Healthcare in 2020: Predictions and Realities for Executives

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Objectives
- Discuss evolving models of care.
- Identify current trends in the healthcare marketplace.
- Predict healthcare and societal trends based on history.
- Identify disruptive forces impacting health-systems success.
- Describe the senior executive’s perspective in addressing the impact of healthcare trends.

Polling Question 1

Has the organization that you are currently or previously worked for been involved in a merger or an acquisition?

A. Yes
B. No

Healthcare Merger Statistics

- Healthcare and Life Sciences M&A Survey Outlook, Becker’s Hospital Review
  - 50 corporate and private equity respondents interviewed
  - 85% said they expect M&A activity to increase in healthcare in the coming year
  - 84% said they expect private equity activity to increase in relation to strategic M&As
  - 46% say top strategic drivers for M&As is building infrastructure, getting access to new technology and increased market share, and rising demand for facility and equipment improvement

Healthcare Merger Statistics

Overall Healthcare M&As announced in the United States, 1985-2015

(Accessed 2015 Sept)
The New York Times
Anthem to Buy Cigna Amid Wave of Insurance Mergers

The Wall Street Journal
‘Cadillac’ Health Tax Fight Heats Up

Polling Question 2
How many of you were supportive of CVS’ decision last October to eliminate the sale of cigarettes and tobacco products from its stores?

A. Supportive
B. Not supportive

Message from Larry Merlo, President and CEO of CVS/Pharmacy

Walgreen’s Retail Clinics
- 400 retail clinics nation wide
- Serves 6.5M daily
- Fills 82,000 prescriptions daily
- $75B in total sales
- 105M customers have signed up for loyalty cards
Population Health is:

A. A public health model for delivering health care.
B. A health care delivery model in which an integrated delivery system accepts responsibility for the overall health of a given population.
C. A concept of health care delivery that focuses on preventing and avoiding unnecessary episodes of care.
D. None of the above.
E. All of the above.

Polling Question 3

Low Intensity Patient

Consumerism

Affordable Care Act

- “Provides the opportunity to evolve.”
- “Provides appropriate incentives to unleash forces.”

Medicare Prospective Payment System
Population Health?

- 20 Pioneer & 333 Medicare Shared Savings Participants
- Generated $411M in total savings
- 5 Pioneer (25%) lost money and owe CMS $9M
- Pioneer ACO program has lost 40% of its participants


Pioneer ACO Top Savers

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<th>Consultant's Name</th>
<th>2013</th>
<th>2014</th>
<th>CMS Reported Savings</th>
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<td>JCAHO</td>
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http://healthaffairs.org/blog/2015/06/18/pioneer-acos-anatomy-of-a-victory/

Healthcare Trends to Watch

- Growth of participation in health benefits exchange
- Personalized medicine
- Mergers and acquisitions – providers and insurance
- Healthcare workforce
- Expansion of personal healthcare technology
- Strategic hedging

Healthcare Benefits Exchange

- 10M Americans have coverage through an exchange
- King vs. Burwell ruling
- Open enrollment – Nov 2015
- High premium / high coverage
- Low premium / high co-pay and deductible
- Strategic priority for Anthem-Cigna

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Personalized Medicine

- Drug toxic but beneficial
- Drug toxic but NOT beneficial
- Drug NOT toxic and NOT beneficial
- Same diagnosis, same prescription
- Drug NOT toxic and beneficial

Polling Question 4

How many of you would have your genome tested if it were offered at no charge?

A. Yes
B. No

A New Initiative on Precision Medicine

- Cancer
- Diabetes
- Hematology / Oncology
- Treatments in Oncology
- Health IT
- Healthcare Delivery
- Public Health

The Washington Post

Why you shouldn’t know too much about your own genes

Forbes

Big Healthcare Mergers Make a Medicare Opportunity
by Scott Gottlieb
Aging Population (a.k.a. Baby Boomers)

Healthcare Expenditures Per Capita by Age – 2014

Shrinking Supply of Healthcare Providers

- 40% of practicing MDs are 55 years or older
- 30% of RNs are 55 years or older
- Projected 40% shortage of therapists and technicians by 2020

Training Requirements Neurological Surgery

- Undergraduate Education: 4 years
- Medical School: 4 years
- Graduate Medical Education: 7 years
- Total: 15 years

Aging Healthcare Workforce Will Exacerbate Shortages

Selected health occupations with greatest need for new workers between 2010 & 2020

Polling Question 5

Does your organization utilize the EPIC Electronic Health Record, EPIC Financial Reporting System, or both?

A. EPIC Electronic Health Record
B. EPIC Financial Reporting System
C. Both
Predictions: 2020

- Stronger economy will lessen concerns about healthcare costs
- The mode of healthcare delivery will be split between consumerism and population health – no nationalized delivery mode
- Shortage of healthcare providers will be severe – perhaps crippling small town America

Predictions: 2020

- Role of healthcare will expand
- MAJOR therapeutic advances
- Expanded and redefined “home care” for the elderly
Smart Car

Disrupters
- Baby Boomers
- Venture Capital
- Therapeutic Breakthroughs
- Economic Troubles

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Advice from the C-Suite
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- Focus on Quality and Service
- Dare to Innovate
- Monitor Trends – Closely
- Visibly Support Your Staff
- Invest in retraining Your Staff

“There’s no greater thing you can do with your life than follow your passions – in a way that serves the world and you.”

- Elizabeth6050504
“You can teach new skills, but you can’t teach someone to have passion.”

“...blindly accept a leader's advice. You've got to question leaders on occasion.”