

Trustee Insights

EMERGING ISSUES



Top 10 Emerging Trends in Health Care for 2021: The New Normal

Continued disruption will require health care boards to adapt their governance models

BY GEOFFREY MARTIN

In these unprecedented times, what priorities should hospital and health care system boards focus on to prepare for 2021 and beyond? As organizations manage through the pandemic, we expect continued disruption to be the

norm, and pathways to success will increasingly depend on collaboration, innovation, digitization and scaling ahead of the competition.

Collaborative Ecosystem

COVID-19 has exposed vulnera-

bility at health care organizations across the globe on critical issues, including safety, equipment, data availability, and infrastructure. Early on, it became apparent that “going it alone,” in terms of depending on an organization’s own supply lines and capabilities, wasn’t possible. This led to ad hoc collaborations, with providers, suppliers and non-health-care companies jumping in to deliver resources and capacity to address the crisis.

Successful organizations will build upon this mindset, finding ways to close gaps and innovate with partners that bring unique skills to solve problems.

1 More Strategic and Agile Supply Chains

Successful supply chains are becoming a key differentiator and vital part of the care delivery process in ways we have never seen before in health care. Getting it right requires strategic systems thinking around all functions in the organization. Among the topics for boards to consider:

- **Increasing storage and self-distribution.** What’s old is new again. We see a trend toward more self-distribution models instead of just-in-time delivery from distributors. This allows organizations to buy in bulk, control distribution and minimize their reliance on items at risk of being depleted. Organizations do not have a limitless supply of

capital so this is not a one-size-fits-all procurement strategy, but it may make sense for certain items in the supply chain.

- **Deeper relationships and back-up suppliers.** The value of vendor-of-choice relationships became apparent as many hospitals scrambled for pandemic-related supplies. The key is striking a strategic balance between price, performance and trust. Getting the lowest price but lacking a relationship that cannot be “prioritized” in a crisis is not ideal. Neither is overreliance on one vendor without having plans B, C and D in place. We see many organizations developing connections with tiers of back-up suppliers — often smaller and geographically closer than their primary vendors — to gain flexibility, speed and as much certainty as possible that critical items will be on hand when needed.

- **New supply chain models for new care settings.** [Health care futurists believe](#) that by 2040, most care will be delivered at home, in outpatient settings or virtually. Adapting to this new way of care — in terms of supplies and delivery methods — will require relationships with different types of vendors, such as retailers, contract employees and technology providers. This is an exciting but huge challenge: how to reimagine supply chains to deliver non-hospital-based care in a safe, cost-effective and high-quality way at scale.

- **Smarter, faster, predictive information.** Expect to see more automation software and artificial intelligence (AI) in health care supply chains. In addition to freeing personnel from repetitive tasks, these technologies can assist deci-

sion-makers in identifying trends and providing resources to workers. For example, predictive analytics focused on population health within an organization or system could alert managers to trending disease states and their associated supply needs. Supply chain managers could use AI tools to master the new transportation logistics of getting supplies to widely dispersed home care settings and so on.

2 Competition as a Viable Strategy

Cooperative competition, or coope- tion, is a key trend in health care. While some providers view big-box stores, nationwide pharmaceutical chains and other new entrants as threats, other organizations see opportunity. Their strategy is to leverage the capabilities of these power players to lower the cost of care, increase downstream market capture and focus on core specialty services while remaining highly connected to the patient.

- **Offload financially draining services.** Organizations like CVS and Walmart now offer basic primary care, simple diagnostic services and chronic disease management — services that health systems have struggled to provide and do so profitably. Identifying opportunities to partner with retail organizations to fill this gap can help simplify organizational services, increase access and provide better patient care at a lower cost.

- **Expand the market while improving community health.** New entrants can be a force multiplier and increase the overall market for health services. Look for

opportunities where your services could have a significant impact on community health and partner intentionally. For example, [about half of women age 40 and older](#) do not get screening mammograms. If mammography services provided by a large retailer were successful in motivating this population, the majority of women receiving in-store mammograms would not need follow-up care. However, many would require referrals for follow-up diagnostic exams and, possibly, treatment. Establishing a two-way relationship with that new entrant — sharing data and providing easy access to hospitals or health systems — could open the door to a potentially significant flow of new referrals.

