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# 2019 Disruption, Consolidation and Innovation in the Health Care Industry

## Hear from the CEOs: What Keeps Them Up at Night?

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# AMERICAN BANKRUPTCY INSTITUTE

**American Bankruptcy Institute**  
**Disruption, Consolidation and Innovation in the Healthcare Industry Conference**  
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**Hear from the CEOs: What Keeps Them Up at Night?**  
**3:00 p.m. - 3:55 p.m. Eastern**

CEOs share their insights on the challenges facing the healthcare industry, the new innovations that will transform the industry, and how health care policy is expected to change, when it will change, what needs to change, and how politics plays into all of this!

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1. **Politics and healthcare policy.** Healthcare has become an increasingly prominent political topic throughout the 20th and into the 21st century. The Affordable Care Act survived 2017 without being fully repealed, but 2018 could see Republicans in Congress and the Trump administration chip away at pieces of the law through piecemeal regulatory actions, like CMS expanding ACA waivers or the IRS weakening enforcement of the individual and employer mandates.
2. **Private equity investment in healthcare.** PE firms are ready to invest heavily in the healthcare industry, typically on the provider side, but people expect to see more investment in behavioral health and health IT, among other areas in the future.
3. **Artificial intelligence.** While AI is often regarded as the "future of healthcare," the use of such technology is challenging for physicians, and expensive to implement. However, such technology may prove useful, particularly with regard to robot-assisted surgery and dosage error reduction, among other issues, and eventually, this technology may replace work currently performed by physicians.
4. **Precision medicine.** The idea of treating patients based on their individual biology may lead to the development of one-shot cures for certain diseases, which would prove incredibly useful in potentially treating those conditions for good. However, the use of genetic medicine would also lead to a lack of revenue under the fee-for-service model, as tailored care would eliminate the need for patients to visit physicians multiple times for any conditions they may have.
5. **Retailers as primary care physicians.** Retail health clinics like CVS Health aim to provide patients with acute care services at a lower cost, eliminating the need to visit the typical hospital for primary care. The shift in care delivery has caused traditional hospitals and health systems to re-evaluate how they use PCPs and has led many systems to focus more resources on the development of their urgent care facilities. While the downfall of such urgent care clinics is that they typically are not able to provide care for patients' long-term health issues, retail clinics have begun to partner with PCPs and larger hospital organizations to begin providing those services.
6. **Millennials as consumers.** Today's workforce is composed of more than 83.1 million millennials, whose health needs and the ways in which they obtain care differ vastly from previous generations. For example, 93 percent of millennials prefer retail health clinics over PCPs, and their collective health-conscious lifestyle incentivizes them to seek out annual healthcare checkups and preventive care. Their reliance on technology like telemedicine will force traditional hospitals and health systems to change how they offer and deliver care. Millennials may also focus more on addressing the social factors which impact health. Consumers want greater collaboration between community organizations and providers and insurers; many are beginning to forge relationships with community health workers, social workers, behavioral health specialists and nutritionists.
7. **Internet of things.** The "internet of things" refers to medical devices and applications that connect healthcare IT systems through online computer networks. Such devices include technology that can track vitals, body systems and sleep, among other functions. The biggest risk with IoT devices is their potential to succumb to a large-scale cybersecurity attack.
8. **Nontraditionals entrance into the market.** Amazon, along with JPMorgan Chase and Berkshire Hathaway, announced its intent in January 2018 to form a healthcare venture to help its employees navigate the health industry. Apple, too, has made significant strides in the healthcare market, including a recent update of its Health app to allow patients to access and share their medical records with their providers.

**9. Healthcare rising costs.** As more people strive to live longer, healthier and more active lifestyles, healthcare concerns increase and so does the costs. Research reveal healthcare costs and spending often rise at rates exceeding inflation, and is expected to increase in the future. The aggregate health care spending in the United States will grow at an average annual rate of 5.8 percent from 2015 through 2025, or 1.3 percentage points higher than the expected annual increase in the gross domestic product. This causes a huge concern for leaders as they seek to provide coverage for their employees.

**10. Regulatory challenges.** Regulatory challenges drive up the cost of providing services and care. Healthcare leaders are burdened to comply with changing regulatory obligations.

**11. Medicinal and technological advancement challenges.** The practice of medicine and technology has created opportunity and challenges in the way providers practice medicine today and in the future. Today's health organizations are facing physician shortages and need low-cost alternatives to office visits and in-patient care. Telemedicine – the use of “electronic communication” such as “two-way video, phone, email, wireless tools, and other forms of telecommunications technology” can deal effectively with common conditions such as colds, flu, etc. as well as patient care for chronic illnesses that require daily interventions.

**12. Ethical challenges.** Ethical challenges hurt the character and trust of the medical leaders. In addition, it creates legal costs and rise in malpractice insurance coverage for the agency.