5 site-of-care SHIFTS poised to impact providers

Site-of-care shifts, while not new in health care, are evolving in light of the pandemic and trends that preceded it. Use this infographic to understand the drivers behind these shifts, the business lines we expect to be impacted most, and our projections for the future.

SURGICAL CARE

Shift

More complex surgeries are shifting from the hospital to freestanding ASCs

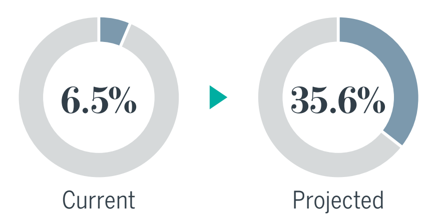
Hospital → ASC

Drivers

Policy and regulation	Purchaser preference	Innovation	Provider competition
1	2	4	3

- Expansion of CMS' ASC-covered procedures list
- Plans offering financial incentives to consumers
- Minimally invasive surgical techniques and technologies
- Many stakeholders rapidly expanding new sites

Over one-third of total knee replacements will likely be performed in ASCs*



Key takeaways

- ASCs will grow fastest in orthopedics, CV, urology, pain management, and general surgery—not the traditionally strong service lines in ASCs (GI and ophthalmology).
- Competition for high-revenue, complex cases will hinge on episodic cost and quality performance. High-performers will be able to attract Centers of Excellence commercial steerage opportunities for surgical bundles.

DIAGNOSTIC SERVICES

Shift

Imaging and lab services are shifting from the hospital to ambulatory sites

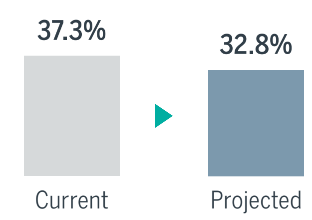
Hospital → Outpatient alternatives

Drivers

Policy and regulation	Purchaser preference	Innovation	Provider competition
4	1	3	2

- Site-neutral payment policy
- Plans implementing hospital site-of-service restrictions
- Expanded access to at-home and self-administered tests
- Ambulatory clinics co-locating services on site

Share of outpatient radiology services expected to shift away from the hospital*



Key takeaways

- Expect pricing pressure on lab and imaging, with the greatest risks on high-spend items such as MRI, CT, and PET.
- Competitive markets will require lower-cost outpatient options and an emphasis on superior service and access.
- Co-location next to key referral sources such as neurology, orthopedics, and oncology can insulate against market share loss.

CONVENIENT CARE CLINICS

Shift

Physician visits are shifting from the office setting to urgent care centers and retail clinics

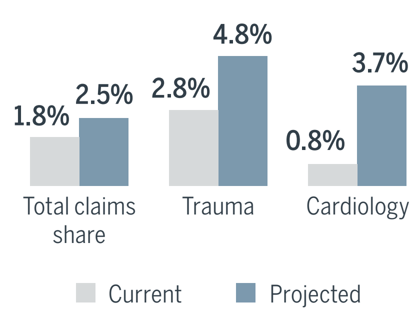
Physician office → Urgent care

Drivers

Policy and regulation	Purchaser preference	Innovation	Provider competition
4	3	2	1

- Scope-of-practice laws
- Consumers favoring on-demand access models
- Scope expanding to chronic care management and concierge models
- Expansion of sites into underserved markets

Share of total claims expected to shift to urgent care centers and retail clinics*



Key takeaways

- Scope of services will expand to include more chronic care management, cardiovascular, trauma, and orthopedics services.
- A multidimensional business case, including consideration of new patient acquisitions and ability to retain downstream specialist referrals, is required when considering expansion of site into new and underserved areas.

DIGITAL HEALTH

Shift

Physician visits, urgent care, and triage are shifting from brick-and-mortar sites to digital platforms

Office → Digital

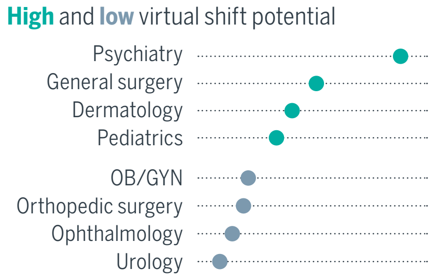
Drivers

Policy and regulation	Purchaser preference	Innovation	Provider competition
2	1	4	3

- Expansion of covered services; lower regulatory barriers
- Copays waived in benefit designs
- Virtual-first models with access to multidisciplinary team of specialists
- Unprecedented deal activity and financial investment

Feasible percentage of outpatient visit volume that could be performed virtually

High and **low** virtual shift potential



20% Estimated portion of outpatient visits that could be performed virtually in the future

Key takeaways

- Greatest shift is expected in psychiatry, general surgery, dermatology, and pediatrics.
- Long-term utilization will be heavily dependent on changing regulations, consumer preferences, and coverage and payment decisions.
- Expect market disruptors to utilize virtual-first plan designs and hybrid in-person care models to expand patient relationships and influence downstream care.

HOME-BASED CARE

Shift

Inpatient medical admissions are shifting from the hospital to the home setting

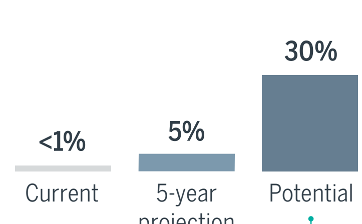
Inpatient medical admission → Home

Drivers

Policy and regulation	Purchaser preference	Innovation	Provider competition
1	4	2	3

- Reimbursement through CMS' Acute Hospital Care at Home Program waiver
- Payers negotiating bundled payments and reduced DRG rates for coverage
- Technology to orchestrate logistics and determine patient eligibility
- JV arrangements between health systems and home care companies

Percentage of inpatient volume that could shift to Hospital at Home*



Represents approximately **162** DRGs, **10.5M** inpatient admissions, and **$82B** in inpatient revenue

Key takeaways

- There will be concentrated shifts for select admission types, including for pneumonia, cellulitis, congestive heart failure, COPD, and UTI conditions.
- Program launch and scalability challenges may limit near-term growth potential and require health systems to seek out partners.
- Business case will depend on long-term reimbursement prospects, need for capacity expansion, and ability to achieve positive clinical outcomes.

* Projections are based on Advisory Board analysis and modeling of Optum's de-identified Clinformatics® Data Mart Database. Projections represent an aggressive scenario where shifts follow historical trends from 2014–2019 and eventually match the current 90th percentile market nationwide.

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Advisory Board

Learn more about which site-of-care shift will have the biggest impact in the next 5 years at **advisory.com/socshifts**