

# *From belief to transformation: Digital market leaders focus on value*

2024 health system survey



CHARTIS

# ➤ Summary

Health systems now view digital transformation as a strategic imperative. They believe it drives value, advances care models, and helps them remain competitive while improving care delivery.

Most have already made substantial technology investments, and more than half plan to increase those investments this year. The focus now must shift to demonstrating value and realizing the return on those investments.

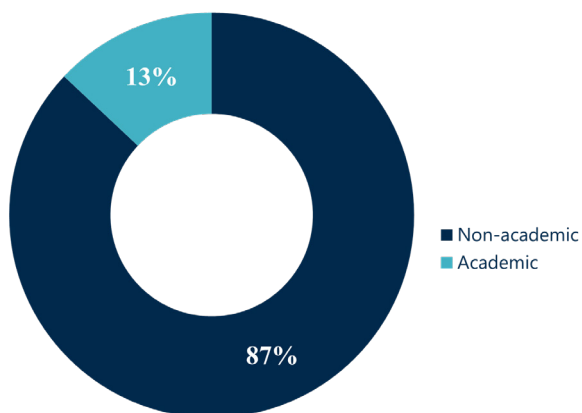
Market leaders will prioritize digital solutions that align with their organization’s strategic goals—and gain meaningful value as a result. Those investing in an ad hoc fashion will likely fall behind. And as the pace of technological advancement continues to accelerate, they will need to take a more considered approach to their investments in transformation.

Otherwise, they’ll risk playing catch-up for the foreseeable future.

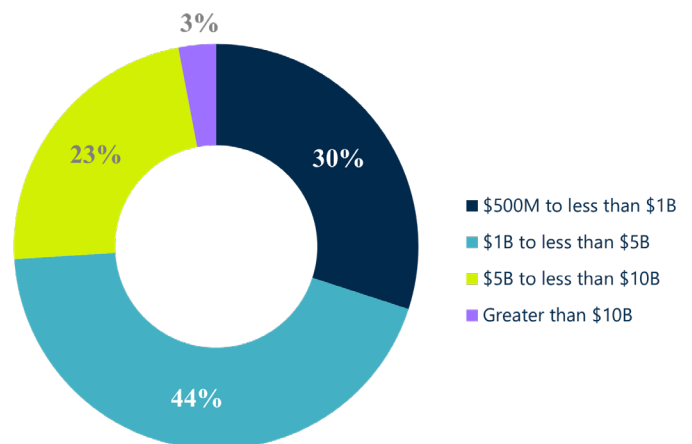
## Who we surveyed

In the fall of 2023, we surveyed 434 health system executives about the state of digital transformation and their progress to date. Respondents represented a range of organization types, sizes (based on revenue), locations, and executive roles.

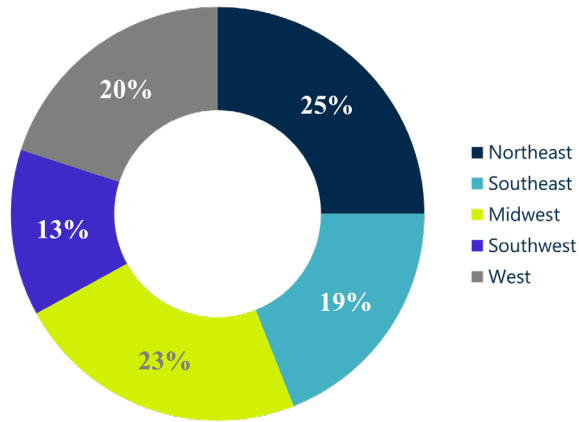
HEALTH SYSTEM TYPE



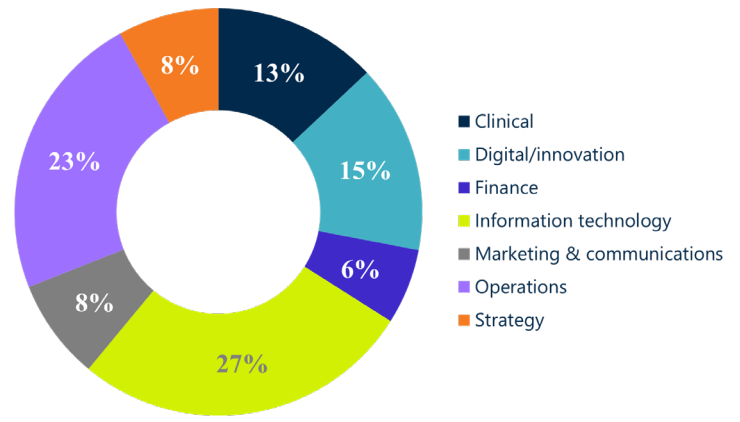
HEALTH SYSTEM REVENUE



HEALTH SYSTEM REGION



RESPONDENT FUNCTIONAL AREA



## Key findings

1. Most health systems have made sizeable digital investments, and half plan to increase their level of investment.
2. Digital investments have improved patient and staff experience, but the degree of impact varies.
3. Patient expectations of better digital healthcare experiences are fueling transformation.
4. The market is moving at varying speeds in digital, and the gap between “haves” and “have-nots” is growing.
5. Care at home has reached a tipping point as nearly all executives agree on urgency for comprehensive remote care programs.
6. Artificial intelligence (AI) is starting to become a fundamental part of healthcare operations and services.

