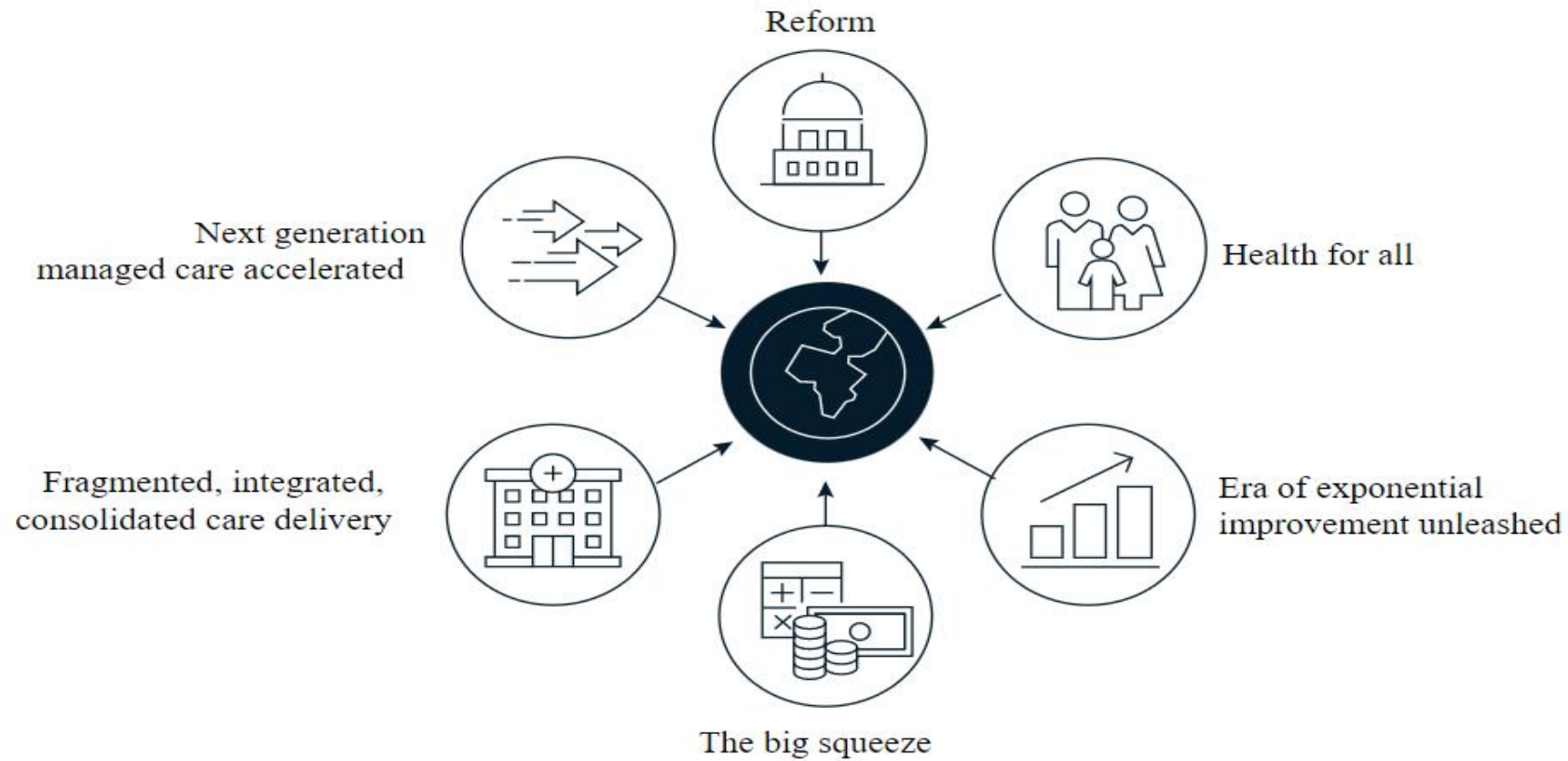# The Great Acceleration in Healthcare and Future Trends

Dr. Ramella Markarian

Vice President

Business Development and Physician Recruitment- Adventist Health Glendale

These six trends are likely to shape post-COVID-19 healthcare.

Reform

Health for all

Era of exponential improvement unleashed

The big squeeze

Fragmented, integrated, consolidated care delivery

Next generation managed care accelerated

Reform?

- COVID-19 has potentially set the stage for healthcare reform along three dimensions: COVID-19-era waivers that could become permanent; actions that may be taken to strengthen the healthcare system to deal with pandemics; and reforms to address the COVID-19-induced crisis.

- To enable the healthcare system to respond to the pandemic, the Centers for Medicare & Medicaid Services has introduced more than 190 waivers and modifications since the beginning of March 2020. These actions impact the clinical practice of medicine and the financing and reimbursement for services. Many of these measures are only relevant during the crisis (for example, the waiver of intensive care unit death reporting). A retrospective assessment of others (for example, expansion of telehealth access) could reveal beneficial innovation worth preserving.

BIG FOCUS: Addressing Social determinants of Health Disparities

The Greenlining Institute
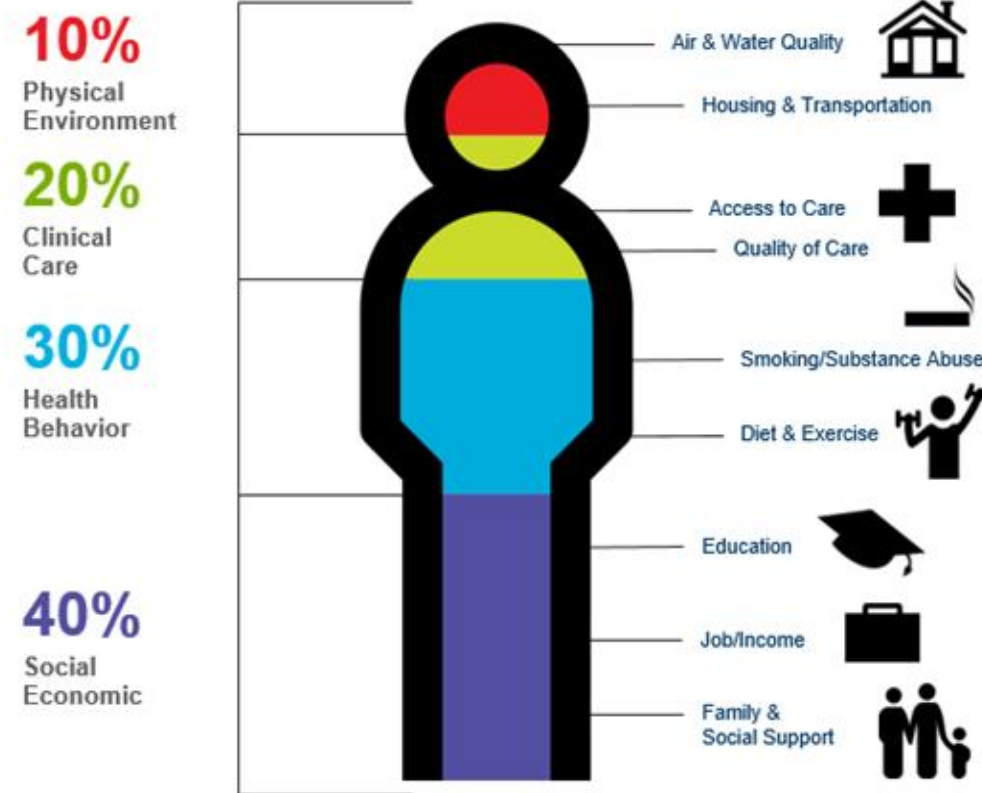
COVID-19 has amplified existing inequitable health outcomes.

