Healthcare Disruption

SUMMARY: New players will inject a dose of capitalism into American healthcare, shifting healthcare to a more retail-like experience. American healthcare delivery will be further unbundled and disintermediated due to non-traditional actors and businesses moving into the healthcare delivery space, as well as to growing use of technology that liberates care from hospital and clinic settings to care anywhere.

Forecasts

- Driven by expansion of the retail sector into healthcare and the development of supporting technologies (remote data monitoring, health tracking, video messaging systems), the bulk of healthcare may be conducted outside of hospitals and doctors' offices.
- Further disintermediation of healthcare delivery could be aided by the increasingly ubiquitous monitoring of personal health via technology (body monitors, room-based sensors, and health data analytics). This monitoring could allow patients to eschew regular medical visits, shifting their care from treatment to prevention and wellness.
- The disintermediation of healthcare by technology and retail companies could bifurcate the way people receive healthcare, with low-cost treatment via automation, RNs, and physician assistants, and high-level care conducted face-to-face with doctors.
- Growing pressure for some form of single-payer healthcare could both drive and be driven by a move to retail-based healthcare, with new providers seeking to capture dollars no longer earmarked for insurance-backed HMOs or traditional medical providers.

Key Uncertainties

Pressure to move healthcare in the United States to some form of a single-payer model

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Ability of non-traditional players to inject change or improvements into U.S. healthcare systems and practices

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Willingness of users and employers to move to systems created by new players (inertia of the known)

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Concerns about security and privacy of digital health records

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Younger generations' expectations regarding healthcare delivery

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Supporting Trends

- **Cross-sector business model disruption.** The movement of large companies—CVS, Apple, Amazon, etc.—into healthcare sectors is forcing many companies to reevaluate their own business models.
- **Health insurance uncertainty.** Despite successfully expanding insurance coverage, the Affordable Care Act faces rising premium costs in many states and a shrinking number of insurance providers in state insurance marketplaces.
- **Telehealth.** Telehealth is a small but growing health trend that is gaining support from insurers. The growing sophistication of smartphones plus ubiquitous high-speed internet connectivity make virtual doctor visits increasingly feasible.
- **Insurance in the digital economy.** Ubiquitous sensors and continuous data collection and analysis are enabling new on-demand insurance products that depart from traditional group-risk pools.
- **Direct care models.** Concierge medicine and direct care models for primary care reduce practice overhead by billing customers a flat monthly or annual fee that covers the costs of primary care visits.
- **Urgent-care growth.** Urgent-care clinics are continuing to grow, offering patients more convenience for addressing a wide variety of non-emergency care needs.

Related Drivers of Change

- Population Health
- Automated Work
- Aging World
- Personalized Artificial Intelligence

Notable Data Points

THE HIGH COST OF HEALTHCARE.

Drug costs in the United States are $1,443 per capita,
compared to the average ($749) of 11 other wealthy economies.

Source: : https://www.wbur.org/commonhealth/2018/03/13/us-health-costs-high-jha

THE GROWTH OF TELEHEALTH

32 U.S. states have laws that allow telehealth
to be covered by health insurance.

Source: https://www.johnlocke.org/research/telemedicine/

HEALTHCARE DESTINATION

About **1 in 9 of nearly 10,000 CVS locations**
contains a Minute Clinic practice.

Source: https://www.usatoday.com/story/money/2018/11/28/cvs-health-aetna/2137076002/

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Strategic Insights

- The entrance of new players into healthcare delivery, along with new ideas about healthcare and retail from younger generations, will likely disrupt established alliances and partnerships that have been the backbone of healthcare lobbying. Associations will need to take a look at their priorities and evaluate their positions and partners to lobby effectively for members.
- There will be divergent interests among types of associations in how healthcare delivery evolves. For associations, it will be important to be aware of these potential fissures and help the various interests find common ground.
- Similarly, a new healthcare marketplace will raise regulatory issues. Technology companies, with their ethos of "disruption," may take different approaches than legacy healthcare providers. Associations will face an evolving environment, with new potential allies.
- As healthcare is disintermediated to retail and other non-medical practices, questions of licensing and accreditation of these new providers will be crucial. Health-related associations will need to be aware of potential markets for certification from these new players—and also be prepared to have certification regimes challenged by these upstarts.
- As uncertainty rises, associations need to monitor for signs of sudden versus gradual shifts in the healthcare environment. For instance, are pressures of various kinds building up or being relieved? Executives should consider the best way to respond to different scenarios.
- Associations' role as clearinghouses for information and education could be useful as members begin to shift from traditional healthcare delivery to these new forms. Associations can provide information on new services and collate best practices for members to use when evaluating new offerings.

Timing

- **Stage:** The stage of this change driver is emergent, but unsettled, with changing demographics, technologies, and economic forces weighing on it
- **Speed:** Aspects of this idea could rapidly accelerate

Potential Alternative Futures

- **The health panopticon:** Passive ubiquitous monitoring of health via technology could pay off in improved health outcomes, in turn easing consumer concerns about privacy.
- **Health Prime:** The retailing of healthcare could result in end-to-end wellness services—nutrition, pharmaceuticals, supplies, diagnoses—from online concerns such as Amazon, Walmart, or Google.
- **The office doctor:** The end of traditional health insurance and the culture of work perks could mean a shift of health/wellness to offices, with expanded classes, treatment and diagnostics, nutrition, etc.

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Take Action

- **Innovate and educate on new healthcare models and settings.** Scan for new business models and approaches to health, wellness, and healthcare delivery that represent potential opportunities for your association members, even those who haven't imagined they too could have a role. Traditional health care professionals may need education and resources to seize emerging entrepreneurial opportunities or work in new settings, such as integrated health hubs, retail businesses, and telehealth services.
- **Help consumers sort out appropriate care.** Consumers may find this growing array of healthcare service options confusing. Healthcare associations can step up their public education efforts by explaining their members' strengths and how they relate to other professionals. If associations offer referral services or directories, they may want to revisit how these are structured to provide consumers relevant information in a changing marketplace.
- **Overcome animosity with collaboration and inclusion.** System disruptions can either be perceived as a threat to current jobs and businesses or embraced as an opportunity to serve new entrants as collaborators and even prospective members. Some associations are expanding their mission beyond member interests to advocate for patients and consumers. They are reframing their advocacy positions to reflect this emphasis and helping members build relationships across a continuum of care.
- **Explore new approaches to employee health benefits and policies.** Major health insurance providers are experimenting with telehealth and diverting beneficiaries into treatment options and settings that may offer better integrated and lower cost care. As these innovations become more prevalent, smaller employer groups like associations may find these wellness interventions and holistic approaches to patient care are accessible and affordable.

Keyword Search

To continue researching this change driver, use these search terms:
healthcare disintermediation, healthcare consolidation, retail healthcare, new models of health care, Haven, health sensors, patient tracking

Who Will Be Affected

Healthcare associations with professionals and businesses as members and partners are already experiencing these new business models and innovations. Associations in the retail sector may find healthcare businesses moving into more direct-to-consumer settings. Everyone has a stake in healthcare access and delivery. As employers, associations must be on top of new developments in this time of increased uncertainty. Associations offering or considering offering member health plans, especially for individuals without access to employment-based insurance, may find marketplace disruptions create more options.

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- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

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