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## What you should think about:

Health systems should consider the following questions when trying to deliver better value through digital transformation:

- Have we charted a strategic, comprehensive path toward digital transformation? Or are we using an ad hoc approach?
- Are we seeing a return on our digital investments? How are we demonstrating real value? Is that value tied to our strategic priorities?
- Who is making the decisions around digital investments? Are those decisions aligned with leaders from across the organization?
- What are our plans to advance our care at home capabilities? What are others in the market offering? How is our consumer market responding to those capabilities?
- How are we incorporating AI into our digital transformation efforts? What are our plans to move from the piloting stage to broader roll-out of our priority use cases?

### Finding 1

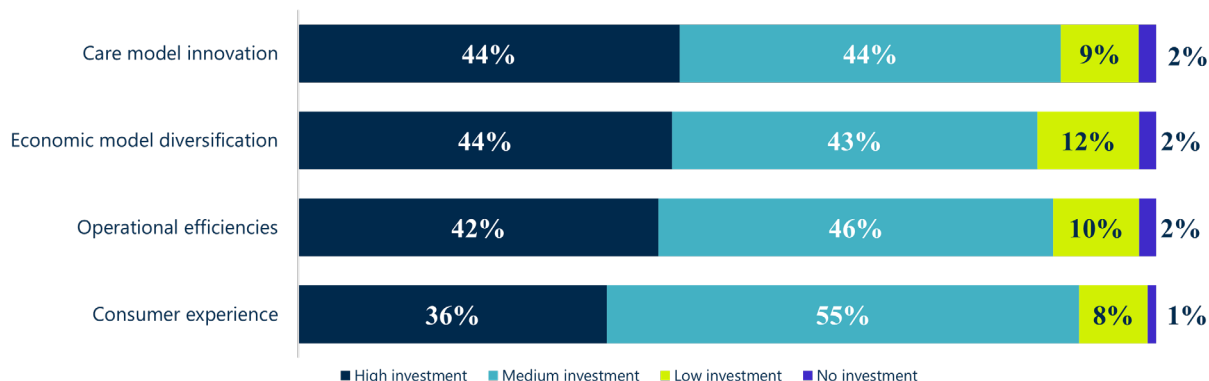
**Most health systems have made sizeable digital investments, and half plan to increase their level of investment.**

Digital transformation is a top priority for health systems across the country. More than 80% of respondents are making “medium” or “high” investments in digital, and half plan to increase investment this year.

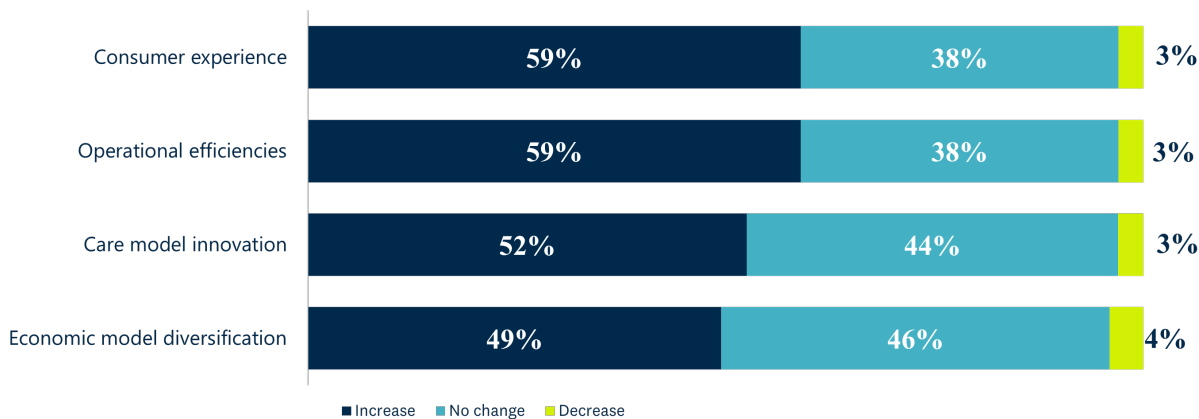
Investments are being made in all areas: care model innovation, economic model diversification, operational efficiencies, and consumer experience.

Of note, a markedly larger proportion of academic medical centers (AMCs) plan to increase digital investments this year: 66% plan to increase investments in operational efficiencies and 50% in consumer experience. They know that these foundational digital elements are important alongside their more innovative research and treatments.

## LEVEL OF INVESTMENT IN DIGITAL HEALTH SOLUTIONS, BY SOLUTION AREA



## PLANNED CHANGES IN DIGITAL HEALTH INVESTMENT LEVEL, BY SOLUTION AREA



- **Care model innovation examples:** virtual consults, remote patient monitoring, hospital at home
- **Economic model diversification examples:** online cost estimates, digitally based subscription models, value-based performance reporting and incentive distribution
- **Operational efficiencies examples:** AI-driven workforce and capacity optimization, robotic process automation, real-time location systems, automated supply chain management
- **Consumer experience examples:** personalized communications and health content, doctor finder, online scheduling

