

Healthcare Industry Outlook



Introduction

Innovation is critical to the healthcare industry. But given the complexity of modern healthcare, the sector has struggled to integrate new technology, sometimes lagging a decade or longer behind other industries. Then the pandemic came—and everything changed.

As contactless and virtual services became ubiquitous across industries, providers had to find new ways to connect with the people they serve. Patients scheduled appointments, filled paperwork and paid for services from phones and computers. Prescriptions, charts, lab results and imaging scans could be securely accessed and shared with the touch of a button.

Suddenly, the healthcare industry bypassed long-standing barriers to adopting new technologies. There's no turning back.

The past few years brought an influx of new healthcare investments, a focus on equitable care and a shift in the labor force. All these changes provide new possibilities and new challenges. This e-book examines five trends in the healthcare services industry that we expect to shape the sector in the near future.

CONTENTS

A shift to more equitable care

A shrinking workforce

An investment in the future

Contactless everything

Emerging technologies

The future of healthcare

Bret Schiller
Head of Healthcare
Corporate Client Banking
and Specialized Industries
J.P. Morgan

Jeff Lin
President, InstaMed
Managing Director, J.P. Morgan

A shift to more equitable care

The pandemic has heightened the focus on health and inequities and spurred action that will continue even as the health crisis has subsided. COVID-19 data pointed to a number of health disparities that put communities of color and other underserved populations at higher risk of not only being exposed to the virus but also becoming seriously ill, hospitalized or even dying from it.

Although these disparities have long existed, statistical reports and round-the-clock media coverage throughout the pandemic brought the pervasiveness of health inequities to the forefront and amplified the need for action. To address the disproportionate impact of COVID-19 on underserved populations, the federal government assembled a COVID-19 Health Equity Task Force that [issued several recommendations](#).

Several factors—including living conditions, occupation, education and income—correlate to the risk of exposure to the COVID-19 virus, according to the Centers for Disease Control and Prevention. These gaps disproportionately affect racial and ethnic minority groups.

Well after Food and Drug Administration approved several COVID-19 vaccines, Black and Hispanic populations are still less likely than white populations to have been vaccinated.

2.3x

Black, non-Hispanic persons are 2.3 times more likely than white, non-Hispanic persons to be hospitalized due to COVID-19, and **1.7 times more** likely to die from the disease, according to the CDC.¹

Care providers recognize that care equity benefits everyone. Access to proactive and preventive care results in fewer acute episodes and hospital stays, making practices and health systems more efficient.

There are still opportunities for additional programs and initiatives to advance health equity in the areas of education, delivery, research and practice—and potentially to close the gaps throughout healthcare and society.

CONTENTS

A shift to more equitable care

A shrinking workforce

An investment in the future

Contactless everything

Emerging technologies

The future of healthcare

A shrinking workforce

Labor shortages are hindering businesses across every industry. The high demand on healthcare workers has caused many to quit or retire.

Pressures in the healthcare industry began mounting before 2020. According to an Association of American Medical Colleges survey, 40% of the country's practicing physicians felt burned out at least once a week before the COVID-19 pandemic started.²

In addition to the stressful environment for healthcare workers and patients, the labor shortage is contributing to dwindling profits for healthcare systems, clinics and practices already hit by a decrease in elective surgeries and procedures².

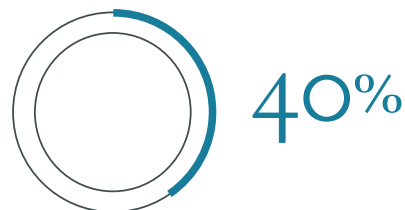
As the baby boomer generation gets older and average life expectancy goes up, the number of people needing care is on track to exceed the number of available providers. Many care providers in the workforce are themselves reaching retirement age.

Implementing technology can help alleviate some shortages in healthcare. New care delivery methods such as telehealth and electronic forms and payments can minimize the number of back-office and front-office staff needed for office appointments. Shifts in authority allowing nurse practitioners to take

on more duties, such as writing prescriptions, have also helped alleviate some of the strain caused by a shortage of doctors.

