American Hospital Association

Environmental Scan 2015
The 2015 American Hospital Association Environmental Scan provides insight and information about market forces that have a high probability of affecting the health care field. It is designed to help hospital and health system leaders better understand the health care landscape and the critical issues and emerging trends their organizations likely will face in the foreseeable future. The 2015 Environmental Scan foldout is compiled from nationally recognized sources with recommendations from select AHA governance committees. The scan is produced by Gene J. O’Dell, the AHA’s vice president for strategic planning and performance excellence, with assistance from Donna J. Aspy, planning and operations manager LBD. Lee Ann Jarousse, H&HN’s senior editor of custom publications, compiled the information.

- With 78 million baby boomers expected to live longer, many with chronic conditions, providing adequate care for them continues to put pressure on the U.S. health care system. According to the Administration on Aging, a 65-year-old person can expect, on average, to live to the age of 84, the highest life-expectancy rate for Americans in history. Palliative care, a rapidly growing field, likely will fill many of the gaps in health care coverage in the future. (1)

- Cost-shifting is impacting affordability for many Americans. The percentage of workers with high-deductible plans increased from 4 percent in 2006 to 20 percent in 2013. The average patient deductible has nearly doubled since 2006 and the typical plan deductible now exceeds the typical family’s available savings. (2)

- Only 10–15 percent of an individual’s health status is attributable to the health care services he or she receives. The rest is driven by behavior, genetics and social determinants, including living conditions, access to food and education status. That means that the trillions of dollars the United States spends on health care services contribute to only one-tenth of the nation’s health. An individual’s behavior is, by far, the single most important contributor to his or her overall health. (3)

- Nearly 70 percent of organizations that report a transition toward value-based contracts by payers in their markets also reported an increase in consumerism by patients through such actions as asking for more price transparency, challenging orders for tests and negotiating payments. (4)

- Nationally, 42.5 million adults 18 or older experienced a mental illness in the past year, corresponding to a rate of 18.2 percent. In 2012, only 62.9 percent of adults with serious mental illness (6 million) had received mental health treatment nationally in the past 12 months. (5)
Physicians

Physicians now have a new role in the health system. Many physicians are participating in or forming accountable care organizations (ACOs) that are for-profit or nonprofit, and are assuming financial responsibility for their patients. As a result, physicians have become more aware of the importance of quality and cost-efficiency in patient care.

Political Issues

Political issues related to health care reform include the Affordable Care Act, which has brought significant changes to the health care landscape. The law has expanded insurance coverage, increased access to care, and imposed new regulations on providers. Providers have had to adapt to these changes, and are collaborating more closely with hospitals and other providers to deliver care.

Provider Organizations

Provider organizations have been expanding their role in the health care system. Many hospitals and providers are forming new models of care delivery, such as accountable care organizations, to improve quality and reduce costs.

Quality & Patient Safety

Quality and patient safety have become a top priority for health care providers. Many hospitals and health systems are implementing new initiatives to improve patient outcomes and reduce errors. The focus is on delivering better care at a lower cost.

Transforming Care Delivery

Transforming care delivery is a top priority for many health care providers. The goal is to improve the quality of care, reduce costs, and improve patient outcomes. This involves implementing new technologies, changing provider workflows, and changing the way care is delivered.

What the experts have to say:

The experts believe that the Affordable Care Act has brought significant changes to the health care system. Providers are adapting to these changes, and are collaborating more closely with hospitals and other providers to deliver care.

What are the new trends and key findings in the 2015 Environmental Scan?

The 2015 Environmental Scan highlights the need for new models of care delivery, such as accountable care organizations, to improve quality and reduce costs. The focus is on delivering better care at a lower cost. The experts believe that this trend will continue in the future.
Physicians

- Many physicians believe they are not compensated adequately for the work they do. This perception is supported by recent data showing that the average physician earns less than the average teacher or lawyer. Physicians are also concerned about the future of their profession, with many feeling underappreciated and overworked.

- The economic feasibility of an independent medical practice is increasingly threatened due to declining reimbursement, growing practice overhead, and cost efficiencies. Many physicians are forced to consider alternative models, such as hospital employment or group practice arrangements.

- Physicians are experiencing a loss of referral networks, lack of connections and collegiality with other health care providers, and a decrease in the number of patients seen. This trend is likely to continue as hospital systems focus on delivering more services.

- The impact of geography is a significant consideration for physicians, particularly in rural and remote areas. In these regions, there may be limited access to specialists and support services.

