

Healthcare Leadership in Dynamic Times

C. Ann Jordan
President and CEO, HFMA

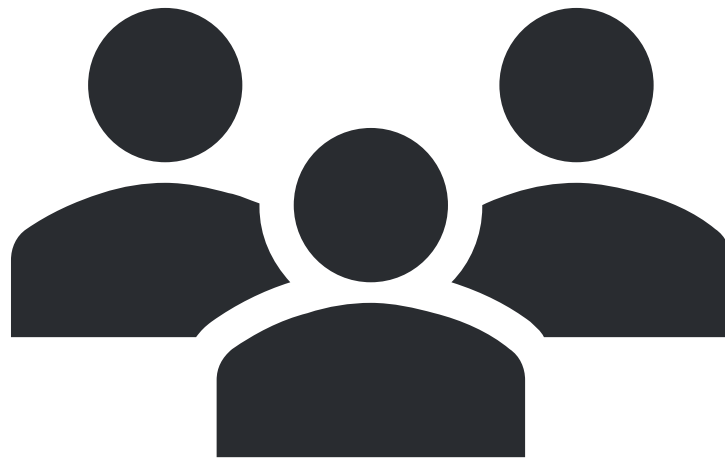
LEARNING OBJECTIVES:

- Embrace the potential for financial management professionals to lead in modern times
- Explore the opportunity for financial sustainability and better health outcomes in US healthcare
- Celebrate the mindset of solve-based convening among industry stakeholders

HFMA Strategic Triad



The state of our union is STRONG
137,000+ HFMA members



The state of the healthcare sector is
DYNAMIC



FY26 HFMA Strategic Priorities



MEMBERSHIP



COMMUNITY



LEARNING




VOICE



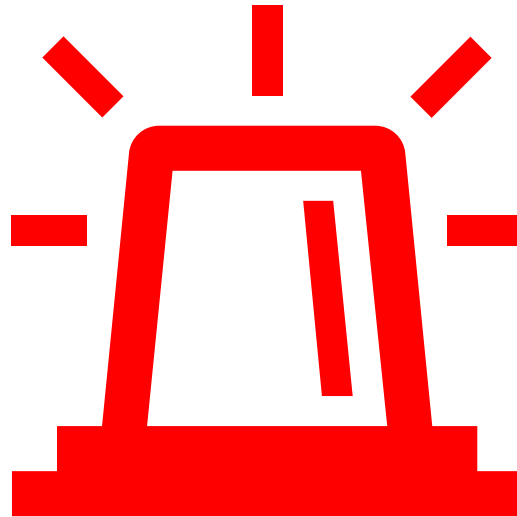
VITALIC HEALTH™
INCUBATION

Elevate Core Value, Build for Mission Expansion



*What does it mean to be mission led in
the modern healthcare sector, and how
does it influence **LEADERSHIP** and
VISION?*

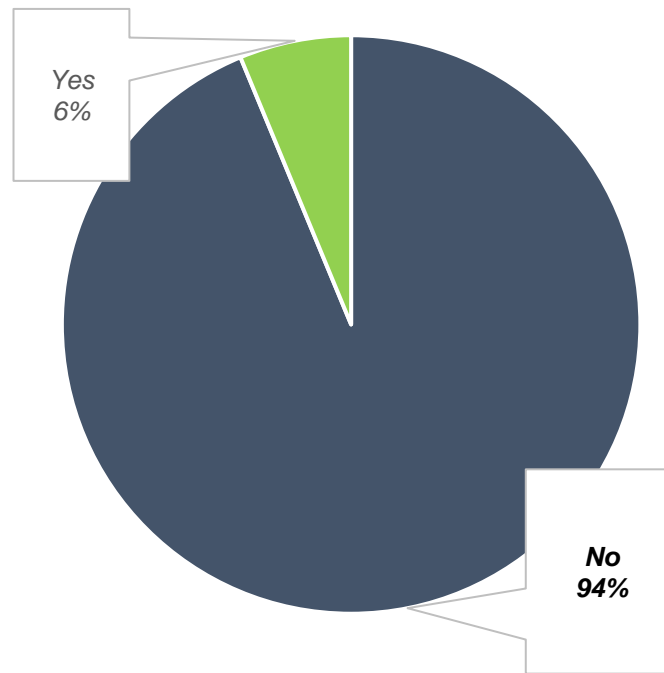
Stop admiring problems





Is the current U.S. healthcare system financial sustainable?

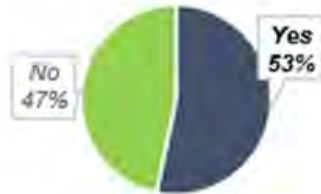
Do you believe the current U.S. healthcare system is financially sustainable?



(Assume "financial sustainability" represents the ability of current stakeholders to collaborate and improve health equity and healthcare value without incremental national health expenditure.)

Healthy Futures | Pre-panel Survey

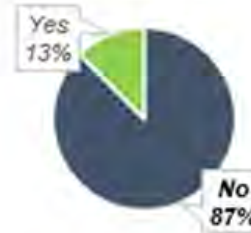
Is the US healthcare delivery model at, or within the next 3 years will it reach, an existential tipping point?



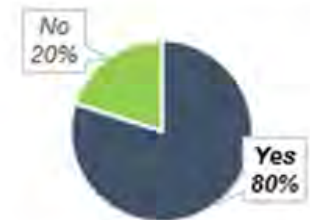
Changes to U.S. healthcare over the next 5-10 years will be best described as which of the following?



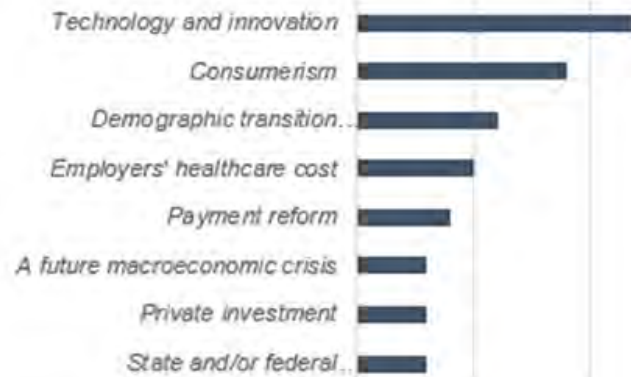
Are policymakers or other convening organizations effectively aligning and/or advising healthcare stakeholders on ways to achieve financial sustainability at a macro level?



