

Trends Impacting Health & Healthcare Delivery

Inside this issue:

| | |
|---|----|
| Nurse Shortages: Among Healthcare Systems' Top Concerns | 1 |
| COVID – Still in the Rear View Mirror? | 2 |
| Increasing Exposure of Young Children to Illicit Fentanyl | 2 |
| Private Equity Continues to Advance in Healthcare | 3 |
| Happiness Scores | 4 |
| Is Bigger Better? Perhaps That is in | 5 |
| What Business Are You In? | 5 |
| Effects of Medicaid Expansion | 6 |
| Medicare Advantage 2024 Enrollment: Who Won & Who Lost? | 7 |
| The Increasing Number of American Centenarians: We Must Be Doing Something Right! | 8 |
| New Clinician Experience – A Concern in 2024 | 9 |
| Rare Diseases Abound | 9 |
| Cancer Rates Increase in Younger Adults – The Trends | 10 |
| The State of Ambulatory Surgical Centers | 10 |

Nurse Shortages: Among Healthcare Systems' Top Concerns



Nurse shortages and mounting labor costs are among healthcare systems' top concerns and a new survey puts numbers to the financial risks. The 2024 NSI National Health Care Retention & RN Staffing Report features input from 400 hospitals in 36 states on registered nurse turnover, retention, vacancy rates, recruitment metrics, and staffing strategies. The average cost of the turnover of one staff RN from January through December of 2023 grew to \$56,300. Below are some numbers that illustrate the cost of nurse turnover according to the most recent edition of the report.

- ◆ The turnover rate for staff RNs decreased by **4.6%** in 2021, resulting in a national average of **18.4%**. Given varying bed size, RN turnover can range from **5.6%** to **38.8%**.
- ◆ The average cost of turnover for a staff RN increased by 7.5% in the past year to **\$56,300**, with a range of **\$45,100** to **\$67,500**. This is up from the average cost of turnover for an RN in 2022, which was **\$52,350**.
- ◆ Each percent change in RN turnover stands to cost or save the average hospital **\$262,500/year**.
- ◆ The RN vacancy rate is at **9.9%** nationally. This marks an improvement, as hospitals hired an additional **153,000** RNs in 2023 and lowered the vacancy rate by **5.8%**.
- ◆ The average time to recruit an experienced RN ranges from **59** to **109** days, with the average for 2023 sitting at **86** days – **9** days quicker than the year prior.
- ◆ Every region represented in the 2024 report recorded a decrease in RN turnover, ranging from **-1%** to **-5.1%**. The South Central region saw the high end of this range while the North Central region saw the low end.
- ◆ Over the past five years, RNs in step down, emergency services, and telemetry were most mobile with a cumulative turnover rate between **112%** and **119%**. “Essentially, these departments will turn over their entire RN staff in less than four and a half years,” the report states.
- ◆ RNs in pediatrics, surgical services, and women’s health were less mobile, with 2023 turnover rates of **13.3%**, **15.4%** and **16.3%**, respectively. [M](#)

[Source: Beckers’ Hospital Review, 2024]

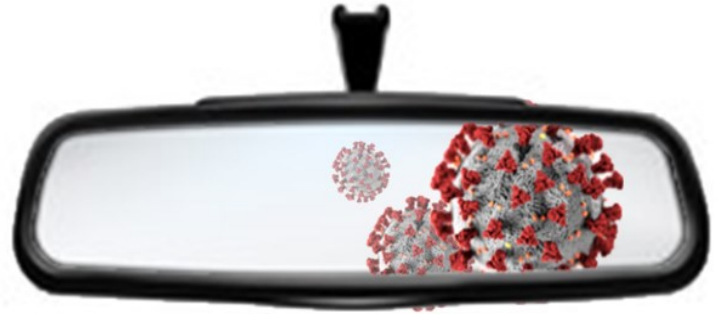
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Trends Impacting Health & Healthcare Delivery

COVID – Still in the Rear View Mirror?

