2023 Environmental Scan
2023 Environmental Scan

The Environmental Scan provides data and trends that highlight important issues facing the health care field.

- Hospital and health system landscape
- Workforce
- Health equity
- Behavioral health
- Affordability and access
- Value-based delivery and payment models
- Quality and safety
- Consumerism
- Social and demographic changes
Hospitals and health systems continue to face unprecedented financial challenges due to the COVID-19 pandemic, lower patient volumes and skyrocketing expenses.

- Increase in hospital expenses per patient in 2021 compared with 2019 baseline levels

<table>
<thead>
<tr>
<th>Expense</th>
<th>% Increase per patient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug</td>
<td>36.9%</td>
</tr>
<tr>
<td>Labor</td>
<td>19.1%</td>
</tr>
<tr>
<td>Supply</td>
<td>20.6%</td>
</tr>
<tr>
<td>Total</td>
<td>20.1%</td>
</tr>
</tbody>
</table>

- 2022 hospital expense projections compared with 2021

<table>
<thead>
<tr>
<th>Expense</th>
<th>Cost increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drugs</td>
<td>$1 billion</td>
</tr>
<tr>
<td>Employed Labor</td>
<td>$57 billion</td>
</tr>
<tr>
<td>Supplies</td>
<td>$11 billion</td>
</tr>
</tbody>
</table>

AHA resources
- Costs of Caring Report: [aha.org/costsofcaring](aha.org/costsofcaring)
- Insurer Watch powered by AHA Vitality Index™: [aha.data.com/vitality-index](aha.data.com/vitality-index)
- Association for Health Care Resource & Materials Management: [ahrmm.org](ahrmm.org)

“National Hospital Flash Report,” Kaufman, Hall & Associates LLC, January, 2022
Hospital and Health System Landscape

The regulatory flexibility afforded to caregivers due to the COVID-19 public health emergency not only has demonstrated value, it also has served as a catalyst for establishing new, innovative and safe ways for delivering patient-centered care.

• Hospital leaders report critical importance of the public health emergency waivers

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Their hospital would be negatively impacted if the waivers were rolled back</td>
<td>93%</td>
</tr>
<tr>
<td>Their hospital depends on the flexibilities provided by the waivers to deliver needed care</td>
<td>89%</td>
</tr>
<tr>
<td>Waivers provide important support in managing ongoing staffing issues and shortages</td>
<td>78%</td>
</tr>
<tr>
<td>Withdrawal of the waivers would significantly affect patients’ access to health coverage</td>
<td>72%</td>
</tr>
</tbody>
</table>

AHA resources

• Advocacy Action Center: aha.org/advocacy/action-center

Hospital and Health System Landscape

Care in alternative settings is projected to rise by 2032.

<table>
<thead>
<tr>
<th>Site of care</th>
<th>2032</th>
<th>Site of care</th>
<th>2032</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient volume</td>
<td>+2%</td>
<td>Ambulatory surgery center</td>
<td>+25%</td>
</tr>
<tr>
<td>Inpatient days</td>
<td>+8%</td>
<td>Physician office</td>
<td>+18%</td>
</tr>
<tr>
<td>Outpatient volume</td>
<td>+16%</td>
<td>Emergency department</td>
<td>-2%</td>
</tr>
<tr>
<td>Hospital outpatient</td>
<td>+18%</td>
<td>Home-based services</td>
<td>+20%</td>
</tr>
<tr>
<td>department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inpatient surgeries</td>
<td>+4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• As pandemic-era protocols decline, infectious diseases, asthma, chronic obstructive pulmonary disease and cystic fibrosis are expected to lead to a 3% increase in emergency department visits in 2022 before decreasing 10% by 2032.

Data from “Sg2 2022 Impact of Change® Forecast Highlights,” Sg2, a Vizient company, https://newsroom.vizientinc.com/content/1221/files/Documents/2022_IoC_Forecast_Media.pdf, accessed Oct. 14, 2022. Used with permission of Vizient, Inc. All rights reserved.
Workforce

The Great Resignation is impacting all sectors, including health care.

Three workforce trends on the rise

- **Reshuffling**: Employees are quitting and going to employers in different industries.
- **Reinventing**: Many employees leaving traditional employment are either going to nontraditional work (temporary, gig or part-time roles) or starting their own businesses.
- **Reassessing**: Many people are quitting not for other jobs but because of the demands of life. These are people who may have stepped out of the workforce entirely, dramatically shrinking the readily available talent pool.