Should HFMA be involved in public, industry and/or governmental advocacy (distinct from lobbying) to catalyze healthcare value transformation and sector sustainability?



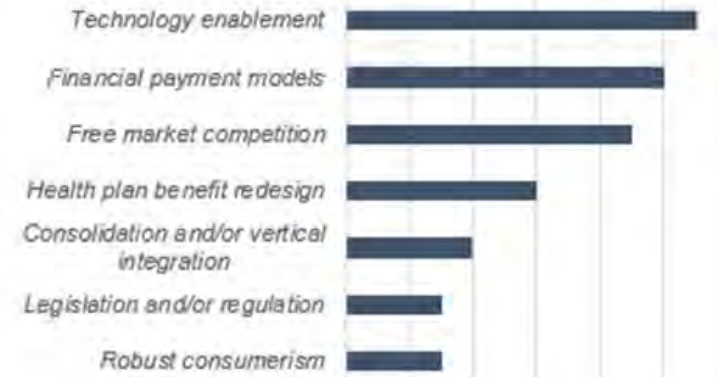
Which market pressures and/or macro forces have the most potential to accelerate healthcare value transformation over the next 5-10 years?



Which healthcare player(s) will play the biggest role in catalyzing healthcare value transformation over the next 5-10 years?



Which of the following is the most effective way to achieve financial sustainability amongst diverse healthcare players?





Vitalic Health

***The pursuit of financial sustainability and
better health outcomes in healthcare.***

hfma

healthcare financial management association

***We lead the financial
management of healthcare.***

Leadership through solve-based convening

➡ Core to the Vitalic Health vision is the belief that opportunities to advance health and healthcare are limitless but no stakeholder can reach their full mission potential by acting alone.

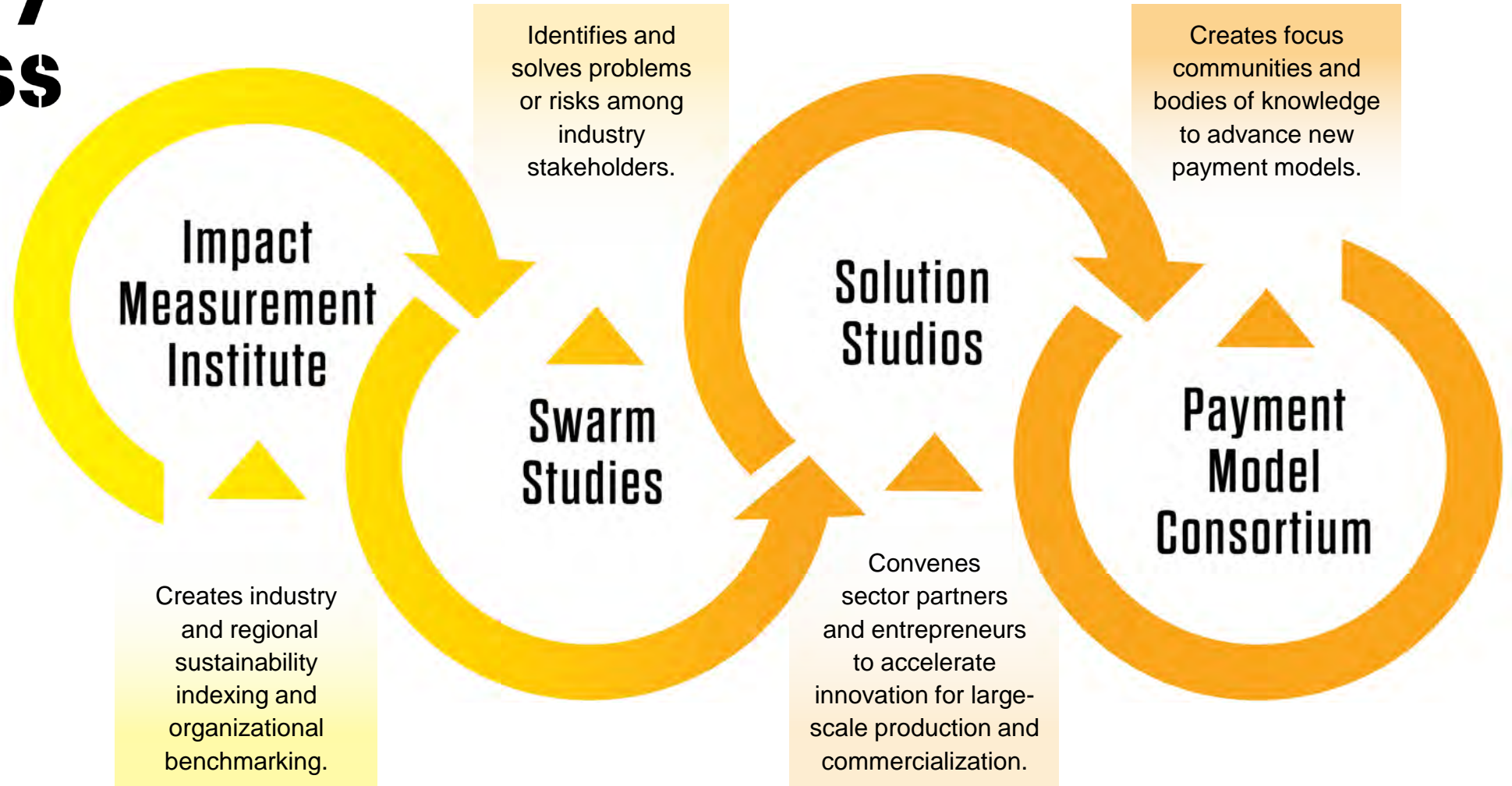


What is Vitalic Health?

