

ARTICLE

New healthcare ecosystem gains momentum toward access and affordability

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Transformational change is underway in healthcare—change that holds the promise of a new ecosystem of care that will enable access and affordability for all. Achieving this change will require continued focus, discipline, and partnership, given the complexity and human-centered nature of the industry. The combination of forces at work today may help to accelerate this evolution. And we believe the time to drive this change is now.

Some of these forces include:

- Continued rise in individual expectations that are reshaping standards around access and affordability.
- Continued focus on addressing inequities in healthcare.
- Acceleration of technological applications in healthcare and digital modes of care delivery that are enhancing geographic reach, patient engagement and activation, and overall efficiencies.
- Increased availability and adoption of focused clinical care platforms (primarily driven by investor-backed physician and technology companies) that are seeking to deliver highly accessible care.
- Portability of healthcare data that is enabling patients to create their own network(s) of care.
- Community-based partnerships that seek to provide care closer to home and in lower-cost care settings.
- Financial pressures that are forcing the industry to think differently about how to deliver healthcare.

- Collaborative payer-provider partnerships that focus on increasing value for purchasers.

While the prevalence and acceleration of these forces vary by market, we believe the following 5 implications hold true.

1. Develop a clearly articulated value proposition

Takeaway: Healthcare organizations need to clearly define the unique value proposition(s) they desire to deliver to consumers and purchasers (i.e., employers and payers). While this need has always been true, the organizational integrity with which they formulate and implement this strategy is more critical than ever, given scarce resources, constrained timelines, and narrowing optionality.

Healthcare delivery has become more nuanced with the rise of specialty-specific physician and digital platforms emerging. At the same time, healthcare delivery reach has broadened (growing to multi-state and national).

Historically, health systems have had to operate as monoliths—striving to meet all of the needs of the communities they serve, driving differentiation primarily through clinical programs and clinical networks. While these points of differentiation still hold true for many, healthcare organizations must also focus on how to differentiate based on timely and convenient access, patient engagement, and efficient models for care delivery that produce value.

This can be a very high bar to meet, given the diversity of clinical services health systems provide as the "one-stop shop" for the community. They will need to take a portfolio mindset to keep up with varying consumer expectations for care across clinical services. For example, many health systems over the last decade formed partnerships with retail-oriented primary care and urgent care companies to supplement their own primary care platforms.

Value propositions should always reflect the core differentiation of an organization and its desired persona against the backdrop of the competitive landscape and national market context. For example, academic health systems traditionally have viewed their value proposition as the place for high-end, life-saving care. However, as alternatives have emerged even for aspects of high-end care such as infusions, academic health systems have had to rethink how they solidify their value proposition.

Another example yet to play out is Amazon. With its acquisition of One Medical, Amazon is hoping its brand of convenience coupled with One Medical's brand in healthcare will enable it to gain more meaningful traction in the healthcare delivery sector by offering virtual care for its Prime members.

At a foundational level, organizations should consider their desired patient reach (e.g., clinical segments and geographic areas); unique patient engagement approach (e.g., access, reputation and brand, convenience, and quality); and its differentiated business model (e.g., sites of care and payment models). Defining this clear value proposition will help bring focus to an organization in what to do (and more importantly what *not* to do) to enable more nimble, aligned strategies and actions.

Healthcare organization spotlight: One large academic medical center (AMC) desired to increase access to its specialty services while capturing a larger patient population. Through digital channels for virtual consults and second opinions and through formal partnerships with other healthcare organizations nationally, it was able to expand its clinical reach to serve more patients nationally.

2. Build provider capacity

Takeaway: Organizations need to invest in training, digital transformation, and clinical transformation to increase provider supply.

To take on access challenges, healthcare organizations need to address the foundational challenge of provider supply. According to the Association of American Medical Colleges, care demand is expected to exceed supply by a range of 37,800 to 124,000 physicians by 2034.¹ The supply shortage is likely understated if one were to consider challenges with specialty distribution, geographic distribution, workforce diversity, and other dynamics related to burnout and disengagement (which have implications for how long and in what ways providers seek to practice).

In addition to expanding training programs and fellowships for physicians and advanced practice providers (APPs), the healthcare industry will need to find ways to increase effective supply through clinical and digital transformation that go beyond increasing productivity standards. For example, some organizations are leveraging technology to alleviate the provider burden of clinical documentation, increase patient engagement in understanding and driving their care journey, and enable early detection of conditions or risks such as falls and abnormal cardiac rhythms to prevent adverse events and emergent care needs. These advancements must be considered with an eye toward ensuring they do not exasperate existing inequities in care and that the underlying technology is not operating off biases.

Care models will also need to continue evolving to leverage the entire care team. Since the pandemic surfaced and exacerbated key structural challenges with how people delivering care experience their work, organizations may find an increased receptivity to such care team and delivery model changes.

