

**2016 Survey of
US Health Care Executives**
Taking a pulse on MACRA

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The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) is intended to be a disruptive law that will likely send waves across the health care industry as it begins to transform health care delivery and payment. MACRA is most likely to directly impact clinicians, health systems, and health plans. However, the law also may affect other stakeholders along the health care continuum as it accelerates the shift toward value-based care. While the payment effects of the law may not be truly felt until 2019 when Medicare payments to physicians reflect MACRA provisions and performance, the latest rules have the first performance period beginning on January 1, 2017.

The Deloitte Center for Health Solutions recently took a pulse on where health care industry stakeholders are in their progress toward preparing for MACRA. To gauge awareness, preparedness, and perceptions about MACRA, we performed a brief online survey of 61 executives who lead or are key decision-makers with value-based care initiatives at:

Hospital/health systems (referenced together as health systems heretofore, 29 respondents)

Health plans (18 respondents)

Life sciences companies

- Biopharmaceutical (biopharma) companies (8 respondents)
- Medical technology (medtech) companies (6 respondents)

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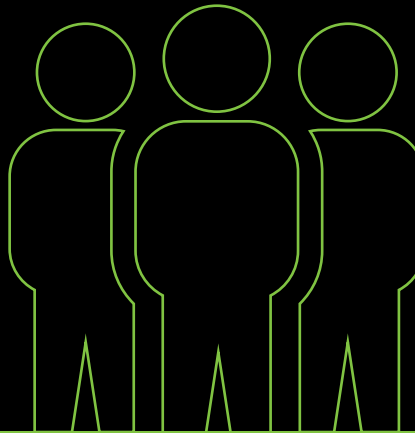
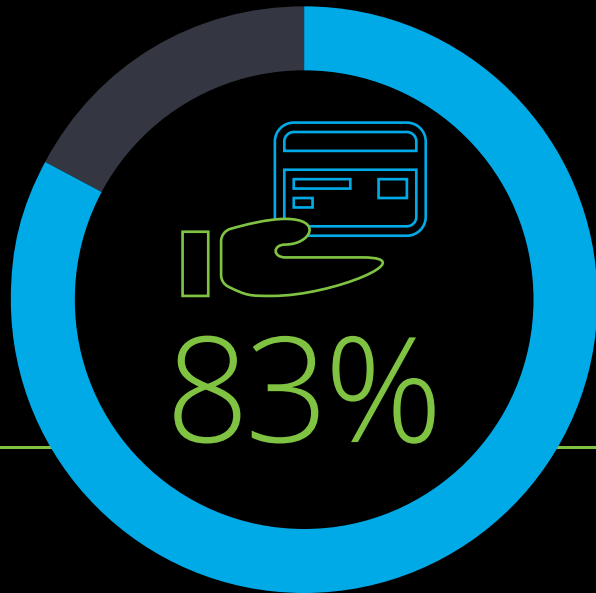
Taking a pulse on MACRA

We found that most organizations are familiar with some of MACRA's components and requirements, and most are beginning to prepare. The findings suggest that many executives believe MACRA is poised to disrupt relationships and in some cases, the way their business operates on a fundamental level. Some are speeding up their plans for value-based care payment arrangements due to MACRA. Health care organizations have a lot of work ahead of them to prepare, but developing strategies for MACRA could set them on the path toward success with value-based care.

MACRA is poised to disrupt relationships across health systems, physicians, health plans, biopharma companies, and medtech companies.

