

The Future of Healthcare in 2040: A Reflection Post-COVID-19

Introduction

On February 9, 2021, Deloitte Insights released a new report on future healthcare spending trends, which also included updates to its 2019 report on overall industry trends. The COVID-19 *public health emergency* (PHE) has accelerated many of the predictions and shifts discussed in the 2019 report, but delayed others. Trends in spending are important to consider in light of reimbursement, regulation, and broader healthcare trends. According to a 2019 report, the main points of change for the healthcare industry over the next 20 years will revolve around consumers; interoperability: a holistic, prevention-based focus on health and well-being; and the equipping of healthcare providers with the technology and knowledge to collect and utilize on-demand patient data.¹ This article will explore how the healthcare delivery environment may change over the next 20 years.

Overall Cost Trends

For nearly every year over the past six decades, U.S. healthcare spending as a percentage of *gross domestic product* (GDP) has increased.² In 1960, this share was only 5%, while by 2019, it had increased to 18%.³ Healthcare spending is projected to reach \$8.3 trillion, or approximately 18.4% of GDP, in 2040, more than double projected spending in 2020, according to the 2021 Deloitte report.⁴ The report predicts that three realities will materialize by 2040:

- (1) Savings from system investment into individuals' well-being⁵ will be realized. The Deloitte expenditure estimate for 2040 was \$3.5 trillion lower than projections from the *Centers for Medicare & Medicaid Services* (CMS), extrapolated to 2040.⁶ Called a "well-being dividend," these savings are comprised of a return on investment for tools, systems, and procedures that allow consumers to take an active role in their health.
- (2) Spending will shift from a majority care and treatment model to one allocated toward health and well-being. Prevention and early detection will be made easier by a wider availability of health monitoring technologies.

- (3) Shifts in healthcare financing, a slowdown of mass-produced biopharmaceutical products, and the end of general hospital systems as they currently exist will bring significant changes to the healthcare economy.⁷

These three key trends, as well as general healthcare trends and changes in light of COVID-19, are discussed in further detail below. The remainder of the article will be devoted to a discussion of the interconnected changes between financial and general predictions.

Consumer-Led Care

In 2040, consumers will likely experience a radically different healthcare environment. Technology will allow patients to access their data and clinical services more easily, no matter their location.⁸ Wearable devices have the potential to make this data available on-demand to consumers.⁹ Treatment, such as at-home diagnostic testing and symptom management, will also be more readily available in multiple settings (including the patient's home), thanks to new technological developments.¹⁰ Over the past decade, more surgeries and procedures have transitioned to more cost-effective and convenient outpatient settings.¹¹ In fact, outpatient care grew from less than one-third to nearly half of hospital revenue from 1994 to 2018.¹² Demand for inpatient services is likely to continue dropping, leading to increased *merger and acquisition* (M&A) activity¹³ in the sector and, potentially, the end of the traditional, general hospital.¹⁴ Care is likely to transition to more individualized, personalized care as a greater number of healthcare providers are able to collect and effectively utilize this patient data.¹⁵ Personalized health information can allow consumers to be more active in their own health and well-being.¹⁶ This trend has already taken off in the past decade: in 2020, a Deloitte survey of more than 1,500 consumers indicated that 42% of those surveyed used devices or technology to measure their fitness and health improvement goals – a significant increase from just 17% in 2013.¹⁷ Further, randomized trials have shown improvement in physical activity through the use of wearable activity trackers, as measured by time engaged in moderate intensity physical activity or daily step counts.¹⁸

How organizations evolve their business models to meet the needs of these empowered consumers in the future may strongly influence the organization's viability.¹⁹ These changes may be accelerated by increasing interoperability and creating interconnected health communities, which can shift the responsibility of well-being to the consumers.²⁰ Returns on investments included in this area, as well as in the related areas of interoperability and technology, principally constitute Deloitte's "well-being dividend."

Working Together: Interoperability between Providers and Systems

On March 9, 2020, the U.S. Department of Health and Human Services (HHS) finalized new interoperability rules that prevent information blocking practices, encourage more easily shareable *electronic health records* (EHRs), establish requirements for software that will allow patients to better access their own health data, and mandate that claims data through federal healthcare plans be shared with patients.²¹ According to HHS, these rules, which took effect on January 1, 2021, represent "the start of a new chapter in how patients experience American health care."²² Eventually, interoperability could lead to a more connected healthcare system, where data is securely shared among stakeholders (e.g., patients, hospitals, independent physician practices, pharmacies).²³ Each consumer would have a personalized image of their own well-being that was easily shared among providers (even those of different health systems) and would replace the disjointed and disconnected healthcare system that exists today.²⁴ The government, as the primary payor of healthcare services in the U.S., has great influence and power in making this vision a reality. Policies that support interoperability and data collection and sharing would help drive these developments, while new regulations would empower consumers and ensure that their privacy and security are protected.²⁵

