



# FUTURE **SCAN**<sup>TM</sup>

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

*with support from* Evariant



SOCIETY FOR  
Healthcare Strategy & Market Development<sup>SM</sup>  
*of the American Hospital Association*

- A Personal Membership Group of the American Hospital Association
- 4,000+ members: largest organization serving healthcare strategy professionals
- SHSMD is committed to helping its members meet the future with greater knowledge and opportunity



American College of  
Healthcare Executives  
*for leaders who care®*

- Professional society of more than 40,000 healthcare executives—*Leaders Who Care*
- Can earn board certification in healthcare management as ACHE Fellows (FACHE®)
- Foremost provider of continuing education and publications for healthcare management and leadership



- SHSMD thanks Evariant for its sponsorship of the redesigned *Futurescan 2016-2021*
- Evariant sees a future where healthcare organizations deliver efficient care solutions
- The firm continuously innovates its healthcare CRM platform based on a centralized communications engine capable of identifying, executing, and measuring all types of engagement initiatives

### *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



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# 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



## What's driving this trend?

New delivery models

Changes in reimbursement

Patient-centered care

Consumerism

84%

At least 10% of hospital reimbursement will depend on HCAHPS scores

68%

Hospitals will assess performance using patient experience metrics as the main measure

79%

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

## 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



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# THE COMING “KITTY HAWK MOMENT” IN HEALTHCARE STRATEGIC CAPITAL

**Michael Irwin**

Director

Not-for-Profit Health Care Group at Citigroup

## 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

28%

Most debt capital  
will come from  
taxable financing  
sources

## 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



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# LEADING CHANGE: A GUIDE FOR THE PERPLEXED

**Todd D. Jick, PhD**

Faculty Member

Columbia Business School

## 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

76%

Hospitals will move away from fee-for-service

86%

Provider reimbursements will increasingly come from bundled payments

58%

Health system mergers/acquisitions are likely



Executives need to adapt to the evolving healthcare landscape by:

Managing new business models

Upgrading leadership competencies

Fostering organizational consolidations and partnerships

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## RISE OF THE ACCELERATORS: THE GROWTH OF HEALTH SYSTEM-BASED INVESTMENT AND INNOVATION PROGRAMS

