

# Healthcare Marketplace

1199 Nursing Conference  
December 1, 2017



DONALD AND BARBARA  
ZUCKER SCHOOL *of* MEDICINE  
AT HOFSTRA/NORTHWELL

**Jeffrey Kraut**

Executive Vice President, Strategy  
Associate Dean, Strategic Planning



# Trump: 'Nobody knew health care could be so complicated'

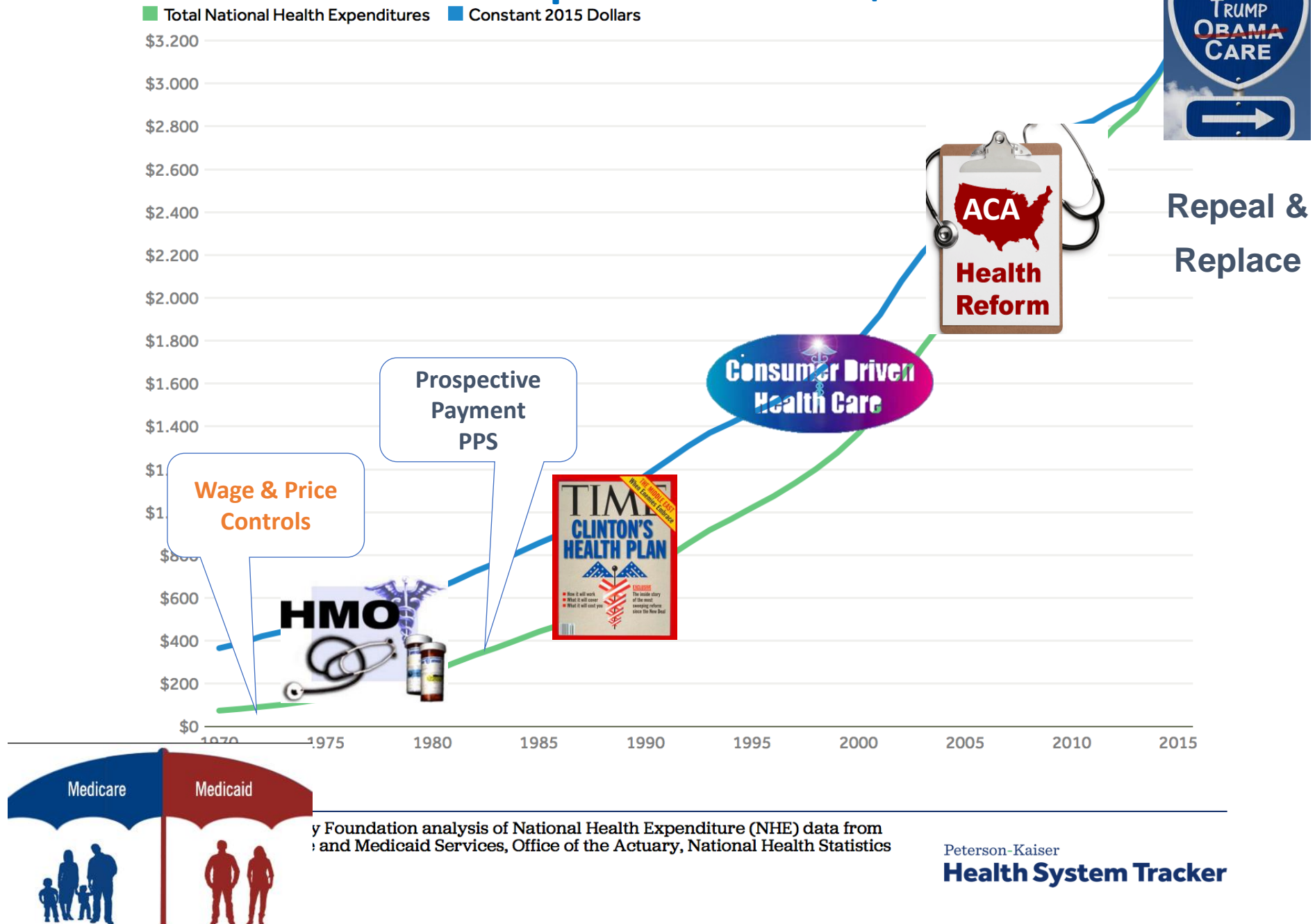


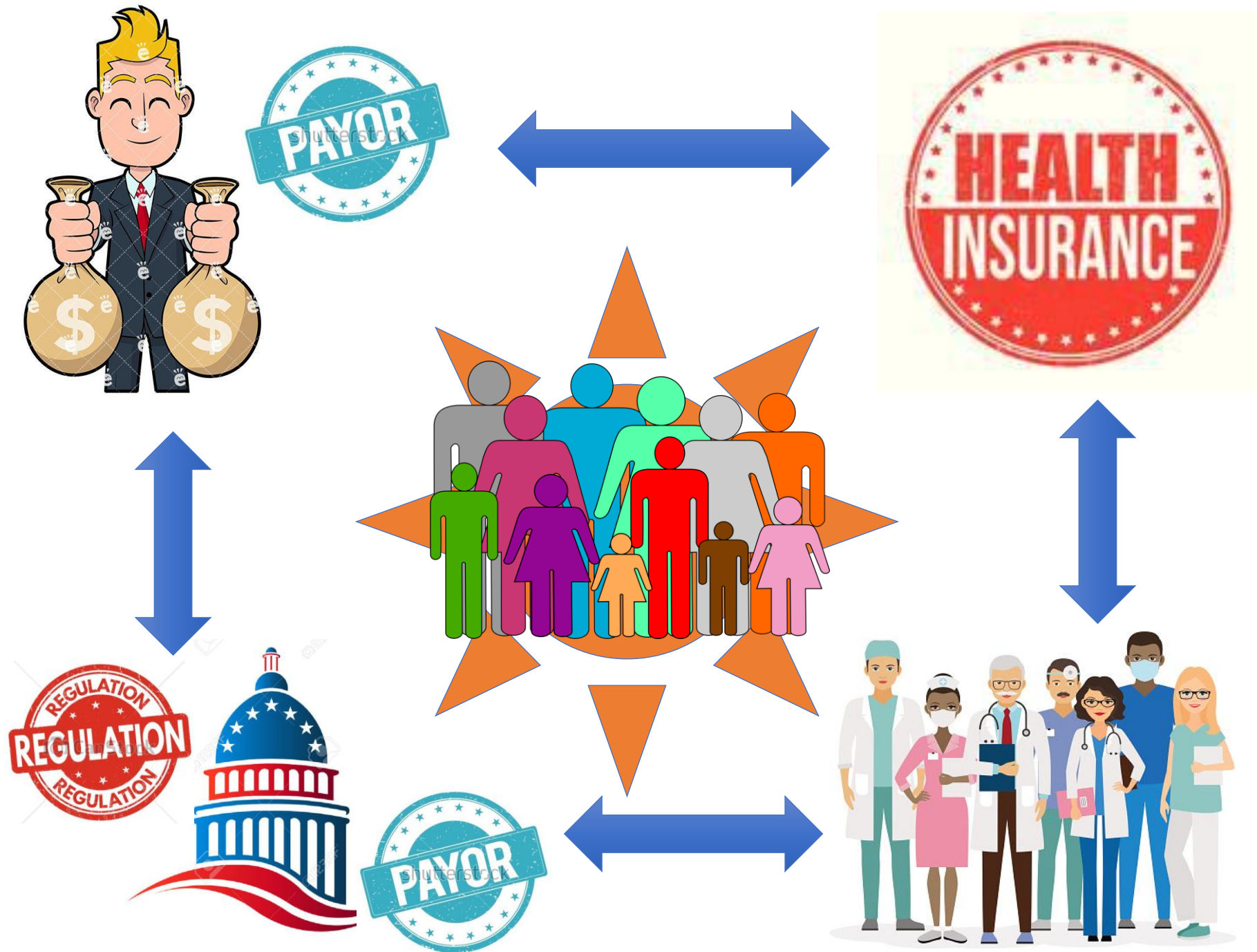
By **Kevin Liptak**, CNN White House Producer

