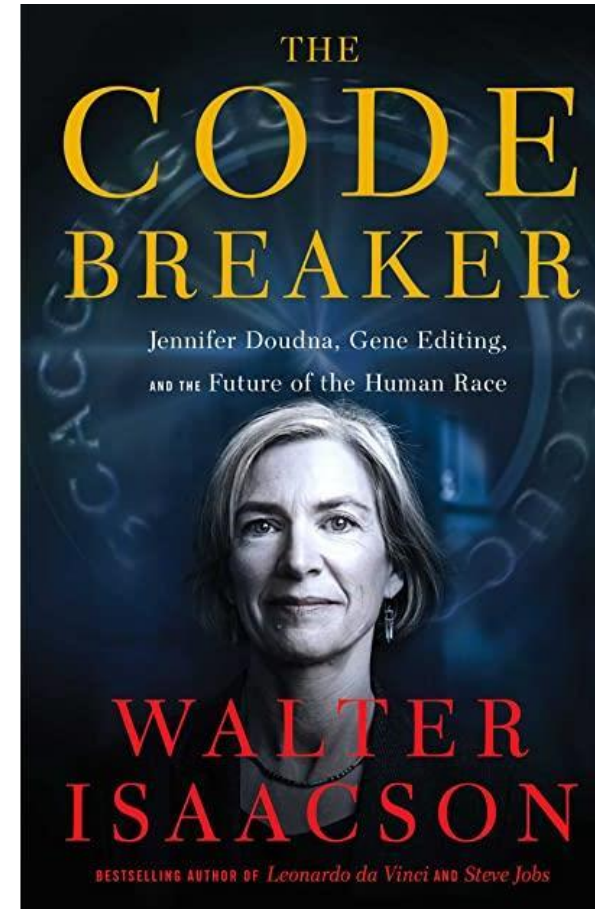catalyst
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The Roaring '20s of Healthcare

A Leap in Innovation

- COVID-19 vaccine

- Recommended reading

  The Code Breaker: Jennifer Doudna, Gene Editing, and the Future of the Human Race

  by Walter Isaacson

A Leap in Innovation

"We are moving from the old era of empirical drug development and discovery to a proven targeted approach. This is remarkably different and efficient and advances the speed of innovation."

Alex Azar, Former U.S. Secretary of Health and Human Services

Outpatient Care

- Rapid surgical advancements will continue

- Procedures moving from inpatient to outpatient
  - Hip surgeries
  - Lumbar laminectomies
  - CMS moved 67 codes to outpatient ONLY

Wall Street on the Offensive

- Multiple billions pouring into the healthcare industry
- Optum/United Healthcare
- Humana, CVS, Walgreens
- Dental
- Private Equity: Ares, KKR, Alteris, Platinum, Summit

The Dating Game

- Virginia Mason and Virginia Memorial

  -Dignity/CommonSpirit,

  -Virginia Memorial departs

- Is BIGGER better?

- Sentara and Cone Health walk away from $11 billion deal

- Beaumont Medical in Detroit
  - 2 out of 3 mergers called off
  - Summa-Ohio (2019)
  - Advocate-Chicago (2020)
  - Spectrum in Western Michigan (2021) TBD

New Approaches

- Rural delivery
- Hospital at home
- Mental health
- Public health restructure
  - 1950s public health approaches don't work today
  - COVID-19 proved it with 50 states and 50 approaches

Virtual Care & Devices

- Pandemic accelerated virtual care by 10 years
- Consumers, employers and government will insist on virtual options
- Advances in home monitoring
- Wearable and mobile monitoring (domestic and third world)
- Drone delivery

Hold on to Your Wallet

- Ransom malware and cyber security are now major issues
- Scripts Health—"completely" shut down
- More to come despite government intervention
- Blockchain has found an alternative business use

A recent report from software firm VMWare Carbon Black estimates that its health-care customers experienced **a 9,851% increase in hacking attempts in 2020** compared to 2019.

The San Diego Union-Tribune, May 10, 2021

How Much Does Data Matter?

