


2017 global health care sector outlook

Deloitte's yearly look at the topics, trends, and issues impacting the global health care sector

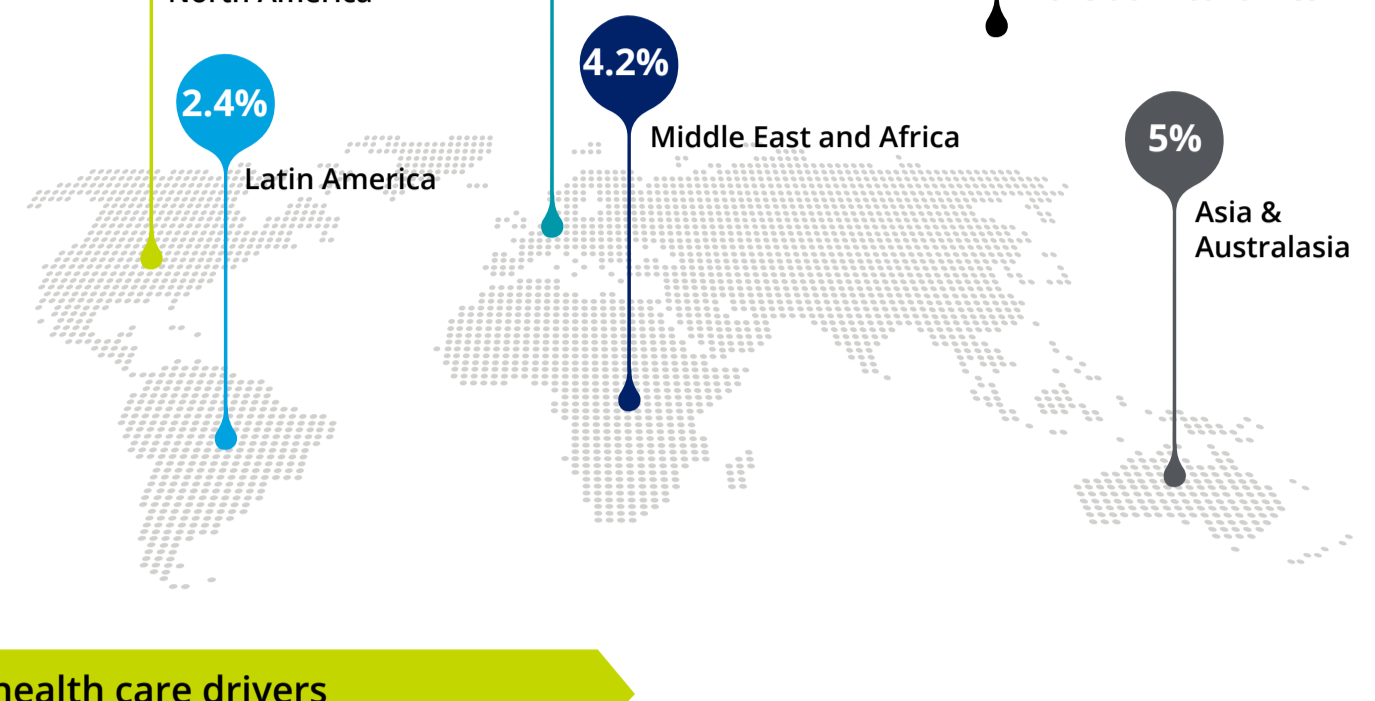


Global health care spend projected to reach **\$8.7 trillion** by 2020

% of GDP spent on health care should also rise slightly, from an estimated 10.4 % in 2015 to 10.5 % in 2020

Where is the growth expected?
Emerging and lower-income countries will drive the rise in health care expenditures through 2020 as well as the expansion of services in developed countries.

