

Catalyzing Digital Transformation in Healthcare

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Prepared for
Virtual Leadership Conference | September 14, 2020

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AGENDA

1. Healthcare industry digital transformation trends
2. Implications for health systems
3. Governance and operating model design considerations

LEARNING OBJECTIVES

- Define different governance and management models to enhance digital transformation success
- Describe leading practices for health system governance in a digital age
- Identify attributes of effective operating models for digital transformation

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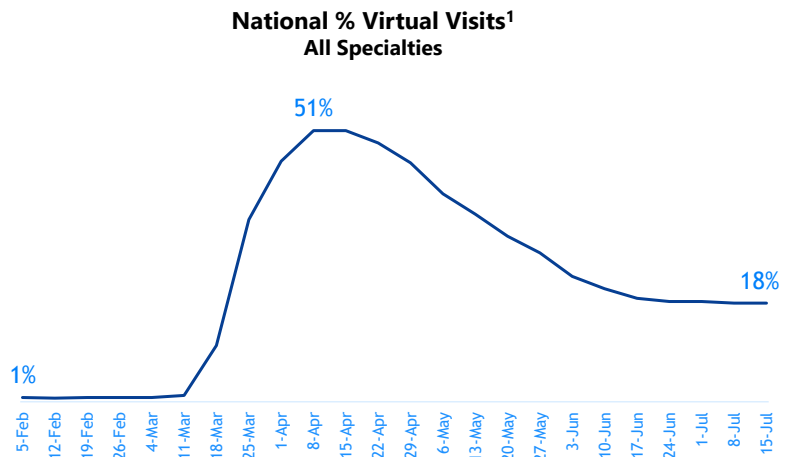
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COVID-19 has accelerated the changing landscape

The spike in telehealth utilization has created an inflection point and momentum for digital, on which health systems must capitalize.

Adoption trends have not stabilized and differ across specialties, signaling opportunity to define the path forward.



Notes: (1) Virtual visit rate is calculated as volume of unique virtual visits as a proportion of total physician visits; virtual visits include video and audio code sets for physician office visit settings
Source: [Telehealth Adoption Tracker](#) from The Chartis Group and Kythera Labs, accessed 8/5/2020

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Poll #1

- What most closely reflects the virtual visit adoption pattern within your organization?
 - a) Volumes rose dramatically after the start of the pandemic, and have stayed at comparably high levels
 - b) Volumes rose dramatically and have since declined, but are still significantly above pre-pandemic baseline
 - c) Volumes rose dramatically and have returned close to baseline
 - d) Minimal or modest rise in virtual visit volumes

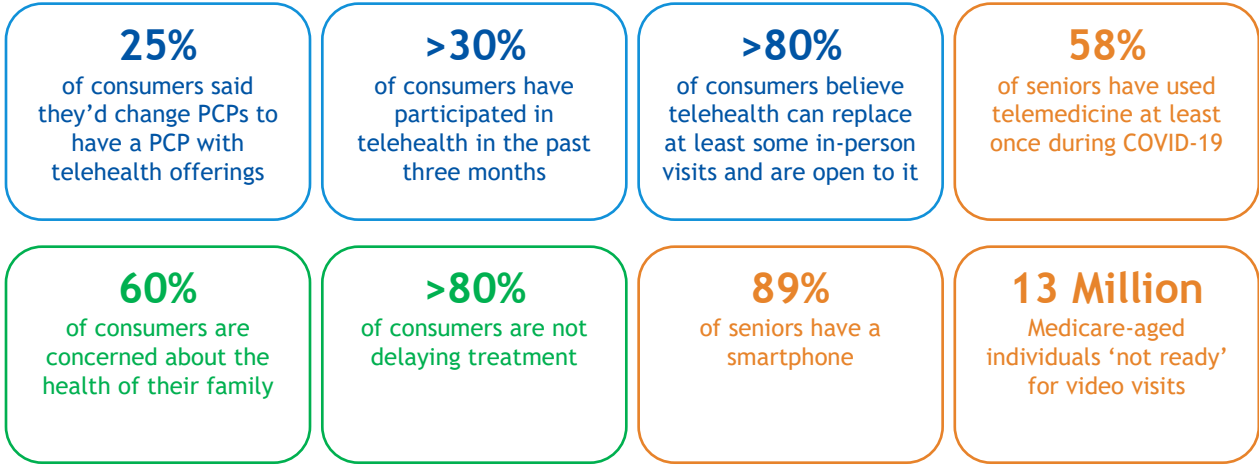
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The New Normal

Telehealth is here to stay, but still faces significant hurdles to widespread adoption.



