

THE 2020 INDUSTRY PULSE REPORT

Celebrating 10 years of taking and reporting the pulse of the healthcare industry

10th annual : Feb. 2020

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HEALTHCARE

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Introduction

Welcome to the **2020 Industry Pulse Report**. This, the 10th annual polling of U.S. healthcare leaders, reveals the latest executive insights on top trends and hot issues facing payers, providers, and healthcare stakeholders overall.

For 10 years, Change Healthcare and the HealthCare Executive Group have partnered to commission the *Industry Pulse Report*. The goal today, as it was 10 years ago when the first Pulse Report was commissioned, is to “take the pulse” of healthcare executives nationwide at the end of the calendar year, and determine what their outlook is for the coming year. Then, in the first quarter of the new year, to report on the challenges, issues, and opportunities these executives see in the coming year for healthcare.

This year’s Industry Pulse was conducted by market researcher InsightDynamo. The response was among the largest in the research’s history—445 payers and providers responded—and the results are among the most compelling we have seen. Notably, this year’s Industry Pulse reveals stark divides in readiness and perspectives among payers and providers around topics such as

value-based care, consumerism, and interoperability.

Conversely, the Report also shows where payers and providers are well-aligned, such as around Social Determinants of Health, tactics to improve consumer engagement, and the immense potential for AI and machine learning to improve healthcare. Also, for the first time, the researchers asked participants what direction they think healthcare will take after the 2020 election, regardless of how the fortunes of the political parties play out.

We hope you enjoy this fascinating look at what’s on the mind of healthcare executives as our industry moves into 2020. More important, we hope the data revealed by this research fosters greater collaboration between healthcare stakeholders to align where there are gaps, and better collaborate where there is alignment.

Together, we can help move healthcare forward, faster in 2020.

- The 2020 Industry Pulse Report team

Five Key Takeaways

- 1. Payers report being much farther along the path to value-based care than providers**, with nearly two-thirds (62%) indicating their organizations are using alternative payment models, and 9% using full capitation. Meanwhile, less than half (43%) of providers say they use alternative payment models, and a mere 2% report full capitation in use. Additionally, payers (25%) are much more likely than providers (8%) to cite IT Infrastructure as a key barrier to implementing value-based care.
- 2. Only 18% of providers and 24% of payers say they have a “full consumer-centric strategy” in place.** Moreover, 14% of providers say they have “no consumer-centric strategy,” whereas 100% of payers report having a strategy or one in development. Consumerization efforts overall are mostly in the early stages, with 34% of providers and 43% of payers calling their strategy “nascent,” and just 36% of providers and 33% of payers characterizing their efforts as “intermediate.” Payers and providers also disagree on who is best positioned to provide cost and quality data to consumers, both believing they are the best choice.
- 3. Payers and providers are divided on what will make healthcare interoperability happen.** More than twice as many providers (23%) than payers (11%) see consumer demand as driving interoperability, and nearly 40% of the C-suite believe interoperability will materialize when consumers insist on it. Payers, however, are nearly twice as likely (36%) than providers (20%) to cite regulatory changes as fueling interoperability, while 18% of providers think physician-driven initiatives are a key driver compared to just 2% of payers.
- 4. Payers and providers are aligned on the benefits of AI and machine learning investments.** Respondents say smart technologies are having a positive impact on operations by improving health system efficiency (payers 38%, providers 56%) and reducing costs (payers 28%, providers 42%). AI and machine learning are also improving consumer engagement, with 36% of payers and 39% of providers reporting a payoff.
- 5. Regardless of who wins the White House in 2020, payers and providers don’t expect disruptive change to the U.S. healthcare system.** The majority of C-suite respondents (39%) believe there will be no significant changes to the U.S. healthcare system following the 2020 elections, and a majority (28%) of respondents overall agree. Most providers (31%) predict a continued unwinding of the Affordable Care Act, while 26% of payers expect the ACA to be strengthened. Just 17% of payers and providers expect to see a public option take hold, and only 3% predict America will have a single-payer, “Medicare for All” system post-election.

Executive Summary

- **Payers and providers are in different places regarding consumerism.** Payers are much more likely to have robust consumer-centric strategies, and providers are much more likely to have no consumer-centric strategy at all.
- **Payers and providers do not agree on who is best positioned to provide cost and quality data to consumers.**
- **The value-based care continuum shows a disconnect between payers and providers.** Providers are much more likely to have migrated to value-based care models, but providers are still predominantly offering fee-for-service models.

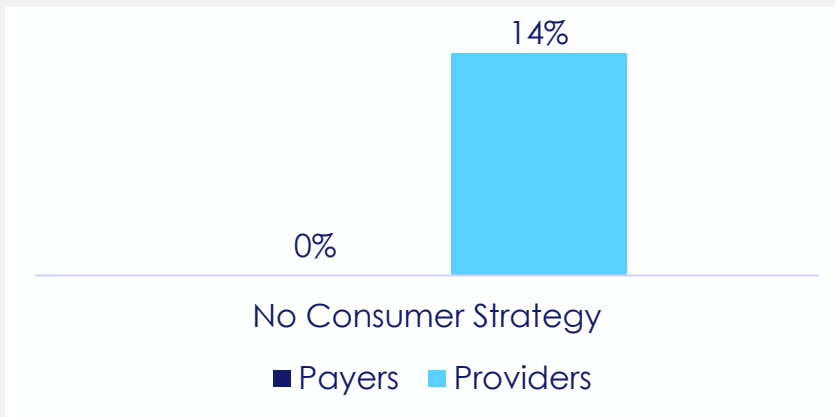
Key study highlights:

- Payers and providers are on different pages regarding consumer strategies
- Payers and providers are on different pages regarding value-based care

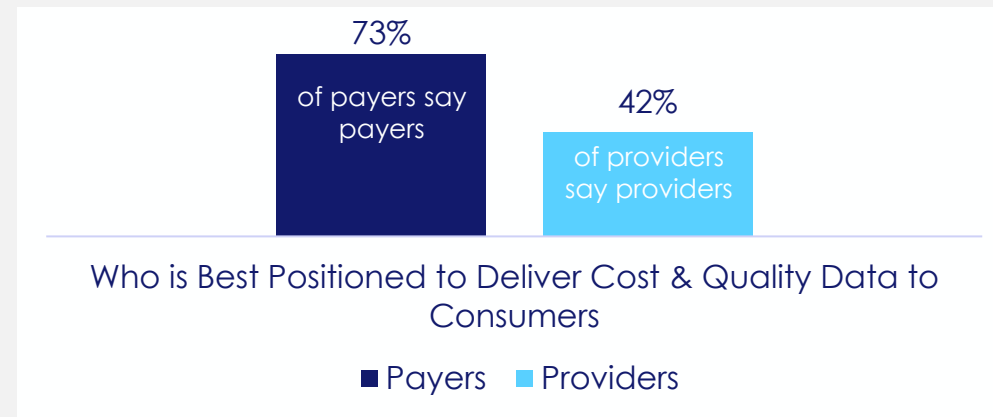
Key Highlights: Consumerism

Payer and provider organizations show significant differences of opinion about key consumer topics.

Consumerism: Providers are much more likely to lack a consumer strategy than payers are.



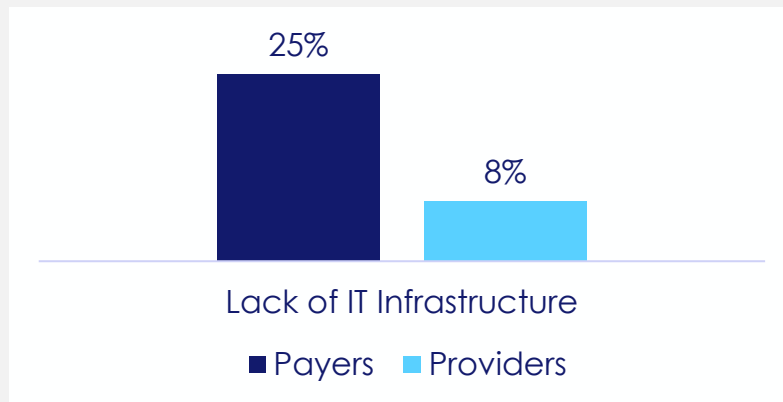
Consumerism: Payers and providers disagree on who is best positioned to provide cost and quality data to consumers.



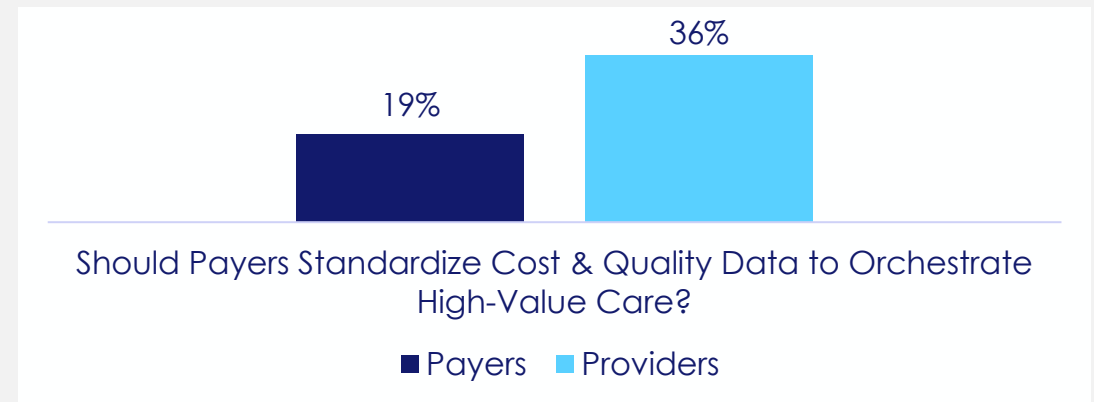
Key Highlights: Value-Based Care

Payer and provider organizations show significant differences of opinion about key consumer topics.

Value-Based Care: Payers are much more likely to cite IT Infrastructure issues as the key barrier to implementing value-based care arrangements.



Value-Based Care: Providers want payers to standardize cost and quality data to improve high-value care.



About the 2020 Industry Pulse

Commissioned by Change Healthcare in partnership with the *HealthCare Executive Group (HCEG)* over the past decade, the **2020 Industry Pulse Report** is based on the HCEG Top 10 challenges, issues, and opportunities, as voted on by HCEG membership during the HCEG Annual Forum.

The 2020 Industry Pulse Report and the HCEG Top 10 encourage continuous and evolving dialogue on the main issues and concerns facing healthcare leaders across the country.



HCEG TOP 10



1 Costs & Transparency

2 Consumer Experience

3 Delivery System Transformation

4 Data & Analytics

5 Interoperability / Consumer Data Access

6 Holistic Individual Health

7 Next Generation Payment Models

8 Accessible Points of Care

9 Healthcare Policy

10 Privacy / Security

www.hceg.org

GOAL

Gain insight into key trends and issues facing payers, providers, and the businesses that serve the healthcare market

PARTICIPATION

- Targeted leaders across the healthcare industry and provider organizations
- n=445

- **Reviewing the analysis of the 10th Annual Industry Pulse Survey**
- **Gaining insight into the thoughts and opinions of healthcare leaders**

Methodology Highlights

- Online survey
- Fielded October–December 2019
- 445 responses
- Data collection and analysis by InsightDynamo, an independent market strategy and research company serving the healthcare industry

Have a Question?

