

A background image showing several pairs of hands clasped together in a prayer-like gesture on a white surface. The hands are of different skin tones, and the image is softly lit, creating a sense of unity and support.

McKinsey&Company

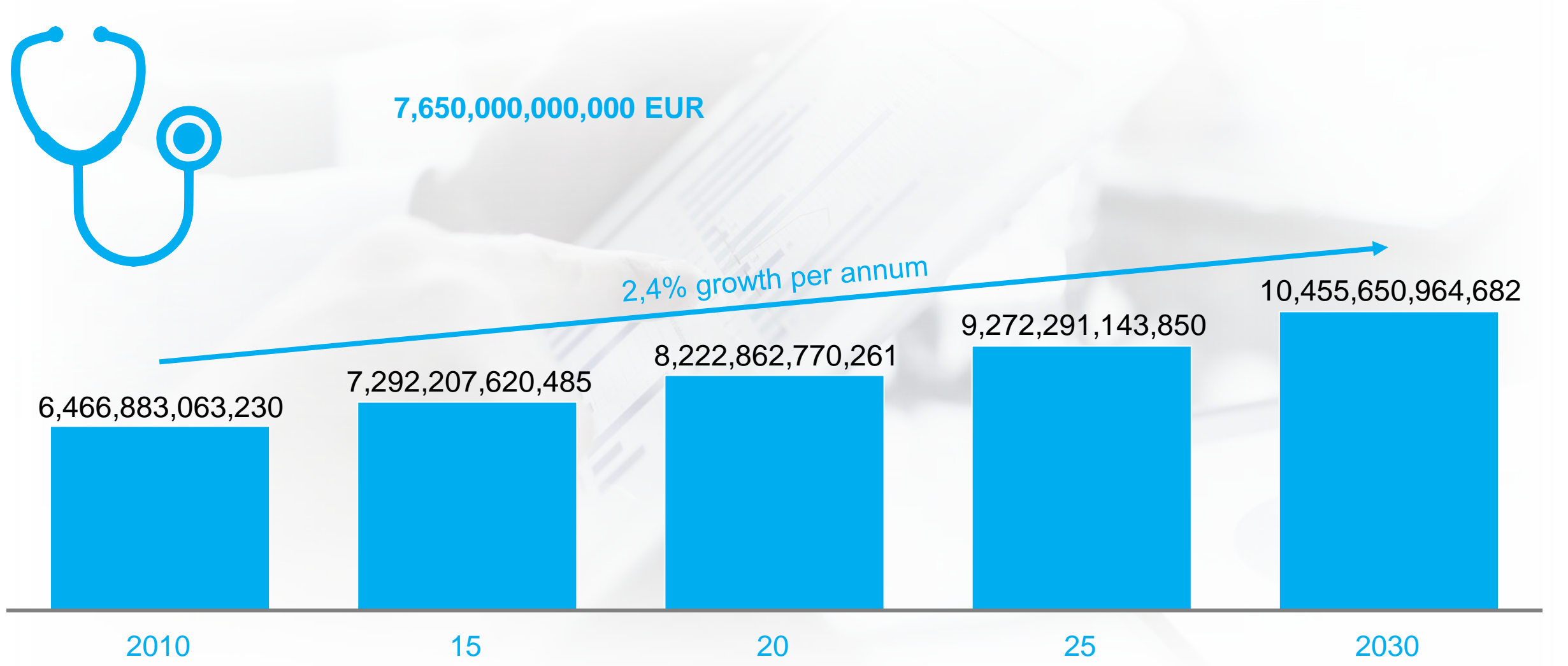
# “Saving Lives, Saving Costs ... can we really have it all?”