Sources: American Well 2019 Telehealth Index, Deloitte State of the Consumer Tracker (as of July 11), Healthgrades Study, July 1, S&P Global Market Intelligence Survey, Medicare Eligible Seniors Survey Findings: Technology, COVID-19, The 2020 Election And More; Assessing Telemedicine Unreadiness Among Older Adults in the United States During the COVID-19 Pandemic – JAMA Network

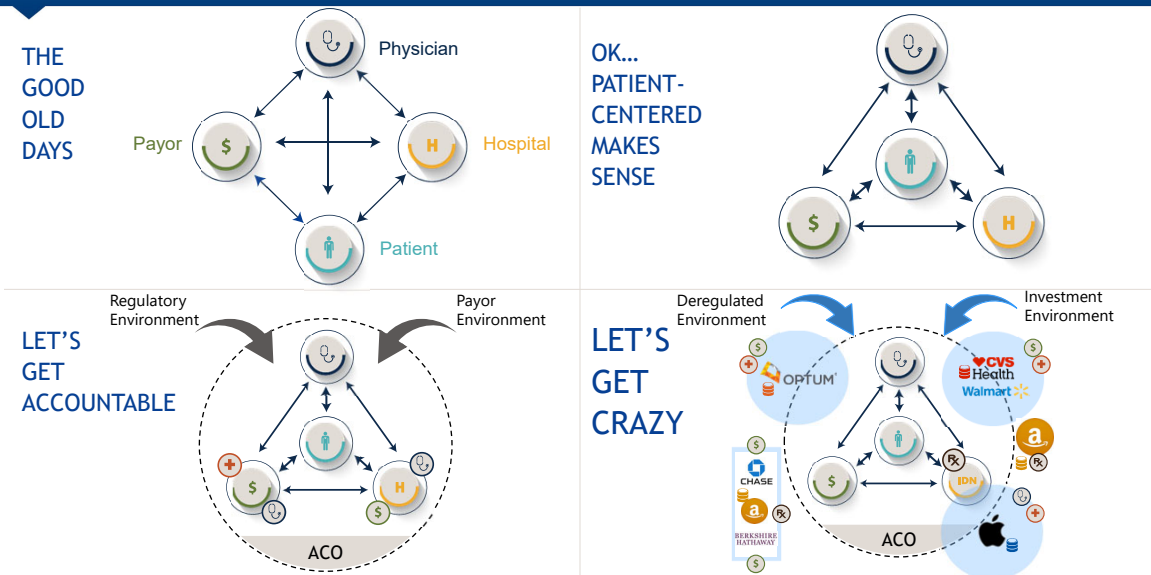
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A New Healthcare Delivery Ecosystem

Healthcare delivery, financing, and consumer health ecosystems are increasingly converging to address key industry friction points, but not (yet) in a rationalized manner.



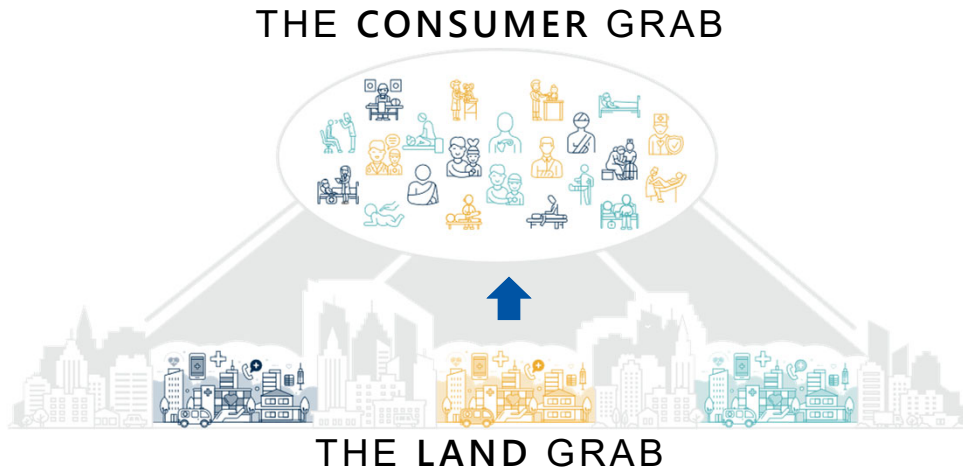
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The Consumer Grab

