American Hospital Association™
Advancing Health in America

2021 ENVIRONMENTAL SCAN

Welcome to the 2021 Environmental Scan

The term *unprecedented* has been frequently used to describe this past year and for good reason. Hospitals and health systems have spent much of 2020 on the front lines of a battle like we've never seen. The COVID-19 pandemic has upended our world and tested the health care system in ways we will feel for years to come. This year's AHA Environmental Scan is an opportunity to pause for a moment, think strategically about COVID's impact on our field, and plan for a near and long-term future that is defined by concepts like comeback, resilience, innovation and unwavering commitment to quality patient care.

This taking stock is especially important right now, as this unforgettable year winds down. As hospitals and health systems cope with the day-to-day realities of caring for patients during the pandemic, our nation faces tremendous societal shifts, including a troubled economy and the need to confront longstanding racial and social injustices. The environment in which we operate today prompts questions such as – What kind of society do we want to live in? What kind of health care system can fulfill the AHA's vision of **a society of healthy communities where all individuals reach their highest potential for health**?

The AHA's strategy addresses these questions, even as we remain steadfastly committed to our mission of meeting the needs of our hospital and health system members, and the patients and communities they serve.

We are focusing our efforts on Relief, Recovery,

RICK POLLACK

President and CEO
American Hospital Association

> This year's AHA Environmental Scan is an opportunity to pause for a moment, think strategically about COVID's impact on our field, and plan for a near and long-term future.

and Rebuilding and Reimagining. This requires continued advocacy with Congress, the Administration and the courts to ensure that hospitals and health systems have the resources they need, with the needed flexibility to continue providing essential public services.

The 2021 Environmental Scan highlights these areas:

On **Relief**…the need is great — for 2020, the total projected financial losses to hospitals and health systems is $323.1 billion. Put simply, this is an unsustainable hit.

On **Recovery**…the AHA is helping the field with resources to strike the balance between being in a state of emergency readiness while safely delivering health services as we coexist with COVID.

On **Rebuilding and Reimagining**… In times of crisis, organizations innovate. Hospitals and health systems have learned from this experience and are creating a better health care system for the future.

Finally, the Environmental Scan explores the current gaps and challenges that existed before but have become worse during the pandemic in three key areas: Behavioral Health, Workforce, and Health Equity, Diversity and Inclusion

Our field has demonstrated its ability to meet these extraordinary challenges with agility, innovation and compassion. Hospitals and health systems have been beacons of hope and comfort, stepping in once again, always there, ready to care.

The 2021 AHA Environmental Scan provides you with the key insights to navigate the path ahead. The AHA will be with you every step of the way.

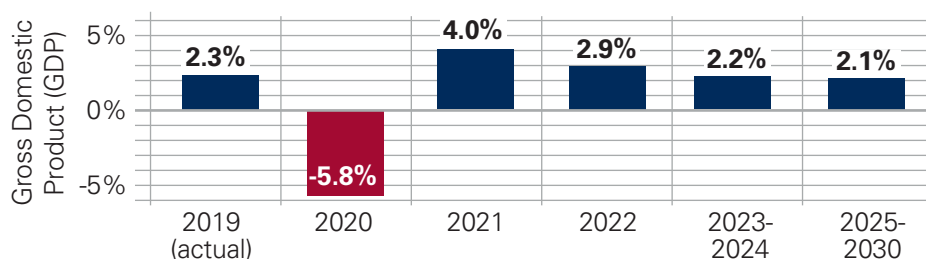American Hospital Association™
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RELIEF

Hospitals, health systems, patients and communities are experiencing extraordinary challenges due to the pandemic. Economic stability must be gained to ensure that hospitals and health systems can continue to provide vital patient care to communities across the nation. Sufficient funding, regulatory relief and the supply of personal protective equipment are some of the immediate challenges to resolve to enable the path to recovery.
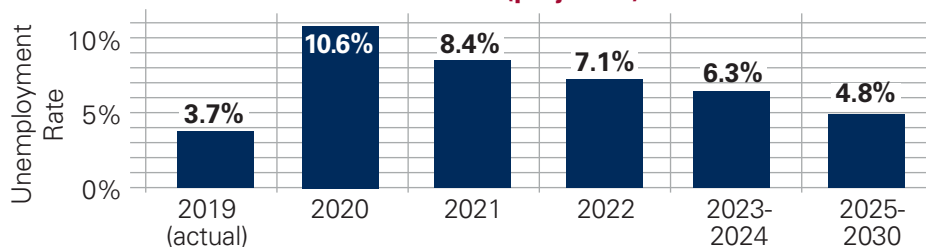
COVID-19's economic impact

GROSS DOMESTIC PRODUCT (GDP): PERCENTAGE CHANGE FROM YEAR TO YEAR (projected)

Year	GDP
2019 (actual)	2.3%
2020	-5.8%
2021	4.0%
2022	2.9%
2023-2024	2.2%
2025-2030	2.1%

UNEMPLOYMENT: ANNUAL AVERAGE (projected)

Year	Unemployment Rate
2019 (actual)	3.7%
2020	10.6%
2021	8.4%
2022	7.1%
2023-2024	6.3%
2025-2030	4.8%

"An Update to the Economic Outlook: 2020 to 2030," Congressional Budget Office, July 2020.

Economic Struggle

- In the first quarter of 2020, the pandemic and associated social distancing ended the longest economic expansion and triggered the deepest downturn in output and employment since World War II.*

- Due to the pandemic, the U.S. economy will grow $8 trillion less from 2020 to 2030 than it had projected in January 2020.*

- More than 58 million Americans filed new unemployment insurance claims from March to August 2020.†

Note: Social distancing includes reducing social activities and travel, curtailing activity of schools and business and working from home.
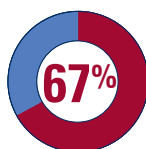* "An Update to the Economic Outlook: 2020 to 2030," Congressional Budget Office, July 2020.
† McCormick, Emily. "Jobless claims: Another 1.006 million Americans filed new unemployment claims last week," Yahoo Finance, Aug. 27, 2020.

COVID-19's ECONOMIC IMPACT ON HOSPITALS AND HEALTH SYSTEMS

$323.1 BILLION total projected losses to hospitals and health systems in 2020*

67% of hospital leaders believe patient volume will not return to baseline in 2020.*

-56% decrease in outpatient visits at the start of the pandemic†

*"Hospitals and Health Systems Continue to Face Unprecedented Financial Challenges due to COVID-19," American Hospital Association, June 2020.
†"Six month update: National patient and procedure volume tracker," Strata Decision Technology, Sept. 23, 2020.

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FEDERAL AND STATE BUDGET PROJECTIONS

$3.3 TRILLION 2020 projected federal budget deficit, more than triple the deficit recorded in 2019.*
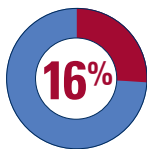
16% The 2020 deficit could equal 16% of GDP, the largest percentage since 1945.*

>20% States' budget shortfall for fiscal year 2021.†

*Swagel, Phil. "A Presentation on CBO's Latest Budget Projections," Congressional Budget Office, Sept. 9, 2020.
†"States Grappling With Hit to Tax Collections," Center on Budget and Policy Priorities, Aug. 24, 2020.

COVID-19's impact on health care services

DEFERRING MEDICAL CARE

41% of U.S. adults avoided medical care due to the pandemic as of June 30, 2020.

Czeisler, Mark É. et al. "Delay or Avoidance of Medical Care Because of COVID-19–Related Concerns — United States, June 2020," Morbidity and Mortality Weekly Report, Sept. 11, 2020, 69(36):1250-1257.

HEALTH CARE PROFESSIONAL SERVICES UTILIZATION AND REVENUE

According to private claims data from April 2019 to April 2020

Utilization **-68%**

Revenue **-48%**

"Healthcare Professionals and the Impact of COVID-19: A Comparative Study of Revenue and Utilization," Brief, FAIR Health Inc., June 10, 2020.

COVID-19 EFFECT ON PHYSICIAN PRACTICES (August 2020)

Experienced a reduction of income
72%

Reduced staff
43%

Saw volume decreases of 26% or more
41%

Saw volume decreases of 25% or less
37%

Closed their practices
8%

"2020 Survey of America's Physicians: COVID-19 Impact Edition," The Physicians Foundation, August 2020.

Health care leadership concerns

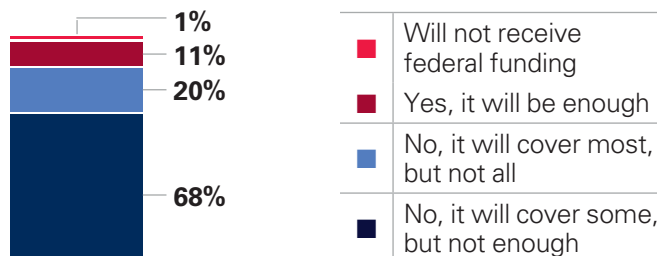Based on surveys of hospital and health system leaders (May 2020)

TOP OPERATIONAL CONCERNS DURING COVID-19

- Loss of revenue
- Overall financial stability
- Supply chain risk
- Staff getting sick
- Furloughing staff

"Evolving U.S. Healthcare Needs and Attitudes During COVID-19," Sage Growth Partners, June 30, 2020.

GOVERNMENT FUNDING CONCERNS

Will government funding be enough to cover costs associated with COVID-19?

- **1%** Will not receive federal funding
- **11%** Yes, it will be enough
- **20%** No, it will cover most, but not all
- **68%** No, it will cover some, but not enough

"COVID-19 Hospital & Health System Survey: The Impact of the Pandemic on Provider Revenues, Elective Procedure Volumes, Telehealth Use, and Working Arrangements," a Guidehouse analysis of a survey conducted by the Healthcare Financial Management Association, May 26, 2020.

Nurse leaders' perspective

TOP CHALLENGES DURING THE PANDEMIC (July 2020)

Communicating and implementing changing policies
55%

Surge staffing, training and reallocation
54%

Emotional health and well-being of staff
50%

Access to personal protective equipment (PPE) and other supplies
47%

"Nursing Leadership COVID-19 Survey Key Findings," American Organization for Nursing Leadership and Joslin Marketing, Aug. 4, 2020.

