



REPORT

2022 HEALTHCARE & LIFE SCIENCES OUTLOOK

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INTRODUCTION

It is frequently said but cannot be overstated: The COVID-19 pandemic has intensified existing pressure on the healthcare industry to deliver high-quality, personalized care at lower costs to more people. Even the dynamics among payers, providers, and life sciences companies have been affected, as each has had to contend with disruptive forces in their own ways. But where is the industry headed from here?

We think of the traditional relationship between payers, providers, and pharma companies as triangular, with the consumer (the patient) in the middle. Historically, each point of the triangle has had a vital role to play in achieving favorable outcomes—for patients and other stakeholders—but they have typically operated under somewhat different sets of goals and incentives. This dynamic makes the connecting sides between those points sometimes hard to identify and define, and the space inside the triangle difficult to traverse.

Much work has been done, especially in recent years, to create a sturdier, more tightly connected, and more navigable healthcare ecosystem. The pandemic's negative effects notwithstanding, it nevertheless accelerated that movement, effectively bringing the points of the triangle closer together and increasing the frequency and nature of the interplay between each point. At the same time, the healthcare consumer, both as a result of changing preferences and expectations as well as the more circumstantial conditions in and around the healthcare industry, now exerts increased influence, presenting new opportunities for all.

As the industry looks ahead to 2022, three themes stand out above the rest: costs, consumerism, and growth. How will each point of the triangle contain costs, approach consumerism, and manage growth—all at the same time?

The answer is nuanced, of course. In this outlook, we offer our take on how payers, providers, and life sciences companies—respectively and together—will approach these areas. We see digital as the connective thread, as it is clear that not only new technologies themselves but also their applications and the resulting operating model shifts will be vital across the board.

THE INDUSTRY AT A GLANCE

The effects of the pandemic will reverberate for years to come in the healthcare industry, but different sectors had a markedly different experience. Payers, for instance, had a banner year in 2020, leaving them in an advantageous position at the start of 2021. Healthcare providers bounced back from the dramatic slowdown in elective procedures in 2020 and weathered pervasive uncertainty, in part thanks to massive spending by the federal government (and, of course, Herculean efforts by clinicians and nonclinical staff alike). Meanwhile, the race to develop and roll out COVID-19 vaccines gave pharma companies an extended stay in the spotlight.

But the industry isn't being reshaped by the pandemic alone. Yes, healthcare and life sciences organizations have spent the past year seeking to regain or establish their footing in a continually shifting environment. Executives have focused on adapting and shoring up their organizations, reassessing their investments, and ensuring they have the talent and capabilities they need to compete and maintain flexibility.

Notably, though, the long sought-after goal of interoperability now seems closer than ever, thanks in part to new legislation and the pressures of the pandemic. In addition, the industry's sustained technological and operational investments have created a more dynamic, better-connected healthcare ecosystem. Payers, providers, and life sciences organizations alike will need to become more and more digital: data-driven, analytically minded, interconnected, and individually committed to iterative and ever-evolving improvements to all facets of the healthcare experience.

This digital movement is what connects our three themes of costs, consumerism, and growth—each of which will influence every facet of healthcare operations in 2022 (and beyond).

- ◆ **Costs.** Reining in operating costs and managing costs of care have continued to be top priorities across the industry—a task that will be enabled by a range of digital technologies. The implementation of new strategy for care, sales, and patient support accelerated during the pandemic, providing a path to cover more ground, address inefficiencies, and improve patient outcomes.
- ◆ **Consumers.** Healthcare consumers are bringing heightened expectations for service that have been set by leading digital companies. Healthcare and life sciences companies need to be prepared to redefine how they interact with consumers. In many cases, that will mean adopting an omnichannel strategy and digital technologies to ensure consistent, seamless interactions.
- ◆ **Growth.** The return to more normal operations has been accompanied by a renewed focus on growth. Industry consolidation—particularly in the middle market—is accelerating. Incumbents are responding to market disruption and changing consumer demands by buying capabilities and achieving economies of scale. Data suggests large incumbents are placing bigger bets: Through Q3 2021, the total number of deals was just half that of 2020 (34 vs. 62), but the average deal size jumped 40% to \$659 million.

In the pages that follow, we'll explore how payers, providers, and life sciences companies can reach consumers more effectively in 2022 while cutting costs and enhancing outcomes. We expect competition over consumers that will reshape and connect the roles of payers, providers, and life sciences companies going forward. We also expect digital to inform strategy and support the capabilities needed to excel. Organizations that can make progress on interoperability will usher in the possibility of more productive collaborations between payers, providers, and patients.

