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Many of the 2016 healthcare trends began between 2012 and 2014 and finally emerged more clearly in 2015 for commercially insured populations. Access Market Intelligence identified the 4 major emerging themes that represent the top trends to watch in 2016 and into 2017, including macro issues in the United States, pricing pressures, narrow networks, and information technology. The top 10 US healthcare trends for 2016 are:

1. **Global macro trends** are washing ashore in the United States, as pricing pressures around the world and unanswered value gaps to differentiate new medicines add to the potential for healthcare system bankruptcy as it currently exists, because medical care inflation continues unchecked.

   Adding to the system pressure will be the implementation of physician payment reform and the Affordable Care Act (ACA)’s continued market changes that impact device and drug manufacturers.

2. **The 2016 election** season will remain front and center this year. Democratic frontrunner Hillary Clinton is likely to mutely paint the ACA as a symbol of success that only needs some fine-tuning.

   On the Republican side, House Speaker Paul Ryan recently announced that the first order of business this year will be putting a bill on the House floor that would repeal the ACA. This takes on increasing importance, because it is the first time that the US Senate has also voted for repeal.

   Republican Party candidates will fight to be heard on their plans to repeal and replace the ACA, but the eventual nominee will be asked: Replace it with what, exactly? And how is it going to make things better?

3. **“Big” meets even bigger** through the increased consolidation of providers, which the implementation of the ACA has put into high gear early in 2016. While regulators weigh the pros and cons of the proposed deals between Aetna and Humana and Anthem and Cigna, provider systems are joining forces and snapping up private practices. In retail pharmacy, Walgreens is currently poised to acquire Rite Aid, but will the Federal Trade Commission slow this down?

   Drug manufacturers have a different issue after a lot of deal-making in 2015, because their drug company targets are reduced, which will make acquisitions more difficult in the 2016 marketplace.

   Overall, consolidation in the healthcare and pharmaceutical industries is likely to continue, because smaller companies will need to increase their negotiating power when competing with their new larger rivals.

4. **Drug pricing** and the growth of biologics will continue to dominate the pharmaceutical news in the coming year. Pharmaceutical manufacturers argue that they need to charge high prices to gain money to be used in the research and development of new drugs.

   The growing percentage of healthcare funds spent on drugs could mean less money for other healthcare or non-healthcare services. Market shareholders are developing plans to control the costs of drugs, while still ensuring that patients get the medications they need. The Centers for Medicare & Medicaid Services (CMS) reimbursement reductions overall further exacerbate the pricing pressures on providers, hospitals, and health systems.

   There will be pushback, but the reaction to high drug prices will vary with the player and the turf being protected. Public and private players will talk and will take some action toward basing drug choices on the value delivered, but how will that value be measured?

   Adding to the struggle, 5000-fold increases in generic drug prices, along with 10-fold higher drug prices resulting from the increased number of biologic drugs will require manufacturers to rethink the business model or have others rethink it for them. One aspect may be that the entry point is no longer approved by the US Food and Drug Administration, but the cure rate reflects the success of several new hepatitis C treatments.
The biologic drugs pipeline growth will emerge through 2020 as personalized treatments continue to drive biopharmaceutical innovation, just as Wall Street valuations and venture capital investments are being reconsidered as a result of real market challenges.

Pharmaceutical manufacturing trends will include the continued development of flexible manufacturing of biologic drugs, closer partnerships between the pharmaceutical industry and regulators, resulting from the introduction of novel concepts and the need to foster the new and existing talents that are influencing biopharmaceutical trends to meet the drug availability demands.

5. **Provider network** decisions will increase in importance during 2016 as new rules are being developed for narrow networks. Because it is hard for consumers to choose a network without knowing what providers are in it, the rules are tightening up on health plans’ obligations to maintain accurate provider lists.

Increasing healthcare costs continue to outpace inflation, creating greater incentives for insurers to offer plans with high deductibles and narrow networks. A question that needs to be answered is: What is the effect that the narrow networks have on access and quality?

