Journey toward the Next Normal through Digital Innovation

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This article is a summary of a presentation from The Governance Institute's virtual 2020 System Forum.

Background

Providence St. Joseph Health System is a $25-billion health system that operates in eight states, with major operations in and around Seattle and Los Angeles/Orange County. The system covers 2.1 million lives through its own health plan and operates 51 hospitals and over 1,000 clinics. Its approximately 119,000 caregivers provide a full spectrum of health services to over 5 million unique patients. Providence's vision is to keep people healthy—in mind, body, and spirit—by providing personalized care that is convenient, accessible, and affordable.

Digital Innovation at Providence

Providence's digital innovation infrastructure consists of five parts: strategy and commercialization, product development, digital experience (with patients and consumers), marketing (brand and service line), and Providence Ventures, a $300 million venture capital fund. Providence's innovation business model is straightforward, intentional, and focused, not just on creativity but also on solving big problems in a meaningful way by thinking differently about

them. Providence is looking for "needle-moving" opportunities in digitalization that accelerate the personalization of healthcare services and delivery. (See **Exhibit 1** on the following page.)

The first step is to have clinical and operational teams define areas of opportunity and prioritize them based on size and scope. For those worth pursuing, teams determine if Providence already owns the solution through current technology and resources (e.g., Epic, an existing partnership with Microsoft). If so, the teams begin to tackle the problem with existing resources. If not, the teams work with Providence Ventures to look for "best-of-breed" companies with which to partner or invest. Providence will typically narrow the list to a few companies and conduct pilot tests with each before determining whether to move forward. At present, Providence Ventures is working with 18 portfolio companies in this manner. If no outside partner can be found, Providence typically attempts to build its own solution, often by collaborating with an existing big technology company (e.g., Google, Amazon, Apple, Microsoft) but sometimes on its own through the creation of a new company that

ultimately gets spun off. Providence has spun off two companies already and is currently working on a third such endeavor.

### Major Focus: Digital Personalization and Convenience

Providence started its journey by focusing on improving digital personalization and the digital experience for customers. (Other areas of focus include the digital journey for Medicaid beneficiaries and in behavioral health.) Understanding that the organization still relied on a model where commercial insurance payments subsidized Medicare and Medicaid losses, Providence leaders recognized the potential for disrupters like Amazon and others to steal its commercial business by offering a better digital experience at a lower price. Like most health systems, Providence relied on outdated technologies (e.g., telephone, paper, fax), required long lead times to schedule appointments, offered complicated pricing schemes, and delivered fragmented care and siloed information. To address this concern, Providence developed a digital growth model, depicted in **Exhibit 2** on the following page.

