**Healthcare Industry 2022 PLUS**

**Tested to the Breaking Point**

The pandemic has severely tested all sectors of the US healthcare system at unprecedented levels. Despite overburdened hospitals, exhausted healthcare workers and the effects on the economy and individuals’ health, the system has proven to be resilient.

According to research from The Commonwealth Fund, an estimated 1.09 million more deaths were prevented through November 2021 because of the vaccination program. Treating those additional patients could have broken the US healthcare system.

In the most recent data from the Centers for Medicare & Medicaid Services (CMS), total 2020 national health spending was $4.1 trillion, a 9.7% increase; however, most of the increase was from additional federal support as fewer consumer dollars were spent.

**Personal Consumption Expenditures (SAAR\*) for Healthcare Services,**

**by Quarters, During 2021 Compared to 2020 and 2019**

|  |  |  |  |
| --- | --- | --- | --- |
| Quarter | 2021 | YOY Change from 2020 | YOY Change from 2019 |
| Q1 | $2.46 T | +2.1% | +2.1% |
| Q2  | $2.53 B | +26.5% | +3.3% |
| Q3 | $2.58 T | +8.8% | +4.5% |

 Bureau of Economic Analysis, December 2021

 \*Seasonally Adjusted Annual Rate, not quarterly sales total

**The Persistence of the Pandemic**

Unsurprisingly, a November 2021 Gallup poll found 47% of respondents said COVID-19 was the “most urgent health problem facing the US,” compared to 69% in a November 2020 poll; however, the 2021 poll is prior to the surge in the Omicron variant.

As of late December 2021, preliminary research suggested the Omicron variant was spreading faster than previous variants, but resulted in milder symptoms and fewer hospitalizations, but more research is needed for a complete analysis and conclusions.

According to a mid-December 2021 survey from the Kaiser Family Foundation, 54% of adult respondents who were vaccinated, but hadn’t received a booster, said the Omicron variant was more likely to compel them to receive the booster.

**Unvaccinated Americans, by Age, Ethnicity and Income, November 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Age | Percent | Ethnicity | Percent | Income | Percent |
| 18–29 | 27% | Caucasian American | 61% | Less than $40K | 37% |
| 30–49 | 39% | African American | 15% | $40K–$89.9K | 29% |
| 50–64 | 25% | Latinx American | 15% | $90K+ | 21% |
| 65+ | 9% |  |  |  |  |

Kaiser Family Foundation, December 2021

**Consumers’ Perspectives on Healthcare**

According to the NCR Health 2021 Healthcare Consumer Trends Report, consumer trust in healthcare teams remained strong at 95% (Q1 2020) and 96% (Q3 2020) and in healthcare staffs at 88% and 93%, respectively.

Despite this increasing trust, 36% of surveyed consumers said they had no healthcare brand preference, increasing five percentage points from 2018 (31%). 45% of consumers said the pandemic was a major cause of them changing their brand preference.

The results of the NCR Health report indicate convenience is the primary factor for choosing a healthcare provider, with 49% of consumers stating convenient locations. Convenience at 52% was second to insurance coverage influencing healthcare brand choice.

**How the Pandemic Experience Has Changed Consumers’ View of**

**the US Healthcare System, September and October 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| View | 18–29 | 30–39 | 40–49 | 50–64 | 65+ |
| Better | 7% | 4% | 5% | 9% | 12% |
| No change | 32% | 38% | 39% | 44% | 44% |
| Worse | 58% | 55% | 52% | 42% | 38% |
| Don’t know | 3% | 3% | 3% | 5% | 6% |

 West Health and Gallup, December 2021

**Physicians’ Perspectives**

Professional burnout is one of the primary outcomes of the burden on physicians during the pandemic. According to a May/June 2021 survey from The Physicians Foundation, female physicians (69%) and primary care physicians (66%) were experiencing the most burnout.

The pandemic has also impacted physicians in other ways at least once: 57% had inappropriate feelings of anger, tearfulness or anxiety and 46% withdrew or isolated from family, friends and co-workers, but only 14% sought medical attention for these situations.

A vast majority (83%) said “confidential therapy, counseling or a support phone line” are the top strategies and resources to face the challenges of burnout and any mental health conditions they have or might experience.