Healthcare organization spotlight: Leaders at an academic health system knew that they could best increase their provider supply by undertaking a comprehensive approach to care team transformation for their ambulatory and clinic settings. The transformed care team matches individual patient care needs with the most appropriate provider, with elevated roles for advanced practice providers (APPs), embedded pharmacists taking over certain provider tasks, and social workers supporting more successful patient engagement. They also reduced the care team burden by leveraging technology for efficiencies, such as better message management that automatically triages and addresses communications with patients.

3. Harness emerging technologies (including digital and generative AI applications)

Takeaway: Healthcare organizations need to make strategic investments to capture the benefits of emerging technologies.

The advent of generative artificial intelligence (AI) has received both good and bad press related to its potential applications in healthcare. Fears of bias and hallucinations causing misdiagnoses and treatments on the clinical side and decreased payments through auto-denials from insurance companies on the administrative side have colored the story negatively.

Yet technology harnessed in the right way could reduce the cost burden of healthcare significantly. For example, this technology can create an executive summary of a patient's history and physical; assist with coding on the administrative side; enable more efficient slot utilization for clinic and operating room scheduling; and facilitate more robust matching for clinical trials and clinical research. In radiology, AI has been used for some time to read images, with oversight and final sign-off by a clinician.^{2,3} While the appropriate applications of emerging technologies are yet to be defined, creating the infrastructure to experiment or be early adopters will be important.

Healthcare organization spotlight: A large clinically integrated network and accountable care organization in the Northeast identified the need to create stronger patient engagement and outreach, especially for patients across wide-ranging demographics and geographies. With the aid of grant funding, the organization undertook a digital strategy that has positioned it to collect robust patient data, automate culturally sensitive tailored outreach, and close gaps in care for greater health equity.

4. Pursue new kinds of partnerships

Takeaway: Organizations need to think creatively about partnerships to enhance capabilities and/or access to capital.

Investor-backed companies that can create “focused factory” care delivery models to meet the specific needs of a subpopulation can be good partners with health systems. We saw such partnerships emerge first with virtual urgent care companies and are now seeing similar models emerge for specialties such as musculoskeletal, women’s health, physical therapy, and various chronic condition management companies. These partnerships can enable health systems and investor-backed platforms to share capabilities and capital to drive better access in more affordable settings for the consumer while achieving accretive growth for both entities.

In addition to these private equity and health system partnerships, we believe creative partnerships with community-based organizations (such as federally qualified health centers, community health centers, and government agencies) will be required to enable increased access for all.

This new emphasis on creative partnerships should not suggest that more traditional partnerships are no longer essential. Yet with the past decade of consolidation and increased regulatory scrutiny, we expect even more “standard” provider-to-provider relationships will need to be approached differently.

Healthcare organization spotlight: In Chicago’s South Side, health inequities have been pervasive. Residents there have a 30-year life expectancy gap from residents in more affluent neighborhoods on the North Side, including high rates of infant mortality and diabetes-related deaths. To address these and other persistent health inequities, 13 health systems, federally qualified health centers, and safety net hospitals formed an unprecedented coalition. Securing initial funding from the state, the coalition built the South Side Healthy Community Organization to fundamentally advance access and health for this under-resourced community.

5. Work with payers as partners

Takeaway: Providers and payers need to collaborate toward common goals.

Access and affordability must also be driven by providers and payers working together. Given common priorities, these organizations can align on access and care models that are affordable and deliver high-quality care in the right place at the right time—and ensure that financial arrangements support those models.

We expect payer-provider engagement to take multiple shapes, depending on a variety of market forces. Some organizations continue to actively explore capitation and value-based payment models. But many providers have struggled to put in place the infrastructure required to achieve the theoretical value associated with taking increased risk.

Continued payer-provider convergence is likely as well, though the benefits of vertical integration are similarly challenging to achieve in practice. We expect continued innovative models of health systems and payers working together to emerge in Medicaid plans, provider-sponsored health plans, and even new approaches within the bounds of more “traditional” contracting negotiations.

Healthcare organization spotlight: A leading pediatric health system was experiencing operational challenges as a result of the pandemic and sought to create greater alignment with its provider-sponsored health plan to better serve its patients and members and drive financial sustainability. The 2 entities have identified strategies for closing care gaps via coordination of complex care management, driving 60% of member healthcare spending within the parent health system, and attributing 75% of members to value-based contracts.

The essential capability in the new ecosystem: leading change

It's clear that this new healthcare ecosystem is progressing, and healthcare organizations must ready themselves to drive the change they want to see. Building organizational capacity for change is no small feat, given healthcare's nature as a human-centered enterprise with a low tolerance for failure. But that's also why these preparations are so vital—organizations must transform to create a future that is more reliable and sustainable and delivers a better experience and better outcomes for all.

Sources

¹ *The Complexities of Physician Supply and Demand: Projections From 2019 to 2034*, Association of American Medical Colleges, June 2021, <https://www.aamc.org/media/54681/download>.

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