



FEATURE

# The role of health services innovators in the future of health

Driving transformation toward a consumer-centric, data-reliant, technology-forward vision

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The COVID-19 pandemic provides an opportunity to transform toward the future of health: a future driven by consumer-centricity, data reliance, and new technologies. Learn about the ways health care incumbents can work with health services innovators and their nontraditional expertise and solutions.

## Executive summary

Who will drive the health care industry's transformation toward a future vision of being consumer-centric, efficient, high-quality, data- and technology-driven, and highly accessible? While some of the industry incumbents—health systems and health plans—will spur some change, Deloitte's [vision](#)<sup>1</sup> of the future of health expects nontraditional entrants into the industry to bring relevant expertise and solutions for the industry's legacy ills. The entry of major retail and consumer technology companies into the health care industry, improving and disrupting

it, is well documented.<sup>2</sup> However, another set of new entrants is also busy transforming the industry in partnership with incumbents and gaining traction in the industry. We call them *health services innovators*.

To understand these innovators' perspectives on the future of health, we interviewed CEOs, founders, and other visionary leaders (chief executives) of several health services innovators. We conducted these interviews during the peak of the COVID-19 pandemic to understand both the impact of the pandemic and how these companies expect to transform health care.

### WHAT ARE HEALTH SERVICES INNOVATORS?

Health services innovators are companies that offer innovative solutions and services to several industry incumbents—health systems and health plans—as well as consumers. They are nimble, digital tech-enabled, and consumer-focused companies that aim to provide new solutions and services to help incumbents solve some of health care's most important problems.

In a previous set of interviews with [35 CEOs from health systems and health plans](#),<sup>3</sup> we found out that the industry is shifting toward alternative care settings, stronger consumer engagement, and better use of data and technologies. These shifts can be opportunities for health services innovators who aim to partner with incumbents. Indeed, our innovator company interviewees agree with many elements of our [Future of Health vision](#).<sup>4</sup>

Health services innovator chief executives told us they are:

- **Playing a critical role in a broad-based transformation of health care.** They are positioning themselves to fill the gaps created and overlooked (for various reasons) by many health care incumbents.
- **Building capabilities and business models that will allow incumbents to transform the industry.** The health service innovator chief executives are strengthening their companies' position in the future by building business models in partnership with incumbents around *well-being and care delivery* (e.g., digital medicine, sensors for appropriate care), *data and platforms* (e.g., AI-based predictive analytics platforms), and *care enablement* (e.g., personalized financing tools, access tools).

The health services innovator chief executives also said that the COVID-19 pandemic will act as an accelerator of change for the industry, and they are already seeing it happen. They said it exposed several broken aspects of the legacy health care system, mainly incoherent technology initiatives and a traditional mindset. They expect the pandemic to accelerate transparency and data interoperability, access and affordability, automation, and analytics.

In contrast, health care incumbent CEOs, who we interviewed in late 2019 (prior to the COVID-19 pandemic), had mixed views on threats from new entrants—both tech and retail giants and health services innovators. Some were worried about them as potential competitors, others dismissed them. However, the aftermath of COVID-19 brings an opportunity for them to play to each other's strengths. The health services innovators told us that they see their opportunity as collaborating and improving, not competing with incumbents and disrupting the industry. Incumbents, with their industry expertise, capital, and regulatory expertise, and innovators, with their tech-enabled, data-native, analytics-driven, and consumer-centric approach, together can push the industry toward the future of health.

## Introduction

Given the pandemic's exposure of the many challenges with the current health care system, many inside and outside the industry agree that transformation is needed<sup>5</sup> and seek a future driven by consumerism, data availability and use, and digital and scientific innovation.<sup>6</sup> This vision requires significant business model transformation by many incumbents—health care providers, health plans, and life sciences organizations—as well as new entrants spurring change in the industry.

Many health care observers think the term “new entrants” consists primarily of large retail and consumer technology organizations entering the health care industry. Some have reported on the market activities and strategies of these large retailer and consumer technology companies with a mix of capital, capabilities, and purpose.<sup>7</sup> However, another group of organizations is bringing about innovation in health services through new approaches, solutions, and technologies. We call them health services innovators. These new entrants have distinct characteristics that differentiate them from the

industry incumbents and the large new entrants—they are nimble, tech-enabled, consumer-focused, and led by industry experts (figure 1).

We interviewed chief executives of several health services innovators at the height of the COVID-19 pandemic from February–April 2020 to understand their perspective on where the industry is heading, how the pandemic could affect industry transformation, and to learn more about how they see their role in achieving that future.