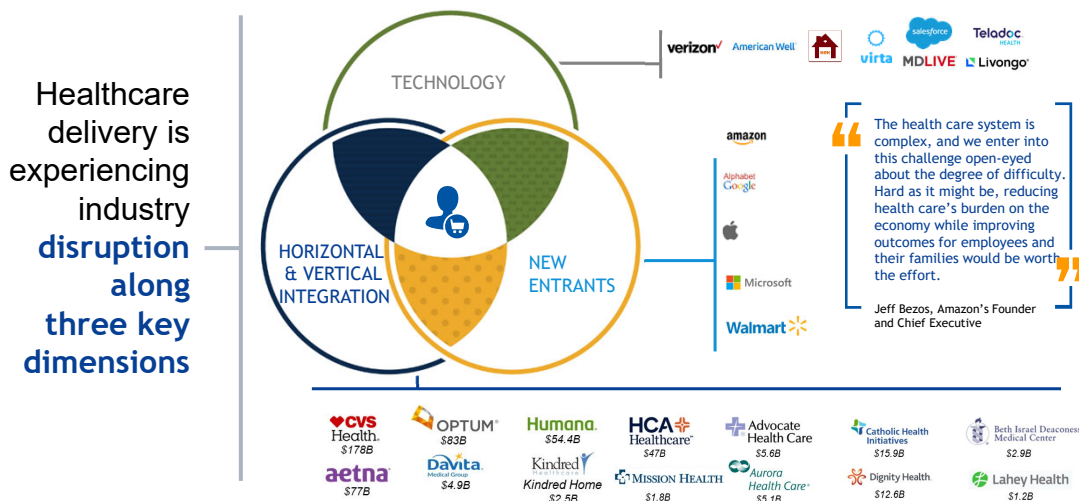
The emerging healthcare ecosystem is organized around consumer segments rather than geographies.



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Multi-Dimensional Disruption Across the Industry

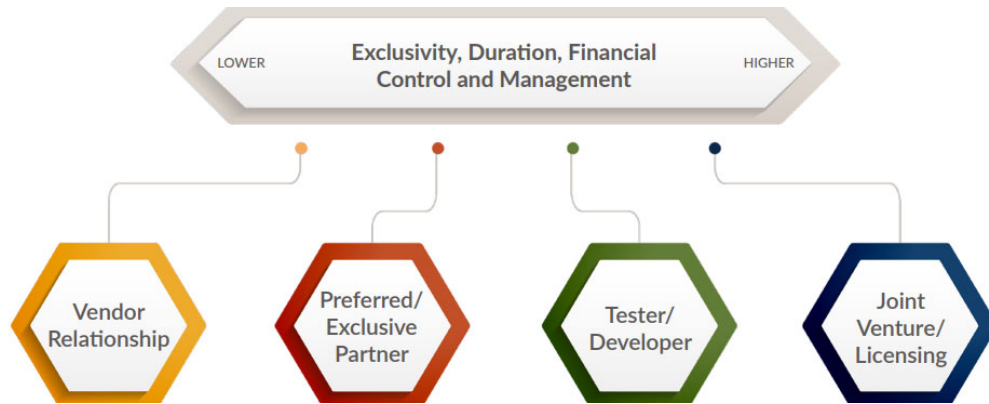
This disruption is causing a flurry of activity within and across health system sectors.



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Non-Traditional Partnership Models

Providers must determine what revenue, business and governance models enable both the health system and their partners to maximize leverage in driving industry transformation.



Source: [The New World of Healthcare Partnerships: Technology Companies](#), The Chartis Group, 2/2019.

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Health Systems have a Challenge