DR. PENNY DASH  
HEAD OF HEALTHCARE SYSTEMS AND SERVICES, EUROPE  
MCKINSEY & CO

4 September 2017 | Lima

Healthcare spend is already huge and growing rapidly

Global health expenditure in 2017 is ~



... And faces considerable challenges

24%

of US  
population will  
be aged 65+ by  
2060

1 in 3

physicians in  
Europe aged 55+

30-40%

increase in number of  
people with chronic  
disease by 2025

€29bn

spent on obesity in  
Germany per year

347m

People globally  
with diabetes

210,000

deaths per year were associated with  
preventable harm in hospitals in the  
US

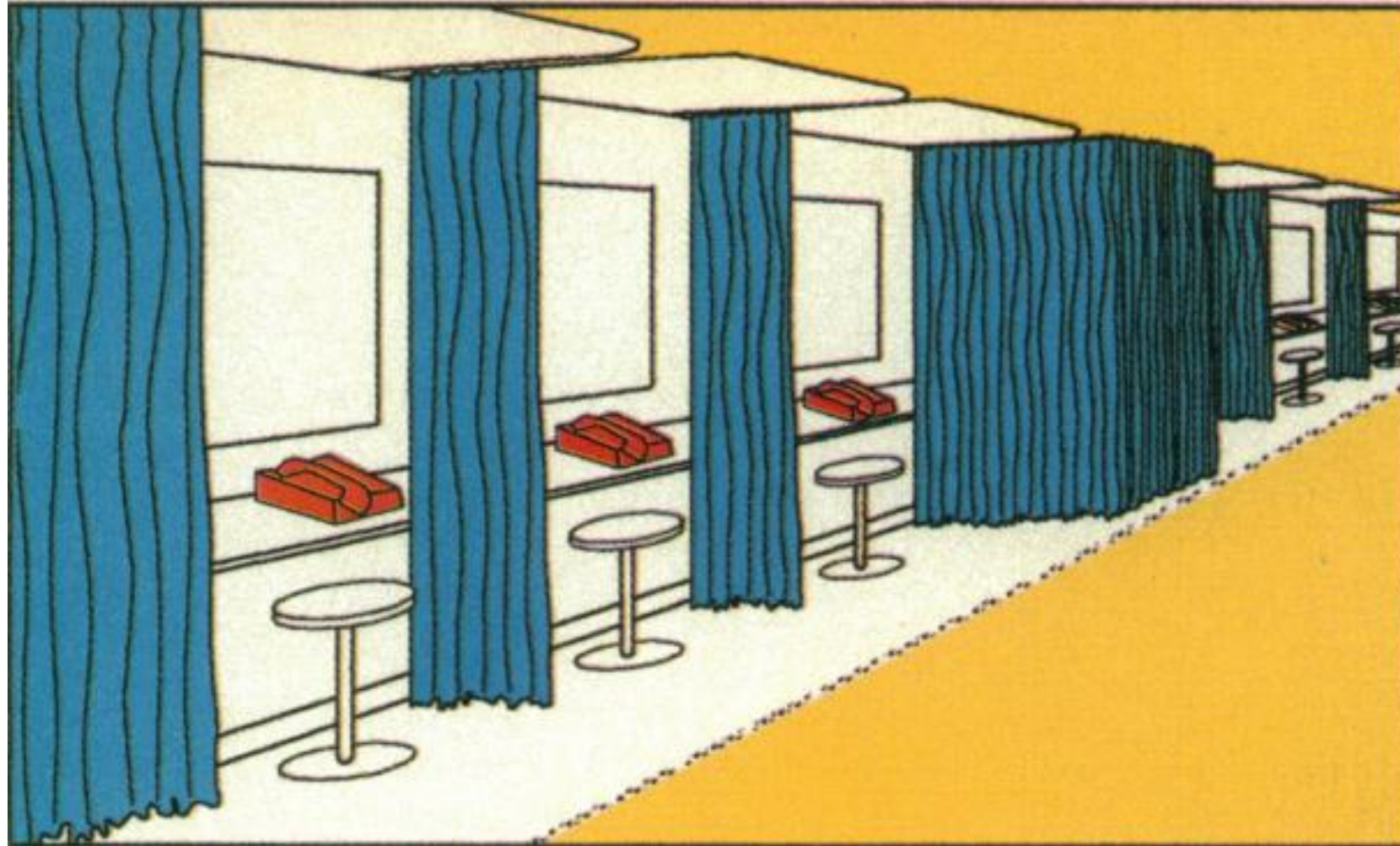
50m

people suffer  
complications after  
surgery each year  
globally



We struggle to adopt new technologies, new approaches

“Futuristic, but possible: The Mediphone<sup>1</sup>”



The computer asked a few more questions and carried out a few more analyses on his breath to exclude other possible causes of abdominal pain. It then compared the patterns of symptoms and signs obtained from David with those in the National Databank and noted that the most probable diagnosis was cholecystitis. It looked through his family history .....

<sup>1</sup> Copyright: Carol Carter; BMJ 1993

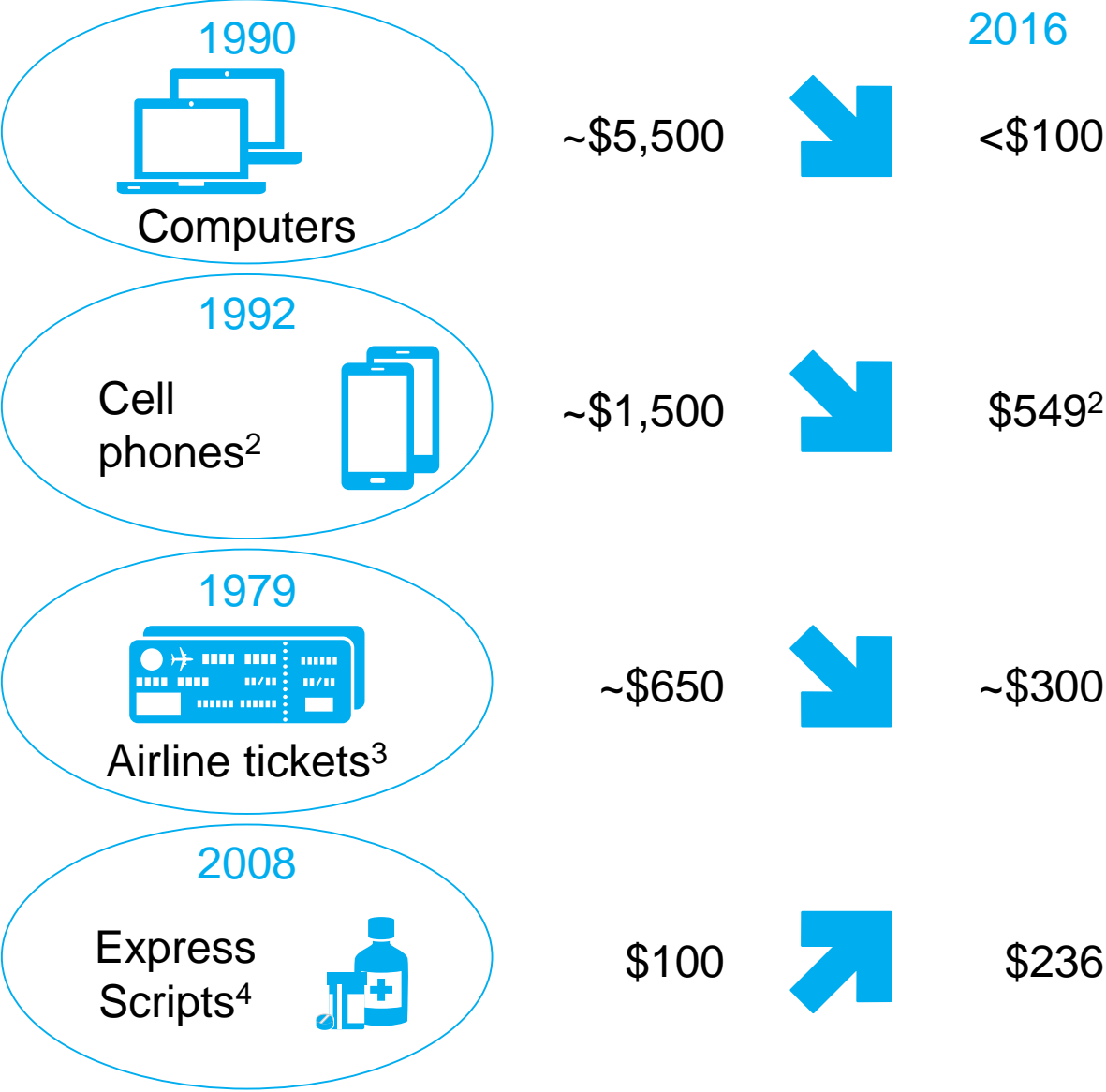
And lag behind other industries in productivity gains