◆ **CHAPTER 1**

Payers: Building on an advantage

CHALLENGE

Despite the challenges presented by the pandemic, payers started 2021 from an enviable financial position. In 2020, they recorded 10-year highs in revenues (\$31 billion) and profit margin (3.8%). To continue this trajectory, payers must find ways to effectively contain costs while diversifying revenue streams and making services and information more accessible to their customers.

TRENDS

Data aggregation and management

Thriving in an increasingly consumer-centric, connected healthcare ecosystem requires the ability to effectively aggregate, manage, analyze, and share data. By virtue of their role in the functioning of that ecosystem, payers in some respects hold the keys to the industry as a whole. This is not at all to say that the onus is solely on health plan organizations to advance efficiencies and cost effectiveness across the healthcare triangle, but simply to acknowledge that payers have access to considerable amounts of data that, when harnessed, can play a huge part in where the industry is heading—particularly in terms of the ongoing movement toward interoperability.

The trouble is often that, despite that wealth of data, it can still be hard for such large and multi-faceted organizations to make their data as actionable and available as it needs to be to support decision-making—not only across the enterprise but for other stakeholders as well. Standardization of data-driven decision support, while pragmatic, has had the unfortunate side effect of creating a lowest common denominator of enterprise analytics. That limits insight generation to a linear dependency on a centralized analytics organization housing multiple versions of datasets. The good news, however, is that most health plans already have the capabilities needed to break out of this situation and open up what we call an “insight democratization” approach.

Cost containment

Medical cost increases stemming from such factors as aging populations, the prevalence of chronic conditions, and trends in utilization continue to put pressure on payers’ bottom lines. At the same time, administrative costs have been a perennial challenge due to the lack of automation, prevalence of manual work arounds, and continued usage of time- and cost-intensive processes (mail, fax, etc.) as well as outdated technology that is not scalable.

Moreover, inefficient processes and monolithic systems are increasing this tech debt, while sophisticated visions for digital transformation to turn the tech debt tide are often lacking. Faced with alert competition, regulatory pressures, heightened consumer expectations, and internal concerns around cost and the need to quickly solve immediate issues, decision-makers are frequently compelled to choose patches and short-term fixes over the bigger strategic picture, perpetuating the problem. As the business model for payer organizations continues to evolve, there is a level of expertise required to navigate the current and future state complexities and devise a plan on where to start.

Digital, data-driven stakeholder engagement

Building on that last point, organizations must modernize legacy technology, redesign critical business processes, and connect operations across disparate functional areas if they want to keep up with the expectations of their consumers and stakeholders. This growth of constituent expectations (specifically members and providers) is playing a significant part in the evolution of the standard payer operating model, putting pressure on organizations to deliver holistic services and provide better experiences.

Digital trends and consumerism across (and around) the industry are intensifying pressures around leveraging data, analytics, outreach and communication, and new tech to influence behavior and support more comprehensive, integrated, and data-driven experiences. Payers have an opportunity to harness digital technologies and channels to strengthen their engagement with other stakeholders. Rising expectations continue to put pressure on health plans to deliver holistic services and provide customers with better (and more data-driven) experiences that help keep medical costs in check while alleviating some of the administrative burdens that tend to drive up operational expenses. Digital and data are also foundational elements to enable payers to engage with providers to manage risk and achieve better outcomes at reduced costs.

Competition & convergence

Growth in conventional lines of business and products is not enough as new entrants, both well-capitalized technology players and investor-backed start-ups, are pursuing aggressive plays to disrupt traditional business models and diversify revenue streams.

THE RISE OF BLOCKCHAIN IN HEALTHCARE

To date, the promise of blockchain has been most fully realized in cryptocurrency. Pilots in industries such as marine shipping and financial services are exploring its potential value as a secure, immutable information-sharing platform. For healthcare payers, blockchain's main application could be the digitization of manual tasks or those involving a broader network for external parties. For instance, Hashed Health has partnered with a number of stakeholders, including Accenture, WellCare, Spectrum Health, National Government Services, Hardenbergh Group, and HealthLink Dimensions, to develop a credentialing system on blockchain. Executives should actively monitor developments and use cases in healthcare and other industries.

This is particularly true for dental payers, as the standalone model continues to be threatened by health plans and other types of insurance providers as those organizations look to add dental coverage into bundled offerings in order to expand their membership by making these bundled offerings too attractive to pass up. Also, needs around government contract (Medicaid) readiness and age-in strategies (Medicare) pose challenges to effective revenue stream management, while the continued growth of non-medical benefits is leading to investments in tech and spurring consolidation activity.

TAKING ACTION

Omnichannel engagement

Payer organizations are thinking more about the ways they engage with their members to impact utilization and influence overall behavior, as well as how they manage their provider networks.

