

# ENVIRONMENTAL SCAN 2023



Advancing Health in America

The AHA's 2023 Environmental Scan is sponsored by





# Welcome to the 2023 Environmental Scan

#### Challenges. Resilience. Innovation. Opportunities.

These four words help describe the current environment facing our hospitals and health systems — nearly three years into a pandemic that has transformed the nation's health care landscape and our society.

The 2023 AHA Environmental Scan provides a snapshot of past and present trends on important issues that form the foundational pillars of the AHA strategic plan. It also includes data and projections for the future that hospitals and

health systems can use as they plot their own path forward.

Challenging economic conditions, persistent workforce pressures and repeated COVID-19 surges, continue to place severe strain on hospital and health system finances that jeopardizes access to care for patients. **In fact, 2022 is on track to be the most financially difficult year for hospitals and health systems since the start of the pandemic.** Hospitals' total expenses are projected to increase by \$135 billion in 2022 compared to 2021, and more than two-thirds of hospitals could be operating at a financial loss in 2022. Many expect these financial challenges to extend into 2023 and possibly beyond.

Despite unprecedented challenges, America's hospitals and health systems are a **powerful story of resilience** in the face of a global threat. When the world shut down, health care workers stood up. Day in and day out, the health care workforce



RICK POLLACK President and CEO American Hospital Association courageously cared for patients and communities. They witnessed the unimaginable and still kept going. The caring, compassion and dedication of health care workers across the country once again proved that hospitals are society's ultimate safety net. But the pandemic has certainly tested the resiliency of our workforce. We are continuing efforts to ensure that we care for the caregiver, that we make our working environment safe, and that we foster the ability for individuals to have joy in their work.

At the same time, **our field continues to drive innovation that is leading to better care experiences and better outcomes for patients**.

Hospitals continue to demonstrate how they are redefining the "H" in providing care outside of the hospitals' four walls, whether it's in the home; through telehealth and remote monitoring; in schools; community centers; sports arenas; or anywhere that care is needed. We are forming strategic alliances and implementing ideas to better coordinate care across the continuum, as well as focus on prevention and wellness. And we are continuing to advance education, technology and research efforts to improve health.

The Environmental Scan helps tell the story of hospitals and health systems. It allows us to analyze the past, consider the present, and most importantly, **imagine our opportunities for the future**. It's a valuable tool we can use as we continue our work to achieve a just society of healthy communities, where all individuals reach their highest potential for health.



## TABLE OF CONTENTS

Hospital and Health System Landscape: Financial Stability4
Workforce 11
Health Equity
Behavioral Health
Better Care and Greater Value
Affordability and Access
Quality and Safety
Value-based Delivery and Payment Models
Rural Health
Consumerism
Social and Demographic Trends

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## HOSPITAL AND HEALTH SYSTEM LANDSCAPE: FINANCIAL STABILITY

For more than two years since the outset of the COVID-19 pandemic, America's hospitals and health systems have been on the front lines caring for patients and protecting communities. With more than 96 million cases, 1 million deaths and 5.3 million hospitalizations as of Oct. 1, 2022\*, the pandemic has taken a significant toll and placed enormous strain on the nation's health care workforce. Hospitals and health systems have confronted a range of financial and operational challenges, including historic volume and revenue losses, as well as skyrocketing expenses. When coupled with rising inflation and growth in input prices, these expense increases have been severely detrimental to hospital finances, leading to billions in losses and more than 33% of hospitals operating on negative margins.<sup>†</sup> Additionally, patient acuity has increased consistently since the start of the pandemic.

The vital role hospitals and health systems have played in providing health care to their communities is only part of the story. With the pandemic devastating local economies, hospitals and health systems have been economic pillars that create jobs and purchase goods and services from others in their community. In 2020, hospitals<sup>‡</sup>:

- Employed 6.3 million individuals.
- Purchased more than \$1.1 trillion in goods and services from other businesses.
- Supported 17.6 million total jobs roughly one out of eight jobs in the U.S.
- Supported \$3.6 trillion in economic activity.

Economic stability must be gained to ensure that hospitals and health systems can continue to provide vital care and support to communities across the nation.

\*"COVID Data Tracker," Centers for Disease Control and Prevention, accessed Oct. 1, 2022 +"Massive Growth in Expenses and Rising Inflation Fuel Continued Financial Challenges for America's Hospitals and Health Systems," American Hospital Association, April 2022 +"Fact Sheet: Economic Contribution of Hospitals," American Hospital Association, February 2022



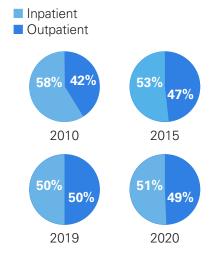
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## **HISTORICAL TRENDS**

#### Total U.S. hospitals

Year	Total # of hospitals	% Hospitals in systems	Total # of community hospitals	% Community hospitals in systems
2016	6,168	65%	5,267	66%
2017	6,210	66%	5,262	66%
2018	6,146	67%	5,198	67%
2019	6,090	67%	5,141	67%
2020	6,093	67%	5,139	68%

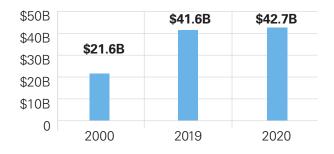
## Inpatient vs. outpatient share of budget for community hospitals



American Hospital Association Annual Survey of Hospitals, 2011-2021

#### National uncompensated care based on cost

Uncompensated care is an overall measure of hospital care provided for which no payment was received from the patient or insurer.

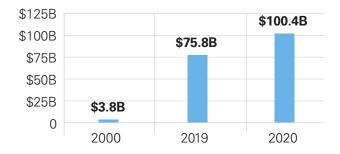


• Since 2000, hospitals have provided almost \$745 billion in uncompensated care.

American Hospital Association Annual Survey of Hospitals, 2001-2021

#### **Underpayment by Medicare and Medicaid**

Underpayments are defined as the amount by which the payments fall short of the cost of providing care to patients covered by these programs.



Since 2000, hospitals have experienced more than \$877 billion in Medicare and Medicaid underpayments.



### HOSPITAL AND HEALTH SYSTEM LANDSCAPE

### FINANCIAL STABILITY

## CURRENT PULSE

## Increase in hospital expenses per patient in 2021 compared to 2019 baseline levels

Expense	% Increase per patient
Drug	36.9%
Labor	19.1%
Supply	20.6%
Total	20.1%

"National Hospital Flash Report," Kaufman, Hall & Associates LLC, January 2022

## 2022 hospital expense projections (compared with 2021)

Expense	Cost increase
Drugs	\$1 billion
Employed Labor	\$57 billion
Supplies	\$11 billion

"The Current State of Hospital Finances: Fall 2022 Update," Kaufman, Hall & Associates, LLC, September 2022

#### Increase in medical supply expenses per patient in 2021 compared with 2019 baseline levels



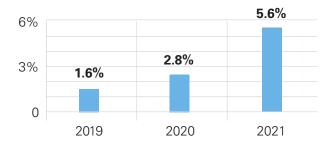
"Massive Growth in Expenses and Rising Inflation Fuel Continued Financial Challenges for America's Hospitals and Health Systems," American Hospital Association, April 2022

## Hospital CEOs cite workforce shortages as top concern

- 1. Personnel shortages
- 2. Financial challenges
- 3. Patient safety and quality

"Top Issues Confronting Hospitals in 2021," American College of Healthcare Executives, Feb. 4, 2022

## Total hospital payroll expense for agency and travel labor (median)\*

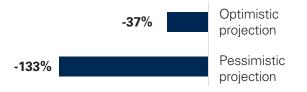


 September 2022: Contract labor expenses remain nearly 500% higher than pre-pandemic levels.<sup>†</sup>

\* Vonderhaar Johnson, Kate et al. "Staff turnover: 4 key takeaways from Advisory Board's survey of 224 hospitals," Advisory Board, March 9, 2022

<sup>†</sup> "The Current State of Hospital Finances: Fall 2022 Update," Kaufman, Hall & Associates, LLC, September 2022

## 2022 projected margin compared with 2019 pre-pandemic levels



"The Current State of Hospital Finances: Fall 2022 Update," Kaufman, Hall & Associates, LLC, September 2022



## **EXPLORE MORE**

#### **CYBERSECURITY**

Health care is currently seeing an increase in cyberattacks, including disruptive ransomware attacks that interrupt patient care and risk patient safety as well as impact business operations. The increase in digital transformation and connected devices leads to a proportional increase in cyberrisk. Additional concerns include the heightened cyberthreat level caused by the Russian invasion of Ukraine, expanded remote work and the rapid move to cloud operations.

"Russia-Ukraine Conflict: Impact on Cyber Threats to US Healthcare," Attivo Networks webcast with John Riggi, senior advisor for AHA cybersecurity and risk, https:// www.brighttalk.com/webcast/17319/533969, March 7, 2022

#### Health care hacking/IT incidents on the rise

Year	Breaches	# records breached
2020	425	27M
2021	518	43M

 More than 95% of all reported theft or compromise of protected health information from January 2020 to August 2022 are attributed to external hacks.

"Cases Currently Under Investigation," Department of Health & Human Services Office for Civil Rights, https://ocrportal.hhs.gov/ocr/breach/ breach\_report.jsf, accessed Aug. 16, 2022

## Average cost of a health care data breach in the U.S.

March 2022	\$10.10M
March 2021	\$9.23M

• For 12 consecutive years, health care had the highest industry cost per breach.

"Cost of a Data Breach Report 2022," IBM Security, Ponemon Institute LLC, July 2022

#### **SUPPLY CHAIN**

#### Health care chief financial officers reported these top supply chain challenges in 2022

Rising material costs

Rising transportation costs

• Lack of supply chain technology

Demand unpredictability

- Supplier risks/delays
- Supply shortages

"2022 BDO Healthcare CFO Outlook Survey: Sustained Strain on the Healthcare System," The BDO Center for Healthcare Excellence & Innovation, February 2022



## **INNOVATION AND TECHNOLOGY**

#### WAIVERS

The regulatory flexibility afforded to caregivers due to the COVID-19 public health emergency not only has demonstrated value, it also has served as a catalyst for establishing new, innovative and safe ways for delivering patient-centered care. Waivers have allowed for hospital bed flexibilities, expanded access to telehealth services, supported the establishment of hospital-at-home programs, enhanced the ability of health care professionals to practice across state lines and offered providers relief from administrative burdens.

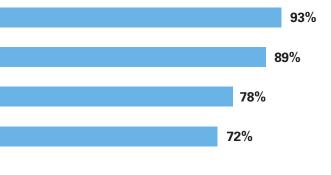
#### Hospital leaders report critical importance of the public health emergency waivers

Their hospital would be negatively impacted if the waivers were rolled back

Their hospital depends on the flexibilities provided by the waivers to deliver needed care

Waivers provide important support in managing ongoing staffing issues and shortages

Withdrawal of the waivers would significantly affect patients' access to health coverage



"Hospitals Are Clear: COVID-19 Waivers Make a Difference," AHA Today, Aug. 5, 2022

#### **PARTNERSHIPS**

In a time of stretched resources and increasing needs, partnerships among health care providers, companies and community organizations increasingly are important to shape the health care ecosystem rather than simply reacting to it. Some hospitals are involved in mergers and acquisitions to access new capabilities and increase operational scale. Developing joint ventures, alliances and other partnerships are increasingly important options for many hospitals to drive innovation, access new capabilities, increase speed to market and achieve operational efficiencies.

