PricewaterhouseCoopers Forecasts Top 10 Issues for the Health Care Industry in 2006

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Washington, DC (PRWEB) January 10, 2006 Â– In a report issued today by PricewaterhouseCoopers Health Research Institute, the rising costs of health care coverage and the implications of the Drug Medicare Plan are among the Top 10 Business Issues for the Health Industries in 2006. Also high on the list, according to the report, is the rise of consumer directed health care and health savings accounts, pressure on pharmaceutical companies and the urgent need to reduce medical errors and make investments in information technology, including electronic medical records.

Â“Given rising health care costs, a growing population without health insurance coverage and concerns over patient safety, the health care industry is under intense pressure to change,Â” said Jim Henry, Partner, Global Health Care Leader, PricewaterhouseCoopers. Â“Addressing these issues and ensuring the sustainability of our health system will mean sweeping changes for every participant in the health industries.Â”

The top 10 issues are:

1. Medicare and the Drug Medicare Plan
   The Drug Medicare Plan introduces a powerful single purchaser of drugs in the U.S., which could put negative pricing pressure on pharmaceutical companies. Look for premiums to go up if the program does not attract a sufficient number of subscribers, and for Congress to rein in spending if Medicare costs continue to increase.

2. Care and Coverage of the Uninsured
   As more and more Americans drop health insurance coverage, hospitals are seeing bad debt levels rise. While a few payers have begun to collaborate on pilot programs to develop low-cost health insurance coverage, providers will continue to face the issue of how to handle uncompensated care and its impact on their bottom line,

3. The Rise of the Health Care Consumer
   The simple days of $10 co-pays will become a distant memory for Americans with high-deductible health plans and Health Savings Accounts. In 2006, health plans will develop new products to meet the needs of consumers paying more out of their own pockets. As consumers become increasingly price-sensitive and comparison shop for generic drugs, pharmaceutical and life sciences companies may need to examine their product portfolios.

4. Focus on Prevention: Wellness is In; Fat is Out
   Consumers who are paying more of the direct cost of their health care have an increased incentive to diet, exercise, quit smoking and manage their health and lifestyle. In 2006, expect an increase in government and employer-sponsored health promotion initiatives and a growing market for drugs, treatments and services oriented toward wellness and prevention.

5. Calls for Patient Safety to Drive Health IT Investments
   Calls for improved patient safety will intensify in 2006, and the health care industry will turn to technology to
help reduce medical errors and improve tracking and reporting of safety and quality standards. Annual investments in health care IT are expected to nearly double to approximately 5 percent of revenue from an average of 2 to 3 percent now.

6. Diminishing Drug Pipeline
The pharmaceutical industry will be focused in the year ahead on boosting R&D productivity and cutting costs. With the cost of drug development in excess of $800 million per drug, pharmaceutical companies are under pressure to produce, but their margins are getting slipping. The imminent expiration of key patents could further decrease revenue by up to 60 percent, according to PricewaterhouseCoopers

7. Pay for Performance
The increased emphasis on reimbursement tied to performance will place new demands on health industries executives to develop quality measures so that payers can evaluate providers. Health organizations will need to rely more on information technology to capture, store, retrieve and report quality information. To win financial bonuses for quality, hospitals and physicians will need to work together to change behavior and measure clinical performance against these standards.

8. Report Card Fever
There will be increasing demand for more transparency in health care. In 2006, health organizations will focus on developing proactive public reporting of their prices, error rates and safety standards and charity care policies.

9. Technology Backbone
Slow adoption of information technology is at the heart of many of the issues plaguing the health care industry. Significant progress will be made in 2006 by government, industry coalitions and banks to build a technology infrastructure to improve claims processing, create electronic medical records, reduce medical errors and track performance. Health care organizations need to develop a system for making decisions about technology investments.

10. Labor Shortages
To address the ongoing shortage of health care workers, health care organizations will look to redefine staff functions and pursue increased use of automation for administrative functions, outsourcing, subsidized training, aggressive recruitment and retention.

About the PricewaterhouseCoopers Health Research Institute

PricewaterhouseCoopers Health Research Institute provides new intelligence, perspective and analysis on trends affecting all health-related industries, including health care providers, the Drug Medicare Plan, pharmaceuticals, health and life sciences and payers. In its groundbreaking HealthCast series, including HealthCast 2010, HealthCast Tactics and just published HealthCast 2020, PricewaterhouseCoopers tracks the major trends and solutions in health care around the world. The Institute is part of PricewaterhouseCoopersÂ’ larger initiative for the health-related industries that brings together expertise and allows collaboration across all sectors in the health continuum.

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PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 130,000 people in 148 countries work collaboratively using connected thinking to develop fresh perspectives.
and practical advice.

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