A Formula for Failure

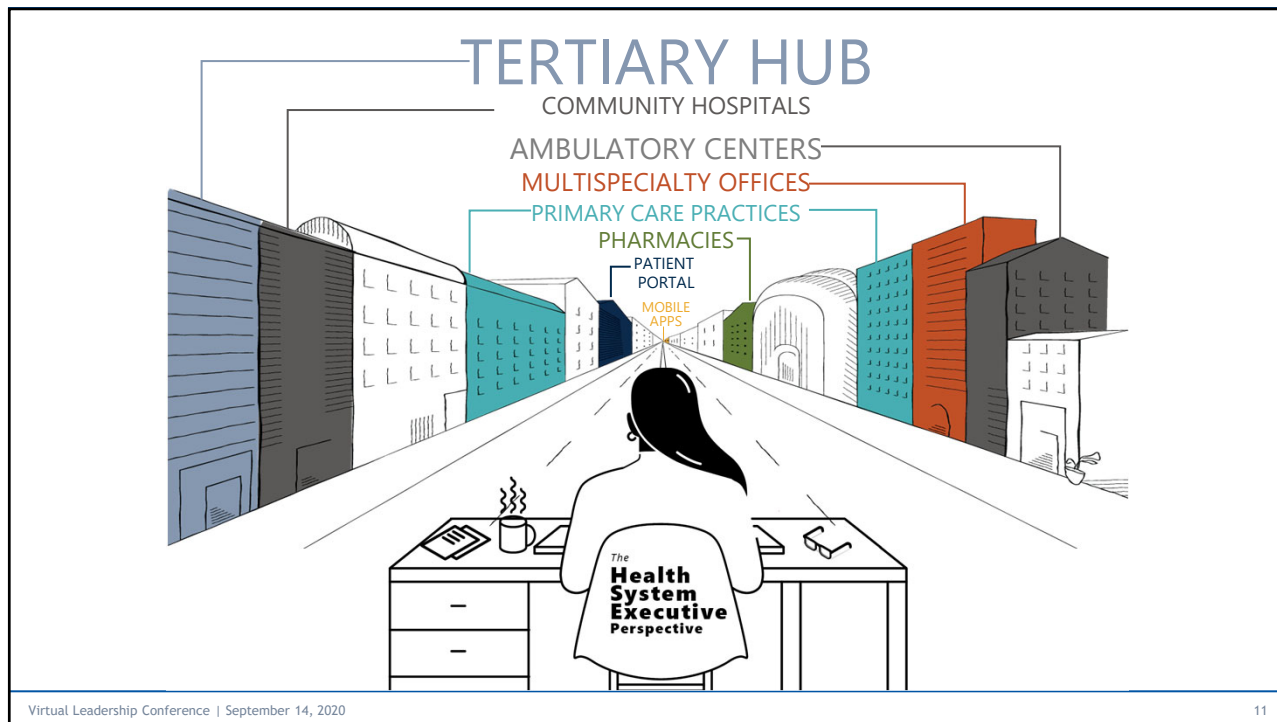
$$NT + OO = COO$$

New Technology + Old Organization = Costly Old Organization

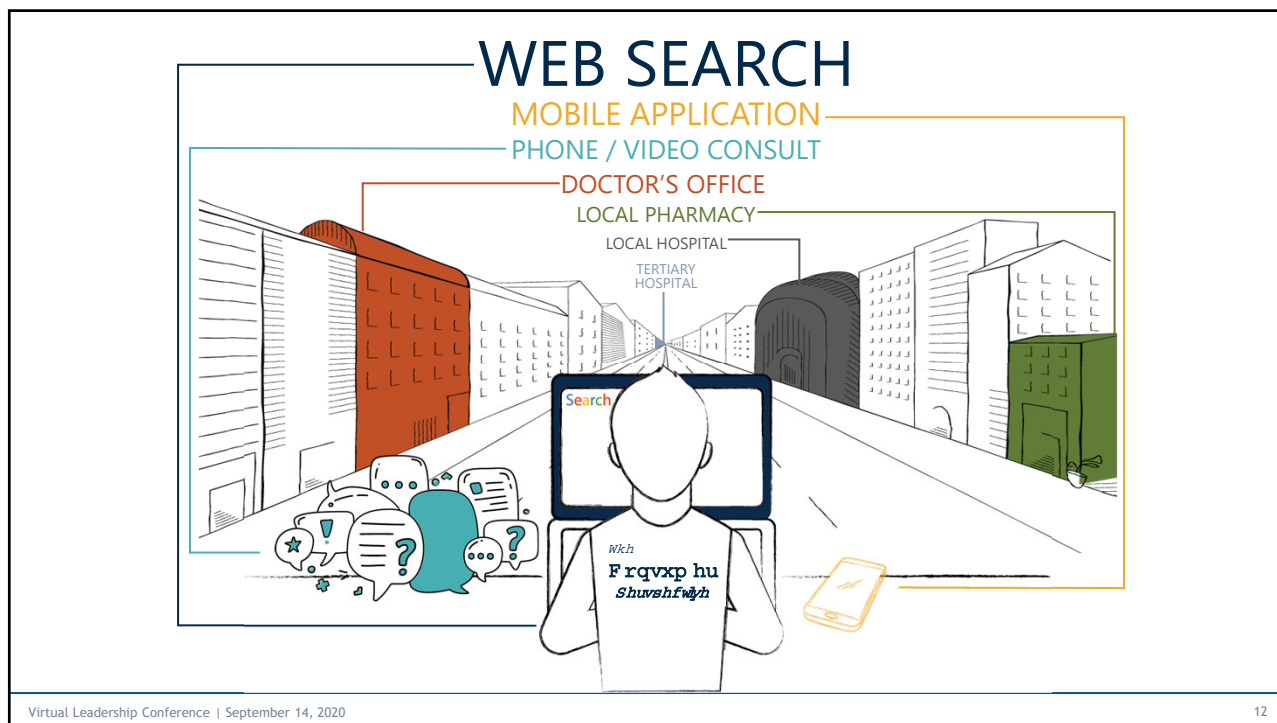
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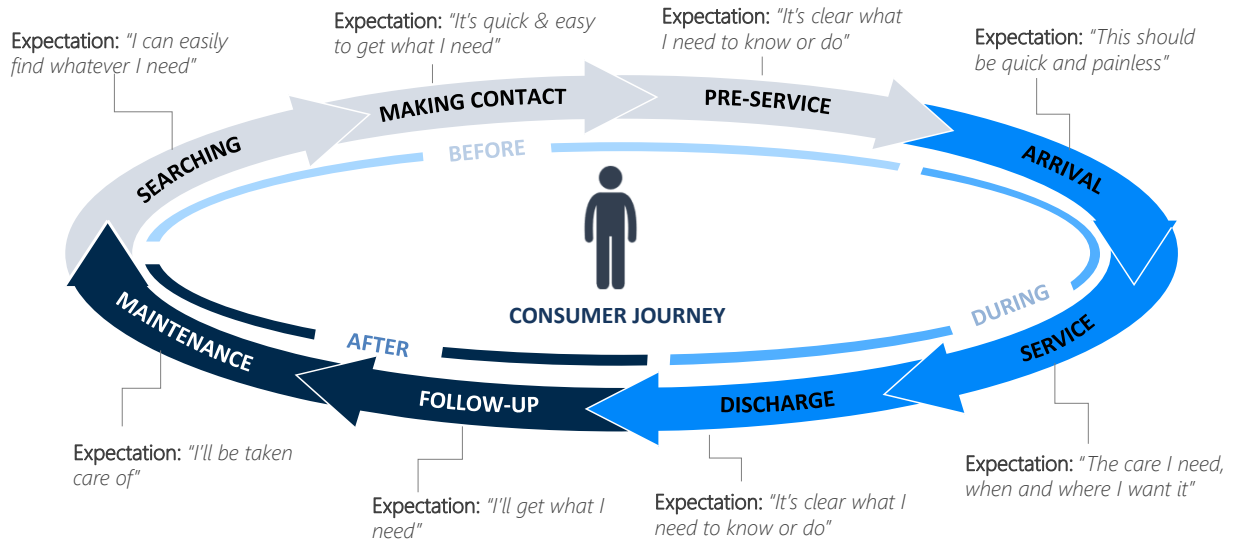
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Focus on Consumer Centricity

