

# THE IMPACT OF AN AGING NATION ON CARE DELIVERY

**The defining challenge for health systems' futures**

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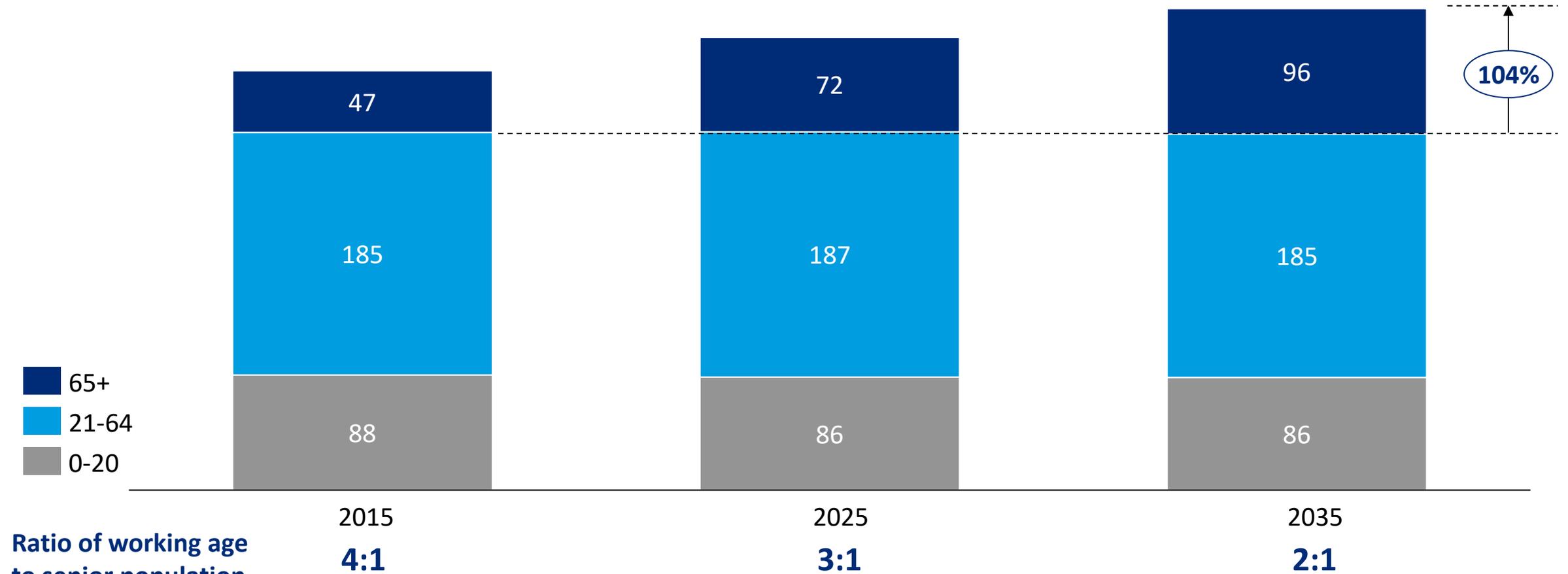
May 2025

A business of Marsh McLennan

**HEALTH & LIFE SCIENCES**

# AGING IS A PERMANENT REALITY

Age distribution from 2015 to 2035  
Millions



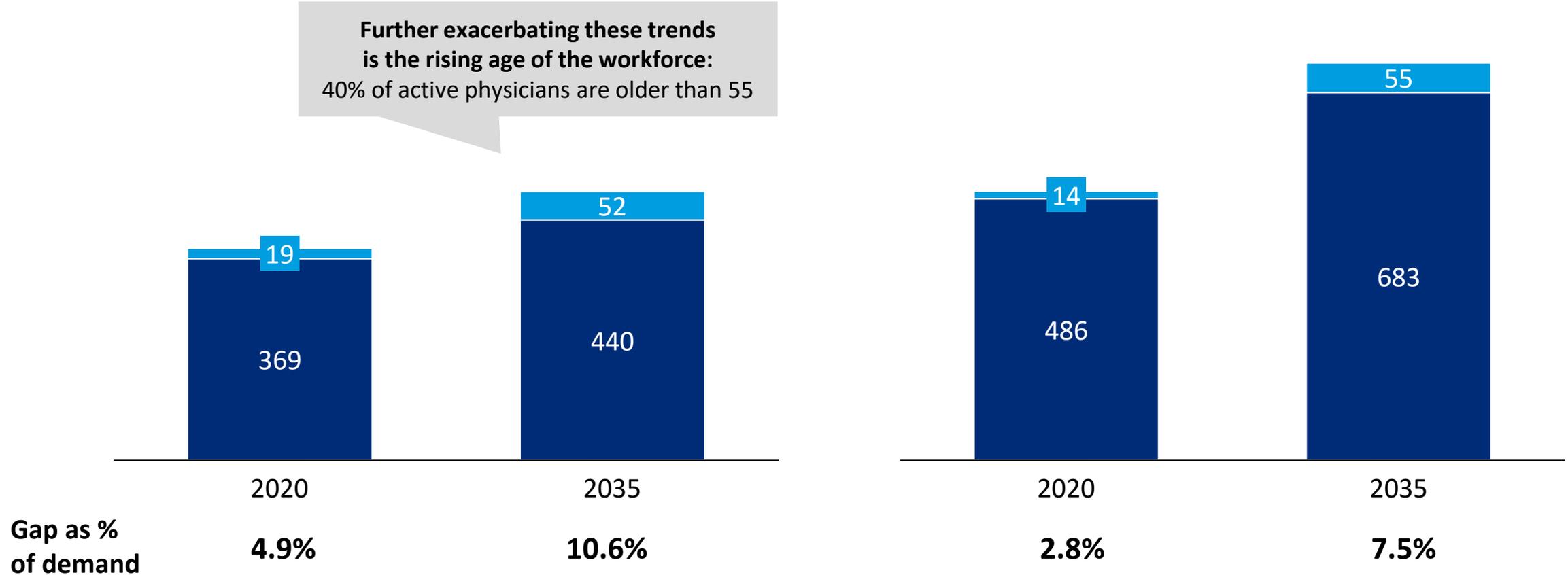
Source: Claritas

# HELP WANTED: 100,000+ PHYSICIANS

# of primary care physicians<sup>1</sup>  
000s

# of specialists<sup>1</sup>  
000s

Further exacerbating these trends is the rising age of the workforce:  
40% of active physicians are older than 55



