



Growth in outpatient services is accelerating

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Medical device companies need to stay aware of site-of-service changes if they're to keep pace with the shift.

The patient care landscape is currently in the midst of a major transformation, and provider organizations' business models are changing along with it.

Technological advances, patient preferences, and financial incentives are driving a large-scale site-of-service shift, with growing numbers of what were once inpatient procedures now being performed on an outpatient basis. This shift has

significant benefits for patients, providers, and payers alike, and the trend is expected to grow more pronounced in the years to come.

This has critical implications for medical device companies, who will need to leverage data to adapt their commercial, medical affairs, and provider engagement strategies if they're to stay at the forefront of a fast-changing marketplace. Only by understanding current healthcare

industry trends — including patient demographics, which facilities are serving particular patient populations, and which procedures are moving into outpatient facilities the fastest — can they accurately identify the biggest areas of growth. By doing so, they'll uncover new opportunities, but they'll also ensure that the right patient has access to the right treatment at the right time, which is especially important in the midst of a world that keeps changing.

"Moving these procedures into outpatient settings is good for everyone," says a leading industry strategist and consultant. "It's good for patients, because their experiences are better. It's good for payers because it lowers the costs of service. It's good for health systems because it improves their margins. For medtech companies, the question is whether they're going to jump headfirst into this space and play a leading role in the transition, or whether they're going to be dragged along by forces they don't control. Historically, medtech companies have always been good at understanding their products, the medical science behind them, and the doctors who use them. They haven't been as good at understanding the healthcare economy in which they operate. That needs to change."



Healthcare transformation presents medtech with new opportunities.

The scale of this transformation is large: many procedures once performed in hospitals are now moving out of them. For example, according to Clarivate™ data, major joint replacement surgeries performed in ASCs grew 30% from 2020 to 2022, a trend that 60% of ASC directors and surgeons expect to continue. While the volume of outpatient surgical procedures performed in hospital settings was already trending downward¹ prior to the COVID-19 pandemic, the events of 2020 accelerated the trend's momentum. Office-based labs (OBLs) are also seeing increased utilization for a growing number of procedures.

Today's provider organizations are placing patient-centricity among their top strategic imperatives, and performing more procedures on an outpatient basis supports this focus. After all, patients' experiences tend to be better when they don't have to stay in the hospital overnight. Patients who undergo surgeries in ASCs will be discharged within 23 hours of the procedure, allowing them to recover in the comfort of their own homes and reducing their risk of hospital-borne infections. Complication rates are no worse,

but patient satisfaction rates are significantly higher in ASCs² than in the outpatient hospital setting, since care teams are smaller, more specialized, and better able to give patients personal attention.

Outpatient procedure costs are considerably lower than inpatient procedure costs, too. For instance, a total joint replacement surgery that would cost \$19,361 if performed on an inpatient basis can be done for \$11,677 in an ASC, according to research from the Hospital for Special Surgery and Rothman Orthopedic Institute³. Moving total joint replacement procedures out of hospitals and into ASCs can result in a total cost savings of up to 40%.

The Centers for Medicare and Medicaid Services (CMS) has been removing some of these procedures from the inpatient-only list and recently announced that it will phase out the inpatient-only list altogether⁴ over the next three years. Intended to give patients greater freedom of choice, this will provide a powerful financial incentive to move even larger numbers of procedures into ASCs, particularly if the technology available allows for this.

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¹ <https://www.hfma.org/finance-and-business-strategy/healthcare-business-trends/news-briefs-september-2020-trends-in-hospital-volumes-and-marg/>

² <https://www.aaos.org/aaosnow/2019/sep/managing/managing02/>

³ <https://www.beckersasc.com/asc-coding-billing-and-collections/commercial-payers-driving-cases-to-asc-orthopedics-most-primed-for-growth.html>

⁴ <https://www.medicarefaq.com/blog/inpatient-only-list/>

**"To truly understand these shifts,
the medical device industry will need
to take a data-driven approach."**

Andrew Lee,
Vice President for Medtech at Clarivate.

Adapting to the changing care landscape: how medical device companies can build future-focused targeting strategies.

