

White Paper

The 9th Annual Industry Pulse Survey

A national survey of leading health plans and other healthcare stakeholders commissioned and conducted by the [HealthCare Executive Group](#) and [Change Healthcare](#)

Get your own copy of this white paper and exclusive additional research at [9th Annual Industry Pulse Survey](#)



Table of Contents

- Executive Summary 3
- How Change Healthcare Can Help 4
- About Change Healthcare Consulting Services 5
- Research Background and Methodology 6
- Big Tech and Retail Will Disrupt Healthcare–But How? 7
- Social Determinants of Health Remains Steady 8
- Care Coordination Called Key to Surmounting Barriers 9
- With Social Determinants, Obstacles Persist 10
- Patient Engagement is Critical to Healthcare Consumers 11
- Incentives Help People Engage as Consumers 12
- Value-Based Contracts are Stuck at Square One 13
- Payers Struggle to Support Providers’ High-Value Care 14
- Clinical Data Sources are on the Move 15
- Needed: Financial Incentives for Data Sharing 16
- Analytics is Boosting Quality in the Long Run 17
- Digital Healthcare is on the March 19
- Other Priorities Often Edge Out Cybersecurity 20
- Customer Service Tops Priorities 21
- 2019’s Opportunities are Growth and Data 22
- Challenges Loom in the Disruptions that Lie Ahead 23
- About Change Healthcare 24

Executive Summary

9th annual national survey identifies what payers and other healthcare stakeholders see as the top challenges facing the industry, as well as greatest opportunities for positive change.

Few industries have experienced the sustained disruption to their business models as has healthcare. No matter where you look—whether it's care, cost, consumerism, consolidation, payment models, HIT, or regulation—healthcare is in a constant state of change. And the pace of change is accelerating.

Healthcare leaders must continually assess their organization's strengths, weaknesses, opportunities, and threats to remain competitive. The annual Industry Pulse Survey, inspired by [the HCEG Top 10](#) and co-produced by Change Healthcare and the [HealthCare Executive Group](#), is a key tool stakeholders have used to learn what their peers define as the year's hot trends, big challenges, and investment opportunities.

This year's research draws from 185 healthcare leaders, 28% of whom are at the president or C-suite level, 48% VP-level or above, and includes HCEG members, Health Plan Alliance members, and Change Healthcare customers. The report provides a timely snapshot across 16 crucial topics, including market trends, population health, value-based care, consumer engagement, clinical and data analytics, risk sharing, social determinants, cybersecurity, and more.

While there are many insights and take-aways to consider in this year's report, a few stand out:

- Outside influences are intensifying. A confluence of forces—people, processes, and technology—will require healthcare to turn to new business models and market strategies. Most notable among these are non-healthcare entrants to the marketplace, whose consumer-centric innovations could help re-imagine patient engagement.
- A healthcare market where the majority of value-based relationships include both upside and downside shared risk still appears to be three to five years off. This might indicate payers and providers are struggling in their efforts to scale complex value-based care and reimbursement models from pilot to production.
- Consumer demand for better access, price/cost transparency, and convenience is opening doors for external competitors who can provide a retail consumer experience. Established players will be challenged to stay ahead.
- Cybersecurity initiatives are a lower funding priority despite the rise in breaches, with 40% of respondents citing sophistication of attack outpacing prevention capabilities.

Armed with these and other insights from the 2019 Industry Pulse survey, stakeholders will better understand the shared challenges and opportunities they are facing, more easily determine what's hot and what's not, know what's working and what's floundering, and better understand where the industry is going.

We hope this year's survey results are useful in your planning. If you would like to discuss any of the issues presented here further, please contact David V. Gallegos, SVP of Consulting Services for Change Healthcare, at dgallegos@changehealthcare.com.

How Change Healthcare Can Help

As one of the largest, independent healthcare technology companies in the United States, Change Healthcare is inspiring a better healthcare system. We are a key catalyst of value-based healthcare, working alongside our customers and partners to help accelerate the journey toward improved lives and healthier communities.

Our solutions help enable improved efficiencies and insights for major stakeholders across healthcare, including commercial and governmental payers, employers, hospitals, physicians and other providers, laboratories, and consumers.

We champion improvement, before, after, and in-between care episodes, striving to provide a visible measure of quality and value. Our solutions add value across three distinct areas—Software and Analytics, Technology Enabled Services, and Network Solutions—by helping payers, providers and consumers improve the full spectrum of healthcare.

For Payers	For Providers	For Consumers
Payment accuracy	Revenue and financial risk management	Access to personal health information
Consumer and member engagement	Patient access	Engagement with providers
Network management	Support for clinically appropriate care	Electronic payments
Transition to value-based payment	Claims and payment management	Tools to help evaluate healthcare choices based on quality, cost, and convenience
Claims payment management	Optimize diagnostic and clinical data	
Support for clinically appropriate care	Imaging, workflow, and extended care	

Change Healthcare's Industry Profile at a Glance

5,500

Hospitals

900,000

Physicians

2,200

Payer Connections

\$1.0 Trillion

Healthcare Claims

118,000

Dentists

600

Laboratories

1 in 3

U.S. Patient Records

14 Billion

Healthcare Transactions

[Please visit our website](#) for more information about how Change Healthcare can collaborate with your organization to accelerate the journey to a better healthcare system.

About Change Healthcare Consulting Services



Publication of the annual Industry Pulse Survey is a service of Change Healthcare Consulting Services, in partnership with the HealthCare Executive Group.

The Change Healthcare Consulting Services group is comprised of a dedicated team of over 100 experienced, diverse, passionate, and creative team members with a shared vision: Enabling smarter healthcare.

We are dedicated to making it simpler for payers and providers to engage with an evolving and complex healthcare system by helping them cut through complexity and make better decisions, chart a clear path forward, “see around corners” to stay ahead of shifting market dynamics, and eliminate inefficiencies.

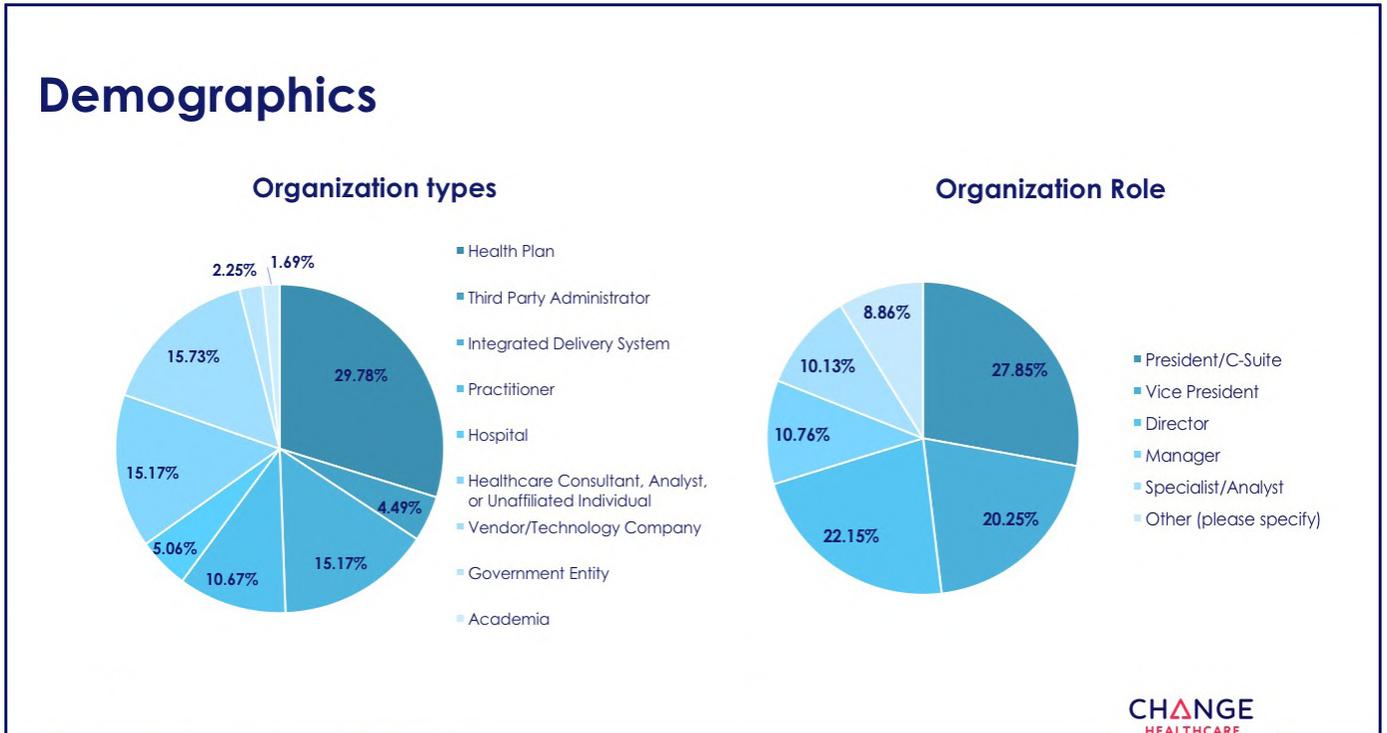
We work collaboratively with our clients to define new strategies and bring them to life, unlocking the opportunities created by change across six consulting areas:

- Healthcare consumerism
- Value-based healthcare
- Population health
- Government programs
- Process and system modernization
- Analytics and insights

Please [visit us on the web](#) for more information about how Change Healthcare Consulting Services can help your organization bring its major initiatives to life to enable smarter healthcare.

