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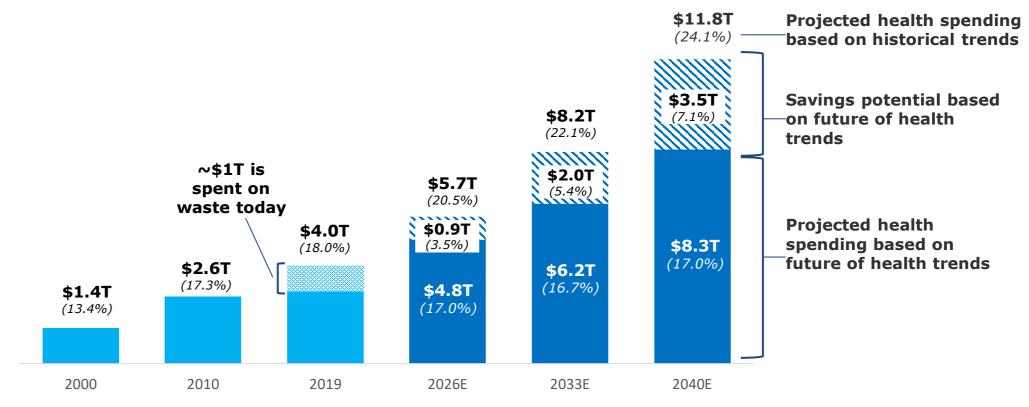


Driving the Future of Health

Iowa Hospital Association
June 9th 2022

Today's Healthcare Spending is not Sustainable

Deloitte Future of Health POV projects potential savings in the future



Note: Numbers in parenthesis are health spending as a % of GDP

The evolving model of care

The Future of Health is a paradigm shift from clinical care to health care to well-being. From treating a condition to managing wellness. From symptomatic diagnosis to asymptomatic sensing. And this shift is already happening.

To understand the potential financial impact of this vision, Deloitte actuaries built a financial model. The results of the analysis were as follows:



The health care industry has an opportunity to break the cost curve and earn US\$3.5 trillion of "well-being dividend" by 2040 by lowering spending on care and treatments.¹



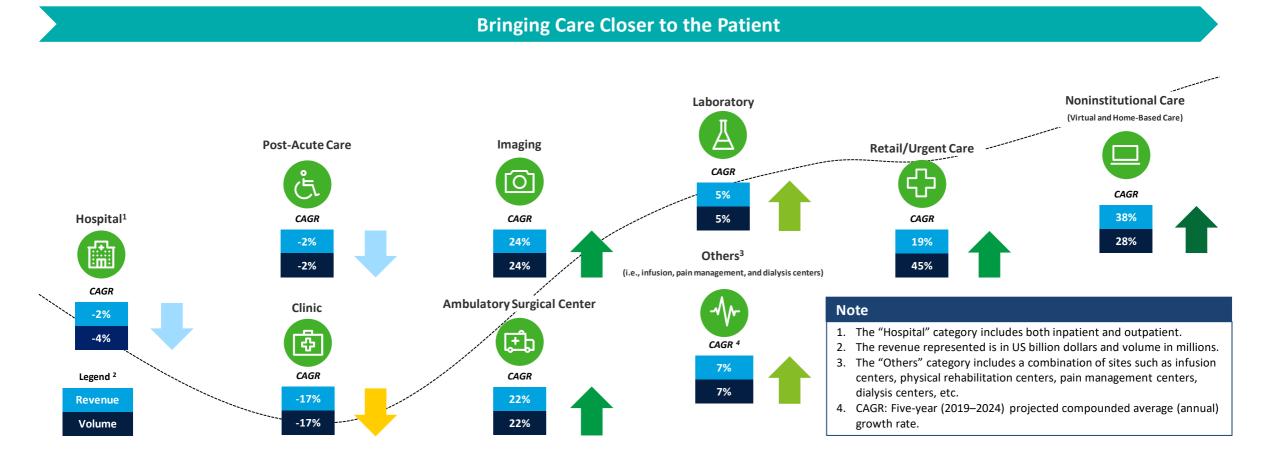
Health care spending will likely fundamentally shift from activities that diagnose and treat existing diseases in 2020 to over 60% of revenue focused on activities that prevent onset of diseases and emphasize on well-being.²



New business models will make up 85% of the future revenue in the Future of Health. The new paradigm will reward enterprises, innovations, and solutions that deliver value in well-being, data aggregation platform, and care enablement.³

