Securing the Lead in Care Delivery: Personalization of Care Fast Approaching

2022 Health System Survey on Healthcare's Future

EXECUTIVE SUMMARY

THE CHARTIS GROUP

As we saw in our 2022 survey of health system executives examining the current state of healthcare, the race is on for digital transformation. Our new survey looking at what healthcare will be like in 5 years makes it clear that the next point in the race will be what differentiates health systems from their growing ranks of competitors. That next point? Personalization.

Health system executives report that even though the majority of organizations (79%) are in the planning stages for digital transformation presently, nearly half of organizations (46%) expect that they will be in implementation stages within 5 years.

With this pace of change, organizations won't achieve differentiation simply by offering a set of digital health use cases. Rather, what hospitals and health systems can uniquely offer is how they use those technologies to personalize the care experience for consumers. Hospitals and health systems have existing patient-provider relationships and a mandate to provide the best care and experience for their patients and their communities. Strategically combining these factors can provide a distinct value when it comes to delivering the personalized experience that patient consumers want and expect—and will increasingly make their decisions upon. Health systems will need to accommodate these demands to attract and retain patients. And health systems can acquire a distinct advantage based on how they do that.

The Path to Personalization Is the Opportunity

While nontraditional rivals may have the advantage of deep pockets and technological foundations to build innovative ecosystems, they lack 2 critical ingredients to deliver a meaningful and personalized care experience: robust clinical delivery assets and patient trust. Hospitals and health systems, on the other hand, not only have established clinical delivery assets but also an intrinsic connection to their communities and to patients themselves.

Patients have entrusted hospitals and health systems with their most sensitive information, fully expecting that they will safeguard that information and use it appropriately to deliver the best possible care. Currently, providers remain the default choice for most consumers to access care, largely due to incumbent advantages of established care site footprints and assets, and due to inherent trust compared to less established options. Consumers have historically stayed loyal to the providers they know, but that trend is starting to shift as more convenient and compelling alternatives compete for those same patient consumers.

Consequently, the incumbent advantages of trust and deployed assets that provider organizations hold are quickly becoming subsumed by technology and innovation toward more personalized care experiences. Within the next 5 years, health systems should expect that emerging rivals will increasingly make disruptive plays to compete where traditional healthcare organizations have dominated, especially in primary care. Amazon's recent acquisition of One Medical demonstrates this desire of nontraditional disruptors to quickly gain clinical assets and established provider relationships with patients to build trust as new market entrants. Walgreens' stake in Village MD is a similar move and adds a pharmacy footprint in the care delivery ecosystem, too. Despite these recent disruptor moves in ambulatory care, patient journeys often don't end there and still require robust acute care options when appropriate.

As healthcare consumers, patients expect streamlined experiences across the care continuum and throughout all major engagement points—typically a daunting task for any provider organization to develop alone. Partnership strategies among traditional and nontraditional players are therefore emerging as a prime pathway for provider organizations to combine their unique prowess in acute and specialty care with innovative digital engagement channels that can generate meaningful insights into optimizing the outcomes for that population. Consider what a partnership with a giant in the consumer retail space could mean for a health system that already has leading clinical platforms and expertise. One of the benefits for Amazon of its recent acquisition of One Medical is leveraging the startup's relationships with large health systems—an opportunity that could be mutually beneficial for those legacy providers. Deep consumer insights can unlock a truly differentiated understanding of patient needs, more predictable services to deploy, and more efficient channels to deliver care —all reflective of the transformed and personalized service model that Amazon has built its reputation on in the last few decades.

Meaningful Personalization Will Drive a Stronger Experience and Results

Fundamentally, these hallmarks of digital transformation reflect an underlying objective to enhance the experience of every meaningful engagement point patients have with providers, and to modernize many of those processes through convenient and scalable digital modalities. Digital transformation represents the most promising opportunity to make healthcare delivery more satisfying for patients, more streamlined for provider staff, and more sustainable for hospitals and health systems. Provider organizations should act now to capitalize on this critical and timely juncture of industry evolution.

KEY FINDINGS:

01 Despite the financial concerns, health systems are working toward digital transformation implementation, setting the stage for personalization of care experiences.