Research Background and Methodology

Survey, Screening Criteria, and Data Collection



The Industry Pulse is an annual healthcare industry survey designed to provide directional insight on opportunities, challenges, and trends facing the healthcare market. The research focuses on payer organizations, but includes the perspectives of other industry stakeholders such as provider organizations and vendors.

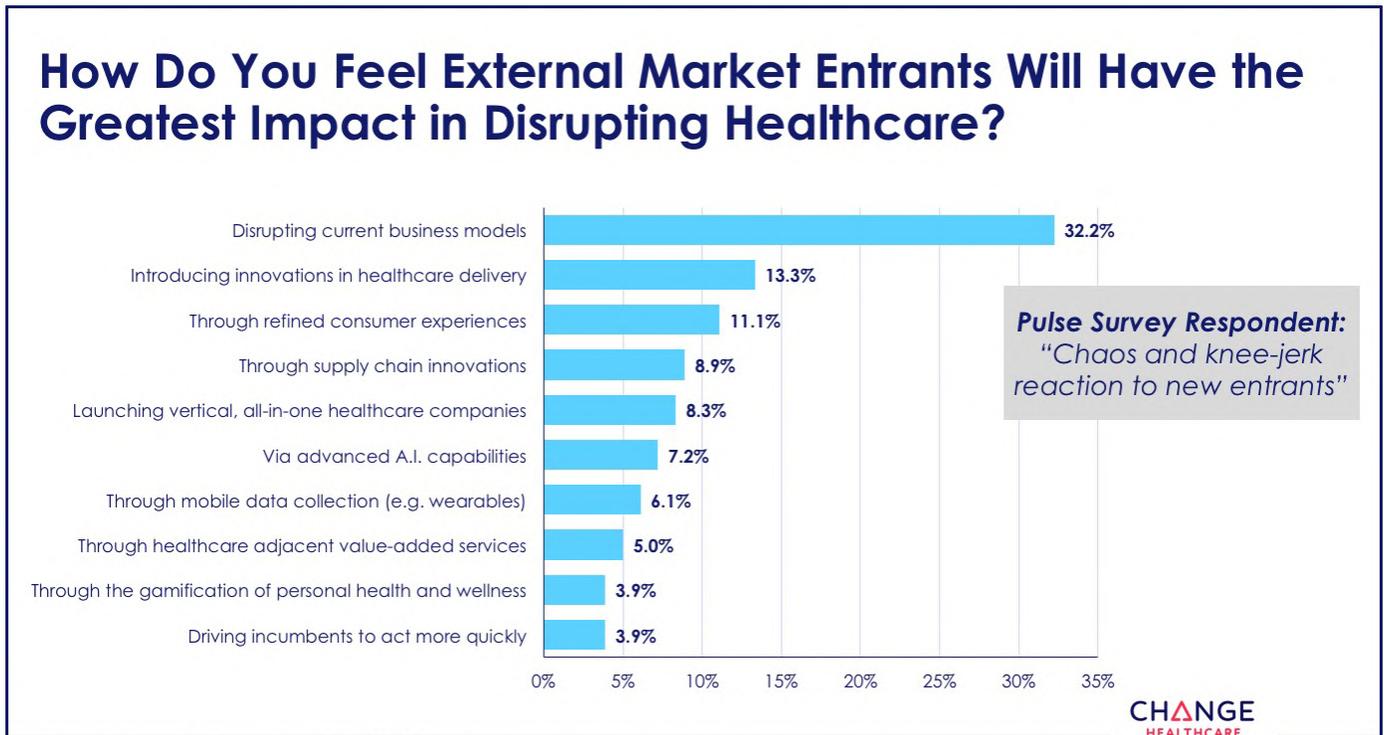
Developed in partnership with the HealthCare Executive Group (HCEG), this is the 9th annual Industry Pulse survey. It mirrors the [HCEG Top 10](#) priorities list compiled by HCEG members during their Annual Forum.

The national research sample draws from more than 2,000 Change Healthcare customers, including leading national and regional payers; nearly 40 HCEG member organizations; and 50 Health Plan Alliance members.

The researchers targeted the leaders of these organizations, 48.1% of whom are at the President, Vice President, and C-suite levels.

Big Tech and Retail will Disrupt Healthcare—But How?

External market entrants bring strengths in care delivery and customer experience



2019 survey respondents have a wary eye on the disruptions that external market entrants like Amazon, Walmart, Google, and Apple will have on healthcare. Nearly one-third (32.2%) said the greatest impact of big tech and big retail will be on the business models that now dominate.

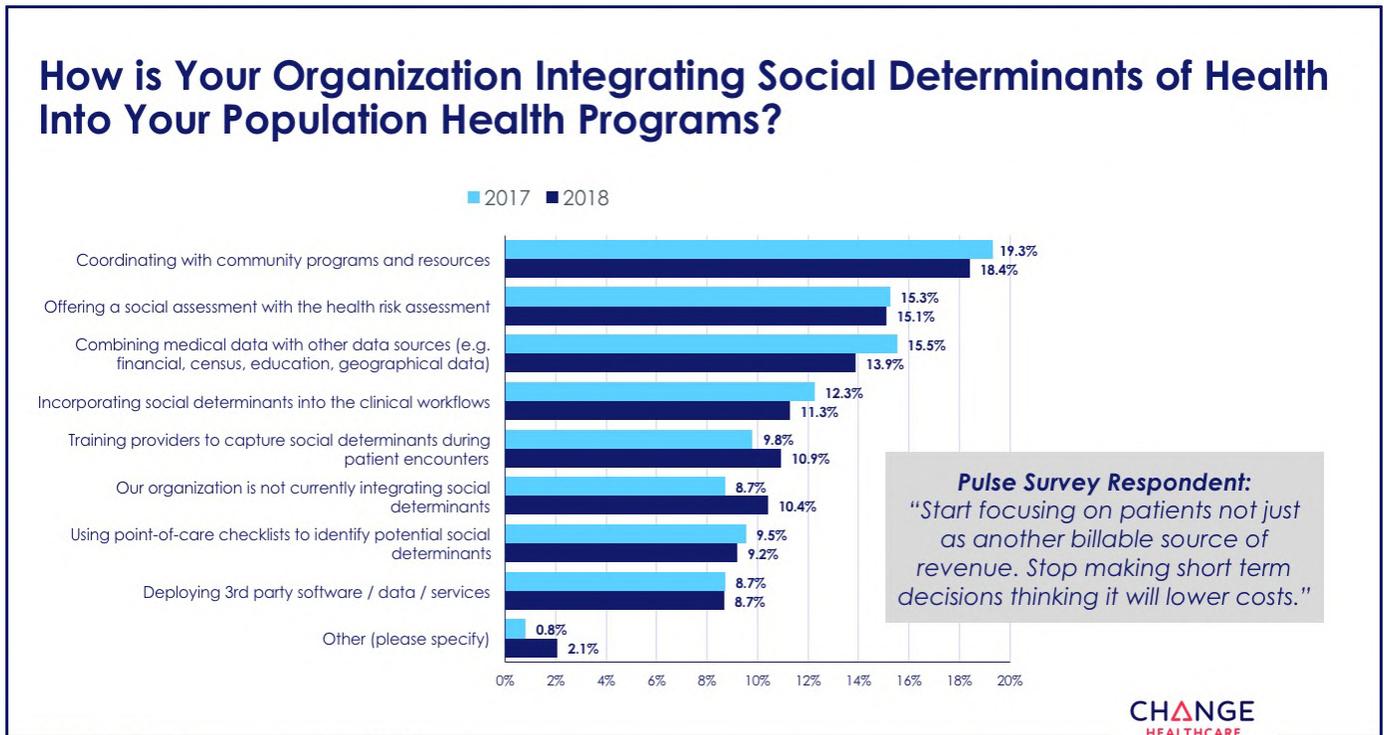
This response suggests that healthcare leaders recognize that external entrants will force the industry to change how it conducts business.