## Finding 2

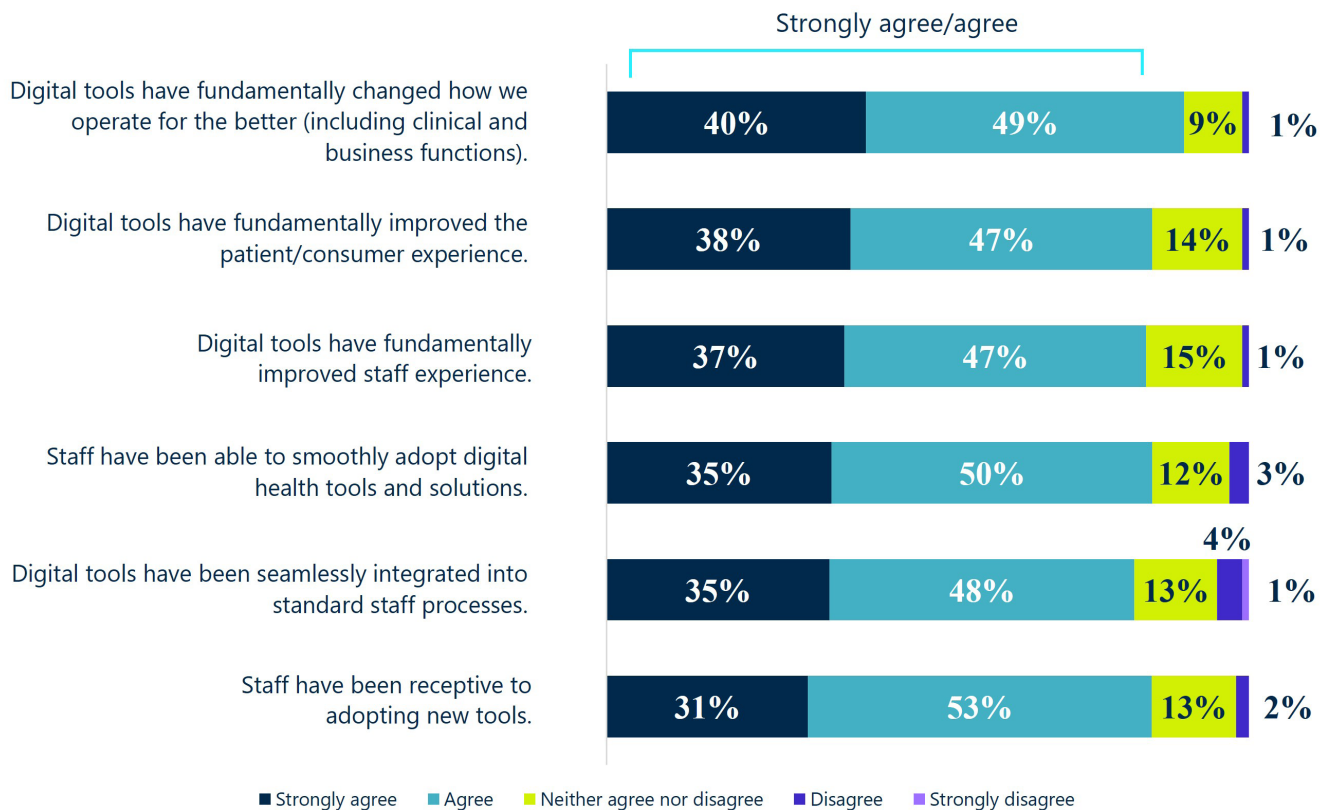
### Digital investments improve patient and staff experience, but the degree of impact varies.

The overwhelming majority of survey respondents—more than 80%—indicated that digital solutions have improved patient and staff experience and have been well-received by employees.

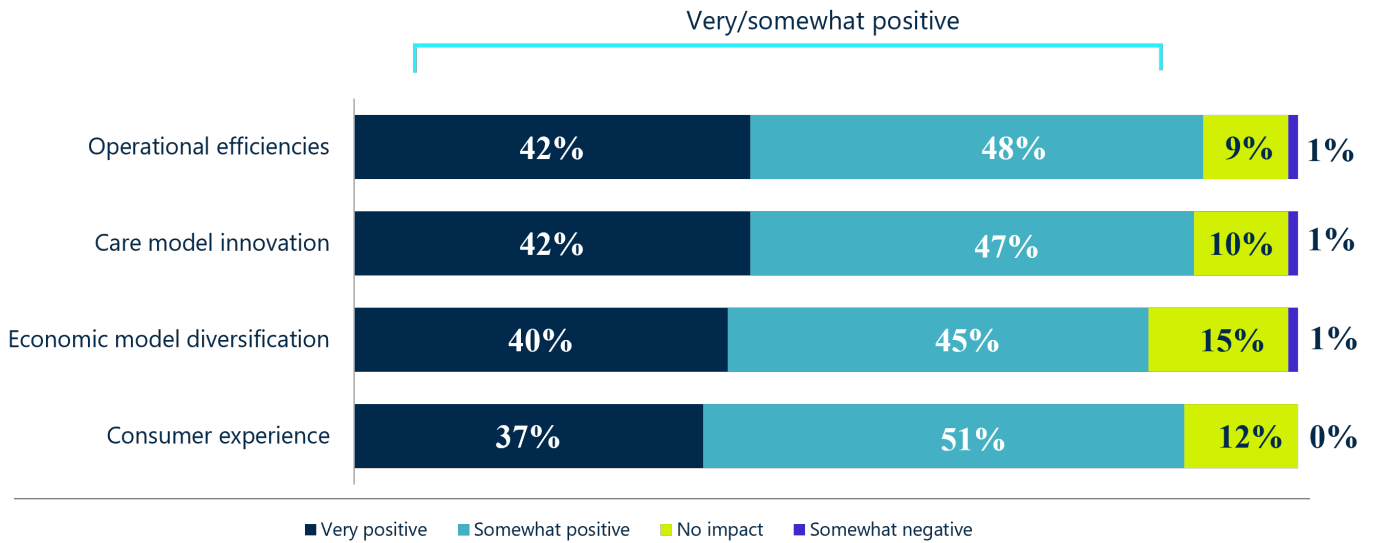
However, only 40% strongly agree that digital tools have fundamentally changed the way their organization operates for the better. Furthermore, roughly 40% perceived a very positive impact of digital solutions. But 10% to 16% felt that digital technologies had no impact or a somewhat negative impact.

