Health Care Transitions: What Trends Are Next for the Front-line Leader?

Activity Overview

Pharmacy strategic planning is intertwined with health system planning and regulatory and legislative changes. What forces are driving competitive health systems in today’s health care market? Learn what macro trends in health care are being forecasted and what is new with health care reform… trends that should drive your pharmacy enterprise planning.

Learning Objectives

After participating in this application-based educational activity, participants should be able to

- Define specific areas of health policy, health finance, technology, and pharmacy practice that will influence the future of health system pharmacy.
- List resources that health system pharmacy leaders should monitor to remain aware of emerging trends.
- Prepare individual and organizational plans that respond to future changes with the intent of managing the impact of those changes.
Disclaimers...

- Influence of perspective on views regarding the future
  - Individual filter
    - Past personal experiences
    - “World view”
  - Organizational filter
- My “crystal ball” is probably no better than yours…

Overarching Leadership Challenge

- Fast pace of change, pace increasing
- Rapid flow of information
- Heightened expectation of responsiveness
- Diminished confidence in assumptions and estimates – lower value of “gut instinct”
- Stakes are higher than ever before
- Overwhelmed?
  - Distinguish “reaction” from “response”
Reaction...

- Impossible to recognize implications of change
- Uncertainty destroys confidence and leads to indecision and higher likelihood of failure
- Difficult to get ahead of the curve once behind

... Response

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Collect Information

Interpret Information

Respond
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- What are you reading?
- Who are you talking to?
- What are you paying attention to?
- Implications?

- Plan
- Prioritize
- Act
- Monitor

Overarching Recommendations

- Invest time in reading, thinking, and planning
- Read and listen with intent to plan
- Rely on training, inherent skill set
- Temper skepticism
  - “How can we capitalize IF trend is real?”
- Do not get caught in “identity trap”
  - Few trends are unimportant for pharmacy
- Keep your feet moving and stay nimble…
Key Areas to Monitor

- Policy
- Finance
- Technology
- Practice

- Distinction among areas somewhat arbitrary – great deal of overlap between areas
  - Policy tied to finance, finance tied to technology, etc.

Trends in Health Policy (1)

U.S. Health Care Expenditures as Percent of GDP, 2011-2020


Trends in Health Policy (2)

- Affordable Care Act
  - S/P SCOTUS decision
    - Individual mandate upheld
    - Medicaid expansion overturned, but growth still likely as Fed paying the bill and can leverage via exchange subsidy changes
  - S/P Election
    - Repeal unlikely; too much already done in commercial sector to turn back now
    - Changes likely, regardless of outcome

Enlarged on page 11
Donabedian Conundrum

Goal of ACA = Reduce cost
Goal of ACA = Increase access
Goal of ACA = Improve quality

Trends in Health Policy (3)

• FDA reform
  – Especially in device arena
  – More active monitoring of safety, s/p REMS
• HIPAA reform
  – Privacy vs. “Technology of Patient Experience”
    (Paul Ellwood 1988 Shattuck Lecture)
• Patent reform
• Legislative attempts to alleviate drug shortages

Trends in Health Care Finance (1)

• Almost all health care policy reform is driven by changes to payment…
• Growth in cost of health care has reached unsustainable point
  – “Bubble”
  – Expenditures, both public and private, will decrease
  – Diminishing potential for thoughtful approach to determining level and distribution of expenditures that are reasonable, fair, just
**Trends in Drug Expenditures 1998-2011**

However, growth in cost of medications has moderated in recent years.

**Trends in Health Care Finance (2)**

- Accountable Care Organizations
  - Major driver of cost savings under ACA
  - Shared savings (i.e., reimbursement will decrease less as an ACO than if not an ACO)
  - Requires very different sort of relationship between hospital-based care and ambulatory care
    - Break-down of cost and quality silos
    - Referral relationships
    - Medication reconciliation on steroids

**Trends in Health Care Finance (3)**

- Value-based reimbursement on the rise
  - Focus on readmission rates
  - Pay-for-performance; connecting quality to payment
  - Link to process measures currently; future will absolutely shift to meaningful outcome measures
Trends in Health Care Finance (4)

• Health Information Technology for Economic and Clinical Health Act (HITECH)
  – Payment for expanded deployment of electronic health records
  – “Meaningful use” focused attention on deriving actual value from application of EHR to population health
  – Future payments questionable; at risk as cost savings from ACA become more clear