Exhibit 1: Business Model
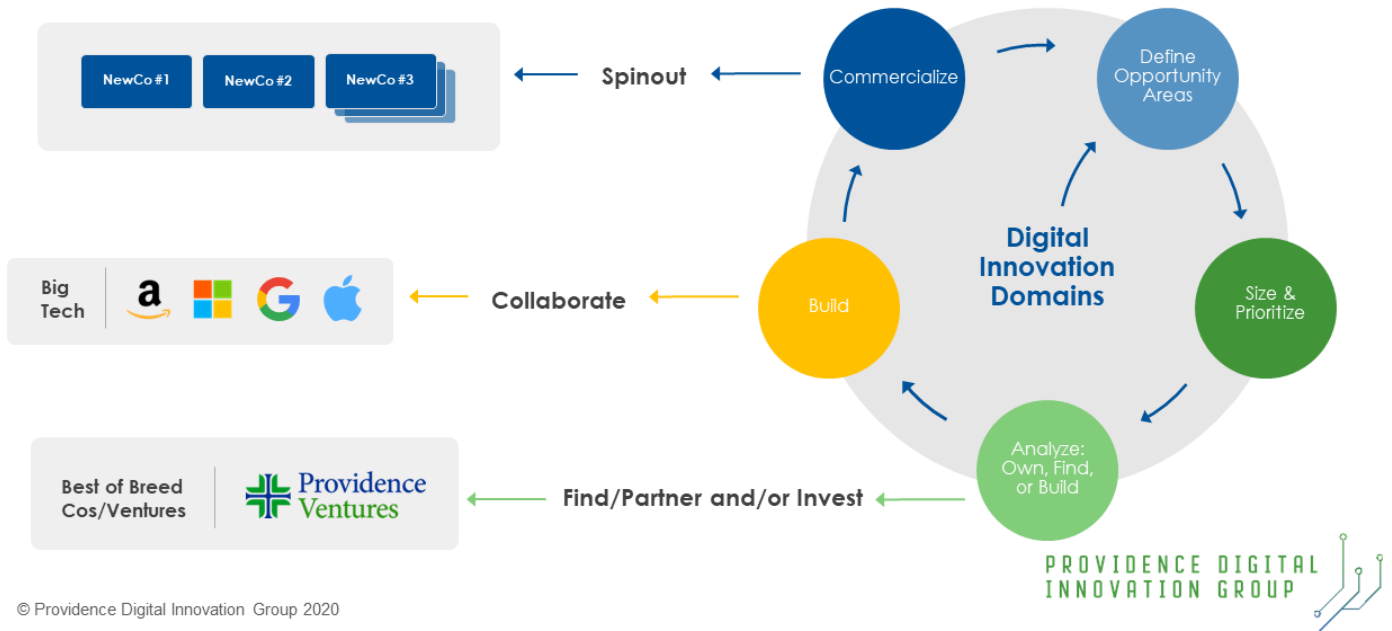
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Exhibit 2: Providence Digital Growth Model
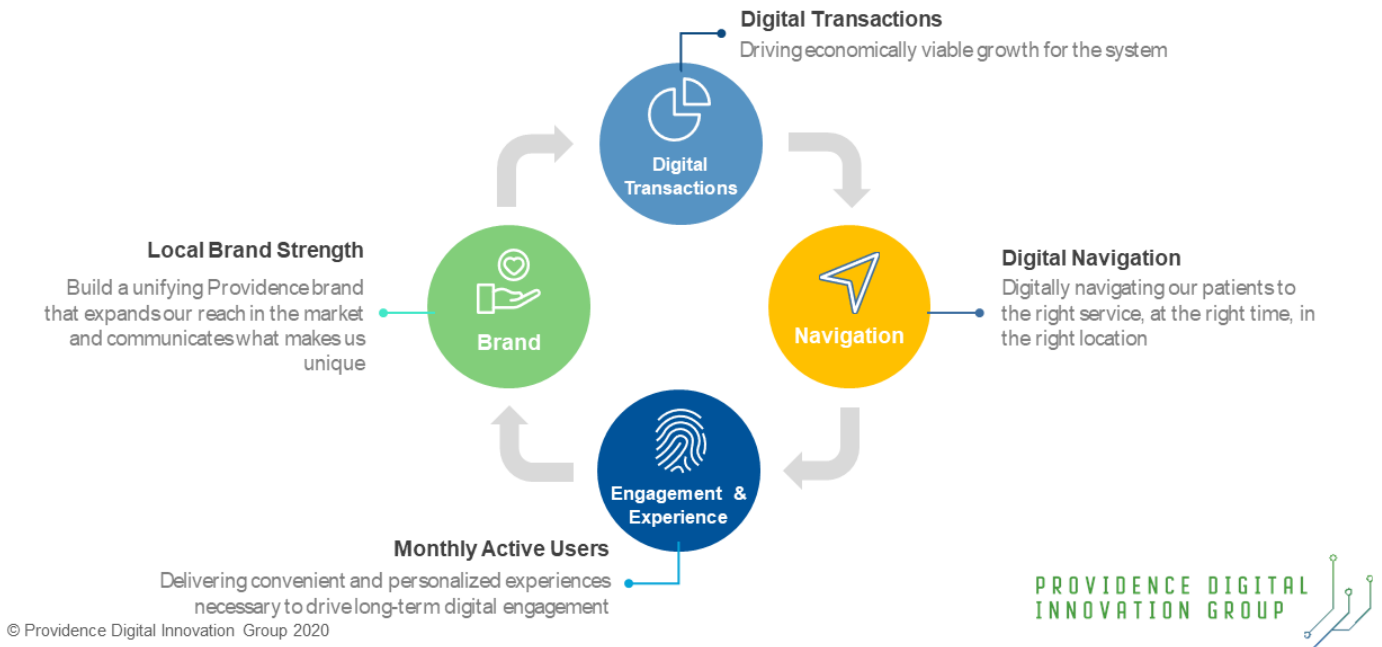
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The goal is to allow customers to engage with the system through digital navigation and transactions (e.g., telehealth, online scheduling). Customers can digitally navigate to the right service, at the right time, at the right location, just as they can with most other aspects of their lives. The system helps ensure that customers have a great experience when they receive care (whether virtually or in person), in part by using load management tools that confirm that care is available without the need for the patient to spend time in an online or real waiting room. As part of this effort, Providence began tracking monthly active users as a measure of patient engagement, under the theory that the delivery of convenient and personalized experiences would drive long-term loyalty. Underlying it all is a strategy to build a unifying brand that expands market reach and communicates what makes Providence unique.