Key findings: Health system executives

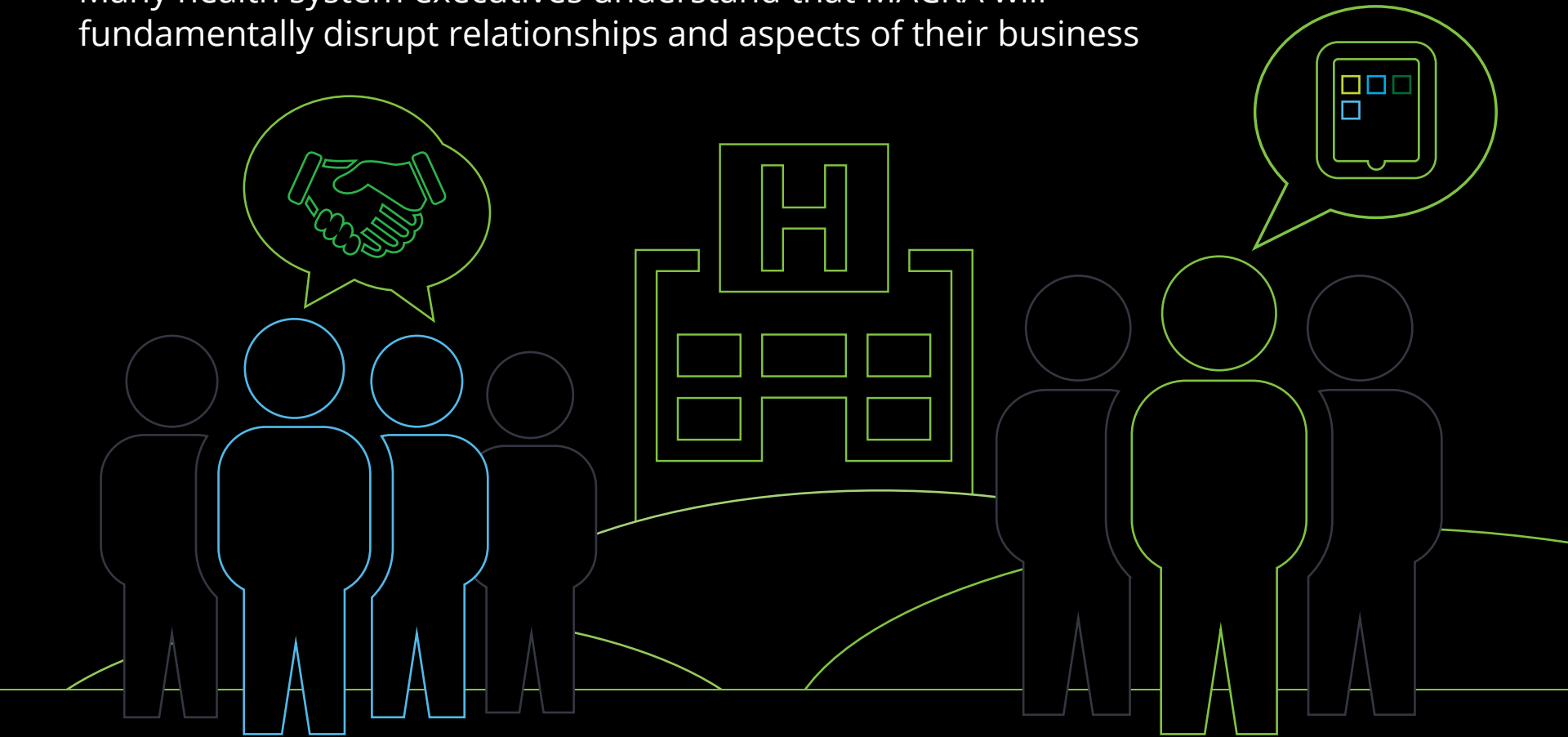
Familiarity with MACRA, especially its foundation, is strong among health system executive respondents



83% of health system executives say they are very or extremely familiar with value-based payment initiatives at the US Centers for Medicare and Medicaid Services (CMS), upon which MACRA is founded (e.g., the Medicare Shared Savings Program).

59% say they are very or extremely familiar with MACRA's risk-bearing requirements, potential bonuses and cuts to payment, the Merit-Based Incentive Payment System (MIPS), and to whom MACRA applies.

Many health system executives understand that MACRA will fundamentally disrupt relationships and aspects of their business



Nearly half (45%)

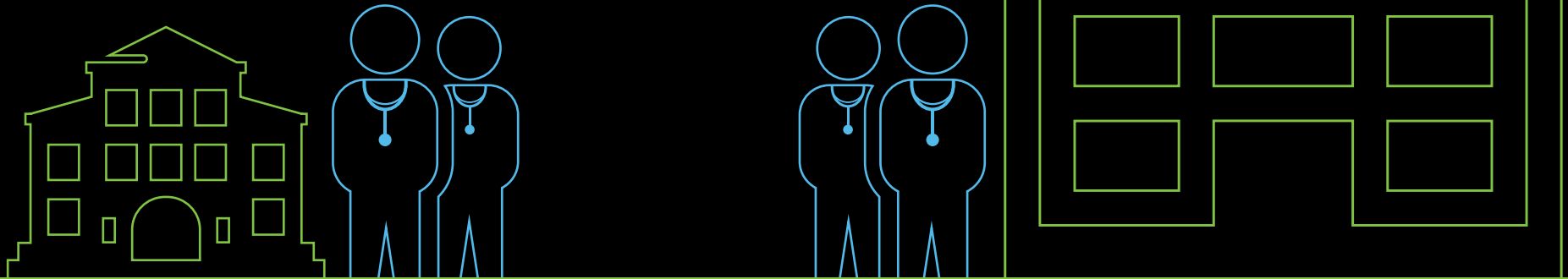
say that MACRA will be very disruptive to relationships between health systems and physicians.

