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Healthcare Forecast Breakfast
April 5, 2023

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Health Care Forecast

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Shanna Johnson
President, Henry Ford West Bloomfield Hospital



What health
systems are
focused on and the
future of the
industry

- Health care economics
- Consumers
- Workforce

Financial challenges persist despite recovery in utilization

Rocked by unprecedented cost pressures, Michigan hospitals face 'very, very challenging' outlook

BY MARK SANCHEZ

Thursday, December 22, 2022 04:19pm

Trinity Health reports almost \$300M operating loss as expenses continue to rise

Nick Thomas (Twitter) - Monday, March 6th, 2023

Ascension Providence Hospital in Southfield terminating midwifery services

PROVIDERS

Cleveland Clinic closes Q4 strong but ultimately logs \$1.2B net loss for 2022

Health Care

Ascension to close Warren hospital's maternity ward, consolidate care into Detroit and Rochester

By Dustin Walsh

ECONOMICS

The economics of healthcare will increasingly focus on high-value, low-cost, and decentralized care



HIGHLIGHTED TRENDS

As the population grows older, healthcare spending increases, and care delivery systems evolve...



Michigan is the **14th oldest state** in the US (based on % of population 65+)



Healthcare input supply costs spiked 2020 -21. In 2022, costs moderated, but are still above the norm for labor and supplies.



Estimated national healthcare spending (NHE) in US in 2030 is \$6.8Tr, growing from 2021 at an expected annual rate of 5.1%

Current care delivery models appear unsustainable

\$935B

Estimated average annual cost of healthcare waste in the US/~\$2500 per person each yr

42%

Increase in hospital expenses per admission in Detroit since 2005

50%

National increase in Medicare beneficiaries from 54M to 80M by year 2030

0.2%

Median operating margin for hospitals thru Dec 2022

\$6.2B

Expected market value of payments for value-based care in 2030 (up from \$2.2B in 2022) CAGR of 7.5%

5.1%

Projected average annual growth of out-of-pocket health care spending 2021-2030

100% goal

For MA and traditional Medicare payments to be tied to value-based care by 2030 (updated goal metric timeframe set by HHS Learning Action Network)

33%

Of U.S Adults say they or family member have skipped recommended medical treatment due to cost of care