Clark, Emily et al. "Overcoming the cost of healthcare transformation through partnerships," McKinsey & Company, Aug. 11, 2022



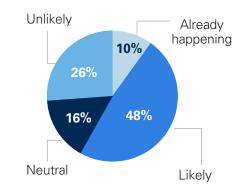
## FUTURE OUTLOOK

#### 2032 Forecast: Care in alternative settings on the rise

Site of care 2032		Site of care	2032
Inpatient volume	+2%	Ambulatory surgery center	+25%
Inpatient days	+8%		
Outpatient volume	+16%	Physician office	+18%
Hospital outpatient department	+18%	Emergency department	-2%
Inpatient surgeries	+4%	Home-based services	+20%

#### Health care executives' prediction

Health care executives were asked to predict if their hospital or health system will deliver at least 50% of its ambulatory care outside the four walls of their hospital by 2028 (e.g., virtually or in the home).\*



- 27% of evaluation and management visits will occur virtually by 2032.
- As pandemic-era protocols decline, infectious diseases, asthma, chronic obstructive pulmonary disease and cystic fibrosis are expected to lead to a 3% increase in emergency department visits in 2022 before decreasing 10% by 2032.

Data from "Sg2 2022 Impact of Change® Forecast Highlights," Sg2, a Vizient company, https://newsroom.vizientinc.com/content/1221/files/Documents/2022\_IoC\_ Forecast\_Media.pdf, accessed Oct. 14, 2022. Used with permission of Vizient, Inc. All rights reserved.

\* "Futurescan 2023-2028: Health Care Trends and Implications" AHA's Society for Health Care Strategy & Market Development," 2022

## AHA RESOURCES

- Advocacy Action Center: Information and resources to help hospitals advocate for relief and recovery.
- Costs of Caring Report: Highlights the significant increases in expenses for workforce, drugs and medical supplies and continued financial challenges for America's hospitals and health systems.
- Cybersecurity and risk advisory: Learn more about how the AHA advises and assists the health care field in mitigating the many cyberrisks it faces, and view threat intelligence and alerts.
- Insurer Watch powered by AHA Vitality Index<sup>™</sup>: An operational metrics dashboard designed to measure revenue flow.
- Association for Health Care Resource & Materials Management (AHRMM): A professional membership group of the AHA, AHRMM offers education, networking and advocacy for health care supply chain professionals.
- American Society for Health Care Engineering (ASHE) Energy to Care program: A professional membership group of the AHA, ASHE offers this sustainability program that can reduce hospitals' carbon footprint and reduce operational costs.







## Navigating a New Leadership Environment

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## WORKFORCE

For the last two years, the dedicated team members at America's hospitals and health systems have worked tirelessly to care for patients, comfort families and protect communities during this unprecedented public health crisis. The effects of the pandemic have further exacerbated already existing challenges including burnout, administrative burden and workforce shortages. These challenges threaten hospitals' ability to care for the patients and communities they serve.

The AHA Board of Trustees launched a task force to support our workforce today, preparing them for tomorrow and building a pathway for the future. The task force has identified strategies to address these challenges, including a strengthened culture of healing, creative staffing, care model redesign, technology integration, restructured educational models and pathways, utilization of data and analytics ... and more. A talented, qualified, engaged and diverse workforce is at the heart of America's health care system. The AHA and its members are committed to developing a new path forward to support and prepare our nation's health care workforce.



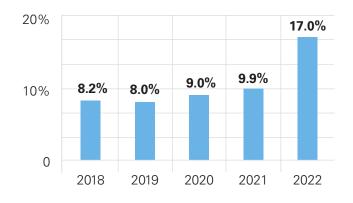
## HISTORICAL TRENDS

#### 30% 19.1% 19.1% 17.8% 19.5% 19.5% 0 2018 2019 2020 2021

#### Hospital staff turnover rate



#### Average RN vacancy rate



• **81.3%** of hospitals reported a vacancy rate of more than **10%** in 2022

"2022 NSI National Health Care Retention & RN Staffing Report," NSI Nursing Solutions Inc., March 2022

#### Medical laboratory departments: Average vacancy rates

2016-2017		2020			
Lab department Vacancy rate		Lab department	Vacancy rate		
LIS/QA/PI*	11.0%	Chemistry/toxicology	12.7%		
Flow cytometry	Flow cytometry 9.2%		11.2%		
Specimen processing	9.1%	Phlebotomy	11.1%		
Chemistry/toxicology	9.0%	Blood bank	10.4%		
Hematology/coagulation	8.5%	Core lab	10.3%		

• It is anticipated that **20.4%** of the chemistry/toxicology department staff **will retire** between 2020 and 2025.

\*Laboratory information system/quality assurance/performance improvement

Garcia, Edna et al. "The American Society for Clinical Pathology 2016-2017 Vacancy Survey of Medical Laboratories in the United States," American Journal of Clinical Pathology, volume 149, issue 5, May 2018, pages 387-400, DOI: 10.1093/AJCP/AQY005

Garcia, Edna et al. "The American Society for Clinical Pathology 2020 Vacancy Survey of Medical Laboratories in the United States," American Journal of Clinical Pathology, volume 157, issue 6, June 2022, pages 874-889, DOI:10.1093/ajcp/aqab197



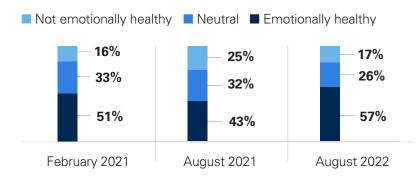
### WORKFORCE

## **CURRENT PULSE**

#### **Rise of incivility**

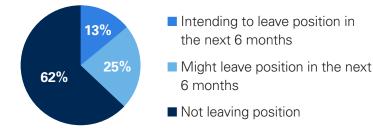
- 72% of nurse leaders have witnessed one or more incidents of bullying or incivility at work within the past year.
- Patient families were the leading perpetrators of bullying or incivility.

#### Nurse managers' emotional health over the course of the pandemic



#### Nurse leaders consider leaving jobs

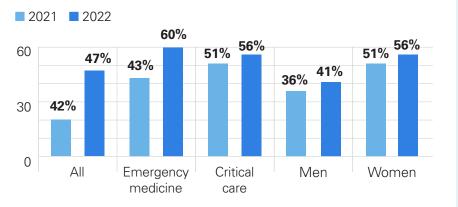
**Physician burnout** 



#### **Top reasons for leaving**

- Better work-life balance
- Burnout, exhaustion
- Looking for new opportunity
- Organizational challenges

"AONL Longitudinal Nursing Leadership Insight Study," American Organization for Nursing Leadership and Joslin Insight, October 2022



• Top cause of burnout: too many bureaucratic tasks

Kane, Leslie. "Physician Burnout & Depression Report 2022: Stress, Anxiety, and Anger," Medscape, Jan. 21, 2022

## Physicians face stigma and structural barriers

8 in 10 physicians believe there is stigma surrounding mental health and seeking mental health care among physicians

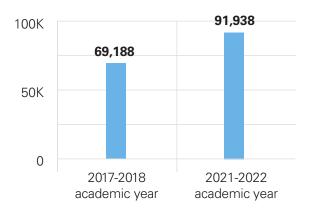
**4 in 10** physicians were either afraid or knew another physician fearful of seeking mental health care given questions asked in medical licensure/credentialing/insurance applications

"2022 Survey of America's Physicians," The Physicians Foundation, July 2022



## **EXPLORE MORE**

#### Nursing schools: Denials of qualified nursing applicants increase\*



- Top reasons for denials include an insufficient number of clinical sites and faculty as well as resource constraints.\*
- 8.8%: National nurse faculty vacancy rate.<sup>+</sup>
- \* "Data Spotlight: Regional Analysis of Qualified Application Denied Admission," American Association of Colleges of Nursing, April 26, 2022
- † Byrne, Carrie et al. "Special Survey on Vacant Faculty Positions for Academic Year 2022-2023," American Association of Colleges of Nursing, October 2022

#### Nurse leaders cite top challenges during the pandemic

July 2	2020
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#### % of nurse % of nurse Challenge leaders Challenge leaders Communicating and 54% Emotional health and well-being 58% implementing changing policies of staff Surge staffing, training and 53% Staff retention, furloughs and 56% reallocation layoffs Emotional health and well-being 49% Travelers, contingent 36% of staff workforce Access to PPE and other supplies 46% 26% Financial resource availability

"AONL Longitudinal Nursing Leadership Insight Study," American Organization for Nursing Leadership and Joslin Insight, October 2022

#### % of total RN paid % of total RN dollars (median) hours worked (median) "Massive Growth in Expenses and Rising Inflation Fuel Continued Financial Challenges for America's Hospitals and Health Systems," American Hospital Association, April 2022

3.9%

January 2022

23.4%

Significant growth of travel/contract

38.6%

registered nurses (RNs)

40%

20%

0

January 2019

4.7%

#### August 2022



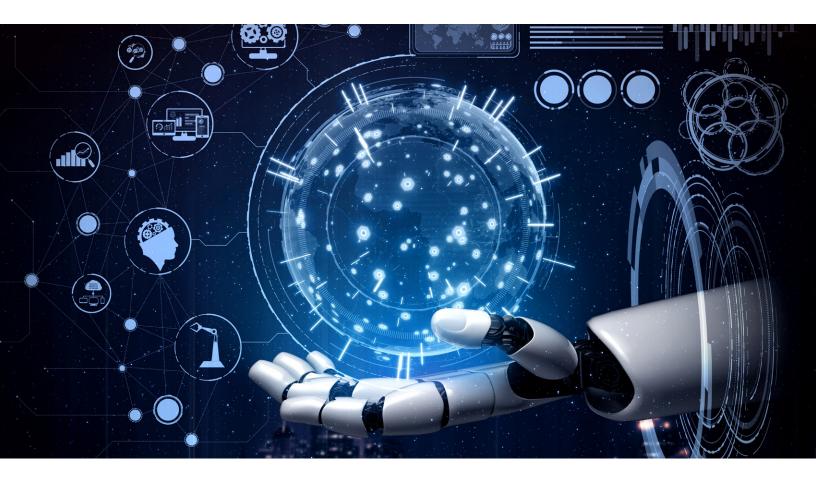
### WORKFORCE

## **INNOVATION AND TECHNOLOGY**

#### Hospitals and health systems can focus on technology to enhance the workforce experience in five areas:

- 1. Support individuals and teams through digital wellness solutions, leadership training and guidance for managers on building and engaging diverse teams. Using digital means to offer easy access and greater spread.
- 2. Alleviate burden by using tools that can help with administration, revenue cycle or other routine tasks. This can include intelligent automation through robots and artificial intelligence (AI).
- **3.** Enhance flexibility with agile scheduling solutions, predicting demand or creating enterprise staffing solutions or labor pools.
- **4.** Reduce friction by digitizing human resource functions, streamlining routine interactions and smoothing processes like credentialing.
- **5.** Optimize care delivery by using AI, predictive analytics and virtual health options that allow more flexibility and remote staffing, greater team-based coordination, clinical just-in-time training and improving the user friendliness of electronic health records.

"Strengthening the Health Care Workforce: Strategies for Now, Near and Far. Data and Technology to Support the Workforce," American Hospital Association, www.aha.org/workforce, accessed Aug. 21, 2022





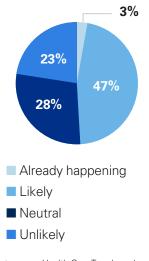
## FUTURE OUTLOOK

#### Health care employment growth: Projection 2021-2031

Position	Projected growth
Nurse anesthetists, midwives and practitioners	40%
Physician assistants	28%
Home health and personal care aides	25%
Health information technologists and medical registrars	17%
Medical assistants	16%
Respiratory therapists	14%
Occupational therapists	14%
Registered nurses	6%
Licensed practical and vocational nurses	6%
Physicians and surgeons	3%
All occupations	5%

## Health care executives' prediction

Health care executives were asked to predict if their hospital or health system will reduce clinician administrative tasks by at least 30% by 2028.