These 5 intersecting health and social conditions are correlated with poorer health outcomes.

- **Physical health status**. People with chronic conditions, the immunocompromised, and the elderly make up most COVID-19 deaths in the United States. For example, obese patients, defined as those with a Body Mass Index above 35, are 2 times more likely to be hospitalized and 3.5 times as likely to be admitted to the intensive care unit due to COVID-19.

- **Behavioral health challenges**. Individuals at an increased risk of developing severe COVID-19 symptoms are nearly twice as likely to have a behavioral health condition, including mental health and substance abuse disorders.

- **Unmet social needs**. Americans living in areas with significant unmet social needs (for example, food insecurity, housing insecurity) account for 15 percent of the population but 28 percent of COVID-19 deaths. In areas with high unemployment levels, COVID-19 deaths per 100,000 are 2.4 times higher than in areas with low unemployment.

- **Racial inequity**. Compared with white Americans, the estimated age-adjusted COVID-19 mortality rate for Black Americans is 3.8 times, for American Indians 3.2 times, and for Hispanic/Latinx Americans 2.5 times.

- **Access to care**. Challenges in access to care continue across the United States, with around 60 million Americans living in counties with low physical access to care. Furthermore, around 63 percent of all counties in the United States have a shortage of psychiatrists. Telehealth offers a great opportunity to expand access: inadequate physical access to care could be redressed for up to an additional 50 million Americans. However, 10 million Americans still do not have broadband access and live in areas with low physical access to care

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Goals of CalAIM
OUR JOURNEY TO A HEALTHIER CALIFORNIA FOR ALL

- The Department of Health Care Services (DHCS) is innovating and transforming the Medi-Cal delivery system. CalAIM is moving Medi-Cal towards a population health approach that prioritizes prevention and whole person care. Our goal is to extend supports and services beyond hospitals and health care settings directly into California communities.

- Our vision is to meet people where they are in life, address social drivers of health, and break down the walls of health care. CalAIM will offer Medi-Cal enrollees coordinated and equitable access to services that address their **physical, behavioral, developmental, dental, and long-term care needs,** throughout their lives, from birth to a dignified end of life.

DHCS

OUR JOURNEY TO A HEALTHIER CALIFORNIA FOR ALL

California Advancing and Innovating Medi-Cal (CalAIM) is a long-term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectory.

Goals of CalAIM

1

Identify and manage comprehensive needs through whole person care approaches and social drivers of health.

2

Improve quality outcomes, reduce health disparities, and transform the delivery system through value-based initiatives, modernization, and payment reform.

3

Make Medi-Cal a more consistent and seamless system for enrollees to navigate by reducing complexity and increasing flexibility.
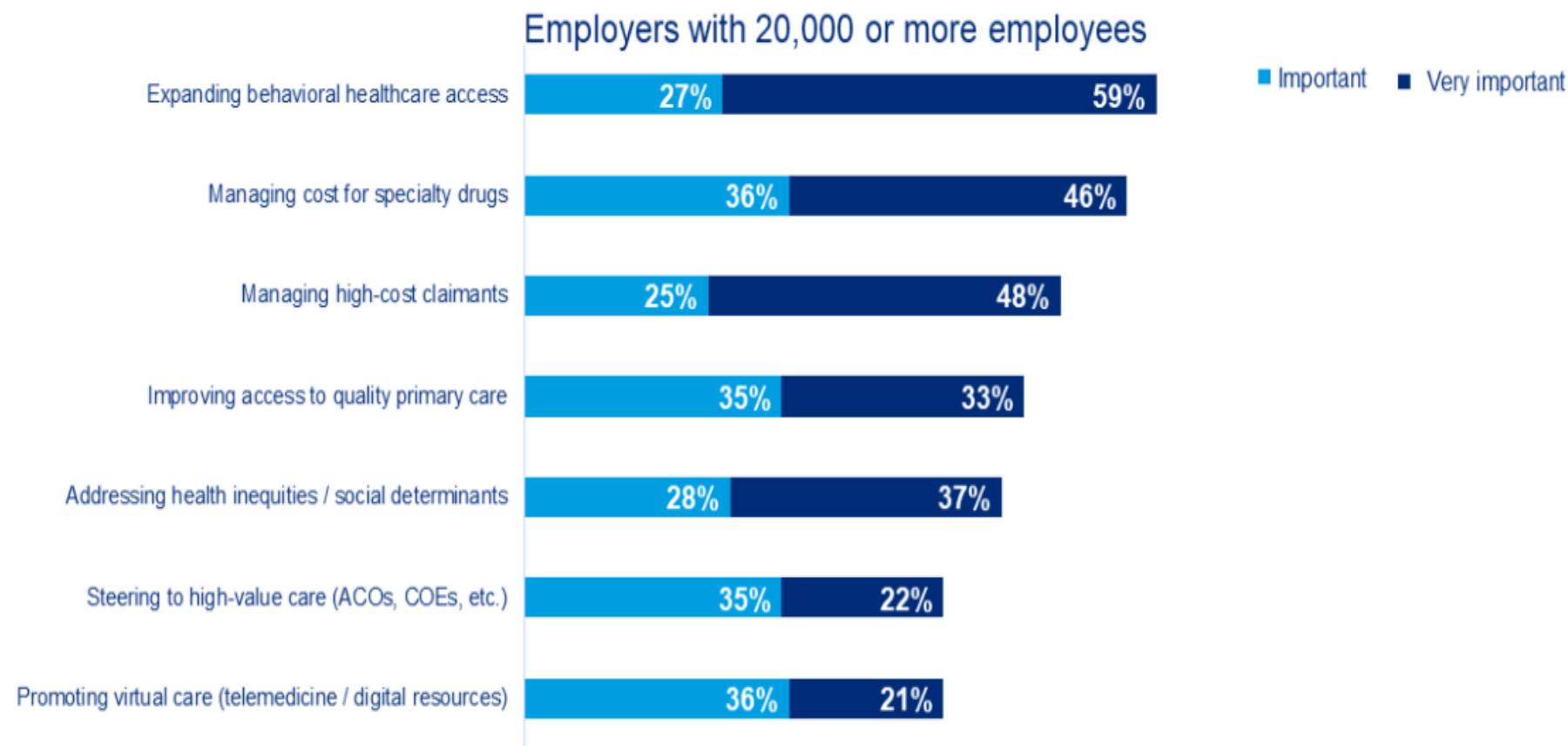
Big Focus: Mental Health 988 hotline

- 988 has been designated as the new three-digit dialing code that will route callers to the National Suicide Prevention Lifeline. While some areas may be currently able to connect to the Lifeline by dialing 988, this dialing code will be available to everyone across the United States starting on July 16, 2022.

