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The Progress We Need: Ten Health Care Imperatives for the Decade Ahead

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As we make the turn into the new decade, we at Manatt Health look forward with cautious optimism to what the coming years will bring. The level of citizen engagement in supporting our democratic institutions and the collective outpouring of effort to protect the right to vote, to beat back the pandemic, to join the fight against racial injustice and to improve access to health care are building blocks for the society we want to live in.

This report addresses the health care imperatives that we believe are critical for improving our health care system and advancing health equity. These are the imperatives that form the core of our health care practice.

The first two imperatives—ensuring access for all and achieving health equity—are overarching requirements that must be collectively achieved for a just health care system.

Stabilizing the safety net and rebuilding our public health infrastructure are necessary pillars for a resilient health system. The weakness in our health system's underlying infrastructure has been exposed during the pandemic, as has its lack of equity. Creating a just health care system requires us to address social determinants and to align our resources to health improvement and health outcomes.

We follow with the imperatives to help our children develop to their full potential and support elders with innovative new models enabling them to live longer, healthier lives with dignity. Accelerating the broad and equitable use of digital health capabilities will deliver on the promise of virtual care, helping us achieve better value for our health care spend and reallocating resources so that we can eliminate health disparities. Advancing and sustaining academic medicine will provide the continued innovation needed in order to anticipate and respond to the emergencies of the future, open up new therapeutic frontiers, and help meet the growing, aging and diversifying population's demand for clinicians. Delivering the new class of

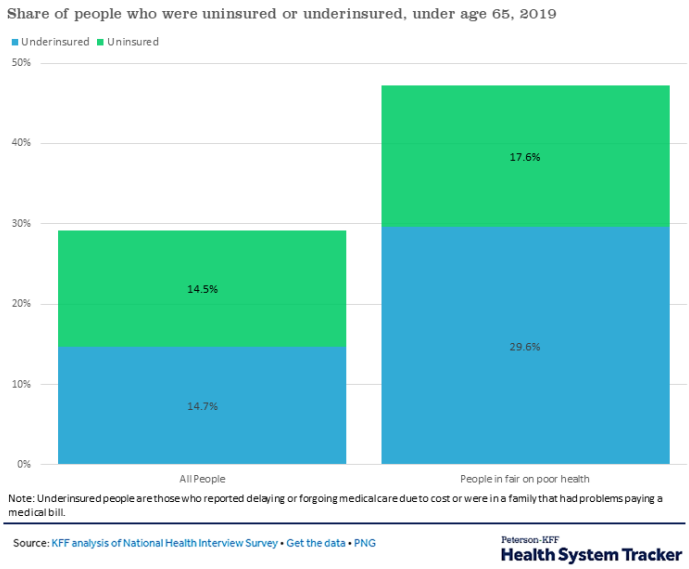
personalized therapeutics will require public and private payers to find innovative ways to price so as to provide affordable access. The accelerating transition to a digitally based society requires extraordinary attention to securing health care privacy. We believe that new policies to ensure this are imperative.

Each of these imperatives will need to be met while simultaneously bending the curve on health care cost growth, by focusing on high-value care, reducing complexity and aligning incentives. It will require bold and activist leadership to meet these many challenges and deliver on the promise of a just health care system that will serve all with excellence, compassion and fairness.

Ensuring Access to Coverage and Care

Access to coverage and care is the linchpin of a high-functioning health care system—one that provides quality care and enables health. Coverage gaps not only harm people, they create inefficiencies and preventable costs. With the passage of the Affordable Care Act in 2010, the country began to move in the right direction toward universal coverage. The numbers of uninsured began to go down, and with more individuals covered, payers payers and policymakers were positioned to consider how best to deliver value-based care and address social determinants of health (SDOH).

In 2019, however, the number of Americans without health insurance, and those underinsured, increased for the third consecutive year, despite a growing economy. Recent policies undermined access to coverage and care in both the public and private markets. We see this in policies that weaken coverage standards for Marketplace plans, condition Medicaid coverage on work requirements and unaffordable premiums, restrict access to family planning, and make it more difficult for immigrants and LGBTQ individuals to access coverage and care. At the same time, decades of neglect of our public health infrastructure became glaringly obvious as the COVID-19 pandemic focused a spotlight on the gaps in coverage and care and related social and economic disparities, including stunning disparities in the impact of the pandemic on people of color.