From the member engagement standpoint, moving to a more consumer-centric business model is going to remain top of mind as the shift toward value-based care continues, requiring a strong vision and culture shift, as well as the development (and recruitment) of new, digitally oriented skills. To design seamless interactions, payers must start by placing the consumer at the center. This perspective can support the development of a comprehensive consumer strategy that combines digital engagement, self-serve options, and high-touch channels.

In terms of provider experience, health plans must look to innovate and strategically partner with health systems and provider platforms to advance beyond the minimum-mandated interoperability requirements and transform their provider lifecycle management to meet the needs of their strategic lines of business and market geographies. The modernization of fragmented legacy technology

systems is essential to supporting more consumer-centric operations, whether that's for providers, members, or other internal and external stakeholders. Investments in these areas should be accompanied by the redesign of critical business processes and efforts to connect operations across disparate functional areas. Payers may need to upend existing operational models to forge a more agile and responsive organization that can begin to move at the speed of digital leaders.

Revenue stream diversification

Many payers are reassessing their offerings and adding additional products and bundles to diversify revenue streams and gain a competitive advantage in an increasingly consumer-oriented market. For example, as our analysis has shown, the share of health plans offering dental insurance products rose from 68% in 2018 to 80% in 2020. For dental payers, this convergence presents both a challenge to their standalone business model and an opportunity to partner with new entrants and embed their benefits in health plans.

Revenue stream diversification through multi-line/bundled products is needed to stay competitive. Standalone dental plans should position themselves strategically by optimizing internal processes and identifying a unique value proposition—such as reimbursement speed or portal quality—that will contribute to success under convergence. Dental and ancillary payers need to innovate around product offerings, ready themselves for government contracts, and look to diversify revenue streams through vertical integration (PBM, ambulatory, retail) and the convergence of ancillary benefits (dental, vision, behavioral).

Additionally, some big payers are joining forces with tech companies to create new, vertically integrated structures, and we expect these kinds of moves to continue in 2022. These organizations are making big bets on the use of

CONSUMERISM AND THE MOVE TOWARD DIGITAL

Through digital technologies, payers can also help customers improve their health and well-being and manage chronic conditions more effectively. Cigna's merger with Express Scripts, for example, provided them a direct line to patients, sustained by their automatic 30- and 90-day refill programs, the myCigna app, and an exclusive Cigna membership ID card. In addition, payers can use digital channels to remind customers to adhere to treatments and provide incentives for engaging in healthy activities.

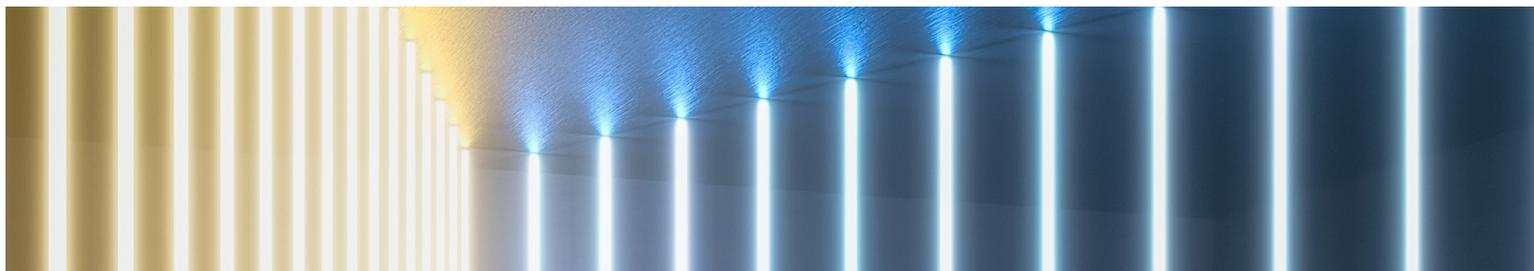
technology to improve patient engagement and care delivery, as well as a means to support and enhance preventative care. As one example, UnitedHealthcare has partnered with Apple to offer its three million commercial members [free access to Apple Fitness+, a service tailored to the Apple Watch.](#)¹

The ongoing move to value-based care

Momentum in the transition from fee-for-service to value-based care (VBC) has taken a hit with the pandemic. Still, this is where the industry is heading, and digital will be a major part of realizing the promises of the more effective allocation of healthcare resources, lower costs, and better outcomes. Since VBC essentially shifts risk to providers, it will require a different level of payer-provider engagement and collaboration than is

needed in a fee-for-service scenario. Payers can take several actions to support this move, such as educating patients on how to become more active participants in their care, exploring ways to share data with providers to achieve mutually beneficial outcomes, and working with stakeholders across the spectrum to address the social determinants of health.

UPMC, for example, opened its Center for High-Value Health Care in 2019. Since then, it has received millions of dollars in funding from partners such as the Patient-Centered Outcomes Research Institute (PCORI) and the Beckwith Institute to reduce barriers to behavior health services, amplify patient voices with technology, and reform payment options, all with the goal of improving healthcare quality and efficiency.



