

RESEARCH PAPER

Telehealth and virtual care priorities: a roadmap for mid-tier health systems

Leading health systems in the United States have been on a multi-year digital transformation journey and have used their scale and the resources to invest in accelerating digital transformation. IT leaders in mid-tier health systems now have a unique opportunity to help their enterprises catch up.

Damo Consulting's ongoing research of the digital initiatives in the top health systems highlights a set of common themes playing out in the top tier of health systems today.

Telehealth and digital front doors are top priorities among top health systems.

What does the picture look like for mid-tier health systems that may not have the resources and the organizational support that the leading health systems enjoy? Our research team recently conducted a focus group discussion with 20 CIOs and technology leaders from mid-tier health systems and all CHIME members, to find out what is happening with their digital transformation journeys.



The current state of digital maturity among health systems

Damo Consulting's maturity models for health systems indicate that health systems fall in one of the four models, as outlined in Figure 1 below:

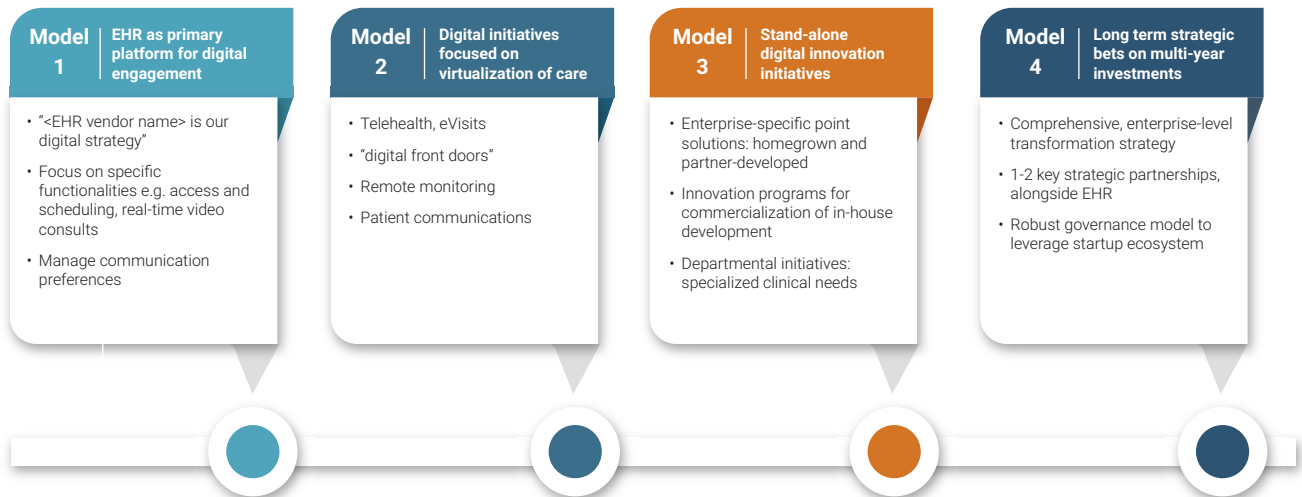


Figure 1: Digital health maturity models

Source: Damo Consulting

Digital maturity in healthcare today falls mostly in one of the models described in Figure 1 above. Mid-tier health systems (broadly defined as institutions with under \$4 billion in revenues) are in models 1 and 2, and a small number are maturing towards an enterprise approach and roadmap for healthcare digital transformation in model 4. Model 3 typically sits alongside one of the other models in large enterprises with dedicated innovation groups that focus on commercializing internal innovation and making strategic investments in startups. It is important to note that model 1 is foundational. In other words, health systems looking to implement digital roadmaps must necessarily have a robust EHR system in place.