21% ↑ Labor



14% ↑ Supply



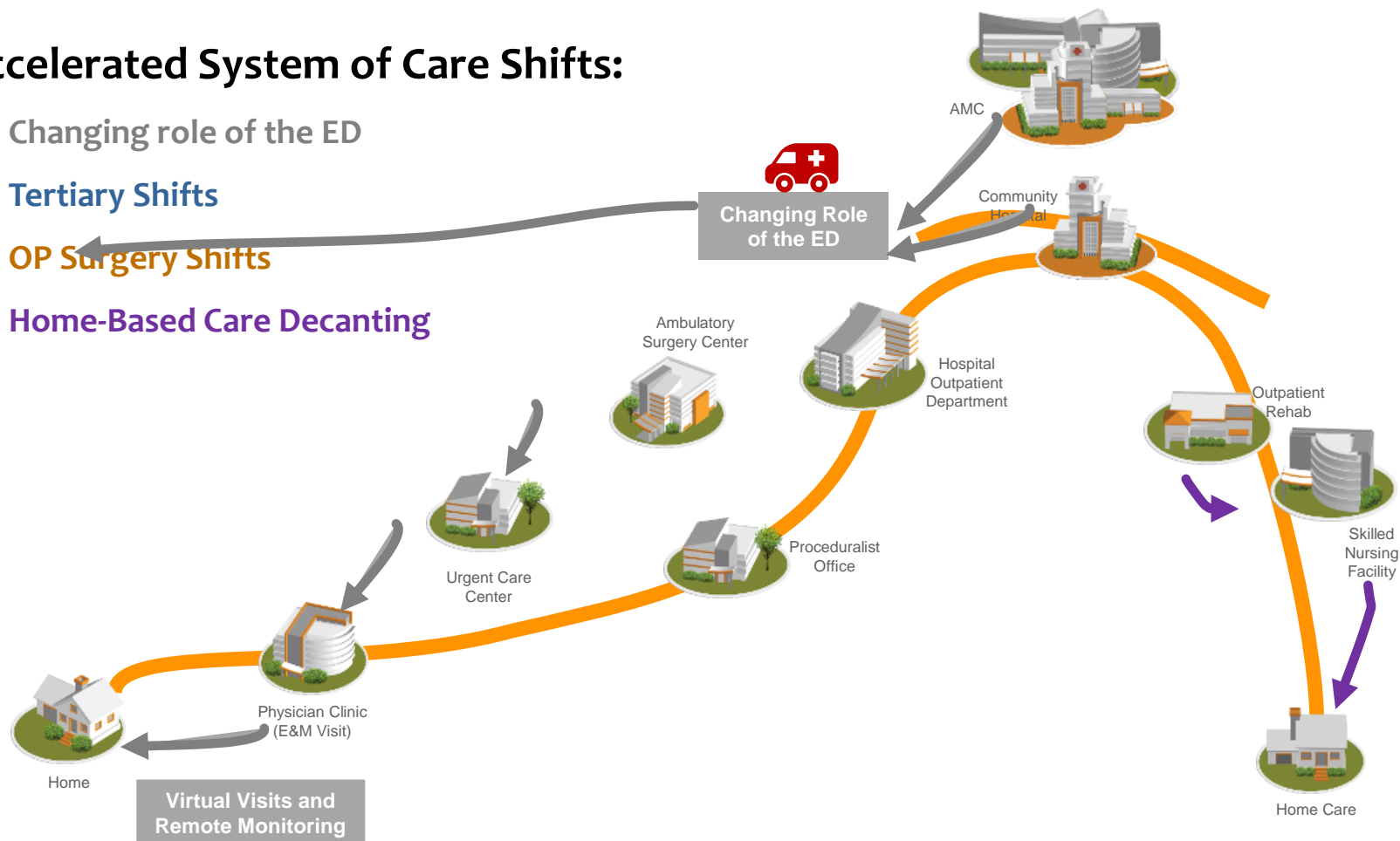
11% ↑ Drug

Volume is migrating to out of the hospital

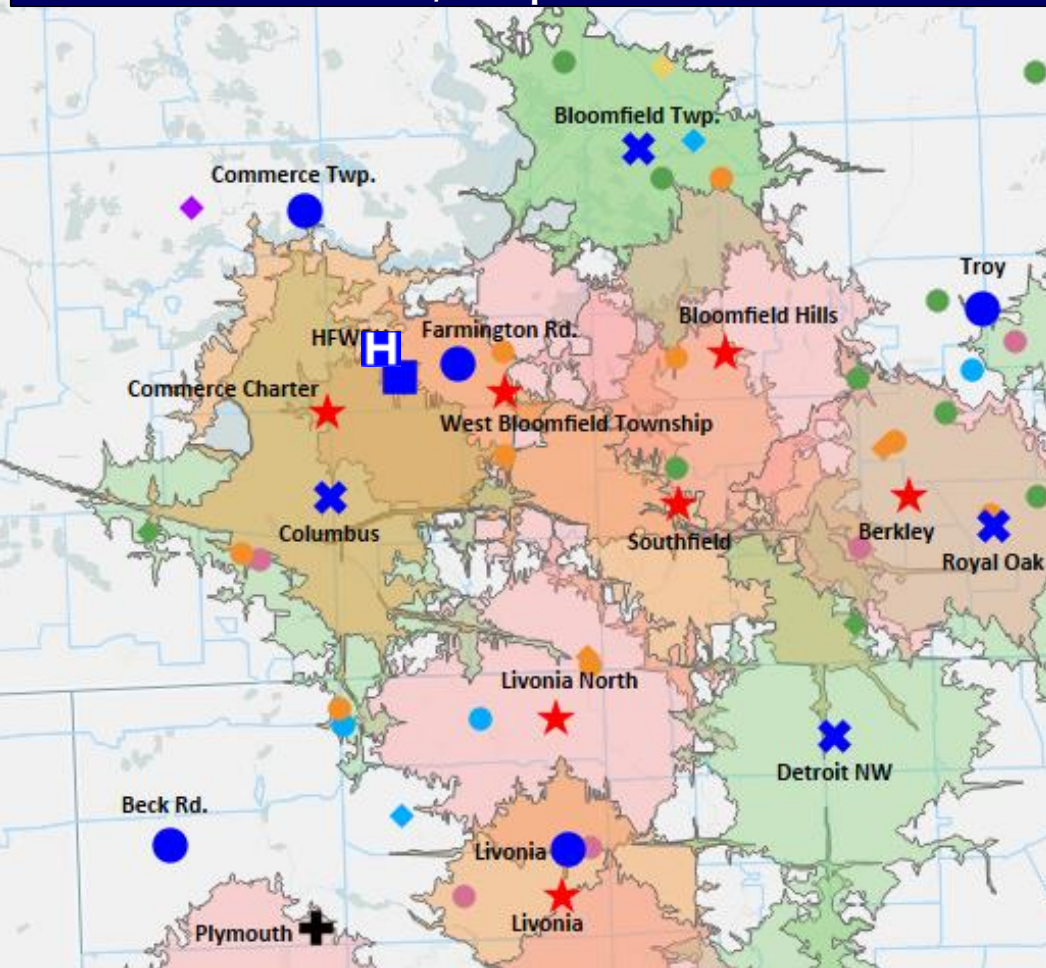
- Lower hospital admissions (discharges) with increased acuity of hospital inpatients
- Increased volume transitioning into ambulatory surgery centers
- Decline in Emergency Room visits with a rise in urgent care and same day care clinics
- The Public Health Emergency enabled a temporary payment structure that allowed us to be more nimble and patient-focused in our care delivery models.
 - *Rise in telehealth and enabling technology;*
 - *Care models in the home (i.e. skilled nursing care and acute care)*

Accelerated System of Care Shifts:

- Changing role of the ED
- Tertiary Shifts
- OP Surgery Shifts
- Home-Based Care Decanting



CARE = Clinical Alignment and Resource Effectiveness; E&M = evaluation and management. Source: Sg2 Analysis, 2021.



- ★ GoHealth Target Site
- 🏥 HFHS Hospital
- ⛑ HFHS Freestanding ED
- ✖ HFHS Walk In
- ★ HFHS Urgent Care
- HFHS Multi-Specialty Site
- ▲ HFHS Primary Care Office
- Competitor Urgent Care
- ◆ Competitor Hospital
- 10 Min. Drive Time Area HFHS Sites
- 10 Min. Drive Time Area for approved GoHealth target sites
- 10 Min Drive Time Area for Sites in Active LOI
- 10 Min. Drive Time Area for exploratory GoHealth target sites

- Ascension
- Beaumont
- DMC
- McLaren
- Trinity
- Concentra UC

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| Berkley |
| Canton |
| Commerce Charter |
| Livonia |
| Taylor |
| Southfield |

CONSUMERS

Consumers will increasingly demand experiences that are simple, convenient, and affordable



HIGHLIGHTED TRENDS

Consumers' needs will become **more acute** (e.g., dealing with a **chronic illness**, unbearable **cost burdens**, and **complex, disaggregated services**). There is increased focus on **health equity & social determinants of health**

In Michigan, this looks like...

23yrs

Variation in life expectancy across census tracts in Wayne, Macomb & Oakland counties,

2 Million

Michiganders reporting mental illness in 2019, an increase from 1.76 million in 2016

60%

% of Michigan's adult population that **suffers from a chronic health condition**

Consumers are **demanding more** from their healthcare services

"Personalized experience"

75%

Of US consumers wish their healthcare experiences were **more personalized**

"Not too expensive"

63%

Of Gen Z/Millennials report not scheduling preventative care **due to cost**

"Easy to Navigate"

49%

Of consumers report they **stopped trying to make an appointment** because scheduling was too difficult

