Associations

• Associations must produce products and services that deliver the highest possible value to members. To be effective, associations should discover their members’ unarticulated needs and innovate and develop valuable benefits that meet these needs. Associations should also be aware of programs that provide low value or that distract staff from working on higher value programs. It may be necessary to drop these programs. Associations that identify and articulate a purpose that inspires its members to feel that they are contributing to the advancement of society may hold an advantage over those that do not.

• To remain credible, associations may have to demonstrate their own dedication to responsible and sustainable business practices while taking care of their own triple bottom line—member value (profit), staff and community (people) and the environment (the planet).

• Remarkable associations maintain a clear understanding of their core purpose and willingly adapt how they do business in order to remain consistent with that purpose, regardless of whether change is anticipated. Successful associations remain more steadfast in their commitment to their members and their mission.

• Associations face the constant challenge of remaining trusted and relevant in a world of changing values and attitudes.

• A potential opportunity to take a leadership role for associations is to facilitate strategic conversations about the future of their sectors or professions. These discussions should address the opportunities and challenges associated with a changing environment and workforce dynamics.
Consumers & Demographics

- Nearly 44 percent of the U.S. civilian, noninstitutionalized population had one or more chronic conditions in 2005. Of these, one in five reported living with one chronic condition, 10.7 percent reported two conditions, and 13.3 percent had three or more chronic conditions. The most dramatic rise in the presence of chronic disease occurred among adults between early adulthood (ages 20 to 44) and midlife (ages 45 to 64). These age groups had an increase of 32.4 percent and 63.1 percent, respectively, of people with at least one chronic condition.

- Employers are increasingly interested in incentives to encourage responsible health behaviors and participation in wellness and disease management programs. According to a survey by PricewaterhouseCoopers, large employers are leading this trend, with more than 60 percent at least somewhat likely to offer incentives as a health strategy over the next 12 to 24 months. In addition, half of the small employers surveyed are at least somewhat likely to employ the strategy. However, wellness programs don’t work if employees don’t participate, and most don’t. Less than 15 percent of eligible individuals enroll in wellness programs.

- Mental illness causes more disability than any other class of illness in the United States. One-in-four Americans experience mental illness at some point in their lifetimes. Twice as many Americans live with schizophrenia as live with HIV/AIDS. A study by the National Alliance on Mental Illness gives the nation’s public mental health care system a D grade. As the country faces the deepest economic crisis since the Great Depression, state budget shortfalls mean budget cuts to mental health services.

- About 66 percent of Americans are overweight or obese, according to the Centers for Disease Control and Prevention. Death due to poor diet and physical inactivity rose by 33 percent in the past decade and may soon overtake tobacco as the leading preventable cause of death.

Economy & Finance

- Hospitals’ median days-cash-on-hand reached a historic low in the third quarter of 2008 of 110 days. The median bad debt percentage is within historic range, while charity care percentage is consistently trending upward. The hospital industry is not recession-proof. Observed impacts that appear related to the recession, include: hospital nonoperating and total margins have decreased dramatically, especially in the third quarter of 2008 and total margins are at historically unprecedented lows. Approximately 50 percent of hospitals are operating in the red.

- Access to capital will become more strained and expensive. Even solid-performing organizations will experience a change in access to capital due to the overall condition of the capital markets. Providers will have to make serious choices about what services and programs they are able to fund over others.

- In a survey of 639 hospitals, the vast majority reported that their ability to rely on philanthropic contributions and borrow funds through tax-exempt bonds and bank loans—the three most common sources of capital—has become significantly more difficult or even impossible.

- More than half of all health care spending, calculated at up to $1.2 trillion of the $2.2 trillion spent nationally, is attributable to defensive medicine ($210 billion annually), inefficient claims processing (up to $210 billion annually) and care spent on preventable conditions related to obesity and overweight ($200 billion annually).
The CEO and/or the chairman primarily drive an organization’s commitment to, and investment in, strategic planning. Trustees are engaged in the planning process so they are better prepared to guide the organization toward achievement of its goals. Monitoring the organization’s performance and comparing it with the plan to ensure achievement of the organization’s objectives is another key component of the planning process. Financial performance is an important input for planning, but so are provider satisfaction, community needs, and quality of care data. The combination of ongoing state budget constraints, unwillingness to raise taxes and federal budget constraints, and the economic downturn have brought much uncertainty to hospitals and health systems. How can organizations demonstrate the importance of the strategic planning process? The health care reform debate and economic downturn have brought much uncertainty to hospitals and health systems. The federal government will use financial performance as a tool to determine payments to hospital programs. The combination of ongoing state budget constraints, unwillingness to raise taxes and federal budget constraints, and the economic downturn have brought much uncertainty to hospitals and health systems. How can organizations demonstrate the importance of the strategic planning process? What the experts have to say...
New technology—its introduction and its use—accounted for 20 percent to 40 percent of the annual rise in U.S. health care spending since 1960.  

Telemedicine is transforming the traditional view of medicine. It can help determine whether or not a patient needs to go to the emergency department or the doctor’s office. Physician reimbursement has been a barrier to the use of remote monitoring technology. It’s difficult for doctors to support the technology that adds more work to their day without payment. Medical liability and other legal concerns, as well as security and privacy issues, have also come into play as potential obstacles to the growth of telemedicine.

The direct-to-consumer market for genetic testing will expand as the cost continues to drop. Direct-to-consumer marketing of these tests bypasses traditional clinicians, raising questions about how the information affects diagnosis and treatment. The National Human Genome Research Institute has set $1,000 as the target price for genome sequencing. Providers, payers and regulators must adhere to the Genetic Information Nondiscrimination Act passed in 2008. Insurers won’t be able to deny coverage or raise premiums to individuals based on their genetic predispositions to developing certain diseases.

The number of activist disease foundations—foundations that operate with speed and urgency and a business model completely unlike the traditional foundation model—is growing. These groups use all their money to finance targeted research, hold conferences where scientists must share information, and underwrite clinical trials conducted by drug companies. The Michael J. Fox Foundation has used its money to take control of Parkinson’s research like few other foundations have ever done. The foundation has upended the way scientific research is done, and the way academics interact with pharmaceutical and biotech companies. It demands accountability and information sharing that is almost unheard of in the broad scientific community.

A large part of the employment growth in America over the next two decades will be in the health care sector. The biggest growth will occur in the front-line workforce—nursing, assistants, home health aides, long-term care assistants and others—who will provide essential care and services to an aging population. However, unlike many other health professionals, these individuals are often at risk by making lower wages, having less generous benefits and fewer opportunities for education and advancement. It’s likely that much of this workforce is, or soon will be, unionized.

Saying they need a more “powerful national movement” to protect nurses, three unions merged in late February. United American Nurses, the California Nurses Association National/Nurses Organizing Committee and the Massachusetts Nurses Association formed the United American Nurses—National Nurses Organizing Committee. The 150,000-member union is part of the AFL-CIO. The group’s highest priority is RN unionization. Legislatively, the group will push for nurse staffing ratios, workplace safety rules and a national pension for RNs.

Few young physicians are going into primary care and many physicians already in primary care are under such stress that they are looking for an exit strategy, according to the American College of Physicians. Challenges include: declining incomes, high patient volume, rising expenses and policies from insurers that encourage rushed office visits. As a result, more primary care doctors are retiring than are graduating from medical school.
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