

**strategy&**

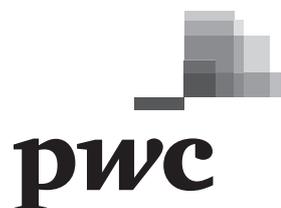
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***Strategy& Annual  
Bundles Survey***

**&**

**2015/2016**

**Results: Hospitals,  
Employers, and  
Consumers**



***“Care bundles are coming. To say you’re against learning and experimenting with them is like trying to shovel the tide.”***

**2015 Strategy& Bundles Survey  
Hospital Respondent**

# Executive summary

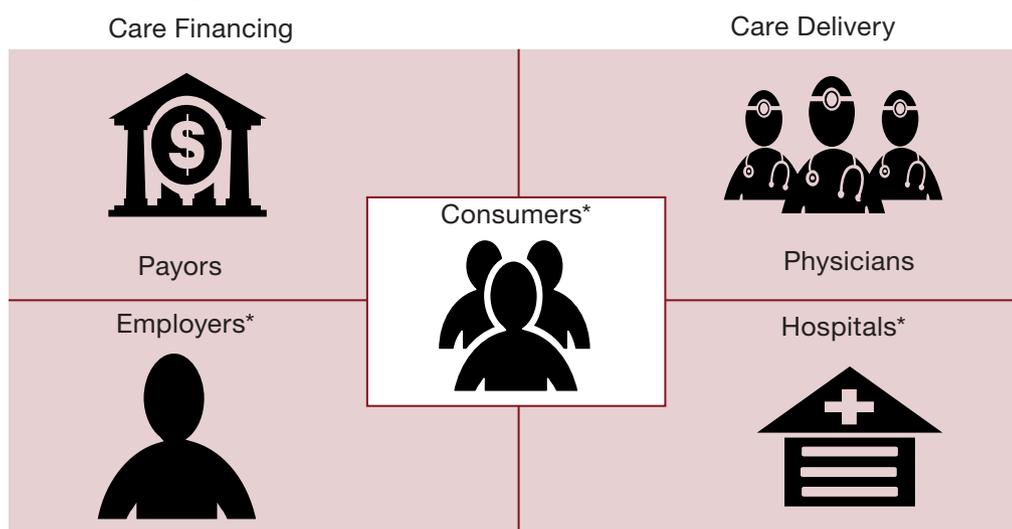


- **Care bundle adoption is at a critical turning point and results are clear**
  - Our survey finds 31% of providers and 20% of employers have adopted the model
  - About two-thirds of providers have improved quality and reduced costs through bundles
  - In our survey, the majority of consumer respondents found bundles easy to understand and appealing, picking a realistic bundle over current coverage 62% of the time
- **There is still a mismatch between provider activity and employer needs**
  - Employers want to see greater financial impact and a wide variety of bundles, whereas hospitals have kept efforts small
  - Employers are more interested in using bundles for chronic conditions, whereas hospitals are almost exclusively offering bundles for a few acute conditions
  - Consumers report dissatisfaction with health outcomes, cost, and transparency; bundled care is superior in these priority areas, but unfortunately, 69% of consumers are unfamiliar with bundles
- **This mismatch creates great opportunity for those who can push bundles activity past the pilot stage**
  - Hospitals can commit to an at-scale bundles strategy
  - Payors and intermediaries can serve as industry aggregators
  - Employers can guide bundle development to meet their needs and the needs of employees who value low-cost care combined with minimized travel

# ***We sponsor an annual nationwide multi-stakeholder survey to gauge industry progress and attitudes toward bundles***

## ***PwC Strategy& Care Bundles Survey***

*Stakeholder Respondents*



*Consumers, hospitals and employers are the focus of this results document. The 2015/2016 survey included 277 employers, 261 hospitals, and 1000 consumers*