The cases of limited or negative impact could be a result of misalignment between organizational needs and selected technologies; inadequate training or implementation; or a lack of adoption.

#### PERCENTAGE OF HEALTH SYSTEMS THAT STRONGLY AGREE OR AGREE THAT DIGITAL HEALTH SOLUTIONS HAVE HAD THE FOLLOWING IMPACT:



PERCEIVED IMPACT OF DIGITAL HEALTH INVESTMENTS, BY SOLUTION APPLICATION:



### Finding 3

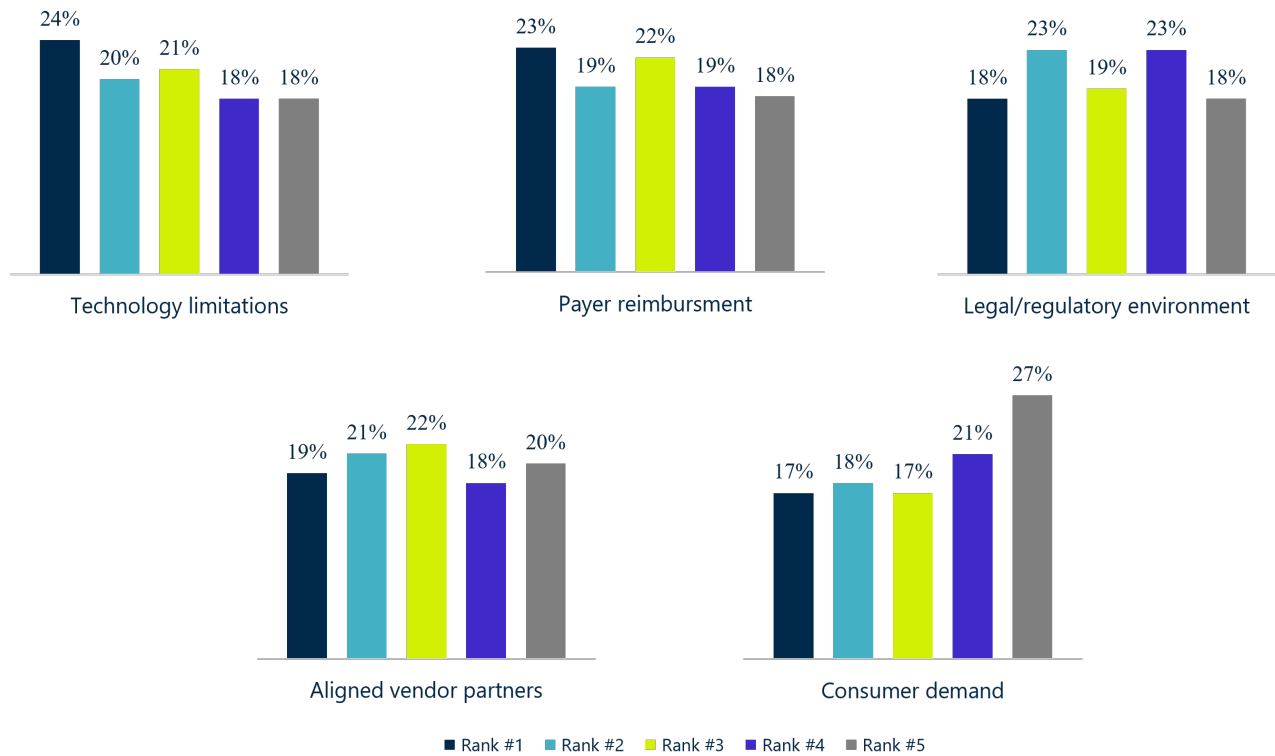
Patient expectations of better digital healthcare experiences are fueling transformation.

Digital transformation is complex, expensive, and often difficult. This is reflected in how health system executives ranked potential barriers, with no single impediment collectively standing out as the most challenging.

