

May 2025

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# The Future of Post-Election US Healthcare

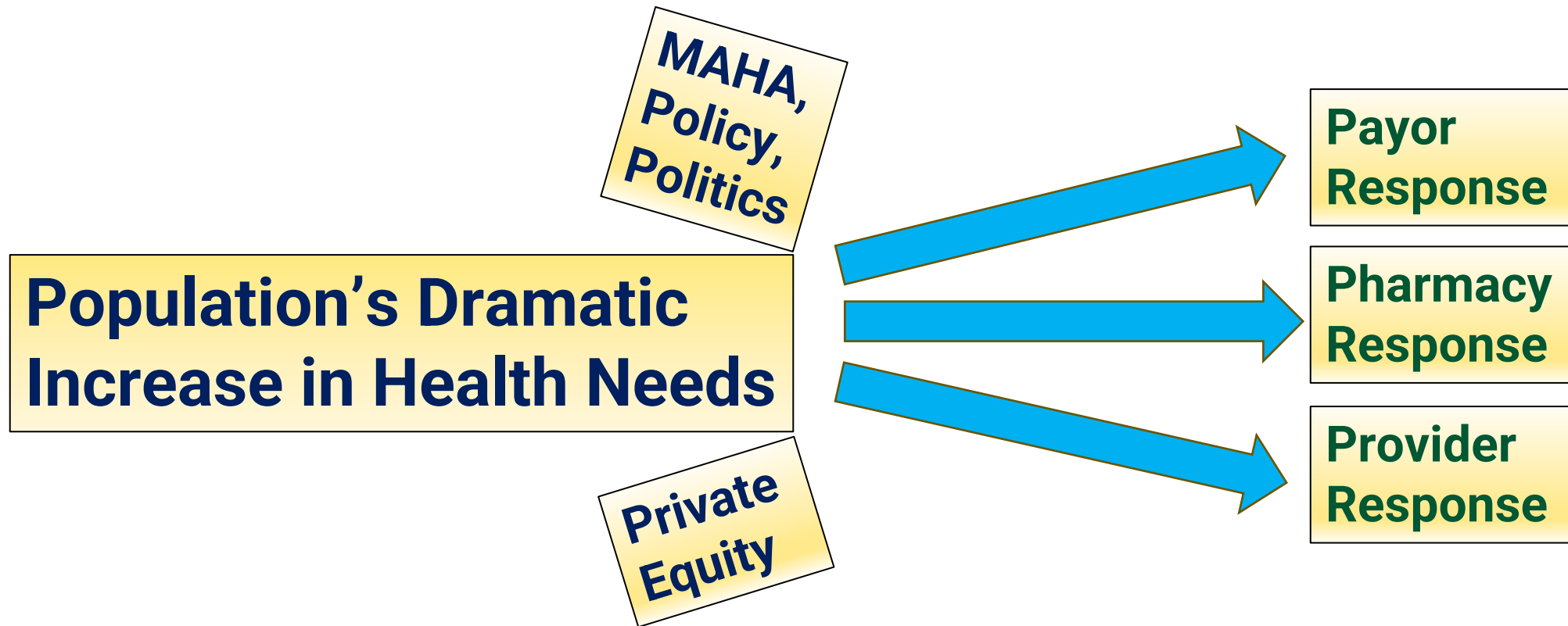
**GERARD CLANCY, MD**

*PROFESSOR OF PSYCHIATRY AND EMERGENCY MEDICINE*

*SENIOR ASSOCIATE DEAN*

*UNIVERSITY OF IOWA HEALTH CARE*

# 2025: Influencers and Influenced



# Objectives

## Participants will be able to:

1. Define the major demographic and disease forces influencing the supply and demand for health care.
2. Identify new political and policy forces that will shape future health care delivery.
3. In this new environment, evaluate opportunities that will improve access, quality and value of health care.

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- No financial disclosures.
  - No conflicts of interest.
  - A/I Platforms were used once in preparing this presentation (ChatGPT).
    - Asked “Which insurance companies have the highest denials rates?”

# Trends and Predictions

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1. Driven by aging Boomers, demand for healthcare will be far greater than available “traditional” supply of care through hospitals and clinics.
2. Access to care shortages will have an impact on payors being able to meet their obligations to employers and insured members and re-set payments to hospitals and clinicians.
3. These shortages will also drive the development of new versions of health workforce and new access to care models.

# Trends and Predictions

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## 4. This new health system will entail:

- *Fuller adoption of Value-based Health Care, with a focus on incentivizing prevention and early intervention as the “healthiest” way to limit runaway health care expenditures.*
- *Significant expansion of home-health workers, payment / tax credits of family members and others to allow patients to age-in-place.*
- *Expansion remote monitoring and tele-health.*
- *Growth of a vast array of clinician entrepreneurs – nutrition, wearables, technology assisted staffing models.*

# Trends and Predictions

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## 4. This new health system will entail:

- *Generative A/I to further help clinicians be more efficient.*
- *Predictive A/I will continue to fail insured members regarding insurance approvals and denials, prior authorizations, with huge public backlash.*
- *Amazing pharmaceuticals, infusions, and injections that will extend life expectancy to new levels – but it will be a battle to get insurance to cover.*

# Trends and Predictions

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## 5. Federal politics and policy will have a major influence:

- *Federal leadership, for-profit insurers and private equity will push for full privatization of Medicare through Medicare Advantage.*
- *Patients will seek Medicare Advantage Plans that promote health through Value-based Care partnerships with patients and providers.*
- *Patients will move away from Medicare Advantage Plans that stick with delay, deny and defend strategies for cost containment.*



# Trends and Predictions

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## 5. Federal politics and policy will have a major influence:

- *Medicaid will be reduced at all levels – including eligibility restrictions, added work requirements, lower Federal match to States and more block grants to States.*
- *Unclear path forward for Health Insurance Exchange / Obama Care.*
- *Medicare Trust Fund near insolvency.*

# Predictions

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5. Federal politics and policy will be disruptive to status-quo, have a major influence in charting a new course for care, education and research:

- *HHS move from 28 Divisions to 15 Divisions.*
- *DOGE - Reduction of agency will impact e.g. HHS, CDC, FDA, JCAHO, ACGME, LCME etc.*
- *Make America Healthy Again – Big Food, Big Ag, Big Pharma, NIH, FDA and CDC shake-up. Greater attention to chronic disease, what is driving illness among children and “food is medicine.”*

# Make America Healthy Again Movement

## Asked, why a Rise of Chronic Diseases?

- Obesity
- Diabetes
- CV Disease
- ADHD
- Major Depression
- Allergies
- Autism
- Eczema
- Dementia
- Cancer
- Suicide

## Top causes?

- Big Food, Big Ag, FDA and USDA aligned; Ultra-processed foods, pesticides, dyes, micro-plastics preservatives → Franken-foods that make you sick.
- Big Pharma, FDA and NIH Aligned → drugs to treat chronic diseases rather than treat root causes.
- CMS payments do not incentivize health.

## Influencers

Fall 2024:

- *Good Energy Book* - Callie and Dr. Casey Means.
- RFK jr.
- Joe Rogan
- Tucker Carlson
- Rubin Report
- Dr. Mark Hyman, Functional Medicine movement.

## Upcoming Changes

- Education on “Food as Medicine.”
- Re-think prescribing of psychotropics to children.
- CMS - Payment for clinicians to promote good diet, functional medicine.
- NIH to fund research on root causes of increases in chronic diseases.
- Uncouple NIH researchers from pharma royalites.
- Disrupt Big Pharma, Big Ag, Big Food, FDA, CDC, NIH, USDA, how research is published.