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Personal protective equipment (PPE)

N95 Masks

In a normal year, the U.S. spends approximately $5 billion on PPE. An estimated 90% of N95 respirator masks are imported, mostly from China.*

25 MILLION N95 masks were used by the U.S. health care community in 2019.†

3.5 BILLION N95 masks will be needed by the U.S. health care system for the pandemic over the span of a year.‡

- At the start of the pandemic, the federal government's Strategic National Stockpile included 12 million N95 masks and 30 million surgical masks, about **1% of the 3.5 billion required**.§

*Dai, Tinglong et al. "PPE Supply Chain Needs Data Transparency and Stress Testing," Journal of General Internal Medicine, June 30, 2020, doi:10.1007/s11606-020-05987-9.
†Rodriguez, Sabrina. "Burning through hundreds of millions of N-95 masks," Politico, April 14, 2020.
‡Lovelace Jr., Berkeley. "HHS clarifies US has about 1% of face masks needed for 'full-blown' coronavirus pandemic," CNBC, cnbc.com, March 4, 2020.
§Cohen, Dan. "Op-Ed: Why a PPE shortage still plagues America and what we need to do about it," CNBC, cnbc.com, Aug. 22, 2020.

DISPOSABLE MASK MATERIAL MADE IN THE U.S.

| 2019 | 850 tons |
| 2021 projection | 10,000 tons, satisfying 80% of the demand |

Glenza, Jessica. "PPE Shortage Could Last Years Without Strategic Plan, Experts Warn," Kaiser Health News, Aug. 17, 2020.

Other PPE Shortages

1 in 5 nursing homes faced a severe shortage of PPE in May and July, 2020*

Shortages of personal protective equipment and medical supplies could persist for years without strategic government intervention, according to predictions from the health care and manufacturing fields.†

*McGarry, Brian E. et al. "Severe Staffing And Personal Protective Equipment Shortages Faced By Nursing Homes During The COVID-19 Pandemic," Health Affairs, Aug. 20, 2020, https://doi.org/10.1377/hlthaff.2020.01269.
†Glenza, Jessica. "PPE Shortage Could Last Years Without Strategic Plan, Experts Warn," Kaiser Health News, Aug. 17, 2020.

Supply chain management

COVID-19 prompted hospitals to:

- Diversify their vendor portfolios, which includes increasing multisource contracts and the purchase of domestic manufactured products*
- Recognize the increase in both bad actors and vendor-vetting programs in the manufacturing space.*
- Reassess the practice of building their own surge inventories. This practice places an increased demand on the fragile health care supply chain.*
- Reassess just-in-time supply chain methodology, which does not allow enough lead time to generate more inventory during a pandemic.*
- Acknowledge the need to build up inventories across the health care supply continuum, which will take time and increase costs.*
- Consider sharing-economy innovations. COVID-19 has created acute needs at varying times for different parts of the country, and programs could help locate and trade for scarce medical supplies.†

*"Blog: The health care supply chain before and in the midst of COVID-19," American Hospital Association, Sept. 9, 2020.
†"Shared risk may be key to future growth opportunities," AHA Center for Health Innovation Market Scan, June 16, 2020.

TOP 3 ACTIONS HOSPITALS CAN TAKE TO STRENGTHEN THE SUPPLY CHAIN

- Update and automate current systems.
- Use demand-forecasting technology.
- Develop contingency plans with increased scope and duration.

Plesko, Todd. "Top 3 supply chain management changes hospitals must make post-COVID-19," MedCity News, June 4, 2020.

SUPPLY CHAIN OF THE FUTURE

- Technologies such as the Internet of things, cloud computing, 5G, artificial intelligence, 3D printing and robotics are all critical to enabling the digital supply network of the future.

Kilpatrick, Jim and Barter, Lee. "COVID-19: Managing supply chain risk and disruption," Deloitte, ©2020 Deloitte Development LLC.

AHA's Dynamic Ventilator Reserve

A public-private partnership that brings together health systems from across the country to share ventilators with hospitals experiencing shortages.
Visit **ahadata.com/dynamic-ventilator-reserve**.

100 Million Mask Challenge

The 100 Million Mask Challenge calls on manufacturers, the business community and individuals to coordinate efforts to produce needed PPE on a large scale.
Visit **100millionmasks.org**.

RECOVERY

As the health care field and society move toward a new normal, the period of recovery will rely on public health practices, science and technology to ensure that people can live, work and play safely. The hospitals and health systems of America are ready to care for patients as they return for needed health services.

Testing, Masks, Distancing and Vaccines

COVID-19 TESTING NEEDS IN THE U.S.

30 MILLION TESTS PER WEEK needed in the U.S to reopen communites and economies.

"COVID-19 National Testing & Tracing Action Plan," The Rockefeller Foundation, July 2020.

FACE MASKS REDUCE SPREAD

Between April 8 and May 15, 2020, 15 states and Washington, D.C. mandated the wearing of a face mask in public settings.

- **230,000 - 450,000 COVID-19 cases may have been averted** by May 22 due to these mandates.

Lyu, Wei and Wehby, George L. "Community Use of Face Masks and COVID-19: Evidence From a Natural Experiment of State Mandates in the US," Health Affairs, vol. 39, no. 8:1419-1425, 2020, https://doi.org/10.1377/hlthaff.2020.00818.

SAFE WORK ENVIRONMENT

To ensure a safe work environment, Americans believe that everyone should be:

Tested regularly	81%
Required to wear a mask in public	85%

Collins, Sara R. et al. "An Early Look at the Potential Implications of the COVID-19 Pandemic for Health Insurance Coverage," The Commonwealth Fund, June 23, 2020.

SOCIAL DISTANCING REDUCES CASES

Between March 10 and March 25, 2020, all 50 states and Washington, D.C. enacted at least one statewide physical distancing measure to stop the spread of COVID-19.

These orders resulted in an estimated **reduction of more than 600,000 cases** within three weeks of implementation.

Siedner, Mark J. et al. "Social distancing to slow the US COVID-19 epidemic: Longitudinal pretest-posttest comparison group study," PLOS Medicine, Aug. 11, 2020, https://doi.org/10.1371/journal.pmed.1003244.
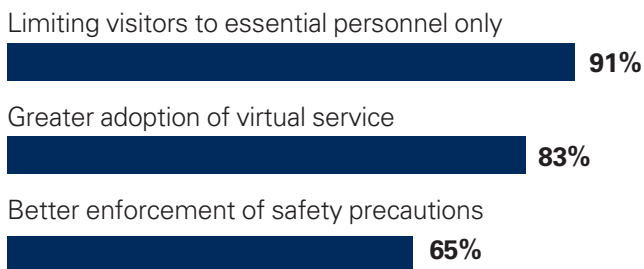
VACCINE PLATFORM TECHNOLOGIES

Classic Platforms		Next Generation Platforms		Other
Protein-based	**Virus-based**	**Genetic**	**Viral Vector**	**Repurposed**
Vaccines that use a coronavirus protein or a protein fragment to provoke an immune response.	Vaccines that use a weakened or inactivated version of the coronavirus to provoke an immune response.	Vaccines that use one or more of the coronavirus's own genes to provoke an immune response.	Vaccines that use a virus to deliver the coronavirus genes into cells and provoke an immune response.	Vaccines already in use for other diseases that may also protect against COVID-19.

"COVID-19 Vaccine Primer," American Hospital Association, Sept. 17, 2020.
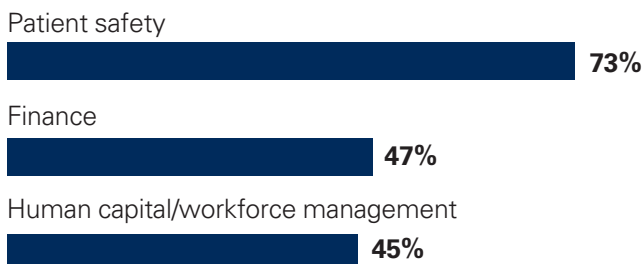
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Evolving hospital operations and priorities

Based on a survey of hospital and health system leadership (May 2020)

TOP CHANGES MADE DUE TO CRISIS IN HOSPITAL/ HEALTH SYSTEM OPERATIONS

Limiting visitors to essential personnel only
91%

Greater adoption of virtual service
83%

Better enforcement of safety precautions
65%

TOP PRIORITIES

Patient safety
73%

Finance
47%

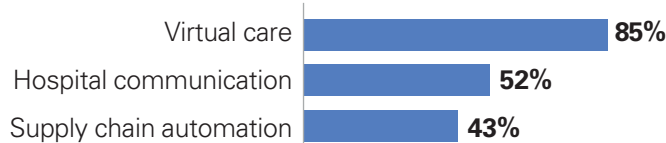Human capital/workforce management
45%

"Evolving U.S. Healthcare Needs and Attitudes During COVID-19," Sage Growth Partners, June 30, 2020.
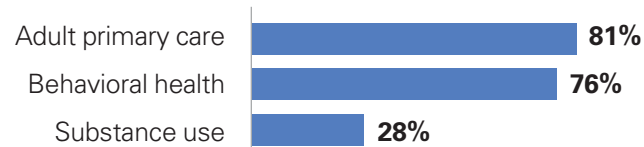
Telehealth

Hospitals focus on virtual care

Based on a survey of hospital and health system leaders (May 2020)

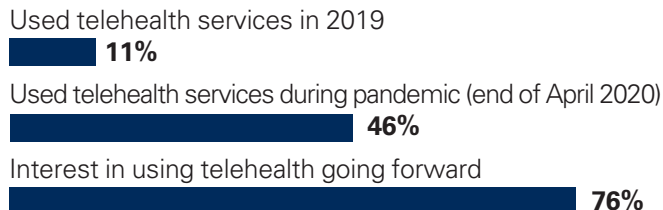### KEY TECHNOLOGY SOLUTIONS THAT SEEM MORE CRITICAL NOW THAN A MONTH AGO

Virtual care **85%**
Hospital communication **52%**
Supply chain automation **43%**

SERVICES MOST CONDUCIVE TO TELEHEALTH

Adult primary care **81%**
Behavioral health **76%**
Substance use **28%**

"Evolving U.S. Healthcare Needs and Attitudes During COVID-19," Sage Growth Partners, June 30, 2020.

Consumer telehealth shift

CONSUMERS TURN TO TELEHEALTH IN 2020

Used telehealth services in 2019
11%

Used telehealth services during pandemic (end of April 2020)
46%

Interest in using telehealth going forward
76%

Bestsennyy O., Gilbert G., Harris A., Rost J. "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?" McKinsey & Company, May 29, 2020.

% OF MEDICARE PRIMARY CARE VISITS USING TELEHEALTH

43.5%

0.1%

In February 2020   In April 2020
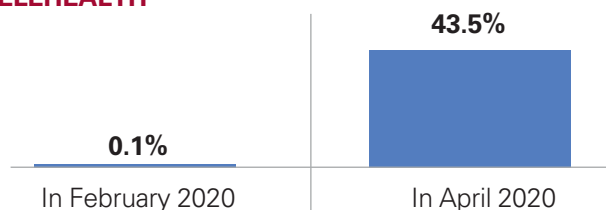
Bosworth A. et al. "ASPE Issue Brief: Medicare Beneficiary Use of Telehealth Visits: Early Data from the Start of the COVID-19 Pandemic," Office of the Assistant Secretary for Planning and Evaluation, Department of Health & Human Services, July 28, 2020.