- **Think outside your ZIP code.** With the emergence of virtual services and virtual workforces, the talent pool is expanding and new entrants are emerging that can offer services at a lower cost and often at a higher quality than is possible for some organizations. One example is the collaboration between tele-ICU service providers and small, rural hospitals to improve their patients’ access to highly specialized critical care. Organizations also have increased flexibility to find personnel in clinical areas, such as subspecialty radiologists, and to cover nonclinical areas where it’s difficult to recruit talent, such as revenue cycle specialists, IT staff and customer service representatives.

Trustee Discussion Topics:

- Does our organization have a progressive supply chain strategy that includes risk mitigation, reliable suppliers, alignment with care

delivery changes and a technology plan that is utilizing rapid advancements consistent with other fields?

- Are we evolving our business model quickly enough to provide the right mix of services to match our mission, enable market differentiation and improve our financials?
- Have we considered how to use the competition and new models to exit financially draining services, expand the market and leverage resources outside of ZIP codes we operate in?

Patient and Workforce Engagement

3 Patient Consumerization

Today we can receive goods the same day we order them, and track them minute by minute from order placement to delivery. It's not surprising that patients expect the same high level of efficiency and transparency from their health care providers. Instead, some patients may have to wait weeks or months for an appointment and have only a vague idea of when exam results will be available. Organizations need to assess their current barriers to consumer satisfaction and deploy analytics and patient-centric technologies to improve the convenience, speed and transparency of care. For example, when a West Coast health system adopted precision scheduling practices to minimize wasted time between imaging exams, they were able to open up 5,000 new exam slots annually,

so patients could be scheduled sooner.

4 Personalization of Care

While patients want the convenience and ease of digital interactions, personalized care is still the touchstone of their loyalty. According to a [2020 survey of health care consumers](#), an "ideal" health care experience requires a personal touch, whether that encounter occurs virtually or in person. Patients say it's paramount that clinicians take time to listen, show they care and communicate clearly. For improvement efforts to have teeth, they must be associated with programs that drive measurable outcomes. For example, a major academic medical center created a communication training program to teach doctors best practices to follow in interactions with patients. Within a year, the percentage of patients who "always" felt that the doctors listened, treated them with respect and explained things well [rose by 9 points](#).

5 Workforce Diversity and Safety

It will continue to be a challenge for providers to find the next generation of leaders to replace baby boomer executives who are retiring at a high rate. Other top issues include:

- **Inclusion and diversity.** The momentum around improving inclusion and diversity within health care teams is encouraging. There is strong evidence that diverse teams and inclusive cultures drive better outcomes (especially among diverse patient populations), more effective problem-solving, greater engage-

ment and higher employee retention.

- **Flexibility.** Large organizations are using their scale to invest in IT tools and programs that give employees greater flexibility to work remotely. The virtualization and gig economy has already begun and will be in full effect in health care over the next several years.

- **Physical and mental health.** The issue of employee safety was amplified by COVID-19 as organizations redesigned care delivery spaces and protocols on the fly to protect health care workers and patients. These efforts will broaden as health systems ramp up testing of patients and employees, remote working and virtual care services. Organizations need to keep a pulse on staff burnout, continually looking for ways to make their jobs more sustainable and expanding access to mental health services.

Trustee Discussion Topics

- Are we measuring the patient experience compared to other health care providers, or are we striving to exceed an experience provided by high-performing organizations in other sectors, such as retail?
- Have we provided the resources and skills to our teams beyond clinical knowledge to drive the level of experience our patients are demanding?
- Do we have the right leadership, and are we on a cultural journey as an organization that is going to drive measurable change in both the short term and over time? Are all our leaders driving our patient experience and diversity and inclusion agenda at all levels?

