

MEDISCENE™

Trends Impacting Health & Healthcare Delivery

Fall/Winter 2024

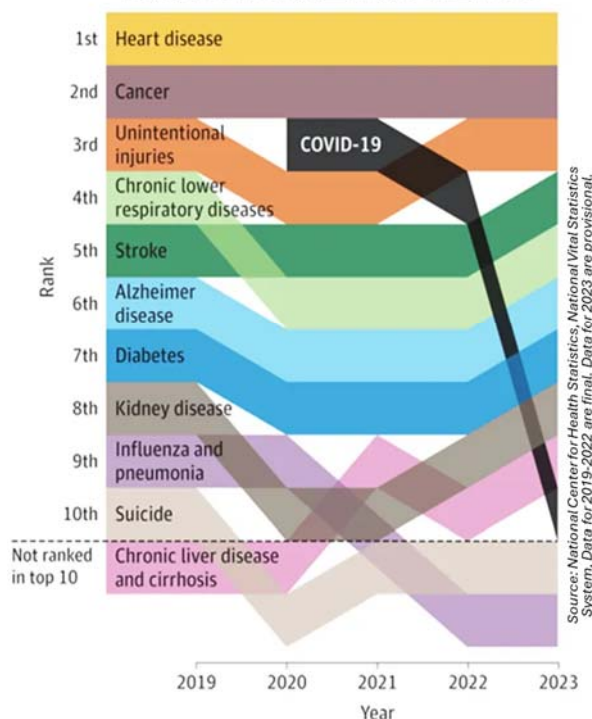
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A Time to Reflect

The annual mortality burden, the causes of mortality, the changes over time, and key indicators of population change are **significant**. In the U.S., mortality statistics are derived from death certificate data and the National Center for Health Statistics National Vital Statistics System. These data provide both the annual mortality burden in numbers and the cause of death. Heart disease and cancer remain the two leading causes of death. Deaths due to unintentional injuries rank next highest until 2020-2021 when COVID-19 became the third leading cause of death. **M**

Trends in the Ranking of Leading Causes of Death – US, 2019-2023



Focus on Heart Disease

Given the fact that heart disease remains the leading cause of death, it's of interest to note that the last decade has seen a surge of cardiovascular risk factors such as uncontrolled high blood pressure, diabetes, and obesity. The American Heart Association, which is observing 100 years of life-saving service as the world's leading non-profit organization focused on heart and brain health, is projecting that at least 6 in 10 adults, more than 184 million people, are expected to have some type of cardiovascular disease within the next 30 years which is up from about half today and reflects more than a \$1.8 trillion in direct and indirect costs. **M**

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Collective Trauma/Commemoration –An Appropriate Moment of Silence

While the majority of people in the United States currently think that the COVID pandemic is over, we still are contending with COVID variants and the fact that the COVID virus remains active, though at lower levels. The startling impact of the SARS-COV-2 is still with us. **Nearly 1.2 million people in the United States have died from COVID-19** and one third of the people report losing a close friend or relative. Rates of patient-reported general psychological distress, anxiety, and depression rose during the pandemic – to roughly 20-35% according to pooled prevalence estimates. The pandemic has characteristics of a collective, traumatic event. It's fair to say that our society and societies around the world faced a major threat that was unpredictable and which undermined a significant portion of the population's sense of safety.

The long-term impact of chronic stress can have adverse neuro-biologic, psychological, and social consequences. In contrast, acute stress is a different entity and usually has different physiological and long-term consequences. All of the challenges of the pandemic were complicated by challenges to peoples' feelings about its origins, how it spread, politics effecting various perceptions of outcomes and performance of public health, vaccine science, and appropriate balance between personal liberties and public health demands. These challenges were marked by significant amounts of misinformation, psychological stress, and political alliances. There is no question it is an event to be remembered. (data from NEJM, Aug. 8, 2024). [M](#)

What's Covered and By Whom?

A recent Kaiser Family Foundation analysis finds physician networks and accountable care in the Affordable Care Act (ACA) marketplace plans vary widely, and enrollees typically pay more in premiums to access broader networks that provide more choice. The analysis examined the breadth of physician networks listed in marketplace plan directories in 2021 in nearly every county nationally in relation to the number of actively practicing physicians locally. The breadth of a plan's network can be a factor in an enrollee's ability to access care. Other findings included:

- ♦ Marketplace consumers living in large, metropolitan areas on average are on networks that include only about one third of local physicians, while those living in rural counties on average are in networks with about one half of the local physicians.
- ♦ Even with higher average rates, enrollees in rural counties have relatively few *in network* doctors, or particularly specialists.
- ♦ Marketplace enrollees on average have in-network access to about half of active OB/GYN physicians (55%) and surgical specialists (53%) in their markets, but a smaller share of primary care doctors (43%) and psychiatrists (37%).
- ♦ On average, 27% of active, practicing physicians were not in any marketplace plan networks with much larger shares in some counties such as Cook County, Chicago in Illinois (60%), Dallas County in Texas (36%), and Lee County/Fort Myers in Florida (41%). [M](#)



Health System's New Evolving Growth Metrics

Health system executive teams are thinking about growth in a significantly different way, especially over the last 5 years. Many non-profit systems are still contending with tight margins as they recover from pandemic and inflation impact. The transformation to more value-based care, focused on better outcomes and lower costs, is playing out in the inpatient hospital setting and disrupting some of the traditional business models. A recent article by Kaufman Hall and Associates, originally published in the Governance Institute Boardroom Press newsletter, outlined new growth imperatives. Those new growth imperatives no longer measure success strictly by a measure such as inpatient volume. More growth strategies are now being measured against metrics such as:

- ◆ Acquisition of covered lives
- ◆ Increased influence over the spending of healthcare dollars
- ◆ Direct (and downstream) impact on the total cost of care and experience.
- ◆ New care models for “value-driven care” or expanding into additional markets are also important. They are partnering with physicians in outside organizations (healthcare and technology-driven solutions).
- ◆ Performance metrics on outpatient facilities or virtual care efforts such as Hospital-at-Home.
- ◆ Organic growth is also increasingly important. Metrics monitoring the success of acquisition and partnership strategies are making monthly operating dashboards.
- ◆ Simultaneously, many organizations are repositioning or even considering exiting various lines of business that may not offer the same opportunities for long-term success. (e.g., senior living, skilled nursing, outreach laboratories, behavioral health in certain settings).

While these services appear critical to a continuum of care, organizations are seeking new and improved ways to partner with specialty organizations to insure continued access outside of a formal ownership model. [M](#)

Health System (Top 12) B=billions; M=millions	Revenue	Expenses	Operating Income/loss	Operating margin
Tenet Healthcare (Dallas, TX)	\$ 5.02 B	\$ 4.48 B	\$ 603 M	12.0%
HCA healthcare (Nashville, TN)	\$ 15.59 B	\$ 13.67 B	\$ 1.54 B	9.9%
Community Health Systems [CHS] (Franklin, TN)	\$ 3.108 B	\$ 3.111 B	\$ 210 M	6.7%
BJC Healthcare (St. Louis, MO)	\$ 1.72 B	\$ 1.67 B	\$ 59.5 M	3.5%
Banner Health (Phoenix, AZ)	\$ 3.51 B	\$ 3.38 B	\$ 128 M	3.6%
Mayo Clinic (Rochester, MN)	\$ 4.27 B	\$ 4.12 B	\$ 149 M	3.5%
Intermountain Health (Salt Lake City, UT)	\$ 3.99 B	\$ 3.70 B	\$ 104 M	2.6%
Sutter Health (Sacramento, CA)	\$ 3.82 B	\$ 3.74 B	\$ 88 M	2.3%
IU Health (Indianapolis, IN)	\$ 2.08 B	\$ 2.04 B	\$ 45.1 M	2.1%
Sanford Health (Sioux Falls, SD)	\$ 1.76 B	\$ 1.72 B	\$ 3.7 M	1.9%
Trinity Health (Livonia, MI)	\$ 15.95 B	\$ 16.21 B	-\$ 283.5 M	1.8%
Montefiore (New York City, NY)	\$ 1.91 B	\$ 1.88 B	\$ 32 M	1.7%