Provider telehealth shift

- Providers are seeing **50-175 times** the number of patients via telehealth than they did before the pandemic.

PROVIDERS' COMFORT WITH TELEHEALTH

Providers view telehealth more favorably than they did before COVID-19
57%
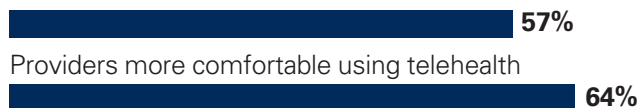
Providers more comfortable using telehealth
64%

*Bestsennyy O., Gilbert G., Harris A., Rost, J. "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?" McKinsey & Company, May 29, 2020.

EFFECTS OF TRANSITIONING CARE TO TELEHEALTH

- 20% of all emergency department visits could be avoided.
- 24% of health care office visits and outpatient volume could be delivered virtually.
- 35% of regular home health services could be virtualized.
- 2% of all outpatient volume could be shifted to the home setting with tech-enabled medical administration.

Bestsennyy O., Gilbert G., Harris A., Rost, J. "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?" McKinsey & Company, May 29, 2020.

Financial Implications

REIMBURSEMENT RATES

72% of physicians believe widespread use of telehealth will not continue unless reimbursement rates for telehealth visits remain comparable to in-person visits.

"2020 Survey of America's Physicians: COVID-19 Impact Edition," The Physicians Foundation, August 2020.

TELEHEALTH AND HEALTH CARE SPENDING

$250 BILLION of current U.S. health care spending could transition to telehealth.

- Before COVID-19, U.S. telehealth providers accounted for $3 billion of health care spending.

Bestsennyy O., Gilbert G., Harris A., Rost J. "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?" McKinsey & Company, May 29, 2020.

Telehealth and nursing
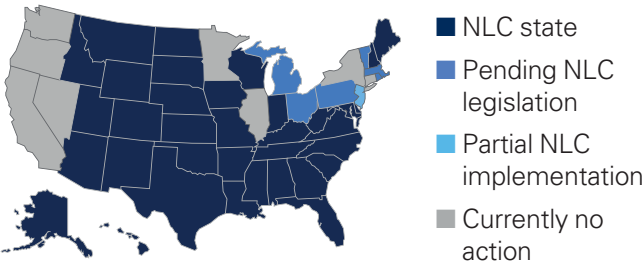
THE ENHANCED NURSING LICENSURE COMPACT (eNLC)

The eNLC is an agreement among states that allows nurses to have one license and practice in other states that are part of the eNLC. Nurses with a compact license can:

- Practice via telenursing in other eNLC states.
- Teach via distance education (nurse educators).
- Respond to national disasters and staffing shortages in other eNLC states.

Gaines, Kathleen. "Updated Map: Enhanced Nursing Licensure Compact (eNLC) August 2020," Nurse.org, August 2020.

STATES PART OF THE eNLC

- More than 2 million nurses live in eNLC states.[†]

- NLC state
- Pending NLC legislation
- Partial NLC implementation
- Currently no action

*Gaines, Kathleen. "Updated Map: Enhanced Nursing Licensure Compact (eNLC) August 2020," nurse.org./articles/enhanced-compact-multi-state-license-eNLC/. Accessed Oct. 1, 2020.
†"eNLC Fast Facts," National Council of State Boards of Nursing, Inc., ncsbn.org/NLC_Fast_Facts.pdf, accessed Sept. 15, 2020.

How artificial intelligence helps hospitals navigate COVID-19

- Screen people who might be infected.
- Identify high-risk patients.
- Screen front-line health care workers.
- Detect COVID-19 and distinguish it from other respiratory illnesses.
- Predict which COVID-19 patients will have severe symptoms.
- Track hospital beds and supplies.
- Monitor patients outside of the hospital.
- Remotely detect high temperatures and prevent sick people from entering public places.
- Potential to assess responses to experimental treatments.

Ross, Casey et al. "STAT's guide to how hospitals are using AI to fight COVID-19," STAT, March 31, 2020.

Wearables

FITBIT TRACKING COVID-19

A Fitbit study suggests wearables can detect nearly 50% of COVID-19 cases one day before participants report the onset of symptoms, with 70% specificity.

Drees, Jackie. "Wearables detect nearly 50% of COVID-19 cases 1 day before symptoms start: Fitbit study," Becker's Health IT, Aug. 19, 2020.

Cybersecurity

COVID-19 INCREASES CYBERRISK

- Ransomware attacks on hospitals are threat-to-life crimes because they put patient safety at risk.
- Before COVID-19, the frequency, sophistication and severity of ransomware attacks on health care providers were on the rise.
- Cyber criminals have exploited the pandemic with increased phishing emails and other cyberattacks on hospitals.
- Organized criminal gangs and foreign governments have replaced rogue, individual hackers as the primary perpetrators.
- Hospitals can improve their cyber defense by acknowledging the risk levels they face, updating cybersecurity and enterprise risk-management practices to correlate to the elevated threat level, and communicating ransomware threats to all stakeholders.

Riggi, John. "Ransomware Attacks on Hospitals Have Changed," American Hospital Association, aha.org/cyberrisk, accessed Sept. 2, 2020.

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REBUILDING & REIMAGINING

The AHA is working with its member hospitals and health systems to rebuild and reimagine the health care system. What does a stronger, sustainable health care system look like? The key issues that will inspire a renewed health ecosystem include innovation and novel technology, new models of care and public health approaches with a focus on societal factors that influence health.

How COVID-19 may change health care permanently

- Technology:
  - Acceleration of telemedicine.
  - Digital health options will accelerate.*
  - Expect innovations with drones and robotics.*
- Expansion of health reimbursement arrangements for employees.
- New strategies for elective surgeries.*
- Growth of home-health aides.

- A focus on racial disparities.
- A push for government to negotiate drug prices.
- Development of local supply chain sources*/ Increase of U.S. drug manufacturing.
- A new era of health care preparedness.
- Increased scope of practice for nonphysicians.
- New payment models and a shift away from fee for service.

Facher, Lev. "9 ways COVID-19 may forever upend the U.S. health care industry," STAT, May 19, 2020.
*Landi, Heather, "The COVID-19 pandemic will have a long-term impact on healthcare. Here are 4 changes to expect," FierceHealthcare, May 18, 2020.

Innovation

INNOVATION IN A CRISIS*

Historical data indicate that companies that invest in innovation through a crisis outperform peers/market average.

During the crisis	**+10%**
Post-crisis, 3-5 years	**+30%**

NOTE: Represents normalized market capitalization

FUNDAMENTAL CHANGE†

90% of health care leaders agree that the COVID-19 crisis will fundamentally change the way they do business over the next 5 years.

HEALTH CARE LEADERS' PERSPECTIVE*

71% of health care leaders believe changes brought about by COVID-19 will be an opportunity for growth.

HEALTH CARE LEADERS CITING INNOVATION AS THEIR NUMBER 1 OR 2 PRIORITY*

|	
Pre-pandemic	**61%**
April 2020	**29%**

*Bar Am J., Furstenthal L., Jorge F., Roth E. "Innovation in a crisis: Why it is more critical than ever," McKinsey & Company, June 17, 2020.
†"Data from a health care industry survey conducted by McKinsey & Company's Innovation Practice, June 2020."

Venture investments

U.S. DIGITAL HEALTH STARTUPS RAISED:

$8.2 BILLION — 2018

$7.4 BILLION — 2019

$9.4[†] BILLION — Jan. - Sept. 2020

[†]Record amount
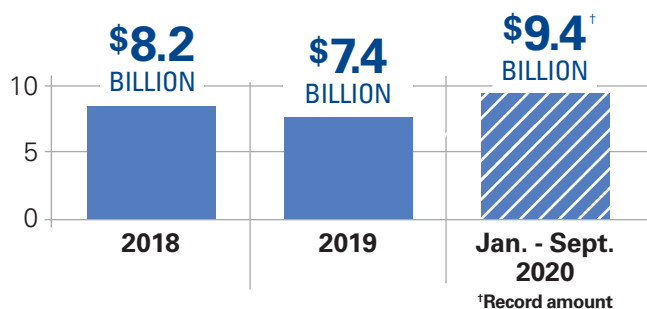
TOP THREE FUNDED VALUE PROPOSITIONS WITHIN DIGITAL HEALTH (Jan. - Sept. 2020)[†]

On-demand health care services	$2.0 billion
Research & development catalyst	$1.3 billion
Fitness & wellness	$1.3 billion

*Wang, Elaine & Day, Sean. "Q3 2020: A new annual record for digital health (already)," Rock Health, Oct. 2020.

HEALTH CARE ARTIFICIAL INTELLIGENCE STARTUPS RAISED:

$2.7 BILLION — 2018

$4.0 BILLION — 2019

48% ↑
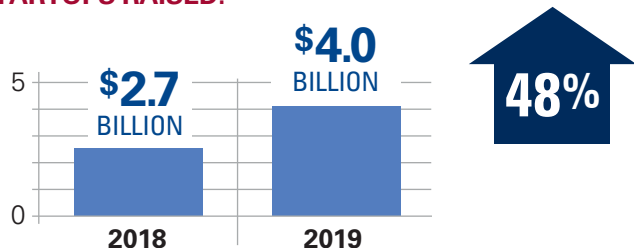
Pifer, Rebecca. "Health AI startups netted a record $4B in funding last year," Healthcare Dive, Jan. 23, 2020.

Evolving Care Models and Approaches

Value-based care

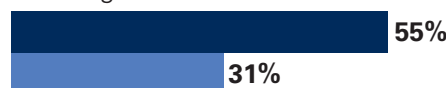#### POPULATION HEALTH TOOLS HELP MANAGE COVID-19

The ability of alternative payment models (APMs) to use population health tools to manage COVID-19.
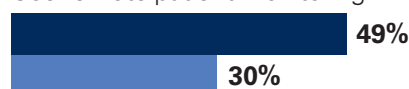
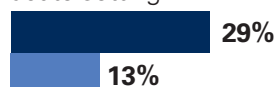**APM Participants** ■ **Not in APM** ■

Leverage care management support
- 82%
- 51%

Use triage call centers
- 55%
- 31%

Use remote patient monitoring
- 49%
- 30%

Use population health data to manage and predict cases
- 43%
- 20%

Use claims data to understand care delivered outside the acute setting
- 29%
- 13%

"Premier Inc. Survey: Clinically Integrated Networks in Alternative Payment Models Expanded Value-Based Care Capabilities to Manage COVID-19 Surge," Premier Inc., May 13, 2020.

