

Navigating modern challenges in healthcare.

How thoughtful initiatives can meet critical industry, patient needs.

Healthcare is a patient-centric business. Its core function is to serve those in need. If provided properly, it can deliver equitable, quality care, improve outcomes, and quality of life, and ultimately be the bedrock for strong, thriving communities.

But according to recent reports and firsthand accounts from patients and providers, the healthcare industry is at a breaking point.

A [study](#) by the healthcare experience-focused [Beryl Institute](#) found that 76% of Americans surveyed said they have not had a positive patient experience in the past three months and 60% have had an outright negative healthcare experience during that same time period. More recent polling from leading health policy organization [Kaiser Family Foundation](#) (KFF) indicates significant [dissatisfaction with health care](#), its exorbitant costs, and the detrimental impact it has on the lives of individuals and their loved ones.

This is the result of a health care industry hobbled by numerous challenges, struggling to meet the basic needs of its patients.

From rising costs, an aging and growing population, advancing technology, and the ongoing impact of post-pandemic medical inflation and more, these challenges are significant. They affect providers' ability to deliver quality care, and make it harder for employers to offer (and individuals to afford) quality health coverage. As these issues continue to evolve, there is an increasing need for innovative solutions to help meet these challenges.

Ultimately, these challenges stand between patients and the care they need—and with every passing day, separation is growing greater.

However, there is hope. Fully aware of the challenges the industry faces, Western New York-based Independent Health is working proactively to address concerns. With programs and partnerships put in place by the health care organization and its philanthropic arm, the Independent Health Foundation, progress is being made to rein in some of the issues currently rattling the health care industry, and better serve the needs of our members and the wider community, and serve as an example to health care organizations across the United States.

But before detailing our direction, let's look at the current challenges of our industry and why we're charting a new course.

Challenges confronting healthcare

The overwhelming dissatisfaction with the state of U.S. health care has put an industry on its heels, searching for ways to alleviate strains that continue to impact patients, employers, and professionals charged with finding answers.

The challenges have been identified by various [polls](#) and [studies](#)—and they're numerous. Rising prices for health care products and services, especially prescription drugs. Population growth and aging. An imbalance of available services, based on geography, income, and other ancillary factors. Post-pandemic medical inflation, and managing its dramatic impact on the industry.

Over the past four years, these challenges have emerged or become amplified to form a barrier between providers and patients. Each further complicates an industry in need of maintenance, and one by one, each needs to be addressed to improve health care accessibility and availability to patients not just within the confines of Western New York, but across the U.S.

Rising costs

Of the many concerns facing the industry, nothing is as dramatic and wide-ranging as the rising cost of health care. It affects patients and organizations at every level, and upward trends show no signs of stabilizing.

Overall, the U.S. has one of the highest costs of health care in the world; and by comparison, cost per person is [nearly double](#) that of similarly wealthy countries.

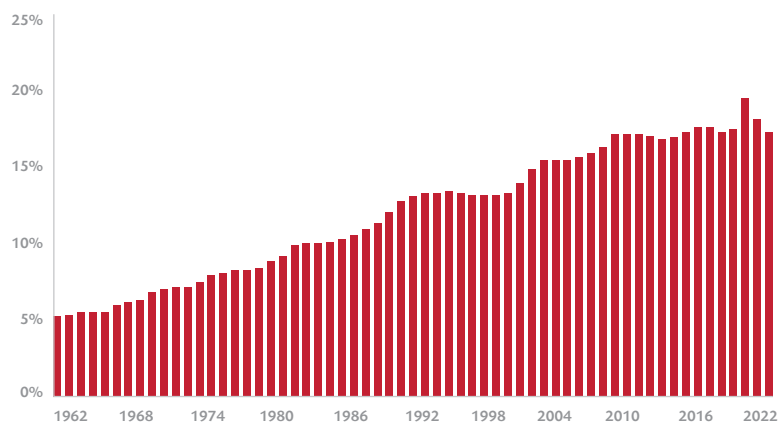
In 2022, health care spending increased by 4.1% to [\\$4.5 trillion](#)—or \$13,493 per capita. Prescription drug spending [grew 8.4%](#), with [wild price fluctuations of specific drugs](#) during this period. Out-of-pocket expenditures equated to \$471.6 billion, making up just over 10% of total spending on health care; and government regulatory costs continue to balloon, with health care providers now dedicating nearly [\\$39 billion per year](#) to align with administration requirements.

