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The Evolving Strategies, and Concerns for Health Systems

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Introduction

The healthcare sector has undergone unprecedented changes over the last three years, since the COVID-19 pandemic. Telehealth, telemedicine, remote health monitoring, and virtual assistants in healthcare experienced significant growth during the pandemic. Several service and delivery changes helped patients. After the pandemic, in-person visits and consultations started to return to normal, whereas some patients continued to avail themselves of tele and remote health options. Thus, evaluating new care delivery strategies to provide a mix-and-match, integrated model, along with in-person visits, has become an essential challenge for health systems.[1]

Emerging technologies and delivery methods in healthcare may or may not be cost-effective due to a lack of aligned reimbursement models. Along with emerging technologies and delivery models, patients' expectations and demands have shifted to alter the fundamental relationship between healthcare providers and patients. While health systems cannot ignore these changes, the value derived from these technologies, when weighed against the costs and quality, must be assessed to shape the appropriate integration across health systems' service offerings. Moreover, back-end operations aligned to these models are an issue when the processes are not designed to accommodate and align with these new models. All these issues pose a challenge in devising appropriate strategies to integrate them into the services, thereby fulfilling patients' expectations of the health system.[2] [3]

To provide insights into the strategic decision-making of health systems, the Health Administration Research Consortium (HARC) at the University of Colorado Denver has conducted annual surveys of health system leaders from 2021 to 2023. These surveys are designed to pinpoint the key challenges and opportunities in the healthcare sector. The detailed data collected is available in the respective annual climate studies.[4] This research brief presents the critical strategic orientations and concerns derived from the comparative data over the past three years. These insights are of utmost importance for health system CEOs and leaders, as they offer a comprehensive understanding of the future of healthcare. We also explore the implications of the three related services, technologies, and disruptions that shape the future strategies for health systems.

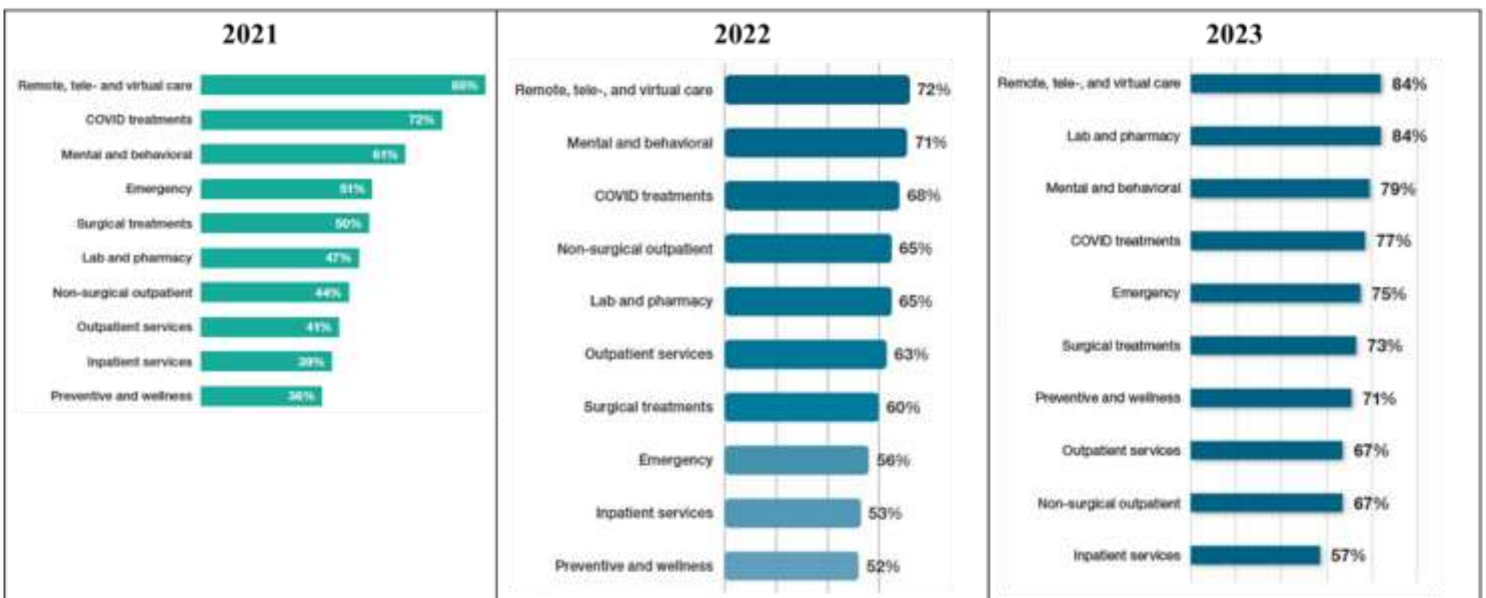

Figure 1: Important Services for Health Systems' Overall Prospects

(The Annual Comparative Charts are Reproduced from the HARC Annual Health Systems' Climate Studies 2021-2023)