- Whereas HFMA traditionally delivers member value and offerings to individuals and organizations within healthcare financial management, Vitalic Health™ explores HFMA's opportunity for **impact among external health stakeholders** to improve the greater industry and to benefit the people and communities it serves. The initiative positions HFMA as an industry **solve-based convener**.
- The aspirational vision of Vitalic Health™ is to **revolutionize business practices and payment models** that advance health and equity in populations.



Four key business pillars



U.S. HEALTHCARE VITALS TRACKER

Vitalic Health

**Lower costs.
Longer, healthier lives.**

hfma

healthcare financial management association



Vitals Tracker: Provides a comprehensive and transparent assessment framework that measures and monitors the U.S. healthcare system's affordability and capability to meet present and future service demands.



Why we're doing this:

- Seeks to expand on HFMA's longstanding mission to lead the financial management of healthcare.
- Create context and a baseline for needed national healthcare dialogue.
- Demonstrate limits of industry achievement in the absence of optimized collaboration among key stakeholders.
- Spotlight collaborations gaps and serve as a solve-based convener.



THE GOALS

- Macro-level system improvement.
- Payment model transformation.
- Convening to benefit all.



The Vitals Tracker IS NOT



It's **NOT** political.



It's **NOT** an assignment of blame.



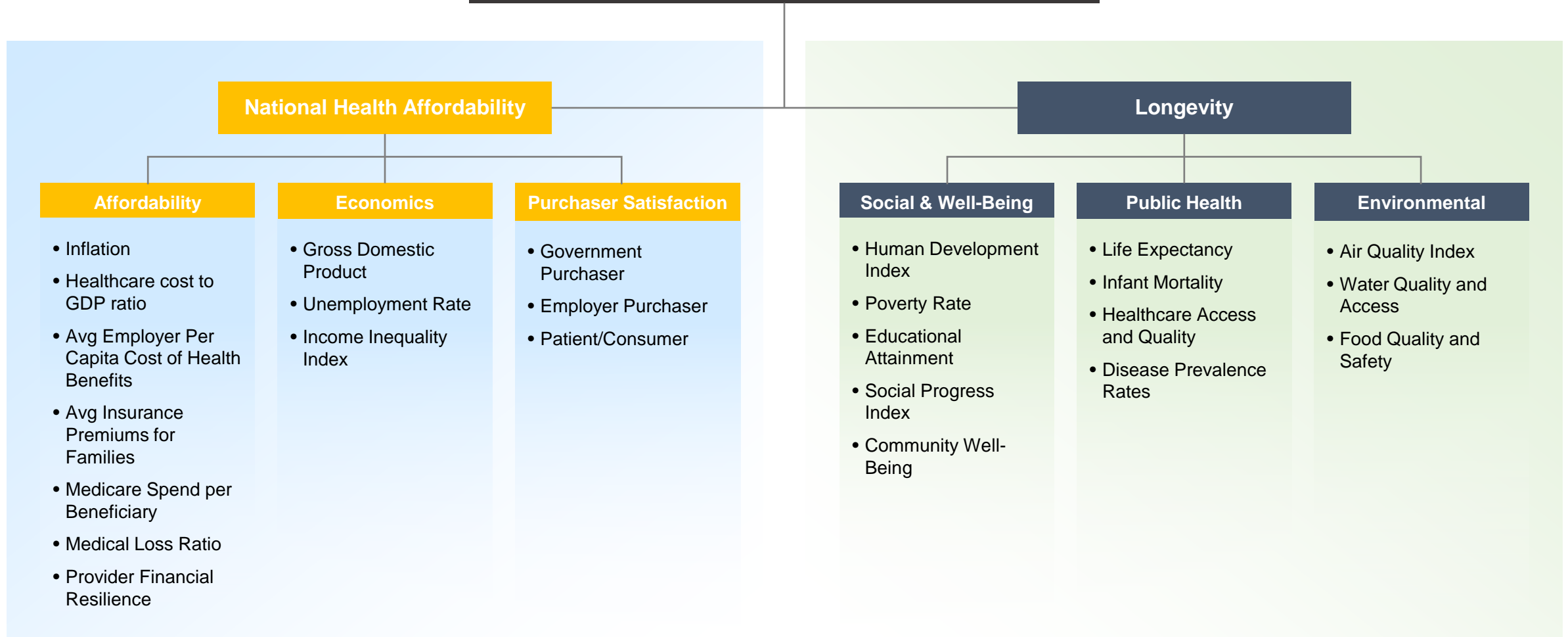
It's **NOT** a perfect measurement.



It's **NOT** the solution in and of itself.



U.S. Healthcare Vitals Tracker



*For more detail, see "Data Dictionary" in the Appendix.



