

Healthcare industry: Top trends for 2024

Transcript

DAVID TYLER: Hello, I'm David Tyler, the National Managing Principal for Healthcare at Grant Thornton. As we move headlong into 2024, we want to address a couple of prevailing trends that we see in the marketplace. It should be top of mind for each of you as healthcare leaders and your respective organizations.

First, personalized medicine is on the rise. This comes across in both clinical and business applications. We will be looking for treatment plans that are unique to the individual, using genomics and artificial intelligence diagnostics, and that will pave the way for improved communication, and ultimately outcomes, for our patients. On the business side, personalized options as to where you receive care—care closer to home, outpatient settings—will continue to drive forward in 2024, and as health systems, we need to embrace that and really even to get ahead of it.

Second, a continued focus on process and workflow automation. across both clinical settings and clinical care delivery itself. First, clinical care delivery—using genomics, artificial intelligence and automation, we will see customized medicine for individuals based on the unique circumstances and the conditions which they're getting treated. On the business side, we need to look for repeatable processes that we can use automation to help drive efficiency, reduce cost, and ultimately incorporate machine learning, artificial intelligence and robotics. This is no longer cutting-edge, this is table stakes for us on the go-forward in 2024 and beyond.

Third, private equity infusion will continue in 2024 at unprecedented levels. In the last several years, \$100 billion a year has been driven into the healthcare market, and we see that quickening in 2024. But aggregation is not the only game. If private equity firms are unable to add differentiated value, and not just accumulate and aggregate revenue, they will ultimately be a loser. And the last private equity firm to overpay for a company based on revenue without adding value will be the ultimate loser. We've seen this before in previous years, and I think 2024 will be ripe for that again.

Fourth, the healthcare market will drive merger and acquisition activity on unprecedented levels in 2024. There are clearly winners and losers in the hospital and healthcare ecosystem, and as such, consolidation becomes inevitable. But just like in private equity, the winners within the consolidation game will be those health systems that truly integrate, that truly manage the organizations they merge with differently, have differentiated business outcomes and ultimately clinical outcomes. Because again, aggregation of revenue as a health system is not a strategy in and of itself.

Finally, the fifth is that ... and the least sexy of all the topics ... is that the fundamentals of healthcare are still really, really important. With inflation around labor, supplies, technology costs, running at a rate that's double that of our payment rates that we get from the government, as well as from private commercial carriers, that is an unsustainable problem. We have to be able to fix that. And we have to focus on those things, using cool and innovative technologies, but also doing it with our sleeves rolled up, getting our hands dirty, and doing the fundamentals well. We have to be able to recruit, we have to be able to retain, we have to be able to negotiate, we have to be able to manage differently, we have to be able to collect and run our businesses as well as we possibly can. We have to be rigorous, we have to focus on cost reduction, and we have to maintain a culture where continued improvement is pinnacle to what we want to be able to accomplish.

For all of these items, they should be not only in your strategic plan, they should be in your capital plan, they should be addressed by acceleration in your technology portfolio, and they should be in your personal agenda, personal calendars of the things that we do every day. If we focus on these things, I think we'll see a couple of unique and promising outcomes. One, we will fiscally perform better. We will do better financially. And two, our patients and their outcomes will be dramatically improved as well. And I think those two things are not nearly as opposed or opposite as we once thought they were. We can, in fact, have a bright future that takes care of people in a better way and in a more financially and sustainable way for each one of us in the communities we get to serve.

Thank you and have a great 2024.



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