[1] Jiban Khuntia, Xue Ning, Naser Shekarian, Rulon Stacey. Inaugural Health Systems' Climate Study 2021. University of Colorado Denver, 2021.[cited 04-15-2024]

[2] Jiban Khuntia, Xue Ning, Rulon Stacey. Health Systems' Climate Study 2022. University of Colorado Denver, 2022.[cited 04-15-2024]

[3] Jiban Khuntia, Xue Ning, Rulon Stacey. Health Systems' Climate Study 2022. University of Colorado Denver, 2022.[cited 04-18-2024]

[4] University of Colorado, Denver. HARC.[cited 04-18-2024]. Available from: https://business.ucdenver.edu/centers-programs/health-administration-research-consortium-harc.

HEALTH SYSTEMS' SERVICE PRIORITIES, 2021-23

The response to the pandemic and subsequent patient demands resulted in a marginal shift in service priorities from 2021 to 2023. Remote, tele-, and virtual care remained the top concern, although the percentage of CEOs who identified it as the top concern changed from 72% in 2021 to 85% in 2022 and 84% in 2023. Plausibly, remote care models have also been instrumental in reducing costs, enhancing efficiency, and making healthcare more appealing and accessible to patients—the value of which has yet to be widely assessed across the United States healthcare system.

Mental and behavioral health remained the second or third priority for health systems. The pandemic affected psychological issues because of the isolation. Patients used online therapies to improve their mental health during and after the pandemic. They also followed public health campaigns to seek and maintain good mental health.

Emergency care visits were at a peak during the pandemic. Subsequently, with the availability of vaccines, these visits decreased. However, lab and pharmacy-relevant issues increased across the years, with an effort to reestablish these after the operational and supply chain problems during the pandemic. Similarly, preventive and wellness care gained higher priority in 2023 than in previous years, recognizing the importance of these measures in curbing chronic diseases as part of a public health and wellness effort.

GROWTH CONCERNS FOR HEALTH SYSTEMS

Pandemic-related uncertainty, technological advancements, fiscal pressures, and sustained stimulus efforts had a significant impact on the dynamics of growth concerns for health systems. Between 2021 and 23, as reflected in Figure 2, the pandemic-relevant uncertainty reduced its overarching effects (93% to 83%), with the least in 2022 (73%). Plausibly, vaccines helped reduce concerns, but new virus variants also evolved to raise additional concerns.

Health systems relied on technology to provide patient services during the pandemic, but the revenue streams from those services remained elusive in planning specific growth options. Technology-relevant growth was reported as a priority by 80% in 2021, 82% in 2022, and 90% in 2023, indicating a notable increase in technology-relevant growth over the three years (see Figure 2). Due to dwindling revenue streams, the fiscal burden and the need for continued financial support were significant concerns, ranking fourth in 2021, with 73% of respondents highlighting them. This concern reached 82% in 2022 and 88% in 2023, with nearly all health systems struggling to sustain the uncertainties of the pandemic. Other factors also exacerbated the financial challenges over the three years, including regulatory challenges and labor and professional shortages, with varying degrees of concern for these issues.

TRENDS OF DISRUPTION

The pandemic brought two disruptive trends to the surface: varying consumer behavior and demands, as well as health service models driven by new technological innovations. The three-year surveys reflect this trend. Adapting consumer behavior to new healthcare models was a top priority in 2021, with 84% reflecting the pandemic's immediate impact. This urgency drove a rapid adoption of tele, remote, and virtual care models. As vaccinations and protocols became more normalized, the urgency for such