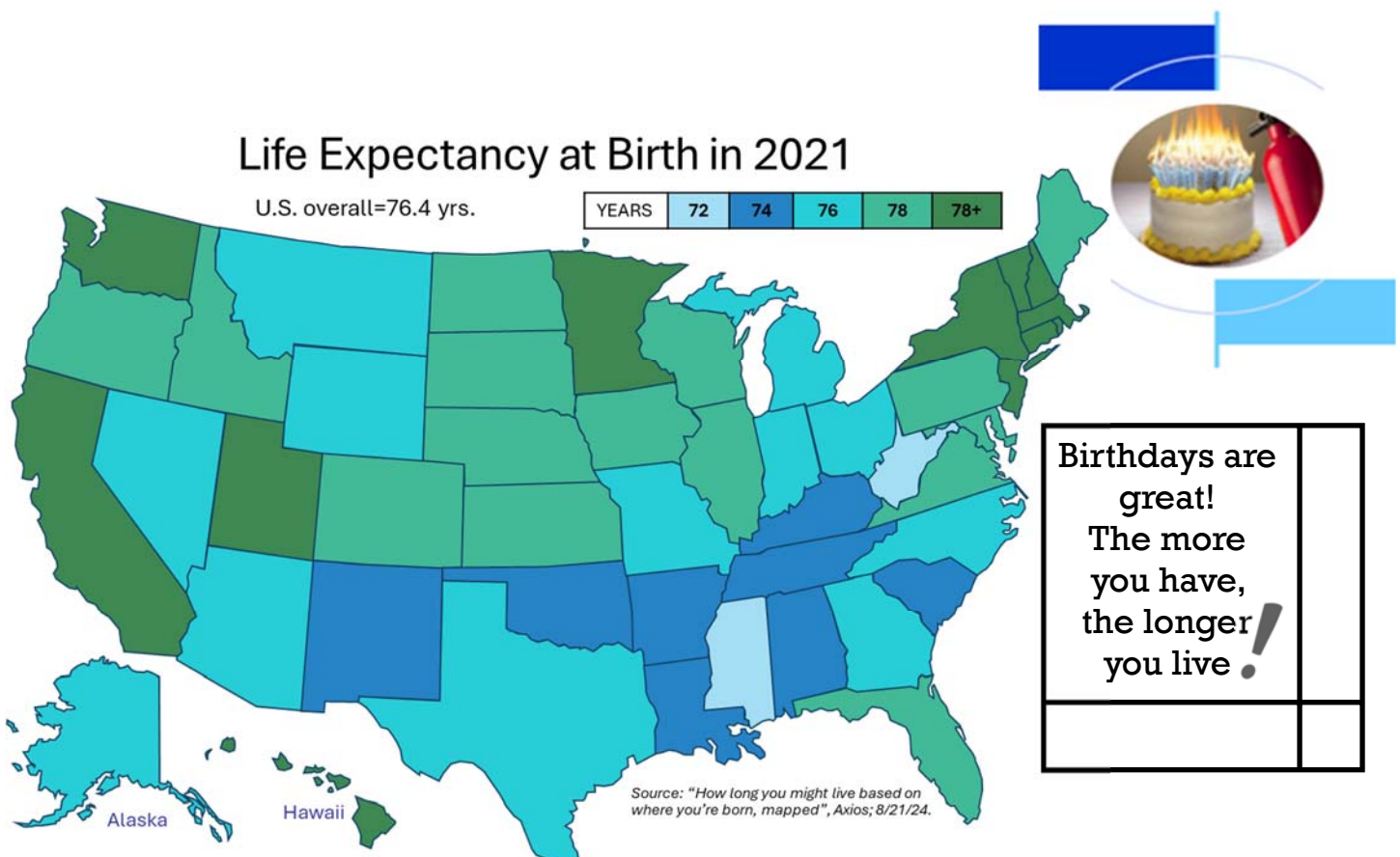
Source: Adapted from “30 Health Systems Ranked by Operating Margins”, Becker’s Hosp. Review, 6/6/23.

The Challenged Rural Hospital: Academic Medical Centers to the Rescue?

Cognizant of the current community hospital pressures, financial pressures that have occurred as a result of COVID, and the increase in necessities for technology, etc., many rural hospitals have had to shut down departments and lay off employees or close certain services. This necessitates patients having to travel further distances to regional centers and often academic medical centers. Academic medical centers are therefore looking at acquiring and operating in some of these local community hospital settings. The advantages to the academic medical centers include:

- ♦ Reducing the academic medical center total cost of care by treating lower acuity patients in a lower cost community hospital setting.
- ♦ Improving access to academic medical center services and expertise locally
- ♦ Advancing the quality and scope of care at community hospitals with new design care protocols and best practices
- ♦ Providing a talent pipeline for physician recruitment and Residency programs in these community and rural hospital settings where appropriate. [M](#)

Where You Were Born or Where You Live May Have Bearing on How Long You Live



The Worldwide Obesity Challenge

Obesity is considered a chronic and progressive relapsing condition that is treatable. More than 40% of U.S. adults face this chronic condition. The individuals contending with obesity are at risk for a host of related pathologies:

Kidney disease	Osteoarthritis	Gout
Type 2 diabetes	Sleep apnea	High blood pressure
Atherosclerotic arteries	Lipid (Blood fat) abnormalities	Certain cancers.
Pregnancy issues	Non-alcoholic liver disease	Inflammatory processes/pathologies



