This highly respected annual guide to healthcare trends will help organizations plan for the future. In Futurescan 2017-2022, a panel of industry thought leaders addresses eight key issues regarding healthcare change and transformation. The expert insight in these pages is supported by data from a survey of 651 healthcare leaders across the country.

An essential tool for strategic planning, Futurescan 2017-2022 examines these notable topics:

• Hospital and health system integration
• Next-generation payment reform
• Applications for big data in healthcare
• Evolution of the hospital and health system CEO
• Transformation of the healthcare workforce
• Physician leadership and engagement strategies
• Advances in virtual care
• Innovations in healthcare

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COMPLIMENTARY EXCERPT:
Futurescan 2017–2022: Healthcare Trends and Implications

Dear AHA leader,

It is my pleasure to share a complimentary excerpt of Futurescan 2017–2022: Healthcare Trends and Implications, a highly respected publication developed jointly by the Society for Healthcare Strategy and Market Development of the American Hospital Association and the American College of Healthcare Executives (ACHE).

An essential tool for strategic planning, this year’s edition features an introduction by renowned futurist Ian Morrison, PhD, as well as articles by expert thought leaders on the following issues shaping the current and future landscape:

- Health system integration
- Next generation payment reform
- Applications for big data in medicine
- Evolution of the hospital CEO
- Transformation of the healthcare workforce
- Physician leadership and engagement strategies
- Advances in virtual health
- Innovations in healthcare

The articles are supported by data from the latest Futurescan national survey, in which 651 executive members of SHSMD and ACHE shared their opinions on how various trends might impact their hospitals over the next five years.

As a future-focused strategic leader, I encourage you to obtain the complete Futurescan 2017–2022 publication and utilize it for planning retreats, presentations, etc. This annual publication is one of the many valuable benefits of SHSMD membership. Please contact Sr. Editorial Specialist Brian Griffin at briangriffin@aha.org with questions or to learn more.

Sincerely,

Diane Weber
SHSMD Executive Director

ACCESS THE FULL PUBLICATION

Print or Digital Copies: You can purchase single copies of Futurescan for $48 at shsmd.org/futurescan2017, and packages of 15 for $430 (a substantial discount) at shsmd.org/futurescan15.
As the transformation of healthcare continues, the new Trump administration, in partnership with a Republican Congress, will lead a major effort to repeal and replace the Affordable Care Act (ACA).

This will likely result in key changes in the number of Americans covered by health insurance and in the methods and financing of coverage through the exchanges and Medicaid. These changes will probably occur through an incremental set of legislative actions using the budget reconciliation process over the course of 2017. Wholesale replacement of the ACA is much more difficult politically, requiring a supermajority in the Senate. Stay tuned for these specific proposals, but expect more reliance on market principles, less reliance on regulation, a bigger role for states, more emphasis on consumer responsibility for payment, and less growth in financing from the federal government than would have been seen under a Clinton administration.

In the meantime, many observers believe the trends that have been transforming healthcare in recent years will continue, including those highlighted in Futurescan 2017–2022:

- Accelerating payment reform led by the Centers for Medicare & Medicaid Services and private purchasers with the passage of MACRA (the Medicare Access and CHIP Reauthorization Act), increasing numbers of public and private bundled-payment initiatives, and ongoing developments in the public and private sectors toward accountable care
- Rising consumerism fueled by the relentless shift to high-deductible care and consumers’ increasing desire for convenience and responsiveness from the healthcare system
- Increasing volume demands placed on the delivery system by the aging baby boomer generation and by the 20 million Americans who have obtained insurance under healthcare reform
- The continued consolidation and integration of healthcare delivery among hospitals and physicians
- The inexorable shift from volume to value as more providers embrace the principles of the Institute for Healthcare Improvement’s Triple Aim and as many integrated delivery systems pursue population health strategies and migrate toward financial risk
- New technology, particularly digital and biotechnology, that can dramatically change what is possible

About the Author
Ian Morrison, PhD, is an author, consultant, and futurist. He received an undergraduate degree from the University of Edinburgh, Scotland; a graduate degree from the University of Newcastle upon Tyne, England; and an interdisciplinary doctorate in urban studies from the University of British Columbia, Canada. He is the author of several books, including the best-selling The Second Curve: Managing the Velocity of Change. Morrison is the former president of the Institute for the Future and a founding partner of Strategic Health Perspectives, a forecasting service for clients in the healthcare industry.
• Continued uncertainty and experimentation in the search for successful payment methodologies, sustainable delivery models, and cost-effective solutions for patients and payers.

Futurescan 2017–2022 brings together a remarkable collection of articles by healthcare thought leaders that clearly articulate several key building blocks leaders can use in this transformation. These articles stress the importance of:
• leading delivery system integration as pressures build for greater scale in healthcare;
• responding to payment reform to create value for patients and payers;
• harnessing big data and analytics to target resources and create new, actionable insights;
• developing new leadership competencies for both CEOs and physicians;
• creating the workforce of the future; and
• capturing the power of exponential technologies in information technology, biotechnology, robotics, material science, and nanotechnology.