Digital health tools and platforms typically integrate with EHR systems for core functionalities, such as scheduling for enhanced experiences. EHR vendors are also constantly improving their platform functionalities; hence CIOs and CDOs have to re-evaluate their tool choices in an evolving landscape constantly. The changing landscape has also forced healthcare enterprises to review their options in organizational models required to drive healthcare digital transformation in the post-COVID-19 era. What may have been an IT-enabled capability primarily, is now a strategic priority that requires a deep appreciation of consumer experience journeys, cross-functional collaboration to enable seamless experiences, and technology expertise to implement [digital engagement priorities](#).

“Most are at Model 1 or Model 2 right now. It is hard to imagine somebody further along that spectrum.”

The current environment for Tier 2 health systems

Tier 2 health systems tend to have certain unique challenges relative to larger integrated health systems. Our focus group discussion highlighted a few key factors:



1

EHR systems are the primary platforms for digital health programs

Given their financial and resource constraints, Tier 2 health systems in our focus group were mostly dependent on their EHR systems for digital functionalities. However, IT leaders acknowledge the need to look beyond core EHR systems and are beginning to explore standalone platforms (especially telehealth) to enhance their virtual care capabilities, considering the pandemic. In our maturity model, they tend to fall in models 1 and 2 mostly.



2

Adoption rates for telehealth models are tied to reimbursements

Many of the health systems in our study were financially impacted by the drop in elective procedures, which were primary contributors to the profitability of the system. An interesting aspect of many of the firms was that they served rural and elderly populations that were not fast adopters of telehealth. Reasons included lack of broadband internet access, population without video-enabled smartphones, and in some cases, a preference for phone visits as opposed to video visits. In all cases, the reimbursement model for telehealth, especially the CMS waivers in the wake of the pandemic, was seen to be helpful but not adequate to cover the revenue shortfall from the drop in in-patient visits.



3

Telehealth continues to rise. However, virtual visits dropping off as patients start to return to hospitals

Many of our focus group participants reported a sharp spike in telehealth visits in the early months of the pandemic, with participants reporting that 80% of all visits were virtual during the peak of the pandemic. Virtual visit levels have fallen off to a third or a fifth of the peak levels since then, as hospitals and other institutions gradually reopened for business in several states. They also reported an uptick in in-person visits, especially for medical conditions that are not well-suited for telehealth (such as cancer treatment).



4

Remote care models have created a new set of challenges

With a large majority of patients and caregivers now working remotely, new challenges have emerged for hospital administrators and CIOs. Remotely monitoring the vast majority of the workforce has become a priority to ensure the same levels of productivity. The sharp increase in remote workers has also increased IT security threats. Health systems without dedicated CISOs and inadequate resources are now increasingly vulnerable to cyberattacks, given the increase in endpoints. Challenges for remote care for chronic patients include lower levels of reimbursements than for in-person visits, thereby increasing financial pressure.

“ We have definitely been hit financially, which has now caused some projects that we had planned on doing over the next few months, at least the rest of this calendar year, to be put off and into a kind of wait and see mode. ”

