

SEVEN TRENDS THAT WILL DRIVE THE YEAR IN HEALTHCARE



PNC Healthcare has worked with a number of large healthcare delivery systems over the last several years, assisting them in grappling with the dramatically changing healthcare environment. Each of these systems saw weakness in financial performance that required their leadership to seriously explore their current strategies, the adequacy of their information systems, and the revenue and cost assumptions under which they were operating. The following trends show how successful organizations are addressing these issues.

UNCERTAINTY OF THE AFFORDABLE CARE ACT

Repealing and replacing the Affordable Care Act (ACA) is a top priority for the new administration. Maintaining coverage for the uninsured and underinsured while keeping popular components of the law without raising premiums will be a challenge. What this means to providers, insurance companies and consumers is yet to be determined. Some organizations are developing models in preparation for policy changes that could have significant impact on the industry.

Think about identifying the potential exposures that exist related to repealing and replacing the ACA and quantify costs or additional investments necessary to mitigate potential risks.

CYBER SECURITY

Aging security infrastructure that needs to be updated combined with connected devices and patient privacy issues (including concerns about data breaches) will continue to be top-of-mind for providers, payers and consumers.

Consider stepping up data security measures, technology and training.

VALUE-BASED PAYMENT MODELS

Paying for value over volume is evolving. Until now, new programs and payment models have primarily involved upside risk for healthcare providers. That is, these models have allowed providers to receive a percentage of the difference between the actual and budgeted costs (shared savings) for those who reduce healthcare costs below established benchmarks. In the case where providers exceed budgeted costs, upside-risk models protect them in that they don't benefit financially, but they are also not penalized. This changes in 2017 as these risk-based arrangements begin to incorporate downside risk which will require providers to refund payers a portion of the difference in costs if costs aren't managed effectively. The evolution to downside risk should not be discouraging, though, since the added risk is expected to be accompanied with higher shared savings opportunities.

Successful organizations will have real-time data to quantify costs and risks and will innovate to adapt to business models that support improved clinical quality and increased financial gains. To do this, organizations will use this data to prioritize and guide their business and operational activities around the following initiatives:

1. Maximizing reimbursement
2. Eliminating waste and decreasing costs
3. Increasing patient volume (only after successful implementation/completion of initiatives # 1 and # 2)

CONTINUED MERGER AND CONSOLIDATION ACTIVITY

Partnerships, affiliations and collaboration are key to surviving the shift to value-based healthcare. In addition to balance sheet and operations, data center consolidation will increase. Organizations may realize benefits by consolidating their private data centers in order to reduce annual IT operating expenses and reinvest in other parts of the business. Some organizations may also be considering moving some of their business applications to cloud-based solutions.

Identify collaborations where data can be shared and optimized to achieve efficiencies, while also protected.

MONETIZATION OF DATA TO IMPROVE QUALITY/OUTCOMES

The wearable device market will nearly quadruple from now to 2020. Providers and payers are increasingly utilizing data from IoT (internet of things) and “wearables” (insulin pumps, pacemakers, telemetry, etc.).

Look for ways to analyze and secure this data to deliver more effective treatments and make better clinical and operational decisions.

CARE CONTINUUM TRANSFORMATION — EXPANSION OF TELEHEALTH/CONSUMERISM

As regulations for reimbursement catch up and technology improves, the adoption, availability and usage of telehealth visits will increase, improving access and driving down the cost of care, improving provider utilization.

Think about beginning to modernize payments in preparation for creating more consumer-centered experiences.

BLOCKCHAIN SOLUTIONS

The healthcare sector will begin to realize the benefits of blockchain technology. Blockchain’s record-keeping system can be applied to many types of data exchanges and will be adopted in insurance, supply chain management, payment automation and revenue cycle.

Consider exploring this technology to help you gain access to new markets and improve your supply chain management and payment automation processes, keep information secure, store and share clinical trial and medical/health records, and improve regulatory reporting and compliance.

Think about identifying the potential exposures that exist related to repealing and replacing the ACA and quantify costs or additional investments necessary to mitigate potential risks.



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