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Customer Research Brief

New Survey Reveals Data's Powerful Influence on Hospital Growth

Mergers and acquisitions have been a go-to growth tactic for health systems and hospitals looking to expand their footprint, market share and scale for the last two decades. Not anymore.

A new HealthLeaders Buzz Survey, supported by Optum, finds that provider organizations are actually more likely to target physician relationships, strategic partnerships, and consumer engagement to achieve their growth goals in the coming years.

What's more, the survey, which polled 100 health care executives from a variety of provider organizations, including health systems, hospitals and physician groups, shows that the type of data and metrics providers seek and how they use information is undergoing a significant shift.

The majority (66%) of respondents say physician engagement and alignment is the No. 1 variable that will influence growth over the next three years. Respondents are also looking for data and information in newer areas, such as social determinants of health (SDOH) and value-based care payments, to help inform growth moving forward.

The results offer critical insight into key data and information impacting provider growth strategies, challenges that impede how they measure success, and the services they engage in to reduce data gaps. At the same time, the post-COVID-19 digital health transformation is shaping data trends. AI and other advanced technologies, along with better analytics and integrated technology platforms, are enabling more providers to access information in real-time via dashboards and automated reports.

"The emergence of differing types of data is helping organizations gain a better perspective on patients, populations, contracts and market share."

—Tushar Mehrotra, senior vice president of analytic services at Optum

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Digital health breakthroughs are also allowing more profound insights into patient populations, social risk factors, consumer preferences, financial metrics, and more. "The emergence of differing types of data is helping organizations gain a better perspective on patients, populations, contracts and market share," says Tushar Mehrotra, senior vice president of analytic services at Optum. "But strategic growth is also about what you do with the data," he adds. "Most successful health systems have a targeted approach to long-term data goals that involves an outside partner that can provide advanced analytics support."

Top metrics of growth

In addition to physician alignment and engagement, survey respondents say cultivating strategic partnerships (60%), engaging consumer segments in a targeted way (44%), and advancing value-based contracts (33%) are all also top variables that will influence growth strategy in the next three years.

Mehrotra isn't surprised that health care organizations are preoccupied with physician engagement and alignment. "If you aren't aligned with physicians, achieving growth through virtual footprint expansion or advancing value-based care contracts is not going to happen," he says.

"The top three responses are in line with our growth strategies," agrees George Sauter, chief strategy officer at John Muir Health, a 554-licensed bed medical center in Walnut Creek, California. "Our primary growth strategy is to expand outlets to reach more patients. That is achieved through a combination of strategic partnerships and organic growth, with more focus on the strategic partnerships to address different market segments, particularly consumer segments," he adds.

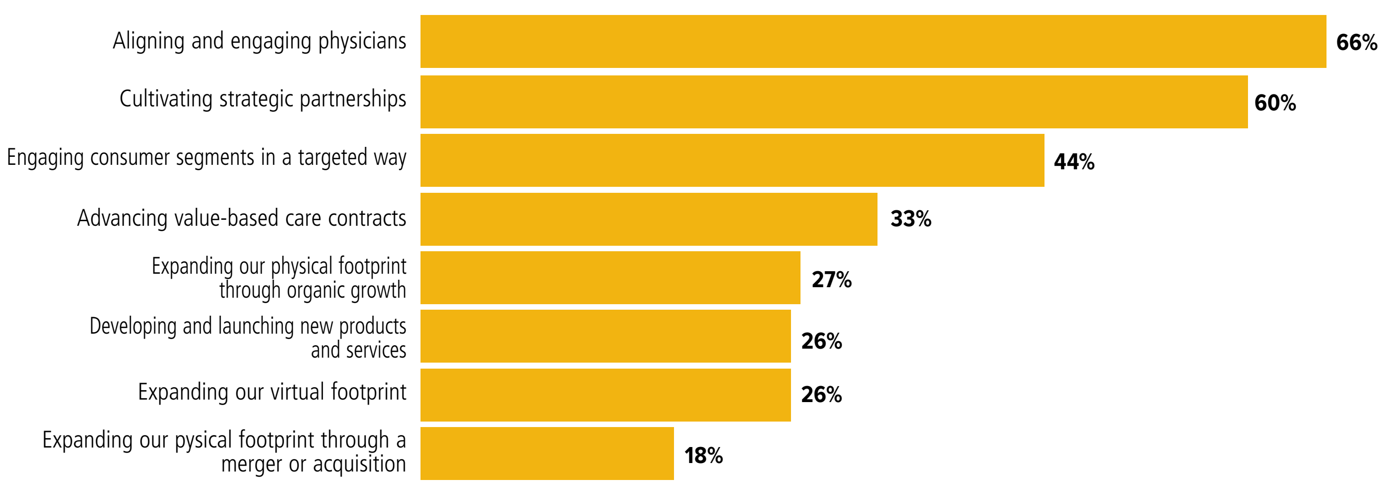
Evolving health care data trends

Historically, health systems and providers have primarily relied on clinical data, including billing and claims information, to drive growth, but the survey results show this is changing. Respondents say the top measures they use to inform growth include physician engagement levels (49%), social determinants of health (37%), percentage of health care payments tied to value-based care (33%), net lives under management (31%) and more.

