

Healthcare Trends in 2014:

**Putting Money on Population Health, Care Coordination
and Integrated Care Delivery**





Healthcare Trends for 2014: Putting Money on Population Health, Care Coordination and Integrated Care Delivery

Respondents to HIN's tenth annual Healthcare Trends and Forecasts survey identified a trifecta of value-based priorities for the coming year, deeming population health management (56%), care coordination (51%) and integrated care delivery (42%) initiatives most worthy of their attention in 2014.

In tandem with these Triple Aim priorities, respondents also selected the accountable care organization (ACO) as the care delivery model most likely to transform healthcare, from both cost and care delivery perspectives. The patient-centered medical home has held this distinction for the last two years.

And despite another year of Obamacare threats and the rocky 2013 launch of insurance exchanges during a government shutdown, a 'glass half full' mentality prevails, with 55 percent pronouncing 2013 a better year for healthcare than 2012.

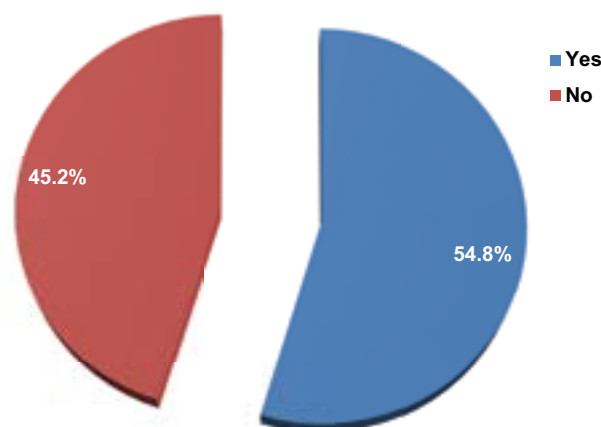
It's not that insurance marketplaces didn't get people's attention; one responding health plan said *not* participating in the 2014 exchanges was its best business decision of 2013. Overall, state notifications regarding the exchanges were among the top three 2013 ACA milestones impacting the business of healthcare in the last year, said 14 percent of respondents — behind the Medicare bundled payment pilot (17 percent) and Medicaid payments for primary care (15 percent).

What has dimmed in the last year is support for continued consolidation among health plans, health systems and physicians: the number who view consolidation as positive dropped from 59 to 44 percent in the last year.

Regrets? Healthcare has had a few in 2013, lamenting its shortsightedness in anticipating resource consumption, budget requirements, and of course, the competition.

Assessment of 2013 Healthcare Business Climate

Was 2013 a better year for your organization than 2012?



HIN Healthcare Trends 2014 Survey
Oct.-Nov. 2013





Survey Highlights

- The top business areas affected by economic conditions in 2013 were growth (65%, still the top area but dropping from 72% in 2012); hiring and recruitment (65%); capital improvement (48%); and service expansion (43%).
- The top five factors impacting healthcare business in 2013 were not limited to purely financial issues as they have been in recent years: budget constraints (42%), the Affordable Care Act (30%), reimbursement (28 percent), care transitions (27%), and the economy (25%).
- Beyond the ACO and the patient-centered medical home, the care delivery systems with the most transformational potential were comprehensive primary care (19%) and bundled payments (11%).
- Beyond population health management, care coordination and integrated care delivery, the areas of healthcare most ripe for development are e-health and telehealth (39%), access to healthcare (33%), health and wellness (26%) and dual eligibles (25%).
- Impacts from continued rollout of ACA initiatives in 2014 include (in respondents' own words): expansion of customer base from implementation of physician ACO and bundled payment programs; reduced reimbursement, requiring more efficiency and cost reductions; the challenge of delivering primary care services with improved outcomes and transparency in reporting; and revenue streams created by exchanges, along with a need to add primary care practitioners.

