

NEWS RELEASE

Trilliant Health's 2023 Trends Shaping the Health Economy Report Offers Data-Driven Insight Into 10 Secular Trends That Will Define the U.S. Healthcare System

9/27/2023

The report includes more than 100 data stories based on original research findings and machine learning models applied to nationally representative data.

The 2023 Trends Shaping the Health Economy Report concludes that the winners of healthcare's negative-sum game will be stakeholders that deliver the greatest value for money.

BRENTWOOD, Tenn.--(BUSINESS WIRE)-- Trilliant Health, the healthcare industry's leading analytics and market research firm, today published its **2023 Trends Shaping the Health Economy Report**. The 147-page report is a fact-based national analysis of 10 data-driven trends that will define the landscape, and subsequent challenges, for all players in the health economy.

Trilliant Health's 2023 Trends Shaping the Health Economy Report cover and example slides
(Photo: Business Wire)

"As a health economist, I study healthcare through the lens of demand, supply and yield," said

Trilliant Health Chief Research Officer, Sanjula Jain, Ph.D. "According to the laws of economics, when supply exceeds demand or demand is flat or declining relative to supply, price goes down. In healthcare however, the inverse has been true for decades, but the status quo is unsustainable for the health of Americans. Despite significant investments and initiatives to 'transform' the \$4.3T health economy, little has changed. Analysis of emerging and intensifying industry trends, however, suggests stakeholders may soon have no other option but to start playing by

the immutable rules of a negative-sum game."

The 2023 Trends Shaping the Health Economy Report offers insight into the following 10 secular trends that will impact every healthcare stakeholder from providers and payers to life sciences, new entrants and employers:

1. The commercially insured market continues to erode
2. The physical and mental health of Americans is unraveling
3. Drug and diagnostic investments signal emerging patient needs
4. The tepid demand trajectory for healthcare services persists
5. Consumer behaviors are starting to manifest in patient decision making
6. The traditional care pathway is becoming disintermediated
7. New models of care are further constraining provider supply
8. The monopolistic effects of provider M&A are overstated
9. Employers are paying more for less
10. The market rate has been revealed, and it is lower than you think

"As a long-time admirer of Mary Meeker's Internet Trends Report, I have always thought our industry lacked an analogous, data-driven view of emerging healthcare trends," continued Jain. "Unlike most healthcare research, whether industry publications or academic literature, that is focused on a specific research question or a single topic, the Trends Shaping the Health Economy Report is the only study of its breadth and depth, providing longitudinal and timely insights representative of the healthcare utilization patterns of more than 300M American lives and 2.7M practicing providers."

Original research insights featured in this year's report are primarily gleaned from proprietary Trilliant Health datasets and analytic models that measure various dimensions of demand, supply and yield across the health economy. To study demand, Trilliant Health's national all-payer medical and pharmacy claims database and Demand Forecast were leveraged. The Trilliant Health Provider Directory was used to study physicians and allied health providers across the country. To measure yield, the report incorporates Trilliant Health's Health Plan Price Transparency dataset which provides negotiated rate data for services by market across large national and regional health plans.

Previous editions of the Trends Shaping the Health Economy Report concluded that healthcare is a negative-sum game and that every stakeholder will be impacted by reduced yield. Building on these prior conclusions, the third edition reveals the importance of delivering value for money, as opposed to value-based care.

The newly released Trends Shaping the Health Economy Report is publicly available and includes data primarily through 2022. An expanded version of the report, with additional analyses, data through 2023 and ongoing tracking, is available to premium research subscribers of Trilliant Health's **Compass+ platform**.