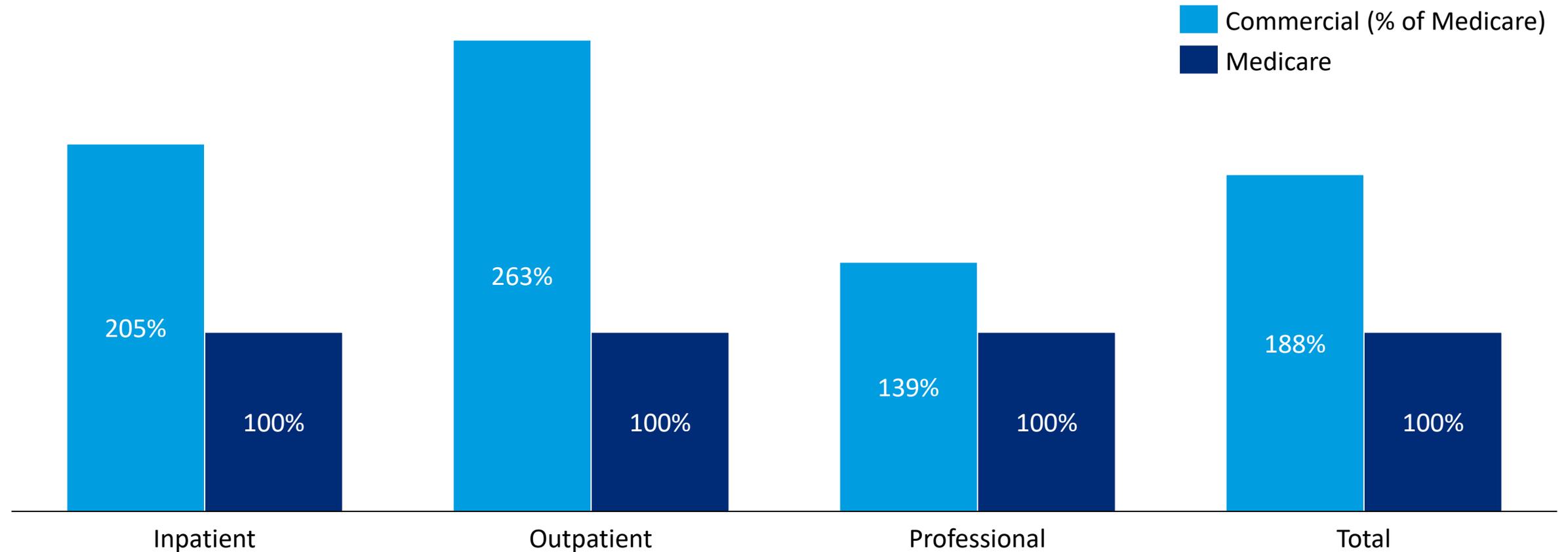
Sources: AAMC, Cleveland Clinic Lerner College of Medicine  
1. Not inclusive of APPs (~0.56 per physician)

Shortage Supply

# AGE WAVE, REVENUE CLIFF

## Estimated Commercial Reimbursement

National average as a percentage of Medicare FFS rates, 2023<sup>1</sup>



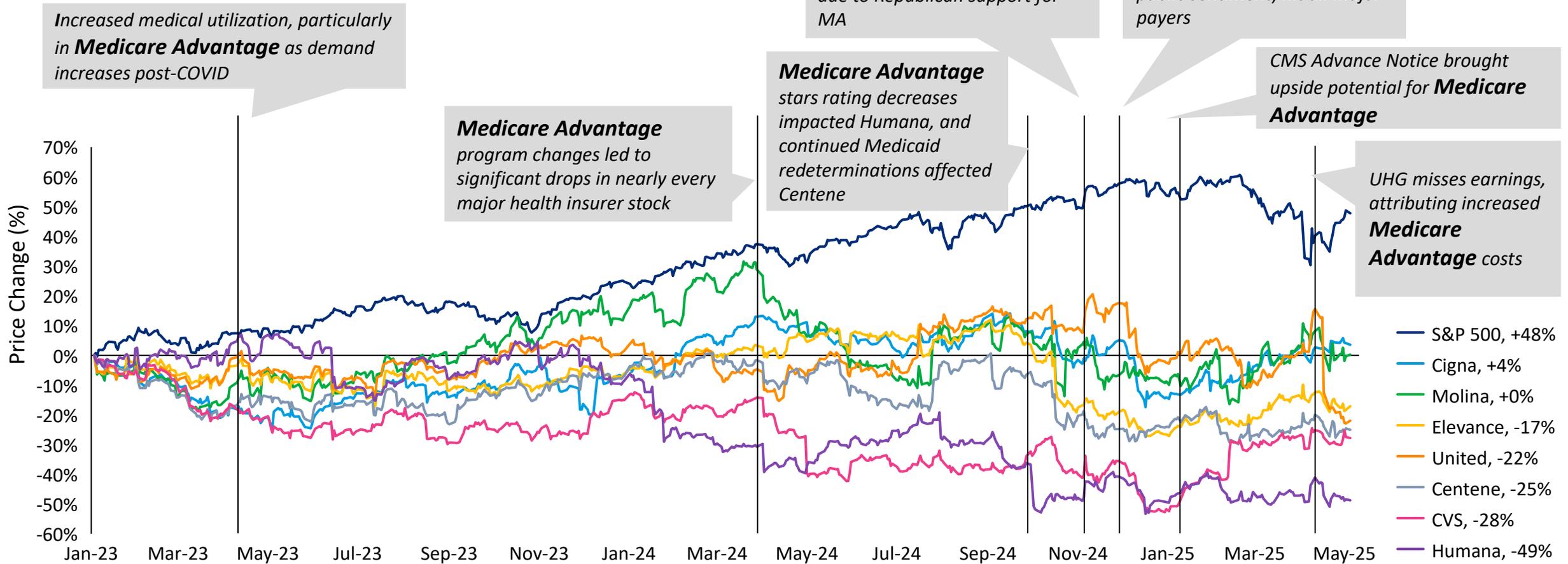
Source: Milliman Commercial Reimbursement Benchmarking, Nov 2023

