



THE TOP TRENDS RESHAPING HEALTH CARE

**A look at the events that shook up the industry in 2019
and what to expect in 2020**

From price transparency debates to nontraditional partnerships and experimentation in care delivery, 2019 was a transformative year for the health insurance industry, with a slew of new developments that will continue to make waves into 2020.

The industry saw the spotlight turned on surprise billing, continued investment in value-based care and significant efforts to improve interoperability. Social determinants of health remained center-stage, with health plans and health care providers alike looking for strategies to harness the power of social factors to improve outcomes and reduce costs.

Enrollment in Medicare Advantage was expected to increase as premiums decreased, and the year also ushered in more nontraditional care models and increased integration of medical and pharmacy benefits through collaborations and mergers.

FOCUS ON SURPRISE BILLING

Unexpected medical bills for out-of-pocket care are not new, but the issue caught fire this year, drawing the attention of not only the patients who received them but also providers, insurers and — importantly — politicians and policymakers. A [Commonwealth Fund report](#) found that factors such as provider network structure and nonemergency visits involving complications can contribute to the issue, and an analysis by the [Kaiser Family Foundation](#) discovered most surprise bills come from doctors affiliated with patients' in-network hospitals.

Moving into an election year, this is an issue that resonates. A [November poll](#) found that 44% of voters reported they or a family member had received an unexpected bill from an out-of-network provider, with 29% of those voters being billed \$2,000 or more.

President Donald Trump has urged lawmakers from both parties to [take action](#), and in July the House Energy and Commerce Committee and the Senate Committee on Health, Education, Labor & Pensions [approved legislation](#). However, the two chambers took different approaches to the resolution of surprise bills, underscoring key challenges that continue to be debated.

Meanwhile, states are joining in the efforts to rein in surprise bills, and some have [passed their own laws](#). But these laws may ultimately [increase reimbursements and raise health care costs](#), in addition to creating a complicated patchwork of rules. America's Health Insurance Plans says [federal regulation](#) is needed, but it must create a fair, market-based reimbursement standard. However the issue is resolved, health plans that come down on the side of improving experience, costs and clarity for patients will be seen as problem solvers, and many are already proactively discussing the issue.

IMPROVING INTEROPERABILITY

Efforts to improve interoperability and sharing of electronic health data among clinicians and insurers advanced over the past year. Proposed interoperability rules from the CMS and the Office of the National Coordinator for Health Information Technology drew [criticism](#) from industry

stakeholders, who said exceptions to the definition of information blocking would create loopholes without improving interoperability.

AHIP has advised that the CMS [interoperability rule](#) be implemented in stages because of the "operational complexity associated with building the required technology and the lack of mature standards for the proposed data elements and exchange." At the end of October, the White House Office of Management and Budget was reviewing the [interoperability and information blocking rule](#), marking one of the last steps to be taken before it is released in final form. When it is promulgated, insurers will need to familiarize themselves with the rules and understand the ONC's definitions of [information blocking](#) and [electronic health data](#) so they are prepared to comply with the regulations. If other CMS regulations are any indication, change could come quickly.

ADDRESSING SOCIAL DETERMINANTS OF HEALTH

Providers and payers were also heavily focused on addressing social determinants of health to improve outcomes and reduce costs. In November, [14 large US health systems joined the Healthcare Anchor Network](#), agreeing to submit yearly data for measuring outcomes and pledging more than \$700 million to improve conditions that contribute to poor health in their communities.

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On the health plan side, AHIP launched [Project Link](#), an initiative to address social barriers to health and wellness by encouraging stakeholders to collaborate and share what they learn. [Cigna announced](#) it will test supplemental benefits addressing SDOH in many Medicare Advantage plans in 2020, including adult day care, an air conditioner allowance and an expanded transportation benefit, and some [Anthem MA plans](#) will offer options such as transportation assistance, food deliveries and pest control. The coming year will continue to be a time of learning as insurers develop and test interventions, then optimize moving forward.

Stakeholders also put a spotlight on the effect of loneliness on health, and [CVS Health's Aetna introduced a "Social Isolation Index"](#) to use in claims analysis to determine which seniors may be at risk of social isolation, then target them for outreach. Aetna partnered with Florida company Papa on a program to connect college students with seniors to guard against loneliness while providing members with help around the house, transportation assistance and more.

However, [funding may pose challenges](#), and the cost of programs addressing social determinants may limit resources for other benefits. For example, the CMS began permitting Medicare Advantage plans to offer supplemental benefits based on health condition, but rebates must be used to finance the benefits, which average \$107 monthly per member.

EXPANSION OF MEDICARE ADVANTAGE

Medicare Advantage continued to gain prominence and market share in 2019, with enrollment increasing amid decreasing premiums. The CMS anticipated [average monthly premiums](#) would reach their lowest in 13 years, dropping to \$23 in 2020, and MA enrollment is poised to reach 24.4 million. That trend is expected to continue, with more than 37 million seniors likely to be enrolled in private MA plans in 2025 and [up to 70% of Medicare beneficiaries enrolled in the plans by 2040](#), according to L.E.K. Consulting.