"Futurescan Health Care Trends and Implications 2022-2027," AHA's Society for Health Care Strategy & Market Development," 2021

"Occupational Outlook Handbook," U.S. Bureau of Labor Statistics, Sept. 8, 2022 https://www.bls.gov/ooh/healthcare/home.htm

## AHA RESOURCES 📸

- Workforce homepage: Provides information and tools to help hospitals navigate workforce challenges and opportunities, including the guide "Strengthening the Health Care Workforce: Strategies for Now, Near and Far."
- Behavioral health homepage: Provides information and tools to help understand the changing behavioral health care system, including a suicide prevention guide containing evidence-informed interventions to reduce the risk of suicide among health care workers.
- American Organization for Nursing Leadership (AONL): The national professional organization of more than 11,000 nurse leaders, AONL is their voice and provides professional development, advocacy and community.
- AHA Physician Alliance: Supports physician leaders in improving care for their communities and helps clinical and administrative leaders collaborate effectively. View the Be Well knowledge hub to access resources addressing resilience, including the well-being playbook.
- Hospitals Against Violence: Learn about effective prevention strategies and program development on national, state and local levels to help end violence in our communities and to help hospital employees cope with the impact of violence, whether at home, on the job or in their neighborhoods.
- **Professional membership groups:** These individual membership organizations support specific areas of hospital operations and offer opportunities for education, collaboration and access to valuable tools and resources.



## HEALTH EQUITY

The ongoing disproportionate impact of COVID-19 on historically marginalized communities has catalyzed hospitals and health systems to renew their commitment to promote racial justice and health equity. Health disparities are associated with a broad range of dimensions including but not limited to race, ethnicity, geography, age, sexual identity and orientation, disabilities and socio-economic status. Advancing equitable practices are closely tied to the health care field's core work of improving value, quality and patient safety. Some of the tactics hospital employ to advance equity include data collection and use, cultural humility training, diversity and inclusion in leadership and governance, community partnerships and programs aimed at the societal factors that influence health. Hospitals and health systems are actively engaged in addressing inequities, reducing disparities and increasing opportunities for diversity and inclusion to strengthen their connection to the communities they serve.

## HISTORICAL TRENDS

#### Life expectancy at birth

Year	All	American Indian/ Alaska native	Latinx	Black	White	Asian
2019	78.8	71.8	81.9	74.8	78.8	85.6
2020	77.0	67.1	77.9	71.5	77.4	83.6
2021*	76.1	65.2	77.7	70.8	76.4	83.5

Arias, Elizabeth. "Provisional Life Expectancy Estimates for 2021," Department of Health & Human Services, CDC National Center for Health Statistics, Report No. 23, August 2022

#### Health insurance coverage inequities

Health insurance coverage improves access to care, is associated with improved health outcomes, supports appropriate health care utilization and improves individual, family and community well-being.

#### U.S. uninsured rates for those younger than 65 by race and ethnicity

Year	American Indian/ Alaska native	Latinx	Black	White	Multiple races	Asian/Native Hawaiians/ Pacific Islanders	Total population
2014	25.6%	24.8%	14.9%	9.8%	10.9%	11.3%	14.0%
2016	19.7%	17.1%	10.4%	6.2%	6.8%	7.4%	9.1%
2018	22.9%	18.9%	10.5%	6.7%	7.7%	8.0%	10.0%
2020	22.0%	19.5%	11.7%	6.7%	6.7%	6.6%	10.2%

"State Health Facts: Uninsured Rates for the Nonelderly by Race/Ethnicity," Kaiser Family Foundation, 2014

"State Health Facts: Uninsured Rates for the Nonelderly by Race/Ethnicity (2020 Current Population Survey)," Kaiser Family Foundation, 2016-2020



## CURRENT PULSE

## Risk of COVID-19 infection, hospitalization and death by race and ethnicity in the U.S.

Ratios compared with white, non-Hispanic persons, age-adjusted

Race/ Ethnicity	Cases	Hospitalization	Death
American Indian/ Alaska native	1.6x	2.7x	2.1x
Latinx	1.5x	2.0x	1.8x
Black	1.1x	2.3x	1.7x
Asian	0.8x	0.8x	0.8x

"Risk for COVID-19 Infection, Hospitalization, and Death By Race/Ethnicity," CDC, Sept. 15, 2022

## Uninsured estimates: Percentage of adults 18-64 years who lack health insurance coverage

Race/ Ethnicity	Q1 2021	Q1 2022
Total	13.8%	11.8%
Latinx	31.1%	25.7%
Black	14.7%	14.8%
White	8.7%	6.9%
Asian	7.6%	7.9%
Other/ multiple races	14.0%	15.3%

Cohen, Robin A. and Cha, Amy E. "Health Insurance Coverage: Early Release of Quarterly Estimates From the National Health Interview Survey, January 2021-March 2022," Department of Health & Human Services, CDC, National Center for Health Statistics, July 2022

#### Medicare beneficiaries and prescription drug affordability

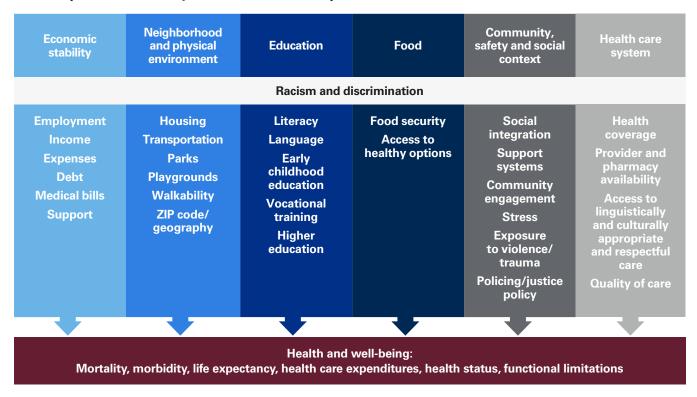
- Black and Latinx adults 65 and older reported difficulty affording prescription medications at rates roughly 1.5 to 2 times higher than white adults.
- Women, people with lower incomes and beneficiaries diagnosed with chronic conditions such as diabetes had higher rates of affordability problems with prescriptions than other groups.

"Prescription Drug Affordability among Medicare Beneficiaries," Department of Health & Human Services Assistant Secretary for Planning and Evaluation Office of Health Policy, Jan. 19, 2022



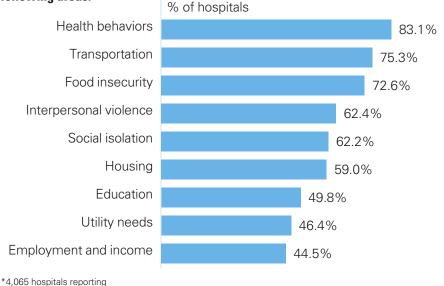
## **EXPLORE MORE**

#### Health disparities are driven by social and economic inequities



Ndugga, Nambi and Artiga, Samantha. "Disparities in Health and Health Care: 5 Key Questions and Answers," Kaiser Family Foundation, May 11, 2021

## 72% of hospitals report having at least one program or strategy to address social determinants of health in their communities.\* Of this group, hospitals focus on the following areas:



Hospitals committed to addressing societal factors that influence health

> 84.2% of hospitals report screening patients for social needs

American Hospital Association Annual Survey, 2021



## INNOVATION AND TECHNOLOGY

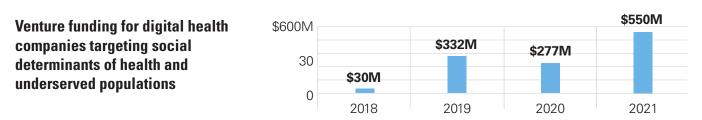
#### Food is medicine

Providers and community organizations are working to address food insecurity in underserved communities. There is increased experimentation with the use of "food is medicine" interventions to prevent, manage and treat illness. Interventions used with increasing frequency include:

- Medically tailored meals.
- Medically tailored groceries.
- Produce prescription programs.

One study found that medically tailored meals were associated with reduced health care costs and fewer inpatient hospital and skilled nursing facility admissions. Additional research found that over a lifetime, a 30% subsidy incentive on fruits and vegetables would prevent nearly 2 million cardiovascular disease events and save approximately \$40 billion in health care costs.

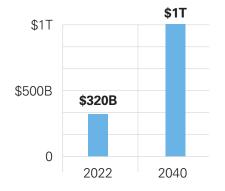
Downer, Sarah et al. "Food is medicine: Actions to integrate food and nutrition into healthcare," British Medical Journal 369:m2482. doi: 10.1136/bmj.m2482, June 29, 2020



Argyres, Dominique et al. "Digital health: An opportunity to advance health equity," McKinsey & Company, July 26, 2022

## FUTURE OUTLOOK

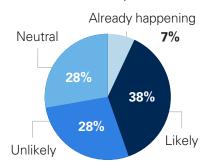
Forecast: Cost of health inequities



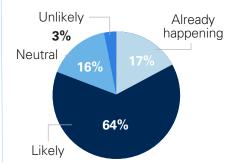
"Deloitte Analysis: Health Care Costs for Average American Could Triple by 2040 if Health Inequities are Unaddressed While Annual Spending Could Exceed \$1 Trillion," Deloitte, July 6, 2022

#### Health care executives' predictions

Executives were asked to predict if ethnic/racial disparities in maternal/child mortality rates at childbirth in their community will be eliminated by 2027.



Executives were asked to predict if every patient intake at their hospital will include social determinant of health needs by 2027.



"Futurescan Health Care Trends and Implications 2022-2027," AHA's Society for Health Care Strategy & Market Development," Nov. 10, 2021



## AHA RESOURCES

- Institute for Diversity and Health Equity: Advances health equity, diversity and inclusion by supporting hospitals, health care organizations, and the patients and communities they serve as a trusted partner by disseminating evidence-informed practices, resources and innovations that lead to sustainable transformation in health care.
- The Health Equity Roadmap: A framework to help hospitals and health systems become more equitable organizations and dismantle structural barriers to health.
- Health equity resource series: Toolkits that highlight data collection, cultural competency and implicit bias training, diversity and inclusion in leadership roles and community partnerships.
- Societal factors that influence health framework: Designed to guide hospitals' strategies to address the social needs of their patients, social determinants of health in their communities and the systemic causes that lead to health inequities.
- Better health for mothers and babies: Learn how the AHA is partnering with national organizations to safeguard mothers and babies by reducing maternal morbidity.
- AHA Trustee Services: Resources, tools and education to foster high-performing and diverse hospital and health system boards.





## BEHAVIORAL HEALTH

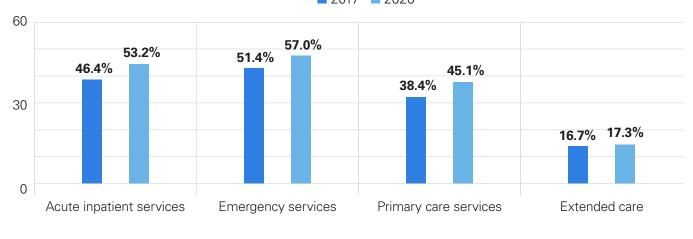
Behavioral health care has long been underfunded, underappreciated and stigmatized. As America confronts a health care landscape altered by the COVID-19 pandemic, behavioral health care access has emerged as both a challenge and an opportunity. The pandemic exacerbated the need for behavioral health services while individuals with existing disorders faced additional barriers to care. However, the pandemic also inspired innovation, including escalated telebehavioral health services and other digital solutions.

The AHA advocates for strategies that would help fill critical gaps in access, including investment in the behavioral health workforce, the integration of behavioral health into physical health care, the enforcement of federal and state parity laws and improvements in reimbursement rates for behavioral health providers. Additionally, the AHA focuses tools, resources and education on the value of improving access to behavioral health care through community partnerships, as well as stigma reduction and suicide prevention.