The introduction of highly effective anti-obesity drugs has allowed physicians in appropriate settings to address the obesity challenges and some of these related pathological processes. Of note is that in those individuals who are being prescribed anti-obesity drugs for appropriate healthcare related pathologies, in 2023, 61% of Ozempic prescriptions went to patients with commercial health insurance, and less than 10% of all semaglutide prescriptions went to Medicaid enrollees, according to a study published August 2nd, 2024, in the Journal of the American Medical Association. The researchers used data that captures 92% of prescriptions dispensed in the United States retail pharmacies between January 2021 and December 2023. The study analyzed monthly prescriptions for semaglutide brands Ozempic, Wegovy, and Rybelsus that were paid for through commercial insurance, Medicaid and Medicare Part D, or cash. The introduction of these drugs has prompted debate over Medicare's prohibition on coverage of such products. In a recent study outlined in Health Affairs in August of 2024, estimated costs for allowing Medicare coverage of anti-obesity medications would increase annual spending by \$3.1 billion to \$6.1 billion. The analysis incorporated data on drug costs, real world adherence rates, and potential changes to other healthcare spending. Assuming that anti-obesity drugs were covered in 2025 and that 5 or 10% of the newly eligible patients were prescribed one, annual Part D costs were estimated to increase by \$3.1 billion or \$6.1 billion, respectively. The marginal cost of this policy could fall as much as 62.5% from baseline estimates of the products if those products were approved for additional indications in coming years because these additional conditions are common among people with obesity. This would increase Medicare spending but would occur regardless of a policy change. Longer term estimates come with significant uncertainty about utilization and price changes, but results are consistent with this policy change likely increasing Medicare costs by the low to middle tens of billions of dollars over 10 years according to the study investigators from Johns Hopkins University. [M](#)

The Aging Highlight the Flip Side of the Argument

The flip side of cost concerns is that millions of people are flocking to drugs such as Ozempic and Wegovy to lose weight and treat other health problems. For many older people, the medications can help in ways that go beyond losing weight – fewer pounds can lead to more mobility and better balance allowing older people to become more active. However, older people are sometimes at greater risk by taking these types of medication. It is important to understand that individuals can lose muscle mass, not just weight on these weight loss drugs, increasing their vulnerability to bone problems and injuries. Seniors in particular already grapple with sarcopenia (age related loss of muscle mass and strength). Additionally, the drugs can be much more complex to manage in people taking multiple medications to treat multiple disease processes. [M](#)





Artificial Intelligence Use in Healthcare: A Few Tidbits

Cardiology trails only radiology as the specialty with the highest number of artificial intelligence (AI) algorithms being cleared by the FDA. The FDA is on track to approve over 1,000 AI algorithms by the end of 2024, according to its most recent AI update on August 7, 2024. Cardiology was the second specialty with the most algorithms approved so far in 2024 at 13. Overall, cardiology now has 135 FDA approved models, 14.2% of total approved algorithms. Most cardiology AI focuses on electrocardiograms and image analysis.

Hospitals looking to 2035 are also significantly focused on the use of AI. In a recent American Heart Association (AHA) report entitled "Designing for 2035" by Oliver Wyman, eight predictions were made for the next decade plus.

- ♦ Intelligent bots will provide patients with improved access to their benefits and better matches with providers.
- ♦ Better incorporation of data into clinical workflows to ease clinician stress and burnout.
- ♦ Remote patient monitoring will stand for something else – remote patient management, not just monitoring.
- ♦ Technology will better identify and match clinical trial participants beyond just academic medical centers.
- ♦ Labor productivity will be enhanced by creating more back office and administrative efficiencies through AI programs.
- ♦ AI will automate more repetitive tasks for healthcare providers including prior authorizations, care planning, and consultations triggered by assessments. There may also be robotic medication administration.
- ♦ More patients will be treated virtually, including for complex conditions with an increase in devices and sensors that will allow patients to be examined remotely and their care supervised remotely.
- ♦ The Internet of Things (IOT) will enable better at home care with connection to healthcare providers through video, phone, email, and text with real time data uploads thus enabling a greater use of Hospital-at-Home care. [M](#)

Something to Be Watched

Federal law makers are focusing on Pharmacy Benefit Managers (PBMs) in the wake of a report that accuses the PBMs of lack of transparency and accountability. PBMs are being looked upon by some as greedy, non-transparent "middlemen" who are monopolizing the pharmaceutical business. This review process is just beginning. The graph to the right provides clarity on the ownership and vertical integration of PBMs. [M](#)

