What the November Elections Mean for Health Care

September 8, 2016
Today’s Presenters

Ben Umansky  
Managing Director  
Health Care Advisory Board  
UmanskyB@advisory.com

Eric Cragun  
Senior Director  
Health Policy  
CragunE@advisory.com

Moderated by:

Thomas Seay  
Editor  
Daily Briefing  
SeayT@advisory.com
The State of the Election and Potential Impacts

Moving Forward Despite Election Uncertainty

Question and Answer
The 42\textsuperscript{nd} and 45\textsuperscript{th} Presidents of the United States

Source: Health Care Advisory Board interviews and analysis.
Key Upcoming Election Dates

- **September 26**: First presidential debate
- **October 4**: Vice presidential debate
- **October 9**: Second presidential debate
- **October 19**: Third presidential debate
- **November 1**: Open enrollment for 2017 individual market begins
- **November 8**: Election Day
- **January 20**: Inauguration Day
Final Weeks Of A Long, Strange Election Cycle

Voters Disenchanted With Election

76% of U.S. adults feel this election is “weirder” than past elections

55% of U.S. adults think this election is more divisive than past elections

41% of voters say neither Trump nor Clinton would make a good president

Health Care Among Top Issues for Voters

47% of U.S. adults say this election is less focused on the issues than past elections

88% of Democrats believe health care and the ACA¹ are extremely or very important issues

81% of Republicans

47% of Americans approve of the ACA (highest its been since 2013)


¹ Affordable Care Act.
Health Care Discussion Limited, Framed Around ACA

“Go Further”

Senator Bernie Sanders
- Implement single-payer health care system
- Expand eligibility for exchange coverage
- Empower Medicare to negotiate drug prices

Secretary Hillary Clinton
- Improve affordability of exchange coverage
- Increase incentives for Medicaid expansion
- Allow Medicare buy-in at age 55
- Build on payment reform efforts

Donald Trump
- Repeal ACA
- Reform insurance regulations
- Convert Medicaid to block grant program
- Allow importation of drugs

“Tweak”

“Repeal”

House Speaker Paul Ryan
- Repeal ACA, but retain some reforms
- Cap Medicaid spending and give states more control
- Increase Medicare eligibility age to 67
- Shift Medicare to premium subsidy model

“Overhaul”

Source: Advisory Board interviews and analysis.
# Clinton’s Health Care Pitch Builds on the ACA

## Insurance Coverage
- Limit covered consumers’ out-of-pocket liability
- Support state-based public option
- Repeal “Cadillac Tax”
- Allow Medicare buy-in at age 55
- Extend offer of 100%, 3-year match for Medicaid expansion

## Prescription Drugs
- Boost generic competition
- Allow reimportation of drugs
- Give Medicare power to negotiate drug prices
- Limit covered consumers’ out-of-pocket drug costs

## Care Delivery Transformation
- Increase data transparency around cost and quality
- Boost funding for FQHCs by $40B
- Enforce antitrust laws
- Increase innovative care delivery models

## Mental Health Care Reform
- Fully integrate mental and physical health care systems
- Implement new collaborative care models through CMMI
- Launch cross-government initiative to reduce suicide rates
- Enforce mental health parity

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Trump to Replace ACA with “Something Terrific”

Proposals Generally Consistent With Recent Republican Ideas

Insurance Coverage
- Repeal Affordable Care Act
- Allow insurance to be sold across state lines
- Allow full deduction of health insurance premium payments
- “Allow individuals to use HSAs”

Prescription Drugs
- Remove barriers to market entry for drug companies with safe products
- Allow consumers to import drugs from overseas
- Allow Medicare to negotiate drug prices

Mental Health Care Reform
- Reform mental health system to ensure patients and their families have access to necessary tools
- Support bipartisan reforms being developed in Congress

Other Proposed Reforms
- Convert Medicaid into block grant program, giving states flexibility
- Require provider transparency on prices to enable consumers to shop for care
- Bolster economy to reduce need for public assistance


1) Mentioned on campaign trail, but not included in official materials on website.
“A Better Way”

House Speaker Ryan’s Five-Point Vision For Improving Health Care

1. Repeal ACA and Make Coverage Affordable
   • Expand availability of HSAs
   • Provide tax credits toward purchase of coverage
   • Cap tax exclusion of employer-provided health benefits
   • Allow purchase of insurance across state lines