Asked to name more specific disruptions that external entrants might create, respondents provided a wide variety of perspectives. Placing second and third after business models were innovations in care delivery (13.3%), and refinement of consumer experience (11.1%)—which aligns with the inherent strengths of retail and technology market entrants.

With all these uncertainties, one thing is sure: Industry concern over external disruption is widespread.

Social Determinants of Health Remains in Focus

Many pilots aim to incorporate social factors into population health programs



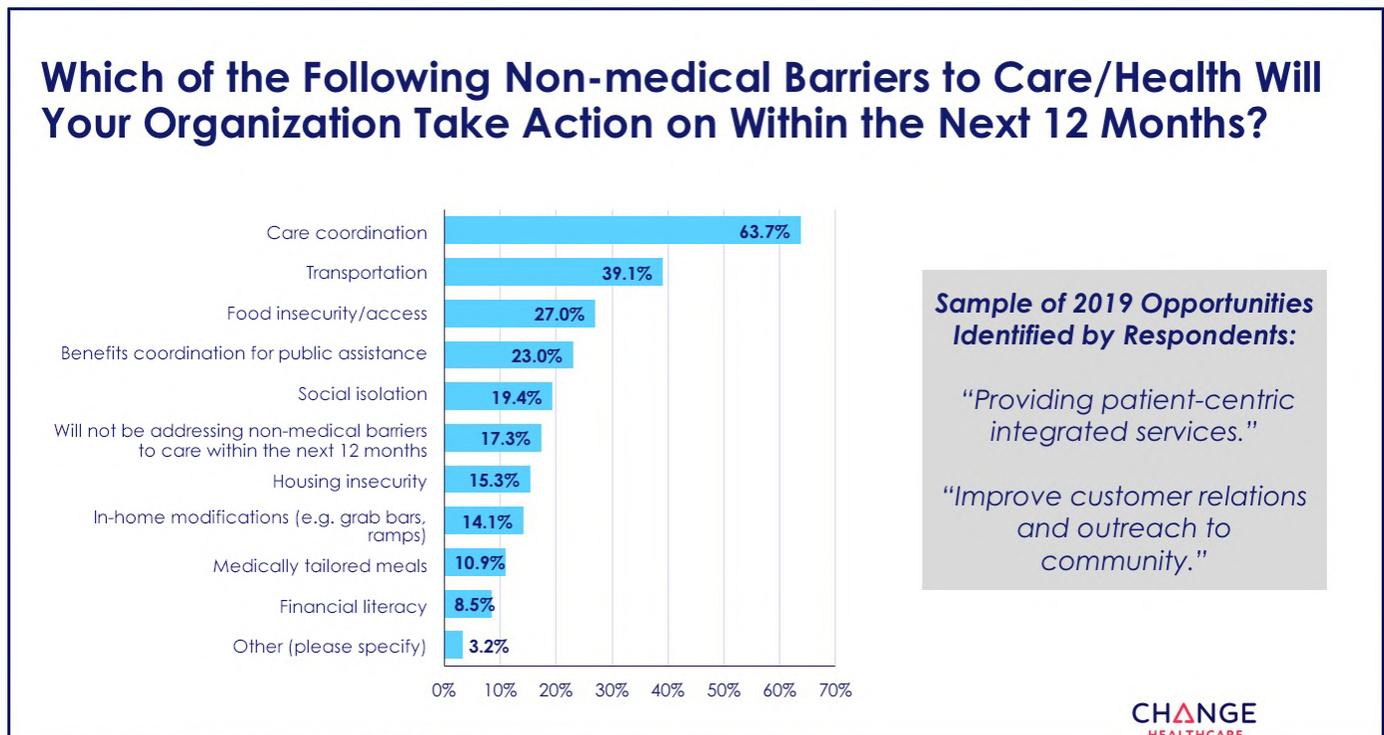
We asked respondents how they integrate social determinants into their population health programs.

Coordinating with community programs and resources was the leading approach to integrating the social determinants of health, at 18.4%. The next most popular modes of integration were offering a social assessment together with the health risk assessment (15.1%), and integrating non-medical data (13.9%) such as financial status and educational attainment.

Responses to this 2018 survey were not significantly different than a year earlier—which might indicate that the integration of social determinants is in a holding pattern. Many such programs are in the pilot stage, so full implementations may be reflected soon.

Care Coordination Called Key to Surmounting Barriers

Stakeholders plan to address transportation, food insecurity



We asked which non-medical barriers to care or health the respondents’ organizations plan to act on in the next year.

Nearly two-thirds (63.7%) of respondents named care coordination, a traditional companion service to direct medical care, as a key to overcoming barriers. Some of these barriers derive directly from the social determinants of health.

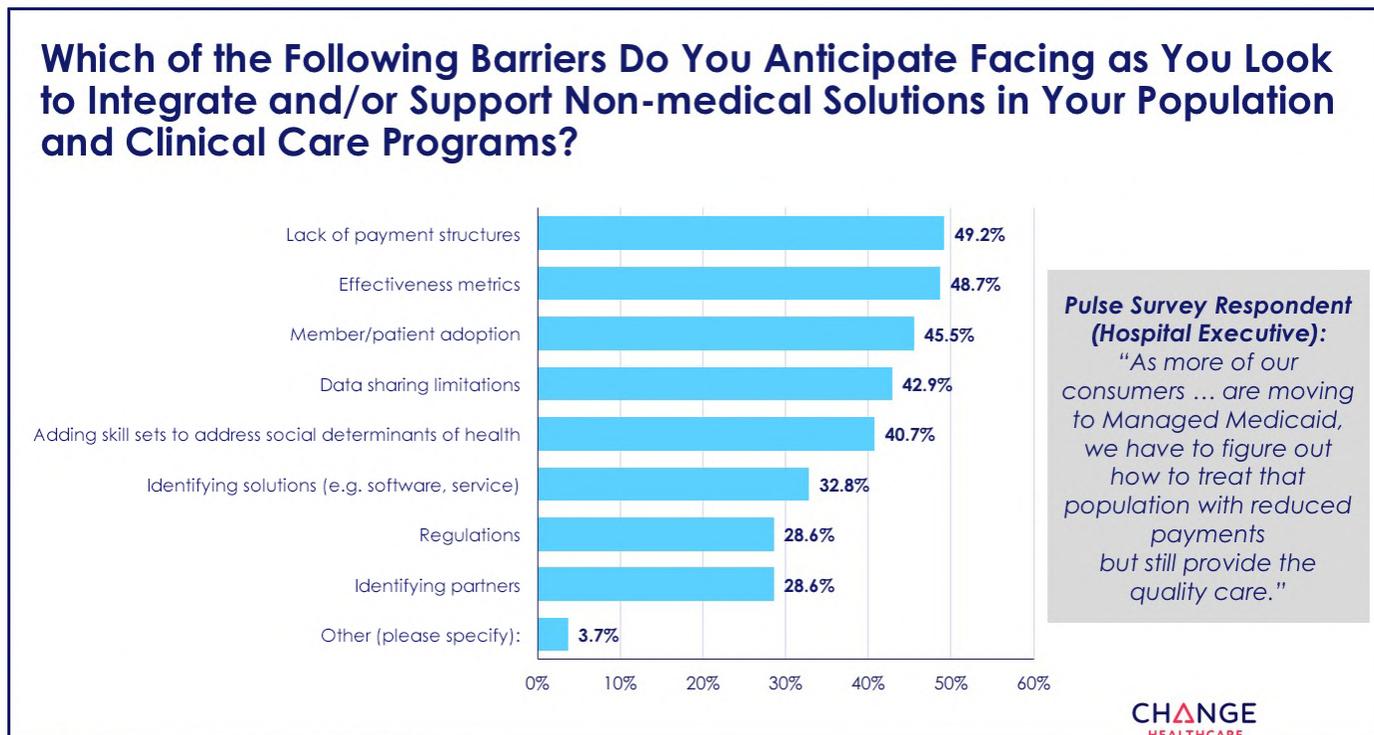
Transportation (39.1%) and food insecurity and access (27%) also ranked high. New phone app services like ride sharing and delivery are seen as solutions to these barriers to care and health.

Organizations such as Lyft and Uber are engaging with providers and payers to transport patients to doctor visits and hospitals, preventing the financial losses of missed or re-booked appointments—and avoiding the costs of delayed or missed care.

App-based food delivery services are a promising tool to fight the health hazards of food deserts.

With Social Determinants, Obstacles Persist

Non-medical approaches are hampered by reimbursement, metrics, and data sharing



Healthcare stakeholders face several barriers in trying to address social determinants in population health programs and in clinical care. Five such factors were checked off by 40% or more of respondents.