15 year CAGR for labour productivity (1999-2014)

US manufacturing 3.9%

US services 1.1%

Health services 0.5%

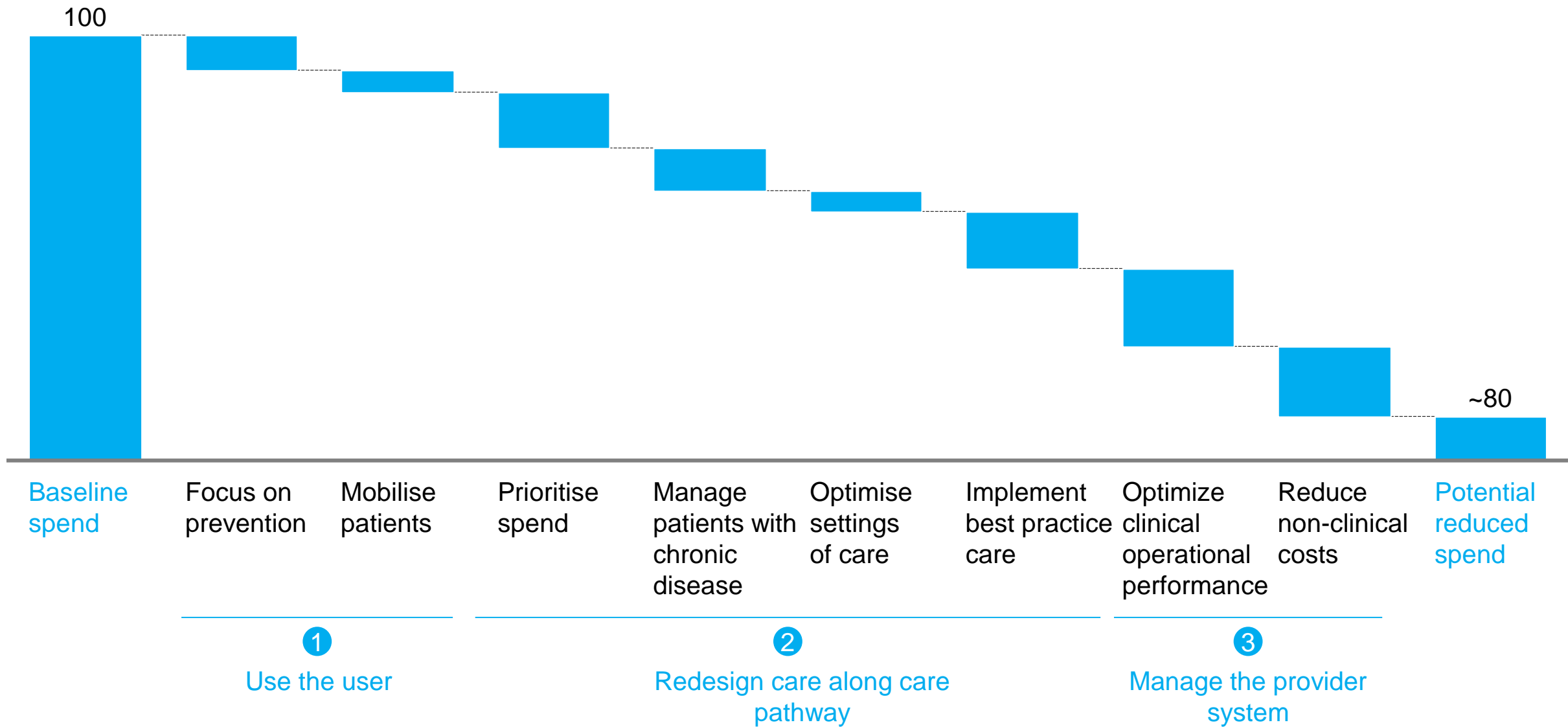


NOTES: 1 2016 dollars 2 iPhone in 2016 3 2016 figure includes fees 4 Indexed so that 2008 = \$100, adjusted by CPI