Mehrotra says the results align with what he sees with health care clients. "The convergence of different datasets has enabled a clearer picture of what a health system is doing and should be doing around growth." He adds that both physician engagement and SDOH are trending high because they offer organizations new growth opportunities. "Providers are increasingly interested in integrating SDOH and clinical care data to improve care and drive growth in ways that couldn't be achieved in the past," he adds.

Keith Shah, Ph.D., senior vice president at Optum, agrees, especially when it comes to SDOH and what has transpired over the course of the pandemic. "These results show that providers have a greater understanding of the interdependency of health and health care. The zip code where you live, socioeconomic

Top Three Variables That Most Influence Growth Strategy | Please select the top three variables that will most influence your growth strategy for the next 1–3 years.



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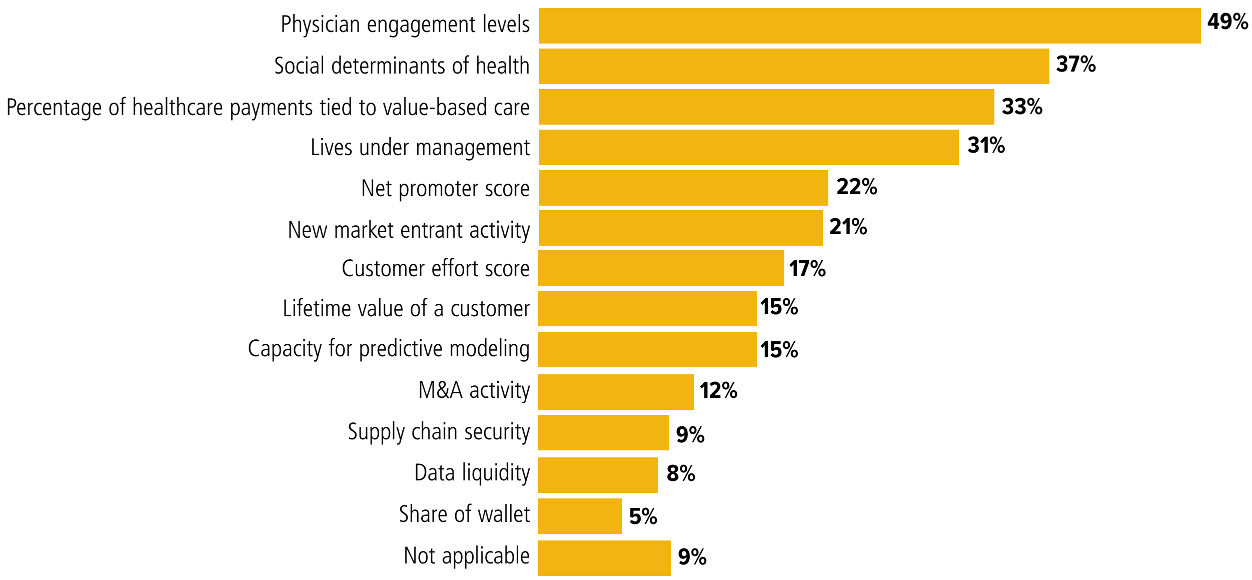
Are you using any of the following measures to inform your growth?



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status, and employment status are things that fundamentally make a difference when it comes to care delivery and the efficacy of care."

Also, as provider organizations expand value-based care programs and risk-based contracting, they are homing in on data that help them understand contract structures, population trends and ACO performance, says Mehrotra. "You have to evaluate utilization and disease trends, identify and stratify populations to understand who's at greatest risk, while also integrating social determinants of health data." On the other hand, fee-for-service growth requires data on share-of-lives, share-of-wallet, and leakage to get a better idea of who's leaving their health system, says Mehrotra.

Additionally, Shah says consumer data is becoming more critical to track, including net promoter score. He was surprised to see that only 22% of respondents ranked it as a top growth measure. Even so, he says, "There's a whole host of consumer data that exists now, even post-COVID-19, that didn't exist prior. This data will continue to expand and become more relevant as providers grow in new markets and look for that 360-degree consumer view," he adds.

Sauter says John Muir, an Optum partner, is more focused on lives under management and net promoter score regarding measures that inform growth. He says John Muir has made significant strides on its data journey in the last five years, enabling it to track growth more accurately. "I've worked with our board to transition from looking at inpatient volume as a measure of growth to tracking several key metrics. We count the number of lives we touch throughout the year, and we also measure patient satisfaction and engagement to evaluate loyalty," says Sauter. "It's a high-level strategic view of our business."

Sauter also wasn't surprised that only 12% of panelists use M&As as a growth measure. "M&A is expensive, and you're under enormous scrutiny, particularly in California," he says. "We use partnerships and affiliations. Those tend to be a lighter touch." Shah and Mehrotra share similar views. "There's M&A fatigue, where we've gone through a number of these deals, and they haven't necessarily met the goals of what they set out to do," says Shah. "They aren't a primary force in the market right now," agrees Mehrotra. "You can target someone, but you may or may not get growth out of it this year."

