How Hospitals are Adapting to a Changing Health Care Landscape

National Press Club
January 20, 2015

www.aha.org/healthcarelandscape
HOW HOSPITALS ARE ADAPTING TO A CHANGING HEALTH CARE LANDSCAPE

JANUARY 20, 2015

Adrian Slywotzky
INTRODUCTION
The customer’s hassle map

- Technology
- Telco
- Media/content/advertising
- Consumer electronics
New sources of competition for value

- **Tech/Telco**: “They love hassle maps”
- **Healthcare**: “They love high costs”
- **Retail**
## Retail

<table>
<thead>
<tr>
<th></th>
<th>Market cap</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>200 BN</td>
<td>500 BN</td>
</tr>
<tr>
<td>CVS</td>
<td>60 BN</td>
<td>100 BN</td>
</tr>
<tr>
<td>Walgreen’s</td>
<td>30 BN</td>
<td>70 BN</td>
</tr>
<tr>
<td>Kroger</td>
<td>13 BN</td>
<td>90 BN</td>
</tr>
<tr>
<td>Rite-Aid</td>
<td>2 BN</td>
<td>25 BN</td>
</tr>
<tr>
<td>Target</td>
<td>40 BN</td>
<td>70 BN</td>
</tr>
</tbody>
</table>

|                  | ~ 350 BN   | ~ 900 BN |

**Q:** What is retail?  
**A:** $900 BN looking for growth
Retail: Rapid evolution

- Acute episodic, flu shots
- Kiosk/information
- Wellness programs distribution
- Simple coordination (with PCPs)
- Telehealth
- Diagnostics
Momentum building …

Number of rounds over $2M

Source: Crunchbase data referenced at http://techcrunch.com/2014/01/15/vcs-investing-to-heal-u-s-healthcare/
Note: Healthcare software and apps company early stage funding.
New sources of competition for value

- Tech/Telco: “They love hassle maps”
- Healthcare
- Retail: “They love high costs”
Before Netflix

Fight with spouse → Go to store → Search → Pick three → Go home → Fight again → Watch → Forget to return → Pay late fee

Netflix 1999

Get online → Films by mail → Watch → Put in mailbox → Receive next film

Netflix now

Stream content instantly
Even the toughest hassle maps are opportunities
U.S. healthcare

- Costly senior care
- Expensive co-pays
- Expensive hospitalization
- 15-20 medications
- Complicated referrals
- Redundant treatment
- Emergency? Call 911

Patient

- Can't Drive
- Problem go unnoticed
- Can't Drive
- Complex referrals

Doctors

- Walk weeks to see doctor
- Miss appointments
- Conflicting treatments
- No holistic care

Health Plan

- Denial of coverage
- Small margin for Medicare patients
- No end-of-life plan
- Emotionally attached
- No time or $ to talk end of life

No Coordination of Care

- Need to minimize costs
- Hard to find quality docs
- Hard to be ideal doc
- Too many patients, too little time

Staff focused on costs, not prevention
Byzantine billing
More billing staff than nurses
Professional frustration
Lack of resources to manage chronic illnesses

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Some hassle maps can’t be fixed

Afghanistan Stability / COIN Dynamics
How do we reduce hospitalizations for CHF patients?

Fee-for-service

Day 1
Fluid build up

Day 7
Difficulty breathing

Day 13
Coughing

Day 14
Emergency room

Days 14–19
Ventilator, drugs

Day 19+
Permanent damage?

• Cost: $25,000
• $200/mo for oxygen

CareMore

Day 1
Fluid build up

Day 1
Steps on wireless

Day 1
CareMore nurse calls, sends car

Day 1
Sees NP, new Rx

Day 7
Crisis passes

• Quality of life maintained
• Cost: $600

CareMore Clinic

56% FEWER READMISSIONS
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Clearhealthcosts.com. Jeanne Pinder, CEO, jeanne@clearhealthcosts.com, 914-450-9499
Bringing transparency to health care by telling people what stuff costs.
The problem

• No one knows health prices in advance
• Prices for the same procedure vary 10x in the same locale
Our solution

• We’re telling people **real** health-care prices.
• An MRI: $350 or $3,500?
• An IUD: $175 or $1,156?
• A mammogram: $56 or $2,786.95?
We’re journalists.

We love finding stuff out and telling people about it.
Your Source for Finding Health Care Prices

Medical prices vary widely. We think it's important that you know prices. We have collected these cash or self-pay prices for procedures and items.

For procedures, you may want to use the medical code system used by the government. Details here.
Focused on the New York City, Northern New Jersey, Los Angeles and San Francisco areas for now. [Use Advanced Search]
Now:
Our Knight-funded crowdsourcing prototype with KQED and KPCC, the two big California public radio stations.
Meet PriceCheck

PriceCheck
A community-created guide to health costs

CONTRIBUTE PRICES

SHARE YOUR PRICES
A comprehensive database of health care prices does not yet exist anywhere, but you can help us create one. Find your medical bill and/or insurance company “explanation of benefits.” Fill in the blanks below, and we’ll put your information in our database.

* Procedure / Start typing and pick from the list
For information about the numbers, click here.

* Doctor, hospital, other provider / Start typing and pick from list

○ Insurance paid
○ Self-paid

FIND PRICES

HERE’S HOW YOU CAN FIND PRICES IN OUR DATABASE
We’re starting out with a few health care procedures. Right now we’re focusing on California prices, but please check our partner ClearHealthCosts for national ones.

Search procedure

Type medical procedure here, e.g. “Mammogram”.

CALIFORNIA ZIP CODE RADIUS SEARCH

50 miles of Zip Code

SEARCH
People are upset about prices. They – you – want to talk about it.