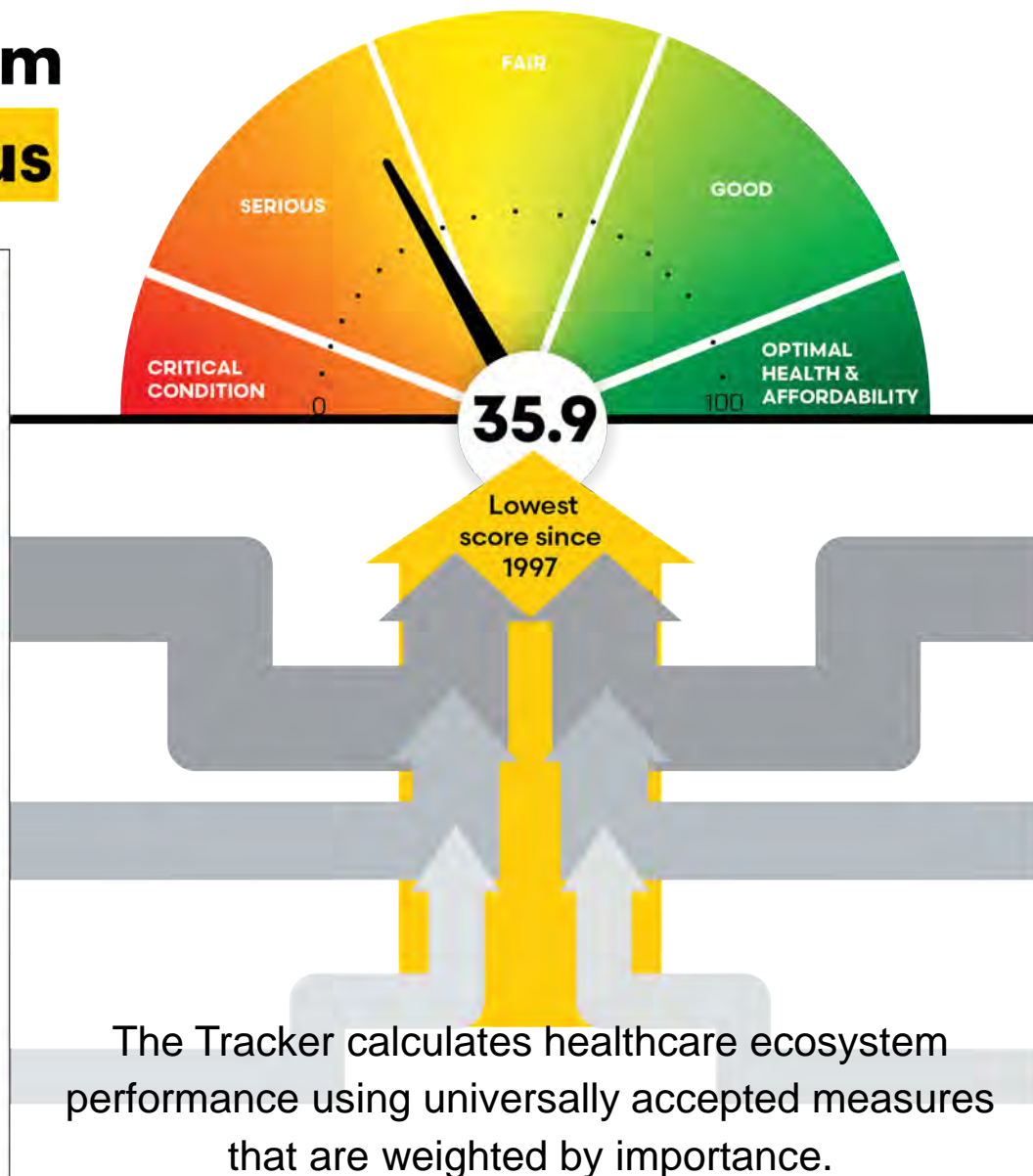
What one national effort do you believe will have the biggest impact on U.S. healthcare affordability?



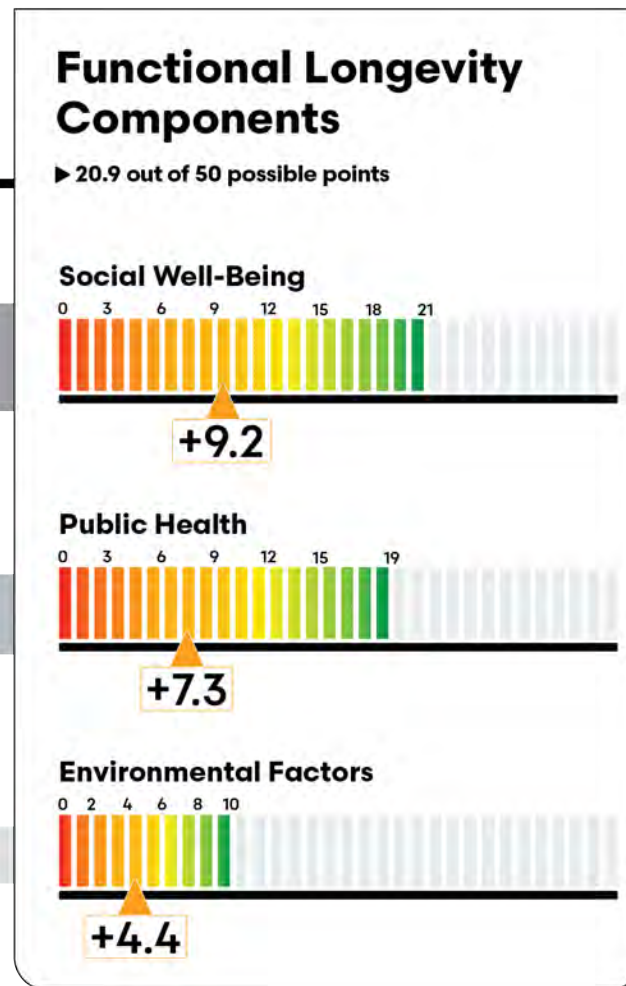
What one national effort do you believe will have the biggest impact on U.S. health longevity?



Healthcare system condition: **Serious**

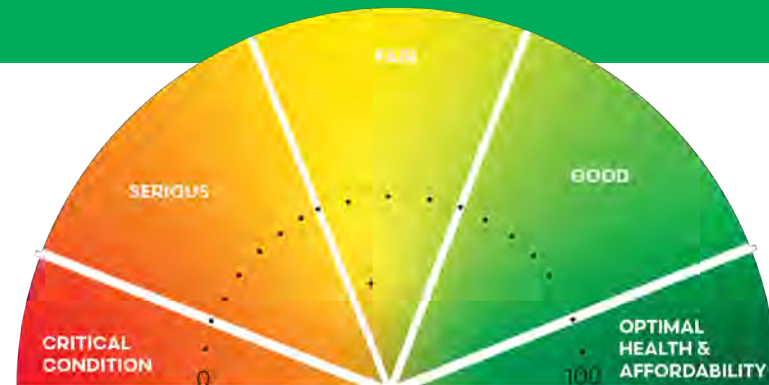


U.S. Healthcare Vitals Tracker





Condition definitions: U.S. Healthcare Vitals Tracker



Critical Condition 0-9.9

Signs of a crisis are everywhere. Patients are struggling to access preventive, elective and critical care. Hospitals are closing, emergency department wait times are surging and provider shortages become widespread as overstressed providers exit the industry. Essential care is becoming more inaccessible or unaffordable as the uninsured/underinsured population tops 50 million. The healthcare system is on life support with systemic failure imminent, if it's not already happening.