# Administration for a Healthy America (AHA)

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## Focus:

1. “Bad Energy” → Chronic Disease
  - Root Causes = Influence of highly processed food with high fructose, preservatives, dyes, and antibiotics
2. Safe and Wholesome Food → “Good Energy”
  - Organic / Farmers Market level of food
  - Mitochondrial Health
3. Elimination of Environmental Toxins

# Administration for a Healthy America (AHA)

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## Oversight

- Office of the Assistant Secretary for Health (OASH)

## Merge and Reduce

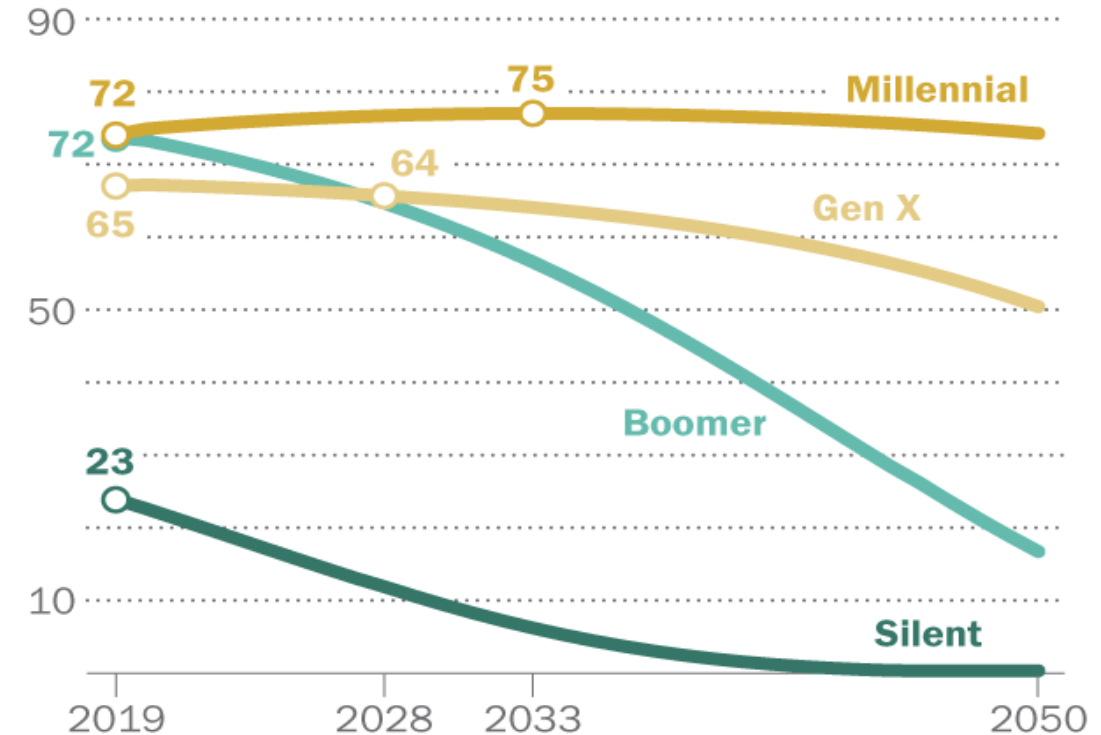
- Substance Abuse and Mental Health Services Administration (SAMHSA)
- Agency for Toxic Substances and Disease Registry (ATSDR)
- National Institute for Occupational Safety and Health (NIOSH)

So...what else will be the biggest influence on healthcare's future?

- *The lasting impact of Boomers.*

## Projected population by generation

*In millions*



Source: Pew Research Center tabulations of U.S. Census Bureau population estimates released April 2020 and population projections released December 2017.

PEW RESEARCH CENTER

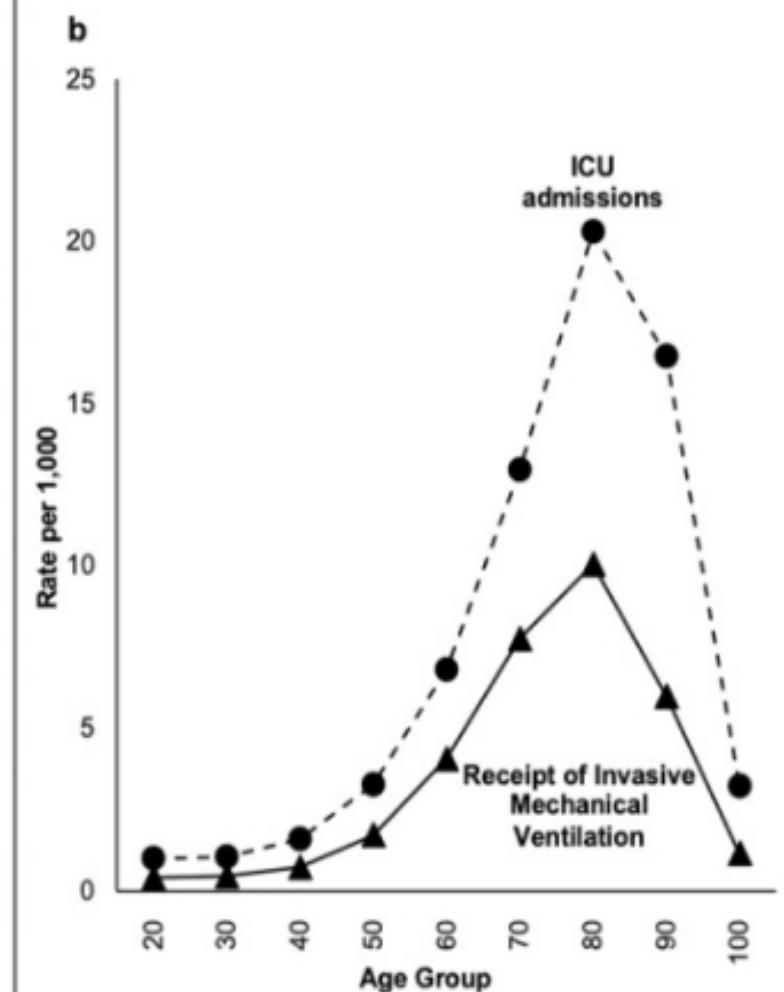
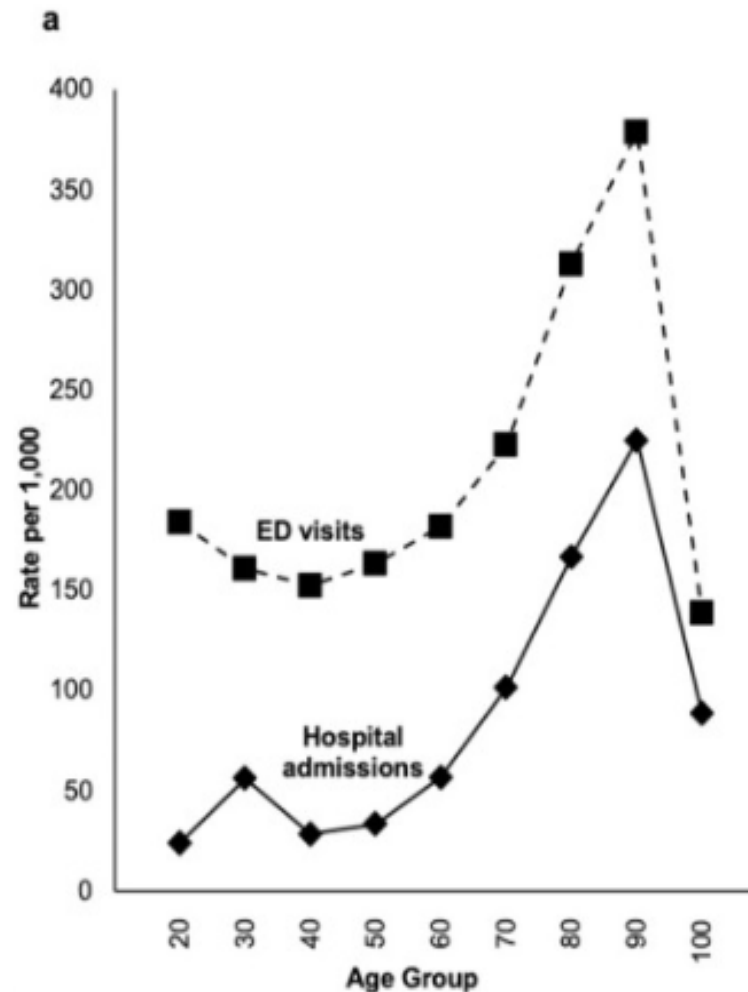
# The Demand Side: Healthcare Utilization across the Life Span

