


**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.





"It's tough to make predictions, especially about the future."

- Yogi Berra



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

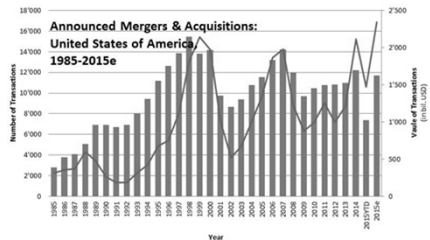
- ❖ Healthcare and Life Sciences M&A Survey Outlook, Becker's Hospital Review
 - 50 corporate and private equity respondents interviewed
 - 85% said they expect M&A activity to increase in healthcare in the coming year
 - 84% said they expect private equity activity to increase in relation to strategic 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

https://www.novationco.com/analytics/Healthcare_Life_Sciences_MA_Outlook.pdf
 (Accessed 2015 Sept)




Healthcare Merger Statistics

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



**Announced Mergers & Acquisitions:
 United States of America
 1985-2015e**

YTD: August 18
 e: full year expected based on Jan 01 - Aug 18



The New York Times

**Anthem to Buy Cigna Amid
Wave of Insurance Mergers**



THE WALL STREET JOURNAL

'Cadillac' Health Tax Fight Heats Up



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must register to take advantage of North
America's most efficient prescription
ordering system.



www.candrug.com



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**



<http://www.cvshealth.com/newsroom/message-larry-merlo>



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



Low Intensity Patient



Consumerism



Polling Question 3

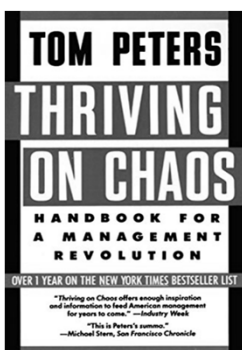


Population Health is:

- 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.

Affordable Care Act

- ❖ "Provides the opportunity to evolve."
- ❖ "Provides appropriate incentives to unleash forces."



Medicare Prospective Payment System



Population Health?



2014 Financial Performance of Medicare ACOs

- ❖ 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

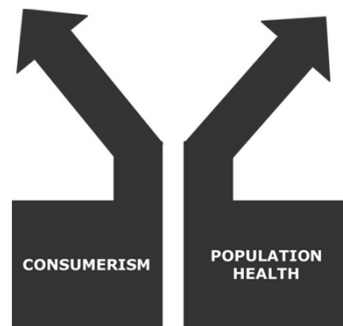
Medicare ACOs Provide Improved Care While Slowing Cost Growth in 2014. CMS Fact Sheet. Aug 25, 2015.



Pioneer ACO Top Savers

	Consultant's Study			CMS Reported Payments	
	2012	2013	Sum '12,'13	2012	2013
Healthcare Partners NV	-\$20,536,039	-\$16,602,467	-\$37,138,506	-	Left Program
Atrius	-\$13,069,431	-\$23,342,169	-\$36,411,600	-	-
Sharp	-\$18,059,304	-\$13,865,638	-\$31,924,942	-	Left Program
Healthcare Partners CA	-\$22,418,239	-\$9,040,225	-\$31,458,464	-	Left Program
Brown & Toland	-\$9,809,667	-\$5,301,092	-\$15,110,759	\$5,340,000	\$2,470,000
Heritage	-\$19,410,824	\$7,381,768	-\$12,029,056	-	-
MACIPA	-\$6,453,642	-\$3,663,890	-\$10,117,532	\$2,030,000	\$2,260,000
Allina	-\$1,701,179	-\$6,220,021	-\$7,921,200	-	-
Park Nicollet	-\$1,617,816	-\$2,778,903	-\$4,396,719	-	\$2,090,000
Fairview	-\$3,839,020	\$621,069	-\$3,217,951	-	Deferred
Monarch	-\$9,965,127	\$8,562,494	-\$1,402,633	\$6,070,000	\$8,590,000
Presbyterian	-\$2,333,093	\$1,831,223	-\$501,870	-	Left Program
Univ. of Michigan	-\$3,901,338	\$5,618,318	\$1,716,980	-	Left Program
ISA	\$849,089	\$1,415,837	\$2,264,926	-	Left Program
Phys. Health Partners	-\$1,847,113	\$4,224,547	\$2,377,434	-	Left Program
Savings/Payments From All Stars	-\$134,112,743	-\$51,159,149	-\$286,095,166	\$13,440,000	\$6,820,000