Successful digital strategies are organized around the consumer.



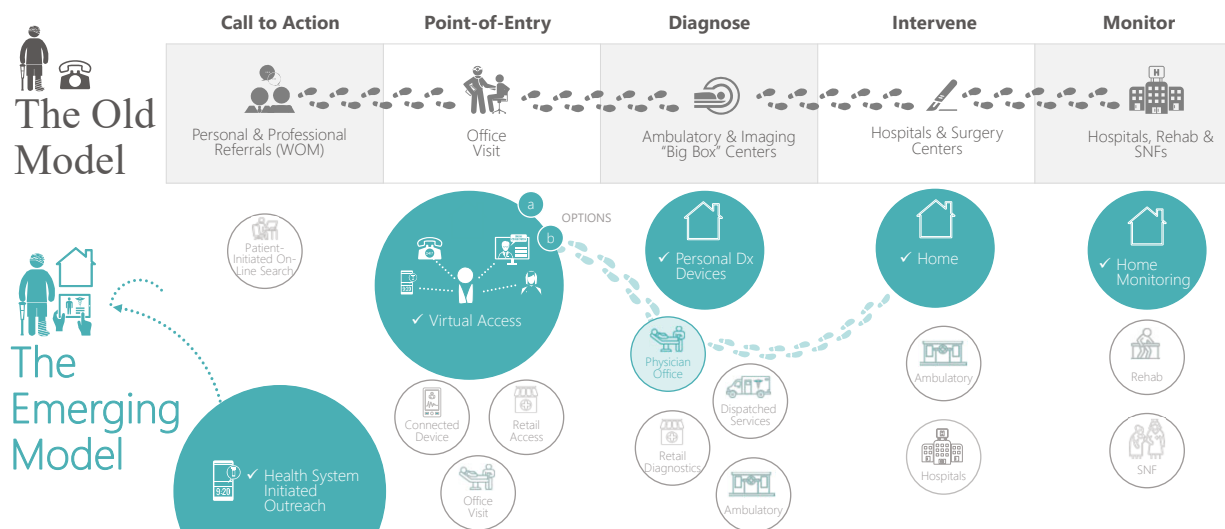
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The New Clinical Operating Model

As consumers assume the driver's seat, providers must adapt their operating models to guide patients through their healthcare journeys or risk disintermediation.