**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

44%

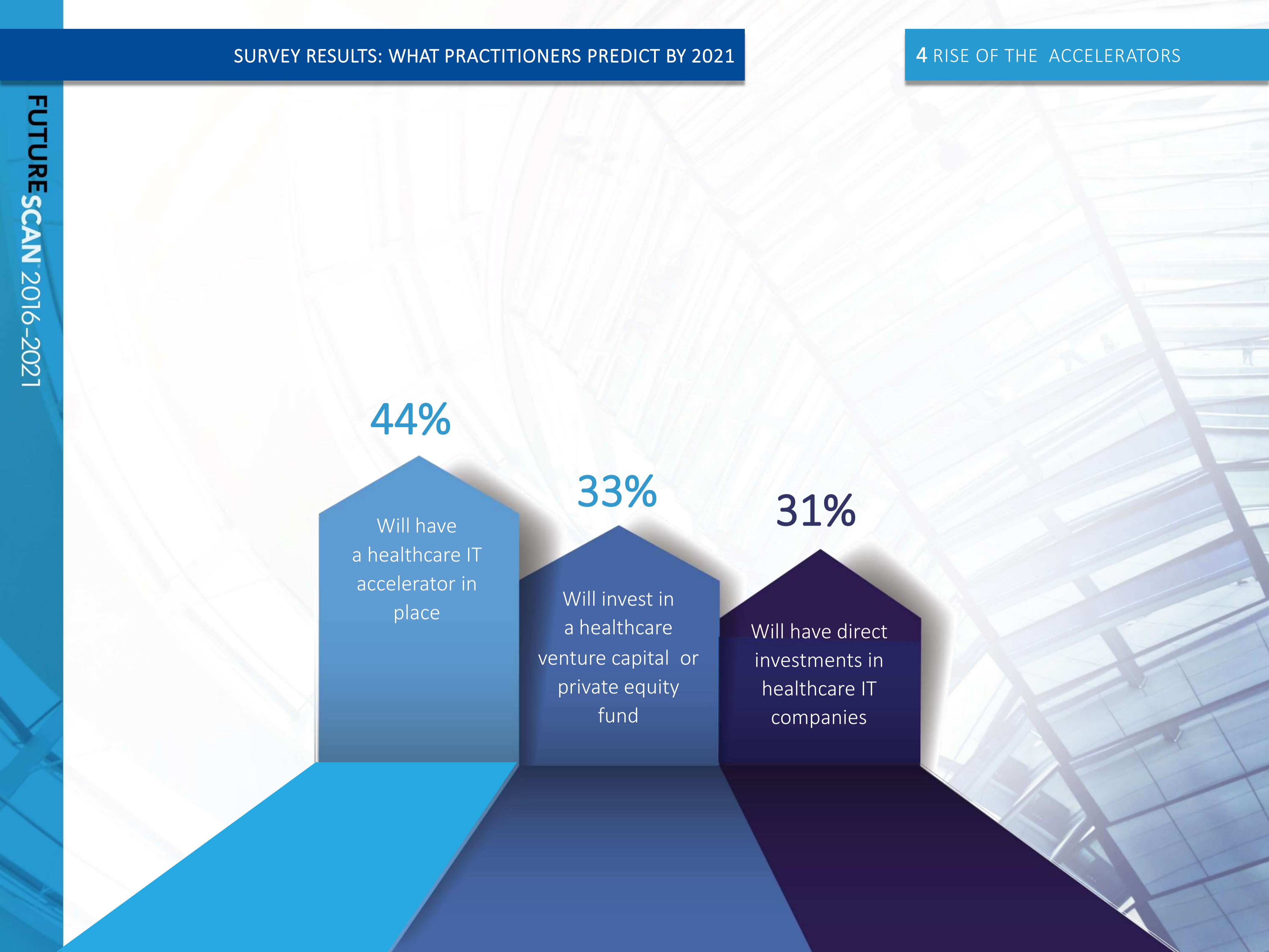
Will have a healthcare IT accelerator in place

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





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# **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