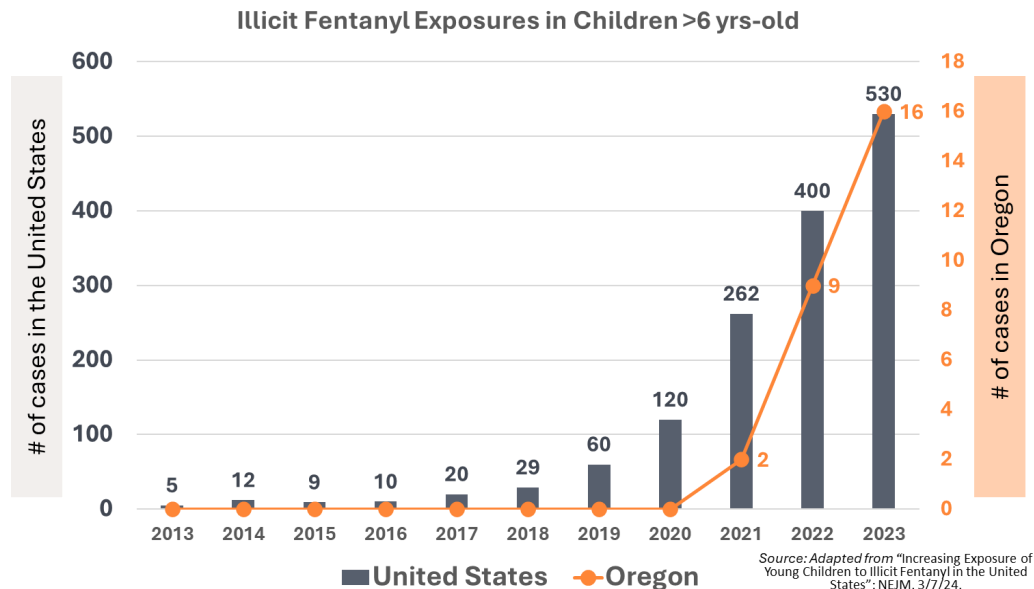
The U.S. crossed the 1 million mark of COVID-19 deaths on May 12, 2022. The COVID pandemic was officially declared over on May 11, 2023. During the early stages of the COVID-19 pandemic, reports emerged that persons who had been infected with SARS-CoV2 were having lingering health problems. Such long-term issues were collectively referred to as “Long COVID” and were reported to affect nearly every organ system of the body. Several large studies have emerged documenting the presence of neurologic sequelae including cognition and memory problems in the post-acute phase of SARS-CoV2 infection. A recent population survey showed that after the start of the COVID-19 pandemic, an additional 1 million U.S. residents of working-age, reported having “serious difficulty” remembering, concentrating, and making decisions. Vaccinations appeared to provide a small cognitive advantage. Studies involving humans have shown prolonged neuro-inflammatory responses, structural abnormalities, and accelerated aging in the brains of persons with mild to moderate SARS-CoV2 infection. Viruses were present in brain tissue obtained during autopsies from persons who had severe COVID-19. There are ongoing studies concerning Long COVID phenomena, and certainly more to be reported. [M](#)



Increasing Exposure of Young Children to Illicit Fentanyl

Unfortunately, fatal overdoses of synthetic opioids, mainly fentanyl, in the United States have increased by a factor of 12 in the past 8 years to 78,207/year. The National Poison Data System (NPDS) contains medical records of exposures reported in all U.S. poison centers. (Feb. 15, 2023, Atlanta Centers of Disease Prevention)

The graph on the right adapted from a letter to the editor of the NEJM by doctors at Oregon Health and Science University, shows illicit fentanyl exposures in children younger than 6 years of age in the United States and in Oregon, according to year. As you can see, there has been a substantial increase in reported exposure over the past 11 years. These findings beg the need for guidelines and potent initiatives to address this problem. [M](#)



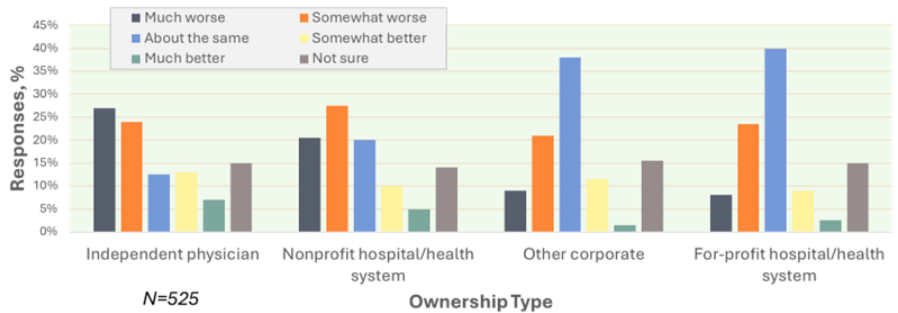
Private Equity Continues to Advance in Healthcare

Many, but not all, clinicians in the United States are concerned about the impact of private equity (PE) in the healthcare system. Cardiology has been a major area of focus previously, but there are new inroads in highly profitable sectors such as radiology, dermatology, emergency medicine, gastroenterology, and Ambulatory Surgical Centers. *JAMA Internal Medicine* published a survey regarding the influence of PE, which was based on responses from 525 physicians using the American College of Physicians Internal Medicine Insider Research Panel, the majority (66.9%) of whom were general internal medicine physicians, most (70.3%) were salaried employees while 21.9% were owners or partners in physician group practices. Just 5.5% of those surveyed worked for PE-acquired practices, but nearly 10% said that PE had expressed interest in purchasing their practice. How physicians view PE is important to understand as the success of this business model relies on the continued ability of PE-owned entities to recruit and retain physicians as employees. The graphs below show data from the *JAMA Internal Medicine* survey.

