

FUTURESCAN

Health Care Trends and Implications

2019–2024



Society for Healthcare Strategy & Market Development
American College of Healthcare Executives

 **AHA Data & Insights**



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Healthcare Strategy & Market DevelopmentSM
of the American Hospital Association

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- Preeminent organization for health care strategists; a professional membership group of the American Hospital Association.
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SHSMD thanks CareTech for its sponsorship
of *Futurescan 2019-2024*.



Futurescan: A valuable resource

- Highlights key trends affecting health care organizations over the next five years.
- Provides insights and predictions from industry thought leaders.
- Features results of a survey of 180 hospital and health system leaders on the future of health care.





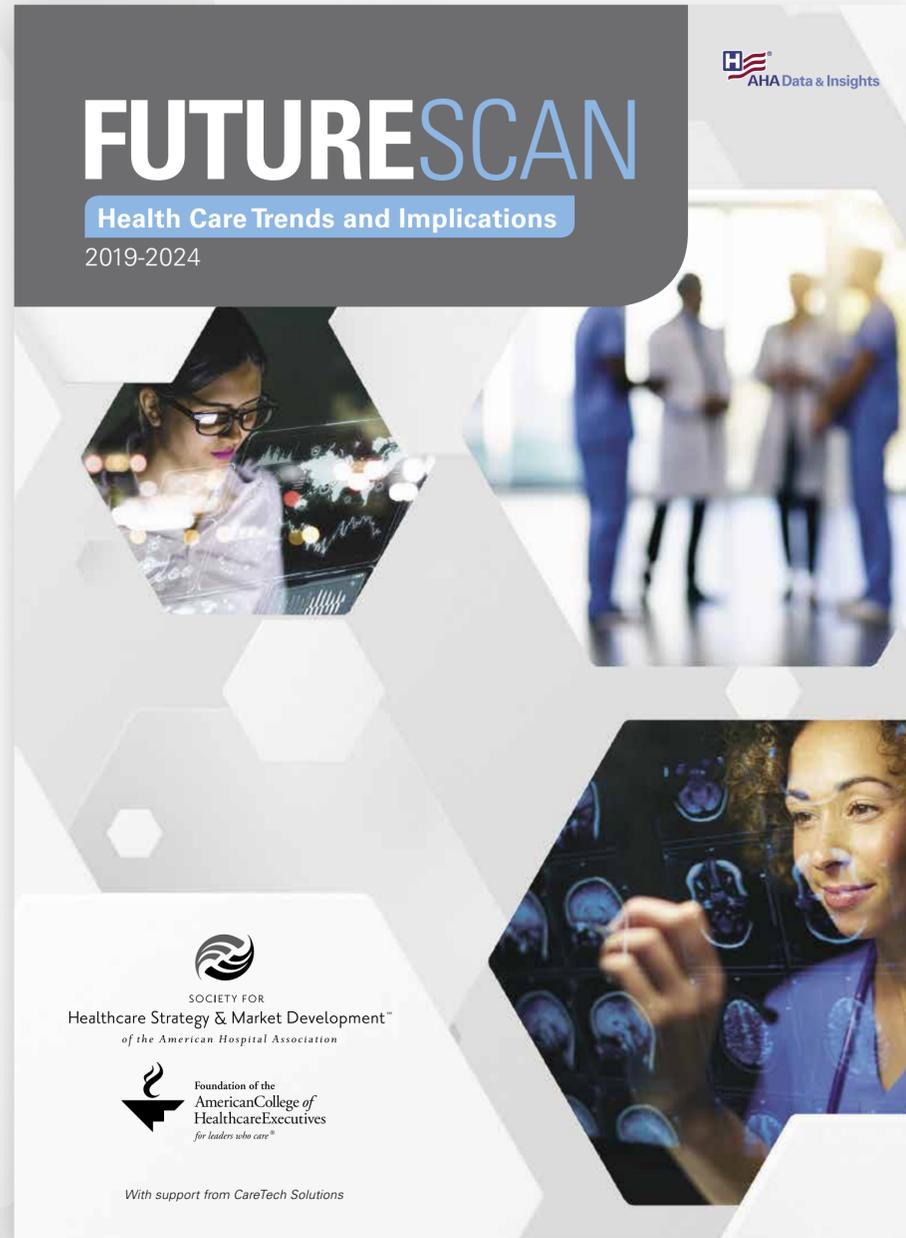
How to use the publication

- Strategic planning.
- Senior executive updates.
- Board education.
- Medical staff briefings.
- Staff training.



Leading Through Times of Change

Presented by Ian Morrison, Ph.D.



FutureScan 2019-2024 focuses on:

- The opioid epidemic.
- High-value health care.
- Physician network growth.
- Digital health care.
- Bioelectronic medicine.
- Health care workforce shortages.
- Hospital and health system governance.
- States' role in health care regulation.

Flipping the Stack: Can New Technology Drive Health Care's Future?

Matthew Holt

*Founder, The Health Care Blog,
Executive Director, Health 2.0 Conference*

Indu Subaiya, M.D.,

*Cofounder, Health 2.0 Conference.
Co-Founder, Health 2.0 User Generated Healthcare*

THE ISSUE

As technological advances accelerate, hospitals and health systems will be significantly impacted by the next wave of digital health care.



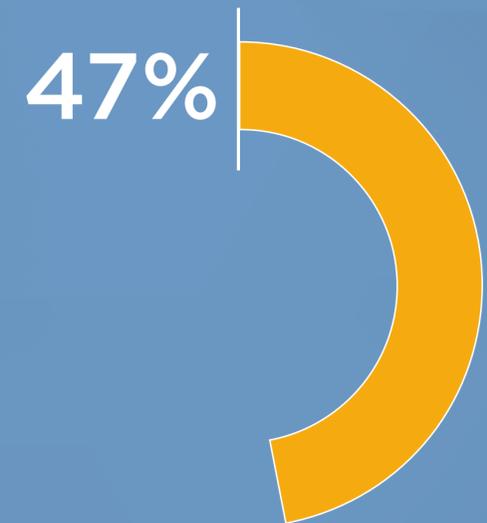


These advances include:

- Blockchain.
- Artificial intelligence (AI).
- Virtual reality (VR).
- Augmented reality (AR).

Technology giants such as Apple, Amazon and Alphabet (Google) will increasingly disrupt traditional providers as they grow their presence in health care.