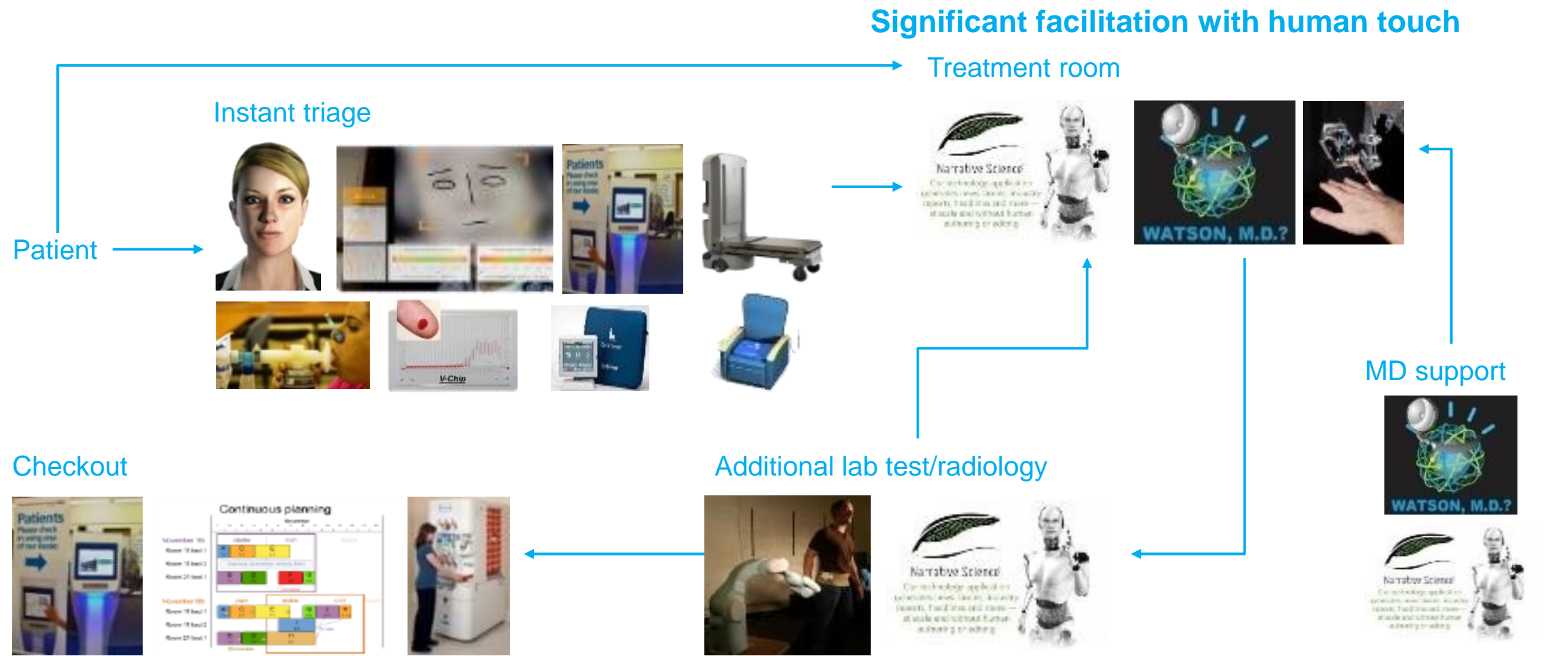
SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Wall Street Journal; Google Shopping; The Atlantic; Express Scripts; Apple

# The good news is that we know what to do to reduce costs and save lives

Potential 5 year savings vs. trend (% of total system cost)



Potential for far more self service care .....Example of an automated ED



» 60 percent of all occupations have at least 30 percent technically automatable activities

# An enhanced maternity experience - requiring at least 50% less midwife time per pregnancy

Mary

## Using technology to provide faster more convenient access



Digital technology enables her to:  
Book all her appointments online, including with the GP, the midwife, scans, blood tests; she has full visibility of when appointments are available, where and chooses a time and location that matches her needs



Self-manage her pregnancy:  
She receives a link to complete her pre-natal survey; she completes this online; an algorithm determines her risk profile, which will flag her for a midwife appointment sooner if she is high risk



Because she is low risk she can provide all urine tests and blood pressure test at home or a local pharmacy, with results automatically uploaded to her electronic records;



Can check her own health records  
Receive direct communication from the midwife should her blood pressure increase



Receive personalized weekly updates on her pregnancy, including how her baby is developing, changes she can expect in her body, dietary recommendations. Receive decision support around, for example, taking the down syndrome test