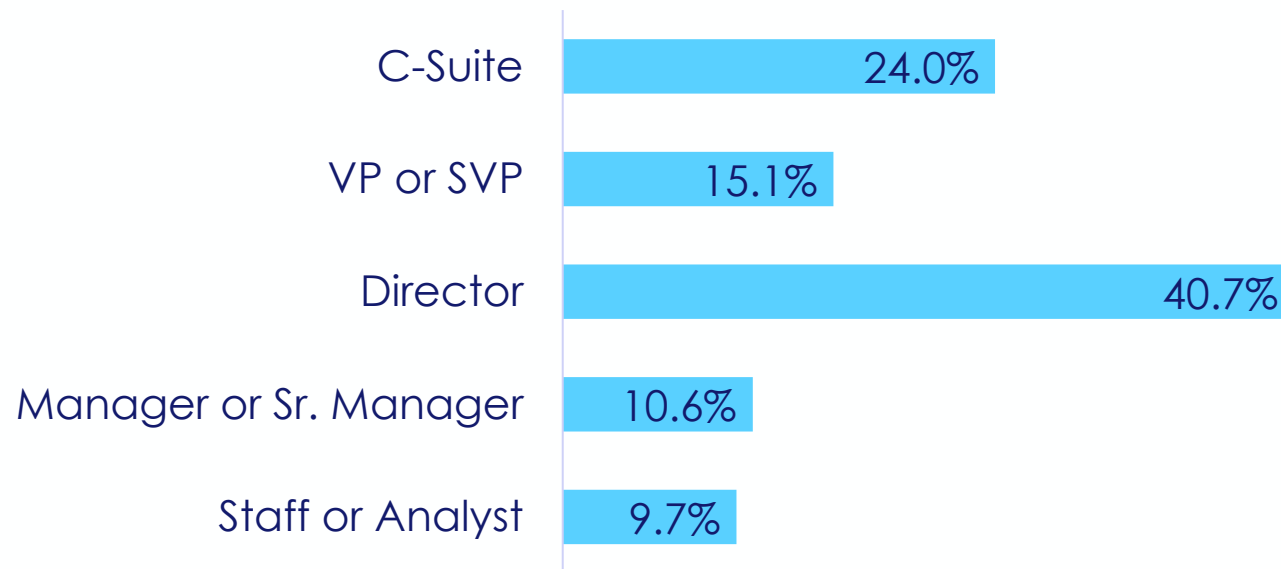
We encourage readers to reach out to us with any questions you have about the 2020 Industry Pulse Report or any of the data presented in this ebook. Please feel free to email questions to:

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DETAILED FINDINGS

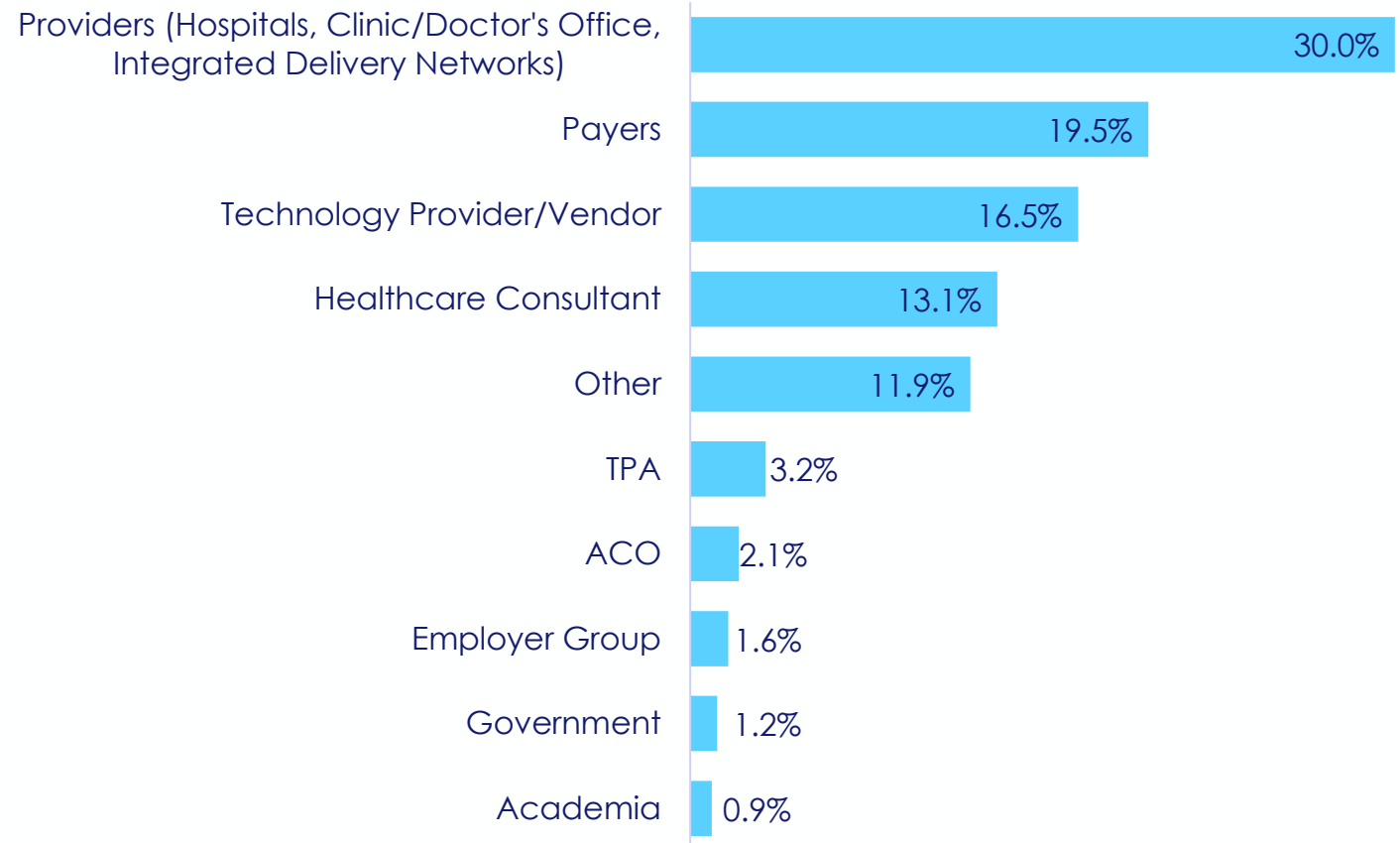
Respondents

The 2020 Industry Pulse survey gathered responses from senior executives across the healthcare landscape—with nearly ¼ of respondents within the C-Suite.



Respondents

30% of respondents were within provider organizations, and just under 20% of respondents were employed by payers.

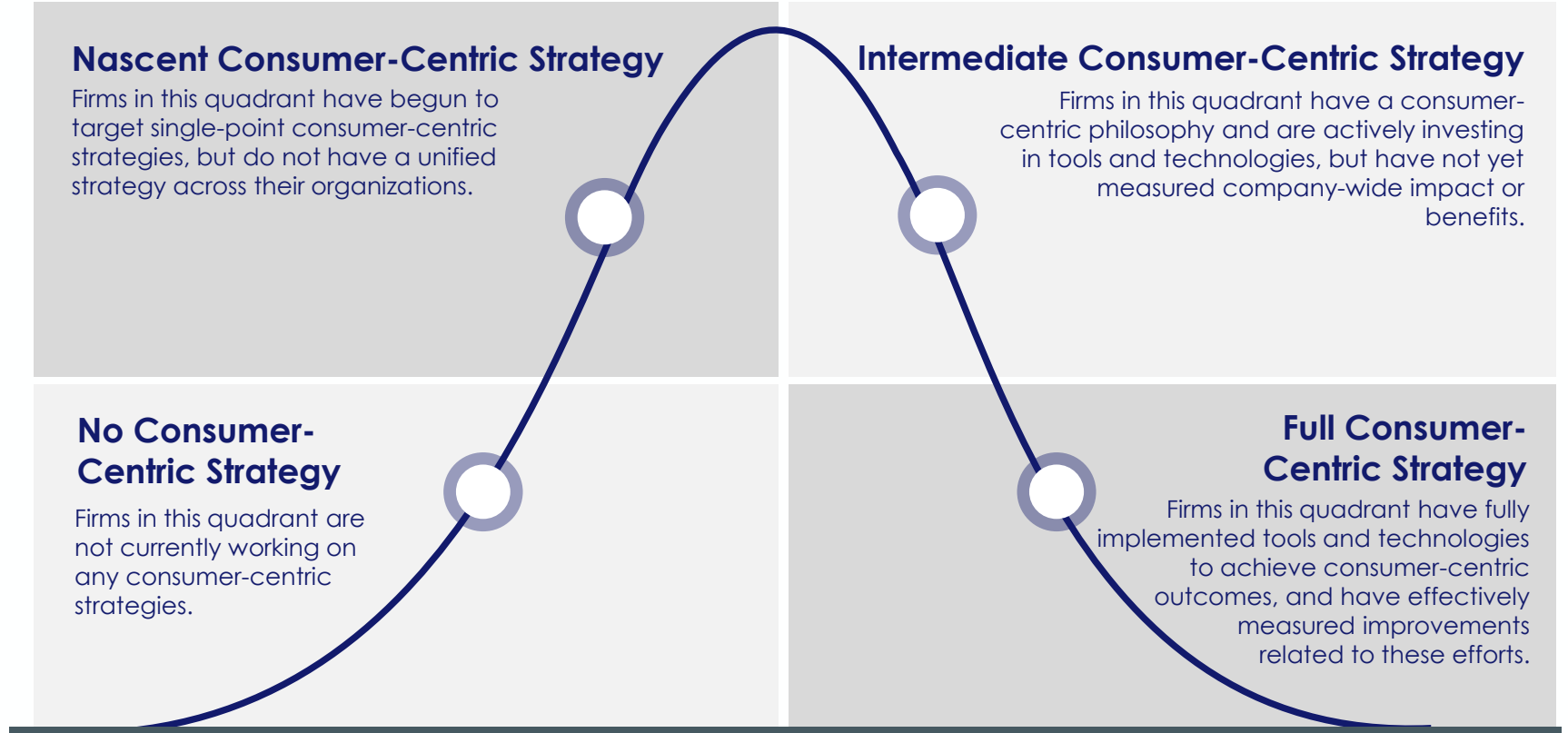


Consumer-Centricity Continuum

In order to understand the current state of consumer-centric efforts across the healthcare industry, respondents were asked to indicate their firms' current consumer-centric status.



Integrating with our members' primary care provider to present a unified service to the consumer/patient is an important focus for us in 2020. - Payer



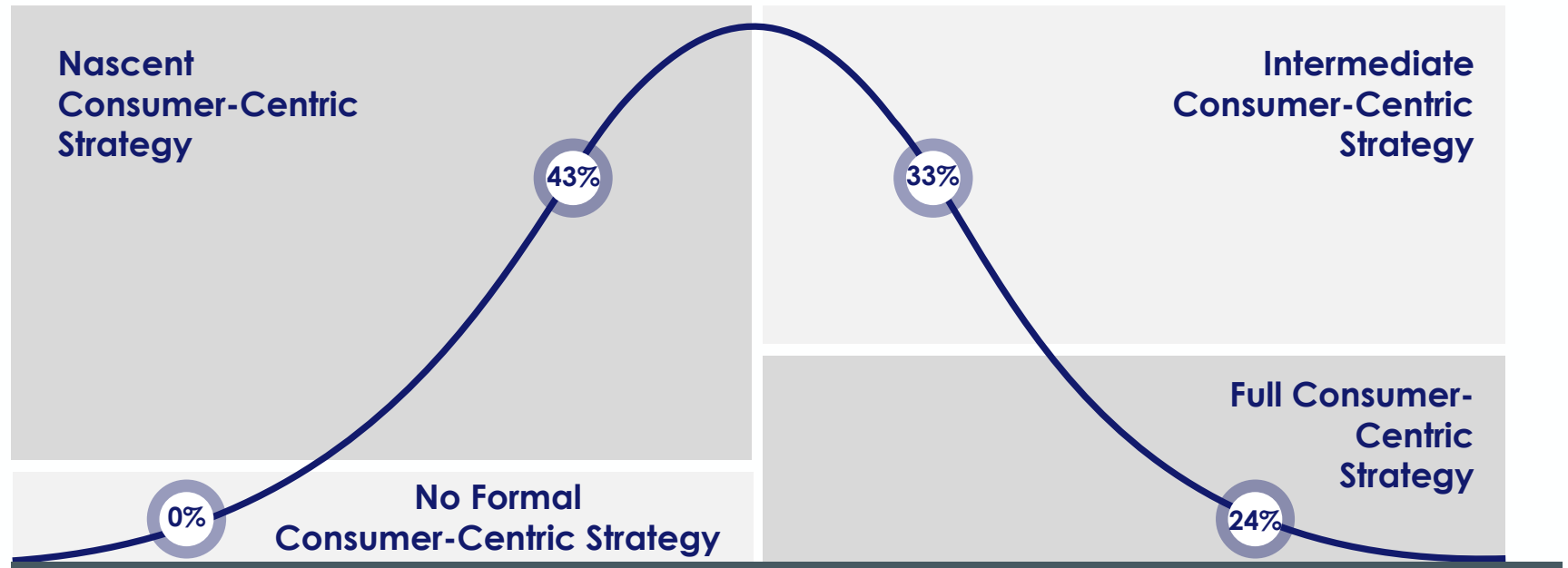
Consumer-Centricity Among Payers

100% of payer firms have some formal consumer-centric strategy. Payer C-Suite respondents indicated that just over 70% of their firms were either working on nascent or intermediate consumer-centric strategies, with 24% having full consumer-centric strategies.