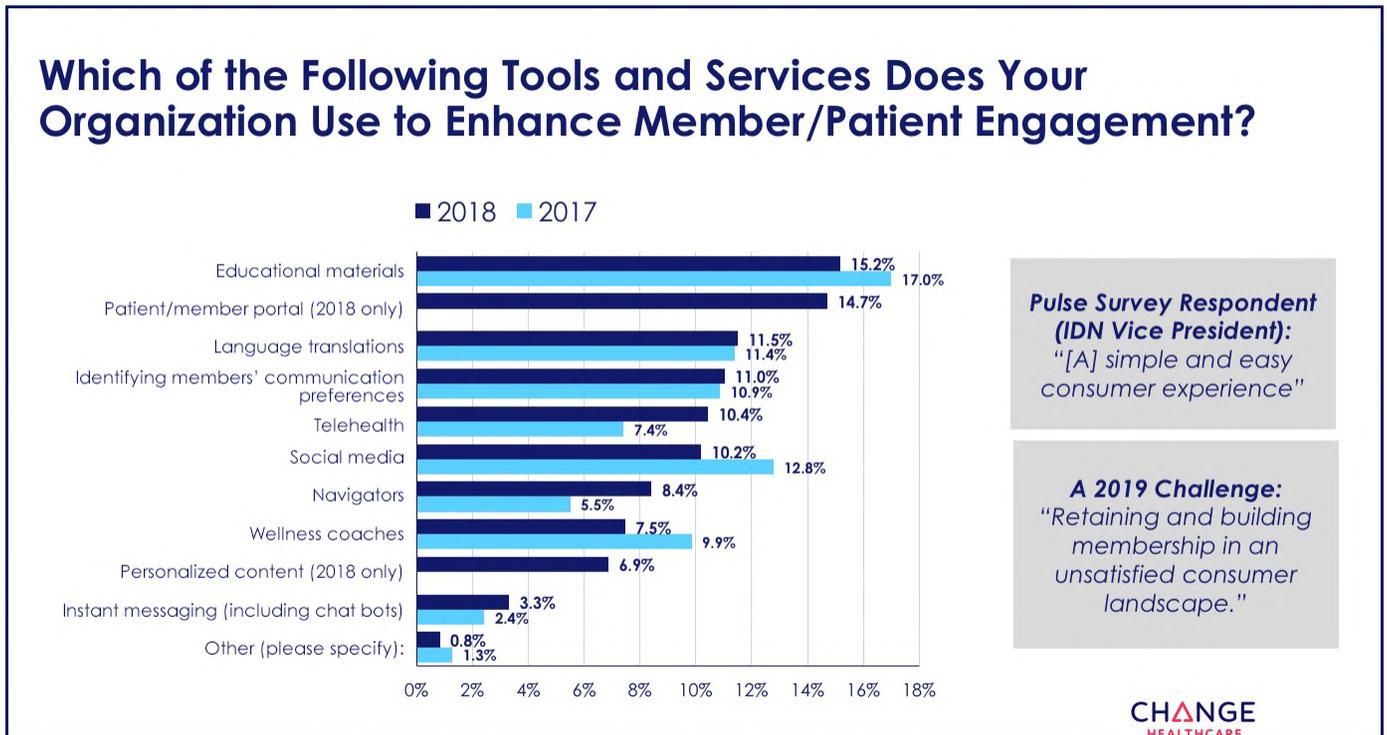
The lack of payment structures for non-medical approaches lead the way at 49.2%. Medicare is reimbursing for some of these measures, and the industry may follow suit—or not.

Some 48.7% of respondents cited a lack of effectiveness metrics for non-medical solutions; 42.9% named limitations on data sharing. These are prerequisites to more widespread adoption of these practices.

Member or patient adoption of solutions (45.5%) came in as an important barrier, ranking no. 3 in the survey.

Patient Engagement is Critical to Healthcare Consumers

Payers and providers offer a mix of tools



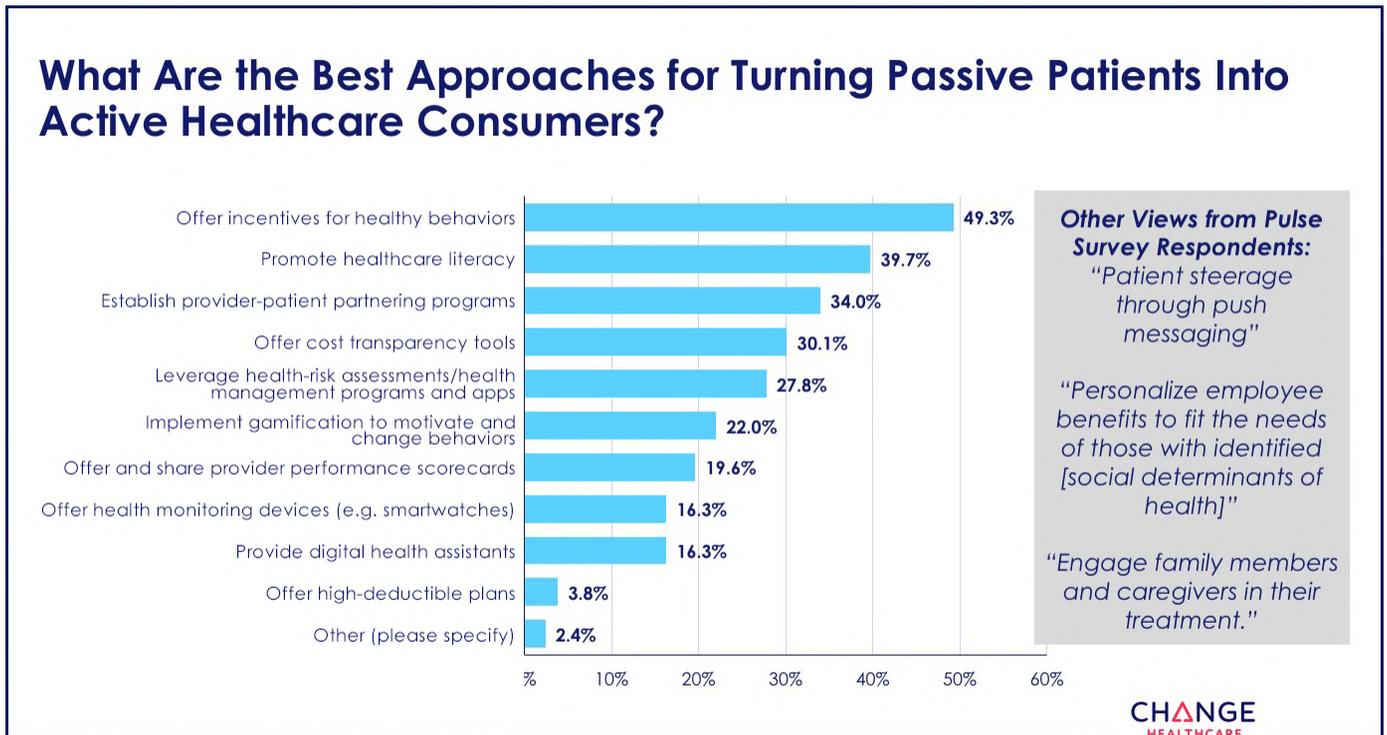
Most healthcare stakeholders consider patient engagement tools and services to be strategic necessities. In this era of consumer-driven healthcare, if providers or payers fail to make partners of their patients or members, they run the risk of losing them.

For the first time, the Industry Pulse survey asked about patient portals—nearly 15% of respondents use these—and personalized content, which came in much lower at 6.9%. The lack of personalization likely limits the effectiveness of educational materials, which ranked high among responses at 15.2%.

Only 11% said their organizations are identifying members’ communications preferences. The industry will have to do better on this—and on delivering a more engaging consumer experience, which should include many of the features that this question asked about.

