Being a Digital Health System

IT’S NO LONGER A QUESTION OF IF OR WHEN

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While some may still challenge the inevitability of healthcare’s digital transformation, most healthcare leaders are no longer asking the question of “if” but “when.” Specifically, when will the healthcare industry’s digital transformation achieve a critical mass, such that it will fundamentally change how care is conceived of, sought, delivered and paid for? Uncertainty surely remains as to the timing and direction of transformation. Yet, the time is now for health systems to begin to define what digital means for them.
The Converging Digital Healthcare Context

Over the last decade there has been an enormous and unprecedented influx of capital into a wide array of health-related investments, ranging from consumer health services and devices, to innovative clinical treatments, to novel approaches to managing healthcare utilization and spend. Historically, these investments have been directed toward three discrete industry segments: consumer services and technology (e.g., Google, Amazon, Apple and Verizon), healthcare financing (e.g., Blue Cross, Aetna, Cigna and United) and healthcare delivery (e.g., Mayo Clinic, One Medical, Pfizer and Boston Scientific). Each of these segments is increasingly realizing that in the future digital context, the key to winning resides in owning the relationship with the health consumer, and through that relationship securing the consumer’s combined discretionary and compulsory health expenditures.
This convergence leads to two key questions for health systems to answer.

1. What will the digital healthcare delivery ecosystem of the future look like?

With stakeholders in care delivery, care financing, consumer health and other sub-sectors vying to influence the future healthcare ecosystem in different ways, it is difficult to predict exactly how healthcare’s digital transformation will unfold. Yet, despite each legacy industry pursuing a different market position, ultimately all three are targeting the health consumer and their healthcare expenditures. Payors and providers have typically pursued healthcare expenditures funded by third parties (e.g., premium dollars), while consumer and technology companies have targeted discretionary spending (e.g., health monitoring consumer electronics). However, as consumers bear an ever-increasing share of the healthcare spend, and technological innovation begins to prove it can impact care utilization and outcomes, the lines are unquestionably blurring, creating opportunities and threats for all players.

If the learnings from non-healthcare sector digital industrialization hold true to healthcare’s transformation, we should expect the proliferation of “asset-light,” consumer-oriented, data-driven, automated, highly-accessible digital solutions that are augmented by a rationalized, technically integrated, highly efficient, physical infrastructure with an increasing emphasis on consumer self-service/navigation. How each constituent will position itself to capture its share of the consumer’s healthcare dollar in this future digital delivery context will likely change over time and vary by market. That said, establishing a range of perspectives regarding how change will play out in a single health system’s respective market(s) is key to answering the second question.

2. In the evolving digital healthcare delivery ecosystem, what will be the position, role and business model of health systems?

This is the existential question facing virtually every healthcare provider today. The challenge is that for many organizations, this question has not been evaluated with the urgency and rigor it merits. Healthcare providers are accustomed to the industry moving at a recognizably (and relatively) slow pace of change, and so for many, the digital strategic question is being addressed in that manner. But industrial digitalization — as evidenced in other industries ranging from banking, to travel, to retail, to local transportation — occurs at exponentially increasing speeds that result in clear-cut winners (often, new entrants), and clear-cut losers (often, the legacy incumbents). In that context, health systems must act now, not because of a clearly known, immediate threat, but because the scale of transformation required to thrive in the future digital healthcare context represents an unprecedented level of change for most health systems. Tying an organization’s digital efforts to its broader business strategy is essential — both to realize enduring enterprise success in a rapidly changing market, and to ensure the most efficient and highest return on capital, given that access to capital is limited, but the need for it is not.
Defining What Digital Means for Health Systems

Today, virtually every health system in America has initiated efforts to “do” digital things, but only a few have consciously defined what it will mean for them to “be” digital in the future delivery landscape. There are two foundational activities required to effectively define what digital transformation specifically means for your organization: (1) better define where the industry and your respective market is going; and (2) determine what part of that landscape your organization can own and, subsequently, how it should go about doing so. To answer these questions, health systems must consider the roles they will play in the future across four dimensions of digital transformation.

DIGITAL CONSUMER EXPERIENCE
Consistent, high-quality, consumer-centered, individually tailored interaction experiences
- Digital Engagement & Acquisition
- Digitizing Care Experiences
- Ongoing Digital Relationship

DIGITAL CARE MODELS
Proactive, technology-enabled “always-on” care seamlessly integrating across:
- Digitally-Enabled Workforce
- Digitized Care Settings
- Digitally-Driven Personal Care Pathways

DIGITAL OPERATING SYSTEMS
Integrated workflow tools and analytics that streamline and automate processes across:
- Finance/Revenue Cycle
- Clinical Operations
- Administrative Services

DIGITAL ECONOMIC MODELS
Unique, sustainable economic value propositions to discrete healthcare stakeholders
- Patients & Families
- Payors
- Employers