"Coordinated"

83%

Of consumers say **coordination among all their healthcare providers is important** to their health

2x

Higher rate of ER visits and no-shows for clinical appts for those people with unmet social needs

- Community Health Needs Assessment
- Personalized Care Experience
 - Gene therapy
 - Scheduling through our EMR
 - Care closer to home



Sources: [Chronic Disease Epidemiology](#), [Healthcare Innovation](#), [Healthcare Consumer Experience Index](#), [Chronic Care Alliance](#), [Business Wire](#), [Michigan Health Endowment Fund](#), [Kaiser Family Foundation](#)

Workforce shortage is not temporary

Health Care

Battling bottlenecks: Post-acute staffing shortages cause months of hospital discharge delays

Health Care

McLaren to lay off 743 staffers in Ohio hospital closure; buyer plans to hire 400

By Crain's Detroit Business

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Nurse shortage declared global health emergency

Mariah Taylor ([Email](#)) - Tuesday, March 28th, 2023

How a shortage of biomedical technicians could affect hospitals

Ashleigh Hollowell ([Twitter](#)) - Friday, March 17th, 2023

Three years into COVID, exhaustion, burnout plagues Michigan's nurses

WORKFORCE

Clinicians will become increasingly diverse and will insist on more sustainable work-life balance



HIGHLIGHTED TRENDS

A shortage of qualified workers...

12,960

Expected nurse shortage in Michigan in 2030

Rise of incivility

72%

Of nurse leaders have witnessed bullying or incivility within past year at work

Is leading to burnout...

62%

Of frontline workers reporting that **stress and worry from COVID-19** has had a **negative impact on their mental**

Turnover rates continue to climb

26%

National Hospital Turnover rate reported in 2021; up 6% pts from 2020 and up 8% pts from 2019

Shifts in **education, job expectations, and demographics** all weave together to shape the healthcare workforce of the future.



Education

48k

Estimated shortage of PCP's by 2034, driven to higher-paying specialties

33%

Percentage increase in med school enrollment while residency spots remain stable



Expectations

70%

Of physicians in the US **are employed by hospitals** or other corporate entities

93k

Average salary for a MI travel nurse in 2023, vs ~\$75k for a staff nurse



Demographics

45%

Of physicians **were 55 or older** in 2020

36%

Of the physician workforce in America were women in 2019, up from 30.4% in 2010

Build critical talent pipeline and employ flexible work policies to deliver a renewed caregiver experience

- High school health care careers classes and programs
- Community college partnerships
- Medical school partnerships
- Grow your own programs
- Overseas recruiting
- Clinical certification programs
- Management and leadership training

Sources: Travel Nursing, Salary.com, Physician's Advocacy Institute, AHA EnvirScan/Nursing Ldrshp Insights, AHA Environmental Scan/NSI HC Retention, AAMC, International Council of Nurses, WashPo, AACM, ACMQ (American College of Medical Quality), AACM,

Positioning for the future



- Investing in our team members and facilities
- Create a path for sustainability
- Partnerships with like-minded organizations
- Support our local economic development



Sinziana Luchian

Workforce Wellness Forecast

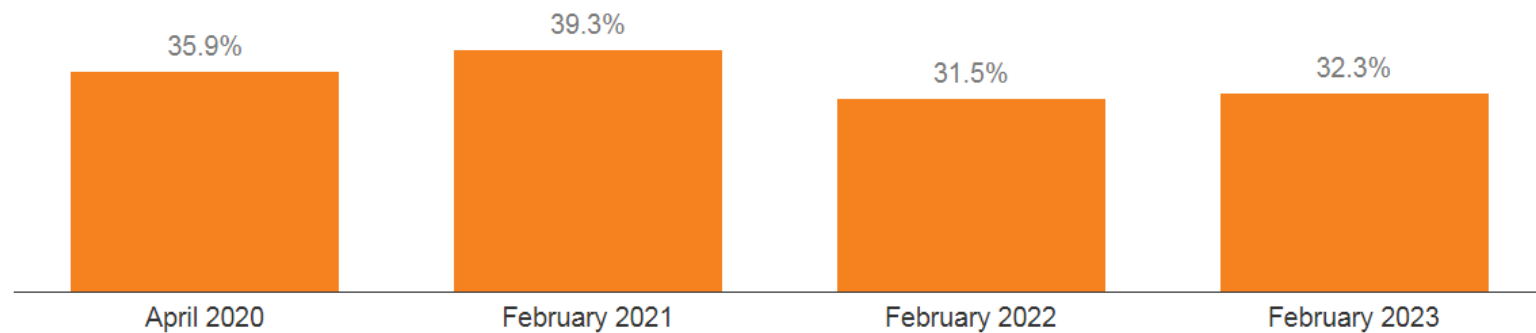
Sinziana Luchian, MBA
Director, Health Care Initiatives
Detroit Regional Chamber