Health care growth rates through 2020



Global health care drivers

- By 2020, **50 percent** of global health care expenditures – about \$4 trillion – will be spent on three leading causes of death: cardiovascular diseases, cancer and respiratory diseases.
- HIV-AIDS continues to affect **36.9 million** people worldwide, around 70 percent of them living in Sub-Saharan Africa. The Zika virus and associated upsurge in microcephaly are major threats in Latin America.
- Number of diabetes sufferers is expected to rise from the current **415 million** to **642 million** by 2040.
- Prevalence of dementia is forecast to increase in every region of the world and is anticipated to double every 20 years, reaching **74.7 million** by 2030.
- Aging population (> 65 yrs old) will increase by **eight percent**, from 559 million in 2015 to **604 million** in 2020.



Cost

Health care spending trends

Health care spending in the world's major regions increases from 2.4 percent to **7.5 percent** between 2015 and 2020

Health care expenditures as a percentage of GDP are projected to rise more quickly in low-income countries due to limited government reimbursements for respiratory conditions

Cardiovascular disease costs continue to rise for lower and middle-income countries

Cost containment measures

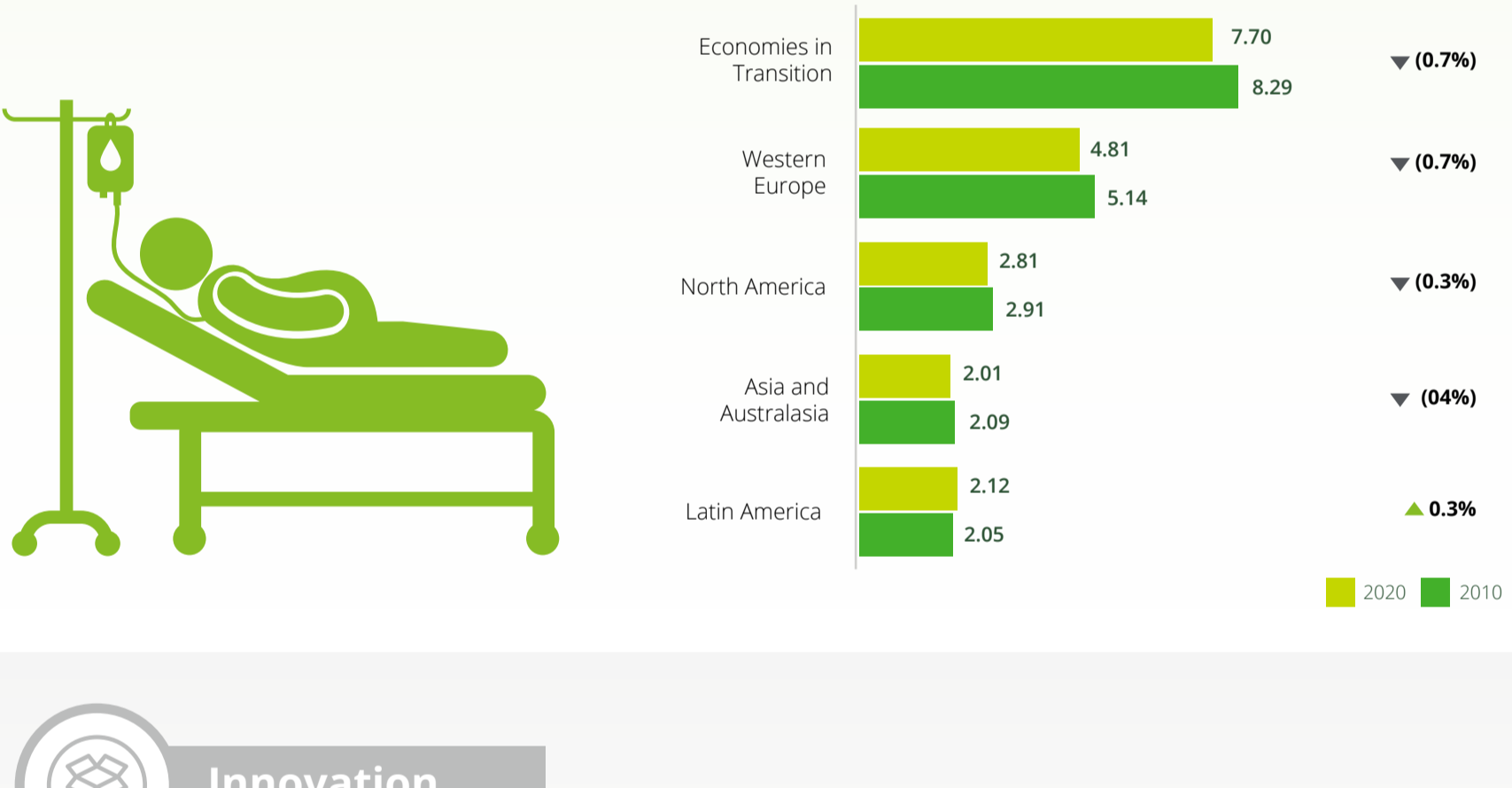
- Clinical pathways
- Standardized clinical processes
- Technology-assisted services
- Shared services centers
- Lower-cost and non-traditional settings
- Strategic procurement
- Increased use of generic drugs and biosimilars
- Achieve economies of scale