1. Commercial payment rates for medical services as a percentage of Medicare fee-for-service rates

# CHALLENGING TIMES FOR THE HEALTH PLAN INDUSTRY

## Publicly Traded Health Insurer Stock Performance

% Change from January 2023 to May 2025

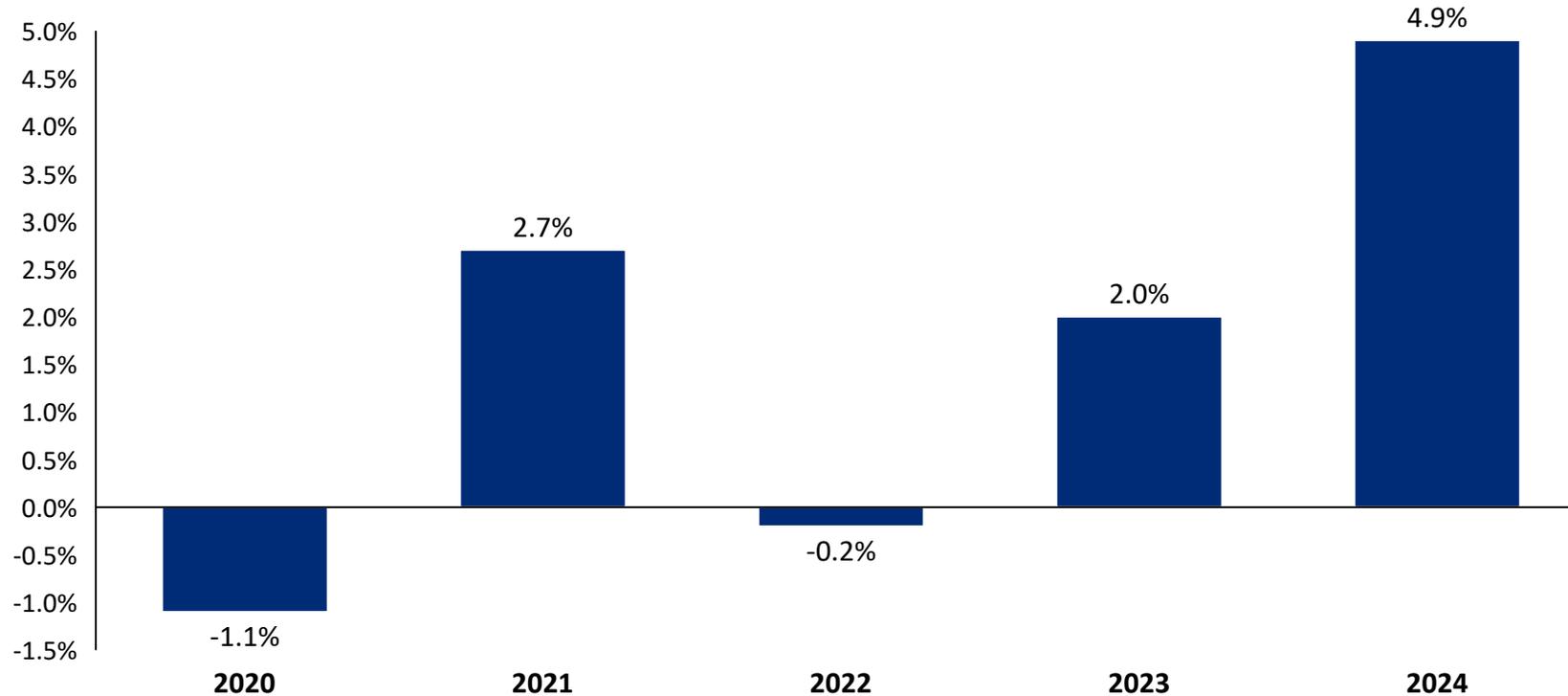


Sources: S & P Capital IQ 1/3/2023 – 5/5/2025

# SYSTEMS HAVE (SOMEWHAT) RECOVERED

## Health System National Median Operating Margin

2020-2024, November YTD



Margin improvements from:

- Revenues: Mix, revenue cycle, and contracting management
- Costs: Throughput and staffing controls

# UNCERTAINTY INCREASING



Real gross domestic product (GDP) decreased at an annual rate of 0.3 percent in the first quarter of 2025

J.P.Morgan

**“The risk of recession in the global economy this year is raised to 60%, up from 40% earlier”**

- “There Will Be Blood,” JP Morgan Global Economic Research, Bruce Kasman, Chief Economist, JP Morgan, April 3, 2025

EVERCORE

**“The probability of recession is increasing (from 30% to 40%) [...] the economy could easily tip into negative growth.”**

- “Tariff Shock: Growth Slashed, Inflation Surging,” Evercore ISI Weekly Economic Report, April 6, 2025