Covid-19 Impact on Employee Well-being

- Increased mental health challenges; depression, anxiety, SUD.
 - 20 percent of U.S. adults were experiencing a mental illness in 2022, equivalent to 50 million Americans. ¹
 - 32.3 percent of U.S adults reported symptoms of anxiety and/or depressive disorder in 2023. ²
 - 90% percent of Americans believe the U.S. is facing a mental health crisis. ²

Figure 1

The Share of Adults Reporting Symptoms of Anxiety and/or Depressive Disorder During, the COVID-19 Pandemic



NOTE: April 2020 is the earliest data available. Adults having symptoms of depressive or anxiety disorder were determined based on having a score of 3 or more on the Patient Health Questionnaire (PHQ-2) and/or Generalized Anxiety Disorder (GAD-2) scale. The reference period for the GAD-2 and PHQ-2 questions changed from the "past 7 days" to the "past 2 weeks" beginning in August 2021; however, trends remained stable.

SOURCE: KFF analysis of U.S. Census Bureau, Household Pulse Survey, 2020-2023. • [PNG](#)

KFF

Covid-19 Impact on Employee Well-being

- Increase in stress and burnout in the workplace:
 - The World Health Organization classified burnout as a medical diagnosis, “a syndrome conceptualized as resulting from chronic workplace stress that has not been successfully managed.” ³
 - A recent study found that burnout is on the rise globally, significantly in the U.S. where 43% of middle managers reported burnout, and 70% of C-Suite considered quitting to search for a job that responded to their mental health and well-being. ³

Covid-19 Impact on Employee Well-being

- Decrease in chronic disease prevention among population:
 - 6 in 10 Americans live with at least 1 chronic condition such as heart disease, stroke, cancer, or diabetes. ⁴
 - Lack of chronic disease management leads to poor well-being, resulting in low productivity, absenteeism, and increased health care costs for business.

Resignation Rates Remain High

- 4 million Americans, 2.6% percent of the workforce quit their jobs in October 2022. Workers are quitting industries, not just jobs. ⁵
- 40 percent of U.S. workers say they might leave their jobs in the near future. ⁵
- Retaining and attracting top talent continues to be a significant challenge for businesses.

Why Focus on Workforce Well-being?



81,396 hours

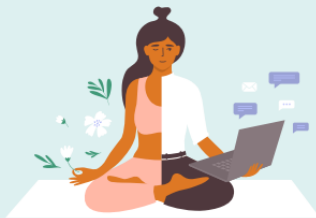
Why Focus on Workforce Well-being?

- Retain and attract top talent.
- Increased productivity, engagement and overall satisfaction with the work environment.
- Decreased absenteeism and “quiet quitting”.

Supporting Employee Well-being to Boost Retention

- Motivating factors that keep people in their jobs: ⁶
 - Support for health and well-being.
 - Workplace flexibility.
 - Meaningfulness of work.