More than one-third

believe that MACRA will be very disruptive to their organization's financial model (41%) and technology systems (35%).

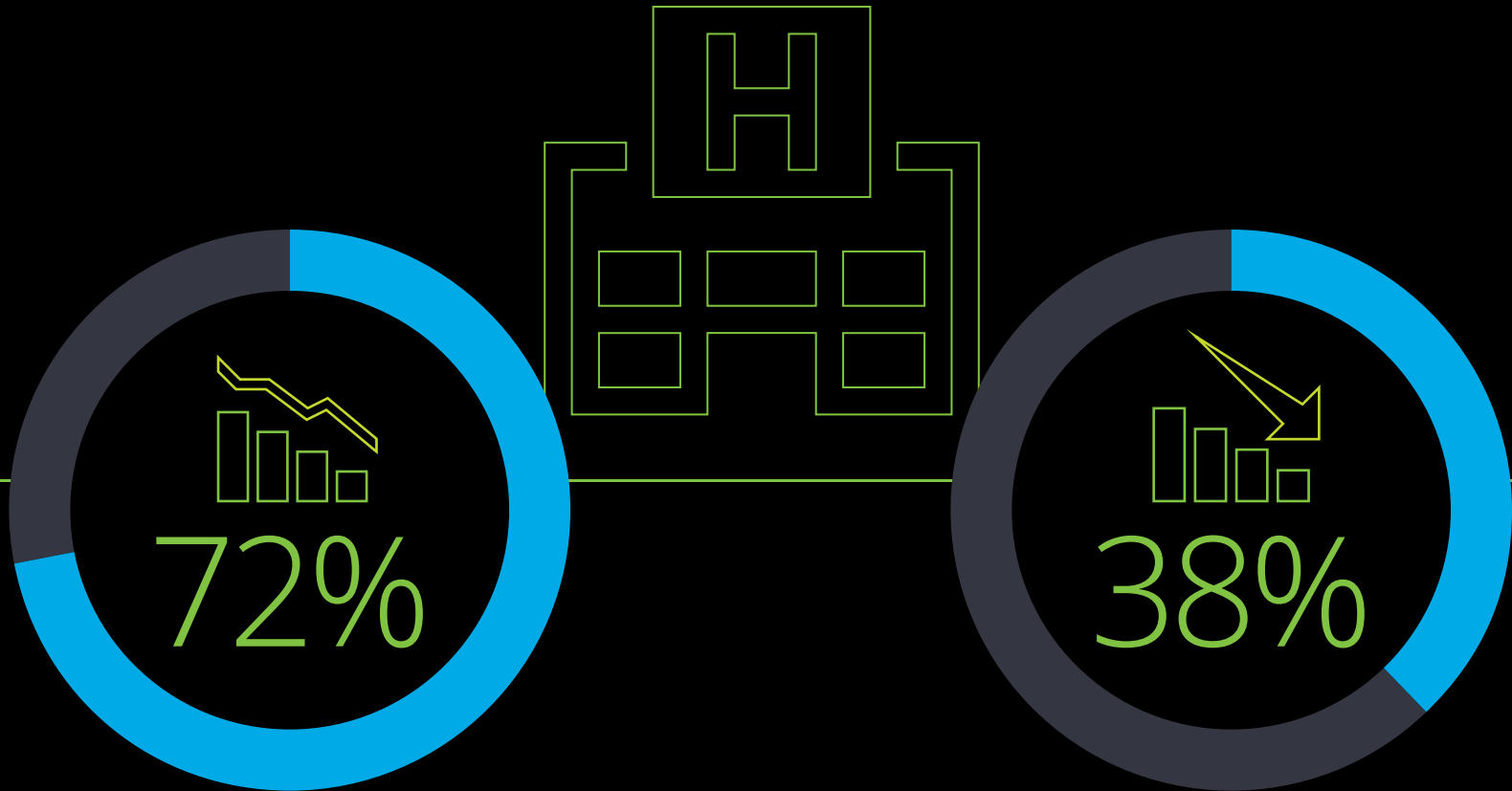
Some health system executives believe the impact of MACRA could be far-reaching

Half of executives say that they agree or strongly agree that MACRA will drive physicians to join larger organizations or networks.