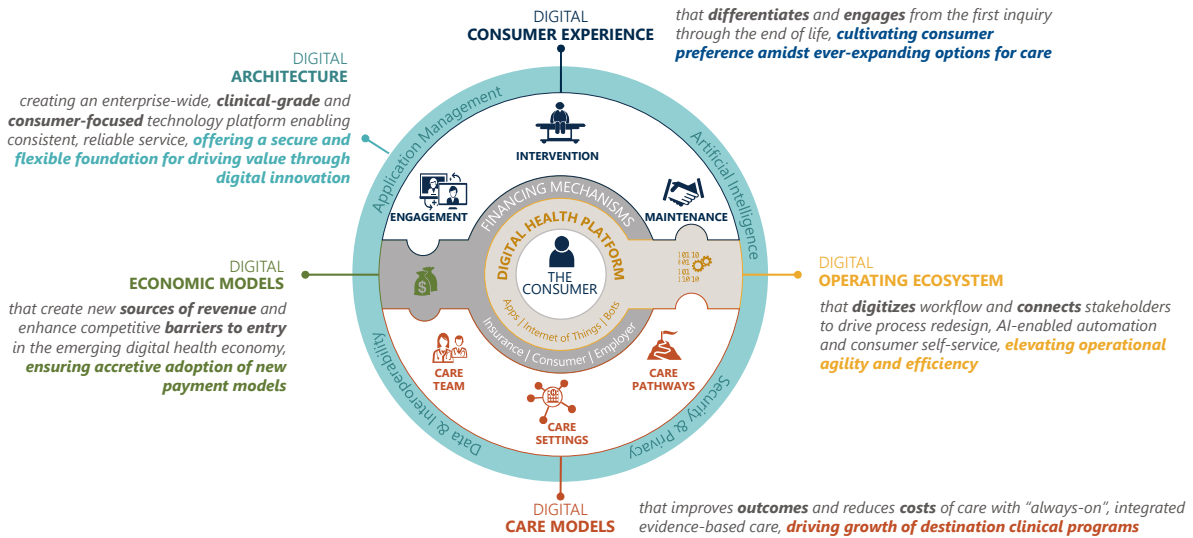
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The Anatomy of Health System Digital Transformation

A provider's approach to digital transformation must recognize the discrete needs of the populations it serves and the importance of engaging healthcare constituents beyond traditional hospital boundaries.



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Digital Transformation Capabilities

Health systems should develop plans that outline their approach across discrete dimensions of digital transformation, each with material business model implications.

Digital Consumer Experience	Digital Care Models	Digital Operating Systems	Digital Economic Models
<p>Consistent, High-Quality, Consumer-Centric and Individually-Tailored</p> <p>Digital acquisition</p> <ul style="list-style-type: none"> Precision marketing Provider and service matching Reputation management Online scheduling <p>Digital care experiences</p> <ul style="list-style-type: none"> Virtual care offerings Wearables and home monitoring Automated home delivery (Rx, DME) <p>Relationship management</p> <ul style="list-style-type: none"> Family join-by-video Personalized health content Omni-channel support 	<p>Proactive, "Always-on" Care Seamlessly Integrating Across Settings</p> <p>Digital collaboration</p> <ul style="list-style-type: none"> Care coordination platforms Virtual consults Virtual conferences <p>Digital care settings</p> <ul style="list-style-type: none"> Remote monitoring programs Worksite and school telehealth Hospital at home Virtual triage and ICU <p>Digital care pathways</p> <ul style="list-style-type: none"> AI-enabled diagnostics Digital therapeutics Digital trial screening and enrollment 	<p>Integrated Workflow Tools/Analytics that Streamline and Automate Processes</p> <p>Finance/Revenue Cycle</p> <ul style="list-style-type: none"> Robotic process automation Continuous cost accounting <p>Clinical Operations</p> <ul style="list-style-type: none"> Workforce and capacity optimization Real time location systems Self-service rooming <p>Administrative Services</p> <ul style="list-style-type: none"> Purchasing & inventory management Recruitment and talent management Unified communications Remote workplace 	<p>Unique, Sustainable Economic Value Propositions to Discrete Stakeholders</p> <p>Payors/At-Risk Providers</p> <ul style="list-style-type: none"> Value-based incentive implementation Incentive distribution Real-time reporting Risk stratification and next best action <p>Patients and Families</p> <ul style="list-style-type: none"> Price and quality comparison Subscription models Value-added health services <p>Employers</p> <ul style="list-style-type: none"> Employee health hubs Digital solution marketplaces Virtual centers of excellence
CONVENIENCE SERVICE	CONNECTIVITY QUALITY	EFFICIENCY PRODUCTIVITY	HEALTH TIME SAVINGS
Digital Architecture			
<p>Consumer Technologies</p> <ul style="list-style-type: none"> Consumer/Patient Portal Virtual Triage and Symptom Checker Personalized Communication Digital Front Door 	<p>Enterprise Service Center</p> <ul style="list-style-type: none"> Omnichannel (video/voice/chat) Chat bots and AI Customer relationship management (CRM) <p>Decision Support, and Data Analytics</p>	<p>Virtual Care Communications</p> <ul style="list-style-type: none"> Video visits Patient outreach (telephony/texting) Remote patient monitoring systems Diagnostics and therapeutic technologies 	<p>Foundation and Architecture</p> <ul style="list-style-type: none"> Electronic Health Record and Care Management Content Management System (CMS) Enterprise Resource Planning (ERP) Integration and unified communications Identity access and business continuity
SECURE SCALABLE			

