The $2.8 trillion healthcare industry is at a crossroads

Past

Future

Present

?
**Consumer-centricity: Healthcare follows other industries**

**Past**
- Limited teller hours
- Limited travel agency availability
- Standardized marketing and inventory

**Present**
- 24/7 ATMs and mobile banking
- Online booking
- Customized and data-driven

**Future**
- Personalization of treatments and protocols
- Personalized medicines

---

**Six forces shaping the healthcare landscape in the New Health Economy**

1. **Demographics**
   - Aging society
   - Increased ethnic diversity

2. **Employer**
   - Employers move more health cost to employees

3. **Consumer empowerment**
   - Consumers take on greater responsibility

4. **S.M.A.C.**
   - Social, mobile, analytics and cloud merge

5. **New Entrants**
   - Non-traditional players disrupt status quo

6. **Care Anywhere**
   - Accessible healthcare through mobile, retail
Shifting demographics

The newly insured: who are they?

- **Race**: less likely to be white
  - Newly insured: 73%
  - Currently insured: 78%

- **Health Status**: less likely to rank self excellent/very good/good
  - Newly insured: 87%
  - Currently insured: 91%

- **Marital Status**: more likely to be single
  - Newly insured: 53%
  - Currently insured: 30%

- **Language**: less likely to speak English
  - Newly insured: 65%
  - Currently insured: 89%

- **Educational attainment**: less likely to have a bachelors' degree
  - Newly insured: 12%
  - Currently insured: 37%

- **Employment status**: less likely to have employed full-time
  - Newly insured: 38%
  - Currently insured: 59%

Source: PwC HR landscape for year 2023, Current Population Survey, Medical Expenditure Panel Survey and CBSO created by PwC Health Research Institute

Health Research Institute
PwC

Employers move to control cost

Employers are increasingly using high-deductible plans to tamp down use of services and increase cost-sharing

**Most employers are considering or already offer a high-deductible plan as the only option for employees. Shifting costs to employees results in behavior changes such as using fewer services or making less-expensive care decisions.**

Are you considering implementing a high deductible plan as a full replacement option for medical benefits over the next 3 years?

- Already implemented: 18%
- Under consideration: 44%
- Not under consideration: 38%

Source: PwC 2014 Touchstone Survey
Americans spent $267 billion on wellness in 2012

US total healthcare cost $3T

US Healthcare system $2.8T

Wellness market $267B

$59.20B for sporting goods
$93.62B for nutrition
$11.25B for weight loss
$61.6B for alternative healthcare
$40.33B for fitness
$1.30B for mobile health apps

$45.40B for natural & organic food
$30.40B for vitamins and nutritional supplements
$16.80B for functional beverages
$1.02B for nutrition and energy bars
$25.27B for gym membership
$7.31B for personal trainer
$6.85B for Pilates & yoga studios
$0.64B for boxing gyms & clubs
$0.26B for fitness DVD production

The future of healthcare is mobile

Today, only 27% of physicians are encouraging patients to use mobile health applications.

But 59% of physicians and insurers believe that widespread adoption of mobile health applications in the near future is unavoidable.

Source: Economist Intelligence Unit mHealth Survey (commissioned by PwC), 2012
New entrants disrupt business models

_Nearly half of Fortune 50 companies are new entrants_

Care anywhere, anytime

.Raise your hand if:

_You would use a home diagnostic kit for strep throat..._

Researchers developing a simple test for adult Group A Strep calculated their tool could _prevent up to 780,000 doctor visits annually._

_Got an App for that?_
Consumers are ready to abandon traditional care models in exchange for remote, do-it-yourself options

Percent of respondents answering “Very likely” and “Somewhat likely” to consider these alternatives:

- **58.6%** Use an at-home strep test
- **54.8%** Send a digital photo of a rash/itch problem to a dermatologist
- **48.3%** Have stitches or staples removed at a retail clinic or pharmacy
- **46.9%** Check for an ear infection using a device attached to your phone
- **36.7%** Have at-home chemotherapy
- **34.4%** Get an MRI at a retail clinic or pharmacy

...threatening $64 billion of traditional provider revenue

The new health economy will revolve around 4 focus areas

- **Build a full continuum of care**
- **Understand, attract and retain new markets**
- **Incentivize value and quality**
- **Increase efficiency**
- **Commercialize core competencies**
- **Improve outcomes through discovery**
- **Pursue new partnerships**
- **Exploit new technologies**
- **Convert data into insights**
For more information

www.pwc.com/hri

Jon Souder
Director
Health Industries Advisory
(214) 754-4863
jon.souder@us.pwc.com

Jacob Shurbet
Manager
Health Industries Advisory
(214) 754-7426
jacob.w.shurbet@us.pwc.com