- The shift to value-based care is forcing physicians to re-evaluate their practices and consider new models of care delivery. This includes the use of telemedicine, patient-centered care, and the integration of electronic health records.

- Physicians are increasingly relying on health information technology to improve clinical outcomes, monitor patient health, and manage chronic conditions.

- The role of the physician in the health care system is changing, with a greater emphasis on population health and preventive care. This trend is likely to continue as health care systems focus on improving health outcomes and reducing costs.

- Physicians are also facing increased regulatory and administrative burdens, which can detract from their ability to focus on patient care.

- The future of the physician is uncertain, with many predicting a continued decline in compensation and a decrease in the number of new physicians entering the field.
Physicians

- Physicians’ leading role in physician-hospital collaboration can be observed in a range of initiatives that involve the hospital in the practice environment, such as physician-hospital joint ventures, management contracts, and capital investments.
- A strategic plan is meant to be a living document, serving as a road map for the years to come.
- The impact of physician-hospital collaboration is evident in the improved quality of care, increased patient satisfaction, and enhanced financial performance.

Policy issues

- Affordability and access to quality healthcare are key policy issues that require the involvement of physicians and hospitals.
- The policy landscape is dynamic, with changes in healthcare legislation and public policy impacting the financial stability and quality of healthcare delivery.

Provider organizations

- Provider organizations are crucial in shaping the future of healthcare delivery.
- They play a critical role in ensuring the quality and accessibility of healthcare services.

Quality & Patient Safety

- The importance of quality and patient safety cannot be overstated.
- Healthcare professionals, including physicians, are committed to ensuring the highest standards of care for patients.

Transforming Care Delivery

- The transformation of healthcare delivery is a critical goal for healthcare professionals.
- This transformation involves incorporating patient-centric care and improving the efficiency of healthcare delivery.

The experts have to say....

What are the top trends and key findings in the 2015 Environmental Scan?

The 2015 Environmental Scan is a comprehensive review of the healthcare landscape, offering insights into the evolving trends and challenges facing healthcare providers. This year’s scan highlights the continued pressure on healthcare budgets, the growing importance of value-based care, and the increasing role of analytics in shaping strategic decisions. The scan also identifies the need for partnerships and collaborations to address these challenges, emphasizing the importance of a patient-centered approach to care delivery.

What is the future of healthcare’s strategic planning process?

The future of healthcare’s strategic planning process is evolving, with a focus on greater transparency, collaboration, and data-driven decision-making. Healthcare providers are increasingly leveraging analytics and data to inform strategic planning, emphasizing the importance of partnerships and collaborations in addressing the complex challenges facing the healthcare sector.

What are the keys to a dynamic strategic planning process?

Dynamic strategic planning requires a proactive and collaborative approach, involving key stakeholders in the strategic planning process. Organizational leaders must be dynamic, forward-thinking, and open to new ideas and opportunities, fostering a culture of innovation and change.

Elisabeth Baken, President and CEO of the American Hospital Association (AHA), provides insights on how healthcare providers can effectively manage change and navigate the complex healthcare landscape. Her perspective highlights the importance of collaboration, agility, and a focus on patient-centered care in shaping the future of healthcare delivery.
Enabling Data-Driven Healthcare: Moving from Control to Collaboration

The era of big data in health care has arrived. Enabled by technology, connectivity and the data explosion, mass customization is on the horizon, allowing mHealth — technology that optimizes the delivery of health care services to patients — to play a major role in providing personal toolkits that, ultimately, will help to reduce costs, improve quality and increase patient satisfaction.

In this article, we explore the future of mHealth and the potential for data-driven healthcare, as well as the challenges that lie ahead.

Science & Technology

- **Technology**
  - Participatory technology can help patients to make informed decisions, and provide access to actionable information.
  - Technology can help to predict when a patient is at risk of a chronic illness, the likelihood he or she may return to the hospital or even death.
  - Participatory technology also can help to manage predicted vulnerabilities, chronic illness and episodic acute conditions.

The potential of technology to predict outcomes is evident in the use of technology to monitor Ambulatory health care services.

- **Science**
  - Genomics research is providing a deeper understanding of the human genome, together with other personalized health and wellness tools.
  - Biometric health data is being used to predict health outcomes and customize care and medication regimens.

Economy & Finance

- **Healthcare**
  - Inpatient hospital prices have increased by their highest amount in at least 15 years.
  - The increase in turnover rate may be indicative of cost pressures, which could hurt the hospital industry.
  - The outlook for the sector is now negative.