🕒 Updated 4:10 AM ET, Tue February 28, 2017

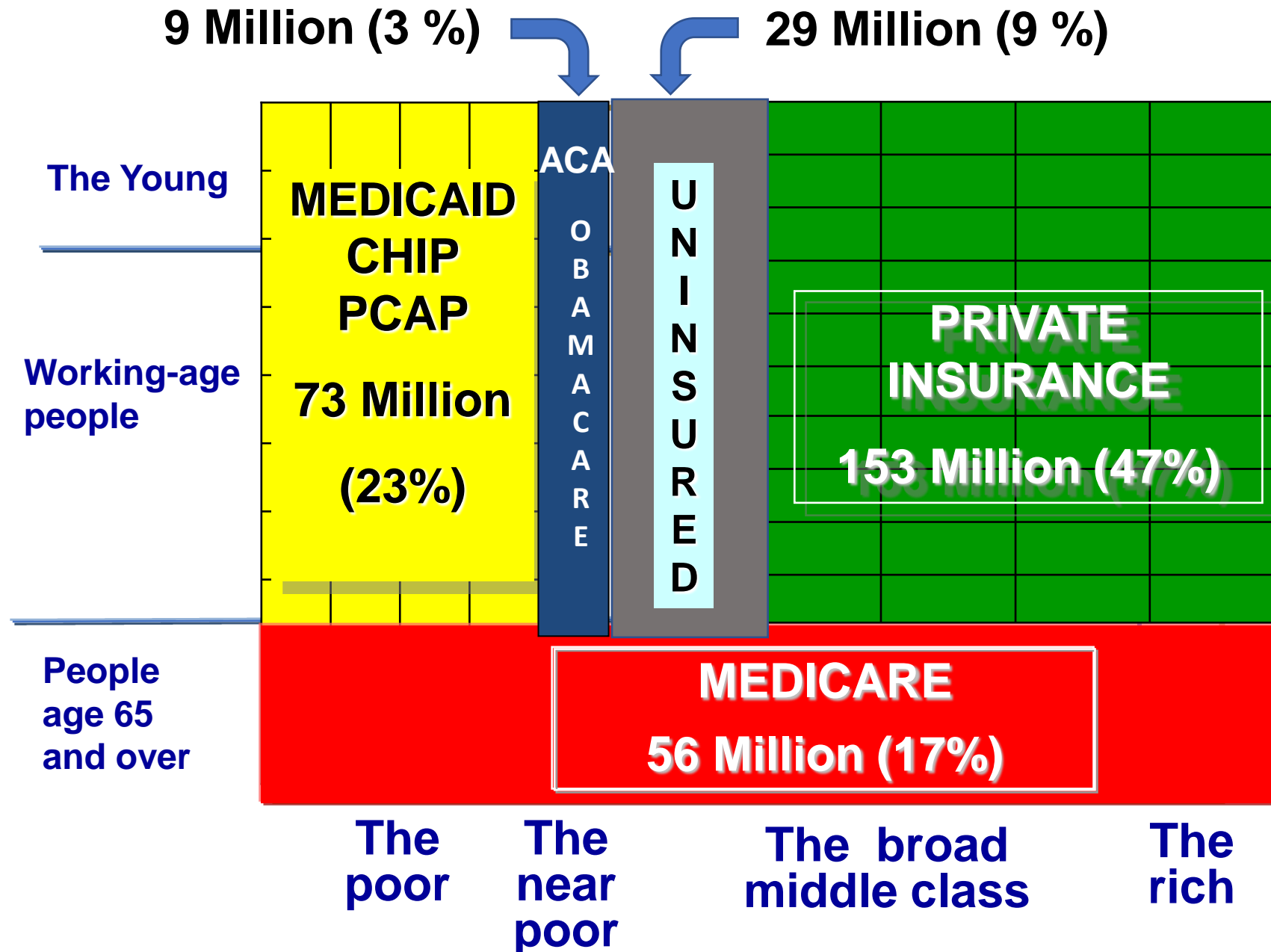


# Total National Health Expenditures US \$ Billions 1970

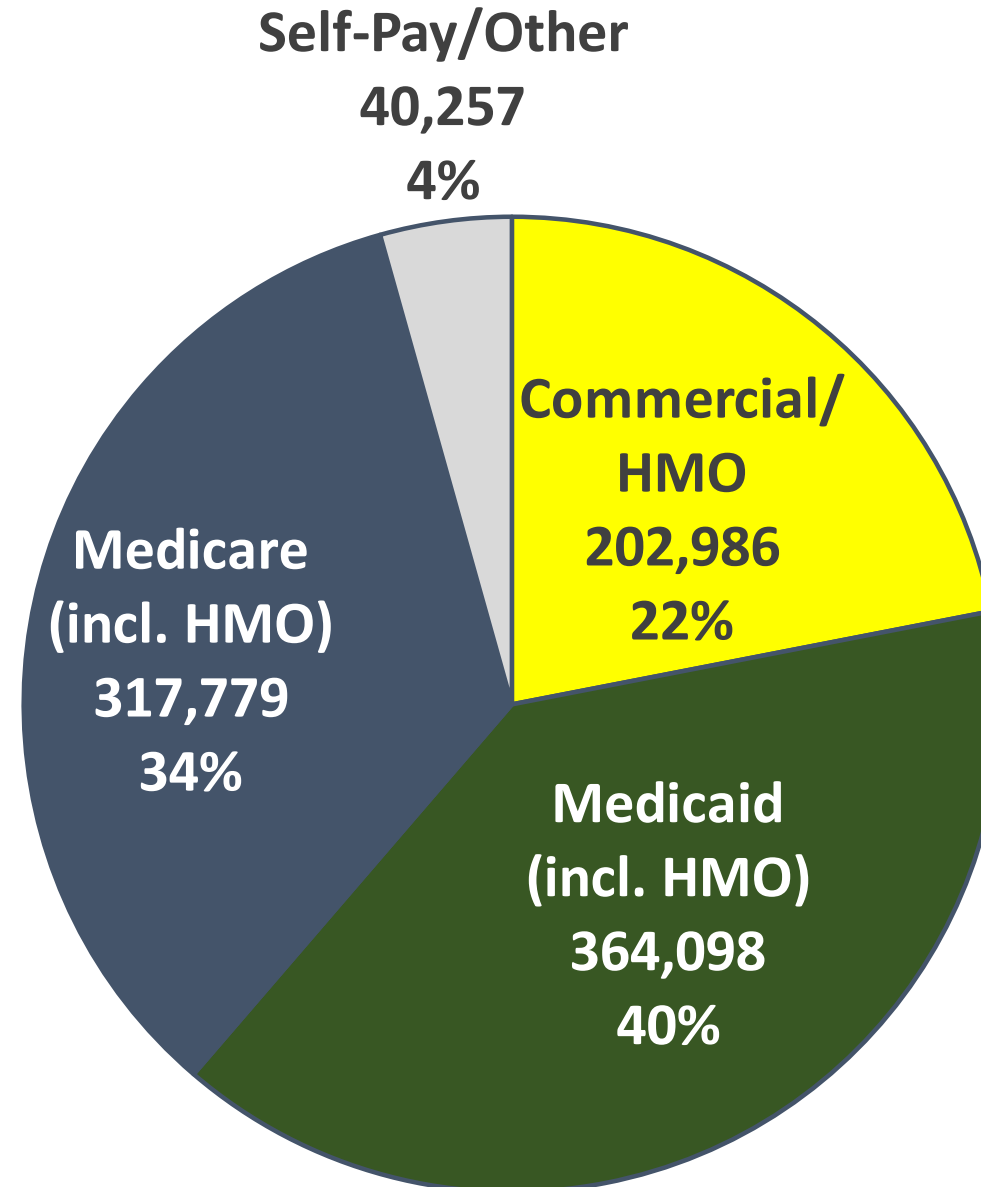




# How Americans Get Their Insurance - Everyone Has a Different Deal



# NYC Inpatient Resident Discharges by Payor, 2016



**N=925,120**



# Medicare and Medicaid Do Not Fully Reimburse Costs of Care

**Actual Cost**

**\$1.00**



**Medicare  
Reimbursement**

**\$0.91**



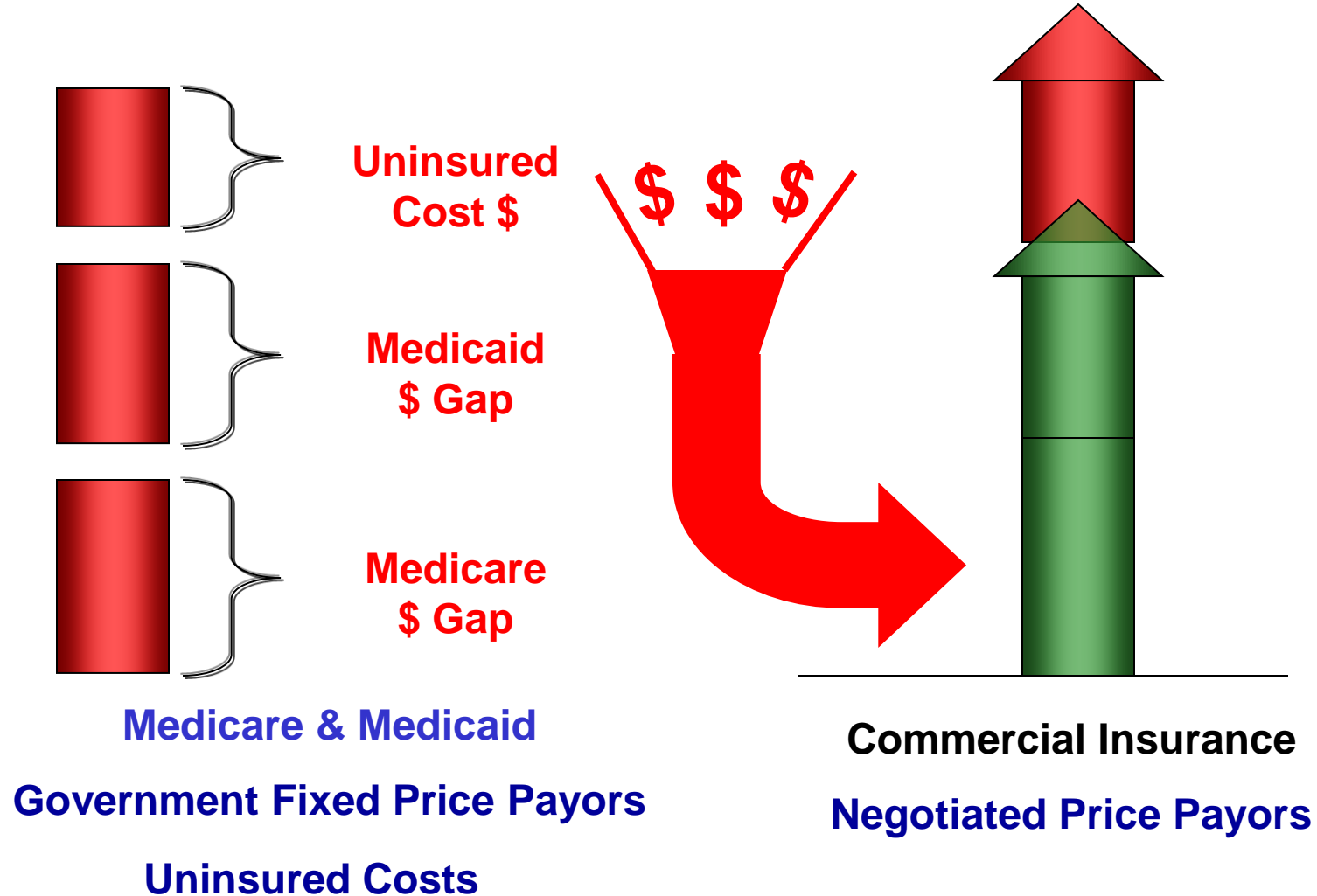
**Medicaid  
Reimbursement**

