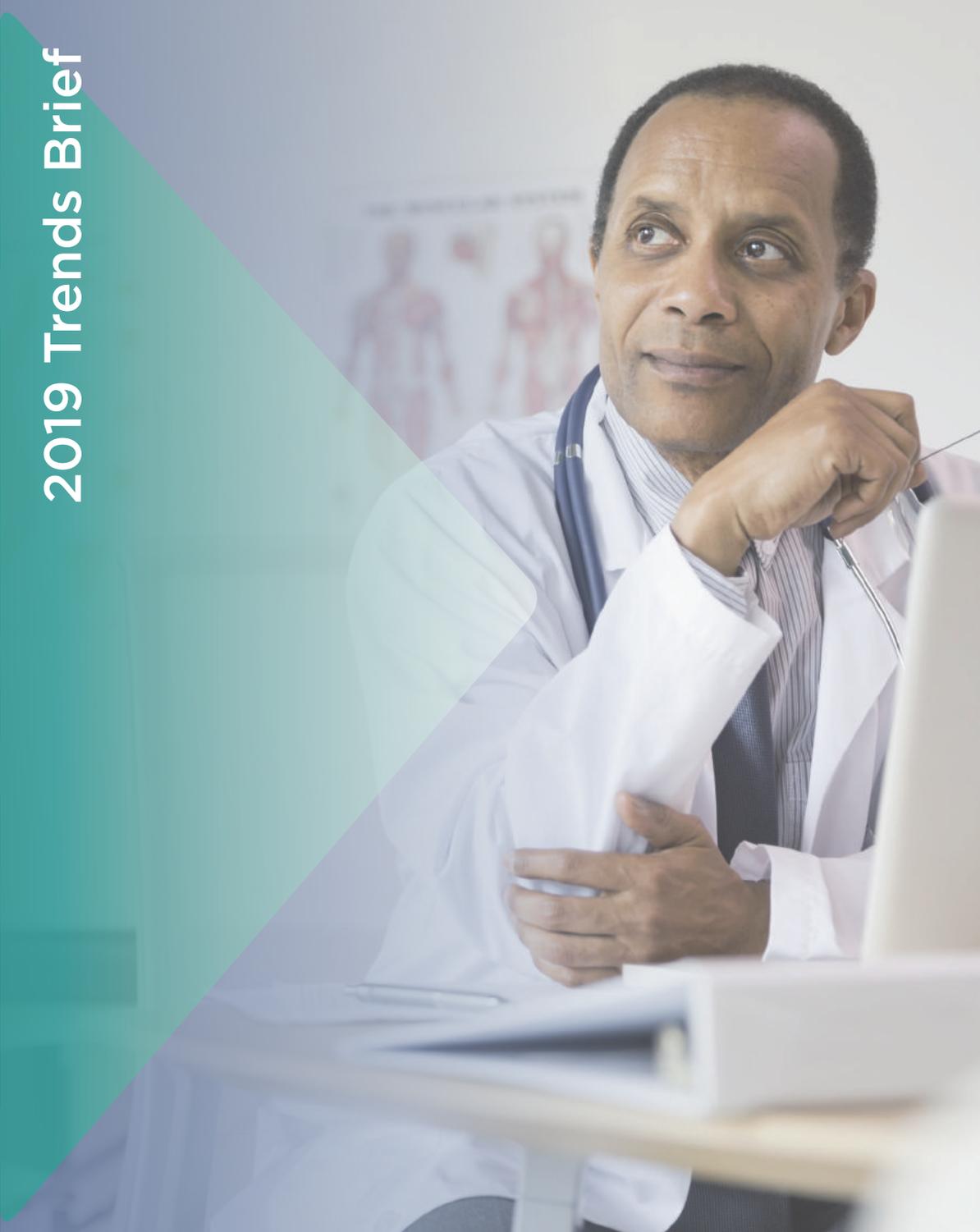


2019 Trends Brief



9

KEY TRENDS
FOR INDEPENDENT
PHYSICIAN
PRACTICES

It will come as no surprise that in 2019, healthcare costs will continue to rise.

AT A PROJECTED 6 PERCENT INCREASE, THIS IS CONSISTENT WITH THE PAST FIVE YEARS, BUT IT'S STILL AN UNSUSTAINABLE TREND LONG-TERM. TO HELP MANAGE COSTS FOR YOUR PATIENTS AND YOUR PRACTICE, KEEP THE FOLLOWING TRENDS IN MIND AS YOU BEGIN THE NEW YEAR.

1

Patients yearn for a wider range of care delivery and payment options.