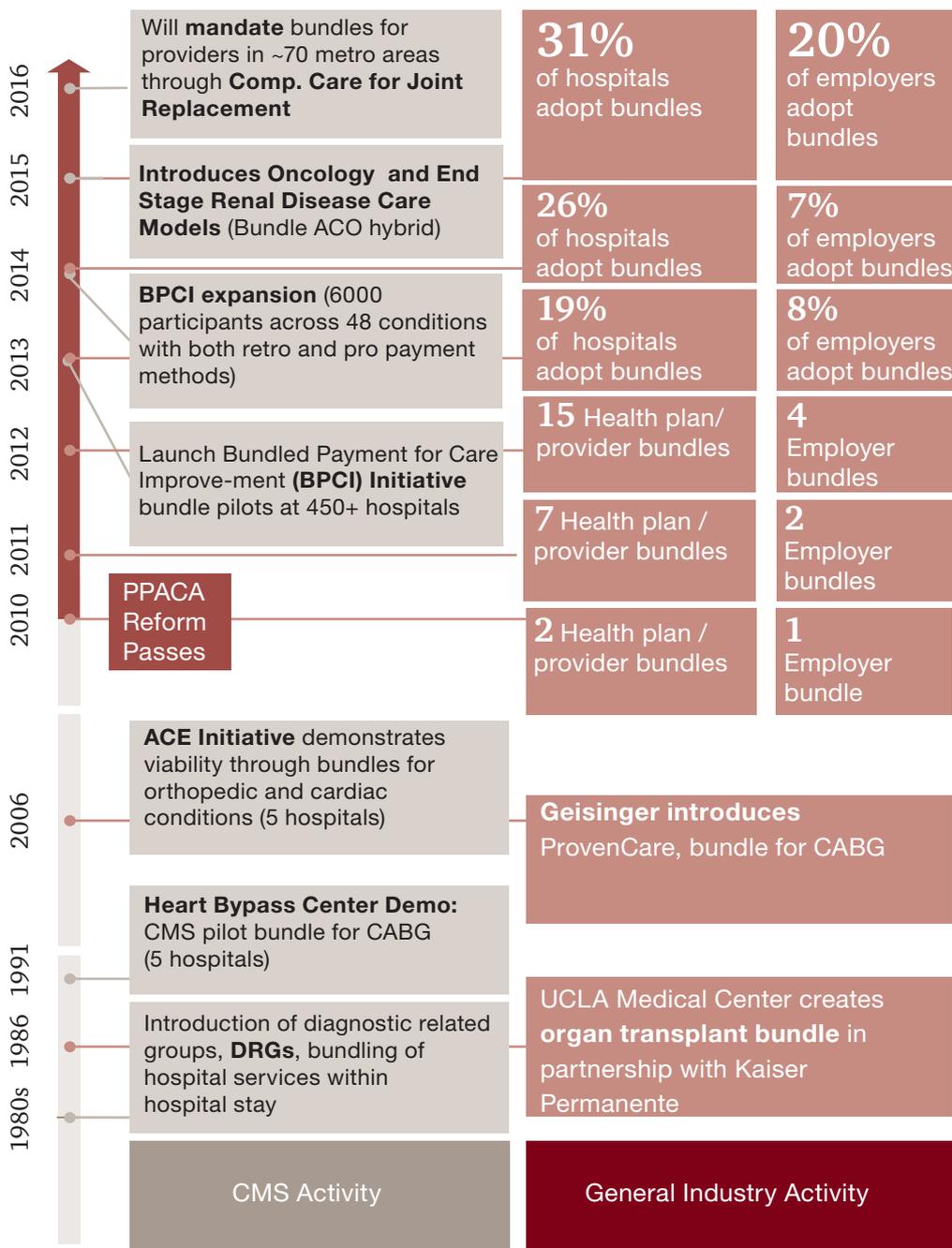
## ***PwC Strategy& Care Bundles Survey***

- Survey has been conducted annually since 2012
- Captures perspective, activity, and pain points from:
  - Supply side (providers)
  - Demand side (payors, employers, consumers)
- Key topics covered:
  - Interest in and adoption of bundled care
  - Scope of current bundle initiatives
  - Benefits and challenges of bundle initiatives
  - Future outlook for bundled care
  - Perspective of uninterested stakeholders
  - Match between supply and demand