“

Our challenge for 2020 and beyond is to continue to move toward patient-centered care, while not going bankrupt doing so. - Payer

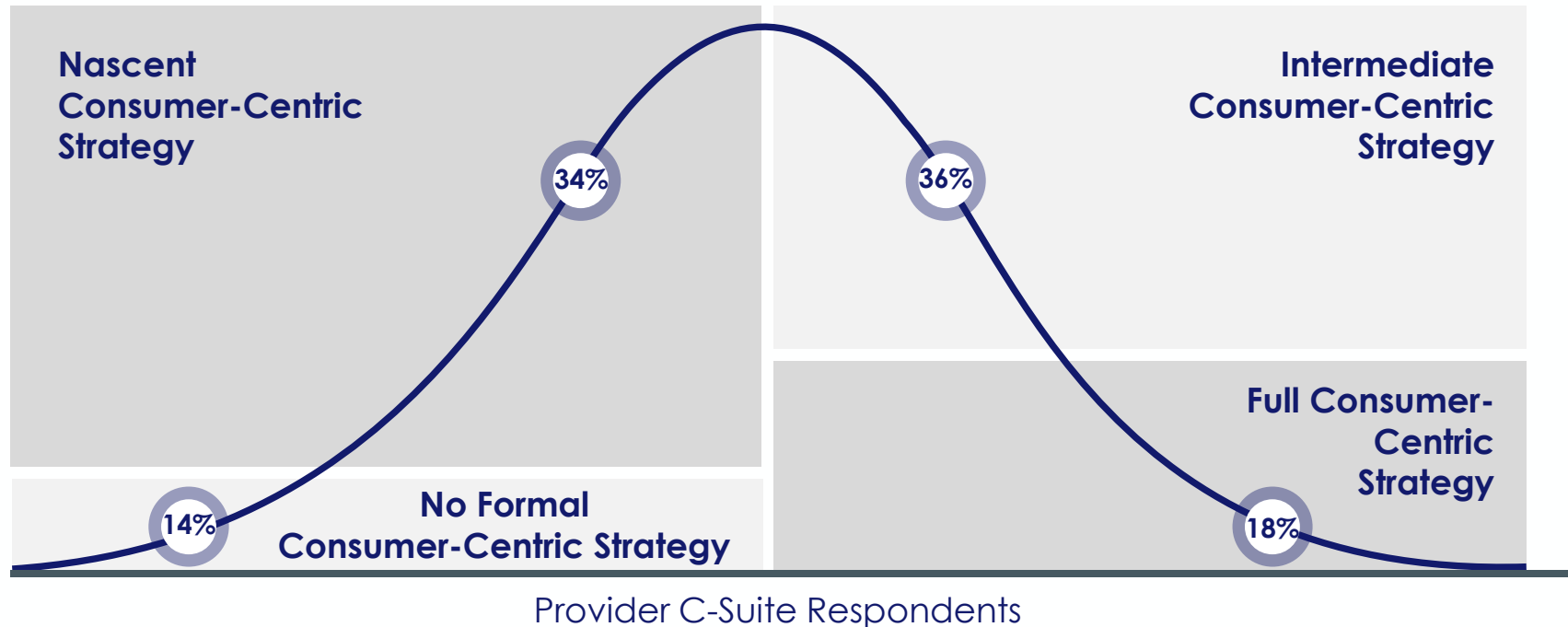
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Payer C-Suite Respondents

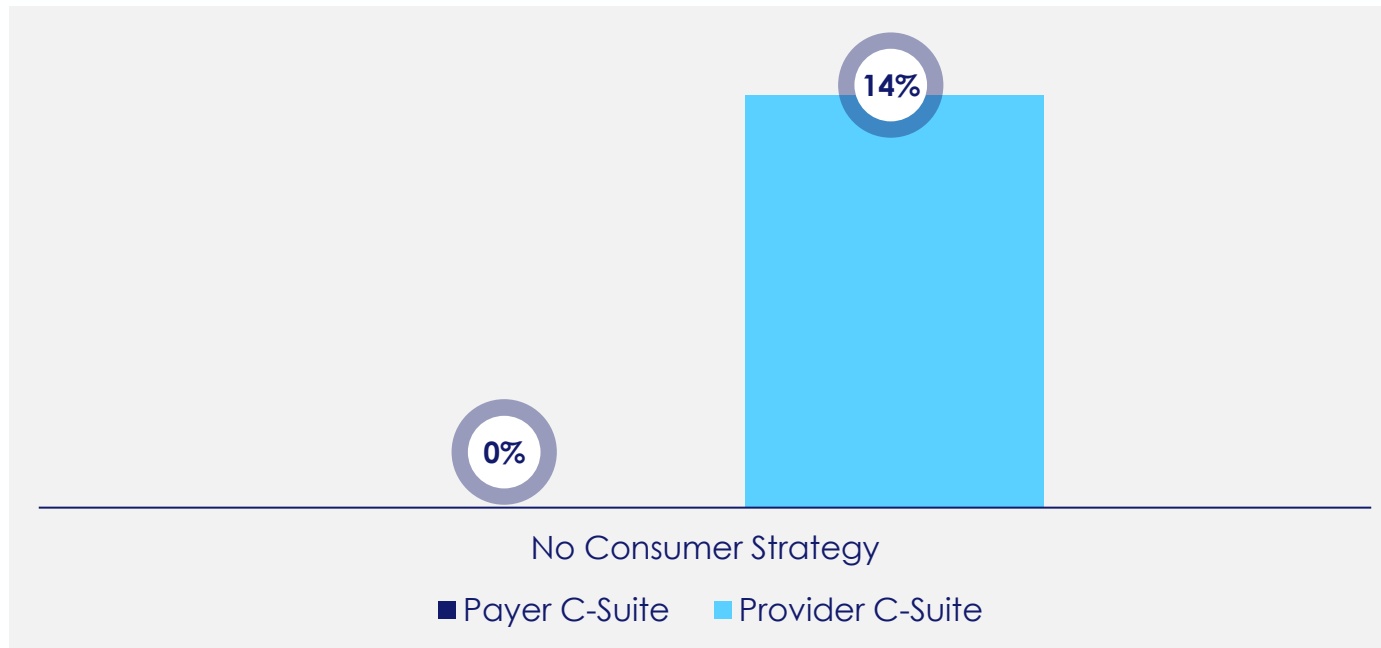
Consumer-Centricity Among Providers

14% of providers have no formal consumer-centric strategy. Provider C-Suite respondents indicated that nearly 70% of their firms were either working on nascent or intermediate consumer-centric strategies, with 18% having full consumer-centric strategies.



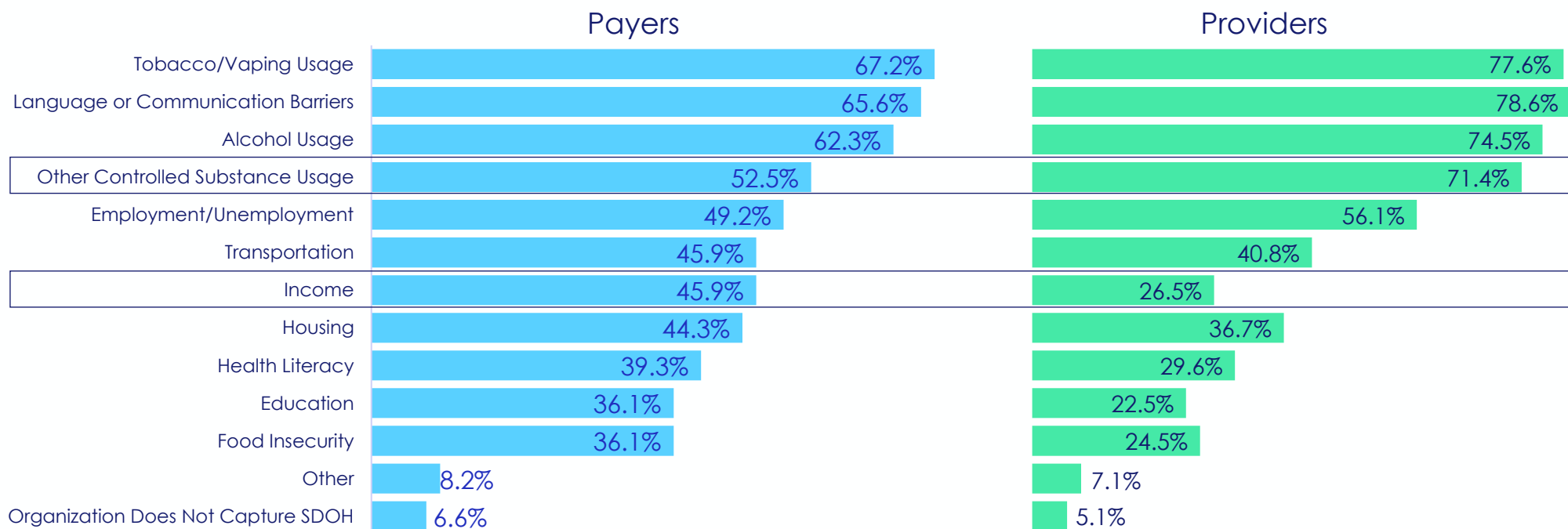
Consumer-Centricity

Provider C-Suite respondents are significantly more likely to say they have *No Consumer-Centric Strategy* than are payer C-Suite respondents.



Social Determinants of Health (SDOH)

Providers are significantly more likely to capture *Other Controlled Substance Usage* and more likely to capture *Tobacco Usage*, *Alcohol Usage*, and *Language Barriers*. Payers are significantly more likely to capture *Income*. Payers are directionally more likely to capture *Housing*, *Health Literacy*, *Education*, and *Food Insecurity*.

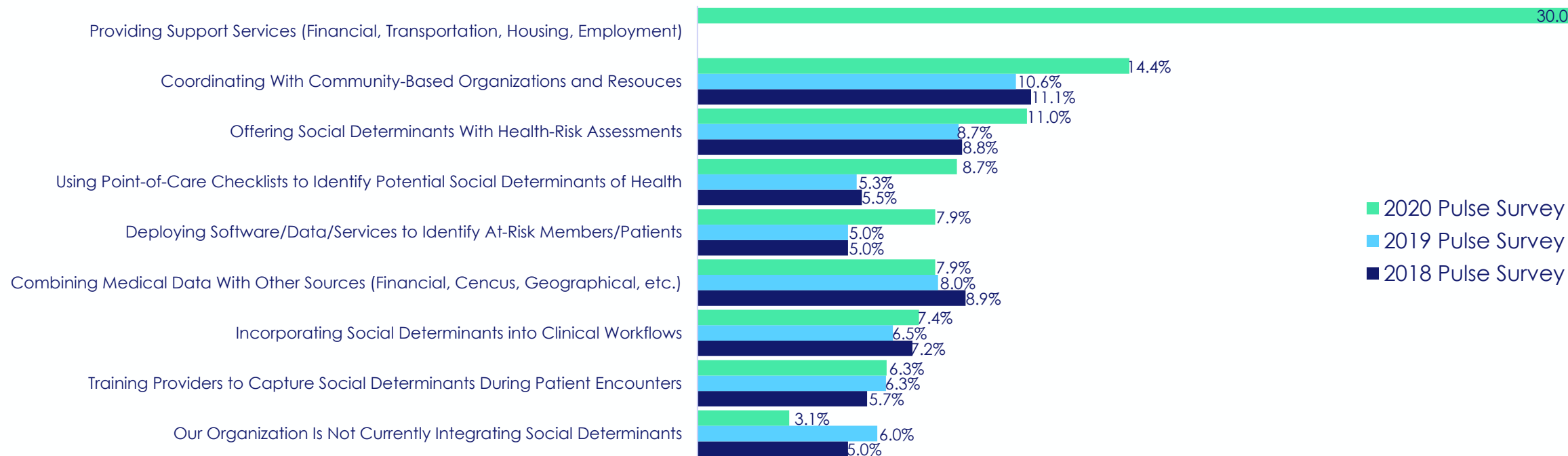


Q. What Social Determinants of Health does your organization capture at the member or patient level? Select all that apply.