## Research findings

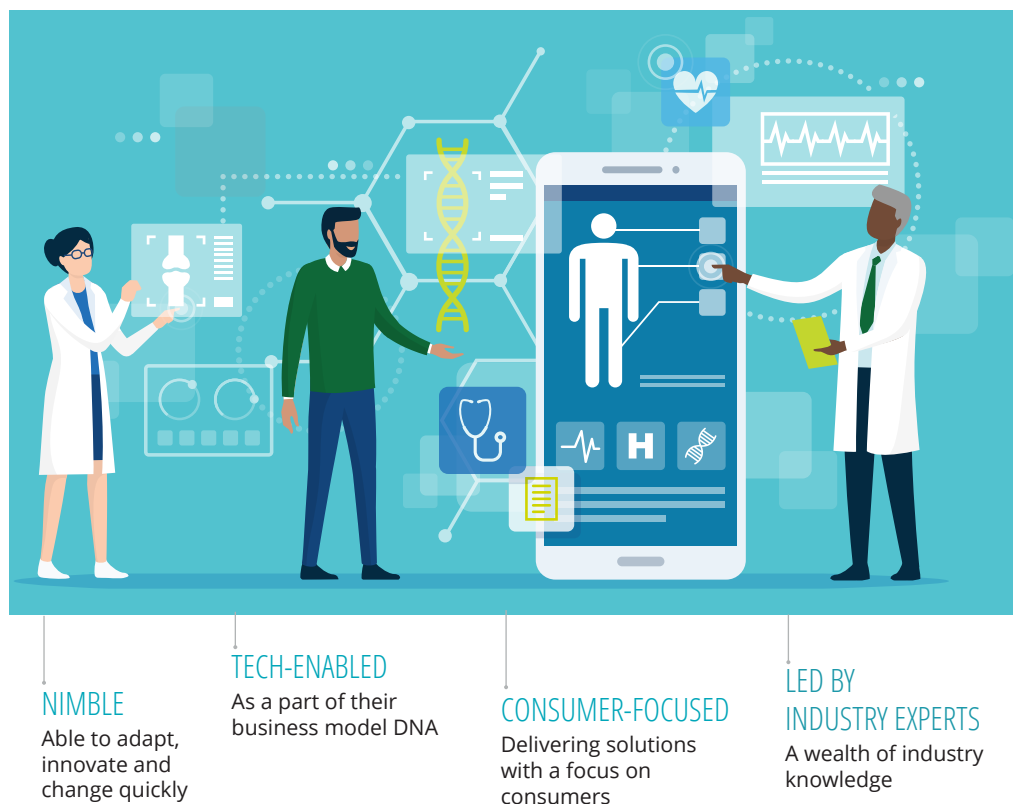
IN THE NEXT 10 YEARS, HEALTH CARE IS EXPECTED TO BE MORE CONSUMER-CENTRIC, AFFORDABLE, AND TECH-DRIVEN

Like the incumbent CEOs we spoke with late in 2019, chief executives of the health services innovators say that the three biggest changes to the industry in the next 10 years will center around:

FIGURE 1

### Health services innovators

What characteristics do new entrants possess?



Source: Deloitte analysis.



- Consumer-centricity
- Evolution of value-based care and affordability
- Pervasive use of advanced technologies and analytics

**Consumer-centricity:** As consumers become more involved in their health care choices, it is imperative for the industry to become more consumer-centric. It begins with data access and transparency at each stage of decision-making. Historically, consumers have had to deal with a lack of transparency in health care—both about health care costs and the value of services in improving their health. Without that information, they have had a hard time making informed decisions. The result, according to the chief executives of health services innovators, is a waste of time and money, and more importantly, poor health and well-being outcomes.

**“One of the biggest problems today is the lack of transparency and the inability for the average consumer to make informed decisions about their health care, particularly when it comes to what physician resources to avail themselves of—who to see, where to go, when to go is a complete mystery.”**

— *Chief executive, health services innovator*

However, with the proliferation of data and more exposure to out-of-pocket spending, consumers are demanding more transparency and are gaining ground in their ability to make decisions about their health. For instance, over 40% of consumers today use personal

technologies to measure fitness, compared to just 17% in 2013, and one in every two consumers would likely change their physician if they are dissatisfied with the communication aspect of the relationship, according to the Deloitte 2020 survey of US health care consumers.<sup>8</sup> Chief executives of health services innovators believe several health care companies, including themselves, are making rapid strides in focusing more on consumers. In the next 10 years, they say consumers will have access to more accurate information which can promote informed decision-making and lead to better health outcomes.

**Evolution of value-based care and affordability:** Value can come from improving quality or reducing costs or both. However, according to the chief executives of health services innovators, current value-based care arrangements have focused primarily on cost reduction as a measure of success, not quality of care and outcomes. As value-based care models mature, all stakeholders, including plans, providers, employers, and even consumers will likely demand higher quality as well as affordability. The chief executives of health services innovators say that in the next few years, payment models will become

**“Health care innovation has to start to focus less on absolute therapeutic capability and more on how we deliver care and products and services that we know work to more and more people at a much lower price point, so it is much more accessible, and much better from a value equation perspective.”**

— *Chief executive, health services innovator*

more outcome-centered, and they expect to see increased transparency and availability of data about physician and health system performance to validate outcomes.

