

Staying Ahead of the Curve: Four Environmental Trends to Watch

by Corporate Relations & Business Strategy Staff

February 1, 2005 -- In the hustle and bustle of daily life, it is often difficult to find time to step back and look at the bigger picture. To remain competitive and viable in the long run, psychologists need to monitor key developments that will influence the way services are provided in the future. This article introduces four trends that will have a significant effect on health service delivery in the years to come and some resulting opportunities and challenges for psychology.

For more about the changing face of psychology practice, visit APApractice.org.

Information Technology

With major implications for both administrative practices and the delivery of services, developments in information technology are changing the world on a scale not seen since the Industrial Revolution. The HIPAA Privacy, Security and Transaction Rules are driving more practitioners into the information age.

Some psychologists are already reaping the benefits of using tools such as practice management software and electronic claims submission. Others continue to rely on non-automated processes. While such an approach may be effective in the short-run, it does not address the scope of change to come.

Experts anticipate a complete shift to electronic client records within the next 10 years, with increasing use of "smart" technology and expert systems that provide enhanced decision support and clinical management. Additionally, as technology becomes more user-friendly and embedded in our everyday activities, the tools will become less intrusive. This development will allow for new ways to monitor health behaviors, track essential data elements, and document treatment and progress.

Opportunities

- More automatic and less burdensome recordkeeping
- Eventual cost savings and increased efficiency
- More knowledgeable, better-informed clients
- Access to more complete, accurate client records
- Clinical data and latest research at your fingertips
- Opportunities to design and implement new models for delivering services
- Ability to deliver services to remote and underserved areas
- Market shift that favors integrative, full-service providers
- Faced with high-tech health care solutions, clients will want corresponding "high-touch" (i.e., warm, caring, supportive) professional relationships

Challenges

- Practitioners must be competent with new technologies
- Need for safeguards to keep electronic health information confidential and secure
- Potential for information overload
- Questions related to the effectiveness of treatment delivered through emerging modalities

- Ensuring the continued integrity of psychological services as technologies are applied to these services
- Pressure for higher productivity
- Automation of many healthcare services
- New technologies may have high costs with delayed return on investment
- Increasing transparency, with clients and payers scrutinizing practitioners' performance data

The Global Marketplace

Fueled by advances in information technology and the desire to reach untapped markets, global competition is changing business models and requiring new competencies. Although most psychologists will not interact at the global level, the competitive nature of the evolving marketplace has significant implications for practice. Whether the United States ultimately moves towards a free-market or government-sponsored healthcare system, one thing is certain --all parties involved are increasingly adopting business-oriented approaches.

Opportunities

- Ability to reach a broader target audience
- New models of technology-driven service delivery have the potential to remove geographic barriers
- Broader competition will allow for a greater variety of services
- Quick access to more information from any location
- The realization that helping others and earning a decent living are not mutually exclusive will lead to more effective and efficient business operations that help to advance practice.

Challenges

- The removal of geographic barriers will create licensing and mobility issues that need to be addressed
- Increased demand for demonstrable quality and high productivity
- More competition from non-psychologists
- Psychologists who are not tech-savvy will find it increasingly difficult to compete
- Practitioners will increasingly need to work as part of a system and collaborate with multiple parties (e.g., other treatment providers, payers, technology solutions vendors)
- A more competitive environment requires that psychologists develop additional business skills

Demographics

The combined trends of growing ethnic and cultural diversity and the aging of the U.S. population affect both the profession and clients that psychologists serve. Practitioners are increasingly called upon to competently treat diverse populations. In the other major demographic shift, the first baby boomers will reach retirement age in 2011 and for the following 18 years, the largest segment of the population will begin to transition out of the workforce. Although many psychologists will continue to work well beyond age 65, many will transition out of full-time practice over the next two decades. Similar to the trend in the larger workforce, this will leave a much smaller group remaining to treat a population whose largest segment will increasingly require healthcare services.

Opportunities

- Increasing demand for ethnically and culturally diverse practitioners

- Demand for culturally appropriate assessment, treatment and consultation
- Demand for services specifically targeted to the needs of older individuals (e.g., grief and loss, coping with chronic illnesses, dementia, functional issues, depression) will increase dramatically
- Baby boomers are more open to psychological services than were previous generations
- More collaboration with physicians and other healthcare providers

Challenges

- Need for practitioners to develop cultural competencies
- Language barriers in treating non-English-speaking clients
- Complexity of treating clients with multiple health problems
- Demand for services may exceed supply
- Publicly funded healthcare system may struggle to finance services for large aging population

A Focus on the Consumer

As healthcare costs continue to skyrocket and employers are beginning to put more responsibility on the consumer in terms of both decision-making and cost sharing, the healthcare market has taken a decidedly consumer-driven turn. The result is two-fold. First, the consumer is now taking the lead in terms of choosing what services to purchase and who to purchase them from. Second, in an effort to reduce healthcare costs, an emphasis is being placed on maintaining good health and preventing illness in the first place.

Opportunities

- The marketplace is ripe for new products and services geared toward health, wellness, disease management, lifestyle and behavior change
- As experts in human behavior, psychologists are well positioned to tap into new markets
- Advances in information technology can be used to communicate with clients and get them more involved in their own care
- New business models that offer a one-stop-shop for services can garner a competitive advantage
- Trained in assessment, treatment, program design and evaluation, psychologists are uniquely equipped to provide full-service, integrated treatment
- Psychologists have the knowledge and skills to apply their research skills and demonstrate outcomes and treatment effectiveness

Challenges

- Practitioners must learn to evaluate the environment and create a business plan that anticipates and responds to changing needs
- As consumers make their own decisions about what services to purchase, practitioners must increasingly demonstrate the value of their services and the competitive advantage they offer
- Payers will shift their focus from utilization management to clinical outcomes and provider accountability
- Provider evaluations and performance data will increasingly be made available to consumers to help inform their decisions
- As in other industries, practitioners will need to focus on client satisfaction and customer service

- Lower income consumers who must spend their own money may opt not to access services, thereby increasing discrepancies in health status, quality of care, and access to services
- The large number of uninsured and underinsured individuals may find it increasingly difficult to access appropriate treatment

Staying on top of emerging trends will help you creatively meet the changing needs of society and position yourself for a long and prosperous future. Stay tuned to future issues of Practice Update and visit **APAppractice.org** for more information about environmental trends and opportunities.