The AHA Strategic Issues Forecast 2015 is developed by the AHA Committee on Research with the goal to provide the AHA Board of Trustees and the AHA members a forecast of key strategic issues for the hospital field for 2015, based on an analysis of key performance indicators.

The purpose of the Strategic Issues Forecast 2015 is to look beyond the 2010-2012 AHA Research Agenda and to focus on long-term strategic issues affecting hospitals and health systems in the 2011 to 2015 horizon. By doing so, the Strategic Issues Forecast 2015 is meant to help drive transformation in health care.

In 2010, the AHA Committee on Research reviewed and analyzed a set of over 50 indicators, identified an initial list of 13 potential strategic issues, and then voted to determine the top five strategic issues for the Association. Prioritizing the top strategic issues is a challenging task; however, the Committee focused on available performance indicators across multiple dimensions of the health care field and assessed the relative importance of external environmental factors.

These top five strategic issues forecasted for 2015 are identified on the following pages and are supported by an analysis of 30 indicators. All five strategic issues are critically important issues for hospitals and health systems, providers, payers, patients, and consumers and reflect the critical elements of the external environment.

As noted on the following page, the overall aim is driven by two major themes, yielding five strategic issues, which are supported by several research areas and thirty performance indicators.
1. With a slow recovering economy and emerging health care policy changes, there will be increasing pressure on all health care organizations to increase efficiency.

2. New payment models are a critical element for enabling health care system improvement.

3. Bending the cost curve will be essential for the long-term financial sustainability of health care for the nation and maintaining global competitiveness for the economy.

4. New models of care that emphasize care coordination across hospitals and health systems, other providers, and the community are a critical element for quality improvement.

5. Quality is improving, but must be further accelerated.
Top Strategic Issue: Need for Efficiency

1. With a slow recovering economy and emerging health care policy changes, there will be increasing pressure on all health care organizations to increase efficiency.

- How will hospitals and health care providers become more efficient to deal with continued internal and external pressures to do more with less? How will hospitals and health systems become more efficient in the face of declining Medicaid and Medicare reimbursements?
- How will hospitals and health systems utilize performance improvement and system reengineering to reduce variability as they face changes in reimbursement policies and pressures to address utilization?
- How do we develop more reliable efficiency metrics for hospitals and other care providers?
- What labor management practices enable greater efficiency?
- How can HIT enable greater efficiency?


After a brutal recession, the economy has now added private sector jobs at a relatively slow pace for the past six to eight months. The recession has led to more uninsured and underinsured individuals, creating greater urgency for better efficiency.

Different regions of the country have been affected differently by the Great Recession. The West Coast, Great Lakes, and Southeast regions have had especially high unemployment rates, leading to a diminished tax base to fund state insurance programs.

Top Strategic Issue: Need for Efficiency

The CBO projects that the unemployment rate, which peaked slightly above 10 percent in the first half of this year, will fall only below 8 percent in 2012 and return to its long-run sustainable level of 5 percent in 2014. As a result, much of the pain of unemployment from this downturn lies ahead.


As the overall GDP going into 4Q2009 had the largest cumulative decline in a full year since 1946, many economists are questioning the continued relevance of Okun’s Law, which links productivity and unemployment. Therefore, jobs may not proportionally match increases in GDP as they have in decades past.


While overall employment has declined significantly in the past two-plus years, health care employment has remained remarkably steady, improving on average around .5 % to .75 % each quarter. As this trend is unlikely to continue in the long term, there will be more pressure on the health care industry to become more efficient.


Consumer sentiment has risen with a small slope since its lowest point in 2008. Gains in confidence need to be accompanied by job growth in order to create a large increase in demand for consumer products, which is needed for a more robust recovery. With a modest recovery with slow job growth, there will be large pressures to become more efficient.

Top Strategic Issue: Need for Efficiency

Projected Health Reform Impact on Enrollment

According to the CBO, the number of uninsured is projected to be reduced by 32 million by 2019. Many of these uninsured will be covered through Medicaid and SCHIP. With declining reimbursements tied to expansions, hospitals will face pressures to become more efficient.

Sources: Citi Investment Research & CBO. Last accessed: September 13, 2010.

With an impending expansion of Medicaid enrollees, effective care and cost management will be critical for program efficiency.


Top Strategic Issue: Need for Efficiency

U.S. Health Care Borrower Composition

According to the Securities Data Company, health care borrower composition has been dramatically impacted by recession and market conditions. With lower credit ratings, hospitals will have more difficulty raising capital, increasing pressures to become more efficient.


Coverage shifts under health reform will create pressure for hospitals to become more efficient while facing lower reimbursement.

Top Strategic Issue: New Payment Models

2. New payment models are a critical element for enabling health care system improvement.

- What are the most effective ways to bundle payment in order to improve quality and efficiency? What is the proper role for hospitals and health systems in creating better value?
- What are the most effective ways for hospitals and health systems to implement payment models that incentivize overall population health?
- What are the best ways for hospitals and health systems to work with and equip providers to improve quality?
- How will hospitals and health systems leverage existing resources and recruit the needed skill sets to meet Meaningful Use regulations?
- What are the effective clinical integration strategies to enable payment redesign and quality improvement?

Top Strategic Issue: New Payment Models

Efficiency

National Trends in Potentially Avoidable Hospitalization Rates for Adults

According to a recent AHRQ quality report, overall rates of avoidable hospitalizations have decreased in recent years. However, to achieve significant reductions, there is a need for new payment models.


More medical practices are owned by hospitals. This trend will only increase with health reform. These relationships will be facilitated by new payment models that better align hospital and physician incentives.

Top Strategic Issue: New Payment Models

Access to services for the low-income population is closely linked to insurance coverage but is also affected by the availability and financing of the safety net, the extent of the provider network, and provider payment rates. Nationally, more than 10 percent of the population live in a primary care shortage area.