12 post-pandemic predictions for telehealth and virtual care

1. Convenience and timeliness of access become two major value drivers.
2. Doctors are more comfortable with virtual care; patients and families prefer it.
3. Virtual visits become the new front door.
4. Wearable and virtual technology advancements expand telehealth's scope.
5. Population-based reimbursements offer an alternative to brick-and-mortar settings.
6. Telehealth facilitates preventive care models; in-person primary care visits fall sharply.
7. Medical societies support a blending of in-person and virtual visits for ongoing care.
8. At-home behavioral health services widely replace in-office or emergency department visits.
9. Telehealth is the mainstay for second opinions and specialty consults.
10. Telehealth reduces caregiver burden for patients with severe chronic disease.
11. In the post-acute environment, telehealth improves provider access and care quality.
12. Social distancing accelerates guided self-care use and innovation.

Hamory, Bruce and Baggot, Deirdre. "Twelve Post-Pandemic Telehealth Predictions," Oliver Wyman, May 14, 2020.
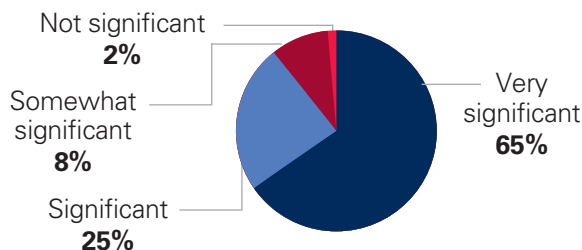
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HOSPITALS PARTICIPATING IN AN ACCOUNTABLE CARE ORGANIZATION (ACO)
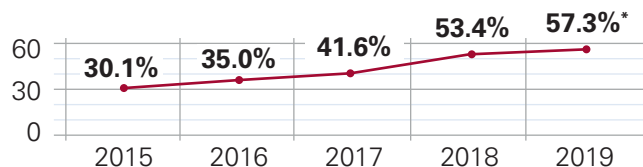
	2015	2016	2017	2018	2019
	30.1%	35.0%	41.6%	53.4%	57.3%*

"AHA Annual Survey of Hospitals," American Hospital Association, 2016-2020, ahadata.com.
*2019 data is preliminary.
Note: 2018 and 2019 survey question is not directly comparable to prior years.

COVID-19's EFFECT ON ACOs

How significant an effect will the COVID-19 pandemic be on ACOs' ability to successfully earn shared savings in 2020?

- Not significant **2%**
- Somewhat significant **8%**
- Significant **25%**
- Very significant **65%**

"Survey Shows ACO's Concerns About the Effect of COVID-19," National Association of ACOs, April 2020.

HOSPITALS WITH SOME PERCENTAGE OF NET PATIENT REVENUE PAID ON A SHARED RISK BASIS
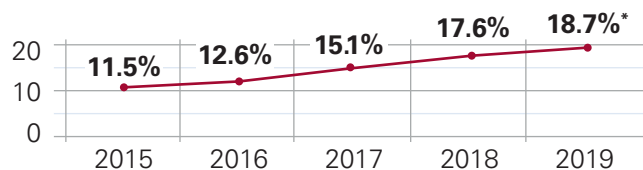
	2015	2016	2017	2018	2019
	11.5%	12.6%	15.1%	17.6%	18.7%*

"AHA Annual Survey of Hospitals," American Hospital Association, 2016-2020, ahadata.com.
*2019 data is preliminary.

CAPITATION ADVANTAGES

Capitation is a payment model that provides prospective, monthly payments to provider organizations for delivering an agreed upon set of services to groups of patients. Capitation:

- Offers providers a predictable stream of revenue that is not connected to the volume of services provided.
- Would have protected many providers against the short-term losses they are sustaining as a result of COVID-19.
- May have reduced the need for immediate federal subsidies and provided time to consider the amount and distribution of funds.
- Offers providers more flexibility to innovate.

Blumenthal, David, M.D., et al. "COVID-19 — Implications for the Health Care System," New England Journal of Medicine, July 22, 2020, doi:10.1056/NEJMsb2021088.

Societal Factors that Influence Health

HOSPITALS INVEST IN COMMUNITY NEEDS

$100 BILLION represents the investment tax-exempt hospitals made in community benefit programs in 2017, the most recent year for which comprehensive data are available.

- This sum represents 13.8% of their total expenses that year.
- These funds address social determinants of health, subsidize high-cost, essential health services and underwrite medical research and health professions education.
- About half of hospitals' 2017 community benefit expenditures went to financial assistance for patients and absorbing losses due to underpayments from Medicaid and other means-tested government programs.
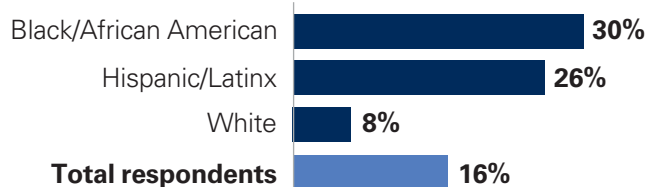
"Results from 2017 Tax-Exempt Hospitals' Schedule H Community Benefit Reports," American Hospital Association, July 2020.

Spotlight on food insecurity

AMERICANS EXPERIENCING FOOD INSECURITY*

2018	2020 Projection
37.2 MILLION	54.3 MILLION TO 40.5 MILLION
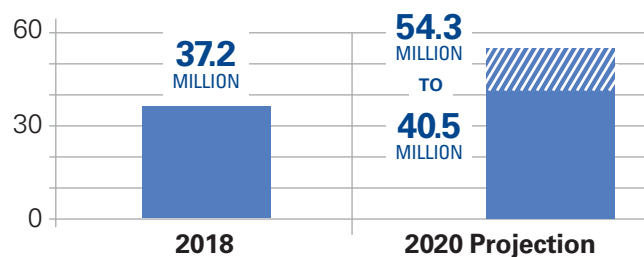
AMERICANS REPORT SKIPPING MEALS OR RELYING ON CHARITY OR GOVERNMENT FOOD PROGRAMS DUE TO COVID-19†

Black/African American	30%
Hispanic/Latinx	26%
White	8%
Total respondents	16%

- Between 9 and 17 million children live in a household where adults say that their children do not have enough to eat. Pandemic-instigated school closures and a severe recession served as contributors.‡

*"The Impact of Coronavirus on Food Insecurity," Feeding America, May 19, 2020.
†Hamel, Liz et al. "Impact of Coronavirus on Personal Health, Economic and Food Security, and Medicaid," KFF Health Tracking Poll — May 2020, Kaiser Family Foundation, May 27, 2020.
‡Bauer, Lauren and Parsons, Jana. "Why extend Pandemic EBT? When schools are closed, many fewer eligible children receive meals," Brookings, Sept. 21, 2020.

THE DYNAMICS OF HEALTHCARE ARE SHIFTING

OUR LEADERS KEEP HOSPITALS HEALTHY.

A leadership opening can be an opportunity to re-engineer processes and re-energize your team. B.E. Smith is a strategic partner uniquely equipped to engage and secure the right talent across the continuum from managers to executives.

We work in collaboration with our clients and our candidates to ensure we are placing and supporting the right people, in the right place, at the right time. They consistently improve clinical, financial, and operational performance; reduce disruption; and enhance the patient experience.

AMN Leadership Solutions | AMN® Healthcare | B.E. SMITH® | MERRITT HAWKINS

BEHAVIORAL HEALTH

Hospitals and health systems provide essential behavioral health care services to millions of Americans. The pandemic has highlighted the need to focus on and invest in the behavioral health ecosystem. Hospitals and health systems are stepping up to improve care access, including integrating physical and behavioral health services, establishing community partnerships to expand the care continuum, deploying digital solutions, implementing a zero suicide initiative and launching anti-stigma campaigns.

Mental health in the U.S.

- Anxiety is the most common mental health disorder, affecting 40 million adults every year.
- 17 million adults experience a depressive disorder each year.
- More than 42% cite cost and poor insurance coverage as the top barriers to accessing mental health care.
- More than $200 billion: estimated annual U.S. spending due to mental health conditions.
- Roughly 111 million Americans live in areas that have a shortage of mental health professionals.

"America's State of Mind: U.S. trends in medication use for depression, anxiety and insomnia," Express Scripts, April 2020.

COVID-19 and Mental Health

U.S. COMPARED WITH HIGH-INCOME COUNTRIES

Effect	U.S. (%)	Other countries * (% range)
Adults report mental health concerns related to COVID-19.	33%	10% - 26%
Adults report negative economic consequences related to COVID-19.	31%	6%-24%

*Australia, Canada, France, Germany, Netherlands, New Zealand, Norway, Sweden, U.K.
Williams II, Reginald D. et al. "Do Americans Face Greater Mental Health and Economic Consequences from COVID-19? Comparing the U.S. with Other High-Income Countries," The Commonwealth Fund, Aug. 6, 2020.

ANXIETY SYMPTOMS INCREASE

1 in 3

adults report symptoms of an anxiety disorder, compared with 1 in 12 a year ago.

- 55% reported life to be more stressful.

"Mental Health: Household Pulse Survey," National Center for Health Statistics, CDC, cdc.gov, July 2020, accessed Sept. 7, 2020.
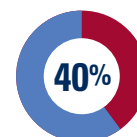
COPING WITH COVID-19

Percentage of respondents experiencing stress, anxiety or great sadness that they found difficult to cope with since the COVID-19 pandemic began.

29% White

39% Black/ African American

40% Hispanic/ Latinx

26% Men
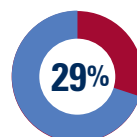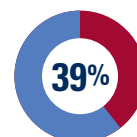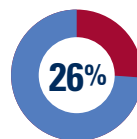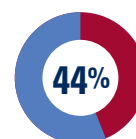
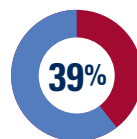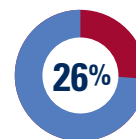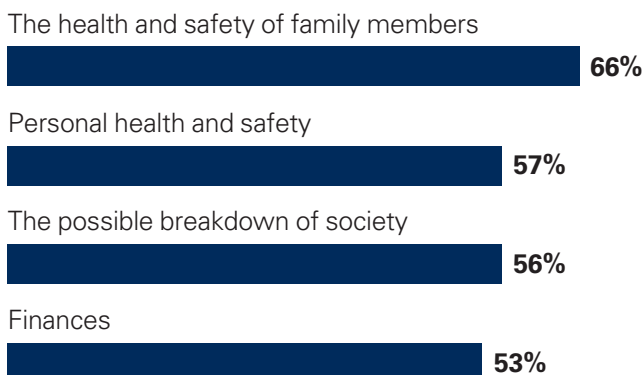**44%** Below-average income

39% Women

26% Above-average income

Getachew, Yaphet et al. "Beyond the Case Count: The Wide-Ranging Disparities of COVID-19 in the United States," The Commonwealth Fund, Sept. 10, 2020.