INSIGHTS FROM HEALTH CARE EXECUTIVES

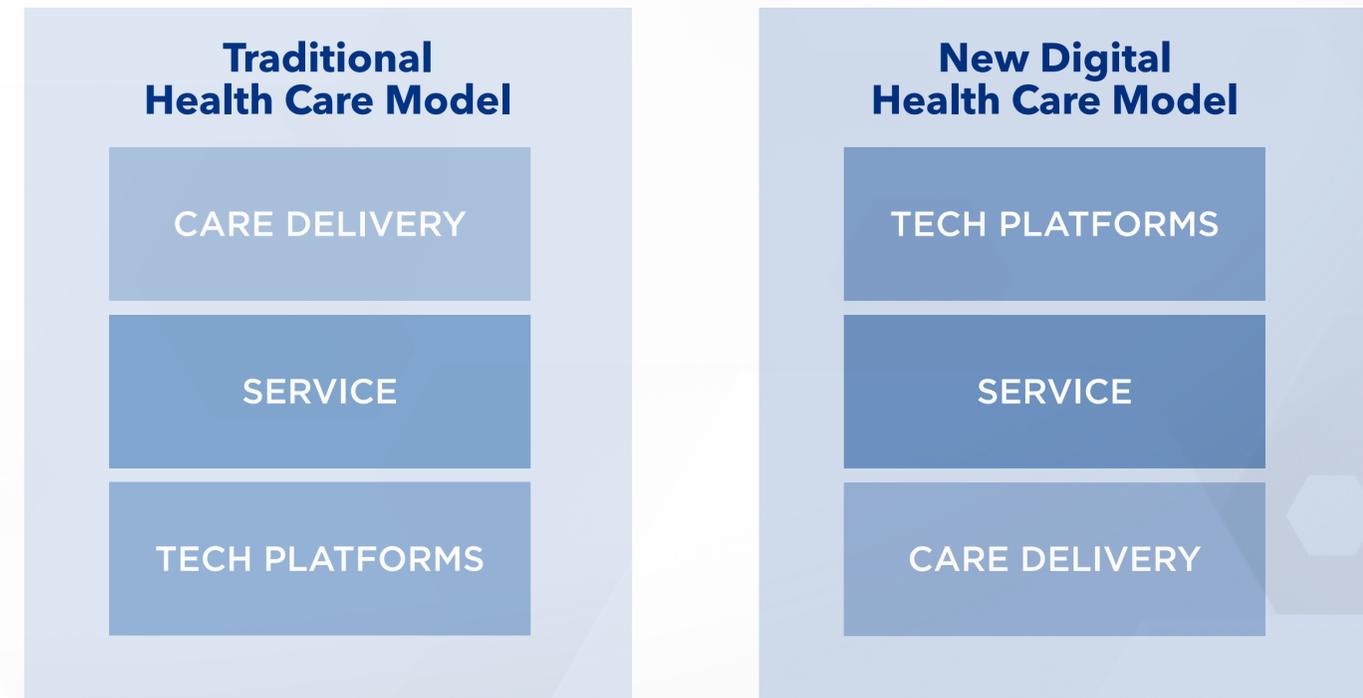


say a major technology company either already is or is very likely to develop health care services that compete with their organization in the next five years.

Traditionally, the U.S. medical system has centered around care delivery, services and technology, in that order.

Imagine turning the system around and starting with technology.

In this model sensors, trackers and artificial intelligence would monitor and even suggest next steps to improve the quality of care.