<http://healthaffairs.org/blog/2015/06/18/pioneer-acos-anatomy-of-a-victory/>



Healthcare Trends to Watch

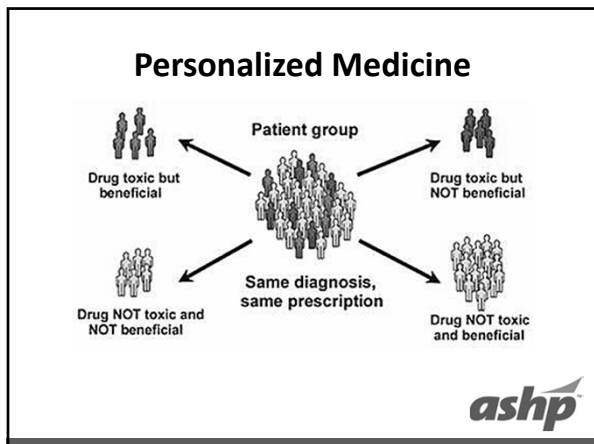
- ❖ Growth of participation in health benefits exchange
- ❖ Personalized medicine
- ❖ Mergers and acquisitions – providers and insurance
- ❖ Healthcare workforce
- ❖ Expansion of personal healthcare technology
- ❖ Strategic hedging



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





The NEW ENGLAND JOURNAL of MEDICINE

A New Initiative on Precision Medicine

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

The ASHP logo is in the bottom right corner.

Polling Question 4

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

- A. Yes
- B. No

The Washington Post

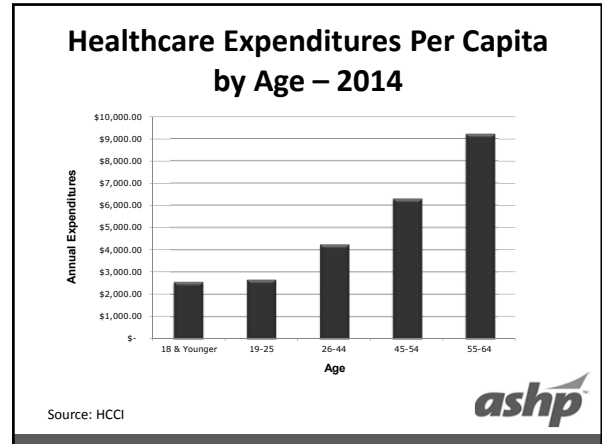
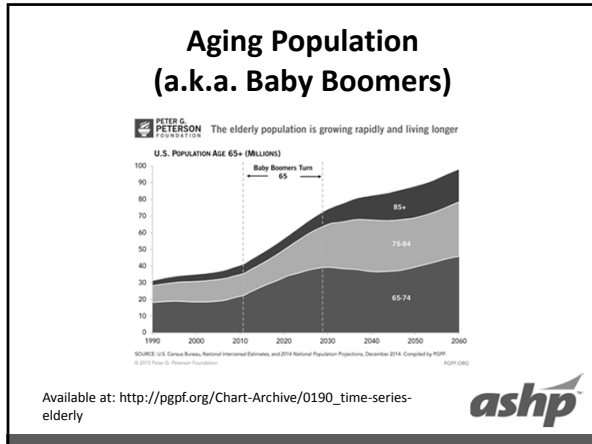
Why you shouldn't know too much about your own genes

The ASHP logo is in the bottom right corner.

