



Positive Outlook for 2016: Healthcare Executives



CIT Releases Exclusive 2016 Middle Market Healthcare Outlook

- 71% of Respondents Expect Revenues to Increase This Fiscal Year
- 55% Believe Their Company Is Likely to Seek Financing in the Next Year
- 53% Expect Healthcare M&A Activity to Increase in Next 12 Months
- 88% Agree that Technology Is Helping Provide Better Quality Care
- 65% Say Regulations Have Positively Impacted Their Company's Growth

Healthcare executives maintain a relatively positive outlook for 2016, with 71 percent indicating that they expect their revenues to increase this year and more than half (55 percent) expecting to seek financing in the next 12 months. These are some of the findings of an exclusive study, ["2016 Middle Market Healthcare Outlook"](http://cit.com/healthcareoutlook) (cit.com/healthcareoutlook), released today by [CIT Group Inc.](http://cit.com) (NYSE:CIT), cit.com, a leading provider of commercial lending and leasing services. The study was conducted online by the Harris Poll on behalf of CIT among 164 healthcare executives.

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"The majority of the surveyed healthcare executives remain optimistic, expecting similar growth to last year in revenue, prices, volume and capital spending," said [William Douglass](#), Group Head and Managing Director, [CIT Healthcare Finance](#). "With a promising financial outlook, it is not surprising that nearly half of executives surveyed also believe that capital spending will increase in the coming year. Moreover, the need for financing is expected to hold steady or increase."

Key Findings from the Study:

- Demand for Financing Grows: Healthcare executives are significantly more likely to mention seeking financing for and investing in acquisitions in 2016 compared to 2015. Of the respondents, 55% believe that their company is likely to seek financing in the next year, compared to 44% in 2015.
- M&A Seen as on the Rise: Just as observed last year, in the next year, a slight majority (53%) of healthcare executives imagine that M&A activity will increase across the industry as a whole; the remainder (41%) of healthcare executives believe it will remain stable. More so than last year, M&A seems to be driven by purchase price multiples and valuation (54%) over strategy (46%). About three-

quarters (74%) of executives believe that increased M&A may result in a greater focus on care (over business administration).

- **Industry Will Rely on Technology to Move Forward:** Technology is clearly seen as having a crucial (and beneficial) role within the healthcare industry. It is generally thought to improve quality, convenience and cost of care. At least 8 in 10 executives believe that consumers should be (and are) using technology to monitor their healthcare needs. At the same time, nearly 9 in 10 (88%) cite security as a clear concern that must be addressed.
- **Costs Continue to Pose a Challenge:** Executives overwhelmingly (91%) feel that consumers will be unable to endure any higher costs than what they face right now. 81% believe that consumers occasionally avoid follow-up visits, even when potentially necessary, to dodge any extra costs. Most healthcare executives feel that healthcare providers, insurance companies and pharmaceutical companies all share some responsibility for bringing healthcare costs down (52%, 56% and 50%, respectively).
- **Some Government Involvement Welcomed by Executives:** For the most part, executives believe that the government should maintain at least some role in and authority over the healthcare industry, with this desire increasing over the past year to reach 78% of surveyed executives. In addition, the majority of executives believe that current regulations have had a positive impact on their company's growth (65%), revenue (64%) and costs (57%). Healthcare executives continue to be relatively supportive of the Affordable Care Act (ACA), with 53% supporting modifications but wanting to keep the basic framework, and 21% saying that they want the ACA to remain in place as-is.
- **Alignment with Industry Standards on Outcomes:** Approximately 3 in 4 healthcare executives (72%) feel that their sector is on track with the rest of the industry on how to best measure outcomes. And there is near unanimity that technology, data and quality of care will all play a role in measurement. But that is where the consensus across executives ends. They diverge on the best way to measure "success" now and in the near-term future. When asked where the priority should be placed on how to measure success today, satisfaction (31%), profits (29%), customer retention (21%) and clinical outcomes (16%) all received support.

Complimentary copies of the study can be downloaded at cit.com/healthcareoutlook.

The study was commissioned by CIT and conducted online by Harris Poll between February 18 and 29, 2016 among 164 middle market healthcare executives at companies with revenue between \$25 million and \$1 billion. Industries within the healthcare sector include skilled nursing, biotech, pharmaceuticals, hospitals/medical centres, primary care, specialty care, behavioural health facilities, healthcare technology, medical devices/supplies, other inpatient hospitals, home health and hospice, and other healthcare-focused industries.

Source: [Business Wire](#)

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