**Actions Taken or Physicians’ Experiences Caused by the Pandemic, May/June 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Action/Experience | Percent | Action/Experience | Percent |
| Reduction in income | 49% | Retired | 2% |
| Reduced staff | 32% | Closed practice | 2% |
| Switched to a primary telemedicine practice | 18% | Moved from permanent practice to locum tenens\* | 1% |
| New employment/practice | 9% | Other | 5% |
| Increased staff | 6% | None of the above | 22% |
| Moved from direct clinical to non-clinical | 3% |  |  |

The Physicians Foundation, August 2021 \*short-term, contract positions with flexible schedules

**The Trend of Delayed Healthcare Treatment**

Delaying medical treatment/procedures has been a consequence of the pandemic as many hospitals have had to limit or stop accepting non-COVID-19 patients and many consumers have deferred treatment because of a fear of contracting the COVID-19 virus.

According to data from the National Center for Health Statistics (NCHS), 14.6% of adults in the US delayed medical care during the four weeks ending 7/5/21 and more women (16.2%) than men (12.9%). Adults 18–29 were the largest percentage at 20.2%.

Of the four primary US ethnic groups, 19.0% of Latinx Americans had delayed treatment, 16.7% of Asian Americans, 15.4% of African Americans and 13.0% of Caucasian Americans, with other ethnicities and multiple ethnicities at 20.2%.

**5 States with the Most and Fewest US Adults Who Have Delayed**

**Medical Care Due to the Pandemic\*, December 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| States with Most | Percent | States with Least | Percent |
| #1: New Mexico | 24.0% | #1: Wisconsin | 8.5% |
| #2: Oregon | 22.7% | #2: South Carolina | 8.8% |
| #3: District of Columbia | 20.2% | #3: South Dakota | 9.1% |
| #4: California | 18.5% | #4: Wyoming | 9.3% |
| #5: Maryland | 18.2% | #5: Kansas | 9.9% |

 Centers for Disease Control and Prevention, December 20201 \*during the four weeks ending 12/21/21

**From Anxiety to Greater Confidence**

The pandemic has adversely affected the mental health of Americans and added another challenge for the US healthcare system. According to an August 2021 The Harris Poll for the American Psychological Association, 32% of Americans said they were very stressed.

Almost half (48%) of all Millennials said their pandemic-induced anxiety made basic decisions difficult, compared to 37% of Gen Xers, 32% of Gen Xers, 14% of Baby Boomers and 3% of the oldest adults.

Despite all that stress, a 2021 Healthy Now survey for the Cleveland Clinic found approximately 74% of Americans said how they’ve navigated the pandemic has increased their confidence about overcoming any future challenges.

**Significant Sources of Stress Among The Harris**

**Poll Survey Respondents, August 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Source | Percent | Source | Percent |
| #1: Work (of those employed) | 66% | #7: Personal relationships | 51% |
| #2: Money | 61% | #8: Housing costs | 51% |
| #3: The economy | 59% | #9: Personal safety | 44% |
| #4: Family responsibilities | 57% | #10: Job stability | 43% |
| #5: Personal health concerns | 52% | #11: Discrimination | 32% |
| #6: Health problems affecting family | 51% |  |  |

American Psychological Association/The Harris Poll, October 2021

**The Burden of Healthcare Costs**

The increasing cost of healthcare for consumers has contributed to delayed treatment as many have experienced job and income disruptions. The population sectors most affected are uninsured adults, African Americans, Latinx Americans and those with lower incomes.

According to the West Health-Gallup 2021 Healthcare in America report, 30% of survey respondents (September/October 2021) said they wouldn’t be able to afford access to quality healthcare if needed.

The results of a September/October 2021 Kaiser Family Foundation survey revealed almost half (46%) of adults with health insurance said it was difficult paying their share of healthcare costs and 27% had similar difficulty with paying their deductible.

**The Lower-Income Americans, African Americans and Latinx American Adults Who Had to Skip or Delay Medical Care Due to Costs, September/October 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Medical Care | Total | Income <$40K | African American Adults | Latinx American Adults |
| Dental services | 39% | 50% | 50% | 47% |
| Vision services, including glasses | 28% | 38% | 34% | 33% |
| A physician office visit | 24% | 30% | 22% | 36% |
| Mental health care | 17% | 20% | 15% | 23% |
| Hospital services | 13% | 18% | 20% | 21% |
| Hearing services, including hearing aids | 9% | 13% | 5% | 9% |
| Any of the above | 51% | 63% | 58% | 58% |

 Kaiser Family Foundation, December 2021

**The Challenge of Prescription Drugs Costs**

Despite efforts in Washington, DC to overhaul the prescription drug industry, almost all Americans (94%), regardless of political leanings, agree prescription drugs cost too much and 84% anticipate higher costs through Q3 2022.