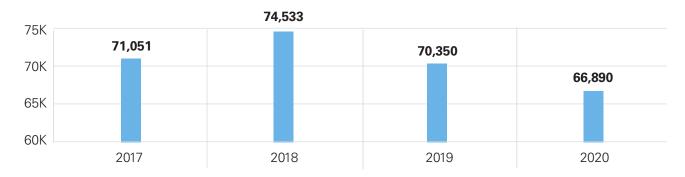


## HISTORICAL TRENDS

## Percentage of U.S. hospitals reporting integration of routine behavioral health services into the following areas:



#### Number of psychiatric care hospital beds in the U.S.



#### Specialized psychiatric care hospital beds in the U.S.

Year	Pediatric	Geriatric	Substance-use disorder	Substance-use disorder pediatric
2017	8,377	10,930	6,618	838
2018	8,881	12,032	7,466	891
2019	7,822	12,111	6,054	755
2020	8,941	12,102	6,263	1,012

American Hospital Association Annual Survey, 2018-2021



## CURRENT PULSE

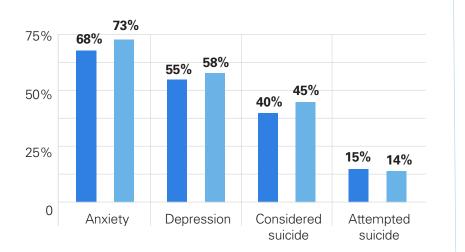
## U.S. adults reporting symptoms of anxiety or depressive disorder

Race/ Ethnicity	April/May 2020	Jan./Feb. 2021	July/Aug. 2022
All	35.9%	41.5%	32.3%
Latinx	42.7%	47.1%	35.5%
Black	38.9%	44.5%	35.4%
White	33.6%	39.8%	30.8%
Asian	31.9%	37.4%	23.7%

 In 2019, 10.8% of adults had symptoms of anxiety or depressive disorders.

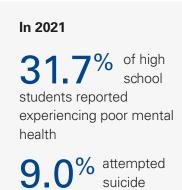
" "Anxiety and Depression: Household Pulse Survey," CDC National Center for Health Statistics, https:// www.cdc.gov/nchs/covid19/pulse/mental-health.htm, accessed Aug. 21, 2022

Mental health of LGBTQ+ youth worsens during the pandemic



"2022 National Survey on LGBTQ Youth Mental Health," The Trevor Project, May 4, 2022

#### Mental health of youth



Everett Jones, Sherry et al. "Mental Health, Suicidality, and Connectedness Among High School Students During the COVID-19 Pandemic — Adolescent Behaviors and Experiences Survey, United States, January-June 2021," CDC MMWR Suppl 2022;71(Suppl-3):16–21. DOI: https://doi. org/10.1016/j.jpsychires.2022.04.011

## Postpartum depression worsens during the pandemic

	Rate of self- reported postpartum depressive symptoms
Jan. 2018- Feb. 2020	6.5%
March 2020- March 2021	6.9%

Baja, Mira et al. "Rates of self-reported postpartum depressive symptoms in the United States before and after the start of the COVID-19 pandemic," Journal of Psychiatric Research, volume 151, pages 108-112, July 2022, https://doi.org/10.1016/j. jpsychires.2022.04.011



2020 2022

## **EXPLORE MORE**

## Mental health professional shortage areas (September 2022)

- 6,464 areas
- 157 million people impacted
- Only 28% of the behavioral health needs met in these areas
- 7,871 practitioners needed to remove shortage designations

"Designated Health Professional Shortage Areas Statistics," Bureau of Health Workforce, Health Resources and Services Administration (HRSA), Department of Health & Human Services, Oct. 23, 2022

#### U.S. drug overdose deaths: A record increase in 2021

Drug	2020	2021*
All	94K	108K
Synthetic opioids (fentanyl)	58K	71K
Psychostimulants (methamphetamine)	25K	33K
Cocaine	20K	25K
Natural/semi-synthetic (prescription)	14K	14K

**Psychiatrist shortage** 

51.5% of counties have no psychiatrists\* 70.0% of counties have no child psychiatrists<sup>†</sup>

\*Beck, Angela et al. "Estimating the Distribution of the U.S. Psychiatric Subspecialist Workforce," University of Michigan Behavioral Health Workforce Research Center, December 2018

†Jenco, Melissa. "Study: 1 in 5 children lives in county without a child psychiatrist," AAP News, Nov. 4, 2019

- 15% increase in drug overdoses in 2021\*
- More than 1 million Americans have died from drug overdoses since 2001.
- Drugs involved in overdose deaths are not mutually exclusive and can involve more than one drug. As a result, the sum of deaths of each drug type are more than the total number of overdose deaths.

#### \*Estimate

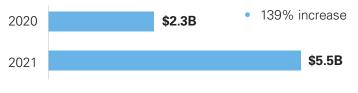
"U.S. Overdose Deaths In 2021 Increased Half as Much as in 2020 — But Are Still Up 15%," CDC, National Center for Health Statistics, May 11, 2022





## INNOVATION AND TECHNOLOGY

#### Global funding boom for mental health tech startups



Landi, Heather. "Global digital health funding skyrockets to \$57.2B with record cash for mental health, telehealth," Fierce Healthcare, Jan. 21, 2022

#### **Mental Health Apps**

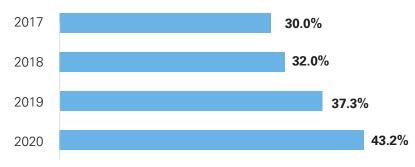
10K-20K estimated n health apps

estimated number of mental health apps

Clay, Rebecca. "Mental health apps are gaining traction," American Psychological Association, Jan. 1, 2021

#### Hospitals increase telebehavioral health services

• 44% increase since 2017



American Hospital Association Annual Survey, 2018-2021

#### Behavioral health dominates telehealth in the U.S.

Service or diagnosis	% of telehealth claims (May 2022)
Psychotherapy services: 1 hour, 45-minute, 30-minute sessions	41.0%
Mental health condition diagnosis	62.8%

"Monthly Telehealth Regional Tracker, May 2022," FAIR Health Inc., https://www.fairhealth.org/states-by-the-numbers/telehealth, accessed Aug. 23, 2022, Copyright 2022, FAIR Health, Inc. All rights reserved. Used with permission.

### American Psychiatric Association App Evaluation Model

A framework that can be followed to ensure that all important information is considered when evaluating the legitimacy of a mental health app.

- Where is it from? Context and background information.
- Is it safe? Risk associated with privacy and security.
- Is it useful? Evidence of benefit.
- Is it usable? Ease of use.
- Is it integrated? Data sharing and interoperability.

DuBois, Russell. "Evaluating Mental Health Apps," Psychology Today, Oct. 21, 2019



**LOCO INCREASE** use in counseling during the pandemic

"NRC Health 2022 Healthcare Consumer Trends Report," NRC Health, Jan. 19, 2022



## FUTURE OUTLOOK

#### Health care executives' perspective on psychiatric patients and the emergency department

Health care executives were asked to predict if their hospital or health system will no longer board psychiatric patients in the emergency department because of increased availability of other behavioral health resources by 2027.



"Futurescan 2022-2027: Health Care Trends and Implications," AHA's Society for Health Care Strategy & Market Development," Nov. 10, 2021

## AHA RESOURCES 兴

- **Behavioral health homepage:** Provides information and tools to help understand the changing behavioral health care system and national, state and local activities affecting behavioral health.
- **People Matter Words Matter:** The AHA, together with behavioral health and language experts from member hospitals and partner organizations, created a series of downloadable posters to help hospital employees adopt patient-centered, respectful language in an effort to reduce stigma.
- Suicide Prevention guide: Offers evidence-informed interventions that hospitals and health systems can implement to reduce the risk of suicide among health care workers.
- **Community partnerships:** Resources showcase steps to achieve successful behavioral health community partnerships and expand access to behavioral health services at the right time, place and level of care.
- Market Insights Behavioral Health Integration Report: Shares practices from hospitals and health systems that are working to integrate behavioral health into all care settings and collaborate with their communities for better health outcomes.



## AFFORDABILITY AND ACCESS

The pandemic has spurred a national conversation about how to strengthen the health care system. To create a reimagined health ecosystem, individuals and communities need to be able to access and afford health care. While the rate of uninsured Americans has been stable in recent years, coverage concerns remain. Medicaid coverage has increased in recent years due to federal requirements tied to enhanced federal funds. These requirements will sunset when the public health emergency ends, raising questions about what will happen to coverage for millions of Americans. At the same time, Medicare Advantage enrollment is growing fast at a time when patients and providers are raising concerns about Medicare Advantage plan practices that limit access to care.

Individuals, employers and the government continue to seek greater value for their health care dollars. In recent years, health care spending growth largely has been driven by increased use and intensity of services. In some cases, price increases are also a driver of health spending growth, such as for prescription drugs and employer-sponsored insurance premiums. For people who have this access, out-of-pocket costs 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.

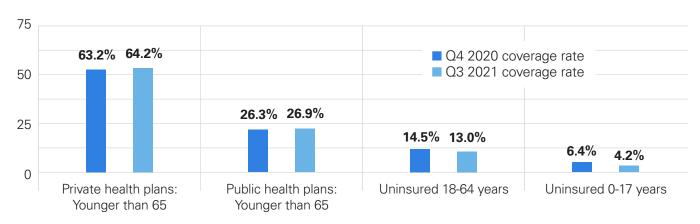




### AFFORDABILITY AND ACCESS

## HISTORICAL TRENDS

#### Insurance coverage improves



Note: Private health plans include the Affordable Care Act Marketplace coverage and employer-sponsored insurance Chu, Rose C. et al. "Health Coverage Changes from 2020-2021," Assistant Secretary for Planning and Evaluation Office of Health Policy, Department of Health & Human Services, Jan. 27, 2022

Year	Number of enrollees	Spending as a % of Gross Domestic Product (GDP)
2017	58.7 million	3.64%
2018	60.0 million	3.65%
2019	61.5 million	3.76%
2020	62.9 million	3.98%
2021	63.8 million	3.93%
2022*	65.0 million	3.91%
2023*	66.6 million	4.02%

\*Projected

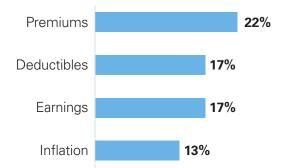
**Medicare growth** 

- **Projection:** By 2030, there will be 77.4 M Medicare enrollees and associated spending will be 5.0% of GDP.
- **Projection:** By 2028, Medicare's Hospital Insurance Trust Fund will be depleted.

"Trustees Report and Trust Funds," 2022 Expanded and Supplementary Tables and Figures, CMS, cms.gov/OACT/TR, accessed Oct. 2, 2022

## Insurance premiums and deductibles outpace workers' earnings and inflation

Percentage increase: 2016-2021



"2016-2021 Employer Health Benefits Surveys," Kaiser Family Foundation, Nov. 10, 2021

Bureau of Labor Statistics (BLS) Consumer Price Index, U.S. City Average Inflation. BLS Seasonally Adjusted Data from Current Employment Statistics.



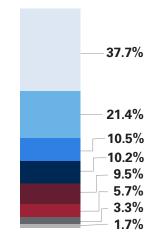
### AFFORDABILITY AND ACCESS

## **CURRENT PULSE**

#### The Affordable Care Act (ACA)

A record-high number of people with coverage related to the ACA in early 2022. This includes those enrolled in Marketplace coverage, Medicaid expansion and the Basic Health Program.

Lee, Aiden et al. "Issue Brief: Health Coverage Changes Under the Affordable Care Act: End of 2021 Update," Assistant Secretary for Planning and Evaluation Office of Health Policy, Department of Health & Human Services, April 29, 2022 Distribution of U.S. consumer out-of-pocket costs: 2023 projection





"National Health Expenditure Data," CMS, https://www.cms.gov/research-statistics-data-andsystems/statistics-trends-and-reports/nationalhealthexpenddata, accessed Aug. 20, 2022

#### Affordability for consumers

	Black	Latinx	Native American	Asian	White
Have serious problems affording medical care or prescription drugs	22%	19%	25%	14%	16%
Households that have experienced serious illness and who have serious problems affording medical care or prescription drugs	31%	32%	48%	18%	29%

• 1 in 4 adults report delaying or avoiding medical care or purchasing prescription drugs in the past six months due to health care costs.

"Personal experiences of U.S. Racial/Ethnic Minorities in Today's Difficult Times," NPR, Robert Wood Johnson Foundation, Harvard T.H. Chan School of Public Health, Aug. 1, 2022

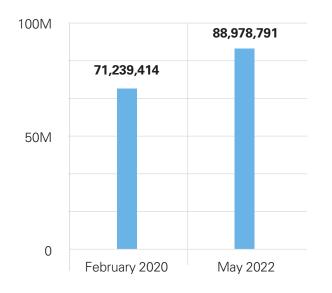
Witters, Dan. "Four in 10 Americans Cut Spending to Cover Healthcare Costs," Gallup, Aug. 4, 2022



### AFFORDABILITY AND ACCESS

## **EXPLORE MORE**

#### Medicaid and the Children's Health Insurance Program (CHIP) enrollment increases



#### • Represents a 24.9% increase.

• Medicaid grew by **27.0%** while CHIP grew by **4.9%**.