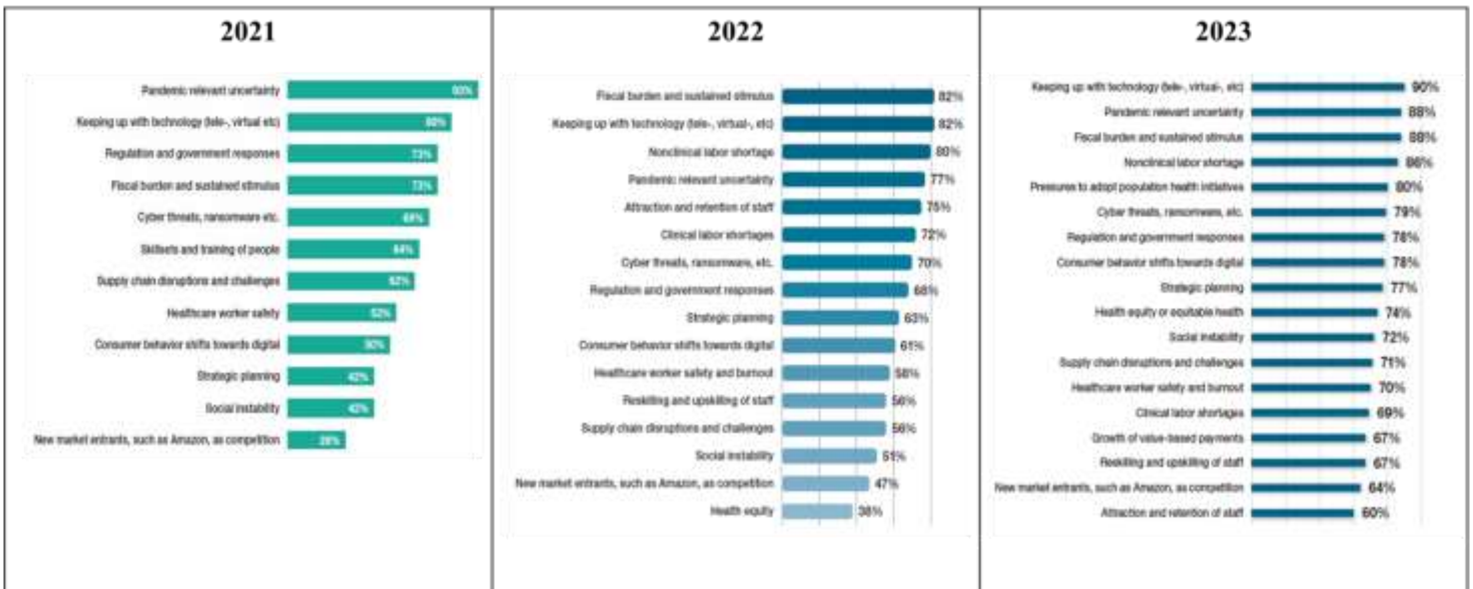

Figure 2: Factors for the Growth of the Health Systems

(The Annual Comparative Charts are Reproduced from the HARC Annual Health Systems' Climate Studies 2021-2023)

adaptations diminished, leading to a decrease in priority, ranking third in 2022 with 77% and sixth in 2023 with 67%.

The disruptions and remote care models also created challenges for asset management, as reflected in the responses of 72% and 77% of health systems in 2021 and 2022, respectively, rising to third place in 2023 with 74%. Optimizing in-person visits with the remote models was the critical challenge. Similarly, concerns regarding health service models ranked fourth in 2021 with 54% but escalated to first place in 2022 and 2023, with significant increases to 80% and 77%, respectively. Furthermore, home health deliveries were a disruptor, with 54% in 2021 to 74% in 2022, followed by a slight decrease to 70% in 2023. This trend highlights a shift toward more personalized and convenient care models, which gained significant momentum during the pandemic and indicate a long-term change in healthcare delivery preferences.

Thus, consumers' tendency to favor new, more flexible models of care and healthcare providers' shift towards virtual care and home health deliveries aligned with telehealth are significant disruptions. The cost-effectiveness of new care models and technology integration in healthcare services drives this trend toward digital disruption in insurance and reimbursement models. The insurance sector views these trends as foundational for the future of the healthcare industry. By aligning with digital disruption, insurance and reimbursement models adapt to support the evolving healthcare landscape, incorporating new technologies and services to meet the changing needs of providers and patients.

FUTURE ORIENTATIONS FOR HEALTH SYSTEMS

Health systems are on a path to adjust to the new normal after the pandemic and align with shifts in consumer behavior and technology-related disruptions. Sustaining involves making hard decisions to shape strategies, operations, services, and business models in response to emerging realities. In the meantime, the workforce in healthcare systems also needs to adapt to the new normal; for instance, many employees were not trained for emerging telehealth, remote care, or other digital models. Undoubtedly, workforce and talent acquisition were highlighted as the foremost priority for 2021, capturing 81% of CEO focus. Yet, it slightly shifted to the second rank in 2023, even as the emphasis on it increased to 84%. The issues of workplace frustration, burnout, and retention are complex challenges for health systems that aim to balance growth concerns, enhance capabilities, and foster innovation to sustain their business. Training, talent acquisition, and a strong workforce remain critical for future orientation.

