

INNOVATION IN HEALTHCARE: THE FUTURE IS HERE

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The business model for healthcare is beginning to reflect changes driven not only by the Affordable Care Act (ACA), but also resulting from cost containment, greater emphasis on value, increased innovation and new technologies.

During its first five years, the ACA has had a profound impact on the \$2.9 trillion healthcare sector.¹ Nearly 11.7 million people have signed up for healthcare coverage through state and federal marketplaces under the act. It is expected that 10 million people will be enrolled and paying for plans by December 2015.²

The traditional fee-for-service business model in healthcare is transforming to a performance-based model that rewards better health outcomes and preventive care for patients. Instead of simply making the medical care model more efficient, changes are underway that place greater emphasis on health education, awareness and prevention.

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TRENDS IN TECHNOLOGY AND PATIENT CARE

Technology and changes in patient care and delivery will transform the face of healthcare in the next 10 to 15 years. Some of the leading trends include:

- **New care delivery options** — More care will be provided where the patient is — at home, work or school. The numbers of acute care clinics and mobile care and home care services are growing rapidly to meet consumer need and reduce the cost of delivery. These changes will make healthcare more affordable, responsive and convenient.³
- **Robotics** — Used in surgery since 2000, robotic applications are being developed to improve quality of care and reduce costs. Robots are being developed to perform microsurgery, aid nursing staff and patient monitoring, dispense medications, perform physical therapy and rehabilitation, deliver hospital supplies, and assist in mental, cognitive and social therapies.⁴
- **Remote monitoring** — The use of mobile apps for healthcare is still at an early stage, yet the potential is enormous. Chronic conditions can be monitored through mobile apps that allow patients to enter personal data directly into their healthcare provider's system for evaluation and monitoring. Alerts and reminders can be generated in real time, yielding better outcomes and significantly cutting disease management costs.⁵



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IMPROVING THE HEALTHCARE MODEL

Several trends are pointing to a more effective healthcare model:

- **Use of big data** — Data analytics will boom in the next few years and be used to predict which patients are most likely to be vulnerable to certain diseases and conditions, enabling proactive therapies. One limitation has been a weak data infrastructure, but hospitals and health systems are beginning to make the needed investments to support better clinical decision-making.⁶
- **Value-based models** — As the healthcare model shifts from volume-based to value-based reimbursement, insurers and employers are increasingly using risk-based contracts to effectively manage care and keep people healthy, saving costs in the process.
- **Rise of health consumerism** — Consumer-driven health plans (CDHPs) are running a close second to preferred provider organizations (PPOs) as plans of choice.

CDHPs encourage subscribers to take ownership of their health and provide a platform for employers to promote healthy lifestyle choices through education and engagement.⁷

- **Evolving healthcare workforce** — Patients are seeing a steady increase in the use of nurse practitioners and clinical aides. The trend will continue, with physicians mainly concentrating on the 5%–10% who are very sick and account for the majority of emergency room visits and hospital stays. By re-assigning duties to affiliated healthcare specialties, costs can be reduced while more emphasis can be placed on wellness and preventive treatment.

The hope is that, with many of these new trends, healthcare will become more effective, efficient, affordable and responsive.

To discuss these topics in more detail, please contact your PNC Relationship Manager.

¹ *Healthcare reform: Five trends to watch as the Affordable Care Act turns five*, PwC Healthcare Research Institute, March 2015. <http://www.pwc.com/us/en/health-industries/health-research-institute/aca-health-reform.jhtml>

² "Affordable Care Act Enrollment Near 11.7 Million," The Wall Street Journal, March 9, 2015. <http://www.wsj.com/articles/affordable-care-act-enrollment-near-11-7-million-1425930343?mg=id-wsj>

³ "What Will Healthcare Look Like in 5-15 Years?" Healthcare Financial Management Association, April 21, 2015. http://www.hfma.org/Leadership/E-Bulletins/2015/April/What_Will_Health_Care_Look_Like_in_5-15_Years/

⁴ "The Emerging Role of Robotics in Personal Health Care" by Conrad Bzura, BME, et al. Paper submitted to Worcester Polytechnic Institute on March 13, 2012. https://www.wpi.edu/Pubs/E-project/Available/E-project-031312-040652/unrestricted/The_Emerging_Role_of_Robotics_in_Personal_Health_Care.pdf

⁵ Ibid.

⁶ Ibid.

⁷ "What Cost-Containment Strategies Are Companies Using to Control Health Care Spending?" Controllers Network, Institute of Finance and Management, 2013. http://controller.iofm.com/index.php?option=com_content&view=article&id=824:what-cost-containment-strategies-are-companies-using-to-control-health-care-spend--021306&catid=34:hr-compensation-benefits-health-costs&Itemid=127

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