In response to concerns about the rise of narrow networks health plans, the National Association of Insurance Commissioners has proposed new regulations to ensure that the trend does not harm consumers’ access to affordable, quality care.

CMS recently laid out new rules on this for Medicare Advantage plans in the federal marketplace.

Complicating the issue, out-of-network bills will be a growing issue, because of the inability of health plans and out-of-network hospital specialty providers to agree on a proper fee; therefore, consumers end up being billed the balance. Neither Congress nor regulators are likely to act in a meaningful way in 2016.

6. **Employers**. Market trends collide, and employers have become concerned about their ability to continue to offer health benefits that will maintain a healthy, productive workforce. The implementation of the ACA has led many employers to more closely analyze the benefits offered to employees to determine whether it still is viable to offer health coverage, especially when employers are faced with uncertain insurance premiums. At the same time, employers have been working hard to comply with the ACA and are cognizant of the expected excise tax.

Two strategies that employers are considering include offering health plans with increasing employee cost-sharing, such as consumer-directed health plans, and offering employees a defined contribution to purchase their own coverage.

7. **Specialty drugs**. Employers are more willing to take aggressive steps to tackle the rising specialty drug costs head on. In the past 5 years, there has been a large increase in the number of employers focused on effective ways to manage the rising cost of specialty drugs. According to a report by Towers Watson, 53% of employers have added new coverage and utilization restrictions for specialty prescription drugs, including prior authorization or limiting quantities based on clinical evidence; another 32% of employers are expected to add restrictions by 2018.3

The National Employer Initiative on Biologics & Specialty Drugs Fourth Annual National Survey, from the Midwest Business Group on Health and the Institute for Integrated Healthcare/Access Market Intelligence, which was conducted from December 2014 through February 2015, found that in 2015 there was a growing appetite to break the status quo in plan design to improve plan performance and a perceived lack of value in healthcare solutions, dealing with critical or chronic disease in drugs and clinical care.4

8. **Education gaps** continue across all stakeholders, including regulators, drug manufacturers, payers, patients, and employers as plan sponsors continue to face knowledge gaps regarding healthcare, along with the challenges facing each other, in a post-ACA marketplace.

Stakeholders have realized that these education gaps exist and are developing products and programs to help consumer education take hold in 2016. Employers, insurers, and providers will allocate more resources to provide online and mobile device tools to help consumers understand their healthcare plans’ costs and benefits so that they know the cost of their treatment and can obtain the healthcare services that address their needs.

9. **Value**. There is an appetite for quality to grow as it relates to value, although the market does not view quality tools as a panacea. Few patients use the proprietary or nonproprietary quality and price transparency apps that health plans, pharmacy benefit managers, or other commercial plan sponsors provide. Are they not useful? Do people not care? Are health plans not to be trusted?

Although we have seen an increase in the measuring
and reporting of the performance of healthcare, patients have not been able to consistently interpret the data collected and how these data impact their healthcare decisions.

10. Data breaches. There is no end in sight for data breaches. The online mechanism for the Office of Civil Rights under the US Department of Health & Human Services publishes data breaches as reported to them, as is required by the Health Information Technology for Economic and Clinical Health Act of 2009, to uncover problems. Last year’s data breach numbers are staggering.

According to the Office of Civil Rights, there were 253 healthcare data breaches that affected ≥500 individuals, with a combined loss of more than 112 million healthcare records. The top 10 data breaches alone accounted for a little more than 111 million records that were lost, stolen, or inappropriately disclosed. The top 6 breaches affected at least 1 million individuals, and 4 of the 6 companies affected were Blue Cross Blue Shield entities.5

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Conclusion

Overall, 2015 represented continued change, whereas 2016 will feature accelerated change along with increased governmental oversight and patient engagement in care decisions, in partnership with their providers and with their employer plans.

Author Disclosure Statement

Mr Santilli and Dr Vogenberg reported no conflicts of interest.

References