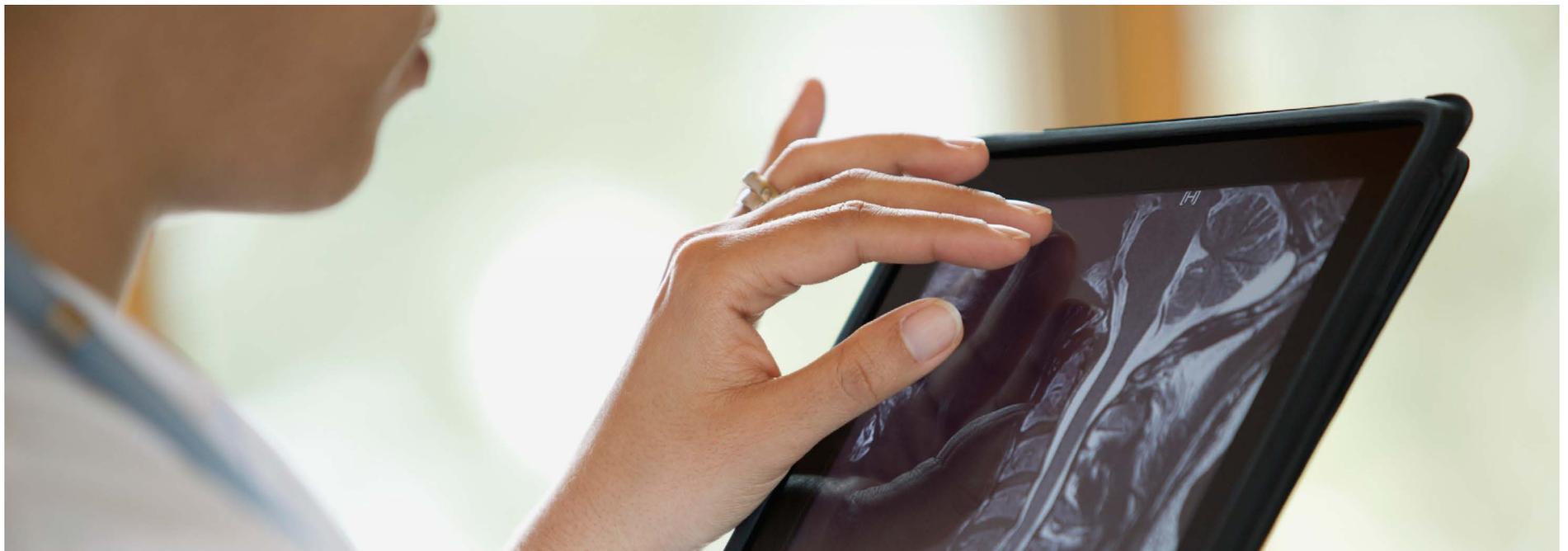


# Deloitte.

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# Future Health: Transformation through innovation



**T**HE HEALTH CARE INDUSTRY is intensely fixed upon transformation, as leaders increasingly realize that only those organizations that can expertly manage risk while reducing costs will likely prosper under new value-based care models.

To support this change, many organizations are joining forces. From 2009 through 2013, hospital M&A deal volume increased 14 percent annually<sup>1</sup> – and both vertical and horizontal consolidation is expected to continue. In addition, many health systems are investing in health plan capabilities, which will enable them to better manage risk and reduce administrative waste.

As organizational structures shift, health care leaders also need to adopt new strategies to succeed in this new world. Exactly what do leaders need to do as new models unfold?

**“If providers can lower costs and manage the risks from the new populations entering the ranks of the insured, they may more effectively deal with these changes and gain a competitive advantage.”**

Mitch Morris, MD, vice chairman and U.S. Health Care Provider leader, Deloitte Consulting LLP, 2014 Health Care Providers Outlook, Interview with Mitch Morris, MD <http://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/2014-health-care-providers-outlook.html>



Leaders need to implement innovations that will help systems thrive. In today’s evolving environment leaders should zero in on the strategic use of emerging technologies such as mobile health applications and advanced analytics.

By focusing in on emerging technologies, health care organizations can meet the needs of consumers, whose increased purchasing power and access to information is starting to drive health care decisions and purchases.