Goldman  
Sachs

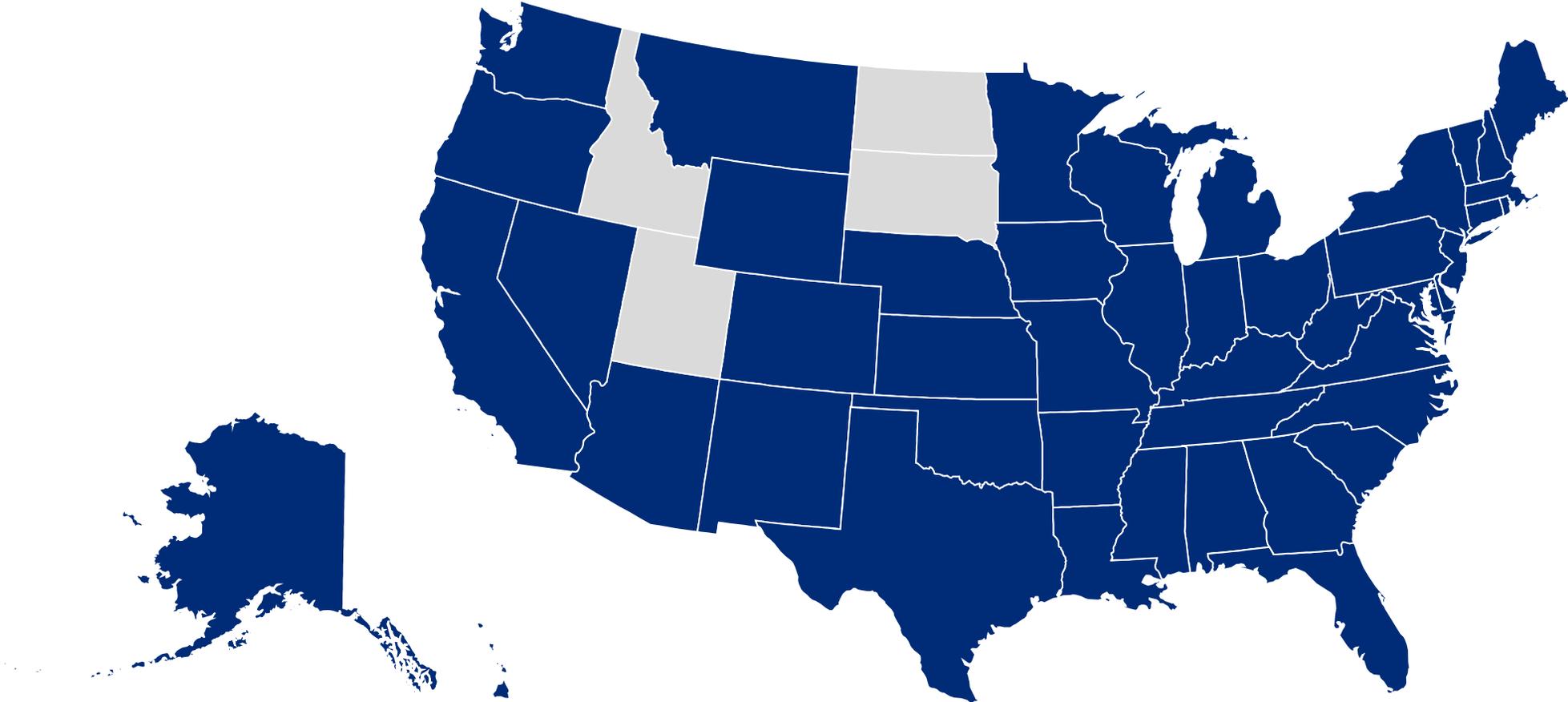
**“[We] see a 45% probability of a recession over the next 12 months.”**

- “Markets: recession-exposed,” Goldman Sachs Research, Jan Hatzius, Head of Global Investment Research and Chief Economist, Goldman Sachs, April 17, 2025

# MEDICARE AS THE NEW CORE BUSINESS

Comparison of Medicare and Commercial (Group and Individual) Growth  
2025-2035 Enrollment Change, by State

- Medicare growth greater than Commercial
- Commercial growth greater than Medicare