- When people call, text, or chat 988, they will be connected to trained counselors that are part of the existing National Suicide Prevention Lifeline network. These trained counselors will listen, understand how their problems are affecting them, provide support, and connect them to resources if necessary.
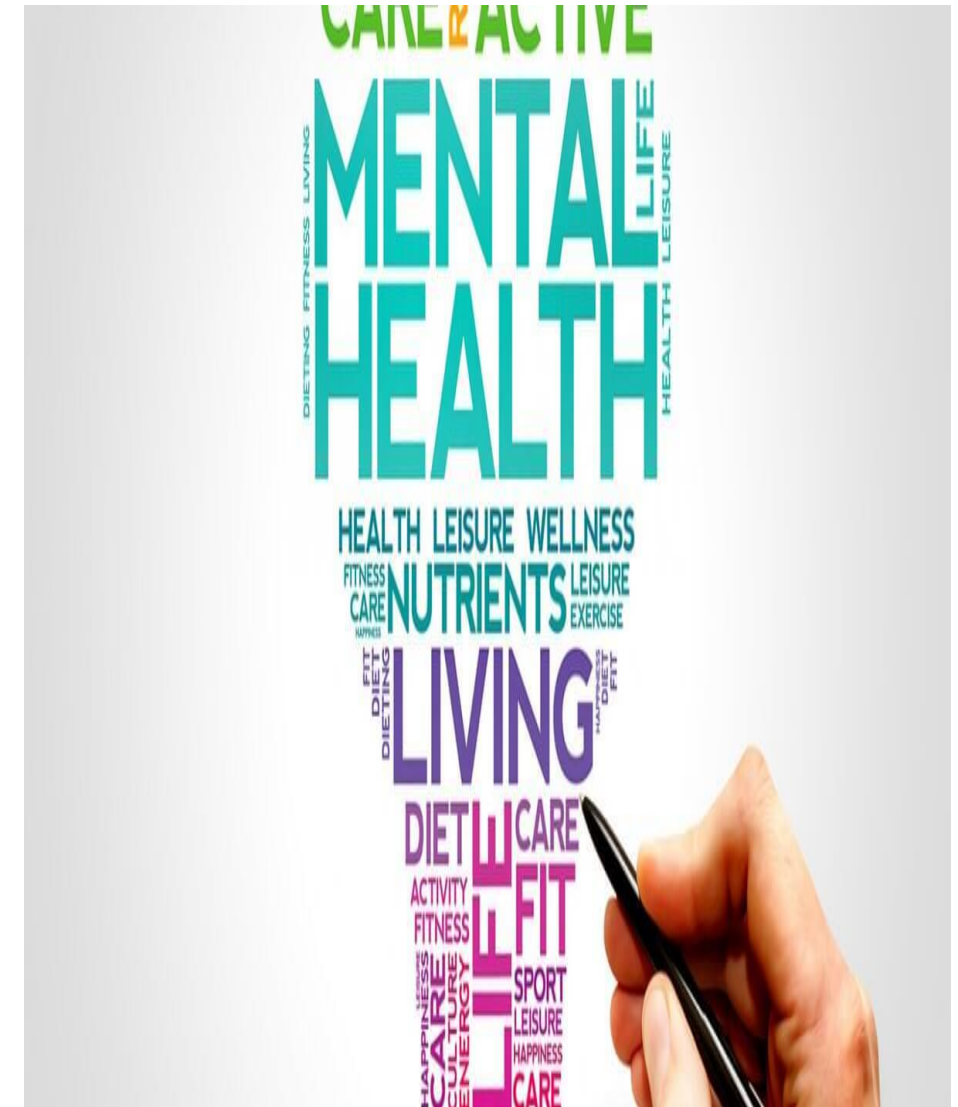
Behavioral health is top priority for nation's largest employers
Most important strategies for the next 3-5 years

Employers with 20,000 or more employees

Legend: ■ Important ■ Very important

| Strategy	Important	Very important
Expanding behavioral healthcare access	27%	59%
Managing cost for specialty drugs	36%	46%
Managing high-cost claimants	25%	48%
Improving access to quality primary care	35%	33%
Addressing health inequities / social determinants	28%	37%
Steering to high-value care (ACOs, COEs, etc.)	35%	22%
Promoting virtual care (telemedicine / digital resources)	36%	21%

Expansion of Telemedicine

Virtual care will expand access to many, but not all, areas of the country with limited physical access.

US counties with low physical access to care and no access to broadband in lower 48 states[1]

~10 million people

live in counties with low physical access to care and do not have access to broadband
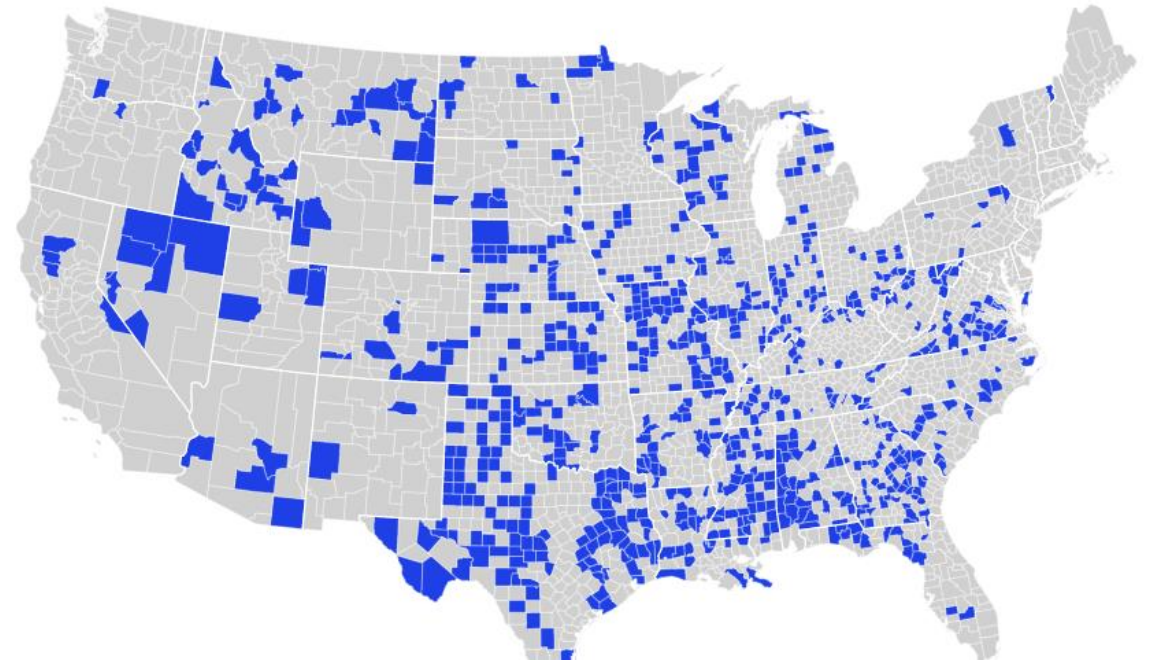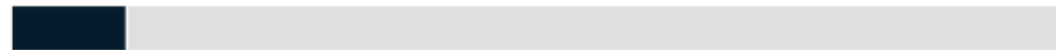
Telehealth: A quarter-trillion-dollar post-COVID-19 reality?"