Because of this newfound patient awareness, providers will need to identify and employ innovative ways to satisfy the needs of consumers, who increasingly want transparency, value and convenience.

In addition to patient- and consumer-facing changes, organizations need to move quickly to attract and support physicians by providing them

with an equitable approach to physician compensation and deliver the resources they need to successfully deliver quality care. Doing so should enhance collaboration and, potentially, lead to market advantages over time.

By continually implementing these innovative strategies, organizations can be able to meet the demands of a transforming health care system that expects more in terms of quality care, patient experience and cost-efficiency. ■

1. <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Life-Sciences-Health-Care/gx-lshc-2015-health-care-outlook-global.pdf>



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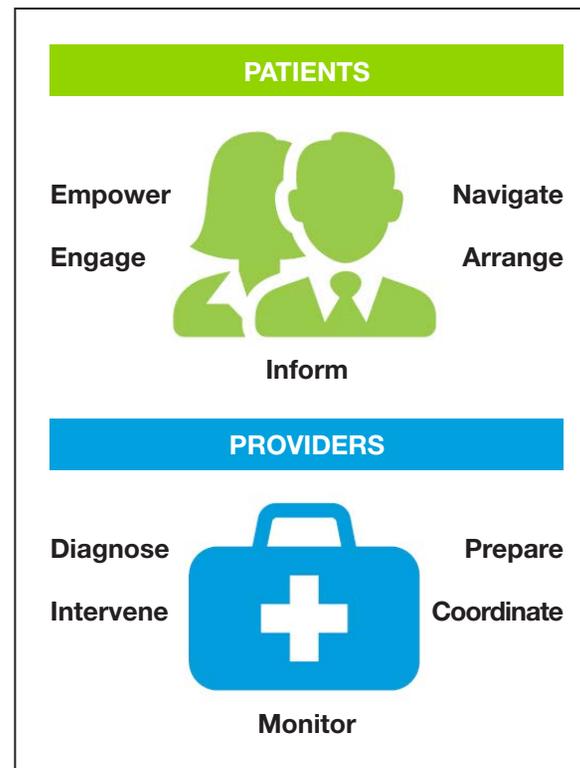
**Hospital consolidation: analysis of acute sector M&A activity**

# Embracing technology to deliver better care

**A**S HEALTH CARE ORGANIZATIONS begin to work under value-based programs that emphasize overall patient and population health – instead of providing episodic care – leaders are looking to leverage technology to transform care delivery, while reducing costs.

As a result, health care organizations are embracing innovative mobile and virtual technologies as they deliver care under these new models. Such solutions provide the reach that organizations need and the convenience that consumers – who have become so accustomed to using technology in all aspects of their lives – now demand.

By embracing technologies such as text messaging, virtual visits or remote monitoring, organizations can improve health maintenance, post-procedural and transitional care while reducing costs, with fewer and less frequent need for in-person patient visits. In essence, these innovations can help practitioners know what to do and when to do it and help consumers attain access to health care that is more convenient,



affordable and a better value.

Perhaps most importantly, health care organizations that leverage these innovative solutions can achieve a competitive edge by building stronger

relationships with consumers and clinicians. More specifically, organizations can specifically lean on mobile technology to help:

- Enhance consumer engagement by increasing the flow of information
- Lower costs through better decision-making, fewer in-person visits and greater adherence to treatment plans
- Improve satisfaction with better service
- Keep consumers engaged and staff members satisfied to strengthen loyalty and increase long-term profitability. ■

[Click here for video.](#)

[Transformation through technology](#)