Serious 10-36.9

Patient and public dissatisfaction with the nation's dysfunctional health system is growing. Affordability is a major concern for patients and policymakers alike as costs rise faster than inflation even as more people find themselves uninsured or underinsured. With affordability limiting access to care, health disparities are exacerbated. Underfunding of public health contributes to disease outbreaks and increases in preventable illnesses, both acute and chronic. Without effective intervention, the healthcare system is headed for further decline.

Fair 37-63.9

The healthcare system is functioning but delivers better outcomes for some populations than others, especially in the areas of preventive care. Access and outcomes vary by zip code, patient income and other demographic factors. Despite improvements in health insurance access, many patients still delay care over cost concerns. The healthcare system is strained by inefficiencies; even healthcare innovations are not equitably distributed. The healthcare system is managing but fault lines are widening, portending decline.

Good 64-89.9

The system is stable with strong vital signs as most people are receiving timely, effective care because healthcare services, including preventive care, are affordable, accessible and trusted. Better outcomes are enabled by strong data and technology along with a sustainable infrastructure and workforce. With the uninsured and underinsured rate decreasing, care coordination improving and modest cost reductions occurring, the system is demonstrating resilience. However, vigilance is needed as improvement trends are not yet well established.

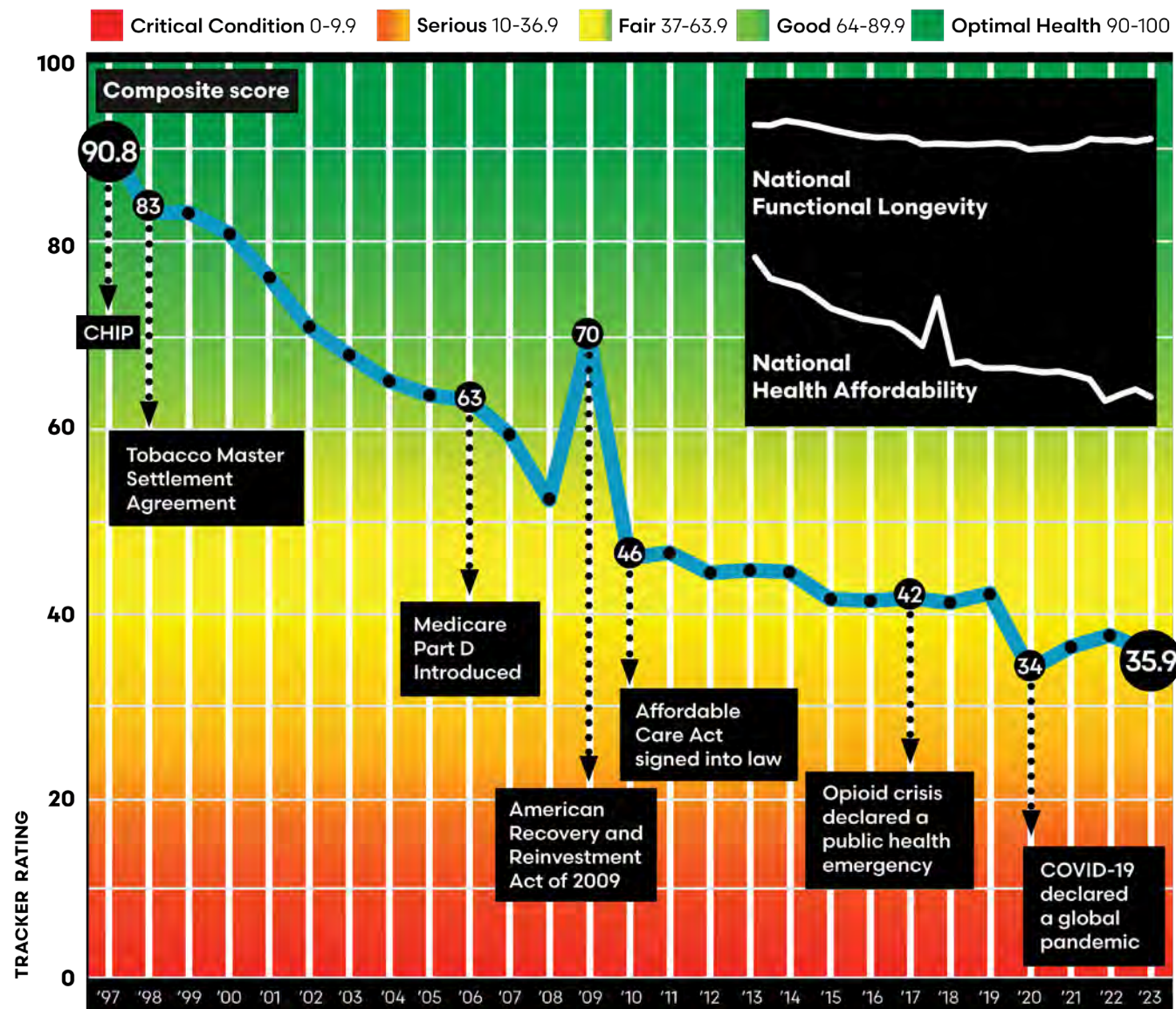
Optimal Health 90-100

With the healthcare system operating at peak performance, affordable, equitable, tech-enabled care has led to high patient satisfaction and achievement of target health outcomes across all populations. Reliable access to essential health services, widespread adoption of integrated care models and strong public health have catapulted the U.S. to a global leadership position in chronic disease management. The healthcare system is thriving and well positioned to adapt to future challenges.



