

Healthcare Value Analysis Today and Tomorrow: Key Insights from the GHX/AHVAP Survey

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INTRODUCTION

Traditionally, healthcare value analysis (HVA) relied on a somewhat subjective evaluation process, often driven by expert opinions and historical data. However, this approach had limitations in terms of transparency, objectivity, and adaptability to the rapidly changing healthcare landscape.

However, as the focus within healthcare shifts from volume-based to value-based care, HVA can play a pivotal role by helping to ensure that every dollar spent contributes to improved patient outcomes and optimized resource utilization. HVA is a linchpin of sustainability, helping organizations deliver high-quality care while effectively managing costs. But within this landscape of change, HVA professionals are grappling with numerous challenges that impact their ability to optimize value.

Understanding the Landscape: The GHX/AHVAP Survey

In mid-2023, Global Healthcare Exchange (GHX) and the Association of Healthcare Value Analysis Professionals (AHVAP) partnered to conduct an industry-wide survey designed to analyze the current state of healthcare value analysis and how value analysis programs are functioning in a post-pandemic era.

The results of the survey demonstrate a variety of multifaceted challenges and opportunities within healthcare value analysis, and they have the potential to guide HVA professionals towards more informed decision-making, including the potential for technology-driven solutions, data analytics, and collaborative approaches to enhance value-based decision-making. This whitepaper presents a summary of these results within the broader context of the shifting healthcare landscape.

About the Survey

The survey was delivered to a total of 10,282 unique healthcare leaders. A total of 1,681 surveys were fully completed. Industry/supplier partners were not requested to participate in the survey as the target audience was healthcare organizations.

Survey respondents identified their primary place of practice/employment in multiple delivery systems of healthcare with the majority being found in integrated delivery Networks (IDNs) (51.2%). While respondents had a wide distribution of experience levels and professional backgrounds, nearly one-third of respondents had three years or less of history as an HVA professional.

CHALLENGES AND OPPORTUNITIES: 5 KEY HEALTHCARE TRENDS

The field of HVA is built on collaboration. On a daily basis, HVA professionals interact with teams that include nursing, medicine, pharmacy, respiratory therapy, medical technology, supply chain, business, and analytics.

As such, HVA is a multifaceted discipline influenced by numerous trends, issues, and challenges that need to be understood in order to map a dynamic path forward for HVA. Five of these trends are outlined below along with contributing factors and insights for moving forward.

Trend 1: Escalating Healthcare Costs

The relentless rise in healthcare costs is creating a massive strain on healthcare budgets, making it increasingly difficult to balance quality care with cost effectiveness. Since 2020, supply expenses have increased by approximately 14.2%.¹ The healthcare industry faces substantial revenue pressures from rising costs, notably labor inflation. Additionally, certain healthcare sectors are still seeing consumer spending levels that are almost 5% less than before the pandemic.¹

• *Contributing Factors*

- **Technological advancements:** High-cost technological innovations, while promising better patient outcomes, present a significant challenge for HVA professionals in assessing their cost-effectiveness.
- **Drug pricing:** Soaring pharmaceutical costs, especially specialty drugs, significantly drive healthcare cost inflation.² Balancing medication value and cost is a complex task.
- **Labor costs:** Growing demand for healthcare services necessitates skilled workers, with labor costs accounting for a major expense. Workforce optimization is vital for cost management.

• *The Path Forward*

- **Value-based care models:** Transitioning to value-based care models that reward low-cost, high-quality care can help incentivize cost-conscious decision-making.
- **Predictive analytics:** Leveraging predictive analytics can help forecast healthcare costs, enabling proactive measures to control spending.

Trend 2: Supply Chain Disruptions

The COVID-19 pandemic exposed supply chain vulnerabilities, including shortages of critical medical supplies, that continue to plague the healthcare delivery system.