- Analytics will remain an increasing driver of decision-making
- Moving to risk is inevitable for most of your revenue
- Must understand your actuarial risk

MEDIUM

LOW

HIGH

RISK

EHRs Have Become Burdens

- EHRs are harming care delivery
- Mental health burden of documentation according to a prescribed, inefficient electronic workflow
- Causing physicians to retire early, change careers, or just walk away
- Priorities are wrong

Oligopoly in Health Technology

- EHRs are controlled by just a few companies: Allscripts, Cerner, Epic, NextGen

- Little progress has been made on interoperability

- Technology innovation is inhibited

The Changing World of Human Capital

- Increasing value placed on healthy workplace culture
- Vaccination mandate or not
- Aging healthcare workforce vs. availability of talent
- Flexible work hours and work location
- Outsourcing vs. own
- Supply chain moving to just in time delivery

Diversity and Inclusion

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1. Have a plan
2. Own it
3. Execute it

"D&I needs to be something that every single employee at the company has a stake in."

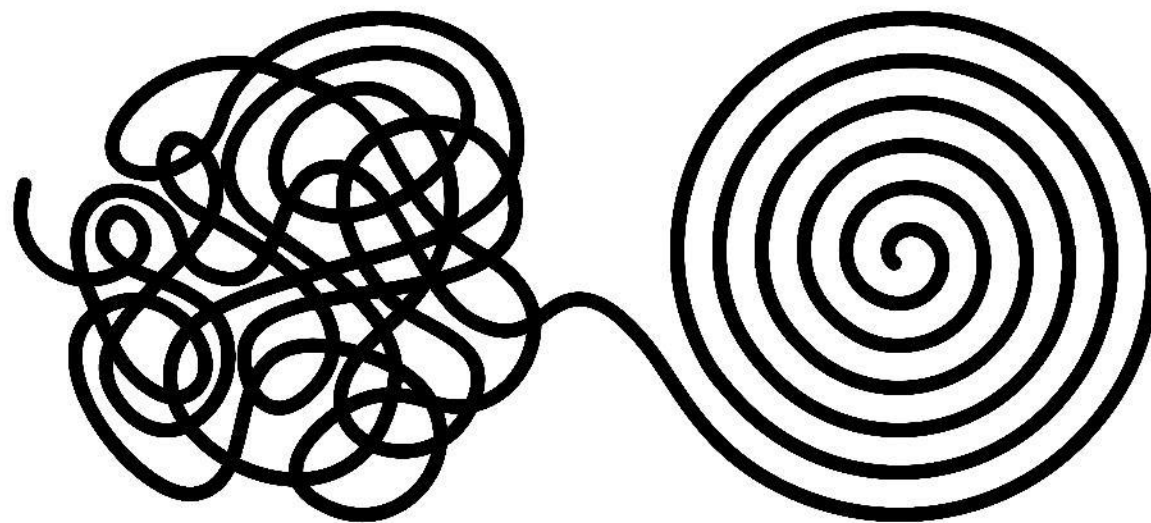*Bo Young Lee, Chief Diversity and Inclusion Officer, Uber*

The Cost of Care

- Healthcare costs on track for 6.5% - 8% increase this year

- Medicare and full-risk direct contracting: What happened?

- 46% of payer CFOs think risk payment is part of the future

- Price transparency is critical for a value-based delivery system

- $40k hip vs. a $100k hip— shouldn't the public know?

What Does It All Mean?

- Rapid change is inevitable
- Planning: 18 mo – 3 years
- Innovation must be monitored, execution managed, and options filtered as to what is effective
- Revenue increases by codes and procedures will only happen minimally
- Profitability will require doing business more efficiently
- If no change is put in place, look out for inflation

The Roaring '20s

	1920s	2020s
Began with a pandemic	✓	✓
Country was excited to get moving again	✓	✓
Medicine made great progress	✓	✓
Prosperity abounded	✓	✓
Reinvestments by the federal government	✓	✓

Make the Most of Your Time

"I wish it need not have happened in my time," said Frodo.

"So do I," said Gandalf, "and so do all who live to see such times. But that is not for them to decide. All we have to decide is what to do with the time that is given us."