The Kaiser Family Foundation survey cited above indicated 25% of respondents said they had difficulty affording their prescriptions, with those 18–49 at 31% compared to 20% for those 65 and older.

Particularly troubling is the 29% who said they “did not take a prescription medicine as directed because of cost,” 22% took an OTA drug instead of filling a prescription, 16% did not fill a prescription and 13% cut pills in half or skipped a scheduled dose.

**Americans’ Top Five Delayed Purchases To Afford To Pay**

**Their Medical Bills, September/October 2021ugust 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Delayed Purchase | Percent | Delayed Purchase | Percent |
| #1: Vacation/Major household purchase | 16% | #4: Worked extra job/more hours | 11% |
| #2: Basic household items | 15% | #5: Increased credit card debt | 11% |
| #3: Used most or all savings | 12% |  |  |

American Psychological Association/The Harris Poll, October 2021

**Health Insurance Insights**

The increase in healthcare payers’ spending during 2020 was largely due to a 3.5% increase in Medicare spending and a 9.2% increase in Medicaid spending. Medicaid’s increase was more than three times 2019’s increase of 3.0%.

Because of delayed healthcare, closed businesses and employment disruptions, there were fewer employee enrollments in healthcare plans, which resulted in private health insurance spending decreasing 1.2% and out-of-pocket spending decreasing 3.7%.

As of 12/15/21, 13.6 million Americans had enrolled in healthcare insurance through the ACA program, with 9.7 million via the federal government’s Website and another 3.9 million enrolled or were automatically re-enrolled through State-based Marketplaces, all records.

**Adults 18+ Who Influence Business Services/Corporate Health**

**Care/Insurance, by Their Occupations, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Occupation | Orlando | Detroit | Des Moines, IA | Phoenix | Portland, OR |
| White-collar workers | * 78.0%
 | * 81.0%
 | * 66.6%
 | * 84.9%
 | 66.9% |
|  Professional/Technical | 19.2% | * 39.5%
 | * 11.6%
 | * 30.2%
 | * 35.2%
 |
|  Proprietors/Managers | 42.9% | * 28.5%
 | * 55.0%
 | * 42.7%
 | * 28.0%
 |
|  Clerical/Sales | 15.9% | * 13.0%
 | * \*
 | * 11.9%
 | * 3.7%
 |
| Bleu-collar workers | 1.0% | * 6.5%
 | * 12.3%
 | * \*
 | * 10.7%
 |
| Business owner/partner/corporate officer | * 29.8%
 | * 24.7%
 | * 50.6%
 | * 24.8%
 | * 38.3%
 |

Based on The Media Audit’s 2021 surveys \*insufficient data

**Consumer Health Insurance Coverage**

Based on data in five representative 2021 consumer/market surveys from The Media Audit, adults 18+ with some type of health insurance coverage is very consistent across most demographics, averaging 86.1% and within a narrow range of 5.8 percentage points.

Slightly more women (52.4% average) than men (47.6% average) have coverage. By age, most adults 18–24 are typically on their parents’ plans, those 25–64 are more likely to have employer-based coverage and those 65+ have Medicare/Medicaid.

The average of 23.0% for households with incomes less than $35K have a mix of employer-based coverage, ACA program or Medicaid. Those with middle and above-average incomes have employer-based coverage and those with incomes of $150K+ are often self-insured.

**Adults 18+ With Some Type of Health Insurance Coverage,**

**by the Type of Coverage, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Coverage | Orlando | Detroit | Des Moines, IA | Phoenix | Portland, OR |
| Health insurance company (employer) | * 50.2%
 | * 56.3%
 | * 55.5%
 | * 51.3%
 | 49.8% |
| Medicare | 39.1% | * 33.5%
 | * 29.8%
 | * 36.1%
 | * 32.5%
 |
| Medicaid | 11.0% | * 19.0%
 | * 20.0%
 | * 14.9%
 | * 17.3%
 |
| Other type | * 6.9%
 | * 1.1%
 | * 5.8%
 | * 5.2%
 | * 7.7%
 |

Based on The Media Audit’s 2021 surveys

**Industry Challenges**

A primary challenge for physicians and the entire healthcare industry that takes effect 1/1/22 is the Consolidated Appropriations Act COVID-19 relief bill, which includes the “No Surprise Act,” requiring price transparency for various medical treatments and services.