## 80 and 90-year-olds

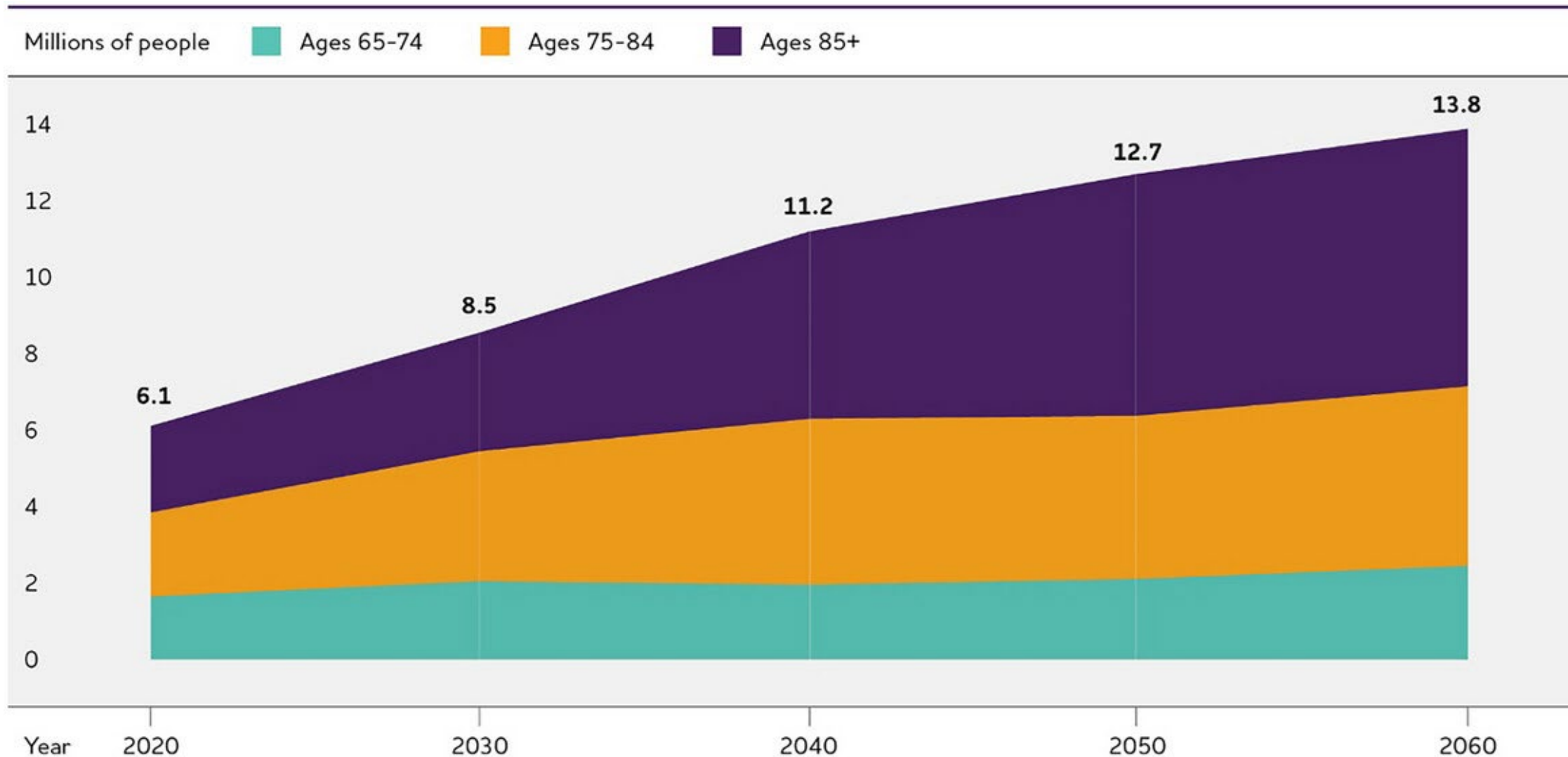
- Highest rates of health care resource utilization.

## 70 to 80-year-olds

- Highest rates of ICU care and invasive mechanical ventilation (peak s at 80).



# Projected number of people 65 plus in US living with Alzheimer's Disease

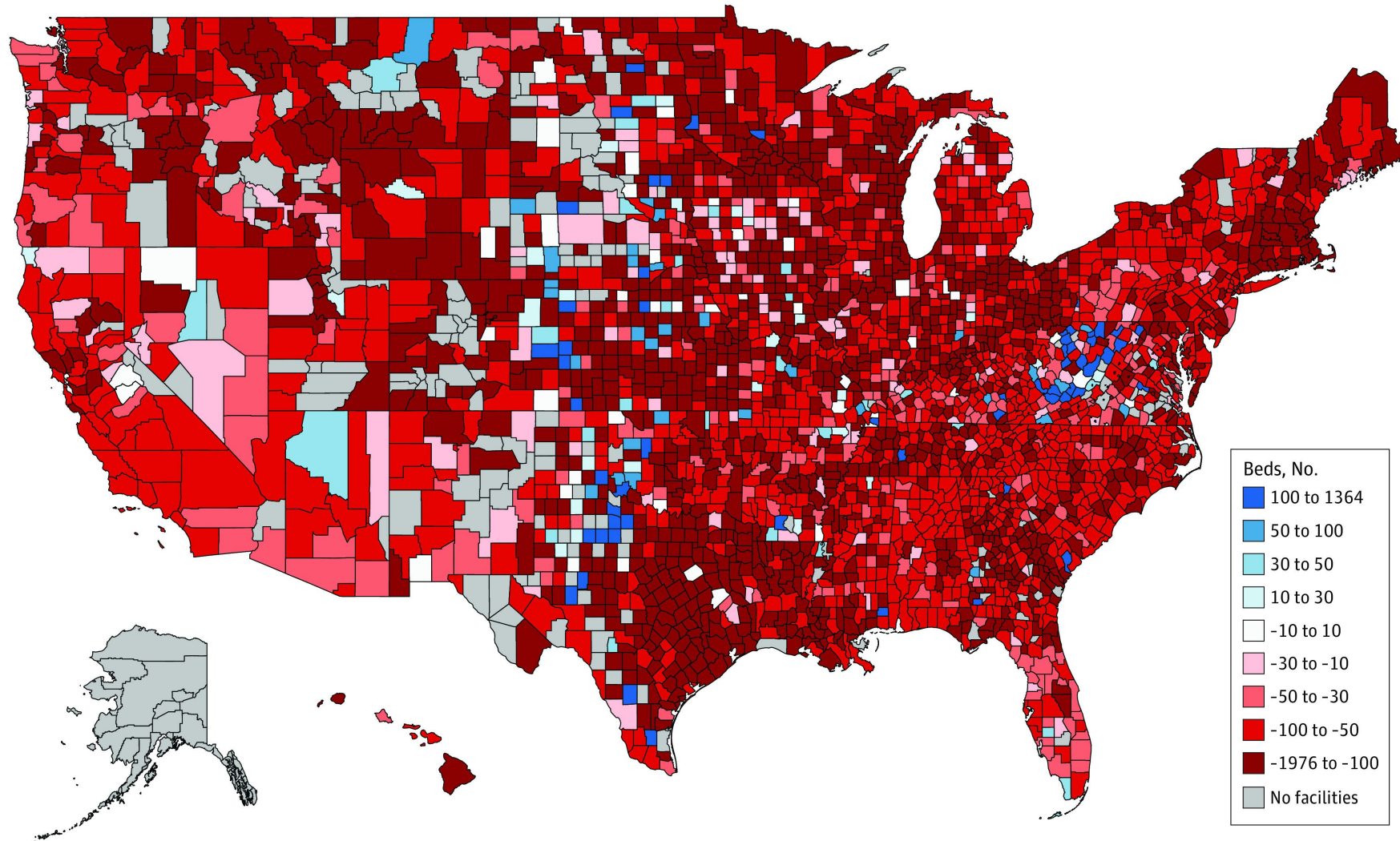


Rajan KB, Weuve J, Barnes LL, McAninch EA, Wilson RS, Evans DA. Population estimate of people with clinical AD and mild cognitive impairment in the United States (2020-2060). *Alzheimers Dement.* 2021; **17**(12): 1966-1975.



