

# THE FUTURE OF HEALTHCARE

The rate of change in healthcare is on a scale that few industries have ever been through — changes in the regulatory environment, the populations we serve, as well as the technology used to deliver care and improve operational processes. Strategically planning for success requires that we step back and analyze the disruptions taking place all around us.

Status quo is no longer an option. As the industry shifts from delivering more care and embraces the imperative to deliver better care for a healthier population, we must also shift our organizations' focus. Together, we must anticipate and circumnavigate predictable problems while revealing hidden opportunities to accelerate growth.

Anticipating change — rather than simply reacting to it — enables us to see what's possible. In the course of our work advising healthcare organizations, we have observed the following trends and challenges. **We share these insights with you so that we can work together to discover what's possible.**

**LET'S WORK TOGETHER TO SEE WHAT'S POSSIBLE FOR YOUR ORGANIZATION**

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# HEALTHCARE HARD TRENDS & OPPORTUNITIES



## HARD TRENDS



TECHNOLOGY	PATIENT POPULATION	REGULATIONS
Increasing amounts of data	Increasing number of baby boomers reaching retirement	Changing Medicaid financing
Increasing use of data	Generation X has less population to take care of	Increasing regulations covering cyber security
Increasing use of evidence-based medicine	Millennials are now the largest generation	Increasing focus on results-based funding and reimbursement

## PREDICTABLE PROBLEMS



TECHNOLOGY	PATIENT POPULATION		REGULATIONS
	DELIVERY OF CARE	CONSUMERISM	
Technological advancements will transform operations	Medicare patients will control majority of inpatient volumes	Challenge to deliver a high quality patient experience	Perception of no more money
Funding to purchase technology tools	Huge assets (brick/mortar) are underutilized	Increased focus on prevention	Unable to select APM for maximum funding
Inability to maximize benefit of technology tools	Demand for care due to aging boomers	Lack of trust in hospitals and a blind trust in providers	Inability to understand true costs
Lack of resources to manage data	Inability to implement effective care processes to improve clinical variation	Inefficacy to provide reliable patient data results in low patient engagement	Delayed decision making due to unknown regulations
Staff education/implementation	Unable to analyze data for improvement	Unable to provide transparent cost information	Increased bad debt due to uninsured and underinsured population
Comprehensive patient data is not accessible	Patient/physician engagement for outcomes improvement	Physicians fear of transparency and reputational damage	Disgruntled docs
Cyber attacks + reputational damage	Challenge to maintain patient loyalty because of more care options	Rise of employer coalitions	Current comp arrangements outdated due to new incentives
Difficult to protect patient information due to sharing data	Challenge to provide adequate access to care due to facilities closing		Flat growth
	Lack of physician buy-in on new care methods or team based practices		Physician comp impacts due to accountability of quality measurements
	Lower quality care due to increased workloads and/or overworked practitioners		More and more regulations that are complex
	Boomers retiring by 2020 results in shortage of physicians		Decreasing hospital inpatient visits

## OPPORTUNITIES IN THE NEW HEALTHCARE ECONOMY



TECHNOLOGY	PATIENT POPULATION		REGULATIONS
	DELIVERY OF CARE	CONSUMERISM	
Analyze technology tools that advance productivity and ROI	Encourage care coordination (sharing of data) between physicians and hospitals	Offer more medical record information and educate on care processes so patients can make informed decisions	Align physician comp with business model incentives focused on quality, and create comp models to attract engaged physicians
Consider telemedicine services for new revenue streams	Explore affiliation to provide greater access to care (types of services; sharing services; additional delivery of services w/o expanding resources)	Inform patients on costs	Explore innovations offered by CMS to gain enhanced reimbursements
Implement technology tools to comply with reporting measures and capture data to advance toward transformation care processes	Advance towards population health	Promote proven high quality methods of care: what you are best at and prove why you're the best at what you claim	Analyze financial operations/ processes/teams to ensure it's running efficiently for potential cash flow improvements
Utilize technology resources that are a huge investment to capture ROI and improve financial health	Increase access of care & access to physicians (primary & specialty) for patients	Prepare for population health management growth	Implement cost accounting systems to identify true costs and educate physicians on those costs
Analyze your organization's data security to minimize risks	Repurpose unused or underutilized bricks and mortar	Focus strategic plans on consumer engagement	Explore APM options
Consider ECHO act as a resource to create new revenue streams/ increase coverage & access to care	Engage physicians as leaders in healthcare transformation to promote or advance physician leadership	Increase use of price transparency to promote consumerism	Share savings in health plan premiums
Improve patient engagement through use of technology tools	Place emphasis on how physicians roles are critical to organizational success improve physician morale		Act sooner
Improve patient outcomes	Grow leaders faster by offering leadership and onboarding programs that engrain them in your culture		Effectively manage risks; increase processes to ensure compliance
Leverage AI to get the right treatment, at the right place, for the right person and at the right time			

# HARD TRENDS AFFECTING HEALTHCARE

HARD TREND

1

## PATIENT POPULATION

The healthcare system is being buffeted by the twin tsunamis of aging Baby Boomers and the even larger Millennial generation.

Each wave of healthcare consumers—including the relatively small Generation X—bring their own health issues, care needs and expectations about everything from the patient experience to transparency of pricing information. Already, the influx of aging Boomers is straining healthcare delivery systems and changing how long-term care is delivered. For their part, Millennials are struggling with the high cost of insurance and may not embrace important (and cost-efficient) preventative care if they do not receive sufficient incentives for doing so.

Sustained success for healthcare providers will require a nimble strategy that adjusts to these varying needs and expectations. The stakes are high to get it right. Under value-based reimbursement, providers will pay for the bad health habits of their patients.

Physicians are frustrated by this dynamic, yet their engagement is critical “to construct sound and respectful pathways of transition from business models addicted to doing more...to ones that do only what really helps.”<sup>1</sup>

HARD TREND

2

## REGULATIONS

Unsustainable growth of healthcare costs has triggered a complex web of regulations. Federal and state efforts to rein in costs will continue. The stakes are simply too great, given that the current trajectory of health care expenditures is “economically disastrous.”<sup>2</sup>

And yet, regulatory uncertainty on issues such as price transparency and MACRA, has caused many providers to delay important decisions.

Faced with increasing populations of uninsured and underinsured patients and declining fee-for-service reimbursements, providers must seek opportunities to reduce waste, which is estimated to be roughly 30% to 40% of healthcare spending. However, these efforts are hampered by inability to drill down to understand the true costs of care.

Physician compensation arrangements are out of sync with the incentives of value-based reimbursement systems, impeding health systems’ efforts to engage these critical leaders. As physician comp models inevitably catch up to the new incentive models, there will be an acceleration of the Baby Boomer physician retirements. Hospitals and health systems have an opportunity to attract and keep physicians and other clinicians who embrace the Triple Aim, but only if those organizations tell a compelling story backed by positive outcomes.

HARD TREND

3

## TECHNOLOGY

Delivering value-based care depends on ready access to data and analytics. Electronic health records were just the beginning. Participants in two-sided risk models need the granular cost data provided by activity-based costing software and the analytics capability of an enterprise data warehouse.

For organizations that can afford these massive investments in technology, maximizing the benefit of these tools is almost impossible as new regulations and new technologies come out before they have figured out how to implement the existing ones.

Keeping up with these changes can feel like trying to run a marathon at the pace of a sprint. The resulting technology fatigue creates an organizational resistance to further innovations.

<sup>1</sup> Berwick, Donald M., and Hackbarth, Andrew D., *JAMA* (March 2012), “Eliminating Waste in US Health Care.”

<sup>2</sup> *Ibid*