In deciphering the various aspects of the survey, it was stated that opinions of those working in PE-backed practices are sometimes difficult to extrapolate to a wider number of physicians. Suffice to say that the incentives for working inside of PE-owned practices are variable depending on what the physicians' age group and what stage of their practice the particular physician finds themselves in at the time of acquisition. There is no doubt that this focused attention by PE on healthcare related businesses is part of a broader trend towards corporatization, financialization, and consolidation of the healthcare industry. With that consolidation comes a more intense focus on operational finances as well as operational and equity performance. Healthcare has traditionally been a long-term focused business. It is no secret that PE's end game is usually sale within a 5-7 year window, if possible. The jury is still out on this business model for healthcare. It's hard to see if certain trends are generalizable to different types of settings. Additionally, PE uses different approaches and there are certainly differences among the PE entities in this sector. PE supported and controlled healthcare delivery motifs are garnering increased attention and monitoring. More to come. . . M

Favorability of PE Ownership Compared w/Other Types of Ownership

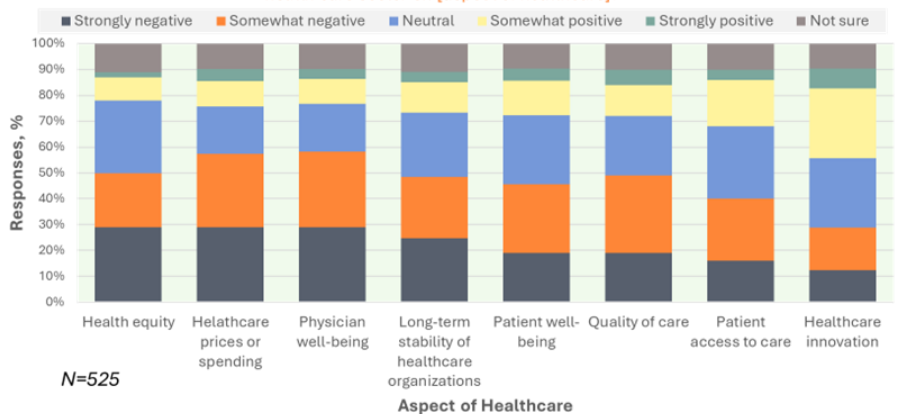
"Compared to the following forms of ownership, is private equity ownership much worse, somewhat worse, about the same, somewhat better, or much better than [ownership type]?"



Source: Adapted from "Increasing Exposure of Young Children to Illicit Fentanyl in the United States"; NEJM, 3/7/24.

Perspectives of PE's Effects on Various Healthcare Dimensions

"What is your opinion of the effect of private equity involvement in the health care sector on [aspect of healthcare]?"