The negative outlook for the sector is driven by several factors, including: a steady recovery from the recession and financial crisis of 2008-2009; the potential for cost cuts from the Affordable Care Act; growth in outpatient hospital services; and the increased use of technology to predict when a patient is at risk of a chronic illness.

Workforce

- **Employment**
  - Hospital employment lost 4,500 jobs in December 2013, compared to the 24-month average gain of 14,800.
  - Nursing and residential care facilities lost 9,000 jobs, well below the 24-month average gain of 1,100.
  - Ambulatory health care services added 9,000 jobs, well below the 24-month average gain of 1,100.

In recent surveys, 44 percent of employers indicated that they are considering offering only high-deductible health plans, while 45 percent are contemplating moving to a private insurance exchange. Defined contribution plans likely will follow.

Information Technology and eHealth

- **Data interoperability**
  - Data interoperability is crucial to ensure health record systems across health care providers can share patient data.
  - EHRs must be able to present data in standard ways, and separate organizations providing services can follow.

Most current EHRs don’t adequately support data exchange across providers and settings, so practices communicate with outsiders primarily on paper. To support information exchange, EHRs must present data in standard ways.

Coordinating care for patients with complex health conditions who see multiple physicians can be supported by health IT infrastructure to support new care models and improve care.

Information Technology and eHealth

- **Data interoperability**
  - Data interoperability is crucial to ensure health record systems across health care providers can share patient data.
  - EHRs must be able to present data in standard ways, and separate organizations providing services can follow.

Most current EHRs don’t adequately support data exchange across providers and settings, so practices communicate with outsiders primarily on paper. To support information exchange, EHRs must present data in standard ways.

Coordinating care for patients with complex health conditions who see multiple physicians can be supported by health IT infrastructure to support new care models and improve care.
data, mass customization is on the horizon, allowing mHealth acute conditions. Enabled by technology, connectivity and providing personal toolkits that, ultimately, will help to many other industries — to one that is predictive, personalized, technologies, the industry will likely transform — as have of the human genome, together with other personalized competitor environment. The potential of technology to positively impact patient care and coordination is profound. Technologically, versatile computer systems can be tailored to predict when a patient is at risk of a chronic illness, the likelihood he or she may return to the hospital or even can help both patients and clinicians to manage population health.

■ Despite a recent slowdown in the rate of medical inflation, the negative Economic & Finance

■ Despite a recent slowdown in the rate of medical inflation, the negative

■ Despite a recent slowdown in the rate of medical inflation, the negative

■ Despite a recent slowdown in the rate of medical inflation, the negative

■ Despite a recent slowdown in the rate of medical inflation, the negative

■ Despite a recent slowdown in the rate of medical inflation, the negative
Physicians

Physicians are leaders’ primary responsibility to describe the current status of patient care coordination and report on strategies and actions to improve. Leaders should view physician leaders’ role as a dedicated position and work to develop the next generation of physician leaders.

Political issues

Affirmation statements will continue to evolve as collaborative initiatives, such as accountable care organizations and other provider networks, increase in number and recognition.

Provider Organizations

Nearly two-thirds of providers have developed a strategic plan in the last three years, with the most common strategic planning goals being: (1) to determine and implement strategies to achieve the organization’s mission, vision, and goals; (2) to develop new business models; (3) to improve operations; and (4) to improve quality and patient satisfaction. Leaders are bringing together stakeholders from all areas of the organization to develop and implement these strategic plans.

Quality & Patient Safety

In order to be successful at strengthening the physician-patient relationship, leaders must be willing to make difficult decisions and be willing to manage change. Leaders will need to develop a comprehensive plan for addressing these issues, while also ensuring that patients are well informed and have a role in decision-making.

Transforming Care Delivery

In our current health care system, there is a need for a more integrated and coordinated approach to patient care. Leaders must be willing to work with other organizations to develop and implement these plans, while also ensuring that patients are well informed and have a role in decision-making.

What are the key trends and key takeaways in the 2013 Environmental Scorecard?

What are the key steps to transforming the health care delivery system? Leaders must be willing to work with other organizations to develop and implement these plans, while also ensuring that patients are well informed and have a role in decision-making.

What are the top 5 drivers of change in the health care industry?

1. Value-based care.
2. Patient-centered care.
3. Lean operations.
4. Digital transformation.
5. Population health management.