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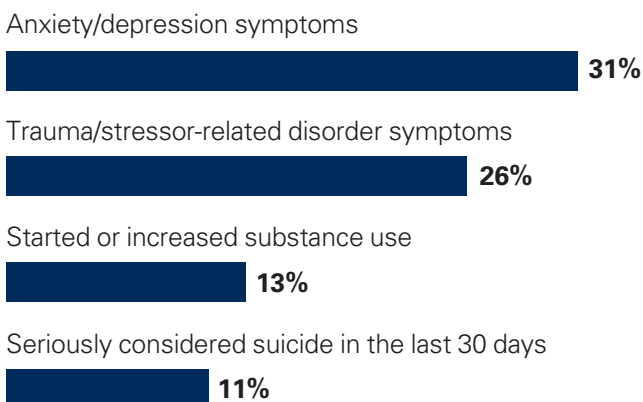
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COVID-19 CONCERNS

In May 2020, Americans were more worried, in comparison to January 2020, about:

The health and safety of family members

66%

Personal health and safety

57%

The possible breakdown of society

56%

Finances

53%

Palsson, Olafur S. "The U.S. National Pandemic Emotional Impact Report," University of North Carolina School of Medicine and Harvard Medical School, June 2020.

ADULT BEHAVIORAL HEALTH CONDITIONS

41% of adults report at least one adverse mental or behavioral health condition in June 2020.

Anxiety/depression symptoms

31%

Trauma/stressor-related disorder symptoms

26%

Started or increased substance use

13%

Seriously considered suicide in the last 30 days

11%

THE PERCENTAGE OF RESPONDENTS WHO SERIOUSLY CONSIDERED SUICIDE IN THE LAST 30 DAYS WAS HIGHER AMONG:

Unpaid caregivers for adults **31%**

18 - 24-year-olds **26%**

Essential workers **22%**

Hispanic/Latinx **19%**

Black/African American **15%**

Czeisler, Mark É. et al. "Mental Health, Substance Use, and Suicidal Ideation During the COVID-19 Pandemic — United States, June 24-30, 2020," Morbidity and Mortality Weekly Report Aug. 14, 2020, 69(32);1049–1057.

PRESCRIPTION INCREASES (Feb. to March 2020)

Anti-anxiety medications: **+34.1%**

Antidepressant medications: **+18.6%**

Anti-insomnia medications: **+14.8%**

New prescriptions filled within these categories: **78%**

"America's State of Mind: U.S. trends in medication use for depression, anxiety and insomnia," Express Scripts, April 2020.

TOP 20 MENTAL WELLNESS APPS

First-time downloads

January 2020	3.1 million
April 2020	4.0 million

29%

- In contrast, first-time downloads of the top 20 such apps fell 30% during the same period in 2019.

Herzog, Kira, "Mental health apps draw wave of new users as experts call for more oversight," CNBC, cnbc.com, May 24, 2020.

Mental Health and Health Equity

ANNUAL TREATMENT RATES AMONG U.S. ADULTS WITH ANY MENTAL ILLNESS

43% All

49% White

31% Black/African American

33% Hispanic/Latinx

35% Male

32% Multiracial

25% Asian

49% Female

49% Lesbian/gay/bisexual
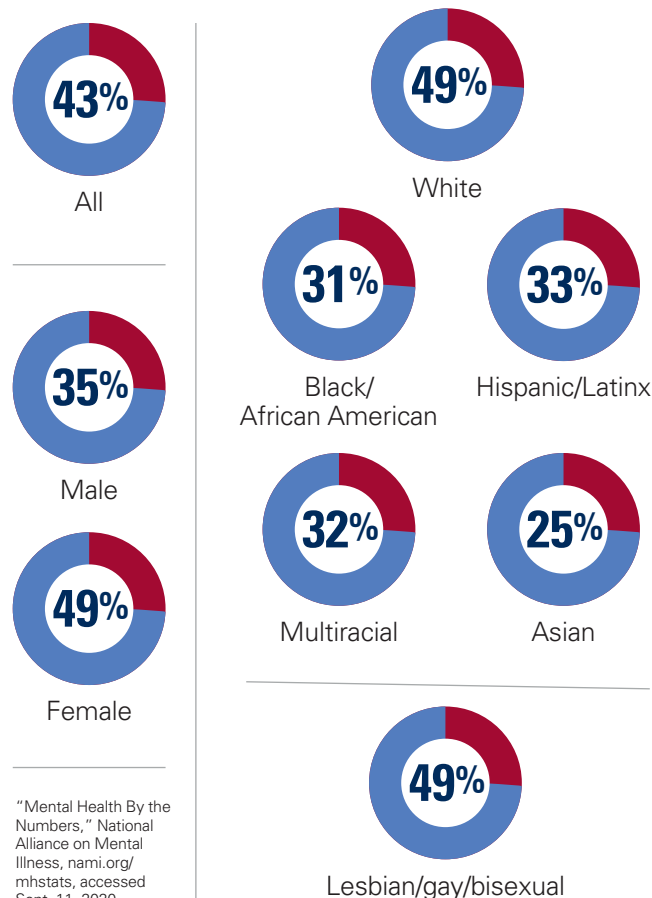
"Mental Health By the Numbers," National Alliance on Mental Illness, nami.org/mhstats, accessed Sept. 11, 2020.

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Substance Use Disorders (SUDs)

DRUG OVERDOSES

- Drug overdose deaths in the U.S. in 2019: Increased to 72,000.[*]
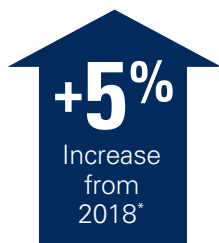- Opioids are responsible for 71% of these deaths.[*]
- As of July 2020, drug overdose deaths increased an average of 13% over last year.[†]

+5%
Increase from 2018[*]

[*]"Vital Statistics Rapid Release: Provisional Drug Overdose Death Counts," National Center for Health Statistics, CDC, cdc.gov, accessed Oct. 25, 2020.
[†]Katz, Josh et al. "In Shadow of Pandemic, U.S. Drug Overdose Deaths Resurge to Record," The New York Times, July 15, 2020.

Opioids

ECONOMIC IMPACT

$819 BILLION
Estimated cost of the opioid epidemic from 2015 to 2019.

$1 TRILLION
The cost to society over the next five years if trends continue.

Top 3 costs

- Mortality: **$327 billion**
- Health care: **$270 billion**
- Lost productivity: **$124 billion**

"A Movement to End Addiction Stigma — Addressing opioid use disorder stigma: The missing element of our nation's strategy to confront the opioid epidemic," Shatterproof white paper, July 16, 2020.

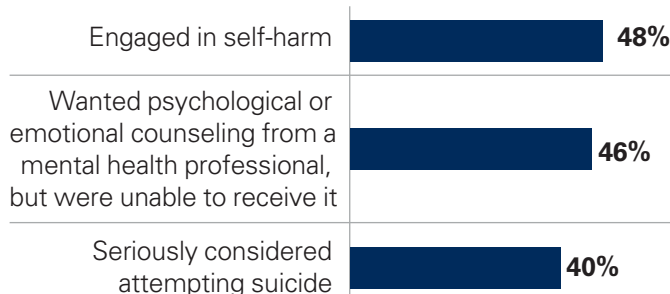## SUDs linked to COVID-19 susceptibility

AN ANALYSIS OF MILLIONS OF ELECTRONIC HEALTH RECORDS (EHRs) SHOWED THAT:

- While individuals with an SUD constituted 10.3% of the total study population, they represented 15.6% of the COVID-19 cases.
- COVID-19 susceptibility was strongest for opioid use disorder, followed by tobacco use.
- Individuals with an SUD were more likely to experience worse COVID-19 outcomes.
- Black Americans with a recent opioid use disorder diagnosis were over four times more likely to develop COVID-19 compared with whites.

"Substance use disorders linked to COVID-19 susceptibility," National Institutes of Health, Sept. 14, 2020.

LGBTQ Youth

IN THE PAST YEAR, THIS POPULATION:

Engaged in self-harm	48%
Wanted psychological or emotional counseling from a mental health professional, but were unable to receive it	46%
Seriously considered attempting suicide	40%

Note: Survey included 40,000 LGBTQ youth ages 13-24
"2020 National Survey on LGBTQ Youth Mental Health." The Trevor Project, July 2020. For additional information: Research@TheTrevorProject.org.
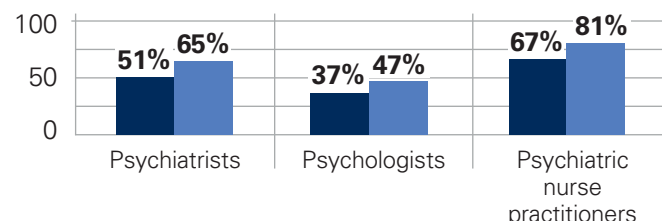
COMPARISON WITH THE LARGER YOUTH POPULATION

- 19% of individuals ages 14-18, including both LGBTQ and non-LGBTQ youth, seriously considered attempting suicide in 2019.

Ivey-Stephenson, Asha Z. et al. "Suicidal Ideation and Behaviors Among High School Students — Youth Risk Behavior Survey, United States, 2019," Morbidity and Mortality Weekly Report Supplement, Aug. 21, 2020, 69(1):47-55.

Access

PERCENTAGE OF U.S. COUNTIES WITHOUT A BEHAVIORAL HEALTH PROVIDER

Overall U.S. ■   **Nonmetropolitan** ■

	Overall U.S.	Nonmetropolitan
Psychiatrists	51%	65%
Psychologists	37%	47%
Psychiatric nurse practitioners	67%	81%

Andrilla, Holly C. et al. "Geographic Variation in the Supply of Selected Behavioral Health Providers," American Journal of Preventive Medicine, June 2018, https://doi.org/10.1016/j.amepre.2018.01.004.

PATIENTS USING TELEPSYCHIATRY DURING THE PANDEMIC

- 27% of U.S. adults report using telepsychiatry services (May 2020).

Of this group:

- 62% said they would not be able to receive necessary care without telepsychiatry services.
- 74% expressed interest in continuing telepsychiatry after the pandemic.