Digital Acceleration

6 Virtual Care

We will continue to see the emergence of virtual care solutions across the care continuum from telehealth visits to virtual hospital care and home-based care. In February 2020, less than 1 percent of Medicare primary care visits were conducted via telehealth; by April, driven by the pandemic, the volume had risen to 43 percent. This growth appears to have staying power as both patients and physicians adopt a new virtualization mindset. It will be important for organizations to align their virtual strategy with the changing needs of their markets, growth strategy and evolving payment models. This isn't a silver bullet but instead is a natural progression to support providers and patients in a more meaningful way: Virtual needs to become the way organizations work versus a disconnected component of the strategy.

7 Artificial Intelligence and Automation

AI and automation are taking hold in health care at an accelerated rate as they have in other fields such as banking, media and retail. A few examples to watch:

- **Quality and efficiency in radiology.** AI is having an amazing impact in radiology with solutions to reduce redundant tasks, eliminate bias-based reading errors, identify data patterns in images to predict risk and enhance workflow processes. For example, a

GE Healthcare partnership with Intel aims to enhance patient care and reduce costs for hospitals and health systems using digital imaging solutions, deployed via edge and cloud. Together, the companies anticipate their solutions will offer greater hospital efficiency through increased asset performance, reduced patient risk and dosage exposure — with faster image processing — and expedited time to diagnosis and treatment.

- **Real-time analytics to expedite care.** Large organizations are harnessing real-time information to drive the care process. Command center software platforms, for example, combine systems engineering, predictive analytics and problem-solving to manage patient flow in and through the health system while aiming to preserve clinical quality, safety and the patient experience. The development of next generation applications to support caregivers is continuing to drive breakthrough performance in both a centralized and decentralized manner.

- **Productivity in nonclinical areas.** Automation is streamlining health system business operations that lean heavily on repetitive tasks, such as supply chain, revenue cycle and customer service. Expect to see new sensors in health care (HL7, cameras, speakers, weather forecasting and more) that enhance productivity in even more significant ways.

Trustee Discussion Topics

- Are virtual care and digital becoming part of the fabric of our strategy and how we work as an organization?

- How can we be better at leveraging virtual care to create a safer and more productive way of delivering care?
- How can we leverage data and AI to drive greater productivity and improve clinical outcomes?

Business Growth

8 Revenue Diversification

In my conversations with chief information officers, data is becoming the currency of tomorrow and the infrastructure must support needs at scale. Expect to see large organizations making big investments to better leverage and monetize the use of data to improve productivity, enhance patient care and drive additional funding for key programs. We also see organizations monetizing data/intellectual property through relationships with nontraditional partners in pharma and big tech, and forming venture capital funds to manage downside risk related to unpredictable patient volumes and volatility of traditional nonoperating investments.

9 Mergers and integration

U.S. hospitals will exceed \$320 billion in losses in 2020 due to the impact of COVID-19, according to [AHA projections](#). Financial pressures will continue to be prevalent as more providers see a lifeline in partnering with larger organizations to remain competitive in today's health care landscape. Expect to see more large health systems as organizations try to monetize large investments and drive synergies from scale.

10 Payer Shifts

With COVID-19 throwing historical utilization rates on their head and making 2021 projections nearly impossible to calculate, employers, providers and payers are forced to consider utilization, rates and risk as they model the coming year.

- **Employers** are experiencing difficulty in funding their current plans and considering shifts in plan design or reduction of benefits. They will increasingly look to partner with provider and payer organizations to manage costs and the health of their teams.

- **Providers** will continue to collaborate with payers to advance low-cost, high-quality care, with a focus on growing ambulatory and virtual care services to adapt to patients' evolving needs.

- **Payers** will shape their investments and plan designs to drive high-quality virtual care and increasingly recognize home as a path for care, while managing their networks for high acuity and chronic care pathways.

Trustee Discussion Topics

- Have we explored all the ways to grow and capture revenue?
- How can we leverage data as

an asset to generate net new revenue for the organization?

- Are we working collaboratively with payers and employers in our communities to innovate and continually drive down the cost of care?

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Please note that the views of authors do not always reflect the views of the AHA.