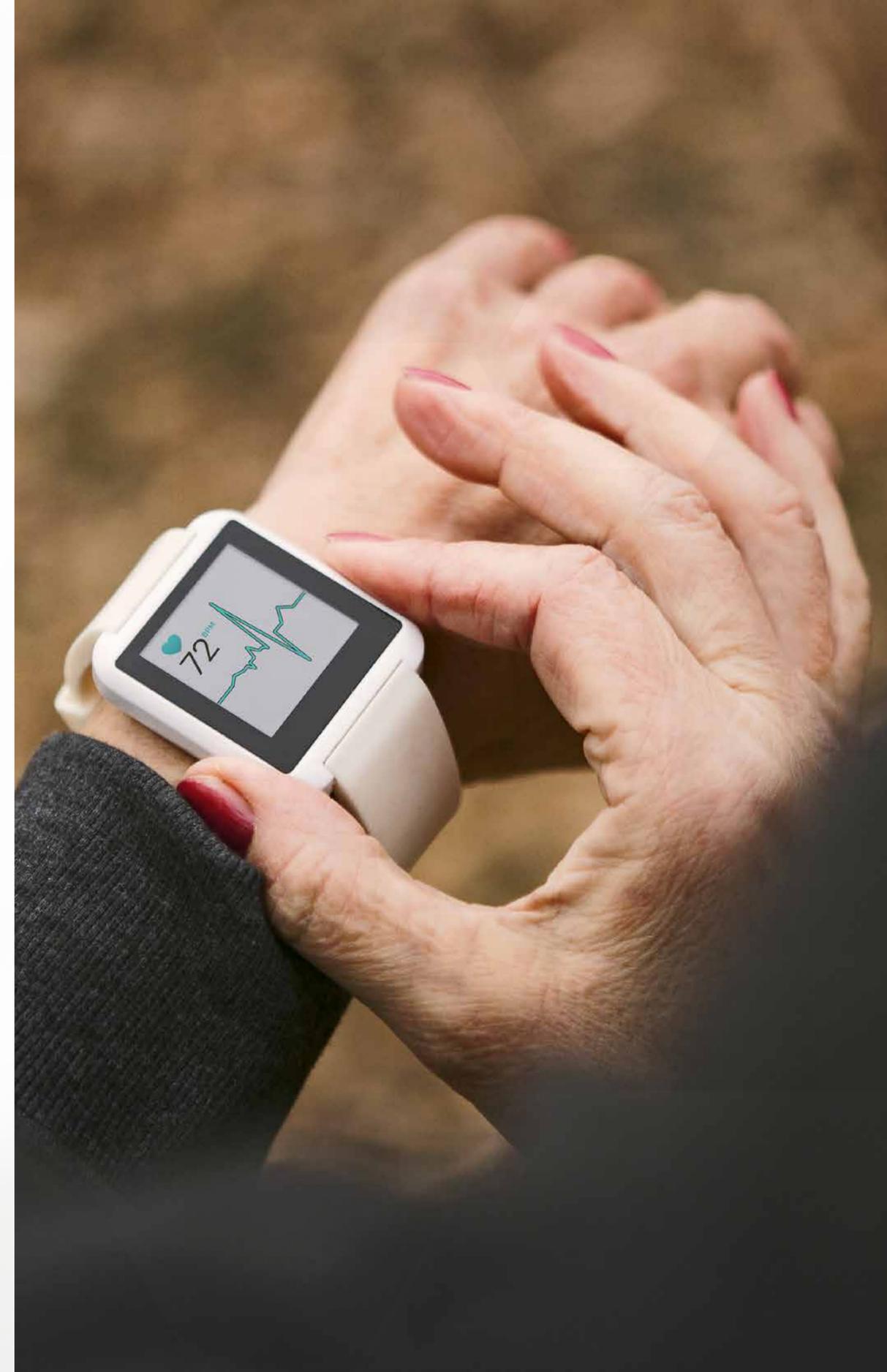


IMPLICATIONS FOR HEALTH CARE LEADERS

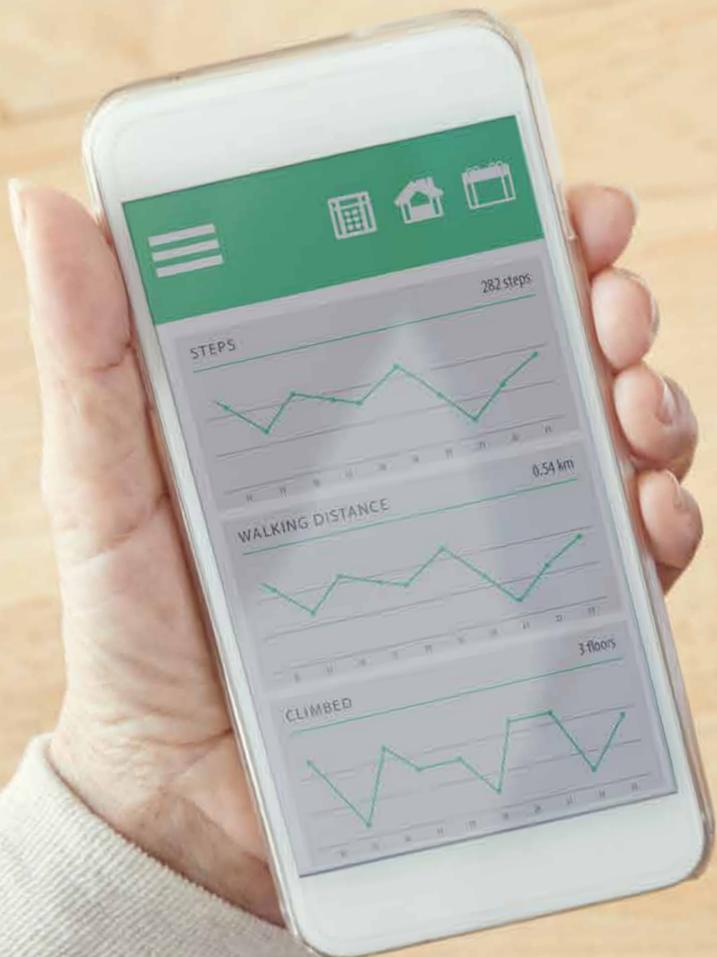
Leaders need to prepare for the future of digital health care by:

- Staying abreast of new developments in the field.
- Exploring participation in a health care incubator program for emerging technologies.
- Seeking guidance from tech-savvy physicians about which advances to implement in your organization.

Continued...



- Obtaining feedback from patients about the benefits of new digital treatments.
- Having data analysts assess the impact of the latest medical technologies.





Taking these steps will help executives ensure their organizations are ready for the next phase of health care's digital revolution.

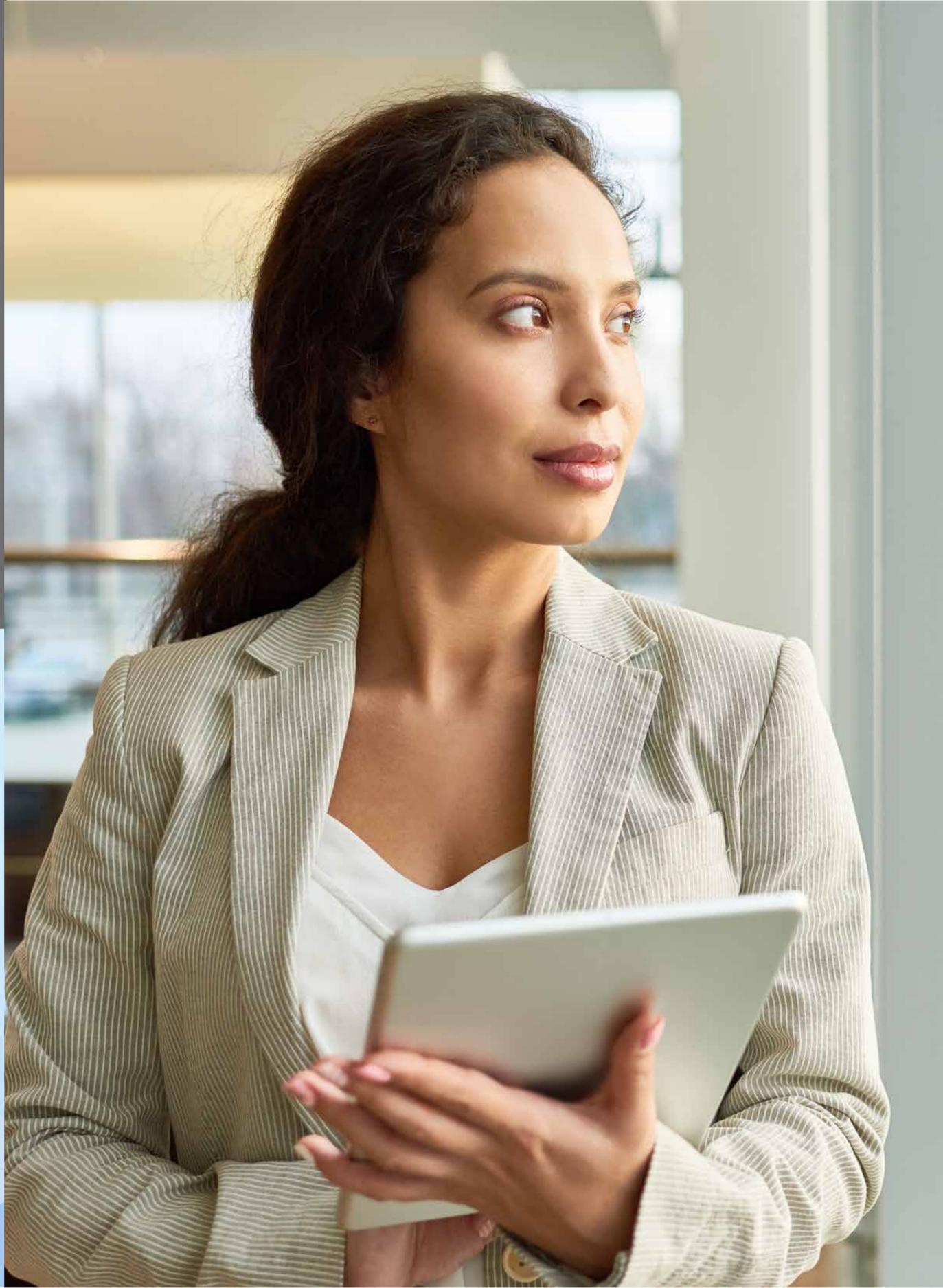
Adopting the Attributes of High-Value Hospitals