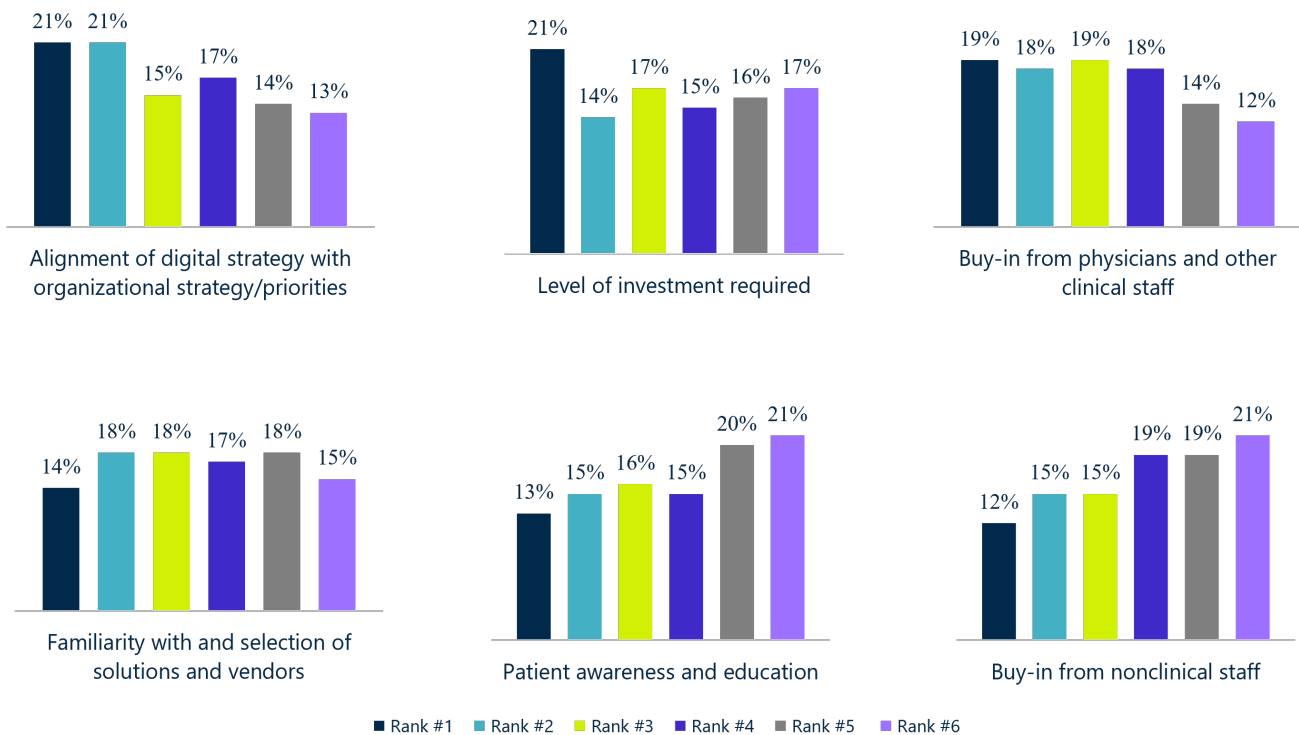
Interestingly, consumer demand did stand out as the *least* challenging, with nearly one-third of health system executives ranking it last. Most health systems understand that there is real consumer demand for a digitally forward healthcare experience. Rather than acting as a barrier to digital advancements, consumer demand and expectations are reasons for health systems to push forward with digital investments.



RANKING OF *EXTERNAL* BARRIERS TO DIGITAL TRANSFORMATION  
 (#1 IS THE BIGGEST BARRIER):



RANKING OF *INTERNAL* BARRIERS TO DIGITAL TRANSFORMATION  
 (#1 IS THE BIGGEST BARRIER):





## Finding 4

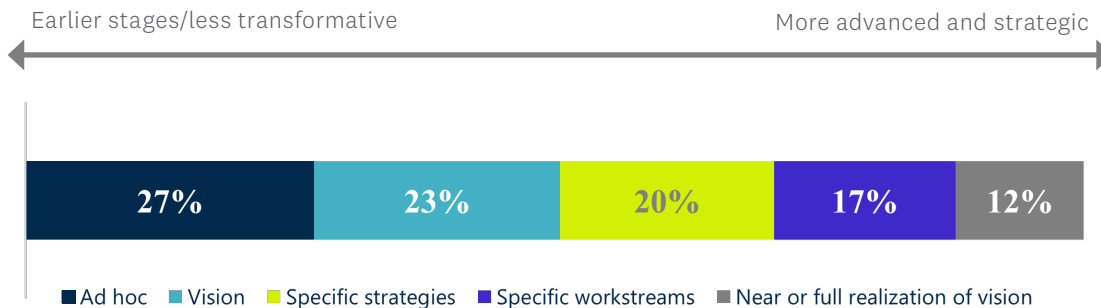
The market is moving at varying speeds in digital, and the gap between “haves” and “have-nots” is growing.

Half of health systems have specific strategies for digital transformation, specific workstreams, or a near or full realization of their digital vision. On the other end of the spectrum, more than one-quarter of health systems are still using digital technologies in an ad hoc fashion. In our 2022 survey, only 5% believed they would still be taking an ad hoc approach by 2027—indicating that the path to digital is more difficult than anticipated.

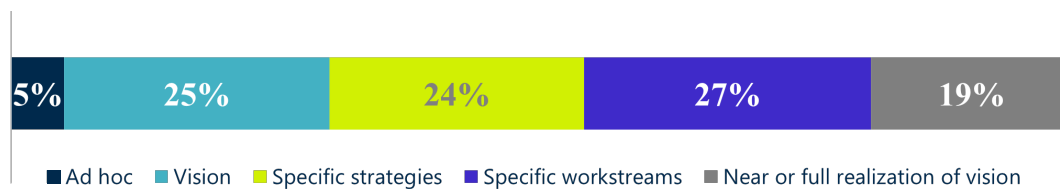
Those further along in the transformation process will likely gain momentum, having found a way to capture value from their digital solutions. Those stuck at the ad hoc stage will need to find ways to advance and demonstrate value from digital investments or get stuck playing catch-up.