**\$0.88**



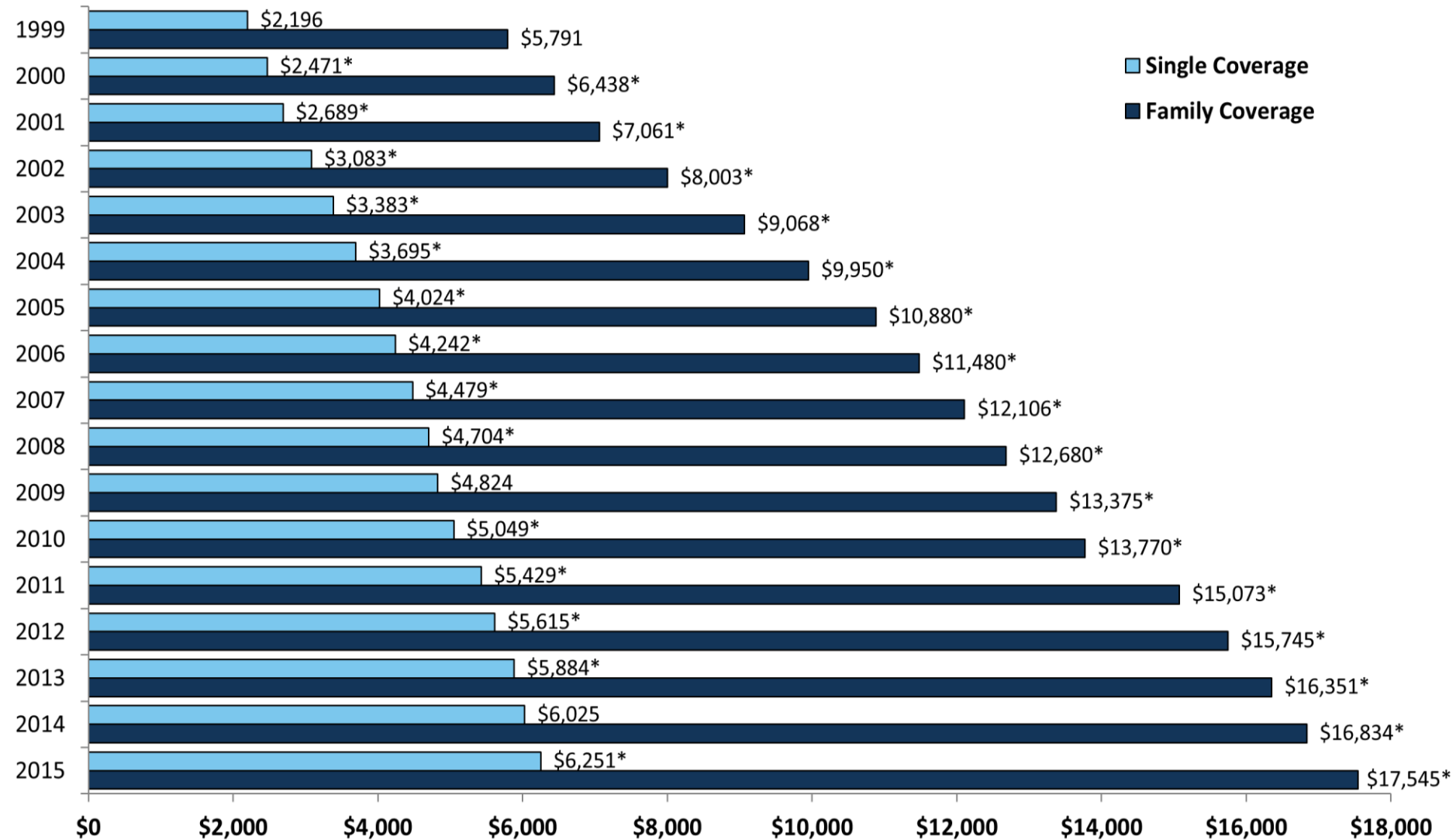
**Prices/Rates  
Set by  
Government**

# Cost Shift Hydraulics Between Payors



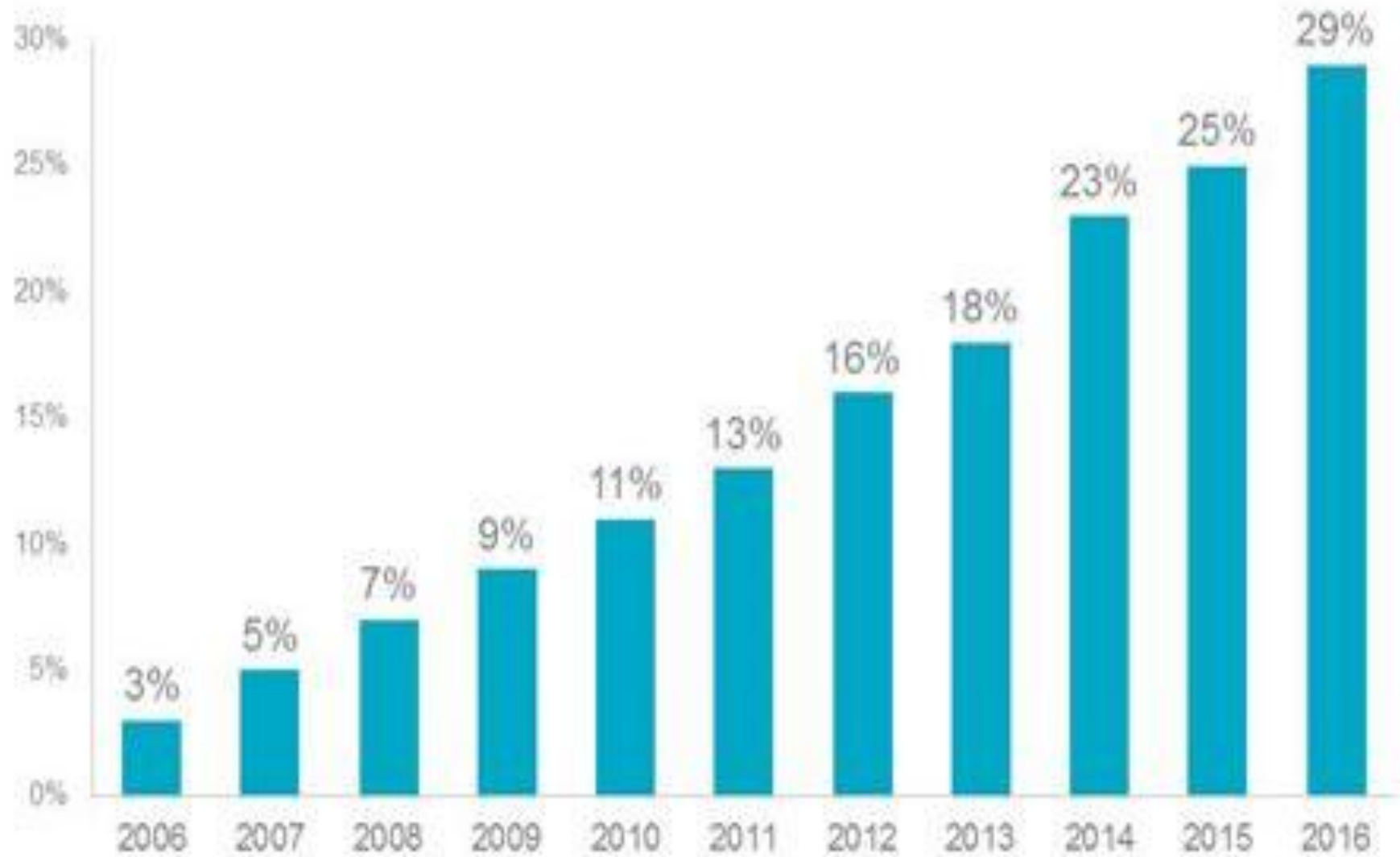


# Average Annual Premiums for Single and Family Coverage, 1999-2015



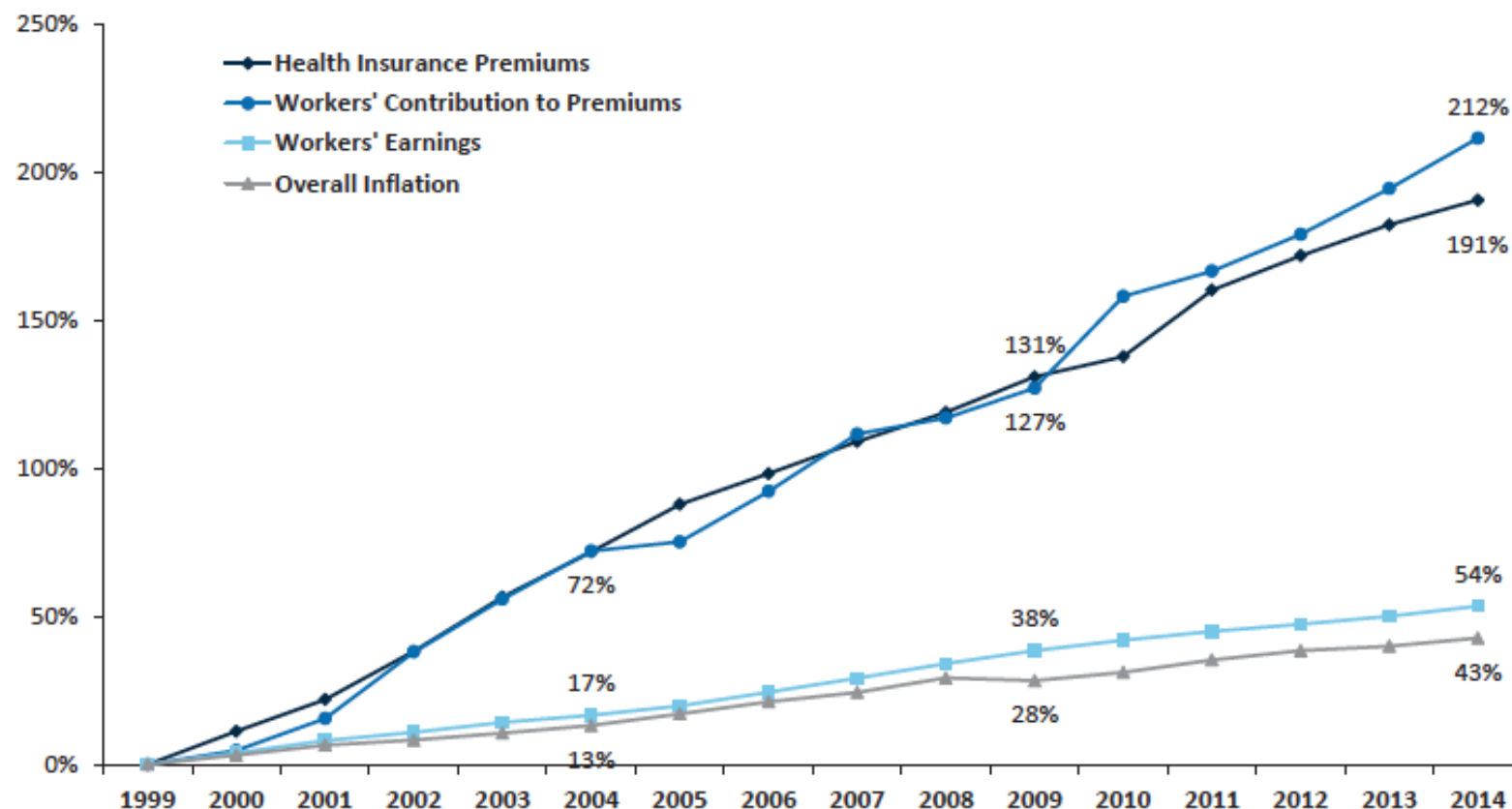
\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

## Percentage of All Covered Employees Enrolled in a CDHP in 2016



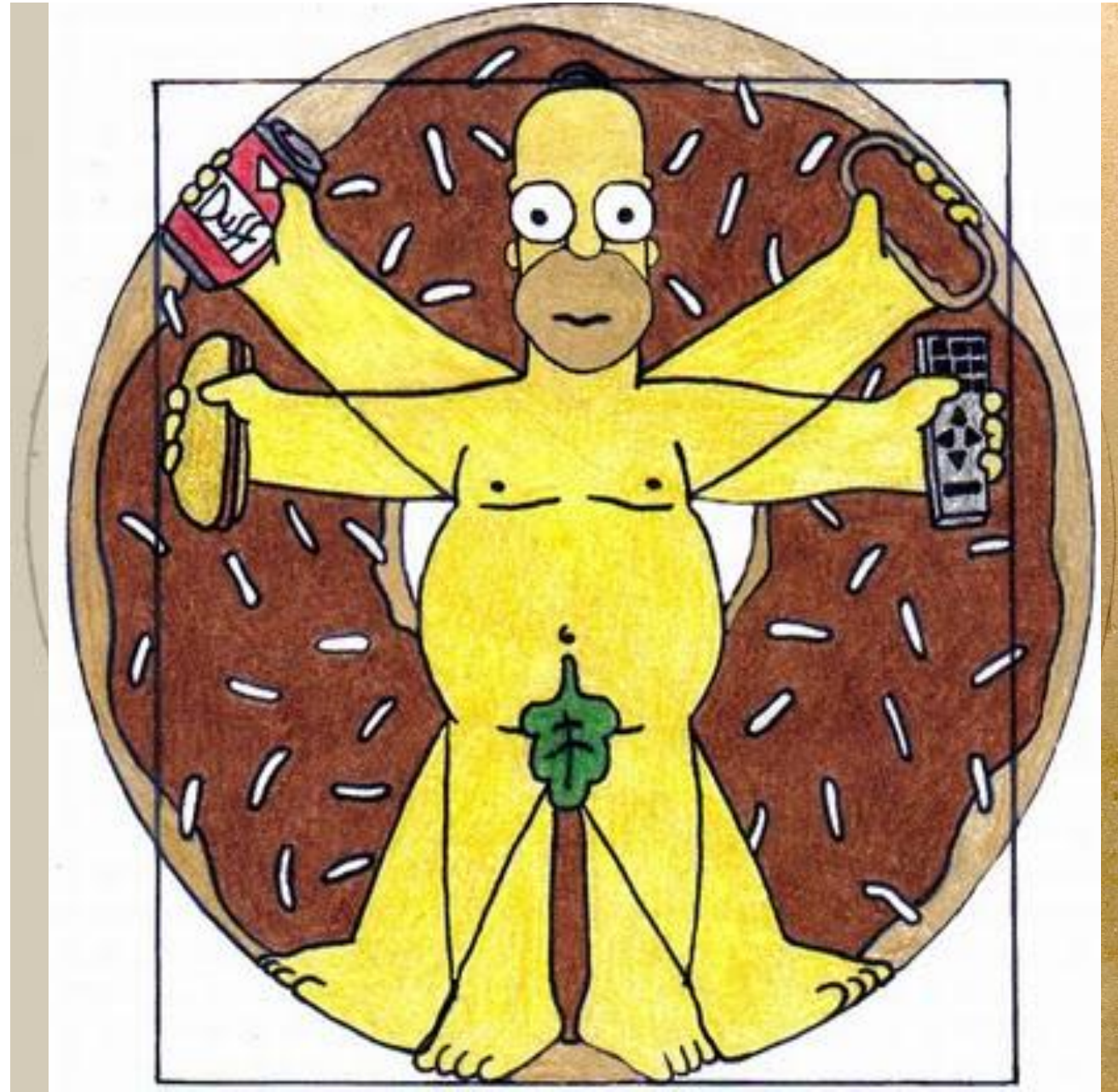
SOURCE: Mercer's National Survey of Employer-Sponsored Health Plans

## Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2014



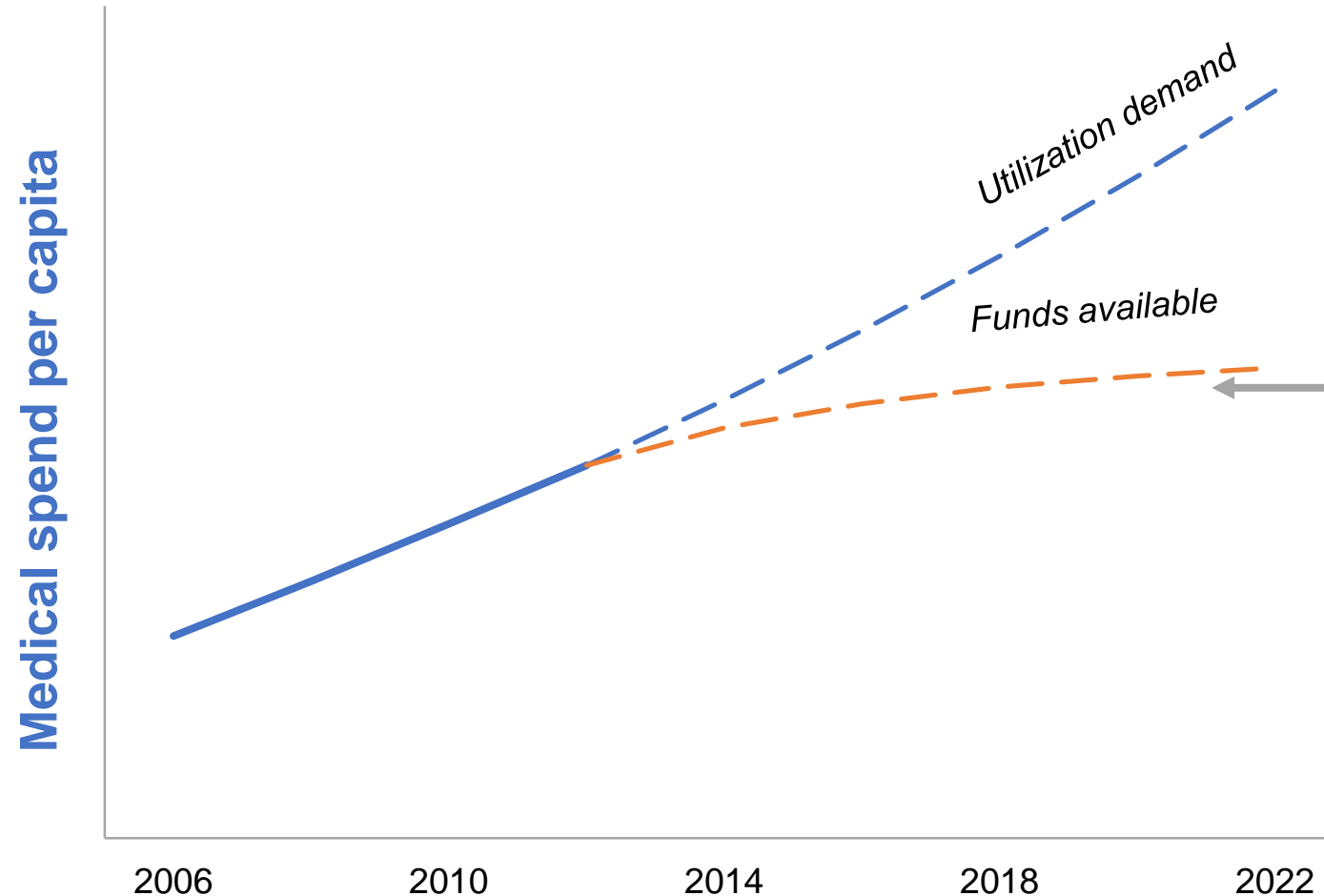
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2014. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2014; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2014 (April to April).

# Drivers of Health Care Costs



# Demand is increasing ...but funding is limited

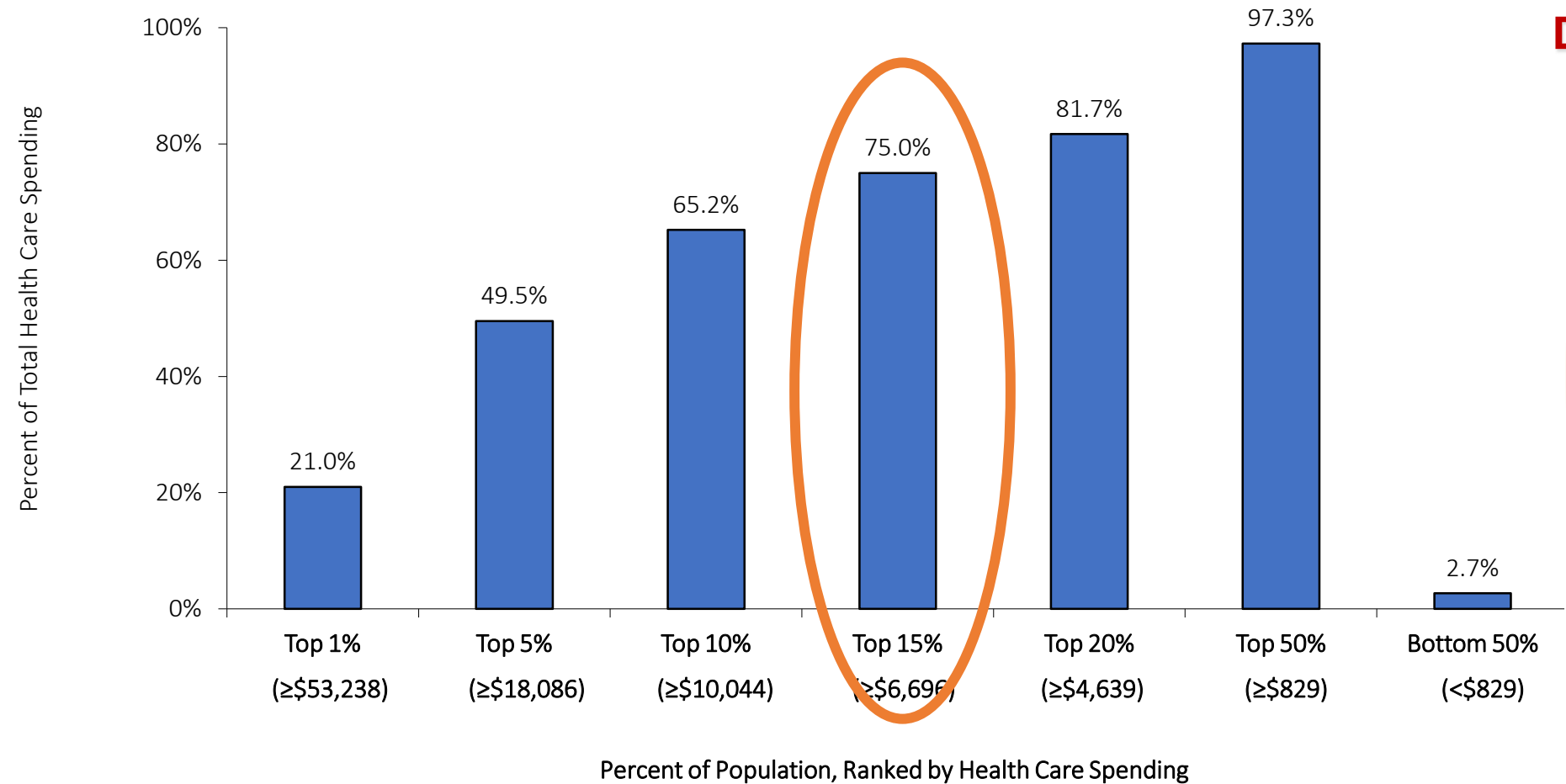
## Projected per capita medical spend



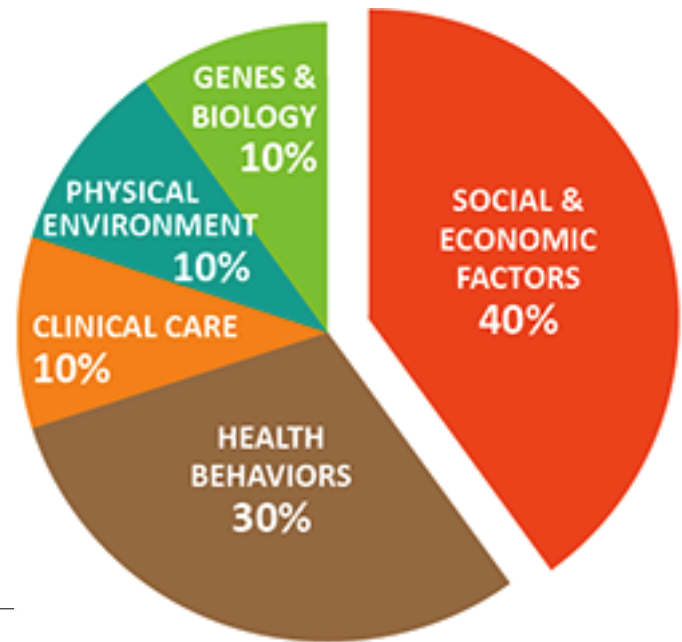
## Funds available for Care Declining

- Cost shift to commercial payers unsustainable
- Employers dropping coverage
- Medicare running out of money
- Compressed state budgets on Medicaid
- Fewer taxpayers in line with aging population
- Deficit and debt spending rising to fund care