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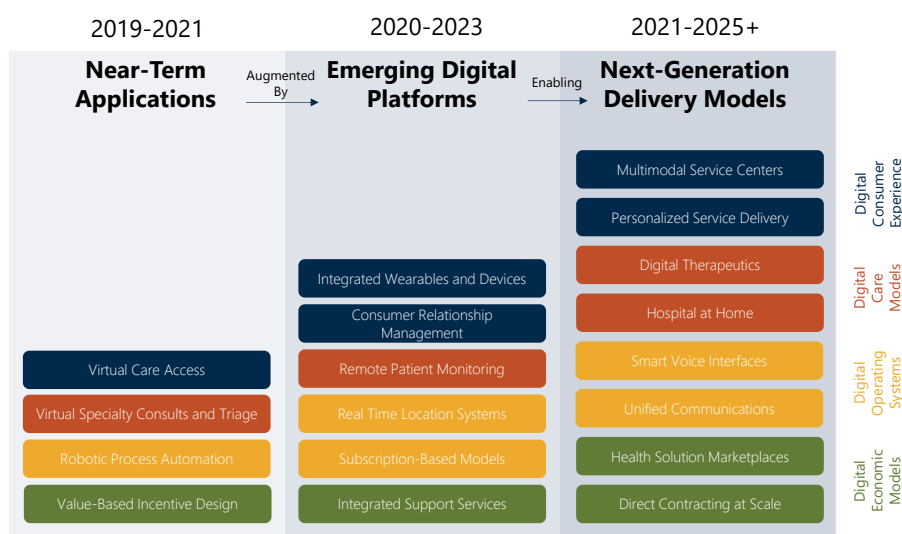
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Poll #2

- Which aspect of digital transformation do you view as the most important priority for your organization over the next 24 months?
 - a) Digital consumer experience
 - b) Digital care model
 - c) Digital operating systems
 - d) Digital economic models
 - e) Digital architecture

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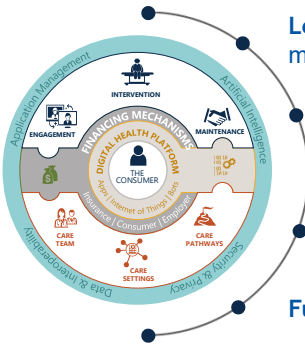
Illustrative Digital Transformation Roadmap



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Foundational Questions to Address

Scope. What constitutes digital transformation in your organization? To what extent does it integrate virtual and physical worlds?



Leadership and Governance. How is the digital transformation portfolio overseen and managed? Who has accountability for planning? Execution?

Operating Model. How is your organization structured to drive transformation initiatives across functional areas and manage change?

Alignment. What alignment mechanisms (incentives, other) enable success?

Funding. How are transformation initiatives funded/budgeted?

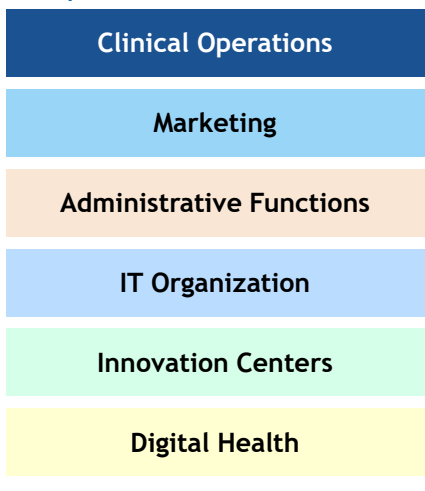
Performance. Are metrics being tracked and are the right KPIs in place?

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Digital Governance

An enterprise digital governance “management philosophy” must address several dimensions to enable, oversee, and execute enterprise digital transformation.

Siloed Digital Efforts Today with Disparate Governance Processes



Example Enterprise-Wide Digital Governance Components

Illustrative

CLINICAL

- Physician preference vs. common standards/ approaches
- Care models
- Clinical pathways & EBM

ADMIN/ OPERATIONS

- Clinical Operations & Decision Support
- ‘Back-office’ functions (e.g., Rev Cycle) Customer Service

TECHNOLOGY

- Role of IT vs. operations vs. marketing
- Systems of record vs. systems of engagement
- Vendor selection and management

FINANCIAL/ BUSINESS

- Capital planning and annual budget
- Business Planning & financial modeling
- Goals & KPIs
- Ongoing monitoring

DATA

- Curation, Harmonization, Integration
- Security
- Responsibility / “ownership”

LEGAL

- System vs. entity-based
- Risk profile
- Compliance and controls

CONTENT

- Entity vs. System approach
- Dept/physician-centered vs. condition/consumer-centered
- SEO, value, capacity-based marketing
- Accuracy, tone, & SEO addressed through workflows

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Digital Operating Model Archetypes

Many organizations are still operating status quo, but those pursuing digital transformation are considering models or hybrids of the models below.