◆ CHAPTER 2

Providers: Combining resilience and reinvention

CHALLENGE

Standing at the front line of the pandemic, provider organizations of all shapes and sizes have experienced incredible stress on their existing business models, systems, finances, and workforce. The past year has offered few opportunities for providers to return to anything like pre-pandemic normalcy. Each new wave (and variant) of the virus has posed threats to care delivery and resource management. Meanwhile, clinicians and non-clinical staff have suffered from burnout, and many organizations have struggled for the talent needed to meet demand. Nevertheless, there's a sense in which this hard-won resiliency might offer providers a foundation to pursue new opportunities for collaboration and continue to innovate.

KEY TRENDS

Changing consumer preferences

Under these challenging circumstances, providers have had to quickly adapt to (and play their part in driving) shifts in consumer behavior and care delivery. While technological advancements have paved the way for new care delivery options, patients have also sought greater flexibility and freedom in how they interact with “healthcare” generally. Many of these shifts show signs of enduring.

For instance, younger people have demonstrated a willingness to explore care options beyond their primary care provider or dentist, as less value is placed on maintaining long-term relationships with just one doctor. That development has played a part in the explosion of patient data as people move around between facilities and services. Retailers have been taking notice of this for some time and are gradually getting more sophisticated

in the integration of healthcare services into the retail experience. Similarly, innovative, digitally enabled storefront healthcare providers [like Oak Street Health](#) have adopted some key elements of the traditional retail experience and produced data-driven, transactional care delivery models aimed at offering simpler, smoother patient experiences.

This sort of convenience has been well received by consumers: in a 2021 Morning Consult survey, 35% of the respondents reported receiving healthcare at a retail clinic [since the pandemic began in early 2020](#).² At the same time, outpatient services are growing rapidly and alternative methods for care delivery are emerging to address heightened patient expectations of choice across their care journeys.

Consolidation

As healthcare continues to evolve, the landscape is being reshaped by an infusion of funds from almost everywhere—pension funds, private equity, government, strategics, etc. With this financial backing, providers are seeking to achieve the material advantages of scale, building scaled platforms and brands and multistate organizations. The benefits stemming from these transactions include not just a broader array of offerings along the patient journey but also investments in new technologies that can revolutionize care delivery.

Where consolidation used to be mostly about the merging of hospitals and hospital systems, the story now is platform formation and acquisitive tuck-in growth. With hospitals and large health systems the approach is mostly one of caution due to past M&A failures. But either way, movement in the industry is bent on the achievement of scale to improve leverage, streamline operations, and support the provision of more

encompassing services, much like we're seeing with DSOs, single/multispecialty platforms, and tuck-ins of behavioral health services, for instance.

New modes of engagement

Entering the pandemic, many larger systems had already launched virtual care platforms and capabilities, but utilization—and integration into organizations' broader engagement and delivery channels—was generally mild at best. The immense challenges of the global health crisis changed that. [IDC Health Insights found](#) the typical healthcare organization squeezed two years of digital transformation into the first two months of the pandemic alone. Providers, faced with suddenly overwhelming demands for care, looked to telehealth options and restrictions on reimbursement for virtual care services were lifted or softened. In addition, nearly one in five Americans relocated during the pandemic and cited that move as a reason to change providers. This trend gave providers an added incentive to offer flexible care options regardless of the patient's geography. It also opened the opportunity to explore provider-agnostic platforms—such as Amwell and Teladoc—that can offer on-demand access to care.

Although many provider organizations have invested heavily in EHRs and other technologies, considerable work remains to be done around how to take full advantage of and effectively connect those tools and systems. In many cases, process and operational

changes still need to be made so these technologies can support not just the capturing of the right data but also make it interoperable. Efforts toward meaningful use and better integration will continue, and it seems unlikely that the industry will be turned on its head by a Haven-like disrupter. More probable is that healthcare organizations continue to diversify their revenue streams and work to be more effective digital partners in the overall ecosystem.

TAKING ACTION

Tech modernization and data management

Organizations that continue to innovate on ways to integrate and interpret social determinants of health and customer data will be able to function as much more agile, sustainable, patient-centric enterprises. Collecting, storing, analyzing, and sharing these types of information will become easier and more efficient as data portability and transparency are prioritized and organizations develop the capabilities necessary to meet federal regulations. In conjunction, sites of care will continue to diversify and new modes of care delivery will proliferate.

