



IBM Global Business Services


IBM Institute for Business Value


Healthcare 2015: What the Future Holds For Health Plans and Providers

Presented at the Digital Healthcare Conference  
Jim Adams  
May 8, 2008

ibm.com/healthcare/hc2015

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Issue 

**Despite having many fine care delivery organizations and caregivers, the US healthcare system is badly broken. Is it sustainable?**

High, rapidly rising costs	<ul style="list-style-type: none"> <li>2.3x the OECD average per capita spend</li> <li>Bigger than the entire economies of all but five other countries</li> </ul>
No link between higher costs and quality or safety	<ul style="list-style-type: none"> <li>22<sup>nd</sup> in life expectancy, 28<sup>th</sup> in infant mortality and 30<sup>th</sup> in obesity among the 30 OECD countries</li> </ul>
Access issues	<ul style="list-style-type: none"> <li>47 million uninsured</li> </ul>

→ **If the US spent at the OECD per capita average, we would spend over \$1 trillion less per year.**

Source: IBM Global Business Services and IBM Institute for Business Value

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Analysis

### The growth in healthcare spending, combined with healthcare drivers will continue to have major impacts on health providers

**Healthcare 2015 Drivers**

- Globalization
- Consumerism
- Changing demographics and lifestyles
- Diseases that are expensive to treat
- New technologies and treatments

**Impacts**

- Continued shift from employer-based insurance
- Increasing focus on value
- Increase in consumer responsibility
- New approaches to promoting health and delivering care
- Growing resource challenges

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Analysis » Increasing focus on value

### A proactive, value-based health system should help move people from right to left – and keep them there

**Health Status**

**Health care spending**

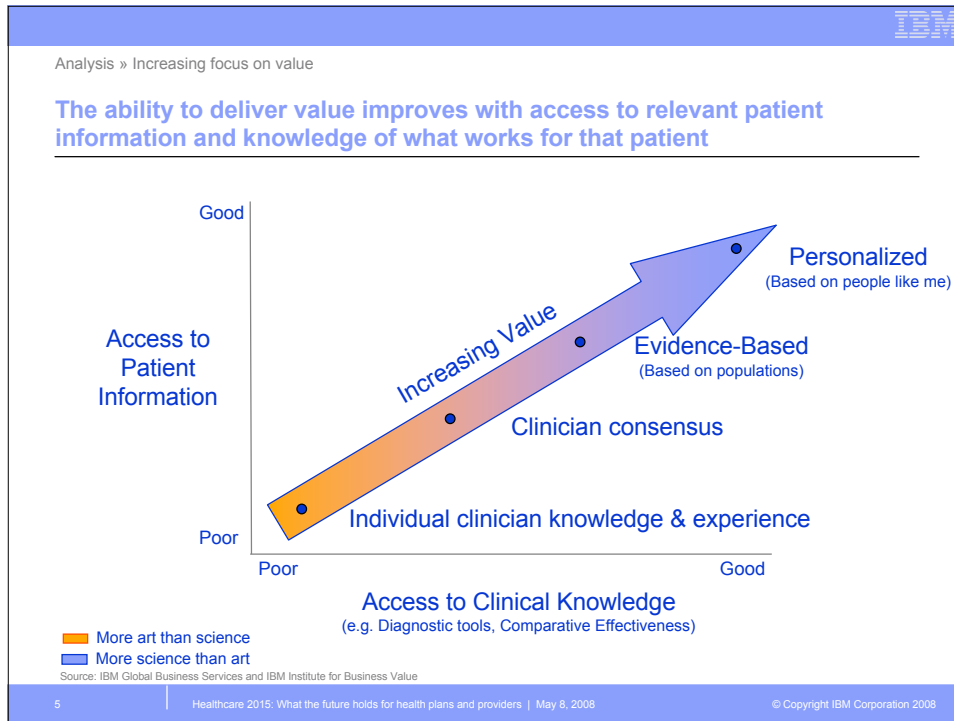
Healthy/Low Risk → At-Risk → High Risk → Early Symptoms → Active Disease