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

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

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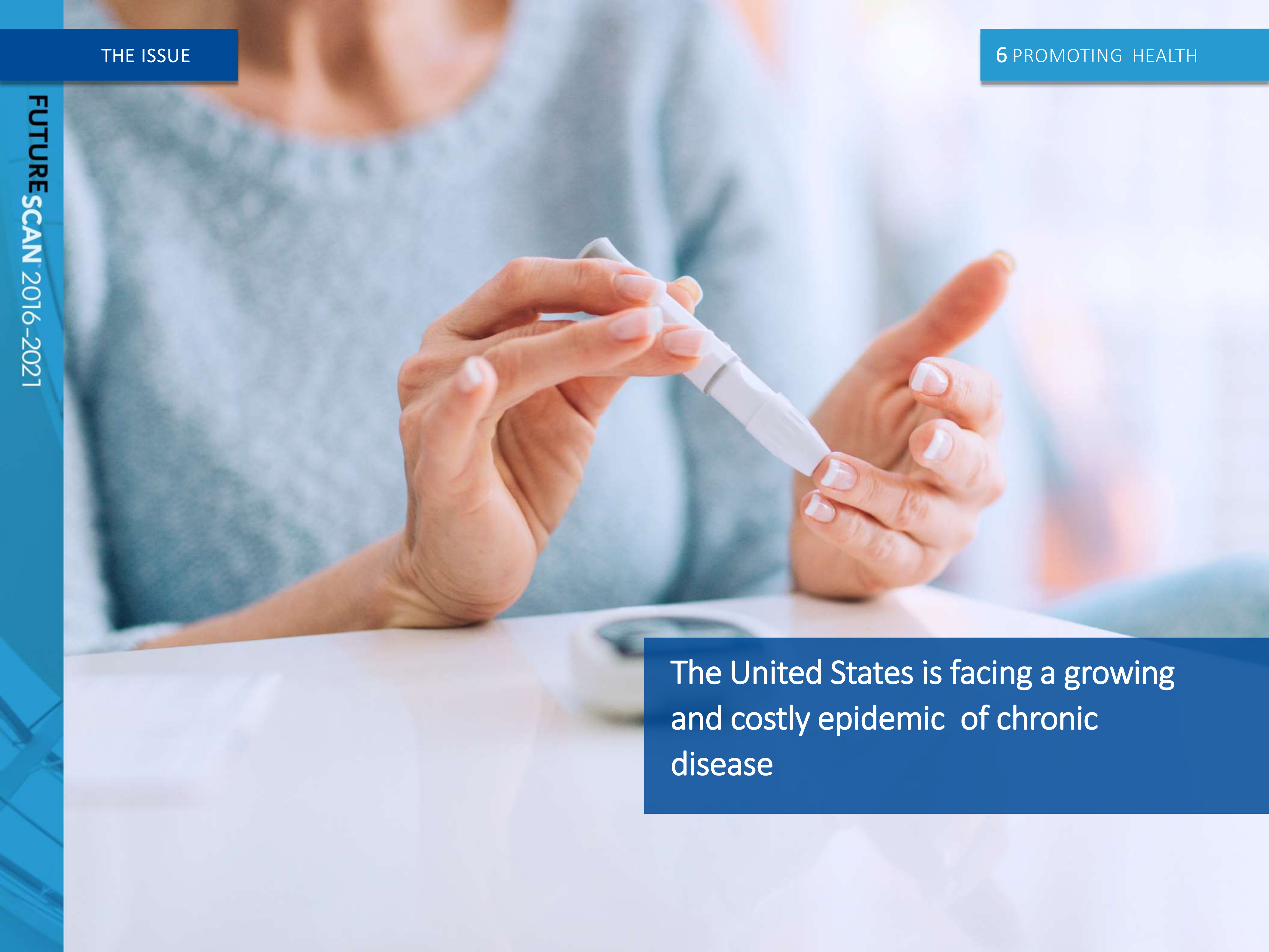
# PROMOTING HEALTH: THE ONE ALTERNATIVE TO HEALTHCARE RATIONING

**Michael F. Roizen, MD**

Chief Wellness Officer  
Cleveland Clinic

**Olivia Delia**

Science Journalism Intern  
Cleveland Clinic

A close-up photograph of a person's hands using a white glucose meter to test their finger. The person is wearing a light blue sweater. The background is blurred, showing what appears to be a window with a view of a city. The overall tone is clinical and focused on health monitoring.