Today's site-of-service shifts will require many medical device companies to revamp their targeting strategies. Those that previously deployed their commercial and marketing teams with a strong focus on hospitals need to revise their understanding of the provider landscape so that they can plan to better engage with the sites of service that are most relevant for their therapies of focus. By staying aware of current growth trends — and keeping a close eye on developments — medtech companies can make wiser investments, committing more resources to building relationships with the care sites that are seeing the greatest increases in patient volume.

"They'll need access to comprehensive, up-to-date sources of information, and they'll need to analyze complex real-world datasets in nuanced ways. It is important to stay on top of how fast different segments of treatable populations are

growing, how healthcare delivery is changing amongst different patient populations and how different providers and specialties approach patient treatment. We continue to identify real opportunities when we connect sophisticated data science and a device industry-focused context to our real-world data analytics. This helps us truly understand the complexities in how treatments are deployed and where opportunities are, not just for products, but also for education along the entire value chain of healthcare delivery." Lee concludes.

Rates of expansion into the non-hospital space vary dramatically across therapeutic areas, device categories, and patient populations. Certain procedures - such as joint replacement and endoscopy are seeing double-digit growth, while others are moving into ASCs very slowly if at all. What's more, these rates of change may differ significantly from

region to region, health system to health system, or even within a single provider network, depending upon individual referral patterns. They may also change quickly as medical science and financial incentives evolve. A deep understanding of these trends may prompt medtech companies to revise their development or acquisition strategies in ways that favor products that are particularly amenable to use in the outpatient space.

For this reason, targeting and segmentation strategies must be based on data that are both granular and current. Leveraging comprehensive claims datasets that include commercial payer and CMS claims data will give visibility across a broad cross-section of the healthcare activity that's taking place in the U.S., as well as a deep understanding of what's taking place in specific sub-fields and local areas.

Let's take large-joint reconstructive implants as an example. With access to the right data, decision-makers in medical device companies can understand the following:

How to best target prospects given the changes in the site-of-service landscape.

With accurate data on physician and hospital affiliations, stakeholders can see where the purchasing power lies. What are the procedural trends across different physicians, systems or accountable care organizations (ACOs)? Who are we seeing drive purchasing activity? What types of procedures are being performed in which facilities?

Understanding these trends can help companies in the hip and knee implant markets identify opportunities for growth.

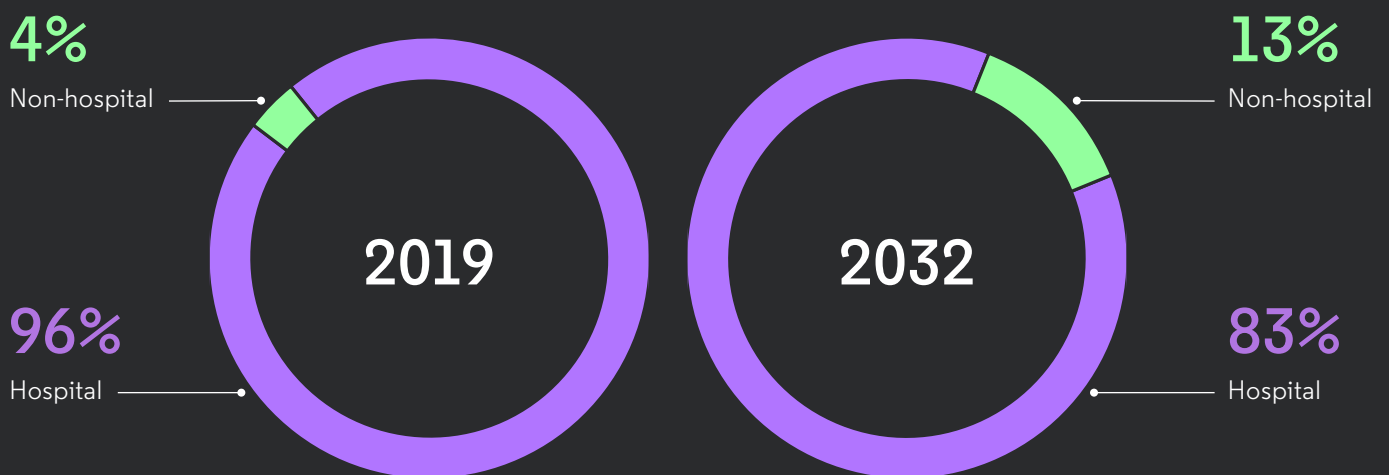
Differences in purchasing patterns and behavior between sites of service.