☐ = statistically significant difference at 95% confidence interval

Social Determinants of Health

Asked for the first time in the 2020 Pulse Survey, 30% said they are providing some level of direct support to members and patients based on SDOH. More organizations are *Coordinating with Community-Based Organizations and Resources* in 2020 than in previous years.



Q. What Social Determinants of Health does your organization capture at the member or patient level? Select all that apply.

= statistically significant difference at 95% confidence interval

Consumerism

As the healthcare industry adopts consumer-centric strategies, we sought to better understand how the industry could support consumers on two key metrics:



Who is best positioned to provide cost and quality data to consumers?



Who is best positioned to engage consumers and support them on their healthcare journey?

Q. Who is best positioned to provide healthcare cost and quality data to consumers?

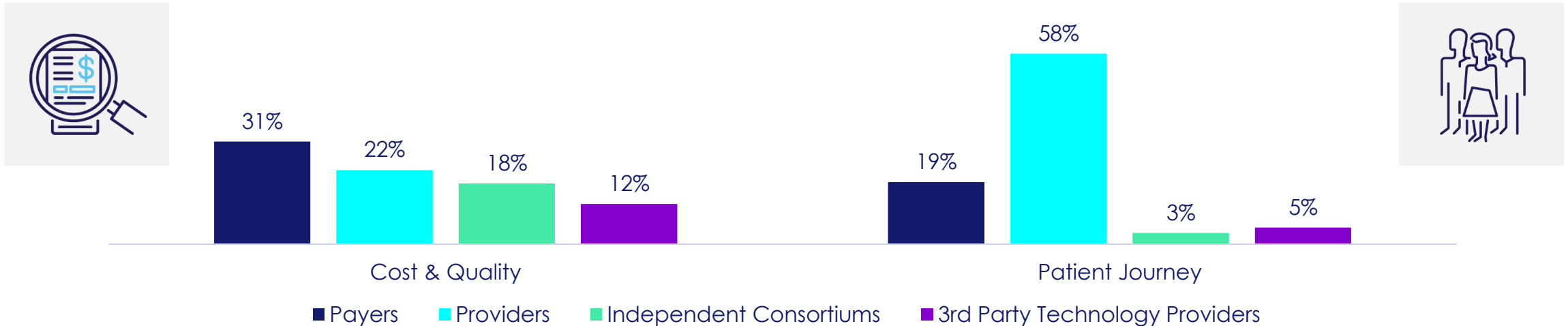
Q. Who is best positioned to engage the healthcare consumer to support them on their healthcare journey and nudge them into more healthy behaviors?

✓ = Statistically significant difference at 95% confidence interval

Consumerism: All Respondent View

Overall, total respondents give payers the edge in being best positioned to provide cost and quality data to consumers. All respondents, however, favor providers nearly 3 to 1 in who is best positioned to support the consumer on their healthcare journey.

All Respondents

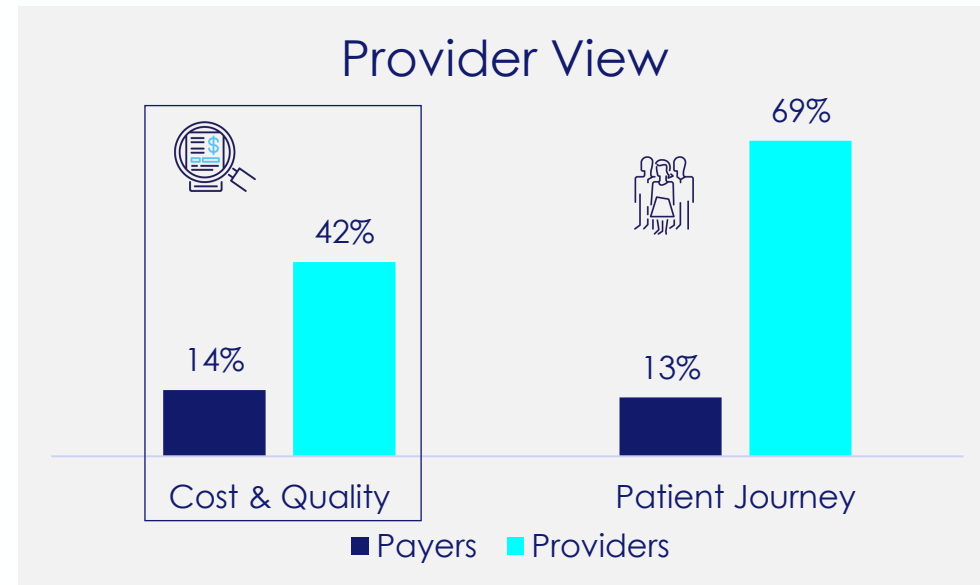
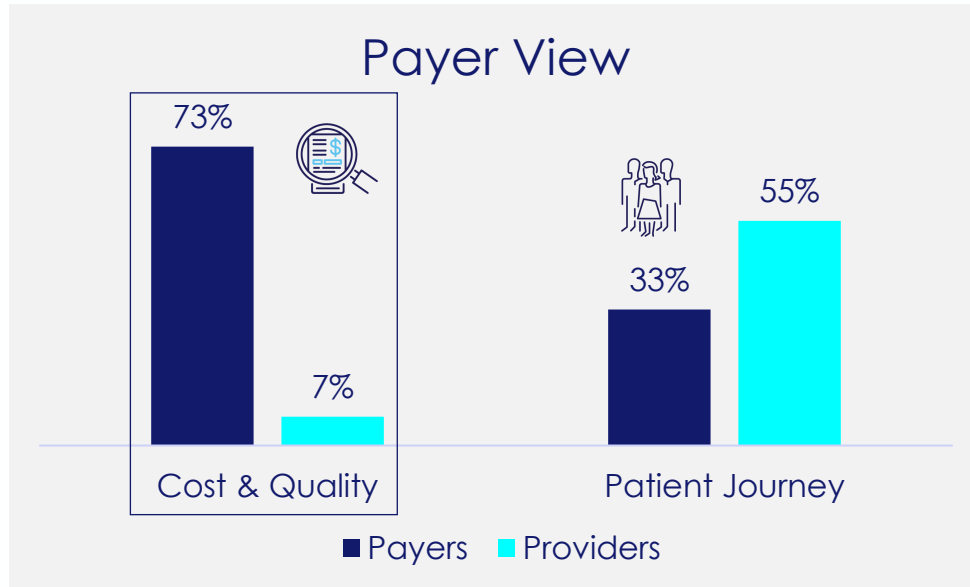


Q. Who is best positioned to provide healthcare cost and quality data to consumers?

Q. Who is best positioned to engage the healthcare consumer to support them on their healthcare journey and nudge them into more healthy behaviors?

Consumerism: Payers vs. Providers

Payers very clearly believe they are best positioned to provide cost and quality data to consumers, whereas providers favor themselves. As for who is best positioned to support the consumer on their healthcare journey: Both providers and payers agree that the provider is best positioned.



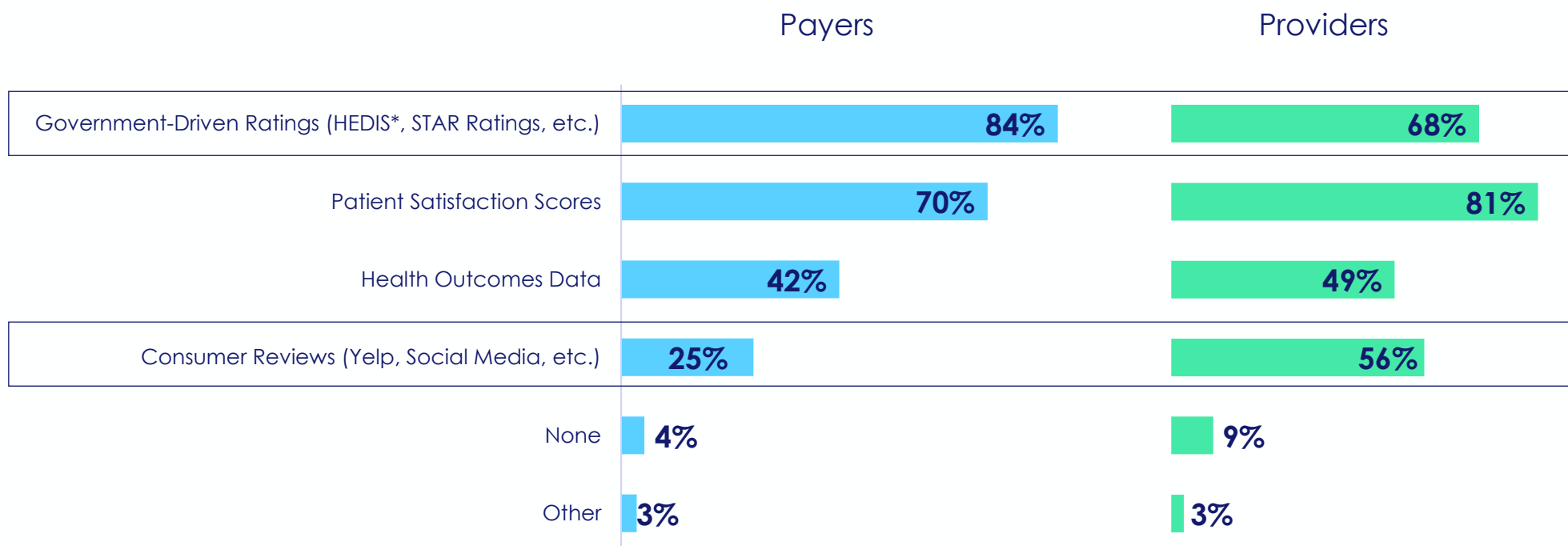
Q. Who is best positioned to provide healthcare cost and quality data to consumers?

Q. Who is best positioned to engage the healthcare consumer to support them on their healthcare journey and nudge them into more healthy behaviors?

= statistically significant difference at 95% confidence interval

Consumerism: Information Provided to Consumers

Payers are significantly more likely to provide *Government-Driven Ratings* to consumers, while providers are significantly more likely to provide *Consumer Reviews*.



*HEDIS is a registered trademark of the National Committee for Quality Assurance (NCQA)

☐ = statistically significant difference at 95% confidence interval

Consumerism: Financial/Billing Improvements

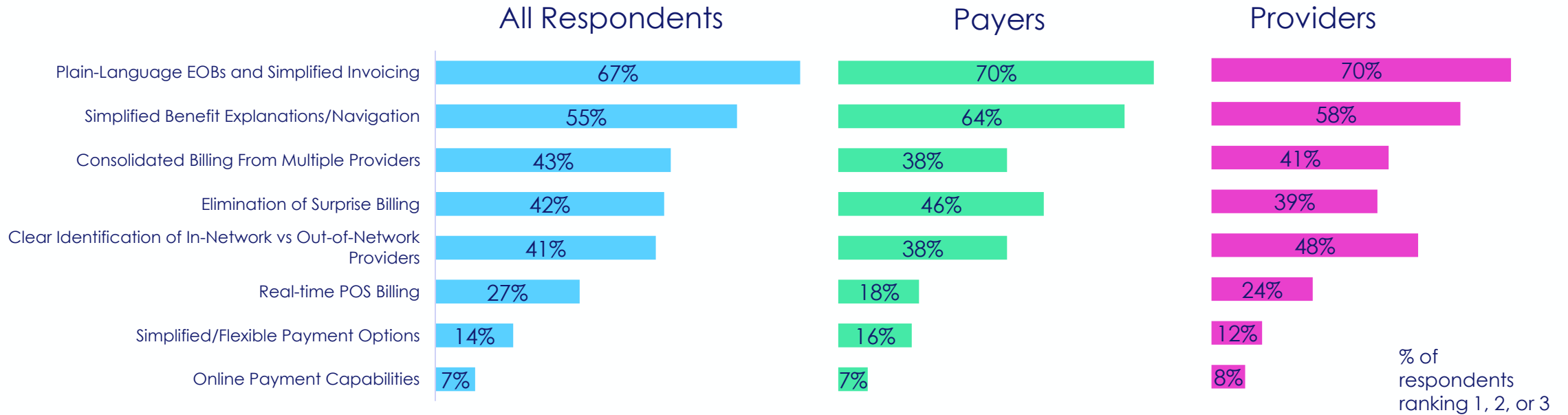
Respondents were asked to rank a series of potential financial or billing improvements based on their potential to positively impact consumer satisfaction.