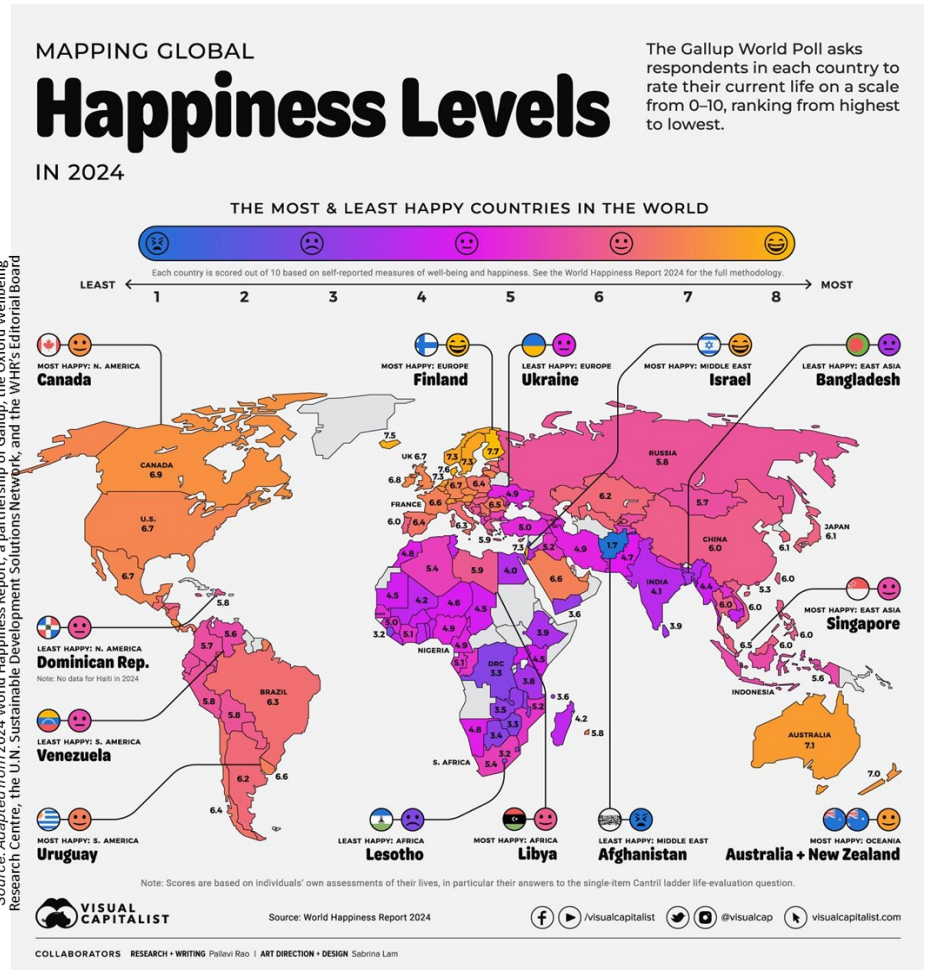
Happiness Scores

The U.S. no longer ranks among the world's 20 happiest countries for the first time since global ranking began in 2012. This in large part is due allegedly to a drop in happiness among younger adults. America as a whole fell to 23rd place in happiness down from 15th a year ago, according to data collected in the Gallup World Poll (GWP) and the World Happiness Report of 2024. Costa Rica and Lithuania were among the countries that reported being happier than America, according to the annual survey which asks respondents to rate their current lives on a scale of 0 to 10 with 10 being the best possible. [see the chart on the right below] Social connections, gratitude, a sense of purpose, and resilience all contribute to well-being and happiness scores. Those analyzing the results contend that older adults are often happier because they tend to view life as more finite and precious, are less self-focused and more grateful. The Happiness Report did not ask participants to give reasons for their happiness, but analysts attribute some of the reduction of happiness, especially among younger participants, to a rise in loneliness and isolation which occurred during the pandemic. **M**

Top 25 by Overall Happiness, and Rankings by Age Group

| COUNTRY | Overall | 30 & under | 60 & older |
|----------------------|---------|------------|------------|
| Finland | 1 | 7 | 2 |
| Denmark | 2 | 5 | 1 |
| Iceland | 3 | 4 | 5 |
| Sweden | 4 | 18 | 4 |
| Israel | 5 | 2 | 18 |
| Netherlands | 6 | 9 | 7 |
| Norway | 7 | 20 | 3 |
| Luxembourg | 8 | 8 | 12 |
| Switzerland | 9 | 13 | 14 |
| Australia | 10 | 19 | 9 |
| New Zealand | 11 | 27 | 6 |
| Costa Rica | 12 | 11 | 17 |
| Kuwait | 13 | 16 | 13 |
| Austria | 14 | 12 | 15 |
| Canada | 15 | 58 | 8 |
| Belgium | 16 | 24 | 19 |
| Ireland | 17 | 21 | 16 |
| Czech Republic | 18 | 10 | 23 |
| Lithuania | 19 | 1 | 44 |
| U.K. | 20 | 32 | 20 |
| Slovenia | 21 | 15 | 32 |
| United Arab Emirates | 22 | 35 | 11 |
| U.S. | 23 | 62 | 10 |
| Germany | 24 | 47 | 21 |
| Mexico | 25 | 22 | 33 |

NOTE: The rankings are based on a 3-year average (2021-23) of each populations' average assessment of their quality of life.



Is Bigger Better? Perhaps That is in the Eyes of The Beholder!

There have been 1,164 mergers among health systems between 2000 and 2020. A recent study (a collaboration between researchers in New Haven, Connecticut at Yale University; Cambridge, Massachusetts-based Harvard University; the University of Chicago; and the University of Wisconsin-Madison and published in the *American Economic Review: Insights*) analyzed the data from those mergers among the nation's 5,000 acute care hospitals to find those transactions *increased prices by 5.2%*. Of note is that the Federal Trade Commission (FTC) challenged only 13, or 1%, of those mergers. However, the agency could have challenged 238 or 20% of the mergers as likely to reduce competition and increase prices based on the standard screening tools available during the time of the evaluation, according to the researchers. They found that mergers that the FTC could have challenged just between 2010-2015 eventually led to **price increases** of 5% or more.

Study co-author Zach Cooper, PhD, an associate professor of Health Policy at Yale School of Public Health & Economics, is quoted as saying, "The average price of an inpatient admission is now nearly \$25,000," according to their research.

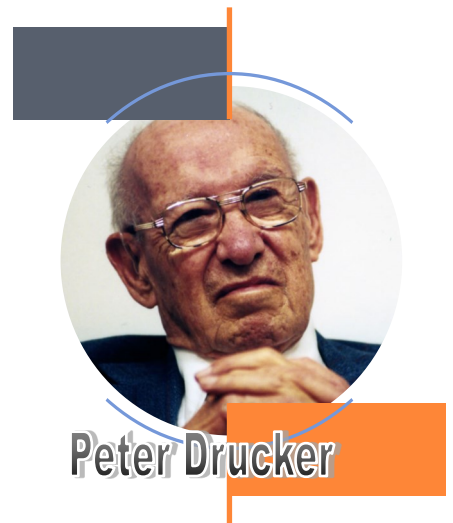
Operating costs dropped 4-7% on average and quality remained the same or declined after mergers at acquired hospitals following a deal according to a Wall Street Journal report on April 24th.