2 out of 5 agree or strongly agree that MACRA will increase participation in value-based payment arrangements.

The majority of health system executives believe MACRA will have a negative impact on their total margins



of executives expect MACRA to drive down their total margins.

expect total margin losses of **greater than 3%.**

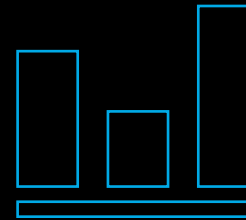
Given its many expected changes to the marketplace, most health system executives say their organization has begun to prepare for MACRA, and some are speeding up their value-based care efforts



2 in 3 say that they believe their company is moderately prepared for the first MACRA reporting period.



69% who have begun preparing say they have reviewed the two tracks under MACRA, and **54%** have formalized plans for an organization-wide approach and strategy under MACRA.



Fewer have modeled the impact of MACRA on their future financial performance (**46%**).



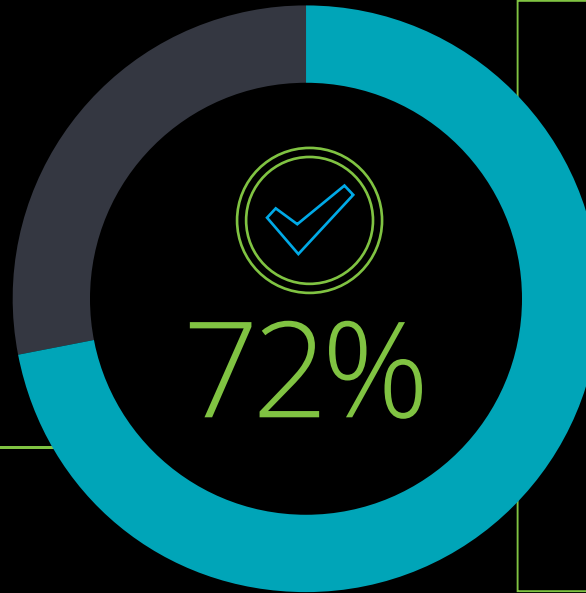
Nearly **1 in 3** say that they will speed up their plans for value-based payment arrangements due to MACRA.

Key findings: Health plan executives

Most health plan executive respondents say they understand the financial risk aspects of MACRA



say they are very or extremely familiar with MACRA's potential bonuses and cuts to payments.

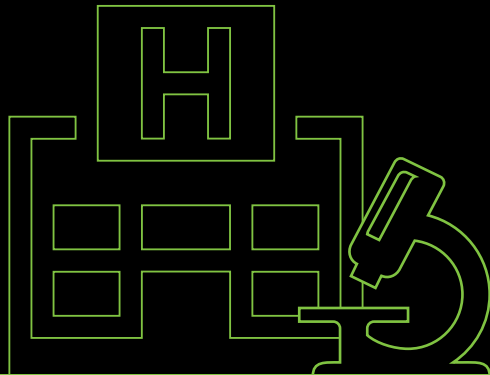


say they are very or extremely familiar with the risk-bearing requirements under MACRA.

Some health plan executives believe that MACRA will be disruptive to relationships across the industry and to their organization's business model

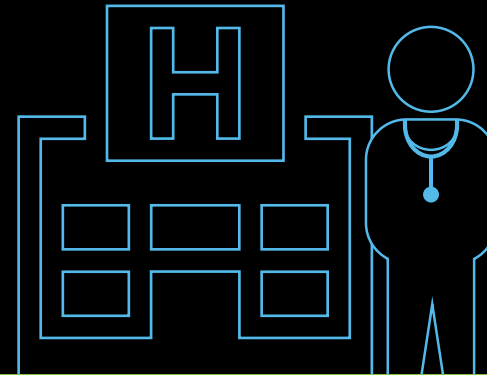
39%

More respondents believe that MACRA will be very disruptive to relationships between life sciences companies and health systems...