# After years of on-and-off experimentation, bundle adoption is at a critical turning point

CCJR generating considerable anxiety and action among our clients

## Healthcare Bundles Historical Timeline



# ***Bundle participation has reached a critical mass, and current results show promise***

**83%**

of hospitals are either interested in or already participating in bundles

Adoption has continued to grow, reaching

**31%**

among hospitals and

**20%**

among employers

Meanwhile, ACO participation among surveyed hospitals has plateaued at

**35%**

Percentage of hospitals that realized savings from bundles

**63%**

**69%**

Percentage of hospitals that improved quality through bundles

Percentage of patients more satisfied with bundled service than previous service<sup>1</sup>

**55%**



1) Bundle with realistic restrictions at par pricing

# Significant demand exists in the market...

Bundles are easily understood; only

## 14%

struggled to understand the concept



24% struggled to understand their insurance benefits



## 61%

of consumers found bundles appealing, compared with 5% who found them unappealing

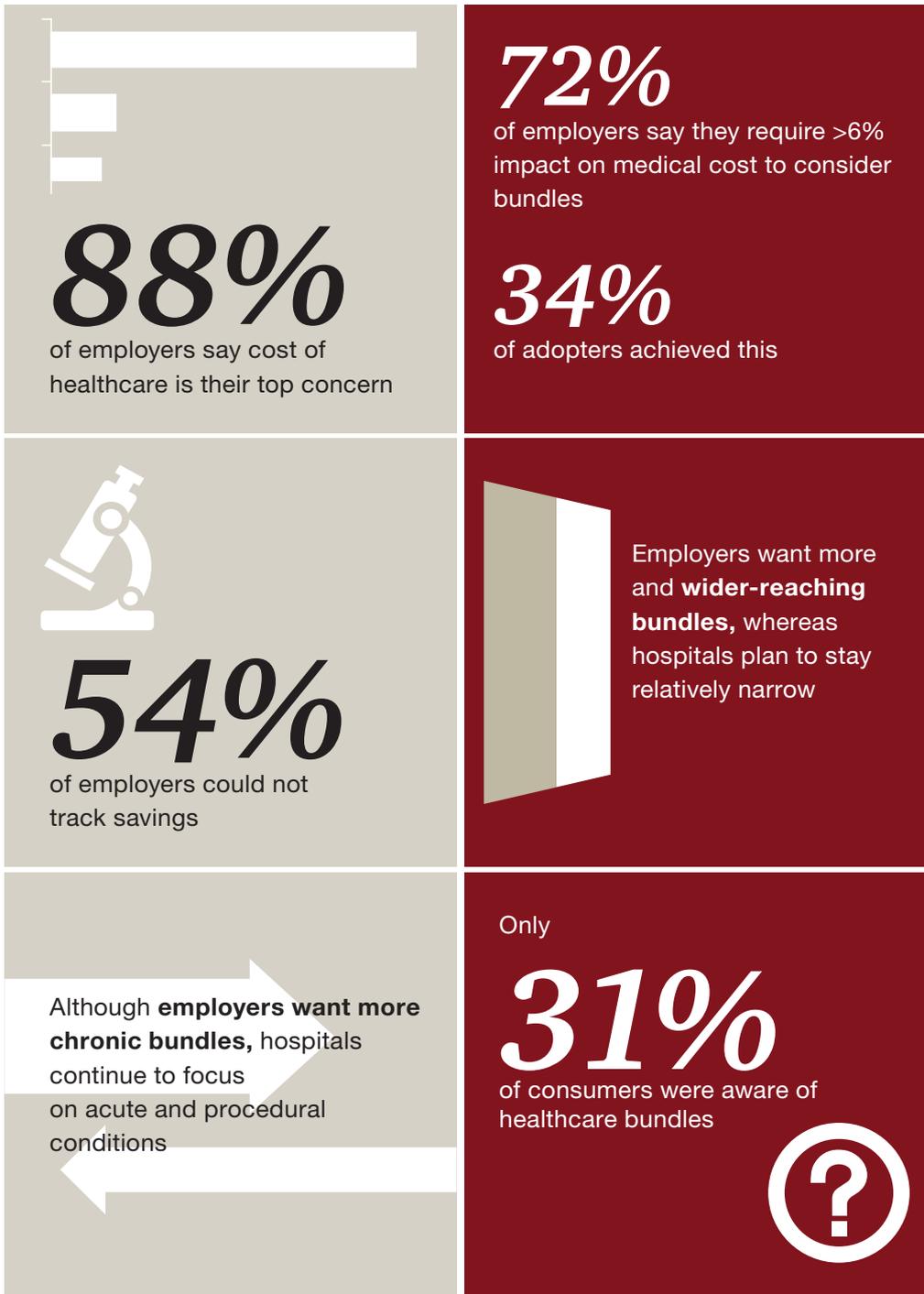
## 80%

of consumers would pick an ideal bundle over current care; 62% would pick a bundle with reasonable restrictions and “at par” pricing over current care

**Key mismatch** between consumer priorities and current care delivery: **Providers under-delivered on costs and price transparency** while they met expectations on travel time despite this being less important



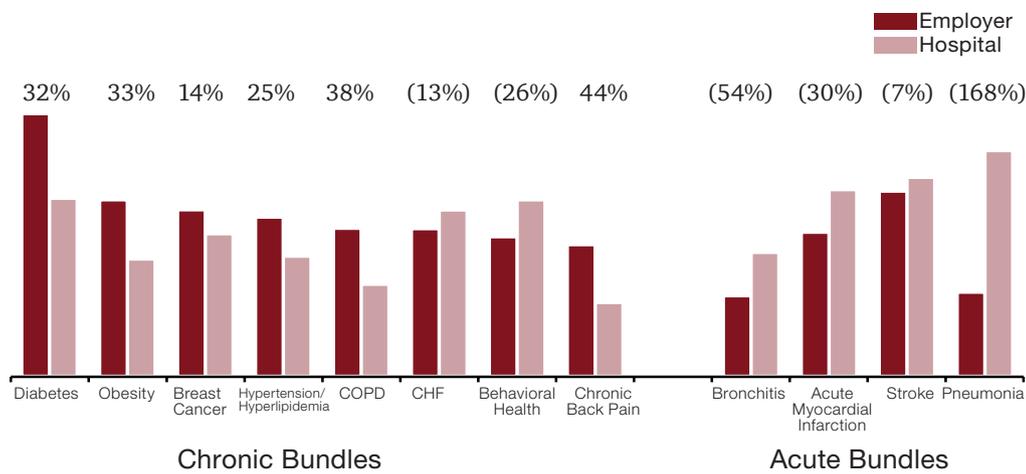
***...but current efforts fall short of market needs, leaving opportunity for those who can push past pilot activities***