Trends in Health Care Technology (1)

• Genomics
  – Improved diagnostic approach to targeting therapy
    • Eliminate patients who will not respond to tx
    • Target those patients who will respond to tx
    • Guide product selection, dose
    • Avoidance of costly AEs otherwise not preventable
  – Need clinically relevant markers that affect decision making
  – Huge opportunity, but level of pharmacist expertise in molecular biology is lacking

Trends in Health Care Technology (2)

• Cost out of control, areas at risk
  – Oncology care
    • Value equation, cost per unit of outcome, not attractive for many therapy options
    • Societal willingness to pay is at risk
  – Biologic therapies in RA, GI, derm, etc.
    • Cost per patient high and rising
    • Questionable outcomes, high risk
    • Specialty pharmacy model, dissociated from usual care, not sustainable
  – “Orphan” disease/drug future doubtful
Trends in Health Care Technology

- Biosimilars (generic biologics) on the rise
- The “era of generics” upon us
- PhRMA profits down, R&D suffering
  - Reduction in number of new drug products applicable to large numbers of patients
  - Therapeutic advances in niche markets only
- Public funding of research decreasing

Trends in Health Care Technology

- Other technology areas to consider
  - Electronic health record technology, especially expansion of clinical decision support
  - Improved communication technology, allowing greater patient involvement in care, higher expectation of patient responsibility
  - Comparative effectiveness research with increased funding, providing better evidence base for decision making

Trends in Pharmacy Practice

- Rise of ambulatory care and especially primary care
  - Central to success of ACA and ACO
  - Patient-centered medical home (PCMH) concept is key
  - Pharmacist role beyond authorizing prescription renewals!
  - Must accept responsibility for care at (or beyond) limits of scope of practice
Trends in Pharmacy Practice (2)

- Prescriptive authority for pharmacists
  - Questionable likelihood of statutory authority
  - Unavoidable necessity for success of ACA
    - Not a question of billing and reimbursement
    - Expertise, skill
    - Established need
    - Lack of alternative strategies
    - Evidence of superiority of outcomes
  - Non-statutory options
  - Future role of the community pharmacist?

What Are You Reading? (1)

- Newspapers, magazines
  - Still the most accessible source of emerging trend information
- Biomedical journals
  - Key "grazing": focus on NEJM, JAMA, Ann Intern Med, BMJ, various pharmacy journals
- Health Affairs (www.healthaffairs.org)
  - Key analysis of health policy, data
- Pink Sheet (FDC Reports)
  - Expensive, but critical for technology news

What Are You Reading? (2)

- Annual expenditure forecast in AJHP
- FutureScan
  - Annual forecast from AHA, ACHE
- Key web sources
  - Kaiser Family Foundation (www.kff.org)
  - CMS Innovation Center (http://www.innovations.cms.gov/)
What Are You Reading? (3)

- Pharmacy Forecast 2013-2017: Strategic Planning Advice for Pharmacy Departments in Hospitals and Health Systems
  - Future trends in eight domains that are likely to challenge pharmacy practice leaders
  - Recommendations to guide strategic planning by pharmacy departments
  - Web-based report

Official Release
Pharmacy Forecast 2013-2017

- Midyear Clinical Meeting, Las Vegas
  - Tuesday, December 4, 2012
  - Mandalay Bay, Banyan C, Level 3, South Convention Center
  - 11:30 a.m. – 1:00 p.m.

Summary

- Planning for the future is necessary for success as a leader in health care
  - Surviving change is fine, but leading change is better!
- Stay current… focus attention on how trends will affect health care and pharmacy
Trends in Health Policy (1)

U.S. Health Care Expenditures as Percent of GDP, 2011-2020


Trends in Drug Expenditures 1998-2011

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SELECTED REFERENCES


RESOURCES FOR MONITORING TRENDS

Newspapers, magazines
Still the most accessible source of emerging trend information

Biomedical journals
Key “grazing”
- New England Journal of Medicine
- Journal of the American Medical Association
- Annals of Internal Medicine
- British Medical Journal
- Various pharmacy journals

Health Affairs (www.healthaffairs.org)
Key analysis of health policy, data

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Pharmacy Forecast 2013-2017: Strategic Planning Advice for Pharmacy Departments in Hospitals and Health Systems
Report from the ASHP Foundation Center for Health-System Pharmacy Leadership to be released December 4, 2012, during Midyear Clinical Meeting