With patients embracing their new roles as educated consumers, 78 percent of patients long for a greater variety of care options.¹ To offer patients increased access and additional services, providers can consider joining an independent medical group, which alleviates administrative burden and some of the financial risk for the physician, and offers a streamlined experience to the patient. Direct Primary Care (DPC) models are also increasing in popularity, offering a monthly membership to patients instead of accepting insurance.²

In today's healthcare market, as patients assume a larger obligation for the cost of their care, financial risk increases for small practices. It's difficult to collect fees from self-pay clients, and with PBAI (patient balances after insurance) rising from 8 to 12 percent, an ever-increasing amount of healthcare payment is falling to the patient, rather than their insurer.³ This leaves patients on the hook for the remaining cost of care, and small practices must scramble to collect payments to avoid providing uncompensated care.

Cut down on time wasted during collections by implementing new technology that measures underpayments, tracks patient responsibility, and provides real-time adjudication at the point of care. Keep current credit card information on file to reduce the "chase" of patient payments, and consider other useful strategies to improve revenue cycle streams.



WITH PBAI RISING FROM 8 TO 12 PERCENT, AN EVER-INCREASING AMOUNT OF HEALTHCARE PAYMENT IS FALLING TO THE PATIENT, RATHER THAN THE INSURER.

2

Increased access to care is driving up utilization

Too often, patients opt to receive care in a non-traditional office setting, rather than visiting their Primary Care Provider (PCP). Having numerous care access points is anticipated to lower costs in the future, but it's currently raising utilization rates.⁴ According to a recent PwC report, 60 percent of customers with employer-based insurance reported receiving care in an urgent care setting. Increased utilization of higher-cost facilities relative to the Primary Care setting, leads to overall higher costs for a provider's patient population.⁵

In addition to increased utilization, we're also seeing a rise in the cost of services, with some office visits costing up to \$500. The unit costs of imaging, labs, and procedures will continue to rise in the coming year, forcing independent practices to look for higher value partners or other ways to lower costs.⁶

HAVING NUMEROUS CARE ACCESS POINTS IS ANTICIPATED TO LOWER COSTS IN THE FUTURE, BUT IT'S CURRENTLY RAISING UTILIZATION RATES.

3

Avoiding hospital employment

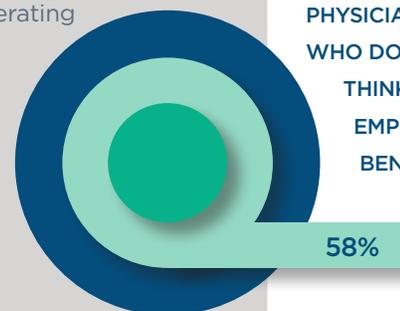
Between 2012 and 2015, the number of employed physicians grew by nearly 50 percent.⁷ Physicians believed that hospital employment would improve the healthcare landscape and opted for employment over managing independent practices. Yet according to the 2018 Survey of American Physicians, 58 percent of respondents now believe the trend toward hospital employment will neither enhance quality of care nor decrease costs. This growing belief reflects the current downward trend in employment, since the number of employed physicians has

begun to decrease in recent years.⁸

To encourage physicians to seek opportunities other than hospital employment, physician leadership must look for new operating models or best practices to implement in 2019.