There were 3 additional findings of note:

- 1) 90% of hospital markets are highly concentrated.
- 2) There are an estimated 53 hospital mergers that occurred between 2015-2019 that raised healthcare spending on the privately insured by an aggregate of \$204M in the following year alone.
- 3) Mergers in rural regions with lower incomes and higher poverty rates generated larger average price increases, most often in outpatient services. The latter finding was attributed to the fact that outlying regions have fewer freestanding clinics that offer surgical and imaging services that compete with hospitals. [M](#)

What Business Are You In?

Walmart recently gave notice that they are closing all 51 of their healthcare clinics and shutting down the virtual care operations. According to an April 30th news release from the company, the decision results from a challenging reimbursement environment and heightened operating expenses. Of note, other major companies have discontinued or shuttered certain healthcare services – Optum has closed its virtual arm; Rite Aid is planning to close 53 more locations; and Walgreens, who owned VillageMD, is exiting from some of their clinical operations. All of this had strategists in 2023 lauding and touting the prospects of these moves while watching as other "retail" undertakings advanced into the clinical arena. Perhaps it begs an important question posed by Peter Drucker when assessing one's business status is key: "What business are you in?" Has the retail experience for healthcare delivery lived up to the expectations of the business *theorists*? [M](#)





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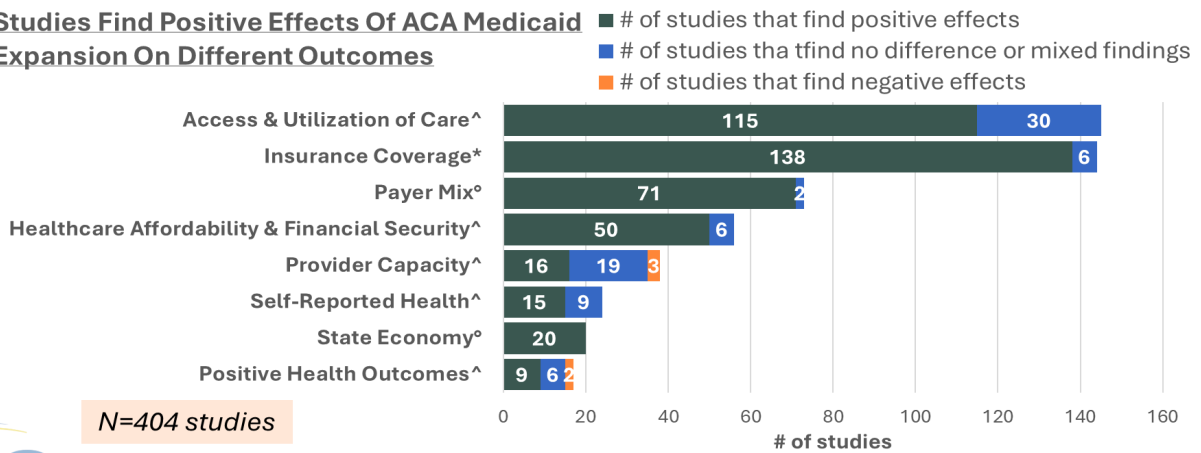
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Effects of Medicaid Expansion

At the 10-year mark since the passage of the Affordable Care Act (ACA), a substantial body of research has shown that Medicaid expansion, on average, provides improved access to care and related measures (including utilization; quality of care and health outcomes; provider capacity, affordability, and financial security) and various economic measures. A recent publication brief summarized findings from 404 studies (including 80 newly included since the last update), the impact of state Medicaid expansions under the ACA published in January 2014 (when the coverage provisions of ACA went into effect), and updates earlier versions of studies through January 2020.

The brief highlighted outcomes in three broad categories: coverage, access, and economic measures. Looking back over 10 years since the ACA has been enacted shows that the Medicaid expansion would appear to have expanded coverage and led to increase in access and utilization to healthcare services, improvement in financial security, and positive net effects on state budgets and revenues. [M](#)