- Clear Identification of In-Network vs. Out-of-Network Providers
- Consolidated Billing From Multiple Providers
- Elimination of Surprise Billing
- Online Payment Capabilities
- Plain-Language EOBs and Simplified Invoicing
- Real-Time Point-of-Service Billing
- Simplified Benefit Explanations/Navigation
- Simplified/Flexible Payment Options

The higher a respondent ranked an improvement, the more likely it would positively impact consumer satisfaction.

Consumerism: Financial/Billing Improvements

All respondent types ranked *Plain-Language EOBs* and *Simplified Benefit Explanations* as the top 2 financial/billing improvements to drive consumer satisfaction. Payers placed greater importance on *Elimination of Surprise Billing* and providers placed greater importance on *Identification of In-Network vs. Out-of-Network Providers*.



Q. Please rank order these financial and/or billing improvements in terms of their positive effect on consumer satisfaction?

Consumerism: Financial/Billing Improvements

Respondents were asked to rank order a series of potential non-medical or non-clinical improvements based on their potential to positively impact consumer satisfaction

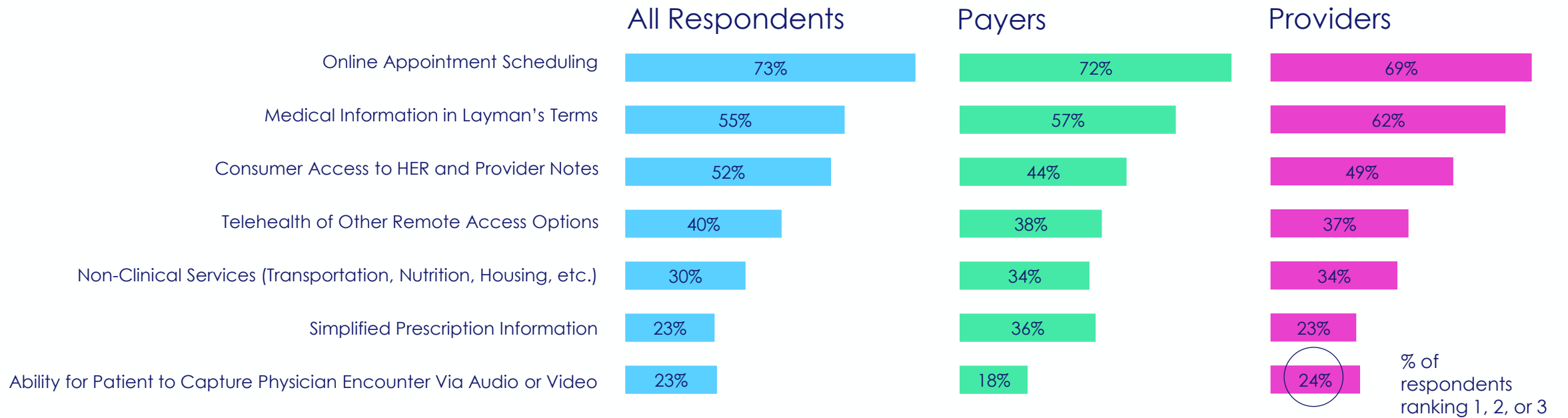
- Ability for Patients to Capture Physician Encounters via Audio or Video
- Consumer Access to EHR and Provider Notes
- Medical Information in Layman's Terms
- Non-Clinical Services (Transportation, Nutrition, Housing Assistance, etc.)
- Online Appointment Scheduling
- Simplified Prescription Information
- Telehealth or Other Remote-Access Options

The higher a respondent ranked an improvement, the more likely it would positively impact consumer satisfaction.

Consumerism: Non-Clinical Improvements

All respondent types ranked the same top 5 non-clinical improvements to drive consumer satisfaction. 24% of providers believe *Ability to Capture Physician Encounters* will positively drive consumer satisfaction.

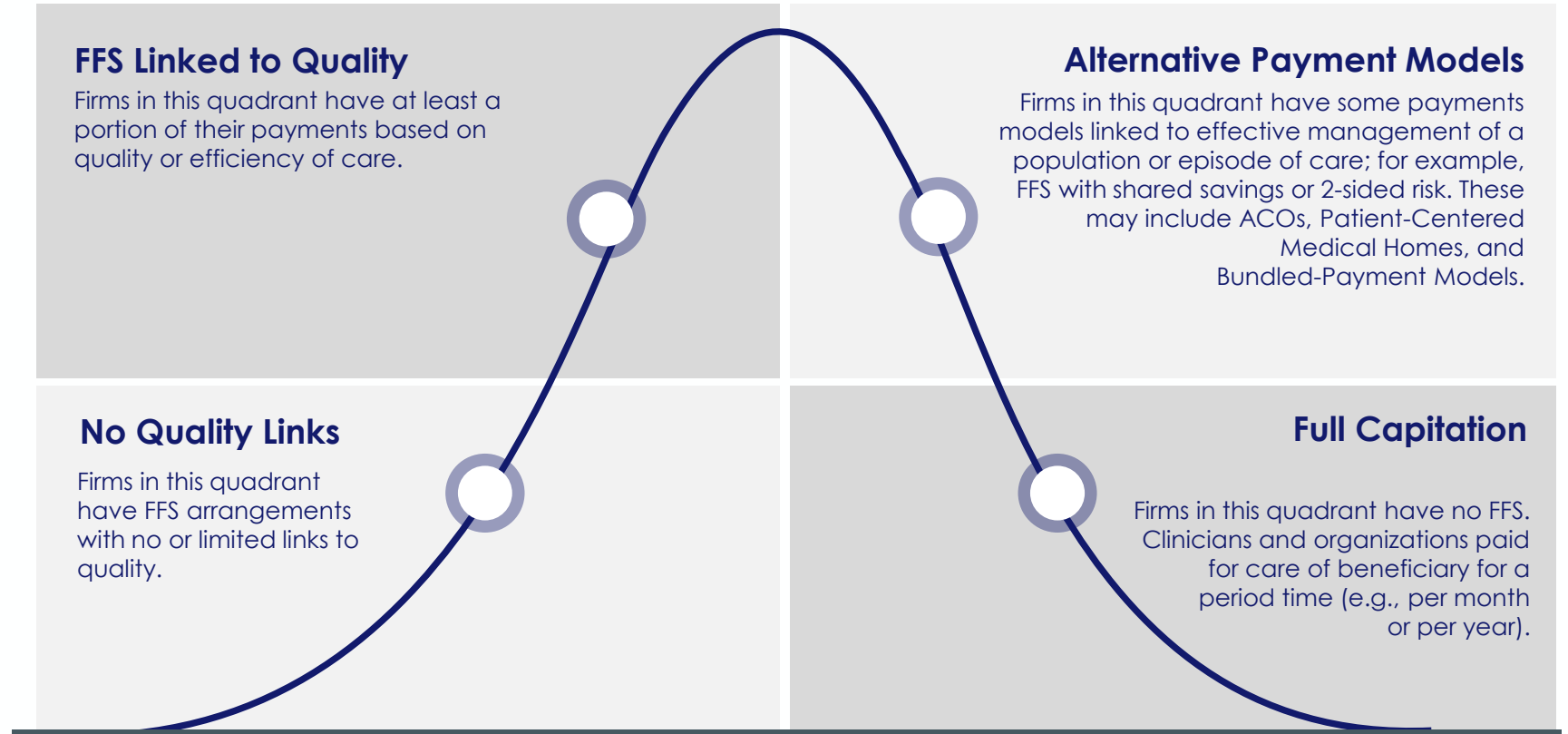
“ [We're] developing value-based programs via contracting structures that include optimized provider networks, tiering, and increases in telehealth initiatives. - Payer ”



Q. Please rank order these operational, non-clinical improvements in terms of their positive effect on consumer satisfaction?

Value-Based Care Continuum

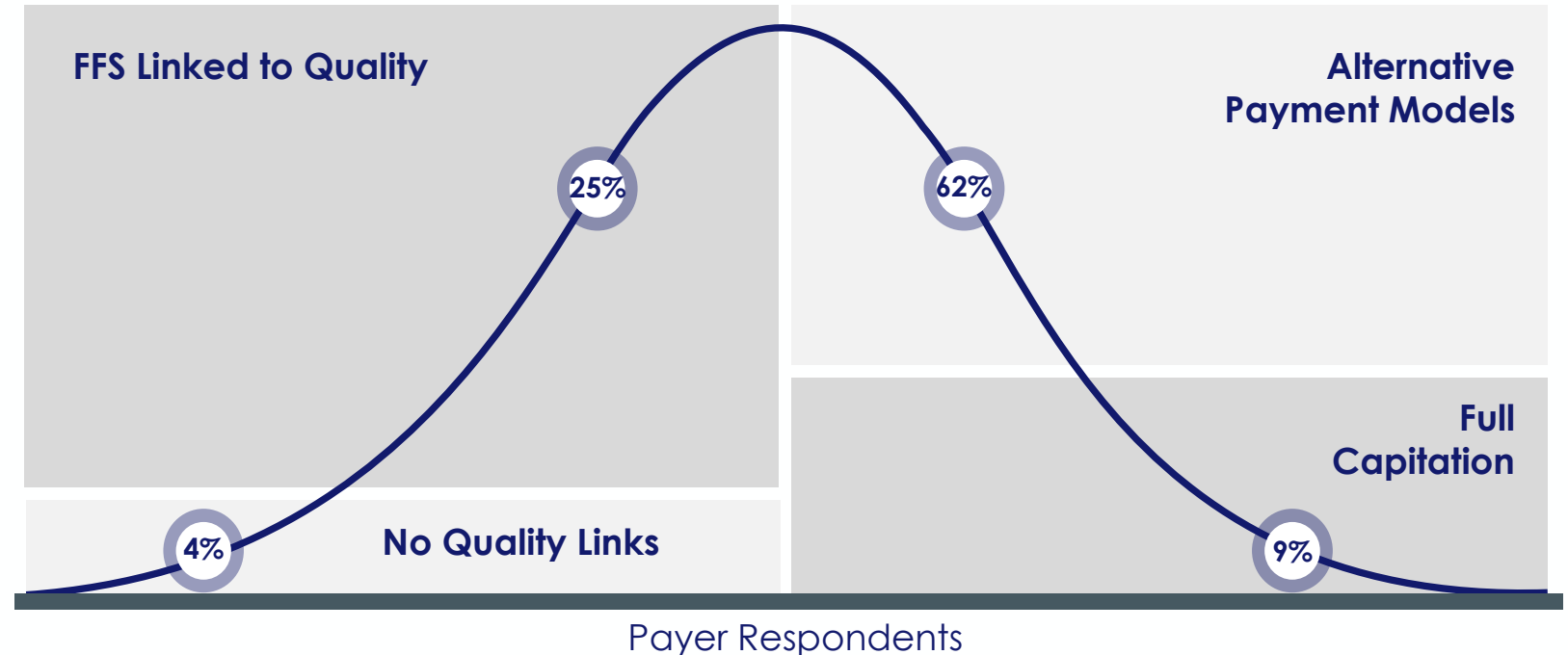
In order to understand the current state of value-based care across the healthcare industry, respondents were asked to indicate their firms' current value-based status.



Q. Below is one way to illustrate the continuum of consumer-centric healthcare. Please select the option that best represents your organization's current offering?

Consumer-Centricity Among Payers

Nearly 2/3 of payer respondents indicated their firms were in the *Alternative Payment Model* quadrant, with 9% offering *Full Capitation*. Only 4% of payers have *No Quality Links*.