What Matters Most



FOCUS ON WELL-BEING



**REMOTE AND
HYBRID WORK**



COMPANY CULTURE



PAY



WORK-LIFE BALANCE



FLEXIBILITY

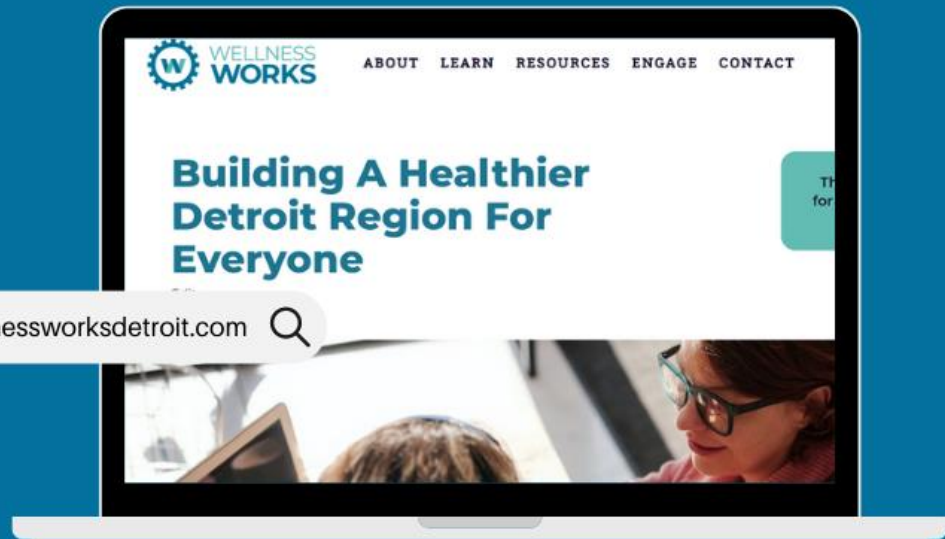
Top Workplace Wellness Trends for 2023

1. Focus on flexibility.
2. Fight burnout with time off.
3. Support employees that are also caregivers.
4. Offer financial education and support.
5. Prioritize mental health.
6. Develop a sense of belonging in the workplace. ⁷

Visit Our Website!



www.wellnessworksdetroit.com

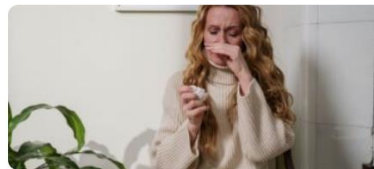


Wellness Works

Wellness Strategies for Your Organization

The Gallup Sharecare Well-Being Index measures individuals' perceptions of their lives through five elements: physical health, financial security, relationship to community, sense of purpose, and social relationships. Healthy organizations implement these elements in their efforts to improve overall health and well-being.

Physical Health
Mental Health
Financial Wellness
Social
Connectedness
Community
Engagement



Stop Seasonal Allergies in
their Tracks

March 21st, 2023



Workplace Wellness: Nutrition

March 15th, 2023



Your Guide to Supportin
Employees with
Endometriosis

Wellness Works



Employer Guide: How to Retain a Healthy Workforce



Employer Guide: Fostering Inclusive Workplaces



Employer Guide: How to Increase Utilization of Your Employee Assistance Program

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Works Cited

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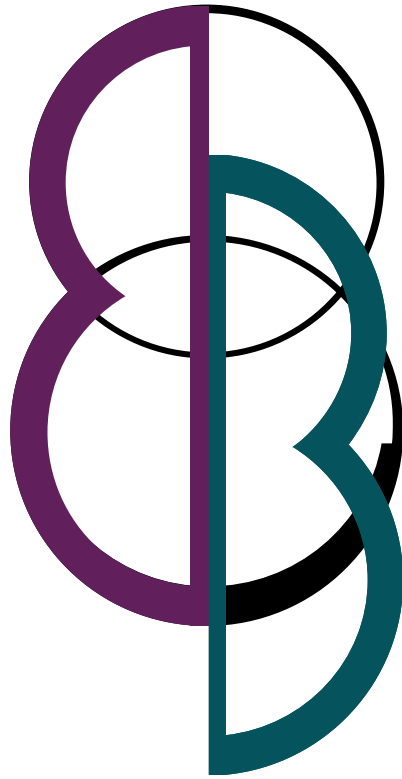
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