58%

PERCENTAGE OF PHYSICIANS TODAY WHO DO **NOT THINK HOSPITAL EMPLOYMENT IS BENEFICIAL**



4

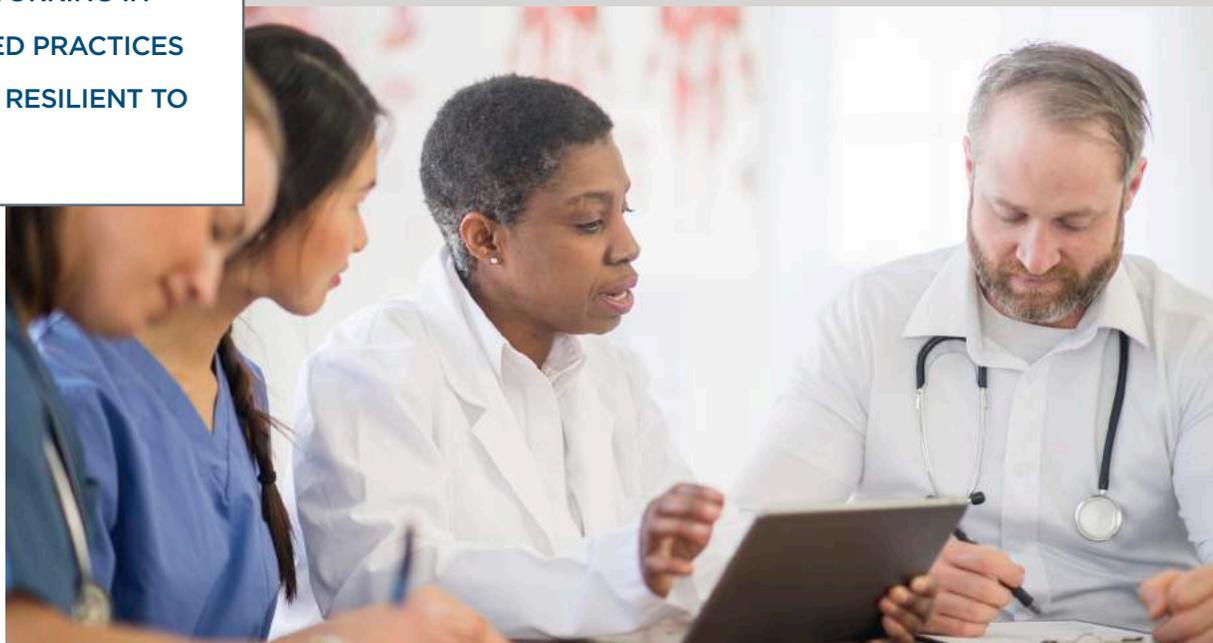
Relieving physician burnout

The 2018 Survey of American Physicians reported that 78 percent of physicians sometimes, often, or always experience feelings of stress and burnout.⁸ In the coming year, more health organizations than ever before will be looking for methods of relieving physician stress and reminding providers of the importance of self-care. The American Academy of Family Physicians (AAFP) even released a well-being planner to help family practice physicians monitor their stress and address symptoms of burnout.⁹

Luckily for providers in independent practices, studies have shown that physicians working in smaller-sized practices may be more resilient to burnout because they've retained their autonomy and decision-making capabilities.¹⁰ This independence gives providers a greater sense of authority and control, leading to a more fulfilling workday.

However, independent providers are not immune to burnout. In 2019, it will be important to promote patients over paperwork and strive for a healthy work-life balance. Check out the [7 Ways to Combat Physician Burnout](#) to create a healthier work environment for your practice.

STUDIES HAVE SHOWN THAT PHYSICIANS WORKING IN SMALLER-SIZED PRACTICES MAY BE MORE RESILIENT TO BURNOUT



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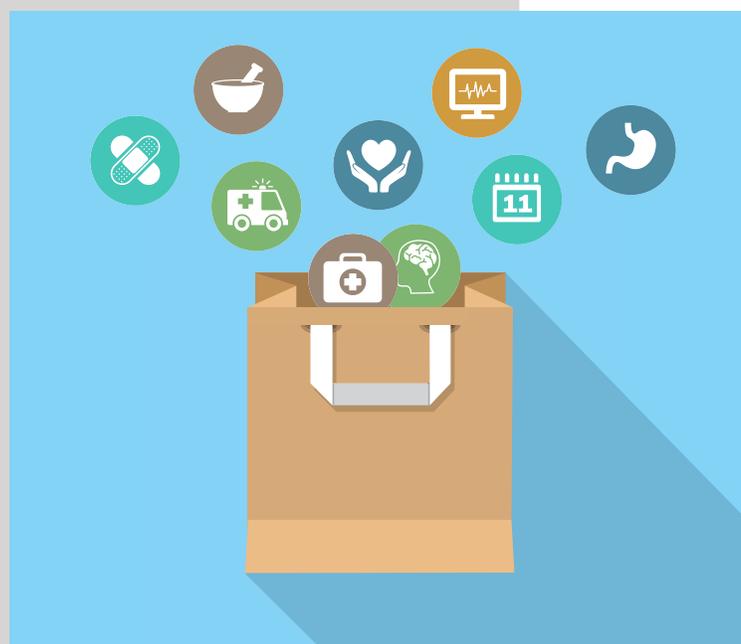
Continued fallout from the ACA battle

Following a tumultuous year for healthcare policy and the repeal of the Affordable Care Act's (ACA's) individual mandate, the number of uninsured or underinsured individuals is expected to rise in 2019. To combat weak coverage or insurance plans that don't conform to ACA regulations, develop methods of triaging patients to lower-cost care options.¹¹

With the ongoing shift toward value-based care and the rising trend in alternative payment models (APMs),

independent specialty practices should also embrace bundled payment models. Last year alone, 34 percent of healthcare dollars moved through APMs, which represents a 50 percent increase in only two years.¹² Plan to capitalize on this increasing revenue stream with bundled payments for episode-based care, rather than focusing solely on individual metrics.

