

# Adapting Healthcare Business for the Future



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## How to adequately future proof your business

Healthcare professionals have largely been shielded from the disruption visited upon those working in many other industries. But Mahesh Roy, National Segment Head of Healthcare at Macquarie Business Banking, says the disruption that's agitated so many other sectors will soon impact the healthcare industry.

Two things Roy doesn't see changing are governments continuing to fund a universal healthcare system and the public continuing to hold medical professionals in high esteem.

"Having an economic ecosystem that is in part funded by tax revenue means healthcare businesses aren't as exposed to Darwinian competition," he says.

This means healthcare business owners – and their staff – have traditionally had the luxury of some breathing space. But Roy warns that "transformative change isn't just looming, it's arrived."

## Health costs will continue rising, medicos' fees won't

An ageing, longer-living population, the growing impact of lifestyle diseases and the development of medical procedures, prescription drugs and medical technologies means healthcare in its current state is becoming costlier to society.

There are two things health insurers and governments can generally do to keep health budgets under control: ask patients to pay more or pay healthcare providers less.

## Many more one-stop healthcare hubs with a corporate structure will emerge.

As has been well-publicised, federal governments have, with varying levels of success, tried both approaches: through attempting to introduce a GP co-payment; freezing Medicare rebates and favouring non-elective surgeries.

Meanwhile, rising private health insurance premiums have recently resulted in a growing number of consumers cancelling or downgrading their health insurance.



The future is high volume, low margin

A professional could halve their fees and maintain their income, as long as they're able to double the number of customers they service. That's the approach Roy suggests could be increasingly embraced in the future.

"Look at the I-MED Network," says Roy. "It has invested in technology such as state-of-the-art PET/CT scanners that more efficiently identify tumours and evaluate the effectiveness of cancer treatments."

It's not hard to envisage a future where healthcare businesses generate as much revenue as they do now, and possibly significantly more, by harnessing automation. This will go hand-in-hand with better healthcare outcomes.

## Corporatisation is approaching a tipping point

Roy argues the days of healthcare professionals getting a qualification, putting up a shingle and running a one-person practice are ending. He points to two forces driving that.

Healthcare professionals and businesses should prepare for an imminent great leap forward.

"Firstly, younger healthcare professionals are less interested than their predecessors in a business that requires them to be there 10 hours a day, five to six days a week or even remaining in the same suburb, city or country for that matter" he says.

"Secondly, disruption forces industries to become much more efficient. The traditional arrangement of a receptionist and one or two doctors in a suburban strip mall isn't going to be as efficient a model in the coming era."

Does that mean healthcare professionals should resign themselves to becoming performance-monitored cogs in mega-clinic machines?

"No, though some individuals may be quite happy to work in a large clinic or consult around the place to fit in with their lifestyle as is being seen in other industries like law and consulting where the 'uberisation' approach is becoming more prevalent," Roy says.

"But what I suspect will happen is many more one-stop healthcare hubs with a corporate structure will emerge. They'll have numerous doctors, dentists, specialist and allied health practitioners on-site who will refer patients to each other and provide a more seamless healthcare experience tailored for the customer."

Roy sees entrepreneurial healthcare professionals in these health hubs receiving a revenue stream from the patients they see, as well as getting a cut of the profits of the business or businesses they own and help operate.

They'll be able to enjoy the savings that come from sharing a facility and staff, increase purchasing power and other benefits of scale. More importantly, they'll be part of an enterprise with the time and resources to invest in the technology that's going to be crucial to remaining competitive.



## The unequal distribution of the future

The global healthcare industry has been slow to adopt the kind of technology – cloud services, document and data digitisation, outsourcing, reconciliation and automation – that's now commonplace in other industries.

Roy suggests healthcare professionals and businesses prepare for an imminent great leap forward.

"In some ways, it's incredible how little the way a primary healthcare visit has changed over the last century," he says. "A patient comes in for a face-to-face consultation. They might be examined using a stethoscope, a 200-year-old instrument, or some other equipment or technique that while tried and tested, has probably been surpassed in terms of accuracy. After looking through an often incomplete patient record, the healthcare professional then provides a piece of paper that the patient needs to hand to a pharmacist or a medical specialist to explain what's been observed or what medicine is appropriate."

Roy argues the automation of back-office processes is already quietly transforming the industry.

"Ask yourself how competitive a bank that doesn't offer online banking would be nowadays," he says. "Now consider how competitive in 2020 a healthcare business will be if it's not taking full advantage of My Health Record, so new patients don't have to spend 10-20 minutes detailing their medical history? Or if it is still paying staff \$25 an hour to manually complete all the administrative tasks a cloud-based and integrated practice management software system can handle?"

## Patient experience will become more, not less, important

Counter-intuitively, Roy argues people skills will become even more of an asset as many of the tasks medical professionals once

completed are automated.

Roy believes the sci-fi scenario of people being scanned by a machine that then prints out a treatment plan and prescription is a long way off broad consumer acceptance.

The low take-up of many e-health services, such as consultations conducted via video conferencing, suggests Roy is right in believing face-to-face human interaction is still something healthcare consumers place a lot of value on.

That noted, he says consumers will expect healthcare providers to have invested in the systems that make interacting with them almost frictionless, with user experience and design thinking playing a much greater role in attracting and treating patients.

"Technology will allow them to easily make appointments, make payments, get reimbursed for those payments and have referrals, test results, their medical history and other data securely shared among all relevant parties. This, alongside a personalised experience tailored to their preferences for things like modes of transport to a consultation, appointment times and even entertainment whilst waiting or being treated will be key to patient purchasing decisions," Roy says.

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