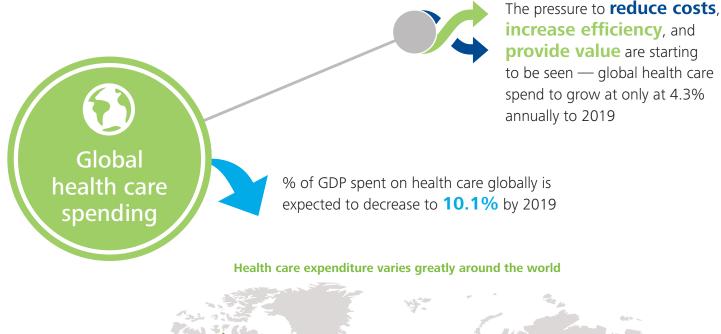
Deloitte.

2016 global health care sector outlook

Our yearly look at the topics, trends, issues, and challenges impacting the global health care sector



Netherlands \$6,145 UK. Germany \$3,598 \$5,006 Japan \$9,146 China \$3,966 \$367 ME (SA, UAE, Qatar) India Mexico \$1,473 \$664 Health Expenditure per capita (current US\$) \$12 \$9,146 Source: The World Health Organization

devaluation are expected to impact spending. India to lead the way at 16.1% growth by 2019

4.8%

Where's the growth expected?

North

America

Economic uncertainty, Eurozone crisis, and currency



Vestern

Europe

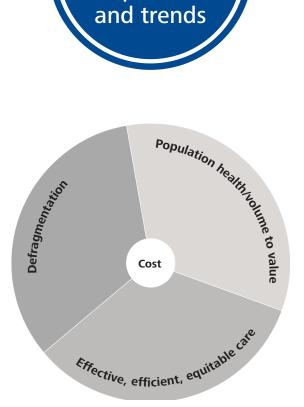
1.4%

Asia

6.6%

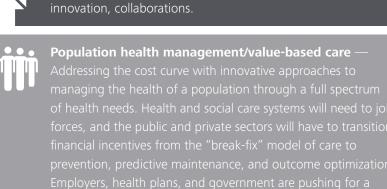
Cost pressures



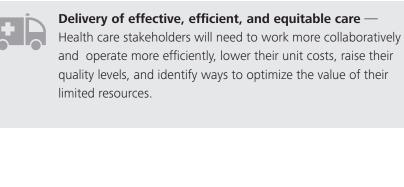


Top issues

Three macro issues are framing the cost discussion

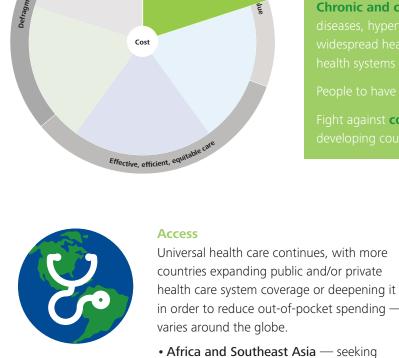


Sector defragmentation — formation of large health systems, leveraging economies of scale, risk-sharing,



Aging population — over 1 and 10 people in the world will be over 65

Chronic and communicable diseases — Obesity, cardiovascular



People to have diabetes to grow to 592 million by 2035. Fight against **communicable diseases** continues, especially in

Demographics



Financial

Govt spending Health reform

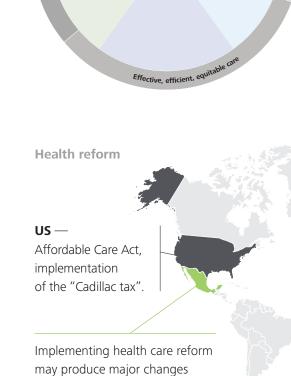
infrastructure basics such as clean water, sanitation, and treatments for communicable diseases.

• Developing economies such as India and China that have an opportunity to leapfrog the break-fix model but are fighting both third- and first-world diseases. • Mature markets such as the United States, Japan, and Europe that have plenty of hospitals but issues with cost containment.

Financial Government spending



Health care is one of the largest industries in the world, at close to 10 percent of global GDP. However, challenging economic conditions are making it difficult for governments in many of the world's regions to devote the necessary financial resources to handle expanding



for several key sector players in

Mexico.

Cost

health care demands, especially when they

are coupled with ever-rising costs.

Amid the reform-driven shift to outcomes-focused, value-based payment, and reimbursement systems,

Recent restructuring of **India's** government

health care budget could impact efforts to improve basic health indicators and the quality

Bundles

Many providers have been hesitant to move to value-based payment models but are now accelerating their build-out of the risk-management capabilities. They need to function in a VBC-based ecosystem, but not all countries are on board with the shift to VBC payment models.

of public sector health care services.

numerous countries are instituting reform-driven drug price controls.

Alternative financial and business models

Shared

services

Value based payment models





Opportunity, entrepreneurship, and favorable government policies are prompting increased use of **public-private partnerships** (PPPs) to fund infrastructure, technology, and other operational improvements.

Operational

Drug price controls

Operational

and infrastructure.

Waste

Department- and specialty-driven



risk



Multidisciplinary-, multispecialty-driven

organization of care

Disease and cross-continuum focus

Patient-centric experience

Team orientation to care delivery that involves

Collaboration with external partners to optimize site and level of care

Technology

infrastructure

Broadband and mobile

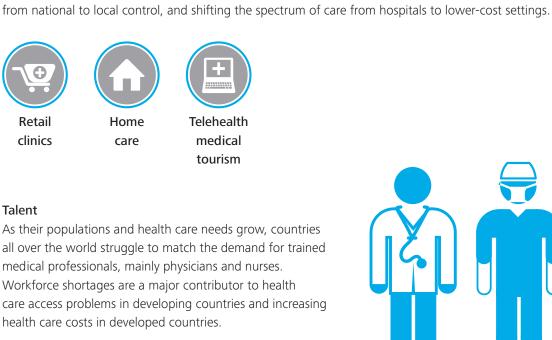
communications

Capitation

Move to a patient-centered health care provider operating model FROM



Effective, efficient, equi



Spurred by market competition, reform-driven financial challenges, and persistent regulatory pressures, increasing numbers of health care providers are using M&A to consolidate hospitals

and form **large health systems** that offer economies of scale and broader service reach.

Medical advances — Unraveling the human genome, emergence of precision medicine, however, medical innovation comes with a

Personalized care — Shifting clinical offerings from mass generalization

Case in point — Cures for diseases like hepatitis C, but costs



Medical advances Digital connected health

Digital connected health

Electronic medical records

M&A

Cost

The combination of data and analytics is being touted as a possible missing key to unlock new sources of value for health care stakeholders. Telehealth mHealth

Wearables

Number of doctors per 1,000 population is projected to

remain almost the same globally between 2014 and 2019.

Innovation

high price tag.

to mass customization.

Data and analytics





Patient and product safety

Cybersecurity

Cloud-based attacks

Fraud and abuse Tracking and analyzing relationships is an important part of minimizing fraud and abuse. Increasingly, regulators are

Med device

security

Privileged

access

enforcement efforts. Use of analytics is growing to identify which improper relationships may present fraud and abuse risks.

emphasizing relationship scrutiny in their fraud and abuse

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To learn more about the trends, challenges, and issues impacting the global health care sector, please visit www.deloitte.com/healthcareoutlook for more information.

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