



C-suite check-in: Leading through disruption

Research report on priorities and challenges for adapting to a changing health landscape

Pandemic-related protocols, supply chain disruption, updated consumer and clinical expectations and new care channels have resulted in dramatic changes – for health care organizations, the workforce and related stakeholders.

To understand how current market forces affect the decision-making of health organizations, we gathered perspective from leaders who are navigating industry disruption. They're working every day to create a more integrated, resilient ecosystem.

We collected insights from 153 health care leaders across health plans, providers, employers, life science organizations and government agencies. Of the respondents:

- 35% were members of the C-suite
- 31% were senior vice presidents
- 33% were vice presidents

We wanted to understand the priorities of these leaders and how their decision-making might impact the human experience.

Key findings:

- What progress has been achieved
- Requirements for a sustainable health system
- The industry's greatest challenges
- 2022 investment priorities
- Partnership priorities

Year-over-year perspective: What progress has been achieved

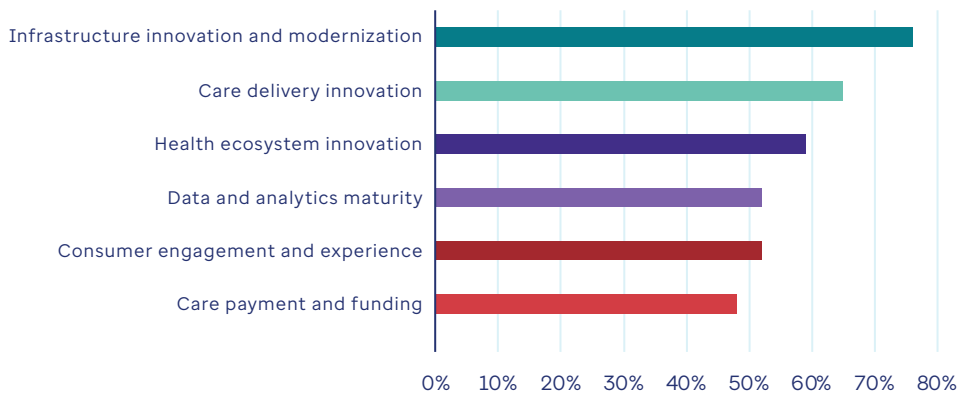
[Last year's report](#) indicated that cross-segment collaboration was a priority for health care leaders. The industry invested in the infrastructure and the data and analytics to improve their predictive capabilities and strengthen information flows. And we heard that the C-suite recognized the momentum for digitally driven innovation that was coming in 2021.

Since then, industry disruption has been unrelenting and continues to challenge traditional ways of doing business. And while perennial goals of cost reduction and financial sustainability remain, new priorities are emerging.

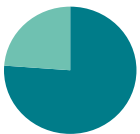
This year, we see varying types of innovation stand out as driving progress with an emphasis on recalibrating the industry around consumers. This report reveals where leaders see advancement, the growing challenges they face and the key strengths necessary to reshape health care.

Leaders ranked levels of progress achieved in 2021 for the following categories:

Health industry progress



Infrastructure innovation and modernization: Progress



Seventy-six percent of leaders believe that progress has been made in infrastructure innovation and modernization. This includes advancing interoperability, administrative simplification and staffing models.

The pandemic accelerated joint efforts between health plans and providers to establish the infrastructure innovation and modernization required to support new virtual care modalities.

Individual systems and health plan/provider relationships are becoming more sophisticated. This points to the need for more vendor consolidation, the integration of best-in-class solutions and most importantly, the system connectivity needed to scale.



Growth is about the unexplored – either new consumers, new markets or new capabilities”

– Keith Shah, PhD

President, Optum Applied Innovation and Senior Vice President, Strategy & Growth, Optum Advisory Services

Leaders see the most progress in infrastructure innovation and modernization.