02 Across each major digital use case, health systems are transitioning from planning to implementation.

03 Competitive threats from rivals are only growing—particularly among nontraditional ones.

04 Health systems recognize that digitally forward disruptors are gaining on them—particularly when it comes to personalized care.

05 Partnerships are emerging as a key strategic avenue to quickly personalize digital care experiences.

FINDING 1

Despite the financial concerns, health systems are working toward digital transformation implementation, setting the stage for personalization of care experiences.

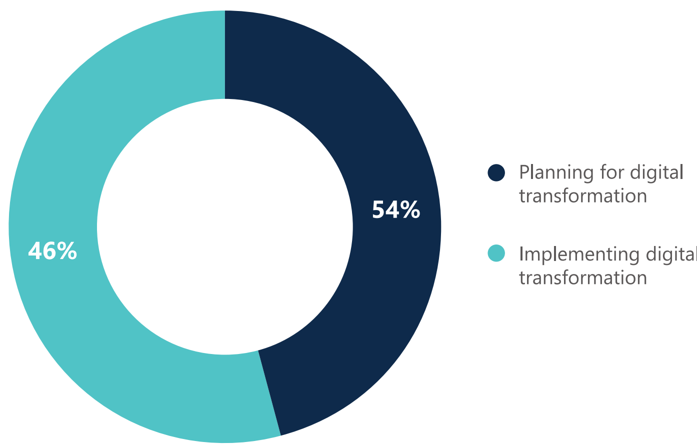
Health systems identified financial concerns as the top impediment to achieving long-term digital transformation goals. Taken together with uncertainty around future payer reimbursements and regulatory requirements for digital use cases like telehealth, many health systems struggle with piecing together a business case for digital transformation that they are confident will bring a positive return on investment (ROI).

While gaining clarity around the economics of digital transformation can be challenging, that's not stopping health systems from moving forward from moving forward in their plans for digital transformation and personalized care.

MORE CONCERN

1. Required financial investment/ROI
2. Payer reimbursements
3. Legal/regulatory environment
4. Technology
5. Support from clinicians
6. Consumer demand
7. Support from leadership

LESS CONCERN



Health systems are advancing their digital transformation plans, with nearly half of organizations expecting to be in implementing stages within the next 5 years. This signals a significant shift toward execution and suggests that now is the time to establish a market-leading position.

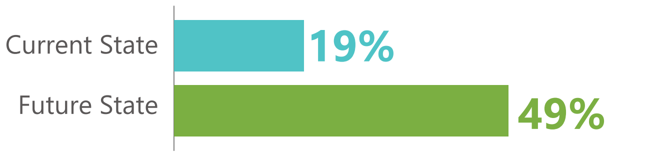
FINDING 2

Across each major digital use case, health systems are transitioning from planning to implementation.

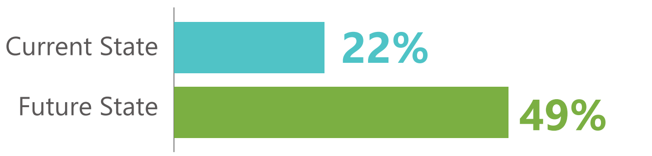
Health systems are shifting from planning to implementation across key use cases. They are building their portfolio of digital transformation initiatives, signaling a shift from simple point solutions that were established during the pandemic. Several of these initiatives take years to implement, suggesting the need to start now on executing against their respective plans. Paired with holistic patient data (including their consumer behaviors, interaction history and preferences with the health system, and broader health data from wearables or other sources), these initiatives will enable a more personalized care experience.

In 5 years, more than half of organizations will be in implementation stages for **remote patient monitoring**, up from roughly a third.

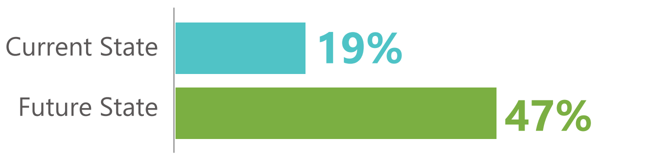
Roughly half of organizations expect to be implementing a **digitally enabled contact/service center** in 5 years, up from a quarter.



