



## HealthCast Tactics: A Blueprint for the Future

### Executive Summary

*Demand is knocking down the doors of healthcare providers and payors. How will the industry respond?*

*HealthCast Tactics: A Blueprint for the Future* builds on PricewaterhouseCoopers' award-winning global research report, *HealthCast 2010: Smaller World, Bigger Expectations*. That 1999 report received widespread recognition for its identification of the macro trends and forces that would disrupt the healthcare industry in the next 10 years.

Understanding these macro trends is crucial. Yet, healthcare organizations that want to get to the future first must begin plotting the right moves today.

Medical costs and demand are swelling, intensifying dissatisfaction among patients, government officials, insurers, employers, clinicians and healthcare executives. The soaring prices paid to treat the growing volumes of demanding, aging patients are prompting payors to search for more efficient ways of treatment and care.

Many hospitals will approach the mid-point of this decade in a severe capital crunch. Their plants aging and their staff turnover high, they won't have the capital to repair and retain. If their patients and physicians can go elsewhere, they will. If they can't, the consequences will mean lower quality for their patients.

Those who have worked in healthcare for a decade or more recognize the cyclical nature of trends. This report is about the current cycle, what makes it unique, what are the lessons we can learn from previous cycles, and how can hospitals and health plans benefit.

While this is a look forward, we often found ourselves looking back at strategies that were discarded under different market conditions. We also found ourselves looking back to understand what went wrong. What did we do to turn nurses away? How did we give consumers the wrong incentives to overuse the system? Why are so many so dissatisfied?

For this report, we interviewed more than 65 healthcare thought leaders. They included policy-makers, employee benefit managers and top executives of hospital systems, health plans, physician groups, and suppliers in Europe, the U.S., Australia and Canada. These interviews gave us direction for the second part of our research, a large-scale survey of thought leaders. The *HealthCast Tactics* survey was completed by more than 650 top executives of hospital systems, payors, governments, medical supply vendors, physician groups and employers.

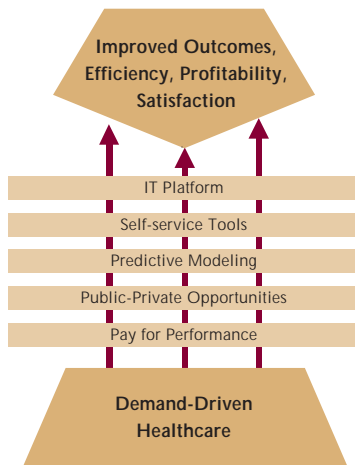
Our survey found significant gaps in providers reporting quality and safety data, payors reducing unnecessary administrative costs, and understanding about how patient data is shared. (See chart at top of next page)

## High-Interest Issues Identified by Healthcare Leaders

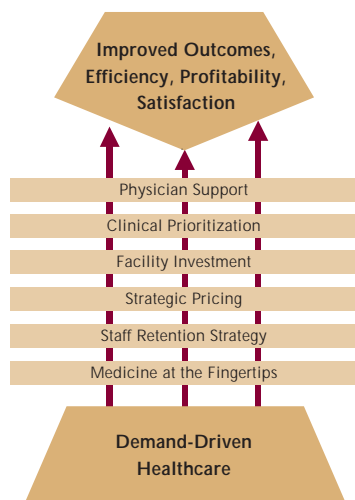
	Importance	Readiness	Significant Gaps
Payors reimbursing providers in part on safety and/or quality	*		*
Hospitals providing patient satisfaction data	*		
Hospitals specializing, setting up centers of excellence	*	*	
Payors directing patients to centers of excellence	*		
Providers reporting safety and quality	*		*
Payors reducing unnecessary administrative costs	*		*
Providers tracking payment denials by type	*	*	
Patients and healthcare organizations understanding how their data is shared	*		*

*Importance rated more than 3.5 on 5-point scale  
Readiness rated more than 2.75 on 5-point scale  
Gap of 1.25 or more, representing at least a 25% Gap Between Importance and Readiness*

**Chart 1: Successful 2010 Payor System**



**Chart 2: Successful 2010 Hospital System**



How do healthcare organizations address issues that ranked high in importance or in which there were significant gaps? They must begin now because the solutions will take a year or more to implement. The complexity of the healthcare system requires understanding the short-term trends and near-term solutions. The trends that healthcare organizations need to develop tactics for are:

### Creating the Future Payor System

- Pay for Performance Will Imbed Reimbursement Methods.
- Payors Will Implement Self-service Tools to Lower Costs and Shift Responsibility.
- High-volume Users Will Be Targeted Through Systems that Combine Claims and Self-reported Health Assessments to Develop into Predictive Data.
- Single-platform Information and Data Warehousing Systems Will Help Payors Simplify, Integrate and Standardize amid the Industry's Growing Complexity of Relationships.
- Public and Private Responsibilities to Patients Will Blur, Creating Opportunities and Dilemmas for Payors.

### Creating the Future Hospital System

- Leading Hospitals Will Succeed by Targeting High-Margin, High-Volume and High-Quality Services.
- New Payor Models Will Require Providers to Strategically Price Services.
- Demands on Healthcare Workers Will Keep Turnover High.
- Aging Physical Structures Must Be Replaced or Renovated.
- Caregivers and Patients Will Demand Information at Their Fingertips.
- Physicians Will Want Better Support to Benefit from New Technologies.

HealthCast Tactics is delivered to our clients, healthcare industry executives, and board members through conferences, presentations and one-on-one meetings. To learn how you can schedule a presentation for the future of your organization please visit us on the web at [www.pwcglobal.com/healthcare](http://www.pwcglobal.com/healthcare), or speak with your PricewaterhouseCoopers healthcare professional.