As a payer, [we're] trying to get closer to the end of the healthcare value chain: members and patients. [We're] trying to disrupt ourselves from the traditional health insurance carrier role. - Payer

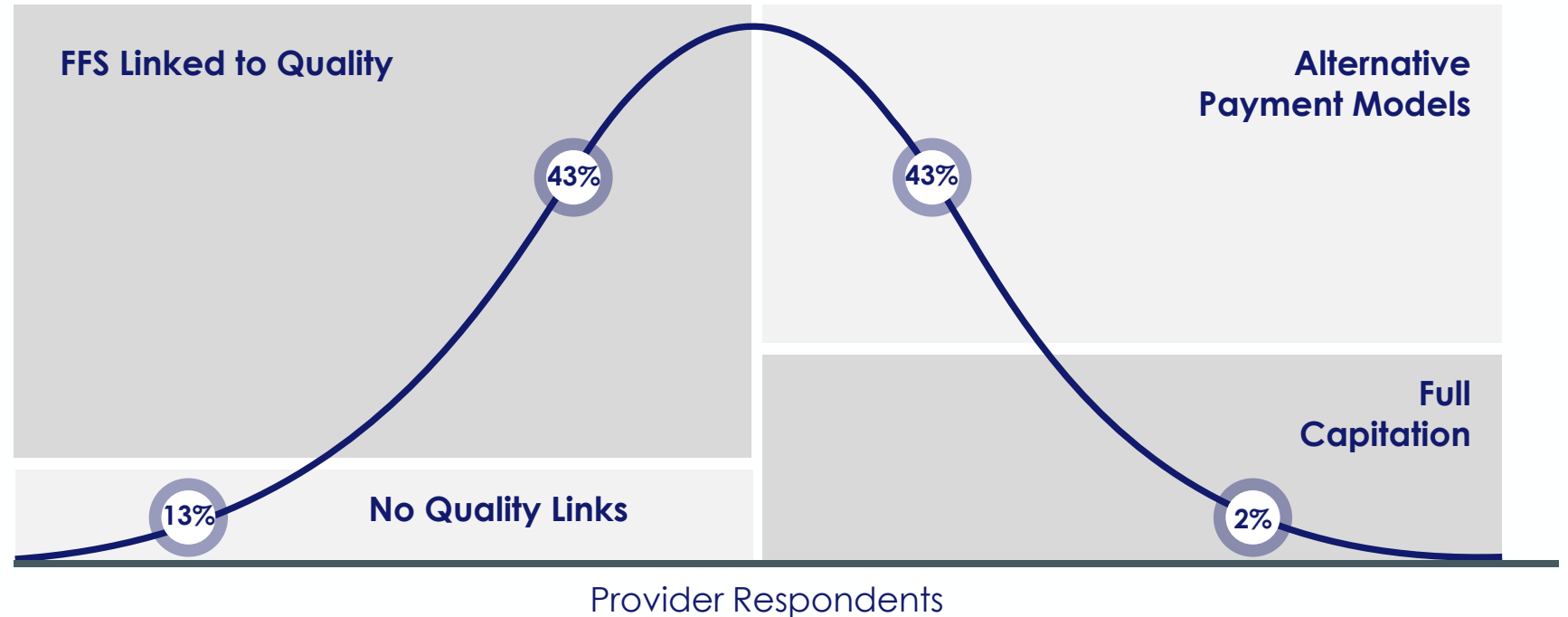


Value-Based Care Among Providers

13% of providers are operating with *No Quality Links*. An equal percentage (43%) are operating in *FFS Linked to Quality* and *Alternative Payment Models*. Only 2% of providers have *Full Capitation*.

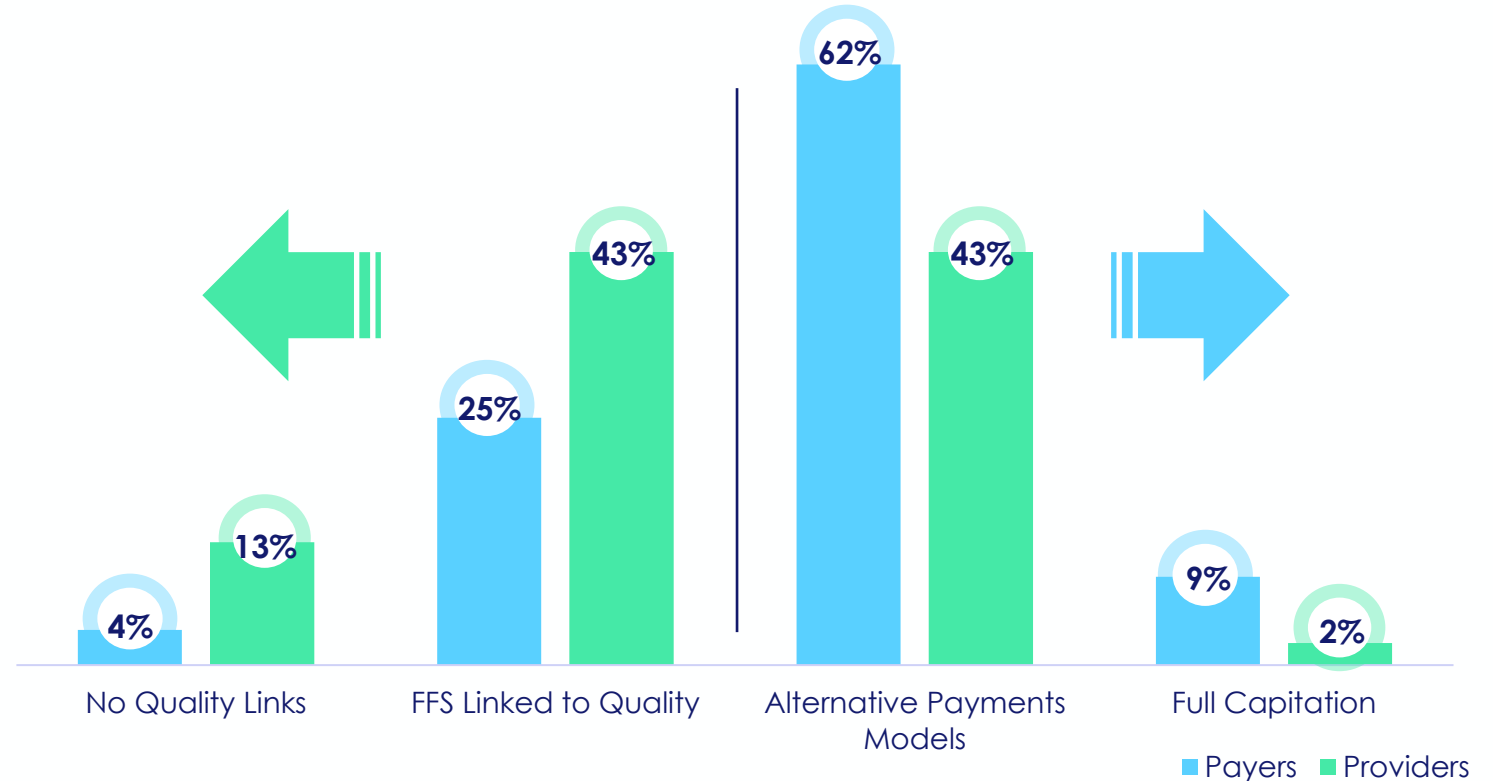


[We're] moving away from payer models, where value equates to cost, and developing models that rely heavily on value measures for increased compensation. [Use a] carrot not [a] stick.- Provider



Value-Based Care: Payers vs. Providers

Providers are significantly more likely to have *No Quality Links* or *FFS Linked to Quality* models. Payers are significantly more likely to have *Alternative Payments* or *Full Capitation* models.

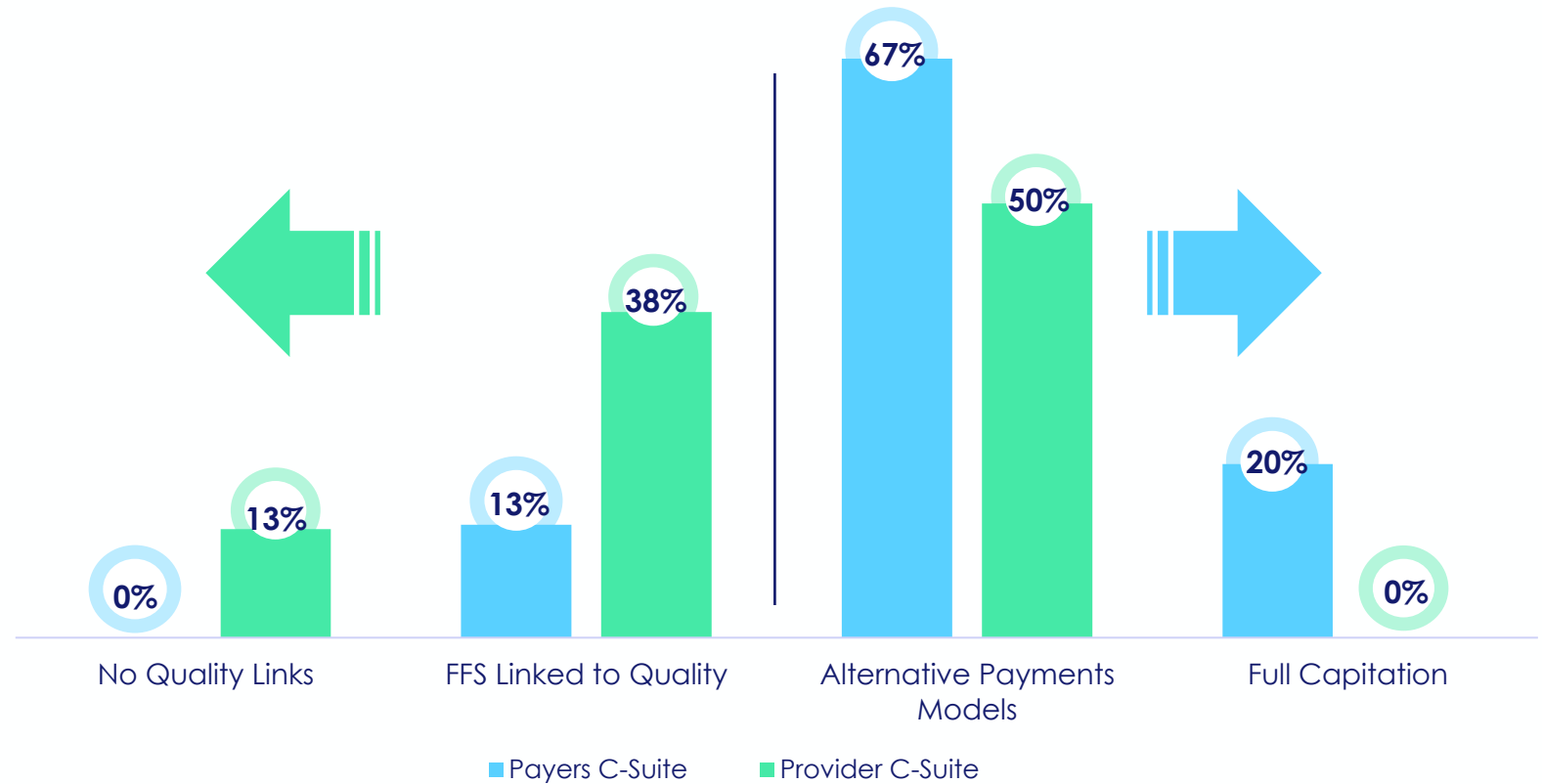


Q. Below is one way to illustrate the continuum of value-based care. Please select the option that best represents your organization's current offering?
Figures may not sum to 100% due to rounding

Value-Based Care: C-Suite Differences

C-Suite respondents show an even greater skew. Payer C-Suite respondents say that nearly 90% of their firms are have migrated to *Alternative Payments Models* or *Full Capitation*.

