



American College of  
Healthcare Executives  
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# **Futurescan**

## ***Healthcare Trends and Implications 2010–2015***

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Vice President, Education  
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# Futurescan



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- Society for Healthcare Strategy and Market Development of the American Hospital Association
- American College of Healthcare Executives
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# Futurescan



Continues the tradition established by the late healthcare futurist, Russ Coile, who originated the publication and was its sole author until his death in 2003.

Futurescan's purpose has always been to provide an environmental assessment of the medical landscape so that healthcare leaders could better position their organizations for the structural, financial and technological challenges that lie ahead.

# Futurescan – Our issues today

- The Economy: For Hospitals, it is an Uncertain Outlook
- Delivery System Reform: Accountable Care and Medical Homes
- Physicians: From Alignment to Integration
- Nursing: Toward a Sustainable Workforce

# Futurescan Contributing Authors

- **Donald W. Seymour, Executive Editor**
- **Paul J. Feldstein, *The Economy: For Hospitals, an Uncertain Outlook***
- **Stephen M. Shortell, *Delivery System Reform: Accountable Care Organizations and Patient-Centered Medical Homes***
- **William F. Jessee, *Physicians: Transitioning from Alignment to Integration***
- **Lynn Unruh, *Nursing: Toward a Sustainable Nursing Workforce***

# Futurescan – remaining issues

- Payment: Paying Providers will Change the Organization of Healthcare
- Genomic Medicine and Individualize Healthcare
- Healthcare IT: An Unfulfilled Promise
- The Greening of Healthcare and Hospitals

“Even small healthcare institutions are complex, barely manageable places. . . . Large healthcare institutions may be the most complex organizations in human history.”

*Peter Drucker*

*Post-Capitalist Society*. New York, Harper and Row, 1993

# Futurescan Team

- Content Experts
  - Healthcare Providers
  - Academic Healthcare Centers
  - Expert Consultants
  - Governmental Agencies
- Expert Opinion
  - 1400 Hospital and Health System professionals

# Futurescan in Context

- These trends can transform the future
- Healthcare reform legislation introduces uncertainty and opportunity
- Individual organizations must determine relevance, timing and context based on their settings, resources and vision.

# Using Futurescan

- Assess local trends, review widely held assumptions and project their implications
- Distinguish operational from strategic implications
- Determine key strategic Issues of your organization
- Consider timing and degree of implementation
- Exercise common sense and discipline

# **The Economy: *For Hospitals, an Uncertain Outlook***



# The Economy: Skyrocketing Costs

Even with modest reform measures, healthcare costs will continue to outpace inflation, threatening hospital margins.

- Adopt strategic initiatives such as LEAN that are designed to reduce costs and improve efficiency.
- Incentivize employees at all levels to identify cost-saving measures and strategies.
- Intensify fundraising and philanthropy efforts.

# The Economy: Medicare Challenges

Deficits in the Medicare Hospital Insurance Trust Fund will intensify as the Boomers begin to qualify for Medicare.

- Look for new ways to cut costs and reduce unnecessary care.
- Migrate care to less costly outpatient settings.
- Actively advocate for reasonable and fair Medicare reimbursement rates.

# The Economy: Fewer Private Pay Patients

With or without reform, there will be fewer privately insured patients

- Aggressively market to private pay patients in your service area with specialize service
- Develop and promote centers of excellence that meet community needs.
- Be an active political advocate for fair and reasonable updates for Medicare and Medicaid coverage.

# The Economy: More Bad Debt

To soften the blow of premium increases, private insurers increase co-pays and deductibles. But more bad debt will occur

- Negotiate contracts with insurers carefully, as they will be attempting to aggressively cut costs.
- Anticipate increased pressures for price and cost transparency.