- Increase of U.S. workers quitting

- Shift to gig work: Temporary staffing market revenue

Liu, Jennifer. “Roughly 47 million people quit their jobs last year; ‘All of this is uncharted territory’,” CNBC, Feb. 1, 2022
Baggot, Deirdre, Hamory, Bruce and Rudoy, John. “Health Care Workers Are Moving to Gig Work in Record Numbers,” Oliver Wyman, March 13, 2022
Workforce

The pandemic has exacerbated burnout and related mental health challenges facing the health care workforce.

- Nurse managers’ emotional health over the course of the pandemic

<table>
<thead>
<tr>
<th>Not emotionally healthy</th>
<th>Neutral</th>
<th>Emotionally healthy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb. 2021</td>
<td>16%</td>
<td>33%</td>
</tr>
<tr>
<td>Aug. 2021</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>Aug. 2022</td>
<td>17%</td>
<td>26%</td>
</tr>
</tbody>
</table>

- Physicians reporting burnout: 2022
  - All physicians: 47%
  - Emergency medicine: 60%
  - Critical care: 56%
  - Men: 41%
  - Women: 56%

  Top cause of burnout: Too many bureaucratic tasks

AHA resources

- Physician Alliance Be Well initiative: aha.org/physician-alliance-be-well
- American Organization for Nursing Leadership: aonl.org

“AONL Longitudinal Nursing Leadership Insight Study,” American Organization for Nursing Leadership and Joslin Insight, October 2022
Kane, Leslie. “Physician Burnout & Depression Report 2022: Stress, Anxiety, and Anger,” Medscape, Jan. 21, 2022
Critical workforce shortages threaten the ability of hospitals and health systems to care for their communities.

- Hospital staff turnover rate
- Average RN vacancy rate

AHA resources
- Workforce strategy guide: aha.org/workforce

The pandemic has had a disproportionate impact on historically marginalized communities.

- Risk of COVID-19 infection, hospitalization and death by race and ethnicity in the U.S.

*Ratios compared with White, non-Hispanic persons, age-adjusted*

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Cases</th>
<th>Hospitalization</th>
<th>Death</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaska native</td>
<td>1.6x</td>
<td>2.7x</td>
<td>2.1x</td>
</tr>
<tr>
<td>Latinx</td>
<td>1.5x</td>
<td>2.0x</td>
<td>1.8x</td>
</tr>
<tr>
<td>Black</td>
<td>1.1x</td>
<td>2.3x</td>
<td>1.7x</td>
</tr>
<tr>
<td>Asian</td>
<td>0.8x</td>
<td>0.8x</td>
<td>0.8x</td>
</tr>
</tbody>
</table>

**AHA resources**

- Institute for Diversity and Health Equity: [ifdhe.aha.org](http://ifdhe.aha.org)

“Risk for COVID-19 Infection, Hospitalization, and Death By Race/Ethnicity,” CDC, Sept. 15, 2022
Health Equity: Societal Factors Influencing Health

Advancing health equity must include addressing the environmental and societal factors that influence health.

- 72% of hospitals report having at least one program or strategy to address social determinants of health in their communities. Of this group, hospitals focus on the following areas:

<table>
<thead>
<tr>
<th>Area</th>
<th>% of Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health behaviors</td>
<td>83.1%</td>
</tr>
<tr>
<td>Transportation</td>
<td>75.3%</td>
</tr>
<tr>
<td>Food insecurity</td>
<td>72.6%</td>
</tr>
<tr>
<td>Interpersonal violence</td>
<td>62.4%</td>
</tr>
<tr>
<td>Social isolation</td>
<td>62.2%</td>
</tr>
<tr>
<td>Housing</td>
<td>59.0%</td>
</tr>
<tr>
<td>Education</td>
<td>49.8%</td>
</tr>
<tr>
<td>Utility needs</td>
<td>46.4%</td>
</tr>
<tr>
<td>Employment and income</td>
<td>44.5%</td>
</tr>
</tbody>
</table>

84.2% of hospitals report screening patients for social needs

AHA resources
- Framework addressing societal factors that influence health: aha.org/societalfactors

American Hospital Association Annual Survey, 2021
Health Equity: Rural Health

Nearly 20% of Americans live in rural areas and depend on their hospitals as important sources of care.

- Rural Health Access
  - 136 rural hospitals closed between 2010 and 2021.
  - 19 of these closures occurred in 2020, the most of any year in the past decade.
  - 2 of 3 maternity care deserts are rural counties.
  - 45% of rural residents report technical issues as an obstacle to accessing telehealth.