Note: Figures may not sum to 100% due to rounding

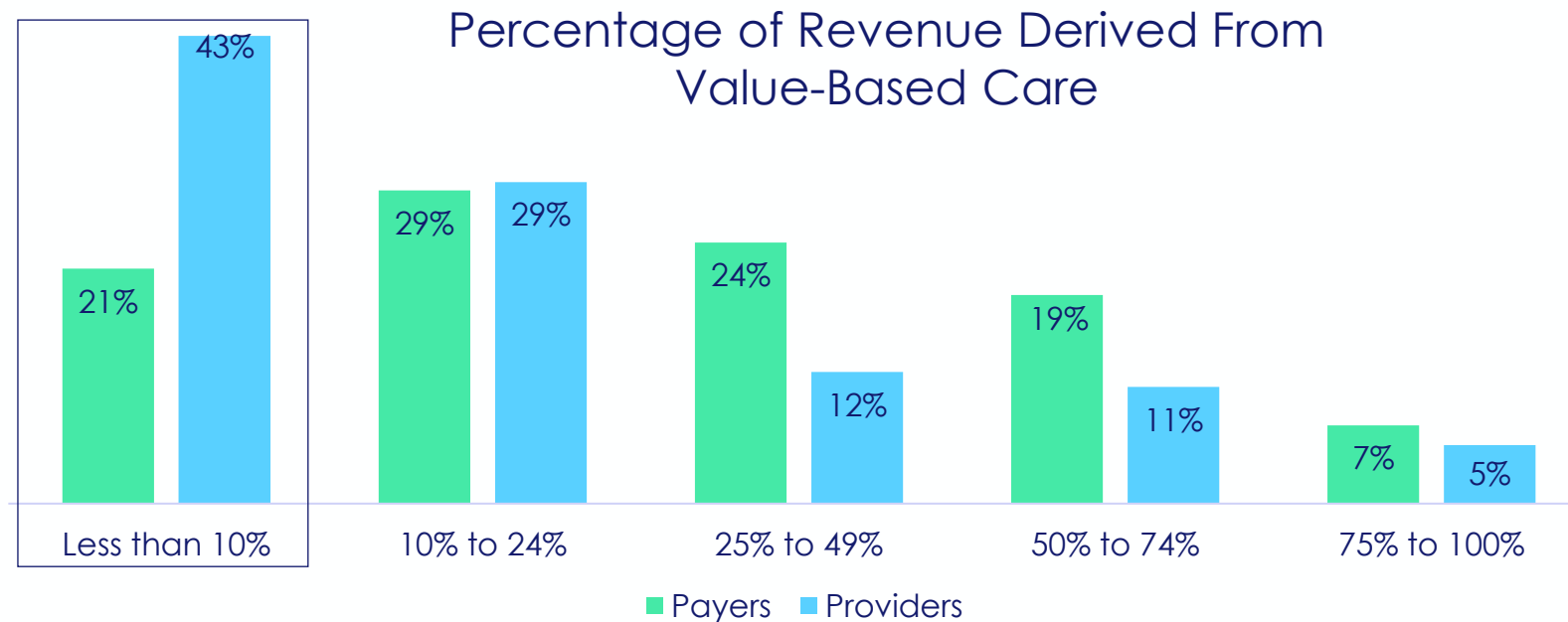


Q. Below is one way to illustrate the continuum of value-based care. Please select the option that best represents your organization's current offering?



Value-Based Care Continuum

Providers are significantly more likely to have less than 10% of revenues derived from a value-based care model.

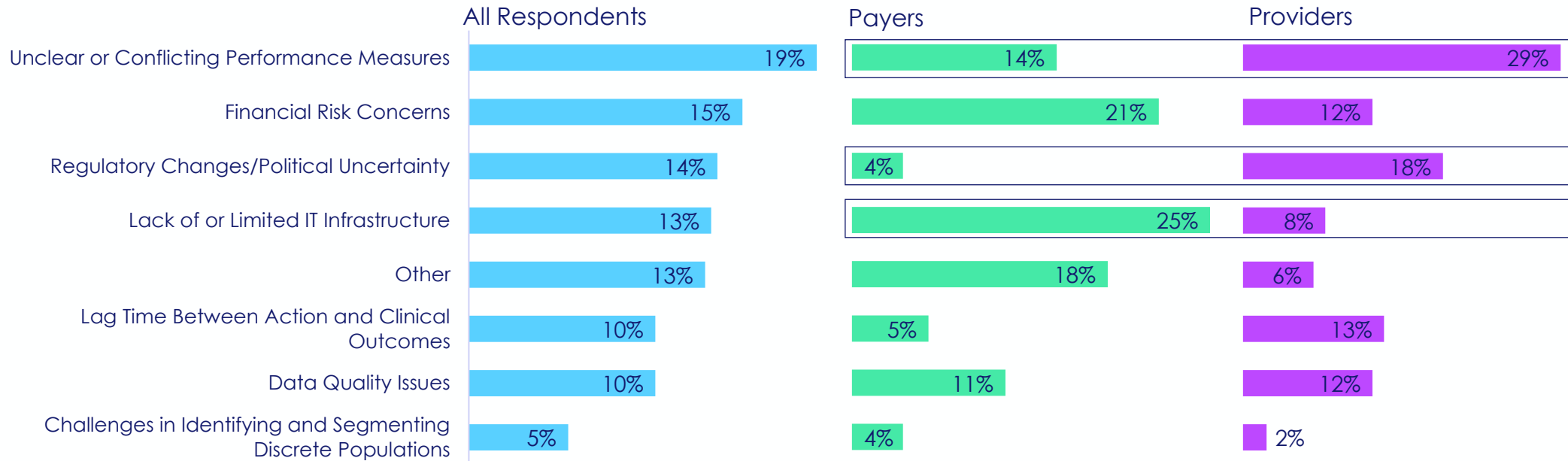


Q. What percentage of your total revenue is derived from a value-based model?

= statistically significant difference at 95% confidence interval

Value-Based Care: What Are the Barriers?

Providers are significantly more likely to cite *Unclear or Conflicting Performance Measures* and *Regulatory Changes/Political Uncertainty* as an impediment to value-based care. Payers are significantly more likely to cite *Lack of or Limited IT Infrastructure*.

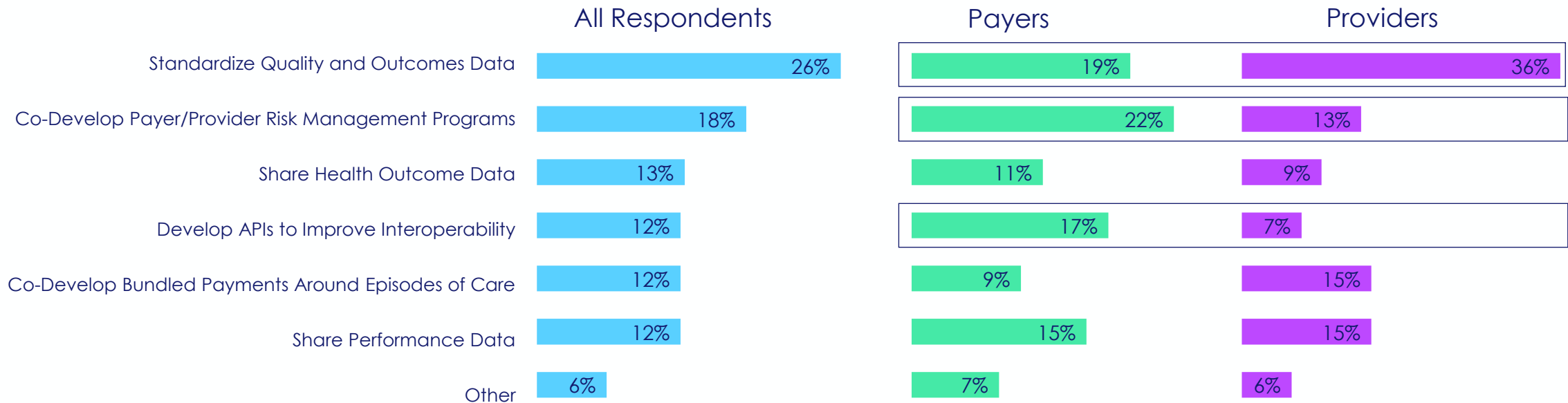


Q. Why has it taken so long for value-based payments to take hold?

= statistically significant difference at 95% confidence interval

Value-Based Care

Providers are significantly more likely to want Payers to *Standardize Quality and Outcomes Data* in order to orchestrate value-based care. Payers are significantly more likely to believe they should *Co-Develop Risk Management Programs and Develop APIs* to drive value-based care.

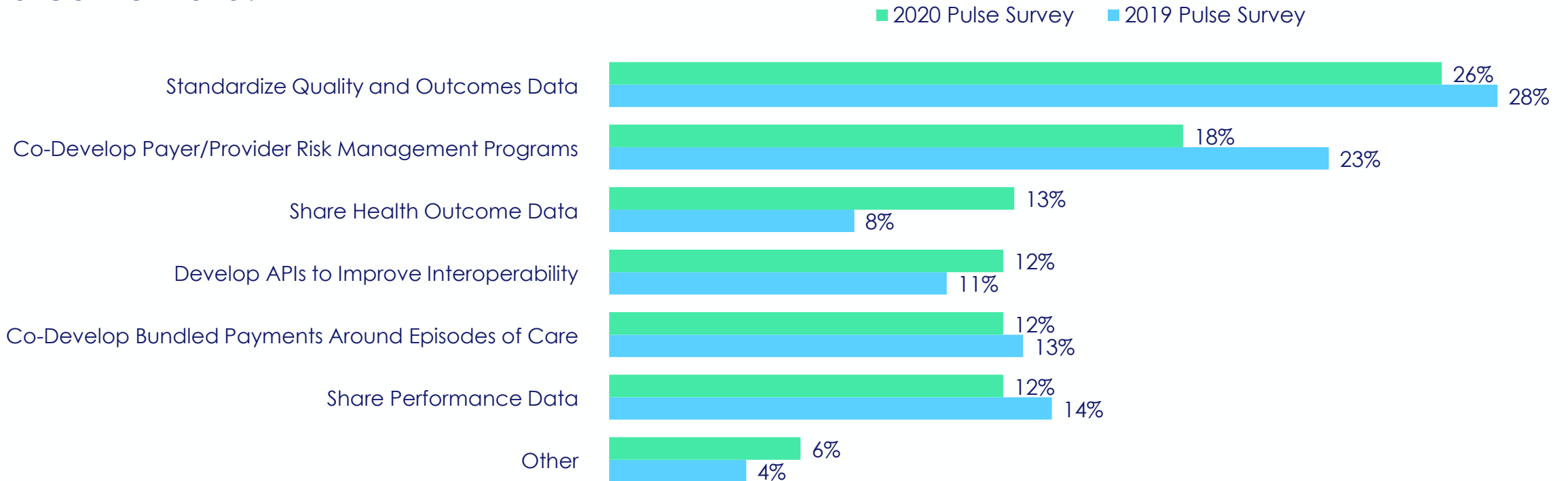


Q. How can health plans most effectively support providers to orchestrate high-value care?

☐ = statistically significant difference at 95% confidence interval

Value-Based Care

Compared to the previous year, all respondents are less likely to look for payers to *Co-Develop Risk Management Programs* and are more interested in payers *Sharing Health Outcome Data*.

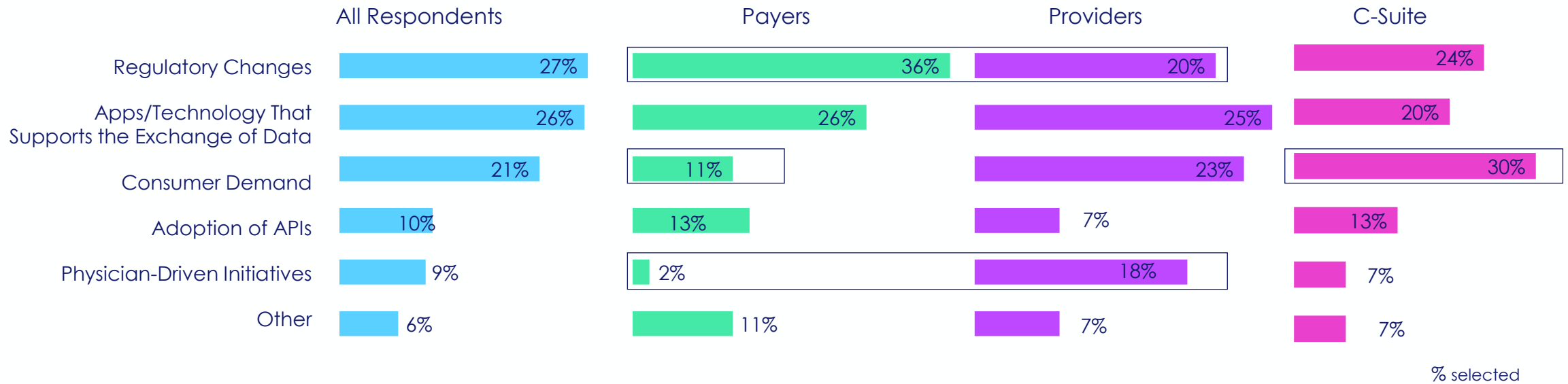


Q. How can health plans most effectively support providers to orchestrate high-value care?

Interoperability

Payer respondents are more significantly likely to see *Regulatory Changes* as a driver of interoperability than are provider respondents, whereas C-Suite respondents believe *Consumer Demand* will be a top driver. Providers are more likely to see *Physician-Driven Initiatives* as a driver than payer respondents.