Our key takeaways: The Healthcare Affordability Paradox

Over nearly 30 years, despite medical discoveries, technological breakthroughs and even legislative action, functional longevity has not improved while affordability continues a downward trajectory.





Major factors in healthcare affordability

The decline in healthcare affordability for the consumer since 1997 can be explained by a combination of factors that have compounded over time. Here are the primary drivers:



Aging population: As the population ages, particularly with the Baby Boomer generation almost fully above retirement age, there's greater demand for medical care, especially for age-related illnesses and long-term care.



Chronic disease prevalence: The rise of chronic conditions such as diabetes, heart disease and obesity requires ongoing care, medications and frequent monitoring.



Administrative costs: Administrative expenses (billing, insurance processing, etc.) account for a significant portion of total healthcare spending — more than in most other countries.



Insurance design: The structure of private health insurance has shifted more costs to consumers (e.g., through high-deductible plans).



Prescription drug prices:

The cost of prescription medications, especially biologics and other specialty drugs, has increased sharply.



Medical technology advancements:

New diagnostic tools, treatments and procedures have improved outcomes but are often expensive. Hospitals and providers must invest in costly equipment, which raises operational costs.



Provider consolidation: Providers, pharmaceutical companies, retailers and payers continue to merge into larger organizations with a range of benefits and challenges.



Fee-for-service model: Many providers are still paid per service rather than for outcomes. This can encourage more tests and procedures, some of which may be unnecessary and increase costs.



How valuable do you find the idea of creating a tool to identify issues and trends and facilitate action to solve them?



Questions & Comments

- Thank you for being the first to see our Vitals Tracker draft.
- Early reactions?
- How could you envision the Vitals Tracker being used?

What's Next?

- Follow up survey with today's deck and our draft report.
- Launch of Swarm Studies
- Launch of Payment Model Consortium



Thank you!



Appendix



Category	Measure	Sub-Measures	Notes
Affordability	Inflation	Consumer Price Index (CPI): Average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.	Inflation measures the rate at which the prices of goods and services increase over time.
		Personal Consumption Expenditures (PCE) Price Index: Reflects changes in the price of goods and services consumed by households. Used by the Federal Reserve to set monetary policy.	
		Producer Price Index (PPI): Average change over time in the selling prices received by domestic producers for their output.	
	Healthcare cost to GDP ratio	Total Health Expenditure: Encompasses all spending on healthcare services, including hospital care, physician services, pharmaceuticals, and public health activities.	The Healthcare Cost to GDP Ratio measures the proportion of a country's gross domestic product (GDP) spent on healthcare.
		Per Capita Health Spending: Average healthcare spending per person, providing insights into the overall cost burden on individuals.	
		Growth Rate of Health Spending: Annual increase in healthcare expenditures, helping to track trends over time.	
	Avg Employer Per Capita Cost of Health Benefits	Annual Premiums: The total cost of health insurance premiums paid by employers for employee coverage.	These metrics provide a comprehensive view of the financial burden of health benefits on both employers and employees
		Employee Contributions: The portion of health insurance premiums that employees are required to pay.	
		Deductibles: The amount employees must pay out-of-pocket before their health insurance begins to cover expenses.	
Affordability	Avg Insurance Premiums for Families	Cost-Sharing Provisions: This includes copayments, coinsurance, and other out-of-pocket costs that employees incur when accessing healthcare services.	The average annual premium for family health insurance in 2024 is approximately \$25,572 for employer-sponsored plans. This represents a 7% increase from the previous year. Premiums can vary based on factors such as the type of health plan, the size of the firm, and the region. Plans purchased through the marketplace, the average monthly premium for a family of four was \$1,437 in 2022. These costs can fluctuate based on the specific plan chosen and the number of family members covered.
		Refers to the typical monthly or annual cost of health insurance plans that cover a family unit, including the primary policyholder, their spouse, and dependent children.	
		Includes employer-sponsored plans as well as non-subsidized health insurance plans purchased through the marketplace.	
	Medicare Spend per Beneficiary	Price-Standardized Payments: Adjustments are made to remove geographic payment differences and additional payments for indirect medical education and disproportionate share hospitals.	The Medicare Spend Per Beneficiary (MSPB) Index measures the efficiency of hospitals in managing Medicare costs for patient care. It includes all Medicare Part A and Part B payments made during an episode of care, which spans from three days before a hospital admission to 30 days after discharge
		Risk Adjustment: Accounts for variations due to patient age and health status.	
		Episode Spending Breakdown: Spending is divided into three periods—before admission, during the hospital stay, and after discharge—and further categorized by claim types such as inpatient and outpatient services.	
	Medical Loss Ratio	80/20 Rule: Insurers in the individual and small group markets must spend at least 80% of premium income on medical care and quality improvement activities. For large group markets, the requirement is 85%.	The Medical Loss Ratio (MLR) is a measure used to ensure that health insurance companies spend a significant portion of premium dollars on medical care and quality improvement rather than administrative costs and profits. Insurers must report their MLR data annually to regulatory bodies, ensuring transparency and accountability.
		Refunds: If insurers fail to meet these thresholds, they must provide rebates to policyholders. This ensures that consumers receive value for their premiums.	



Category	Measure	Sub-Measures	Notes
Affordability	Provider Financial Resilience	S&P 500 Health: Comprises companies included in the S&P 500 that are classified as members of the GIS health care sector. This sector encompasses a diverse range of industries, including pharmaceuticals, biotechnology, health care equipment, and providers.	