Competition is on the upswing, as well. The Kaiser Family Foundation reported that [more than 100 insurers are offering MA plans in 2020](#), giving the average beneficiary 28 plans to choose from out of a total of 3,148.

More changes are on the horizon for MA plans now that Trump has signed an [executive order](#) calling for regulations allowing Medicare Advantage plans to expand telehealth use, incentivize value and align fee-for-service Medicare payments with those for MA and commercial plans. All signs point to continued optimization and experimentation for these plans in 2020.

EMERGING MODELS OF CARE

Another trend that gained momentum in 2019 was nontraditional models of care delivery, with retailers offering more in-store health care and delivery services. CVS Health led the way with a flurry of new initiatives.

In July, the company partnered with social care coordination [platform](#) provider Unite Us on a platform designed to connect Aetna's Medicaid and dual-eligible beneficiaries with social care providers in their communities.

Then in August, CVS Health announced plans to slow the rate of new store openings and shift its focus to remodeling existing stores to create 1,500 [HealthHUBS](#) by the end of 2021. It also broadened its [Project Health campaign](#) supporting members with chronic conditions in underserved communities, marked its first [residential drone delivery of prescription drugs](#) with partner UPS, and expanded a [pilot program using digital tools](#) such as smartwatches and two-way text messages to help patients manage conditions.

Walmart also made headway, with the debut of a [Walmart Health Center](#) in Georgia that offers primary care, dental care, vision testing, hearing care, mental health counseling and more. The retail giant also began testing a [health care membership model](#), in partnership with Humana, in which Walmart's Sam's Club warehouse stores in Michigan, Pennsylvania and North Carolina will test out bundled discounts for members, potentially including dental care, vision care, free generic drugs and preventive screenings. A [recent report](#) found that more than 60% of health care executives reported interest in broadening

their access points by acquiring retail, home health or outpatient capabilities, so it's a safe bet there will be more of this to come in 2020.

CARE INTEGRATION

Health plans are also increasingly branching into pharmacy benefits and the provision of care. On the pharmacy side, the year saw several mergers and collaborations between pharmacies and insurers on the heels of the [merger of Cigna and Express Scripts](#) completed at the end of 2018. In September, a US district judge gave final approval to the [CVS Health-Aetna merger](#). Meanwhile, Anthem is expecting an operating gain of [at least \\$800 million](#) in 2020 from its new in-house pharmacy benefit manager, IngenioRx.

In an initiative to address social determinants of health, reduce costs and improve health, Health Care Service Corp. opened a [Blue Door Neighborhood Center](#) in Pullman, Wash. HCSC also announced plans to open 10 primary care clinics in Texas. Meanwhile, Cigna CEO David Cordani said he considers the company far more than an insurance provider, envisioning instead a [health service company](#) that provides services to support patient wellness and serves as a partner to physicians.

Ventures like these expand health plans' market share and enable greater coordination of care, as well as

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coordination of traditionally siloed benefits, which can enable insurers to provide [patient-centered care](#) and [improve outcomes](#) while managing costs. Coupled with innovative thinking, care could indeed look very different in the months and years to come.

VALUE-BASED CARE AND INSURANCE DESIGN

The focus on value-based care continued throughout the year among providers as well as insurers. In January, the CMS announced "[transformative updates](#)" to the Medicare Advantage Value-Based Insurance Design framework. HHS Secretary Alex Azar and CMS Administrator Seema Verma said [a value-based payment approach](#) is a vital component to reducing health care costs, and HHS looked to further promote value-based care by addressing rural health care access, maternal mortality rates and SDOH. In line with these efforts, HHS awarded about [\\$107 million to 1,273 health centers](#) across the US through its Health Resources and Services Administration to support continued delivery of value-based care to their communities.

In August, AHIP collaborated with stakeholders and researchers from the University of Michigan and Harvard Medical School to develop and test

a [value-based insurance design called VBID X](#), which aims to decrease the use of low-value care and increase the use of high-value services and medications. Health care providers moved gradually toward acceptance of risk. And [in October](#), more than half of hospitals learned they would see upward adjustments in the coming year for performance under the CMS Value-Based Purchasing Program.

THE YEAR TO COME

Many of these trends are expected to continue into 2020, and new developments undoubtedly will shake the industry in the coming year in ways we can't anticipate. In particular, the role of government in health care and health insurance will continue to be top of mind as the election puts a spotlight on proposals to rethink models for obtaining coverage and care. It is clear that health plans will need to be innovative, nimble and value-minded to thrive. Those that possess these qualities and take a member-focused approach will be well-positioned for whatever comes down the pike, and their members will benefit from the best new ideas and approaches that the health care industry has to offer. ■

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