“We're advancing interoperability and data exchange with our provider network through business defined initiatives that are aligned with API technologies rather than ETL interfaces. Think 'interoperability.' – Payer”

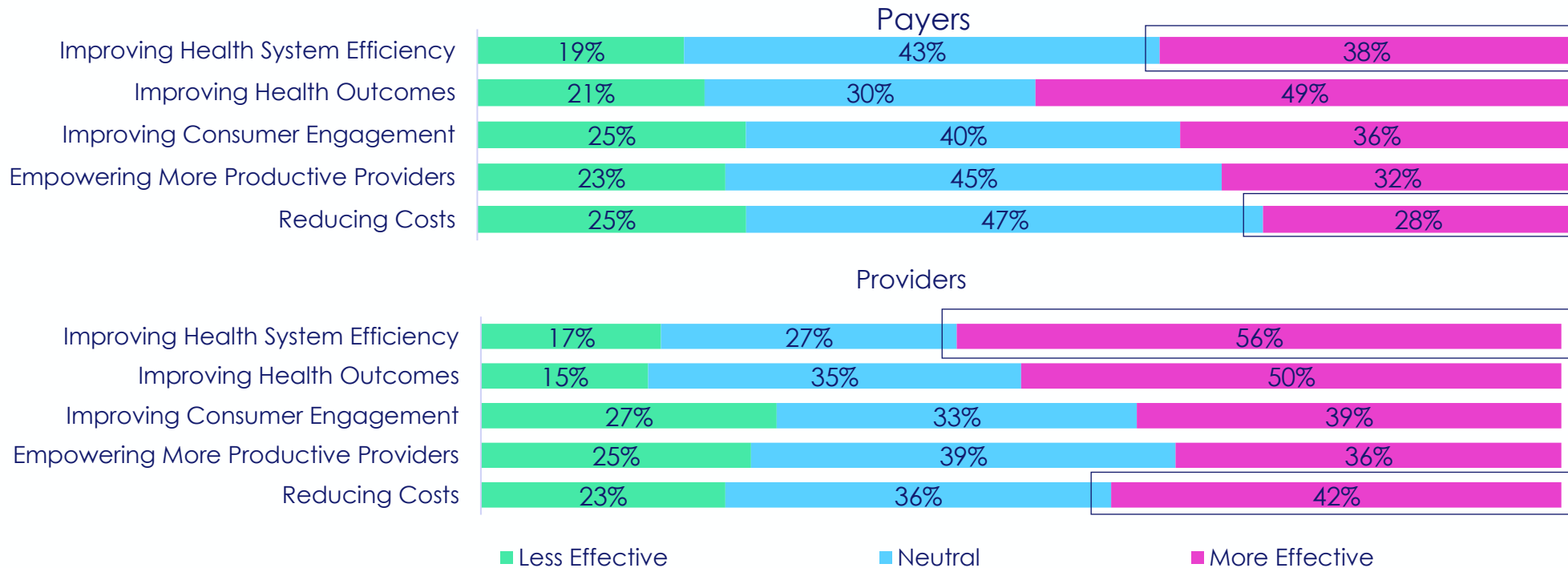


Q. What is most likely to drive interoperability across the U.S. Health System?

☐ = statistically significant difference at 95% confidence interval

Effectiveness of Artificial Intelligence and Machine Learning

Provider respondents are significantly more likely to state *Health System Efficiency* has been positively impacted than are payers. Payers are significantly more likely to say *Reducing Costs* has been positively impacted. Both payers and providers feel these technologies improve health outcomes.

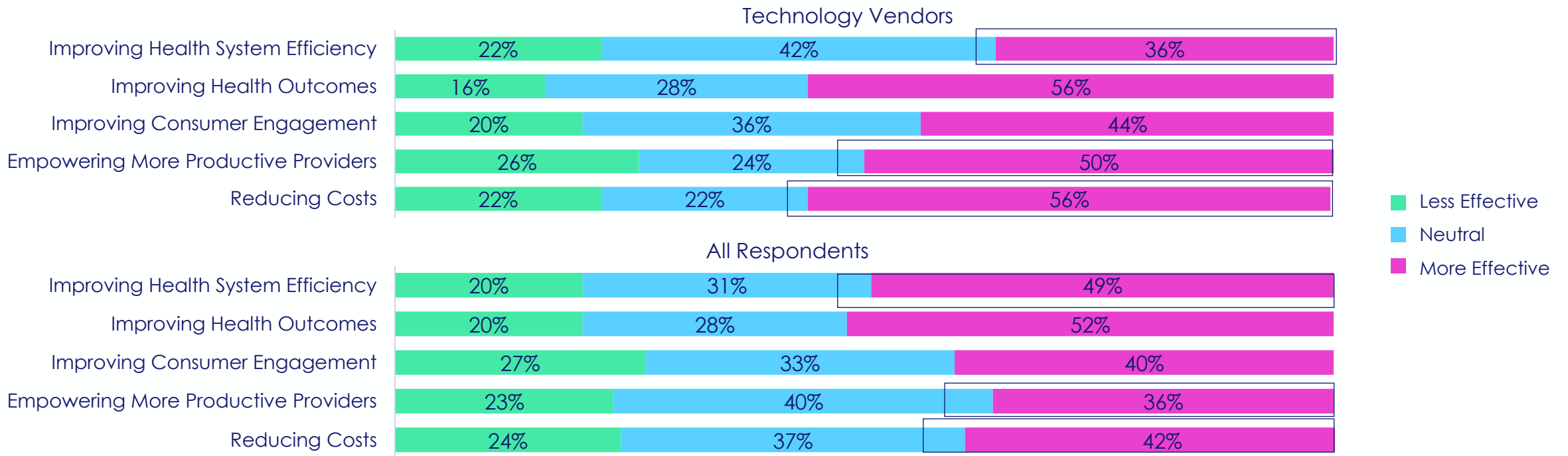


Q. How effective do you feel AI and Machine Learning and other predictive analytics have been in positively impacting:

☐ = statistically significant difference at 95% confidence interval

Effectiveness of Artificial Intelligence and Machine Learning

Technology vendors are significantly less likely to state *Health System Efficiency* has been positively impacted than are all respondents. Technology vendors are significantly more likely to say *Empowering More Productive Providers* and *Reducing Costs* have been positively impacted.

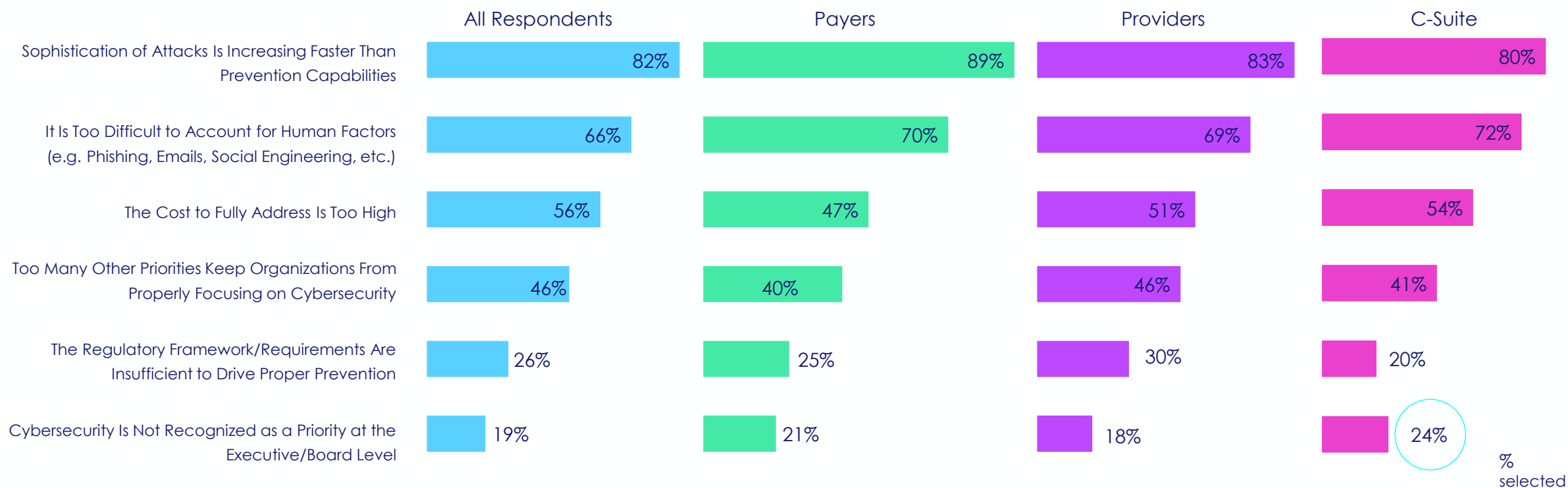


Q. How effective do you feel AI and Machine Learning and other predictive analytics have been in positively impacting:

= statistically significant difference at 95% confidence interval

Top Reasons for Continued Cybersecurity Breaches

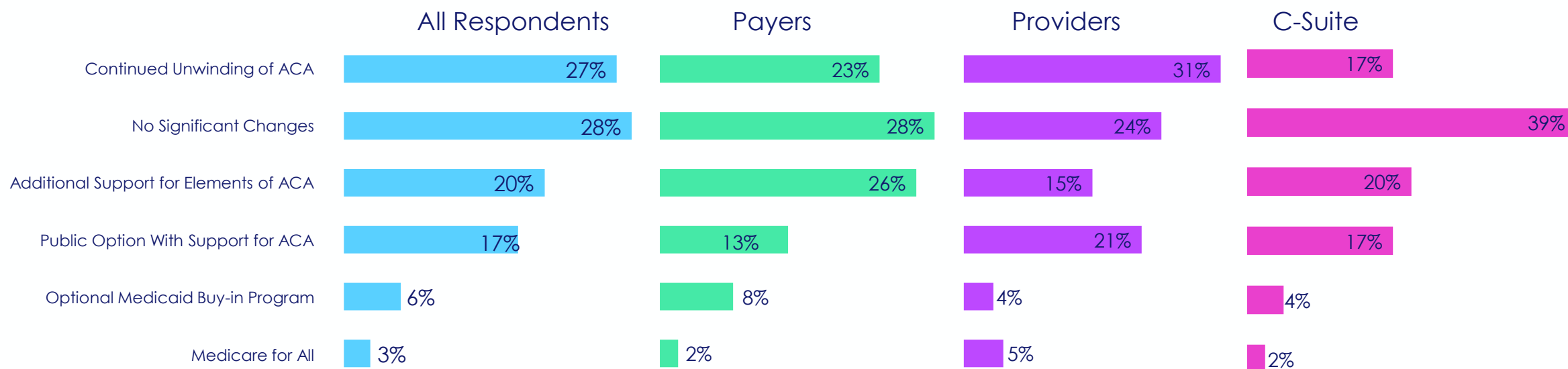
All respondent types agreed on the top reasons for continued cybersecurity breaches. Nearly 25% of C-Suite respondents believe that *Cybersecurity is not Recognized as a Priority at the Executive/Board Level*.



Q. What are the top reasons that healthcare organizations continue to suffer Cybersecurity breaches?. Select three reasons.

Post-2020 Election Predictions

Continued Unwinding of ACA and No Significant Changes were the two most popular predictions. Enactment of Medicare for All Legislation was predicted by only 3% of total respondents. C-Suite respondents were directionally more likely to predict No Significant Changes than were other respondents.



Q. After the 2020 Elections, which is the most likely during the following four-year Presidential term?

Have a Question?

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THE 2020 INDUSTRY PULSE REPORT

Celebrating 10 years of taking and reporting the pulse of the healthcare industry

10th annual report : February 2020

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