PBMs: Ownership and Vertical Integration

Parent/Owner	CVS Health Corporation	The Cigna Group	UnitedHealth Group Inc.	Humana Inc.	MedImpact Holdings Inc.	19 BlueCross BlueShield plans
Drug Private Labeler	Cordavis Limited	Quallent Pharmaceuticals	NUVAILA			
Health Care Provider	MinuteClinic, Signify Health	Evernorth Care Group	Optum Health	CenterWell		
Pharmacy Benefit Manager	34%	23%	22%	7%	5%	3%
"PBM GPO"/ Rebate Aggregator	Zinc Health Services	Ascent Health Services	Emisar Pharma Services	Ascent (via contract)	Prescient Holdings Group LLC	Ascent (minority owner)
Pharmacy - Retail	CVS Pharmacy					
Pharmacy - Mail Order	CVS Caremark Mail Service Pharmacy	Express Scripts Pharmacy	Optum Rx Mail Service Pharmacy	CenterWell Pharmacy	Birdi, Inc.	Express Scripts Pharmacy (via contract)
Pharmacy - Specialty	CVS Specialty Pharmacy	Accredo	Optum Specialty Pharmacy	CenterWell Specialty Pharmacy	Specialty by Birdi	Accredo (via contract)
Health Insurer	Aetna	Cigna Healthcare	UnitedHealthcare	Humana		19 BlueCross BlueShield plans

Source: FTC's "Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies," pg 8; July 2024.

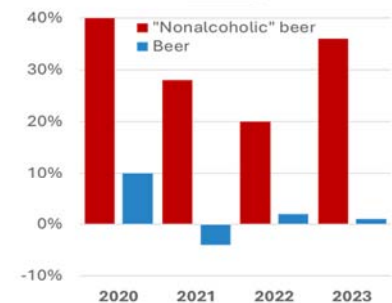
Within Your Control: Modifiable Risk Factors

Approximately 40% of new cancer cases among U.S. adults can be attributed to modifiable risk factors. In a new report in the *Cancer Journal CA*, a cancer journal for clinicians, four in ten cancer cases and about half of cancer deaths among U.S. adults 30 years-old and older in 2019 were linked to modifiable risk factors like smoking, drinking, poor diet, and not attending recommended vaccination schedules. Of note, there is growing awareness of the health impact of alcohol consumption. Perhaps this is one of the reasons that sales of non-alcoholic beverages have begun to take off. In the recent *Wall Street Journal* article of 7/10/24, the following graphs speak for themselves.

2023 "Nonalcoholic" Beer Sales, by Brand Family*



% Change in Annual U.S. Sales from a Year Earlier†



Share of U.S. Adults Who Drink Alcohol, by Age Group



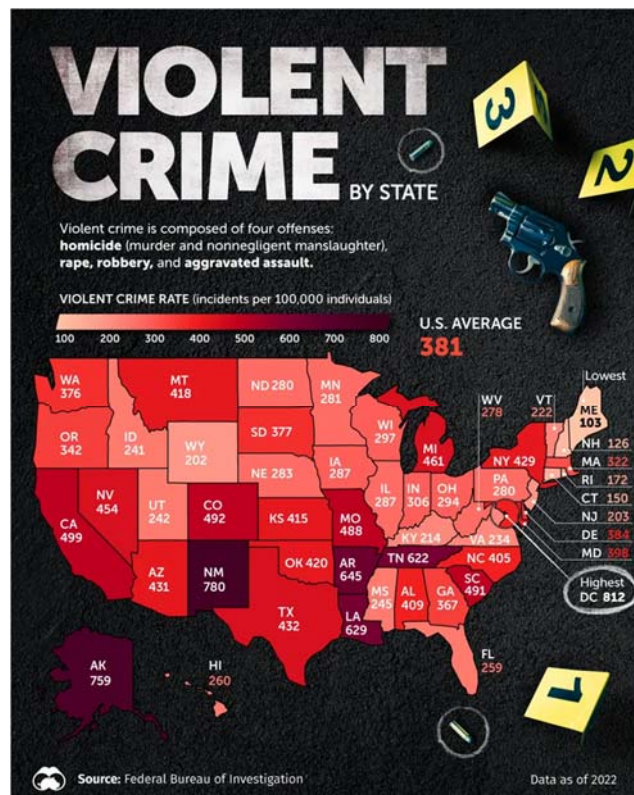
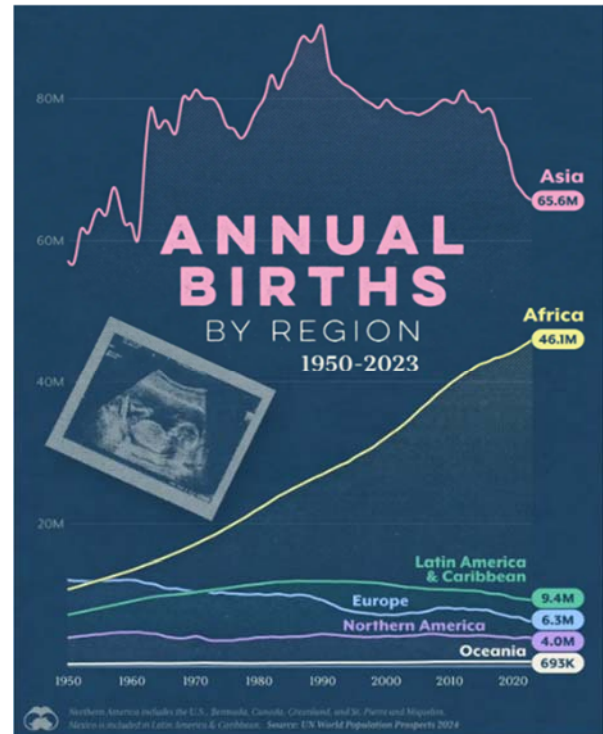
Non-alcoholic options have surged as Americans continue cutting back on alcohol with younger Americans drinking the least. Non-alcoholic beer is now the fastest growing segment of the beer market. Overall, beer sales are down as consumer tastes shift to alcohol-free beer as well as non-alcoholic cocktails.