Incentives Help People Engage as Consumers

Rewarding healthy behaviors gets members and patients thinking



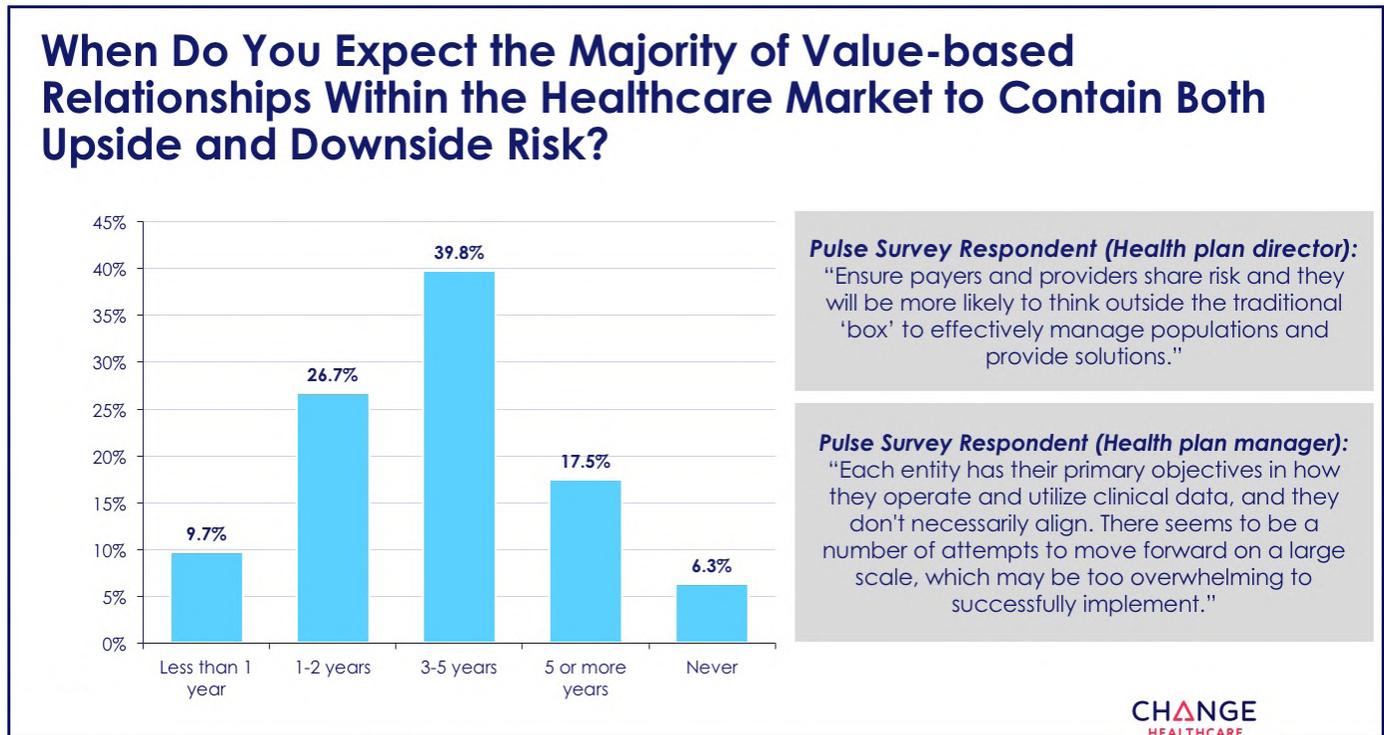
How can organizations turn passive patients into active consumers of healthcare? Nearly half (49.3%) of respondents said that offering patients incentives for healthy behaviors is one of best tools for engaging them as consumers.

What's the least effective move to make consumers of patients? Sign them up for a high-deductible health plan. Only 3.8% of respondents endorsed this as a consumer engagement strategy.

High-deductible health plans are great for cost control, but a poor means for getting patients to think about how to shop for and use their healthcare. As a whole, the ranking of options in this question matched last year's results. This consistency suggests that healthcare leaders have a clear picture of how they believe the patient can become a consumer of healthcare.

Value-Based Contracts are Being Adopted Slowly

Data, incentives, and expertise are challenges



Year after year, shared-risk, value-based healthcare has appeared to be just around the corner. However, healthcare seems to be perpetually stuck at being three to five years away from adopting shared-risk value-based contracts.

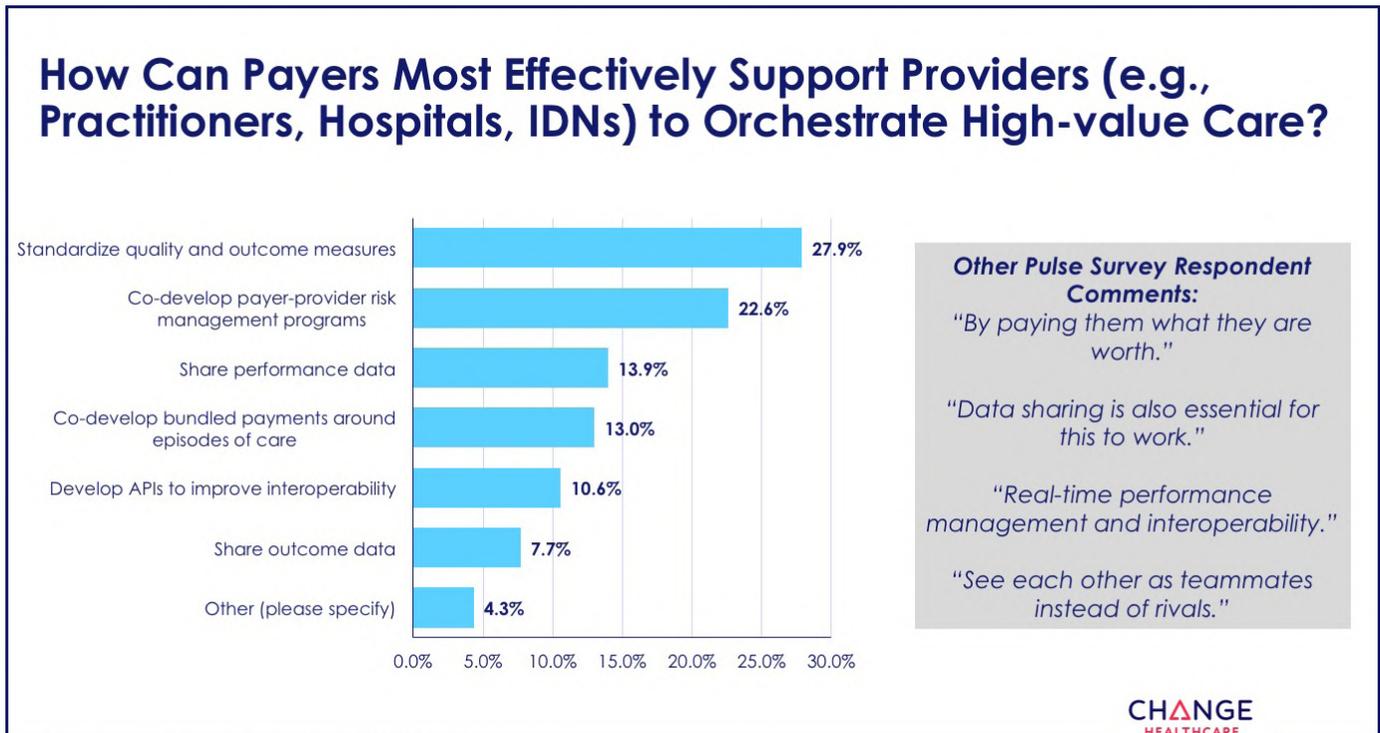
More than 90% of respondents said that VBC won't be dominant for one to five years or more—or that it will never happen.

Among the myriad obstacles: limitations in data sharing; no agreement on outcome measures; and a lack of incentives for payers and providers to work together. All of this leaves healthcare leaders feeling unable to tackle the challenges of implementing and managing VBC.

Making value-based contracts happen will require major changes in business models. It's more than just operationalizing the steps from concept to contract to claims processing.

Payers Struggle to Support Providers' High-Value Care

At issue are data incompatibility and lack of collaboration



Regarding payer support of providers' efforts to give high-value care, there's good news and bad news. The bad news is that standardized data and outcome measures are lacking; 27.9% of respondents said so.