The consumer experience does not begin when the physician walks into the room, or even when the patient enters the care setting. Rather, the experience begins when consumers open a browser or an app on their smartphone, if not sooner. A consumer’s impression of care providers is shaped as they seek health information, evaluate services and actively seek care, and persists well after they leave care facilities and return home. To meet the expectations of a growing population of “digital native” consumers, health systems must digitize consumer-facing workflows and support personalized interactions anytime, anywhere. One foundational step is to centralize search, online presence, service center and other consumer interaction data, and construct consumer journeys that thoughtfully consider the common pain points and develop seamless consumer-centric ongoing experiences and relationships.
While healthcare may continue to look and feel local, the foundation for more distributed and scalable models of care are taking root. Specialty consultations, care management, pathology and imaging reads and behavioral therapies can be facilitated digitally; prescription drugs and other medical supplies can be delivered to one’s doorstep; and when specialized in-person services are needed, online knowledge hubs and real-time remote monitoring systems can provide support at ever-expanding points of care. Healthcare providers will need to integrate digital assets into how clinical decisions are made (e.g., AI-driven clinical analytics) and how care is delivered (e.g., virtual visits, eConsults and active remote patient monitoring). Developing digital care models requires a systematic and clinician-centric approach for each discrete care model being developed. However, digital models must also be supported by a central organizational function that presents innovative solutions and capabilities that align with broader enterprise platform decisions to avoid an unsustainable proliferation of sub-scale solutions. Additionally, health systems will be challenged to independently develop the technical solutions required across their expansive digital needs — both from an investment and capability perspective. Instead, healthcare providers need to consider new models of partnership with both technology vendors and other like-minded health systems (potentially in entirely different geographies) around the development of these digital care models to achieve the necessary breadth and depth of offerings.

Healthcare administration has come a long way since the days of the doctor house call, but administrative operational sophistication has not kept pace with the increasing complexity of the healthcare ecosystem. The traditional solution has been to throw more bodies at a problem, but there never seem to be enough patient account representatives, call center staff, billing associates or data analysts to support health system business needs, especially given increasingly untenable cost structures. The opportunity is ripe to leverage technology to redesign and automate arduous manual processes throughout the entire healthcare enterprise including revenue cycle, finance, supply chain and human resources. For more complex tasks like operating room block management, digital platforms can structure data and power the search for optimal solutions, augmenting complex staff-based decision-making. No single solution will be a panacea for all administrative processes, but health systems must adopt an explicit organizational orientation around tech-enabled process automation across all business functions, as well as new automation performance metrics to measure the utilization and effectiveness of these tools. For example, the revenue cycle must continue to monitor days in A/R, gross collections percentages and denial rates, but it must also actively measure things like “encounters without manual intervention” and “cost to collect.” This orientation around legacy process redesign will help health systems optimize revenue realization while systematically eliminating costly and error-prone manual processes.

As the ecosystem of mobile self-service, virtual care and other digital solutions matures, health systems can reshape business models to focus on the lifetime value of consumers and their health, in addition to the transactional value of each care encounter. Digital tools can help build consumer trust and loyalty, navigating consumers to in-system services under fee-for-service models, and promoting proactive management of high cost conditions and episodes under value-based models. This core layer of “concierge” services, which may include on-demand virtual care, care management and even social care networks, can be monetized as customizable subscription services, but also hold distinct value as a means of driving engagement with the health system at large. Capabilities for segmenting customers, tracking consumer and care journeys, and evaluating the effectiveness of care interventions (digital and otherwise) to optimize consumer lifetime value will represent the economic bedrock of digital transformation in healthcare, which parallels the transformation we have experienced in many other industries. The pursuit of such transformation begins with understanding the economic value of distinct consumer segments, coupled with their individual health-related needs and desires, with a recognition that any given individual is likely to traverse multiple segments over a lifetime. With this knowledge, a health system can explicitly define the services, channels and capabilities that it can effectively and uniquely deliver to these consumers.
After considering future strategic positioning across the dimensions above, health systems are then able to step back and define discrete digital strategies that marry long-term transformation objectives with near-term ROI-centric business plans. With greater clarity on the ultimate digital destination and clear goals and metrics along each step of that path, health systems can pursue digital initiatives that realize value in the current organizational context, while cultivating capabilities that will catalyze systemic digital transformation and position the enterprise for the future.

A challenge many organizations will face going forward is how to manage the portfolio of current ongoing digital initiatives so that they achieve material outcomes, while at the same time stepping back to frame and deploy a broader, longer-term strategic digital destination and road map. As organizations digitally transform, they need to work actively to strike this balance through governance and organizational model redesign.

**NEAR-TERM PROGRAM MANAGEMENT**

- Inventory of current and planned initiatives
- Intensive management of initiatives against organizational objectives
- Refinement of operating models to better govern, plan, implement and scale high-priority digital initiatives

**LONG-TERM DIGITAL PLANNING**

- Assessment of strategic positioning in the emerging competitive and partnership context
- Defined digital destination, with target milestones along transformation journey
- Sequencing of tactics against near- and long-term digital objectives
- Framework for making capability build/buy/partner decisions

Successful health systems in the future digital care delivery context will not just *do* digital, they will *be* digital.

Navigating the transition will be a complex enterprise effort, requiring consistent leadership commitment to develop entirely new organizational capabilities, care delivery systems and business models. Further, it will require a redefinition of potential partners and competitors. However, incumbent health systems’ central and trusted role in the delivery of care today offers a competitive advantage relative to other ecosystem players, provided they act thoughtfully and decisively before it’s too late. So, for health systems, it is no longer a question of if or when, but rather about starting now to define an organizational perspective of what digital transformation will mean and what role the organization should strive to play in that new context.
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