

US Connected Health Market Analysis Report



Overview

This report aims to provide an overview of the healthcare eco-system, with particular focus on Connected Health, within the US. This report gives an overview of potential routes to market for CH companies within the US market, focusing in particular on the key drivers of Connected Health in the market, and key healthcare trends which have the potential to influence adoption of Connected Health within the region.

It then explores one state in the US to illustrate a more detailed analysis of the potential for Connected Health companies within the region. Pennsylvania was chosen in consultation with the ARCH Industry Steering Committee (ISC) as an exemplar US state on which to focus our initial analysis of the US market. The report looks at the overall healthcare financing structure in the state – i.e., who pays for healthcare services; the latest trends in terms of healthcare reform and innovation in the state; the current context of Connected Health within the state, and the key drivers; opportunities and threats in the Pennsylvania healthcare market for Connected Health companies.

Methodology

This report is based on desk-based, secondary analysis of the US and Pennsylvania healthcare markets. Drawing on a wide range of official government statistics; public policy information and reports; third-party analyst reports on the market; and information from industry bodies, this report draws together the key trends in the market and aims to capture the key insights regarding the potential opportunities for Connected Health within the US in general and the state of Pennsylvania in particular.

Key Findings

- The US is a large market with a lot of potential for Connected Health providers. The movement towards integrated healthcare and innovative ways of reforming healthcare provision so as to make it more economically and clinically efficient, provide many opportunities for Connected Health providers in the US¹.
- A key challenge faced by the US healthcare system is the unsustainably high cost of healthcare which, despite being the highest per-capita spend amongst the OECD countries, delivers mixed returns in terms of value for money². The Federal government are attempting to meet this challenge by introducing measures which aim to reform the healthcare system and create better value for money. These measures include a movement towards value-based-purchasing and integrated healthcare models. These are initiatives which both enable Connected Health and which Connected Health has the potential to support³

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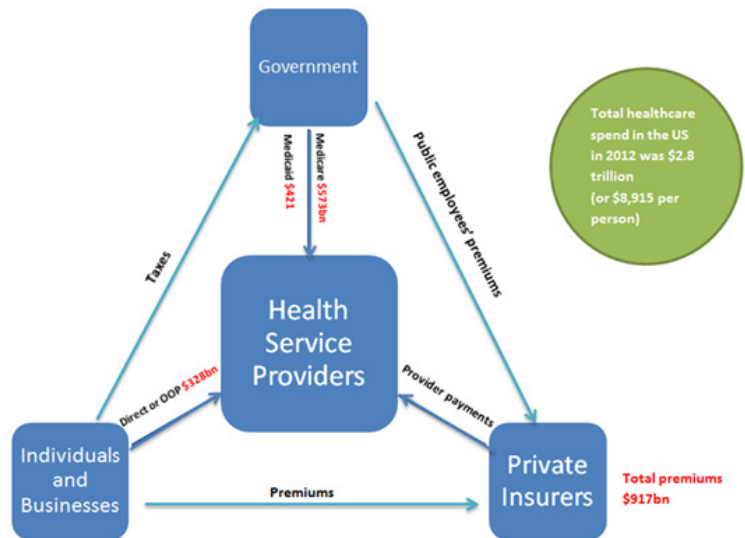
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Figure 1: High-level flow of payments in the US healthcare system – health spending by major sources of funds 2012⁵

- The US healthcare system is financed by a complex multi-layer and multi-payer system. Health insurance companies pay for the services that patients get, and the patient, the government, or the patient's employer pays for the health insurance (see figure 1 for more details). This creates complexity in the revenue model as different payers do not always share the same aims, objectives and agendas; and even when they do, they lack the ability, or perhaps desire, to work together to lobby for greater price controls and a comprehensive movement towards value-based purchasing (which are key to enabling the Connected Health market to grow)



- To date, telehealth in the U.S. has succeeded in only a few settings: most notably, integrated payers and providers such as Kaiser Permanente (through its KP OnCall subsidiary) and US Department of Veterans Affairs medical centers (through the Veterans Affairs Care Coordination/Home Telehealth program).
- US companies are amongst some of the leading providers of Connected Health solutions globally and so the US market presents new entrants with challenges in terms of a strong competitive landscape – partnering with existing US players may be a potential route to market.
- Both the federal and state government are key drivers of Connected Health in Pennsylvania – with an increased focus on providing funding and other supports to enable the Connected Health market to grow.
- Pennsylvania's Healthcare Innovation Plan (December 2013) puts Health IT (particularly electronic health records and Telemedicine) at the heart of its planned reforms for the provision and payment of healthcare in the state – creating many opportunities within the Connected Health sector⁴.

References

¹ For example the Patient Protection and Affordable Care Act 2010 <http://www.hhs.gov/healthcare/rights/>; <http://www.hhs.gov/healthcare/facts/timeline/index.html>; <http://kff.org/health-reform/fact-sheet/summary-of-new-health-reform-law/>; <http://kaiserfamilyfoundation.files.wordpress.com/2011/04/8061-021.pdf>

² Squires, D.A. (2012) Explaining High Health Care Spending in the United States: An International Comparison of Supply, Utilization, Prices, and Quality. The Commonwealth Fund

³ <http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/hospital-value-based-purchasing/index.html?redirect=/hospital-value-based-purchasing/>

⁴ Pennsylvania State Health Care Innovation Plan December 2013: [http://www.portal.state.pa.us/portal/server.pt/community/departement_of_health_information/10674/center_for_medicare_and_medicaid_innovation_\(cmmi\)/1535774](http://www.portal.state.pa.us/portal/server.pt/community/departement_of_health_information/10674/center_for_medicare_and_medicaid_innovation_(cmmi)/1535774)

⁵ National Health Expenditures 2012 Highlights: <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html>

Companies with a commercial interest in these connected health opportunities or who are intertested in collaborating with ARCH should contact Alica May, Project Co-ordinator on info@arch.ie or call 01 7165400.