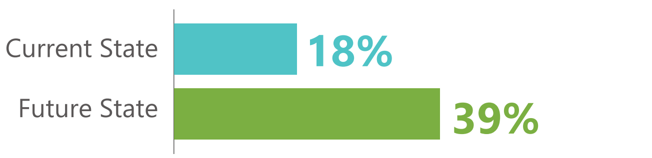
1 in 2 U.S. health systems expect their **digital specialty care initiatives** to be in implementation stages in 5 years, up from 1 in 5.



In the next 5 years, the percentage of organizations implementing **digital-first primary care** will roughly double.



Nearly half of U.S. organizations expect to be implementing a **digital front door** in 5 years, up from just under a fifth.



Health systems are leaning into **hospital at home**. In our 2021 survey, 35% had no plans for the next 5 years. Now, just 11% anticipate they still will have no plans in 5 years.

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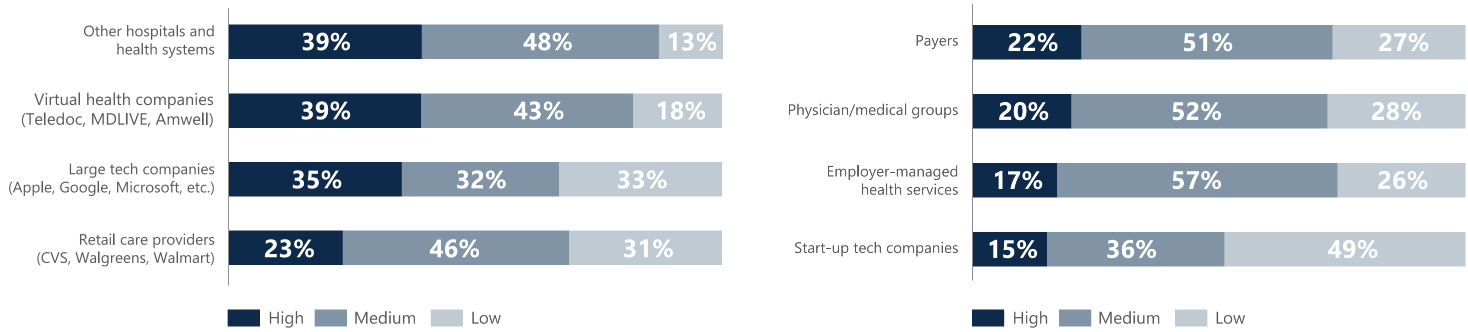
FINDING 3

Competitive threats from rivals are only growing—particularly among nontraditional ones.

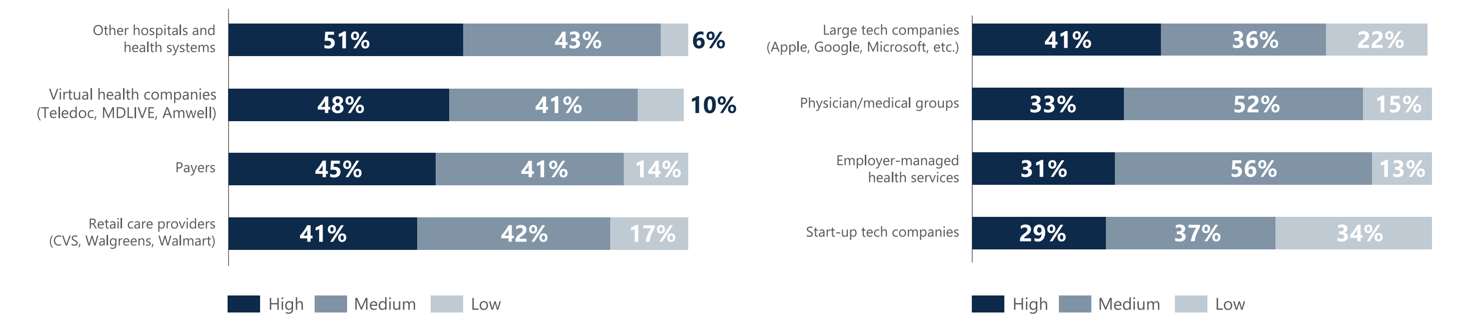
The competitive landscape is broadening beyond peer hospitals and health systems. Non-traditional rivals, such as virtual health and tech companies, are already posing high degrees of competitive threats. This competition is only expected to grow in the next 5 years.