# Concentration of Health Care Spending in the U.S. Population, 2010



## Determinants of Health

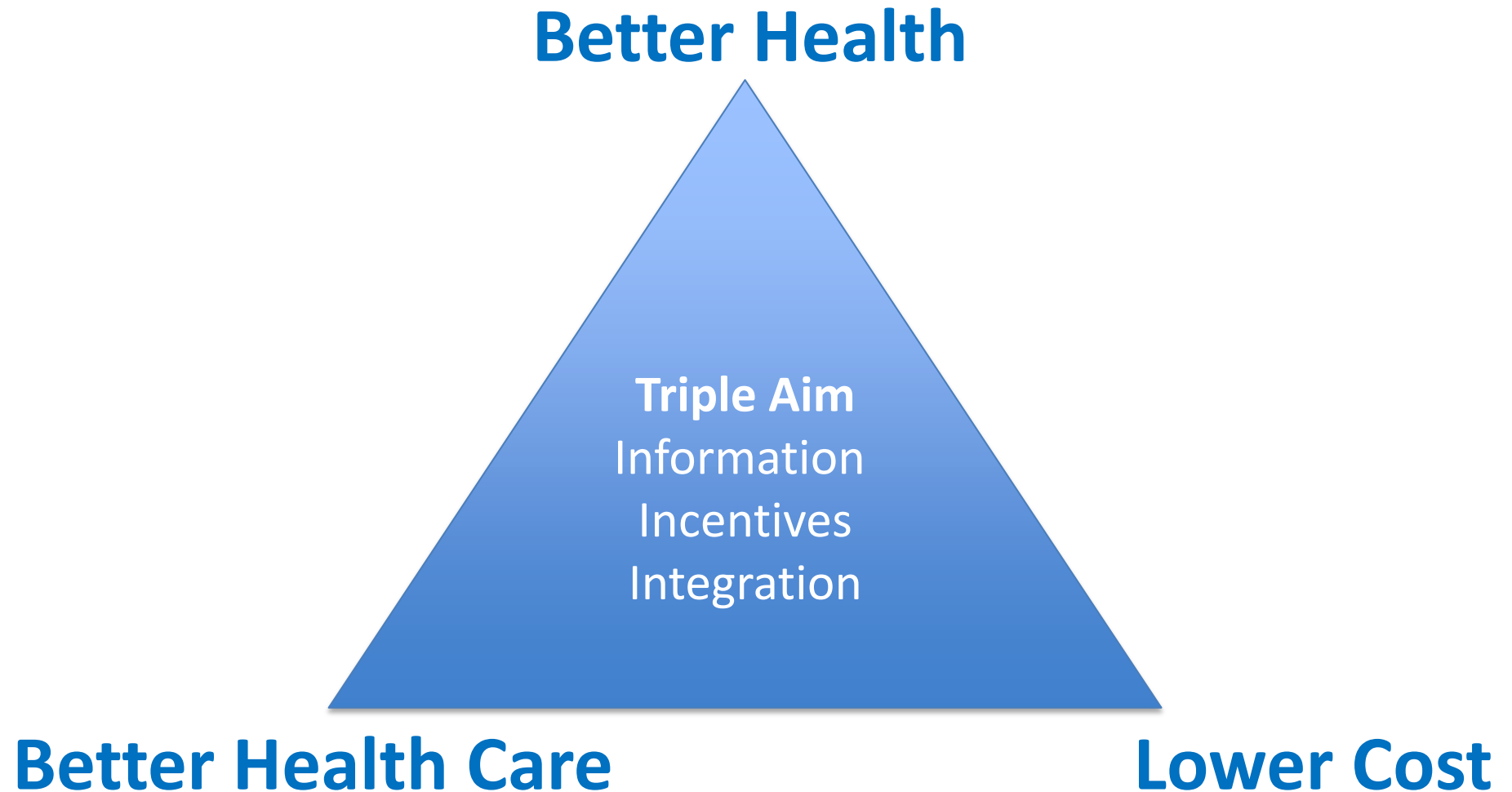


NOTE: Dollar amounts in parentheses are the annual expenses per person in each percentile. Population is the civilian noninstitutionalized population, including those without any health care spending. Health care spending is total payments from all sources (including direct payments from individuals and families, private insurance, Medicare, Medicaid, and miscellaneous other sources) to hospitals, physicians, other providers (including dental care), and pharmacies; health insurance premiums are not included.

SOURCE: Kaiser Family Foundation calculations using data from U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey (MEPS), Household Component, 2010.



# Triple Aim



# Looking For Value

## Better Health Care

- Improved Quality Outcomes
- Better Patient Experience
- Reducing variation
- Continuum of Care Settings
- Performance Transparency
- Shared Decision-Making
- Clinical Guidelines

## Better Health

- Accountable Care
- Empowering Patients
- Capturing Big Data
- Data Analytics
- Predictive Modeling
- Social Determinants

## Lower Cost

- Improved Processes
- Increased Efficiency
- Delivery Redesign
- Scope of Practice
- Lowest Cost Site of Care
- Tele-health
- Digital Substitution
- Self-Care
- End of Life Care

$$\text{Value} = \frac{(\text{Access} + \text{Quality} + \text{Experience})}{\text{Cost}}$$

# The Changing Landscape




*...From*

*...To*

Provider Centric	<b>FOCUS</b>	Patient Centric /Consumer
Value Blind Reimbursement	<b>VALUE</b>	Value-based Reimbursement & Accountability
Episodic Fragmented Care	<b>PATIENT FLOW</b>	Continuous & Coordinated
Inpatient- Focused	<b>DELIVERY SETTING</b>	Ambulatory /Office / Home Focused
Disease and Treatment	<b>OBJECTIVE</b>	Health/Wellness & Prevention
Variation in Care Delivery	<b>QUALITY</b>	Standardized & Evidenced Based Care
Paper-Based	<b>INFORMATION MANAGEMENT</b>	Digital and Accessible Across Continuum
Limited Information Access	<b>INFORMATION ACCESS</b>	Transparent & Publicly Reported
Passive	<b>CUSTOMER</b>	Involved & Informed
Baby Boomers	<b>WORKFORCE</b>	Gen X & Millennials & Diverse
Government as a Major Payor	<b>PAYOR</b>	Government as the Primary Payor

# Relentless Pressure on Inpatient Care

- 
- Conversion of one-day stays to observation status
  - Two Midnight Rule- Reduction in 2-day stays
  - Declining LOS through operating efficiencies
  - Reduction in readmissions and PQI's admissions
  - Hospital Acquired Conditions Penalties
  - Reduction in inappropriate SNF transfers to hospitals
  - Reduction in inappropriate ED utilization
  - Utilization declines due to other DSRIP initiatives



**AMBULATORY  
CARE**

**WORK**

**HOME**

## TRY TO GET PAID FOR THE REST:

- Inpatient denials,
- Pressure on price, trends and spend
- Transformation from FFS to VBP
- Shift from commercial to government resulting in lower payment rates

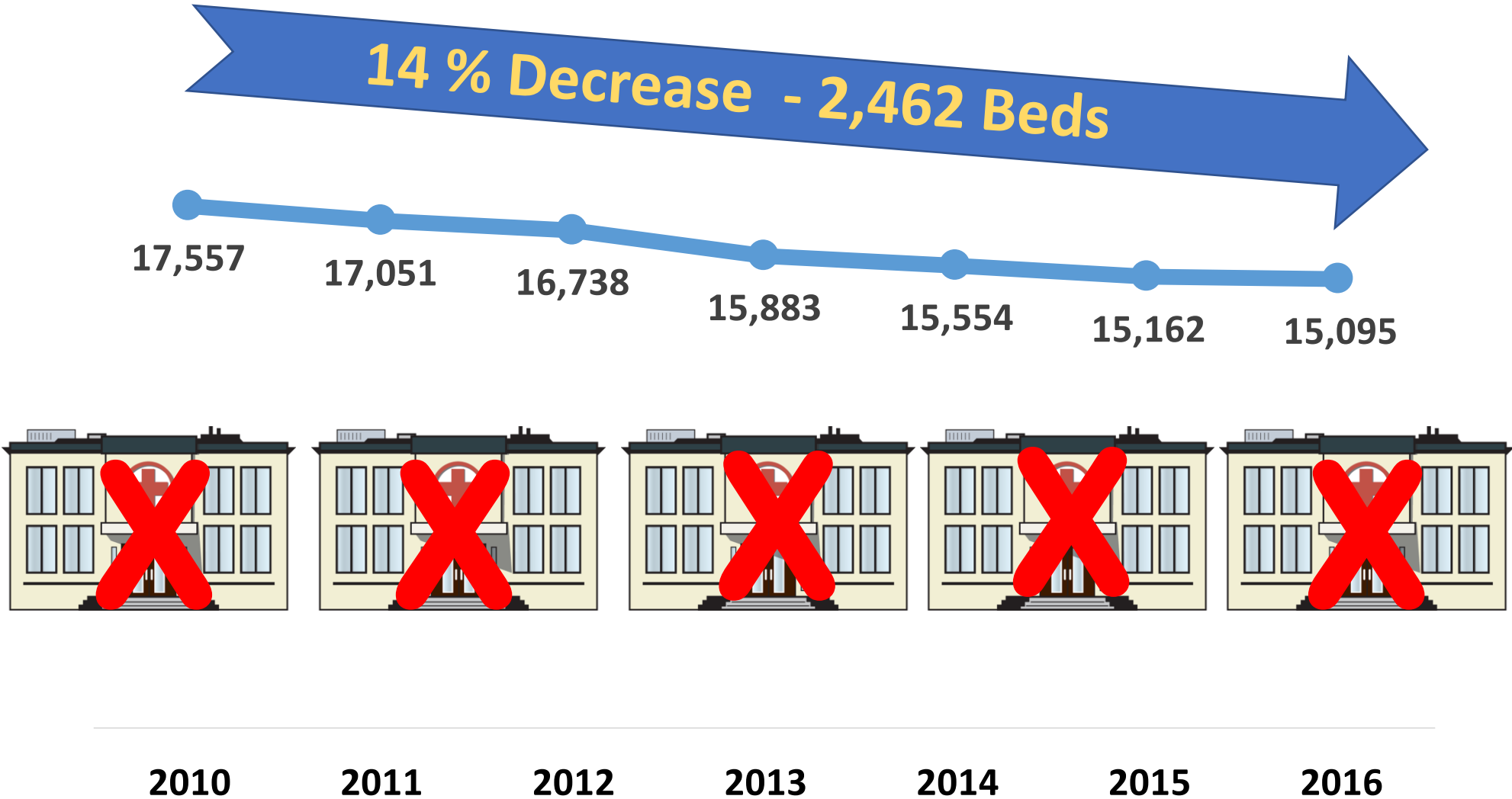
# ***New York Metropolitan Area Hospital Closures since 2000***

<b>Closed Hospital</b>	<b>Year of Closure</b>	<b>County</b>	<b>Beds</b>
Massapequa General Hospital	2000	Nassau	122
Brooklyn Hospital Center-Caledonian	2003	Kings	189
Island Medical Center	2003	Nassau	213
Our Lady of Mercy-D'Urso Pavillion	2003	Bronx	120
St. Agnes Hospital	2003	Westchester	142
Beth Israel Medical Center-Singer	2004	New York	200
Staten Island University Hosp-Concord	2004	Richmond	117
St. Joseph's Hospital	2005	Queens	120
St. Mary's Hospital-Brooklyn	2005	Kings	250
NY United Hospital Medical Center	2005	Westchester	133

***24 Hospitals (5,800 beds)***

Interfaith-Bklyn Jewish Division	2008	Kings	267
Parkway Hospital	2008	Queens	251
Victory Memorial Hospital	2008	Kings	243
Manhattan Eye, Ear & Throat Hospital	2008	New York	150
Mary Immaculate Hospital	2009	Queens	265
St. John's Hospital	2009	Queens	346
St. Vincent's Hospital & Medical Center	2010	New York	727
North General Hospital	2010	New York	170
Peninsula Hospital	2012	Queens	173
Long Island College Hospital	2014	Kings	506
Long Beach Medical Center	2014	Nassau	403

# NYC Residents Inpatient Average Daily Census, 2010 - 2016

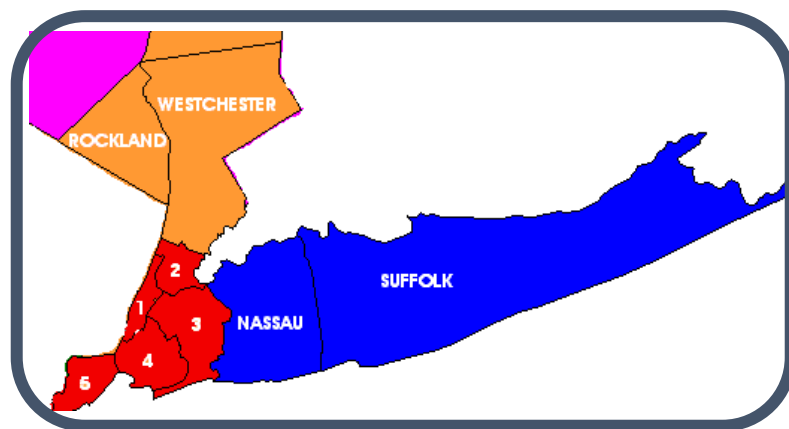


Source: SPARCSver2017.10.20adj/ja  
Excludes newborns (DRG 795)





