

# Here Comes Amazon: Healthcare Industry Outlook

WV MGMA

September 21, 2018

---

J. Ryan Lindsay, CPA, CHFP

The Health Group, PLLC

Gray Griffith & Mays a.c

# Welcome

J. Ryan Lindsay, CPA CHFP

Director, The Health Group, PLLC

Morgantown, WV

Director ,Gray Griffith & Mays a.c

Charleston, WV

- HFMA -Past Pres/Prog Chair/RE3
  - Treasurer WV HealthRight
  - Finance Committee Chair HospiceCare
  - President Edgewood CC
  - Manager – 6-8yr old Coach Pitch
  - Basketball Coach Grades 2-6th
- 



# Goals for Today's Presentation

1. Discuss The Future of Healthcare and the Business Environment that we operate
2. Amazon/Berkshire Hathaway/JP Morgan “Mega-Company”
3. Examine Future Trends in Consumerism
4. What Should You Be Doing Today to “Conquer” tomorrow's challenges

Bonus Goal: At the end of this presentation- you share my excitement for the Future of Healthcare

---

To gain perspective on the future, we'll also want to look back on last 10-15 years in Healthcare and the business environment

Three words that might describe healthcare in the last 10-15 years:

- 1. Disruption**
  - 2. Innovation**
  - 3. Change**
-

What are some of the disruptions and interruptions that have caused your organization to change in the past few years?

1. EHR Implementation and Training
  2. Bundled Payments
  3. Physician Employment in Health systems
  4. Physician and Nursing Shortages
  5. Mergers & Acquisitions – Changes to Competition
  6. Cyber Attacks and Threats
-

Three words that might describe healthcare and the business environment in the FUTURE:

- 1. Disruption**
- 2. Innovation**
- 3. Change**

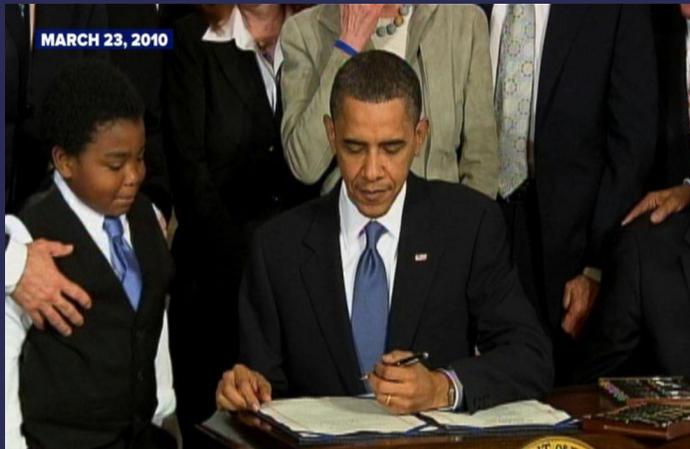
The only difference is that Disruptors and Innovators are getting better at what they do!

---

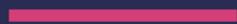
# What Does Disruption Look like?

---

**Political disruption** has been a constant for the last 20 years and there is no signs of it slowing down. You might say that it's actually gaining speed.