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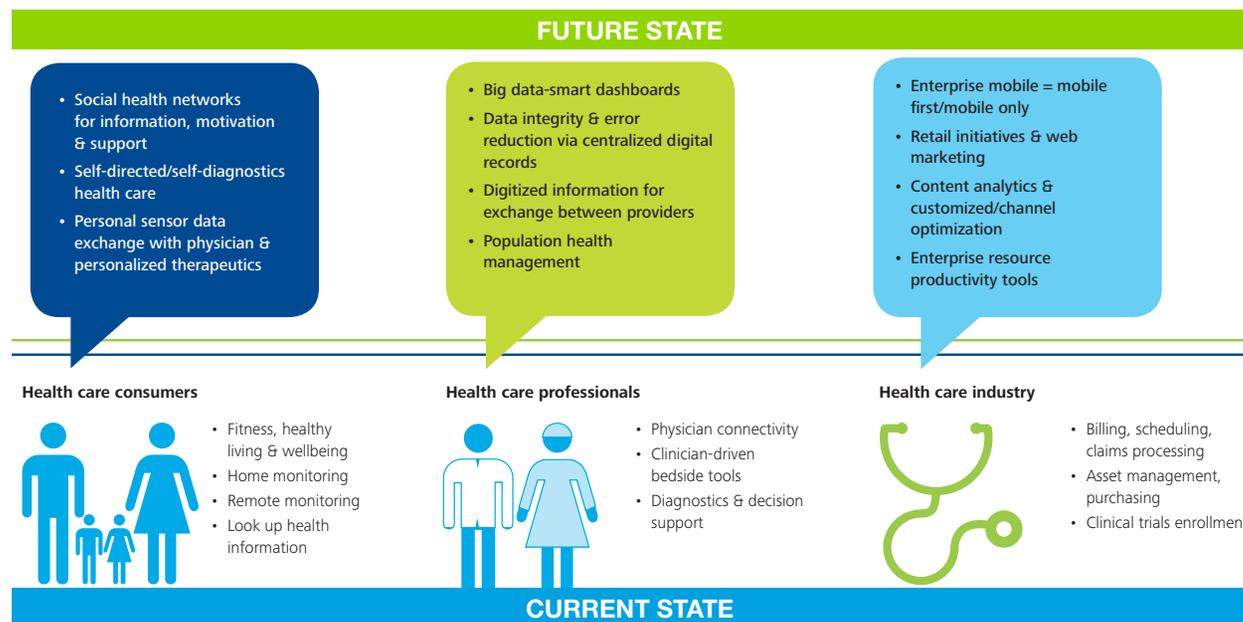
[Virtual Health: bending the cost curve](#)

# Changing the patient experience through mobile technologies and telehealth

**A**S THE DEMAND FOR nontraditional care marches on, the global mHealth market is expected to grow from \$1.2 billion in 2011 to \$11.8 billion by 2018. Similarly, demand for telehealth services such as video conferencing and remote patient monitoring is estimated to grow tenfold from 2013 to 2018, and will eventually reach \$4.5 billion in deployments, according to Englewood, Colorado-based research firm IHS.

The quest for transformation through the utilization of innovative technology, however, will include some challenges. The health care industry will need to find a way to:

- Successfully monetize these solutions, ensuring that investment in the technologies results in a positive financial return
- Address consumers' information and security concerns
- Recognize and respond to the fact that as mobile applications mature, they could face the scrutiny of a variety of organizations such as the Food and Drug Administration (FDA), Federal



Communications Commission (FCC), Federal Trade Commission (FTC) and others.

By overcoming these challenges and embracing innovative mobile and telehealth technologies, health care organizations can transform the realities of the industry – and start to achieve better personal and population health outcomes in a lower-cost environment while also improving the overall patient experience. ■

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[The CIO's role in maximizing the value of disruptive technology](#)

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[mHealth in an mWorld](#)

# Analytics: Making the most of data to empower health care's transformation

**H**EALTH CARE ORGANIZATIONS ARE on a mission to increase patient satisfaction, lower costs and improve health. Unfortunately, the mission often feels like an impossible one.

To meet these elevated goals, health care providers, health plans and life sciences organizations should significantly change business, clinical, research and operational processes. But change for change's sake is likely to fall short. Leaders need to apply the sophisticated insight that will ensure that change moves their organizations in the right direction.

The good news is that the health care industry has collected massive amounts of data that can help to empower this mission. The challenge, however, is to transform all of this disparate data into the actionable insights that will help organizations experience the transformation that can produce optimal clinical, financial and operational results.

Fortunately, analytics enable health care organizations to combine data from disparate systems and turn it into the intelligence needed to identify trends and spot gaps in care coordination and



delivery. With analytics, health care organizations rely on insights culled from internal data as well as from data acquired across the health care ecosystem to support needed performance improvement.

As a result, organizations can assess progress and implement needed improvements on a continual basis. For example, health care organizations can leverage analytics to enable population health management by identifying subpopulations that are most “at risk” and devise proactive strategies to ensure the delivery of optimal care.