Gramigna, Joe. "More than 25% of Americans using telepsychiatry during COVID-19 pandemic," Healio, July 29, 2020.

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WORKFORCE

Hospitals and health systems need compassionate, skilled and dedicated professionals to fulfill the core mission of caring for people. The pandemic has exacerbated the challenges already facing the health care workforce, including shortages and burnout. The AHA and its members are committed to supporting structural changes, resources for individuals and capacity-building measures to ensure a strong, resilient and diverse workforce for today's transformative workplace and tomorrow's health care delivery.

Workforce priorities and issues in light of COVID-19

According to the AHA Changing Workforce Task Force:

Top workforce priorities

- Employee wellness
- Training and retraining
- Technology
- Job design that workers value

Critical workforce innovation and transformation issues

- Large-scale remote work
- Competency-based cross-training/deployment of clinicians to new settings

"AHA Strategic Policy Planning: The Changing Workforce Task Force," The American Hospital Association, August 2020.

HEALTH CARE EMPLOYMENT

2020 month-over-month change in health care employment, seasonally adjusted.

Month	(thousands)
Jan.	32.4
Feb.	36.2
March	-90.1
April	-1,487.5
May	304.0
June	351.6
July	125.5
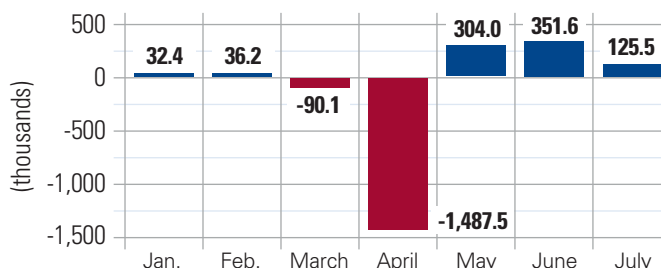
- The hospital workforce shrunk by 3.5% from July 2019 to July 2020.

Turner, Ani and Hughes-Cromwick, Paul. "Perspective: Health Care Regains Half of Jobs Lost This Spring," Altarum, Aug. 7, 2020.

COMMUNITY HEALTH WORKERS' RETURN ON INVESTMENT

- $1 investment yielded a $2.47 return to an average Medicaid payer within the fiscal year.

Kangovi, Shreya et al. "Evidence-Based Community Health Worker Program Addresses Unmet Social Needs and Generates Positive Return on Investment," Health Affairs, vol. 39, no. 2 (2020): 207-213, https://doi.org/10.1377/hlthaff.2019.00981.

Clinicians

CLINICIANS AT RISK

- By some estimates, clinicians account for nearly 20% of the COVID-19-infected cases in the U.S.

Dai, Tinglong et al. "PPE Supply Chain Needs Data Transparency and Stress Testing," Journal of General Internal Medicine, June 30, 2020, doi:10.1007/s11606-020-05987-9.

Physicians

PHYSICIAN SHORTAGES

- Primary care shortage is projected to be between 21,400 and 55,200 physicians by 2033.
- A large portion of the physician workforce is nearing traditional retirement age.

"The Complexities of Physician Supply and Demand: Projections From 2018 to 2033," Association of American Medical Colleges, June 2020.

CRITICAL CARE PHYSICIANS AND COVID-19

- The U.S. is projected to experience a shortage of more than 7,900 intensivist physicians during the pandemic.[*]
- In early August 2020, 26 states were at risk for shortages of intensivists.[†]

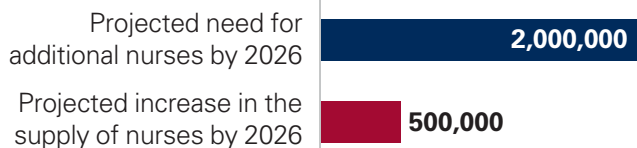Note: Intensivist physicians completed a formal fellowship in critical care medicine.
[*] "Array Advisors Projects Massive Shortage of Critical Care Physicians Due to COVID-19," Array Advisors, March 31, 2020.
[†] "State Hospital Workforce Deficit Estimator," Fitzhugh Mullan Institute for Health Workforce Equity, The George Washington University, gwhwi.org/estimator.html, accessed Aug. 15, 2020.
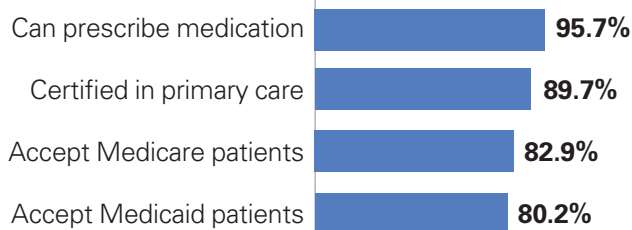
Nurses

THE NURSING WORKFORCE (2016-2026 PROJECTIONS)

Projected need for additional nurses by 2026	**2,000,000**
Projected increase in the supply of nurses by 2026	**500,000**

"The 2021 AHA Health Care Talent Scan," American Hospital Association, August 2020.

NURSE PRACTITIONERS (NPs)

There are more than 290,000 NPs licensed in the U.S.*

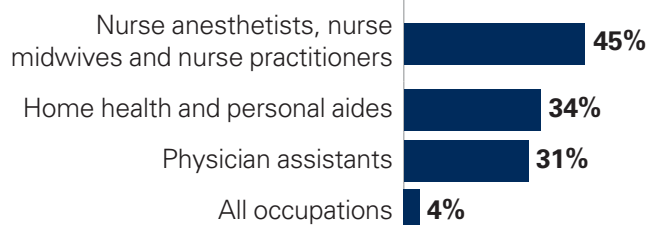|	
Can prescribe medication	**95.7%**
Certified in primary care	**89.7%**
Accept Medicare patients	**82.9%**
Accept Medicaid patients	**80.2%**

- More effective use of nonphysician clinical support, such as nurse practitioners and physician assistants, could have the same impact on capacity as adding 44,000 new primary care physicians.[†]

*"NP Fact Sheet," American Association of Nurse Practitioners, August 2020.
†Kerns, Christopher and Willis, Dave. "The Problem with U.S. Health Care Isn't a Shortage of Doctors," Harvard Business Review, March 16, 2020.
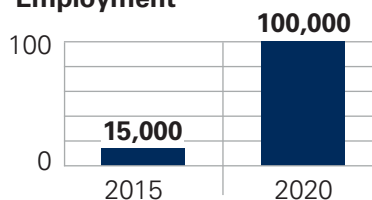
Other health worker trends

OCCUPATIONAL GROWTH RATES: 2019-2029

Nurse anesthetists, nurse midwives and nurse practitioners	**45%**
Home health and personal aides	**34%**
Physician assistants	**31%**
All occupations	**4%**

"Occupational Outlook Handbook," Bureau of Labor Statistics, accessed Sept. 13, 2020.

MEDICAL SCRIBES

Employment

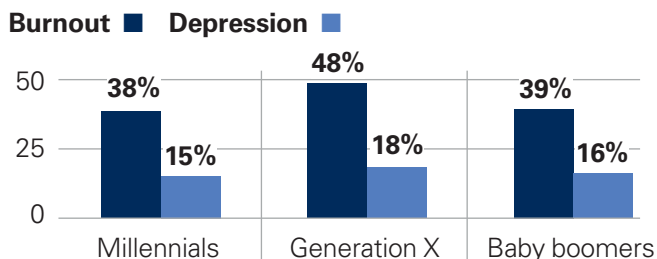| 2015	2020
15,000	**100,000**

- Physicians spend 37% of a patient visit on a computer and an average of 2 extra hours after work on EHR tasks.

Kwon, Sarah. "To Free Doctors From Computers, Far-flung Scribes are Now Taking Notes for Them," HealthLeaders and Kaiser Health News, Oct. 1, 2020.

Clinicians' mental health

Physicians

PHYSICIANS' BURNOUT AND DEPRESSION

Burnout ■ **Depression** ■

	Millennials	Generation X	Baby boomers
Burnout	38%	48%	39%
Depression	15%	18%	16%

- Across generations, about two-thirds considered depression colloquial and less than one-third described it as clinical depression.

Kane, Leslie. "Medscape National Physician Burnout, Depression & Suicide Report 2020," Medscape, Jan. 15, 2020.
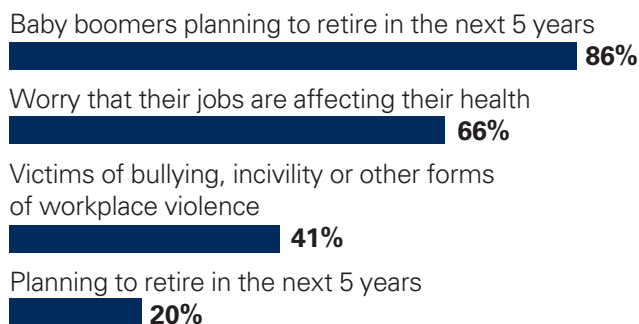
PHYSICIANS' MENTAL HEALTH DUE TO COVID-19's EFFECT ON THEIR PRACTICE OR EMPLOYMENT

Experience inappropriate anger, tearfulness or anxiety	**50%**
Had thoughts of self-harm	**8%**

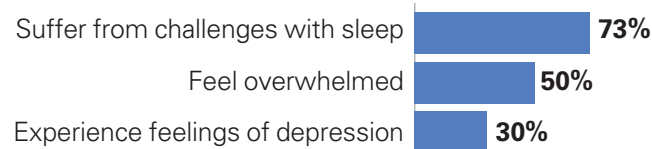"2020 Survey of America's Physicians: COVID-19 Impact Edition," The Physicians Foundation, September 2020

Nurses

NURSING WORKFORCE

Baby boomers planning to retire in the next 5 years	**86%**
Worry that their jobs are affecting their health	**66%**
Victims of bullying, incivility or other forms of workplace violence	**41%**
Planning to retire in the next 5 years	**20%**

"2019 Survey of Registered Nurses: A Challenging Decade Ahead," AMN Healthcare, Nov. 12, 2019.

NURSES' MENTAL HEALTH DURING COVID-19

Suffer from challenges with sleep	**73%**
Feel overwhelmed	**50%**
Experience feelings of depression	**30%**

"New Pulse on the Nation's Nurses Survey Series: Half of Frontline Nurses Emotionally Overwhelmed by COVID-19," American Nurses Foundation, July 15, 2020.

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As places of healing, hospitals and health systems are dedicated to the well-being of their communities. The pandemic has disproportionately affected people of color and has highlighted longstanding health care disparities. Workforce diversity, cultural humility and unconscious/implicit bias training are imperatives for strengthening patient and community relationships. To significantly advance health in America, racial, ethnic and cultural inequities must be addressed.