While many health systems have already invested heavily in various technologies, a conceptual shift is needed if organizations are to create seamless digital experiences. The key is separating digital from IT in order to humanize—and connect—the technologies they already have. With this end-to-end view, health systems

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Provider organizations are getting innovative about their brand and what their footprint looks like. It's what has to happen in a competitive market where differentiation is challenging, quality truly matters, and two of the most ubiquitous priorities are controlling costs and increasing market share. **Data, analytics, and all things digital are helping address these priorities by alleviating some of the institutional burden carried by large organizations, allowing them to be more nimble and attractive to consumers and talent alike, and to better align costs to performance.**

Through retail health models, virtual care services, and the explosion of wearable technologies and apps, providers can expand brand awareness, create more patient touchpoints, and gain access to huge volumes of data. But challenges remain around parsing signal from noise and how to increase the frequency of healthcare interactions without compromising quality or inflating costs.

can address tangible, everyday problems like reducing wait times and developing more effective patient health portals while at the same time recovering the value of previous investments in technology. We expect to see activity continue in this direction as providers emerge from the incredible challenges and restrictions of the pandemic.

As far as data and analytics are concerned, a tighter grasp on data to support population health management and care gap identification in particular populations will continue to be top of mind. Analyzing demographics to spot gaps in care, identify at-risk populations and individuals, and address health inequities helps organizations develop better care plans and more effectively engage with patients around their most immediate needs and preferences.

That's the case whether it's: providing transportation to appointments; enlisting mobile care units to bring basic health services to specific geographies; partnering with local organizations to help sustain good health practices; offering translation and patient advocacy services; or

just making the overall care journey simpler and easier to navigate both online and offline.

Tech-enabled patient engagement

The success of that patient-centered, humanized approach will be determined by the nature and quality of user experiences. And in an interoperable healthcare system, those users are many and diverse—clinicians, non-clinical care team staff, claims administrators, community organizations, etc. Organizations must therefore build digitally enabled experiences that support the ways each user group will access and interact with available data, support essential processes, and adhere to regulations. An effective digital front door will be essential in this regard. The challenge, however, will be remembering that a digital front door—and its constitutive technologies—is only going to be as good as the operating model and processes that drive it.³

Organizations that excel in building tech-enabled, digital capabilities will not only be better positioned to provide the kinds of experiences patients are increasingly expecting, they'll also be able to routinely

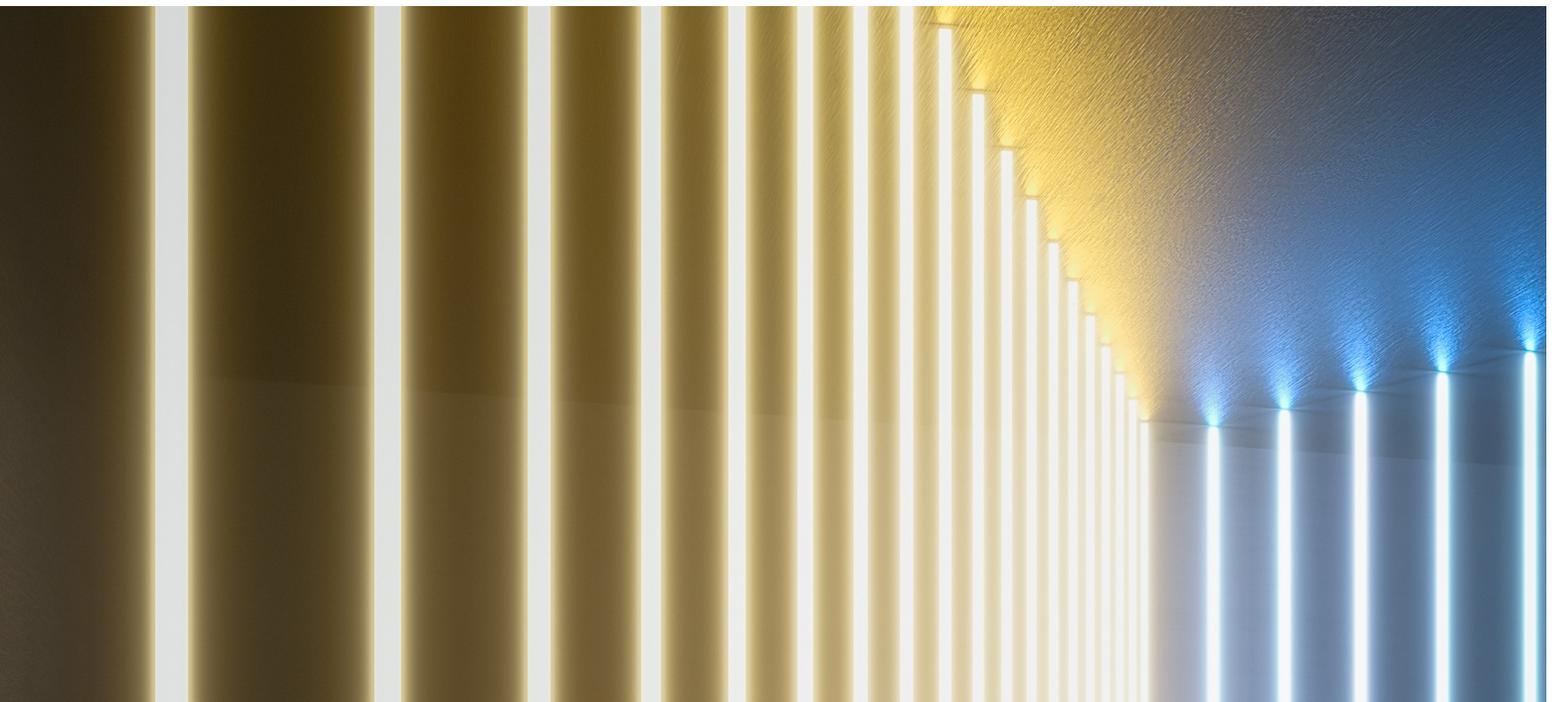
assess how consumers engage with health services and make iterative improvements. In these respects, expect providers to continue seeking ways to automate high-volume, repetitive tasks, securely store and transmit PII and PHI, eliminate redundancies for staff, clinicians, and patients, and better integrate services both within and beyond their walls.

