Looking into the Crystal Ball: Chiropractic and the Future of Health Care

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Disclaimers

- My comments do not necessarily represent positions of OSCA or any other organization
- My criticism of one faction's positions on health reform does not imply support for any other faction's positions
- After 40+ years in health care, I believe American enterprise can create the world's best health system
Do we really have the world's best health system?

• Our ranking on national health scales is very low for comparable countries
  • #34 (OECD) and #39 (WHO)
• Yet the world's top-ranked systems are American
  • Mayo, Cleveland, Kaiser, Geisinger, etc.
• World-class excellence is an option for US health systems that are willing and able to change!

The future will be:

• Different
• Uncertain
• Diverse
• Exciting
• Chaotic
chaos  [L, fr., Gk] 1) obs CHASM, GULF, ABYSS 2) a state of things in which chance is supreme 3) a state of utter confusion completely wanting in order: nature that is subject to no law or that is not necessarily uniform; especially the confused unorganized state before the creation of distinctly organized forms

(Webster's New Collegiate Dictionary)

Strategy - purposeful response to anticipated change, consistent with mission and values

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>TACTICS</th>
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<tbody>
<tr>
<td>See all factors as variable</td>
<td>See all factors as fixed</td>
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<tr>
<td>Identify possibilities</td>
<td>Meet goals</td>
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<tr>
<td>Make tough choices</td>
<td>Make best decisions</td>
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<tr>
<td>Do the right things</td>
<td>Do things right</td>
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How can Ohio’s leaders in chiropractic identify the possibilities for doing the right things?

Reading health care journals
Copying competitors’ responses
Attending professional meetings
Implementing the ACA (ObamaCare)
Predicting based on trend analysis
Forecasting based on the possibilities

Are predicting and forecasting the same?
Forecasting is about predicting the future as accurately as possible.
Rob J. Hyndman; Business Forecasting Methods (2006)

Forecasting is a strategy used in different fields to predict the future based upon the past.
Forecastr methods.net (2010)

An economic forecast is a prediction of what future periods of economic activity will be in various categories.
Investment Contrarians (2009/01)

Economists are forecasting the same steady, if unspectacular, growth this year they were expecting in 2012. Last year’s predictions proved too optimistic.
Wall Street Journal (2/8/13, p A)
The Science of Predicting

A prediction is a specific estimate of the expected value of a key variable at a future point in time

The Science of Predicting

• Specify independent explanatory variables for the analytical model
• Collect historical data on the variables
• Determine “best fit” mathematical relationship
• Extrapolate trend line to future values

The Science of Predicting

Health Care Example
The Science of Predicting

Useful predictions can be made when the quantifiable relationships that represented how things worked in the past will continue to work the same way in the future, assuming good data and good methodological practice.

Five fatal flaws of predicting when how things work is changing...

1. Discontinuities in system dynamics
2. Violations of model assumptions
3. Deficiencies of available data
4. Failures of previous predictions
5. Diversions from strategic innovation
“Surely, we will end up where we are headed if we do not change direction.”

The future of health care is unpredictable!
So how can innovators approach the future?
The Art of Forecasting

The Art of Forecasting

A forecast is an estimate of the probabilities of possibilities for a key variable at a future point in time
My forecast for health care as % of GDP: 2015-2019

- 20% chance of growth
- 35% chance of stagnation
- 45% chance of decline

My forecast for health care providers: 2015-2019

- 35% will cease to exist as currently organized
- 40% will continue to exist as organized... precariously
- 25% will thrive by fixing the way care is delivered
The Art of Forecasting

- Identify explanatory variables (weather: water, temperature, pressure, wind)
- Collect historical data on the variables
- Categorize different outcomes for similar combinations of variable
- Assign probabilities to the different outcomes
- Update model whenever climate changes

The Art of Forecasting

Climate is the set of fixed factors that define interaction of the variables

The climate is changing dramatically in weather...and health care!

Health Care's New Climate

- A revolution in medical science is shifting providers’ core function from acute care to disease management
- Information & communications technologies are transforming business models, production processes, and sites of care
- End of growth in health care spending is restructuring the provider-patient relationship
- Problems with government-driven reform are compelling providers and their business partners to develop successful futures on their own
I don’t think of myself predicting things. I’m expressing possibilities. Things that could happen. To a large extent it’s a question of how badly people want them to happen. The purpose of thinking about the future is not to predict it but to raise people’s hopes.

-- Freeman Dyson

A revolution in biological sciences is shifting providers’ core function from acute care to disease management

- The “one-size-fits-all” clinical paradigm is being replaced by personalized predictive preventive precision medicine
- Diseases long seen as single entities are now recognized as different conditions with a range of biological instructions
- Cost-effective care will be achieved as therapies are matched to each patient’s specific disease characteristics
- Overall quality will be significantly enhanced by managing patients’ diseases to prevent the need for acute care
- Care teams (physicians and qualified non-physician practitioners) will become the best-practices delivery model
Information & communications technologies are transforming business models, production processes, and site of care

- Robust ICT networks will be the necessary foundation of good medical practice (disease management, “hot-spotting”)
- Integrated electronic record systems will be essential for least-cost production of medical services
- Telemedicine (virtual visits) will replace a substantial portion of hands-on care
- Virtual networks will be the foundation of successful delivery models

10% of all Medicare beneficiaries accounted for 64% of the cost
Information & communications technologies are transforming business models, production processes, and site of care.