# The Supply Side; Change in Number of Nursing Home Beds per 10,000 Adults Aged 65 Years or Older, 2011-2019.

Trends in Supply of Nursing Home Beds 2011 -2019. K Miller, JAMA Network Open 2023 Mar 1;6(3):e230640



# The Supply Side: US Physician Shortages

- Increase in demand for all specialties as population ages and increases.
  - Exit of physicians from practice during COVID.
  - Normal retirement and now early retirements.
  - Physician mobility – can work anywhere, anytime.
- **2024 – US short by 64,000 physicians.**
    - *US Short by 14,000 – 31,000 psychiatrists*
  - **2036 - US short by 86,000 physicians.**

Addressing the Healthcare Staffing Shortage, Popowitz E, Definitive Healthcare, September 2023

The Complexities of Physician Supply and Demand: Projections 2021 – 2036, AAMC March 2024

US Department of Health and Human Services

# The following message is distributed by Hospital Emergency Management.

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## **FEBRUARY 2025 MASS E-MAIL**

Bed census remains elevated at both Medical Center University (MCU) and Medical Center Downtown (MCD) campuses. In addition, both Emergency Departments are experiencing increased patient volumes. Please follow and reinforce processes to optimize efficient care to assure continued availability of inpatient beds for patients needing care. We appreciate your partnership.

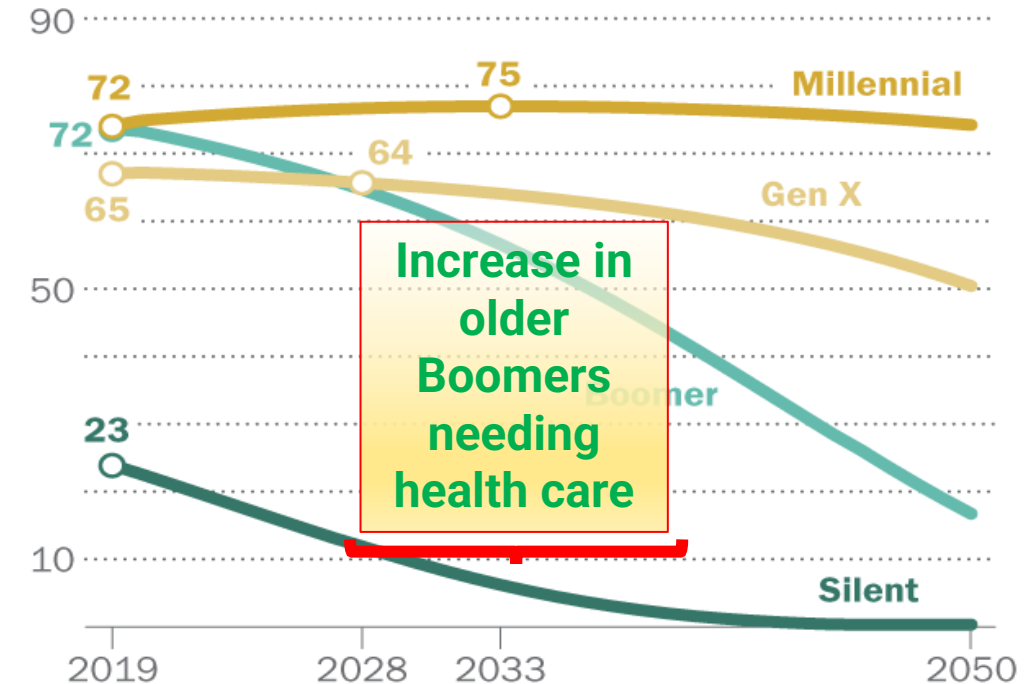
# What is ahead for us?

## The “2030 to 2040 Problem”

- Baby Boomer generation started in 1946
  - Now 79 y.o.
- Peak Boomer birth year was 1957
  - Now 68 y.o.
- US Life Expectancy – 78 years old.
- $1957 + 78 \text{ years} = 2035$ .
- ~ **2035 peak year for health care demand.....60,000,000 nearing age 80?**

## Projected population by generation

*In millions*



Source: Pew Research Center tabulations of U.S. Census Bureau population estimates released April 2020 and population projections released December 2017.

PEW RESEARCH CENTER

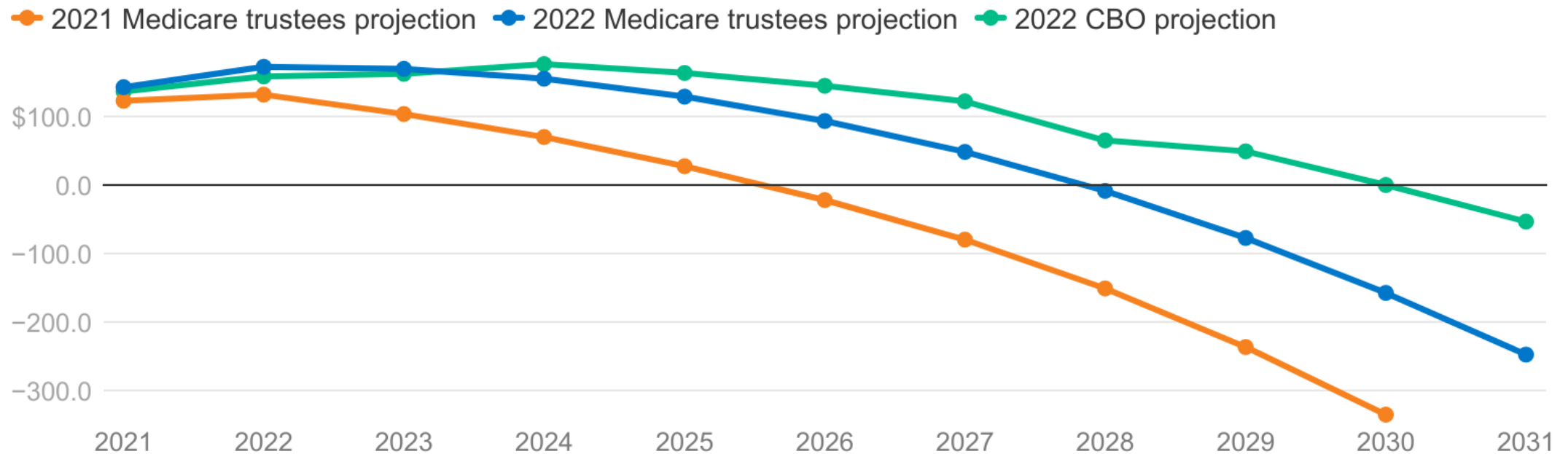
# Federal Factors

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- **Rising National Debt**
- **Promised Tax Cuts**
- **Medicare Trust nearing Insolvency**
- **Distaste for Regulation**
- **Desire to Disrupt FDA, CDC, NIH, Published Research Process**
- **Target Big Food, Big Ag, Big Pharma**
- **Medicare Advantage as the primary Medicare plan.**

# The Medicare Trustees Currently Project Depletion of the Medicare Hospital Insurance Trust Fund in 2028, 2 Years Later than Their 2021 Projection, but 2 Years Earlier than CBO's Current Projection

*Balance in the HI trust fund at the end of the year (in billions)*



NOTE: HI is Hospital Insurance. 2021 Medicare trustees: actual data for 2020 and projected data for 2021-2030. 2022 Medicare trustees: actual data for 2021 and projected data for 2022-2031. CBO: actual data for 2021 and projected data for 2022-2031.

SOURCE: KFF analysis of data from the 2021 and 2022 Annual Report of the Boards of Trustees, Federal Hospital Insurance and Federal Supplementary Medical Trust Funds, and the Congressional Budget Office (CBO), 10-year Trust Fund Projections, May 2022.

# Medicare

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- Increase in members, patient complexity and expenditures.
- Leads to - Worsening access to care at all levels for Medicare members.
- Leads to - Increased pressure on Medicare Advantage insurance companies to manage with increased sophistication for costs, patient complexity and patient access.