Affordable coverage is essential to remedy these issues. Having forgone years of enhanced federal support while many residents remain uninsured, states that have yet to expand Medicaid will be looking to test innovative ideas to strengthen coverage and improve access. At the same time, we expect to see the Biden administration use its executive authority to engage with states open to expanding Medicaid coverage—and work with all states to leverage Medicaid in promoting health equity and reducing health disparities, including by permitting states to expand postpartum Medicaid coverage to address the maternal mortality and morbidity chasm for Black women. The incoming Biden administration also is likely to reinvigorate Marketplace outreach and

enrollment efforts (such as special enrollment periods) and pursue other policies to promote comprehensive, affordable coverage. States will likely explore innovation here too, by, for example, adopting a Basic Health Plan or seeking Section 1332 waivers to test policies such as state-based public options or enhanced Marketplace subsidies that lay the groundwork for future federal legislation. States will also continue to build new data infrastructure to monitor statewide, cross-payer access, utilization, and cost trends (e.g., all-payer claims databases, benchmarking), and to develop more targeted and effective system reforms.

At the federal level, we can expect the Biden administration to use the authorities of the Affordable Care Act to continue to test payment and delivery reforms, building on a bipartisan consensus to move our health care system from paying for volume to rewarding value.

Achieving Health Equity Through Collective and Sustained Actions

For far too long, gaps in health access and outcomes for people of color have persisted and worsened. Compared with White counterparts, people of color are more likely to be uninsured, face barriers in getting needed care, be at a higher risk for a number of health conditions, and experience poorer health outcomes and premature death. The causes of these disparities are deeply rooted in and inextricably linked to systemic racism in our society.

The confluence of the public health emergency, economic crisis and racial justice reckoning has put in sharp focus that health equity is a foundational imperative for all health care organizations. Health care leaders are being called to expand their view of health to include social, economic and environmental factors and to commit to the sustained learning, intentional action and investment necessary to build trust and advance health equity. The work to integrate health equity commitments into every organization's strategic development must be a singular priority for the decade. So too must health equity be an essential component of government reforms. Opportunities to align equity with other core strategic priorities, including quality and community engagement, should be sought and developed. Standardized collection of race and ethnicity data should be pursued by states, payers and providers to better understand, address and monitor inequities.

At the forefront in realizing these opportunities will be anchor institutions such as safety net hospitals, Federally Qualified Health Centers (FQHCs), Medicaid health plans, and academic health centers and other safety net institutions that have been on the front line in addressing systemic factors that lead to poor health outcomes. Government agencies, foundations, corporations and other organizations that wield significant economic sway and are invested in the health and well-being of their communities will be essential contributors and in some cases drivers. These organizations have the potential to design, incentivize and implement new models to advance health equity, such as building inclusive boards and leadership teams, engaging in inclusive hiring practices, spurring economic growth by procuring from local enterprises, and building and deepening relationships with community organizations through community benefit dollars and other investment.

Stabilizing the Safety Net and Rebuilding Public Health Capacity

Safety net organizations, including hospitals, FQHCs and community-based organizations, face an existential crisis as rapid changes in health care payment and delivery threaten their sustainability, creating an expanding chasm in care for underserved communities, both urban and rural. Payment and delivery structures that favor acute and/or emergency care in lieu of primary care continue to foster suboptimal care delivery for these populations. Urgent and concerted action at the federal and state levels to deliver the funding necessary to strengthen the safety net will be essential. In concert, there is an urgent need to better align how safety net organizations are structured for community-based care. New payment models for safety net hospitals should be further tested and deployed, such as global payment, which can be used to reposition rural hospitals into primary and distributed care.