The 10 secular trends highlighted in the Trends Shaping the Health Economy Report are supported by 100+ data stories, including:

- Cancer mortality is increasing for Americans ages 35-44, while decreasing for older age groups. While national cancer mortality rates have been declining for many years, the variation in rate by age has changed in more recent years. From 2018 to 2022, malignant neoplasm deaths were up 5.0% for ages 35-44 – an age cohort that historically is less affected by many cancers as reflected in current screening guidelines. Conversely, malignant neoplasm deaths have declined year-over-year for older age groups – ages 45-54 (-10.6%) and 55-64 (-7.8%). (Trend 2: Unraveling Health, pg. 30-31)
- Prescription volumes of GLP-1 weight loss drugs increased by 300% between 2020 and 2022, with Novo Nordisk's Ozempic® accounting for 65.4% of all GLP-1 prescription volumes. Off-label use continues as 53.8% of patients on a GLP-1 medication in 2022 had a history of type 2 diabetes. Across select major metropolitan markets, the increase in the number of patients taking Ozempic® who have a history of overweight, obesity or other hyperalimentation, ranges from +48% in Minneapolis to +481% in Cleveland. (Trend 3: Drugs and Diagnostics, pg. 41-43)
- Telehealth may create duplication of service, as almost one-third (29.2%) of telehealth visits – excluding behavioral health – resulted in an in-person follow-up visit for the same clinic reason within three weeks, most commonly for general encounters and chronic condition management. This finding is consistent with the fact that the majority of physicians perceive the quality of care delivered via telehealth to be inferior to in-person care. Moreover, among all telehealth users in 2022, approximately half (49%) only used virtual care once which may serve as another indicator of limited consumer satisfaction. (Trend 5: Consumer Decisions, pg. 71; Trend 6: Disintermediation, pg. 84-85)
- As new primary care models continue to scale, national provider supply will become more constrained. Patient panel sizes for new primary care entrants – like Walgreens's VillageMD, CVS's Oak Street Health and Amazon's One Medical – average 584 patients per provider, which is far lower than the current patient to provider ratio of 944. These ratios suggest that the U.S. would need an additional 218K primary care providers to meet the needs of every American under the new entrant primary care model. (Trend 7: Constraining Supply, pg. 97)
- Negotiated rates for a single service delivered at comparable quality, in the same market can vary substantially across payers. For example, there is substantial variance in the negotiated institutional rates for UnitedHealthcare, with rates for MS-DRG 470 (Hip and Knee Joint Replacement) ranging from \$12,255 to \$64,923 across U.S. short-term acute care hospitals, a 5X difference. Even for a common procedure like screening colonoscopies that is preventive and traditionally delivered in lower-cost outpatient settings, the state-median negotiated rate ranges from \$368 to \$836, a 2.3X difference. Even in competitive markets like New York City and Los Angeles, the relationship between price and quality across providers is random, which also suggests the monopolistic effects of provider M&A are overstated. (Trend 8: Overstated Monopolistic

Effects, pg. 100, 106-107, Trend 9: Paying More for Less, pg. 115, 119- 120; Trend 10: Lower Market Rate, pg. 127)

- Unwarranted price variation contributes to waste, often tens of millions of dollars for a single service in a single market. If the principle of “regression to the mean” manifests in healthcare as it has in other industries, total spending could be reduced without impacting quality or patient choice. For example, in the Philadelphia CBSA, total spending for sepsis (based on actual volumes) using UnitedHealthcare’s negotiated rates would total approximately \$272M in the current environment. But if hospitals with a negotiated rate for sepsis above the 50th percentile reduced their rate to the median negotiated rate in the market, this would result in a \$23M reduction in spending for the exact same number of procedures, provided by the exact same providers. (Trend 10: Lower Market Rate, pg. 134)

Read the public report: <https://www.trillianhealth.com/reports/2023-health-economy-trends>

About Trilliant Health

Trilliant Health combines healthcare industry expertise, market research and predictive analytics to form Evidence-Based Strategy for Healthcare™. Trilliant Health's proprietary analytics platform produces a comprehensive understanding of local market dynamics providing exponentially better data insights to maximize returns from growth strategies.

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Source: Trilliant Health