

## **Key Takeaways**

For health care suppliers and service providers

# 2021 Customer Outlook Series

---

Key trends impacting your customers and thoughtful way to engage with them

Published – June 2021 • 20 min read





# Table of contents

Introduction . . . . . pg. 03

Overview . . . . . pg. 04

Physicians . . . . . pg. 05

Health systems . . . . . pg. 08

Health plans . . . . . pg. 11

Post-acute care providers . . . . . pg. 15

---

# Introduction

The 2021 Customer Outlook webinar series was designed to take you inside the minds of four key customer and stakeholder groups: physicians, health systems, health plans, and post-acute care providers. Across the series we discussed the key trends and forces impacting your customers, the problems they face, and thoughtful ways for you to engage and interact with them. This resource is a compendium of takeaways from the webinars. In this document, we cover what suppliers and service providers need to know about each group to better partner with these stakeholders.

---

# Overview

## Physicians

The physician landscape has become increasingly complex. The top-of-mind issues for physicians include addressing barriers to telehealth adoption, preparing for site of care shifts, and deciding participation in value-based care models. Moving forward, leaders across care settings will continue to struggle with staffing and operational challenges from Covid-19, so trusted partners will need to respect their time and understand their priorities.

## Health systems

The pandemic caused health system leaders to cast a more discerning eye on how they spread both their financial and people resources. Addressing staff resiliency, protecting against industry disruptors, and spending money strategically are all top-of-mind for leaders. Be able to demonstrate how your product or service can aid leaders in addressing their strategic goals at scale.

## Health plans

Despite relative stability, economic hardship is eroding insurance markets and the payer mix. Major insurers are directing patient behavior, organizing new care services, and shifting provider business models. Plans will play many different roles as they expand their service landscape. Identify which goals payers want to accomplish and tailor your product or service in order to best support them.

## Post-acute care

Covid-19 has worsened many of the already existing challenges for post-acute care providers. However, these challenges will not be equal across all types of providers. Moving forward, there will be an interest in shifting more care to the home, continued fears around skilled nursing facility (SNF) solvency and viability, and acknowledgement that there is a need for acute/post-acute collaboration.

# 01 Physicians

## The physician landscape

The physician landscape is more complex than ever. Expect continued consolidation of physician groups in several different ways. Physician group M&A activity is likely to continue, resulting larger, independent multispecialty group. Private equity firms will continue investing in physician groups, often focused on developing national single-specialty groups. Lastly, payers will continue to acquire and employ physicians directly with a goal of value, innovation, and experience, creating more payer-owned multispecialty groups.

## Top-of-mind issues for physician leaders



### Telehealth adoption

Addressing barriers to scalable, usable, and complimentary telehealth



### Site of care shifts

Preparing for services moving out of the hospital into ambulatory facilities



### Value-based care

Deciding if, and when, to increase participation in risk-based models

---

## Outlook: five things you need to know

- 1 Coming out of Covid-19, some independent physician groups have found themselves in stronger financial positions. Others will be looking for financial support or may be more interested in acquisition due to financial struggles.
- 2 For much of 2020 and early 2021, physician leaders at all care settings struggled with staffing and operational challenges resulting from Covid-19. This left little time for other priorities.
- 3 As telehealth becomes further integrated into care, physicians must identify what care can and should move virtual and how that impacts existing infrastructure.
- 4 Site of care shifts will impact where physicians practice, and how they interact with hospitals. Relationships could splinter if employed physician groups break away to create independent groups, but they could also strengthen and pave the way for more integrated networks.
- 5 There will be continued interest among physicians in value-based care arrangements, but some groups will lack the capital to enter new contracts.

---

## Thoughtful ways for you to engage with your physician customers

01

Respect the time physicians give you and understand if they cannot speak with you. They are likely burnt out and are recovering from their previous Covid-19 responsibilities from the past year.

---

02

To truly be a trusted partner, build on the empathy you've been displaying throughout the pandemic. This isn't about "checking the box" to see how people are, it's about building a relationship.

---

03

Win loyalty and business by demonstrating how you can help meet physician group needs while keeping in mind their financial situation.

---

04

Demonstrate how you can standardize your solutions across markets to provide a consistent and seamless approach—especially for telehealth, which will become a standard offering.

---

05

Identify what procedures will be replicated outside of the hospital that require your product or service and diagnose the pace of shift. Consider how you may need to change your approach to tasks like ordering and delivery in the ambulatory setting.

---

06

Remember that site of care shifts and value-based care are interconnected and reflect the desire for low-cost, high-quality care. This will impact pricing expectations in the ambulatory setting and the metrics by which your customers will measure success in risk-based contracts.

---

# 02 Health systems

## The health system landscape

For years, health systems have claimed to care about systemness, but we haven't seen much movement—until now. The pandemic stretched already scarce finances even thinner. Health system leaders are turning a much more critical eye towards spending habits. Expect systems to invest in technologies that can help them become more efficient while reexamining their existing physical assets. Additionally, expect purchasing decisions to come from the system-level rather than the facility-level.