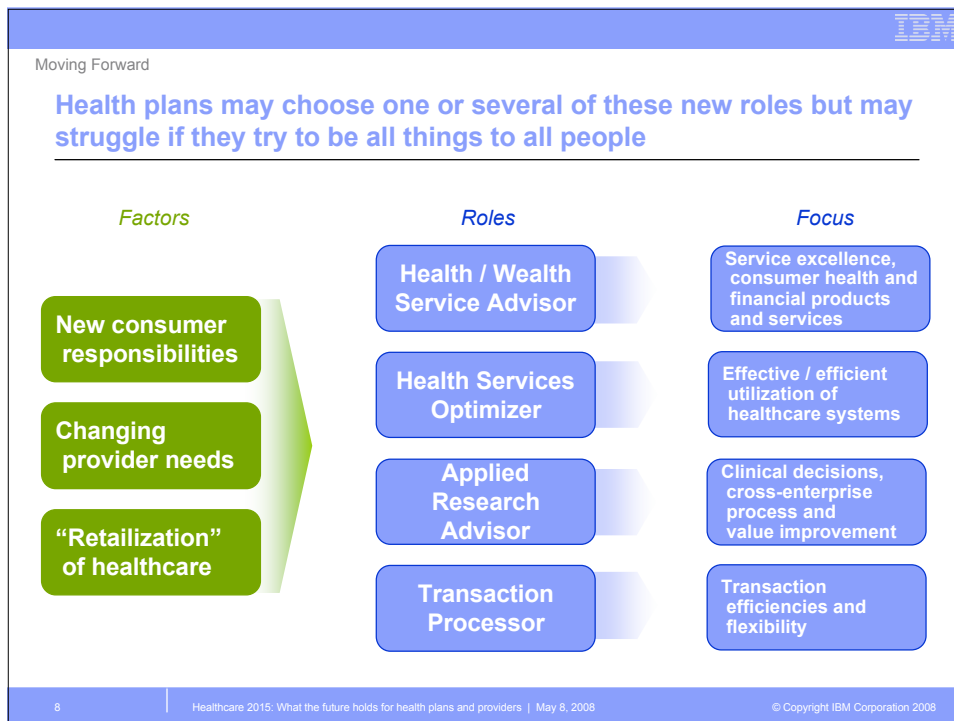
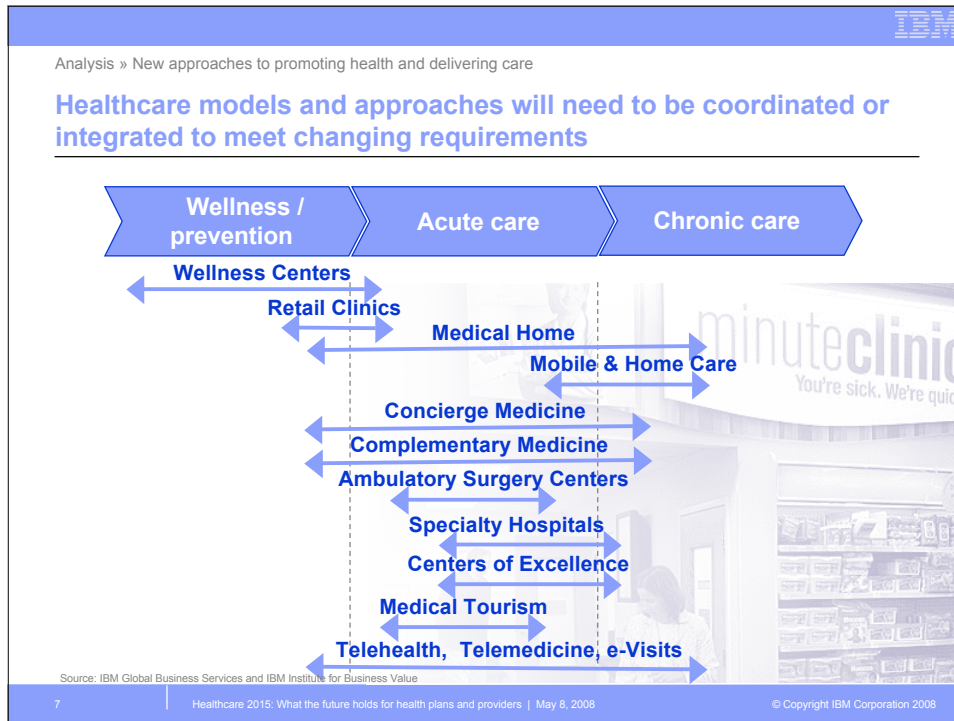
20% of people generate 80% of costs

**A value-based health care system**

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Moving Forward

**CDOs may choose among a variety of service delivery models, placing different emphasis on value dimensions such as access, clinical quality, service quality and costs**

Factors	Alternative Service Delivery Models	Focus
<ul style="list-style-type: none"> <li>Increasing Focus on Value</li> <li>Changing Consumer Responsibilities</li> <li>Changing Delivery Requirements</li> </ul>	Community Health Network	Optimize access across a defined geography
	Center of Excellence	Optimize safety and clinical quality for specific medical conditions
	Medical Concierge	Optimize the consumer / patient relationship or experience
	Price Leader	Optimize productivity and work flows

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Conclusion

**A transformation framework, implemented through strong leadership and a clear vision, is needed to affect major change.**

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Conclusion

## We must challenge our fundamental beliefs about the US healthcare system

Truisms?	My Perspective
It's someone else's problem. I'll "protect my turf" while they fix it. <b>More money will fix the problem</b>	All stakeholders need to be more accountable and work together <b>If more money were the answer, we would have solved it by now</b>
IT will fix the problem <b>Benefits for IT-related investments accrue to other stakeholders</b>	We can't fix the problem without IT <b>That may be true when rewards are based on volumes, not value.</b>
The solution to the problem is consistent, high-value care delivery <b>Everyone should get all the care that he or she wants or needs</b>	Yes and we also must change consumer expectations and behaviors <b>We do not have unlimited funding. We must make tough, informed decisions.</b>
All healthcare is local <b>It's about value, not costs</b>	Solutions and much of the care will remain local. Competition won't. <b>Not if you can't afford it</b>
Market forces don't work in healthcare <b>This, too, shall pass</b>	They do – but they are poorly structured <b>This time, the world is fundamentally different</b>

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## Thank you!

Jim Adams, Executive Director  
IBM Center for Healthcare Management  
[jim.adams@us.ibm.com](mailto:jim.adams@us.ibm.com)

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