Arnold Milstein, M.D., David S.P. Hopkins, Ph.D.,
Melora Simon and Thomas Wang, Ph.D.



THE ISSUE

Driven by insurers, businesses, federal and state governments and consumers, the pressure for hospitals and health systems to provide value-based health care continues to intensify.



Recent research found hospitals that consistently provide high-value care distinguish themselves by:

- Thinking beyond the hospital stay.
- Cutting waste, not safety.
- Engaging their frontline teams in improving the cost-effectiveness of care.



Excellent quality

+



Low cost

Value



Hospitals are rapidly adopting these best practices in areas where they have the greatest economic incentive (e.g., readmissions and episodes of care).

- The study found much slower adoption of strategies likely to prevent admissions.
- Stronger payer incentives may be required.

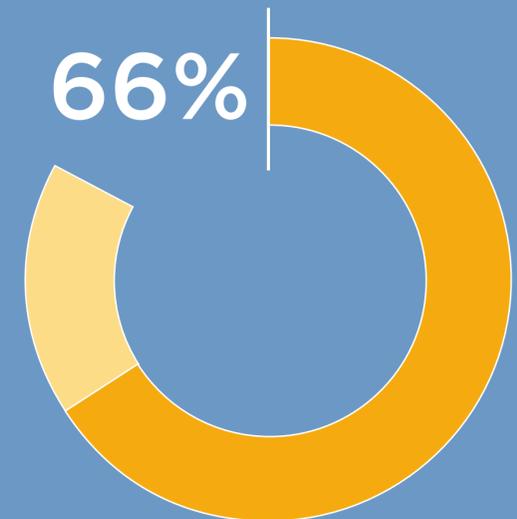
Enhancing hospitals' ability to provide high-value care will require leaders to:

- Ensure the successful transition of inpatients from hospital to home through:
 - ▶ Performing post-discharge follow up and in-home visits to patients at risk for readmissions.
 - ▶ Providing additional support to patients in skilled nursing facilities.
 - ▶ Investing in palliative care programs.
- Reduce unnecessary expenses by:
 - ▶ Avoiding treating low-acuity patients in high acuity settings.
 - ▶ Preventing patients from be hospitalized longer than necessary.

Continued...

- Efficiently manage resources:
 - ▶ Staff.
 - ▶ Supplies.
 - ▶ Equipment.
- Involve physicians and staff in:
 - ▶ Quality and safety improvement initiatives.
 - ▶ Holding their peers accountable for patient safety.

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indicate they already hold all staff accountable to intervene when they see a patient safety concern. Another **23 percent** are very likely to do so.



Hospitals need to proactively implement these actions to position themselves for future success.

Health Systems Partner to Grow Consumer-Driven Physician Networks

Amir Dan Rubin

CEO, One Medical

THE ISSUE

Health care organizations are aligning with doctors and investing in growing their physician networks at a torrent pace.

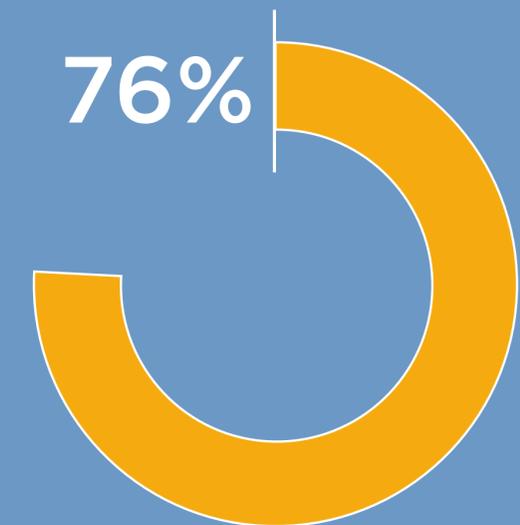


Health systems are pursuing this strategy to:

- Align more attributable lives with their networks.
- Deliver higher levels of service, access and value to consumers, employers and payers.
- Prevent providers and their patient bases from aligning with competitors.

Many are willing to expand their network at a loss to achieve broader organizational goals.

INSIGHTS FROM HEALTH CARE EXECUTIVES

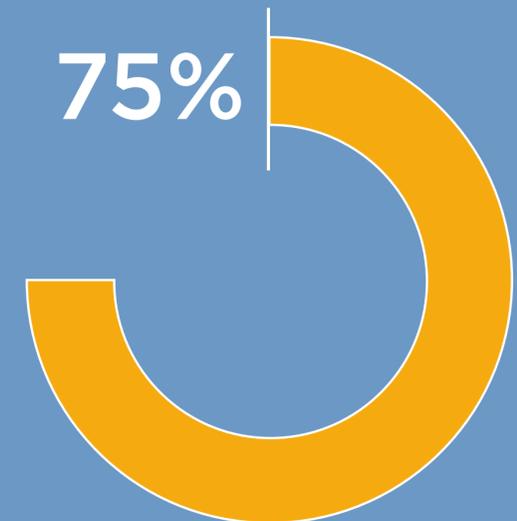


are already expanding their networks by more than 25 percent or are likely to do so by 2024.