AHA resources

- Rural health services: aha.org/rural

“Rural Hospital Closures Threaten Access: Solutions to Preserve Care in Local Communities,” AHA, Sept. 8, 2022
American Hospital Association Annual Survey, 2021

“Nowhere to Go: Maternity Care Deserts Across the U.S.: 2022 Report,” March of Dimes, Oct. 11, 2022

“Telehealth Visit Use Among U.S. Adults,” SSRS and the Bipartisan Policy Center, August 2021
Behavioral Health

The pandemic has highlighted the need to focus on and invest in the behavioral health ecosystem.

COVID-19 and Mental Health

- 32.3% of adults reported symptoms of anxiety or depressive disorders (July/Aug. 2022).
  ➢ In 2019, 10.8% of adults reported symptoms.
- 31% of high school students reported experiencing poor mental health in 2021.
  ➢ 9.0% attempted suicide.

Mental health professional shortage areas (Sept. 2022)

- 6,464 areas
- 157 million people impacted
- Only 28% of the behavioral health needs met in these areas
- 7,871 practitioners needed to remove shortage designations

AHA resources

- Behavioral health resources: aha.org/behavioralhealth

“Designated Health Professional Shortage Areas Statistics,” Bureau of Health Workforce, Health Resources and Services Administration (HRSA), U.S. Department of HHS, Oct. 23, 2022
Behavioral Health

The integration of behavioral health into other areas of health care and the use of telehealth can increase access to behavioral health services.

• Percentage of U.S. hospitals reporting integration of routine behavioral health services into the following areas:

![Graph showing integration of behavioral health services]

• Telehealth
  ➢ 206% increase of telehealth use in counseling during the pandemic.
Access: Coverage

Health care coverage opens the door to health care services.

- Medicaid and the Children’s Health Insurance Program (CHIP) enrollment increases

- Impact of ending the COVID-19 public health emergency

- Represents a 24.9% increase.

- The Affordable Care Act (ACA)

  ➢ 35 Million: A record-high number of people with coverage related to the ACA in early 2022. This includes those enrolled in Marketplace coverage, Medicaid expansion and the Basic Health program.

17.4% of enrollees or 15 million people will lose coverage through Medicaid and CHIP

Corallo, Bradley and Moreno, Sophia. "Analysis of Recent National Trends in Medicaid and CHIP Enrollment," KFF, Sept. 12, 2022


Affordability: Consumer Expenses

The cost of health care is one of the biggest concerns facing families and can be a barrier to accessing essential services.

• Ability to Afford Health Care

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>Latinx</th>
<th>Native American</th>
<th>Asian</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have serious problems affording medical care or prescription drugs</td>
<td>22%</td>
<td>19%</td>
<td>25%</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Households that have experienced serious illness and who have serious problems affording medical care or prescription drugs</td>
<td>31%</td>
<td>32%</td>
<td>48%</td>
<td>18%</td>
<td>29%</td>
</tr>
</tbody>
</table>

• 1 in 4 adults report delaying or avoiding medical care or purchasing prescription drugs in the past six months due to health care costs.

AHA resources

• The Value Initiative: aha.org/value-initiative
Value-based Delivery and Payment Models

Value-based care may play a stronger role in the future of health care.

- U.S. health care payments tied to alternative payment models (APMs)

<table>
<thead>
<tr>
<th>Year</th>
<th>% of health care payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>35.8%</td>
</tr>
<tr>
<td>2019</td>
<td>38.2%</td>
</tr>
<tr>
<td>2020</td>
<td>40.9%</td>
</tr>
</tbody>
</table>

- Medicare Advantage had the highest dollar amounts tied to APMs: 58.0% in 2020

- Ways to integrate patient-centered care into APMs
  - Emphasize access to community- and home-based care options.
  - Build capacity to address patient needs holistically to impact social determinants of health and advance health equity.
  - Increase points of communication between providers and patients.

AHA resources
- Current and emerging payment models: aha.org/payment-models
- Hospital-at-home resources: aha.org/hospitalathome

King, Robert. “LAN survey: 40% of health payments tied to alternative payment models in 2020.” Fierce Healthcare, Dec. 15, 2021
"Medicare Shared Savings Program Saves Medicare More Than $1.6 Billion in 2021 and Continues to Deliver High-quality Care," Department of Health and Human Services, Aug. 30, 2022
Quality and Safety

It is important to reflect upon the COVID-19 pandemic to better prepare for future disease emergencies.