# Employers are more interested in chronic bundles, whereas hospitals are more interested in acute bundles

## Relative Hospital vs. Employer Interest in Bundle Conditions<sup>1</sup> (Hospital N=219, Employer N=216)

% Difference in relative interest, Employer vs. Hospital



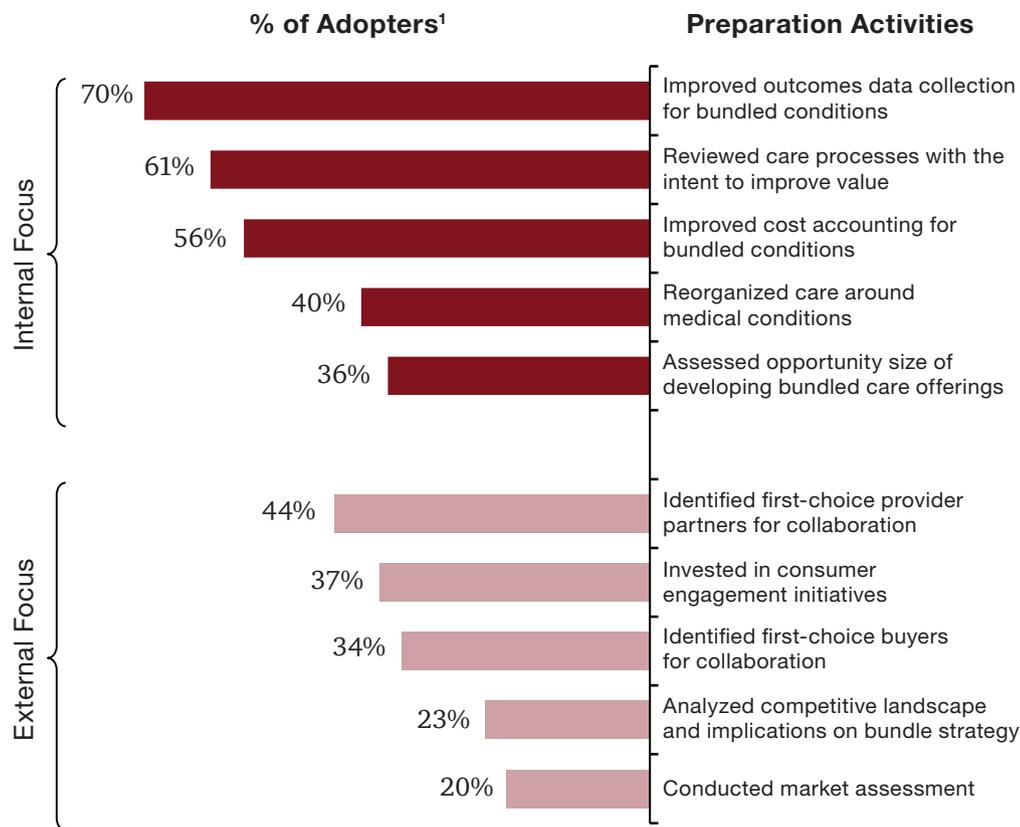
Both employers and hospitals show interest in some procedural bundles, e.g., pregnancy, CABG, major joint replacement

1) Interest based on count of interest for condition over total count of expressed interest within each group (employer/hospital)

# Hospitals continue to focus on internal preparation activities more than on identifying buyer needs

## Organizational Preparation for Bundles – Adopters

Which of the following has your organization undertaken (or is it currently undertaking)? Select all that apply

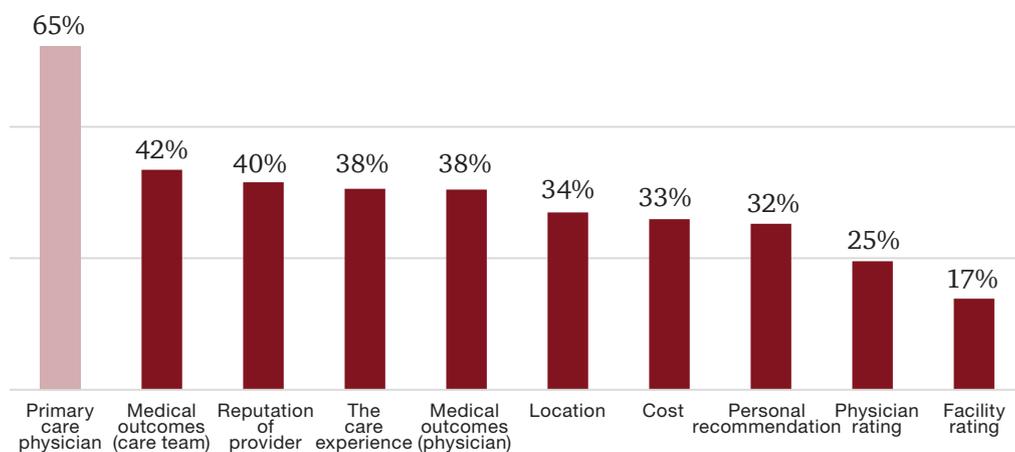


1) Percentage of respondents who are currently pursuing bundles, N=82

# Hospitals that bundle will need to build PCP relationships as consumers rely on information from their PCP

## Preferred Information Sources

Which pieces of information, if you had them, would be most helpful in choosing where to pursue care? (N=799)<sup>1</sup>



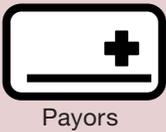
1) Only individuals who received bundled care are included

# *The misalignment between supply and demand points to a clear set of opportunities for healthcare stakeholders*

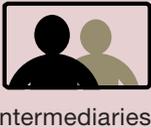
## **Key Opportunities for Stakeholders**



