WHAT'S IN THE CARDS
for emerging trends in health care?

Headlines bombard us daily with tales of major disruptions in health care. Among them are four trends that will impact the health care ecosystem regardless of how the cards play out. Each hand has the potential to ensure patient access to high-quality, clinically appropriate, and cost-effective care. But each turn also has the potential for unintended consequences. While it's difficult to say exactly when these might fully be realized, the response to the Covid-19 pandemic shows us that these trends can speed up or come to a halt quickly. What are some of the ways your hand could unfold, and how should you prepare?

Here's how health care could change, what to watch for, how to prepare your institution, and what could go wrong.

1

WHAT IF

Many different, independent medical groups emerge?

Imagine a world where, given attention and resources by payers and third-party funders, most physicians leave hospital-employed medical groups in search of renewed independence. Some join regional physician-owned medical groups, some share equity in large national practice companies, and some choose employment with a national medical group franchise—but all share risk.

With their new scale and market power, **the health care ecosystem centers on physician-led IDNs.** They directly negotiate with payers and employers to participate in risk-based contracts.

These new groups win ancillary procedures and outperform hospital and health system-owned facilities on cost and outcomes. Payers steer patients to lower cost sites and reward appropriate use with lower premiums.

Where to place your bets:

With many billable elective services on hold and patients avoiding care sites, the sustainability of physician practices is in question following the Covid-19 pandemic. Watch how investors and funders react to anticipate if they will have access to the capital necessary to scale. The market expects practices that can actively manage ongoing care needs like chronic disease management or primary care access to be better positioned to survive. But pay attention to how these groups perform in risk-based contracts as they grow larger. Will they able to scale their successes or follow the fate of hospital-affiliated ACOs?

SIGNS OF A WINNING HAND:

- Physician groups develop business purpose or vision to scale their work.
- Physician groups prioritize governance and leadership to manage change.
- Policymakers repeal certificate of need laws and expand site-neutral payments, facilitating the opening of new facilities.
- Physician groups strategically invest in infrastructure that supports scale and population health efforts.

WE ALL LOSE IF:

Non-hospital-owned medical groups grow larger, achieving scale and negotiating power. However, these new larger entities do not integrate, replicating the failures of health system M&A activity. The result is a health care system with large, powerful independent medical groups, but no meaningful reduction in health care costs.

2

WHAT IF

The patient's journey is defined by AI at every step?

Imagine a world where artificial intelligence (AI) drives every health care interaction. Predictive analytics alert patients to schedule appointments before they experience symptoms, chatbots triage patients and minimize wait times, and personalized data is auto-generated and securely shared with appropriate entities. Algorithms facilitate quicker and more accurate diagnoses, ensure that providers personalize treatment plans to each patient, and prevent readmissions and health care acquired infections. On the administrative side, AI optimizes staffing levels, streamlines patient discharges, and standardizes supply chains.

Payers reimburse clinicians for AI use in patient encounters where algorithms have been shown to lower costs of care. In limited specialties, like radiology, AI replaces tasks and speeds work, leading to a reduction of clinicians. **Across all disciplines, provider organizations prioritize clinicians and staff who have the necessary skills to effectively use AI technologies**

Where to place your bets:

Many health care leaders and consumers mistrust machine-provided insights—and often with good reason. Data inputs are inconsistent and disconnected, and they can put privacy and security at risk. If and when advances in AI demonstrate large-scale improvements in health care, there will be a more positive view of the technology. Once that happens, the regulatory and data infrastructure necessary to support AI will accelerate to incentivize adoption across the ecosystem.

SIGNS OF A WINNING HAND:

- Algorithm creators ensure that data used to feed algorithms is unbiased and representative of the larger population.
- Health care stakeholders partner to protect patient data.
- Providers and schools train health care workforce in skills necessary to use AI.
- Developers create algorithms that directly solve an identified health care problem.

WE ALL LOSE IF:

The bias and underrepresentation embedded in health care data are reinforced or amplified by AI algorithms. This ultimately influences health care outcomes or commercial interests and leads to distrust across parties.

3

WHAT IF

Curative and precision treatments advance exponentially—and at scale?

Imagine a world where clinical innovation in gene editing, microrobotics, and bioelectric therapies unlocks curative therapies and precision medicine across a wide range of diseases. With these advancements, we can meaningfully delay the onset of Alzheimer's, provide targeted treatment to every cancer patient, and treat many genetic disorders before a baby is born.

From precision diagnostics to individualized evidence-based clinical guidance, rapid approval for high cost treatments will be subject to real-time, real-world evidence monitoring. **The U.S. health care delivery system realigns its footprint, payment models, and partnerships** to account for the value of these innovations compared to the lifetime cost of treating a patient. Life science organizations and payers support providers in incorporating these innovations into workflows.

Where to place your bets:

These clinical advances in care require many parts of the ecosystem to change how they operate to scale appropriate use across the market. Pay attention to how these will change clinician workflow, how they will lengthen or shorten length of the care episode, who will administer the care, where the care will be administered, and when payers, providers, or patients should pay for its use.

SIGNS OF A WINNING HAND:

- Suppliers demonstrate the ROI of clinical innovation to purchasers and end users.
- Health care stakeholders identify and agree on how to afford expensive, life-enhancing treatments without placing the cost burden on patients.

WE ALL LOSE IF:

The conversations to identify whether one-time costs balance against the lifetime costs of treatment leave some patients without access to these life-enhancing therapies, effectively rationing medicine.

4

WHAT IF

The next site-of-care shift is to "everywhere" care?

Imagine a world where patients access clinically appropriate, cost-effective care whenever and wherever they want it. They can receive infusions or dialysis treatment at home, order pharmaceuticals and have virtual visits using an app, or monitor their chronic condition with a smart monitor. They are not limited by providers and facilities in their market and **can choose providers based on cost and convenience.**

Payers proactively steer patients to these options through site-of-care policies and lower out-of-pocket costs for these at-home options. When a patient needs to go to a health care facility, they choose the provider that offers the most convenient access, no matter their affiliation with a health system, hospital, or physician group.

Where to place your bets:

The uptake of virtual care, site-neutral payments, and care at home over the last decade has been slow, as both providers and patients were hesitant to embrace these innovations. However, as the Covid-19 pandemic showed, stakeholders can quickly come together to advance policies and reimbursements that increase adoption. Track state and CMS-led initiatives around emergency use for these "sites" of care as indicators of what will continue to shift out of health care facilities.

SIGNS OF A WINNING HAND:

- Virtual care vendors create reliable technology and redundancies to quickly fix issues.
- Providers, payers, and vendors all ensure that patients have access to affordable "everywhere" care.
- Health care stakeholders help patients understand and act on information to advance care.
- Health care stakeholders support patient and caregiver ability to self-manage and coordinate care.

WE ALL LOSE IF:

Patient access to "everywhere" care is hindered by the digital divide, leading to increased access for some patients, but not all. This results in increased disparities in health outcomes between those who have access to this "everywhere" care and those who do not.

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