Receive reminders around upcoming appointments

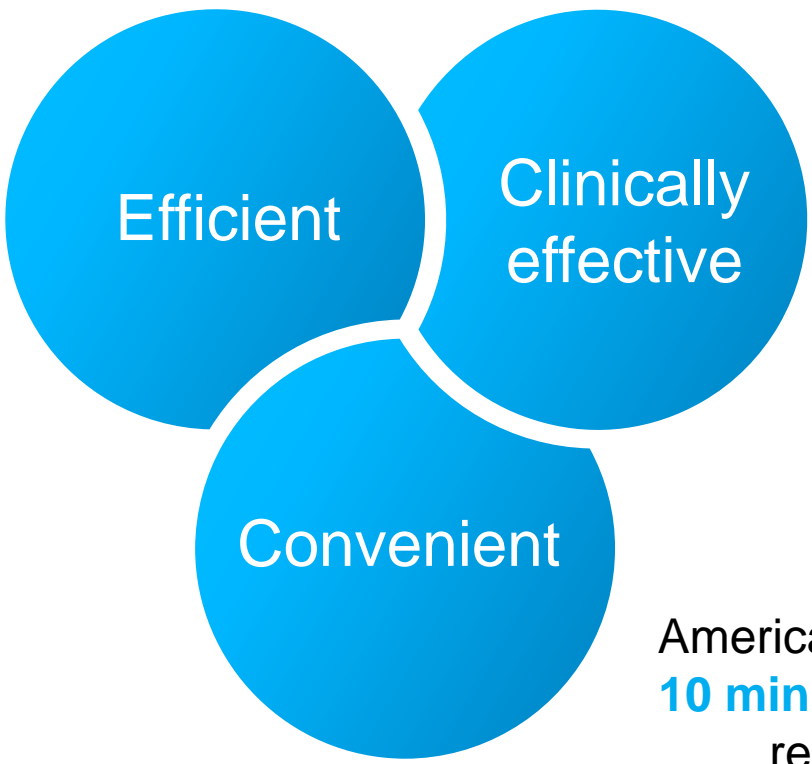


# Shifting care out of hospitals



- 5 Gyms
- 27 GPs
- 26 Specialists
- 7 Hospitals
- 1 Rehabilitation clinic
- 5 Ambulatory nursing services
- 11 Nursing homes
- 15 Pharmacies
- 11 Physiotherapists

7% cost reduction from integrated services



Ambulatory knee arthroscopies: **95% in Denmark** vs. **24% in Germany**

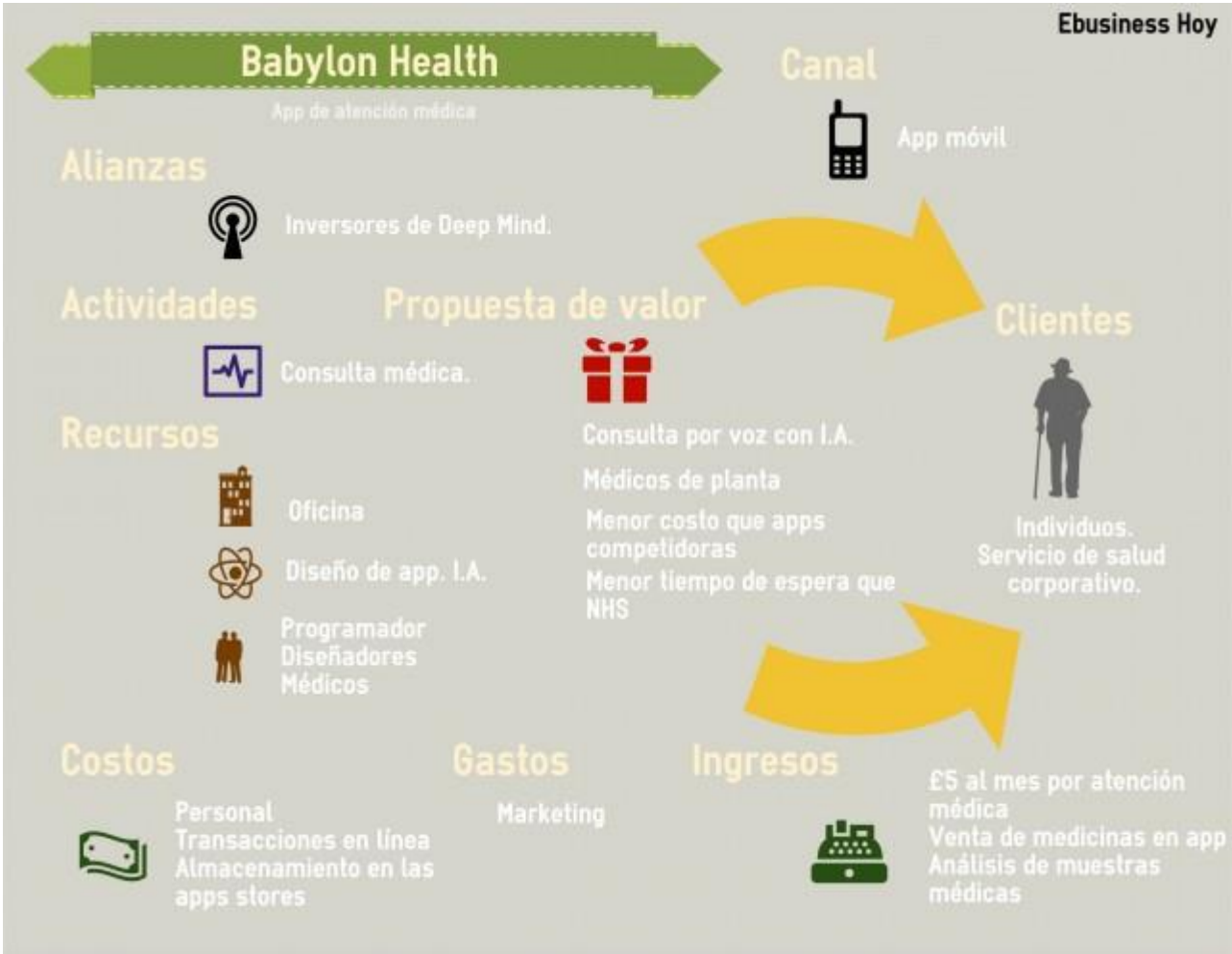
**1 in 3** Americans live within **10 minute drive** of a retail clinic

# Digital disruption is driving provider productivity



- 1** Staff access patient EHR on mobile devices
- 2** Intelligent design reduced staff walking time by 18%
- 3** Bedside telephones double as bar code scanners
- 4** Robots deliver 75% of internal supplies
- 5** All 25 theatres are digitally enabled and respond to voice commands
- 6** Medication is dispensed by machines

And providing higher quality, more accessible and lower cost care



# But there are massive barriers to change

## Politicians



*“And the answer about who killed healthcare is: the status quo”* (Regina E. Herzlinger, Professor at Harvard Business School)

## Patients



*“80% of health apps are abandoned within two weeks”* (Marco Della Torre, VP of Product Science at Basis Science, Inc.)

