

# CHAPTER 1

## Introduction

### **CHANGE IN THE UNITED STATES**

The United States recently signed into law its most sweeping health reform bill since Medicare was enacted in 1965. Most of the press attention has been on the effects these changes will have on healthcare in the United States. For the foreseeable future, these changes will be the day-to-day focus of most healthcare managers. Most consumers in the United States, however, will not care where the legislation came from or how it changes payments to providers and regulation of insurance companies. Mainly they will want to know the effect it will have on their ability to access the providers they need when they need them and their out-of-pocket costs.

So what does the future hold? While there are many questions that only time will answer, in the public opinion a few things do seem certain: Without a sense of the broader context of these reforms, consumers may feel that the decisions were recklessly made; without an understanding of other care models, consumers will readily fear horror stories about such issues as “death panels” and six-month waiting lists; and without clarity on the difference between costs and value, they will perceive any effort to hold down costs no differently than efforts to ration care.

Realistically, most of the proposed changes stem from programs and processes with a demonstrated track record somewhere else. For the first time, “somewhere else” is outside US borders. These programs and processes have not been discussed much in the media, and for good reason: They often involve a depth of complexity through which few consumers care to wade. Most consumers do not want to learn about economics, geography, and world cultures just to understand where healthcare is going. They simply want good care so they can go on living their lives. Healthcare managers, however, need to understand

where these changes are coming from—now and in the future.

## **FINDING THE ISLANDS OF TRUTH (IN A SEA OF MISINFORMATION)**

Throughout this book, we strive to find the most reliable information we can to support our points. The most reliable sources have a vested interest in the accuracy of the data rather than their implications. Agenda-free data are difficult to find, cumbersome to organize, and tricky to interpret. As such they do not often find their way into press releases and news articles, but they are worth the trouble to track down for the clarity they can provide.

For example, consider *medical travel*—travel to other countries for purposes of obtaining medical care (Garman, Milstein, and Anderson 2008). The casual US reader may have first picked up this story in 2007/2008, when articles citing the statistic that approximately 150,000 Americans traveled overseas for healthcare in 2006 started appearing in magazines such as *Forbes* (Cooperman 2007). Most articles did not provide a source for this number, while others attributed the figure to secondary sources, such as

the American Medical Association (e.g., Newsome 2008). So where did this statistic come from? It was a guess by Josef Woodman, author of *Patients Beyond Borders*, a book promoting medical tourism, based on his conversations with hospital administrators from other countries. He reckoned half traveled over the southern borders for dental and plastic surgery and half traveled overseas for major procedures (Woodman 2007; Freyer 2007).

Not long after Woodman's book was published, the story grew, and the sources became more mainstream. By winter, NBC had quoted the number as 500,000 and the travel as *overseas*. This new estimate was attributed to research by the National Coalition on Health Care (NCHC), a well-respected not-for-profit organization focused on health system reform, a seemingly more reliable source. The problem was that NCHC never conducted a study on medical travel.

Several consulting firms soon stepped in with estimates that were more rigorous but also wildly different. The McKinsey authors pegged their inpatient-only estimate at 60,000 to 85,000 patients per year (Ehrbeck, Guevara, and Mango 2008); Deloitte's more comprehen-

sive estimate was 750,000 (Keckley and Underwood 2008). These analyses were proprietary, so no follow-up efforts were made to reconcile the differences, and as you might guess, the Deloitte number tended to be the one that was circulated in the headlines. As of this writing, the estimates are still rising. A 2009 article in *Healthcare Financial Management*, citing "data from several sources" as its basis, concluded that "as many as 2 million Americans went abroad for healthcare" in 2008 (Bauer 2009, 36). (To the author's defense, he did include a caveat that the sources he included in the article provided "rough estimates at best." Our prediction is that his number will be quoted but not his caveat.)

## **DISCOVERING THE IMPLICATIONS FOR YOUR ORGANIZATION**

In this book we draw many conclusions about where we are likely headed in the coming years. In some cases our conclusions may one day seem prophetic; in other cases forces will intervene to change the direction of these trends. Our hope is that this book points you in useful directions and provokes you to think about the ways your organization can

prepare for changing demands and opportunities. To this end, Chapter 2 focuses on how innovations emerge and spread. If you understand these phenomena, you will be in the best position to interpret the meaning of trends. The following chapters identify the trends shaping healthcare today and their implications. The book concludes with two appendixes of additional resources. Appendix 1 lists authoritative sources available on the Web for tracking global trends across a variety of key indicators.

Appendix 2 describes the “futures task force” approach that CHRISTUS Health, one of the largest Catholic healthcare systems in the United States, has taken in response to macro-level trends and their implications for its charitable mission. As the approach illustrates, discussions about the future are often as much about education and awareness-building as they are about the organization’s plans; both ingredients are essential to organizational resilience and growth.