Care delivery innovation: Progress



Sixty-five percent completely agree or agree that the health care industry has made progress in care delivery innovation. This includes virtual health, in-home care and reducing unnecessary care.

Leaders measure progress in care delivery innovation by

- New capabilities
- Adoption rates
- Ability to reach more consumers more easily
- Ability to respond in real time

While there's still some friction around reimbursement levels, compensation is beginning to normalize for these new care channels. To further progress, care payment and funding will need to evolve in tandem with care delivery innovation.



Leaders can develop a care delivery innovation portfolio and roadmap through a comprehensive evaluation of their historical successes and by defining the new capabilities required for growth and for maintaining a competitive advantage. ”

— Keith Shah, PhD

**President, Optum Applied Innovation and Senior Vice President,
Strategy & Growth, Optum Advisory Services**

Health ecosystem innovation: Progress



Fifty-nine percent of leaders note that progress has been made in health ecosystem innovation. This kind of innovation includes new partnerships, value creation and new market entrants. As noted earlier, leaders see growth in collaboration. And this is now extending across the health care ecosystem.

The intense demand for agility has created a need for strong, new partnerships. By combining resources and capabilities, partnerships have closed gaps and increased resilience to supply chain disruption and staffing demands. They've explored ways to apply the innovations brought forward by new market entrants. In this way, collaboration is an essential feature for advancing progress in ecosystem innovation.

Care delivery innovation mentioned above, can contribute to the creation of new value. But to improve outcomes at lower cost across the ecosystem, it will need to be paired with capabilities such as analytic insight, streamlined reimbursement and cross-platform integration.

Respondents acknowledged the government as a leader in health ecosystem innovation. These agencies need to reach the most vulnerable – multi-chronic members who live in food and pharmacy deserts, experience housing insecurity or have a higher prevalence of mental health and behavioral health needs.

Government agencies not only established care pathways into the home. They also built a deeper understanding of the social determinants that surround the consumer and found new ways to collaborate with community stakeholders to address those issues more effectively.

Organizations are learning which consumers prefer virtual versus in-home services, and which benefit most from acute or in-person settings.

Collaboration is an essential feature for advancing progress in ecosystem innovation.

Consumer engagement and experience: Some progress



One big change was the drop in recognized progress for consumer engagement. Last year, 73% felt the industry had made progress. But this year, only 52% reported improvement.

It appears that the health industry is still learning how to sustain a strong consumer experience and may need new ways to measure success. This can be challenging when consumers move in and out of coverage and care systems. Health care is still striving to put the consumer in front of the process and find affordable ways to offer more access, choice and control.

More information arrives daily through newly adopted virtual channels that can reshape our view of the consumer. Yet many organizations still measure engagement in face-to-face encounters. As virtual pathways become more embedded in the ecosystem, we need new metrics. Putting the consumer at the center will change how we engage, see the whole person and measure impact.



The length of the pandemic led to a sustained period of very low levels of face-to-face interactions. With growing digital channels, engagement now needs to be measured in new ways. And we can discover new ways to see the whole person. ”

— Craig Savage

Senior Vice President, Global Health Care Leader,
Payer Consulting, Optum Advisory Services

Data and analytics maturity: Some progress



Only 52% of C-suite leaders surveyed believe the industry has made progress in data and analytics maturity. This moderate level of progress may reflect solid advancement in infrastructure, data lakes and even longitudinal records, yet not enough progress on actuarial insight.

Another challenging dynamic is the expansion of data sources related to so much care delivery innovation. The influx, complexity, and additional layers of these new digital data sources complicates the analysis but also creates new opportunities.

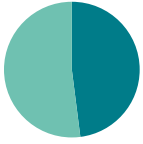
The industry is still learning how to capture, integrate, analyze and share this insight and information. Analytics will continue to evolve to include more data from new sources, incorporate social determinants and anticipate prior and underlying conditions. Progress will be measured in the guided actions that improve outcomes, lower costs and expand access to care.