## Regulatory hurdles



*“The protocols these institutions [healthcare authorities] are using, they're now 50 years old”*  
(Peter W. Huber, Senior Fellow at the Manhattan Institute for Policy Research)

## Professionals



*“What we cope with as an insurer is the notion of people getting paid more for doing more ‘stuff’ whether or not that actually contributes to better clinical outcomes”*  
(Lonny Reisman, Senior Vice President and CMO at Aetna)

## So what could change?



The consumer is (finally) taking control



Big data tells us where the opportunities lie



Increasing innovation in the provider market



Providers are becoming payors



Payors are becoming providers

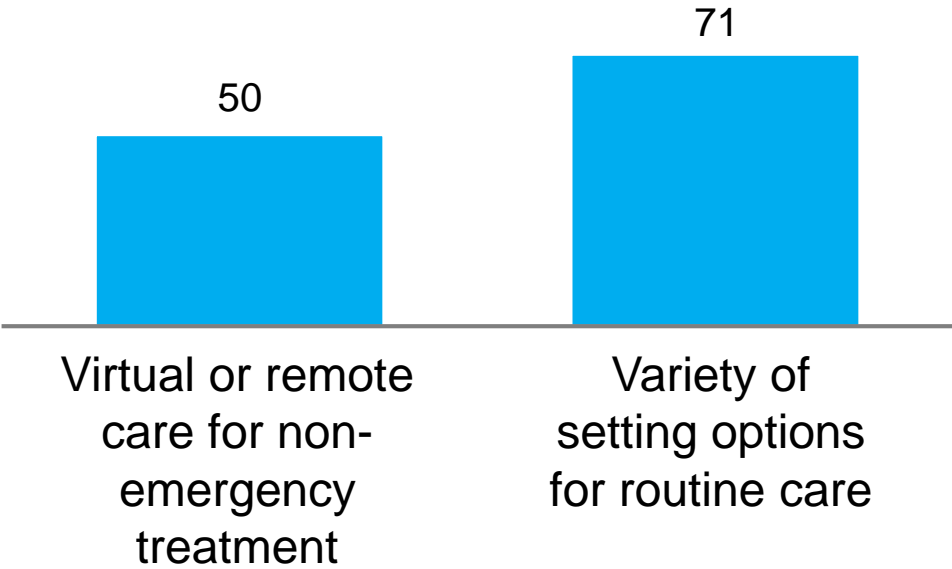




# Customer choice is helping to overcome hurdles and gather speed

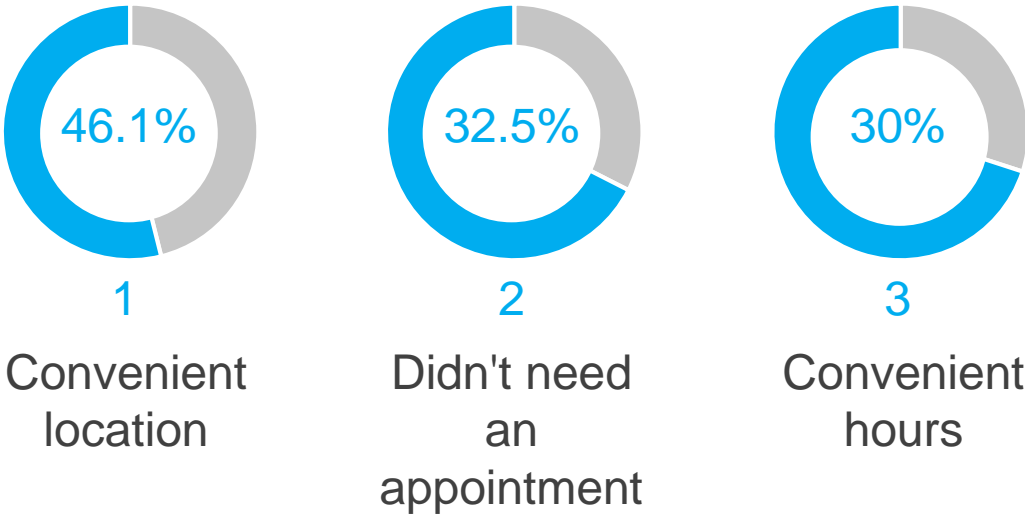


Consumers want choice in settings of care ...