Of note, health systems with higher revenue, and presumably more capital to invest, reported larger investments in digital technologies. Most organizations with revenues of \$5 billion to \$10 billion are making “medium” or “high” investments. A much larger proportion of organizations with revenues of \$500 million to \$1 billion are making “low or no” investments. This divide will expand the gap between the “haves” and “have nots.”

### STATUS OF PATH TOWARD DIGITAL TRANSFORMATION:



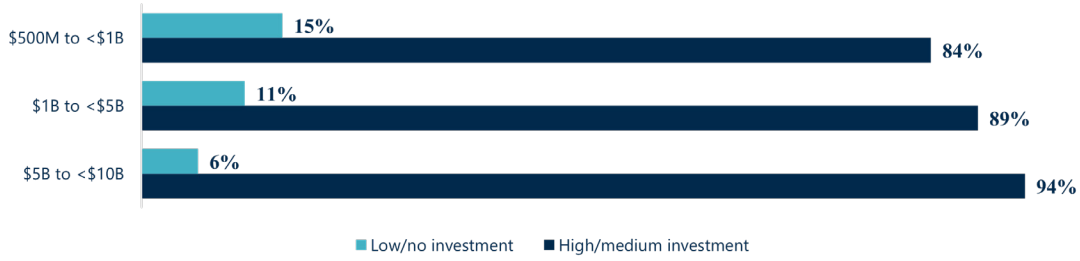
### PREDICTED STATUS OF PATH TOWARD DIGITAL TRANSFORMATION BY 2027 (BASED ON 2022 SURVEY):



Totals may not equal 100% due to rounding

LEVEL OF INVESTMENT FOR EACH SOLUTION AREA, BY REVENUE SIZE:

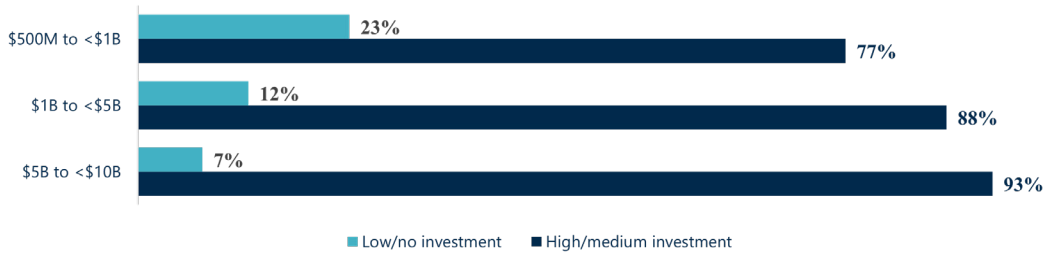
**Care model innovation**



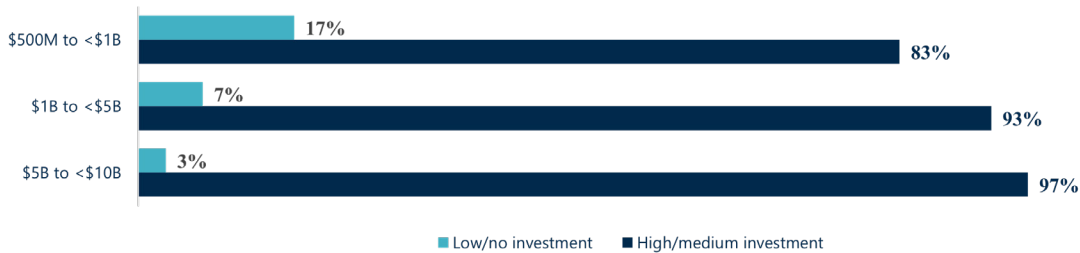
**Operational efficiencies**



**Economic model diversification**



**Consumer experience**



Totals may not equal 100% due to rounding

## Finding 5

### Care at home has reached a tipping point as nearly all executives agree on urgency for comprehensive remote care programs.

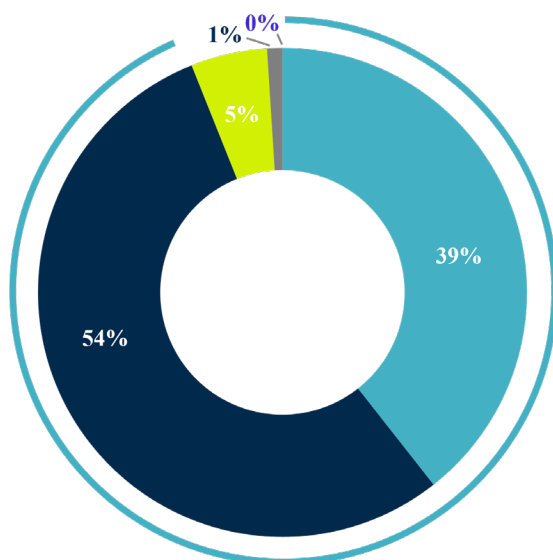
After an anemic start and slow ramp up over the last two decades, the movement to enable care at home\* has gained momentum across the market. This is likely due to a combination of better reimbursement, ability to increase acute care capacity, consumer preferences, and infection prevention benefits that became obvious during the pandemic.