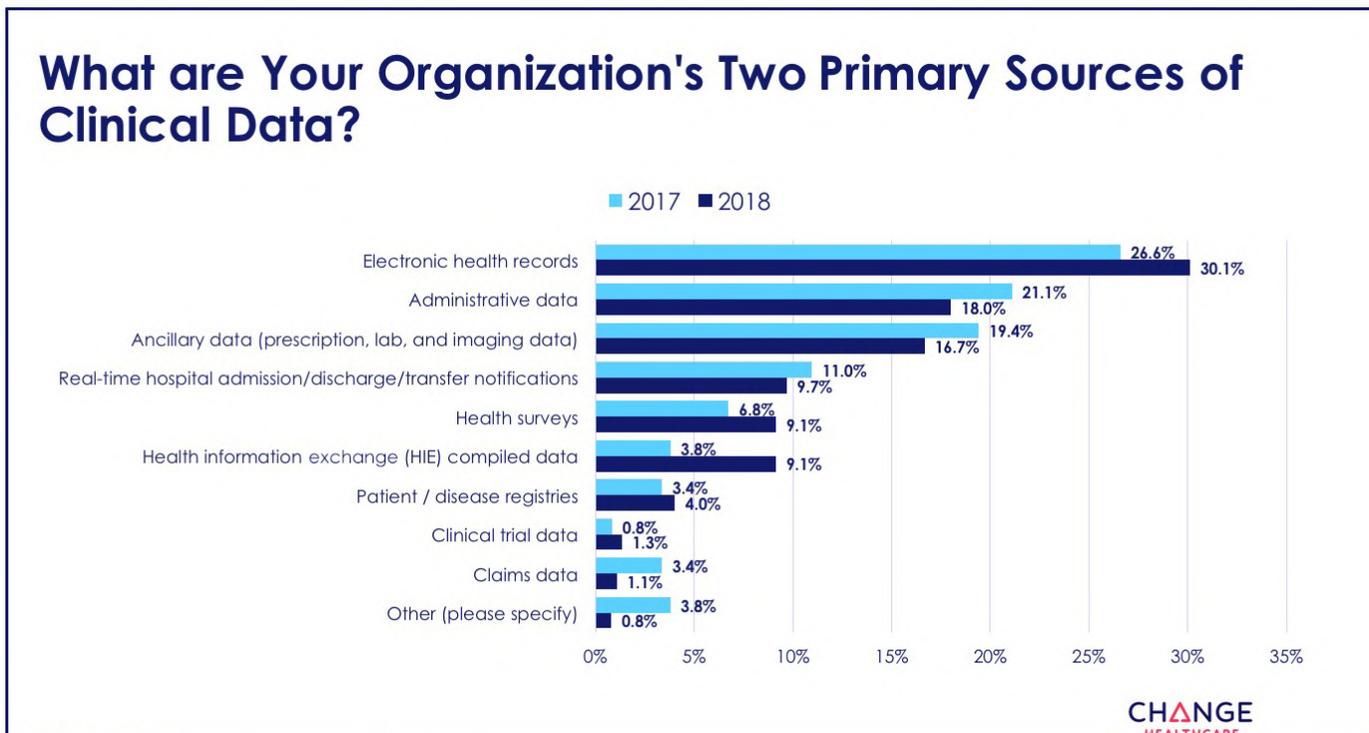
Standardized measures are critical to care coordination, for example, and payers' and providers' data formats usually don't jibe. That's just one of several interoperability issues.

How about the good news? Payers and providers both believe that if they work together to develop risk-management programs, they'll have the best chances of success. This was the No. 2 strategy (22.6%) cited in the survey.

Other strategies cited by respondents include sharing performance data (13.9%), co-development of bundled payments around episodes of care (13%), developing APIs to improve interoperability (10.6%), and sharing outcome data (7.7%).

Clinical Data Sources are on the Move

Use of health information exchange rose sharply



We're witnessing an evolution in the mix of clinical data sources that providers and payers use in the late 2010s.

It's no surprise that more and more data is being pulled from the EHR (30.1%), where core clinical data lives.

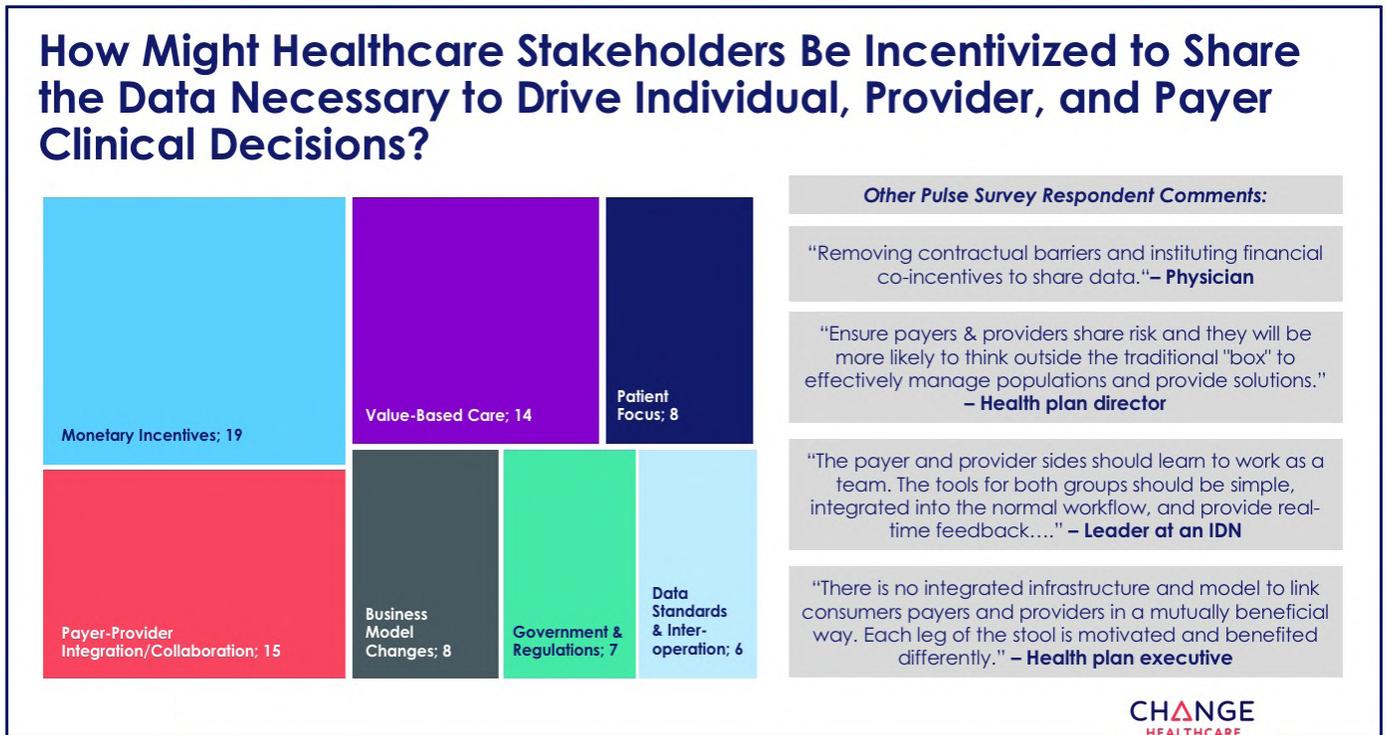
But the number of respondents naming health information exchange (HIE) data more than doubled in just a year, from 3.8% in 2017 to 9.1% in 2018. That jump is an encouraging sign that this mode of data exchange has gained a foothold.

Rising integration of information from patient health surveys (9.1%) with EHR data indicates that stakeholders are giving focus to individual patients, not just population health.

Lagging are fundamentals like real-time data on hospital admissions and discharges. Improvement in these measures would bode well for coordination of care across providers.

Needed: Financial Incentives for Data Sharing

The prerequisite data standards and interoperability are sorely lagging



"Money makes the healthcare world go 'round." We could draw that conclusion just by perusing the diverse but thematically linked written responses to the open question about what would motivate stakeholders to share data that helps drive clinical decision-making.

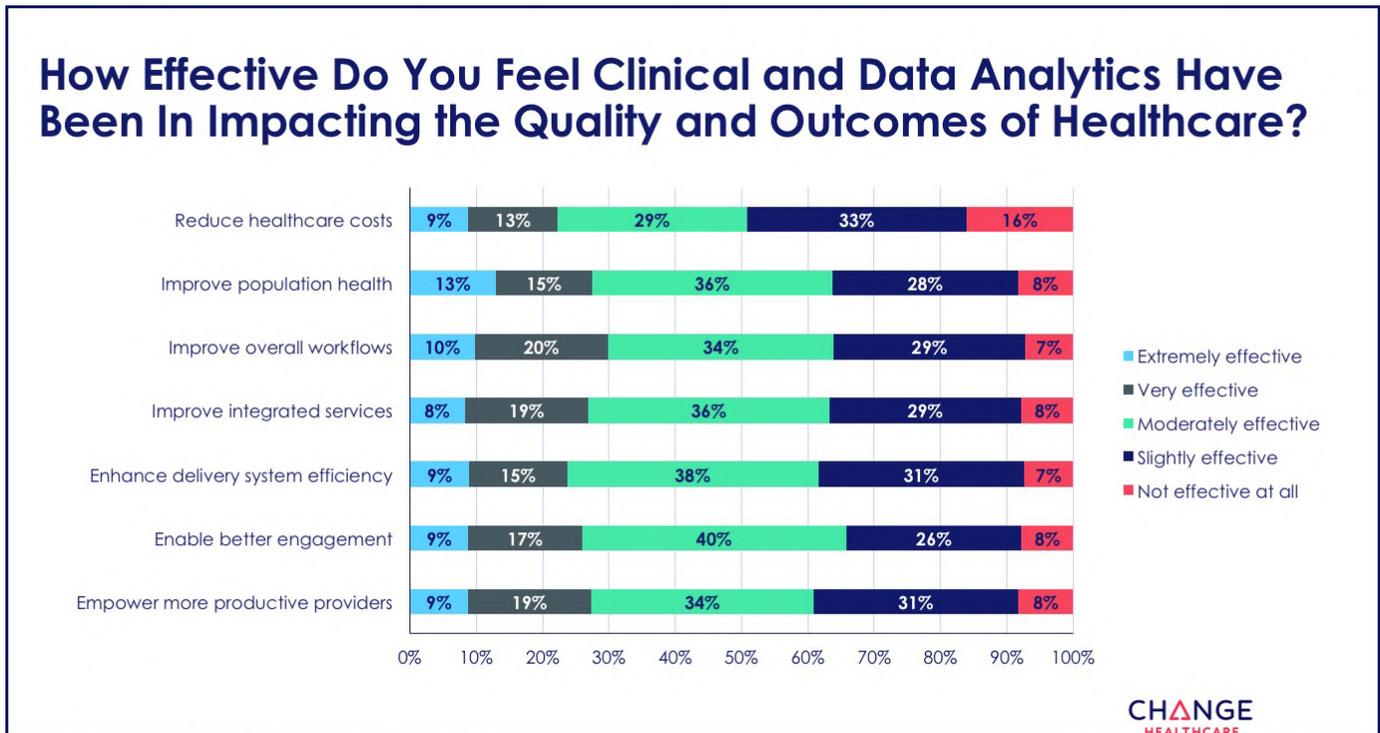
It's all about financial incentives for data exchange, the bulk of respondents said. Some 19 healthcare leaders mentioned money. Value-based care includes monetary incentives—carrots and sticks tied to quality metrics and outcomes. VBC demands close payer-provider collaboration.