The Association for Professionals in Infection Control and Epidemiology created a task force to develop these recommendations:

- Develop next-generation universal PPE.
- Normalize the use of masks by the general public during times of increased infectious disease threats.
- Address supply chain failures.
- Include personnel with infection prevention and control (IPC) expertise on health care system incident command and emergency response teams.
- Put properly trained personnel in long-term care, nursing homes and other high-risk settings.
- Build and implement IPC surge capacity.
- Increase capacity for testing and contact tracing.
- Ensure rapid data sharing and interoperability around infection surveillance data.
- Establish strategies to build vaccine confidence.
- Fund pandemic preparedness workforce capacity and training.

AHA resources
- Health Research & Educational Trust: aha.org/center/hret
- The Living Learning Network: aha.org/center/living-learning-network
**Consumerism**

Hospitals and health systems work to provide people with trustworthy, relevant information and appropriate technology to make better-informed decisions about health care options.

Trends in electronic health record (EHR) patient engagement

- % of hospitals that provide their patients with the following technologies (2020):
  - View health information online in a portal: **87%**
  - Download information from medical record: **84%**
  - Pay bills online: **81%**
  - Request refills for prescriptions online: **73%**
  - Schedule appointments online: **65%**
  - Submit patient-generated data: **52%**

- Patients with active patient portal accounts had hospital stays of one-half to one full day shorter on average than patients without.

Consumers intend to keep using virtual or hybrid options for future health needs

- Chronic or ongoing conditions: **45%**
- Check for new symptoms and issues: **42%**
- Check for emergency issues: **26%**
- Annual physical exams: **24%**

**AHA resources**

- AHA Market Scan: [aha.org/marketscan](http://aha.org/marketscan)
- Humanizing Brand Experience Report: [shsmd.org/brand-experience](http://shsmd.org/brand-experience)

American Hospital Association Information Technology Survey 2021
Climate Change

Climate change is increasingly affecting people’s health and the ability of the U.S. health care system to effectively respond to climate-related events.

U.S. climate disaster events: 2019-2021

- **56** events
- **$315.2** billion in costs
- **1,030** deaths

Public perspective
- Among the 78% of households experiencing extreme weather events in the past five years, 24% reported facing serious health problems as a result.
- 23% of adults say that climate change is threatening the health of their families.

AHA resources
- American Society for Health Care Engineering (ASHE) Energy to Care program: energytocare.org


Vaccination

Vaccination rates are decreasing worldwide.

• Childhood immunizations decline
  ➢ Global childhood immunization rates dropped from 86% in 2019 to 81% in 2021.
  ➢ Kindergartners in the U.S. experienced a drop in receiving required immunizations:
    2019-2020: 95% • 2020-2021: 94%

• Recommended vaccination declined for U.S. adults

18% DECREASE In claims, excluding COVID-19 and influenza vaccines, from pre-pandemic levels in January 2019 through December 2021

15% DECREASE In claims for influenza vaccines in the 2021-2022 season compared with the 2020-2021 season.

AHA resources

• Vaccine confidence resources: aha.org/vaccineconfidence
Demographic Shifts

The changing population in the United States will impact all areas of society, including health care.

• 2020 U.S. Census shows increased racial and ethnic diversity

![Graph showing racial and ethnic diversity comparison between 1990 and 2020.]

- White: 75.6% in 1990, 57.8% in 2020
- Latinx: 9.0% in 1990, 18.7% in 2020
- Black: 11.7% in 1990, 12.1% in 2020
- Asian: 2.8% in 1990, 6.1% in 2020

• U.S population projection

![Graph showing population projection from 2022 to 2052.]

- 2022: 335M
- 2052: 369M

• After 2032, population growth is driven increasingly by net immigration, which is expected to account for all population growth in 2043 and beyond.

AHA Resources

The AHA provides tools and resources to help hospitals and health systems strategize and take action to implement solutions. Explore aha.org

In addition to the web links provided in this slide deck:

- **AHA member center**: aha.org/about/member-center
- **Professional membership groups**: aha.org/pmgs
- **AHA Center for Health Innovation**: aha.org/center
- **The Coalition to Protect America’s Health Care**: protectthehealthcare.org
- **Data resources**: ahadata.com
- **Futurescan 2023-2028**: shsmd.org/futurescan
- **Workforce Scan**: aha.org/aha-workforce-scan
- **Team Training**: aha.org/center/team-training
- **Population health**: aha.org/center/population-health
- **Better health for mothers and babies**: aha.org/better-health-for-mothers-and-babies
- **Hospitals Against Violence**: aha.org/violence
- **AHA Trustee Services**: trustees.aha.org
- **Cybersecurity**: aha.org/cybersecurity
- **AHA Today e-newsletter**: aha.org/ahatoday
- **Advancing Health podcast**: aha.org/advancing-health-podcast
- **2023 Environment Scan**: aha.org/environmentalscan