Studies Find Positive Effects Of ACA Medicaid Expansion On Different Outcomes

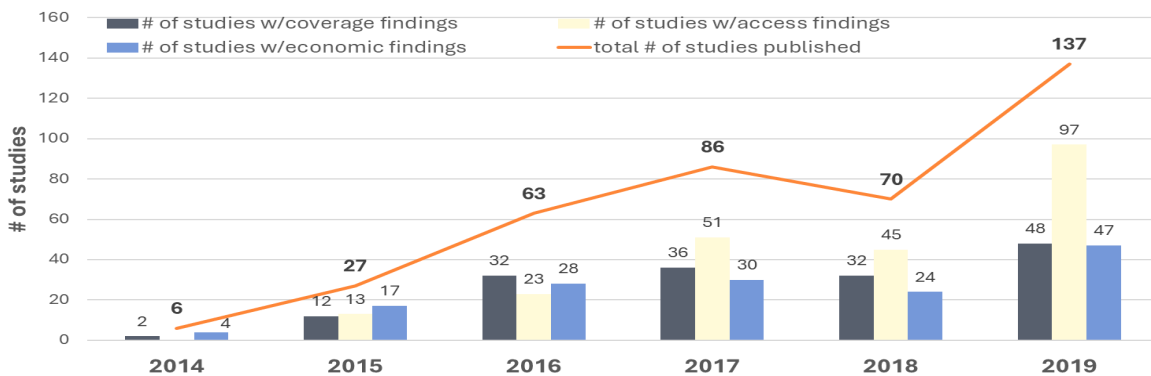


NOTES: This brief groups outcomes into 3 categories, indicated as such: ^{*}Coverage outcomes, [^]Access outcomes, [°]Economic outcomes. Studies may have findings on multiple outcomes and be counted in multiple bars. "Insurance Coverage" includes coverage rates generally and for Medicaid.



More Recent Studies Focus on Outcomes Related to Access

Number of Studies on the ACA Medicaid Expansion Published Yearly 2014-2019, Overall and by Area of Study Focus



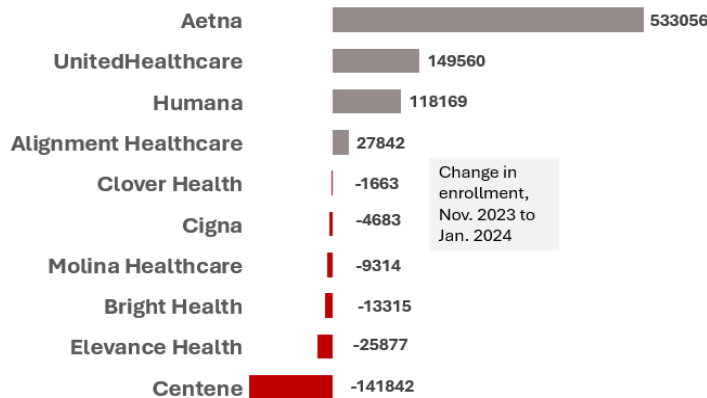
NOTES: This brief groups outcomes into 3 categories, indicated as such: ^{*}Coverage outcomes, [^]Access outcomes, [°]Economic outcomes. Studies may have findings on multiple outcomes and be counted in multiple bars. "Insurance Coverage" includes coverage rates generally and for Medicaid.

Source: Adapted from KFF analysis of 404 studies of the impact of state Medicaid expansion published between Jan. 2014-Jan. 2020.

Medicare Advantage 2024 Enrollment: Who Won & Who Lost?

UnitedHealthcare and Humana continue to dominate Medicare Advantage. However, their memberships grew more slowly than the industry in large during 2024 open enrollment according to data from the Centers for Medicare and Medicaid Services' (CMS) numbers released in January. The open enrollment signup period was particularly challenging as CMS tightened up the star ratings quality program, reduced capitation payments to reflect updated risk adjustment methodology, and beefed-up enforcement of overpayments in recent years. Additionally, there was more competition among some new players in the field. The data shown in the graphs below arise from an analysis performed by Modern Healthcare of the CMS enrollment data for various types of Medicare Part C coverage, including the Medicare Advantage Plans with prescription drug coverage, but excluding others such as the national Program of All-Inclusive Care for the Elderly plans, also known as PACE. In addition, membership tallies from insurers fluctuate as companies in CMS finalize pending enrollment. [M](#)

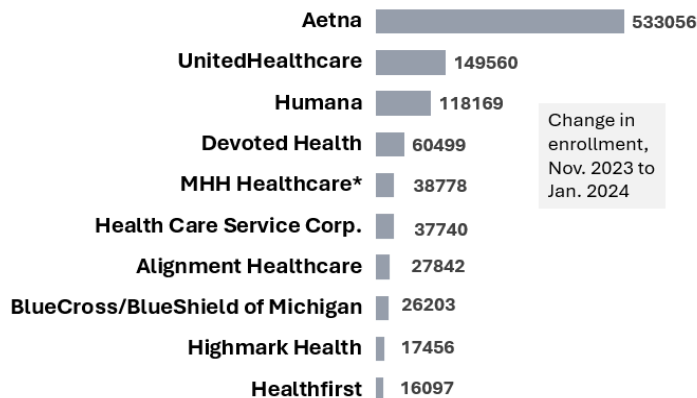
Medicare Advantage Enrollment 2024: Publicly Traded Insurers



NOTE: Includes Medicare Advantage with Medicare Part D, Medicare Medical Savings Accounts, and local and regional coordinated care plans. Modern Healthcare included Aetna's co-branded plan with Allina Health. Insurers with 10 or fewer enrollees are excluded.