Future Realities

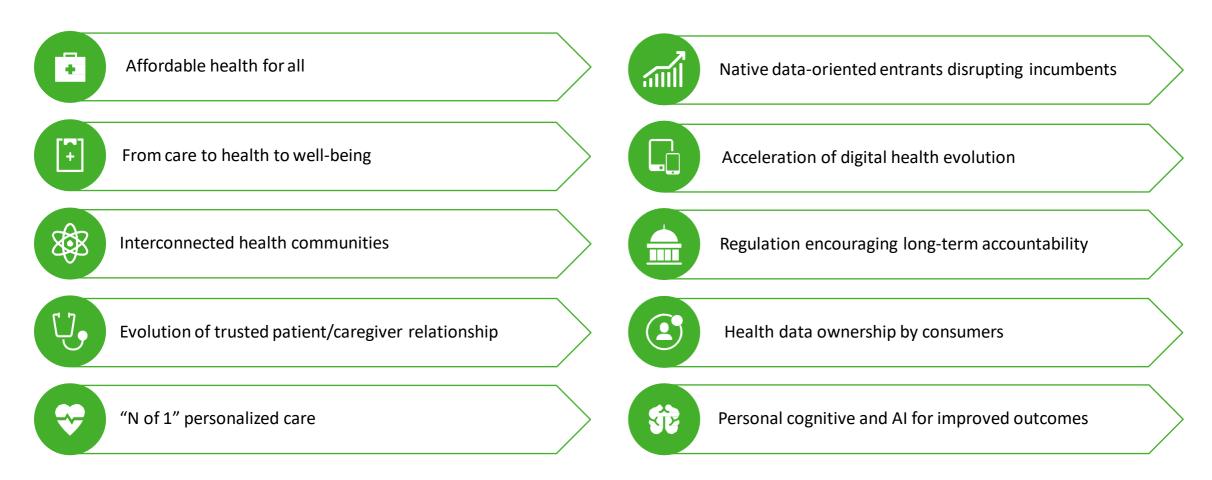
Changes seen today will continue to gain traction in the near term.



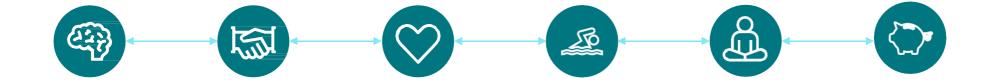
Trends driving a new future of health in 2040

The changes that are taking place are driving toward a large-scale industry disruption.

The empowered consumer is becoming increasingly focused on their well-being and demanding more customized products and insurance offerings.



What is "health"?



Health is being reconsidered as an **overall state of well-being** encompassing physical, mental, social, emotional, spiritual, and financial health.

Drivers of the Future of Health









The Future of Health will be driven by digital transformation, enabled by radically interoperable data and open, secure platforms.







The Future of Health will be:

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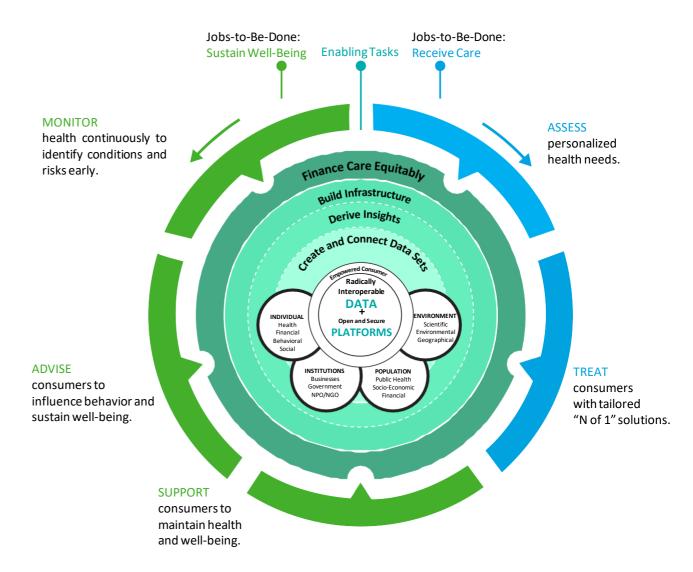
Aimed primarily to sustain well-being and provide care only in the rare instances when well-being fails;



Driven by digital transformation, enabled by radically interoperable data along with open and secure platforms; and



Powered by new ways to complete enabling tasks and address jobs-to-be-done in the future.



What do you have to believe to achieve the Future of Health?



Strong participation in data sharing



Data architecture and analysis is radically transformed



Socioeconomics do not dictate access



Consumers demand convenience and transparency



Consumers influenced via digital tools



Breakthroughs will happen at an exponential pace

Data sharing

sharing.

Consumers are willing to share data, which is captured and owned by a large number of players in the market.

Transparency in data use and collection is standard practice, increasing consumer trust and willingness to share additional information.

Financial incentives are used to ensure institutions and individuals participate in data

Interoperable data

Large aggregated data sets provide a real-time and holistic view of the consumer and their environment. These data sets enable advanced analytics to generate novel insights in real-time. Incoming data from various sources will be standardized, aggregated, stored and continuously updated.

Access

Traditional barriers to health care access, like geography and lack of resources, are significantly reduced thanks to a radically transformed health system. The cost of wellness and care has plummeted thanks to interoperable data and data sharing. More patients have more access so they have the tools to achieve wellness and health.

Empowered consumer

Consumers are driving the pace of change as they are no longer passive participants.

They demand transparency, convenience and access.

These demands require the market to respond with a fundamentally patient-centric approach that benefits all consumers, ensuring access across socio-economic groups.

Behavior change

Diseases of today can often be modified by behavior, but many patients do not feel empowered or do not have the ability to be responsible for their health. The introduction of AI, VR, AR, remote care and sensors that are tailored to consumer interests and health status can empower patients to take control of their holistic well-being.