To see more gain, leaders must be able to ask questions and evoke answers from data analytics that can help them address core issues around spending, contract performance, consumer behavior and provider satisfaction. This level of insight can help them take action, manage more risk and identify growth opportunities.

The health industry is still learning how to put the consumer at the center of the experience.

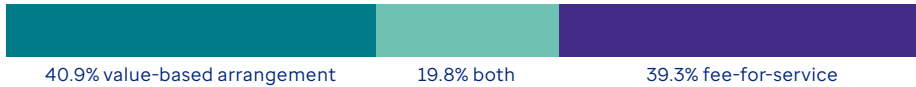
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Care payment and funding evolution: Need progress



Less than half of leaders (48%) believe the industry has made progress in care payment and funding evolution. The contradictory incentives of fee-for-service and value-based arrangements continue to impede progress in this area.

Recent reporting from the Health Care Payment Learning & Action Network show 40.9% of U.S. health care payments came through value-based arrangement. Slightly over 39% were strictly fee-for-service and 19.8% were straddling both payment structures.*



When organizations operate under multiple frameworks, it creates complexities in workflows and care pathways. This requires financial, clinical and operational managers to balance the opposing rules of both constructs.

The pressure on this area is likely to increase as the market demands more innovation, Medicare and Medicaid memberships continue to grow, and consumers expect more upfront pricing. New virtual care channels, multiple payment constructs and price transparency requirements will continue to challenge care payment and funding evolution processes to keep pace.

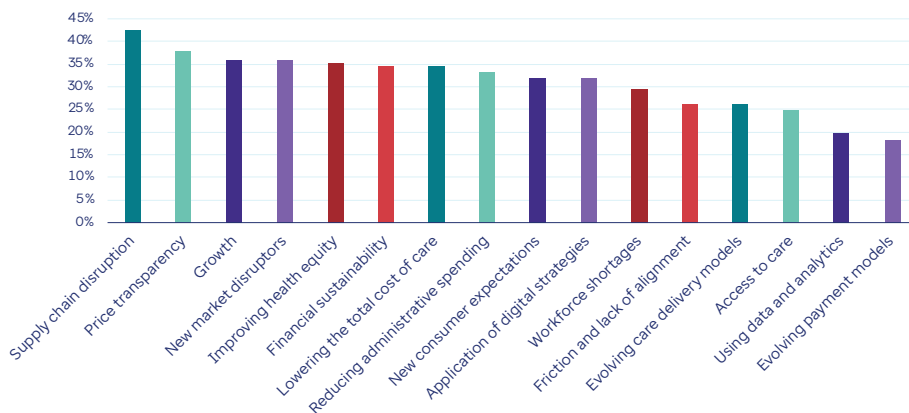
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The industry's greatest challenges

Rising consumer expectations and the expanding impact of digital technologies has increased fragmentation and complexity. This along with ongoing regulatory demands has broadened the list of challenges for the industry.

There is strong agreement that financial sustainability, reducing administrative spending and workforce shortages are great challenges. All three ranked in the top two positions. And yet they didn't make it into the top five overall by total count. Those organizations that feel it, feel it acutely.

The industry's greatest challenges



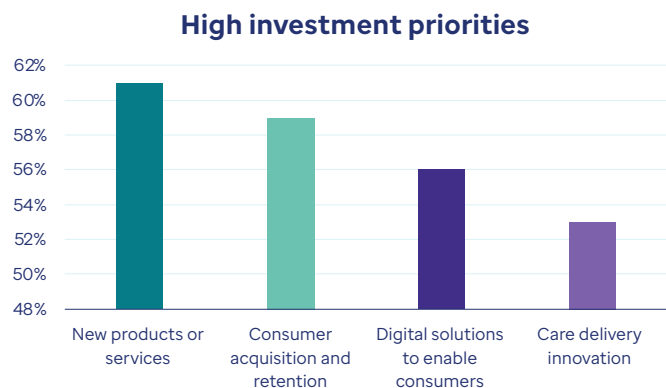
Challenges are expanding to match broad-based industry transformation.