We’re giving you information, and a way to talk about it, a way to make a difference.
The $580 MRI

"I was told procedure would be 1850. I have a 7500 deductible ...
office mgr said if I paid upfront and agreed not to report it, that it would be $580."
The $3,163 MRI

"High deductible so paid the whole thing and then found out I could have had it done for *HALF* the price only blocks away."
The $13,389.40 MRI

“My daughter will need this MRI again next year and thanks to your organization ... I will shop around and maybe just pay cash.”
Who cares about price?

• Insured and uninsured
• Cash customers – retail health is booming
• High-deductible and not
• Employer-sponsored and individual policies
• On the exchanges and off
• Women. Yes, women.
PriceCheck impact

- Hundreds of shares, thousands of searches
- Providers offering to share prices for our database
- Second PriceCheck launching in February in PA.
- Other potential partners lining up to inquire (public radio, news sites, big national media organizations)
More impact

• PriceCheck data **cited in a hospital-insurer contract dispute**

• **JAMA** Internal Medicine covered us. So did the **Harvard Business Review/NEJM**

What about quality?
"I just want to say that your website is amazing.

"Please don't stop because you are helping people everyday, many of whom are struggling to make ends meet while others are just looking for some transparency in a market where there has traditionally been very little.

"Thanks again,

"Matt"
Shelly Gerhart consoled Janette Williams at the funeral of her husband, Mark Price, in Arizona on Thursday. Mr. Price, who needed a bone marrow transplant, lost financing for the operation.
Clearhealthcosts.com. Jeanne Pinder, CEO, jeanne@clearhealthcosts.com, 914-450-9499
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Expanding Access to Medical Services through Telehealth Technology

University of Virginia Medical Center
Center for Telehealth

Presented By
Pamela Sutton-Wallace
CEO, UVA Health System

AHA Changing Health Landscape Event

Washington, DC
January 20, 2015
Telehealth Definition

The delivery of patient care, consultations and education supported by telecommunications technologies including:

• real-time videoconferencing
• store and forward technology
• remote patient monitoring
• mobile health technology

Not a specialty in and of itself!
# Telemedicine Benefits

## Patients
- Provides timely access to locally unavailable services, especially for the underserved
- Improves chronic disease management
- Reduces the burden and cost of transportation for care
- Increases engagement, self-management and satisfaction

## Health Professionals
- Provides access to consultative services
- Supports team based, collaborative care delivery models
- Helps mitigate workforce shortages

## Hospital Systems
- Facilitates appropriate transfers, keeping patients local when possible
- Improves patient triage
- Decreases readmissions through remote patient monitoring tools
- Reduces costs by improved efficiency
- Supports ACO models of care delivery

## Communities
- Increases broadband deployment
- Enhances community hospital viability and services; thereby, supporting local workforce and economic development
UVA Center for Telehealth

- Launched in 1994 under leadership of Karen Rheuban, MD and resourced through grants and institutional investment

- Pioneer and international leader

- Comprehensive, integrated, centrally managed and partially funded through reimbursement

- **Mission**: provide excellence and innovation in specialty care and distance learning with a focus on underserved regions

- **Services**: clinical consultations; health professional and patient education; policy advocacy; local, regional, national and international outreach projects
Patients Served

- 43,000+ patient encounters in Virginia
  - Additional international outreach
  - Additional remote patient monitoring
  - Offer services in 45 subspecialties

- Telemedicine program is fully integrated with teleradiology and EPIC

- Spared Virginians > 15.5 million miles of travel
Telehealth and Public Policy Imperatives

- Goal: Adopt innovative, safe, secure, sustainable care delivery models
- Support sustainability through reimbursement structures
- Collaborate with the AMA, AHA, specialty societies, FSMB, consumers, payers and industry
- Promote greater broadband adoption
- Advance entrepreneurship and innovation
- Expand the evidence based research and integrate telemedicine into mainstream healthcare
Health Market 2.0

Smart Care Teams

Transparent Markets

Quantified Self
NCQA PCMH growth

Clinicians

Sites

ACO growth

Q4 2010  Q4 2011  Q4 2012  Q4 2013

606

Note: Clinicians include physicians, physicians’ assistants, and nurse practitioners

Source: Leavitt Partners Center for Accountable Care Intelligence
Leverage: Adding ultra-low-cost capacity to smart care teams

PCMHs
- Doctors
- Nurses
- Behaviorists
- Med. Assistants

Smart Care Team
- D
- N
- B
- MA
- Retail
- Telehealth
- Self-directed consumers

Prevention Excellence
The Quantified Self

Biosensors

The “Quantified Self”
Changing lifetime trajectories

- Undiagnosed depression; pre-hypertensive
- Psychologist catches early depression, addresses it
- Overweight, diabetic, high blood pressure, undiagnosed depression
- Nutritionist helps craft better diet to promote good weight
- Care team prescribes coaching, diet, exercise program
- Biosensors, light weight training, strength and stretch training
- PCP addresses high cholesterol with an Rx
- Occasional home care visits help maintain independence
- Over weight, diabetic, high blood pressure, depression, CHF
- Poly-chronic, severe mobility impairment, depression, in skilled nursing facility

Biosensors, light weight training, strength and stretch training
PCP addresses high cholesterol with an Rx
Occasional home care visits help maintain independence
Over weight, diabetic, high blood pressure, depression, CHF
Poly-chronic, severe mobility impairment, depression, in skilled nursing facility
Extreme price variations happen everywhere and for every type of procedure.
Mechanisms

• Calpers
• Walmart
• SCO
• Castlight Health
• ACO physician referrals
Collaboration **should** begin

Change the compete/collaborate ratio soon enough to make a difference
Collaborations

- Tech/Telco
- Healthcare
- Retail

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Health Market 2.0

- Volume to Value
- Patient to Consumer
- Repair to Prevention
Additional Resources

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