ECONOMIC BENEFITS OF CLOSING THE RACIAL EQUITY GAP

$8 TRILLION
Gain in GDP by 2050 if the United States eliminated racial disparities in health, education, incarceration and employment.

Turner, Ani. "The Business Case for Racial Equity: A Strategy for Growth," W.K. Kellogg Foundation and Altarum, July 24, 2018.
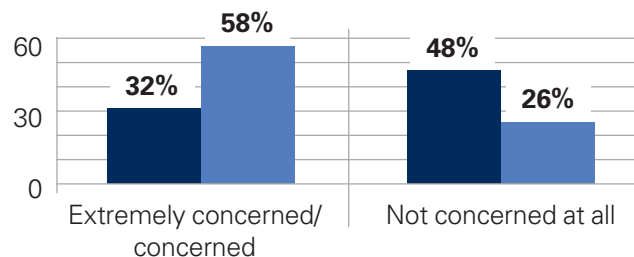
COVID-19: Race and Ethnicity

INDIVIDUALS/HOUSEHOLDS UNABLE TO AFFORD MEDICATION

White adults ■   **Non-white adults** ■

- Jan. to Feb. 2019: White 17%, Non-white 21%
- June 2020: White 20%, Non-white 31%
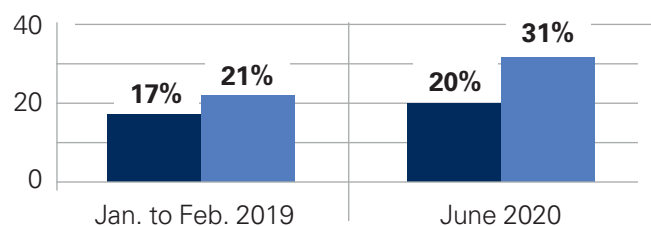
CONCERN LEVEL OF PAYING FOR COST OF CARE IF DIAGNOSED WITH COVID-19

White adults ■   **Non-white adults** ■

- Extremely concerned/concerned: White 32%, Non-white 58%
- Not concerned at all: White 48%, Non-white 26%

Witters, Dan. "In U.S., Large Racial Divide in COVID-19 Cost Concerns," Gallup, July 29, 2020.

COVID-19 CASES, HOSPITALIZATION AND MORTALITY BY RACE/ETHNICITY (compared with whites)

Race/Ethnicity	Cases	Hospitalization	Mortality
American Indian or Alaska Native	2.8x	5.3x	1.4x
Asian	1.1x	1.3x	No increase
Black/African American	2.6x	4.7x	2.1x
Hispanic/Latinx	2.8x	4.6x	1.1x

"COVID-19 Hospitalization and Death by Race/Ethnicity," CDC, cdc.gov/coronavirus/2019-ncov/need-extra-precautions, Aug. 18, 2020, accessed Sept. 8, 2020.

ABILITY TO WORK FROM HOME

- White: **29.9%**
- Black/African American: **19.7%**
- Hispanic/Latinx: **16.2%**

Murphy, Timothy and Anderson, Bernard. "State of Black America Unmasked," National Urban League, August 2020.

Underlying inequities contributing to disparities in COVID-19 outcomes
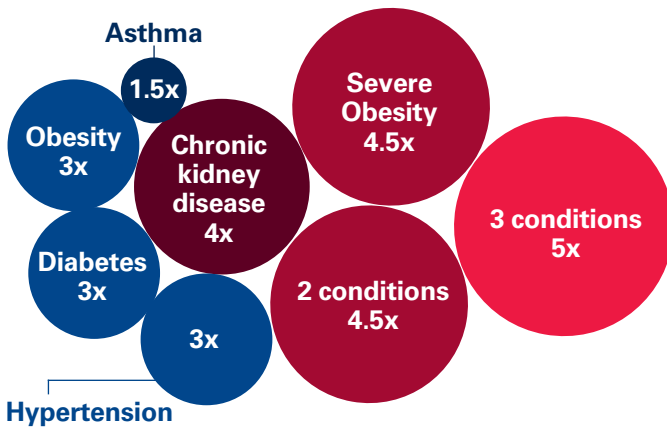
- **Socio-economic factors:** Housing, employment, income, food security, education
- **Racism:** Structural, cultural and individual discrimination
- **Clinical health:** Chronic disease comorbidities, health behaviors
- **Access to care and information:** Coverage, placement of testing sites, internet access enabling telehealth
- **Quality of care and experience:** Trust, provider bias, language and cultural barriers

Coe E., Enomoto K., Mandel A., Parmer S., Yamoah S. "Insights on racial and ethnic health inequity in the context of COVID-19," McKinsey & Company, July 31, 2020.
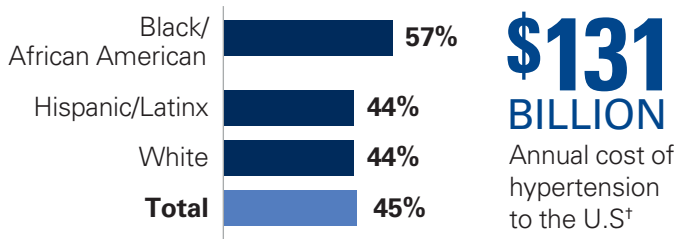
COVID-19 and chronic disease

COVID-19 RISK FOR HOSPITALIZATION

Chronic conditions compared with people without the condition(s)

Asthma 1.5x

Obesity 3x

Chronic kidney disease 4x

Severe Obesity 4.5x

Diabetes 3x

3x

2 conditions 4.5x

3 conditions 5x

Hypertension

"COVID-19 Associated Hospitalization Related to Underlying Medical Conditions," CDC, cdc.gov/coronavirus/2019-ncov/downloads/covid-data/hospitalization-underlying-medical-conditions.pdf, Aug. 8, 2020, accessed Sept. 8, 2020.

HYPERTENSION RATES IN U.S. ADULTS BY RACE*

Race	Rate
Black/African American	57%
Hispanic/Latinx	44%
White	44%
Total	45%

$131 BILLION
Annual cost of hypertension to the U.S[†]

*Ostchega, Yechiam et al. "Hypertension Prevalence Among Adults Aged 18 and Over: United States, 2017–2018," NCHS Data Brief, no. 364, National Center for Health Statistics, 2020.
†"Facts about Hypertension," CDC, cdc.gov/bloodpressure, accessed Aug. 16, 2020.

COVID-19: AGE AND MEDICARE/MEDICAID BENEFICIARIES

Age	Medicare beneficiaries: hospitalizations per 100,000	Dual Medicare and Medicaid beneficiaries: hospitalizations per 100,000
<65	268	683
65-74	190	1,093
75-84	328	1,794
85+	577	2,317

"Preliminary Medicare COVID-19 Data Snapshot — Medicare Claims and Encounter Data: Services Jan. 1 to Aug. 15, 2020; received by Sept. 11, 2020," CMS, cms.gov, accessed Oct. 4, 2020.

ACCESS & AFFORDABILITY

To create a reimagined health ecosystem, individuals and communities need to be able to access and afford health care. Health coverage opens the door to health care services. For people who have this access, cost can still be a barrier to essential services. The AHA and its members are working to preserve and expand access to high-quality, equitable, affordable care.
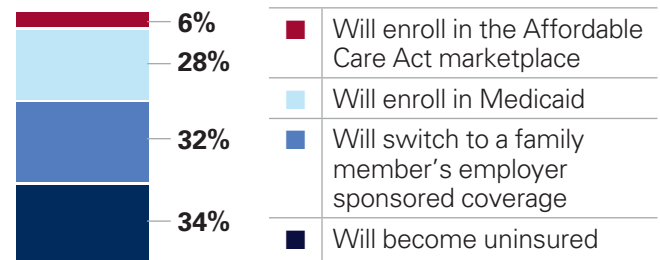
ACCESS

UNINSURED INCREASE

5.4 MILLION
Number of U.S. workers who became uninsured February to May, 2020.*

Increase is **39%** higher than any annual recorded increase.

*Dorn, Stan. "The COVID-19 Pandemic and Resulting Economic Crash Have Caused the Greatest Health Insurance Losses in American History," The National Center for Coverage Innovation, Families USA, July 17, 2020.

PEOPLE WHO LOSE THEIR EMPLOYER-SPONSORED HEALTH INSURANCE IN 2020 (PROJECTED)

- 6% — Will enroll in the Affordable Care Act marketplace
- 28% — Will enroll in Medicaid
- 32% — Will switch to a family member's employer sponsored coverage
- 34% — Will become uninsured

Banthin, J. et al. "Changes in Health Insurance Coverage Due to the COVID-19 Recession: Preliminary Estimates Using Microsimulation," Urban Institute, Robert Wood Johnson Foundation, July 13, 2020.

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AMERICANS REPORTING THE LOSS OF HEALTH INSURANCE DUE TO THE PANDEMIC COMPARED WITH WHITE RESPONDENTS

Black/African American	3x more likely
Hispanic/Latinx	2x more likely

Coe E., Enomoto K., Mandel A., Parmer S., Yamoah S. "Insights on racial and ethnic health inequity in the context of COVID-19," McKinsey & Company, July 31, 2020.

MEDICAID AND THE CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP) ENROLLMENT

	No. of people
Dec. 2017	73,391,431
Dec. 2019	71,126,238
June 2020	74,633,849

-3.1% CHANGE

+4.9% CHANGE

- Children constitute 50% of Medicaid/CHIP enrollment.

State Health Facts: Monthly Child Enrollment in Medicaid and CHIP," Kaiser Family Foundation, kkf.org, accessed Aug. 28, 2020.

MEDICARE ADVANTAGE ENROLLMENT

Enrollment June 2020: **24,759,610**

Year-over-year growth rate: **9.4%**

Month-over-month growth rate: **0.5%**

"Medicare Advantage Enrollment Update: July 2020," Episource, July 2020.

Rural challenges

RURAL HOSPITALS AT RISK

As of September 2020:

- 132 rural hospitals have closed since January 2010.[*]
- 15 hospitals closed in 2020 alone.[*]
- More than half of rural counties have no hospital-based obstetrics services.[†]

*The Cecil G. Sheps Center for Health Services Research, University of North Carolina, shepscenter.unc.edu, accessed Sept. 8, 2020.
†"Rural Health in America: How Shifting Populations Leave People Behind," The National Institute for Health Care Management, nihcm.org, accessed Aug. 13, 2020.