* Health Care Payment Learning & Action Network: APM Measurement Progress of Alternative Payment Models <http://hcp-lan.org/workproducts/APM-Methodology-2020-2021.pdf> Accessed April 2022

But for most respondents, these issues were joined by new pressures and priorities to reach more consumers through more channels. And to do so with a shrinking workforce, expanding sites of service and evolving care and payment models.

2022 investment priorities

Investment priorities in 2022 indicate a commitment to build out those new services and solutions that can augment the workforce and offer consumers the choices they seek and the pathways they will engage.



Building on the infrastructure advancements and care delivery innovation already achieved, leaders see the mandate and the opportunity to fully transform their ecosystems. These new investments should make it possible to pull greater insight from growing data sources, increase interoperability, expand access to more consumers and support the early, cost-effective interventions that lead to greater health.

Partnership priorities

Across the board, respondents recognize the value of partnerships for advancing ecosystem innovation. The need for partnerships was as diverse and evenly distributed as the list of industry challenges noted above. And when we look at each segment separately, we see they seek partnerships that align to their role in the ecosystem and segment-specific challenges.

Top partnership priorities by segment

Health plans	Providers	Life sciences
1. Financial sustainability	1. Supply chain disruption	1. New market disrupters
2. Workforce shortages	2. New market disruptors	2. Supply chain disruption
3. Price transparency	3. Improving health equity	3. New consumer expectations

Employers	Federal/state governments
1. Evolving payment models	1. Financial sustainability
2. Improving health equity	2. New consumer expectations
3. Price transparency	3. Data and analytics

Leaders see the mandate and the opportunity to fully transform their ecosystems.



Partnerships are required to remain competitive; to access new capabilities, new talent and new markets. And partnerships spread risk, making organizations less susceptible to a single point of failure.”

– Craig Savage

Senior Vice President, Global Health Care Leader, Payer Consulting, Optum Advisory Services

Partnerships bring resiliency through more diversity of talent and access to new capabilities. They also help offset risk of sudden industry disruption or competitive threats. By combining resources and capabilities, partnerships can close gaps and increase resilience to supply chain disruption, staffing demands and shifts in consumer engagement.

Conclusion

The industry upheaval of the past few years is still affecting leaders. But respondents indicate momentum toward a more resilient, equitable and consumer-centered system. They made progress in infrastructure and care delivery innovation and are using that to push progress across the ecosystem. They see some progress in consumer engagement and some in their data and analytics maturity. And the development of the latter will certainly have positive impact toward an improved consumer experience. Complexity remains in care payment and funding evolution. And regulations will keep price transparency at the top of the list of challenges.

But the past year has offered leaders a window of time to observe how new products and digital solutions can be integrated to create personalized, high-performing consumer experiences. And allowed them to rethink the nature of the workforce and the value of partnerships.

Even as the pandemic appears to be subsiding, the industry is becoming more complex. More new and diverse offerings are entering the market every day, and regulatory and compliance demands continue to escalate. Leaders acknowledge that improvements against business as normal is not sustainable. They see the need to use these new innovations to transform.

Achieving the levels of transformation needed to sustain growth will include:

- A holistic, consumer-centric orientation
- Integration of virtual, tech-enabled pathways with traditional service offerings
- Incentives to use these innovations toward managing risk
- Insight-driven analytics and integrated, digital technologies
- Strong partner and vendor relationships that increase resilience

Building on the foundational progress achieved in 2021, this year's investments and efforts should begin to reveal a new kind of health care. One that leverages partnerships and innovation to create an integrated sphere of health around each individual.

Leaders are committed to a new kind of health care. One that creates an integrated sphere of health around each individual.

Experts



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