The McKinsey Health Institute has recently identified 23 drivers of health across six categories – all of them considered modifiable.

- ◆ Physical input such as diet, supplementation, and substance use
- ◆ Movement, mobility, exercise, and sleep
- ◆ Daily living: productive activity, social interaction, content consumption, and hygiene
- ◆ Exposure: nature, atmosphere, sensory stimulation, materials and stress
- ◆ State of being mindsets and beliefs, body composition, physical and economic security
- ◆ Healthcare vaccination, detection, and diagnosis; clinical intervention and adherence. [M](#)

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Data: Issues at a Glance



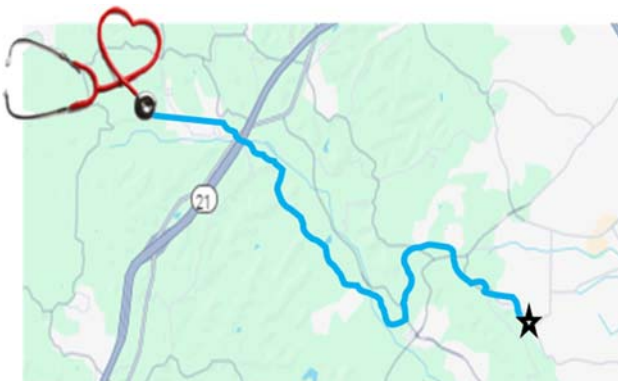
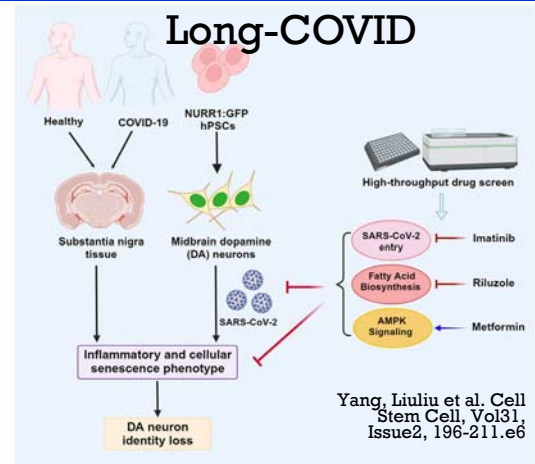
FOR THOUGHT AND CONTEMPLATION: Where are All the Pediatricians?



Are young physicians saying “no thanks” to a career in pediatrics? This most recent match of graduating medical students to their Residency programs showed that, compared with results since 2017, when the fill rates had been hovering around 98%, this year only 91.8% of pediatric Residency slots were filled by programs, even after the supplemental phase of the match which provides people opportunities to position themselves within a program outside of the match. It appears that applications to pediatric programs from allopathic (MD) programs have been decreasing over the past 5 years. The number of family medicine clinicians caring for children has been decreasing and the proportion of advanced practice clinicians working in pediatrics is less than 5%. Financial pressures are likely a large component of the deterrent to entering the profession. Pediatrics has long been the lowest paid medical specialty in the nation. More study is needed to understand various facets of this issue and factors contributing to the decrease in this year’s match. This has significant implications. [M](#)