# What about disruption and innovation in the business environment?



We are dependent on these innovations weeks after they are released



VS

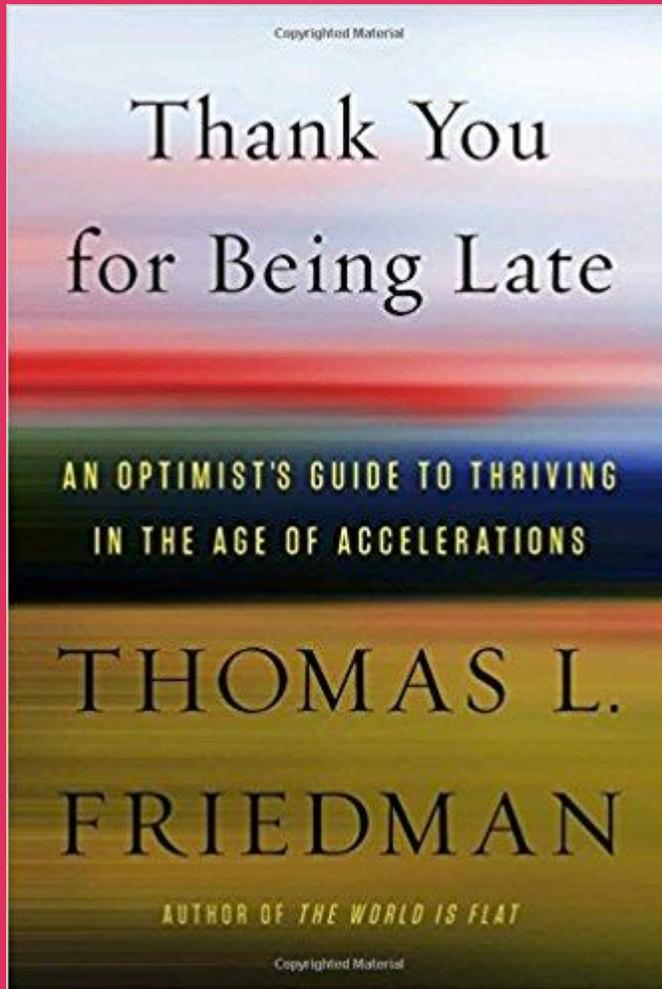


2002

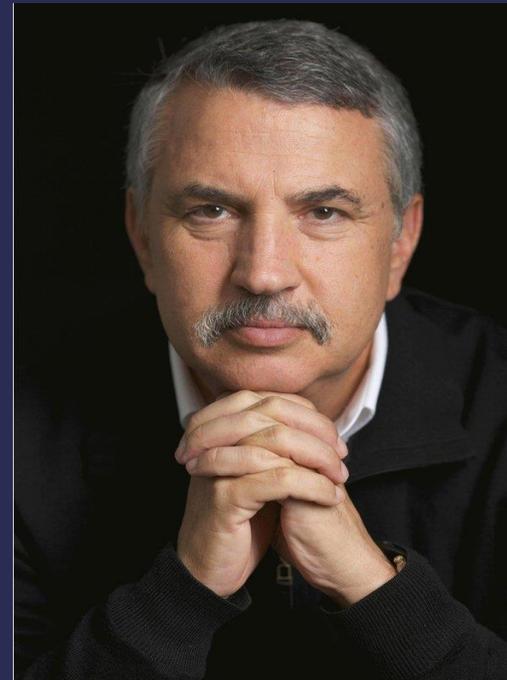


2018





New York  
Times  
Bestseller



# Part II: Accelerating: What the hell happened in 2007?

---

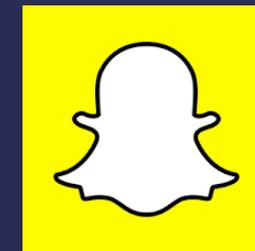
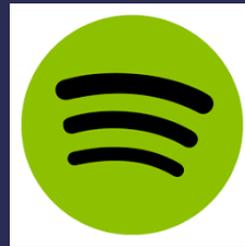


**Apps were no longer just games. They were a way to connect, relax, navigate, and conduct personal and professional business.**

# 2007

## These Apps paved the way for today's apps

---





## Deanna Recktenwald

- April 22, 2018
- 18 year old; Lithia, Florida
- Was at church when a notification on her Apple Watch said her resting heart rate was 160 bpm
- She had kidney failure



What happens to companies that don't adapt with Disruption, Innovation & Change?

These innovative apps and new companies aren't always successful, but successful or not they often change customer expectations!



This is a real threat to hospitals, health systems and other providers that are slow to adapt to change and innovation.

This is the threat that Amazon, Berkshire Hathaway and JP Morgan brings to the business environment.

## BREAKING NEWS!!



Modern Healthcare reported last week that Apple has received FDA clearance for its latest Apple Watch, which can now conduct electrocardiograms and deliver alerts if atrial fibrillation is detected.

***“You can now take an ECG anytime, anywhere, right from your wrist” - Apple COO Jeff Williams***



# Historically, healthcare has been resistant to disruption

- The United States spend over \$3 Trillion on healthcare each year according to CMS. A lot of “vested” players in the market.
- BUT...Business is not going to be as usual!
- Some Hospitals, Health Systems, and Physician Practices will embrace these changes. Others will watch.