The impact of COVID-19

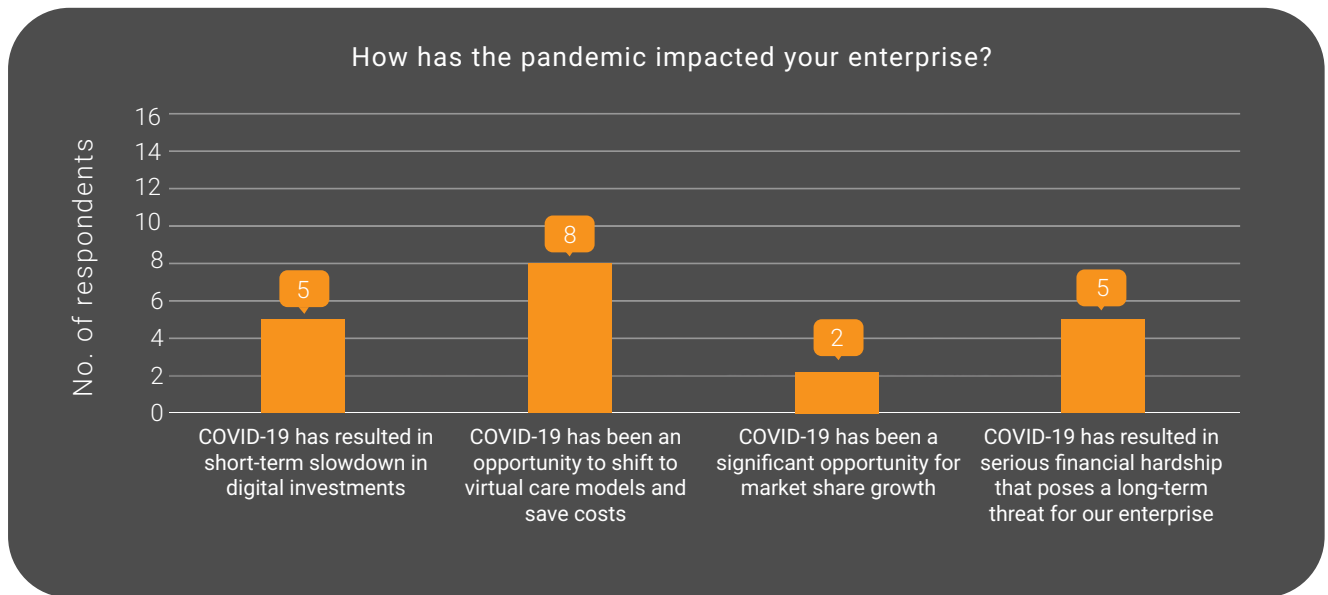


Figure 2: How has the pandemic impacted your enterprise?

A majority of our focus group participants indicated that COVID-19 has been an opportunity to shift to virtual care models. However, they also noted that COVID-19 has either resulted in significant financial hardship or has resulted in a short-term slowdown in digital health investments. Among those who saw new opportunities in the virtualization of care, there was

also the recognition that within a hospital operation some types of care may be easier with telehealth than others. Participants noted that while telehealth visits have dropped a bit since the peak pandemic levels, the overall level of telehealth has risen significantly from pre-pandemic levels and was expected to remain that way.

“The plethora of virtual visits just really are nickel and dime in terms of revenue. Even though you are doing a lot of those, they won’t compensate for a quarter of the year hit on mammography fees and knee surgeries and colonoscopies and all the things that typically bring in the revenue.”