# Medicaid

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## **Legislative cost pressure to afford tax cuts:**

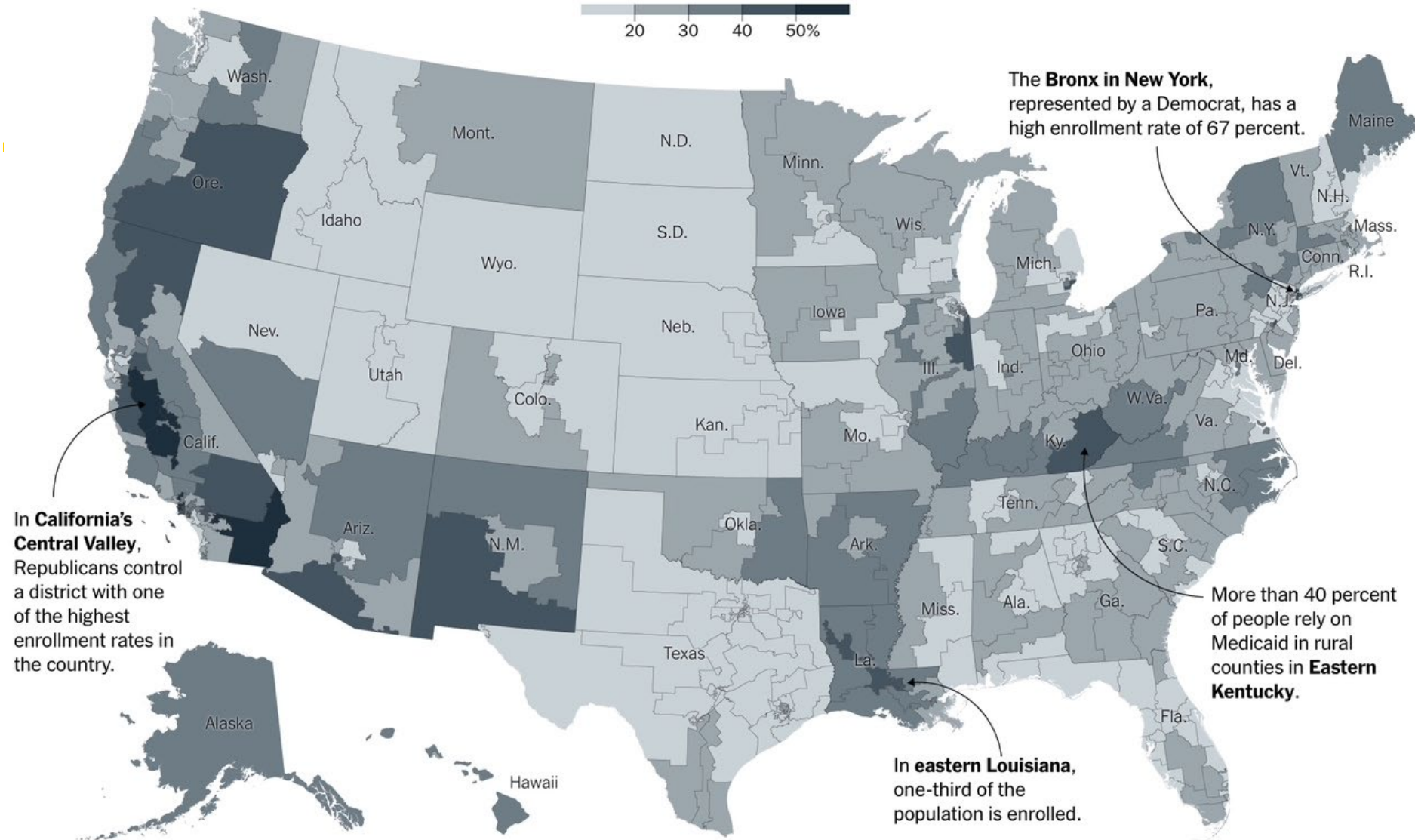
- Reduce those newly covered by Medicaid via Affordable Care Act expansion.
  - *Federal supplement move down from 90%.*
- Look to alter Federal – State 2:1 ratio for all of Medicaid.
- Limit overall eligibility.
- Regularly purge of Medicaid rolls.
- Add work requirements – follow Arkansas and Georgia models.
- Cap benefits.

## **Expect more block grants to States:**

- Allows States to better control costs, push risk to providers / private insurance / private equity through Value-based Care arrangements.



## Share of population enrolled in Medicaid



# Health Insurance Exchange “Obama Care”

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## Mixed Outlook

- Federal supplements of Insurance Exchange are a major source of increased health spending for past decade.
- But – is also a viable avenue to expand popular Individual Coverage Health Reimbursement Arrangements (ICRHRA).
  - *Employer provides funds for employee to find their own health care coverage (usually through Health Insurance Exchange).*

# Department of Government Efficiency (DOGE)

## Finding efficiencies....

### ■ NIH

- Merge the separate institutes.
- Break down study sections.

### ■ Accreditation

- Less regulation from Federal Department of Education and HHS delegated organizations for clinical care and medical education accreditation – e.g. JCAHO, ACGME, LCME, HLC to increase creativity in access to care and reduce administrative costs.

### ■ Care at Home

- Less regulation → allow more creativity in delivering care at home.

# Payors

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- **Further privatize Federal programs**
- **Older, more complex patients**
- **Value-based care as an avenue to manage costs**
- **Value-based care requires a new level of payor and health system sophistication and collaboration**
- **Or – manage costs “Old School” - with delay, deny, defend, prior-authorizations, simply don’t pay for the clinical service**

# Payor Trends:

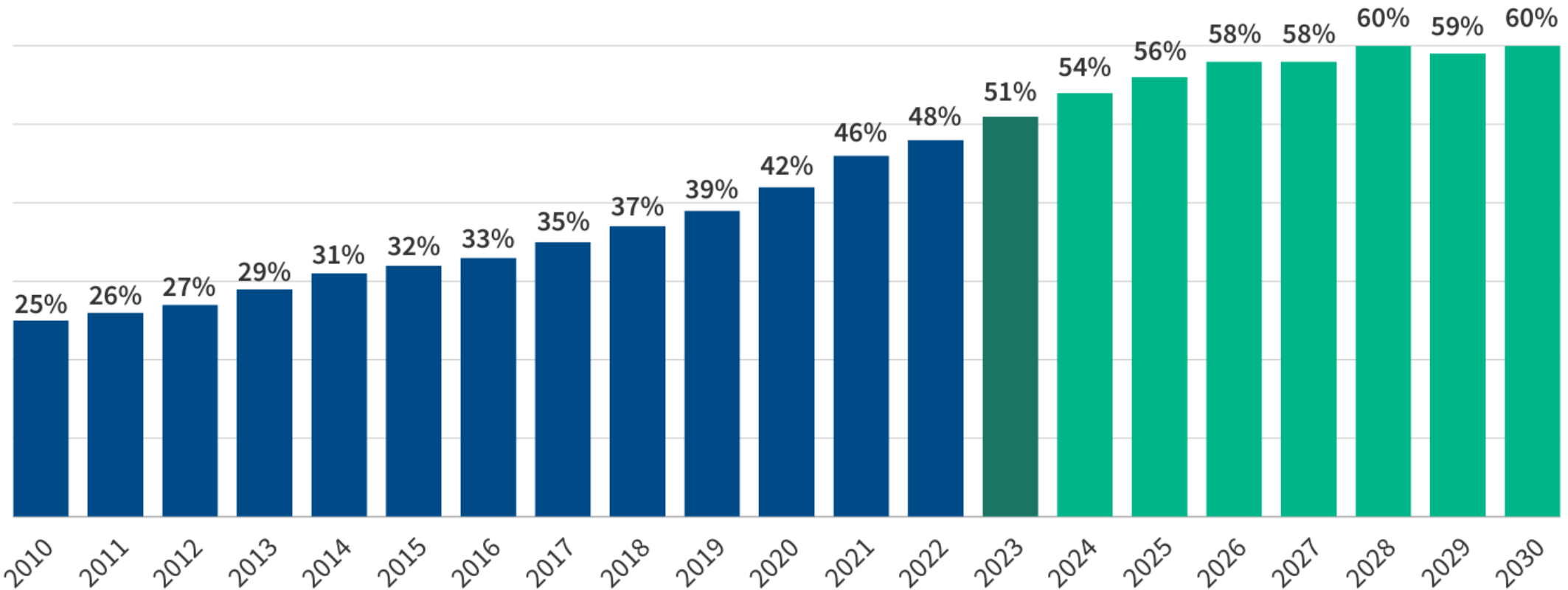
*Privatize everything.*

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- Lowering percentage of employer insured members and increasing percentage of those with Federal coverage:
  - E.g. Medicare, Medicaid, VA, Tri-Care.
- Pressure to privatize Federal coverage across the board using the Medicare Advantage model.