Long-COVID

New data from the Medical Expenditure Panel Survey (MEPS) supports prior findings that about 7% of U.S. adults had a post-COVID condition, also known as ‘long COVID.’ In the U.S. alone, data would suggest that these adults and more than 1% of children - numbering 15-20M Americans and more than 16M globally - have had long-COVID. [M](#)



Heart Specialty Care

HELP! Nearly 50% of U.S. counties do not have a single practicing cardiologist. Most of these are in rural counties where residents are most in need of higher levels of care according to research. (JACC, July 2024) About 10% of U.S. counties have a single cardiologist. People who live in a county without a cardiologist travel about 87 miles round trip for care relative to about 16 miles for those that do have access to a local specialist. [M](#)



Beyond Technology: The Challenges and Realities of Medical Practice Continue

The pressures to meet margins and costs are impacting all facets of healthcare. Independent physician practices are getting hit hardest with 44% of physicians owning their practice as of 2022 according to the American Medical Association (AMA) compared with 76% in the early 1980s.

The new data from the consulting firm Avalere and the study sponsored by the Physicians Advocacy Institute estimated roughly 8,100 private practices were acquired by hospitals or corporations in 2022 and 2023, and 19,100 physicians became employees of hospitals or other corporate entities - up 5.1% since 2022.

Independent physician practices are not the only ones being impacted by financial and management difficulties. There has recently been a push toward retail medical practice. However, this has had a mixed start. Walmart announced plans to shutter all 51 health center locations and discontinue its virtual care services in April 2024. According to the Wall Street Journal, the company was unable to establish a sustainable business model despite positive patient feedback. [see prior Mediscene article "What Business are You In?" at <https://rinergroup.com/newsletters/b/the-riner-group-newsletter-synaptic-junction-5352-1714>]

CVS Health, who recently spent \$11.5 billion acquiring Oak Street Health, is also experiencing challenges. CVS was aiming to emulate the success of the UnitedHealth Group owned by Optum, the country's largest employer of physicians. However, according to the Wall Street Journal article, earnings have disappointed investors.

There is no question that there is a push to corporatization of healthcare delivery. Private equity groups are acquiring a number of different medical specialties. A host of issues play out as corporate medicine takes a greater role in what was previously a professional service for medical practice. As corporate investors exert greater pressure for financial performance, there is greater pressure on physician pay as evidenced by continued reimbursement reductions or focus on finances – sometimes at the expense of the patients via less lucrative care motifs. According to research from the AMA, Medicare physician payment declined 29% from 2001 to 2024 without accounting for the most recent proposed cut.^M

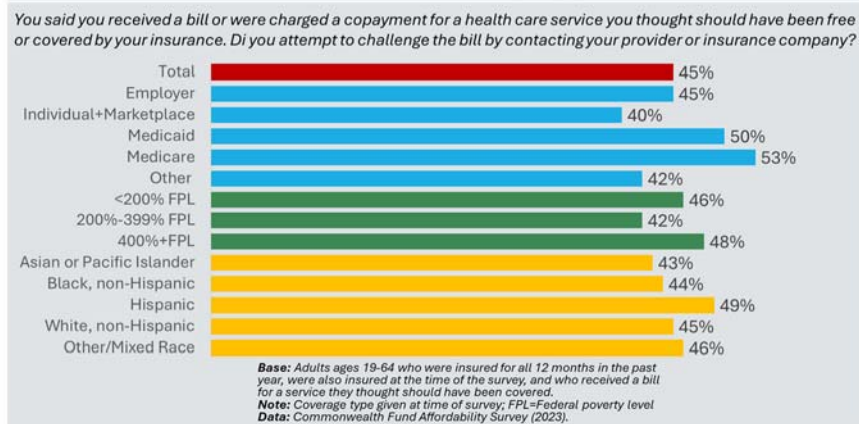
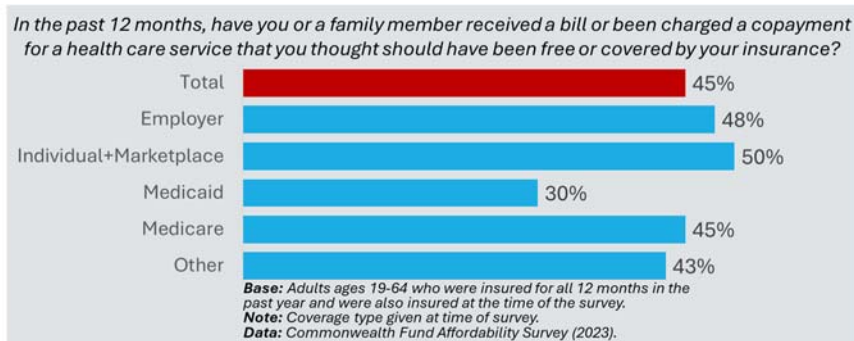
Prior Authorizations and Trends Concerning Such

