

Health care trends

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The survival of the healthcare industry is going to require some innovative and creative initiatives to withstand the trends of the future in this country. Over the past two decades, American hospitals have experienced dramatic changes in their economic and institutional environments. Government-mandated cost-containment efforts, a shift from cost-based reimbursement to prospective payment, increased control of managed care plans, and advances in medical technology that reduce inpatient care have created enormous pressures on hospitals and have threatened their very survival (Bnet, 1999).

This type of transformation has caused many institutions to take a close look at providing services in off-site facilities. This type of service will allow for some of the same services that occur in the main facility to be offered in rural or suburban areas. Of course, providing services away from the main facility require certain regulations and licensure for operation. Other areas that must be monitored for the future survival of health care facilities are the changes in the way that health care is delivered as well as the modification and expansion of information technology. Many organizations are developing new strategic plans, with some based on "mission transforming" strategies and others continuing highly specific missions (i. e. , faith-based).

"Mission transforming" organizations, usually clinics in more affluent areas and those with direct federal financial support, are expanding service delivery options and are more active in soliciting funding (APHA, 2003).

Transforming the way that health care organizations deliver health care will be advantageous in ensuring the survival of their specific facility. Although this may be a new trend in the customary way that health care is

traditionally delivered, it serves as an alternative to deliver health care to a community that may otherwise not have access to some subspecialty services. It also enables some populations that may have the capabilities of traveling to the main facility for services access to specialty services closer to their home. This can be an attractive service to the more affluent population. Many times the main facility is located in a more urban population that may be unfavorable to some people. This type of innovative strategy may very well prove to be the ground-breaking development in the survival of major hospitals and possibly smaller facilities.

There are standards that must be met in order to stay compliant and operative when operating a larger or small hospital. National Accreditation Board for Hospitals and Health Care Providers (NABH) hospital accreditation programme is already in operation since February 2006 and is very well received by the industry. The hospitals accredited by NABH will have global recognition, which in turn will provide boost to the medical tourism in our country. Considering that almost 90% of hospitals are with beds less than 100, there was a demand to have specific guidelines on how to apply hospital accreditation standards for small healthcare organizations or carve out separate standard. Present standard for Small Health Care Organizations (SHCO) is compilation of all applicable standards from hospital accreditation programme, which are relevant for small healthcare organizations. This will facilitate small healthcare organizations in easy understanding and implementation within their facilities. The standard also applies to single specialty hospitals.

Besides patients, which are going to be biggest beneficiaries from accreditation, it is expected to provide easy and transparent mechanism for empanelment of small healthcare organizations by Government, Corporate and the Insurance companies (NABH). The Joint Commission is one of the leading accreditation and regulatory affiliates. The mission of Joint Commission Resources (JCR) is to continuously improve the safety and quality of health care in the United States and in the international community through the provision of education, publications, consultation, and evaluation services (JCR). Health care facilities abiding by the regulations set forth will ensure that patients and communities will have a safe environment for the maintenance and prevention of their health care needs and treatments that are provided by health care providers.

Maintaining and delivering health care in today's era requires improved information technology. This is essential in the survival of health care today. When instituting health care in rural and suburban areas it is necessary to implement quality high-tech information technology.

This enables physicians to obtain results in a timely manner which can be beneficial to diagnosis. Although services are provided on an off-site basis, sometimes it is necessary to transport patients to the main facility. This is why it is imperative to have improved information technology in place. It may be a little costly initially and may or may not prove to be beneficial in the interim. While a particular new technology may either increase or decrease health care spending, researchers generally agree that, taken together, advances in medical technology have contributed to rising overall U. S. health care spending.

Rettig describes how new medical technology affects the costs of health care through the following “ mechanisms of action. * Development of new treatments for previously untreatable terminal conditions, including long-term maintenance therapy for treatment of such diseases as diabetes, end-stage renal disease, and AIDS; * Major advances in clinical ability to treat previously untreatable acute conditions, such as coronary artery bypass graft; * Development of new procedures for discovering and treating secondary diseases within a disease, such as erythropoietin to treat anemia in dialysis patients; * Expansion of the indications for a treatment over time, increasing the patient population to which the treatment is applied; * On-going, incremental improvements in existing capabilities, which may improve quality; * Clinical progress, through major advances or by the cumulative effect of incremental improvements, that extends the scope of medicine to conditions once regarded as beyond its boundaries, such as mental illness and substance abuse. Whether a particular new technology will increase or reduce total health expenditures depends on several factors. One is its impact on the cost of treating an individual patient. Does the new technology supplement existing treatment, or is it a full or partial substitute for current approaches? Do these changes result in higher or lower health spending for each patient treated? In looking at the impact on cost per patient, consideration needs to be given to whether the direct costs of the new technology include any effect on the use or cost of other health care services such as hospital days or physician office visits. A second factor is the level of use that a new technology achieves (i. e.

, how many times is the new technology used?). Does the new technology extend treatment to a broader population? -- Examples would be innovations that address previously untreatable illness, diagnose new populations for existing treatments, or extend existing treatments to new conditions. New technologies can also reduce utilization -- for example, new screening or diagnosis capacity that allows more targeted treatment. There also are temporal aspects to evaluating the impact of new technologies on costs. Some innovations, such as a new vaccine, may cost more immediately but may lead to savings down the road if the vaccine results in fewer people seeking more expensive treatment. New technologies also can extend life expectancy, which affects both the type and amount of health care that people use in their lifetime (Kaiser, 2007). There is a growing trend in health-related partnerships among health care institutions and providers.

This is just another way to improve upon improved delivery of health care and a different approach to increasing revenue for the business. In order for institutions to survive CEO's in the health care industry have to be willing to think outside the box and explore different avenues. Healthcare organizations can become more accessible to patients and managed care organizations and can expand their patient base by forming minority equity partnerships with physician practices. By investing in practices, healthcare organizations provide capital and guidance to help the practices grow. Such an arrangement fosters goodwill as the physicians retain ownership interests, which preserves their entrepreneurial spirit. Extending the continuum of care and improving patient access are goals of most healthcare organizations today. Often, attempts are made to realize these goals through

the acquisition of direct assets of primary care physician practices, but both healthcare organizations and physicians frequently are disappointed with the financial result.

A potentially more satisfying solution is the creation of a minority equity partnership to fund the growth of primary care physician practices while encouraging a strong business relationship between the practices and the funding healthcare organization. In a minority equity partnership, a healthcare organization provides capital to one or more physician practices in exchange for a minority interest in a new venture that owns the practice assets and holds a long-term, exclusive agreement with physicians.

Generally, under a minority equity partnership, the healthcare organization and physicians form a limited liability corporation (LLC). The new company operates as an independent, physician-controlled medical group practice. A separate professional corporation can be created in addition to the LLC if necessitated by corporate practice of medical restrictions. Participating physicians merge their practices into this entity for cash and stock. The new for-profit partnership is linked to the healthcare organization by contract and shareholder agreement (Pavia, 1998).

This is a remarkable way for the minority sector to benefit as well as the physicians providing services for the community. Monitoring and anticipating future trends that could possibly affect the overall survival of health care industries will give these industries a head start on adjusting the way the business defend itself against possible defenses seen and unforeseen.

Addressing macro-level trends and attacking them head-on will only prove to

be advantageous for the institution and the community at large. Above all when companies make changes the priority should still be to deliver high quality health care for the Americans that are being served on a daily and continual basis. Reference: APHA. (2003). Survival strategies for health care safety net organizations.

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