... and prioritize convenience and access

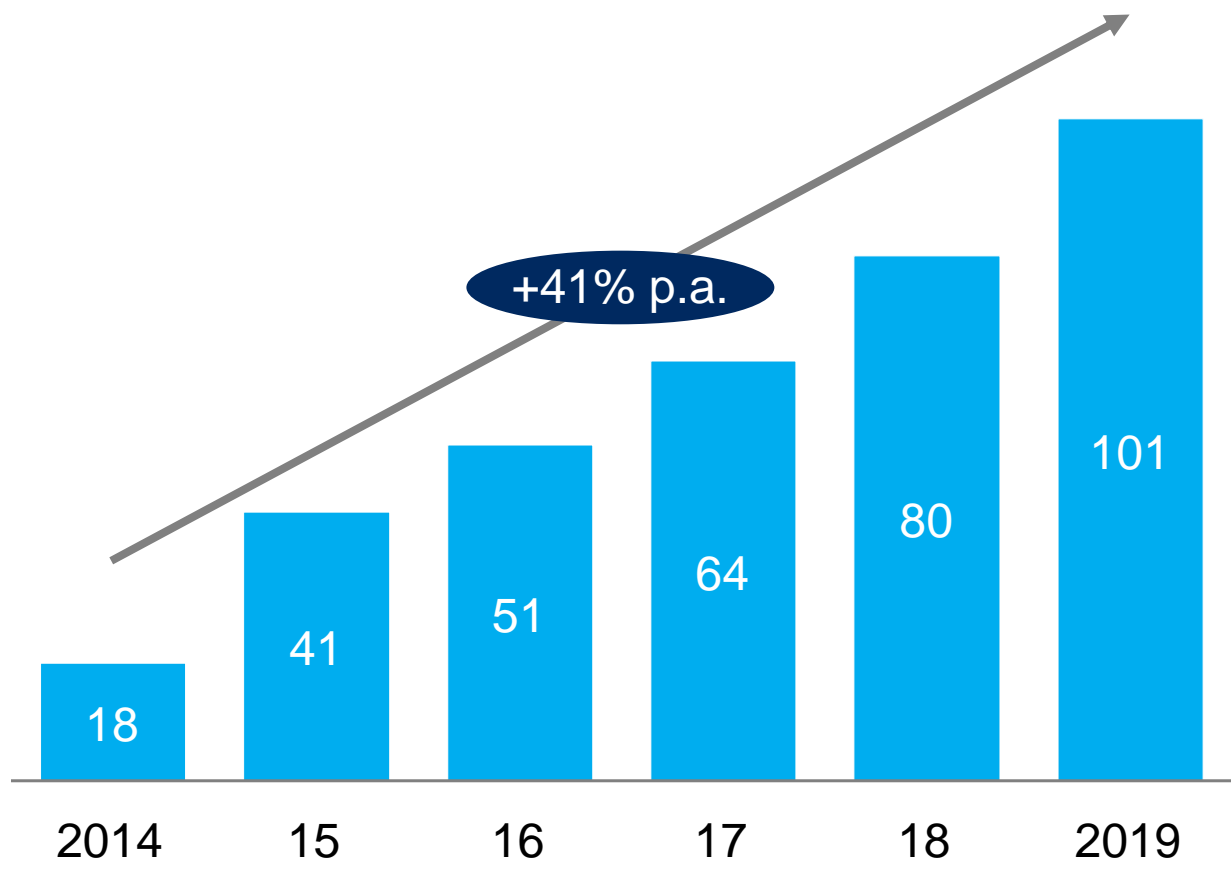
Top 3 reasons for using a health clinic in a retail store



# Uptake of technology and big data offers significant opportunities to target effective interventions

## Insurees have become their own health managers ...

Global sales of activity trackers, in units million



**... increasing data availability**

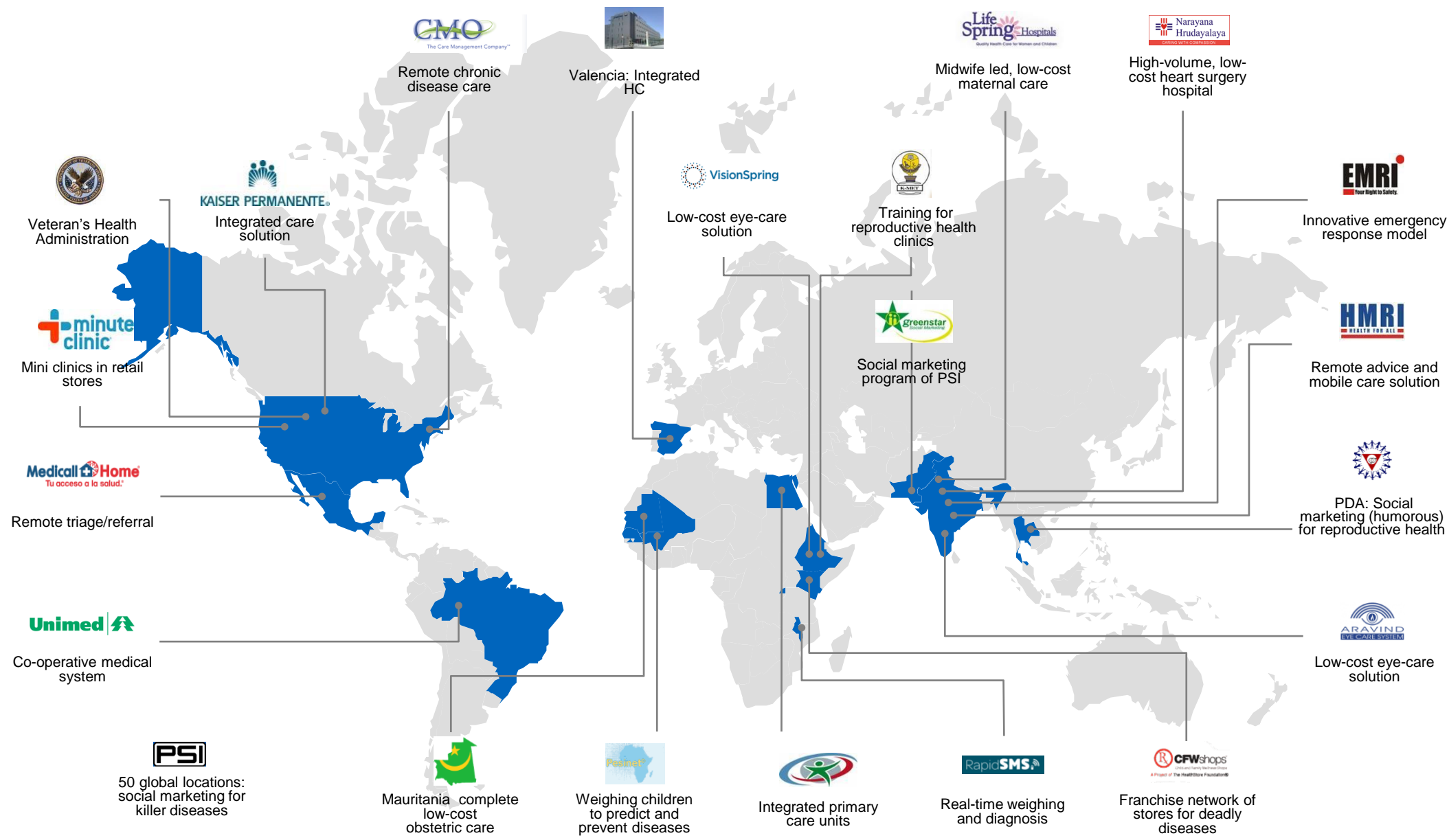
The global healthcare analytics market is expected to grow between 2016 and 2021 with a CAGR of 27.1% from USD 7.39 bn to USD 24.55 bn