The pandemic has been the primary cause of 18% of healthcare workers quitting their jobs, 12% being laid off or becoming unemployed and 19% considered leaving the healthcare industry, according to a September 2021 survey from Morning Consult.

The labor shortage is expected to continue and will be a major revenue challenge for hospitals and other healthcare facilities as replacing lost workers will cost more. Inflation, supply-chain challenges and limited payer reimbursements are also increasing costs.

**Top Five Industries with the Largest Percentages of Job Openings, October 2021**

|  |  |
| --- | --- |
| Industry | Percent |
| Accommodation and food services | 10.7% |
| Transportation, warehousing and utilities | 8.6% |
| **Healthcare and social assistance** | 8.3% |
| Nondurable goods manufacturing | 8.2% |
| Professional and business services | 7.9% |

 Bureau of Labor Statistics, December 2021

**Healthcare Trends in the New Year**

According to a December 2021 Fierce Healthcare article, investments in and expansion of retail healthcare is a major 2022 trend. Walmart, Amazon, CVS and Walgreens will offer more “primary care” and other consumer healthcare services.

The pandemic accelerated home-based care, including the significant increase in the use of telehealth. This trend is expected to continue into 2022 and beyond, but to serve all consumers equitably, access to the Internet and digital tools must become widespread.

According to the NCR Health report cited on page 2, telehealth usage increased from 7.8% during 2018 to 26.9% during 2020; however, The Physicians Foundation survey found 70% of physicians said, “Use of telehealth will be a regular part of my practice.”

**Top-Funded Digital Health Investments, by Type, 2018–Q1–Q3 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type | 2018 | 2019 | 2020 | Q1–Q3 2021 |
| Research & development | $1.2 B | $711 M | $2.1 B | $4.7 B |
| On-demand healthcare | $1.6 B | $1.3 B | $2.8 B | $3.4 B |
| Treatment of disease | $773 M | $903 M | $1.5 B | $3.1 B |
| Fitness & wellness | $1.2 B | $1.2 B | $1.8 B | $2.9 B |
| Non-clinical workflow | $548 M | $640 M | $1.0 B | $2.1 B |
| Consumer health information | $1.0 B | $506 M | $1.1 B | $2.0 B |

 Rock Health, October 2021 color represents change from the previous period

**More Valuable Insights**

Hospitals were on the frontline of the pandemic and new data and trends from Kaufman, Hall & Associates’ November 2021 National Hospital Flash Report reveal how the pandemic affected hospital finances and operations.

* Hospital expenses have increased substantially as volumes have decreased compared to the pre-pandemic period, which resulted in a decrease in hospital margins during October 2021. The emergence of the Omicron variant could extend the trend of low or declining margins into 2022.
* As indicated on page 6, hospitals’ labor costs have increased, however, non-labor expenses, including drugs, decreased during October 2021.
* Many hospitals have had (and continue) to limit services not related to COVID-19 treatment and care, but Kaufman, Hall concludes the October 2021 increase in operating room minutes indicates more elective procedures are occurring.

**National Hospital Results and Comparisons, Through October 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Metric | 2021 To Date | YOY Change | 2 YOY Change |
| Discharges | +3.3% | +1.8% | -5.5% |
| Patient days | +9.7% | +6.0% | +0.4% |
| Average length of stay | +3.7% | +4.8% | +7.1% |
| Emergency department visits | +9.7% | +12.5% | -9.4% |
| Operating room minutes | +9.2% | -6.1% | -4.3% |

 Kaufman, Hall & Associates, November 2021

*Sources:* The Commonwealth Fund Website, 12/21; Centers for Medicare & Medicaid Services Website, 12/21; Gallup Website, 12/21; NBC News Website, 12/21; Kaiser Family Foundation Website, 12/21; NCR Health Website, 12/21; The Physicians Foundation Website, 12/21; Centers for Disease Control and Prevention Website, 12/21; American Psychological Association Website, 12/21; The Cleveland Clinic Website, 12/21; The Media Audit Website, 12/21; American Medical Association Website, 12/21; Morning Consult Website, 12/21; Health Leaders Website, 12/21; Bureau of Labor Statistics Website, 12/21; Fierce Health Website, 12/21; Rock Health Website, 12/21; Kaufman, Hall & Associates Website, 12/21.

*Updated*: December 2021

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**Local Market and Station Information**