Corallo, Bradley and Moreno, Sophia. "Analysis of Recent National Trends in Medicaid and CHIP Enrollment," Kaiser Family Foundation, Sept. 12, 2022

## Impact of ending the COVID-19 public health emergency

171%	of enrollees or 15 million people will lose coverage		
17.4~	people will lose coverage		
through Medicaid and CHIP			

Issue Brief: Unwinding the Medicaid Continuous Enrollment Provision: Projected Enrollment Effects and Policy Approaches," Assistant Secretary for Planning and Evaluation Office of Health Policy, Department of Health & Human Services, Aug. 19, 2022

#### Employers are spending more as premiums rise

Average annual employer contributions to premiums

	Family coverage	Single coverage
2019	\$14,561	\$5,946
2020	\$15,754	\$6,277
2021	\$16,253	\$6,440

"2019-2021 Employer Health Benefits Survey," Kaiser Family Foundation, Nov. 10, 2021

## **INNOVATION AND TECHNOLOGY**

#### Predictive analytics and tailored interventions have the potential to reduce costs

- A study involving older adults resulted in 31% lower annualized inpatient costs and similar annualized outpatient costs.
- The stepped-care intervention, which combines actionable predictive analytics and tailored interventions, has great potential to support health care organizations in the post-COVID era to provide high-quality care in home and community settings.

Nikolova-Simons, M. et al. "A randomized trial examining the effect of predictive analytics and tailored interventions on the cost of care," npj Digital Medicine, 4, 92, June 3, 2021, https://doi.org/10.1038/s41746-021-00449-w



### AFFORDABILITY AND ACCESS

## FUTURE OUTLOOK

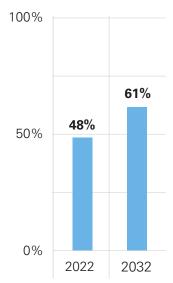
#### **U.S. national health expenditures**

Near-term expenditures have been significantly influenced by the COVID-19 pandemic. Growth in 2021 is projected to have slowed as federal COVID-19 supplemental funding declined substantially. Health care utilization was expected to rebound starting in 2021 and to normalize through 2024.

Year	Annual growth rate	Dollar amount	Dollar amount per person	% of Gross Domestic Product	Insured share of the population
2019	4.3%	\$3.8T	\$11,462	17.6%	90.3%
2020	9.7%	\$4.1T	\$12,530	19.7%	90.5%
2021*	4.2%	\$4.3T	\$13,037	18.8%	91.1%
2022*	4.6%	\$4.5T	\$14,170	18.2%	91.1%
2023*	5.0%	\$4.7T	\$14,773	18.2%	90.7%
2030*	4.7%	\$6.8T	\$19,294	19.6%	90.5%

## Medicare Advantage enrollment projection

Percentage of Medicare enrollees



\*Projected

"National Health Expenditure Data," Centers for Medicare & Medicaid Services, https://www.cms.gov/researchstatistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata, accessed Aug. 20, 2022 Freed, Meredith et al. "Medicare Advantage in 2022: Enrollment Update and Key Trends," Kaiser Family Foundation, Aug. 25, 2022

## AHA RESOURCES

- The Value Initiative: Provides education, resources and tools for hospitals to advance affordable health care and promote value.
- Enroll in health insurance: Webpage dedicated to helping people gain access to health insurance coverage.
- **Patient billing guidelines:** Voluntary guidelines that underscore hospitals' commitment to ensuring that conversations about financial obligations do not impede care, while recognizing that determinations around financial assistance require mutual sharing of information by providers and patients.
- Health plan accountability webpage: Certain health plan practices threaten patient access to care and drive excessive administrative costs and burden in the health care system. AHA members can access these resources that help to hold health plans accountable.



## QUALITY AND SAFETY

Hospitals and health systems engage in an array of collaborative activities designed to improve the quality and safety of the care they provide. While they have made great progress, hospitals continue to strive for safer, more reliable and timely patientand family-centered care for all people. Sustaining and advancing progress requires policy changes to alleviate complexity in quality reporting. Recommendations include implementing "measures that matter" the most to improving care, adopting modern, meaningful and effective standards that enable innovation and aligning measures and standards from all federal quality programs to support improvement.



### QUALITY AND SAFETY

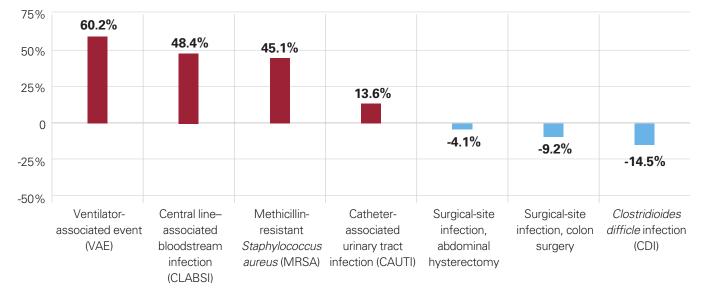
## HISTORICAL TRENDS

SIR % change: 2019 Q3 to 2021 Q3

#### Health care-associated infections (HAIs): National acute care hospitals

- Leading up to the COVID-19 pandemic, hospitals were making substantial progress in reducing HAIs. Continued changes to hospital practices, workforce turnover and shortages, longer patient lengths of stay, additional comorbidities and higher patient acuity levels, and longer, more frequent use of devices in 2021 likely contributed to an overall increased potential for device-associated infections during the pandemic.\*\*
- The standardized infection ratio (SIR) is a summary statistic that can be used to track health care-associated infections over time. Lower SIRs indicate a reduction in infections.

\*"COVID-19 Impact on HAIs," CDC, https://www.cdc.gov/hai/data/portal/covid-impact-hai.html, accessed Oct. 18, 2022 †Bean, MacKenzie and Masson, Gabrielle. "The less-discussed consequence of healthcare's labor shortage," Becker's Hospital Review, Oct 4, 2021



Some health care-associated infections increased during the pandemic

 Increases in HAIs in 2021-Q3 coincided with the period when the Delta variant drove COVID-19-related hospitalizations to all-time highs.

 Data revealed significant declines in CDI throughout 2021, likely due to pandemic-related improvements in hand hygiene, personal protective equipment (PPE) practices and environmental cleaning in the health care settings.

Note: 2021-Q3 SIRS are preliminary

Lastinger, L. et al. "Continued increases in the incidence of healthcare-associated infection (HAI) during the second year of the coronavirus disease 2019 (COVID-19) pandemic," Infection Control & Hospital Epidemiology, 1-5, May 20, 2022, doi:10.1017/ice.2022.116



### QUALITY AND SAFETY

## CURRENT PULSE

#### Health care workforce challenges top list of patient safety concerns in 2022

- Staffing shortages and the effect of COVID-19 on the health care workforce's mental health are the top patient safety risks for 2022.\*
- Shortages can result in long patient wait times to access care.\*
- Burnout can result in lack of motivation, impaired cognitive function and poor communication.<sup>+</sup>

\* "Nuber, Edward. "ECRI's Top 10 Patient Safety Risks for 2022," March 18, 2022

t Lydon, Audrey. "Burnout Among Health Professionals and Its Effect on Patient Safety," Patient Safety Network, Jan. 1, 2015

## **EXPLORE MORE**

#### Improving the quality of health care: Lessons learned during the pandemic

- A hospitalwide commitment to providing STEEEP: Access to exceptional quality; safe, timely, effective, efficient, equitable, patient- and family-centered (STEEEP) and affordable care.
- **Embed quality into the care journey:** Development and promotion of new and innovative models of care, services and collaboration to provide seamless care.
- **Foster engagement:** Increase engagement among providers, individuals and their families to promote informed and collaborative decision-making.
- **Promote patient safety:** Continue to strive to prevent all harm or death from health care errors through quality-improvement efforts, just culture and team communication.
- Leadership involvement in quality: Hospital leadership must be engaged in quality-improvement initiatives.
- Advance health equity: Create a care journey that is free from inequity while optimizing opportunities, access and outcomes for historically underserved and under-resourced communities.
- **Community partnerships:** Lead and partner with other community organizations to coordinate health care and address health care disparities to improve the health status of the community.
- **Strengthen resiliency:** Develop metrics and quality-improvement programs that evaluate and promote the ability of health care systems and providers to be prepared for a changing health care ecosystem and to adapt to future emergencies or challenges.
- **Embrace the digital age:** Electronic data, which is standardized, interoperable and shared, is essential to promote seamless care coordination and communication.

Foster, Nancy and Cleary-Fishman, Marie, "Blog: AHA Leadership Summit Roundtable: The Future of Health Care Quality," American Hospital Association, Aug. 3, 2022 "AHA Quest for Quality Prize," American Hospital Association, https://www.aha.org/about/awards/quest-for-quality, accessed Sept. 12, 2022 Schreiber, Michelle et al. "The CMS National Quality Strategy: A Person-Centered Approach to Improving Quality," CMS, June 6, 2022



### QUALITY AND SAFETY

## **INNOVATION AND TECHNOLOGY**

### Value of digital transformation to health care quality initiatives

Quality professionals can play a vital role in leading their organizations to apply proven quality disciplines to new, digital and disruptive technologies. New technology should always be introduced with a clear articulation of the desired benefits it will deliver. Value propositions include:

- Improving upon human intelligence.
- Increasing the speed and quality of decision-making.
- Improving transparency, traceability and auditability.
- Anticipating changes, reveal biases and adapt to new circumstances and knowledge.
- Evolving relationships, organizational boundaries and concept of trust to reveal opportunities for continuous improvement and new business models.
- Learning how to learn by cultivating self-awareness and other awareness as skills.

"Quality 4.0," American Society for Quality, https://asq.org/quality-resources/quality-4-0, accessed Sept. 12, 2022

### Infection prevention and environmental services (EVS)

New technology provides EVS managers with more options than ever before to keep hospitals safe. As they've cleaned more frequently and widened the spaces disinfected during the pandemic, more solutions still are needed. Three clinically validated solutions:

- Ultraviolet light (UV-C) technology.
- Electrostatic applications.
- Mobile air purification systems.

Never accept the status quo when it comes to environmental hygiene and patient safety. Emphasize strategic partnerships with manufacturers to test and analyze new cleaning products and access cutting-edge technology. EVS managers should allocate resources for pilot programs and study the results of each new technology or innovation.

Feczko, Rich. "Five pillars of infection prevention," Health Facilities Management, May 31, 2021



### QUALITY AND SAFETY

## FUTURE OUTLOOK

The Association for Professionals in Infection Control and Epidemiology (APIC) created a task force that developed these recommendations, informed by the COVID-19 pandemic, to ensure that the U.S. is better prepared to mitigate the worst effects of future infectious disease emergencies.

- Develop next-generation universal PPE.
- Normalize the use of masks by the general public during times of increased infectious disease threats.
- Address supply chain failures.
- Include personnel with infection prevention and control (IPC) expertise on health care system incident command and emergency response teams.
- Put properly trained personnel in long-term care, nursing homes and other high-risk settings.
- Build and implement IPC surge capacity.
- Increase capacity for testing and contact tracing.
- Ensure rapid data sharing and interoperability around infection surveillance data.
- Establish strategies and actions to build vaccine confidence.
- Fund pandemic preparedness workforce capacity and training.