Clearing data roadblocks

The survey results also clearly show that health care organizations still face serious data challenges that hinder their ability to track and measure success accurately. Most respondents (47%) say they either have too much data (and lack skilled analysts who can analyze it and provide actionable insights) or insufficient data (41%). Surprisingly, 18% say they have no data impediments.

Sauter, with John Muir, says the organization has addressed many of its data challenges. "I now have much more real-time, comprehensive information on everything from where volume is coming from, including by zip code and clinical condition for both ambulatory and inpatient settings," he says. One area Sauter hopes to improve is consumer data. "We don't do a good job measuring consumer satisfaction. It's a journey."

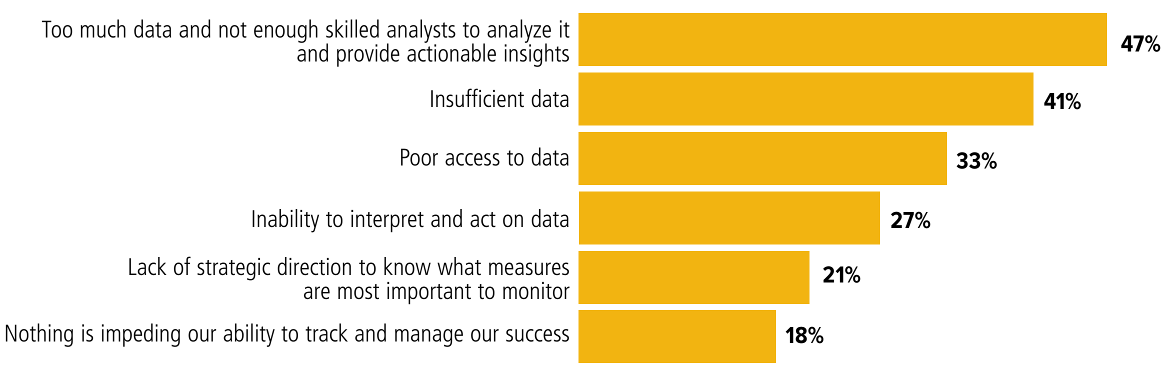
Shah says he is surprised by the high percentage of respondents challenged by insufficient data. "I disagree with that. The chief problem is the inability to extract the right data and create insights from it," he says. Moreover, he says, given the challenges organizations have with data, it was also surprising to see that almost one-fifth say they have no impediments.

Nevertheless, respondents are deploying numerous strategies to address data challenges. The overwhelming majority (75%) say they rely on in-house analytics to mitigate reporting gaps, followed by technology investment (46%), consulting (33%), and outsourced analytics support (21%).

"In-house analytics will never be able to meet their needs long-term because health systems do not move fast enough to keep up with constant innovation, new access to data and the new skillsets required in the data analytics space," says Mehrotra.

"If they're using in-house analytics, they need to be aware of any cognitive bias they may have inherited around their own data sets and their own personnel," notes Shah. "It's critical to think strategically and know when to pull in outside, independent thought and process. Technology investments are also not the answer for analyzing data," he adds. "It is also a fundamental misnomer to think that buying a nice tool will provide access to all of the insights you need," says Mehrotra.

Challenges Impeding Ability to Measure Success | What challenges are currently impeding your ability to accurately track and measure your success?



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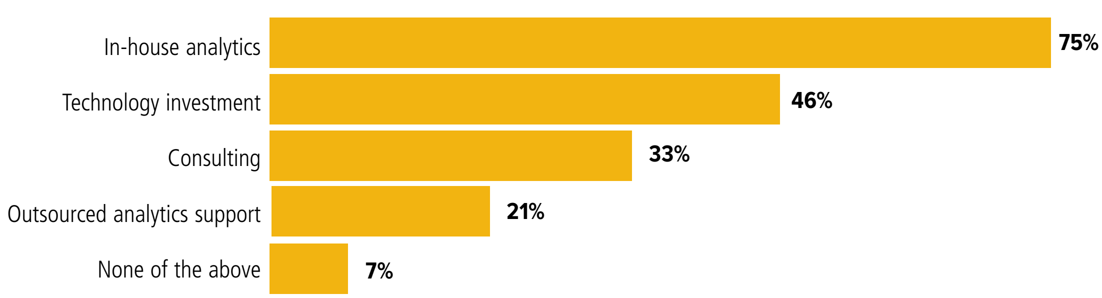
Services to Mitigate Gaps in Reporting | What kind of services are you engaging in to mitigate gaps in ability to report on measures?



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As providers plan for future growth, they will continue to take advantage of new data sets, including information related to SDOH and consumer markets. “In the market, we see an increased willingness to adopt new data sets that offer a complete picture of patient care and growth opportunities,” says Mehrotra.

“Health care is at the precipice of the consumer experience journey, which will also affect future growth,” adds Shah. “In the last five years, health care organizations have come to embrace and understand the very real differences as to what consumers expect.” Still, he says, there is much to learn from retail, the airlines and others that are 10+ years ahead of healthcare. “These industries have evolved to a consumer-first strategy, which is healthcare’s next evolutionary step.”

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