2. Protect and Strengthen Coverage Options
   • Preserve pre-existing coverage protections if individual maintains continuous coverage
   • Preserve ability for children to remain on parents’ plans through age 26
   • Fund state-run high risk pools

3. Reform Medicaid
   • Allow states to choose between two funding options:
     • Per capita allotment of funds similar to managed care plans
     • Block grant so state can implement customized program

4. Promote Innovation in Health Care
   • Reform FDA processes
   • Boost NIH funding
   • Encourage interoperability

5. Protect and Preserve Medicare
   • Repeal IPAB, CMMI, and ACA-mandated cuts to MA
   • Combine Medicare Parts A and B
   • Increase eligibility age to 67
   • Create a “Medicare Exchange” with traditional and private plans

Proposal in Brief
• Released in June 2016 by Speaker Ryan
• Not endorsed by full Republican party
• Does not include full details or legislative text


1) Health savings account.
2) 21st Century Cures Act—a bill passed in the House, but stalled in the Senate—includes these items.
3) Independent Payment Advisory Board.
4) Center for Medicare and Medicaid Innovation.
5) Medicare Advantage.

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Reality of Divided Congress Will Restrict Options

Moving Policy Proposals Forward Likely Will Require Modifications

Likely Congressional Outcomes

If Trump wins:
- Republicans may keep the Senate
- Republicans likely keep the House

If Clinton wins:
- Democrats likely win the Senate
- Republicans likely keep the House

Five Health Policy Areas to Watch

1. Payment reform
2. Private insurance coverage and public exchanges
3. Medicaid expansion
4. Drug spending
5. Medicare reform

Source: Advisory Board analysis.
Administration Pushing to Launch, Expand Programs

Broad Portfolio of Models Slated to Continue into Next Administration

1 Primary Care Models
- Multi-Payer Advanced Primary Care Practice
- Comprehensive Primary Care Initiative
- Independence at Home Demonstration
- Comprehensive Primary Care Plus (starting 2017)
- Accountable Health Communities (application phase)

2 Bundled Payment Models
- Bundled Payments for Care Improvement Initiative
- Comprehensive Care for Joint Replacement Model (mandatory)
- Oncology Care Model
- Episode Based Payment Model (proposed)

3 Total Cost of Care Models
- Medicare Shared Savings Program
- Pioneer ACO Model
- Next-Generation ACO
- Medicare Advantage (provider-sponsored)

“We'll be working on Jan. 20... it's not my intention to drop a bunch of stuff off at the end of this administration and leave. It's to create a launching pad for whoever comes next…”

Andy Slavitt, Acting CMS Administrator
MACRA Makes Payment Reform Ubiquitous

Refresher: MACRA in Brief

• Legislation passed in April 2015 repealing the Sustainable Growth Rate (SGR)
• Locks provider reimbursement rates at near-zero growth
  – 2016-2019: 0.5% annual increase
  – 2020-2025: 0% annual increase
  – 2026 and on: 0.25% annual increase or 0.75% increase depending on payment track
• Stipulates development of two new Medicare payment tracks: Merit-Based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (APMs)
• Programs to be implemented on Jan 1, 2019
• On April 27, 2016 CMS released proposed rule outlining plans to implement the two tracks

Two New Payment Tracks Created by MACRA

1 Merit-Based Incentive Payment System (MIPS)

• Rolls existing quality programs into one budget-neutral pay-for-performance program, in which providers will be scored on quality, resource use, clinical practice improvement, and EHR use, and assigned payment adjustment accordingly

2 Advanced Alternative Payment Models (APM)

• Requires significant share of revenue in contracts with two-sided risk, quality measurement and EHR requirements
• APM track participants would be exempt from MIPS payment adjustments and would qualify for a 5 percent Medicare Part B incentive payment in 2019-2024


1) Medicare Access and CHIP Reauthorization Act.
2) Meaningful Use, Value-Based Payment Modifier, and Physician Quality Reporting System.
3) Electronic Health Record.
Payment Reform Likely to Continue Moving Forward
However Details May Change and CMMI Funding May Not be Renewed

Payment Reform Efforts with Bipartisan Support

- Shared savings models (and accountable care organizations)
- Episodic (bundled) payment models
- MACRA payment reforms

More Controversial Payment Reform Efforts

- CMMI’s role as payment reform facilitator
- Mandatory models without Congress’ blessing
- Part B Drug Payment Model

Key Payment Reform Questions Looming with Change in Leadership

- Will CMMI maintain its funding and, if so, how will its strategy evolve?
- What is the long-term trajectory of programs like the Medicare Shared Savings Program (MSSP)?
- Will the new administration continue to pursue mandatory programs?
- How will the new administration tweak MACRA implementation?
- How do performance measurement and health IT initiatives evolve?