"Between a Rock and Hard Place: Recommendations for Balancing Patient Safety and Pandemic Response. A Call to Action on Improving our National Strategy for Pandemic Preparedness and Patient Safety," APIC, March 2022

## AHA RESOURCES

- Health Research & Educational Trust (HRET): The nonprofit affiliate of the AHA, HRET's applied research seeks to create new knowledge, tools and assistance in improving the delivery of health care by providers and practitioners within the communities they serve.
- **Project Firstline:** Offers the tools and resources needed to engage all stakeholders from bedside nurses to administrators to environmental staff to identify areas of improvement, commit to an action plan, monitor practices and adjust as needed.
- Infection control and prevention: A hub of AHA infection prevention and control resources.
- Quality and patient safety: A hub of AHA quality and patient safety resources.
- **Team Training:** This evidence-based program provides education and resources to both clinical and nonclinical health care professionals to improve process and outcomes as well as patient and staff satisfaction.
- The Living Learning Network: A peer-to-peer community of health care professionals designed to discuss, ideate and reform health care in response to COVID-19, prepare for future public health emergencies and increase patient safety and quality.



## VALUE-BASED DELIVERY AND PAYMENT MODELS

Alternative payment models (APMs), or value-based payment models, reward health care providers for the quality of care they provide, rather than the volume of services they deliver to patients. APMs encourage the movement toward value-based care and away from the traditional fee-for-service system. APMs can apply to a specific clinical condition, a care episode or a population. The AHA's Advocacy Agenda supports testing new approaches to delivering high-quality care at lower costs through APMs, including expanding access to nonmedical services that have a positive impact on health, using technology in new and innovative ways, and moving the field more quickly toward value-based payment. The AHA supports additional risk-based payments to improve the financial stability of hospitals and health systems and, ultimately, the health outcomes of patients and communities.

### VALUE-BASED DELIVERY AND PAYMENT MODELS

## HISTORICAL TRENDS

#### Community hospitals participating in an accountable care organization (ACO) or a medical home

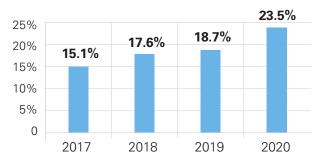
Year	ACO	Medical home
2017	1,509	1,493
2018	1,736	2,069
2019	1,821	2,096
2020	1,731	1,945

- The number of hospitals participating in value-based strategies increased annually, but saw a decline during the pandemic.
- ACO participation declined by 7% in 2020, with ACO exits outweighing ACO entrants.\*
- Medical home participation declined by 2% in 2020.

American Hospital Association Annual Survey, 2018-2021

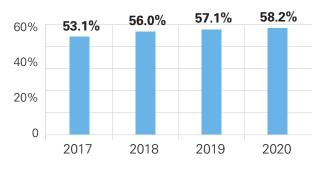
\*Muhlestein, David et al. "All-Payer Spread Of ACOs And Value-Based Payment Models In 2021: The Crossroads And Future Of Value-Based Care," Health Affairs Blog, June 17, 2021. doi: 10.1377/hblog20210609.824799

# Community hospitals with some percentage of net patient revenue paid on a shared-risk basis



American Hospital Association Annual Survey, 2018-2021

# Community hospitals with contracts with commercial payers tied to quality/safety performance



### U.S. health care payments tied to alternative payment models

Year	% of health care payments
2018	35.8%
2019	38.2%
2020	40.9%

• Medicare Advantage had the highest dollar amounts tied to APMs: 58.0% in 2020.

King, Robert. "LAN survey: 40% of health payments tied to alternative payment models in 2020." Fierce Healthcare, Dec. 15, 2021

Note: Community hospitals included all nonfederal, short-term general and specialty hospitals whose facilities and services are available to the public. ACOs are groups of clinicians, hospitals and other health care providers who come together voluntarily to give coordinated high-quality care a designated group of patients. Medical home participation denotes home health services owned or provided by a hospital or its subsidiary.



### VALUE-BASED DELIVERY AND PAYMENT MODELS

## CURRENT PULSE

### ACOs generate savings

- 58% of participating ACOs earned payments for their performance.
- As of January 2022, Shared Savings Programs include over 525,000 participating clinicians who provide care to more than 11 million people with Medicare.

in savings generated through \$1.66 ACOs in the Medicare Shared MILLION Savings Program in 2021

"Medicare Shared Savings Program Saves Medicare More Than \$1.6 Billion in 2021 and Continues to Deliver High-quality Care," Department of Health & Human Services, Aug. 30, 2022

## EXPLORE MORE

### ACO infrastructure helpful during the pandemic

Rollout of a Stay Well at Home initiative reached 136,000 Medicare beneficiaries over the course of six weeks during April-May 2020. Key to this initiative was the ability to rapidly leverage existing ACO infrastructure to reach vulnerable patients with proactive guidance. ACO capabilities included:

- Ascertaining patient risk factors from multiple data sources for risk segmentation.
- Invoking cross-disciplinary expertise for rapid development of comprehensive best-practice guidance.
- Leveraging existing technology-enabled workflow tools and on-the-ground practice support for adoption and implementation.
- Pre-existing practice familiarity with technology-enabled population health workflows.

The initiative was most successful in smaller, nonmetropolitan practices and those with greater engagement in core ACO initiatives pre-pandemic. Primary care participation in accountable care models can contribute to preparedness for future public health crises.

Amon, Carly et al. "Leveraging Accountable Care Organization infrastructure for rapid pandemic response in independent primary care practices," Healthcare, volume 10, issue 2 (June 2022) https://doi.org/10.1016/j.hjdsi.2022.100623



VALUE-BASED DELIVERY AND PAYMENT MODELS

## INNOVATION AND TECHNOLOGY

#### The changing value landscape: Ways to integrate patient-centered elements into APMs

- Emphasize access to community- and home-based care options to meet patients where they are.
  - Home-based, primary care programs provide clinically appropriate comprehensive primary care services in patients' homes.
  - Hospital-at-home programs deliver clinically appropriate hospital-level care in home settings, and a growing number of studies indicate that these programs can be effective and lower costs. The Centers for Medicare & Medicaid Services (CMS) launched the Acute Hospital Care at Home Program in November 2020.
  - Home- and community-based services include a broad range of services that help individuals meet daily selfcare and independent living needs, which will be increasingly important as the U.S. population ages.
- Build capacity to address patient needs holistically to impact social determinants of health and advance health equity.
  - Address patients' social needs by building relationships between clinical and community service providers, including screening, referral and community navigation services.
- Increase points of communication between providers and patients to strengthen care.
  - Telehealth may be an important mechanism for increasing access to care and advancing equity.
  - Health information technology allows patients and caregivers to communicate with their providers and aids in care coordination.
  - Remote patient monitoring facilitates care management and patient engagement at home.
  - Shared decision-making can increase patient satisfaction and improve patient outcomes.

Rawal, Purva et al. "Making Alternative Payment Models Work For Patients," Health Affairs Blog, Aug. 13, 2021, DOI: 10.1377/hblog20210805.193727





### VALUE-BASED DELIVERY AND PAYMENT MODELS

### FUTURE OUTLOOK

### The CMS Innovation Center Strategic Objectives: 2030

#### 1. Drive accountable care

Increase the number of people in a care relationship with accountability for quality and total cost of care. All Medicare beneficiaries with Parts A and B and a vast majority of Medicaid beneficiaries will be in a care relationship with accountability for quality and total cost of care by 2030.

#### 2. Advance health equity

Embed health equity in every aspect of CMS Innovation Center models and increase focus on underserved populations.

#### 3. Support innovation

Leverage a range of supports that enable integrated, person-centered care such as actionable, practicespecific data, technology, dissemination of best practices, peer-to-peer learning collaboratives and payment flexibilities.

#### 4. Address affordability

Pursue strategies to address health care prices and affordability, and reduce unnecessary or duplicative care.

#### 5. Partner to achieve system transformation

Align priorities and policies across CMS and aggressively engage payers, purchasers, providers, states and beneficiaries to improve quality, achieve equitable outcomes and reduce health care costs.

"Innovation Center Strategy Refresh," CMS Innovation Center, Oct. 20, 2021

## AHA RESOURCES 渋

- Current and emerging payment models: AHA webpage highlights topics related to payment models.
- Transformation Talks "Advanced Data Strategies for Optimizing Value-based Care": This brief video highlights how value-based payment is an opportunity to think differently about investing in data infrastructure.
- The Value Initiative's Members in Action series: Showcases how hospitals and health systems are managing risk and new payment models.
- Hospital-at-home resources: A growing repository of hospital-at-home case studies and podcasts.



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## RURAL HEALTH

The 63 million U.S. residents living in rural areas make up 19% of the U.S. population.\* This population depends on their hospital as an important source of care as well as a critical component of the area's economic and social fabric. Rural hospitals and health systems have been on the front lines of the COVID-19 pandemic, working to provide care for patients, families and communities. At the same time, they face many longstanding pressures, such as low reimbursement, staffing shortages, low patient volume and regulatory barriers, as well as the continued financial hardships associated with the pandemic. Despite unprecedented financial and health care challenges, rural hospitals remain committed to ensuring local access to highquality, affordable health care.

\* "Understanding and Using American Community Survey Data, What Users of Data for Rural Areas Need to Know," United States Census Bureau, October 2020



### RURAL HEALTH

## **HISTORICAL TRENDS**

Rural hospital closures

#### 136 rural hospitals closed between 2010 and 2021.\*

- 19 of these closures occurred in 2020, the most of any year in the past decade.
- 74% of the closures were in states where Medicaid expansion was not in place or had been in place for less than a year.

#### Between 2015 and 2019, there were at least 89 obstetric unit closures in U.S. rural hospitals.<sup>+</sup>

- Rural community hospitals deliver nearly 1 in 10 babies in the U.S.
- More than 2.2 million women of childbearing age live in maternity care deserts (1,119 counties) where no hospital offers obstetric care and there are no birth centers nor obstetric providers. 2 in 3 maternity care deserts are rural counties.<sup>‡</sup>

\*"Rural Hospital Closures Threaten Access: Solutions to Preserve Care in Local Communities," American Hospital Association, Sept. 8, 2022 †American Hospital Association Annual Survey, 2021 ‡"Nowhere to Go: Maternity Care Deserts Across the U.S.: 2022 Report," March of Dimes, Oct. 11, 2022

## **CURRENT PULSE**

### Rural hospitals in the U.S.

- 1,796: Number of rural community hospitals representing 35% of the nation's community hospitals in 2020.
- While 68% of community hospitals are system-affiliated, only half of rural hospitals are part of a system.
- **1,325:** Number of critical access hospitals representing 26% of all community hospitals and 58% of all rural community hospitals.

American Hospital Association Annual Survey, 2021

### The Rural Emergency Hospital (REH) designation

Congress created the REH, a new type of Medicare provider, as a response to loss of emergency services in rural areas due to hospital closures. Launching on Jan. 1, 2023, the designation will allow a critical access hospital (CAH) or small rural hospital with no more than 50 beds to convert to an REH. The REH is a rural hospital that does not provide inpatient care but will provide 24-hour emergency services. By creating the REH, Congress has established the first new rural provider type since the CAH was created in 1997.

"The Rural Emergency Hospital (REH), a New Hospital Type," Rural Health Information Hub, https://www.ruralhealthinfo.org/webinars/rural-emergency-hospital, accessed Sept. 17, 2022

#### **Clinician shortages in rural areas**

• Nearly 70% of the primary care Health Professional Shortage Areas (HPSAs) are located in rural or partially rural areas.

"Rural Hospital Closures Threaten Access: Solutions to Preserve Care in Local Communities," American Hospital Association, Sept. 8, 2022



### RURAL HEALTH

## **EXPLORE MORE**

### Patient volume and health

Population densities are categorically lower in rural areas and, consequently, rural hospitals have much lower patient volumes. Lower patient volumes make it challenging for rural hospitals to maintain fixed operating costs. Additionally, rural hospitals often treat patient populations who are older, sicker and poorer compared with the national average.

• Studies have found that rural Americans are more likely to die prematurely from heart disease, cancer, lung disease and stroke. They have higher rates of obesity and diabetes and are at greater risk of fatal car crashes, suicide and drug overdoses.\*

\*"Health in Rural America — Connecting to Care," NIH News in Health, March 2022

#### Underpayments and uncompensated care

The bulk of rural hospital revenue comes from government payers, of which Medicare comprises nearly half. Both Medicare and Medicaid reimburse less than the cost of providing these services.