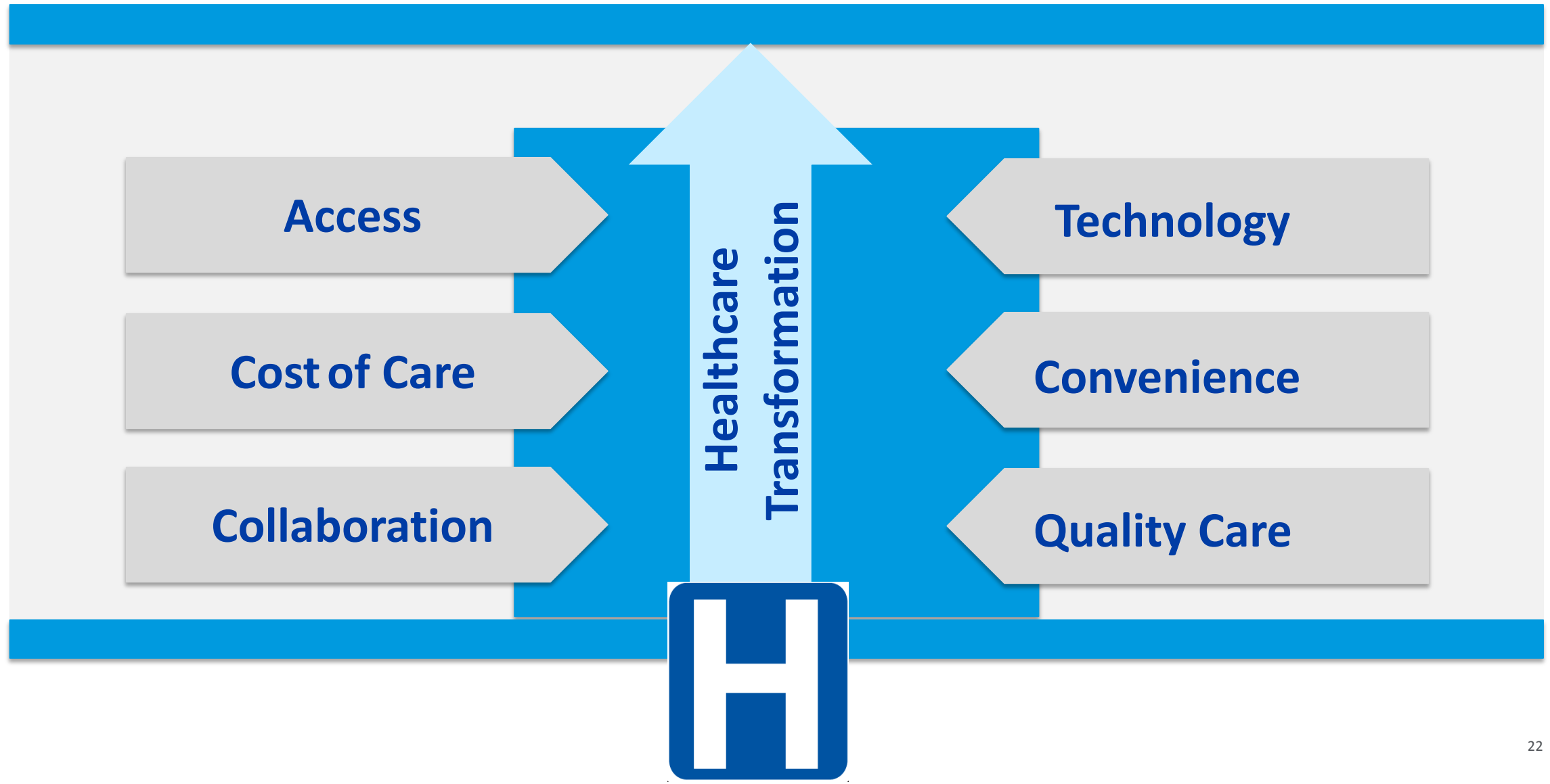
— NewYork-Presbyterian



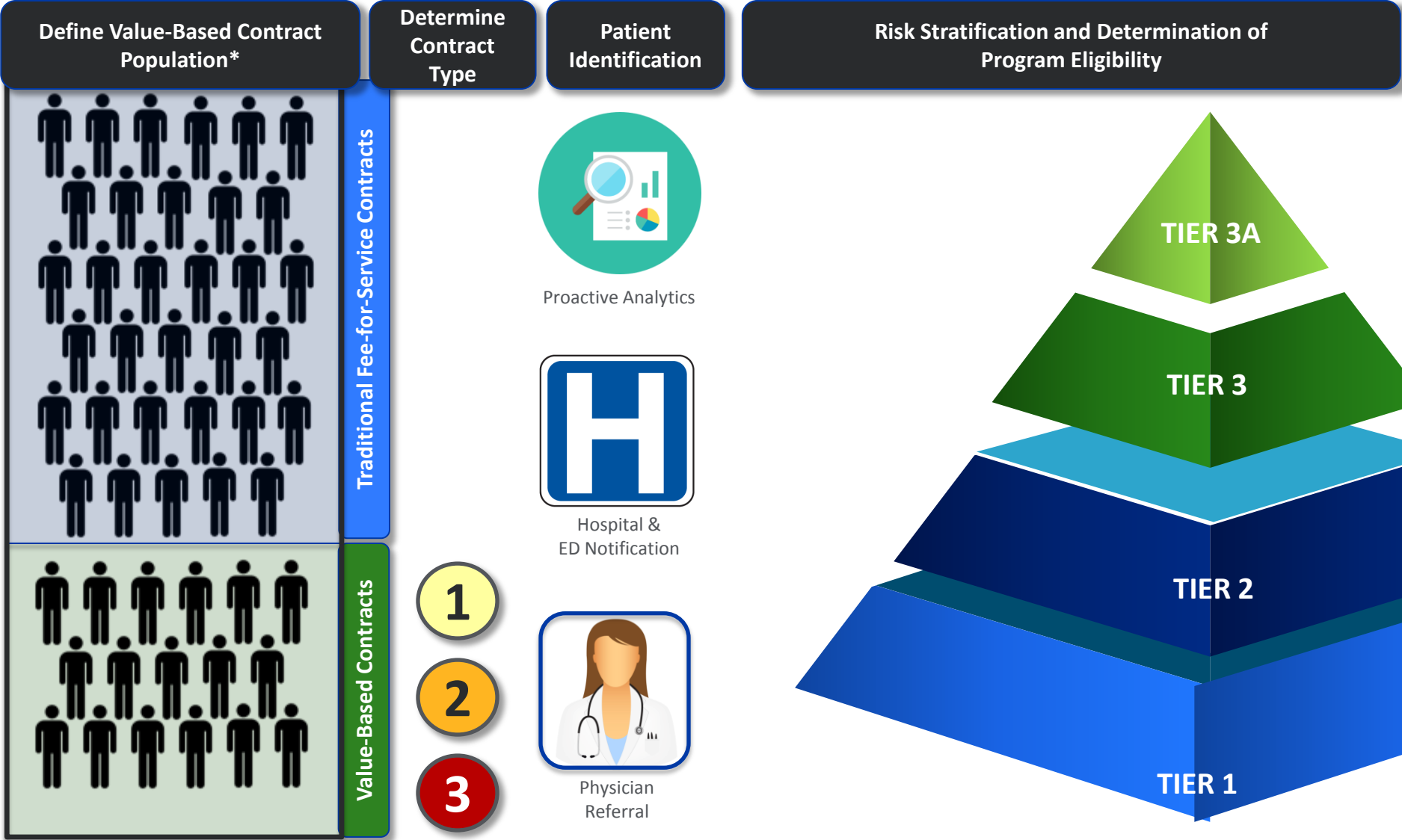
NYC  
HEALTH+  
HOSPITALS

Montefiore

# Market forces are changing healthcare delivery



# Data-Driven Approach to Care Management

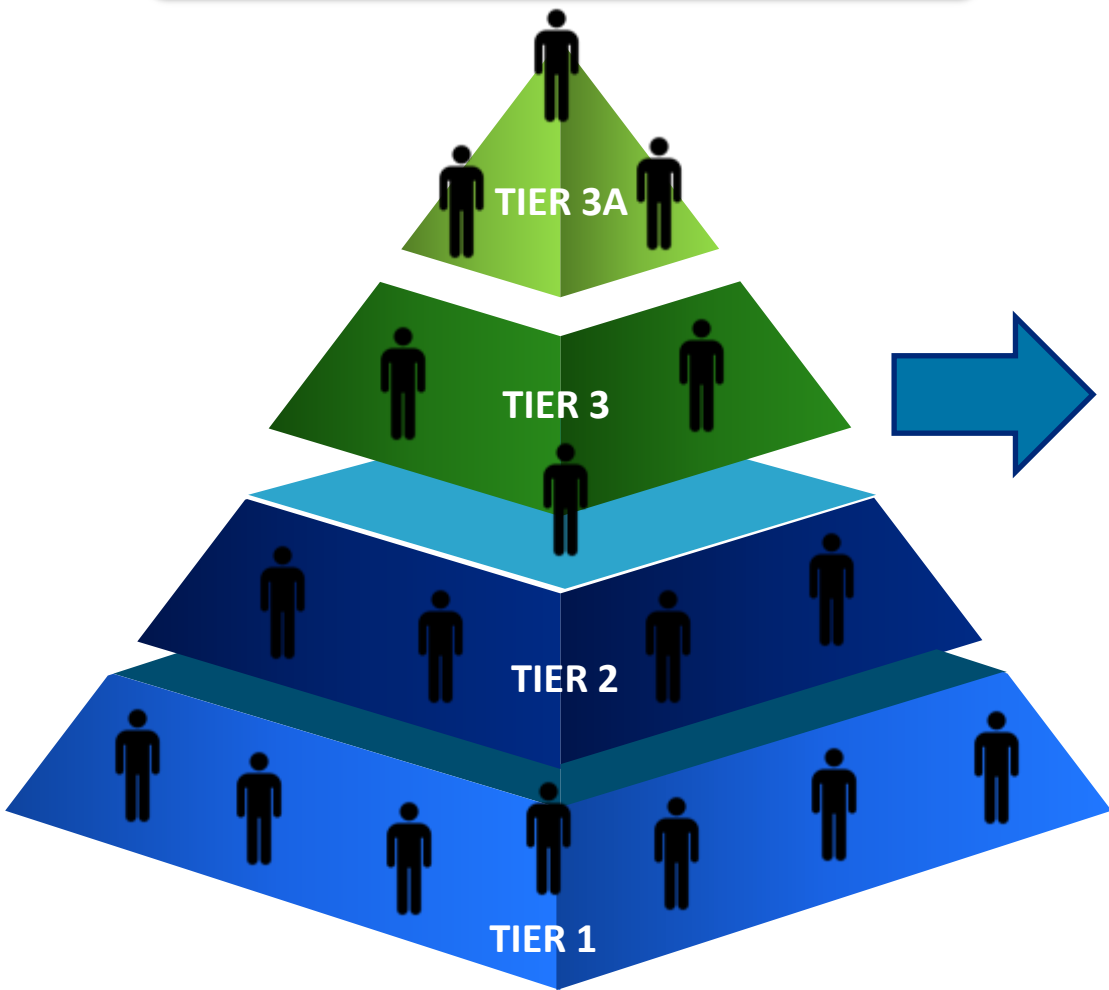


\*Not to scale

# Programs Tailored to Individual Patient Needs

Risk Stratification and Determination of Program Eligibility

Full Range of Care Management Programs Tailored to Individual Patient Needs

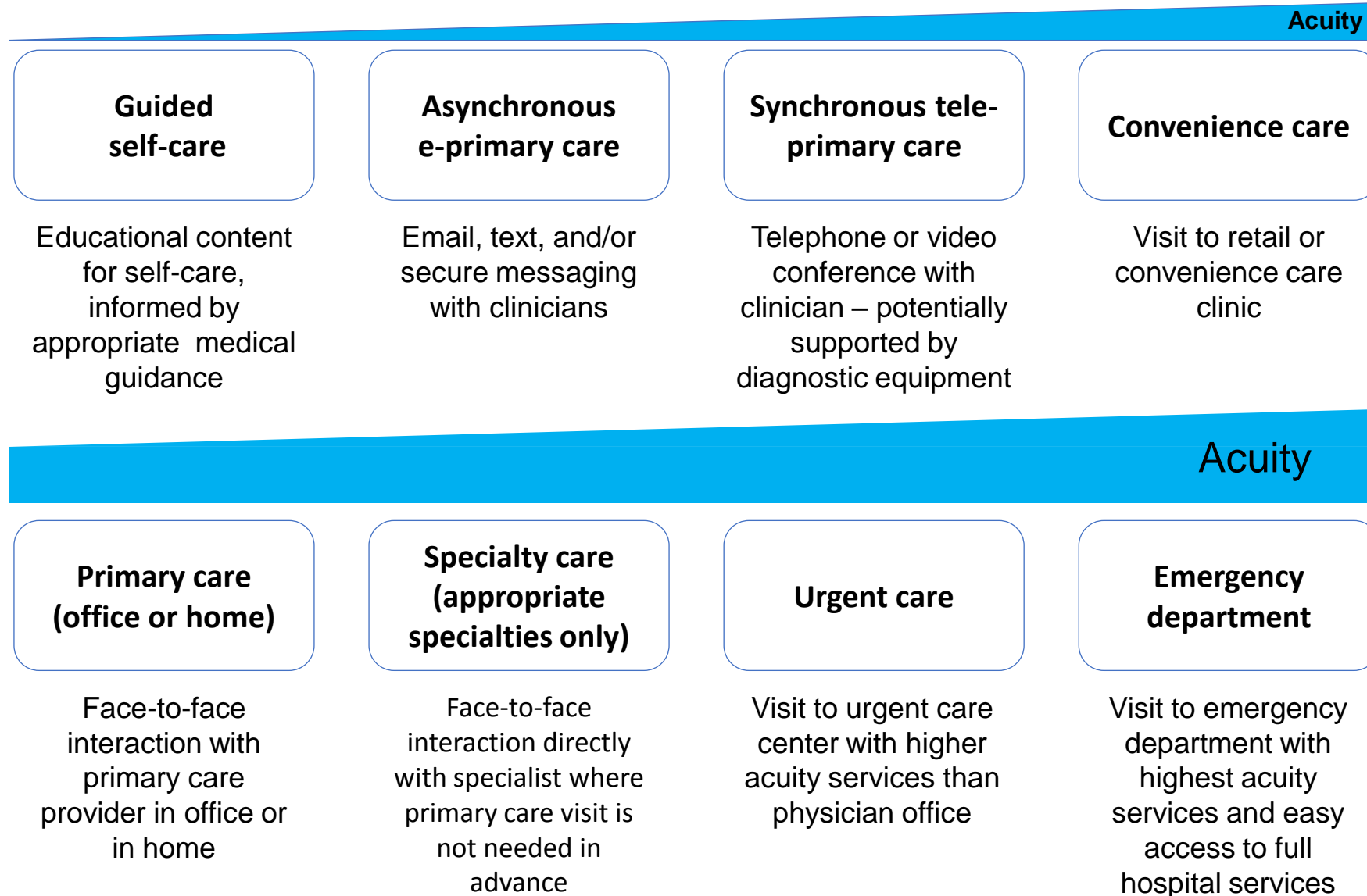


TIER 3A	<b>In-Person Care Management:</b> <ul style="list-style-type: none"><li>▪ Hospice</li><li>▪ Advanced Illness Mgmt</li><li>▪ Complex</li></ul>
TIER 3	<b>In-Person &amp; Remote Care Management:</b> <ul style="list-style-type: none"><li>▪ Complex</li><li>▪ Disease Mgmt</li><li>▪ Telephonic</li><li>▪ Transitional</li><li>▪ Behavioral Health/SW</li><li>▪ Resource Coordination</li></ul>
TIER 1&2	<b>Remote Care Management:</b> <ul style="list-style-type: none"><li>▪ Prevention &amp; Wellness, Gaps in Care</li><li>▪ Utilization Management</li></ul>