With analytics, organizations can support a “learning health care system” where each encounter becomes a learning event that will lead to the right kind of transformation through information. In fact, by leveraging this information, organizations will experience greater efficiency, higher quality care and, ultimately, improved patient outcomes. ■

[Click here for videos.](#)

[Analytics for the Modern CIO](#)

[A new model of care](#)

[Click here to read more.](#)

[Cognitive analytics:  
The three-minute guide](#)

# Transforming health care to provide value in a new world

**A**S VALUE-BASED CARE REPLACES fee-for-service en route to becoming the predominant model, health care organizations need to find their place in this new world.

While some organizations are apt to move toward this transformation with lightning speed, others will do so at a more controlled pace. Virtually all organizations are focusing on fully leveraging the value of health care delivered through the alignment of incentives, risk management, standardized care coordination and revenue enhancement opportunities.

As such, leaders are trying to answer questions such as:

- How can transparency requirements be leveraged to help consumers and health plans better understand their costs, quality outcomes and value?
- How can we reshape the delivery system to eliminate old assets and gain value?
- How can advancements in analytics technology be used to make critical decisions that impact our care delivery?
- What partnerships should be used to create

the ideal accountable care organization for our population?

The answers aren't easy ones. A key to defining the ideal value-based care arrangement and move forward with a clear strategy. In addition, as the health care environment shifts to value-based, personalized health care, the use of data-driven insights can help organizations thrive. Organizations should leverage data to:

- Evaluate performance and develop innovative responses
- Improve care coordination and the mitigation of risk
- Determine how to better meet the needs of consumers, as their perception of the value that an organization provides will underscore long-term relationships
- Implement evidence-based guidelines and best practices.

Exploring and implementing these new strategies can help health care organizations transform themselves to offer the overall value that will result in success. ■

**“Those organizations that fail to act promptly and strategically may face major risks, such as loss of significant share or loss of local control as a result of being acquired.”**

The great consolidation: The potential for rapid consolidation of health systems, Deloitte Center for Health Solutions

 [Click here to read more.](#)

[The quest for value](#)

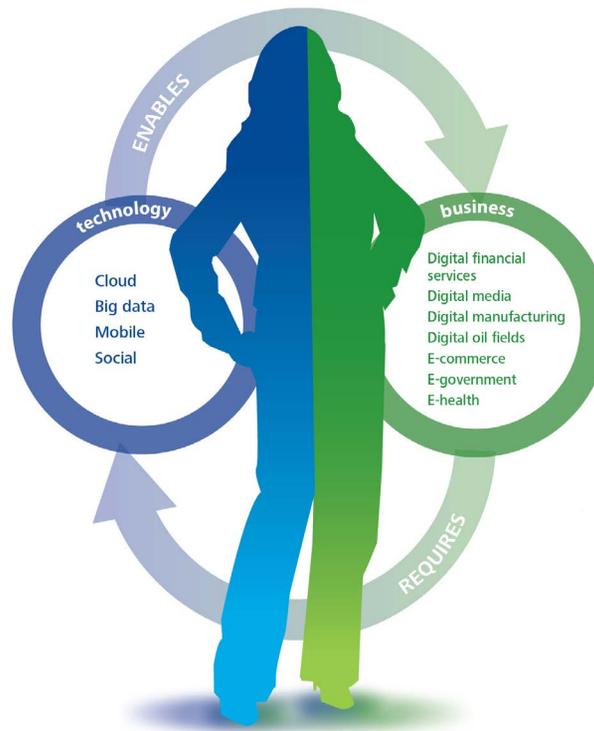
[Good for what ails us](#)

# CIOs: Driving organizations to achieve future success

**M**ANY LEADING CIOs DESCRIBE themselves with words such as “*imagination*,” “*chief innovation officer*” and “*revenue-generator CIO*.” And, many of these CIOs are aiming for the top spot. As a matter of fact, 70 percent of the CIOs attending a recent *Wall Street Journal* CIO Network event see in themselves a future CEO.<sup>1</sup>

Why are these visions of a greater role becoming so prevalent? Digitization is taking hold in health care and CIOs are in the thick of it all. In fact, as spending on cloud, mobile, analytics and social technology soars, CIOs have the opportunity to help drive strategy, innovation and revenue growth. At the same time, these technologies present challenges in the traditional domain of IT: building and integrating information systems while cost-effectively operating a reliable and secure infrastructure.