Healthcare data is growing at 48% per year globally, faster than the rest of the whole Digital Universe

Every 2 days, as much health data is created as was from the dawn of time to 2003

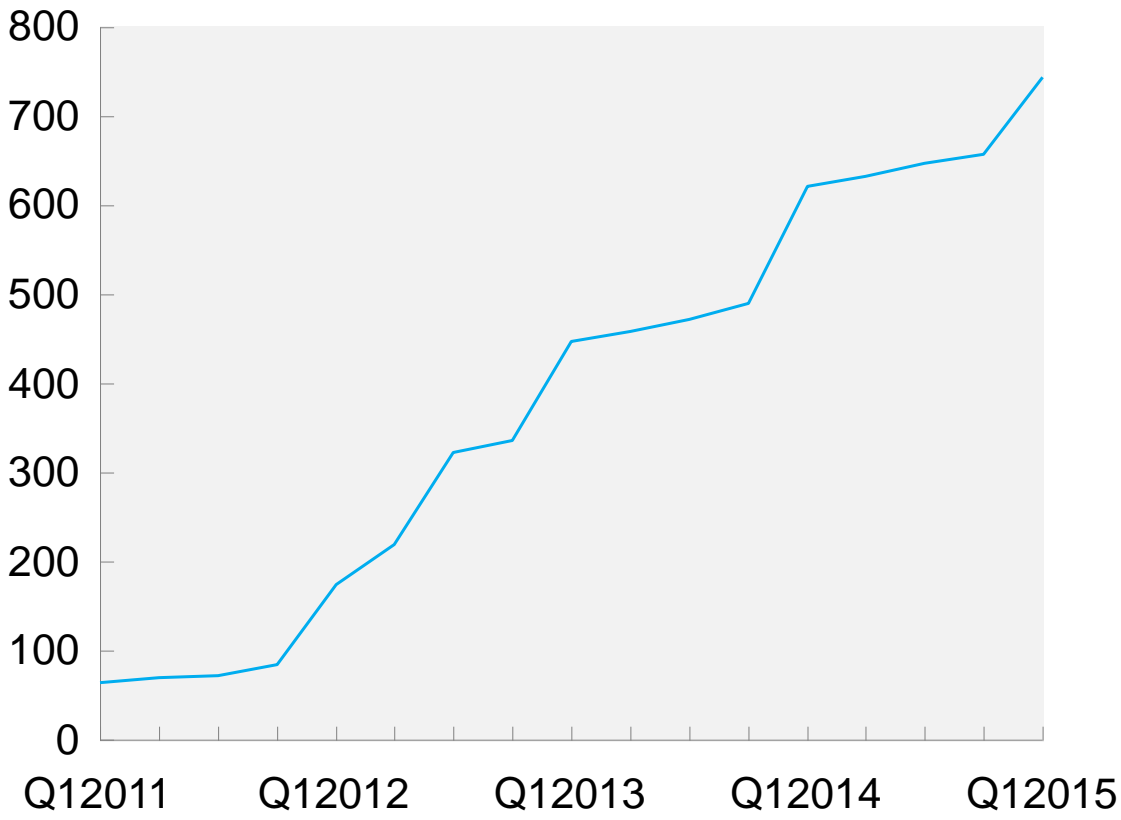
Loading all healthcare data onto the memory of tablets, by 2020 the stack would reach over 1/3 of the way to the moon

# The scale of innovation in the provision of healthcare is accelerating



# Providers are becoming payors and payors are becoming providers .....

Total ACOs in USA



Provider pull



Hospitals as payors to capture the benefits



Providers taking on benefits of managing patient care



Payors employing case managers and looking to share risk with providers

Payor push

But all players will need to take far more radical action



**Build and adopt innovative customer propositions**



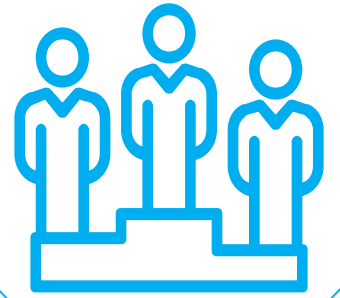
**Drive disruptive and sustainable change in provider models**



Be at the leading edge of **big data and analytics**



Seek to bring **all parties together**



**Have political will** to be the **front-runners** for change



Thank  
you!