

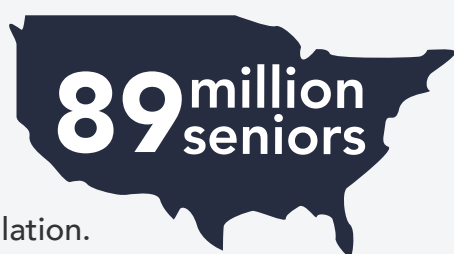
WHAT CAN'T GO ON FOREVER... WON'T

THE CURRENT HEALTH CARE SYSTEM HEADED FOR A CRASH ▶



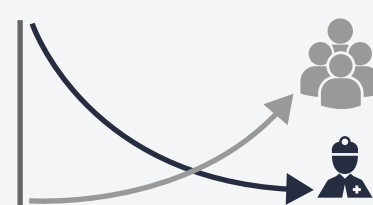
BY 2040 ▶

Baby boomers will make up **23%** of the total U.S. population. There will be nearly 89 million seniors, more than double the number in 2000.¹



AS BABY BOOMER DOCTORS RETIRE, THERE ARE FEWER DOCTORS IN THE PIPELINE TO TAKE THEIR PLACE

The U.S. faces a shortage of more than 90,000 doctors by 2020.²



THIS MEANS MORE PEOPLE IN THE HEALTH CARE SYSTEM THAT ARE OLDER, SICKER, & LIVING LONGER
2 OUT OF EVERY 3 OLDER AMERICANS HAVE MULTIPLE CHRONIC CONDITIONS, AND TREATMENT FOR THIS POPULATION ACCOUNTS FOR 66% OF THE COUNTRY'S HEALTH CARE BUDGET.³

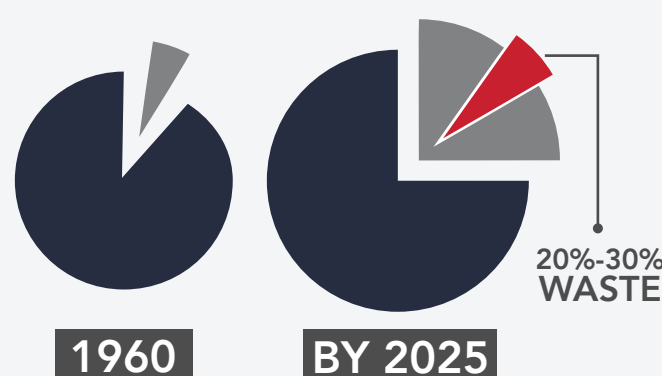


◀ OUT OF CONTROL HEALTH CARE COSTS •

Public/Private U.S. health expenditures are projected to be 25% of the economy in a little over 20 years. In 1960 it was 5% of the economy.⁵

20% TO 30% OF ALL HEALTH CARE ADMINISTRATION SPENDING IS WASTE⁶

According to the IOM, health care administrative costs in the U.S. are as much as \$361 billion (2009 dollars). Approximately \$168 billion to \$183 billion of that cost could be eliminated if the system were simplified and best practices used.



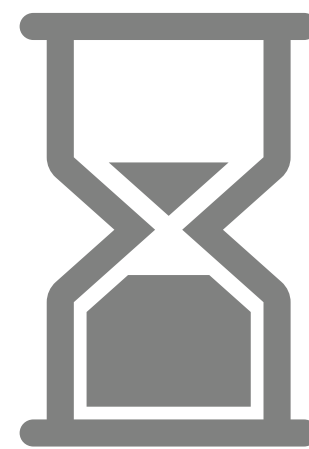
INSURANCE COSTS ARE GOING UP

Annual medical costs for a typical American family of four went up **107%** over the last decade from **\$11,192** in 2004 to **\$23,215** in 2014.⁷



MEDICARE IS MARCHING TOWARD INSOLVENCY

The decline is happening at a slower pace than expected according to a July, 2014 CBO update. But a depletion of reserves still looms on the horizon for 2030.



• SPENDING MORE DOES NOT EQUAL BETTER CARE ▶



ANNUAL PER CAPITA HEALTHCARE EXPENSES

- ◀ THE UNITED STATES
- ◀ COMPARABLY-SIZED INDUSTRIALIZED COUNTRY

THE U.S. SPENDS \$8,600 PER CAPITA ON HEALTHCARE EACH YEAR. THAT'S 30% HIGHER THAN THE EXPENDITURE OF THE CLOSEST INDUSTRIALIZED COUNTRY. MEANWHILE, OUR LIFE EXPECTANCY IS LOWER AND INFANT MORTALITY RATE IS HIGHER.

AND NOW THE TRADITIONAL REVENUE STREAM FOR U.S. HEALTH CARE IS DRYING UP.



ON THE WAY OUT: VOLUME BASED FEE-FOR-SERVICE

"...the fee-for-service mechanism of paying physicians is a major driver of higher health care costs in the U.S. It contains incentives for increasing the volume and cost of services, whether appropriate or not; encourages duplication; discourages care coordination; and promotes inefficiency in the delivery of medical services."

National Commission on Physician Payment Reform, March 2013, <http://physicianpaymentcommission.org>

ON THE WAY IN: PAY-FOR-PERFORMANCE



"Just imagine a health care market that works competitively on the basis of quality. We have the tools now to build such a system."

Brent James, M.D., MStat
Chief Quality Officer and Executive Director,
Institute for Health Care Delivery Research, Intermountain Healthcare

THE COST OF QUALITY

Lowering infection and readmission rates is not just beneficial to the patient. The CMS could penalize hospitals as much as 6 percent of Medicare payments for scoring low on quality assurance metrics. High ranking hospitals receive bonus payments. Blue Cross Blue Shield says 20 percent of its reimbursement dollars to hospitals and physicians are tied to patient outcomes and cost measures.

• SURVIVING & THRIVING IN THE NEW HEALTH CARE SYSTEM



Open your eyes to the coming changes in health care reimbursement.



Focus on strategies that improve patient outcomes.



Change the culture to get clinical care teams working together to reduce variations in care.

ARE YOU READY?

LET US HELP YOU THRIVE IN THE NEW HEALTH CARE SYSTEM



¹ U.S. Census Bureau Population estimates. www.census.gov/population/projections/data/national/2012.html

² American Association of Medical Colleges

³ Centers for Disease Control

⁴ The Congressional Budget Office

⁵ 2012 data from CMS and Congressional Budget Office

⁶ Dr. Donald Berwick, former Administrator of the CMS

⁷ Milliman Medical Index

⁸ The Center for Medicare and Medicaid Services