- *Contributing Factors*

- **Globalization:** Many healthcare products are sourced globally, making supply chains susceptible to international events, trade tensions, and natural disasters.
- **Just-in-time inventory:** Lean inventory management, while often efficient, leaves little room for error. Any disruptions can lead to shortages. Survey data shows that 72.4% of respondents have an annual savings target tied to their organizational budget, which may help explain the shift toward overly tight inventory controls.
- **Demand variability:** Predicting demand is challenging due to the dynamic nature of healthcare needs, patient behaviors, and the influence of unpredictable factors. The survey indicates that the majority of respondents (58.0%) cater to over 1,000 inpatient beds, pointing to substantial demand scales.

- *The Path Forward*

- **Diversification of supplier partners:** Reducing reliance on a single supplier or region can mitigate supply chain risks. Data from the GHX/AHVAP survey shows that more than a quarter of respondents have been involved in a merger and/or acquisition in the past 12 months, which may offer organic opportunities to diversify suppliers.
- **Data-driven inventory management:** Leveraging data analytics to optimize inventory levels can help improve supply chain resilience.

Trend 3: Data Management Challenges

Healthcare organizations are inundated with vast amounts of data. HVA professionals face significant challenges in collecting, managing, and analyzing this data.

- *Contributing Factors*

- **Data silos:** Data is often siloed in various systems, hindering comprehensive analysis.
- **Data privacy and security:** Protecting sensitive patient data is paramount, adding complexity to data management.
- **Data quality:** Ensuring data accuracy and reliability is essential for meaningful analysis.
- **Manual data handling:** Survey data reveals that nearly 22% of respondents still rely heavily on manual methods to process data, which can lead to inefficiencies and errors.

- *The Path Forward*
 - **Data integration:** Implementing robust data integration solutions can help break down data silos and create a single source of truth.
 - **Data governance:** Developing clear data governance policies and procedures helps maintain data quality and security. Only 31% of respondents say that their organizations have invested in a comprehensive set of tools and resources necessary for their teams to leverage unbiased, reliable financial and clinical data.

Trend 4: Lack of Clinical Standardization

The absence of standardized approaches and definitions in healthcare value analysis contributes to ambiguity and variability, hampering decision-making and comparability of analyses. Nearly 36% of survey respondents report being reliant on clinician preferences or cost-based models for decision making, indicating an opportunity for more standardized, evidence-based approaches.

- *Contributing Factors*
 - **Diverse stakeholders:** HVA involves various stakeholders, each with their own perspectives and metrics for assessing value. It involves a collaborative and multidisciplinary effort that brings together professionals from various healthcare domains, including clinicians, supply chain experts, financial analysts, industry partners, regulators, consultants, accreditation bodies, group purchasing organizations, and healthcare executives and administrators.
 - **Complexity of healthcare interventions:** Providers must balance the benefits of standardization with the need for flexibility and adaptability to address individual patient needs and evolving medical knowledge.
- *The Path Forward*
 - **Standardization initiatives:** Encouraging efforts to standardize methodologies and metrics enhances consistency and comparability.
 - **Education and training:** Training in standardized approaches and best practices equips HVA professionals with knowledge and skills to navigate and assess value more effectively.

Trend 5: Regulatory and Reimbursement Changes

HVA professionals must adapt to frequent regulatory changes and shifting reimbursement models to align their analyses with evolving requirements. This need for adaptation is emphasized by the significant number of professionals unsure about their standing in the value-based care landscape.

- *Contributing Factors*
 - **Policy shifts:** Changes in healthcare policies and regulations can influence reimbursement models, reporting requirements, compliance, patient-centered care, market dynamics, costs, and the overall healthcare landscape.
 - **Payment reform:** Transitioning from fee-for-service to value-based reimbursement models requires adjustments in how value is assessed. As the healthcare industry shifts toward value-based reimbursement models, approximately 18% of survey respondents either lack a formal value analysis process or operate with minimal authority.
 - **Physician involvement:** Over 40% of respondents report limited to no physician involvement in their value analysis decision-making, which indicates a potential gap in incorporating clinical insights into standardization efforts.
- *The Path Forward*
 - **Continuous learning:** Ongoing education and training can help HVA professionals stay abreast of regulatory changes and reimbursement shift.
 - **Adaptive models:** Developing flexible HVA models can accommodate changes in reimbursement and policy.
 - **Leveraging clinical expertise:** Involving physicians and other clinical experts in the value analysis process helps ensure decisions are informed by frontline clinical insights and experiences.

