

# Top 10 Healthcare Market Trends in 2017

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The year 2016 saw a “pause” in most market trends as the US presidential election cycle unfolded and Brexit occurred. As we begin 2017 with a new Republican leadership in Washington, DC, led by outsider President Donald Trump, we know that change is imminent throughout all segments of the US market.



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How will the new policy leaders affect the healthcare landscape, and in which ways will that alter efforts for your organization can be gleaned from top-line insights on the coming changes. Healthcare changes that we believe can be expected to emerge in 2017 are highlighted below and are briefly explored in the following top 10 US healthcare market trends for 2017.

**1. Repealing the ACA.** The US healthcare system will continue to experience degrees of uncertainty as mixed signals emerge from President Trump and his new administration. President Trump promised to repeal and replace the Affordable Care Act (ACA), but most recently, he discussed maintaining certain provisions of

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the law, including insurance coverage for individuals with preexisting medical conditions, and the ability of young adults to stay on their parents' health insurance plans until age 26 years.<sup>1</sup>

Meanwhile, the selection of a vocal critic of the ACA, Tom Price (R-GA), to head the US Department of Health & Human Services (HHS), signals that the new president is committed to ultimately dismantling the ACA and the regulations that have strangled market stakeholders or decreased competition. Emphasiz-

ing the role of consumers and purchasers of care through behavioral-based benefit design initiatives, plan marketing, and vendor-based incentives is likely to emerge more clearly in 2017. That, along with a more focused manufacturer on consumer-directed initiatives, alone or in partnership with health plans, will generate de-

cision-making and care utilization changes.

**2. Changes in physicians' payment.** The Centers for Medicare & Medicaid Services (CMS)'s release of its final rule implementing the clinician payment changes to the Quality Payment Program that are mandated under MACRA (Medicare Access and CHIP Reauthorization Act of 2015) will have major implications for physicians' payment in late 2017 and beyond. CMS estimates that approximately 712,000 providers will be affected by the Quality Payment Program changes in 2017.<sup>2</sup> Whether these efforts will produce true savings or efficiencies in care delivery remains to be seen, but they continue to have bipartisan support in Congress and therefore are unlikely to disappear.

**3. Rare diseases.** President Trump's stated plan to retain provisions in the ACA regarding preexisting medical conditions and coverage for young adults will likely drive continued interest and growth of orphan drugs for the treatment of rare diseases. How soon President Trump will confirm such health coverage will affect the progress to market the many drugs, devices, and diagnostics that are in the final stages of development.

In the United States, rare diseases affect less than 200,000 people, but the drugs that treat those diseases start at a higher price and often receive a longer exclusivity period than other drugs. Purchasers and consumers will favor drugs that can cure a condition over older drugs that merely provide palliative relief.

**4. Quality care.** Behavioral health's role in delivering quality care will continue to grow as the payer and provider communities promote the benefits of care coordination and care management. In its fiscal year 2016 budget, the HHS increased its spending to support professionals and paraprofessionals entering the behavioral

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health workforce annually.<sup>3</sup> Coupled with a greater focus on meeting market needs for mental health inpatient and community care, health systems are looking to stabilize their growth around various mental health services that drive revenue opportunity.

**5. Emerging care models.** The consolidation of hospitals and health systems will slow down but will continue in 2017 in response to health insurer consolidation, increased focus on value-based healthcare versus fee-for-service care, outcomes-based contracting, changes in reimbursement for medical services under the current ACA law, and the standardized use of alternate sites of care. Hospital consolidation or expansion into old-but-new areas, such as mental health, will be driven by the strategy to create large health systems to provide the scale necessary to achieve operating efficiencies, meet niche market needs, and compete for more cost-conscious consumers. Health systems collaborating with other market players, such as employers, will continue to grow as part of an emerging effort to minimize the middleman players and their cost contributions to the total cost of care.

**6. High-value care.** The commercial health insurance market has been experiencing a coverage policy shift to alternate sites of care that will continue to grow in 2017. Alternate sites of care refers to healthcare that is delivered in settings that are different from and generally less expensive than a hospital room, outpatient center, or a physician's office, such as an in-home setting, hospital outpatient department clinics, retail or convenience care clinics, urgent care clinics, independent or corporate freestanding medical clinics, and telehealth.

Determining higher-value care sites will be a focus in 2017, and will advance other organizational changes by purchasers, payers, and providers in response to the changing consumer behavior.

**7. Biosimilars.** Biosimilars will continue to challenge the US Food and Drug Administration (FDA) and marketers as these agents grow in importance to the pharmaceutical industry in 2017. The second biosimilar entered the US market in 2016, and the third and fourth biosimilars received FDA approval toward the end of the year, but patent disputes continue to freeze these drugs out of the US marketplace.<sup>4,7</sup> Although there are many biosimilars on the market in other countries, the widespread industry acceptance of biosimilars in the United States will not happen in 2017. Combined with a complicated regulatory environment, continued industry outreach, while driving biosimilar knowledge and awareness, will help pave the way for the future growth of biosimilars in this country.

**8. Cancer care.** Cancer continues to grab headlines as the Cancer Moonshot efforts endure. From the laboratory

research point of view, harnessing the immune system to fight cancer, or to circumvent cancer-cell defenses, is becoming a reality, and interest and investment will most likely increase in 2017 in the rapidly growing field of immuno-oncology therapy. As part of this thriving solutions-based environment, clinical trials involving immuno-oncology therapy, alone or combined with other treatments, will also continue to grow in 2017. In addition, work toward a therapeutic cancer vaccine has continued, and, according to various research pipeline news reports, is now entering human clinical trials in 2017.<sup>8</sup>

Current efforts have only scratched the surface of what can be accomplished, and much of this will spill over into other medical conditions. With this increased excitement in drug innovation, coverage restrictions will continue, along with interest in best practices, driven by providers for use with managed care partners and patients (consumers).

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**9. Payer changes.** Innovation in biologic drugs, devices, and diagnostics or biomarkers for conditions other than cancer continues to accelerate, with several drugs and devices in various stages of clinical development or advanced testing for FDA approval. Each year, an increasing number of biologic and specialty drugs are developed for various rare and chronic conditions. With an increasing number of biologic and specialty drugs coming down the pipeline and faster drug approvals by the FDA, payers and health plan sponsors continue to seek effective management strategies that support the health and productivity of their workforce, drive optimal patient outcomes, address data transparency issues, and positively affect the bottom line.

A main challenge for commercial insurance plan sponsors or employers is identifying what costs relate to the medical benefit versus the pharmacy benefit may result in the faster integration of benefit management or policies for new benefit plans in 2018.

**10. Technological innovations.** Medical devices and bioprinting will emerge rapidly in the next couple of

years as Hewlett-Packard, Dassault Systèmes, Siemens, GE Healthcare, and other major firms commercialize technology and expertise in 3D printing capabilities that can be approved by the FDA. These 3D printers are already used in many manufacturing and military applications,<sup>9</sup> so it's anticipated that enhanced materials research funding to enable go-to-market efforts will speed up the market entry of these 21st-century devices for various medical conditions.

Examples of this 3D technology include blood-processing valves or switches, biodegradable stents, bio-printed organs, surgical tools, and implants. Although consumers as patients could enjoy faster and more accessible care with this 3D technology, such innovation will require new benefit coverage tactics, strategies, and a more integrated approach to the cost of care by all the healthcare stakeholders. ■

#### *Author Disclosure Statement*

*Mr Santilli and Dr Vogenberg have no conflicts of interest to report.*

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