# Medicare Advantage Enrollment and Projections

Medicare Advantage enrollment 2010-2023 and projected enrollment 2024-2030, as a share of the eligible Medicare population.



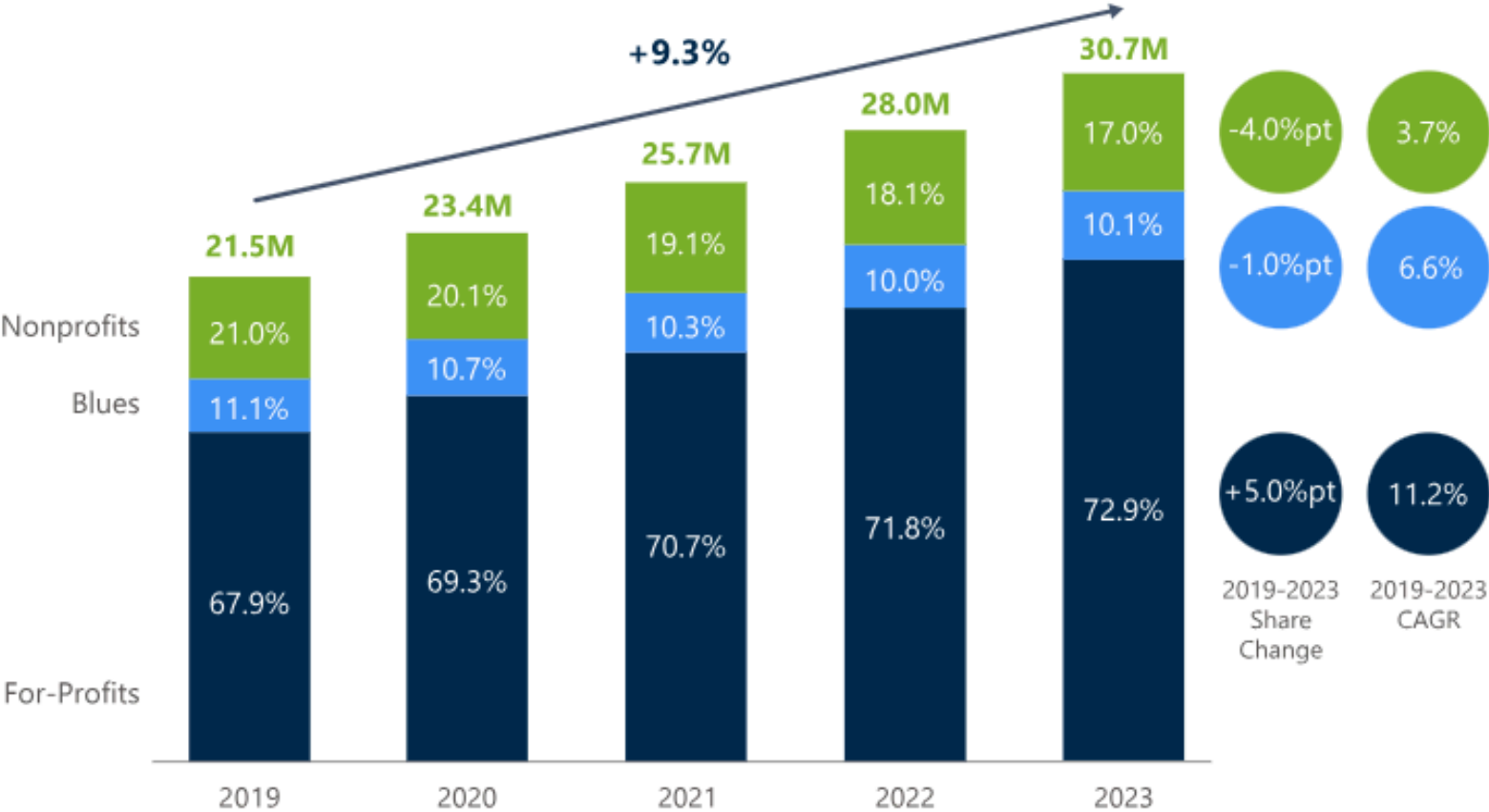
**Source:** KFF Analysis of CMS Medicare Advantage Enrollment Files, 2010-2023. Enrollment numbers are from March of the respective year. Projections for 2024-2030 are from the May CBO Medicare Baseline for 2023.

Increasing percentage of Medicare enrollees in for-profit / investor driven Medicare Advantage health plans...

Chartis Group 2024

7 out of 10 Medicare enrollees do not compare plans during open enrollment.

Kaiser Family Foundation, Sept 2024



United and Humana Lead the Market’s Growth, with Regional Blues Showing Momentum

# Payor Trends:

*To manage costs – old school with a new twist?*

- New lawsuits by big industry health plans to roll back Mental Health Parity Laws.
- Battle of the Bots
  - Cigna – 300,000 A/I generated insurance denials in 60 days. Cigna doctors spent 1.2 seconds per case. *Propublica, May 2023*
  - Large health systems using A/I to quickly generate appeals. *HFMA March 2024*







## What will NOT be attractive to the growing and educated Medicare Members, their adult children and their doctors:

- The 1980s version of managed care with reliance on delays, denials and court defense.
- The 2000s version of managed care with free Silver Sneakers and Fitness Center memberships.
- The 2022 version of managed care with A/I generated reviews and instant denials.

## ChatGPT

Who has the  
Highest Denial of  
Care Rates?

### Denial Rates For HealthCare.gov Parent Companies That Received More Than 5 Million Claims, 2023

Parent Company	Number of HealthCare.gov States	Total In-network Claims Received	Total In-network Claims Denied	In-network Denial Rate
Blue Cross Blue Shield of Alabama	1	13,033,751	4,533,017	35%
UnitedHealth Group	20	14,022,287	4,670,649	33%
Health Care Service Corporation	4	25,094,529	7,328,909	29%
Molina Healthcare	9	5,339,437	1,407,854	26%
Elevance Health	7	10,574,417	2,457,359	23%
CVS	11	31,419,396	6,796,838	22%
BlueCross BlueShield of Tennessee	1	4,493,833	939,798	21%
Cigna Health	8	18,151,575	3,777,467	21%
CareSource	5	5,495,489	1,129,642	21%
Scott & White	1	5,211,245	993,379	19%
BlueCross BlueShield of South Carolina	1	11,459,827	2,183,048	19%

# Payor Trends:

*Fee-for-Service fades away and VBC takes over.*

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- Payor exits and consolidations as sophistication of cost management increases.
- Growth of Value-based Care payment models.
  - Employer-based Health Insurance
  - Within the growth of Medicare Advantage.
  - Growth of Management of Dually Eligible (Medicare / Medicaid).