Medtech companies can leverage data to identify brand and vendor preferences between sites of service or use data to uncover factors contributing to implant choice at ASCs.

Current trends impacting site-of-service shifts.

By tracking favorable reimbursement changes, they can see how knee and hip implant procedures are moving from inpatient to outpatient settings. They can also keep up with the latest technologies that facilitate patient care in outpatient settings and beyond.

Figure 1: ASC Procedures 13 - Year CAGR 12.6%.



Becoming data-driven: how understanding procedure and site of service growth trends can prepare you for tomorrows.

Of course, the value of this approach isn't restricted to large joint procedures or implants alone. Instead, it can give medtech companies deep insights into every facet of the markets for their products. By leveraging data to understand site-of-service shift analysis, medtech companies can:



Understand healthcare market forces in a deep and nuanced fashion so you can prioritize high-growth areas.

This helps them uncover new opportunities for products that they're bringing to market, as well as ensure that patient populations have access to the devices that will best meet their needs so that outcomes can potentially be improved. It can also help medical device companies build out engagement and outreach strategies that focus on the highest-growth areas and can inform commercialization and marketing efforts so as to maximize their effectiveness.



Understand which facilities in particular are seeing growth in certain procedure types and target populations.

This way, medtech companies can connect with the decision-makers who are most influential in those individual facilities, making sure that stakeholders are aware of the products that are best suited for use in an ambulatory setting. When companies know which facilities are seeing the highest growth rates in terms of the number of certain procedures being performed (with trends differing by region within the U.S.), they can adjust their sales strategies accordingly.



Understand referral patterns at the individual provider level.

Without access to detailed data, it can be challenging to understand which centers of excellence tend to receive the newest patients, which providers send certain patient types to certain facilities, and how these patterns are changing along with technology's evolution and shifts in payment models. Deep analysis of these patterns can help medtech companies provide patients with access to the best possible treatment options, and individual providers and key opinion leaders (KOLs) with the most relevant product education.

Understanding decision-making processes within high-growth provider organizations.

That financial pressures are a major driver of the shift to outpatient surgery is well known. The least invasive procedures generate the smallest revenues for hospitals, whereas outpatient facilities can turn over large volumes of procedures more quickly, making the economics favorable for them to take over the delivery of much of this care.

Device selection and procurement processes tend to be different in ASCs than they are in hospitals, however. Some ASCs operate under a shared ownership model, which gives physicians and surgeons an

incentive to lower procedure costs. Providers who work for larger hospitals and health systems as traditional employees tend to be unaware of medical device costs, with one recent study⁵ showing that today's physicians are able to correctly estimate device costs less than 20% of the time.


Because physicians and surgeons with shared ownership of ASCs may think very differently about the economics of devices, medtech companies can develop new messaging and commercialization strategies to answer these providers' concerns.



Learn more

To learn more about how omnichannel strategies are guiding future-focused outreach efforts in medtech, download our recent playbook **The future of medicine is personalized. So is the future of biopharmaceutical communications.**

⁵ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4389213/>

A photograph showing three healthcare professionals in a hospital hallway. One person in a white lab coat is holding a tablet, and two others, one in blue scrubs and one in teal scrubs, are looking at it. The floor is made of large, light-colored tiles.

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Vice President for Medtech at Clarivate.

Adapt your messaging to build new relationships.

Often, in outpatient settings, physicians and surgeons have less control over device selection than they would have had in a hospital in the past. Many of today's fastest-growing ASCs are owned by hospitals and large health systems, which are increasingly interested in acquiring these facilities because they're viewed as a revenue driver. It's not uncommon for these organizations to exert centralized control over the vendor and product vetting and selection process. A value analysis committee may need to approve all device purchases.