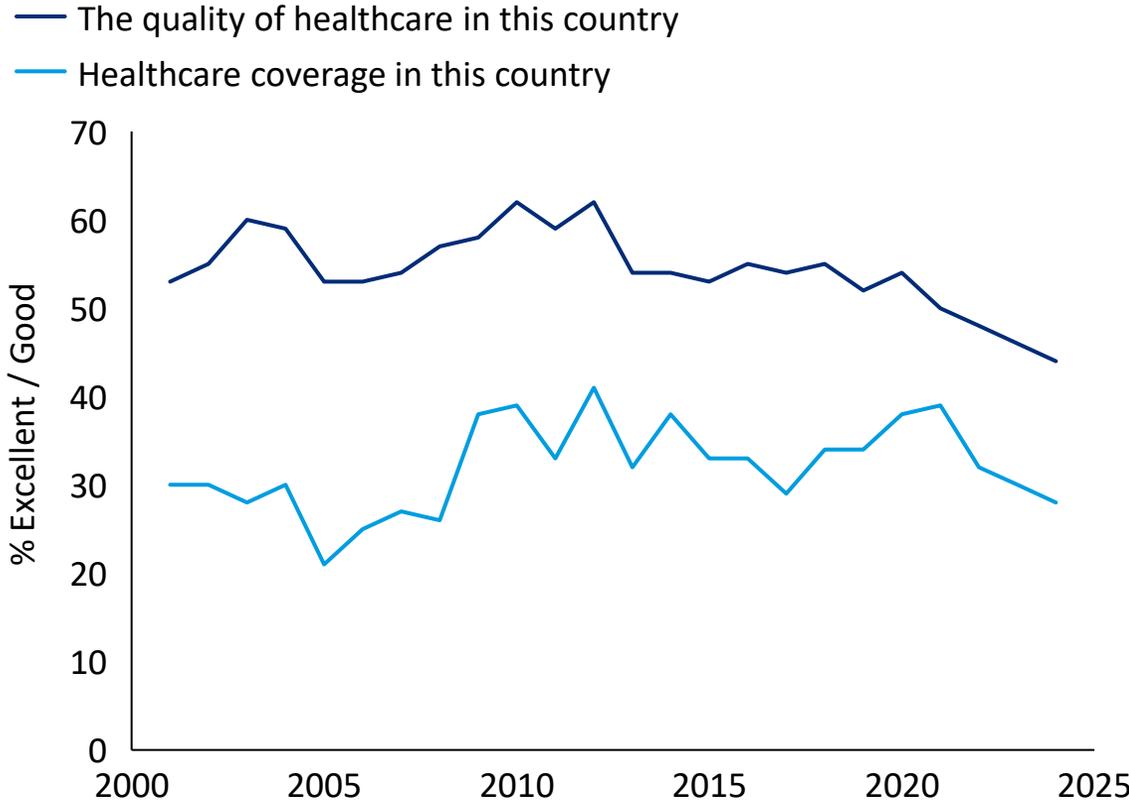


Source: US Census Bureau, December 2023

# CONSUMERS AT A BREAKING POINT

## Americans' Views of U.S. Healthcare Quality and Coverage 2001-2024

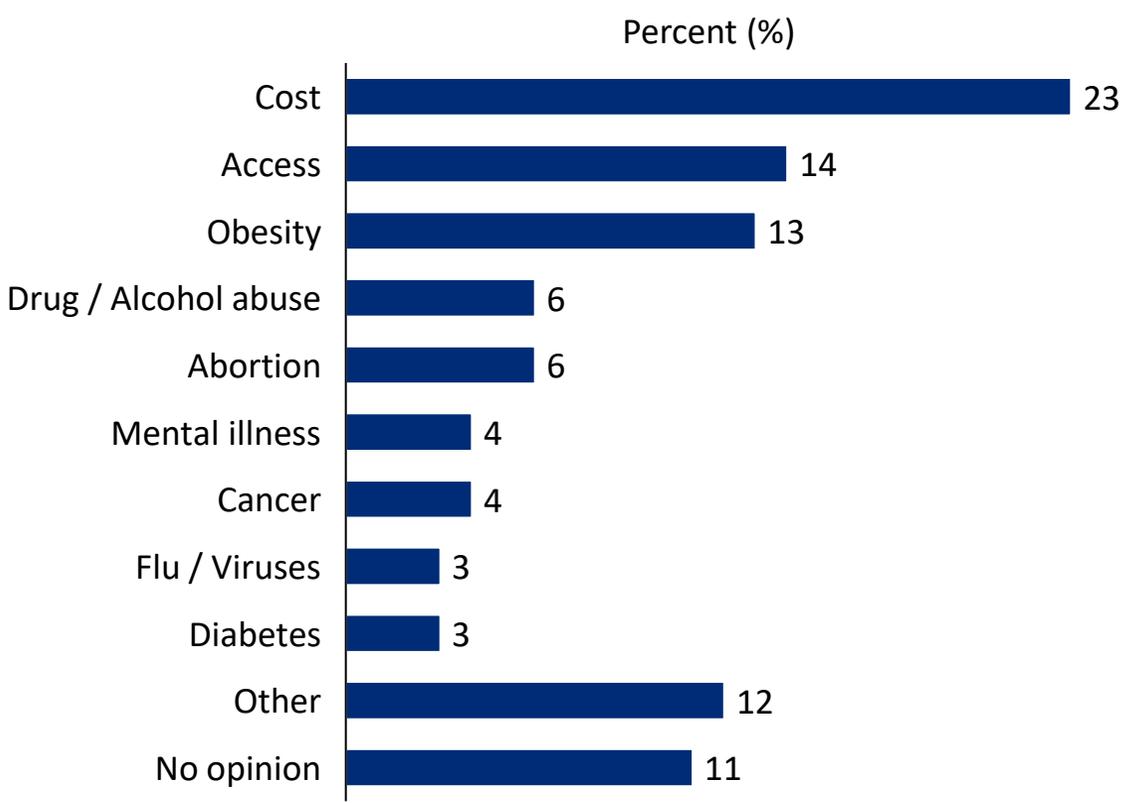
Overall, how would you rate [the quality of healthcare / healthcare coverage] in this country – as excellent, good, only fair or poor?