A reshaped physical and digital footprint

From a footprint perspective, digitization will be inseparable from growth, whether that's in highly competitive, dense urban markets or areas where facilities are more spread out. Financially and operationally, an

expanded, less monolithic footprint will be crucial to containing costs and to the attraction and retention of not only patients of clinical and non-clinical talent as well.

Moreover, finding ways to diversify revenue streams through more varied product offerings will be essential in staying ahead of competition. Tech-enabled ecosystems with different offerings that cater to the full range of patient needs could improve the bottom line, increase satisfaction from consumers seeking efficiency, and boost flexibility in an ever-changing regulatory landscape.



◆ CHAPTER 3

Life sciences: Forging direct relationships with patients

CHALLENGE

On the still recent heels of unprecedented vaccine development and rollout efforts, pharma companies have several pressing challenges to address this year. At the forefront is an acceleration of the ongoing shift to precision medicine and corresponding movement away from blockbuster drugs. The life sciences have to find ways to more effectively engage with patients, to create and plug into the kinds of seamless, patient-centric experiences we see provider and payer organizations focusing on. It's clear that executives at leading drug companies increasingly recognize that innovation in their segment of the healthcare industry is going to involve a broader suite of capabilities to support an expanded (and expanding) role in patients' care journeys and ever greater interactions with payers and providers.

KEY TRENDS

Changing consumer engagement

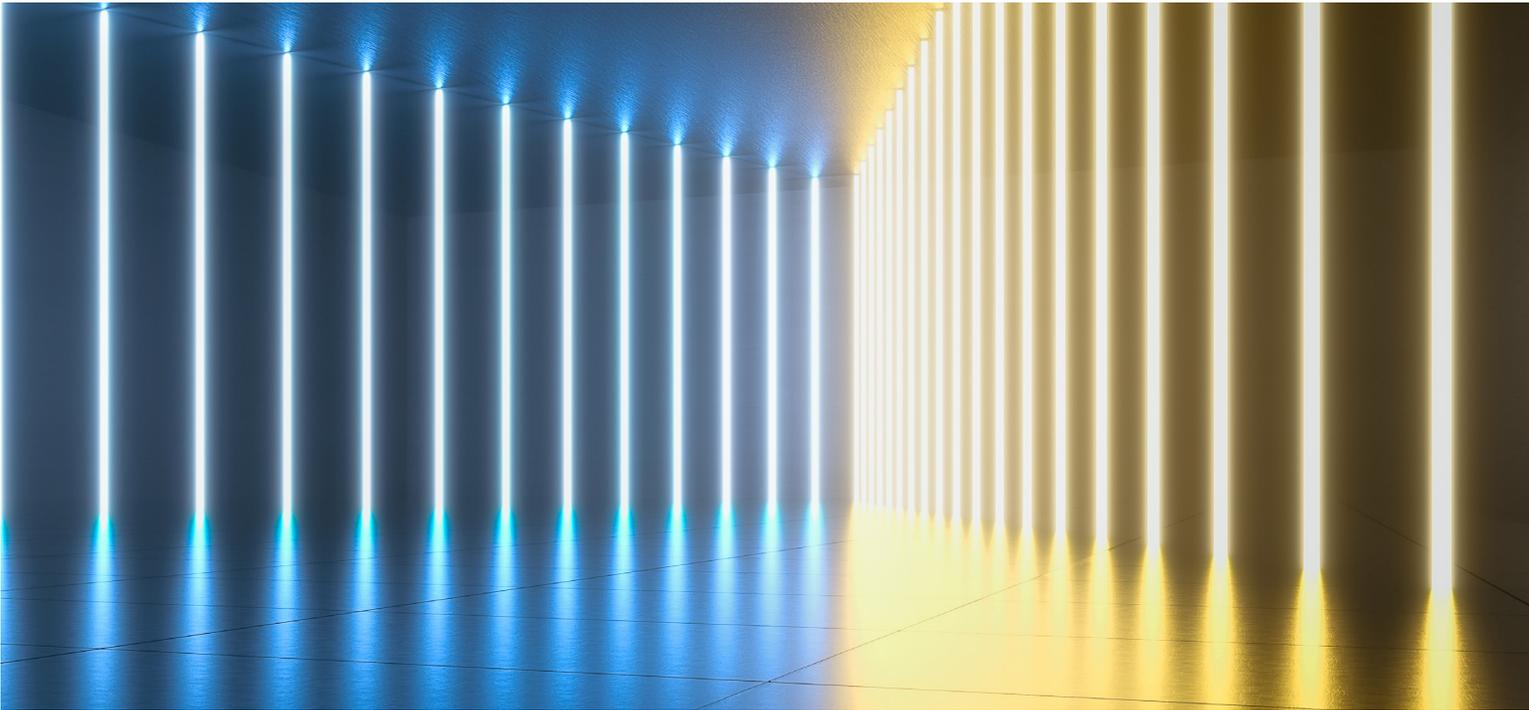
The COVID-19 vaccines highlighted how far the science of drug development has come and their approval and rollout showed us that it doesn't have to take forever to bring important drugs safely to market. As a result, pharma companies enjoyed a moment in the sun of popular opinion that, at least for a while, seemed to stem some of the negative publicity of the opioid crisis. But more important than perception is the reality that more is possible for the life sciences—and more is going to be required.