	Distributed <i>Incremental</i>	Centralized <i>Transform</i>	Federated <i>Advance</i>	New Venture <i>Disrupt</i>
Description	<ul style="list-style-type: none"> Local accountability within legacy operating model 	<ul style="list-style-type: none"> Portfolio managed by single business unit Innovation as a service 	<ul style="list-style-type: none"> Specific charters for different parts of the organization with light central oversight 	<ul style="list-style-type: none"> Focus on disruption Manage venture fund
Key Benefits	<ul style="list-style-type: none"> Minimal disruption to legacy operations 	<ul style="list-style-type: none"> Disciplined transformation Business model innovation Direct line-of-sight into digital portfolio P&L accountability 	<ul style="list-style-type: none"> Clear accountability Common cross-enterprise standards for design, architecture, brand, etc. Prioritization and pipeline management 	<ul style="list-style-type: none"> Disciplined transformation Spin out new businesses Diversify revenue
Key Limitations	<ul style="list-style-type: none"> Competing priorities Lack of coordination Insufficient resourcing Capability gaps 	<ul style="list-style-type: none"> Requires “realization leads” with operational ownership Pipeline management 	<ul style="list-style-type: none"> Insufficient resourcing Capability gaps Discipline to enterprise standards 	<ul style="list-style-type: none"> Competitive with legacy business lines “Normalization” path

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Poll #3

- Which archetype best describes your organization’s primary approach to digital transformation?
 - Distributed
 - Centralized
 - Federated
 - New venture

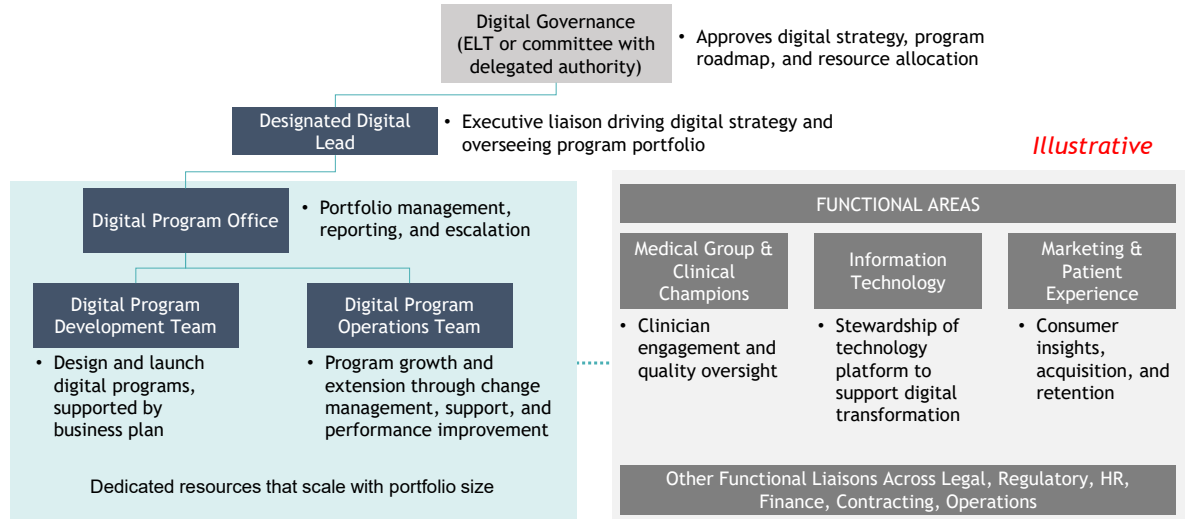
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Creating an Operating Model that Enables Success

Effective program development and oversight is critical to successfully pilot and implement digital solutions.



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Key Success Factors

Successful digital transformation demands disciplined planning and execution. Below are a summary of critical requirements based on learnings from organizations across the country.

- Have a **clear long-term vision and roadmap** for how digital health can create transformative value, and ensure that the **goals, priorities and incentives of the organization are aligned** around achieving transformation goals
- **Coordinate among leaders** and functional / departmental champions to evangelize the value (i.e., the vision and business case) and the progress (i.e., the implementation milestones) internally and externally
- Organize teams with executive sponsors to design and manage digital health programs with a **relentless focus on creating organization value by serving consumers** along their healthcare journeys
- Implement user training, support, and feedback processes to **iteratively improve, scale, and extend** solutions as they gain traction
- Invest in designing and building a **modular, standards-driven, and secure technology architecture** to accelerate solution development and implementation
- **Involve legal, compliance, and regulatory teams early** to provide guidance and support in a rapidly evolving landscape

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