Americans are continuing to deal with the need and expectation that health insurance should work appropriately for them. High deductibles and co-payments are causing nearly 2 out of 5 working adults to delay visiting the doctor or filling prescriptions according to a report from the October 2023 Commonwealth Fund Survey. Working-age adults say their insurance provider charged for health services that they thought should be free or covered or were denied coverage for care recommended by their doctors. The study examined whether people challenged such errors or coverage denials, the reasons why they didn't, and the implications for their health and well-being. People were grouped by the coverage source they reported at the time of survey, such as employer, individual market, or marketplace, though it should be noted that some may have switched insurance plans during the year. A nationally representative sample of 7,873 adults aged 19 and older from April 18 through July 31, 2023, was surveyed. The analysis data shown on the next page focuses on 5,602 working-aged respondents – under aged 65 – who were insured at the time of the survey. *(continued on next page)*

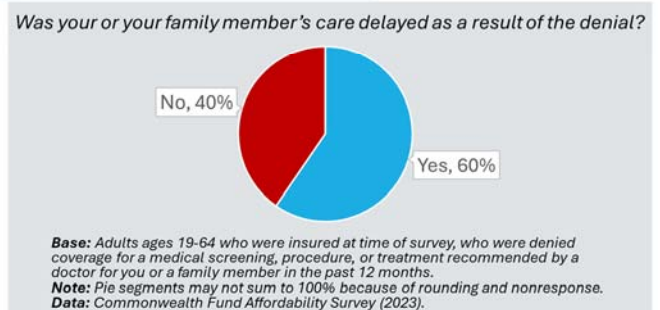
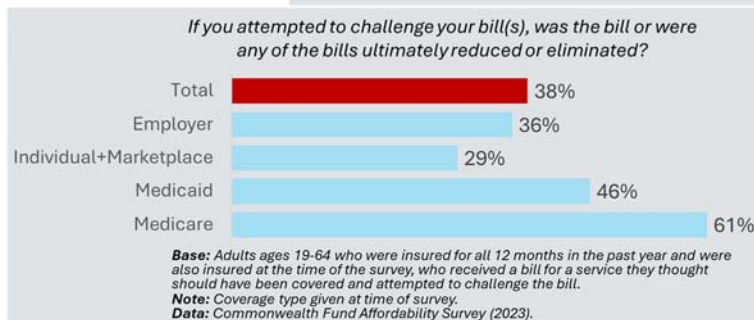
Prior Authorizations and Trends Concerning Such *(continued)*

Key takeaways:

- ♦ 45% of insured, working-aged adults reported receiving a medical bill or being charged a co-payment in the past year for a service they thought should have been free or covered by their insurance.
- ♦ Less than half of those reporting billing errors said they challenged them. Lack of awareness about their right to challenge a bill was the most common reason, particularly among younger people and those of low income.
- ♦ Nearly 2 of 5 respondents who challenged their bill said that it was ultimately reduced or eliminated by their insurer.
- ♦ 17% of respondents said their insurer denied coverage for care that was recommended by their doctor; more than half said that neither they nor their doctor challenged the denial.
- ♦ Nearly 6 of 10 adults who experienced coverage denial said their care was delayed as a result! [M](#)



Source: A. Gupta et al., Unforeseen Health Care Bills & Coverage Denials by Health Insurers in the U.S. (Commonwealth Fund, Aug. 2024)



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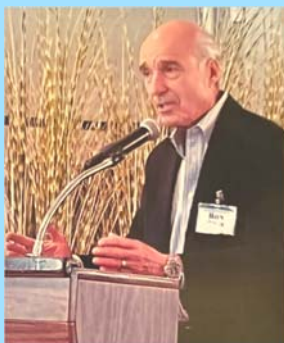
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- **Preparing for Success: Understanding the Past to Build the Future**
- **The Anchors of Successful Patient Care**
- **Cardiovascular Service Lines of the Future**
- **Healthcare's Transfer of Place**
- **Leadership for Our Time**
- **Skills and Knowledge Necessary for Effective Healthcare Boards**
- **The Power of Peer-to-Peer Coaching**
- **Strategies for Success in Health & Healthy Living**
- **The Parts of Prevention & Healthspan Improvement Under OUR Control**
- **Weight Loss Drugs: Where Do They Fit in the Healthspan/Lifespan Equation?**

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