Medical device companies should take these changing decision-making processes into account when building relationships and outreach strategies. In some cases, it may make the most sense to leverage third-party distribution channels, which make large distribution networks available to

their members, increasing the reach of a particular device or piece of equipment. In others, medtech companies are building out new engagement strategies that target decision-makers in outpatient facilities.

"We all know we're not in a world where the physicians are the only decision makers anymore," says Lee. "In today's world, economics are becoming more and more important, which makes it increasingly critical to have conversations about what's most cost-effective for a particular procedure when it's performed on an outpatient basis, and not just for the procedure, but the entire recovery process. It's also vital to engage with executives within provider organizations so that you can help them understand the impact that emerging technologies and new devices can have on their facilities' and systems' bottom line."

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Futureproofing your business strategy with the right R&D approach.

While the tendency to perform more procedures on an outpatient basis is driven partly by patient preferences, partly by economic forces, and partly by provider organizations' search for efficiencies, it has also been made possible by advances in medical technology — for which medical device companies themselves are at least partially responsible. The advent of minimally invasive technologies, for example, has made it possible to complete procedures like knee replacement surgery — which previously could only have been done in hospitals — in ASCs. Similarly, robotic systems are increasingly being adopted to facilitate procedures in this setting.

Lee continues "The medical device industry has long supported healthcare deployment and delivery by pushing the boundaries of what technology can achieve. Having access to the right information empowers

stakeholders to support the use cases that will make the greatest difference to the future of care."

Tomorrow's medtech leaders will likely continue expanding their portfolios of software-based solutions and developing new offerings that will provide support across the entire patient journey for a given treatment. This may include partnering to deploy telehealth offerings, supporting hospital-at-home programs, or adopting a holistic approach to care that spans surgical and rehabilitation centers, skilled nursing facilities, and at-home care.

Medtech firms can also develop technologies that are specifically intended for use in outpatient procedures. Certain devices may be designed specifically with the workflows and price points of ASCs in mind. Understanding current

trends, and how they impact vendor and product selection across sites of service, can help medical device companies make better product development decisions.

"Going forwards, medtech companies will need a stronger understanding of where their products fit into the entire continuum of care, rather than focusing on the procedure in isolation," a leading industry strategist and consultant explains. "They'll need to evaluate their pricing in relation to the total cost of care. Products that save money because patients need to spend less time in inpatient facilities will end up being cheaper overall, and those that can improve outcomes will be favored."

The future of medical technology and surgical care will prioritize time, costs, care quality and patient experience — all together, in a fast-changing world."



"When medtech companies better understand the shifting healthcare landscape using analytics tailored to their segment of the industry, and to the patients that can benefit from their products, they can make better investment decisions. With growing availability of data, ensuring context and applicability of analysis is important."

Andrew Lee,
Vice President for Medtech at Clarivate.

Moving medtech into the future of surgical care.

Stakeholders across all areas of healthcare are moving to adopt value-based care models. This drive is supported by widespread awareness that provider organizations must drive better healthcare outcomes more cost-effectively if they're to help the patient populations they serve live healthier, happier lives.

Medical device companies have an essential role to play in this ongoing shift. By developing solutions that can benefit patients receiving surgical care in outpatient settings, and following strategies that ensure that the right stakeholders in provider organizations are aware of these solutions, they can do their part to advance the evolution of healthcare. Companies are also seeking opportunities to develop new solutions that can support patients across multiple stages of the evolving

healthcare value chain, by enhancing rehabilitative care or enabling at-home care delivery, for instance.

Clarivate helps medtech companies understand market dynamics and customer influences to keep pace with this fast-changing world. By making it easier for commercialization planning leaders and other stakeholders to get accurate, timely data on their industry's most important trends, Clarivate empowers them to answer key business questions so they can adapt and grow as the landscape changes. Clarivate partners with medtech companies to co-create solutions and have within their powerhouse legacy brands such as Decision Resources Group, Medtech 360, Pricetrack, Marketrack™, Procedure Finder, Patient Connect™ and Healthbase.



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