It starts with patient centricity. As a whole, patient care and medicine—drugs, solutions, services, experiences, interactions with healthcare professionals, and location of treatment—is becoming more personalized and data-driven, thanks to changing interactions with patients and the availability of more data. To participate in this consumer-focused market, pharma companies are moving to integrated business models for “around the pill solutions”—blending drugs with differentiated patient services (e.g., software as a medical device + value-based care services)—to deliver improved patient experiences and support better health outcomes.

For the life sciences, this is about value and cost effectiveness, and growth in this direction is being fueled by the volume and nature of patient touchpoints as well as the ongoing wave of new entrants, ideas, science, and technologies that are improving upon or disrupting the old monolithic systems in areas like QMS, LIMS, systems, bringing retail options for self-administration of labs and diagnostics, and evolving old guard operations like site-based CT/CROs, and allowing options for real world data/evidence (RWD, RWE), self/remote collection of data and outcomes (EDC, PRO) to enable new concept of how trials may work.

With the help of technology, the prevalence of social media, and the closing of the pharma-payer-provider triangle as efforts are made to have new therapies accepted, life sciences companies have greater access to patients than ever before. They can connect with patients directly and forge relationships by encouraging

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them to use specific products or medications. Many have invested in apps and other tools to educate and support patients. For example, Pfizer collaborated with device maker Striiv to create the HemMobile app, which enables hemophilia patients and caregivers to [track bleeds and infusions as well as monitor daily activity.](#)⁴

This changing dynamic has further reconfigured the relationship between life sciences companies, providers, and payers. Traditionally, providers decided on which care treatments to offer, and payers often drove decision-making by choosing to cover certain drugs or creating barriers to access them. Those roles have shifted somewhat, and data has helped drive that change. With increased access to patients, life sciences companies can educate patients, empower them, and offer a broader array of options. They can also appeal to caregivers, such as parents, and incentivize products with coupons or a copay.

Data-driven feedback loops

In the new digital ecosystem, technologies streamline drug discovery, personalize and accelerate clinical trial recruitment, enable the gathering of new insights to help enhance patient engagement, support the re-imagining of processes to help reduce HCP burden, and automate the collection of real-world data via connected devices.

Data is what makes these traits meaningful, and the simple fact of the matter is there's more of it—data produced as new drugs have hit the market and more studies move into later stages, data from the unique administration requirements of many specialty drugs, and data generated by the growth in diagnostics capabilities.

One important impact of the availability of all this data is that it allows decision-making to shift away from

sales and toward the patient. Patient segmentation has changed dramatically because of the increased availability of patient data from labs and EHRs. This real-world evidence of more nuanced consumer preferences, behaviors, and needs is supporting pharma companies' ability to see the cost-reducing, efficiency-improving benefits of offering platforms of reusable services as opposed to the old model of individual custom support programs for each new brand or therapy.