One of the best ways to accomplish these goals is through partnerships, such as:

- Affiliations.
- Joint ventures.
- Clinically integrated networks.
- Lease arrangements.
- Management services offerings.
- And other options.

INSIGHTS FROM HEALTH CARE EXECUTIVES



already are pursuing or are very likely to pursue partnerships to advance their physician networks.

Key questions for leaders to ask when evaluating potential partnerships include:

- Is there strategic alignment with the other organization?
- Does the potential partner allow the health system to improve its market position?
- What differentiators does the organization partner bring to the table?

Continued...



- Does the potential partner help preserve capital and deflect financial risk from the health system?
- Does the organization offer innovative technology that will help to attract providers, patients, employers and payers?
- Can the organization relieve the health system of any administrative burdens?





Increasingly, health systems realize the difficulty of growing physician networks on their own.

Many are finding success through partnerships that enable them to develop networks faster and more effectively.

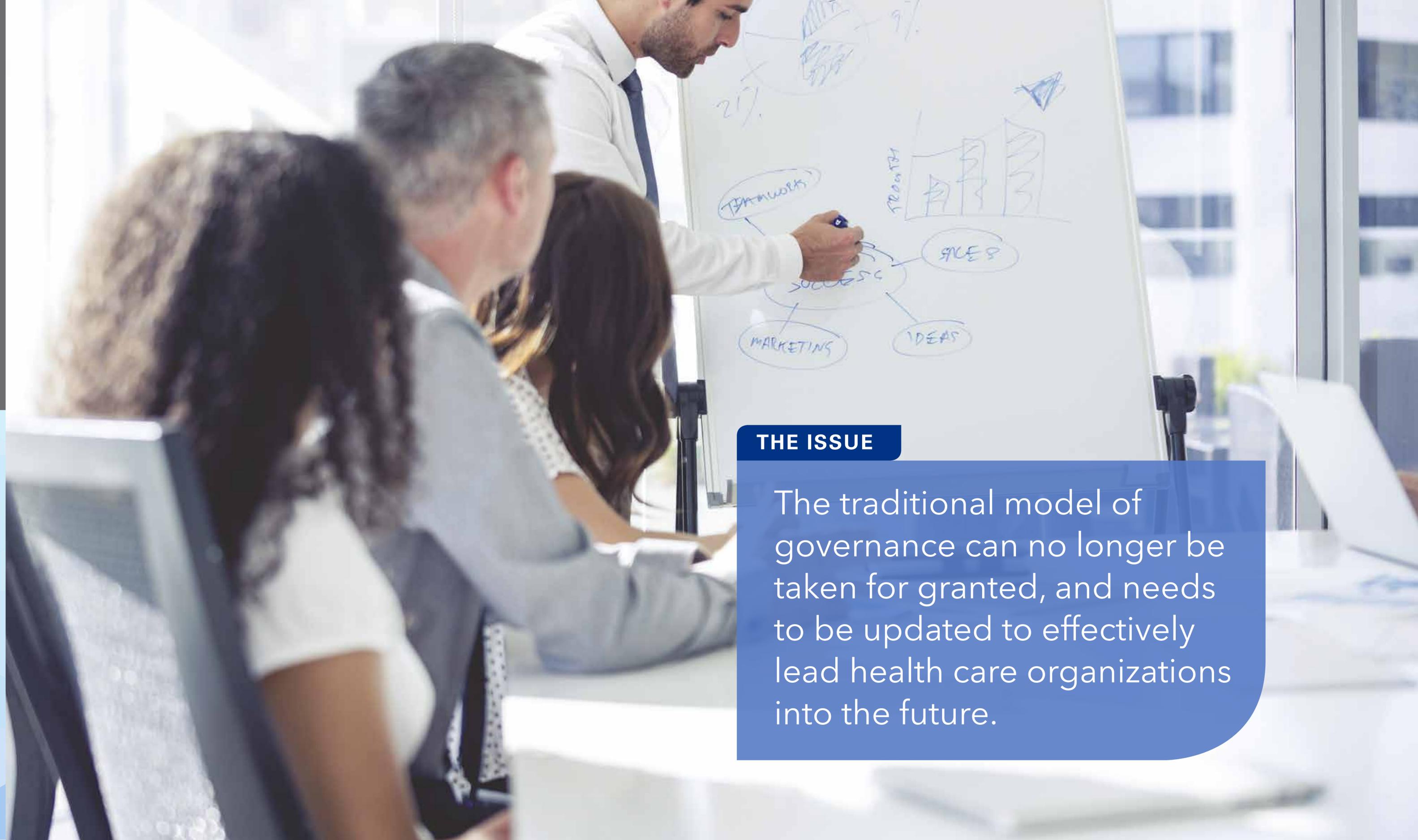
Reaching the Limits of the Governance Model

James E. Orlikoff

President of Orlikoff & Associates Inc.

THE ISSUE

The traditional model of governance can no longer be taken for granted, and needs to be updated to effectively lead health care organizations into the future.



Key challenges:

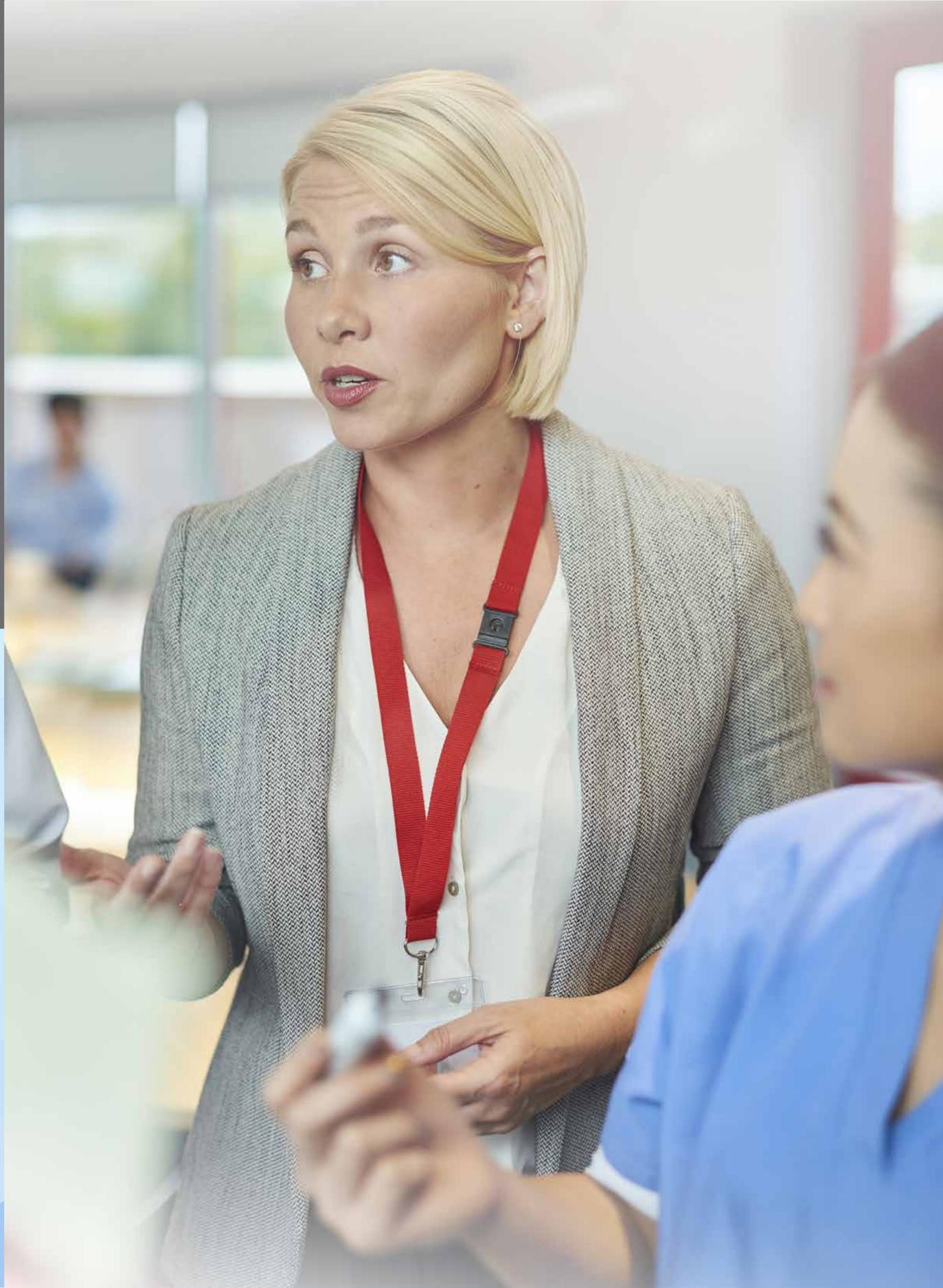
- Hospital and health system boards are getting older.
 - ▶ Since 2005, the percentage of board members under the age of 50 has declined.
- Finding younger candidates for boards and integrating them into the current governance model is becoming more difficult.
 - ▶ Millennials and Gen Xers often have different views on board membership than Baby Boomers.

INSIGHTS FROM HEALTH CARE EXECUTIVES

51%



indicate that recruiting and retaining board members will be one of their top priorities for organizational governance over the next five years.



Time demands on board members have increased and are a concern as governance responsibilities get more complex.

- Many health care executives report their board agendas and meetings are getting longer.
- Committee work is consuming larger amounts of board members' time.
- Continuing education needs for board members are growing.

IMPLICATIONS FOR HEALTH CARE LEADERS

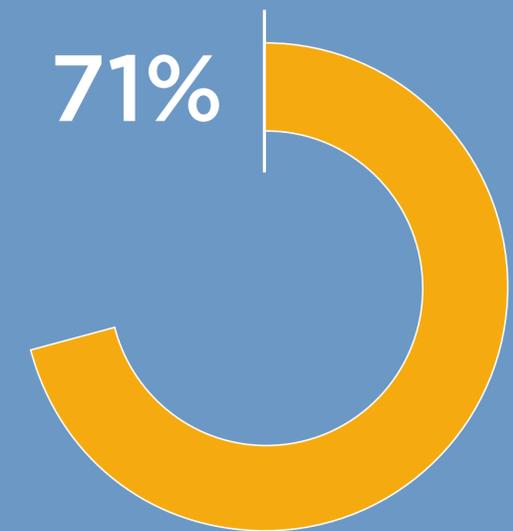
As traditional governance becomes antiquated, organizations should consider alternatives.

- Modify the existing model by:
 - ▶ Reducing the number of boards and committees.
 - ▶ Making competency-based board appointments.
 - ▶ Conducting board member performance evaluations.
 - ▶ Requiring participation in a defined continuing education curriculum.

Continued...