The definition of digital health

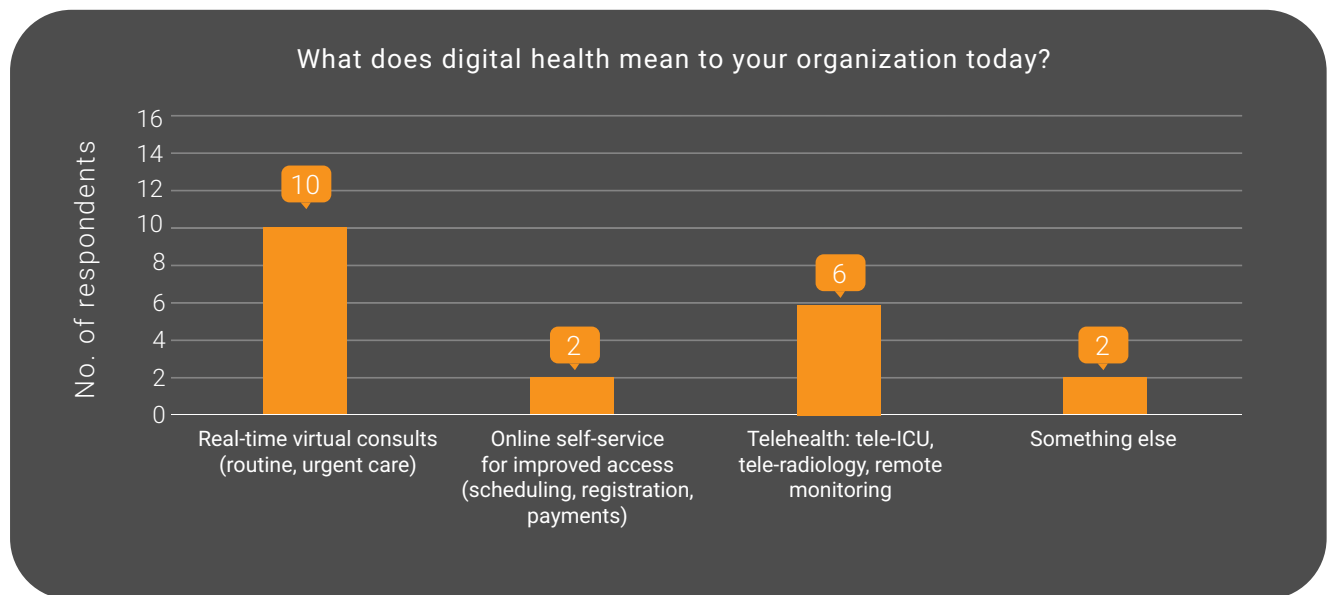


Figure 3: What does digital health mean to your organization today?

The definition of digital health covers all descriptions in Figure 3. Given the immediate needs of the pandemic-imposed restrictions, it was not surprising that real-time virtual consults for ambulatory care came out as the top priority for health system participants in our group. The revenue pressures from the restrictions on in-patient visits have heightened the urgency for standing up and operating virtual consult capabilities to continue to serve patients and generate cash flow.

Related programs such as tele-ICU, teleradiology, and remote monitoring have continued to rise in importance, especially as caregivers need protection from infections arising from patient contact. Participants also raised an important distinction between real-time face-to-face virtual consults and other forms of telemedicine, such as tele-ICU where there is no face-to-face interaction with patients.

“When I think of digital health, I think about a patient being completely independent and interacting with the health system through digital tools.”