33%

... than to relationships between **health systems and physicians.**

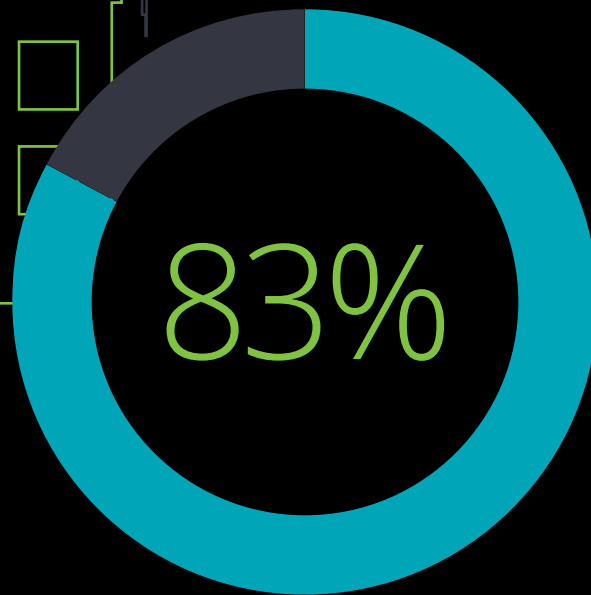


4 in 10 believe that MACRA will be very disruptive to their organization's financial model, and **one-third** believe it will be very disruptive to their organization's clinical care models.

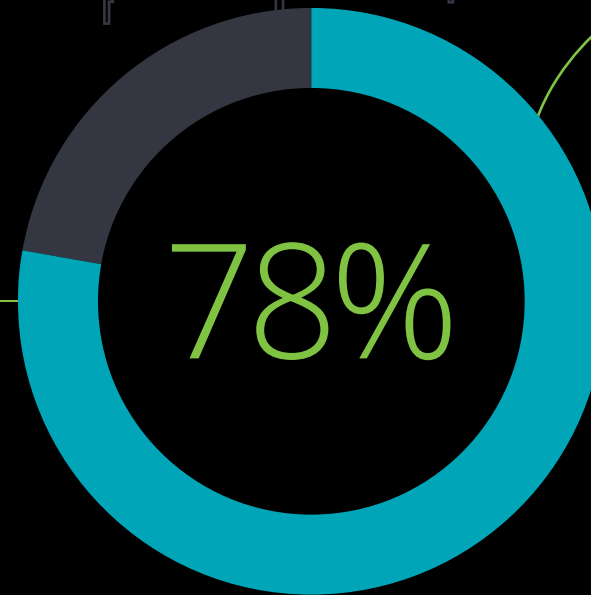
Source: Deloitte 2016 Survey of US Health Care Executives

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Most health plan executives believe that MACRA's impact will be far reaching

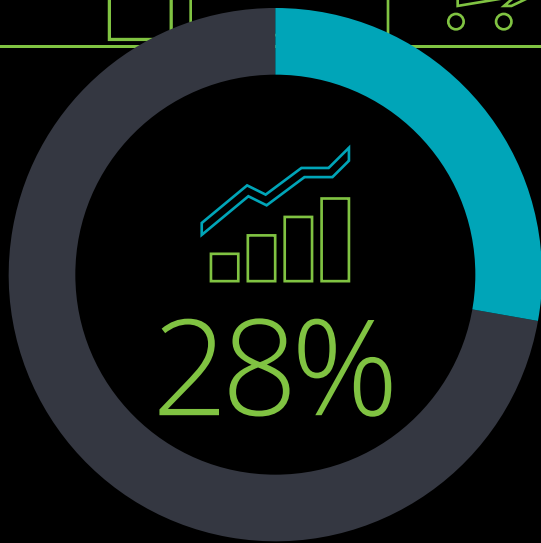
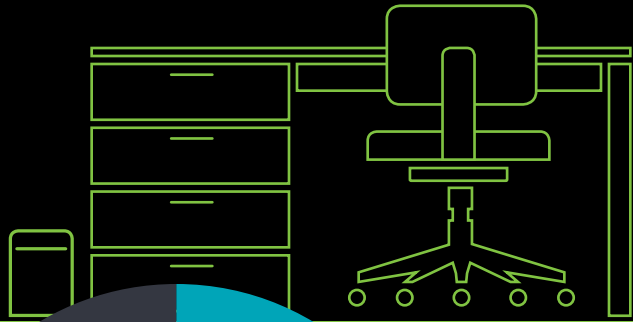


say they agree or strongly agree that MACRA will drive physicians to join larger organizations or networks.

