



pulse

Top Trends Expected to Influence the Healthcare Industry in 2017

Healthcare leaders are optimistic about trends in the industry this year, such as demand for services, job opportunities and containing costs, according to the results of a survey by B.E. Smith.

The company, which provides executive leadership solutions to healthcare providers, surveyed nearly 1,000 healthcare executives to determine their outlook for the industry this year.

Overall, “two-third of healthcare leaders are optimistic regarding the 2017 outlook for the healthcare industry,” according to the survey, which was conducted after the 2016 election.

“Long-range drivers of demand for healthcare services, such as the aging of the U.S. population, will continue to expand the industry, even in the current era of changing healthcare policy, healthcare executives say. Only a small percentage of those healthcare leaders surveyed said they were not optimistic,” it reports.

Healthcare leaders participating in the survey also said they are optimistic because of “growth and change in the industry and opportunities for organizations and careers. The changing nature of healthcare puts a premium on leadership; the survey examined the significant opportunities related to healthcare leadership due to the vibrancy of the industry.”

Other trends identified in the survey include:

Keeping Costs in Line

Containing costs remains a top focus for healthcare executives. “While spending growth rates have been declining over the past decade, 2017 may reverse course. One leading forecaster predicts a 6.5 percent rise in 2017,” according to the report.

In January, the Centers for Medicare and Medicaid Services predicted national health expenditure growth will average 5.6 percent each year from 2016 to 2025. In 2016, national health spending growth is estimated at 4.8 percent, slower than the rate of 5.8 percent reached in 2015 “as a result of slower Medicaid and prescription drug spending growth,” according to CMS. This year, health spending is predicted to increase by 5.4 percent, influenced by growth in private health insurance spending.

According to the B.E. Smith survey, spending growth this year could present challenges for healthcare providers.

Competition and Strength in Leadership

“Agility, innovation and creative leadership” are critical for healthcare



managers this year. Part of that leadership model includes focusing on more, not less, competition.

“Facing market challenges from growth in telemedicine and over 2,000 retail clinics, successful hospital leaders will embrace strategies that are proactive competitive catalysts,” according to the report.

Thirty percent of respondents to B.E. Smith’s survey said leadership competencies are their “top concern” this year. Respondents also identified vision, strategy and integrity as important leadership characteristics. The survey found that “almost 18 percent [of respondents] believe that ‘evolving leadership roles and competencies’ will have the greatest impact on their organizations’ futures.”

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SURVEY:

How Price Transparency Shapes Consumers' Opinions of Healthcare Providers

More and more consumers prefer, when they can, having price estimates for healthcare before receiving a medical service. This is especially the case as health costs and the prevalence of high-deductible health plans, resulting in consumers paying out-of-pocket, increase.

Findings from a recent TransUnion Healthcare survey reflect these trends, showing how price transparency from healthcare providers influences consumers' opinion of their services.

For example, three in four patients (74.7 percent) reported that having cost estimates in advance would positively impact their opinion of a healthcare provider, according to TransUnion Healthcare.

"The findings also demonstrate that patient interest in up-front costs has risen over the last 18 months," it reports in

a news release. "A similar TransUnion survey in 2015 found that 57 percent of patients would be more willing to return to a healthcare provider if they were given billing estimates at the point of service."

TransUnion Healthcare's survey, conducted in November 2016, included 2,058 consumers with health insurance who managed their own healthcare decisions and received medical services in the last 12 months.

The findings also show that 43 percent of respondents reported it was



"somewhat or very difficult" to obtain information on costs, while another 21 percent of respondents never attempted to find price information on medical procedures.

"Patients are increasingly evaluating their care experience on whether they received estimates or billing

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Employee Mobility

"Steady growth fuels an already competitive labor market and could portend a rise of employee mobility, placing organizations at greater risk of turnover," according to the report.

Job growth is the fastest in clinical positions within the healthcare industry. In 2016, job growth was also high in outpatient care centers and home health agencies.

Job satisfaction is a key indicator to monitor turnover. B.E. Smith found that there is opportunity for improvement. "While 75 percent of respondents registered satisfaction with their current positions—a strong showing though down from last year's 88 percent—only 30 percent say they are 'highly satisfied.'"

The survey findings also include that 27 percent of respondents said they are

not considering a job change, compared to 43 percent from the year prior.

Finding Top Talent

Executive leaders in the industry say one of their top recruitment challenges is finding "high quality talent. Two-thirds feel that finding quality candidates is the biggest challenge in filling executive vacancies. The strong labor market and improving economy add another hurdle."

Some executives said they look outside their organization to recruit healthcare leaders.

"Over half of organizations anticipate reliance on internal development to strengthen leadership ranks in 2017, a notable one in five cited two externally-oriented alternatives," according to the report.

Those respondents said they are considering recruitment outside of their organization and from other industries, including finance and hospitality.

"B.E. Smith believes one explanation is a tighter market for experienced executives coupled with a greater willingness to bet on emerging outside leaders and non-industry veterans in an environment that demands adaptability and innovation."

The survey also evaluated healthcare industry leaders' outlook on employee engagement, which is driven by work-life balance and job flexibility and leads to employee retention.

