



HIGHLIGHTS FROM THE 2017 JP MORGAN HEALTHCARE CONFERENCE

Over 4,000 people attended this year's conference, which featured more than 450 private and public companies spanning biotech, pharma, devices and technology, as well as providers, health systems, private equity and venture capital firms, and investment banks.

The conference presentations largely focused on forward-looking earnings, pipelines, and guidance. However, there was substantial speculation about the potential changes to the healthcare system by the incoming administration (some of which, by the time of this publication, will have already been enacted). Entrée Health is continuing to monitor policy and legislative trends and actions and will provide ongoing updates.

This high-level review identifies key trends from healthcare organizations and manufacturers from the perspective of customer communications: what is the current thinking, and how will it affect how pharmaceutical companies engage with their customers in the coming year?



THE TOP 10

HEALTH *system concerns*

1 AFFORDABLE CARE ACT

General consensus is that “replace” must happen at the same time as “repeal.” However, ongoing uncertainty about what “replace” will entail is causing health systems to stay the course. The focus on delivering value—high-quality, affordable care for populations—will continue.

Implications: Customers will want to know how their competitors and colleagues are preparing for changes to the ACA. Manufacturers should keep abreast of legislative changes and continue to deliver value-based solutions.

2 MANAGING MARGINS AND REDUCING COSTS

This is the top concern at the C-suite level. Financial pressure accelerates shifts to ambulatory sites of care and movement to risk-based, bundled contracts in high-volume, high-cost specialties such as orthopedics and cardiac care. Strategies include reducing variation in treatment, discharging more patients directly to the home, and establishing staff performance improvement teams.

Implications: Emphasis on operational savings can have a greater impact on margins than lowering drug costs. Solutions that give health systems the digital workflow tools and resources to identify inefficiencies in treatment will be welcome.

3 REVENUE DIVERSIFICATION

Health systems are no longer willing to fall victim to unpredictable reimbursement and regulations. They are going on the offensive by investing in new businesses and creating new revenue streams. For example, Intermountain plans on developing 1 to 2 new businesses per year; Northwell has more than 70 ventures in motion, and Mercy will invest \$50MM in private equity.

Implications: Manufacturers that can bring new ideas and opportunities to health systems will become trusted partners. For example, big data collaborations, novel sensor-based patient monitoring approaches, and efficient telehealth solutions will be high on the wish list of health systems—if they can be monetized to provide a reliable revenue stream. Innovation for the sake of innovation is no longer enough.

4 GEOGRAPHIC EXPANSION

This is an attractive strategy to increase patient volume and it's not stopping at US borders. Christus Health has not only doubled in size in Texas, but expanded into Mexico, Chile, and Colombia. Expansion of outpatient services with emphasis on partnerships for coordinated care beyond the inpatient visit is also taking place.

Implications: Access messaging to providers needs to be more than just “covered by 80% of plans nationally.” Messaging must be local, plan-specific and, to the extent possible, support treatment objectives beyond the use of a particular drug (eg, continuum of care).

5 INCREASE IN VALUE-BASED CONTRACTING

Health systems are now willing to take on risk as part of a shared-risk contracting scheme. Advocate, a pioneer ACO with 865,000 covered lives, now has \$4.6 billion in value-based agreements.

Implications: The name of the game is “let’s make a deal.” Pharmaceutical companies willing to think creatively about contracting will find willing partners in ACOs and health systems.

6 CONSUMER ENGAGEMENT

As the ultimate payers in the healthcare system, consumers (and employers) can no longer be ignored. Health systems are investing in sophisticated branding and consumer communication strategies to make themselves indispensable healthcare destinations. Building and communicating patient satisfaction is a key element in these strategies. In one highly successful program, Geisinger has given over \$500,000 in satisfaction rebates since 2015 based on its money-back guarantee.

Implications: Drug marketers will ignore the “soft” benefits of therapies—such as ease of use, convenience, and patient satisfaction—at their peril. Drug attributes that can be demonstrated to improve patient satisfaction will have an edge over parity products.

7 MENTAL AND BEHAVIORAL HEALTH

Health systems are recognizing the importance of social determinants (eg, literacy, poverty, access to healthy foods, and access to transportation) in the healthcare equation. Intermountain’s investment in integrated, team-based care has already shown an ROI of 5:1, with a 23% reduction in ER visits. Other strategies include addressing community problems, for example by providing healthy food markets in underserved areas.

Implications: Drug makers who are willing to help health systems tackle social determinants will find willing partners. Partnerships can span community wellness programs, provision of transportation options, opioid abuse mitigation programs, food banks, and other collaborations.

8 **BIG DATA**

Health systems are all EHR customers. Today the focus is on how to best use the available data to improve outcomes and lower costs.

Implications: Traditional banner drug advertising on EHR is a poor investment from the point of view of health systems. They are looking for workflow resources, pursuit lists, and other seamless digital tools that will help them identify inefficiencies and close care gaps.

9 **BUILDING A HEALTHCARE WORKFORCE FOR TOMORROW**

Recognizing the looming gap in provider coverage, Cleveland Clinic, Geisinger, Hackensack, and Meridian are opening new medical schools with a focus on primary care. Other systems are investing in physician assistant and advanced practice nursing education.

Implications: Pharmaceutical companies used to play a big role in educating medical students, knowing that the therapies and protocols students are trained on are the ones that stick with them. Today, drug marketers have a renewed opportunity to support medical education in ways that will ultimately serve their brands.

10 **NON-TRADITIONAL SITES OF CARE**

The move to ambulatory surgery centers, minute clinics, “doc in the boxes,” and other non-traditional brick-and-mortar sites of care continues. Virtual health also continues to gain ground, with hundreds of companies exhibiting health solutions at the 2017 Consumer Electronics Show. However, until there are more robust data on outcomes, many systems are taking a wait and see approach. New ways to manage patient load while engendering group support, such as shared medical appointments, also are being experimented with.

Implications: The field is wide open for new approaches to delivering care, from dropping medicine via drone in rural areas to AI-based online healthcare support to buying a hip replacement at Walmart. Forward-thinking pharmaceutical companies will make it their goal to be part of these experiments, especially in underserved communities.

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For more information on how Entrée Health can help your organization communicate with your customers more effectively, **contact Andrew Gottfried at agottfried@entreehealth.com or 212-896-8026.**