Category	Measure	Sub-Measures	Notes
Economics	GDP	Consumer Spending: The total value of all goods and services purchased by households.	Gross Domestic Product (GDP) is a measure of the total economic output of a country.
		Business Investment: Spending by businesses on capital goods like machinery, buildings, and technology.	
		Government Spending: Expenditures by the government on goods and services, including public services and infrastructure.	
		Net Exports: The value of a country's exports minus its imports.	
	Unemployment Rate	Labor Force Participation Rate: This is the percentage of the working-age population that is either employed or actively seeking work.	The unemployment rate measures the percentage of the labor force that is without work but actively seeking employment.
		Employment-Population Ratio: This ratio measures the proportion of the working-age population that is employed.	
		Duration of Unemployment: This metric tracks how long individuals have been unemployed, providing insights into the persistence of unemployment.	
		Demographic Breakdown: Unemployment rates are often analyzed by age, gender, race, and ethnicity to identify disparities within different groups.	
	Income Inequality Index	Gini Coefficient: This is the most commonly used measure of income inequality. It ranges from 0 (perfect equality) to 1 (perfect inequality), indicating how evenly income is distributed across a population.	The Income Inequality Index measures the distribution of income within a population, highlighting disparities between different income groups.
		Income Quintile Shares: This metric divides the population into five equal groups (quintiles) based on income levels and measures the share of total income received by each quintile.	
		Theil Index: This measure captures income inequality by considering the distribution of income across individuals, with higher values indicating greater inequality.	
		Mean Logarithmic Deviation (MLD): This metric assesses inequality by measuring the average deviation of income from the mean, with higher values indicating more inequality.	
		Atkinson Index: This measure allows for sensitivity to different parts of the income distribution, emphasizing inequality among the lower-income groups.	



Category	Measure	Sub-Measures	Notes
Purchaser Satisfaction	Government Purchaser Satisfaction	HCAHPS: The Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey measures patients' perspectives on hospital care. It includes 29 questions covering key aspects of the hospital experience	Communication with Nurses and Doctors: Evaluates how well healthcare providers communicate with patients. Responsiveness of Hospital Staff: Assesses the timeliness and attentiveness of hospital staff. Cleanliness and Quietness of the Hospital Environment: Measures the cleanliness and noise levels within the hospital. Communication About Medicines: Looks at how effectively hospital staff explain medications to patients. Discharge Information: Evaluates the quality of information provided to patients upon discharge. Overall Rating of the Hospital: Patients rate their overall experience at the hospital. Recommendation of the Hospital: Measures whether patients would recommend the hospital to others.
	Employer Purchaser Satisfaction	CAHPS: The Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys include several submeasures that assess employer purchaser satisfaction. These submeasures are designed to capture various aspects of the healthcare experience from the perspective of employers who purchase health plans for their employees.	Access to Care: Evaluates how easily employees can access necessary medical care, including the availability of appointments and the ease of getting referrals to specialists. Communication with Providers: Assesses the quality of communication between healthcare providers and employees, including how well providers explain medical conditions and treatments Customer Service: Measures the quality of customer service provided by the health plan, including the helpfulness and responsiveness of customer service representatives Claims Processing: Evaluates the efficiency and accuracy of the health plan's claims processing, including the timeliness of payments and the clarity of explanations of benefits Plan Administration: Assesses the overall administration of the health plan, including the ease of enrollment and the clarity of plan information provided to employees Health Promotion and Education: Measures the effectiveness of health promotion and education programs offered by the health plan, including wellness programs and preventive care initiative
	Patient/Consumer Satisfaction	Clinician and Group Survey Satisfaction: The Clinician & Group Survey Database Survey (CG CAHPS) Database is a central repository of survey data from practice sites, medical groups, and regional health collaboratives that have administered the CG CAHPS survey and choose to submit their data to the Database. Home and Community Based Services: The CAHPS Home and Community-Based Services (HCBS) Survey Database is a central repository of survey data from State Medicaid agencies and the managed care entities with which they contract that have administered the HCBS CAHPS survey and chose to submit their data to the Database. Its purpose is to help evaluate, compare, and improve the quality of services provided by both fee-for-service HCBS and managed long-term services and supports programs. Child Hospital Services: The CAHPS Child Hospital Survey (Child HCAHPS) Database is a central repository of survey data from hospitals that have administered the Child HCAHPS survey and chose to submit their data to the Database.	



Category	Measure	Sub-Measures	Notes
Social Well-Being	Human Development Index (HDI)	Health: This is measured by life expectancy at birth, which reflects the ability to lead a long and healthy life. Education: This dimension includes two indicators: mean years of schooling for adults aged 25 years and older and expected years of schooling for children of school-entering age. These indicators assess the level of knowledge and education within a population. Standard of Living: This is measured by gross national income (GNI) per capita, adjusted for purchasing power parity (PPP), which reflects the economic well-being of a country's residents.	The Human Development Index (HDI) is calculated using a formula that combines three indicators: health, education, and income. Geometric mean of three indicators
	Poverty Rate	Income Thresholds: The Census Bureau uses specific income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the threshold, they are considered to be living in poverty. Supplemental Poverty Measure (SPM): This measure extends the official poverty measure by accounting for government assistance programs, geographic variations in housing costs, and other expenses like taxes and medical cost.	The poverty rate is a measure of the percentage of people living below the poverty threshold, which is determined based on income and family size.
	Educational Attainment	High School Completion: The percentage of the population that has completed high school or equivalent. Postsecondary Education: This includes the percentage of individuals who have completed some college, associate degrees, bachelor's degrees, and advanced degrees (master's, professional, or doctoral degrees). Demographic Breakdown: Educational attainment data is often segmented by age, gender, race, and ethnicity to understand disparities and trends within different groups. Geographic Variation: Differences in educational attainment across regions, states, and urban versus rural areas.	Educational attainment refers to the highest level of education an individual has completed.
	Social Progress Index	Basic Human Needs: This dimension includes metrics such as nutrition and basic medical care, water and sanitation, shelter, and personal safety. Foundations of Wellbeing: This encompasses access to basic knowledge, information and communications, health and wellness, and environmental quality. Opportunity: This dimension measures personal rights, personal freedom and choice, inclusiveness, and access to advanced education.	The Social Progress Index (SPI) is a comprehensive tool designed to evaluate the social performance of countries globally. It focuses on non-economic aspects of social progress, using a range of 57 indicators across three main dimensions: Basic Human Needs, Foundations of Wellbeing and Opportunity.
	Community Well-Being Index	Physical Health: This includes indicators such as chronic disease prevalence, physical activity levels, and overall physical fitness. Mental Health: Metrics like stress levels, anxiety, depression, and overall psychological resilience are assessed. Emotional Well-Being: This involves measuring happiness, life satisfaction, and emotional stability. Social Well-Being: Indicators such as social support, community engagement, and relationships are considered. Economic Stability: This includes financial security, employment status, and access to resources.	