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%

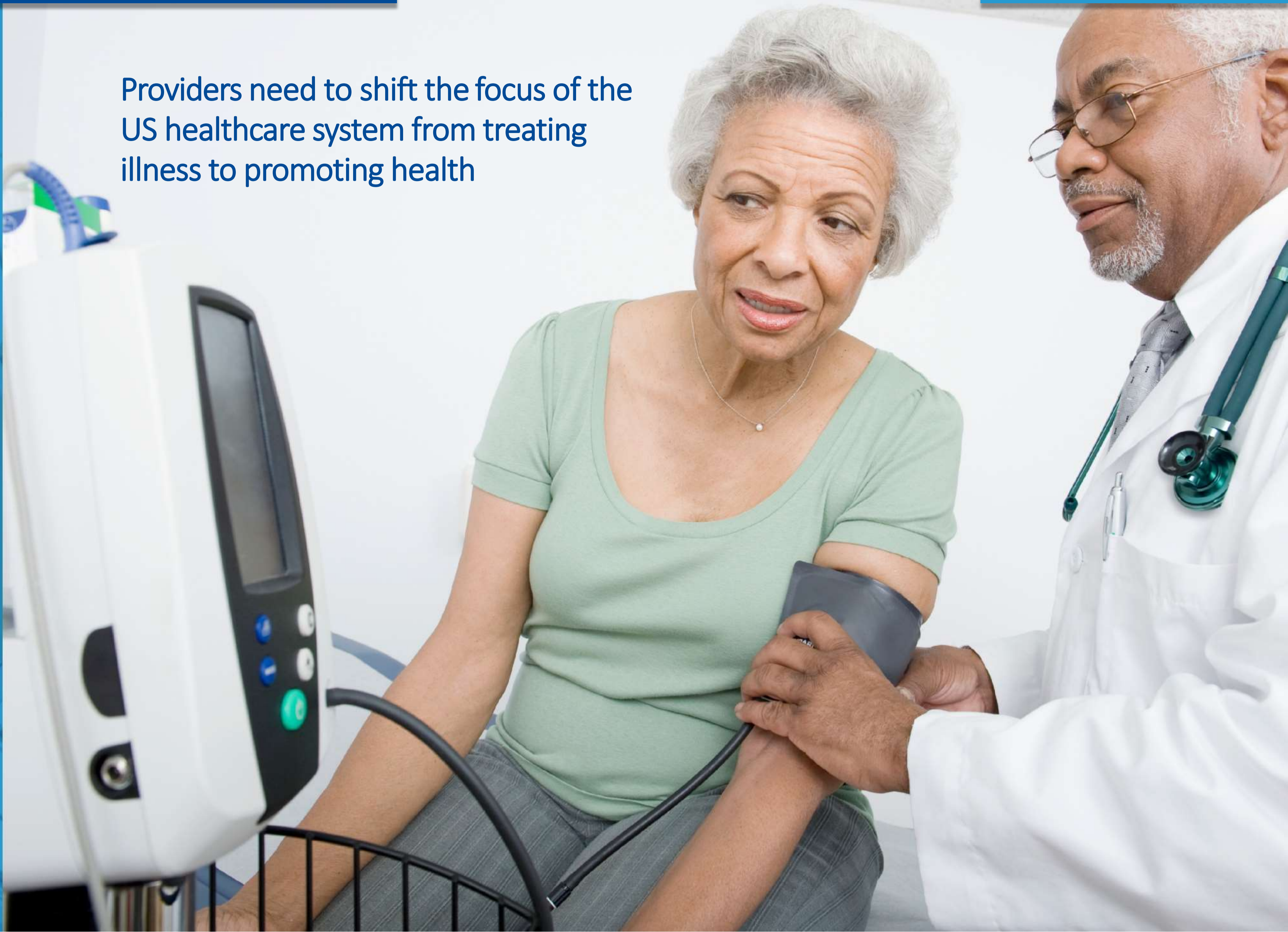
Most patients will belong to health plans that offer financial incentives for meeting health targets

77%

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



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

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## SUCCEEDING WITH NEW PAYMENT MODELS