BROADBAND INTERNET ACCESS

- More than 21 million people in America lack advanced broadband internet access.[*]
- 1 in 4 rural U.S. adults say access to broadband internet is a major problem.[†]

*Merrefield, Clark. "Rural broadband in the time of coronavirus," Journalist's Resource, March 30, 2020.
†Anderson, Monica. "About a quarter of rural Americans say access to high-speed internet is a major problem," Pew Research Center, Sept. 10, 2018.
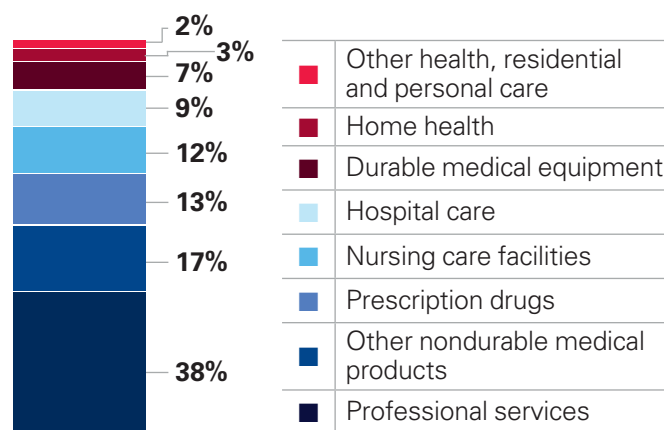
AFFORDABILITY

Health care expenses

EMPLOYER-SPONSORED INSURANCE: AVERAGE ANNUAL PREMIUM (FAMILY COVERAGE)

$13,770 (2010), $21,342 (2020), **55%** increase
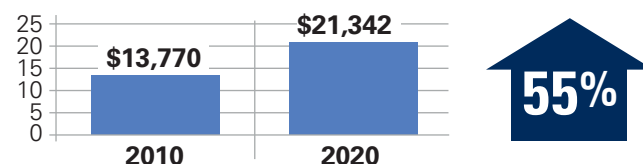
"2020 Employer Health Benefits Survey," Kaiser Family Foundation, Oct. 8, 2020.

DISTRIBUTION OF CONSUMER OUT-OF-POCKET HEALTH EXPENSES

- 2% Other health, residential and personal care
- 3% Home health
- 7% Durable medical equipment
- 9% Hospital care
- 12% Nursing care facilities
- 13% Prescription drugs
- 17% Other nondurable medical products
- 38% Professional services

"National Health Expenditure Data, Historical," NHE Tables, cms.gov, released Dec. 17, 2019.

Prescription drugs

5.8% Average increase of 2020 drug prices compared with 2019 (Jan. 2020)[*]

6.8% Average increase of 857 brand name and generic drugs (Jan. – June 2020)[†]

- From 2006 to 2019, the median monthly price of a new brand name drug increased by 381%, from $150 to $722.[‡]
- 23% of Americans were unable to pay for prescribed medication at least one time in the past 12 months.[§]
- More than one-third of adults with insurance report that they or a household member were denied coverage of a drug prescribed by their doctor.[||]

*Hopkins, Jared. "Drug prices rise 5.8% on average in 2020," MarketWatch, Jan. 2, 2020.
†Marsh, Tori. "Live Updates: July 2020 Drug Price Increases," GoodRx, Aug. 3, 2020.
‡"Drug price increases have slowed, but new analysis shows launch prices pushing costs into orbit," 46brooklyn Research, Oct. 15, 2019.
§Witters, Dan. "Millions in U.S. Lost Someone Who Couldn't Afford Treatment," Gallup, Nov. 12, 2019.
||Neighmond, Patti. "When Insurance Won't Cover Drugs, Americans Make 'Tough Choices' About Their Health," National Public Radio, Jan. 27, 2020.

AHA adapts to new normal
to provide value to members

A conversation with Michelle Hood, executive vice president
and chief operating officer of the American Hospital Association

Q: How did the AHA strategically pivot as the pandemic unfolded?
A: The AHA's mission and vision are foundational to the health care field and did not change. However, we quickly formed cross-functional teams to refocus our activities and goals. We put some initiatives on hold to concentrate on the immediate relief needs of hospitals and health systems. This shift took a tremendous amount of teamwork and communication within our new virtual workplace. Advocacy efforts were, and still are, vital in terms of reducing regulations and acquiring the necessary funds to ensure that hospitals can continue to care for patients.

As supply chain needs became a priority, we supported two important initiatives:

• **100 Million Mask Challenge:** A program focused on producing personal protective equipment for our front-line health care workers.

• **Dynamic Ventilator Reserve:** A public-private partnership created to bring health systems together to share ventilators.

Through the guidance of a newly appointed AHA Board Task Force, we produced "Pathways to Recovery," a guide for our members with resources to assist safe return to provision of non-COVID-19 inpatient and outpatient services. Building and expanding strategic partnerships with governmental agencies as well as business and field colleagues also played a significant role in our response.

Q: As you navigate the immediate needs of hospitals, how do you plan for the future?
A: We have evolved our work to focus simultaneously on relief efforts, implementing recovery plans and reimagining health care. Together with the CDC, we've launched the Living Learning Network, a community for health care professionals to share COVID-19 best practices and prepare for future public health emergencies. We're also tracking vaccine development and distribution plans, and working with federal regulatory agencies to assure the safety of any vaccine brought to market. Together with the American Medical Association and American Nurses Association, we are developing messaging for our members to use with their workforces and their communities about the importance of vaccination.

Our governance and leadership groups are exploring how the lessons we've learned can contribute to a more equitable, sustainable and transformed health care system. We will continue to work with health organizations, business and government to produce real change.

Q: How does the AHA help hospitals take action on the issues presented in the environmental scan?
A: The AHA offers an enormous number of educational and thought leadership resources, including virtual conferences, webinars, podcasts, case studies, peer-to-peer digital communities and data insights. These member-assistance resources, targeted to both institutional members and individuals who work in a variety of hospital professions, are too numerous to list. I encourage everyone to explore **aha.org**. Additionally, hospitals and other stakeholders can become involved in advocacy efforts by visiting the AHA's action center at **aha.org/advocacy** and The Coalition to Protect America's Health Care at **protecthealthcare.org**. This past year, I've witnessed great unity within our field, and we need to continue to amplify our collective voice.

Q&A

MICHELLE HOOD

Executive Vice President and Chief Operating Officer, American Hospital Association

Download the 2021 Environmental Scan at aha.org/environmentalscan.

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The future of health care

Melinda L. Estes, M.D.

President and CEO, Saint Luke's Health System
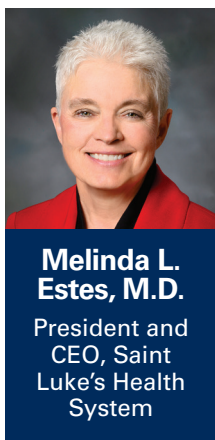
"Telehealth appointments are really just the start of how COVID-19 has quickly elevated and accelerated virtual care. Next comes the work to expand digital therapeutics, remote patient monitoring and hospitals at home. This will empower patients, produce better outcomes and reduce costs. That being said, we know that the heart of health care is much more than technology; it's the people. A skilled and resilient workforce, a culture of teamwork and safety, a commitment to build lasting relationships with patients and, most importantly, delivering care with compassion—these are the factors that will drive us to innovate a new kind of health care system. One that truly works for everyone."

Take a Deep Dive into Rebuilding and Reimagining Health Care

Futurescan 2021-2026

The AHA's Society for Health Care Strategy and Market Development (SHSMD) offers a deep dive into key forces that are transforming the future of health care through Futurescan 2021-2026. A synopsis of this insightful thought leadership publication is provided to help hospitals and health systems think strategically about these issues.

Social Determinants of Health

Health care leaders must proactively invest in the initiatives and innovations that will have the greatest impact on improving community health, especially among those who are most at risk. They also have to recognize that addressing social determinants in the midst of a pandemic is not something they can do on their own. They need to form coalitions with local governments, community organizations and businesses to solve these major societal issues and advocate for change in national policies.

Bechara Choucair, M.D., senior vice president and chief health officer at Kaiser Permanente

Technology

Artificial intelligence (AI) offers new possibilities to deliver higher-quality care and transform hospital and health system operations to be more efficient and patient centered. AI has been used in a variety of ways during the pandemic to help researchers better understand COVID-19's basic science and to identify patients who may benefit from therapeutics. AI predictive analytics may also assist in diagnosing the disease and determining the risk of disease progression. In addition, systems have employed deep learning techniques to interpret chest X-rays and computed tomography scans of patients who may have COVID-19.

Michael Howell, M.D., chief clinical strategist and principal scientist at Google Health

Consumerism

During COVID-19 and beyond, the latest trends in consumerism are the primary reason that hospitals and health systems need to rethink their current models of service delivery. Health care needs to become more like the hospitality or consumer packaged-goods industries. To engage and retain loyal customers, they need to design services and experiences similar to what they encounter every day in the real world. It is no longer about the patient's medical journey – it's about the whole consumer experience.

Jane Sarasohn-Kahn, health economist and author

Culture Change

Health care leaders need to create a culture that embraces change, innovation, staff and physician engagement, and quality care. Employees and the medical staff frequently know of problems that require change before leadership does, because they are closer to it. That insider's perspective often enables them to recommend the best solution. Putting people first inspires clinical and operational teams to create a true culture of high performance. People will put forth an enormous amount of effort if they feel valued.

Nancy M. Schlichting, former president and CEO of Henry Ford Health System

Learn more about these topics as well as additional trends by visiting shsmd.org/futurescan.

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4 PILLARS **TO BUILD LEADERSHIP STRENGTH**

Organizations must simultaneously pursue strategies in these four areas to build strong leadership. Discover what insights are influencing the healthcare workforce.

RETENTION

40% HAVE A FORMAL SYSTEM FOR IDENTIFYING HIGH-PERFORMING LEADERS

45% HAVE STRATEGIES TO RETAIN TOP PERFORMERS

PREFERRED METHOD OF RECRUITING

37% REFERRALS

22% WEBSITE

INFLUENTIAL FACTORS TO RETAINING TOP TALENT

27% SUCCESSION PLANNING

27% BENEFITS / COMPENSATION

ENGAGEMENT
WAYS ENGAGEMENT IS MEASURED

72% EFFECT ON PATIENT SATISFACTION

54% OPERATIONAL MEASURES

46% FINANCES

RECRUITMENT

44% PLAN TO INCREASE RECRUITMENT OF PASSIVE CANDIDATES

43% SAY DIVERSITY IS A PRIMARY RECRUITMENT FOCUS

LEADERSHIP DEVELOPMENT
CURRENT PROGRAMS

64% FORMAL LEADERSHIP INSTITUTE

64% MENTORING

60% ORGANIZATIONAL PLANNING

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