Over the past 60 years, health care costs have gone from making up 5% of the country's gross domestic product (GDP) to now more than 18%, and that total is expected to pass 21% by 2032. Additionally, the U.S. Congressional Budget Office projects Medicare spending will nearly double over the next 30 years, growing to a whopping 5.5% of the U.S. GDP by 2053.



Healthcare costs in the United States have increased drastically over the past several decades

National Health Expenditures (% of GDP)



SOURCE: Centers for Medicare and Medicaid Services, National Health Expenditure Data, December 2023.
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These rising costs have had far-reaching consequences in the lives of everyday Americans, causing many to avoid doctor visits, ration prescription medications, or simply go uninsured. According to a 2023 study by the Patrick G. Peterson Foundation, these costs are not only an unsustainable burden on practitioners, patients, and their families; they're also a key driver of the national debt, and make it harder for the industry to respond to another COVID-19-level crisis.

Population growth and aging

In the aforementioned study by the Patrick G. Peterson Foundation, escalated prices for products and services were just one of three major factors behind rising health care costs. The other two: a growing and aging population.

Over the last two years alone, the U.S. population has grown by nearly 4 million people, and is projected to grow from 342 million in 2024 to 383 million in 2054. As growth of the population age 65 or older outpaces growth of younger age groups, the population continues to become older on average—and, in turn, more expensive.

Older individuals need more care and costly procedures than younger individuals. They also suffer from more chronic illnesses like diabetes, high blood pressure and cholesterol, urinary disease, and osteoarthritis. All told, the cost of treating these conditions has increased by billions, with diabetes alone responsible for more than \$306 billion in direct medical costs per year.

Add this to rising ambulatory costs and inpatient hospital care for an aging and expanding population, and you've got an affordability issue that's not going away.

Imbalance of services

Issues with access and equity in health care have always been prevalent, and that [continues to be a consideration](#) on various levels today. Between a shortage of primary care and an inequity of available care, problems are now affecting every corner of the population. Just this year, the American Medical Association projected a shortfall of [up to 124,000 physicians](#) within the next decade, and the U.S. Bureau of Labor Statistics estimates the need of more than [one million nurses](#) by 2030.

But while some individuals have access to (and the ability to afford) care that is currently available, others cannot even utilize the most basic of services.

Social determinants of health ([SDOH](#)) are a major cause of this separation, and can have a significant impact on individuals' health, wellbeing, and quality of life. Factors like available transportation, education level, access to nutritious foods, and general discrimination all play a part in the type of health care an individual receives—but neighborhood location continues to be arguably the biggest. While individuals across the whole of the health care landscape are being impacted by the lack of available primary care physicians, underserved and rural communities are becoming even more perilous than they have been, creating a massive barrier to health and wellness for its residents.

Inadequate utilization of available health insurance also contributes to this disparity. Despite large gains in coverage since implementation of the Patient Protection and Affordable Care Act (ACA) in 2010 people of color and other marginalized and underserved groups remain more likely to be [uninsured](#)—and make up [more than half](#) the U.S. uninsured population. This furthers health care inequality across communities sorely in need.

Post-pandemic healthcare

The good news: Now past the wake of a worldwide pandemic, prices of health care [have returned to pre-pandemic growth rates](#) and continue to trend lower than the overall inflation that is still affecting most sectors of the U.S. economy.

The bad news: The pre-pandemic levels were already too high to bear, as the price of medical care and services, insurance, prescriptions, and medical equipment has increased by [119%](#) since 2000—well above the escalating costs of consumer goods and services during the same period.

As hospitals and other healthcare providers find ways to operate with escalating costs and wage demands—typically with staff and service cuts—it pushes prices up, all while impacting the availability (and, in many cases, quality) of services to those in need.

Many of these in-need individuals include those currently subject to a [post-pandemic catch-up](#) on delayed procedures and treatments. To make room for those in dire need of COVID-19-related attention, patients put off such things as heart and outpatient orthopedic surgeries that have now grown to a critical nature. For these patients and others, this is not an ideal time to cut services to counteract the burden of rising costs.