A comparison of our 2022 survey to this year's survey demonstrates this tidal shift: In the 2022 survey, nearly 40% of respondents reported that they weren't even in the planning stages for hospital at home. Less than two years later, 9 out of 10 respondents recognize the increasing need for care at home and strongly agree on the urgency to develop a comprehensive approach to remote care in the home.

But comprehensive care at home programs are difficult to stand up for a host of reasons, as is evident by executives' fairly even rating of challenges for implementation. Interestingly, leadership buy-in was the one category that was viewed as substantially less challenging than the others. This further supports the notion that health system executives are no longer questioning whether they should develop a care at home program—the focus now is on how to build a program quickly and effectively, despite the other hurdles.

\*For purposes of this survey, we define **care at home** as encompassing a variety of healthcare services provided in the patient's home, typically with the assistance of digital technologies. Examples include remote patient monitoring, digitally enabled remote physical therapy, and hospital at home (a program in which inpatients are treated for acute conditions in their home).

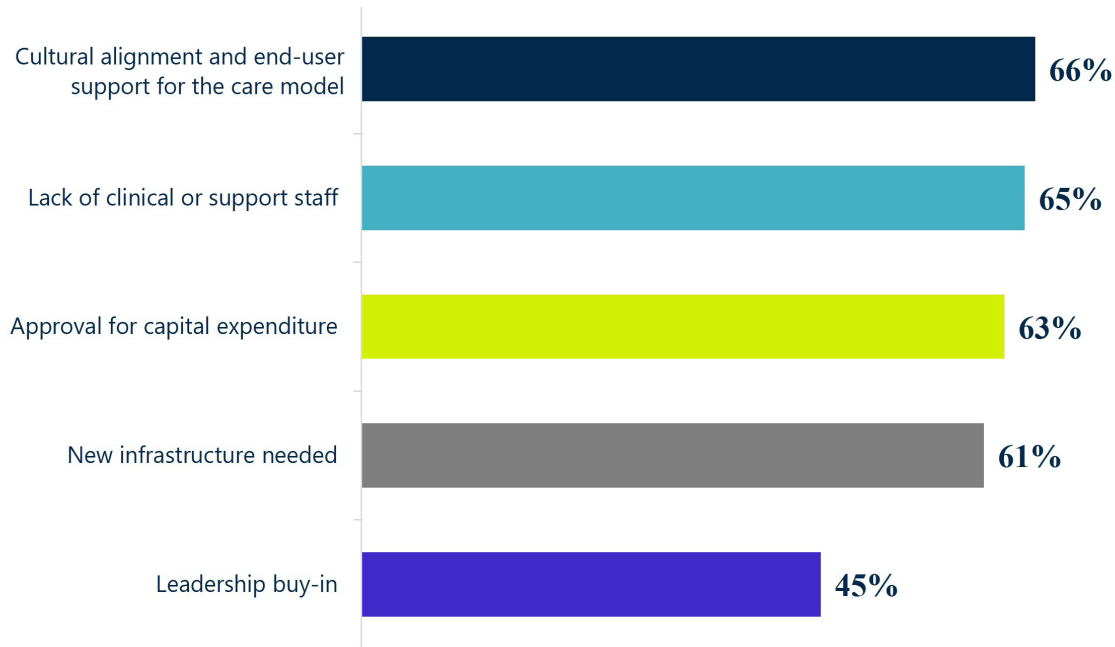
#### LEVEL OF AGREEMENT



Market forces are increasing the need for home as a site of care and the urgency for health systems to develop a comprehensive approach to remote care.

- Strongly agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Strongly disagree

THE BIGGEST CHALLENGES TO IMPLEMENTING A CARE AT HOME PROGRAM:



## Finding 6

### Artificial intelligence is starting to become a fundamental part of healthcare operations and services.

The healthcare industry has been slower to embrace artificial intelligence (AI)\*\* compared to other industries, like finance and telecommunications. Initial applications were mostly limited to select back-office functions, such as revenue cycle processes.