As a result, CIOs are finding that they need to maintain a focus on both short- and long-term goals. Sustaining the resources, team and IT systems required to meet regulatory requirements



for ICD-10, meaningful use and accountable care falls into the near-term priority category. But CIOs are getting involved in more strategic endeavors as well, focusing on issues such as diversification of programs and revenue streams, growth and

innovation, and interactions with consumers, employers and health insurers in a wide variety of new models.

With this expanded role, CIOs are likely seeing themselves as multi-dimensional executives, responsible for keeping their organizations' doors open while also working as a transformative force that will help their organizations thrive in the future. ■

1. John Bussey. February 11, 2014. CIOs eye the corner office. CIO Network. The Wall Street Journal. [http://cionetwork.wsj.com/wp-content/uploads/2014/02/CIO14\\_WSJSpecialReport.pdf](http://cionetwork.wsj.com/wp-content/uploads/2014/02/CIO14_WSJSpecialReport.pdf)



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**The dual roles of the CIO in the digital age**

**In pursuit of innovation: A CEO checklist**

# Reinvention through consolidation

**A**S THE HEALTH CARE system transforms, provider organizations are finding that they need to follow suit. Faced with declining income and narrowing revenue streams, greater pressure for coordinated care and risk-based payment systems, health care organizations need a new strategy to survive.

The shift to value-based care will require health systems to make bold strategic decisions and to differentiate themselves through innovative programs. Because most health care organizations don't have the financial resources to "go it alone," they will likely either merge with or acquire other organizations.

Consolidation may consist of traditional acquisitions

or alignment arrangements – joint ventures, affiliations, collaborations – as providers seek to develop new strategies that will enable them to succeed under value-based care. In fact, according to Deloitte estimates, only about 50 percent of current health systems will remain after this period of rapid consolidation.<sup>1</sup>

As organizations reinvent themselves, they are likely to adopt one of the following personas:

- **The Innovator:** Delivering superior outcomes/ services to realize superior reimbursement
- **The Diversifier:** Extending consumer relationship to achieve a greater "share of wallet"
- **The Aggregator:** Using actual and virtual scale to drive a sustainable unit cost advantage

- **The Health Manager:** Integrating care across the continuum to decrease utilization and total cost.

In addition to consolidating, expanding to provide post-acute care should be considered as a viable means to stay in the game. Post-acute service lines may help strengthen a hospital's financial performance, given its growing market demand and historically attractive margins. With 40 percent of Medicare acute-care patients discharged to a post-acute care setting in 2011, the opportunity for hospitals to tap into a large volume of business is significant.<sup>2</sup> ■

1. Deloitte. The great consolidation: The potential for rapid consolidation of health systems. [http://kelley.iu.edu/CBLS/files/conferences/Deloitte%20Paper%20us\\_chs\\_greatconsolidation\\_102414.pdf](http://kelley.iu.edu/CBLS/files/conferences/Deloitte%20Paper%20us_chs_greatconsolidation_102414.pdf)

2. Medpac. Deloitte calculation from "Report to the Congress: Medicare Payment Policy." March 2012. <http://www.medpac.gov/documents/reports/march-2012-report-to-the-congress-medicare-payment-policy.pdf?sfvrsn=0>

## Phases of Consolidation



[Click here for video.](#)

[The CIO as a venture capitalist](#)

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[Going vertical](#)

[The great consolidation](#)

# Embracing change to thrive in the new world

**C**HANGE IS NO LONGER a “nice-to-have” in health care. Instead, it is a staple of existence, as organizations strive to meet the demands of new value-based care models. Organizations that embrace change will emerge as the winners in a world that doesn’t just

ask for but adamantly demands superior clinical care, better patient experiences and reduced costs.

How do we meet these emerging needs?

- Transformation through innovation
- New technologies
- More fully leveraged data

- Unique organizational structures  
In other words: Whatever it takes.

Organizations that adopt this approach will be able to finally move from talking about change in the abstract to illustrating how transformation has become a very real part of their success as they cost-effectively provide the clinical care that can truly have a positive impact on so many lives. ■

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