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RECENT EVENTS: 42nd Annual Conference – Moving Forward in 2022

State of the Union: A Generational Opportunity to Reshape the Industry (May 11, 2022)

It's never the crisis itself that changes the future but the decisions we make in the wake of it, said Ford Koles Jr., Vice President and National Spokesperson, Advisory Board. And employers, who pay for health care coverage and services, have the power to shape the future direction of health care if only they claim it.

The COVID-19 pandemic created enormous disequilibrium within the U.S. health care system, widening the gaps between the haves and have-nots. Some health care networks have experienced positive margins as high as 6%, enabling them to attract the best and brightest talent and invest in innovative services. Meanwhile, other systems have experienced no or slim margins and struggle to keep the lights on. One-third of health systems in the country are losing money. Generally, regional systems have expanded and solidified regional strength while multi-regional ones doubled down or ceded their presence in various markets.

The employer healthcare budget remained stable throughout the pandemic, with expenses under budget in 2020 due to underutilization. Many employers fear that deferred care and worsening mental and physical health will cause higher future costs. To reduce health care expenses in rec, employers shifted costs to employees through higher premiums, deductibles, and co-pays. Given the labor shortage, no one is suggesting that now.

Employers' options to manage costs include hard steerage, where employers offer employees narrow networks and gatekeeping models, such as advanced primary care providers (PCPs). Advanced PCPs direct where employees can receive specialty care impartially because provider networks do not employ them. However, in many areas of the country, few non-employed providers exist. Another option is "soft steerage," where employers direct employees to national Center of Excellence networks and provide navigation systems. Additionally, employers look to reduce drug spending through rebates, transparency, and requiring pharmacy benefit managers to give prices in writing.

Unaddressed provider burnout has caused healthcare workers, especially physicians and nurses, to leave the industry throughout the country. The nursing shortage is driving costs as employers offer higher salaries and sign-on bonuses. The pandemic may also impact physician alignment.

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Telehealth physician visits, which reached a high of 50% during the pandemic, have fallen to about 11%. Whether telehealth will be a universal skill used to support care or a new specialty remains has yet to be determined. Also, health systems will continue to drive services from hospitals to outpatient locations and urgent care centers.

FORD KOLES – Vice President & National Spokesperson, Advisory Board



Ford Koles is one of Advisory Board's preeminent thought leaders in the area of health system economics and strategy, and is the keynote speaker at the annual meetings for Advisory Board's strategy membership. Ford is a health care economist by training and has participated in every major Advisory Board research initiative since 1992. He is well-versed in health care history and the many reform initiatives we have lived through in the past three decades: coverage expansion; vertical integration and physician partnership models; managed care and payer contracting; horizontal integration and system economies of scale; and quality-based payment. Prior to joining Advisory Board, he was a management consultant for the Hay Group and Ernst & Young. Ford received his BA from Kenyon College, and his MA in Economics from John Hopkins University.

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