End of growth in health spending will restructure provider-patient relationships

- Governments and employers are reaching the limits of their ability and willingness to spend more on health care
- The market must shift from fee-for-service reimbursement (quantity) to value-based payment (quality)
- Demand will change significantly as patients are expected to pay an increasing share of the costs of care
- Patients will not have disposable income to pay more for care, forcing providers to rationalize pricing
End of growth in health spending will restructure provider-patient relationships.
A rushed legislative session produced flawed legislation that is unlikely to be approved by amendments.

Legal challenges create an uncertain environment for meeting the legislated mandates.

Neither the administration nor Congress has adequate resources to complete all tasks delegated by the laws.

DHHS has responded to the challenges of implementation with waivers, delays, and program cancellations.

Responsibility for implementation has been delegated to states with wide variations in commitment and capacity.

Problems with government-driven reform will compel providers to develop successful futures on their own.
“It is time for medicine to reinvent itself...to form strategic partnerships and to embrace the goal of exponentially increasing medicine's value. Providers need to become part of the solution in the US health care system. The system's problems should not be addressed by politicians, who are virtually powerless to effect meaningful change in health care until providers fix the way care is delivered.”

JAMA; 20 April 2011:1589

Fix the way care is delivered!

All health care enterprises must adopt better ways of doing business with performance improvement tools (Lean, Six Sigma, etc.) that ensure care is delivered correctly all the time, as inexpensively as possible

- **Efficiency** is maximizing output for a fixed budget or minimizing costs for a fixed output (i.e., no economic waste).

Waste as % of Total Spending

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<tbody>
<tr>
<td>Low</td>
<td>21%</td>
</tr>
<tr>
<td>Midpoint</td>
<td>34%</td>
</tr>
<tr>
<td>High</td>
<td>47%</td>
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Fix the way care is delivered!

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- **Effectiveness** is a measure of relative compliance with objective specifications of expected performance (i.e., no unexplained variation)

Components for Building New Models

The medical marketplace will experience a sustained disequilibrium and readjustment to new forces

- Lack of success in achieving timely improvements in cost, quality, and access through federal reform laws
- Significant failures of providers organizations that try to protect traditional models of care
- Development of different models for organizational success (no single key to survival)
- Widening gap between winners and losers...but many winners!
Clinically successful providers will transition from acute care to disease management

- Shift from acute intervention to disease management
- Data-driven focus on most expensive patients
- Rapid growth in precision (personalized) care
- More investment in technology than personnel
- Expanded use of qualified non-physician caregivers
- Rising focus on measuring success in terms of population health

Economically successful providers will transition from fee-for-service to bundled and value-based payment

- Development of several new payment mechanisms (bundled services, reference pricing, fixed price, episode of care, true capitation)
- Growth in shared risk and shared savings contracts
- Shift in focus from market share to profitability
- Providers more selective in contracting
- Greatest overall ROI to innovation (development of new products and services with market value)

Successes will be based on multi-stakeholder partnerships because no entity can survive on its own

Remember the First Law of Parasitism!

Don't kill the host that feeds you.

(No element of society can survive at the expense of other elements.)
Components for Building New Models
Successes will be based on multi-stakeholder partnerships because no entity can survive on its own

And remember the Corollary…
If you are not at the table, you are on the menu.

Medical Marketplace: Health System Integration

- **Purchasers** (Government & Employers)
- **Payers** (Insurers & Health Plans)
- **Practitioners** (Health Professionals)
- **Providers** (Hospitals & Clinics)

Medical Marketplace: Multi-stakeholder Partnerships

- **Purchasers** (Government & Employers)
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Imagine a world-class health system, and start building it...now!

- Aggressively move in desired new directions, not limited by health reform's laws and regulations
- Demonstrate chiropractic's contributions to stopping the growth of expenditures on health care
- Establish chiropractors' contributions as team members for managing disease and maximizing population health
- Create multi-stakeholder partnerships committed to fixing the way health care is delivered (creative destruction)
- Commit to long-term relationships (5+ years) that allow sufficient time to meet goals and share savings
Fix the way care is delivered!
Imagine a world-class health system, and start building it...now!

- Develop new pricing and revenue models that produce value and consumer satisfaction
- Collectively create integrated systems built on foundations of modern biological science and ICT
- Shift the policy focus from politically driven outcomes to research-based standard practices for excellence
- Promote universal acceptance of transparently accountable, competency-tested practitioners
- Have fun working with marketplace partners to create the world's best health care system...really!

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it's the only thing that ever has.”
Margaret Mead

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