*A Three-Part Digital Platform*

Providence employs a three-part digital platform, as shown in **Exhibit 3** and described in the bullets below:

- **Brand, content, search engine optimization, and marketing:** Providence consolidated from multiple Web sites and brand names to a single site and one clear brand. This consolidation is critical to maintaining search authority with Google and hence not losing traffic and patients. Providence has also invested in content to increase brand leverage.
- **Transactions:** Providence has put in place various systems and applications to promote digital transactions, including:
  - » **Kyruus**, a physician directory with search and match capabilities
  - » **Dexcare**, which aggregates demand and uses load balancing to navigate patients to care venues

where they can be immediately served
  - » **Twistle**, which helps patients plan for scheduled encounters and procedures—including necessary preparatory work to avoid cancellations—and tracks their post-visit progress
- **Engagement**: Engaging patients between care episodes remains a significant challenge for most health systems. Most people see a provider only a few times a year, leading to significant "churn" or loss of patients. Nationally, reducing churn by just 1 percent is a $4 billion opportunity. At Providence, a 1 percent churn reduction translates into $100 million. Better engagement can also lead to improved population health, lower costs (e.g., through self-scheduling), and better navigation. Conversely, low levels of engagement and loyalty make many health systems ripe

Exhibit 3: Providence Digital Platform
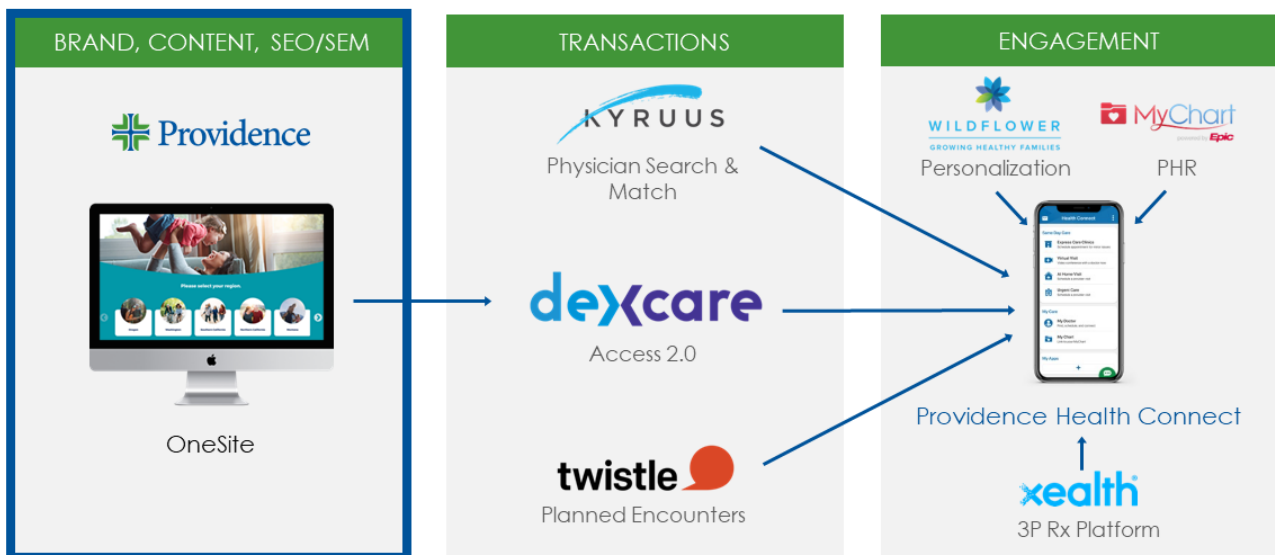
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for disruption from outsiders. While brand advertising can help a little, the bulk of the effort at Providence focuses on promoting more frequent digital transactions and Web site visits. Amazon has had tremendous success with this through its Prime service. Providence is seeking to do the same by introducing personalized applications, such as:

» **Xealth**: This application "prescribes" anything that is not a prescription medication directly from the EHR, such as suggested articles to read, videos to watch, foods to eat, and over-the-counter medicines to try. Xealth captures opportunities for engagement that happen every day.

» **Wildflower Health**: This women's health platform focuses on personalization and the customer experience. For example, it has increased engagement with women during and after pregnancy by providing information that helps them navigate the childbearing journey.

Digital Platforms in the COVID-19 Era

While health systems were busy preparing for threats from Apple, Amazon, Google, and other potential disrupters, along came the biggest disrupter of all—COVID-19. At the start of the pandemic, the Providence digital innovation team took a pause to analyze the situation, conducting 100 interviews with individuals at all levels and functions, both within Providence and at outside partners and community stakeholders. This effort became the basis for a refocusing of digital initiatives at Providence. In the spirit of collaboration and shared learning and discussion, it has also led to a publicly published series, entitled the *COVID-19 Digital Insight Series*.

