



Scaling and Sustaining Growth for Health Care Organizations

***About the authors:** Bill Laughlin and Bill Siren are leaders within Deloitte's Health Care practice. This editorial illustrates perspectives around how health care organizations can strategically plan for and adapt to growth amidst today's economic pressures.*

Introduction

In a Health Care business environment increasingly characterized by rising costs, supply and labor shortages, and compressed margins, organizations must consider how to reshape businesses for growth within the existing constraints of the health care industry (e.g., limited capital, high interest rates, etc.). This includes navigating the constant entrance of new disruptors in the health care sphere. Today, CSOs are expanding their definition of growth to include additional points along the care continuum, increased brand and community presence, and the development of new, innovative partnerships.

Beyond redefining growth, organizations are identifying new benchmarks to assess growth against. Traditionally, growth had been measured based on inpatient data. While this had previously been the standard measure for health care systems, growth has now become more complex. This includes expansion of the ambulatory and outpatient care network, aiming to improve patient access, strengthen patient-provider relationships, and increase revenue.¹ With these new avenues for expansion come new data points which health care organizations can leverage to gain greater insights around where growth can be sustained and encouraged.

Drivers of Growth and Change

As the economy continues to evolve, multiple factors have driven health care organizations to rethink their growth strategy. Increases in consumerism, shifts to value-based care, and workforce shortages require CSOs to make changes within their organization.

Growth of consumerism

Consumers are taking an active role in understanding their health and managing their care. With this new behavior, health care must become more patient-centered, personalized, and transparent.² According to a national study, consumers are increasingly shopping online for health care services, particularly when choosing health care providers. More than half (51%) of consumers surveyed reported using the internet to find and select a new primary care provider. Respondents were more than twice as likely to use digital sources than a doctor's referral to choose a primary care doctor.³

This is manifesting within the market as health care organizations look to connect patients to the right care at the right time in the right setting. Benefits of this approach not only include improved patient satisfaction and outcomes, but also improved resource allocation, productivity, and morale among clinical staff.⁴

Unsustainable cost structures and a shift to value-based care

Health care organizations are increasingly focused on value-based care to reduce costs, improve patient outcomes and satisfaction, and improve the overall health of society, powering future growth. In 2021, 60% of health care payments flowed through Alternative Payment Models (APMs).⁵ However, accelerating the transition to value-based care requires more than new payment models. Redesigning care delivery to provide more value to patients requires new tools, competencies, and infrastructure.⁶

Workforce shortages

Workforce shortages are a major challenge faced by CSOs. Innovative solutions are required, but the issue itself creates barriers to identifying these strategies. An upside of workforce shortages is the forced adoption of new technologies and streamlined processes to optimize the time of available workers.²

Innovation in a resource-constrained environment

Intentionality is crucial in a resource-constrained environment, particularly when it comes to driving growth and innovation.³ The state of the economy including higher costs, reduced margins, and staffing shortages limits health care organizations' ability to fund innovation, requiring CSOs to think creatively about growth. Health care CSOs can propel scalable and sustainable growth by revisiting their strategic positioning, including where to play (e.g., innovative products/services, new markets/customers) and how to win (e.g., invest in assets, partnerships) choices.

Innovation Enablers	Description
Approaches to Innovation	In a resource-constrained environment, organizations must shift the way in which growth opportunities are being identified and executed. One example of this is piloting solutions to demonstrate value before mass roll-out.

	<p>Health care organizations can fuel innovation by engaging clinicians and front-line workers while innovating. The care model of the future requires multi-disciplinary voices in decision-making and leadership structures. Non-physician clinical staff are often left out of strategy development but should be placed at the center of the conversation to drive adoptable and sustainable approaches. This has been exemplified through the Health AI Partnership, a collaboration to develop best practices for artificial intelligence in health care, which sought input from clinicians to understand ways to help clinicians keep pace with changes in technology and regulatory guardrails.⁷</p>
<p>Markets, Channels, and Customers</p>	<p>Health systems can expand beyond their current real-estate footprint to access new patient groups and expand health care accessibility. Over the upcoming 10 years, surgeries are projected to grow 25% at ambulatory surgery centers and 18% at both hospital outpatient departments and physician offices, according to a 2022 report.⁸ Health care organizations must be prepared for this shift and other increases in demand so that growth can be sustained. Boston Children’s Hospital announced a \$435 million expansion plan in the suburbs west and south of Boston, which included a new outpatient surgery center in Needham.⁹ Dr. Kevin Churchwell, Chief Executive Officer of Boston Children’s Hospital, shared that the expansion is warranted based on current demand, and the suburban sites will drive convenience while helping alleviate congestion in Boston for families who live and need health services in the city.⁹</p>
<p>Assets and Capabilities</p>	<p>With the ever-growing capabilities of technology, CSOs can think about augmenting assets to create new offerings that are data-centric, patient-first, and fueled by innovation. Health IT company Redox has partnered with Google Cloud to simplify the exchange of health data for health plans, providers, and digital health start-ups. With access to an interoperable, longitudinal record of patient data through Google Cloud, organizations can make better real-time decisions in areas including population health, clinical trials and research acceleration, and disease detection and prevention.¹⁰</p>
<p>Partnerships</p>	<p>In pursuing growth that is scalable and sustainable, health care organizations must decide to either leverage partnerships and vendors or build their own solutions. While many organizations find success building internal capabilities, a Harvard report found that health care leaders indicate most hospitals and other health care providers lack the financial resources and technical expertise required to implement new processes and digital capabilities that enable today’s reality.¹¹ One example of a successful partnership was the collaboration between Atrium Health (now known as</p>

Advocate Health) and Best Buy Health to provide hospital-level care from the comfort of patients' homes. "The goal of the partnership is to enable providers to deliver high quality care to patients in the comfort of their own homes, while helping reduce emotional and financial burdens on patients and caregivers," the companies explained.¹²

Conclusion

For health care organizations to encourage, scale, and sustain growth, they must foster a culture that celebrates innovation. Whether it be encouraging pilot concepts or forming new partnerships, it is important for organizations to cultivate new ideas and recognize that failure is a natural part of innovating. There should be clear expectations that initial solutions are not always perfect, and iterative improvement is often required to identify solutions that enable scalable, sustainable growth.

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



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