Scientific breakthrough

Scientific breakthroughs, like stem cells, nanobots, biome sensors, and others, will occur at an exponential pace, building on the insights derived from radically interoperable data, orthogonal players that disrupt the market, transformed clinical trial structure/timing, and increased participation from the crowd.

Health care disruption

Today's health care sectors will be disrupted by radically interoperable data and the empowered consumer.

The existing health ecosystem will change dramatically in a world that has real-time access to data and advanced capabilities to capture, interpret, and act.



The shift to prevention and wellness will cause complex procedure volume and routine care costs to crater.

Increased connectivity will transform care delivery models and engage consumers via virtual and localized care hubs, leading to a shift in care delivery location and type.



The availability of real-time data along with advanced and predictive analytics will remove uncertainty and risk from the market and eliminate the need for traditional coverage.

Increased interoperability, consumer-centricity, and technological advances will drive changes in health coverage offerings.



Life Sciences

Advanced early intervention, prevention, and precision medicine will contribute to a shift toward curative and preventative therapies and drop in volume of units.

Cognitive technology applied to massive data sets will automate R&D and lower cost.

Medical technology will advance exponentially and its uses will extend across the entire health ecosystem.



Government and Public Sector

The role of government shifts to catalyst of change and enabler of equitable health care for all.

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10 Winning Business Archetypes in the Future of Health

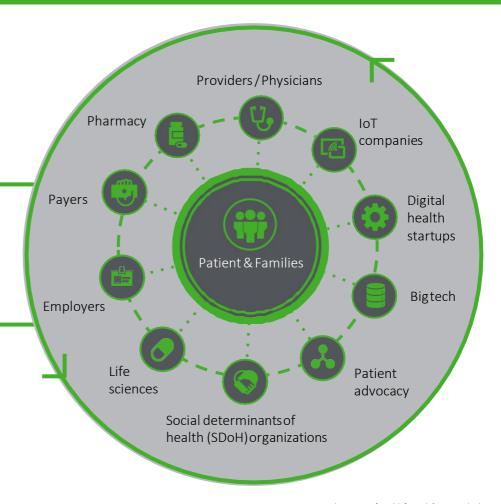
Data + Platform Wellbeing + Care Delivery **Care Enablement Data Convener Health Products Developer Connectors and Intermediaries** Aggregate / store individual, population, Power the consumer health ecosystem by institutional, environmental data (e.g., developing and manufacturing wellness and Run the just-in-time delivery supply chain, electronic life record). Enable interoperability care products/components (e.g., apps, fulfill device and medication deliveries and ensure privacy/security supplements, drugs, connected devices) **Consumer-Centric Health "Virtual Science and Insights Engine Home + Community" Individualized Financer** Conduct research and generate data insights far beyond human capabilities to aid care Provide virtual, personalized wellness and care Offer individualized modular health coverage delivery (e.g., personalized therapy, drug to consumers. Leverage community to packages and reduce health care cost discovery, wellness coaching, clinical decision encourage behavior change. Educate support) consumers, care givers on managing wellbeing Data / Platform Infrastructure **Specialty Care Operator** Regulator Builder Provide essential specialty care when in-home Define regulations to catalyze the future of Develop and manage site-less health wellness and care fails (e.g., specialty centers health while ensuring consumer, public safety infrastructure (e.g., app store-like platform); for difficult cases and transplants) set standards for platform components **Localized Health Hub** Serve as the local hub for education, prevention, treatment in a retail setting. Manage multi-stakeholder ecosystems and connect to health home

Powered by radically interoperable data for a personalized and seamless consumer experience

Purpose-driven health care ecosystems

As lines blur between technology, consumer, retail, and health care industries, participants are developing purpose-driven, digitally-enabled ecosystems that enable the provision of services beyond their core business

Ecosystems incorporate a web of mutually beneficial relationships brokered by a digital platform that enhances the value for all participants using the platform



12

Source: "Platform Revolution" by G. Parker, M. Van Alstyne, S. Choudary (2016), 2 Summit Health Market Report (2020)

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Driving the Future of Health for Risk & Financial Advisory

How can market players respond?

Incumbents have a choice...

...while orthogonals rush ahead

Traditional players can either act as innovative market leaders driving the transformation or resist change and disruption

Data and consumer-oriented adjacents are **sprinting forward to penetrate the health ecosystem**



Built-in advantages – health care expertise, operational excellence at large scale, targeted consumer base, and existing partnerships with other incumbents



Built-in advantages – digital and technical expertise, deep pockets, access to consumers and data, and proven analytical capabilities



 Insiders must be self-disrupters – traditional players are understandably hesitant to drive change in a marketplace that they currently dominate, but they are well-positioned to <u>lead from the front</u> if they act quickly, given their strong foothold in the existing ecosystem



Outside looking in – tech giants, start ups, and other disruptors have little stake in the current health care landscape – they are incentivized to drive change

Incumbents' decisions will determine whether the orthogonal players will be willing to partner with them in the transformation or compete and disrupt their existing business models



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