Primary care, and behavioral health practices are reporting increases of more than 50–175 times in telehealth visits, and the potential market size for virtual care could reach around $250 billion

COVID-19 and the potential of digitally enabled, virtual care.

Consumer shifts

11% Consumers using telehealth in 2019

76% Consumers who indicated they were highly or moderately likely to use telehealth going forward

Health systems, primary care, and behavioral health practices

Reporting up to **50–175x**

or more increases in telehealth visits

~$250 billion

Potential market size

The shift of care out of hospitals is not new but has been accelerated by COVID-19. Care in the next normal could be increasingly delivered in below distributed sites of care

Virtual care and outpatient options show more potential revenue growth through 2022.

Healthcare growth potential by segment by 2022, CAGR,[1] %

■ Inpatient ■ Outpatient

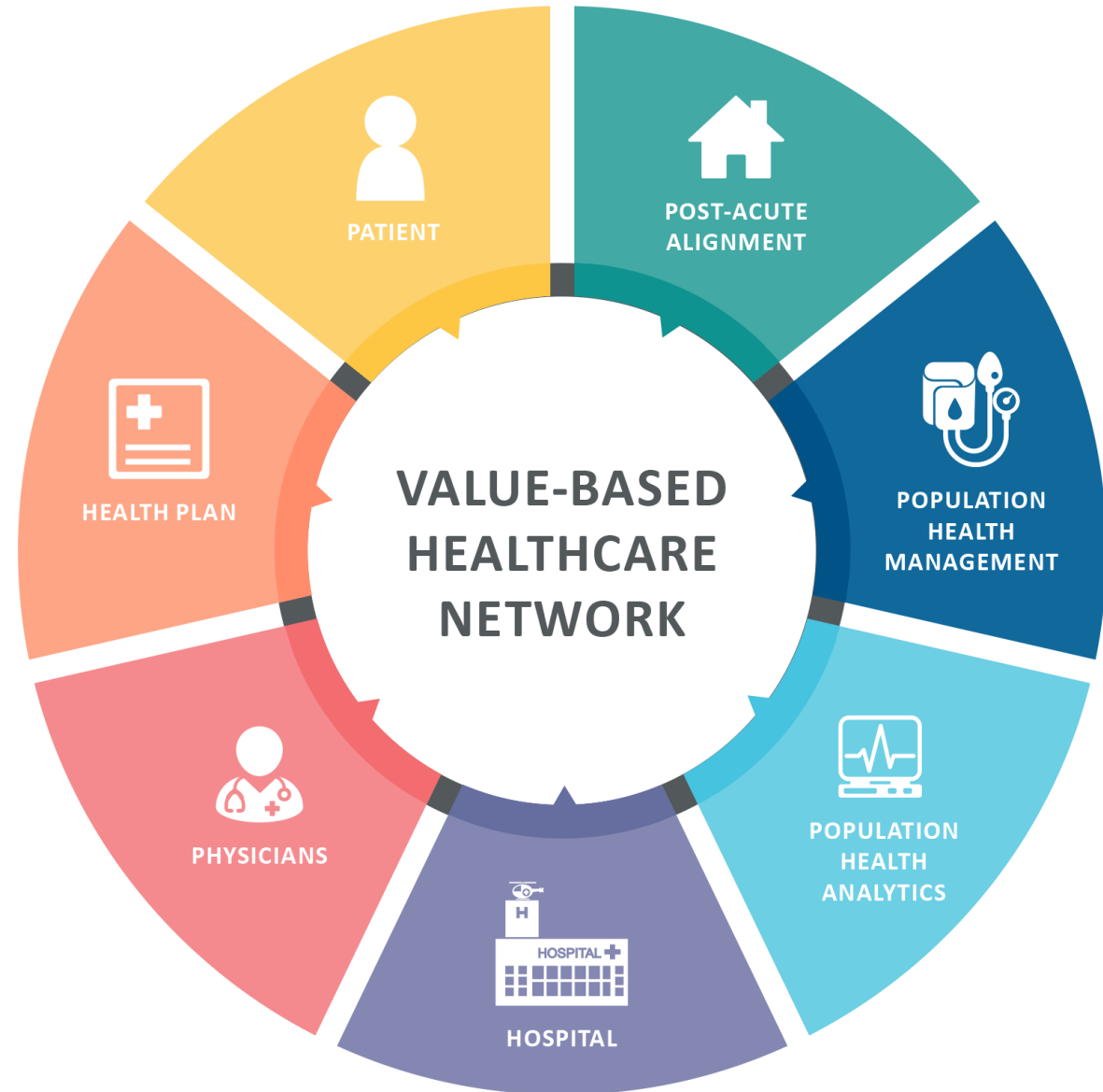| Value	Segment
−3.0	Skilled nursing facility
−2.0	Long-term acute care
2.0	Hospitals
3.0	Urgent care
3.0	Inpatient rehabilitation facility
3.0	Physicians
5.0	Home health
5.0	Ambulatory surgery center
7.0	Outpatient behavioral health
8.0	Retail clinics
113	Virtual care

Managed care acceleration

- Payers pursuing the next generation managed care model (through deep integration with care delivery) demonstrate better financial performance, capturing an additional 50 basis points of earnings before interest, taxes, depreciation, and amortization above expectation. This next generation managed care model has been driven in large part through Medicare Advantage, where positive outcomes have been delivered to beneficiaries.