As health systems address the need for integrated care models that incorporate emerging digital and home care models, one possibility is to leverage partnerships and alliances with related firms that have developed core competencies in these areas. Collaborative efforts will be efficient and effective in addressing multifaceted challenges. This is reflected in the importance given to partnerships in the surveys, with a second-place ranking in 2022 (77%) and a top ranking in 2023 (95%) (Figure 4). Integrated approaches can enhance resilience, facilitate resource sharing, and ensure a unified emergency response. By fostering stronger partnerships and alliances, healthcare

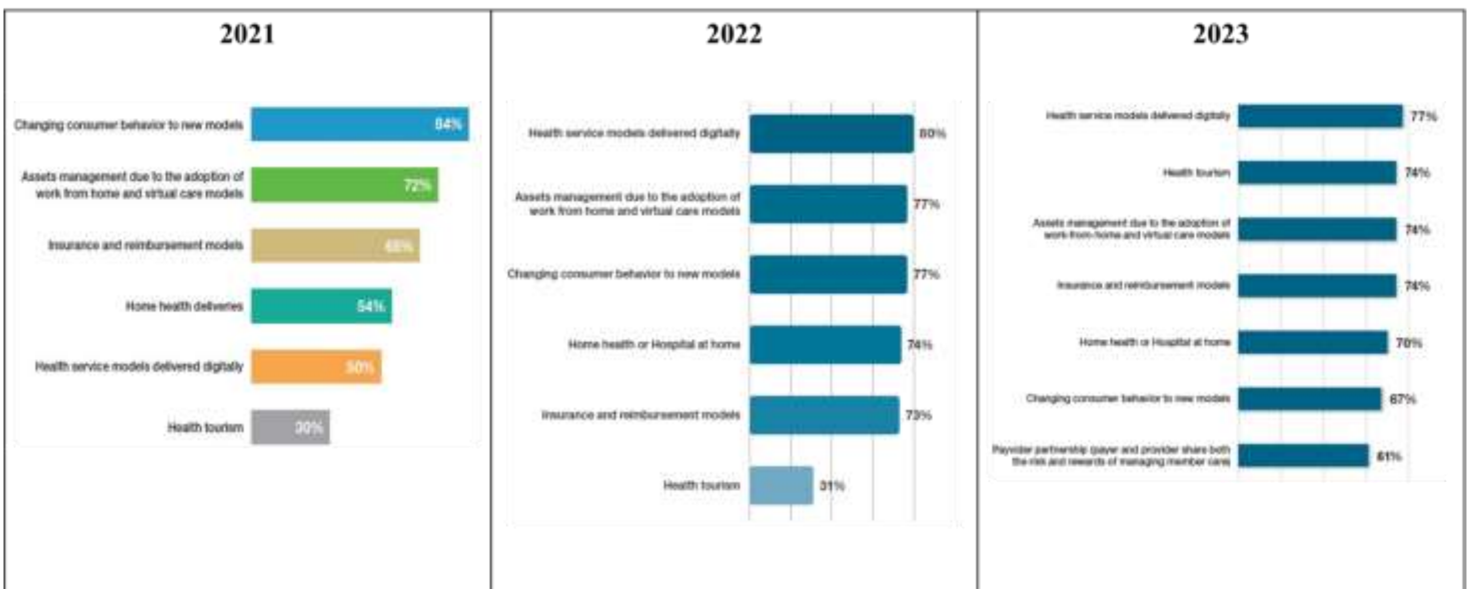

Figure 3: Major Disruptions of Trends of the Health Systems

(The Annual Comparative Charts are Reproduced from the HARC Annual Health Systems' Climate Studies 2021-2023)

