

Increasing Hospital Volume is No Longer a Path to Success:

THE EVOLUTION OF HEALTHCARE DELIVERY

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Healthcare inside the four walls of the hospital has been an expensive standard of care that appears to be waning in popularity. With the rise of new delivery and payment models, and technology advances, care is moving back to where it was provided for centuries — the community. As healthcare organizations look to the future, they must account for this shift. It is no longer enough to drive revenue by growing patient volume through hospital expansions, merger and acquisition activities and physician group acquisitions.

Forces Behind the Shift

The evolution of healthcare beyond hospitals began with the increase of surgery centers and urgent care clinics, but the pace of change is accelerating. Patients want convenience that is on par with the rest of the services and products they buy. This is especially true as insurance deductibles rise and patients shoulder a larger portion of their healthcare costs.

Insurers are also seeking ways to lower costs of care for those they insure. New entrants eying the [\\$3.4 trillion healthcare industry](#) are capitalizing on healthcare's disruption by creating new products and services while others are applying their successes from other industries to healthcare. These companies are giving consumers and insurers the ability to walk away from traditional healthcare options by offering low-cost, consumercentric and high-quality healthcare.

Redefining the Physician Office Visit

As care delivery models change, the physician visit will not be confined to an office. Much like retailers continue to operate brick-and-mortar stores while expanding to e-commerce, personalized shopping and mail-order subscription boxes, physician office visits will be offered in variety of ways. Healthcare organizations must adapt to this change.

Consumers will have more options for how they can receive care as the physician office visit changes.

- **Virtual health will play a larger role.** Telemedicine gives patients access to medical care in nearly any location and at any time of day. In 2016, [1.2 million virtual physician visits](#) occurred and they are expected to continue gaining popularity. These appointments

can range from diagnosing and treating an illness to directing patients to the appropriate location for more serious conditions.

- **Home visits return.** Rather than patients traveling to their doctor, doctors are beginning to travel to their patients. For patients who have difficulty traveling, these appointments bring care, that in some case they would not have otherwise received, to their home. For example, a home visit from [Heal](#) costs \$99. Patients select the physician they want to see, allowing them to develop a consistent relationship with a provider.
- **Care delivery will shift.** Retail clinics are a lowercost alternative to a doctor's visits. The [pending acquisition of Aetna by CVS Health](#) could transform the patient-provider relationship. Aetna could incentivize those enrolled in its healthcare plan to go to CVS Minute Clinics for care rather than their primary care physician. If this model takes hold, patient volumes will shift away from physicians to retailers.

Testing Without Boundaries

In Wisconsin, an MRI performed in a hospital costs \$1,500 more than the same scan performed at a free-standing imaging setting. By March 2018, Anthem will stop paying for MRI and CT scans performed in hospital settings in 13 states unless they are medically necessary. While hospitals can still profit from MRIs at their free-standing imaging centers, the question becomes: How do healthcare organizations profit when imaging no longer requires a physical building, but simply a mobile device and an app? The same can be true for many lab and pathology services.

These services will leave the traditional brick-and-mortar settings as new technologies empower consumers with choice.

- **Low-cost, portable devices will increase access to testing.** Portable devices that sync with mobile devices will provide realtime assessments of medical conditions by performing some labs tests, MRI scans, ultrasounds and pathology tests

wherever it is most convenient for patients. A [new technology](#) that's costs \$34 to manufacture uses a tiny device that plugs into a smartphone to perform lab tests for a variety of conditions including HIV, some infectious diseases and some cancer markers in just 15 minutes.

- **Using artificial intelligence (AI) for imaging.** Machine learning is moving into the healthcare space as algorithms detect health conditions. This has the potential to drastically transform imaging. [Zebra Medical Vision](#) has developed software that reads images and detects abnormalities faster than humans and for a fraction of the cost. It will cost \$1 for a scan to be read by this software.
- **Real-time patient monitoring.** For those with chronic diseases, monitoring their conditions can be a challenge. Apple is creating a technology that would allow the [Apple Watch to monitor blood sugar levels](#). This would allow for continuous, noninvasive glucose regulation that could alert patients when their glucose levels are low so they can self-manage their care. Data could also be sent to their electronic health record (EHR) providing physicians with real-time updates on their patients.

Moving Care Out of the Hospital

The average length of stay at a hospital ranges from [4.5-5.5 days](#). In 1980, it was [7.3 days](#). While patients today are older and sicker, bundled payments and value-driven growth are shifting care from hospitals to lower cost locations. While urgent care centers have scooped up volume from emergency departments and many surgeries are performed in ambulatory surgery centers, care that is common in the hospital today will continue to move to lower-cost, convenient locations.

Care provided in the hospital will shift as new alternatives emerge.

- **Remote patient monitoring will be key.** Technologies to monitor patients after discharge are gaining popularity.

Not only does this allow patients to go home sooner, it also prevents readmissions which is critical under value-driven growth payment models. A study found that post-discharge remote patient monitoring cut the readmission rate for heart failure patients by [50 percent](#).

- **Moving from treatment to prevention.** With apps that sync a patient's health data with patient-reported data around pain, nutrition and mental health to their EHR, physicians can intervene in real time for those with chronic conditions. This proactive care management strategy focuses on prevention rather than treating specific episodes of an illness as they arise. Often, this prevents a hospitalization from ever occurring.
- **Increasing price and quality transparency.** While healthcare consumers have sought this information for several years, transparency is becoming more widespread. [Amino](#), a web-based platform, provides personalized recommendations for a facility or provider, cost estimates based on the patient's insurance, and email and text-based booking features. These types of services make picking a hospital — or opting for care in an alternative setting — as seamless as booking a hotel on [Expedia](#).

Key Takeaways

As the model of care shifts away from traditional healthcare settings, healthcare organizations must:

Think differently.

Assess your system's ability to shift in the way it offers care. Hospitals aren't going away, but their role in healthcare will evolve.

Plan differently.

Identify opportunities for growth outside of traditional care delivery models and create a strategic plan that aligns to these areas.

Act differently.

Transform your business into one that operates beyond the four walls of the brick-and-mortar healthcare setting.



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