TO COMBAT WEAK COVERAGE OR INSURANCE PLANS THAT DON'T CONFORM TO ACA REGULATIONS, DEVELOP METHODS OF TRIAGING PATIENTS TO LOWER-COST CARE OPTIONS.



6

The rise of high-performance networks

In 2019, payers will continue to design high-performance networks to maximize value and hold down growing premiums. Look to partner with payers in the develop-

ment of these networks, and gain a greater market share with both commercial and employer payers.¹³

With continually rising healthcare costs, employers are angling to cut out health plans and go directly to high performance networks. Independent practices who join these networks will garner further financial security as the network's financing and care delivery models evolve.

To succeed in a high performance network, providers must manage post-acute transitions and gain insight into where patients receive care outside the PCP office. Often, the highest "cost bucket" of spend lies with only 5 percent of the sickest patients — and 20 percent of this spend is driven by post-acute care alone. Instead, develop a continuum of care designed to manage high-risk patients. (For additional insight on managing high-cost, high-usage patients, see Trend 9.)

DEVELOP A CONTINUUM OF CARE DESIGNED TO MANAGE HIGH-RISK PATIENTS.



7

Helping patients avoid high healthcare costs

Despite the rise in savvy-shopper patients, most patients still trust their physician’s referral over their own price checking (usually with good reason). However, when patients compare costs using a mobile or online resource, they pay an average of 36 percent less than those who don’t compare prices.¹⁴

To help patients “shop” for lower-cost treatments — while ensuring they still receive quality care — supply patients with referrals to high-quality, high-value specialists and facilities.

WHEN PATIENTS COMPARE COSTS USING A MOBILE OR ONLINE RESOURCE, THEY PAY AN AVERAGE OF 36 PERCENT LESS

8

New technology will continue to drive connected care solutions

With patients increasingly interested in managing their own health, there is a “clear, upward trend of patients seeking to take control of their healthcare via digital tools, like wearables.”¹⁵ Digital devices and services give greater visibility to care delivery and offer new ways to improve patient outcomes. 77 percent of doctors report recommending an app or digital program to their patients, and 66 percent feel it improved their patient’s treatment experience.¹⁶

With the continued rise of APMs in 2019, it’s anticipated that new data sharing processes and payment models will be established to further integrate digital tools with patient care.¹⁷

However, independent practices planning to incorporate connected care



solutions, should prepare for an increased amount of health data from devices and mobile phones. To effectively leverage these additional data streams, evaluate workflow processes and establish methods of integrating data into electronic medical records (EMRs).

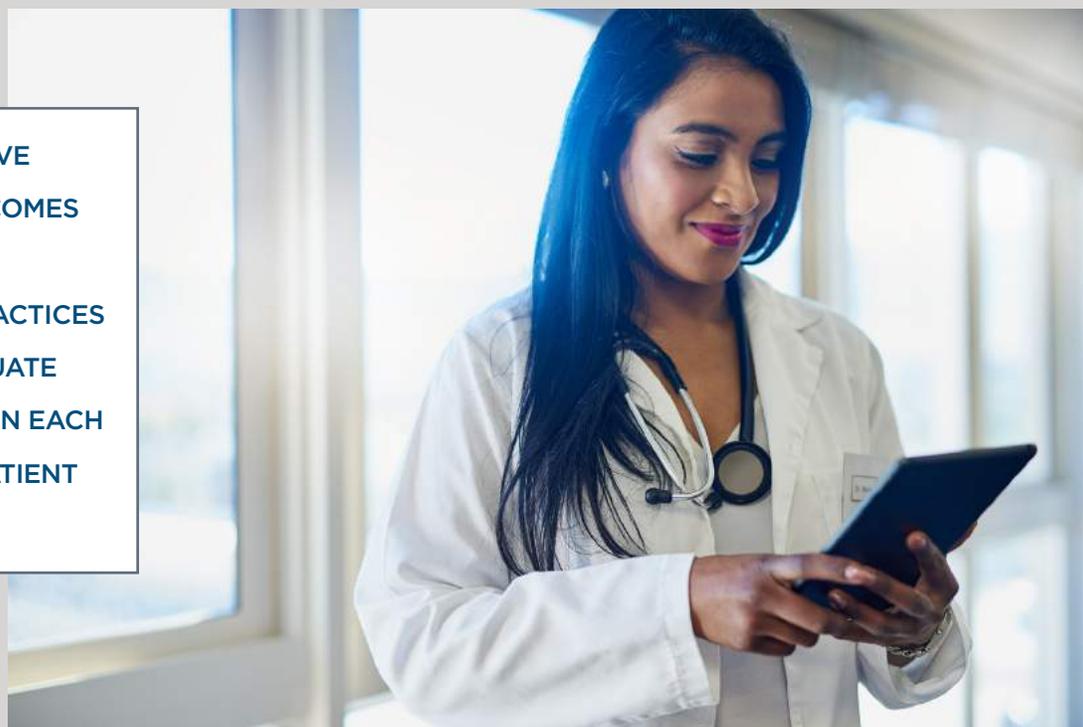
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Leveraging data and analytics