Other entities, such as payers and retail organizations, are expected to quickly join the ranks of top rivals to hospitals and health systems, especially as they make deliberate moves into the care continuum.

Top Competitors for Hospitals and Health Systems Today in **Digital Services and Technologies**



Top Competitors Expected in 5 Years in **Digital Services and Technologies**



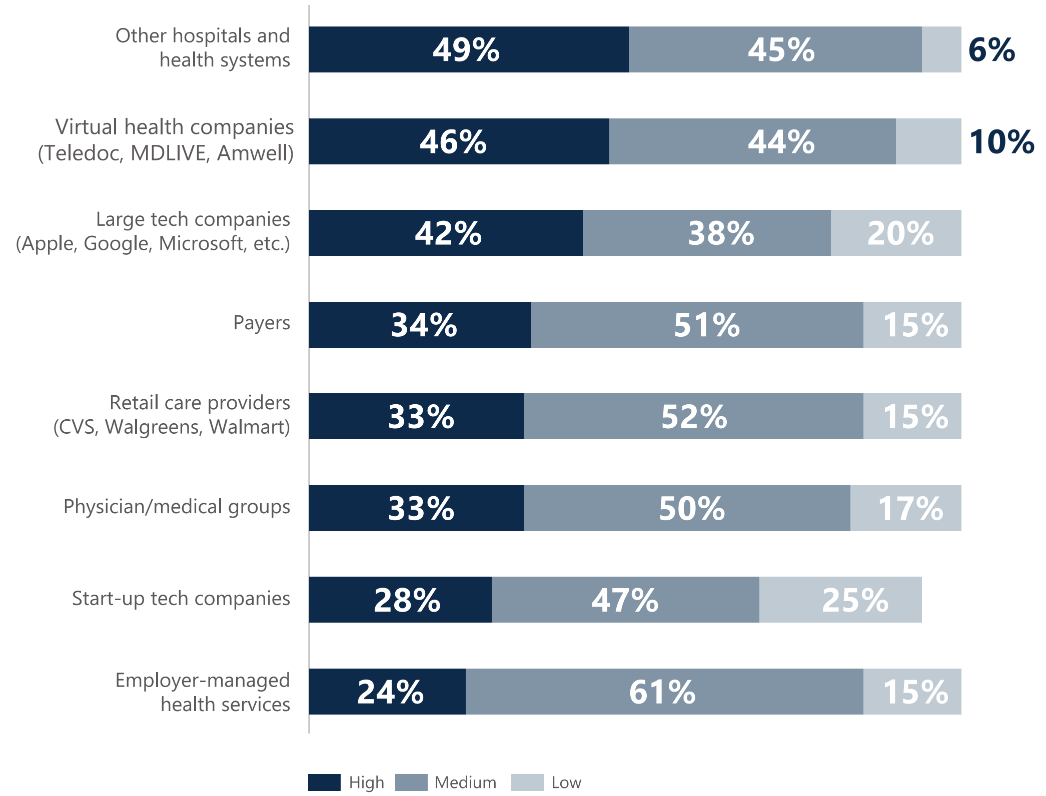
FINDING 4

Health systems recognize that digitally forward disruptors are gaining on them—particularly when it comes to personalized care.

It's not just that nontraditional rivals are emerging with digital health offerings that could be a competitive threat to hospitals and health systems. It's that these new rivals are creating personalized digital experiences designed to compete for patient consumers in their markets.

Moreover, there's a perception that traditional health system rivals will be trying to keep pace with these new market entrants, signaling a clear race toward digital transformation and personalization over the next 5 years.

Top Competitors for Hospitals and Health Systems in **Personalized Care** in 5 Years