A Sampling of Challenges and Solutions

- *ACA compliance. Large scale projects to sell products, dedicated teams, additional resources.* (Health Plan)
- *Implementation of electronic health record system, major resource consumption. Organizational focus and coordination, borrowing.* (Home Health/Hospice Provider)
- *Creating health plan/s according to our state's Essential Health Benefits (EHB) requirement. Our planning committee brainstorms regularly.* (Health Plan)
- *Trying to do more with less — again. Worked on process improvement one more time to chisel expenses. Worked on improved marketing strategies at the same time.* (Home Health)



Successful Programs and Services Launched in 2013

- *Home visiting physician program expansion. (Hospital/Health System)*
- *Specialization for chronic disease management; readmission reduction programs. (Post-Acute Care Provider)*
- *Our clinical platform launched a utilization management model to assist care managers in managing the whole patient. Also added more features to care plan section to meet continuum of care changes. (IT, software and CM vendor)*
- *Nurse practitioner deployment to area senior service providers. Improved performance of current assets. (Disease Management)*
- *Telephone monitoring between actual visits. (Behavioral Health)*

Best Business Decisions of 2013

- *Not participating in the Health Exchange for 2014. (Health Plan)*
- *Our affiliation with an organization that had gone through the approval process for ACO's was our best decision. (IPA)*
- *Expansion of hiring medical personnel, i.e., PCP's and contracting for other medical services to capture lives. (Hospital/Health System)*
- *Telehealth, which improved timely patient access to care, preventing rehospitalization. (Unidentified)*
- *Increased emphasis on transitional care services via increased case management and interactive voice response (IVR) systems. (IPA)*

Business Mistakes and Lessons Learned

- *All leadership groups are not on the same page. Population health is not seen as an organizational priority. (Hospital/Health System)*
- *Off on budget projections. Lesson: Don't use 'heads in beds' as the productivity benchmark. (Hospital/Health System)*
- *Our biggest mistake was not engaging a firm to do the primary care recruitment we need. (IPA)*
- *Underestimated a competitor in a new state. Taking steps to make sure that doesn't happen again. (Health Plan)*
- *Lack of research and planning related to choosing an EMR. Improved analysis of organization needs, integration and staff buy-in. (Unidentified)*



Impact of Accountable Care Act in 2014

- *Our customer base will expand greatly with implementation of physician ACO and bundled payment programs. (Home Health/Hospice Provider).*
- *Less reimbursement. We will have to be smarter and more efficient in how we deliver care and reduce costs. (Hospital/Health System)*
- *Not sure. Lack of control on hospital service expansion will create even less competition in the marketplace, making physician led delivery networks even more difficult to develop and turn into successful enterprises. (IPA)*
- *The impact will be mixed: on one hand, the need for [care coordination] will increase, but on the other, physicians will be making less money, so how can they afford to pay for [care coordination] and the clinical follow-up services needed to meet the PCMH and ACO models? (IT, Software and Care Management Vendor)*
- *Medicare enrollees being required to make co-pays for home care that they cannot afford, thus leading to refusal of care and hospital readmissions. (Unidentified)*

About the Survey

The tenth annual Healthcare Trends and Forecasts Survey was administered in October-November 2013 via the Healthcare Intelligence Network Web site at <http://www.hin.com>. Respondents were invited to take the survey via e-mail, e-newsletter and social networking reminders throughout the month. A total of 136 healthcare companies responded to the survey, which asked 20 questions on top of mind healthcare concerns, the continuing impact of ACA implementation, and the best and worst business decisions and lessons learned. Some questions were open-ended, inviting participants to write in their responses. Not all surveys were fully completed. Survey results were compiled by the Healthcare Intelligence Network.

Respondent Demographics

Responses to the 2013 Healthcare Trends and Forecasts Survey were submitted by 136 organizations. Of 54 respondents identifying their organization type, 19 percent were hospital/health systems, 17 percent were health plans, 11 percent were independent physician associations (IPAs), 9 percent were disease management organizations and 32 percent categorized their organization type as 'Other.'



Related Resource

Need more data on the 2014 trends documented in this executive summary? The Healthcare Intelligence Network has produced ***Healthcare Trends & Forecasts 2014: Performance Expectations for the Healthcare Industry***. HIN's tenth annual industry forecast. This 40-page report provides both a handle on what's keeping healthcare CEOs up at night and a dream prescription for sounder program management for 2014. This eagerly awaited annual planning tool features analysis by Steven T. Valentine, president of The Camden Group, and Catherine Sreckovich, managing director in the healthcare practice at Navigant.

For more information, please visit:
<http://store.hin.com/product.asp?itemid=4738>



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