Care delivery

Issues & solutions that are impacting care delivery

- Intermittent or chronic funding shortfalls combined with other market drivers
- Technology-enabled, virtual care to help bridge the care delivery gap
- Lack of access to basic health care services and variations in care quality
- Lack of clinicians-especially general practitioners and specialists
- Addressing social determinants of health and wellness are anticipated to have an increasing impact on the care equation

The number of hospital beds are declining spurred by regional economic slumps, decreased government spending on health care, hospital closings and consolidations, and pricing pressures



Innovation

Advancing health care sector innovation is a clinical and cost imperative

Top 10 innovations to achieve more for less in health care

- Next-generation sequencing (NGS)
- 3D-printed devices
- Immunotherapy
- Artificial intelligence (AI)
- Point-of-care (POC) diagnostics
- Virtual reality (VR)
- Leveraging social media to improve patient experience
- Biosensors and trackers
- Convenient care
- Telehealth

According to the Deloitte 2016 Survey of U.S. Health Care Consumers, respondents' interest in and use of technologies for health and fitness purposes are growing:

- 58 percent of prescription drug users report refilling prescriptions using a mobile health application.
- 40 percent of surveyed caregivers would likely use sensors for location tracking and fall detection.
- Consumer interest in using telemedicine ranges from 32 percent for a minor injury to 49 percent for post-surgical care.
- Consumers also express interest in using robotics and drones for future health care scenarios, such as medication assistance for chronic disease (40 percent); disease diagnosis assistance (38 percent); delivering laboratory samples (38 percent); home maintenance (caregiver) (35 percent); and disease diagnosis replacement (32 percent).

Operations

Health systems will likely need to implement new business and clinical operating models to deliver scalable, efficient, and high-quality care, and to reduce waste, redundancies, and costs that threaten system sustainability

Key ingredients for productive health care operations

- safe, standardized, and evidence-based processes
- a competent, well-trained workforce
- effective use of innovative technologies