Digital transformation strategy

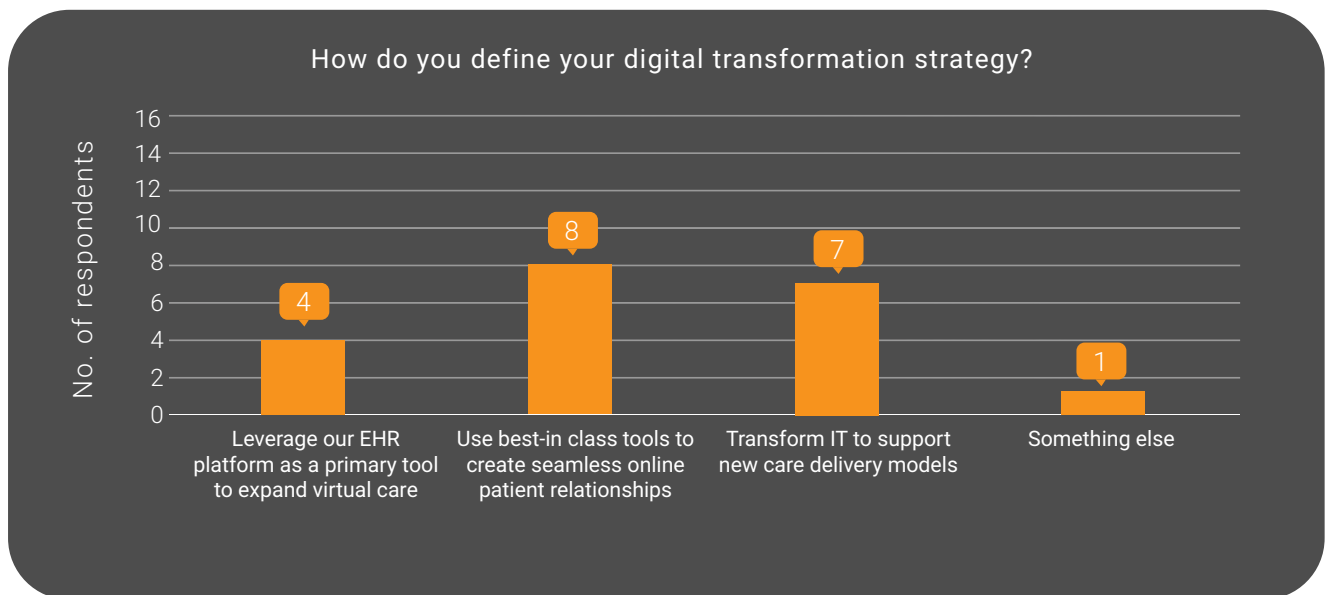


Figure 4: *How do you define your digital transformation strategy?*

CIOs see EHR systems as a “landing point” for digital initiatives and recognize the need to implement best-in-class tools with string integration features to create seamless online patient relationships. They also recognize the need to support transformation in IT infrastructure to support digital transformation. CIOs insist that a strong EHR foundation is essential for advancing a digital strategy. Many CIOs expressed concern about a lack of willingness in the clinical community to support a transformation of IT to adopt new care delivery models. In the remote monitoring space, the clinician community’s lack of confidence in the quality of data, especially self-monitored and patient-reported data, was seen as a challenge despite the obvious benefits of being able to manage large chronic populations through connected devices.

CIOs want to transform IT to support new care delivery models and recognize that best-in-class tools, though not perfect, are already out there to help create seamless online patient relationships. Ultimately the CIO’s goal is to use the available tools and work strategically towards an enterprise transformation.

An interesting dynamic involves a change in the mindset required of IT executives to see themselves as going beyond serving internal users, i.e., the clinicians and think more along the lines of how to enable better experiences for patients with easy-to-use digital tools.

“The IT organization thinks of itself as offering services to caregivers and to those that work and are employed within the health system. Digital transformation is about offering some sort of technology support for patients that are going to be digitally engaging with our system.”