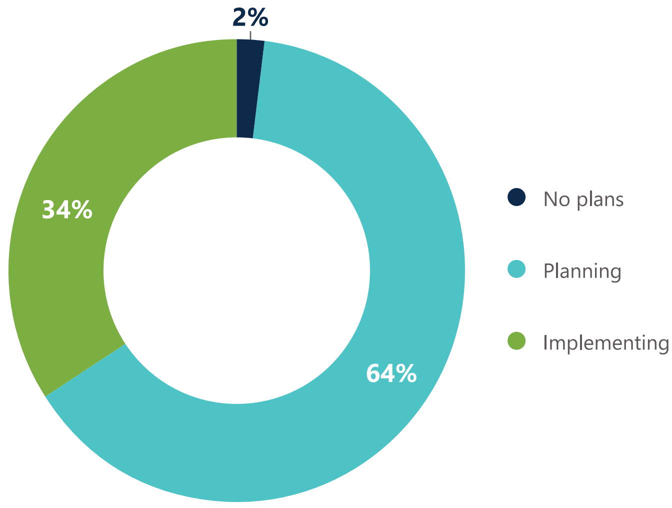
FINDING 5

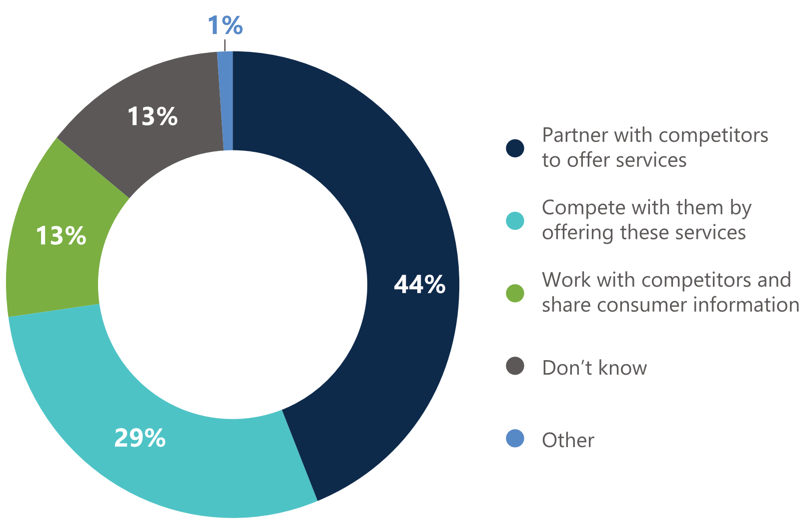
Partnerships are emerging as a key strategic avenue to quickly personalize digital care experiences.

True, individual personalization of the healthcare experience is the ultimate goal of a transformed healthcare organization, with nearly all health systems expecting to be planning or executing on that effort over the next 5 years. However, just over a third of hospitals and health systems expect to be in implementation mode over that time horizon. Many more instead are preparing to partner with organizations that would otherwise offer competing digital products and services that have a personalized focus.

Hospitals and health systems might widen their strategic aperture by considering partnership as a potential path to quickly come to market with compelling digital experiences that are tailored to patient consumers' needs and desires.

2/3 of hospitals and health systems expect to still be in the planning stages in 5 years.





Still in nascent planning stages, hospitals and health systems are more likely to partner in personalized medicine.

Implications & Opportunities:

The push toward digital transformation is accelerating on many fronts as provider organizations increasingly compete for patients through differentiated care experiences enabled by technology and personalized to the unique needs of specific patient segments. It is no longer enough to attract these consumers with technology. They expect their care experiences to be tailored to their needs and preferences, with ease of use on par with other transformed industries, such as travel, banking, or retail.

To achieve this transformation, hospitals and health systems are actively shifting from planning to implementation across a variety of digital initiatives, signaling an enterprise-wide effort to modernize how care is accessed and delivered. This shift has been prompted, in part, by the emergence of nontraditional rivals that are posing an increasingly competitive threat by offering compelling and personalized digital services directly to consumers.

A FOCUS ON BUILDING DIGITAL INFRASTRUCTURE AND PORTFOLIOS, THEN MAKING THEM PERSONAL

Over the next 5 years, hospitals and health systems expect to respond to these new rivals by building their digital infrastructures and portfolios of initiatives while concurrently looking for opportunities to partner in the personalization of those digital offerings. The key differentiation won't be in whether hospitals and health systems are delivering personalized care but *how* they are doing so.

As trusted stewards of patient data, hospitals and health systems must translate their caches of information into meaningful insights that consistently drive more impactful interactions between the patient and provider. Provider organizations can design and deploy a digital ecosystem around these compelling interaction points to naturally attract and retain consumers.

