



The Path to Care Delivery Transformation

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Introduction

Often, health care in the U.S. is characterized by high costs and substandard health outcomes. To address this, the next 10-20 years in health care will see considerable change in how systems are designed and how patients engage with their health. Change will be powered by key shifts in the health care landscape, including increasing consumerism, advancements in data and technology, and the wellness revolution. Ultimately, the industry will shift from disease treatment to promotion of health and wellness, where the industry revolves around the empowered consumer.¹ Health care organizations must continue to adapt to this environment and transform care to enable patients to receive high quality care, at the right time, in the optimal setting.

Re-examining Care Transformation

Care transformation takes on diverse interpretations and we consider care transformation as enhancements to both the patient experience and the care team. It is also a paramount lever for the upcoming “[Great Reassembly](#)” of the health care industry.¹

Industry Shifts Create Re-Invigorated Focus on Care Transformation

The past three years have seen a significant change in how we approach care transformation—this is the result of several factors, including the pandemic, the low operating margins of hospitals, staffing shortages, and clinician burnout. For example, the pandemic accelerated the discovery of operational and staffing inefficiencies that were

worsened by factors such as outdated technology. Since 2020, organizations have invested in optimizing and replacing foundational structures, technologies, and workforce processes.² This propensity for change has no signs of stopping. While considering new processes and financial models, it is still of utmost importance that patient needs and cost-management concerns are front and center.²

The Scope of Care Transformation

Care transformation includes all operations surrounding the care team and the patient, both at home and within the four walls of a hospital or care facility. Based on a 2021 Deloitte survey, patient engagement leaders indicated that creating a patient journey map to “identify high touch points to improve patient experiences and outcomes” will ensure that the care transformation encompasses all parts of the patient journey.³ Many organizations prioritize care transformation around initiatives that yield the highest impact for patients and staff like: documentation, staffing, payment models, virtual health delivery, health equity, and orchestration of care. Additionally, digital investments and analytics continue to play a large role in care transformation — but as new technology continues to enter the market, CSOs will need to employ strategies to cut through the noise and find solutions that best meet patient and staff needs.

Challenges in Implementation of Care Transformation Efforts

Incoherent Data

Health care data, unlike other industries, is often not standardized and requires enhanced architecture structure for new care transformation technology to be successful. The ability to leverage data to derive insights and inform decisions is crucial for growth and the development of new products and services.¹ To fully leverage new innovative technologies (e.g., Generative AI) and gather informative insights to guide the care experience, organizations must have clean, actionable data.

Shrinking Margins

Many hospitals are still experiencing the impacts of low patient volume and revenue reduction. A 2022 Deloitte report found that median operating margins among hospitals and health systems were down 46% in September 2022, compared to September 2021.⁴ With margins continuing to shrink, many health care systems do not have the budget, and therefore the organizational commitment, to invest in care transformation. For many hospitals, 2022 resulted in one of their worst financial years in decades. As a result, there is increased pressure for health systems to make large-scale operational improvements, rather than small, incremental changes—technology is often a proposed solution.

Balancing the Needs of Multidisciplinary Teams

Care transformation teams can also achieve stakeholder buy-in and address resistance to change by creating a multi-disciplinary team that encompasses various functions like clinical, finance, data science, technology, and change management. A multidisciplinary team can be both a superpower and a challenge, as each person or function has their own perspectives and ideas. Organizations need to understand how to create a skills-based working environment where individuals operate differently than most of the previous roles that they have held. This shift is driven by anchoring transformation as a top priority for everyone on the team regardless of their function, level, or role.

Where to Start in the Care Transformation Journey

Care transformation can seem like a long and daunting journey for health care organizations to embark on amidst the industry's Great Reassembly.¹ So, how should Chief Strategy Officers begin to start thinking about the best path for their organization?

Creating a Roadmap for Care Transformation

Care transformation is a long-term investment, and many health care organizations first focus on quick wins to demonstrate value while creating and maintaining momentum. However, CSOs should also orchestrate a well-designed roadmap that includes both short-term and longer-term, transformative initiatives to guide their organizations in the creation of growth opportunities and demonstration of value. Technology is a key foundational capability for providers and payers to include in their roadmap in an increasingly digital world, but they should be cautious not to waste resources on legacy technology systems that don't enable new care models. Instead, organizations should invest in capabilities that enable them to be data-fueled and insights-driven.¹ With health care generating 30% of the world's data at a 36% compound annual growth rate (CAGR), organizations must ask quickly and purposefully to form their data and analytics strategy.¹

Deciding on Buy vs. Build

Health care leaders who are driving care transformation decisions must consider the impact on financials, as well as time to market for transformation efforts.⁵ This leads organizations to the decision of 'buy vs. build'. CSOs should consider their own organization's strengths and when it makes sense to look outside their enterprise for solutions. One recent example of an organization that decided to 'buy' as part of a broader care transformation effort is CVS Health, who acquired Oak Street Health in May of 2023, which was valued at \$10.6 billion. The acquisition was part of their strategy to expand value-based primary care offerings and improve long-term health outcomes for underserved populations.⁶

Stakeholder Buy In: Getting the Broader Organization on Board

For any large-scale care transformation effort to succeed, it's critical to have strong leadership alignment, a plan for change management, and an executive champion who can

drive change and be the spokesperson of the transformation. In a 2021 Deloitte survey, technology executives from 25 health systems considered leadership and management of implementation to be the key accelerator of digital transformation. Further, the executives noted that key barriers included culture, communication ownership, and transparency.⁷ For example, HCA leveraged external PR around a partnership with Google Cloud to bring generative AI to hospitals, which served as a vehicle for change management to educate and reach the entire organization across 20 different states.⁸ This can be an effective and unique approach to stakeholder engagement rather than the standard communication channels like enterprise-wide emails.

Conclusion

Driving care transformation for both patients and care teams is a conversation that CSOs must have with their fellow leaders to be prepared for the future of health and reimaged care delivery. While care transformation efforts certainly bring a handful of challenges that must be mitigated, the end results of improved efficiency and health outcomes for patients should spur organizations on their path to transform.

Please reach out to Bill Siren, Bill Laughlin, or Sarah Szaichler with any questions.



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