THE RISE OF DATA-DRIVEN HVA

Data and analytics are transforming healthcare value analysis from a traditionally subjective and cost-focused process into a more objective, patient-centered approach that seeks to maximize outcomes while managing costs. As healthcare organizations continue to invest in data infrastructure and analytics capabilities, the potential to drive value and improve patient care is boundless.

Room for Growth

Nearly 29% of surveyed professionals are now embracing value-based decision-making, and another 20% are prioritizing evidence-based strategies. This shift underscores a growing trend: healthcare entities are harnessing vast data volumes to pinpoint trends, uncover care variations, and spot crucial areas ripe for improvement.

However, there remains room for growth; only 16% of survey respondents say they are currently harnessing data and analytics to manage variation using a multidisciplinary approach. Multidisciplinary variation management can help drive more informed decisions, foster cohesive strategies aligned with the wider organization, and amplify patient-centric outcomes.

Beyond decision-making, data and analytics aid in cost optimization by identifying cost-saving opportunities in procurement, supplier selection, contract negotiation, and inventory management, resulting in significant savings without compromising patient care. By keeping a close eye on patient data and identifying best practices, organizations can focus on interventions that genuinely improve patient outcomes.

Predictive Analytics

Predictive analytics are beginning to play a crucial role in forecasting healthcare trends, resource needs, and potential cost overruns. For example, they can help predict patient readmissions, allowing for more efficient resource allocation and reduced hospital readmissions.

Data analytics also contribute to supply chain optimization by tracking product usage, reducing waste, and ensuring the availability of critical supplies. Moreover, data-driven quality metrics are essential for assessing the value of healthcare interventions, evaluating care quality, patient satisfaction, and adherence to evidence-based practices.

The Need for Physician Engagement

To bridge the insights from data with practical implementation, physician engagement is paramount. The survey reveals, however, that just 18.4% of respondents indicate good physician involvement in value analysis through active leadership roles in new product decisions and utilization initiatives. This suggests that nearly 60% have suboptimal physician engagement, highlighting a critical area for improvement. Furthermore, less than a quarter (21.8%) have committees chaired by physicians spearheading variation reduction initiatives across service lines.

Data and Analytics Challenges

As these tools become more sophisticated and accessible, they will play an increasingly integral role in the pursuit of better, more cost-effective healthcare. However, data and analytics also come with challenges. Healthcare data is often siloed in various systems, making integration critical for a holistic view of patient care and resource utilization.

Additionally, data security and privacy are paramount due to the sensitive nature of healthcare data and regulations like HIPAA. Building the necessary data infrastructure and analytics capabilities requires significant investment and expertise. Lastly, transitioning to a data-driven approach may necessitate a cultural shift within healthcare organizations.

EXPANDING THE HVA KNOWLEDGE BASE

The survey results reveal knowledge gaps in the evolving HVA field, particularly concerning vital organizational metrics and concepts like net patient revenue (NPR), provider employment models, and value-based care programs.

For instance, nearly half (46.6%) of the respondents did not know or were not sure about their organization's NPR. Expanding HVA professionals' understanding of these metrics is crucial, as they significantly impact an organization's total cost of care, reimbursement rates, and financial standing, including bond and credit rating.

HVA professionals have a tremendous opportunity to diversify their skill sets, and HVA leaders can broaden their competency in the areas of financial acumen, supply chain management, project management, and the application of evidence-based practices across the healthcare continuum.

Strengthening the depth of the profession will enable HVA leadership to respond to the needs of healthcare more completely, regardless of the challenge. Bridging current knowledge gaps is crucial for several reasons, including:

- **Strategic decision making:** Equipped with an understanding of organizational metrics and frameworks, HVA professionals will be able to make more informed and strategic decisions that align with broader financial health and priorities.
- **Stronger collaboration:** HVA professionals who are equipped with insights into organizational metrics and frameworks can more effectively collaborate with other departments, ensuring utilization and purchasing patterns are in sync with wider care programs and financial priorities.
- **Improved patient care:** Informed HVA professionals can help align product decisions with the best interests of patients, empowering them to advocate for choices that are not only cost-effective but also directly contribute to the improvement of patient outcomes.