# The Consumer's Choice

## A Health Insurance Parable



**2010 Hyundai Sonata**  
**5 year/60K mile warranty**  
**5-Star Crash Rating – 26 mpg**  
**MSRP - \$22,045**



**2010 Lexus LS 460**  
**4 year/50K warranty**  
**No crash rating – 19 mpg**  
**MSRP - \$63,825**

High Co-pay	\$ 1,000
10% Coinsurance	\$ 2,205
High Deductable	\$10,000
Price Difference	\$ 0

\$1,000	◀
\$6,383	◀
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\$41,780	

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\$10,000	◀
\$41,780	

# The Economy: Physician Competition

Physicians will continue to shift lucrative services to outpatient settings or facilities in which they have an ownership stake.

- Look for ways to engage physicians with your organization and build their loyalty.
- Develop strategies that financially integrate physician and hospital services.
- When appropriate, joint venture with local physicians to develop specialized services.

# The Economy: The Outpatient Shift

Outpatient services will continue to grow more rapidly than inpatient or other hospital services.

- Invest in outpatient treatment and diagnostic services, creating joint ventures with physicians when appropriate.
- Design new or renovated space to accommodate a greater outpatient use.

# **Delivery System Reform: *Accountable Care Organizations and Medical Homes***

# Reform:

## EHRs Are Not an Option

EHRs will become a necessary component for a delivery system to provide coordinated, cost-effective care.

- Have a strategy for EHR implementation, expansion and/or update.
- Make sure your organization receives its share of stimulus funds for EHR adoption and implementation.
- Select or adopt an EHR that is interoperable with physician practices and other components of the delivery system.

# Reform:

## More Sophisticated Measures

Advances in performance measurement, will make providers more transparent and accountable.

- Invest in data systems that provide valid and reliable measures of performance.
- Use performance data to foster quality improvement efforts.
- In the interest of transparency, share select information with key stakeholders and the general public.

# Reform: Medical Homes

Federal funding will promote patient-centered medical homes as a reform strategy.

- Establish partnerships with primary care physicians who are the key to medical homes.
- Use the Physician Practice Connections-Patient-Centered Medical Home standards promoted by the National Center for Quality Assurance to guide the development of medical homes.
- Emphasize interdisciplinary teamwork throughout the organization, providing team training if appropriate.
- Incorporate disease management and prevention efforts into community outreach activities.

# Reform: Accountable Care Organizations

Accountable Care Organizations (ACOs) will develop in response to real and anticipated reimbursement changes.

- Work with physician leaders to promote evidence-based practices and reduce overuse.
- Invest in information systems that will accurately measure performance and predict future costs.
- Focus on measurements that relate to the organization's strategic priorities.

# Reform: Effectiveness Research

Care standards based on **comparative effectiveness research** will be the new “gold standard.”

- Continuously monitor clinical and health services research literature for new trends and findings.
- Scan the political environment for proposed changes in reimbursement based on research findings.
- Share new standards with medical staff and members of your governing board – their buy-in is critical

# Physicians: *Transitioning From Alignment to Integration*

# Physicians: New Lifestyle Expectations

The new physician workforce will be younger, comprised of more women and will demand flexible scheduling and more personal time.

Hospitals will need to create:

- More full-time employment opportunities, with regular hours, for physicians.
- Greater flexibility for physicians who do not want full-time employment due to family responsibilities.
- Social as well as professional opportunities.

# Physicians: The End of Solo Practice?

Physicians are leaving solo and two-person practices to join groups or seek full-time salaried positions.

Hospitals will need to:

- Establish medical leadership positions that promote efficiency and quality.
- Offer management services that benefit smaller practices while increasing loyalty to the institution.
- Develop programs and services targeting new and growing physician groups and IPAs.

# Physicians: Shifting Practice Patterns

Increasing numbers of physicians will limit their scope of practice so they will be either hospital-based or office-based.

- Create strategies to account for the differences between these two groups.
- Offer billing, collection and other Management Service Organization services to office-based physicians.
- Develop joint ventures with entrepreneurial specialists that speak to financial goals of both parties.

# Physicians: Primary Care Shortages

As reform initiatives emphasize the role of primary care, many will experience serious shortages of primary care physicians.