New entrants to, and non-traditional players in, the healthcare market can seize opportunities by delivering healthcare that empowers consumers with convenience, affordability, and a better experience of care.²⁶ Promoting data sharing, transparency, and interoperability will be vital steps to lowering the barriers to entry for these new players.²⁷ Striking a balance between innovation and safety may create a more sustainable healthcare business model that would endure well past 2040.²⁸

Prevention, Early Detection, and Well-Being

Chronic disease is the leading cause of death and disability in the U.S., as well as a main driver in rising annual healthcare costs.²⁹ In fact, 60% of adults have a chronic disease, and 40% have two or more chronic diseases.³⁰ Heart disease, cancer, lung disease, kidney disease, diabetes, Alzheimer's disease, and stroke are all highly prevalent chronic diseases.³¹ Treatments for these conditions are constantly evolving, especially for cancer and diabetes, thanks to technological innovations. Promising advances in immunotherapy, therapeutic viruses, vaccines, epigenetics, starvation methods, and

nanoparticles have not yet led to a "cure" for cancer, but are making progress toward improving patients' odds against the disease and keeping ahead of growing tumors.³²

Because healthcare is traditionally focused on disease treatment instead of prevention, with about 80% of healthcare spending used to diagnose patients and treat them after they become sick, it is no wonder that the rise in complex, chronic conditions has led to increases in costs for the healthcare system.³³ Future investments in consumer-centric technologies (such as those discussed above) may help lead to a shift to well-being care wherein most funds are spent on prevention, early detection, and encouraging mental, physical, spiritual, and other forms of well-being and health.³⁴

These advances may also lead to further widespread changes in the insurance systems and business models that dominate the healthcare system. Health insurance today is financed primarily by premium payments made to private insurance companies, which distribute their risk across many individuals.³⁵ However, with technological advancements and a greater focus on prevention enhancing providers' abilities to detect and prevent diseases, consumers may begin to demand a shift to a system more closely tailored to their lifestyle and behaviors, rather than to risks in the greater population.³⁶ This transformation has already begun: business models are beginning to shift to rewarding behaviors that promote well-being.³⁷ These models can provide more effective care through an emphasis on well-being and efficient data utilization.³⁸ In future projections, models such as these will become increasingly prevalent.³⁹

Technological Advancements

Innovations in healthcare technology, including those that enhance the collection, analysis, and distribution of data, are growing exponentially. These new technologies are a major focus for future healthcare predictions. As mentioned above, the use of wearable trackers and monitors by patients hold great potential for the healthcare industry.⁴⁰ Telemedicine has also proven to be a useful tool, especially in eliminating geography as a barrier to access and reaching patients who are unable to leave their homes.⁴¹

Streamlined regulatory processes and collaboration, as seen with the COVID-19 vaccine, may also work to bring diagnostic tests and therapies to the market more quickly. The Deloitte report further expects the number of new preventative and curative advances available to consumers to grow exponentially between now and 2040.⁴² Cell and gene therapies, as well as new vaccines, will likely be used to prevent, treat, and cure a wide range of diseases.⁴³ Interoperable data and *artificial intelligence* (AI) also hold great potential to allow for early illness identification.⁴⁴ Moving forward, governmental reimbursement and regulations will be vital to encouraging the development and utilization of these technological advances.

Conclusion

Healthcare is likely to move to a more patient- and prevention-centered system in the near future. Technology and data interoperability, as well as reimbursement and regulation, will drive this systematic change. Allowing consumers to access more personalized data related to their health will ideally increase the responsibility they feel and encourage healthier habits and a greater focus on a multi-faceted

view of well-being. This implementation will challenge providers and raise costs, as healthcare expenditures are predicted to rise dramatically in the next 20 years, both in real dollars and as a share of GDP. However, investment in these technologies and improvements could also translate to real improvements in the rates of chronic diseases among the U.S. population and could create a tangible, trillion dollar return on investment on the well-being of Americans.

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- 5 Deloitte defines well-being as “*wholistic... where the health of the whole individual is considered.*” They include physical, mental, spiritual, social, emotional, equitable, and even financial health in their definition. Further, “[*a*]chieving and maintaining a state of well-being might encompass everything from a healthy diet and exercise, to addressing drivers of health and inequity, to using cell and gene therapy, and other advanced therapies, to prevent, treat, or cure today’s illnesses.” Gebreyes, Davis, Davis, and Shukla, February 9, 2021.
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