Value-based care has emerged as an alternative and potential replacement for fee-for-service reimbursement based on quality rather than quantity.
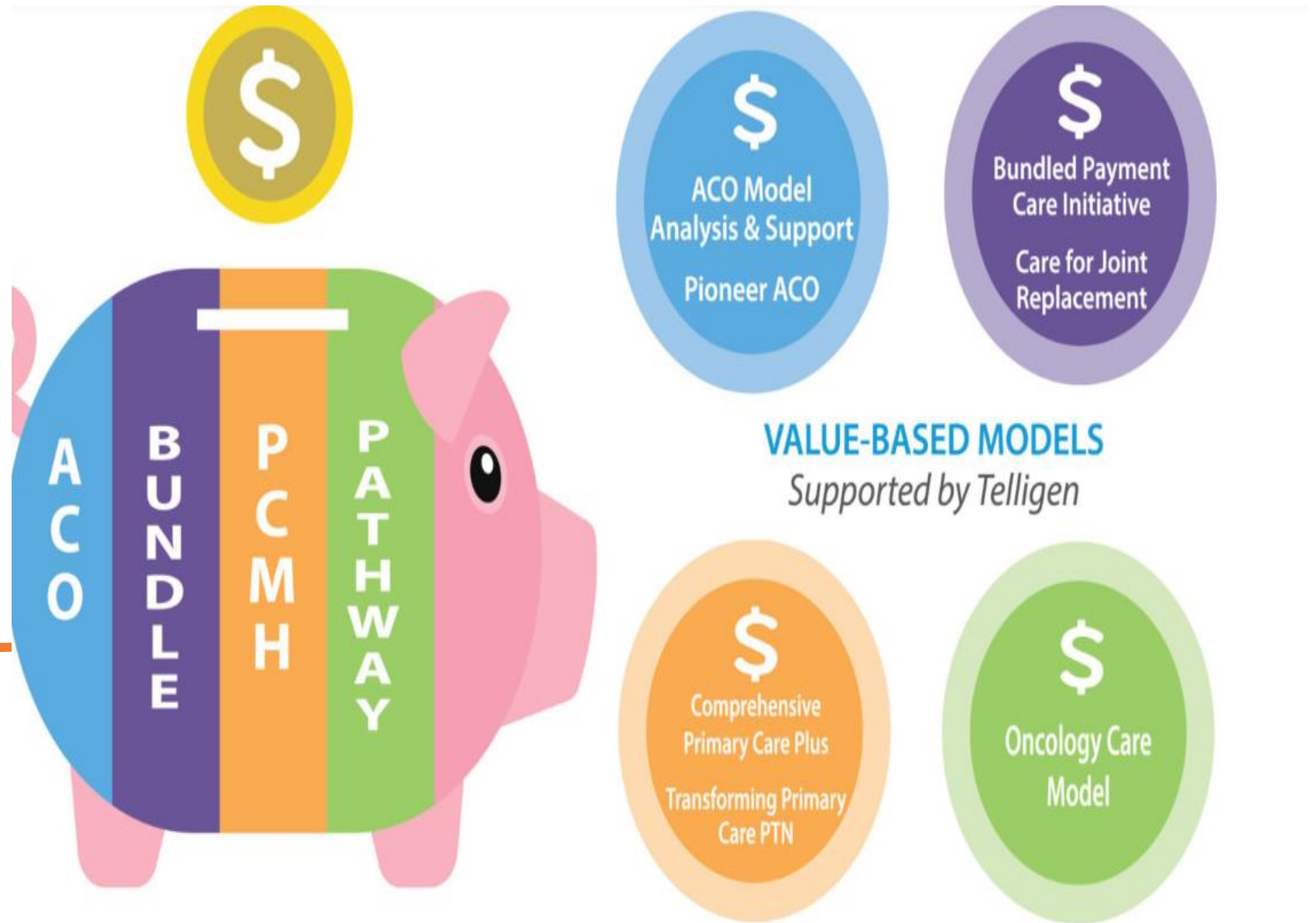
Value Based Care

$$V = \frac{Q + S}{\$}$$

V (VALUE) = **Q** (QUALITY) + **S** (SERVICE) / **$** (COST)

VALUE = QUALITY / COST = OUTCOMES + PATIENT EXPERIENCE / DIRECT COSTS + INDIRECT COSTS

Value base models

WHAT VALUE-BASED CARE MODELS ARE AVAILABLE?

Value-Based Care Models

Accountable Care Organizations (ACOs)

Network of physicians, hospitals, and other providers providing quality, coordinated care

Eliminate redundant care, focus on disease prevention, harmonize time and place of interventions

Level of risk dependent upon selected agreement, ranging from no downside to high downside

ACO agreement chosen by provider organization, savings created through metric performance

Bundled Payments

Collective form of care that combines reimbursement for a group of providers in a lump sum

Providers incentivized to coordinate care efficiently during an episode of care

High risk level for providers, larger portion of assumed downside risk if care isn't sufficient

Predetermined cost for select service, savings based on the reduced cost created by providers

Patient-Centered Medical Homes

Team of physicians and personnel managing patient's primary care to increase quality and coordination

Providers, medical personnel coordinate the whole patient experience from bottom up

Low level of downside risk for providers, high reward ratio based on performance

Graded based on metrics like patient access, engagement and appropriate use of services

#1 Accountable Care Models

- Accountable Care Organizations (ACOs) are groups of providers across different settings – primary care, specialty care, hospitals, clinics, etc – who voluntarily come together to share responsibility for cost, quality, and outcomes for a large patient population. By bringing providers together under the ACO umbrella, patients will ideally receive more coordinated care with an increased focus on prevention and keeping patients healthy. It can also reduce costs associated with redundant tests and overlapping care.

#2 Bundled Payment Models

- A bundled healthcare payment model estimates the total cost of all services a patient will receive over a defined period of time for a certain problem, like a knee replacement or heart surgery. For example, if a patient undergoes heart surgery, payers traditionally reimburse the hospital, surgeon, and anesthesiologist separately for the care they provided.

- Under a bundled payment model, the payer reimburses all providers with a set price for the episode of care. This encourages the provider (in collaboration with the entire care team) to better manage the patients' care by avoiding preventable complications, like a hospital readmission.