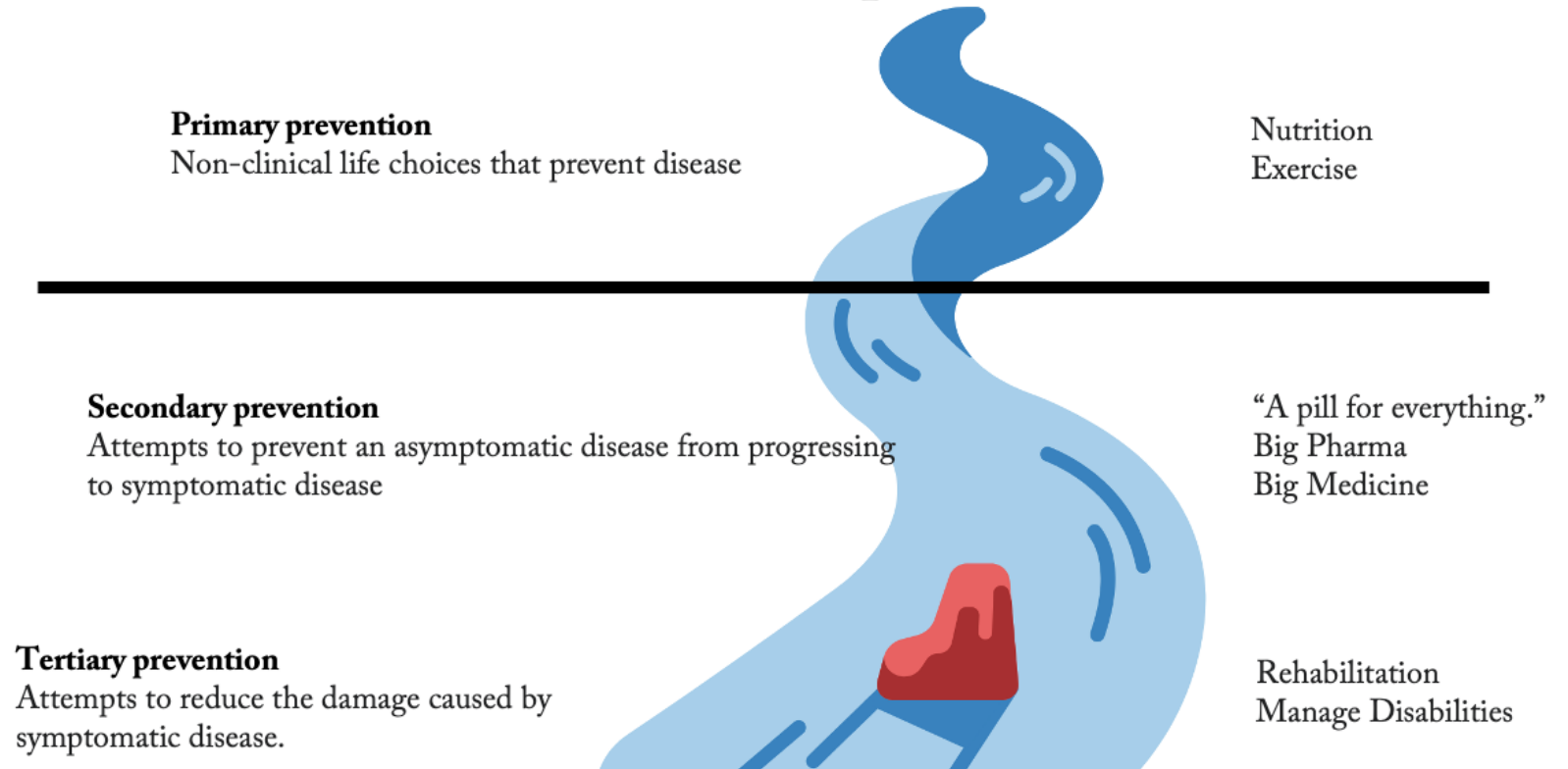
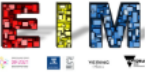
	<b>Fee-for-Service Health Care</b> <b>Population Health Management and Value-Based Care</b>	
<b>Role of Health System</b>	Provide sick care, manage chronic and acute conditions	→ Collaborate across the care continuum to understand and manage population health
<b>Payment</b>	Per service, regardless of quality and outcomes	→ Outcome-based
<b>Incentives</b>	Volume-based sick care	→ Prevent expensive exacerbation
<b>Focus</b>	Individual patients, episodes	→ Population, community, disparities
<b>Information</b>	Retrospective	→ Predictive

# How a Payor attracts members and doctors:

*True Value-based Health care providing more care upstream.*

- More prevention oriented and proactive care plans.
- Aided by A/I's prediction abilities and ability to learn as we go.

The focus needs to move far upstream.



# Providers

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- **Workforce shortages for health systems and physicians drive new approaches to recruitment, retention and semi-retirement.**
- **Push for more ambulatory surgeries and procedures**
- **Push for more at-home care.**
- **New clinical models filling gaps.**
- **Digital Health expands.**

# Extending care via Digital Health

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## Personalized Care

- Wearables and remote patient monitoring feed information back to clinicians.

## Hybrid Care

- Tele-visits, e-consults, pair remote specialist with in-person visits with medical assistant.

## Complex Care Outside of Hospital

- Further growth of outpatient surgeries and procedures.
- Virtual ICUs

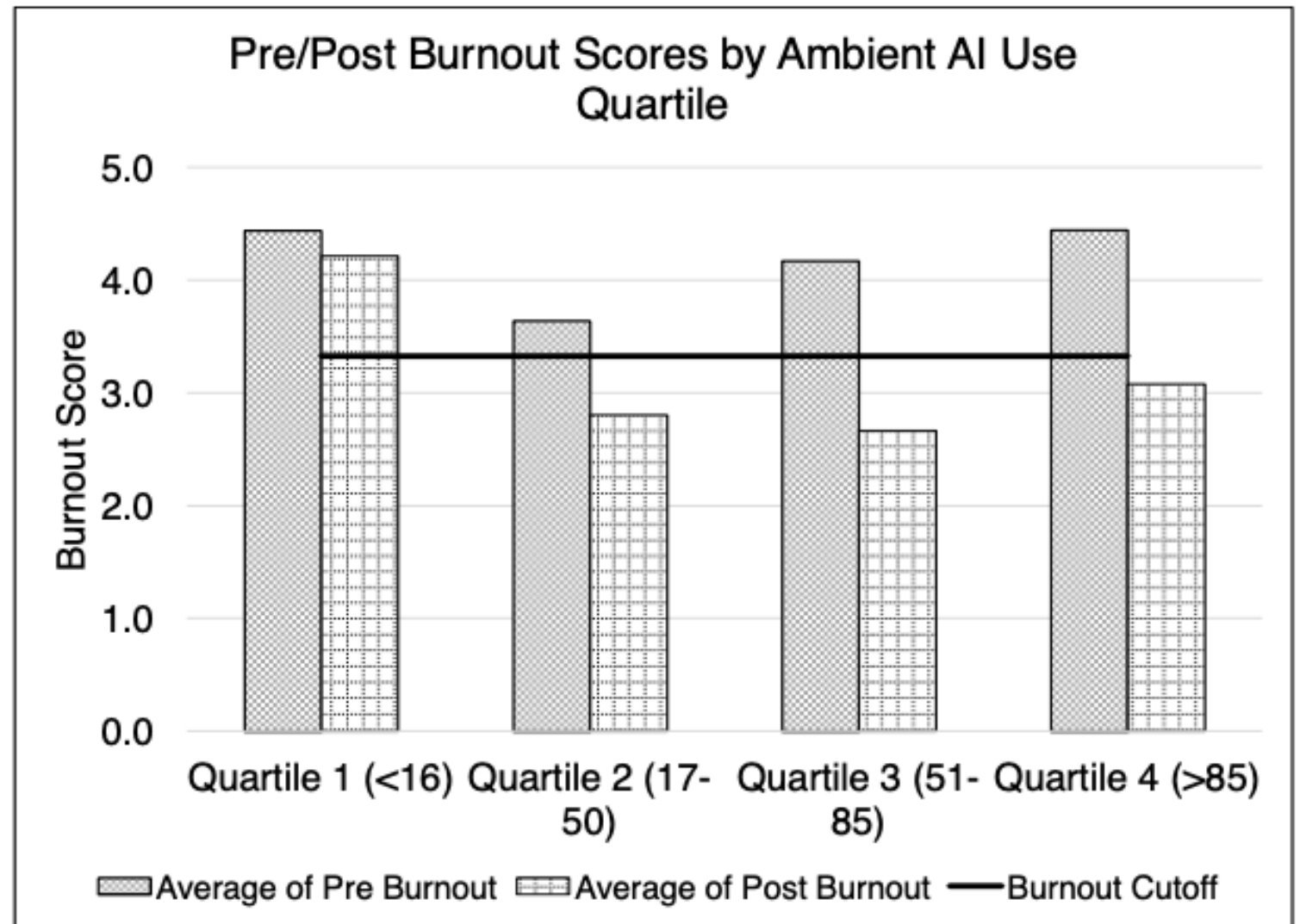


# Extending Care through Artificial Intelligence

Generative A/I is here:

- e.g. Nabla Ambient A/I for Clinical Documentation improved Clinician Burnout.