Confronting challenges with solutions

Each of these issues are significant, and not one of them can be alleviated in the blink of an eye by any health care product or provider. But after identifying these challenges for those across our Western New York communities, the goal for Independent Health is clear: understand the needs of our nearly 355,000 members, and utilize our history of award-winning, [RedShirt® Treatment](#) to find a way forward.

This [strategic approach](#) has propelled us to pursue a variety of initiatives focused on managing the financial burden members face; enacting collaborative, innovative solutions to improve or vary services; and supporting members in a way that's convenient for them, but still answers the health concerns they face.

And one by one, these initiatives are making a difference.

Answers for rising costs

Managing the cost of healthcare isn't as simple as slashing prices.

Many [prices are set](#) in advance. Public payer prices are set by federal and state governments annually; and [Medicare uses](#) indexing measures to update payment rates annually to reflect increases in operating costs, wage growth, and other factors.

This means organizations like Independent Health must find innovative, plan-based ways to make healthcare affordable, and provide more value for both patients and providers. By pursuing results-oriented, [value-based care](#)—and reimbursement models aimed at improving the quality and efficiency of care through evidence-based, best-practice standards—we've been able to do that.

Recently recognized for its member plans by the patient-focused [Alliance of Community Health Plans](#), Independent Health's collaborative approach with its provider partners has been instrumental in delivering quality, access and value to the Western New York region. Our initiatives include value-based reimbursement with primary care physicians through our [Primary Value](#) program; and [Care for You](#), an innovative chronic care management program to support physicians' efforts in caring for their most complex patients.

In the case of Care for You, there's not only cost savings. There's [significant results](#), with avoidable hospital admissions (-28%), readmissions (-52%), and emergency room visits (-15%) all lower for its more than 4,000 enrollees versus those unenrolled.

To address the rising cost of medications, Independent Health has contracted with manufacturers of biosimilars, FDA-approved medications that are akin to biologics used in the prevention, diagnosis or treatment of cancer and other diseases—but much more affordable. After biosimilars for Humira became available in 2023, Independent Health added the treatments to our formulary; educated physicians about their availability; and anticipate this change will help lead to an overall plan savings of approximately \$20 million per year.

In addition to these measures and Affordable Care Act-mandated coverage for [preventive care services](#), Independent Health continues to offer ways to encourage patients to take advantage of available preventive options. From gaps-in-care dashboards to assist patients and providers to member-specific action plans and annual in-home wellness visits, we're intent on providing personalized options for members intent on being proactive about their health.

Varying approaches to get big results

Just like alleviating the escalating costs of health care, addressing many of our biggest health concerns isn't a one-action endeavor. It requires various approaches, with initiatives that can attack issues from various angles to achieve desired results.

Over the last several years, one of our main focuses has been diabetes, an affliction that's grown into an epidemic within Western New York and beyond. Diabetes is one of the [top 10](#) leading causes of death in the United States. More than [11% of the adults in New York](#) suffers from diabetes, and these numbers are mirrored across Western New York. Worse still, one in three people have pre-diabetes—and in many cases, are completely unaware of their condition.

The cost of diabetes—from eventual heart and kidney disease to an annual medical cost of \$16,752 for those who suffer—is significant. That's why Independent Health has taken a multi-pronged approach involving provider engagement, member engagement and pharmacy, taking big steps within all three realms to better address the onset and ongoing treatment of diabetes.

Since 2021, we've achieved significant success, and have become a national leader in diabetes management. Highlights of our results include fewer inpatient and outpatient medical visits; better controlled A1C levels for patients; lower pharmacy costs for members treating their diabetes; and an overall 25% reduction in the number of patients' progression from prediabetes to diabetes. These benchmark results have enabled Independent Health to achieve the [highest possible 5-star rating](#) for clinical quality and member satisfaction by NCQA's Commercial Health Plan Ratings for 2023. And being ranked number 1 out of 79 Federal Employees Health Benefits plans in 2023 for clinical quality, customer service, and resource use.

But in the realm of preventive care, we're also initiating programs to reach individuals at an early age, before poor nutritional habits can lead to unhealthy consequences. Developed by the U.S. Soccer Foundation and offered through the Independent Health Foundation, [Soccer for Success](#) is an after-school youth development program that is proven to help kids establish healthy habits, learn about the importance of nutrition, and develop critical life skills through the beautiful game.

