- Achieving high HCAHPS scores to maximize reimbursement
- Ensuring a culture of transparency, acknowledging that consumers are better informed than ever
- Collaborating with other providers (even competitors) to optimize patient care

A checklist for exploring the benefits of taxable financing:
- Understand investors
- Watch ratings implications
- Know the options
- Be aware of market sensitivities
- Help educate the market
- Learn from for-profits
Leading healthcare organizations in a world of continuous change is challenging:
- The pace of transformation continues to accelerate
- Executives already feel saturated and overwhelmed
- 70% of change management efforts fail

Success will be defined by the ability to:
- Chart a different course
- Adapt quickly
- Navigate turbulence
- Deal with opposition

Executives need to adapt to the evolving healthcare landscape by:
- Managing new business models
- Fostering organizational consolidations and partnerships
- Upgrading leadership competencies
- Providing reimbursements that increasingly come from bundled payments

Health system mergers/acquisitions are likely

Hospitals will move away from fee-for-service

Health system-based investment and innovation programs are rising.

Ezra Mehlman
Vice President
Health Enterprise Partners
Healthcare is experiencing a ‘perfect storm’ of transformation that’s driving providers to pursue growth through investment and innovation programs, or “accelerators.”

**4 goals of accelerator programs:**

- Generate revenue
- Differentiate through branding
- Improve clinical quality and operations
- Foster innovation and the adoption of promising new technologies

**Accelerator models include:**

- Investment in early-stage companies
- In-house innovation centers
- Direct investments in healthcare IT
- Warrant deals
- And others

**Survey Results: What Practitioners Predict by 2021**

- 44% Will have a healthcare IT accelerator in place
- 33% Will invest in a healthcare venture capital or private equity fund
- 31% Will have direct investments in healthcare IT companies

**Healthcare organizations should determine the investment and innovation strategy that best aligns with their individual needs and risk appetite.**

**Reengineering: The Future of Healthcare for Veterans**

Robert A. McDonald
US Secretary of Veterans Affairs
Organizational transformation cannot occur at the edges; it has to be deep, wide reaching, and massive in scale.

Lessons can be learned from giants on the journey, such as the US Department of Veterans Affairs (VA).

The VA's strategies for the future focus on the power of:

- **Partnerships**, to provide for the mental and physical health of veterans, and combat homelessness
- **Preparation**, in anticipating massive increases in the number of veterans with dementia
- **Prevention**, through an emphasis on wellness for veterans
- **Prediction**, in forecasting the needs of the future VA population through analytics and genetics

**THE ISSUE**

To meet the diverse healthcare needs of entire communities in the future, providers will need to partner with:

- Local public health agencies
- The private sector
- Nonprofit organizations

**SURVEY RESULTS: WHAT PRACTITIONERS PREDICT BY 2021**

- **96%** Hospitals will focus on population health metrics in collaboration with local public health agencies or non-profit organizations
- **95%** Hospitals will use software to track and project patients' resource utilization
- **99%** Patients will participate more in planning their treatment

**PROMOTING HEALTH: THE ONE ALTERNATIVE TO HEALTHCARE RATIONING**

Michael F. Roizen, MD
Chief Wellness Officer
Cleveland Clinic

Olivia Delia
Science Journalism Intern
Cleveland Clinic

The United States is facing a growing and costly epidemic of chronic disease.
Cleveland Clinic has developed a promising health promotion model to help address the problem. It emphasizes supporting and incentivizing individuals to achieve normal ranges (“the six normals”) for:

1. LDL cholesterol
2. Blood pressure
3. Blood sugar
4. Waist-to-height ratio
5. Stress management
6. Tobacco toxins

89% Most patients will belong to health plans that offer financial incentives for meeting health targets.

77% At least a quarter of the population will receive care from an ACO focused on population health.

Expanding the Cleveland Clinic model to all populations would be an important step in the right direction:

- Research shows achieving normal ranges for the key health factors identified by the clinic reduces chronic disease by 80 to 90 percent.
- If two-thirds of individuals reached “the six normals” the nation would save over $600 billion in annual healthcare spending.

Providers need to shift the focus of the US healthcare system from treating illness to promoting health.

As healthcare transitions from volume to value-based payment, providers are increasingly assuming more risk for the cost and quality of care.
Forces driving the migration to global risk

- Growth in Medicare managed care
- Mounting pressure from commercial insurance and private health exchanges
- Consumerism
- Launch of the next generation ACO
- Introduction of bundled payments

Strategies for hospitals and health systems to manage risk

- Form their own networks
  Goal is to be the high performing network of choice in the region (exceptional quality, low-cost)
- Develop their own health plans
  Gives providers greater influence over caregiver and patient behavior

In the rapidly changing healthcare environment, providers need to:
- Assess which opportunities to assume greater risk with new payment models are right for their organizations
- Decide whether to build their own network or participate in an established network as a contracted party
- Consider whether to develop their own health insurance product

**BEHAVIORAL HEALTH: THERE IS NO HEALTH(CARE) WITHOUT MENTAL HEALTH(CARE)**

M. Justin Coffey, MD
Neuropsychiatrist, Medical Director and Director of Medical Informatics
Center for Brain Stimulation, Menninger Clinic

C. Edward Coffey, MD
Neuropsychiatrist, President and CEO
Menninger Clinic

There is a growing need to integrate behavioral health and general medical care
(One in five American adults suffers from one or more mental disorders)
Fortunately, models of integrated behavioral health and general medical care have proven effective in treating adult patients with these comorbidities, resulting in:

- Improved patient outcomes
- Reduced healthcare costs
- Enhance quality of life

**BEHAVIORAL HEALTH**

**SURVEY RESULTS: WHAT PRACTITIONERS PREDICT BY 2021**

- **67%** Primary care for chronic conditions will include psychotherapy and other options
- **75%** Admissions, transfers and referrals to psychiatric hospitals will rise
- **66%** Budgets for mental health care will increase by at least 10%

In the new healthcare environment, leaders must stay abreast of the trends highlighted in Futurescan and help their organizations successfully navigate the change waters ahead.

**CONCLUSION**

In the new healthcare environment, leaders must stay abreast of the trends highlighted in Futurescan and help their organizations successfully navigate the change waters ahead.

Hospitals and health systems need to determine the best way to integrate behavioral health services into their continuums of care.