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5x5 series: Insights and actions

Regulatory changes in the future of health

Responding to new or changing regulations is a persistent challenge for health care stakeholders, and it is one that is not fading away anytime soon. Importantly, regulators are continuing a trend to emphasize innovation in health care and make it easier for nontraditional players to enter the health care space, laying the groundwork for continuing disruption and the need for new alliances.

This quick summary provides insights and actions that can help you more effectively account for future regulatory activity in strategic growth and risk management plans.

5 insights you should know

Health care is poised to remain a top priority for regulators for the foreseeable future because of the magnitude of health care in the US economy, the federal budget, and the labor market.

A shift in health care regulatory priorities has been underway for more than a decade under both Democratic and Republican administrations. Innovation in payment, care delivery, and financing models will likely remain among the top priorities for Congress and regulators.

Health care stakeholders will face escalating pressure to articulate their cost-to-value narrative as quality and cost information is made more readily available to health care purchasers at all levels, ranging from the federal government to employers to individuals.

Alternative payment models continue to grow in importance for providers participating in government programs and commercial contracts as headwinds strengthen against traditional fee-for-service reimbursement systems.

In response to the COVID-19 public health emergency, regulators eased rules around telehealth and other virtual care services. While congressional action would be required to make permanent changes to Medicare reimbursement policy, Medicare Advantage and other commercial payers are continuing to explore virtual care options.

5 actions to take now

1. Engaging with regulators and staying abreast of legislative and regulatory activity will be as important as ever. Easing enforcement of some rules and requirements has gotten a lot of attention in recent months, but stakeholders shouldn't lose sight of the major health care policies that were finalized with aggressive timelines over the same time period.
2. To innovate and meet the growing emphasis on consumerism and adoption of technology, health care organizations should consider investing in new types of capabilities. Forging alliances outside of the traditional health care players and exploring relationships with new stakeholders can support an effective response.
3. Direct access to cost and quality information will increase pressure on health care organizations to answer questions such as: Why does this service cost this much? What do I get for that money? Does higher cost mean a better health outcome? Health care organizations need to understand how buyers of health care services will leverage health care information and the role of data aggregators to support individual decision-making.
4. The public health emergency highlighted the benefits of alternative payment models versus fee-for-service reimbursement models. Health care organizations should assess the opportunity to move to revenue models based on population health management.
5. Adoption and utilization of virtual care by clinicians, payers, and patients increased dramatically during the public health emergency. As it has become standard for health care organizations to incorporate virtual health services into a broader approach to care delivery, stakeholders should consider new protocols around documentation and utilization management to manage potential risks related to quality and improper payments.

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