- Leverage local market characteristics and system strengths in bundles program design
- Commit to an at-scale bundles strategy that covers 20-30% of health system activity
- Proactively prepare for CMS-mandated bundles to be expanded beyond major joint replacement through identification of service lines with high variation
- Develop network of PCPs advocates in order to increase bundle awareness among consumers



- Work with employers to create compelling offerings, as more employers are looking to payors (rather than providers) for bundle options
- In the absence of quick provider ramp-up, serve as industry aggregators by sourcing and offering bundles across a variety of providers



- Leverage/monetize data and analytics capabilities to support providers as they develop bundles
- Develop metrics to market bundle quality to consumers who are unaware of bundles or are skeptical of the quality of bundled care

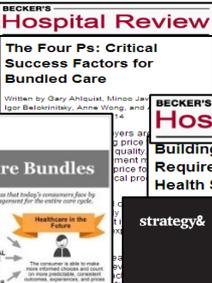


- Make bundles a buyers' market by approaching hospitals or health plans with clear bundle needs and expectations
- Account for variations in consumer-defined excellence in healthcare across condition types; each bundle design should consider the attributes that matter most to its unique target customer

***Strategy& Bundles Expertise and Team***

# Strategy& has extensive experience in the bundles space from client engagements, publishing, and work in national forums

<b>Selected Bundles-Related Engagements</b>
• Faith-based, multistate IDN: Care pathway design for stroke and spine care
• 25-hospital regional health system: End-to-end bundle strategy and design
• Regional payor/AMC collaboration: Facilitation and design of partnership to support bundles
• Regional health system: Bundle design
• Hospital consortium: Employer-directed bundle strategy
• Regional payor: Bundle strategy and design across three therapeutic areas
• Regional payor: Bundle enablement strategy and network design
• AMC: International expansion incorporating bundle model as key building block
• Regional Catholic hospital: Ambulatory retail strategy incorporating bundles

<b>Recent Publications</b>	
 <p><b>Bundled care</b> State of play and prospects for employers and providers</p>	 <p>Healthcare <i>à la Carte</i> to A bundled approach to treatment and a better experience for patients</p>
 <p><b>Bundled care</b> State of play, lessons learned and future prospects</p>	 <p><b>Administering healthcare bundles</b> An overlooked key to success in the new health economy</p>
 <p><b>BECKER'S Hospital Review</b> The Four Ps: Critical Success Factors for Bundled Care</p>	 <p><b>BECKER'S Hospital Review</b> Building Care Bundles: 6 Required Capabilities for Health Systems</p>
 <p><b>Go big or go home</b> Accelerating the rollout of bundled healthcare</p>	

<b>National Forums</b>
• Center for American Progress's Consortium on Care Bundles
• BCBS Association Care Delivery Leadership Collaborative

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# ***We have a dedicated bundles team, with strong experience across all aspects of the bundles value chain***



***Gary Ahlquist***  
Principal, Health Strategy

- Over 30 years of experience
- Advisor to 100+ health enterprise boards and C-suites
- Noted thought leader with deep expertise in value-based care and bundles strategy/ transformation



***Minoo Javanmardian***  
Principal, Health Strategy

- Over 15 years of experience
- Deep expertise in payor/provider collaboration, bundles, and population health management strategies and strategy-based transformation
- Leads PwC Strategy&'s health practice



***Igor Belokrinitsky***  
Principal, Health Strategy

- Over 10 years of experience
- Works across a range of health services organizations to develop growth strategies and transformative, patient-centered care models



***Deepak Goyal***  
Principal, Health Technology

- Over 16 years of experience
- Deep expertise in provider IT strategy, virtual health, alternative care delivery models (e.g., ACOs, bundles), cost and operating model transformation
- Leads PwC Strategy&'s provider technology practice



***Anne Wong***  
Director, Health Strategy

- Over 10 years of experience
- Expertise in large-scale bundles go-to-market strategies, and product design

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We do that by working alongside you to solve your toughest problems and helping you capture your greatest opportunities.

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charting your corporate strategy, transforming a function or business unit, or building critical capabilities, we'll help you create the value you're looking for with speed, confidence, and impact.

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