## Top-of-mind issues for health system leaders



### Workforce resilience

Addressing burnout and staff exodus due to childcare and scheduling concerns



### Systemness

Rationalizing services and working as a cohesive system rather than disjointed facilities.



### Strategic spending

Prioritizing the use of capital dollars to make decisions that advance the strategy of the entire enterprise



## Outlook: six things you need to know

- 1 Health system leaders still need to solve ongoing and new Covid-19 challenges. They need to mitigate staff burnout, ensure access to testing and PPE, and flex capacity—all while distributing vaccines, treating rising non-Covid-19 needs, and managing financial stability.
- 2 Leaders need to remain vigilant and implement structural change in order to stay coordinated and agile, and to avoid backsliding on 2020 gains.
- 3 Systems are all at different starting points in their systemness journey. They also have very different strategic aspirations when it comes to systemness, based on their unique economics, constraints, and leadership philosophies.
- 4 Expect fewer provider pay points with distinct winners and losers. Those who can prove value will expand relationships across an entire system while others risk being cut out of relationships altogether.
- 5 The new ambition for modernization is scale. Health system leaders will no longer be satisfied with “pop up” innovation but are looking for clear ROI and scale across the enterprise.
- 6 New roles are emerging in the form of a system-level innovation function. This person is strategically-minded and creative. They are responsible for creating innovation at scale across the organization.

---

## Thoughtful ways for you to engage with your health system customers

01

Systemness will look and sound different across your different health system customers, but all efforts come from the common goal to realize scale. You will need to diagnose each customer's systemness ambitions to understand how to best support them.

---

02

Providers will look for products and services that work across a system and support system goals. Identify where you link to a system goal and clearly articulate how your work at one facility can support others.

---

03

Even with fewer ultimate decision-makers, the need for champions remains. While purchasing decisions will likely move to the system level, most systems will look for input from across the organization. Continue to develop champions at all levels who can speak to how your product/service supports system-wide goals.

---

04

Success in modernization is not dictated by organizational size. Look for commitment from the CEO around advancing modernization efforts in order to diagnose success..

---

05

As you partner with customers on innovation initiatives, be sure you are providing insight into how to best demonstrate results and opportunities for scale.

---

06

Health systems will look for partners in modernization efforts. Remember that modernization leaders at health systems will look to the outside for ideas. Identify where your product/service can help translate an idea at scale and meet their goals.

---

# 03 Health plans

## The health plan landscape

While Covid-19 did not affect health plans' financials as much as other health care stakeholders, plans feel pressure to demonstrate their value. Growing calls for health care durability combined with continued demands for affordability will pressure plans to reimagine their role in the health care ecosystem.

## Top-of-mind issues for health plan leaders



### Patient relationship control

Pursuing opportunities to direct patient health care behaviors



### Care model definition

Organizing continuous integration of emerging care services



### Provider business alignment

Shifting provider business models without adverse network impacts

## Outlook: five things you need to know

- 1 As plans become more active in steering consumer behavior, there will be disruptions to traditional patient pathways. Consider how your product or service might be impacted by the ripple effects of these changes.
- 2 Plans are still wrestling with the future of telehealth reimbursement. Continue to track outcomes to work with plans as they develop their policies. But remember that future reimbursement decisions are likely to be more measured than the broadscale changes we saw in 2020.
- 3 Government regulators have introduced more price transparency requirements for health plans. As pressure mounts to lower and equalize prices, prepare for greater scrutiny on the costs of your product or service—especially in lower-priced care settings like ASCs.
- 4 ASCs are poised to be the big winners as health plans engage in more steerage to lower-priced sites of care. Be proactive in how your product or service can support these facilities.
- 5 Non-traditional services, such as health risk assessments and transportation services, are shifting from a plan add-on to a must-have due the advantages of assisting with cost management, improving public perception, and driving sales.

---

## Thoughtful ways for you to engage with payers

**01** Identify where you can partner with plans to help aggregate data to show the impact of care delivery changes

---

**02** If your product or service can play a role in the delivery of virtual care, work with your existing champions—and cultivate new ones—to demonstrate to plans how you can help advance telehealth-specific goals..

---

**03** If your product or service directly relates to data, price transparency, or revenue cycle-the industry will be look to you to help guide their actions in response to new “information liberation” policies.

---

**04** Plans can and will play many different roles as they expand their service landscape. Identify the ambition of each plan you want to work with. Then tailor your product or service to best support their priorities.

---

**05** As many plans move into emerging landscapes, they may look for support. You can be a thought partner to help plans think through how they can be successful on a local level and scale their efforts to have a larger impact

---

# 04 Post-acute care providers

## The post-acute care landscape

Post-acute care providers, in many ways, have been hit the hardest by the pandemic. They arguably have cared for the most vulnerable populations, and their staff and facilities were not meant to handle such impacts. The government, hospitals, and the public have stepped in to show more support with funding. However, based on existing trends, it is unlikely that massive transformation will occur. The more plausible outcome is that the pandemic will accelerate the pre-existing trends and exacerbate existing challenges.