These documents focus on the impact of COVID-19 and the resulting need to accelerate the development and adoption of digital technology. They set the context for and identify potential needle-moving opportunities. The series is broken down by various phases: the catalyst (COVID-19), the response, first-order impacts, and second-order impacts and outcomes. (See **Exhibit 4**.)

Crisis Response

During the crisis response phase, Providence pivoted existing technologies to respond to the pandemic. It quickly became clear that all digital platform investments Providence had made in the past played a vital role during this phase. These platforms were used to educate, assess (using Chatbot technology), triage (through Dexcare and virtual visits), monitor at home (via Twistle), and prescribe (via Xealth). For any patient with confirmed or suspected COVID-19, Providence sent out thermometers

Exhibit 4: The Framework
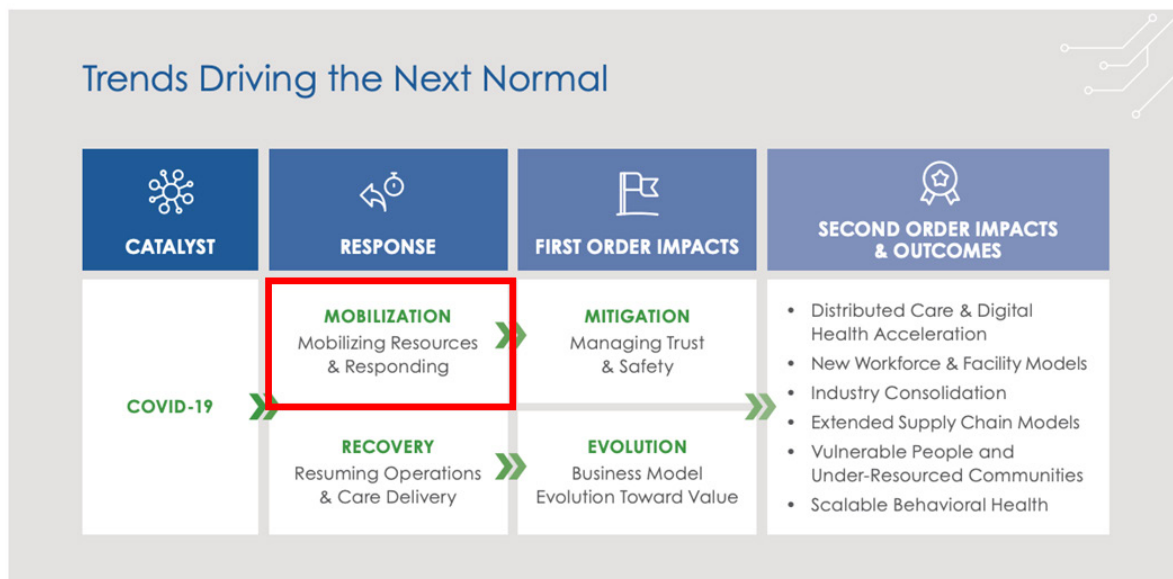
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and pulse oximeters for home monitoring and offered video visits and in-person care at the hospital. Providence operated testing centers and used Dexcare to convert capacity for in-person visits to virtual care. Roughly 80 nurse practitioners who worked in Providence-operated Walgreens clinics (which were shut down) started handling virtual visits.

First-Order Impacts

COVID-19 has highlighted the need for an evolution of the business model, particularly with respect to moving into risk relationships and contracts and ending reliance on fee-for-service (FFS) medicine. In fact, COVID has exposed the financial fragility of organizations that still rely on FFS revenues. Going forward, several possible scenarios will likely be pursued by provider systems looking for alternative payment models:

- Big national players will engage in vertical consolidation, buying up providers, as occurred with United Health Group and Optum.
- Integrated delivery networks with provider-sponsored health plans will accelerate their movement toward risk and increase the scale of their health plans.
- Partnerships will form between payers and health systems that have sufficient provider networks; these systems will develop closer relationships with regional and super-regional plans.
- Subscale providers without sufficient provider networks will put themselves up for sale as targets for acquisition or partnership, with the goal of becoming part of an organization with adequate scale.

> "We spend too much time designing for rare problems. It's easy to make things complicated, but hard to make them simple. You have to know what not to put in." —Aaron Martin

Second-Order Impacts and Outcomes

COVID-19 will create a number of second-order impacts, including the acceleration of digital health and home-based care, new workforce and facility models that avoid staff and physician burnout, industry consolidation driven by both traditional players and disrupters such as Amazon, extended supply chain models, new ways of taking care of vulnerable people and serving under-resourced communities, and the creation of scalable behavioral health services.

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