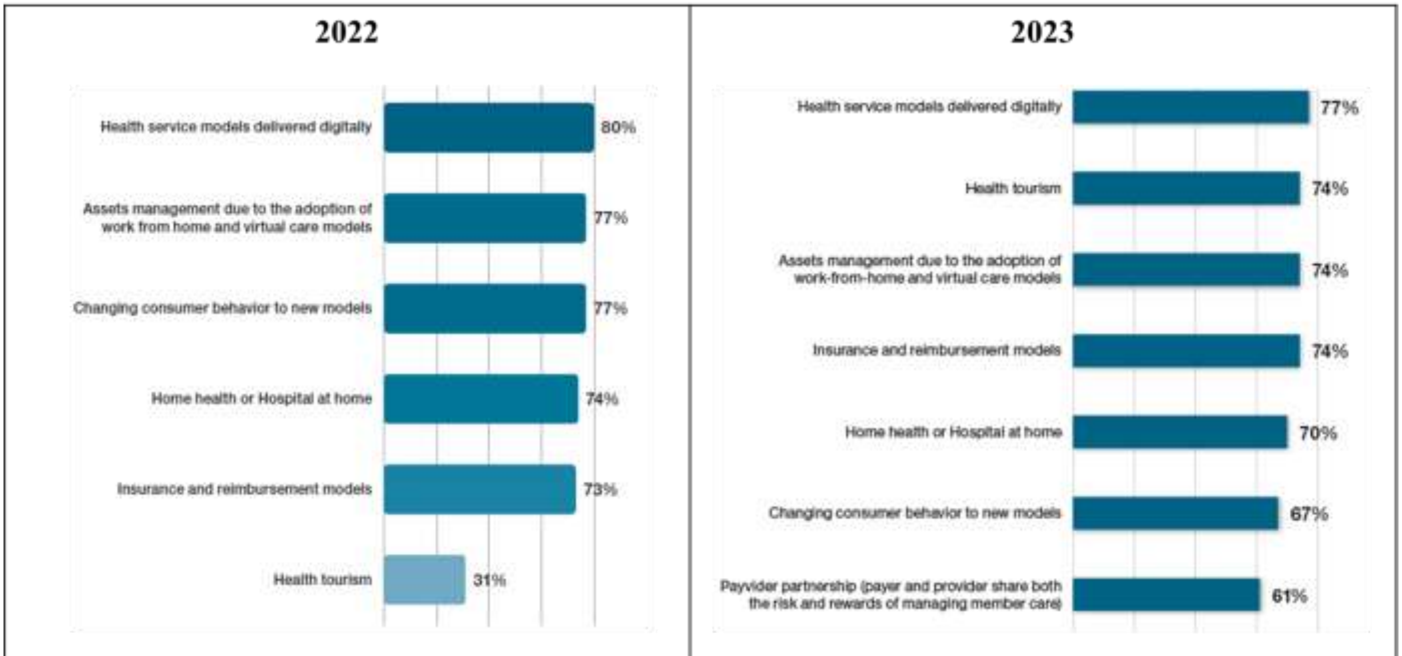

Figure 4: Future Focus for Health Systems

(The Annual Comparative Charts are Reproduced from the HARC Annual Health Systems' Climate Studies 2022 & 2023)

organizations can enhance their capabilities and reach, resulting in more effective treatment delivery and improved patient care outcomes.

The focus on taking on medical or global cost risk remained consistent, ranked fourth in both 2022 and 2023, with slight growth from 75% to 77%. This indicates a growing recognition of financial risk management as a vital aspect of healthcare strategy, underscoring the ongoing need to address and mitigate financial challenges within the sector.

Sustainability and carbon reduction efforts in the healthcare sector saw a notable rise in priority, moving from fifth position in 2022, with 67%, to third position in 2023, capturing 80%. What made this sudden jump? This significant jump can be attributed to the healthcare industry's increasing commitment to mitigating environmental impacts, driven by a broader societal and regulatory push towards sustainable operations. Additionally, the focus on long-term sustainability goals and the strategic move towards more efficiently managing and adapting resources have further underscored the importance of these initiatives. This shift reflects a growing recognition within the healthcare sector of its responsibility to care for public health and minimize its environmental footprint.

Conclusion

The complexities associated with the healthcare industry are well known. Health systems strive to provide patient-centered care that caters to a wide range of populations, diseases, treatments, and service models. Changing paradigms and existential crises aggravate the challenges. While shaping strategies to sustain and grow in crisis responses and emerging digital transformations, workforce and talent acquisition remain a crucial concern. Adapting to changing consumer behaviors, with a marked shift towards telemedicine and digital health solutions, and managing physical and digital assets to accommodate these changes will remain focus areas for health systems for at least a few years. Nevertheless, these changes point to a transformative period in patient care and service delivery for healthcare.

Acknowledgment

This research brief provides a comparative overview of insights into the strategies and concerns of health systems, based on the HARC Annual Health Systems Climate Surveys conducted from 2021 to 2023. This ongoing project is supported by faculty at the University of Colorado Business School and involves participation from experts and executives in the healthcare industry.

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