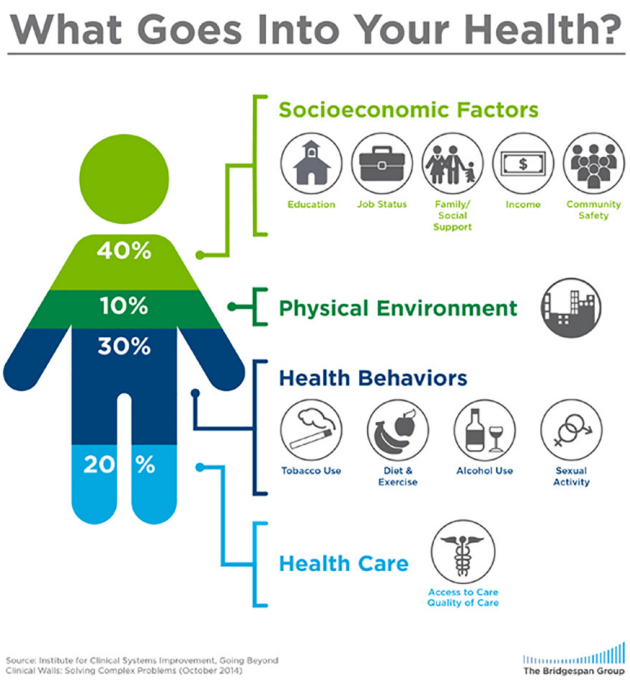
Compounding the stresses on the safety net, SARS-CoV-2 revealed the fragility of our nation's public health infrastructure. The speed, scale and impact of the pandemic illuminated weaknesses in our abilities to identify, monitor, contain and cure a rapidly emerging infectious disease. The pandemic also exposed and exacerbated systemic health inequities, vulnerabilities due to social determinants of health (SDOH) and the pervasiveness of preventable chronic diseases. Further, foundational flaws in our public health infrastructure continue to be revealed as states struggle to maintain the coverage and care structure required for testing, treating and ultimately vaccinating their residents.

In recent years, the public health system has been plagued by underinvestment, an eroding base of expertise and a parochial patchwork of information systems. Continued cuts in federal funding over the past three decades have greatly weakened public health agencies. Between 2008 and 2017, the local health department workforce decreased by 50,000.

Underinvestment has been a central cause for the decay in the public health infrastructure, resulting in erosion of expertise and stagnant information systems. Nevertheless, as we discovered during our work this year with city, county and state governments; health systems; foundations; and policymakers, coordination and communication resulted in powerful action to mitigate the worst effects of the pandemic. Hospitals and health systems mobilized incident command centers to respond in the face of staff, equipment and critical resource shortages. State and local public health authorities rapidly stood up data collection, reporting and analytic tools to inform critical public health and economic decisions. Health plans regularly communicated with their members on the importance of testing and also worked with providers to mitigate impacts on their operations and revenue. And the life science industry responded with effective treatments and, most recently, vaccines. The pandemic response, while revealing many flaws in our emergency preparedness, provided us with new insights necessary to reimagine and rebuild a public health system that will be ready for the next emergency. This newly energized public health capacity will be underpinned by communication and data exchange connections that provide timely, accurate, reliable and actionable data.

Addressing Social Determinants so as to Improve Health for All Americans

The COVID-19 pandemic has cast a harsh light on the extent to which affordable and safe housing, education, sustained income, food, schools and living environments—now commonly referred to as social determinants of health—are integral to health and well-being. Those hardest hit by the pandemic are low-income communities and communities of color that are experiencing higher rates of infection and therefore of hospitalizations and death. These communities are also disproportionately impacted by downstream socioeconomic instability and the isolation and stress resulting from the twin health and economic crisis. The crisis has underscored just how critical the linkages between social services and physical and behavioral health care are to the well-being of communities across the country. It has also highlighted the high downstream cost of not addressing the upstream drivers of poor health.



State Medicaid programs are leading the way in thinking creatively about addressing SDOH. States are designing responsive SDOH interventions, developing sustainable financing models, evaluating the benefits from SDOH-related investments to promote scaling of effective interventions, and supporting the development of new collaborations across sectors, such as health care, housing, employment and education. SDOH strategy development requires a greater role for community-based organizations in solution design, as their expertise is essential to ensuring SDOH interventions are responsive to the needs of the communities and people they are intended to serve. Investments in SDOH will serve a vital function in bending the cost curve, with prevention and early intervention initiatives resulting in reduced chronic disease and downstream medical costs.