Source: Gallup  
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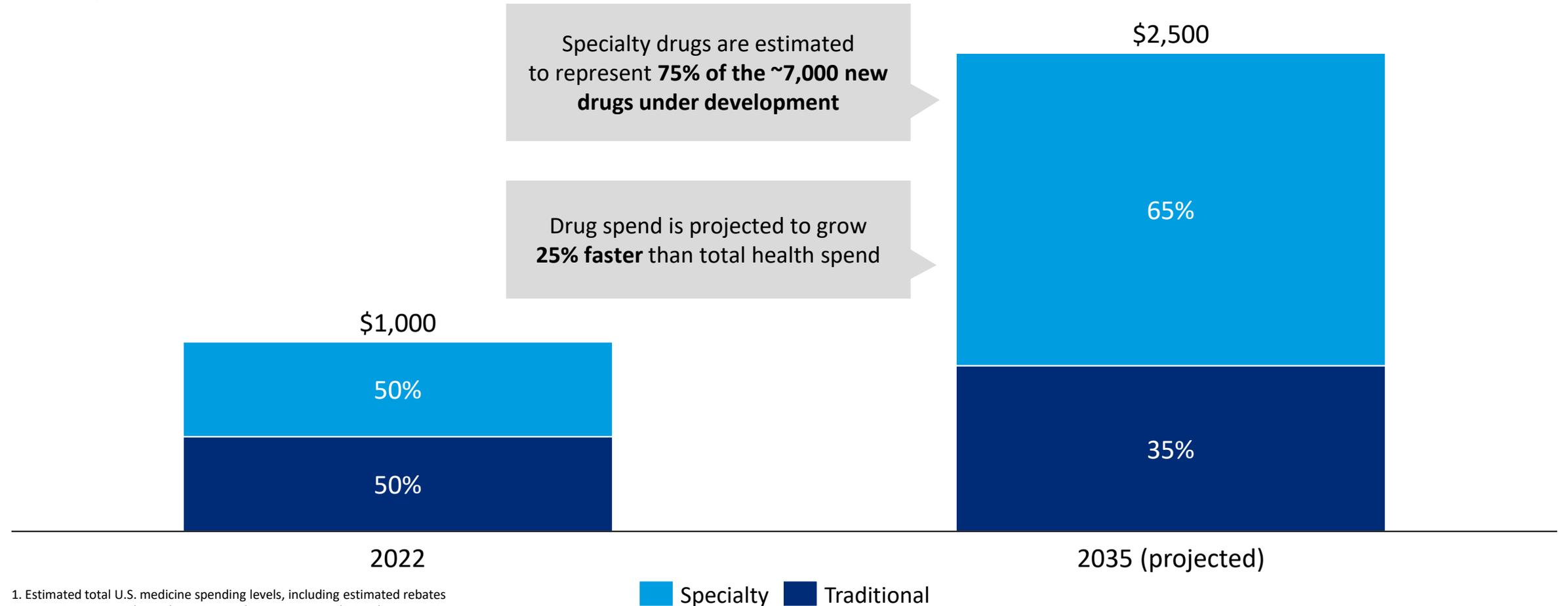
## Cost Tops Americans' Most Urgent Health Problems November 6-20, 2024

What would you say is the most urgent health problem facing this country at the present time? [Open-ended]



# SPECIALITY DRUGS SHOW GREAT PROMISE, BUT INNOVATION ISN'T CHEAP

## Specialty and traditional drug costs \$US BN, % of total

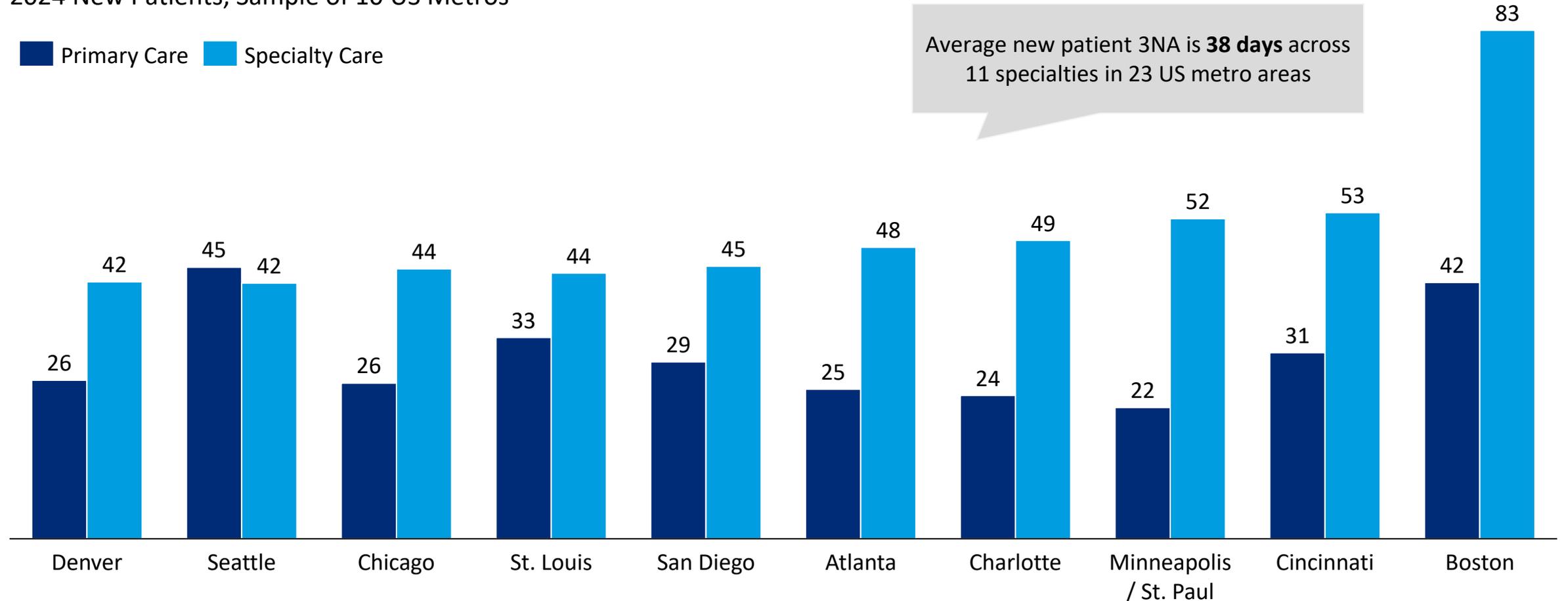


1. Estimated total U.S. medicine spending levels, including estimated rebates  
Source: IQVIA, Drug Channels Institute, Oliver Wyman analysis; Pharmacy Times