#3 Patient-Centered Medical Home (PCMH) Models

- PCMH models differ from other models in that they provide set monthly payments on top of existing funding models (such as FFS or an ACO) to fund a coordinated care team which may include (depending on patient need) specialty physicians, nutritionists, psychologists, and community-based services. Monthly PCMH reimbursements can be used to provide additional care to high-risk patients (such as telemedicine or home visits) with the goals of reducing emergency room visits and preventable problems.
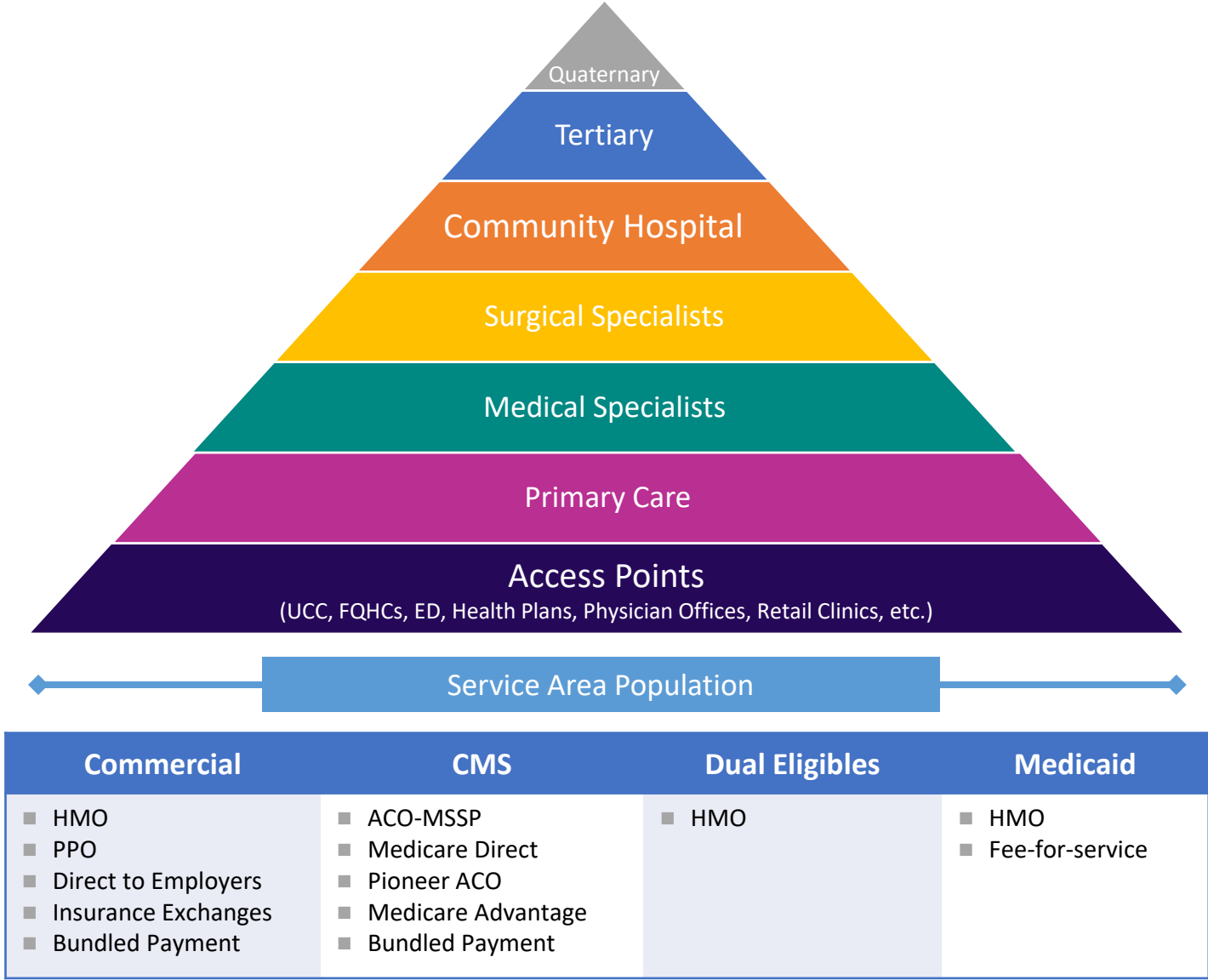
#4 Pathways Model

- Popular in oncology care, pathways models of care are evidence-based decision-making tools that help oncologists and individual patients pick the most appropriate course of treatment. For example, consider the choice between two cancer drugs proven to have the same effectiveness, with no difference in side effects – one just happens to cost less than the other. Using pathway tools makes the provider more likely to select the less expensive of the two equally effective treatments.

Horizontal and vertical integration

HEALTH & WELLNESS

PHYSICIAN CLINICS

URGENT CARE

PAYORS

VIRTUAL HEALTH

IMAGING CTRS

RETAIL PHARMACY & RETAIL CLINICS

SURGERY CTRS

HOSPITAL

INPATIENT REHAB

SKILLED NURSING FACILITIES

HOME CARE

PHARMA

Pyramid of Success

Pyramid levels (top to bottom):
- Quaternary
- Tertiary
- Community Hospital
- Surgical Specialists
- Medical Specialists
- Primary Care
- Access Points (UCC, FQHCs, ED, Health Plans, Physician Offices, Retail Clinics, etc.)

Service Area Population

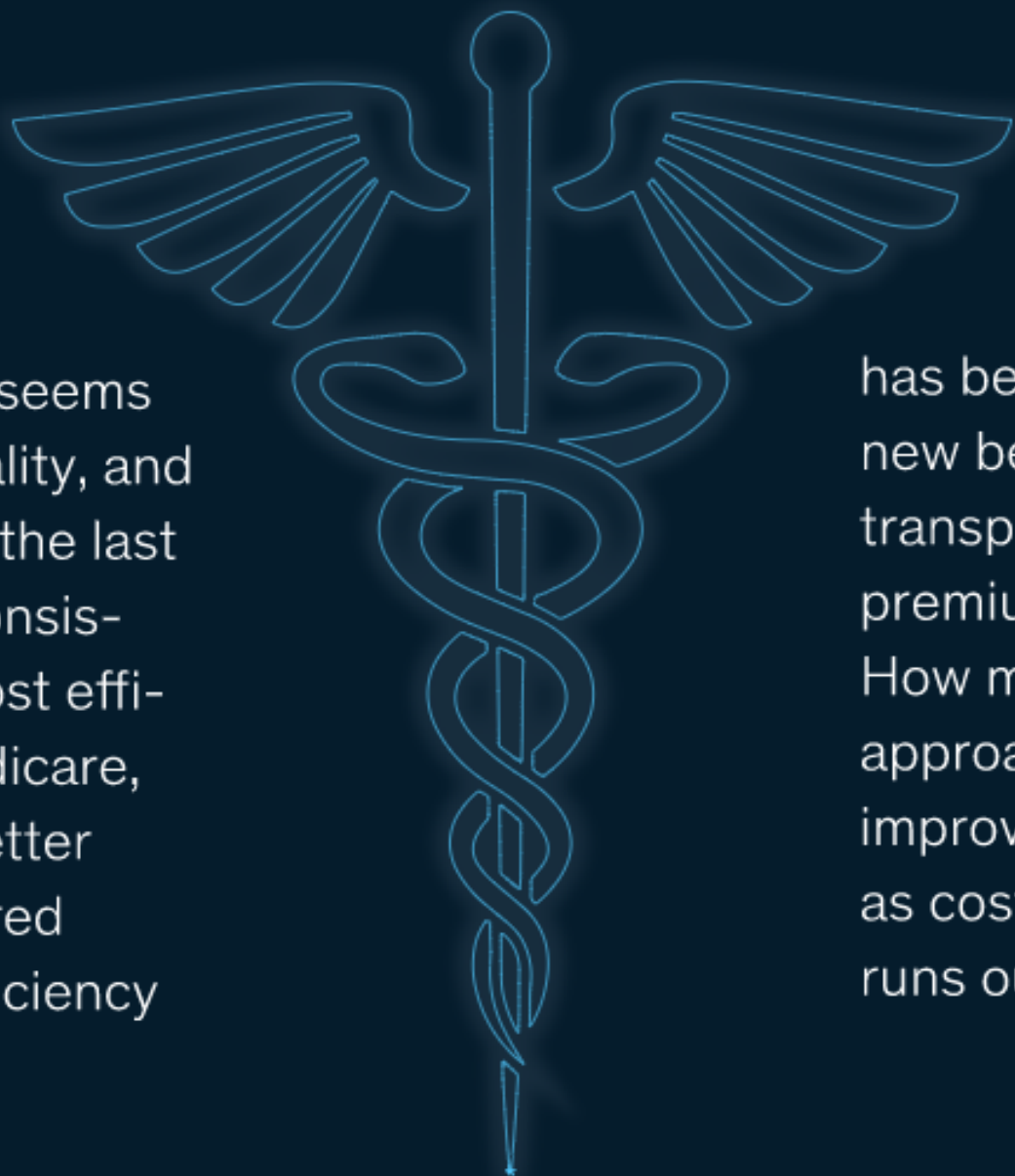| Commercial	CMS	Dual Eligibles	Medicaid
▪ HMO ▪ PPO ▪ Direct to Employers ▪ Insurance Exchanges ▪ Bundled Payment	▪ ACO-MSSP ▪ Medicare Direct ▪ Pioneer ACO ▪ Medicare Advantage ▪ Bundled Payment	▪ HMO	▪ HMO ▪ Fee-for-service

After rising for decades, deductibles start to come back down
Median individual, in-network deductible

# What employers could take away from Medicare Advantage

Medicare Advantage (MA) seems to have managed cost, quality, and experience positively over the last few years. In addition to consistently delivering greater cost efficiency over traditional Medicare, the cost trend has been better than for employer-sponsored insurance. Some of the efficiency has been reinvested in providing new benefits (for example, transportation, meals) and lower premiums paid by beneficiaries. How might employers adapt the approaches used in MA to improve the plans they sponsor as cost shifting to employees runs out of steam?

