




Health Systems in America- Today and Tomorrow

R. Edward Howell



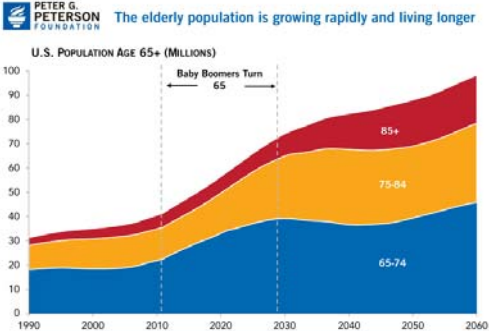


American Health Care- A Rapidly Changing Landscape

Aging Population (a.k.a. Baby Boomers)



PETER G. PETERSON FOUNDATION The elderly population is growing rapidly and living longer



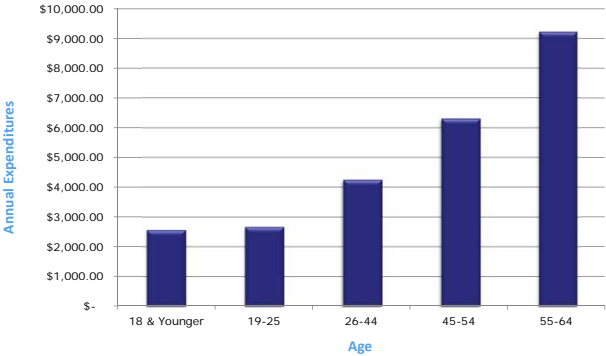
U.S. POPULATION AGE 65+ (MILLIONS)

Year	65-74	75-84	85+
1990	~18	~10	~5
2000	~18	~12	~8
2010	~18	~15	~12
2020	~20	~25	~15
2030	~22	~35	~20
2040	~20	~45	~25
2050	~18	~55	~30
2060	~15	~60	~35

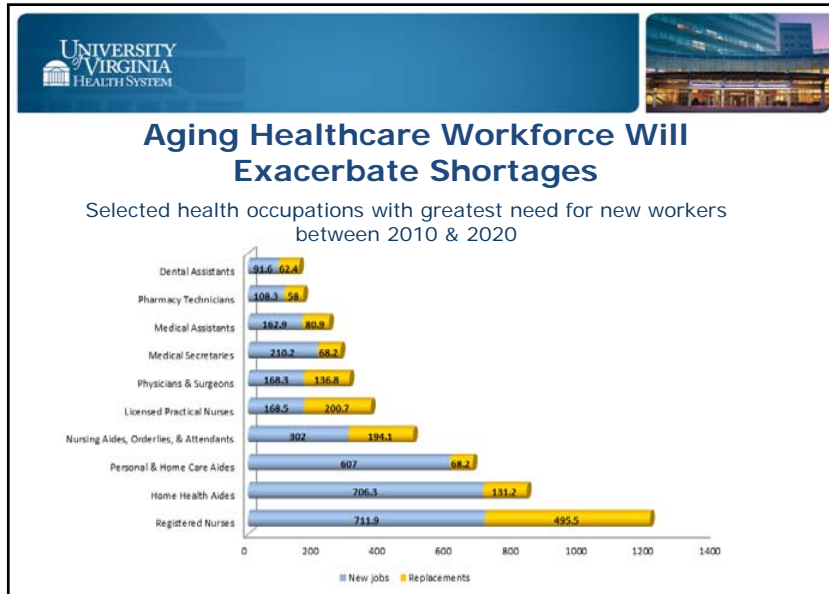
SOURCE: U.S. Census Bureau, National Intercensal Estimates, and 2014 National Population Projections, December 2014. Compiled by PGPF.
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Healthcare Expenditures Per Capita by Age – 2014

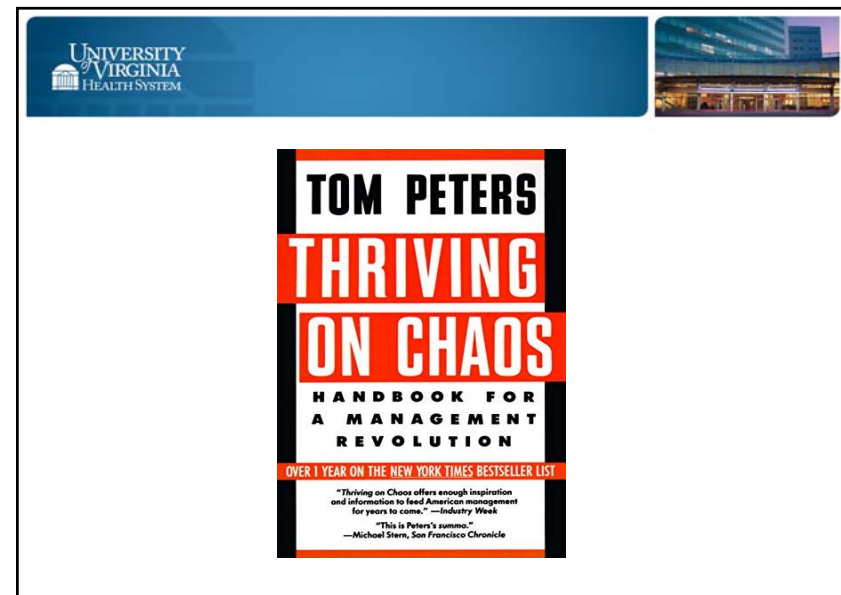


Age Group	Annual Expenditures
18 & Younger	~\$2,500
19-25	~\$2,600
26-44	~\$4,200
45-54	~\$6,200
55-64	~\$9,200




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- ## Shrinking Supply of Healthcare Providers
- 40% of practicing MDs are 55 years or older
 - 30% of RNs are 55 years or older
 - Projected 40% shortage of therapists and technicians by 2020

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- ## Affordable Care Act
- "Provides the opportunity to evolve."
 - "Provides appropriate incentives to unleash forces."