# ACCESS IS REACHING UNACCEPTABLE LEVELS

## Days to Third Next Available Appointment (3NA) 2024 New Patients, Sample of 10 US Metros

■ Primary Care ■ Specialty Care



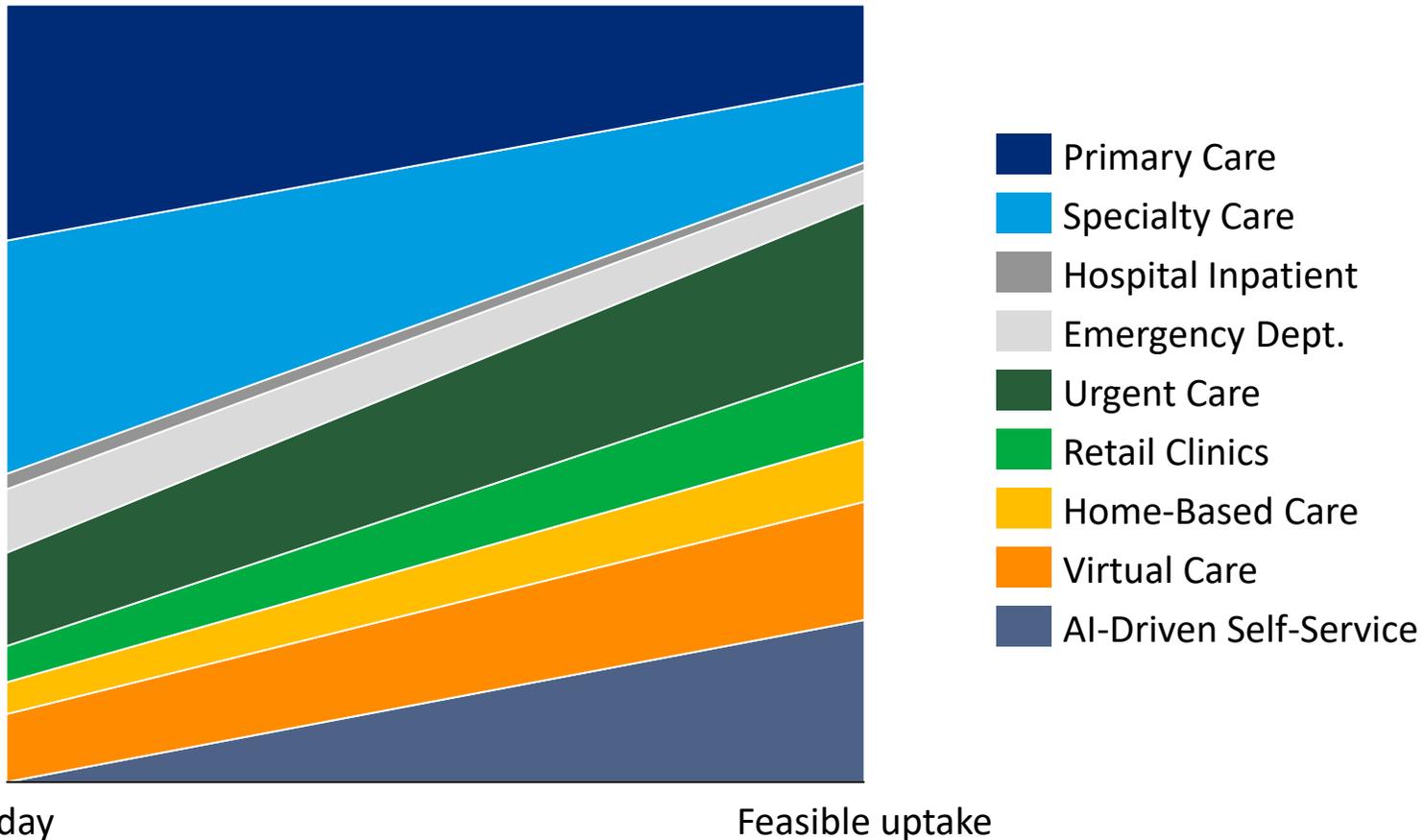
Source: ECG Management Consultants "The Waiting Game: New-Patient Appointment Access for US Physicians"

Notes: Primary care reflects average of family medicine and pediatrics specialties; specialty care reflects average of cardiology, dermatology, gastroenterology, general surgery, neurology, obstetrics / gynecology, ophthalmology, orthopedic surgery, and rheumatology.

# RIGHT CARE, RIGHT PLACE, RIGHT TIME

## Distribution of healthcare visits

Proportion of visits out of a total of approximately 1.8 BN visits today



## Questions for health systems

- What is the appropriate matching of supply (patient need) and demand (system need)?
- How can we most effectively navigate consumers?
- How can we codify the most effective care protocols?
- What is the most effective operating model?

# DEPLOY PLAYBOOKS

There is a clear **playbook** for success in Medicare...

Efficient Care Delivery	Advanced Care and Utilization Management	Risk and Stars Management	Risk Management Operations	Plan Strategy and Operations	Focused Senior Care Models
<b>FOCUSED SENIOR CARE MODELS INCLUDE</b> <ul style="list-style-type: none"><li>• Multidisciplinary team</li><li>• Top-of-license practicing</li><li>• Enhanced Risk adjustment tools</li><li>• Integrated care management resource and program</li><li>• Real time ED and IP alerts and overall TCOC and performance analytics</li><li>• Senior specific care guidelines integrated in workflow</li><li>• After-hours access</li><li>• Same- and next-day appointment availability</li><li>• Motivated robust performance management</li><li>• Physician incentives</li><li>• Diagnostic and imaging services</li><li>• Physical space features</li><li>• Onsite medication dispensing</li><li>• Transportation</li></ul>					