**Figure 2:** Pre and post intervention burnout scores subdivided by use quartile (number of visits where ambient AI was used), scaled to 10-point scale. Cutoff for burnout using this scale is 3.325.<sup>2</sup>





# Virtual Frontline Health Staffing



- Provides virtual frontline staff for all 50 States
  - Patient observers / sitters
  - Nurses
  - Multi-specialty Physicians, primarily Psychiatrists
- Burst Capacity
  - On-demand ramp up of virtual staffing
- Outcomes
  - Decrease overall on-site staff numbers
  - Decrease transfers by 40%.

**SERVE;**  
Hospitals  
Long-term Care  
Skilled Nursing  
Correctional Settings  
Rehab Settings

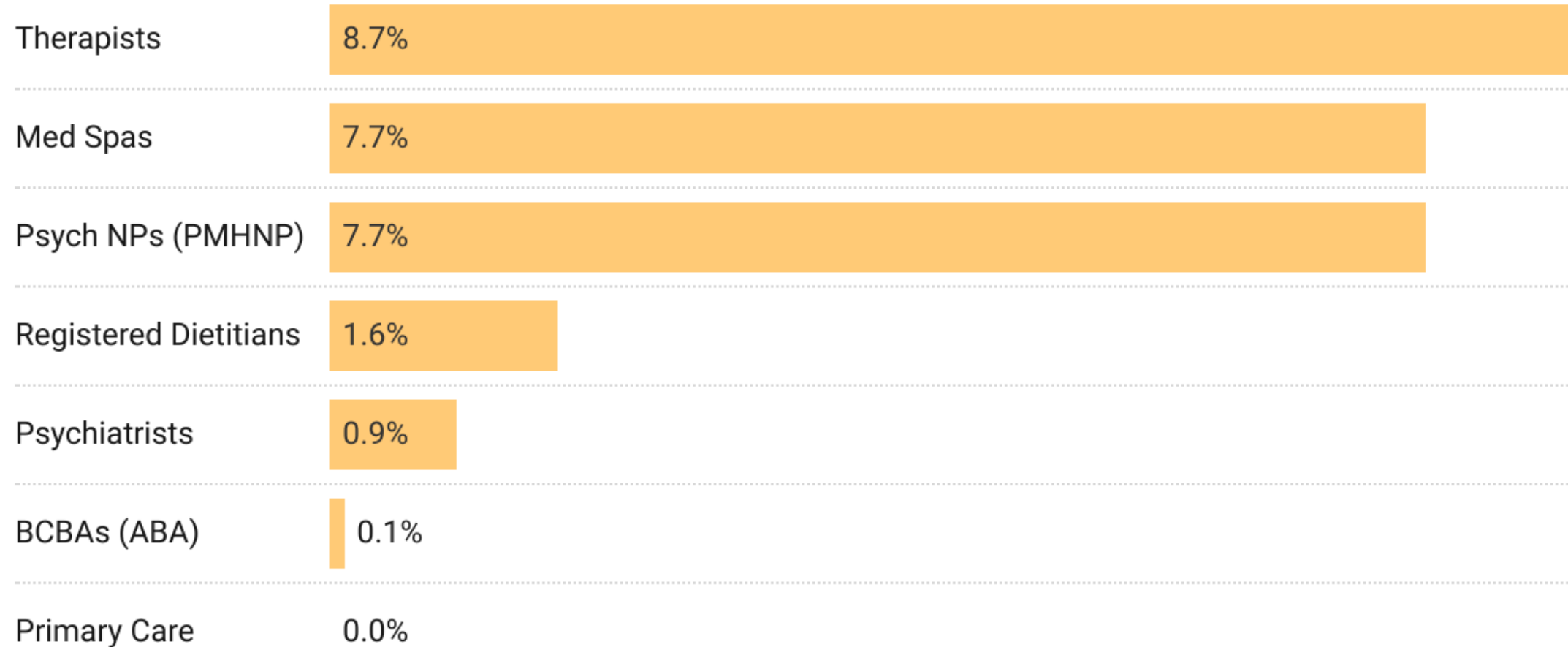
# High Demand Creates *Business-in-a-Box* Opportunities

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## Market allows for Individual Clinician-Entrepreneurs:

- Clinicians as owners of their own health related business.
- Business-in-a-Box platforms offer a complete package for establishing an independent healthcare private practice:
  - Business Structure
  - Compliance
  - Technology
  - Marketing
  - Insurance contracting and billing

# Healthcare Business in a Box Platform Adoption By Speciality



Source: Single Aim • Created with Datawrapper

# Health *Business-in-a-Box* Platforms

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(Psychotherapy)



(Primary Care)



(Physical Therapy)



(At Home IV, Supplements)

# New Models of Care at Home

- Consumer Directed Personal Assistance Programs.
  - *Financial support to family members to help keep elderly at home.*
  - *Current Payors → Medicaid, VA, Long-term Care Insurance, Tax Credits.*
- Within Medicaid:
  - *Increase in Home-based Care spending resulted in cost savings through reduced Nursing Home spending.*

McGarry B, Journal of the American Geriatrics Society, Volume 71, Issue 10 Oct 2023 Pages C1, 3015-3345

Projected share of 65-year-olds requiring long-term services and supports during lifetime, by reported health at age 65



Source: Department of Health and Human Services, "Long-term Services and Supports for Older Americans: Risks and Financing, 2022"

BROOKINGS

# **Pharmacy**

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- **New (expensive), powerful medications for obesity, auto-immune disorders, cancer and more.**
- **New models of dispensing.**
- **New models of cost containment.**
- **New models to get around Pharmacy Benefit Managers.**

2025 Health Care Trends and Policy Predictions, John Driscoll, Health Care Rounds, February 2, 2025.

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**Medications are 20% of health care costs and that percentage is increasing**

# Current Pharmacy Business Models;

## *3 Big Problems*

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1. 46% of Americans live in “pharmacy deserts.”
2. Slow to get medications in hands of patients.
3. Pharmacy Benefit Managers (PBM)
  - Middleman between drug manufacturer and pharmacies.
  - Intended to work for the benefit of the insurer.
  - Negotiate large discount from drug manufacturer...
  - Then charge large fee to health plans....
  - Then pay pharmacies lower price for drug....
  - Then bill health plan a higher price.

Pocket the Difference



# New Pharmacy Models;

## *Beyond the Corner Drugstore and PBM*

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### Amazon Pharmacy:

- *Delivers everywhere.*
- *Crosses state-lines*
- *Massive purchasing power allows discounting, integrates coupons.*
- *Moving towards same-day delivery and drone delivery.*

# **New Pharmacy Models;**

## *Beyond the Corner Drugstore and PBM*

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### **Mark Cuban's Cost-Plus Drug Plan**

- *Buys directly from manufacturers, bypasses PBMs.*
- *Transparent pricing.*
- *Sells generic medications at 15% markup, plus \$5 shipping and \$3 pharmacy handling fee.*

# Summary

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1. Demand for health care will far exceed traditional care capacity.
2. As patient complexity and sophisticated treatment options rise, the cost of care will rise.
3. New age of disruption of health care and research from MAHA but more impactful will be plain old demographics.
4. To manage the *Quantity of Care* needed, it is possible that the *Quality of Care* will be compromised....unless...
5. Newer models are embraced....
  - *Value-based Care, Expanded home care, New versions of clinicians, New pharmacy structures, Artificial Intelligence, Virtual Staffing.*