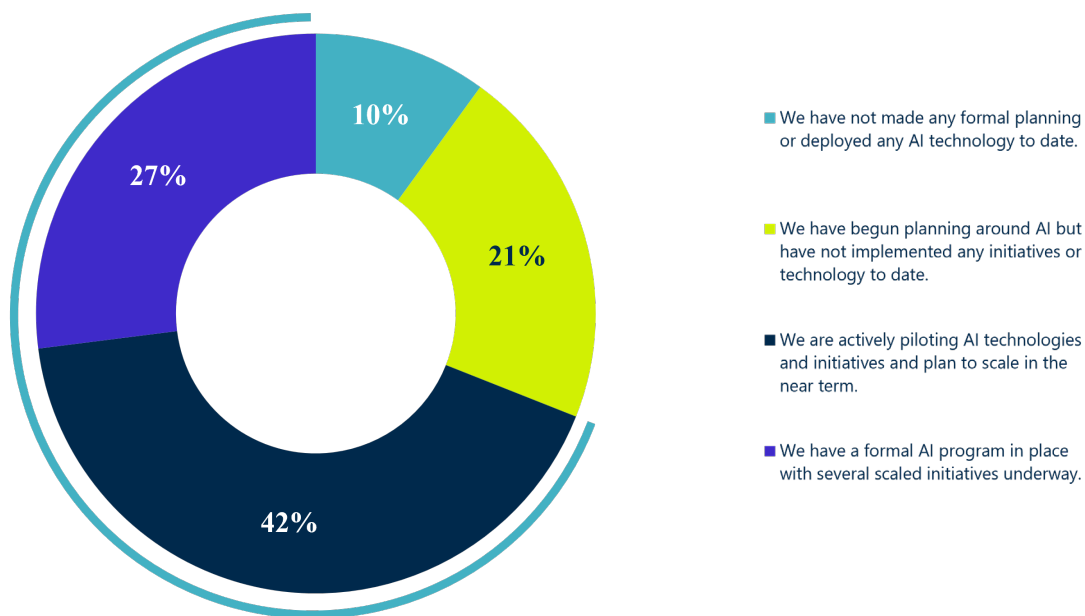
However, with the advancement and maturation of other AI tools (such as clinical applications), health systems seem more eager to incorporate AI into a broader set of functions in their organization. In this year's survey, more than 40% reported active piloting of AI programs, and more than one-quarter of respondents reported having a formal AI program in place. Only 10% reported no AI plan or development. In our 2021 survey, more than 25% of respondents had not started planning.

As with most digital applications, producing value with AI tools is neither immediate nor easy. Health system executives found the top 3 challenges to realizing value from AI to be integrating AI into their existing infrastructure, selecting the right technology or vendor, and promoting a cultural shift among end users to aid in adoption.

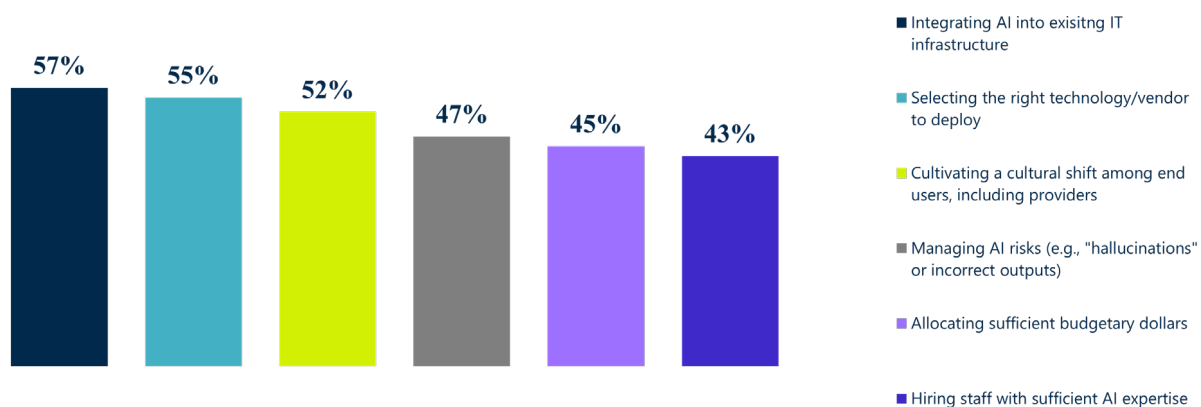
While the first two challenges are more technical, the cultural shift is arguably more complicated. It is likely why such a large proportion of health systems are still piloting AI tools. Many are spending more time in this stage to help end users understand the benefits of AI and overcome their hesitations and concerns.

\*\*We refer to **artificial intelligence** as technology that can perform tasks that traditionally have required human intelligence. This includes applications across administrative tasks, consumer communication, triage, and clinical decision support. This could include clinical note extraction or visit summarization, intelligent customer service or medical triage chatbots, test/image analysis, and clinical next-best-action support.

### CHARACTERIZATION OF CURRENT AI ACTIVITIES:



### THE THREE BIGGEST CHALLENGES TO REALIZE VALUE FROM AI TOOLS:



## Recommendations

Health systems increasingly believe that digital technologies can deliver better value. As the market accelerates its digital progress, time is of the essence to improve transformation efforts.

Consumers are increasingly demanding a digital health experience. Disruptors are providing digital platforms to draw consumers away from legacy health systems. And some leading health systems have managed to outperform the rest by using digital solutions to pull key strategic levers.

Meanwhile, care at home and AI programs are newer priorities but are becoming important components of health systems' digital transformation journeys. They are generating value for early adopters in helping to address capacity, administrative, and staffing challenges.

But in this competitive and fast-moving environment, financial limitations are also a major consideration. And given the urgency of making strategic progress, health systems may need to think about digital partners differently, evaluating how they can efficiently scale lagging or strategic capabilities in the near- or even long-term.

It is not enough to hope that investments in digital solutions will fix select problems. Health systems must develop a comprehensive transformation and investment plan, aligned with the organization's overall strategic direction and priorities. They must demonstrate real value from investments and communicate that value both internally and to the market. These will be the differentiating factors for market leaders that sustainably leverage digital to reshape experience and deliver better care.

## Authors



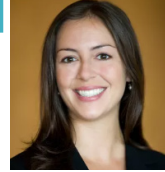
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