What are the top 5 challenges faced by health care organizations?

1. Financial sustainability.
2. Technological innovation.
3. Regulatory compliance.
4. Patient satisfaction.
5. Staff retention.

What are the top 5 opportunities for health care organizations?

1. Value-based care.
2. Patient-centered care.
3. Lean operations.
4. Digital transformation.
5. Population health management.

What are the key steps to transforming the health care delivery system? Leaders must be willing to work with other organizations to develop and implement these plans, while also ensuring that patients are well informed and have a role in decision-making.

The best way to begin a strategy planning process during your years at CEO:

1. Understand the current state of your organization.
2. Identify key priorities and objectives.
3. Develop a plan for long-term success.
4. Communicate the plan to stakeholders.
5. Monitor progress and adjust as needed.

How can hospital leaders effectively evaluate their strategy planning process?

1. Assess the current state of your organization.
2. Identify key priorities and objectives.
3. Develop a plan for long-term success.
4. Communicate the plan to stakeholders.
5. Monitor progress and adjust as needed.

What are the top 5 drivers of change in the health care industry?

1. Value-based care.
2. Patient-centered care.
3. Lean operations.
4. Digital transformation.
5. Population health management.

What are the top 5 challenges faced by health care organizations?

1. Financial sustainability.
2. Technological innovation.
3. Regulatory compliance.
4. Patient satisfaction.
5. Staff retention.

What are the top 5 opportunities for health care organizations?

1. Value-based care.
2. Patient-centered care.
3. Lean operations.
4. Digital transformation.
5. Population health management.

What are the key steps to transforming the health care delivery system? Leaders must be willing to work with other organizations to develop and implement these plans, while also ensuring that patients are well informed and have a role in decision-making.

The best way to begin a strategy planning process during your years at CEO:

1. Understand the current state of your organization.
2. Identify key priorities and objectives.
3. Develop a plan for long-term success.
4. Communicate the plan to stakeholders.
5. Monitor progress and adjust as needed.

How can hospital leaders effectively evaluate their strategy planning process?

1. Assess the current state of your organization.
2. Identify key priorities and objectives.
3. Develop a plan for long-term success.
4. Communicate the plan to stakeholders.
5. Monitor progress and adjust as needed.

What are the top 5 drivers of change in the health care industry?

1. Value-based care.
2. Patient-centered care.
3. Lean operations.
4. Digital transformation.
5. Population health management.

What are the top 5 challenges faced by health care organizations?

1. Financial sustainability.
2. Technological innovation.
3. Regulatory compliance.
4. Patient satisfaction.
5. Staff retention.

What are the top 5 opportunities for health care organizations?

1. Value-based care.
2. Patient-centered care.
3. Lean operations.
4. Digital transformation.
5. Population health management.

What are the key steps to transforming the health care delivery system? Leaders must be willing to work with other organizations to develop and implement these plans, while also ensuring that patients are well informed and have a role in decision-making.

The best way to begin a strategy planning process during your years at CEO:

1. Understand the current state of your organization.
2. Identify key priorities and objectives.
3. Develop a plan for long-term success.
4. Communicate the plan to stakeholders.
5. Monitor progress and adjust as needed.


6 “Healthcare’s New Entrants: Who will be the industry’s Amazon.com?” PricewaterhouseCoopers, April 2014.

7 “Data-driven progress: As informatics evolves, clinicians find ways to stay ahead of illness and revamp care delivery,” PwC Health Research Institute, May 2014.


14 “We’ll Need a Bigger Boat: Reimagining the Hospital-Physician Partnership,” Francis J. Crosson and John Combes, M.D., Health Affairs Blog, April 17, 2014.


21 “Survive your Hospital Stay — Medical errors are linked to 440,000 deaths each year,” Consumer Reports, March 27, 2014.


23 “’2014 Outlook on Health Care Providers,’ Interview with Mitch Morris, M.D., Deloitte Consulting.

24 Competing on Outcomes: Winning Strategies for Value-Based Health Care,” Jennifer Clawson, Peter Lawyer, Christoph Schweizer and Stefan Larsson, Boston Consulting Group’s bcg.perspectives, Jan. 16, 2014.

25 “Hospital CEO Turnover Rate Increases,” American College of Healthcare Executives, March 10, 2014.


30 “Health IT Incentives Put ‘Cart Behind Horse’ — Health IT Czar Jumps to Private Sector,” Ashley Gold, Politico Morning eHealth, June 18, 2014.