LARGEST 2024 MEDICARE ADVANTAGE ENROLLMENT GAINS

Medicare Advantage enrollment grew 2.9% to 32.9 million members from Nov. to Jan. These health insurance companies signed up the most new members.



NOTE: Includes Medicare Advantage with Medicare Part D, Medicare Medical Savings Accounts, and local and regional coordinated care plans. Modern Healthcare included Aetna's co-branded plan with Allina Health. Insurers with 10 or fewer enrollees are excluded. *MHH Healthcare is the parent company of Medicare Advantage Insurers such as GlobalHealth and MCS Classicare.

Source: Adapted from Scenters for Medicare and Medicaid Services, 2024.

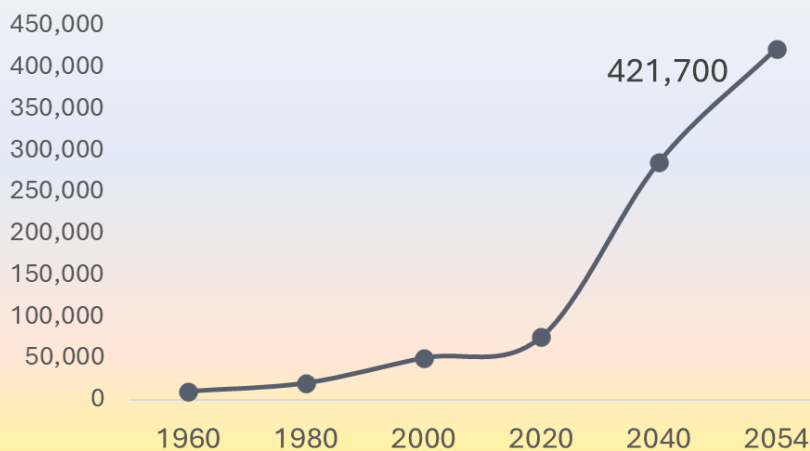
The Increasing Number of American Centenarians: We Must Be Doing Something Right!

The population of Americans aged 100 or older is projected by the Census Bureau to quadruple within the next 30 years. This is why it is important, as we live longer, to be open to new phases of living. The years after 70, when responsibilities for work and family are diminishing, there are plenty of opportunities to enjoy life and share one's knowledge, wisdom, and capabilities. The data would suggest that the vast majority of Americans in their hundreds today are women (78%) and White (77%), according to the Pew Research Center. This is expected to change by 2024 so that it will be 68% women and 72% White by 2054. Of note, as your editor, a cardiologist by background and focused on preventive cardiology, I would remind you that only 25-30% of your genes account for your longevity. The rest is determined by factors under our direct control, such as diet, exercise, and environmental exposure. According to a recent interview study of centenarians, 100 people included the following as their list of things that helped them make it past the age of 100:

- ◆ Letting go of stress,
- ◆ Moving every day and exercising,
- ◆ Getting good sleep, and
- ◆ Staying connected to friends and family,
- ◆ Staying engaged mentally.



Americans ages 100 and older



Source: Adapted from "1 Big Thing: Rise of America's Centenarians", Axios, 2024.

There are more and more studies looking at this population of people. Albert Einstein College of Medicine in the Bronx has a longevity genes project underway as do other facilities. All of it in an attempt to determine which genes contribute to long life. However, as emphasized above, much of what makes us capable of making it to a mark of 100 years has to do with items that are *directly under our control* and remembering that control **needs to start** at a point in our lives **when we are young** so that we can enjoy the benefits in our older years. [M](#)

New Clinician Experience – A Concern in 2024

Organizations overseeing the quality and safety of healthcare provision have taken notice that medical and nursing school graduates' training during COVID-19 pandemic, could lead to safety challenges in 2024, according to the non-profit Patient Safety Organization ECRI. About 400,000 new nurses passed their licensing examination over the course of the pandemic as the industry dealt with a lack of mentors and onsite training programs, according to the National Council of State Boards of Nursing (NCSBN). ECRI is concerned about the preparation of said clinicians and their possible contribution to cases of preventable harm. That fact, plus the fact that our newer colleagues in nursing and, to a certain degree in medicine, are more prone to “burnout.” It is acknowledged that many of the clinicians that graduated in the last 3-4 years dealt with dramatic shifts in the healthcare field, including exodus of teachers and mentors in the rise of teaching modalities that were remote from the actual patient bedside.

The Agency for Healthcare Research and Quality (AHRQ) found that newer clinicians were less likely to bring up safety issues. Only 33% of clinicians with less than 1 year of experience voluntarily reported a safety event in 2022, compared with 50% of clinicians with 6-10 years of experience according to AHRQ data.

This speaks to the fact that organizations need to provide a strong foundation and support in the transition of new clinicians and interns/residents to bedside activities with strong supervision and access to experienced clinician oversight. ECRI's 2024 list of patient safety concerns – which stem from recent studies, patient safety databases, and in-depth conversations with health system and patient safety leaders includes technical issues, maternal care deserts, and diagnostic errors.