Health cost jumps 6.3% in 2021, with smaller employers experiencing the sharpest cost growth
Average total health benefit cost per employee
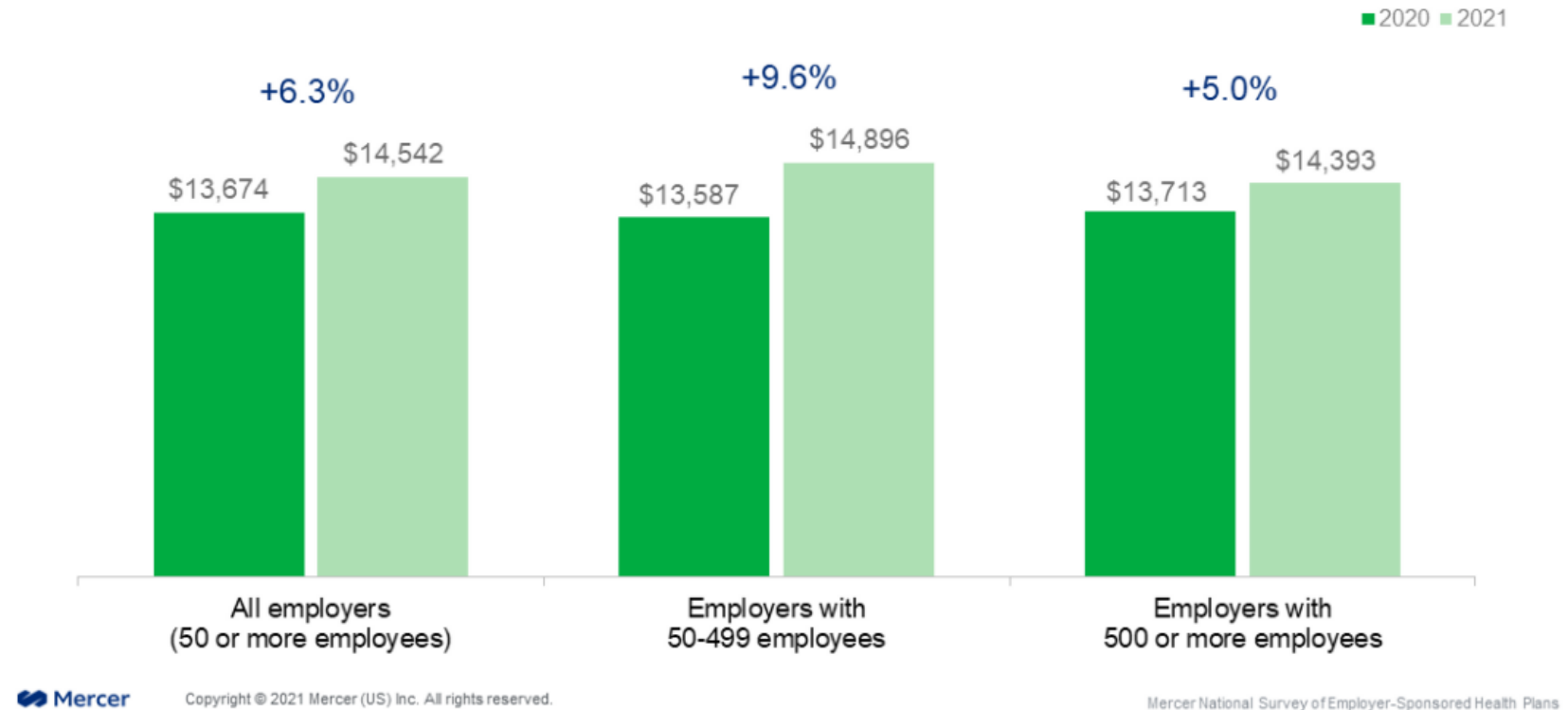
Drivers of ambulatory care growth

The Market
- *Reimbursement from CMS and private payers*
- *Competition from new entrants & niche providers*
- *Consumer preferences*
- *Medical and technology advancements*

Health Systems
- *Revenue & market share growth*
- *Opportunities to improve physician alignment*
- *Alignment with population health/cost management*

Physicians
- *Revenue opportunities*
- *Physician convenience and control*
- *Patient preference*

New emerging primary care models

Organizations targeting niche demographic groups (age, payer)

Organizations levering Ai powered apps and offering video and/or text interaction

Telehealth

Retail clinics

Pharmacy-based   "Big Box" Store-based   Grocery Store-based

Walmart Health – the "Supercenter of Basic Healthcare"

- Proactive expansion into standalone sites (Walmart Health)

- Services: primary care, urgent care, imaging, lab, optometry, dental and behavioral health

- Intent to price below primary care physician office

- Plans to acquire telehealth platform, MeMD

- Push into health insurance market by teaming up with Clover Health

- Administering millions of Covid vaccines

Currently operating clinics in Arkansas, Georgia, South Carolina, Texas and Illinois

Expansion efforts include plans to open 7 new centers in Jacksonville, Florida

Amazon proactively entering primary care

Amazon opened primary care clinics for employees in Dallas, Phoenix, Louisville, Detroit, and San Bernardino, CA last year

- **Will open 20 clinics operated by direct primary care start-up Crossover Health by 2022 in a hybrid model of in-person and telehealth care**

- The primary care pilot provides care for 115,000 employees and their families

- Looking to bring both telehealth and in-person care to Philadelphia, Chicago, Dallas and Boston in 2021.
  - Additional 16 cities will be added by 2022

- In talks with payers (e.g., Aetna, Premera & Blue Cross Blue Shield MA) to expand coverage of services

VillageMD & Walgreens partnership

$ Walgreens invests $1B in VillageMD

🏪   Implementing full-service physician services in 500-700 Walgreens stores in 30 communities

🏠   Potential expansion into home health and telehealth

Near-term focus: 22 new locations in Phoenix, Arizona by the end of the year; and 29 practices in Houston, Austin and El Paso, Texas

Blue Shield, California & Walgreens partnership

Walgreen centers to offer condition management and whole-person care to Blue Shield commercial members in California

Service offerings will include blood pressure screenings, diabetes screenings, mammography, as well as health, nutrition and disease management

Will offer in-store and virtual care by early 2022

The pandemic caused by Covid-19 has in fact given an important impetus to the digitalization of health systems, offering significant benefits for professionals and patients. The new technological solutions will be the basis of the healthcare system of the future, which will have to improve the quality of healthcare, the efficiency of processes, and the ability to respond to healthcare crises such as the current one.