“The broad powers vested in CMMI, and the agency’s interpretation of that authority, have the potential to further degrade Congress’s lawmaking authority by shifting decision-making away from elected officials into the hands of unelected bureaucrats.”

Representative Tom Price (R-GA)
Chairman of the House Budget Committee

Public Exchange Enrollment Growing, but Slowing

Consumers Making Enrollment Decisions Based on Premium Costs

Exchange Enrollment

2014-2016

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>2014</td>
<td>8.0M</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>6.3M</td>
<td>11.7M</td>
<td></td>
<td>8.2M</td>
<td>12.7M</td>
<td>10.0M</td>
</tr>
</tbody>
</table>

Switching Rates Higher Than Expected

- **12%** Average annual switching among active employees with FEHBP coverage
- **43%** Returning federal exchange enrollees changing plans in 2016

Premium Increases the Primary Motivator

- **49%** Of 2016 non-group enrollees report being in a high-deductible plan
- **55%** Switchers who cited rise in monthly premiums as among top three reasons for switching

Source:
1. Open Enrollment Period.
2. Drop-off due to individuals not paying premiums or voluntarily dropping coverage.
3. At least $1,500 for an individual or at least $3,000 for a family
4. Federal Employee Health Benefits Plan

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Issue #2: Private insurance coverage and public exchanges
Birth of a Market Not Without Pangs

CO-OPs\(^1\), Established Carriers Struggling

**Financial, Enrollment Losses Mounting**

<table>
<thead>
<tr>
<th>HCSC</th>
<th>Anthem</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.5B</td>
<td>-110K</td>
</tr>
</tbody>
</table>

- HCSC: Individual market losses, 2015
- Anthem: Change in individual enrollment, 2014-2015

[In 2014] insurers would have had to price average premiums more than 25 percent higher in order to avoid losses”

*Mercatus Center, George Mason University*

**Startup Ventures Largely Failing**

- 70% of CO-OPs closed as of Aug 2016

"To date, more than half a million Americans have lost coverage thanks to the failure of these co-ops”

*Adrian Smith The Wall Street Journal*

**Difficulties Facing Exchange Plans**

- Adverse selection
- Inaccurate risk adjustment
- Risk corridor underpayment
- Abuse of special enrollment period

Concerns About Marketplace Stability Rising

Some Insurers Scaling Back Participation

- **Aetna**: 11 state exchanges are departing for 2017
- **Humana**: 8 state exchanges are departing for 2017
- **UnitedHealthcare**: "We cannot broadly serve [the exchange market] on an effective and sustained basis."
  - **Stephen J. Hemsley**, CEO of UnitedHealth Group

Other Insurers Remain Committed, But Boosting Premiums

- **Anthem**: "We remain committed to the public exchange market and the vital role it plays in providing many individuals with access to affordable, high-quality health care."
  - **Spokesperson, Anthem**

### 2017 Individual Marketplace Premium Increases

**Minimum, Average, Maximum**

*As of August 30, 2016*

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Minimum Requested</th>
<th>Average Requested</th>
<th>Maximum Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>(All states)</td>
<td>66.4%</td>
<td>24.4%</td>
<td>36%</td>
</tr>
<tr>
<td>(Approved states only)</td>
<td>59.0%</td>
<td>29.9%</td>
<td>30.2%</td>
</tr>
<tr>
<td>(Approved states only)</td>
<td>58.6%</td>
<td>30.2%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

**Source:**
Fate of Exchanges Hangs in Balance of Election

But Neither Party Has Easy Road Forward on Exchange Proposals

How Strategy May Shift Under New Leadership

Challenge for Republicans: Reach Consensus on a Replacement Plan

- Alternative to coverage provided through the exchanges and transition plan for those currently covered?
- Fate of provisions guaranteeing issue and covering children until age 26?
- Role of federal government in subsidizing coverage and/or providing incentives to obtain coverage?
- Responsibility of consumer in shopping for care and coverage?