By considering these financial and organizational aspects alongside clinical outcomes, healthcare value analysis can play a vital role in enhancing the quality and scope of patient care.

APPLICATIONS FOR THE FUTURE OF HVA

A key survey finding emphasizes the importance of engaged executive leadership and a collaborative medical director in healthcare value analysis programs. In fact, according to the survey, nearly 70% of respondents were not sure about which value-based care programs their organization participates in, hinting at the need for better communication and understanding at the executive level.

Programs with this team-based approach are more likely to achieve sustainable success in the value-based care model compared to those lacking these resources and structure. AHVAP has recently defined five key components of healthcare value analysis³:

- **Evaluation and assessment:** Assessing clinical efficacy, safety, and cost-effectiveness through evidence analysis, comparative studies, and stakeholder input.
- **Cost management:** Identifying cost-saving opportunities, optimizing resource allocation, and reducing waste through collaboration and utilization analysis. This is especially critical, as the survey indicates that 72.4% of respondents have an annual savings target tied to the organizational budget.
- **Patient-centered care:** Ensuring value delivery while prioritizing patient needs and outcomes.
- **Collaboration and Stakeholder Engagement:** Fostering effective communication, consensus-driven decision-making, and alignment with organizational goals.
- **Continuous Quality Improvement:** Monitoring outcomes, evaluating interventions, and adapting strategies to evolving healthcare landscapes.

In the evolving healthcare landscape, HVA professionals must adopt data-driven decision-making, enhance supply chain resilience, improve data management, advocate for standardization, and adapt to regulatory shifts.

Industry partners can help address these challenges, empowering professionals to shape a healthcare system that delivers better value, patient outcomes, and cost-effective care. Organizations like AHVAP support professional growth and readiness for healthcare's ongoing changes.

CONCLUSION

The GHX/AHVAP Value Analysis Profession Survey offers a holistic look at the evolving landscape of healthcare value analysis and its implications for today and tomorrow, shedding light on the multifaceted challenges and opportunities within HVA.

It highlights the potential for technology-driven solutions, data analytics, and collaborative approaches to enhance value-based decision-making. As healthcare professionals grapple with rising costs, supply chain disruptions, data management challenges, lack of clinical standardization, and regulatory changes, the survey offers valuable insights to help them navigate these complexities.

Ultimately, data-driven healthcare value analysis emerges as a game-changer, helping transform a traditionally cost-focused process into a more objective, patient-centered approach that improves outcomes. By harnessing data and analytics, healthcare organizations can identify trends, manage variation, reduce costs, and improve patient care. However, challenges such as data silos, security concerns, and the need for cultural shifts must be addressed.

Overall, the survey underscores the importance of a multidisciplinary and collaborative approach to value analysis, aligning with evolving healthcare policies and regulations, and embracing technology to shape a healthcare system that delivers better value, patient outcomes, and cost-effective care.

ABOUT AHVAP

AHVAP is the preeminent professional association and resource for healthcare value analysis professionals, leaders, and stakeholders in the healthcare continuum. The Association exists to ensure the delivery of high quality, safe, efficient, value-based care through the promotion of the IHI Quadruple Aim across the healthcare continuum of care in collaboration with our stakeholders.

ABOUT GHX

Building on decades of collaboration among providers, manufacturers, distributors and other industry stakeholders, Global Healthcare Exchange, LLC (GHX) is leading the charge in helping organizations run the new business of healthcare.

GHX Value Analysis & Strategic Sourcing helps enhance clinical outcomes and drives cost savings. With a robust research database, it has helped save 41,000 FTE (full-time equivalent) workdays across its customer base and captured nearly 17,000 new product requests, providing support to 12,000 product decisions. In 2022 alone, GHX helped clients cumulatively save \$86 million.

For more information on GHX's suite of cloud-based supply chain solutions, visit www.ghx.com.

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