#### In 2020, rural hospitals experienced:

- \$5.8 billion in Medicare underpayments.
- \$1.2 billion in Medicaid underpayments.
- \$4.6 billion in uncompensated care.

"Rural Hospital Closures Threaten Access: Solutions to Preserve Care in Local Communities," The American Hospital Association, Sept. 8, 2022



## INNOVATION AND TECHNOLOGY

#### **Rural telehealth use**

Before the pandemic, coverage of telehealth services under Medicare was limited to beneficiaries living in rural areas only, with restrictions on where beneficiaries could receive these services and which providers could be paid to deliver them. The COVID-19 public health emergency declaration prompted CMS to expand traditional Medicare's coverage of telehealth services to make it easier for all beneficiaries to receive medical care. Federally qualified health centers and rural health clinics were included as part of this expanded coverage. When the public health emergency ends, Medicare's coverage of telehealth services will revert to the more limited availability that existed before the pandemic unless policymakers take action.<sup>\*</sup> Forty-five percent of rural residents reported technical issues as an obstacle to accessing telehealth<sup>+</sup>; thus, a focus on expanding access to broadband and digital resources will advance rural telehealth use and access to care.

\*Koma, Wyatt et al. "Medicare and Telehealth: Coverage and Use During the COVID-19 Pandemic and Options for the Future," Kaiser Family Foundation, May 19, 2021 †Bipartisan Policy Center and SSRS, "Telehealth Visit Use Among U.S. Adults," August 2021. Available at: https://bipartisanpolicy.org/download/?file=/wp-content/ uploads/2021/08/ssri\_survey.pdf

#### Positive outcomes for rural populations that used telehealth services

A review of 15 studies that target telehealth interventions and rural populations concluded: In 2020, rural hospitals experienced:

- **Positive outcomes:** Increased telehealth acceptability and satisfaction, convenience and efficiency, decreased direct and indirect costs to the patient (travel cost and time) and health care service provider (staffing), lower on-site health care resource utilization, improved physician recruitment and retention, improved access to care, and increased education and training of patients and health care professionals.
- **Disadvantages:** Experiencing telehealth visits with unknown providers and technological issues such as loss of connectivity and limited Wi-Fi access in rural areas.

©Butzner, Michael and Cuffee, Yendelela. "Telehealth Interventions and Outcomes Across Rural Communities in the United States: Narrative Review," Journal of Medical Internet Research, volume 23, number 8 (https://www.jmir.org), Aug. 26, 2021

### Telephone-only telehealth use in 2020

- The majority of Medicare beneficiaries report accessing telehealth with a telephone-only visit 56%.
- Those living in rural areas reported a higher level of telephone-only visits 65%.
- The higher rate of telephone-only visits in rural areas likely reflects lower rates of internet access and ownership of computers or smartphones.

"Medicare and Telehealth: Coverage and Use During the COVID-19 Pandemic and Options for the Future," Kaiser Family Foundation, May 19, 2021

## Top three obstacles rural residents face in using telehealth services

- Knowing whether insurance will cover telehealth.
- Ability to afford the cost of the visit.
- Ability to use internet or digital technology, and access to high-speed internet/ broadband.

Bipartisan Policy Center and SSRS, "Telehealth Visit Use Among U.S. Adults," August 2021. Available at: https://bipartisanpolicy.org/ download/?file=/wp-content/uploads/2021/08/ssri\_survey.pdf



### RURAL HEALTH

## FUTURE OUTLOOK

### **Future of Rural Health Care Task Force**

The AHA convened a task force to focus on long-range, bold solutions to ensure the financial stability of rural hospitals and access to care for rural residents.

#### Four innovative solutions

- **1.** Public-private funding for core services: A new funding system by which public and private payers pool funds to pay for a defined set of essential services for a particular community.
- 2. Flexible funding programs to support rural hospital infrastructure transformation: New ways to fund infrastructure by promoting existing resources, including government programs and philanthropic opportunities, while building regional collaborations with other providers to develop complementary rather than competitive services.
- **3.** Create a rural design center within the Center for Medicare and Medicaid (CMS) Innovation Center: The center tests innovative payment and delivery models to improve quality of care while lowering costs.
- 4. Grant-writing gig economy: An online platform that matches rural hospitals with grant writers may help smaller facilities secure funding for needed services and programs.

Promising practices already underway include: The global budget payment model, the rural hospital federal tax credit program, telehealth, broadband and mobile technology, strategic partnerships and affiliations, leadership training, rural philanthropy and maternal health best practices.

"Final Recommendations: Future of Rural Health Care Task Force," American Hospital Association, May 2021

## AHA RESOURCES 渋

- **Rural health services:** Tracks issues, develops policies and identifies solutions to the most pressing problems facing rural hospitals through advocacy and representation, communication and education, executive leadership and technical assistance and other helpful tools and resources.
- Rural Hospital Closures Threaten Access: This report highlights a variety of causes that resulted in rural hospital closures and outlines several pathways for rural hospitals to achieve financial sustainability.



# CONSUMERISM

Health care consumerism generally is understood to mean people proactively using trustworthy, relevant information and appropriate technology to make betterinformed decisions about their health care options in the broadest sense, both within and outside the clinical setting.\* Empowering patients can take different forms, whether it be equipping them with information to participate in decision-making or by providing them with the tools and technology to manage and monitor their own health.<sup>+</sup> The AHA and its members are committed to strategies that increase patient engagement and provide consumers with high value, convenient and modernized care.

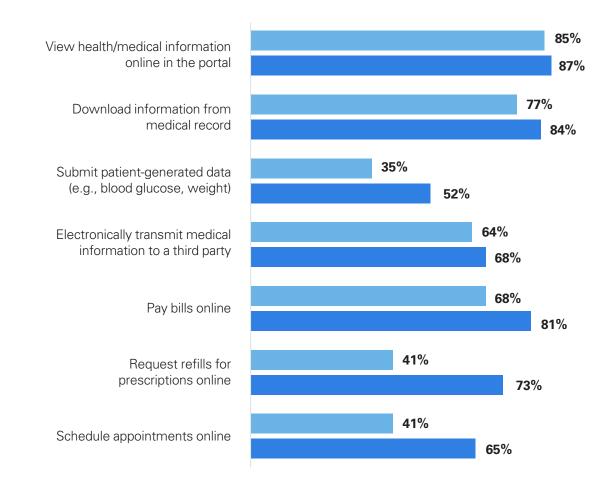
\*Carman, Kristin et al. "The 'New' Health Care Consumerism," Health Affairs, 10.1377/forefront.20190304.69786, March 5, 2019 tvan Poucke, Anna and Baran-Chong, Randall. "2021 Healthcare CEO Future Pulse: 10 actionable perspectives for healthcare leaders," KPMG, June 23, 2021

### CONSUMERISM

## **HISTORICAL TRENDS**

### Trends in electronic health record (EHR) patient engagement

% of hospitals that provide their patients with the following technologies 2015 2020



American Hospital Association Information Technology Surveys 2016-2021

### Shorter hospital stays associated with patient portal use

• Patients with active patient portal accounts had hospital stays of one-half to one full day shorter on average than patients without. The difference in length of stay was present for all age groups.

Rasmussen, Denise et al. "Shorter Hospital Stays Associated with Patient Portal Use," Epic Research, retrieved from: https://epicresearch.org/articles/shorter-hospitalstays-associated-with-patient-portal-use, Nov. 17, 2021



### CONSUMERISM

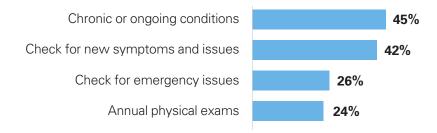
## CURRENT PULSE

### TELEHEALTH

## Consumers attending virtual appointments

49% of consumers say they attended at least one virtual medical appointment in the past year, with 59% of millennials leading the trend

## Consumers intend to keep using virtual or hybrid options for future health needs



### Top benefits of telehealth

- More convenient.
- Reduces chances of getting COVID-19 or other illnesses.
- Easier to find appointment times that suit schedules.
- Can see a health care professional more often.

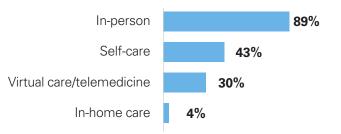
### Top challenges of telehealth

- Lacks human touch or face-to-face connection.
- Health care provider couldn't examine patient well enough.
- · Connectivity issues.
- Health care provider couldn't collect vital signs.
- The appointment service or app was difficult to use.

Survey conducted in Q1 of 2022 with responses from more than 2000 U.S. consumers

Arbanas, Jana et al. "Mastering the new digital life: 2022 Connectivity and Mobile Trends, 3rd ed.," Deloitte Insights, Deloitte Center for Technology, Media & Telecommunications, 2022

## Consumers use different health care channels to manage health



### **Top self-care behaviors**

- Researched symptoms before making an appointment with a health care provider.
- Researched symptoms and/or diagnosis after an appointment with a health care provider.
- Followed up with health care provider after successfully self-treating symptoms and/or illness.
- Sought out alternative and/or holistic medicine to manage or treat their health.

"Humanizing Brand Experience, vol. 5 Health Care Edition," AHA's Society for Health Care Strategy & Market Development and Monigle, May 2022



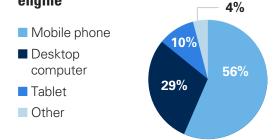
### **EXPLORE MORE**

### **SMART DEVICES**

- On average, U.S. households have a total of 22 connected devices in 2022, down from 25 in 2021.
- Smartwatches and fitness trackers continue to grow in popularity with 41% of consumers reporting they personally own a smartwatch or fitness tracker — up 2 points from 2021 — and 6 in 10 have them in their households.
  - At least 7 in 10 of consumers said their smartwatches/ fitness trackers have improved their fitness and health.
  - **55%** said they share the data with their medical providers.
- At least a third of smartphone users are monitoring their health and fitness with their phones, and 1 in 5 use meditation or mental wellness apps.

Arbanas, Jana et al. "Mastering the new digital life: 2022 Connectivity and Mobile Trends, 3rd ed.," Deloitte Insights, Deloitte Center for Technology, Media & Telecommunications, 2022

### Devices used most often when researching a question on a search engine



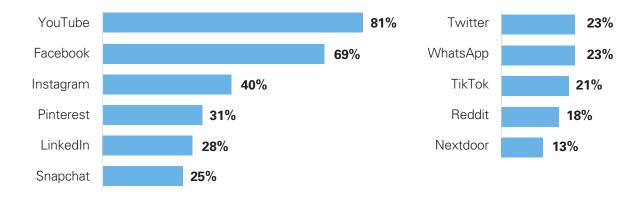
• Millennials are the most likely generation to use their mobile device at **74%**.

"2022 State of U.S. Consumer Trends Report," HubSpot, https://offers.hubspot.com/2022-consumer-trends-reportdownload, July 2022

### **SOCIAL MEDIA**

• 7 in 10 U.S. adults use social media.

### Social media users visit:



- YouTube and Reddit experienced significant growth since 2019.
- Instagram, Snapchat and TikTok have a strong following among young adults.

Auxier, Brooke and Anderson, Monica. "Social Media Use in 2021," Pew Research Center, April 7, 2021



## INNOVATION AND TECHNOLOGY

### **Hyper-personalized care**

Hospitals and health systems that aim to create hyperpersonalized experiences collect, compile and analyze consumer data to look at each patient as an individual and to provide a longitudinal, 360° view of the consumer. By building this strong data foundation, organizations can provide patients and consumers with communications and marketing customized to their unique needs. At the highest level, this data foundation can be used for proactive care interventions and personalizing care plans.

This hyper-personalized infrastructure starts with basic data and moves to advanced, artificial intelligence (AI)-powered insights:

- Tier 1: Basic preferences and needs: Optimizing communications based on channel, language and location preferences.
- Tier 2: Proactive communication: Providing customized appointment reminders, personalized marketing outreach, medication management and scheduling outstanding labs and screenings.
- Tier 3: Personalized navigation: Creating tailored appointments and personalized payment plans based on the needs and preferences of the individual.
- Tier 4: Tailored care delivery: Using patient data and Al to create personalized care plans and staging predictive care interventions.