Life sciences companies can now more effectively understand why certain products and services are preferred and make quicker decisions for improvement, rather than waiting for feedback during commercialization stages. If a patient complains of an injectable stinging during a clinical trial, for example, the pharma company can easily change the therapy to include an antiseptic prep pad to help numb the skin before users administer it.

TAKING ACTION

Data modernization and changing relationships

The narrowing gap between patients and life sciences organizations has enabled more advanced home care services, contributing another dimension to the evolution of sites of care. Pharmaceutical companies

can avoid meeting with distributors and convincing hospitals to carry products and instead use their own distribution channels and home health staff to connect with patients for a variety of purposes, from education to medication adherence, helping patients make better choices and establishing more long-term relationships with drug companies.

To fuel growth, it will be crucial for pharma companies to identify the intersection of their business goals and patients' needs and preferences. To that end, drug companies can tap into emerging technologies to better inform clinical trials and target specific populations with a level of accuracy that wasn't possible with only claims data and geography to go on before. There are data privacy concerns that will need to be attended to, of course, but the value of direct patient input in clinical trials—along with the ability to decentralize—is changing the game for life sciences. As a result, we are all in for a completely different healthcare experience than we've known before, one built around individual needs and preferences and involving a care team that is expanding well beyond the doctor and nurse.

Cost savings

As care becomes more personalized, data will help make drug creation and distribution more cost-effective for life sciences companies. Many pharmaceutical

BRINGING CARE CLOSER TO THE PATIENT

A maker of an anti-inflammatory injectable used to treat asthma updated its product into an auto-injectable device. This minor shift enabled patients to pick up their treatment from the pharmacy or get it delivered to their house rather than having to see an allergist. As a result, the company has successfully bypassed traditional sites of care and streamlined its product directly into people's homes. Along with the prevalence of homecare options, the cost of care has also decreased immensely for both patients and providers.

companies have already begun redirecting resources to solutions tailored to patient needs. The pandemic essentially sidelined the legion of drug reps visiting offices in their pursuit to sell treatments. The shift away from a traditional, large sales force based on personal interaction with physicians to a smaller, nimbler team enabled by digital tools can enable companies to cover more ground at a lower cost. At the beginning of 2021, for example, Amgen reported a 9% revenue increase in 2020, thanks to shrinking its sales rep workforce by 500 people and [devoting resources instead to upcoming drug launches](#).⁵

More accurate patient segmentation and more effective targeting for clinical trials and studies, based on the greater availability of data, can help life sciences companies become more effective in educating and empowering patients and appealing to caregivers. The

ability to work directly with patients through a copay or other financial assistance has proved to be a dramatic change from traditional modes of engagement with providers and payers. In some cases, the need for pharma to negotiate rebate agreements with health plans has been alleviated, moving the savings from the health plan to the patient, who benefits through a more attractive copay or copay assistance programs.

Much work remains to be done, though, and many pharma companies have a long way to go before they're truly patient-centric and taking full advantage of the means at their disposal to find and engage with patient populations. Steps must be taken to address tech debt, shift relationship management tools and processes away from HCPs to an extent, and adopt the idea that patients are their consumers.

CONCLUSION

Costs, consumers, and growth—these are the themes we see ahead of us in 2022, and they're familiar territory for the healthcare industry. But each of them is taking on new meaning, especially in light of the pandemic's impacts and the positive constriction we're experiencing as the industry's three main segments come closer together. It's probably a stretch to suggest this constriction is a natural consequence of any one or two factors, but it does seem to be the result of both intentional actions and policies and the more incidental forces of the market.

The healthcare consumer is in the middle of all this, and it's clear that payers, providers, and life sciences companies alike will continue to make moves—and be part of moves made—that are aimed at providing better, stickier experiences while advancing the quality of care and keeping costs in check. Digital will be behind this, with the power not just of data and analytics pushing these advancements forward but the shape and nature of the digitally enabled organization providing the blueprint for what our industry can become.

This is an optimistic outlook, but one founded very much in practical experience and close attention to nuance. While the healthcare industry was certainly hit hard by the pandemic, the pace of the industry's change and growth has been far from slowed. There is much to hope for in the coming year.

ABOUT WEST MONROE

West Monroe is a digital consulting firm that was born in technology but built for business—partnering with companies in transformative industries to deliver quantifiable financial value. We believe that digital is a mindset—not a project, a team, or a destination—and it’s something companies become, not something they do. That’s why we work in diverse, multidisciplinary teams that blend industry expertise with deep operational and technology capabilities—moving clients from traditional to digital operating models and creating products and experiences that transcend the digital and physical worlds. Our 2,000 employees have the opportunity to own a stake in the company, so when you partner with us you know we are committed—because your success is our success. Our undeniably different approach breeds undeniable results.

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