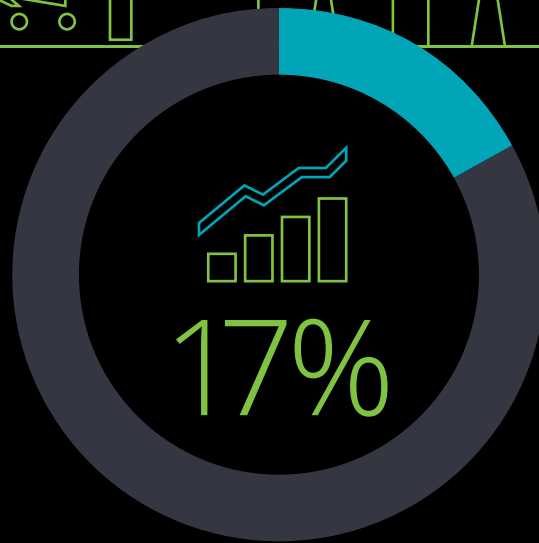


say they agree or strongly agree that MACRA will increase physician participation in value-based payment arrangements.

Half of health plan executives believe that MACRA will have a positive impact on their total margins



believe that MACRA will increase their total margins by **1-2%**.



believe it will increase their total margins by **3-5%**.

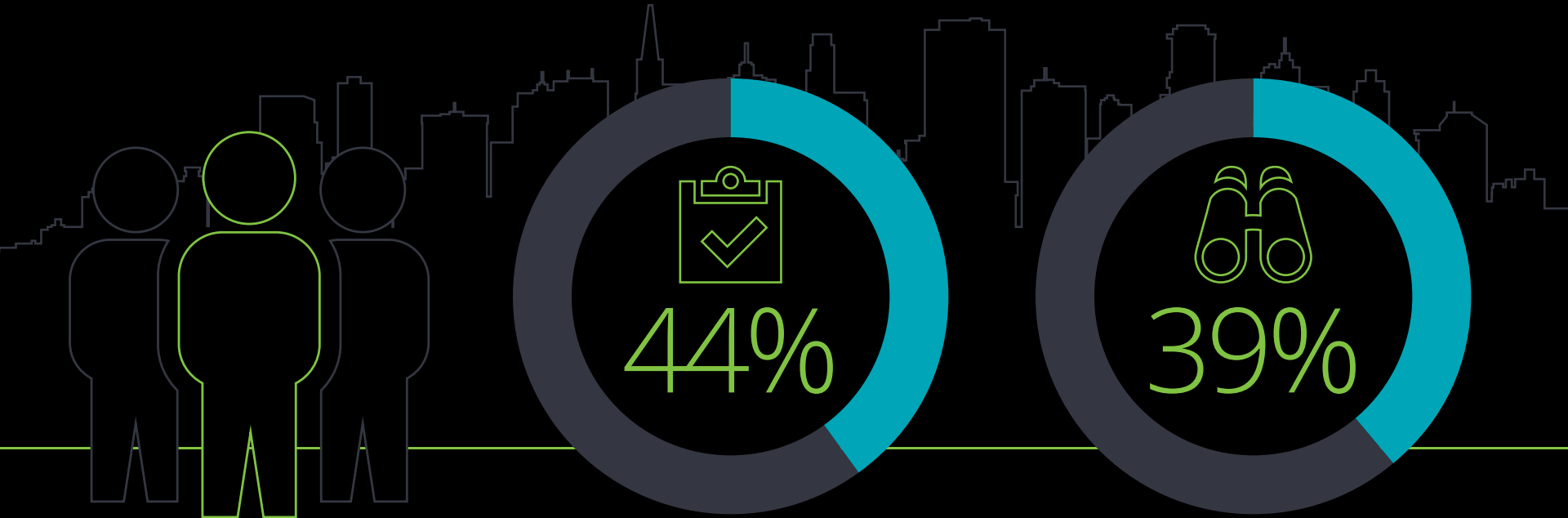


believe that MACRA will increase their total margins by **6-10%**.

Source: Deloitte 2016 Survey of US Health Care Executives

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Health plan executives may have work ahead of them, and some are speeding up value-based care efforts to prepare for MACRA



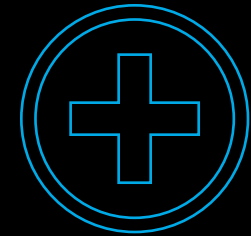
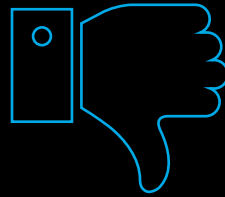
1 in 3 say that they will speed up their plans for value-based payment arrangements due to MACRA.

of those who have begun planning for MACRA have started reviewing their contracts with providers to understand how their arrangements align to MACRA's risk requirements for providers.

have identified strategic areas that their organization can support provider organizations as MACRA is implemented.

Key findings: Life sciences executives

Life sciences executives* believe MACRA will lead to greater demand for value-based care but also disruption for their businesses



5 out of 6 medtech executives and 6 out of 8 biopharma executives believe that MACRA will cause hospital and health plan demand for value-based contracting arrangements from their company to increase.