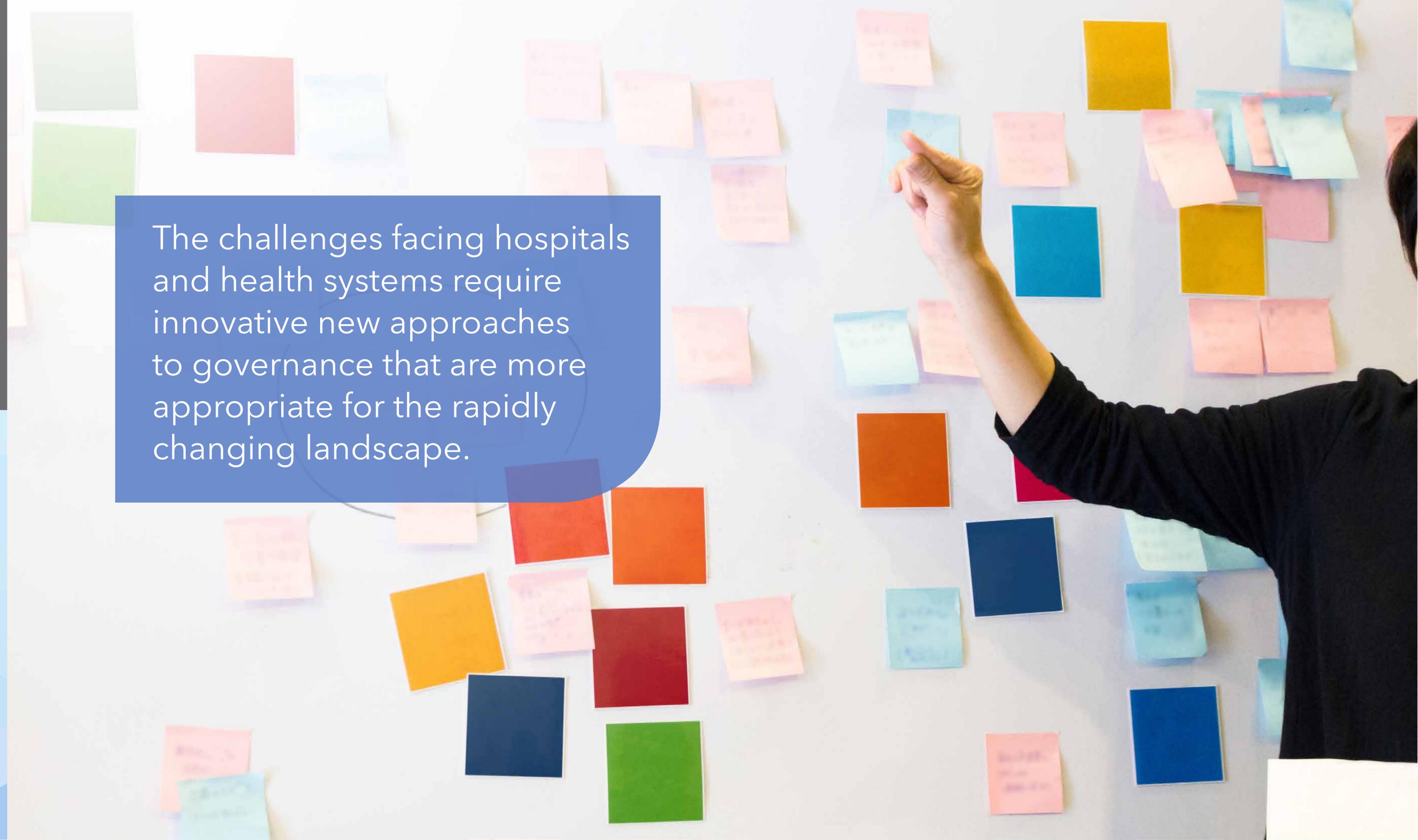
- Adopt new models such as:
 - ▶ Appointing paid, professional boards composed of trustees who are certified experts in governance.
 - ▶ Naming smaller, corporate-like boards composed of experts who receive significant compensation.
- Organizations should also prioritize increasing generational diversity on their boards.

INSIGHTS FROM
HEALTH CARE EXECUTIVES



say they either already have a strategic goal to increase generational diversity on their governing boards, or are at least somewhat likely to adopt such a goal by 2024.

The challenges facing hospitals and health systems require innovative new approaches to governance that are more appropriate for the rapidly changing landscape.





The Future Role of States in Health Care Policy and Regulation

Erin C. Fuse Brown, J.D.



THE ISSUE

With political gridlock making it difficult for the federal government to move forward on national health care reforms, states are filling the vacuum by taking action on several important issues.

Rising medical costs are increasing budgetary pressures for states in their Medicaid and children's health insurance programs, state employee health benefits, and mental health and substance abuse initiatives.

Increased expenses also drain resources from other state priorities such as:

- Education.
- Public safety.
- Economic development.
- Infrastructure.

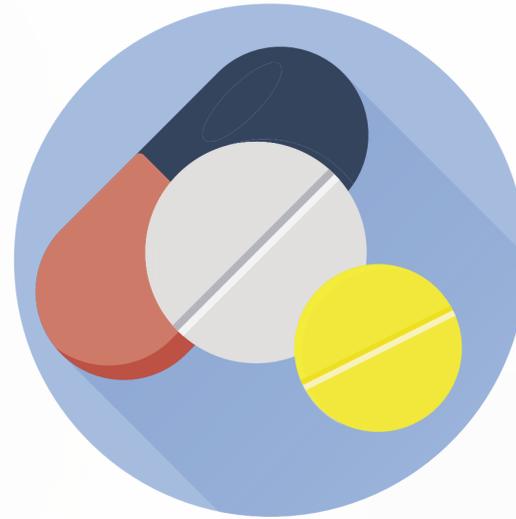
IMPLICATIONS FOR HEALTH CARE LEADERS

In response, states are focusing on three key areas:



Health system consolidation

Impact on health care spending and competition.



Drug prices

Steep increases in medication expenses for providers and consumers.



Affordability

Rising cost of care for consumers and businesses.

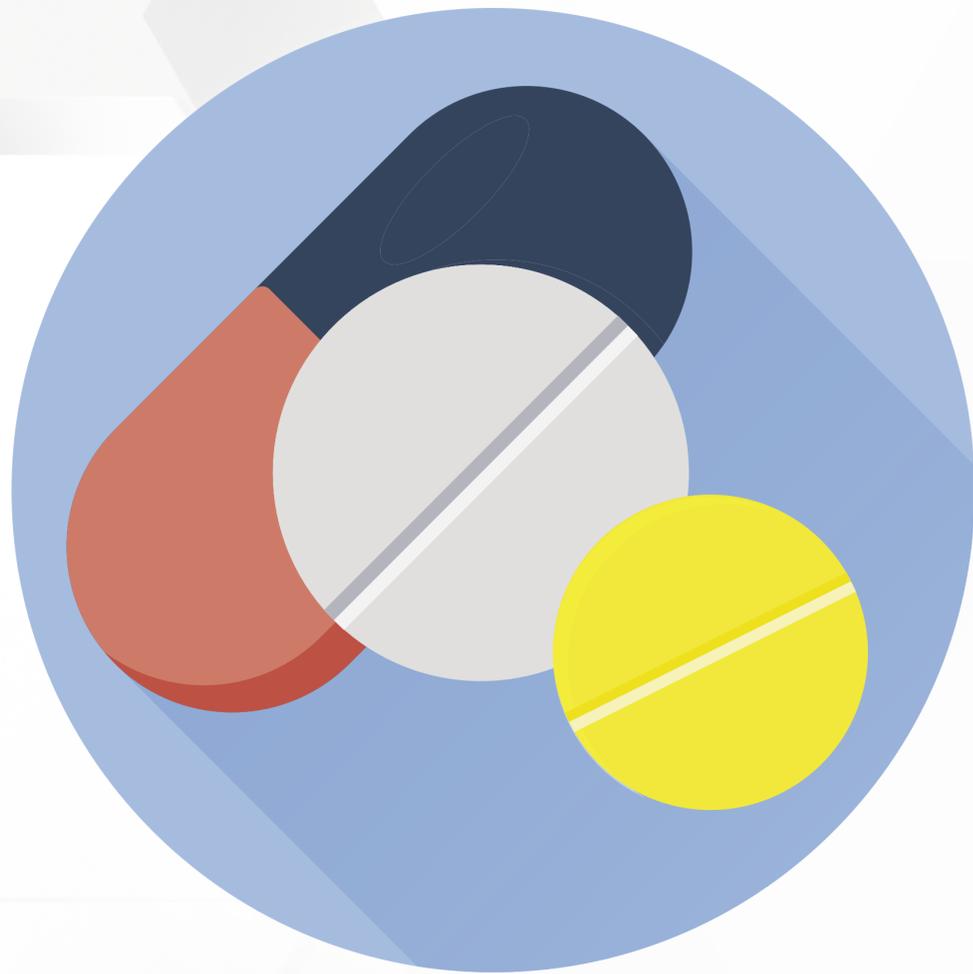


Health system consolidation

Hospitals and health systems should expect states to:

- Implement policies to encourage competition among providers.
- Oppose some health system mergers and acquisitions based on antitrust concerns.
- Impose hospital price rate regulations in highly concentrated markets.

Continued...



Drug prices

States are pursuing legislation to combat the rising cost of drugs, including:

- Laws to increase transparency.
- Price regulations and anti-price-gouging laws.
- Policies to allow the importation of prescription medications from Canada.

Some organizations are addressing the issue by entering the generic pharmaceutical manufacturing market.

Continued...



Affordability

States are taking action to improve the affordability of health care for consumers by:

- Expanding Medicaid programs.
- Protecting individual insurance markets.
- Cracking down on surprise medical billing.

Providers can help to minimize the problem by working with staff doctors and contracted ER physicians to eliminate the practice.

As states seek ways to control rising costs, hospitals and health systems that actively support the movement will be better positioned to partner with policymakers in developing solutions.



%

45,8%

69,7%

81,2%

59,9%

Conclusion

A close-up, low-angle shot of a person's head and shoulders as they look through a pair of brown binoculars. The person has dark hair and a beard. The background is a bright, hazy sky with a sun flare effect, suggesting a sunrise or sunset. The person is wearing a dark jacket and a white watch on their left wrist. The binoculars are held up to their eyes, and the view through them is slightly blurred.

In the new environment, health care professionals must stay abreast of the trends highlighted in *Futurescan* to successfully lead through times of change.

The journey will require:

- A deep understanding of the issues covered in the report.
- A focused analysis of what matters most.
- An ability to translate intelligence from the field into action.

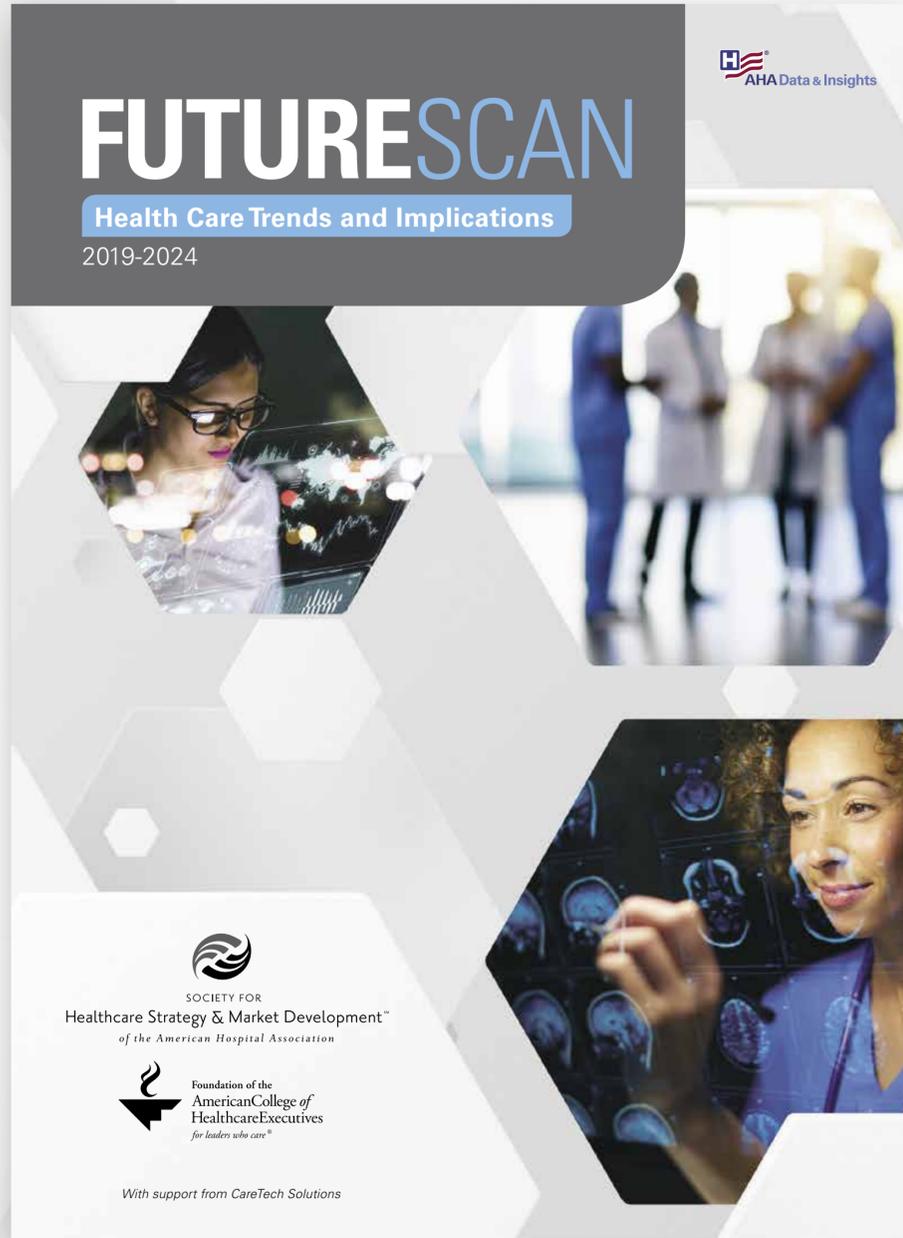


The overarching imperative is to craft strategies and implement models of care that will enable hospital and health system leaders to meet the future health care needs of the patients and communities they serve.





Thank you for participating!
Questions & Answers



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