The digital transformation function

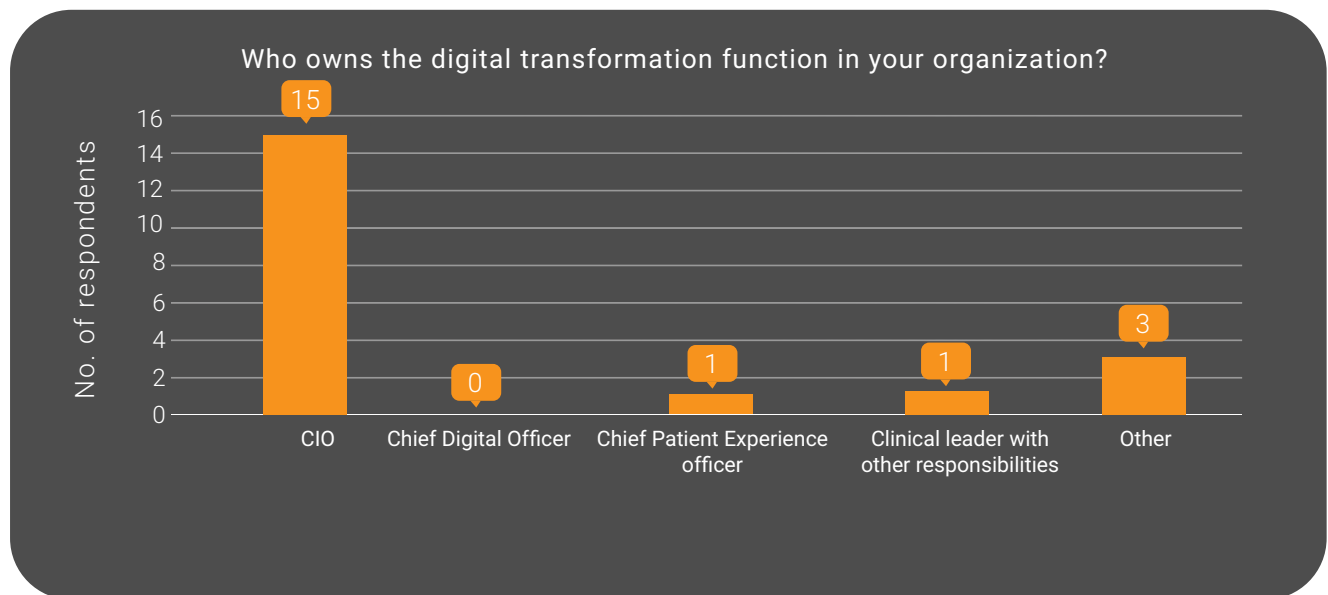


Figure 5: Who owns the digital transformation function in your organization?

Unlike with the leading health systems that have appointed full-time CDOs, the unique situation of Tier 2 health systems is that their CIOs are also responsible for the digital function. For one, mid-tier health systems cannot afford the additional senior-level full-time positions. For another, the level of maturity in the digital transformation journey may not warrant a full-time position – yet. However, there are several organizational models currently in place, even in mid-tier health systems. One example was a health system that had appointed a 3-person executive team to drive digital initiatives across the system, each with different reporting lines and functional responsibilities. Unlike in larger organizations with dedicated CDOs, the digital

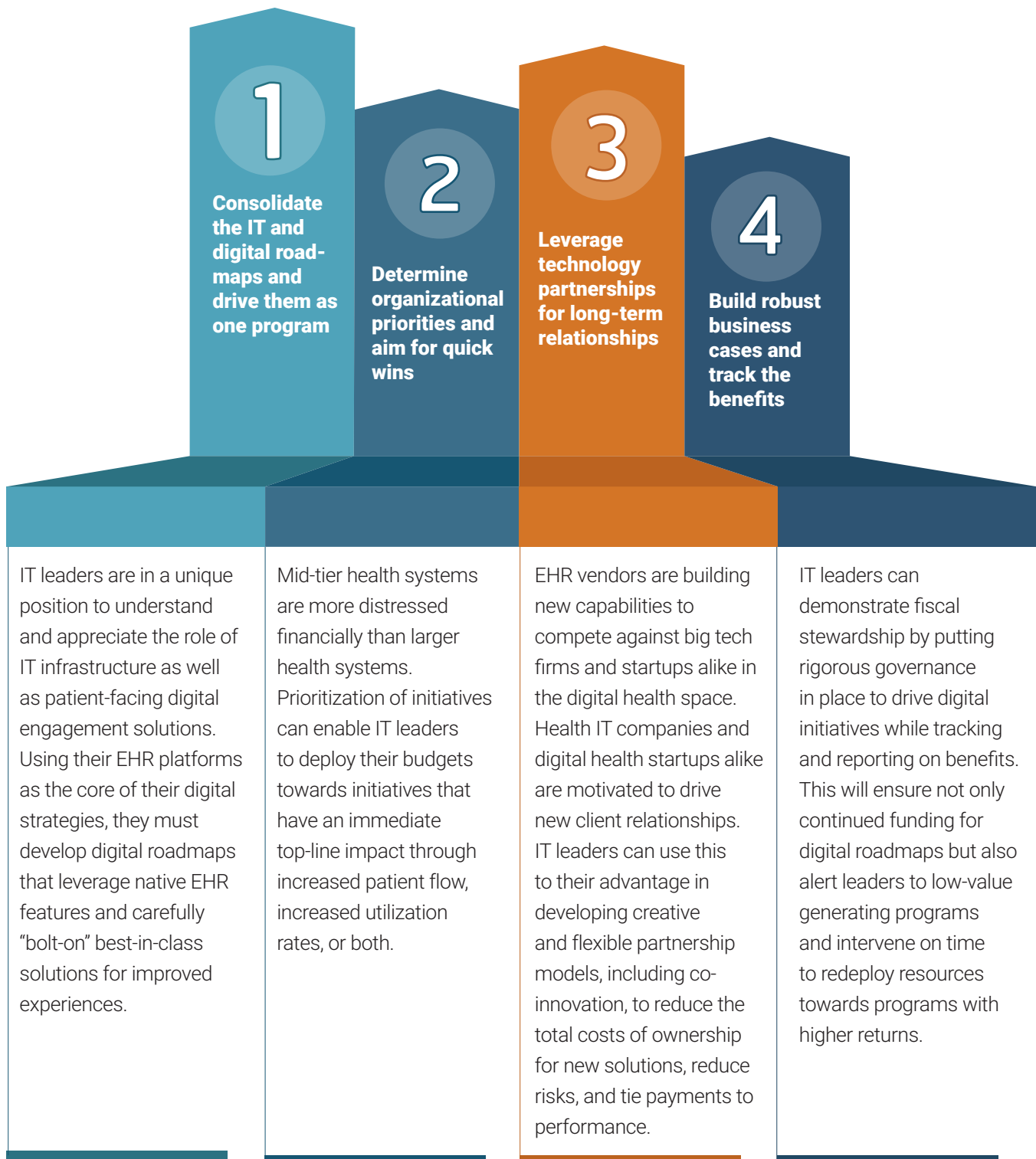
function – if it exists – in mid-tier organizations does not have a separate “digital” budget. CIOs confirm that digital initiatives are funded out of the IT budget (as would be the case if digital initiatives were primarily seen as EHR-related), or out of departmental budgets with IT support for technology integration.