# Consumerism...new economics of health care

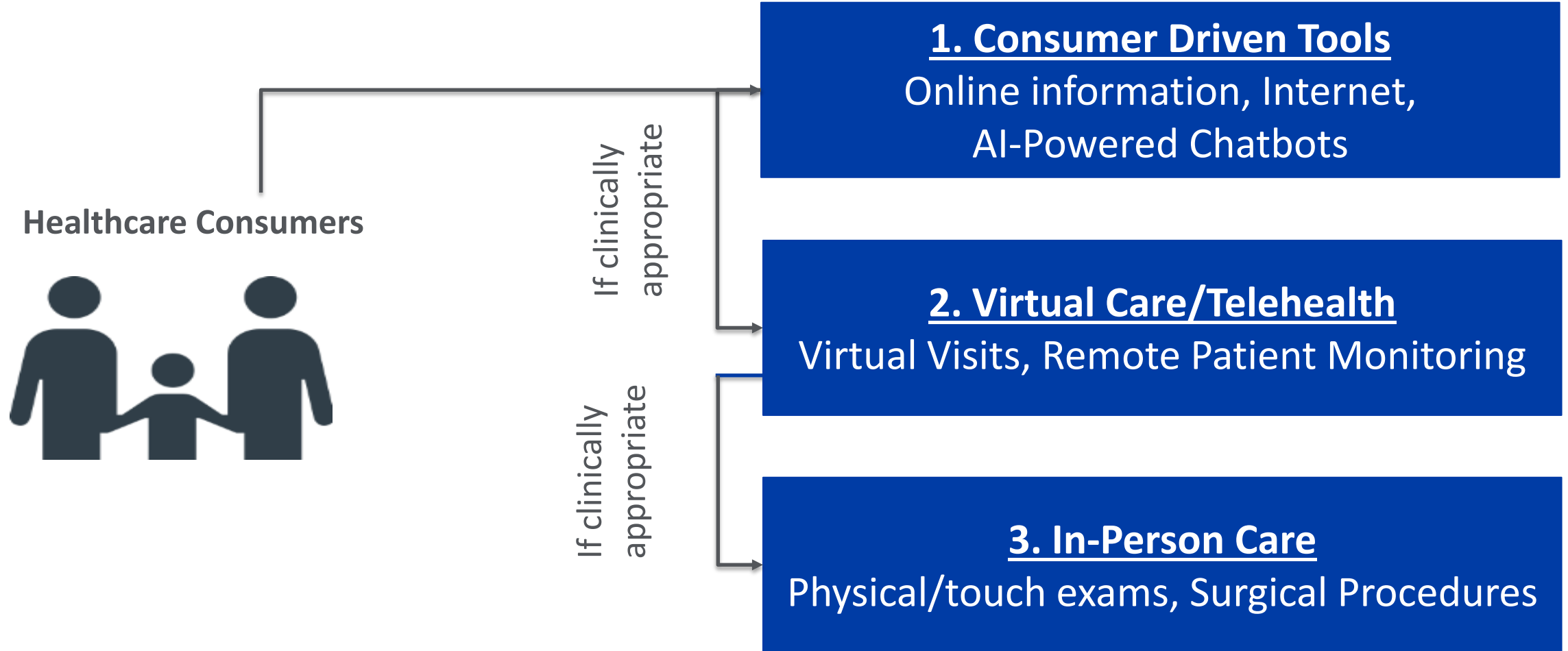


# Consumer Engagement and Access by Health Status

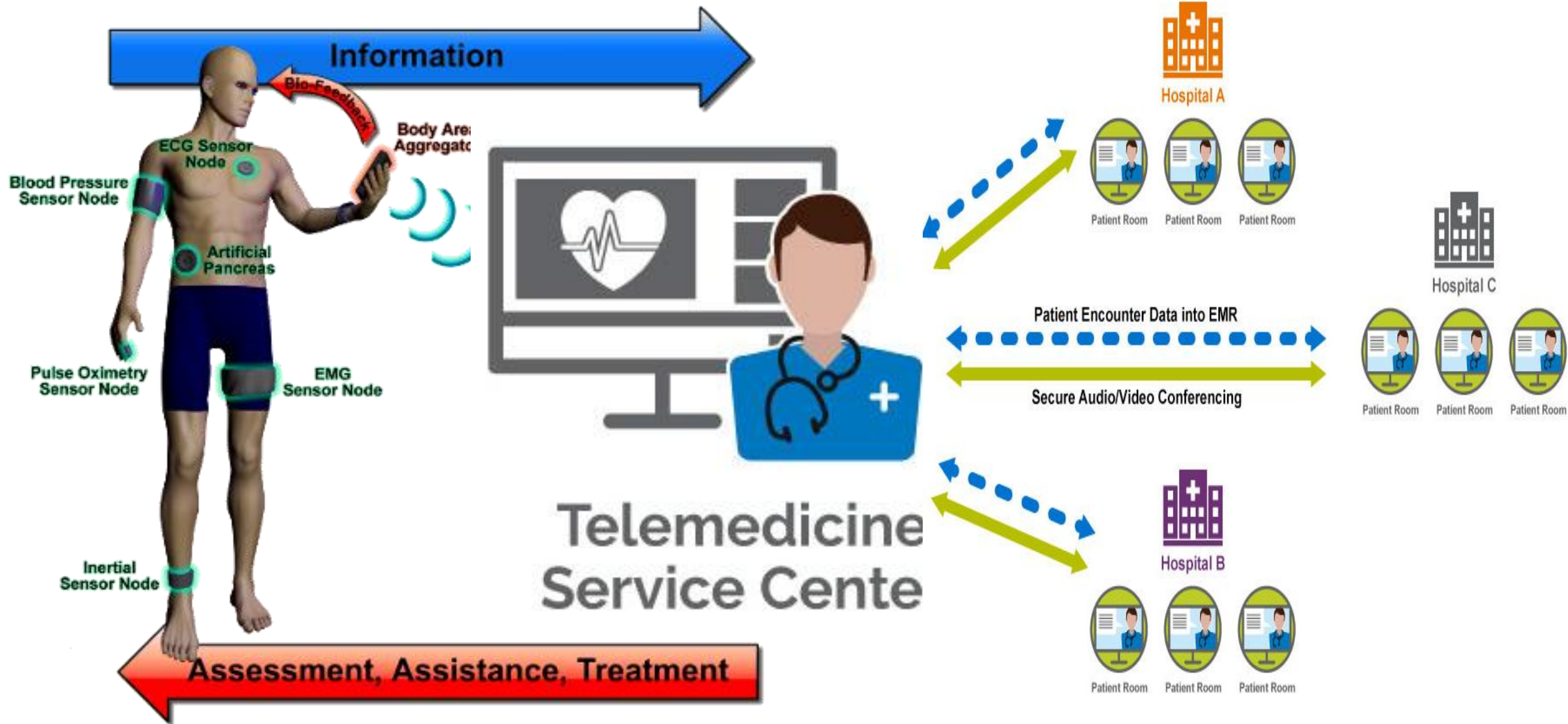




# How healthcare consumers will access care in the future

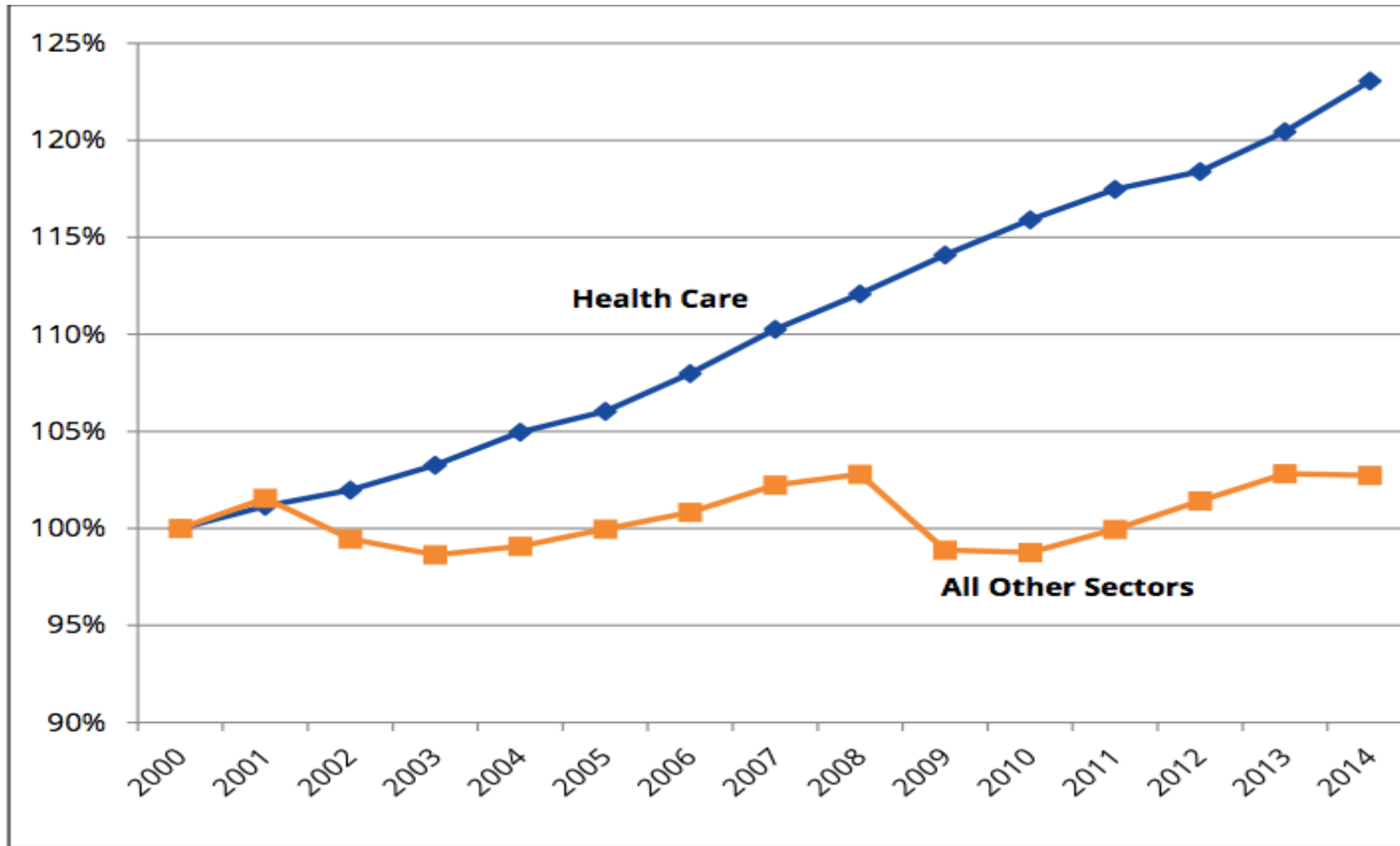


# Virtual Care: Tele-Health and Tele-Monitoring





# NYS Employment Growth, 2000-2014



Source: New York State Department of Labor, ES-202.

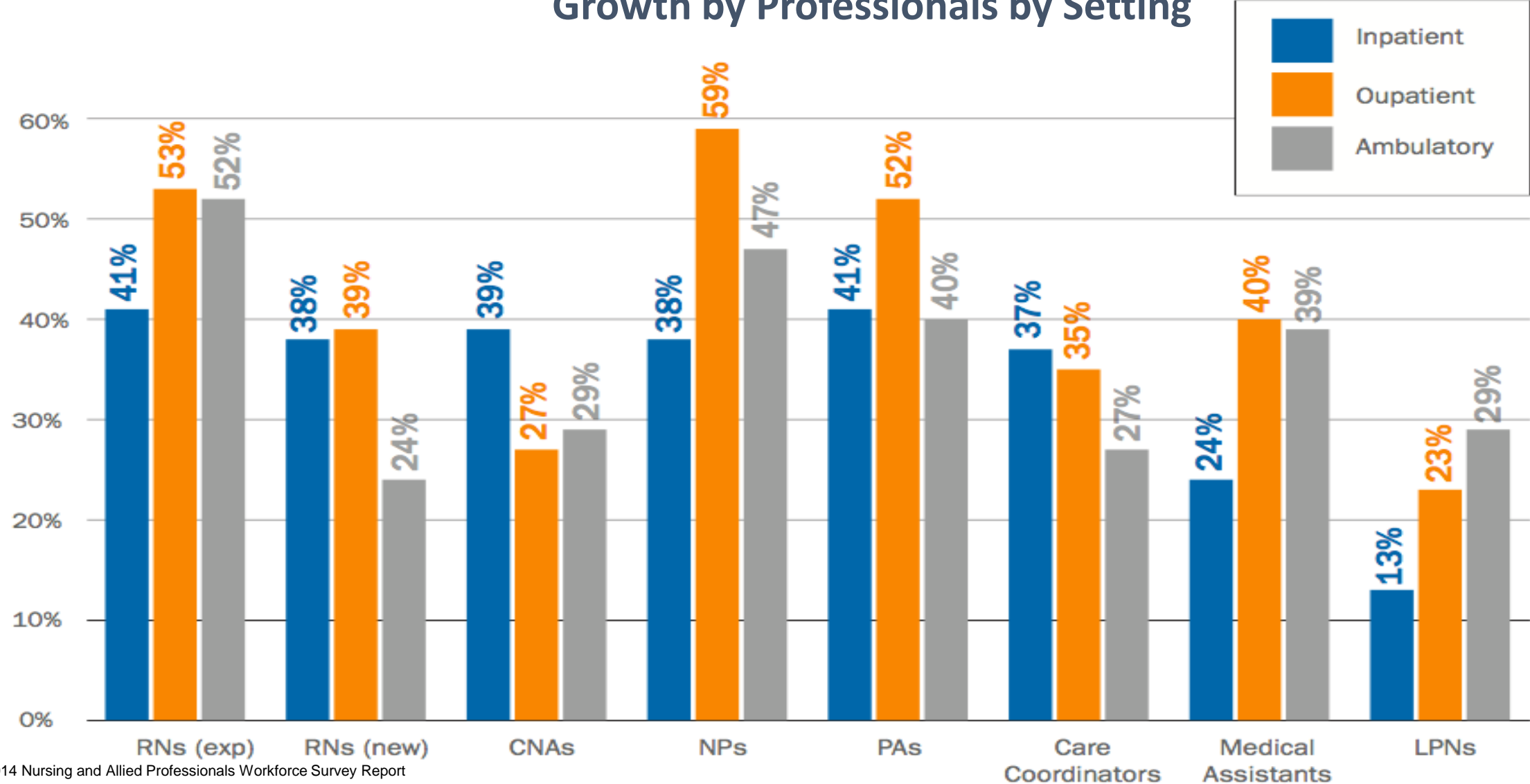
# Statewide, jobs grew more rapidly in home health and ambulatory care between 2000 and 2014, compared to other health care settings

Setting	2000	2014	Number Change	Percent Change
Hospitals	410,300	437,325	27,025	6.6%
Ambulatory care (excluding home health)	245,600	319,470	73,870	30.1%
Nursing home and personal care facilities	143,200	159,819	16,619	11.6%
Home health care	64,600	152,256	87,656	135.7%
<b>Total</b>	<b>863,700</b>	<b>1,068,870</b>	<b>205,170</b>	<b>23.8%</b>

Source: New York State Department of Labor, ES-202.

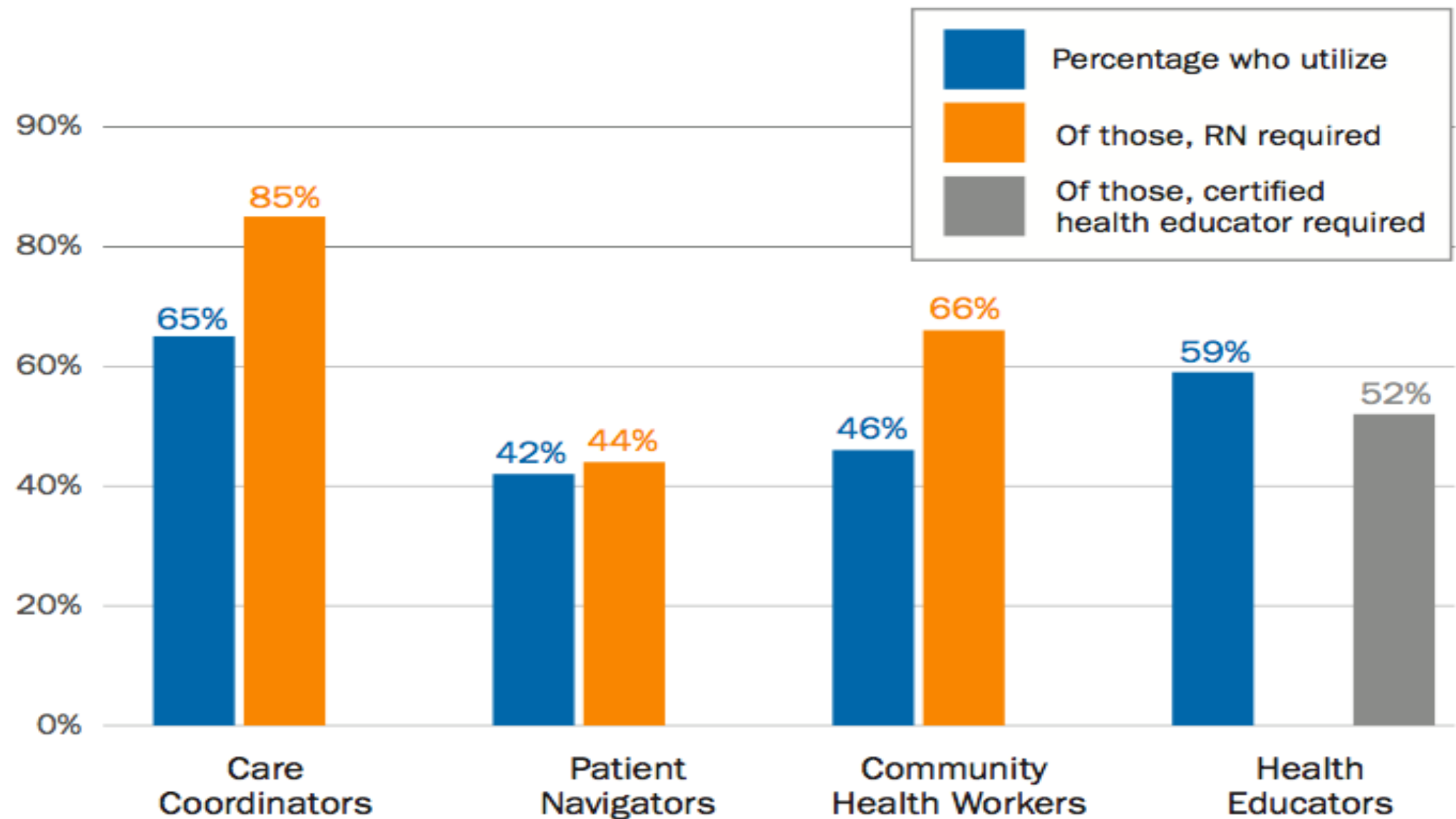
# Growth Opportunities for Nursing

Growth by Professionals by Setting





# New Competencies, New Jobs Looking for Nurses



# The Marathon Runners - Built for the Journey

- **Leading quality and patient safety**
  - **Extraordinary focus on service**
  - **Interdisciplinary health care teams**
  - **New payment model competencies**
  - **Population health focus**
  - **Sophisticated IT systems and integrated analytics**
  - **Highly efficient care and cost management structures**
  - **Community partnerships to address social determinants**
  - **Scale and clinically integrated care continuum**
  - **Organizational depth, expertise and strength**
- 



# Thinking Differently...

## ...Re-Defining The “H”



# Thinking differently

- ✚ Current transformations are irreversible; change not temporary.
- ✚ Health care not unique in this regard; all industries being transformed.
- ✚ Operating in a new reality;— a key word is ‘value’.
- ✚ Must take a broader view of the marketplace
- ✚ Need to be nimble and flexible
- ✚ Not just a hospital or hospital system anymore:
  - Manage risk
  - Innovator and Incubator of New ideas
  - Tech company
  - Data Company
  - Educational Institution

We cannot solve a  
problem by using the same  
kind of thinking we used  
when we created them.

Albert Einstein