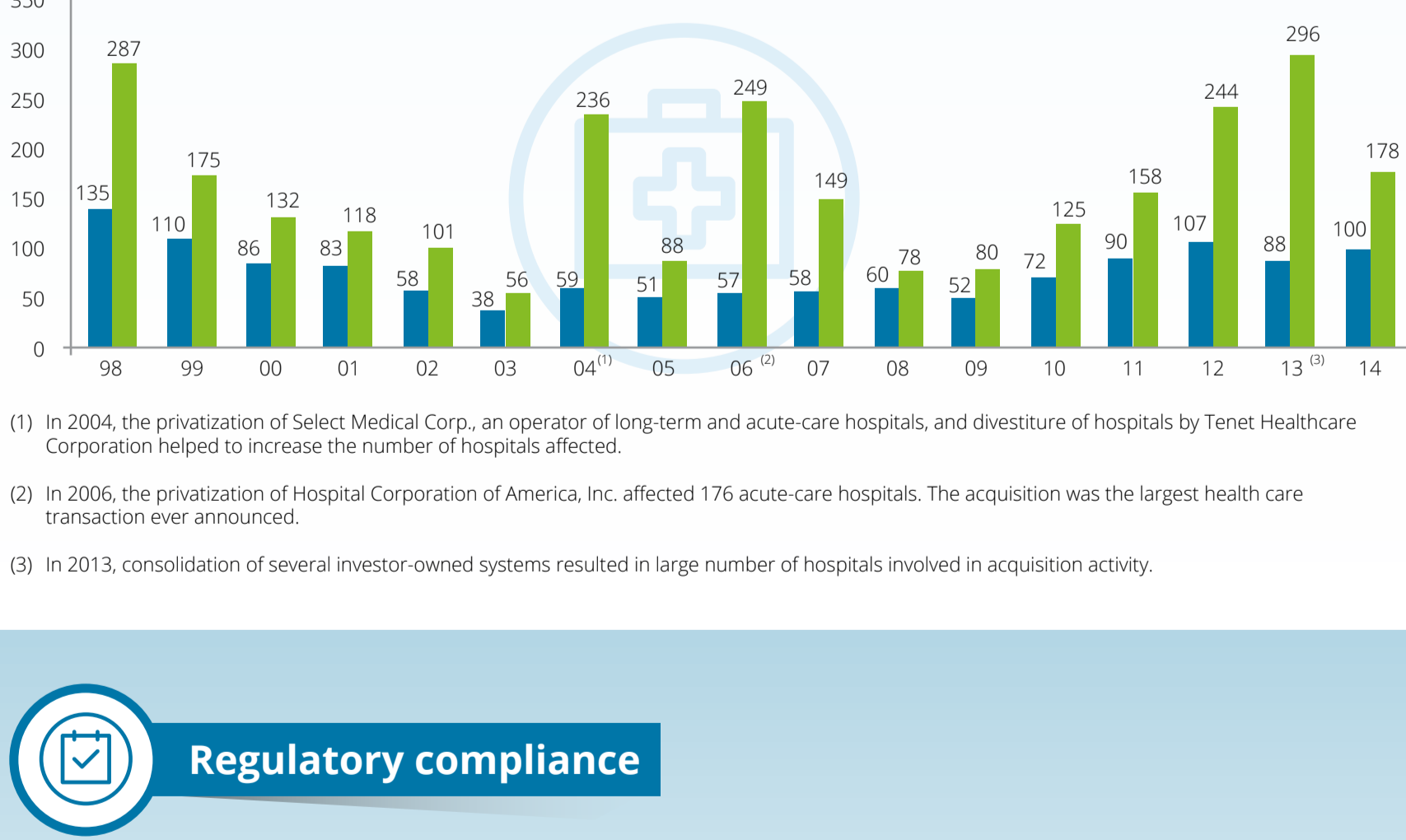
Three sector trends

- vertical and horizontal consolidation
- patient engagement
- market disruptors

...are indicative of health systems' increasing focus

Potential enablers of patient activation and engagement

- An organizational culture
- Formal channels
- Processes to chart progress on patient engagement
- Peer support, self-management education, health coaching, and group activities
- Workforce training
- Investments in the right technology
- Employee skills in using interactive technology
- automatic information delivery methods



Regulatory compliance

In 2017, organizations of all sizes will need to continue navigating a highly complex, changing set of global, regional, country, and industry-specific laws and directives

Regulatory focus areas for 2017

- Clinical quality and safety
- Cyber security
- Counterfeit drugs
- Corruption

Health care stakeholder's consideration

- Multi-pronged, collaborative and technology enabled approach
- Breaking through constraints of traditional care delivery model
- Cost containment to achieve operational efficiency
- Health care stakeholders: More sophisticated risk-monitoring techniques
- Digital health care and analytics
- Cyber security as main focus area
- Taking a standardized, consistent approach to compliance planning, execution and monitoring