**Lee B. Sacks**

Executive Vice President and Chief Medical Officer  
Advocate Health Care

**Michael J. Randall, FACHE**

Chief Administrator Officer Advocate  
Advocate Physician Partners



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

Introduction of bundled payments

Launch of the next generation ACO

Consumerism

## 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

78%

Nearly half of Medicare-eligible patients will be covered by Medicare Advantage

47%

Believe their organization will be licensed to sell health insurance products

72%

Will have a co-branded product with an insurer

## 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



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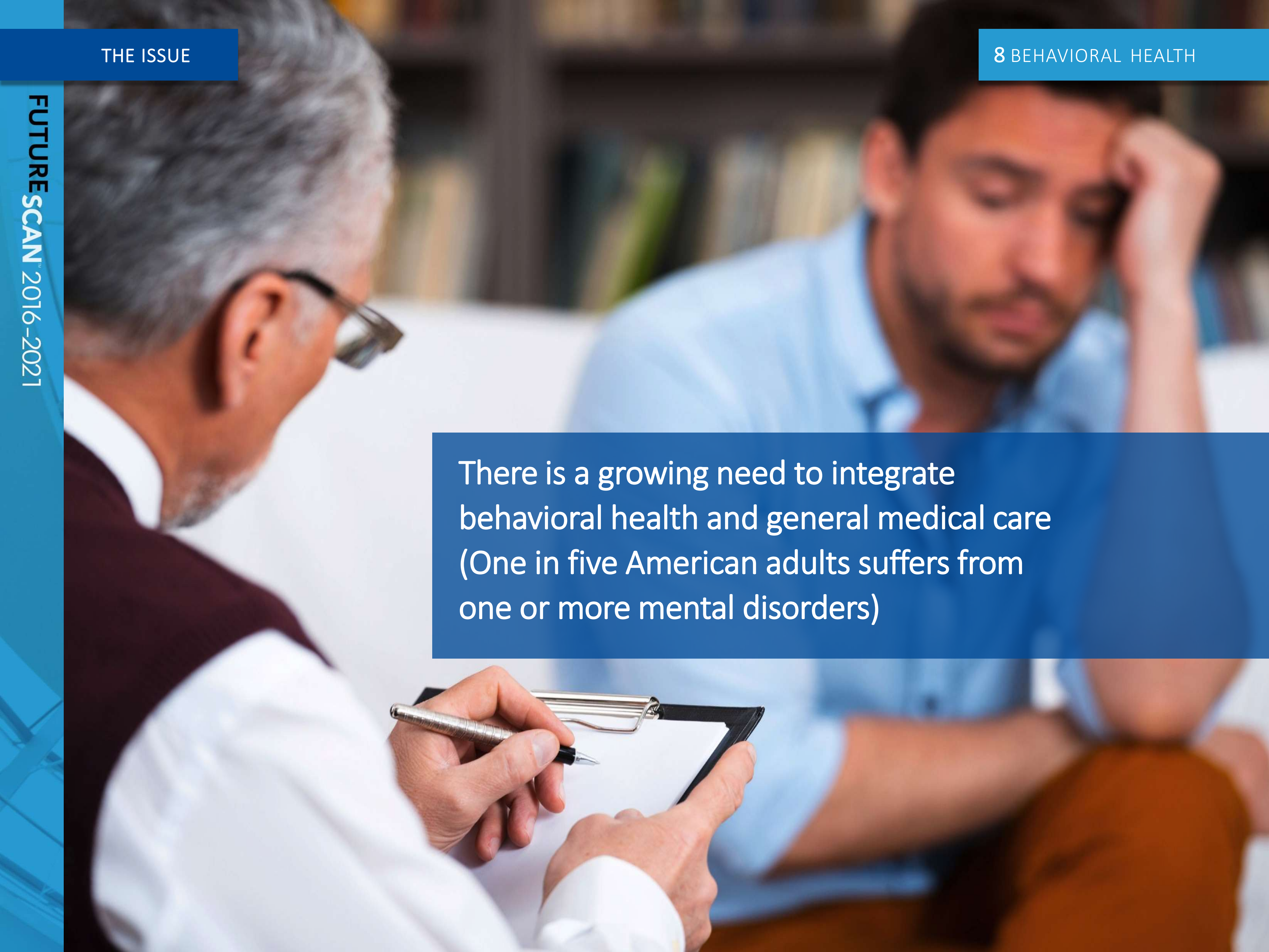
## BEHAVIORAL HEALTH: THERE IS NO HEALTH (CARE) WITHOUT MENTAL HEALTH (CARE)