This is foundational instruction, and can help to build a healthier population.

Strategic collaboration to enhance options

Speaking of collaboration, community-oriented environments like Western New York lend themselves to working together, with businesses and organizations serving the same neighborhoods eager to partner towards a common goal.

In 2021, Independent Health and ECMC [collaborated](#) on an opportunity to create and implement a solution to address the challenge of costly patient readmissions. Independent Health provided ECMC with “innovation dollars” to improve the health prospects of our members discharged from an acute hospital stay. ECMC used the innovation dollars to implement a care transition program focused on Independent Health members in need of this high-touch and closely coordinated care.

With this support in hand, the newly formed care team of ECMC clinicians and support professionals proactively worked with the most acute/high-risk members on a care plan for discharge and 30-day follow-up. These plans included access to community resources or to a primary care physician for follow-up care, as well as medication counseling by an ECMC pharmacist to improve education and understanding about the importance of medication adherence.

The result: Independent Health members received better post-discharge care, which [reduced readmissions by 46%](#) for Independent Health’s commercially insured membership.

This is just one detailed example of partnership with a local healthcare provider—but it’s not the only one. From teaming with Kaleida Health to innovatively aid heart failure to working with Catholic Health on telehealth outreach, we remain committed to pursuing partnerships that enhance services for our members.

And these collaborations extend beyond hospital rooms, with [community partnerships](#) across Western New York to promote wellness opportunities and provide opportunities to enjoy the many assets of our communities. From our partnership with the YMCA to provide more than 500 free outdoor fitness classes across Western New York to access to bikes through Reddy Bikeshare or kayaks at Buffalo Riverworks, we’re making connections for our members, and enabling a healthier tomorrow.

Meeting customers where they are

But ultimately, the healthiest tomorrow for our members comes with healthcare that can be personalized to fit their individual needs or preferences. Dependent on needs, this type of care can prevent hospitalizations, reduce costs, and improve health outcomes, all while available in a convenient way.

Some members needs are significant. From severity of illness and a lack of trust in the healthcare system to the simple absence of transportation, many do not or cannot access care that can help them recover, and sometimes, save their life.

With implementation of home visit options through our work with [Willa Arnet of Adult NP House Calls](#), nurse practitioners are building trust and breaking down barriers between healthcare and access. By meeting patients where they're most comfortable, we're answering some of the issues that prevent proper care from being administered, and helping to enhance health care equity for those most in need.

Within our Care for You program, nurses meet with patients at their homes to create an individualized care plan that suits their needs and personal goals, then connect with their primary care doctor and specialists to help them stay healthy at home, improve care transitions and prevent hospitalizations. Through a care team of physicians, nurses, social workers and dietitians, all the care one needs is organized through one central contact with a goal of providing patients with the right care, at the right time, and in the right place.

In addition to these connective initiatives, the [Independent Health Foundation](#) continues to create and bring healthcare-related programs to communities in need across Western New York. Whether educating groups on beneficial eating habits through [Healthy Options](#) or bringing necessary resources to places short on healthcare options with [Good for the Neighborhood](#), the Foundation is reaching populations where maladies like diabetes and pre-diabetes are more commonplace.

Reaching people where they live can make all the difference in health care—both in the short- and long-term.

Conclusion

Challenges across the current health care landscape are daunting, and they won't abate any time soon. With new and aging patients—and the needs they come with each—our health care industry will have to remain nimble, open to change, and ready to face every issue with innovative solutions that put patients first.

It's a big lift, but Independent Health's comprehensive approach to tackling health care industry challenges—and the success that has come from this approach—shows this is possible.

Innovative thinking and strategic action can lead to significant improvements in care delivery and satisfaction, with the patient always as our guide. Their needs are what drives our collective mission, and should provide our direction forward. In the face of rising prices, service complications, and growing pains associated with a rapidly changing industry, it's essential that we recognize the enormity of the challenges we face—but also have confidence in the health care system's ability to adapt and thrive to meet the moment.

We have faced obstacles before. With a strategic, patient-oriented approach—and armed with equal parts ingenuity and intention—we can find our way forward once again.