Some biopharma and medtech executives believe that MACRA will have a negative impact on how they do business with health systems
(2 out of 8 biopharma, 3 out of 6 medtech); independent clinicians
(3 out of 8 biopharma, 2 out of 6 medtech); and health plans **(5 out of 6 medtech, 3 out of 8 biopharma).**

6 out of 8 biopharma executives and 5 out of 6 medtech executives believe that MACRA will drive physicians to join larger organizations.

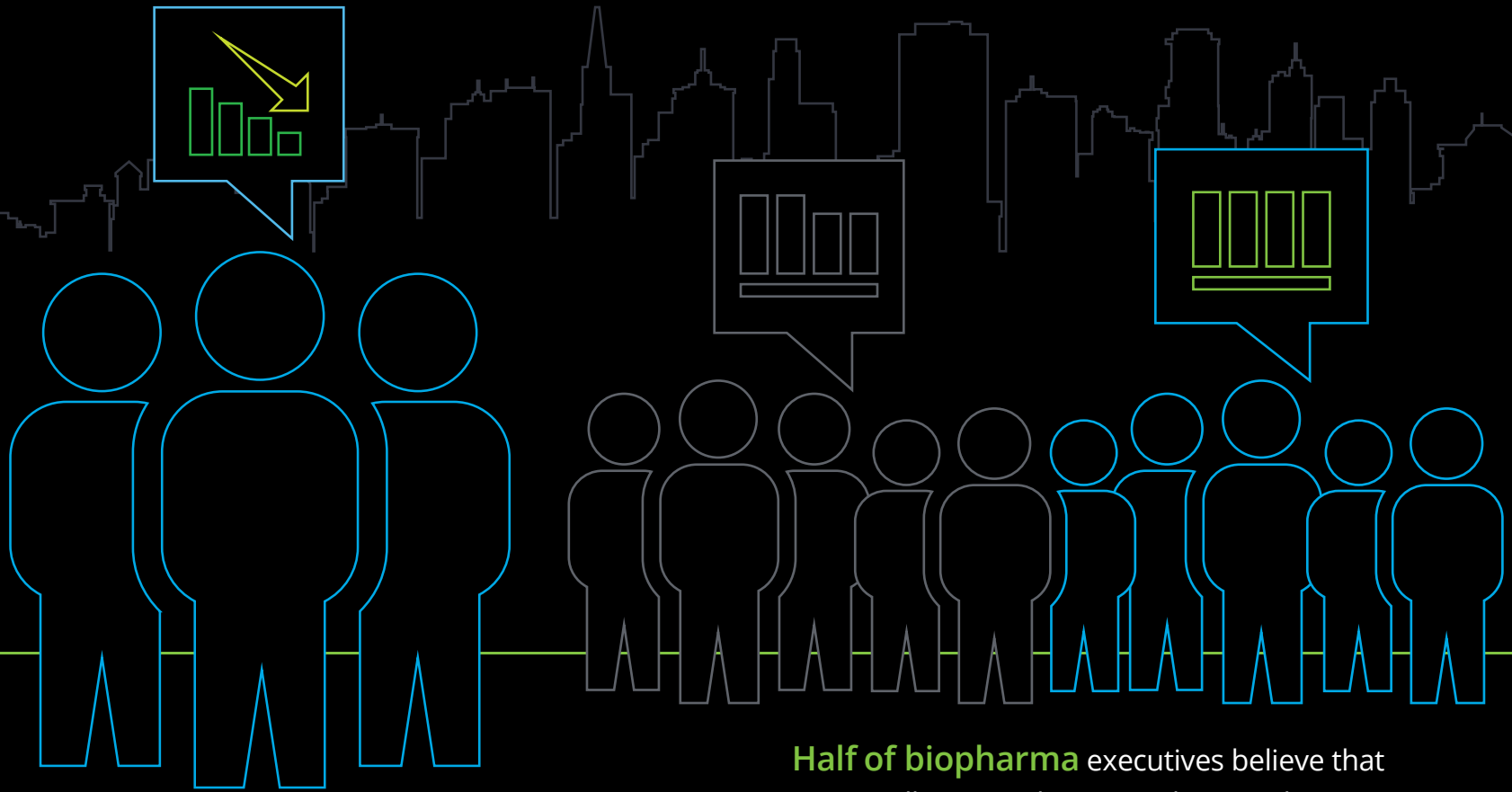
Most **(6 out of 8) biopharma executives** agree or strongly agree that MACRA will make it more difficult for patients to access the care, services, or products they need.