### **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



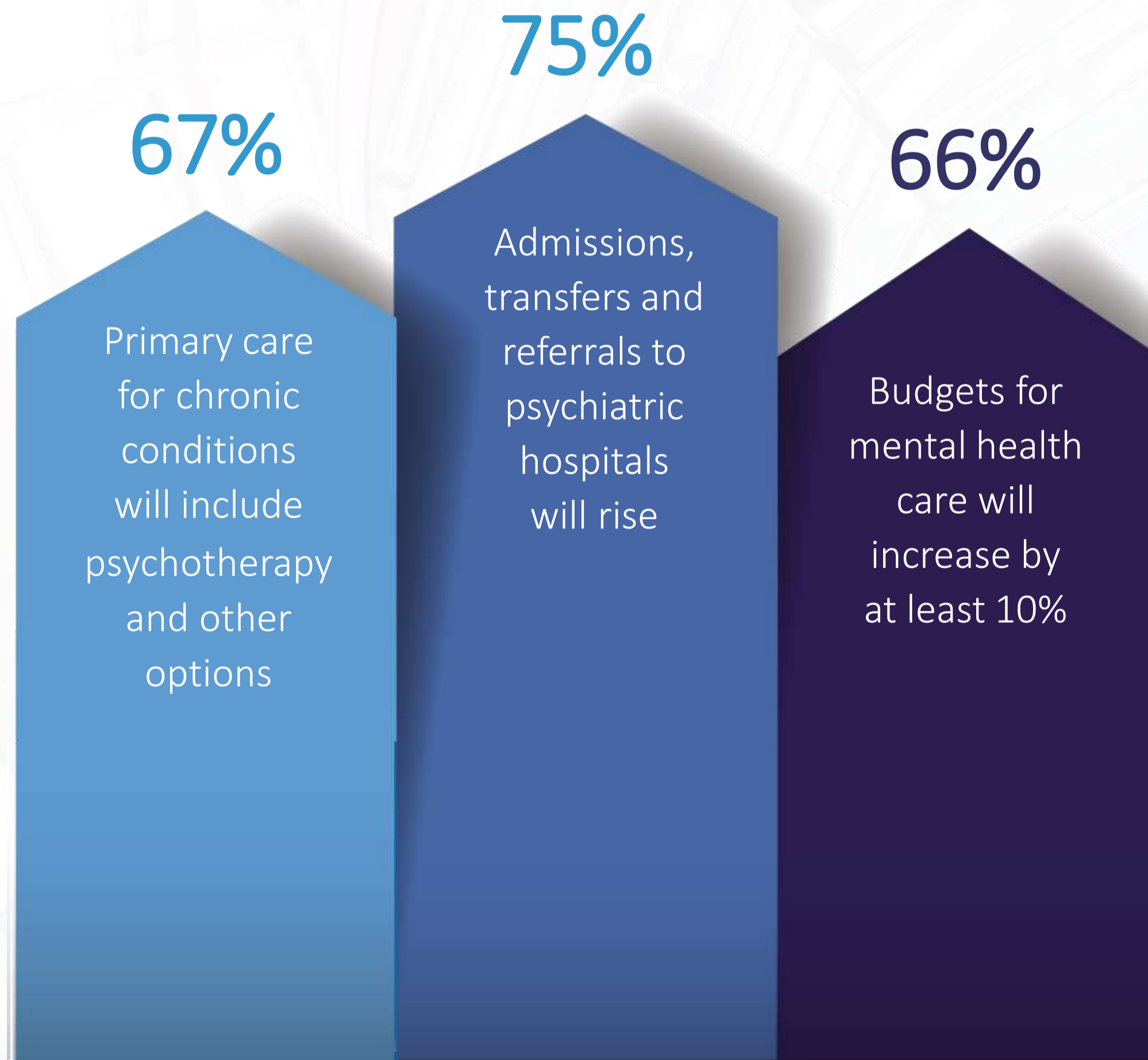
There is a growing need to integrate behavioral health and general medical care (One in five American adults suffers from one or more mental disorders)