What will you do?

---

# January 2018

Jeff Bezos, Warren Buffett and Jamie Dimon announce a “partnership”.

Bring 1.1 million employees.

Initiative is said to be “free from profit-making incentives and constraints”

Want to reduce healthcare’s burden to the economy while improving outcomes.



# AND..They aren't the only ones

Businesses are making big bets on the Healthcare

Industry





# Amazon

Launched in 1995 - Bezos wanted to call "Cadabra" or "Relentless"

May 1997 – Initial Public Offering

July 2002 – Amazon Web Services

Feb 2005 – Amazon Prime

Nov 2007 – Amazon Kindle

2014 – Prime Now, Amazon Echo, Fire TV

August 2017 – Acquired Whole Foods

Amazon has had success challenging many different industries.

Amazon and these other companies are declaring war on the current healthcare industry

They have the support of the American family, who for years has felt **POWERLESS** against the big, bad healthcare industry.

---

# Amazon could:

1. Improve personalized medicine
  2. Improve supply chain bottlenecks
  3. Improve the use and availability of medical records
  4. Improve price transparency and choice
  5. Attack the middleman in healthcare delivery
  6. Improve feedback, reviews and overall customer satisfaction
- 



# In 2018 Amazon has



January 2018: Announced formation  
of independent Health care Company

June 2018: Announce Dr. Atul Gawande-a professor and  
surgeon CEO of new company

July 2018: Amazon purchases PillPack

---



# PILLPACK IMPACT:

- Failure to take prescription drugs kills about 125,000 Americans each year according to the Annals of Internal Medicine
  - PILLPACK simplifies healthcare for the consumer
  - Amazon could assist by:
    - improving the number of prescriptions that are actually filled
    - pre-sorting and organizing multiple prescriptions
    - improving communication between doctors and patients
    - improve information on side effects
    - collect better feedback
-

Whether it's Amazon, Walmart or someone else these disruptive innovators will:

1. Bring new business models
  2. Leverage new technologies
  3. Change the rules of the game
  4. CHANGE CONSUMER EXPECTATIONS
-

This isn't a millennial thing! It's a here and now thing. We want:

1. Automation
2. Easy Communication
3. Transparency & bills we can understand
4. Fast and reliable service
5. CHOICES!!!



Health systems need to consider improving:

1. Everywhere Care
2. Preventative Care
3. Personalized Care
4. Improving Aging, Chronic and EOL Care



What will the future bring....???

At the 2025 WV MGMA Fall Conference...

Your Apple HealthBand alerts you that you are running a fever and your blood pressure has dropped and that you should see a doctor.

Five minutes later, you meet with your Amazon Doctor in your hotel room and he reviews your vitals and conducts an interview.

Uber Health delivers your prescription

Google Health records this incident and stores it in your digital records

Your patients....your customers expectations are changing faster than you can move, but as I've shown, you can't afford to stand still and you can't fight it. Why not embrace it?

As finance professionals, you need to help drive this change within your organization. Push for changes not just in clinical procedures but also the consumer experience. Push for leadership development. Push...don't resist new technology and new communication trends.

These might be the best investments you can make in your organization.

---

# Kaufman Hall: 2017 State of Consumerism in Healthcare

## Slow progress in Fast Times

- 90% of survey respondents said that improving key elements of the consumer experience was a high priority for their organization but only 30 percent have built capabilities in those areas.
  - 58% of healthcare leaders offered digital tools and information to enable consumer engagement as high priorities. Of those, just 14% said they have those capabilities
-

Two words of the day:

## Persevere

Verb: Continue in a course of action even in the face of difficulty or with little or no prospect of success

Falling down 7 times and getting up 8 -  
Japanese Proverb

---

Two words of the day:

Conquer

Verb: To gain a victory over, surmount; master; overcome

---





# THANK YOU

For watching & Listening

J. Ryan Lindsay, CPA CHFP

Director

The Health Group, PLLC

Gray Griffith & Mays a.c

[ryan@ggmcpa.net](mailto:ryan@ggmcpa.net)

304-345-9400

**Like this presentation?**

**Coming in 2019:**

**Blame the Boomers: Succession**

**Planning in Today's Workplace**