ECRI's reports highlight the potential for artificial intelligence (AI) to be of assistance, but also readily admit that misdiagnosis and inappropriate care decisions can result from bias, inaccuracies, and lack of appropriate governance and oversight of that technology at this time. [M](#)

| 2024 ECRI PATIENT SAFETY CONCERNS | |
|-----------------------------------|---|
| 1 | New clinicians moving from education to practice |
| 2 | Usage of barcode medication systems |
| 3 | Barriers to maternal and perinatal care |
| 4 | Consequences of new technology |
| 5 | Physical, emotional well-being of healthcare workers |
| 6 | Harm from diagnostic errors |
| 7 | Equitable care for people with physical, intellectual disabilities |
| 8 | Care delays from drug, supply, and equipment shortages |
| 9 | Misuse of parenteral syringes to administer oral liquid medications |
| 10 | Preventing patient falls |

Source: Adapted from ECRI, 2024.

Rare Diseases Abound

One in ten Americans have a rare disease – defined as affecting fewer than 200,000 people in the United States – and 95% of these afflictions lack Food and Drug Administration (FDA) approved treatment or therapy. Data suggests that three in ten children affected by rare diseases won't live to see their 5th birthday. Pharmaceutical companies and researchers focused on the rare disease market are wrestling with rare disease research that is inherently difficult as the science is challenging and the small patient populations make return on investment (ROI) sometimes unlikely. Accurate diagnoses of rare diseases historically have taken 4-9 years on average. Some of this is being addressed by current data mining through access to computerized medical records. However, the entire area remains challenging for research and therapeutics that can financially make sense. The pace of science is accelerating as is our command of data, genetics, and associations therein, but unfortunately, people struggling with rare diseases are still not benefiting immensely at this point in time, given the regulatory environment and some of the fiscal constraints to address development of therapies for these individuals. [M](#)

Cancer Rates Increase in Younger Adults – The Trends

Current research shows cancer rates are on the rise in adults younger than 50. This has put greater emphasis on early detection, treatment, and continued research investments to identify what is happening to cause these rising rates.

The American Cancer Society projects the U.S. will see a record high of more than 2 million new cancer diagnoses this year. A growing proportion of these cases are early onset. The rate among people younger than 50 jumped nearly 13% to 107.8/100,000 population from 2000 to 2019. Cancer still affects people 65 and older much more often, though experts are closely following the evolving trends in the younger population. Studies related to this increase in cancer rates are felt to reflect some of the trending under investigation:

- ◆ Younger patients with symptoms of colon cancer face a longer time to diagnosis than older patients since the younger patients fall into a category of a patient population that is not felt to be as at great a risk as older patients.
- ◆ Inactive lifestyles, exposure to new toxins, and ultra-processed foods may also be contributing factors to some of these increased cancer risks.
- ◆ Accelerated biological aging may also be a factor among younger adults. Researchers have found 9 blood biomarkers to calculate a person's biological age.

People born in or after 1965 were 17% more likely to demonstrate accelerated aging than those born earlier, and accelerated aging was tied to the increased risk of cancer, according to researchers at Washington University in St. Louis. It should be noted that Kate Middleton's recent cancer diagnosis was detected following a surgical procedure for a condition that was felt to be non-cancerous.

Again, much research is beginning to focus on why we are seeing cancer being diagnosed at younger ages than previously noted. [M](#)

The State of Ambulatory Surgical Centers

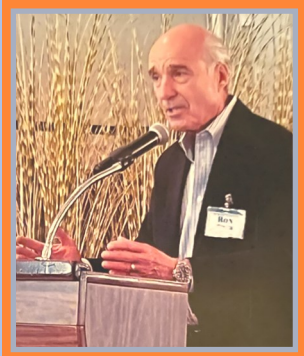
Key statistics made available in a report recently from VMG Health and Beckers' Hospital Review.

- ◆ From 2022-2023 the percentage of Ambulatory Surgical Centers (ASCs) that are independent **shrank from 70% to 68%**.
- ◆ From 2011-2023 the number of ASCs under partnership by a national operator saw a compound **annual growth rate of 3.14%**.
- ◆ The top 5 ASC management companies by market share (United Surgical Partners International, SCA Health, HCA Healthcare, AmSurg, and Surgery Partners) **grew by an average of 4.85%/year** since 2011.
- ◆ **47%** of hospitals and health systems **had an affiliation or ownership interest** in multiple ASCs in 2023. [M](#)



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Speaking Engagements

Dr. Riner and his colleagues frequently speak at events across the U.S. The topics offer interesting perspectives on healthcare issues and trends pertaining to strategy and future opportunities for a variety of healthcare practices and healthcare businesses. Some examples of recent topics include:

- ▶ Preparing for Success: Understanding the Past to Build the Future
- ▶ The Anchors of Successful Patient Care
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