Challenge for Democrats: Stabilize Exchange Markets and Limit Costs

- Options for increasing enrollment and improving insurance risk pool?
- Mechanisms for controlling premium increases while still maintaining competitive market?
- Policies to help limit consumers’ financial burden?
- Levers for increasing state participation in Medicaid expansion?
Medicaid Enrollment Climbing; Expansion Slowing

Despite Clear Benefit of Expansion for Hospitals, Opposition Remains

31 States and DC Have Approved Expansion¹

As of July 2016

Medicaid Expansion Positively Impacting Hospital Finances

- **Medicaid Admissions** increased 21% for investor-owned hospitals in expansion states
- **Self-Pay Admissions** decreased by 47% for investor-owned hospitals in expansion states
- **Uncompensated Care** costs reduced by $5 billion in expansion states in 2014

15M

Net increase in Medicaid, CHIP² enrollment, July-Sept. 2013 to Feb. 2016³

35% vs. 11%


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¹ Montana’s expansion requires federal waiver approval.
² Children’s Health Insurance Program.
³ Excludes CT and ME.

Parties Face Divide on Federal Role in Medicaid

Potential Medicaid Policy Changes Under Next President

**President Clinton**

**Goal:** Grow Medicaid expansion

**Potential strategies:**
- Offer states 100% federal match for first three years
- Engage local stakeholders to drive state-level conversations
- Consider approval of additional alternative approaches
- Align with broader state reform models

**President Trump**

**Goal:** Slow federal Medicaid spend

**Potential strategies:**
- Convert Medicaid to block grant program
- Use waivers liberally to allow alternative approaches to Medicaid programs

Source: Advisory Board analysis.
Drug Spend Key Driver of Health Care Cost Growth

Drug Pricing, Specialty Drugs Creating Challenges for Payers and Patients

Drug Spending Growth Outpacing Broader Health Care Spending and Overall Economy

Annual change

+15%
Expected growth of Medicare spending for prescription drugs in 2016

3% vs 9%
National health spending devoted to specialty drugs

80%
Of large employers identified specialty drugs as among the top three drivers of health care costs

Expect Lots of Scrutiny on Drug Pricing

But Difficult Path Forward for Actions that Might Check Drug Spending

“While families and schools are struggling to keep up with your company’s unreasonable price increases, Mylan has profited richly from its pricing strategy.”

Rep. Jason Chaffetz (R-UT)
Chairman, House Oversight Committee

Rep. Elijah Cummings (D-MD)
Ranking Member, House Oversight Committee

Proposed Policy Actions to Address Rising Drug Spending

Boost competition
- Allow reimportation of drugs
- Reduce barriers to market entry for drug companies

Use regulatory mechanisms to control prices
- Give Medicare authority to negotiate prices with drug companies
- Pilot new models for Part B drug payments
- Establish regulatory board with authority to review prices hikes for certain drugs

Alleviate consumer burden
- Cap out-of-pocket spending for prescription drugs

Growing Urgency to Address Medicare Solvency

Medicare Trust Fund Estimated To Run Out By 2028

Projected U.S. Population by Age

<table>
<thead>
<tr>
<th>Year</th>
<th>Under 65 (in millions)</th>
<th>65 and older (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>40</td>
<td>270</td>
</tr>
<tr>
<td>2020</td>
<td>55</td>
<td>287</td>
</tr>
<tr>
<td>2030</td>
<td>72</td>
<td>301</td>
</tr>
<tr>
<td>2040</td>
<td>81</td>
<td>324</td>
</tr>
<tr>
<td>2050</td>
<td>89</td>
<td>350</td>
</tr>
</tbody>
</table>

Projected Ratio of Medicare Assets to Expenditures

Actual data through 2015

The projections in this year’s report continue to demonstrate the need for timely and effective action to address Medicare’s remaining financial challenges… Consideration of such reforms should not be delayed.”

Medicare Board of Trustees

### Parties at Odds Over Underlying Problem

Rising Spend May Force Post-Election Discussion of Entitlement Philosophy

<table>
<thead>
<tr>
<th>Republicans’ View</th>
<th>Democrats’ View</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problem:</strong> Too much spending, not too little revenue</td>
<td><strong>Problem:</strong> Too little revenue, rather than too much spending</td>
</tr>
<tr>
<td><strong>Solutions:</strong></td>
<td><strong>Solutions:</strong></td>
</tr>
<tr>
<td>• Reduce entitlement spending to enable tax cuts</td>
<td>• Increase tax revenue to allow for greater entitlement spending</td>
</tr>
<tr>
<td>• Contain costs through greater reliance on private market</td>
<td>• Improve government programs to better contain costs</td>
</tr>
</tbody>
</table>