- Develop alignments with primary care practices.
- Intensify efforts to recruit primary care physicians.
- Advocate for higher federal and state reimbursements for primary care.
- Create leadership roles for primary care physicians.
- Expand physician extender training

# Physicians: Partners in Risk

Economic and demographic trends create pressures for increased hospital-physician integration.

## **Physicians and hospitals will share risk**

- Create information systems that allow 24/7 access to patient information from remote locals
- Create reward structures for those who have good patient outcomes and minimize costs.
- Work with medical leadership to promote evidence-based practices - This will be critical

# **Nursing:** ***Toward a Sustainable Nursing Work Force***

# Nursing: Complacency Is Dangerous

The nursing shortage is on hold, but once recovery from the current recession is complete, it will return with a vengeance.

- Partner with local nursing schools to provide clinical placements for students and employment opportunities for graduates.
- Initiate strategies to streamline the work environment and reassigning non-value-added activities.
- Support legislation that expands nursing education.

# Nursing: An Aging Work Force

Despite younger nurses entering the work force, the proportion of older RNs in the work force will increase for several more years.

- Improve the ergonomic design of the physical workplace to help older, but seasoned nurses.
- Use LEAN concepts to reduce unnecessary and redundant steps on nursing units.
- Accommodate flexible and part-time schedules for experienced nurses.

# Nursing: An International Work Force

The need for foreign-born nurses to complement the native-born work force will increase, despite some concerns about communication/culture issues.

- Study the relationship between communication skills and patient safety and clinical outcomes
- Provide training in communication skills for foreign-born nurses.
- Provide cultural competency training for foreign-born nurses AND the staff who work with them.

# Nursing: Fertile Ground for Labor Unions

The newly-formed National Nurses Union will intensify efforts to unionize nurses

- Educate leaders on the strategies and tactics employed by unions to gain access to hospitals.
- Engage nursing leadership in activities designed to improve the satisfaction of the nursing staff.
- Take the high ground if dealing with unions. Answer questions directly and honestly.

# Nursing: Mandated Staffing Ratios

More states will consider legislating mandatory nurse staffing ratios.

- Be prepared to articulate and justify current staffing processes. Nursing leadership must be involved.
- Restructure the care processes so nursing performs fewer non-value-added activities.
- In the interest of patient safety, set limits on mandatory overtime for nurses.

# Futurescan: In Summary

- Economic survival based on performance continues to be a battle and those with strong, measurable outcomes and a commitment to cost reduction will win it.
- New payment incentives will hold providers accountable for their patients and for their community. The new goal is for everyone to get a healthy start and create an environment that can sustain healthier living.
- No matter the size, payer mix or location of a hospital, physician integration will be a key factor to organizational viability and growth
- The nursing challenge is not gone, it will be back. Fight for nurse education and work to improve the working conditions dissatisfy nurses and aid in their departure.

# FutureScan: This isn't the End - It's just the Middle

Trend assessment is a dynamic process that requires each organization to:

- *Continual Scanning and Monitoring*
- *Focus on KSI's and measure with Financial Metrics*
- *Manage your key Stakeholders – especially physician groups*

“. . . Great strategists assess the future direction of their organization and strive to get the big things right.”

*Don Seymour*

*Futurescan Executive Editor*

“‘We will do *everything* for everybody’ has never been a viable value proposition for any successful business model that we know of—and yet that’s the value proposition of general hospitals.”

*Clayton M. Christensen,  
Jerome H. Grossman, MD,  
and Jason Hwang, MD*

*The Innovator’s Prescription:  
A Disruptive Solution for Health Care (2009)*

# Futurescan

This presentation was adapted by Mary Stefl, PhD, Chair, Health Care Administration, Trinity University, from *Futurescan: Healthcare Trends and Implications 2010-2015*.

*Futurescan 2010* is available for purchase from Health Administration Press. Single copies (order code 2155) are \$45. Packages of 15 copies (order code 2155BND) are available for a discounted price of \$395. Order online at [ache.org/HAP](http://ache.org/HAP) or call the ACHE/HAP Order Fulfillment Center at (301) 362-6905.



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