Helping Our Children Reach Their Full Potential

Disruptions to health care, education and community life due to the pandemic have been devastating for the health and development of our nation's children. School closures and remote learning have not only wreaked havoc for working parents and redefined the American educational experience, they have prevented access to critical early intervention and school-based health care services for children, such as speech, physical and occupational therapy. After decades of improvement, compliance with recommended

well-child pediatric visits has plummeted—between March and May 2020 alone, vaccines for children under age 2 fell 22%, child screenings and outpatient mental health visits were down 44%, and dental visits decreased by 69%. While telehealth has helped mitigate the losses, for younger children, those with developmental disabilities, and those who lack technology or reliable Internet connections, remote care is unable to fill the gap. Home health workforce shortages exacerbated by the pandemic have left children with special health care needs without critical services such as private-duty nurses. Furthermore, households with children, particularly in communities of color, have experienced higher rates of job loss, income reduction, hunger and other indicators of deprivation in the pandemic-induced recession. While the full impacts are still emerging, economic hardship and its linkage to higher risk of adverse childhood experiences (ACEs) can have lasting impacts on physical and behavioral health, educational attainment and even lifetime earnings.

For children, the developmental moment is now, and missed or delayed screenings, diagnosis or treatment can have impacts reaching into adulthood. The decade ahead demands a new focus on mitigating the damage of COVID-19 and achieving the benefits of truly integrated care to children so that all children—particularly our most vulnerable children—are on track to reach their fullest potential. This will require intensive efforts—leveraging the resources and expertise of government, providers, payers and renewed partnerships with education and social services—to broaden the concept of primary care through innovative approaches for providing pediatric and adolescent care that supports social and emotional development, and to recognize the impacts of income inequality, systemic racism and other upstream drivers of health.

Innovating Long-Term Financing and Care Models to Promote Living Longer, Healthier Lives With Dignity

Long-term care is becoming a widely acknowledged and pressing societal issue as growing numbers of elders and others living with disabilities or chronic diseases increase demand. The 65-and-over population is projected to increase 50% by 2030, and those over age 85 are the fastest-growing segment of older Americans—a population that prefers to receive care in their homes and communities, making the home a likely primary setting for an increasing range of long-term care services. The devastating impact of the pandemic in nursing homes and for seniors and people with disabilities living in social isolation in the community has accelerated the need to implement alternative models for caring for individuals who require long-term services and supports.

> "Support for a government-administered long-term care insurance program similar to Medicare has increased since 2013, reaching a high of 70% favoring such a program in recent years."
>
> AP-NORC Long-Term Care Poll 2013–2018

The time has come to implement solutions that enable our elders and others who need support to maintain their autonomy and control their lives and environments with greater private- and public-sector support services. Advances over the coming decade will require expanding innovative home- and community-based services through Medicaid, and better integration of critical behavioral health support into those services, promoting new approaches to national and state-specific long-term care financing,

reimagining the workforce to include formal and informal caregivers integrated and valued as part of medical care teams, and deploying digital technologies that enable care in the home, including through emerging "hospital-at-home" and other care-in-the-home models. We also believe in a renewed emphasis on higher-quality, integrated supportive care/palliative care services and hospice services that meet the physical and spiritual needs of patients and families alongside curative treatment regimens. Each of these ideas individually represents opportunity to improve how we care for elders and people with disabilities, and together they represent a paradigm shift in culture and approach to aging with dignity.

Realizing the Promise of Virtual Health

Digital health adoption has skyrocketed during the COVID-19 pandemic, and this surge in use now has the potential to transform health care. In April 2020, telehealth utilization represented nearly 15% of all ambulatory services in the United States, up from less than 1% pre-pandemic. Virtual health is the new way. Achieving the full potential of digital health will require designing and actualizing new digitally enabled care delivery models that look fundamentally different than their in-person predecessors. These models will disrupt traditional health system, payer, life science and med tech business models and relationships as a new set of players enter the market. The health care system will also be challenged by the need to integrate digital health adoption into the new paradigm of value-based care to ensure that it delivers on its promise in a cost-effective way.

While there is always excitement about and interest in the new technology, issues of dissemination are equally important, given that digital health is currently inequitably distributed among providers and consumers. Health systems must harness digital technologies to enhance access, design new care models and structure value-based payment arrangements that encourage digital health use. State governments and industry stakeholders will be integral to remedying the "digital divide" through policy, organization and industry action and in accelerating interoperability standards and solutions that will enable providers to care for patients more efficiently, longitudinally and collaboratively. Private payers can identify opportunities to accelerate the adoption of digital technologies that can improve outcomes and reduce waste. Innovators within established life science and med tech companies and emerging companies will bring new digital solutions to market, including new digital solutions to address the mental health and substance use crisis emerging in our country as a result of the pandemic.