Category	Measure	Sub-Measures	Notes
Public Health	Life Expectancy	<p>Comparison with Other Countries: The ratio is often compared with other nations to understand relative spending levels and efficiency.</p> <p>Mortality Rates: These are the rates at which people die at different ages. Lower mortality rates generally lead to higher life expectancy.</p> <p>Age-Specific Death Rates: These rates provide detailed information about the likelihood of death at various ages, helping to refine life expectancy estimates.</p> <p>Health Indicators: Factors such as the prevalence of chronic diseases, access to healthcare, and overall health conditions significantly impact life expectancy.</p> <p>Socioeconomic Factors: Education, income, and living conditions also play crucial roles in determining life expectancy.</p>	Life expectancy is a measure of the average number of years a person can expect to live, based on current mortality rates.
	Infant Mortality Rate	<p>Causes of Death: Common causes include birth defects, preterm birth and low birth weight, sudden infant death syndrome (SIDS), unintentional injuries, and maternal pregnancy complications.</p> <p>Demographic Breakdown: Infant mortality rates are often analyzed by race, ethnicity, and geographic location to identify disparities.</p> <p>Trends Over Time: Historical data shows changes in infant mortality rates, reflecting improvements or declines in healthcare and social conditions.</p>	The infant mortality rate measures the number of deaths among infants under one year of age per 1,000 live births. It is a critical indicator of a society's overall health and well-being.
	Healthcare Access and Quality Index	<p>Mortality-to-Incidence Ratios (MIRs): This metric assesses the effectiveness of healthcare systems in treating specific diseases by comparing the number of deaths to the number of new cases.</p> <p>Risk-Standardized Death Rates (RSDRs): These rates measure deaths from specific conditions that should be preventable with timely and effective healthcare.</p> <p>Coverage of Essential Health Services: This includes access to services such as vaccinations, maternal and child health care, and treatment for infectious and chronic diseases.</p>	The Healthcare Access and Quality (HAQ) Index measures the performance of healthcare systems in providing accessible and high-quality care. The HAQ Index is calculated using data from the Global Burden of Disease Study and is scaled from 0 (worst) to 100 (best), providing a comprehensive view of healthcare access and quality across different countries and regions
	Obesity and Disease Prevalence Rates	<p>Body Mass Index (BMI): The primary metric for obesity is BMI, calculated from self-reported weight and height. Adults with a BMI of 30 or higher are classified as obese.</p> <p>Prevalence by Demographics: Obesity rates are often broken down by age, gender, race, and ethnicity to identify disparities. For example, obesity prevalence tends to be higher among middle-aged adults and certain racial/ethnic groups.</p> <p>Geographic Variation: Obesity rates vary significantly across regions, states, and urban versus rural areas</p> <p>Disability-Adjusted Life Years (DALYs): This metric combines years of life lost due to premature death and years lived with disability, providing a comprehensive measure of disease burden.</p> <p>Incidence and Prevalence Rates: These metrics track the number of new cases (incidence) and total cases (prevalence) of specific diseases within a population over a given time period.</p> <p>Mortality Rates: The number of deaths caused by specific diseases, often expressed per 100,000 people, helps assess the severity and impact of disease.</p>	These metrics help public health officials and policymakers understand the scope of obesity and disease prevalence, guiding interventions and resource allocation to improve health outcomes.



Category	Measure	Sub-Measures	Notes
Environmental	Air Quality Index (AQI)	Ozone (O3): Ground-level ozone, a major component of smog, can cause respiratory issues and other health problems.	The AQI categorizes air quality into six levels, ranging from "Good" (0-50) to "Hazardous" (301-500), with corresponding health advisories ¹²³ . This system helps the public understand when air pollution levels are dangerous and take steps to protect their health.
		Particulate Matter (PM10 and PM2.5): These tiny particles can penetrate the lungs and bloodstream, leading to serious health effects.	
		Carbon Monoxide (CO): High levels of carbon monoxide can be harmful, especially to those with heart conditions.	
		Sulfur Dioxide (SO2): This gas can cause respiratory problems and aggravate existing lung diseases.	
		Nitrogen Dioxide (NO2): Exposure to nitrogen dioxide can irritate the airways and reduce lung function.	
	Water Quality and Access	Physical Parameters: These include measurements like temperature, turbidity (clarity), and total suspended solids, which can affect the physical characteristics of water.	
		Chemical Parameters: This category includes pH levels, dissolved oxygen, nitrates, phosphates, and the presence of heavy metals or other contaminants. These factors are crucial for determining the chemical health of the water.	
		Biological Parameters: Indicators such as the presence of coliform bacteria, algae, and other microorganisms help assess the biological quality of the water.	
		Access Metrics: These measure the availability and reliability of water supply, including the percentage of the population with access to clean drinking water and the infrastructure in place to deliver it.	
	Food Quality and Safety	Nutritional Quality: This measures the variety and nutritional content of diets, including the presence of essential vitamins, minerals, and macronutrients.	
		Food Safety: This includes indicators such as the presence of contaminants (e.g., pesticides, heavy metals), microbial safety (e.g., bacteria, viruses), and adherence to food safety standards and regulations.	
		Traceability: This assesses the ability to trace food products through the supply chain, ensuring transparency and accountability from production to consumption.	
		Labeling and Packaging: This evaluates the accuracy and clarity of food labeling, including ingredient lists, nutritional information, and expiration dates.	
		Consumer Satisfaction: This measures consumer perceptions of food quality and safety, including taste, freshness, and overall satisfaction.	