Source: Advisory Board analysis.
Some Issues Face Fewer Partisan Barriers

Health Care-Related Policy Priorities with Potential for Bipartisan Action

1. **Funding to Address Zika Virus**
   - Congress seeking to reach agreement on how much and how to fund efforts to stem spread of Zika

2. **Mental Health Reform**
   - Bipartisan efforts underway to address gaps in mental health system; both Clinton and Trump have expressed support for mental health reform

3. **21st Century Cures**
   - Bill aimed at boosting medical research and innovation passed House with bipartisan support, but now struggling in Senate

4. **Interoperability**
   - House-passed 21st Century Cures bill includes interoperability provisions; Senate considering separate interoperability bill

Source: Advisory Board interviews and analysis.
**Broad Trends Less Dependent on Election Outcome**

Industry Shifting Regardless of Leadership Changes

<table>
<thead>
<tr>
<th>Delivery System Reform</th>
<th>Health Care Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustained shift of <strong>financial risk</strong> to providers</td>
<td>Focus on <strong>cutting entitlement outlays</strong> to reduce federal spending</td>
</tr>
<tr>
<td>Synchronization and expansion of <strong>quality measurement</strong></td>
<td>Increased percentage of patients covered by <strong>Medicaid and Medicare</strong></td>
</tr>
<tr>
<td>Growth of <strong>patient-facing incentives</strong>, even in public programs</td>
<td>Growing <strong>consumer role</strong> in purchasing choices, including exchanges and Medicare</td>
</tr>
<tr>
<td>Continued focus on <strong>interoperability and data access requirements</strong></td>
<td>Continued scrutiny of <strong>drug prices and spending</strong></td>
</tr>
</tbody>
</table>

Source: Advisory Board interviews and analysis.
1 The State of the Election and Potential Impacts

2 Moving Forward Despite Election Uncertainty

3 Question and Answer
Serving Two Masters

Public, Private Markets Demanding Different Value in Different Ways

**Purchaser Approach to Value:**

"Public Utility"
- Rate setting
- Regulation
- Accountability controls

"Market Commodity"
- Market dynamics
- Consumer preference

**Public Sector**
- Medicare, Medicaid
- High cost per capita
- Chronic illness, comorbidities
- Rising share of population

**Provider Approach to Value:**

**Population-level Focus**
- Total cost control
- Care management

**End-user Focus**
- Unit cost control
- Consumer-oriented innovation

**Private Sector**
- Insurers, employers, individual consumers
- Generally healthy with episodic care needs
- Access, experience, convenience paramount
- Large share-of-wallet opportunity

Source: Health Care Advisory Board interviews and analysis.
Individual Consumers Becoming Economic Actors

Employers Increasingly Turning to High-Deductible Plans

ESI Average Deductible for Single Coverage
By Plan Type, 2006-2015

Percentage of Covered Workers with Annual Deductible of $2,000 or More
By Firm Size, 2006-2015

1) Among covered workers with a general annual health plan deductible.
2) Includes HDHP/SO.
3) For single coverage.

Source: Kaiser Family Foundation and Health Research & Educational Trust, "Employer Health Benefits 2015 Annual Survey; Health Care Advisory Board interviews and analysis."
Providers Living Under a Microscope

Consumers Have Access to More Information than Ever Before

Transparency Accelerating…

September 21, 2015

Attention Shoppers: New Calif. Website Details Costs, Quality of Medical Procedures

Where You Live Matters
What you pay may differ based on where you live

County Price Average for Total Knee Replacement

San Joaquin Valley
Average Estimate: $24,614
High Estimate: $62,375

Monterey Coast
Average Estimate: $46,568
High Estimate: $86,483

…and Sources Proliferating


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Innovations Crowding Onto the Field

Disruptive Services and Tech for Consumer Use (Existing and In Development)