These strategies will help providers know and connect with the consumer and orchestrate care in a way that is designed for the patient's unique needs.

"Get personal: Building a hyper-personalized care strategy," AVIA, May 27, 2021





## FUTURE OUTLOOK

## Five principles for a patient-empowered health care future: A vision for 2030

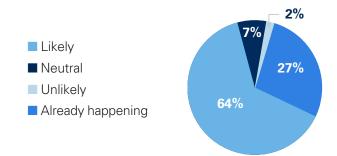
- 1. Site of service expansion.
- 2. Data democratization, interoperability and wearability.
- 3. Focus on value.
- Acceleration of policy changes (e.g., waivers).
- 5. Informed patients.

Schneider, Jennifer. "Five Principles for a Patient-Empowered Health Care Future" (talk), NEJM Catalyst Innovations in Care Delivery, https://catalyst.nejm.org/doi/full/10.1056/CAT.21.0272, July 28, 2021

## AHA RESOURCES

### Increased investment in digital technology

Health care executives were asked to predict if their hospital or health system will have increased its investment in digital consumer strategies by at least 20% by 2027.



"Futurescan Health Care Trends and Implications 2022-2027," AHA's Society for Health Care Strategy & Market Development," Nov. 10, 2021

- Webinar Series: AHA members can access this educational series, designed for hospital and health system leaders, as they focus new models and resources on consumers and patients to improve access, convenience and outcomes in the post-COVID-19 environment.
- Humanizing Brand Experience: Informed by more than 28,000 consumers, this report highlights emerging consumer trends, needs and behaviors that have arisen during the pandemic. Supported by the AHA's Society for Health Care Strategy & Market Development and Monigle.
- Market Scan: A weekly e-newsletter with insights and analysis on the field's latest developments in health care disruption, transformation and innovation.
- Vaccine confidence resources: Hub of resources providing hospitals and consumers with clear and concise information about the benefits of vaccination.



# SOCIAL AND DEMOGRAPHIC TRENDS

These larger shifts in the environment impact all areas of our society, including health and the health care system. The pandemic has accelerated some of these changes while others have been developing for an extended period. Hospitals and health systems can reflect on how the changing world, culture and population will impact their communities and then devise strategies to meet these challenges.



55 | ENVIRONMENTAL SCAN

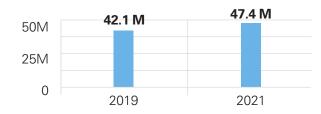
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## THE GREAT RESIGNATION

#### Three workforce trends on the rise

- **Reshuffling:** Employees are quitting and going to employers in different industries.
- **Reinventing:** Many employees leaving traditional employment are either going to nontraditional work (temporary, gig or part-time roles) or starting their own businesses.
- **Reassessing:** Many people are quitting not for other jobs but because of the demands of life the need to care for children, elders or themselves. These are people who may have stepped out of the workforce entirely, dramatically shrinking the readily available talent pool.

De Smet, Aaron et al. "The Great Attrition is making hiring harder. Are you searching the right talent pools?" McKinsey & Company, July 13, 2022



### Increase of U.S. workers quitting\*

The voluntary quit rate is **25% higher** than prepandemic levels.<sup>†</sup> (*December 2019-May 2022*)

- \* Liu, Jennifer. "Roughly 47 million people quit their jobs last year: 'All of this is uncharted territory,'" CNBC, Feb. 1, 2022
- † De Smet, Aaron et al. "The Great Attrition is making hiring harder. Are you searching the right talent pools?" McKinsey & Company, July 13, 2022

## Top reasons why U.S. workers left a job in 2021

 Low pay, a lack of opportunities for advancement, feeling disrespected at work and child care issues.

Parker, Kim and Menasce Horowitz, Juliana. "Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected," Pew Research Center, March 9, 2022

### Labor force participation

In 2021, businesses added an unprecedented 3.8 million jobs. At the same time, workforce participation remains below pre-pandemic levels.

- February 2020: 63.3%
- July 2022: 62.1%
- The decrease represents 3.4M missing workers.

Ferguson, Stephanie. "Understanding America's Labor Shortage," U.S. Chamber of Commerce, Aug. 19, 2022

### Shift to gig work

Temporary staffing market revenue



Baggot, Deirdre, Hamory, Bruce and Rudoy, John. "Health Care Workers Are Moving to Gig Work in Record Numbers," Oliver Wyman, March 13, 2022

### **Remote work**

- 75% of remote workers want virtual or hybrid options even after the pandemic winds down.
- Top benefits: Absence of commute, comfort, safety from illness, better focus on work and better family connection.

Arbanas, Jana et al. "Mastering the new digital life: 2022 Connectivity and Mobile Trends, 3rd ed.", Deloitte Insights, Deloitte Center for Technology, Media & Telecommunications, Aug. 3, 2022



## **CLIMATE CHANGE**

Climate change is increasingly affecting people's health and the ability of the U.S. health care system to effectively respond to climate-related events. Moving the U.S. health care field toward climate resiliency and sustainability has the potential to not only better prepare the health care system for extreme weather events, but it also has potential financial benefits, providing cost savings (e.g., through energy or water conservation) and reducing risks.

"Health Care and the Climate Crisis: Preparing America's Health Care Infrastructure, Part 1: The Significance of Addressing Climate Impacts in the Health Sector," Ways and Means Committee, https://waysandmeans.house.gov/health-care-and-climate-crisis-preparing-americas-health-care-infrastructure, accessed Sept. 15, 2022

## U.S. climate disaster events 2019-2021

- 56 events
- \$315.2 billion in costs
- 1,030 deaths

"Billion-Dollar Weather and Climate Disasters," NOAA National Centers for Environmental Information (NCEI), 2022, https://www.ncei. noaa.gov/access/billions/, DOI: 10.25921/stkw-7w73, accessed Sept. 12, 2022

### **Public perspective**

- Among the 78% of households experiencing extreme weather events in the past five years, 24% reported having faced serious health problems as a result.
- 23% of adults say that climate change is threatening the health of their families.
- For households affected by wildfires in the past five years, 38% say they have faced serious health problems as a result of extreme weather, including 1 in 5 (19%) specifically citing serious health problems resulting from smoke or lack of clean air.

"The Impact of Extreme Weather on Views about Climate Policy in the United States," NPR, Robert Wood Johnson Foundation, Harvard T.H. Chan School of Public Health, June 1, 2022

## **GUN VIOLENCE**

### Cost of gun violence

- More than \$1 billion annually
  - Initial hospital costs of firearm injuries.
  - Costs associated with physicians' fees not included in this total could add 20%.

"Firearm Injuries: Health Care Service Needs and Costs," U.S. Government Accountability Office, June 2021

## Firearms: Top cause of death for children in the U.S. in 2020

• Firearms were the leading cause of death for children ages 1-19, surpassing motor vehicles.

McGough, Matt et al. "Child and Teen Firearm Mortality in the U.S. and Peer Countries," Kaiser Family Foundation, July 8, 2022



## IMMUNIZATIONS DECREASING WORLDWIDE

### **Childhood immunizations decline**

- Global childhood immunization rates dropped from 86% in 2019 to 81% in 2021.\*
- Kindergartners in the U.S. experienced a drop in receiving required immunizations<sup>+</sup>
  - 2020-2021: **94%** • 2019-2020; 95%

\*"Immunization coverage," World Health Organization, https://www.who.int/news-room/fact-sheets/detail/ immunization-coverage, July 14, 2022

†Seither, Ranee et al. "Vaccination Coverage with Selected Vaccines and Exemption Rates Among Children in Kindergarten — United States, 2020–21 School Year," CDC MMWR, April 22, 2022

### Recommended vaccination declined for U.S. adults

8% DECREASE

In claims, excluding COVID-19 and influenza vaccines, from pre-pandemic levels in January 2019 through December 2021



In claims for influenza vaccines in the 2021-2022 season compared with the DECREASE 2020-2021 season.

"Vaccine Track," GSK and IQVIA, https://www.vaccinetrack.com, accessed Aug. 26, 2022

## CHRONIC DISEASES

Chronic diseases are the leading causes of death and disability and a significant driver of health care costs in the U.S.\*

- 6 in 10 adults have a chronic disease.
- 4 in 10 adults have two or more chronic diseases.

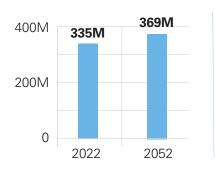
Nearly 1 in 5 adults who have had COVID-19 still have "long COVID."<sup>+</sup>

\* "Chronic Diseases in America," National Center for Chronic Disease Prevention and Health Promotion, CDC, https://www.cdc.gov/chronicdisease/resources/ infographic/chronic-diseases.htm, accessed Aug. 24, 2022

+ "Nearly One in Five American Adults Who Have Had COVID-19 Still Have 'Long COVID,'" CDC National Center for Health Statistics, https://www.cdc.gov/nchs/ pressroom/nchs\_press\_releases/2022/20220622.htm, accessed Aug. 26, 2022

## DEMOGRAPHICS

### U.S. population projections

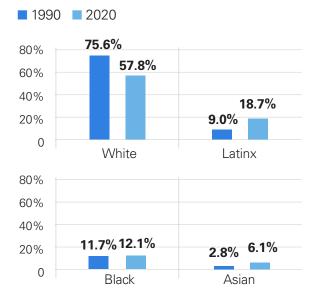


- The average growth rate of 0.3% during this time frame is one-third of the 0.9% rate from 1980 to 2021.
- Deaths start to exceed births in 2043.
- After 2032, population growth is driven increasingly by net immigration, which is expected to account for all population growth in 2043 and beyond.
- The population of people 65 years and older is expected to grow at an average rate of 1.2%, while those between 25 and 54 will increase at the rate of only 0.2%.

"The Demographic Outlook: 2022 to 2052," Congressional Budget Office, https://www.cbo.gov/publication/58347, July 2022



### SOCIAL AND DEMOGRAPHIC TRENDS



#### 2020 U.S. Census shows increased racial and ethnic diversity

- The 2020 Census data mark the first time the number of people who identify as white alone has shrunk since a census began in 1790 and the first time the white population decreased below 60%.
- The under-18 population is now 52.7% people of color.
- The number of people who identify as multiracial has increased by 276% since 2010.
- The diversification of the nation is projected to continue, with the white population falling below 50% around 2045.
- Between 2015 and 2060, the Latinx and Asian populations are expected to approximately double in size, and the multiracial population could triple.

Bahrampour, Tara and Mellnik, Ted. "Census data shows widening diversity; number of White people falls for first time," The Washington Post, Aug. 12, 2021

### Life expectancy decreased in the U.S.

Year	Life expectancy at birth
2019	78.8 years
2020	77.0 years
2021	76.1 years

- The decline is mostly due to the COVID-19 pandemic and increases in unintentional injuries (mainly drug overdose deaths).
- The decline between 2019 and 2021 reflects the biggest two-year decline since 1921-1923.

"National Vital Statistics Reports, U.S. State Life Tables, 2020," Department of Health & Human Services, CDC National Center for Health Statistics, Aug. 23, 2022 "Life Expectancy in the U.S. Dropped for the Second Year in a Row in 2021," CDC National Center for Health Statistics, Aug. 31, 2022

### Leading causes of death in the U.S. (2021)

- Heart disease: 693K
- Cancer: 605K
- COVID-19: 415K

Ahmad, Farida B. et al. "Provisional Mortality Data — United States, 2021," CDC MMWR, 71(17);597-600, April 29, 2022, DOI: http://dx.doi.org/10.15585/mmwr.mm7117e1

### Life expectancy projections

Year	Life expectancy at birth	Life expectancy at 65
2022	77.1 years	18.3 years
2052	82.3 years	21.7 years

"The Demographic Outlook: 2022 to 2052," Congressional Budget Office, https://www.cbo.gov/publication/58347, July 2022







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