Technology can streamline processes, but it isn't enough. Addressing these labor challenges will require solutions at federal, state and local levels. Since July 2021, an ongoing \$103 million initiative by the U.S. Department of Health and Human Services has provided funds to promote mental health, support training and build resiliency among the health workforce over the next three years. [An additional \\$100 million](#) in federal funding was allocated for state-run programs that support, recruit and retain primary care physicians who live and work in underserved communities.

Beyond these efforts, the healthcare industry needs to continue addressing care delivery models. Shifting from fee-for-service models to value-based care may not alleviate short-term labor shortages, but it could reduce labor needs downstream.



of the country's practicing physicians felt burned out at least once a week before the COVID-19 pandemic started.²

According to a recent report, clinical labor costs are up \$24 billion per year compared with pre-pandemic numbers.³

CONTENTS

A shift to more equitable care

A shrinking workforce

An investment in the future

Contactless everything

Emerging technologies

The future of healthcare

An investment in the future

Whether creating new vaccines in record time or developing technology to connect patients and doctors remotely, the pandemic inspired businesses to innovate like never before. Venture capitalists who saw the opportunity—from both a financial and a social responsibility perspective—have provided backing to bring these ideas to market at speed and scale.

Investments in healthcare startups reached unprecedented highs in 2021, though valuations have dipped and IPOs are down sharply in 2022.

Investors across the board are deploying capital in technology, with a focus on creating more effective and comprehensive virtual experiences, developing enhanced analytical capabilities, and providing innovative and equitable care delivery solutions.

The focus on inequities in healthcare has inspired large healthcare companies and tech startups to find solutions that bridge gaps and make care more affordable and accessible.

Many women-owned startups are increasingly keen on women's health. Despite women controlling the majority of households' healthcare decisions and spending, there remains a vast untapped market for women's health services.

The market is also investing in fertility. Many women are having children later in life and exploring their fertility options, creating a greater need for creative, comprehensive reproductive healthcare. A growing number of female-founded platforms are designed to empower women, destigmatize health issues and provide a full range of care in a welcoming environment.

CONTENTS

A shift to more equitable care

A shrinking workforce

An investment in the future

Contactless everything

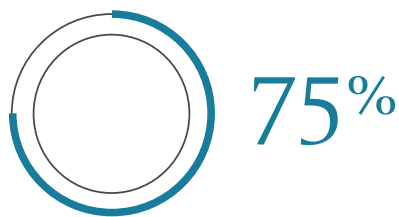
Emerging technologies

The future of healthcare



Contactless everything

Crowded waiting rooms. Stacks of forms. Cash copays. Invoices months after appointments. That was how many practices were operating just a few years ago—and some may still be.



According to InstaMed's
"Trends in Healthcare Payments"

2021 report, 75% of providers use paper and manual processes to collect payments. And 64% do so for patient check-ins.⁴



According to the InstaMed report, 91% of consumers prefer an electronic payment method for medical bills. More than 80% want to keep using one or more virtual and self-service options.⁴

The healthcare industry has made tremendous strides in playing catch-up on the digital front, but it's a long process. Physician practices and health systems work with multiple commercial and local carriers, payers and providers, and other vendors. Getting everyone to work with a new system or redirecting funds to a new account takes a lot of manual labor, phone calls and emails. Many providers don't have the staff or time to do it.

Despite the strain it puts on resources to implement many of these technological advancements within healthcare practices, the time is now. Simplified digital experiences in healthcare are no longer a nice-to-have—they're a must-have. Consumers demand more convenient, contactless experiences that other industries have already provided for years.

Shifting to digital systems won't happen overnight, but we will likely see even more companies and providers make the transition in the near future.

CONTENTS

A shift to more equitable care

A shrinking workforce

An investment in the future

Contactless everything

Emerging technologies

The future of healthcare

Emerging technologies and threats

More advanced technologies have given birth to more sophisticated cybercrime. Since the start of the pandemic, we've seen a surge in not only the number of fraud attempts but also their reach and complexity. While no industry is exempt from these threats, the healthcare industry has been hit especially hard by ransomware. And it's still on the rise.⁵

In 2021 alone, there were 148 ransomware attacks reported to the FBI's Internet Crime Complaint Center involving U.S. healthcare or public health organizations, making them the most frequently targeted sectors.