...with highly complex execution



**Scheduling and visit template changes**



**Clinical guideline changes**



**Integrated, multidisciplinary team-based care**

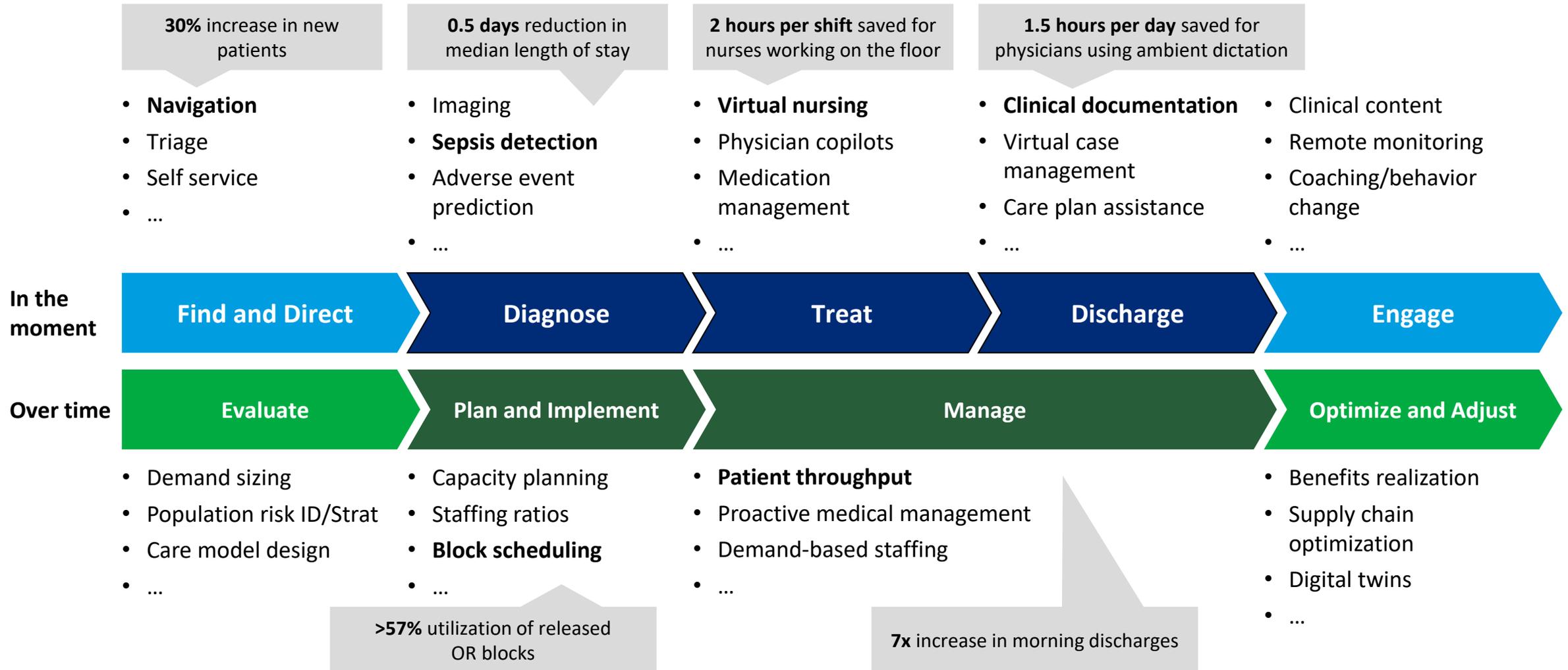


**New services and resources**



**Incentive changes**

# ARTIFICIAL INTELLIGENCE CAN MAKE A DIFFERENCE NOW



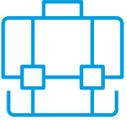
Sources: DexCare, Nature, Artisight, Nabla, Qventus

# RETHINK OPERATIONS TO SUCCEED IN RISK

Disguised client example: Expected highest opportunity areas

1	Appropriate ED utilization	ED appropriateness	Access strategy and coordination	ED unit cost	ED throughput	Project lifecycle management
2	Sustainable IP operations & utilization	Discharge planning	Variation in care / practice patterns	Site of service optimization	IP ancillary utilization	
					IP unit costs	
3	Efficient OR practices	Operational efficiency & block utilization <small>e.g., cancellations &amp; turnover time</small>	Workforce <small>e.g., staffing practices &amp; turnover</small>	Cost & availability of equipment & supplies	Anesthesiology <small>(drivers of spend and throughput in anesthesiology)</small>	Site-of-care optimization
4	Coordinated Rx management	IP Rx utilization & spend <small>e.g., top therapeutic classes in utilization and spend</small>	OP utilization & spend <small>e.g., pharmacy benefit &amp; specialty pharmacy</small>	IP formulary management	OP formulary management	Cost to fill
						Contracts & purchasing
5	Market-leading access	Care accessibility <small>e.g., unscheduled and scheduled care, wait times, location, &amp; modality for urgent care</small>	Referral patterns and clinical guidelines	Cost of OP care delivery	Patient / Prov. satisfaction	Revenue cycle
				Network breadth	Performance reporting	Labs & imaging
6	Integrated care coordination	Evidence-based guidelines & protocols	Enabling technology <small>e.g., ID/Strat &amp; vendors</small>	Transitions of care	Integrated care mgmt. & need specific groups <small>e.g., High-Cost Claimant</small>	Social drivers of health

# MANAGE TO NEW EXPECTATIONS

	Baby boomer	Generation X	Generation Y	Generation Z
<b>Born in</b> <b>Age in 2023</b>	1946-1964 59-77 years old	1965-1980 43-58 years old	1981-1996 27-44 years old	1997-2012 11-26 years old
 <b>Attitude towards the working environment</b>	Live to work!	Work and live!	Work to live!	Live first, then work!
 <b>Use of media and information gathering</b>	Analog and personal!	Establish trust!	Personal, but virtual!	Digital only!
 <b>Approach to consumption and financial planning</b>	Build up a living!	Being rewarded for work!	Earn and spend!	Just live and be rich by chance!

Source: Oliver Wyman analysis

# REDESIGN, RECONFIGURE, AND PREPARE FOR THE FUTURE

## Redesign operations

- Right care, right place, right time
- Deploy playbooks ...but recognize their weaknesses
- Democratize AI urgently
- Rethink operations to succeed in risk
- Manage to new expectations

## Reconfigure the portfolio

- Understand your true baseline, and your requirement for future sustainability
- Know where you need scale, where you need to cut, and how to get there for each
- Understand your source of resilience
- Create new businesses (either on your own or with partners)

## Prepare for the future

- Build digital first and location agnostic
- Preserve flexibility (lean towards outsourcing rather than owning)
- Ensure the organization is future AI ready; plan for “obsolescence”