

Healthcare Industry: An Analysis



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Executive Summary of the Healthcare Industry

Healthcare, as an industry, is overwhelmingly complex with differentiated products. Runaway medical technology and the explosion of medical knowledge perplex both consumers and medical professionals. The medical (as opposed to the holistic) model forms an interweaving, convoluted ecosystem with considerable outside influence.

As a nearly \$2 Trillion industry, numerous segments exist. One way to look at the industry is centrality, or proximity to the patient/ *customer*. Healthcare crosses many boundaries within the NAICS, comprised mainly of: Hospitals/ Treatment Centers, Physicians, Medical Equipment/ Supplies, and Pharmaceuticals. The three main players are Payers, Providers, and Patients.

Within the Healthcare Industry there are many competing forces. Demand is increasing, Rising costs cause problems, Information Overload is ever present, Suppliers resist IT initiatives, and Complementary and Alternative Medicine is posing a challenge.

Major turmoil is being caused by misaligned incentives within the Healthcare industry. Providers generally focus on revenue generation, and cost-cutting, rather than quality. Payers see a world of cost containment and restricted utilization, thereby setting up *flaming hoops* for patients to jump through in order to be covered. And, consumers act as passive patients, forsaking personal responsibility – particularly regarding lifestyle management which affects at least 50% of overall wellness.

Growth opportunities abound throughout the Healthcare industry largely in part to upward cost-pressure and cost-shifting, thereby forcing consumers to advocate change. Some key opportunities exist in areas such as Consumer-driven Healthcare, Remote Care, Gene-based Cures, Complementary and Alternative Medicine, and Turning Information into Knowledge.

Right now the Healthcare Industry is highly fragmented and is not delivering what consumers want. It is one thing to treat symptoms, yet quite another to enhance the performance of our bodies. The U.S. healthcare system desperately needs disruptive innovation. Entrenched industry players and a culture of "newer, bigger, quicker, better" create a plethora of specialized products and services. We dig deep into the womb to breathe life into premature babies and lock onto the last faint breath in the aged, yet millions are harangued by an inefficient healthcare system that fails to timely handoff information from one provider to another and fails miserably in providing a comprehensive view of who matters most – the customer. Treated as *patients*, consumers struggle to complete required *standard* forms at different providers, receive conflicting advice from doctors, and are bombarded with an avalanche of information. Consumers are sick and tired - both literally and figuratively.

What's needed is a new breed of Entrepreneur who wants to turn the healthcare industry right-side up and put the customer back on top.