

- become one of the leading sellers of affordable health services, says Alex Hurd, its product-development chief.
- [F] For injuries and illnesses that are more serious but not immediately life-threatening, lots of “urgent-care centers” are being opened as an alternative to going to a hospital emergency unit. Private-equity firms are pouring money into independent chains of centers. Merchant Medicine, a consulting firm, reckons that between them, these chains now have just over 1,500 urgent-care centers, up from about 1,300 at the start of 2013. The market is still fragmented but a national brand could emerge from one of the largest chains, such as Concentra or MedExpress.
- [G] Some hospital operators, seeking to cut their costs of care, and choosing to be among the disrupters rather than the disrupted, are also opening urgent-care centers. Aurora Health Care, a Wisconsin-based chain of hospitals and clinics, now has more than 30 of them.
- [H] Hospital operators are now facing a classic “innovator’s dilemma”, as described by Clay Christensen, a Harvard business professor. If they persist with their high-cost business model even as their customers discover that cheaper alternatives are good enough, they will be in trouble. According to Strata Decision Technology, an analytics firm, many hospital groups saw what was coming and started to cut their costs well before the provisions of Obamacare started to bite. One of the fastest movers is Advocate Health Care, a hospital operator from Illinois, which says it now earns two-thirds of its revenues from value-based payments.
- [I] The largest chains of for-profit hospitals, such as Tenet Healthcare, HCA and Community Health Systems, are rather profitable. They have trimmed their costs, been conservative with capital and, thanks to Obamacare raising the number of Americans with health insurance, now have more patients and fewer bad debts. However, credit-rating agencies are worried about the prospects for the not-for-profit hospitals, which are 60% of the total. With lower margins, and less capital to make investments, they have become targets for takeover, says Jim Bonnette of the Advisory Board Company, another consulting outfit.
- [J] As a result, further consolidation in the hospital business is likely. This could mean greater efficiency and lower costs. But if antitrust authorities are not vigilant, it may lead to a concentration of market power. If so, the benefits from the efficiencies being wrung out of the hospital system may end up in the pockets of shareholders rather than saving patients and insurers money.
- [K] Obamacare is also encouraging the creation of all sorts of health-related advisory and intermediary companies that help care providers, insurers and patients save money. A company called Vitals approaches employees on behalf of their company’s health plan, and offers them cash rewards, and a taxi, if they agree to be treated at a cheaper provider. The sums to be saved can be astonishing: a new cost-comparison tool created by Blue Cross Blue Shield, a big alliance of private health insurers, has found that a *colonoscopy* (结肠镜检查) with a biopsy costs \$ 8,489 at one clinic in Chapel Hill, North Carolina, but just \$ 928 at another provider in Greensboro, only 50 miles (80km) or so away.
- [L] Cohealo offers a “sharing economy” solution for hospitals and clinics wanting to make the best use of expensive equipment, in much the same way as Airbnb helps people with spare rooms fill them with paying guests. Doximity is trying to be a Facebook for doctors, letting them refer patients and discuss treatments securely without the blizzard of faxes they rely on today. Grand Rounds is a sort of Medical Match.com: an online matchmaker that pairs patients with specialists. As in other industries, administrators are being tempted to switch to renting software and data storage in the online “cloud”: Athenahealth, a seller of medical back-office software, is trying to get doctors and hospitals to move patients’ health records onto its cloud-based service.
- [M] For supporters of Obamacare, it is clear that the reforms are empowering patients, driving public and private health insurers to achieve better value, forcing existing providers to shape up and providing opportunities for disruptive newcomers. Digital technology is also helping to increase transparency about prices, making it easier to share information and increase efficiency. For some analysts it all adds up to a “new health economy”—as PwC, a consulting firm, puts it—the most significant re-engineering of the American health system, by far the world’s costliest, since employers began providing cover for their workers in the 1930s.
- [N] And the revolution has only just begun. The Obama administration recently set a target of making 50% of Medicare payments value-based, rather than fee for service, by the end of 2018. America’s largest private payers