At the HealthCare Executive Group's (HCEG's) 30th Anniversary Annual Forum, over 100 executives and industry experts ranked "data and analytics" as the top healthcare challenge for 2019.¹⁸ Fortunately, practices working to implement an integrated analytics strategy will be well-placed to maximize efficiency and coordinate care.

As payers move toward outcomes and bundled payments, practices should evaluate cost trends in each provider's patient population. Artificial intelligence (AI) is becoming increasingly prevalent in the healthcare industry, and in the next few years machine learning algorithms will be widely used for identifying trends in cost and quality.¹⁹ These trends can then help target high-risk and rising-risk patients, while developing strategies for intervention and care coordination that prevent repeat hospitalizations and avoidable ED utilization.

**AS PAYERS MOVE
TOWARD OUTCOMES
AND BUNDLED
PAYMENTS, PRACTICES
SHOULD EVALUATE
COST TRENDS IN EACH
PROVIDER'S PATIENT
POPULATION**



No matter what type of medicine you practice, the overarching theme for 2019 remains the same: INCREASE VALUE AND LOWER COSTS — WITHOUT SACRIFICING YOUR SANITY. AS YOU PREPARE FOR SUCCESS THIS YEAR, IDENTIFY ONE OR TWO AREAS WHERE YOUR PRACTICE WOULD BENEFIT FROM IMPROVEMENT:

FOUR AREAS WHERE YOUR PRACTICE MAY BENEFIT FROM IMPROVEMENT



NEW
OPERATION
STRATEGIES



IMPROVED
WORKFLOWS OR
CARE DELIVERY
MODELS



STREAMLINED
REVENUE
CYCLE
MANAGEMENT



GREATER
DATA
ANALYTICS

If you find yourself looking for additional support, enlist an outside practice partner for guidance or discover the benefits associated with a larger independent medical group. Together you'll create actionable steps for targeting one or more of these trends throughout the coming year.



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- ⁶ Horizon BCBS 2019 Quality Metrics Report
- ⁷ Kacik, Alex. "Physicians Decry Consequences of Consolidation." Modern Healthcare, 20 Feb. 2018, www.modernhealthcare.com/article/20180220/NEWS/180229989.
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- ⁹ Ibid.
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- ¹³ Dalzell, Michael. "Why Bundled Payments Are Poised to Take Off." Managed Care Magazine, 25 Nov. 2018, www.managed-caremag.com/archives/2018/12/why-bundled-payments-are-poised-to-take.
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- ¹⁵ "Transparency Matters: Gaining Insight into Medical Quality and Costs." UnitedHealthcare, 17 Apr. 2018, newsroom.uhc.com/affordability-/transparency-in-healthcare.html.
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- ¹⁸ Ibid.
- ¹⁹ "Healthcare Executives Rank the Top 10 for 2019." HealthCare Executive Group, 18 Sept. 2018, hceg.org/healthcare-executives-rank-the-top-10-for-2019/.
- ²⁰ Bresnick, Jennifer. "UX, AI, and Amazon: Top 5 Healthcare Predictions for 2019." HealthITAnalytics, 6 Dec. 2018, healthitanalytics.com/news/ux-ai-and-amazon-top-5-healthcare-predictions-for-2019.

ABOUT CONSENSUS HEALTH:

Consensus Health is a high-performing, physician-owned medical group for New Jersey's independent primary care and specialty providers. By joining other like-minded peers, you'll experience a better, faster and less expensive solution that can substantially improve revenue, job satisfaction and work/life balance. Providers retain autonomy without membership fees or long-term contracts. Consensus Health members also enjoy a full spectrum of proven and scalable practice management and population health services designed to make healthcare more efficient and effective. Learn more at www.consensushealth.com.