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Walgreen's Retail Clinics

- 400 retail clinics nation wide
- Serves 6.5M daily
- Fills 82,000 prescriptions daily
- \$75B in total sales
- 105M customers have signed up for loyalty cards

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Healthcare Merger Statistics

Healthcare and Life Sciences M&A Survey Outlook, Becker's Hospital Review

- 50 corporate and private equity respondents interviewed
- 85% said they expect M&A activity to increase in healthcare in the coming year
- 84% said they expect private equity activity to increase in relation to strategic M&As
- 46% say top strategic drivers for M&As is building infrastructure, getting access to new technology and increased market share, and rising demand for facility and equipment improvement

https://www.novationco.com/analytics/Healthcare_Life_Sciences_MA_Outlook.pdf
(Accessed 2015 Sept)

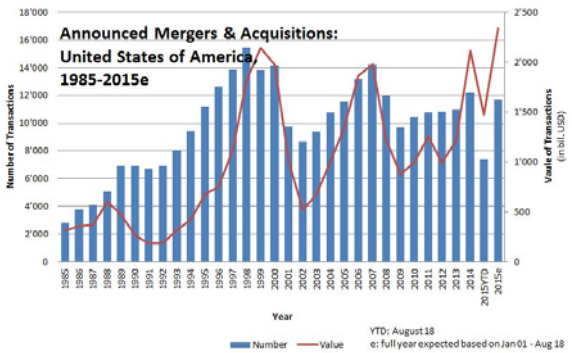
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Healthcare Merger Statistics


Overall Healthcare M&As announced in the United States, 1985-2015

Announced Mergers & Acquisitions: United States of America 1985-2015e



Number of Transactions (left axis, 0 to 18,000) and Value of Transactions (right axis, 0 to 2,500) in billions of USD. Legend: Number (blue bars), Value (red line). YTD: August 18; e: full year expected based on Jan 01 - Aug 18.

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What is a Health System?

An organization of people, institutions and resources that deliver health care services to meet the needs of a target population

—Jonas and Kovner



Development of Health Systems

- Horizontally Integrated
- Vertically Integrated
- Physician Integrated
- Insurance Integrated
- For Profit
- Not For Profit



Horizontally Integrated System- aggregation of like entities- Hospitals

- Economies of Scale
- Concentration/Regionalism of Clinical Services
- Consolidation of back office services
- Enhanced Negotiating Power
- Access to Capital



Vertically Integrated Systems- Aggregation of A Broad Range of Patient Care and Support Services

- Hospitals
- Long Term Care
- Ambulatory Care
- Home Health
- Rehabilitation
- Patient Transportation
- Long Term Acute Care



For Profit Health Systems

- Community Health Systems
188 Hospitals
- Hospital Corporation of America
166 Hospitals
- Tenet Healthcare Corporation
74 Hospitals
- Life Point Hospitals
56 Hospitals



Not For Profit Hospitals

- Ascension Health
76 Hospitals
- Trinity Health
45 Hospitals
- Kaiser Permanente
37 Hospitals
- Dignity Health
36 Hospitals
- Catholic Health Initiatives
33 Hospitals



Evolution of America's Health Systems

- Early Pioneers
(Fairview, Scott and White, Intermountain, Mayo)
- Managed Care Era
- Market Driven Era
- Affordable Care Era



Trends and Issues

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- Emerging Models of Integration



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- Consolidation of the Insurance Industry



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- Application of Technology
- Growth of Retail Medicine



Looking to the Future

- Challenges of Multi-State Systems



Looking to the Future

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- Growing Scrutiny of Benefits Achieved



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- Impact of Economic Recovery



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- Challenges of Multi-State Systems
- Growing Scrutiny of Benefits Achieved
- Impact of Economic Recovery
- Reality of Hill-Burton

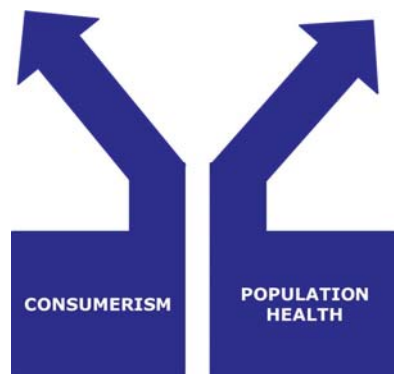


Looking to the Future

- Challenges of Multi-State Systems
- Growing Scrutiny of Benefits Achieved
- Impact of Economic Recovery
- Reality of Hill-Burton
- Post Election Impact



Consumerism vs Population Health



Texas Hold'em