## Top-of-mind issues for post acute care leaders



### Fears around SNF solvency and viability

Covid-19 outbreaks and decline in occupancy has exacerbated existing concerns and eroded patient trust



### Interest in shifting more care to the home

New care models and regulatory flexibilities enable more home-based care



### Continued need for acute/post-acute collaboration

Shared interest in supporting throughput and quality goals despite resource limitations

## Outlook: six things you need to know

- 1 Covid-19 did not fundamentally change the post-acute care industry, but it has exacerbated pre-existing challenges: there are significant costs for PPE and staffing, public scrutiny, lower census, and less funding.
- 2 SNF volumes were hit the hardest during the pandemic. Many of these facilities were already in a difficult financial position. As a result, not all of them will be able to remain independent or even stay open. While many SNF's will look for buyers, not all will be desirable.
- 3 Rebuilding trust with consumers will be key to recovering volumes for post-acute care. To do this, post-acute care providers will need to meet patient demands for quality and safety.
- 4 Seniors prefer home-based care. However, there are barriers to successfully shifting care to the home including long-standing referral patterns, staffing challenges, and lack of reimbursement.
- 5 Most of the growth in home-based care will be in services not traditionally reimbursed through Medicare's home health coverage. This include types of virtual care, hospital-at-home, and ongoing monitoring for chronic conditions.
- 6 Amid Covid-19, hospitals and post-acute care providers increased their level of collaboration. However, these strategies will not be sustainable in the long term. Post-acute providers will need to position their services as a post-discharge solution in order to continue a higher level of support.

---

## Thoughtful ways for you to engage with post-acute care providers

01

Given their financial situation, SNFs will be particularly price sensitive. To successfully build relationships with your SNF prospects and customers, understand their budget priorities and constraints and price your product or service appropriately.

---

02

Post-acute care providers are under pressure to demonstrate quality to attract patients. Consider how you can help your customers track, measure, and communicate quality in ways that appeal to patients and families.

---

03

Site of care shifts in post-acute care—including but not limited to care shifting to home—will have ripple effects that will intersect with your business. Identify where your product or service will be impacted by these changes, so you are prepared to adjust strategies as needed.

---

04

Stay alert for movement on the true “game changers” like site neutral payments and changing reimbursement structures. These would represent large structural changes that would greatly impact your customers’ priorities.

---

05

Post-acute care providers must demonstrate their quality to remain a preferred referral partner to acute care. Identify where your product or service can reduce length of stay (LOS), lower readmissions, and improve appropriate utilization.

---





LEGAL CAVEAT

---

Advisory Board has made efforts to verify the accuracy of the information it provides to members. This report relies on data obtained from many sources, however, and Advisory Board cannot guarantee the accuracy of the information provided or any analysis based thereon. In addition, Advisory Board is not in the business of giving legal, medical, accounting, or other professional advice, and its reports should not be construed as professional advice. In particular, members should not rely on any legal commentary in this report as a basis for action, or assume that any tactics described herein would be permitted by applicable law or appropriate for a given member's situation. Members are advised to consult with appropriate professionals concerning legal, medical, tax, or accounting issues, before implementing any of these tactics. Neither Advisory Board nor its officers, directors, trustees, employees, and agents shall be liable for any claims, liabilities, or expenses relating to (a) any errors or omissions in this report, whether caused by Advisory Board or any of its employees or agents, or sources or other third parties, (b) any recommendation or graded ranking by Advisory Board, or (c) failure of member and its employees and agents to abide by the terms set forth herein.

## ABOUT OUR RESEARCH

---

Change has always defined health care, but today's leaders face unprecedented challenges and market shifts. Developing successful strategies and advancing make-or-break objectives has never been more challenging due to mounting complexity, intensifying competition, and a growing roster of stakeholders.

## HOW WE HELP

We provide the knowledge you need to stay current, along with the strategic guidance, data, and tools you need to prioritize your next actions.

## WHO WE SERVE

Hospitals • Health systems • Medical groups • Post-acute care providers  
• Life sciences firms • Digital health companies • Health plans •  
Health care professional services firms

- **Connect** with Advisory Board expert and access more resources by contacting us at [healthtech@advisory.com](mailto:healthtech@advisory.com)
- **Visit** [advisory.com/resources/DigitalHealthInnovation](https://advisory.com/resources/DigitalHealthInnovation) for the latest market trends and industry insights for digital tech business leaders.

## THE ADVISORY BOARD ADVANTAGE

Our team of 200+ experts harness a time-tested research process and the collective wisdom of our 4,500+ member network to develop provocative insights, actionable strategies and practical tools to support the business imperatives of organizations across the health care ecosystem.

---

Advisory Board helps leaders in the health care industry work smarter and faster by providing provocative market trends, industry insights, and actionable strategies to support key business imperatives.

With more than 40 years of experience, a team of nearly 200 experts, and a network of over 4,500 member organizations, we help stakeholders across the health care ecosystem unpack the now and predict the next in the health care industry.

We know that together we can change the business of health care for the better. Join us by visiting [advisory.com](https://www.advisory.com).



655 New York Avenue NW, Washington DC 20001  
202-266-5600 | [advisory.com](https://www.advisory.com)