One challenge for CIOs functioning as CDOs is the multiple priorities that they often get pulled into, such as security and infrastructure issues, which distract them from focusing on longer-term digital strategy. At the same time, CIOs point out that CDOs, especially if they come out to the healthcare, lack the knowledge of the IT infrastructure required to enable digital transformation.

“ I’m just thinking about what’s the path to get there. What’s the first step. ”

What mid-tier health systems CIOs must do

CIOs in mid-tier health systems have a unique opportunity to drive digital transformation in their enterprises. The shift to telehealth and virtual care models is already underway. Large health systems have been investing heavily in digital health for the past few years. New market entrants are moving into the primary care space. For mid-tier health systems, financial constraints and lack of resources may seem like a challenge against these odds. However, healthcare CIOs can turn this to their advantage. Here are the steps they must take:



More Insights

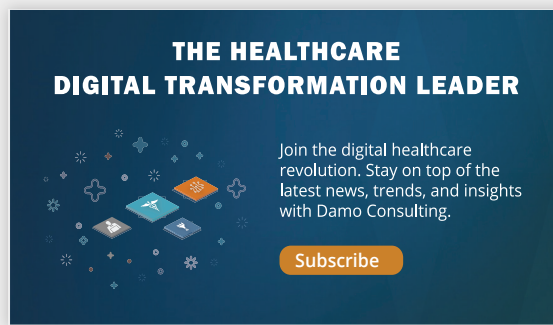


THE BIG UNLOCK

A Healthcare Digital Transformation Podcast

Hosted by
Paddy Padmnabhan

DAMO CONSULTING



**THE HEALTHCARE
DIGITAL TRANSFORMATION LEADER**

Join the digital healthcare revolution. Stay on top of the latest news, trends, and insights with Damo Consulting.

Subscribe

For additional research and downloads, click [here](#)

About Damo Consulting

Damo Consulting is a digital transformation and strategic growth advisory firm serving healthcare enterprises and the technology companies that support them. We specialize in delivering actionable healthcare market intelligence and branded thought leadership for our clients.



USA

Damo Consulting Inc., 1212 S Naper Blvd
Suite # 119-160 Naperville, IL 60540

INDIA

No 60, Ferns Residency, K. Narayanapura,
Kothanur, Bangalore – 560077, (Regd. address)

Website: www.damoconsulting.net

Email: info@damoconsulting.net