Furthermore, artificial intelligence and Big Data will serve to promote more precise and personalized medicine in various sectors such as advanced diagnostics, genomics, prevention, and much more.

Digital and remote assistance will open the doors to a future of digital solutions that will allow the diagnosis, monitoring, and treatment of patients by completing the services available today

Digital Health
& Medical Technologies

What's New in Primary Care? A sample of companies reshaping primary care

- **Professional fee capitation, digit tools, MSSP, and population health initiatives have driven innovation and investment in primary care**

- Aledade - ACO-driven delivery model

- Amazon Care - Virtual health clinics and in-home f/u visits. Integrating with Health Navigator (digital health companies)

- Apple - Using data, analytical tools, wearables, health records

- Bright.md - Uses AI provide virtual visits for low acuity cases

- CareMore - Targets dual eligible, high needs patients in managed care plans

- ChenMed - High touch model targeted at MA members

- Cityblock Health - Integrated social, behavioral and medical care to high c

- CVS HealthHub - Offers on-site care navigator with a focus on chronic car

- Geisinger 65 - PCP Centers targeted to MA seniors (Geisinger Gold)

- Google Health - Subsidiary Verily uses data, AI, analytics, and cloud tools

- Iora Health - Fully integrated behavioral health services in a PCP model

- Source: Modern Healthcare January 20, 2020 and Valentine Health Advisers

Primary Care: what is going on? (continued)

- **Landmark Health** - Provides in-home medical and chronic care
- **98point6** - Text based primary care app
- **MDLive** - Virtual screenings: wellness/chronic care management
- **OneCare** - Wraparound provider to dual eligible
- **One Medical** - High end, high touch, user of technology for primary care, $199 a year membership
- **Oak Street Health** - High touch, target Medicare, MA, Duals, and Medi-Gap recipients; uses social and fitness activities
- **Studio H** - (Humana) digital care, suite of digital tools for providers
- **Vera Whole Health** - Provides population health management to employers through on-site primary care
- **Walgreens Boots Alliance** - Partners with VillageMD to offer PCP centers
- **Walmart** - Offers primary and dental care and X-rays

Moving Forward

- The future is still unknown: new normal, no normal, pre-covid?

- Staffing shortage and cost escalation

- Pandemic push and pull; utilization will bounce around: service lines, telehealth and the ED

- Medicare is continuing to struggle. Fewer employed work force are paying into the system. Medicare must spend less(target: hospitals and physicians)

- Pandemic has triggered payers' interest in developing more "payer and provider risk models"

Moving Forward

- Physicians looking to more partnership models: hospitals, other medical groups, health plans, private equity, acquisitions etc.

- Telehealth appears to be poised for growth, although the consumer has mixed feelings, preferring to have an office visit. Payers embracing?

- Home health/hospital at home poised to grow. Many hurdles: workforce supply, unequal access to care, payment, fragmented delivery

- Equal access to care is now front and center. Could cause costs and utilization to go up

Moving Forward

- Health plans incorporate CHNA's and SDOH (non-profit hospitals, healthcare districts) and/or do their own assessment

- Expand telehealth and digit tools (consumer first-market stratification)

- Growth in MA business and Covered California

- Health plans: Improve access (equal access) and quality (take over quality/clinical services)

Time Magazine recognized several health care organizations, including:

- **Bicycle Health**, which provides virtual opioid use disorder (OUD) treatments, including medication management, support groups, and at-home drug testing for $199 a month. In 2021, the company's revenue grew 600% year-over-year, and reached almost $10 million. Since early 2019, the company has treated around 14,000 patients.

- **Biobot Analytics**, which is the first company to analyze human waste on a commercial basis to track Covid-19 case spikes. Its technology detects pathogens and is now being used in over 700 sewage sites that serve over 100 million people.

- **Calm**, a mindfulness app with 4 million paid subscribers and a $2 billion valuation, that has given 10 million workers access to the app as a mental health benefit. "We're in the middle of a global mental-health crisis," said communications director Alexia Marchetti, "so Calm is focused on helping … as many people as possible."

- **Curaleaf**, a cannabis producer and distributor. Executive chairman Boris Jordan said cannabis' appeal as a health, wellness, and recreational product could lead the market to outperform the $1.5 trillion global alcohol industry.

- **Folx Health**, a telemedicine provider that specializes in LGBTQ+ health and wellness. The company's plans start at $59 per month and are available in 33 states. They include services from primary care to medication management.

- **GoodRx**, which offers users digital coupons for prescription drugs, and has saved users $35 billion since 2011. "We've tried to inject market forces into a business that traditionally hasn't had them," said co-founder and co-CEO Doug Hirsch.

- **Moderna**, which recently announced that it had no plans to ever enforce the patent on its Covid-19 vaccine in any of the 92 countries that currently receive the shots through a global program—the first pharmaceutical company to do so.

- **Oxford Nanopore Technologies**, which replaced large, costly lab equipment with smaller, pocket-sized devices that can identify the genetic makeup of an organism, making them an important tool in the quest to detect and stop the spread of emerging Covid-19 variants.

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- [Pfizer](#), which late last year released Paxlovid, the first two-drug combination oral antiviral drug intended to treat high-risk Covid-19 patients in the United States. Paxlovid can reduce risk of hospitalization and death by up to 89%.

- [Rendever](#), a company that uses virtual reality to create "shared experiences" for seniors to combat loneliness and isolation and bolster physical fitness, according to *TIME*. Rendever's technology is currently used at more than 400 nursing homes throughout Australia, Canada, and the United States.

- [Supergoop!](#), a skin care company that has disrupted the multibillion-dollar industry with the idea that SPF protection should be a fundamental piece of every individual's routine. "It's not about one type of person or lifestyle or gender or skin tone," said CEO Amanda Baldwin. "It's about everyone."

- [Walgreens](#), which throughout the Covid-19 pandemic, had to bolster its technology, worker training, and community outreach to administer 60 million Covid-19 vaccines and 26 million tests. The company's investments are now advancing their push for in-store screenings, health counseling, and other services.

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- TIME also recognized several companies with significant and expanding interests in health care, including:

- [Alphabet](#)

- [Amazon](#)

- [Apple](#)

- [Microsoft](#)

- [Walmart](#)

What Actions Could We Take?

Launch	Question	Ramp up	Reimagine	Lean forward
Launch a plan-ahead team to collect forward-looking intelligence, develop scenarios, and identify decision points for action to	Question everything about your role and your practice in healthcare and future business model	Ramp up capabilities to transform your business, including acquisitions and alliances.	Reimagine your organization to lock in the speed of decision making and execution achieved during the crisis.	Lean forward on actions to drive health equity, take proactive action to mitigate disparities and push toward health for all.

Thank you

Questions and Discussion