Futurescan 2017–2022 Highlights
This year’s contributors are among the most authoritative and respected experts in their fields of specialization. Drawing on the findings of the latest FutureScan survey, each article integrates key survey results with the author’s expert perspective on the topic.

Integration: Kenneth Kaufman—distinguished healthcare consultant, strategist, and investor—lays out the compelling case for continued consolidation and integration in the US healthcare system. Supported by survey results, he forecasts the following:
• Consolidation will continue.
• Creative partnerships will evolve into integration.

• More affiliations will take place between traditional and nontraditional provider organizations.

According to Kaufman, growth in scale and continued mergers and partnerships across the continuum of care will lead to the creation of new types of organizations, financial arrangements, and operating models. In particular, Kaufman points to the following likely implications:
• Integrated organizations will reduce underused facilities.
• Hospitals and health systems will use a structured process for transformation, focusing particularly on organization-wide cultural change.

Payment reform: Michael E. Chernew, PhD, of Harvard University—a leading health economist, scholar, and policy advisor—examines the directions health payment reform is heading and reviews the evidence of progress to date. He delineates the key distinctions between the two primary approaches to payment reform: episode-based and population-based payment. He also poses the critical question: Do they bend the cost curve?

Chernew’s research and review of the best evidence in the field reveals where payment reform is currently and where it may head in the future. Although results have so far been modest at best in reducing cost and improving quality, Chernew encourages policymakers and private purchasers to keep evaluating and refining these models. He sees greater potential in population-based models of reimbursement—particularly when they are embraced by large-scale systems. Conversely, he indicates that “markets that are fragmented are more likely to see the development of episode-based payment models.”

Big data: Shahram Ebadollahi, PhD, IBM Watson Health’s vice president of innovation and chief science officer, provides a fascinating look at the emerging importance of the vast array of information produced by the healthcare sector. Ebadollahi points to three developments influencing the use of big data:
• Increasing availability of vast amounts of data
• Scaling-up of computer systems
• Increased sophistication of analytics and cognitive technologies

He envisages the following over the next five years:
• More data will be captured outside of care settings through in-home monitoring devices and wearables.
• Integrated decision support systems will become more prevalent to guide clinical decision making.
• Natural language processing will be used in conjunction with electronic medical records to enhance both data input and data analysis.
• Analytics will help determine optimal care pathways for individual patients and improve personalization.
• Health systems will increasingly adopt security-rich cloud technologies and hybrid cloud models to reduce costs and improve security and scalability.
• E-health providers, outpatient facilities, retail clinics, and mobile technology companies will continue to integrate ambulatory services with health systems.

These shifts will create new opportunities for health systems, especially in the following areas:

• Adopting technology that supports care management across the continuum
• Enhancing clinical decision-making support
• Expanding access to population-level health and wellness information
• Preparing for and supporting delivery of personalized care

CEO of the future: Howard R. Grant, MD, JD, president and CEO of the highly regarded Lahey Clinic in Massachusetts, says leaders of the future must strike a balance between population health and individual health.

Like many other healthcare executives, Grant had to confront the tricky challenge of navigating from volume to value—delivering an exceptional patient experience to every individual patient while driving improvements in population health.

The key, he maintains, is finding ways to align the goals of caring for both populations and individual patients: “Leaders at Lahey Health have learned that our model is well positioned to succeed in this new landscape because our core commitment is to our patients and our community. This commitment is supported by organization-wide recognition of the importance of collaboration, innovation, physician empowerment, and shared governance.”

Grant forecasts that as more leaders navigate the shift from volume to value, they, too, must honor their core values, particularly in the face of these common challenges:

• Realizing both performance improvement and superior quality metrics
• Engaging providers to move toward population health and incentivizing the entire organization to head in the same direction
• Quickly adapting to consumer needs for more connectivity and communication
• Considering the acquisition or development of an insurance product
• Establishing creative partnerships and making adept build-versus-buy decisions

Workforce: Maureen A. Bisognano, HFACHE, president emerita and senior fellow of the Institute for Healthcare Improvement, is a healthcare legend who has played a central role in galvanizing health improvement efforts in the United States and around the globe. In her article, she focuses on how to build the twenty-first-century healthcare workforce.

In a time of unprecedented change, workers are an essential building block of transformation. Bisognano emphasizes three crucial dimensions of diversity:

1. Generational: Millennials now make up the largest segment of the US workforce. In dealing with different generations, Bisognano says, “the risk for healthcare leaders is valuing one perspective over another. Workers from every generation have assets to offer; striking the right balance and leveraging the strengths of all staff are crucial.”
2. Professional: Because health professionals are trained separately, use different languages and approaches, and bring different skills, physicians and nurses become frustrated that their knowledge and abilities are not appreciated by each other and by other professionals. Bisognano cites the Institute for Healthcare Improvement Open School as an example of how professional silos can be broken down to bring out the best from all professions.
3. Cultural: Bisognano notes that “as patient populations become increasingly diverse, providing culturally competent care is more important than ever.” She stresses that a diverse workforce can be a key asset in creating effective care teams to meet the needs of these populations.