"Many analysts have connected strong engagement with such benefits as better financial performance and higher customer satisfaction," according to the report.

More information:
<http://ow.ly/apM3309iGp8>

MEDICARE:

10 Facts About the Future of the Federal Health Insurance Program

Medicare funding and coverage continues to evolve in the current healthcare environment and the program faces “long-term financial pressures associated with higher healthcare costs and an aging population,” according to an issue brief from the Kaiser Family Foundation.

The foundation predicts Medicare is likely to be part of the federal healthcare policy agenda this year as talks of repealing and replacing the Affordable Care Act and options to lower federal spending continue.

A complete repeal of the Affordable Care Act would increase the program’s spending by more than \$800 billion in a decade.

Medicare is a source of federal health insurance for 57 million people ages 65 and older and younger people with disabilities. “Some policymakers often express concern that the program will soon be ‘bankrupt’ and that rising spending is unsustainable,” according to the brief.

The foundation outlines details that provide context about Medicare’s financial future as policy debates continue, including:

- Medicare is not ‘going broke’ even though it does face long-term financial hardships. One of those hardships is to continue to have the funds for Medicare’s Hospital Insurance (Part A) trust fund, used to pay beneficiaries’ hospital bills. “When spending on benefits exceeds revenues (primarily payroll taxes), and assets in the trust fund account are fully depleted, Medicare will not have sufficient funds to pay all Part A benefits,” according to the brief. Actuaries predict funds to pay Part A in full will be available until 2028; then Medicare will be able to pay for 87 percent of costs through payroll tax revenues and the program will not end.

- The growth in the aging U.S. population and higher healthcare costs contribute to a rise in Medicare spending. It’s expected that between 2010 and 2050, the population of people ages 65 and older will increase from 40 million to 84 million. “Because Medicare per capita spending rises with age and people age 80 and over account for a disproportionate share of Medicare spending, their higher numbers will place upward pressure on both total and per capita Medicare spending.” Medicare spending in 2016 was about 15 percent of the federal budget.
- Medicare spending growth declined in the years following the enactment of the Affordable Care Act. Provisions to reduce Medicare payments to providers and Medicare Advantage plans, and raise additional revenues, the total and per capital spending growth rate has been lower than in the decade before the Affordable Care Act was in effect.

The Kaiser Family Foundation also reports that repealing the Affordable Care Act and its Medicare provisions would add \$802 billion to the program’s spending over 10 years.

Medicare spending is already estimated to increase as part of the federal budget and the U.S. economy over the next decade. The Affordable Care Act has helped to moderate the estimated long-term increases, according to the foundation.

Read the full issue brief on Medicare here: <http://ow.ly/R7ev309iLfw>

NEWS & NOTES

Medical Prices Fuel Health Expenditure Growth

National health expenditure growth is predicted to average 5.6 percent annually from 2016 to 2025, according to the Centers for Medicare & Medicaid Services. It is largely influenced by projected faster growth in medical prices, however CMS also estimates that growth “is projected to be partially offset by slowing growth in the use and intensity of medical goods and services.”

<http://ow.ly/QBAj309i79Z>

Healthcare Job Increases Continue

There were 18,300 new healthcare jobs in January 2017, according to the Bureau of Labor Statistics. Ambulatory healthcare services added 11,000 jobs and the sector employed 7.2 million people as of January. Hospitals hired 4,000 new employees and there were 5.1 million jobs in that sector.

<http://ow.ly/JI2m309ig9m>

CMS Consolidates ICD-10 Resources

The Centers for Medicare & Medicaid Services has combined its resources on ICD-10 onto its primary website for the updated medical coding system. CMS operated a Road to 10 website to help providers transition to the new system by the Oct. 1, 2015, deadline. It reports traffic to the site declined after the deadline and more people sought information at cms.gov. The Road to 10 site should be phased out by April 3. cms.gov/ICD10

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information,” said Gerry McCarthy, president of TransUnion Healthcare. “Hospitals and healthcare providers have an opportunity to improve patient satisfaction and increase transparency by delivering out-of-pocket cost information before a procedure. Patients may be more apt to pay their bill in full, leading to increased point-of-service collections and less payment challenges for healthcare providers. Healthcare providers can also screen patients’ eligibility for charity care, financial aid or payment plans to provide a better patient payment experience.”

TransUnion also asked consumers about their outlook on healthcare if the status of the Affordable Care Act were to change under President Donald Trump’s administration.

“Six in 10 patients said they were fearful that health insurance plans offered through the Affordable Care

Act would be disrupted in 2017 or 2018,” according to TransUnion. “Approximately one in four (27 percent) patients believe the new administration will help to simplify healthcare, while another 43 percent said the new administration will make healthcare more expensive and complex.”

McCarthy added, “Regardless of impacts from changes to the Affordable Care Act, healthcare providers need to be diligent about screening patients at or before care, to verify insurance coverage, estimate payment and determine financial assistance eligibility. It’s clear that this process benefits both the patient and the healthcare provider.”

More information:
<http://ow.ly/KEDC309iqtt>