In fact, collaboration and integration are where another 15 respondents put the onus for incentivizing data sharing. You can't exchange data without integration and the prerequisite standards and interoperability.

This directly ties into the recognition that payers and providers must find ways to integrate processes in order to share data and drive decision making.

Analytics is Boosting Quality in the Long Run

Mixed picture in 2018 belies the broader trend of improved outcomes



The industry continues to make better use of clinical and data analytics to improve care quality and outcomes. Progress was limited in the last year, which may be related to issues around data sharing, a lack of standardized formats, and concerns regarding privacy and data ownership.

Data analytics is having its biggest impact on the effectiveness and efficiency of workflows, according to respondents. Some 30% said analytics is extremely or very effective in doing so. Similarly, 28% said analytics is extremely or very effective in empowering more productive providers.

Analytics were of the least use in reducing healthcare costs. Some 16% of leaders said that in the cost realm, data analytics have been “not effective,” roughly double the percentage who gave this answer for the other areas where analytics might help.

Minor Corrections in 2018 Progress

Percentage point change from 2017 to 2018

	Not Effective / Slightly Effective	Moderately	Very Effective / Extremely Effective
Empower more productive providers	 5.58	-0.09	 -5.48
Enable better engagement	 7.80	-4.10	-3.69
Enhance delivery system efficiency	 7.47	-1.79	 -5.68
Improve integrated interactions	 6.14	-0.83	 -5.31
Improve overall workflows	1.40	-1.46	0.06
Improve population health	 9.87	 -6.13	-3.74
Reduce healthcare costs	 9.54	-4.83	-4.70

CHANGE
HEALTHCARE

But Overall We're Still Generally Seeing Improvements

Three-year percentage point change from 2016 to 2018

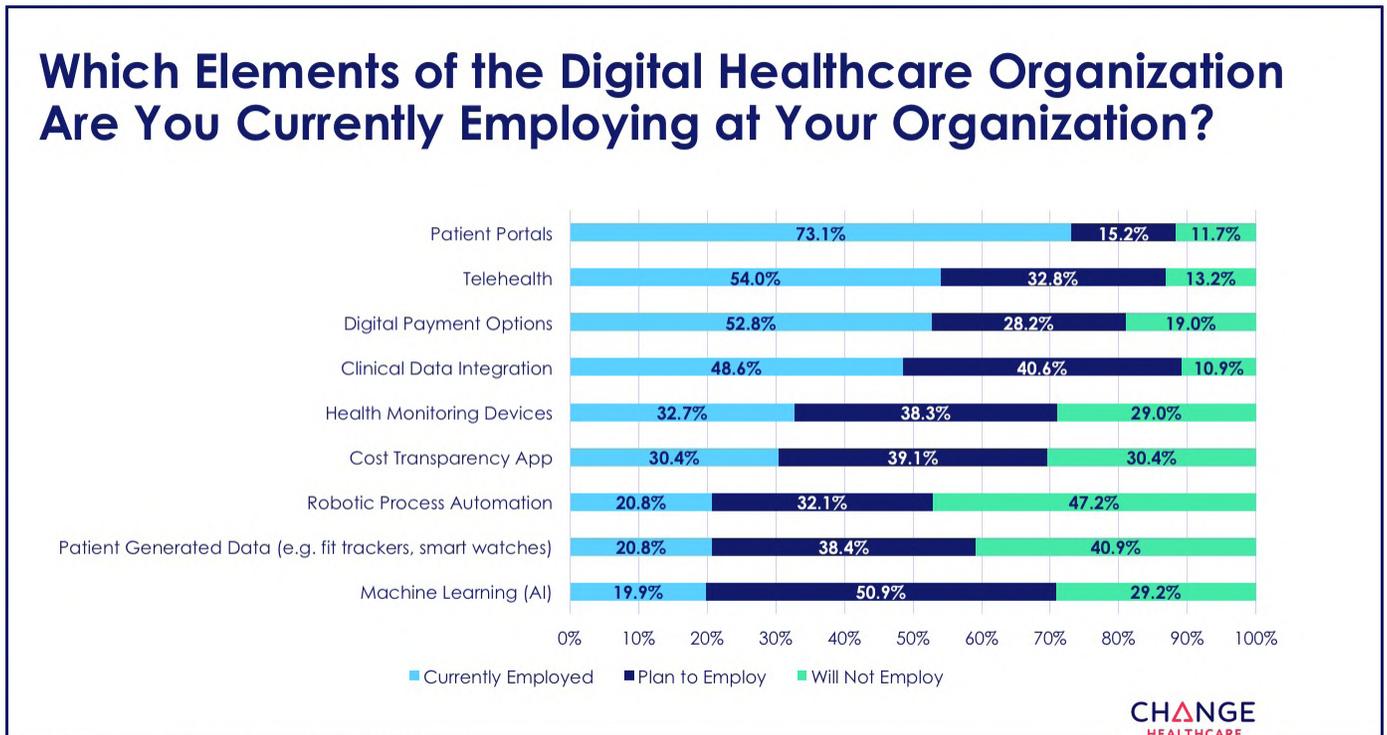
	Not Effective / Slightly Effective	Moderately	Very Effective / Extremely Effective
Empower more productive providers	 -8.11	4.05	4.07
Enable better engagement	 -13.46	 5.52	 7.94
Enhance delivery system efficiency	-0.04	0.97	-0.94
Improve integrated interactions	 -10.13	2.42	 7.71
Improve overall workflows	 -11.99	-0.86	 12.85
Improve population health	 -6.80	0.89	 5.92
Reduce healthcare costs	-4.27	 -6.38	 10.65

CHANGE
HEALTHCARE

Despite the contrast between 2018 survey responses and those for the previous year, the healthcare industry continues to make progress towards fully leveraging data analytics in driving real change in the delivery of services.

Digital Healthcare is on the March

A groundswell of stakeholders plan to use AI



The 2018 survey shows that the healthcare industry continues to take strides into its digital future. Much of the foundation is laid, yet much remains to be built.

Patient portals (73.1% of respondents are using them) and telehealth services (54%) top the list, establishing these as digital cornerstones.