These digital ecosystems must also be designed to unlock new care models and business opportunities that can deliver a return on the significant investments being made to develop them. New access points, expanded patient segments, and more efficient care delivery are all achievable with a deliberate focus on scalable personalization that leverages patient data with the technology.

A SPEEDY TRANSITION REQUIRED TO RETAIN THE LEAD IN CARE DELIVERY

The pace and benefit of developing compelling and personalized digital care experiences will only accelerate in the years to come. Emerging and deep-pocketed rivals will continue to bring innovative, personalized, consumer-centric alternatives to market. Hospitals and health systems, however, must recognize their inherent competitive advantage as trusted healthcare partners in their communities that have an established knowledge of their patients and robust local clinical delivery assets in both clinicians and care facilities. In the evolving healthcare landscape, time is not an ally. Speed, focus, and an enterprise-wide transformation process driven by ROI will be essential as healthcare providers transition their leadership position in the historical context into a differentiated and enduring leadership position in the digitally transformed— and personalized—future state of healthcare delivery.

QUESTIONS FOR HEALTH SYSTEMS TO CONSIDER AS THEY MOVE FORWARD:

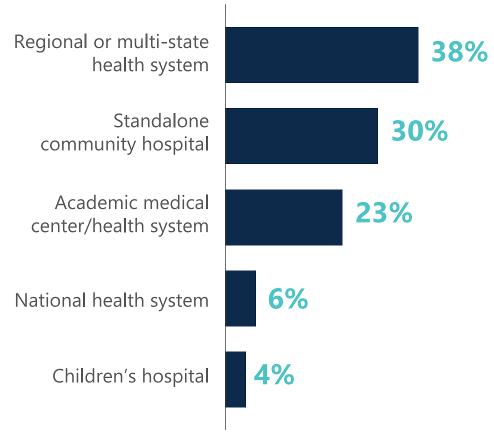
Before advancing further in their digital transformation journey, it is important for health systems to understand their current trajectory toward offering the access, interactions, and care experiences consumers are looking for—and toward meeting the needs of the broader community population. These questions include:

- What opportunities have you identified to start personalizing the care experience for your consumers already? How does digital technology enable you to capitalize on and scale those opportunities?
- What personalized capabilities do you expect to make the most impact in attracting and retaining patients within your digital ecosystem?
- Have you defined your personalization goals and mapped them against business objectives that can demonstrate return on your personalization investments, both in terms of financial position and of advancing strategic goals (such as health equity)?
- What personalized data on your patients and how they seek care do you intend to leverage as a competitive advantage over nontraditional rivals that are entering the provider space?
- In what ways will you partner with community organizations to better advance health outcomes and become the provider of choice for your entire population?
- In which ways will your health system partner with traditional and nontraditional rivals to offer an optimized consumer experience? In which ways will you compete?

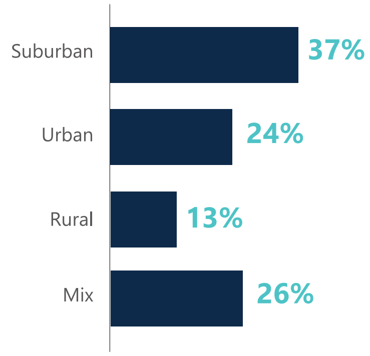
Appendix

> The Chartis Group surveyed 143 U.S. health system executives about the future state of digital transformation. Respondents represented a range of organization types, locations, and revenue sizes.

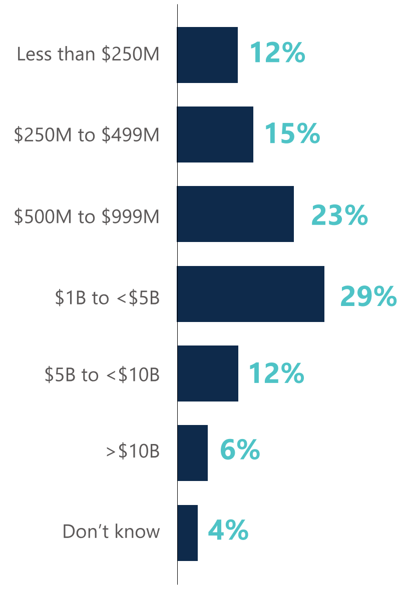
Organization Type



Location



Revenue



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