*Due to the small number of respondents for the biopharma (eight) and medtech (six) executives, we are reporting numbers instead of percentages.

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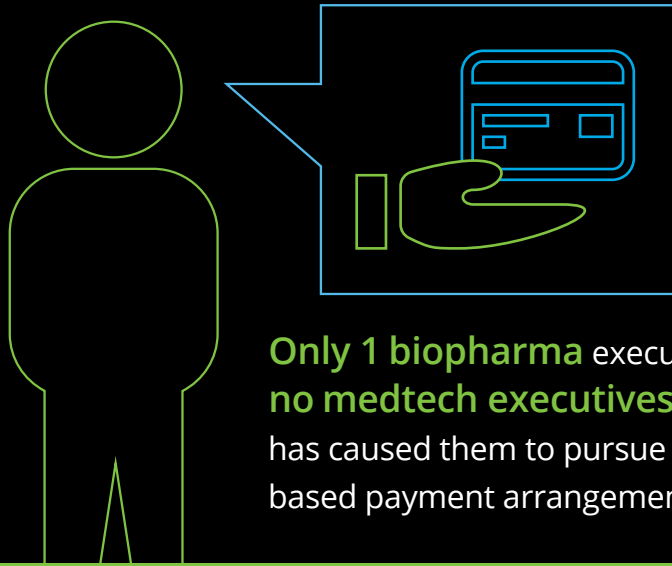
Many medtech executives believe their company's margins will decrease under MACRA, while half of biopharma executives foresee no impact



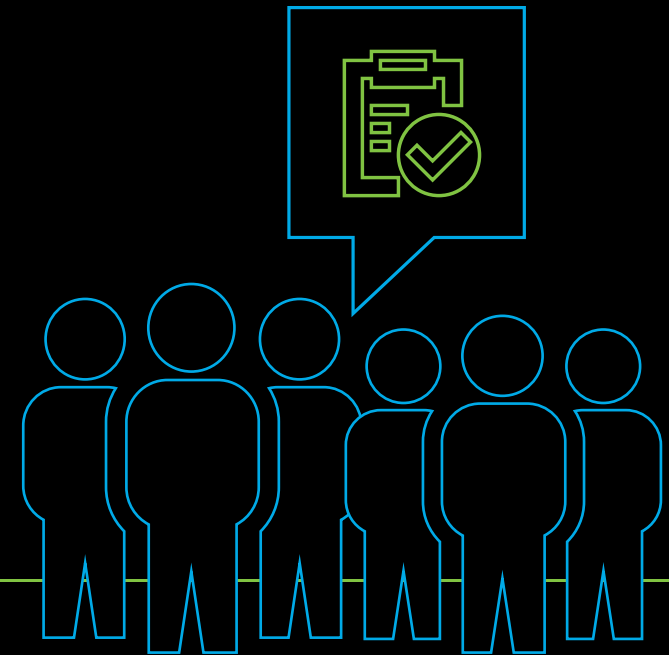
Most medtech executives believe that MACRA will have a negative or neutral impact on their total margins.

Half of biopharma executives believe that MACRA will negatively impact their total margins while the other half believes it will have no impact.

Life sciences companies are interested in making investments to generate additional evidence or exploring risk-sharing agreements in response to MACRA, but many are not speeding up their value-based care plans



Only 1 biopharma executive and **no medtech executives** say that MACRA has caused them to pursue more value-based payment arrangements in the future.



Most (5 out of 6) medtech executives already had plans to implement value-based payment arrangements and MACRA did not change them.



If Medicare were to create incentives for hospitals and physicians to consider the costs of drugs and devices when making treatment decisions, **3 out of 8 biopharma and 3 out of 6 medtech executives** would explore risk-sharing agreements and **2 out of 8 biopharma and 3 out of 6 medtech executives** would invest in developing additional evidence to demonstrate cost-effectiveness.

Methodology

Deloitte's 2016 Survey of US Health Care Executives was an online pulse survey intended to understand the awareness, preparedness, and perceptions of MACRA. The survey targeted executives who lead or are key decision-makers with value-based care efforts at the following types of organizations:

- Hospitals and health systems with revenue above \$500 million
- Health plans with at least 10,000 Medicare Advantage Lives
- Biopharma companies with revenue above \$1 billion
- Medtech companies with revenue above \$1 billion

For more information, please visit: www.deloitte.com/us/macra.

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