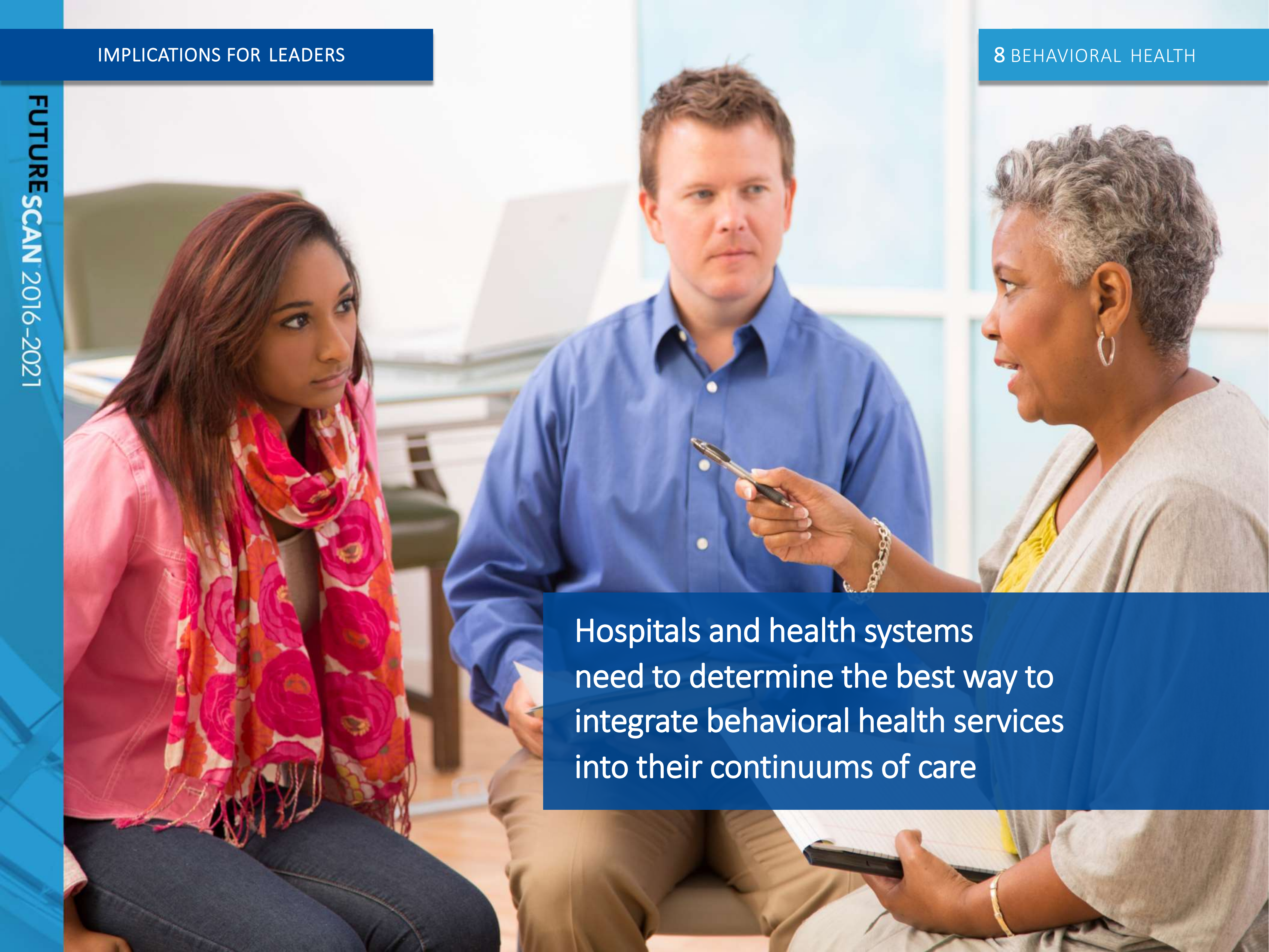
Fortunately, models of integrated behavioral health and general medical care have proven effective in treating adult patients with these comorbidities, resulting in:

Improved  
patient  
outcomes

Reduced  
healthcare  
costs

Enhance  
quality  
of life



A photograph of three people in a meeting. On the left, a woman with long dark hair, wearing a pink shirt and a colorful floral scarf, is looking towards the center. In the middle, a man in a blue button-down shirt is looking towards the right. On the right, an older woman with short grey hair, wearing a grey cardigan over a yellow top, is speaking and holding a pen. The background shows a blurred office setting with a laptop and a window.

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



# 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

