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. The insight we have developed through these relationships can be helpful to any business that offers healthcare insurance to employees or is concerned about rising costs. The following trends show how successful organizations are addressing these issues.

**UNCERTAINTY OF THE AFFORDABLE CARE ACT**
Replacing Obamacare has been a top priority for the Trump administration. The challenge, however, continues to be how to accomplish this without raising healthcare costs. The impact these changes will have on the healthcare industry, businesses and patients is unknown. Nonetheless, some organizations are preparing for policy changes that could significantly impact the industry.

*Organizations need to identify the potential exposures that exist related to replacing Obamacare, quantify costs, and consider additional investments necessary to mitigate potential risks.*

**CYBER SECURITY**
Aging technology infrastructure and society’s move towards a more “connected” world contribute to an increased focus on protecting organizations’ and patients’ information. Data privacy risks, (including concerns about data breaches) will continue to be top-of-mind for hospital systems, physician practices, insurance companies and patients.

*Organizations should step up data security measures, technology and training.*

**VALUE-BASED PAYMENT MODELS**
New payment models are rapidly transforming the healthcare landscape. These models incentivize quality or value over volume and are drastically transforming reimbursement and the way care is delivered and intended to shift the risk to providers. Instead of payment based on the number of visits, procedures or tests, payments to providers are now based on the value of care they deliver.

These reimbursement models share in the savings when costs to provide care are below established benchmarks. This changes in 2017 as these risk-based arrangements begin to incorporate downside risk or penalties requiring providers to refund payers a portion of the difference in costs if not managed effectively. This added risk is expected to be accompanied with higher shared savings when cost savings are achieved.

*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 collaborations are key to surviving the shift from fee-for-service to a quality or value-based payment model in the healthcare space. In addition to balance sheet and operations, data center consolidation will increase. Organizations may realize cost benefits and aggregation of data warehouses 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.

*Organizations will need to identify and embrace collaboration opportunities where data can be shared and optimized to achieve efficiencies.*

**MONETIZATION OF DATA TO IMPROVE QUALITY/OUTCOMES**

The wearable device market will nearly quadruple from now to 2020. Importantly, the wearable market is expected to have a significant effect on how healthcare organizations utilize data from devices such as “connected” insulin pumps, pacemakers and telemetry devices. Providers and insurance companies are increasingly utilizing data from Internet of Things (IoT) technologies. Even fitness-focused technologies (fitness apps, smart watches, smart bands) are affecting how patients interact with their physicians, thus changing the way healthcare is being practiced.

*Forward-thinking organizations will look for ways to analyze and secure data that can be harnessed from new wearable technologies to deliver more effective treatments and help healthcare professionals make better clinical and operational decisions.*

**CARE CONTINUUM TRANSFORMATION — EXPANSION OF TELEHEALTH/CONSUMERISM**

The move towards consumerism is forcing patients to exhibit ever greater participation and decision-making in their own healthcare. Through greater access to information and greater financial responsibility, patients are becoming more informed and involved in decisions like what physician they want to see, what procedures they want to have done, what facility they want to go to, how they want to receive their care, and how much they are willing to pay for services. As technology improves, the adoption, availability, and usage of telehealth (e.g., virtual doctor’s visit via webcam.smart device) will increase, improving access to healthcare, decreasing the cost of care, and improving efficiencies for certain healthcare encounters.

*Healthcare organizations should adapt to the patient-to-consumer behavioral shift, adjust the interactions with their patients accordingly, and begin to modernize payment models in preparation for creating more consumer-centered experiences.*

Organizations need to identify the potential exposures that exist related to replacing Obamacare, quantify costs, and consider additional investments necessary to mitigate potential risks.
BLOCKCHAIN SOLUTIONS

The healthcare sector will soon begin to realize the benefits of blockchain technology. Blockchain technology has the potential to transform healthcare by increasing the security, privacy, and interoperability of health data as well as reinventing the way payments are made and received in the industry. Furthermore, blockchain’s record-keeping system can be applied to many types of data exchanges and will be adopted in insurance, supply chain management, and the financial processes that healthcare facilities use to manage the administrative and clinical functions associated with claims processing, payment and revenue generation.

*Healthcare leaders need to be exploring this technology as a means of gaining access to new markets and improving supply chain management and payment automation processes. Ultimately, blockchain technology will facilitate the ability for organizations to keep information more secure and more safely and efficiently stored, share clinical trial and medical/health records, and improve regulatory reporting and compliance.*

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