> "Digital health will be valued and adopted if it: is accessible and supports equitable and universal access to quality health services; enhances the efficiency and sustainability of health systems in delivering quality, affordable and equitable care; and strengthens and scales up health promotion, disease prevention, diagnosis, management, rehabilitation and palliative care including before, during and after an epidemic or pandemic, in a system that respects the privacy and security of patient health information."
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> World Health Organization, Global Strategy on Digital Health 2020–2025

Advancing Academic Medicine

Academic health centers are recognized and rewarded for their multi-mission commitment to clinical care, research and education and for their capacity to produce innovative solutions to the health challenges of each generation. As a result, they serve a foundational and stabilizing role in our health care system. They have stepped into the breach during the pandemic to create COVID-19 tests and lead community coordinating efforts, and they will be critical for effective vaccine distribution. Their faculty are founts of innovation driving economic development. They serve as safety nets, caring for those most in need; and they are anchor institutions, contributing to the economic growth and vitality of their communities. They provide the most advanced care and pioneer entire new domains of medicine that save and improve lives. They train the next generation of physicians. Despite their significant contributions, however, academic health centers are highly vulnerable to the powerful forces of consumer and technology disruption that are upending every dimension of higher education, scientific investigation and health care delivery. While the strongest academic health centers will adapt and likely thrive in the decade ahead, many face the possibility of deteriorating finances and diminished standing. Furthermore, although academic health centers have been leaders in innovating breakthrough treatments, they have generally not been at the forefront in developing innovations that can reduce overall health costs in a population.

Trends Shaping Academic Health Centers

Professional Education
Be inclusive, relevant, affordable

- Diversity, equity and inclusion
- Expanded interprofessional team-based education
- Competency based, patient-centric, multimodal curricula and assessments
- Shorter, less costly, more individualized training; dual degrees
- Online and remote learning

Research
Deliver demonstrable impact

- Shifting sources of research funding to non-NIH, industry partners, philanthropy
- Problem-focused, translational science using digital infrastructure
- Multidisciplinary cross-campus research shifting from PI-centric to team and institution-centric
- Open science movement

Health Care Delivery & Finance
Do more and spend less in a data-driven, equitable way

- Shift to increasingly public payers
- Market consolidation and new entrants—multiple new partners
- Big Data, machine learning and precision health
- Virtual health
- Community engagement and addressing SDOH

To continue to fulfill their vital roles, academic health centers will need to evolve. They will need to transform into learning health systems focused on population health, caring for the whole person (including physical and behavioral health needs), and reflecting the diversity of the populations they serve in their leadership and research and education missions. They will need to lead in the deployment of digital health capabilities, apply their unique research capabilities to rapidly advance diagnostic and therapeutic precision, and broaden their collaborations across health disciplines and professions to train the next-generation clinical workforce.

Delivering Breakthrough Treatments Affordably

Scientific advances of the past decade in understanding how to manipulate genes to alter the course of disease are now starting to bear fruit. Cell and gene therapy treatments introduced over the course of this decade will bring hope to those with conditions once thought to be incurable or irreversible. The complex science in developing these treatments and, in some cases, their need to be tailored for each patient have led to the introduction of current products and the anticipation of many future ones at extraordinary prices (between $500,000 and $2 million for certain therapies) compared with current drugs and biologics.

While debates over the value of these breakthroughs will be intense, their lifesaving potential and the equity implications relating to who will have access to them will pressure payers—public and private—to find innovative ways to provide affordable access. One option is payment-over-time models to spread the cost over a number of years, potentially combined with value-based contracting so as to pay for results. Costs also could potentially be pooled across many payers. A continuing stream of newly developed personalized therapeutics may also lead to debates over who should receive these treatments and how to decide, as a society, what we can afford and are willing to spend. States that have implemented Medicaid managed care may choose to carve out high-cost therapies from their plans and contract directly with biotechnology and pharmaceutical firms to make their products available.

The life science companies that will pioneer these breakthroughs will have to navigate difficult business and political waters in pricing their products in the United States and around the world at the same time they are facing strong pricing headwinds. Payers will need to develop new tools to ensure appropriate access while keeping an eye on overall budget impacts.