Bisognano also offers some extremely helpful suggestions on new ways to lead, such as:

• developing and nurturing a skilled and prepared workforce,
• keeping the workforce vital, and
• building effective teams.

In my travels, I find workforce issues high on the strategic agendas of boards, CEOs, and frontline providers alike. Bisognano brings clarity to today’s challenging environment and provides critical insights to promising solutions.

Physician engagement: Peter B. Angood, MD, president and CEO of the American Association for Physician Leadership, says that physician leadership and engagement are central to clinical transformation in the new era of healthcare. In my conversations with CEOs across the country, they consistently identify these issues as crucial to the future success of their organizations.

On physician leadership, Angood cites evidence that “truly effective change in delivery systems must be led by professionals who provide direct patient care.” On physician engagement, he recognizes that “securing physicians’ engagement in change management is often challenging for organizations because doctors have historically practiced independently and autonomously. Because being a doctor is intellectually and physically demanding, physicians may resist change and have difficulty adjusting to the new healthcare landscape.”

Angood points out that angst and burnout pervade the medical community. Physicians need to both lead and engage in healthcare transformation, and, as a field, healthcare must recognize the unique sociocultural implications of that change for these highly trained individuals.

Virtual healthcare: Randall S. Moore, MD, president of Mercy Virtual, is a stellar example of a health system leader who embraces innovation at scale. I have had the pleasure of touring the Mercy Virtual facility and learning about the organization’s strategy from Moore. His article stresses the emerging context for virtual health and the many drivers—including patient demographics, access issues, and workforce shortages—that make virtual health an appealing strategic solution.

Moore’s central thesis is that “to become a market leader, it is important to plan for and invest in virtual care now.” He recommends several ways to get started:

• Incorporate virtual care into your strategic plan today by developing a road map and business plan that build on your organization’s strengths.
• Plan your capital expansion strategy carefully to balance traditional and virtual care investments.
• Collaborate with leaders in the field, including developing strategic partnerships with other regional health systems for virtual health.
• Engage the whole organization in the planning process because, as with electronic medical records, all care team members need to buy into the new way of practicing medicine.

Innovation at scale: Peter H. Diamandis, MD, is a renowned leader in innovation. He is a founder and chairman of the XPRIZE Foundation and Singularity University, coauthor of Abundance: The Future Is Better Than You Think, and a serial entrepreneur and change maker.

Diamandis describes the power of exponential technologies and the changes they are making possible in healthcare. He also outlines the implications of these technologies, noting that “to stay relevant, healthcare leaders must understand that the global rate of innovation is accelerating as more entrepreneurs capitalize on exponential technologies and new business models.”

Diamandis defines exponential technologies as “those that double in performance every 12 to 24 months, such as computation, networks, sensors, robotics, artificial intelligence, synthetic biology, virtual and augmented reality, genomics, material science, and nanotechnology.”

Through his expert eye, we see the future potential of each of these exponential technologies, which singly and in combination provide health system leaders with new tools to completely transform healthcare delivery. For example, Diamandis points to the following:

• Genomics: In the near future, people entering the hospital will undergo inexpensive gene sequencing. Their sequence will determine the drugs they should be prescribed, the anesthetics most effective for them during surgery, the cancers they are likely to contract (and should be scanned for in advance), and more.
• **The Tricorder**: Diamandis leads XPRIZE, which launched a $10 million Qualcomm Tricorder competition to create a portable, wireless, palm-sized device that monitors and diagnoses health conditions. The device will give individuals far greater choices in deciding when, where, and how to receive care. The winners of this competition will be announced in 2017.

Expect to see more applications of exponential technologies become available in your marketplace soon.

**Conclusion**

Rapid transformation is happening across the healthcare landscape, with even more change to come from a new administration in Washington, DC. Although geographic regions differ in their population characteristics, market conditions, political situations, cultural contexts, trajectories of development, and medical practice styles, all are experiencing significant transitions in some form.

The forces driving the shift from volume to value described in *Futurescan 2017–2022* are powerful and unrelenting. Although some uncertainty surrounds many of the promising predictions highlighted in this report, make no mistake: The potential for positive change is enormous, even as it puts new and challenging demands on healthcare leaders, physicians, and other key stakeholders who will have to expand their skill sets.

The overarching imperative for hospitals and health systems will be to craft strategies and delivery models that deliver safe, reliable, high-quality, and affordable healthcare services that truly improve the health of the communities they serve.

It is important work, and *Futurescan 2017–2022* can help.

For the full *Futurescan: 2017-2022* publication, visit [www.shsmd.org/futurescan2017](http://www.shsmd.org/futurescan2017)