Forbes

Big Healthcare Mergers Make a Medicare Opportunity

by Scott Gottlieb



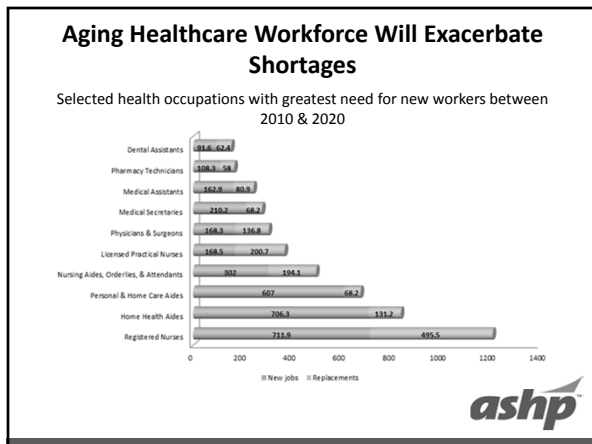
Shrinking Supply of Healthcare Providers

- ❖ 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

Source: ACGME, Careers in Medicine
<https://www.acgme.org/acgme/web/tabid/135/ProgramandInstitutionalAccreditation/SurgicalSpecialties/NeurologicalSurgery.aspx>



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



Judy Faulkner
Founder-CEO, Epic Systems

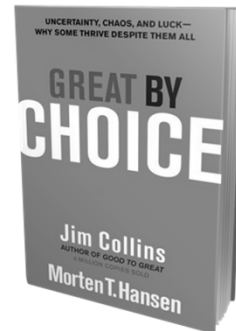


The Washington Post

Electronic Stethoscope, Eko Devices



Misfit.com



Texas Hold'em



Predictions: 2020

- ❖ Stronger economy will lessen concerns about healthcare costs



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



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



Predictions: 2020

- ❖ Role of healthcare will expand
- ❖ MAJOR therapeutic advances




Predictions: 2020

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



Smart Car

LEADERS IN THE DRIVERLESS RACE
HERE ARE SOME OF THE LATEST ADVANCES IN AUTONOMOUS VEHICLES FROM TOP PLAYERS IN THE INDUSTRY.




Daimler-Benz unveiled the F 015 AV concept in January. Mercedes' Distronic Plus is the market's most advanced assisted-driving system.

Audi put a road-legal AV into motion in January and brought a sensor-loaded autonomous Audi A8 to coast.

Tesla CEO Elon Musk promised to have self-driving autopilot systems on the road by this summer.


Volvo has set a goal of zero collisions for all five of its new vehicles by 2020 based on its active safety systems.

GM's Chevrolet Equinox is expected to be equipped with a self-driving mode by 2017.



Disrupters

- ❖ Baby Boomers




Disrupters

- ❖ Baby Boomers
- ❖ Venture Capital




Disrupters

- ❖ Baby Boomers
- ❖ Venture Capital
- ❖ Therapeutic Breakthroughs




Disrupters

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



Advice from the C-Suite

- ❖ Manage to Less



Advice from the C-Suite

- ❖ Manage to Less
- ❖ Focus on Quality and Service



Advice from the C-Suite

- ❖ Manage to Less
- ❖ Focus on Quality and Service
- ❖ Dare to Innovate



Advice from the C-Suite

- ❖ Manage to Less
- ❖ Focus on Quality and Service
- ❖ Dare to Innovate
- ❖ Monitor Trends – Closely



Advice from the C-Suite

- ❖ Manage to Less
- ❖ Focus on Quality and Service
- ❖ Dare to Innovate
- ❖ Monitor Trends – Closely
- ❖ Visibly Support Your Staff



Advice from the C-Suite

- ❖ Manage to Less
- ❖ Focus on Quality and Service
- ❖ Dare to Innovate
- ❖ Monitor Trends – Closely
- ❖ Visibly Support Your Staff
- ❖ Invest in retraining Your Staff