Securing Health Data and Putting It to Work

When the Health Insurance Portability and Accountability Act (HIPAA) was enacted in 1996, there was virtually no utilization of the Internet, smartphones or artificial intelligence. Most health records were maintained within the traditional health care system, either in paper form or in siloed electronic systems. HIPAA's scope reflects that reality. The privacy rule applies only to "protected health information" created or maintained by "covered entities," which include health plans and most health care providers, as well as their vendors, known as "business associates." During the past 24 years, the health data landscape has been remade—with vast amounts of personal data now being collected—and the nature of the care team has been reimagined, but the scope of the privacy rule has not changed. And today, every stakeholder is reexamining its digital strategies, considering how to exchange data between the health and social sectors, addressing consumer information sharing, and determining how to harness this information to improve care and business models.

We believe that it is time for a comprehensive federal health information privacy framework that reflects the realities of 2021 instead of 1996 and that allows innovation to occur without the confounding complexity caused by highly variable state law approaches. Transparency and consent need to remain important

elements of a modern-day approach to health privacy. But taken alone, they are insufficient to address the myriad privacy-related issues that must be confronted in a world where people are no longer able to make informed and timely decisions with respect to what websites and apps to use. A new privacy paradigm must include clear rules with respect to the collection, disclosure and use of data, thereby shifting the burden of privacy risk off of users and onto the companies that will need to evolve as trusted stewards of health information in the future.

Creating clear pathways and safe harbors for the sharing of health information will strengthen payer and provider responses to whole-person care needs, support more effective and targeted public health actions, and allow researchers to unlock new clinical and scientific insights to address our most chronic and pressing health concerns. Making our health data work harder and smarter for us in the public health, clinical research and personalized medicine spheres is the key to lifesaving innovation, and we will be working diligently to achieve this objective.

Bending the Cost Curve

Health care spending is just under 18% of GDP today and forecast by CMS to grow at an average rate of 5.5% per year, when it will reach 20% of GDP by the end of the decade. Average family health insurance premiums have now reached more than $21,000 and have risen 55% over the past decade, double the level of wage growth. Medicaid spending represents almost 30% of state budgets and is rising.

Current efforts to bend the curve through improved care coordination, value-based contracting, increased price transparency and eliminating low-value care have demonstrated over the past decade that it is possible to reduce the rate of cost growth. These initiatives, however, have not demonstrated their ability to flatten the curve to levels approaching the forecast 2% annual increase in consumer price inflation. In addition to redoubled efforts to streamline, reduce waste and optimize health service delivery, we also expect that all health care sectors will face the challenge of increased transparency and government intervention in pricing and reimbursement as a means of controlling cost growth, combined with significant expansion of value-based payment initiatives. Enhanced antitrust scrutiny is also likely, motivated by concerns that increased concentration is driving cost increases. All health care organizations will need to take these dynamics into account, while placing more of their focus on cost-reducing innovations.

Leading for Change

Without question, the next decade will require leaders to grapple with a broad range of new issues. Most especially, they will need to forcefully address diversity, equity and inclusion in addition to the disruptions rocking the traditional missions of many health care agencies and institutions. And they will need to reconcile the imperative to address growing costs while narrowing gaps in care and coverage. Health care leaders will be held to account by their boards, their governors and their communities to proactively address critical issues of health equity and social justice that are at the forefront of a national imperative. They will also need to identify, understand and introduce disruptive technologies as opportunities for rapid evolution and growth.

Leaders who are bold activists and who recognize the importance of collaboration will define the future of health care, pushing forward new research, adaptive models of care, innovative financing, engaged and authentic ways of working with communities, evolved partnership models and novel means of harnessing technology for health improvement. These leaders will also take responsibility for identifying and training a new generation of diverse talent so that our health system comes to represent our society.

About This Report

This report was prepared by Manatt Health professionals to share with clients and friends interested in the themes and issues our health care practice intends to focus on in the decade ahead. For more information, contact Ilene Siegalovsky at isiegalovsky@manatt.com.

About Manatt Health

Manatt Health integrates legal and consulting expertise to better serve the complex needs of clients across the health care system.

Combining legal excellence, first-hand experience in shaping public policy, sophisticated strategy insight and deep analytic capabilities, we provide uniquely valuable professional services to the full range of health industry players.

Our diverse team of more than 160 attorneys and consultants from Manatt, Phelps & Phillips, LLP and its consulting subsidiary, Manatt Health Strategies, LLC, is passionate about helping our clients advance their business interests, fulfill their missions, and lead health care into the future. For more information, visit https://www.manatt.com/Health.

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