A majority of the incidents in the sector impacted health clinics and health services organizations rather than hospitals and health systems.⁶

Ransomware attacks will likely continue to increase as healthcare organizations collect and store more data.

Attackers know that health companies hold sensitive patient information. Privacy laws make a breach an even greater concern for healthcare companies. Cybercriminals can virtually hold hospitals, health service centers and patients captive—causing disruptions that could destroy critical business functions and put patients' care—and possibly their lives—in danger.

Looking ahead, these attacks show no signs of slowing down. Businesses should take [several steps to protect themselves](#) from being attacked or lessen the impact if they are, including:

- Organizationwide cybersecurity education and training exercises on phishing attempts
- Separate networks for critical systems and employees' and patients' personal devices
- Immutable system backups to restore data encrypted in an attack
- Regular security patching of software, using a risk-based approach
- Due diligence on vendors' cybersecurity measures and risks
- Close consultation between executives, information technology staff and HIPAA compliance professionals

CONTENTS

A shift to more equitable care

A shrinking workforce

An investment in the future

Contactless everything

Emerging technologies

The future of healthcare

The future of healthcare

As the healthcare landscape continues to evolve, new digital tools will shape the future of care delivery methods, payments and health records. Capital flowing into the space will continue to propel innovation, consolidation and optimization. At [J.P. Morgan](#), we have the resources and experience to help healthcare services organizations navigate the ever-shifting healthcare landscape.

CONTENTS

A shift to more equitable care

A shrinking workforce

An investment in the future

Contactless everything

Emerging technologies

The future of healthcare



Sources

1. "Risk for COVID-19 Infection, Hospitalization, and Death By Race/Ethnicity" Centers for Disease Control and Prevention, September 15, 2022.
2. "The Complexities of Physician Supply and Demand: Projections From 2019 to 2034," Association of American Medical Colleges, June 2021.
3. "PINC AI Data Shows Hospitals Paying \$24B More for Labor Amid COVID-19 Pandemic," Premier Inc., October 6, 2021
4. "Trends in Healthcare Payments Twelfth Annual Report: 2021," InstaMed, March 2022.
5. "Interpol Report Shows Alarming Rate of Cyberattacks During COVID-19," Interpol, August 4, 2020.
6. "Ransomware Trends 2021," Department of Health and Human Services, June 3, 2021.



For more information, please contact your Chase or J.P. Morgan representative or visit: chase.com/cb

Chase, J.P. Morgan and JPMorgan Chase, are marketing names for certain businesses of JPMorgan Chase & Co. and its affiliates and subsidiaries worldwide (collectively, "JPMC"). Products and services offered by JPMC and its affiliates are subject to applicable laws and regulations, as well as our service terms and policies. Not all products and services are available in all geographic areas or to all customers. This material does not include all applicable terms or issues and is not intended as an offer or solicitation for the purchase or sale of any product or service. This material is not intended to provide legal, tax, investment, accounting, financial, business, real estate, technology or other advice, and should not be used for or relied upon for these purposes. Any views, opinions, estimates and strategies expressed in this material are those of the respective individual contributors, authors or speakers, and may differ from those of Commercial Banking or other JPMC employees and affiliates. Any market and/or economic commentary in this material in no way constitutes J.P. Morgan research and should not be treated as such. Further, the views expressed in this content may differ from that contained in J.P. Morgan research reports. The content in this material has been obtained from sources deemed to be reliable, but JPMC makes no representation or warranty as to its accuracy or completeness. In no event shall JPMC nor any of its directors, officers, employees or agents be liable for any use of, for any decision made or action taken in reliance upon, or for any inaccuracies or errors in or omissions from, this material.

© 2022 JPMorgan Chase & Co. All rights reserved. "JPMorgan", "JPMorgan Chase", and the JPMorgan Chase logo, are registered trademarks of JPMorgan Chase Bank, N.A. JPMorgan Chase Bank, N.A. Member FDIC. Deposits held in non-U.S. branches are not FDIC insured. Visit jpmorgan.com/cb-disclaimer for full disclosures and disclaimers related to this content. 1444032