<table>
<thead>
<tr>
<th>Inexpensive, rapid care at a ‘provider’ site</th>
<th>Retail Clinics</th>
<th>Physician hailing</th>
<th>Remote diagnosis and link to clinicians</th>
<th>Patient apps for condition self-management</th>
</tr>
</thead>
<tbody>
<tr>
<td>• SmartChoice MRI</td>
<td>• Walgreens</td>
<td>• Pager.com</td>
<td>• Opternative: iPhone eye exam, e-mail RX</td>
<td></td>
</tr>
<tr>
<td>• Right Care</td>
<td>• CVS Health</td>
<td>• Heal</td>
<td>• Google contact lens: glucose monitoring</td>
<td></td>
</tr>
<tr>
<td>• PediaQ</td>
<td>• Wal-Mart</td>
<td>• Dispatch Health</td>
<td>• EpiWatch: predicts seizures</td>
<td></td>
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<tr>
<td>• Mend</td>
<td></td>
<td>• MedZed (pediatric housecalls)</td>
<td>• MoleMapper: cancerous mole screening</td>
<td></td>
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<tr>
<td>• OrthoNow</td>
<td></td>
<td></td>
<td>• Iphone-directed walk tests, cognition, fine motor skill, tremor evaluations</td>
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</tbody>
</table>

25% Consumers used a retail clinic in 2015— up from 15% in 2013

To Disrupt or to Sustain?

Market Evolution Will Force Incumbents to Innovate

Can We Undermine Our Legacy Business?

Incumbent companies do need to respond to disruption if it's occurring, but they should not overreact by dismantling a still-profitable business. Instead, they should continue to strengthen relationships with core customers by investing in sustaining innovations.

Clay Christensen
Harvard Business Review, December 2015

“Sustaining” Innovations

- Physician practice acquisition
- Freestanding emergency departments
- Partnerships for pricing leverage

“Disruptive” Innovations

- Retail, urgent care footprint
- Telemedicine, remote diagnosis and treatment
- Provider-sponsored health plan

Don’t Overlook the Advantages of Incumbency

Health System Strengths Can Be Extended, Leveraged

Incumbent Advantages

1. Financial Scale
2. Comprehensive Clinical Scope
3. Robust Information Assets
4. Established Patient Relationships

Imperatives for Hospitals and Health Systems

1. Prioitize no-regrets, scalable investments; use pricing leverage strategically
2. Assemble and coordinate diverse services into differentiated, consumer-oriented solutions
3. Augment clinical data with broader market analytics, consumer-level insight to create unparalleled information advantage
4. Convert patient-physician relationships and loose brand affinities to durable consumer loyalty

Source: Health Care Advisory Board interviews and analysis.
Confronting a False Choice

Population Health, Consumerism Equally Urgent

Public Sector
- Medicare, Medicaid
- High cost per capita
- Chronic illness, comorbidities
- Rising share of population

Private Sector
- Insurers, employers, individual consumers
- Generally healthy with episodic care needs
- Access, experience, convenience paramount
- Large share-of-wallet opportunity

Population Health Imperatives
- High-value network assembly
- Scalable care management
- Low total cost

Consumer Imperatives
- Improved experience
- Customization
- Low unit cost

No-Regrets Priorities
- Superior access
- Reliable care delivery
- Leaner fixed cost structures
- Platforms for ongoing loyalty

Source: Health Care Advisory Board interviews and analysis.
Delivering in a Consumer-Driven Health Care Market

**Value to Consumer**

- **Accessibility**
- **Reliability**
- **Affordability**

**System Imperative**

1. **Reconfigure Access Channels**
   - Diversify options to meet patients when, where, and how they want

2. **Standardize Production Model**
   - Ensure service, clinical quality meet and exceed customer expectations

3. **Streamline Fixed Cost Structure**
   - Eliminate unnecessary overhead and pursue cost-effective partnerships

4. **Build Loyalty Platform**
   - Incentivize, reward consumers for repeat business

Source: Health Care Advisory Board interviews and analysis.
A New Lens on Strategy

Competitor-centric Strategy

- Strategic Benchmark: Closest competitor’s performance
- Financial Metric: Share of existing market
- Executive Focus: Stewardship of community asset

Consumer-centric Strategy

- Strategic Benchmark: Maximum consumer value
- Financial Metric: Share of wallet, lifetime loyalty
- Executive Focus: Ongoing drive for improvement

"I have a] passion to figure out customer-focused strategies as opposed to, say, competitor-focused strategies. If you’re competitor-focused, you tend to slack off when your benchmarks say that you’re the best. But if your focus is on customers, you keep improving."

Jeff Bezos
1. The State of the Election and Potential Impacts

2. Moving Forward Despite Election Uncertainty

3. Question and Answer
Manage Your GoTo Panel

Ask a Question
To ask a question, please type it into the “Questions” box on your GoTo panel and press “Send.”

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Use the orange and white arrow to minimize and maximize your GoTo panel.

Use the blue and white square to maximize the presentation area.
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• Please take a minute to provide your thoughts on the presentation.

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