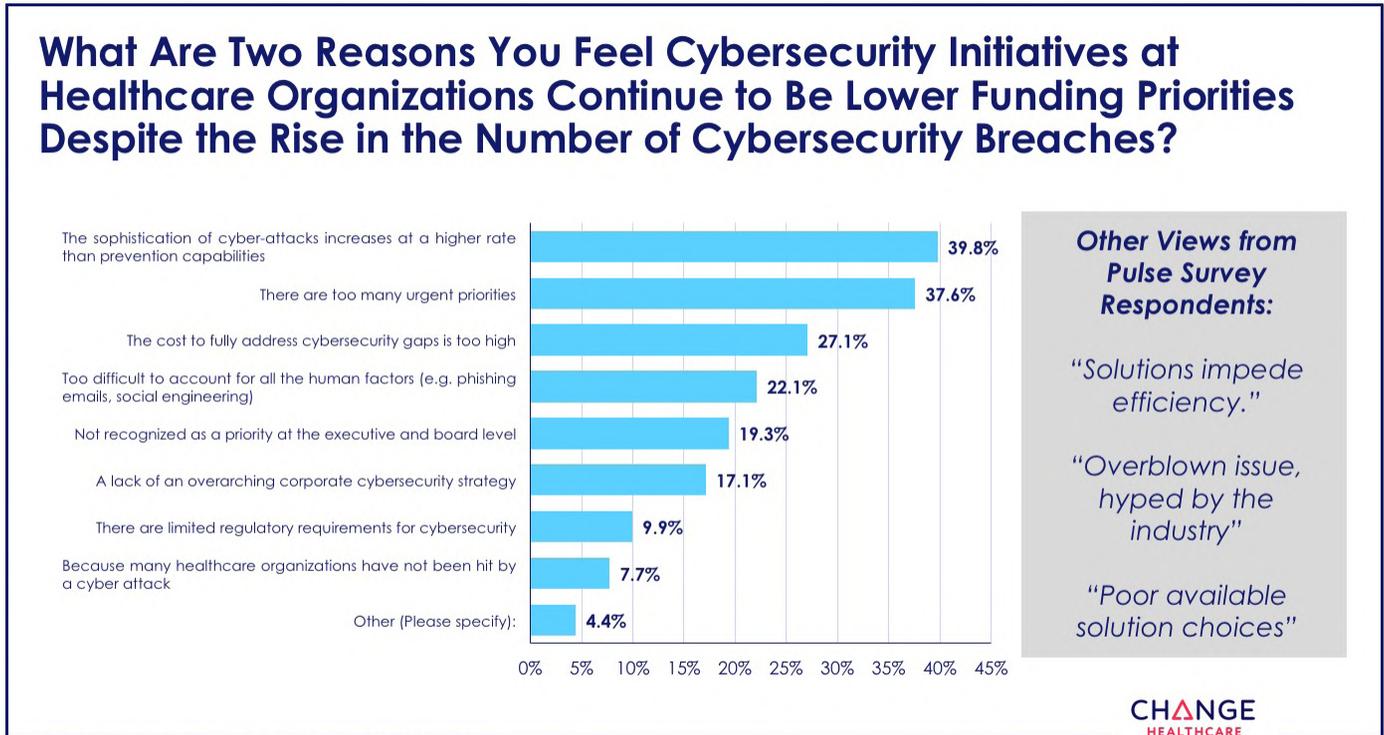
Most respondents said clinical data integration is also key, with only 10.9% saying they have no plans to implement it.

Pricing and payment have always been important to patients; the same now goes for healthcare stakeholders, with digital payment options and cost transparency apps making a strong showing here.

Automation in the form of machine learning and AI has the highest potential in the minds of respondents, with just over half planning to employ it. By contrast, robotic process automation drew the largest chorus of no's, with 47.2% saying their organizations would not use it.

Other Priorities Often Edge Out Cybersecurity

Many leaders believe cybercriminals are too clever to be countered



At too many healthcare organizations, cybersecurity is an insufficiently funded afterthought—until a major data breach sends the payer or provider into crisis mode.

Why does this situation persist? With so many urgent operational and financial priorities, there’s just too much to think about, say 37.6% of respondents. Disruption keeps engendering new priorities in healthcare organizations.

Besides, cybercrime is a moving target and hackers cannot be outwitted, according to nearly 40% of healthcare leaders.

The top two responses to this question suggest that investment in cybersecurity initiatives is currently viewed as a lower priority or that healthcare companies have a somewhat passive view on cybersecurity.

Customer Service Tops 2018 Priorities

Respondents reshuffle their agendas as external entrants circle

Year-Over-Year Trends

Yearly changes in key Issues expressed by respondents

2018	2017	2016	2015	2014	2013	2012	2011
Critical							
<ul style="list-style-type: none"> Customer Service Clinical & Data Analytics Privacy & Security Membership Retention 	<ul style="list-style-type: none"> Privacy & Security Customer Service Membership Retention Clinical & Data Analytics 	<ul style="list-style-type: none"> Customer Service Privacy & Security Clinical & Data Analytics Risk Management 	<ul style="list-style-type: none"> Customer service Data analytics Privacy & security Membership retention 	<ul style="list-style-type: none"> Customer service Membership retention Membership growth Regulatory compliance Data analytics 	<ul style="list-style-type: none"> Member retention Customer service Regulatory Compliance Membership Growth Provider Networking & Contracting 	<ul style="list-style-type: none"> Member retention Member growth Customer service 	<ul style="list-style-type: none"> Member retention Automation & performance optimization Member growth
Important							
<ul style="list-style-type: none"> Regulatory / Compliance Provider network & contracting Membership growth Tech limitations & system integration 	<ul style="list-style-type: none"> Regulatory/ Compliance Membership Growth Tech limitations & System integrations Risk Management 	<ul style="list-style-type: none"> Member Retention Provider Network & Contracting Regulatory/ Compliance Payment Integrity Vendor Relationships 	<ul style="list-style-type: none"> Vendor Relationships Brand & Marketing Product benefit design Provider Networking & contracting 	<ul style="list-style-type: none"> Product benefit design Payment integrity Brand, marketing, communications 	<ul style="list-style-type: none"> Private HIX Public HIX Risk Mgmt. Payment Integrity 	<ul style="list-style-type: none"> Claims accuracy and recovery Risk management Product benefit design 	<ul style="list-style-type: none"> Regulatory/ mandate compliance Customer service Claims accuracy & recovery Product design
Lower Priority							
<ul style="list-style-type: none"> Payment integrity Risk management Automation 	<ul style="list-style-type: none"> Automation Payment integrity Provider network & contracting 	<ul style="list-style-type: none"> Tech Limitations Branding, marketing & sales 	<ul style="list-style-type: none"> Payment integrity 	<ul style="list-style-type: none"> Risk mgmt. Privacy & security 	<ul style="list-style-type: none"> Brand, marketing, & communications Product benefit design 	<ul style="list-style-type: none"> Privacy & security New sales channels 	<ul style="list-style-type: none"> Privacy and security Risk mgmt.

CHANGE
HEALTHCARE

Looking at healthcare leaders' ranking of issues from year to year, we get a sense of how their priorities are trending. This year respondents have reshuffled their agendas as external entrants and other issues are impacting priorities.

In 2018, customer service was again the No. 1 priority. Meanwhile, member retention dropped from third place to fourth. For payers, this is a puzzle that needs solving: Isn't member retention a key goal of customer service?

Privacy and security dropped a couple of notches—which should be concerning, because cyberattacks against the industry are frequent and ever-evolving.

Clinical and data analytics moved up to No. 2 among respondents' stated priorities. Yet healthcare leaders report scant progress in analytics, as well as in interoperability, and value-based care.

2019's Opportunities are Growth and Data

Leaders also see promise in analytics, AI, automation, and integration



Overall, the opportunities shared by our respondents remain reasonably consistent with prior years.

Looking ahead to 2019, respondents see growth as the clear winner among opportunities, as the survey has shown in previous years. Even given all the uncertainties, the healthcare industry remains bullish.

Value-based care tied for second place, with eight mentions. But the nagging reality is that for most stakeholders, VBC remains a few years over the horizon—as it has been year after year.

Data aggregation and analytics was the other second-place finisher. Put data together with other closely connected opportunities—VBC, quality, AI and automation, and payer-provider integration—and the power of technology in the minds of healthcare leaders is apparent.

Challenges Loom in the Disruptions that Lie Ahead

Administration, cost management and staffing gain importance



Government regulation remains the most common challenge shared by respondents. This remains true in the 9th annual survey, although its dominance is not quite as pronounced as in previous years.

Healthcare leaders see several other significant issues. First among them: administration and cost management, staffing, and internal/external competition. This is noteworthy as these are fundamental elements of doing business and staying competitive in their markets.

After a year in which the labor supply fell further behind industry demand, respondents showed growing concern about finding and keeping qualified staff. The scarcity of tech talent—especially data scientists—could limit progress on many HIT fronts in 2019.

About HCEG

The HealthCare Executive Group is a national network of healthcare executives and thought leaders who come together as a group to navigate the strategic and tactical issues facing their organizations. HCEG provides a platform for its members and sponsor partners to promote healthcare innovation, technology and the development of lifelong professional relationships. Originally chartered as the Managed Care Executive Group (MCEG), the HealthCare Executive Group (HCEG), was founded in 1988 by executives looking for a forum where the open exchange of ideas, opportunities for action, collaboration and transformational dialogue could freely ensue, especially with respect to the annually identified HCEG Top 10 opportunities, challenges and issues all members face.

About Change Healthcare

Change Healthcare is inspiring a better healthcare system. Working alongside our customers and partners, we leverage our software and analytics, network solutions, and technology-enabled services to help them improve efficiency, reduce costs, increase cash flow, and more effectively manage complex workflows. Together, we are accelerating the journey toward improved lives and healthier communities. Learn more at changehealthcare.com.