Top Strategic Issue: Bending the Cost Curve

3. Bending the cost curve will be essential for the long-term financial sustainability of health care for the nation and maintaining global competitiveness for the economy.

- The current health care spending trajectory is not sustainable in the long term. Payers will continue to move toward value-based purchasing. How will hospitals and health care organizations lead the way by testing new delivery models?

- How do hospitals and health systems optimize settings of care to use the most efficient options across settings? How do hospitals and health systems lower costs within settings of care? How do hospitals and health systems provide more patient-centered, cost-effective end of life care?

- How will hospitals and health systems promote and utilize cost-effectiveness research to create more value for their patients?
Top Strategic Issue: Bending the Cost Curve

Health Care Cost Growth
Percentage of GDP

According to the CBO projection based on the proposed health care legislation, spending on Medicare, Medicaid and Social Security will grow relative to the economy because health care spending per beneficiary is projected to increase and the population is aging.


Government Health Care Spending

According to a recent CBO presentation that dealt with health care costs and the federal budget at the IOM, the central challenge is straightforward and stark: The rising costs of health care will put tremendous pressure on the federal budget during the next few decades. In the CBO’s judgment, the Accountable Care Act does not substantially diminish that pressure.


Top Strategic Issue: Bending the Cost Curve

<table>
<thead>
<tr>
<th>$ Spent Per Capita Health Care Costs (US$)</th>
<th>Health Care as a % of GDP</th>
<th>CT Units Per Million Persons</th>
<th>MRI Units Per Million Persons</th>
<th>Infant Mortality Per 1,000 Births</th>
<th>Life Expectancy (yrs.)</th>
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According to the Commonwealth Fund’s international comparison of 7 world health systems, the U.S. health care system ranks last or next to last on five dimensions of a high performance health system: quality, access, efficiency, equity and healthy lives. Payers are likely to move to more value-based purchasing as costs continue to rise.

Top Strategic Issue: Bending the Cost Curve

The U.S. health care spending was around the same percentage of GDP as other industrialized, developed countries until the late 1970s/early 1980s. From that period until around 1990 there was nearly a doubling the percentage of GDP spent on health care in the U.S.

The growth of health care costs as a percentage of GDP plateaued for much of the 1990s. From around 1998 until 2002, health care spending soared again, leveling off somewhat but still largely increasing in the past 8 years. As spending trends of the last 30 years are not sustainable, there will be a renewed drive to bend the cost curve in the next decade.


Top Strategic Issue: New Models of Care

4. New models of care that emphasize care coordination across hospitals and health systems, other providers, and the community are a critical element for quality improvement.

- What role will Accountable Care Organizations play in improving quality and care coordination across providers? What is the proper role of the hospital in these structures? How can hospital systems assure robust support for families and caregivers to transition from hospital to home?

- What type of integration will be necessary to improve care across settings and reduce avoidable rehospitalizations? What about end of life care? What types of workforce models will be needed?

- How will hospitals and health systems design workforce models to most efficiently and effectively leverage HIT for improvements in care coordination and overall quality? How will consumers be more actively engaged in their care?
Top Strategic Issue: New Models of Care

Access to Quality

According to the Commonwealth Fund, there was no improvement in overall access to primary care/prevention services between 2006 and 2008. New models of care could lead to improvement.


Patient Safety

Deaths per 1,000 Discharges with Complications Potentially Resulting from Care (Failure to Rescue), Adults 18-74

The most recent AHRQ quality report shows that while there has been much improvement, the death rates that potentially follow complications of care can be reduced further through new models of care.


Quality Measures

According to AHRQ, there was more improvement in quality measures in the hospital setting than in the ambulatory care setting. This correlates with larger improvements in acute treatment versus prevention and chronic management. New models of care could improve this disparity in quality.

Care Coordination

While the most recent AHRQ quality report shows that there has been improvement in care coordination, there are significant opportunities to make further improvements through new models of care.

Top Strategic Issue: New Models of Care

According to researchers, many hospital readmissions are avoidable, and readmissions vary widely by region. New models of care that include all health care providers can prevent more avoidable readmissions. Current projections show overall physician shortages intensifying in the next 15 years while more individuals will need access to health care. New models of care will be needed to address this shortage.


Top Strategic Issue: Pace of Quality Improvement

5. Quality is improving, but must be further accelerated.

- Quality is improving faster in the hospital than in other care settings. At the same time, more patients are being pushed towards non-hospital settings of care where quality improvement is having less of an impact.

- How do we translate information so that it is actionable and useful for implementation? How do we develop more meaningful, relevant, national metrics for measurement of quality and efficiency?

- How do we get statistically significant and meaningful performance data to clinicians, hospitals, and other care providers in a way that encourages systematic thinking and collaboration while optimizing individual behavior? How do we develop meaningful, relevant, and accurate national quality metrics that are fully operational?

- How can hospital systems improve meeting consumer expectations? What role should hospital systems have to communicate what quality and public reported quality measures mean to the patient, families and public? How should quality measures reflect a focus on disparities of care?
According to AHRQ, there was more improvement in quality measures in the hospital setting versus the ambulatory care setting. This correlates with larger improvements in acute treatment than prevention and chronic management. Overall quality improvement has been significant but can be accelerated.


While quality metrics have improved overall, disparities still exist by race/ethnicity and socioeconomic status (SES). The pace of quality improvement can be accelerated.


According to the Commonwealth Fund, there was no improvement at all in overall access to primary care/prevention services between 2006 and 2008. There must be new strategies to increase the pace of improvement in this area.


The recent AHRQ quality report shows that while there has been a significant decline in deaths, there is much room for improvement in death rates following complications of care.