**Pervasive use of advanced technologies and analytics:** The health care system largely continues to focus on a 20th century model centered around an infrastructure of buildings, people, assets, and products. However, the chief executives of health services innovators believe mindsets are changing to a 21st century model that envisions data, platforms, interoperability, digital and virtual solutions, and data science insights as the new infrastructure. Increased use of technologies and analytics can help enable the shift to accessible, affordable, quality health care in the next 20 years, according to the chief executives of health services innovators.

**“Automating certain areas where today they are going to be forced to automate certain workflows purely based upon solvency and surviving: That is going to last long into the future, in terms of saying why did we ever have a person doing this in the first place.”**

— *Chief executive, health services innovator*

## THE COVID-19 PANDEMIC IS ACCELERATING THE INDUSTRY'S TRANSFORMATION

The chief executives of health services innovators agree that the COVID-19 crisis will have a lasting impact on how the industry functions. They say the pandemic will speed up the industry's transformation in two major ways:

**Fixing today's broken system:** The pandemic has shown how many processes and

experiences in health care are outdated. For instance, the lack of access to accurate data from multiple sources hindered care delivery, triage, and patient transfers. Additionally, amid the pandemic, several hospital leaders were still using outdated technologies such as faxes to communicate with physicians and other hospitals. It has revealed several opportunities to fix broken aspects of the industry, particularly in areas such as care delivery, collaboration, and affordability. The chief executives of health services innovators say that many health care leaders now understand the implications of these broken aspects and are ready to fix them.

**“COVID-19 is what's needed to show people how inefficient our workflows are.”**

— *Chief executive, health services innovator*

**Broad-based adoption of data and technology:** The chief executives of health service innovators also agree the pandemic will accelerate widespread adoption of data and analytics and advanced digital technologies. For instance, adoption of virtual health tools, which otherwise might have taken years to reach today's levels, accelerated rapidly. Technologies such as digital assistants will likely become common in patient-facing and internal processes. More data, interoperability, and analytics can also help in utilization management, population health surveillance, and real-time data-sharing and communication with other organizations.

**“[Health organizations will look to] automate certain areas and workflows purely based upon surviving.”**

— *Chief executive, health services innovator*

## HEALTH SERVICES INNOVATORS ARE PARTNERING WITH INCUMBENTS TO DELIVER TRANSFORMATIVE SOLUTIONS AROUND CARE DELIVERY, DATA AND PLATFORM, AND CARE ENABLEMENT

*Innovators are focused on creating capabilities that enable future industry transformation*

Greater data and interoperability, increased access to care, and empowered consumers will likely be the main features of the future of health. Health services innovators are building capabilities and business models around:

**Well-being and care delivery:** The innovators are working on solutions that enable sustained well-being for consumers and allow incumbents to explore innovative ways to deliver care. For instance, they are developing sensors, wearables, and digital apps that help generate novel insights into patient health issues, help ensure medication adherence, and enable physicians to make informed care-delivery decisions.

**“If a physician is talking to a patient over the phone about medication, he would like to know how they are using them and how their body is responding. We can answer that in a scientific, data-driven way through our solutions.”**

— *Chief executive, health services innovator*

**Data and platforms:** The innovators are partnering with incumbents to gather and assimilate data, clean it, and create data platforms and infrastructure that can help

incumbents as well as consumers make quicker care decisions at a lower cost. For instance, they are creating platforms that make it easier for consumers to select physicians, including specialists. Innovators are also building AI platforms that use predictive analytics to improve quality and health outcomes. Their partnerships include those with health systems, health plans as well as pharmacies, value-based care conveners, and other community providers.

**Care enablement:** The innovators are also building solutions that help increase access and convenience. For instance, they are developing flexible financing tools and partnering with health systems to deliver financing options to consumers and employers. In cases where some consumers are finding it difficult to pay their personal health care bills due to the COVID-19 crisis,<sup>9</sup> innovators are partnering with health systems and insurance companies to offer consumers lower interest rates, partnerships with credit card companies, and longer repayment time for their out-of-pocket expenses. These solutions aim to increase access to care by reducing financial barriers and health care navigation hurdles. The innovators are also easing physicians’ jobs by automating some time-consuming, mundane but important tasks such as adding diagnoses codes in documentation, ordering medication, and populating billing templates.

**“Access is going to get transformed, because everyone everywhere has a mobile phone. We will be able to do vastly more to support most people with a health problem using just a mobile device.”**

— *Chief executive, health services innovator*

**Partnerships with incumbents are key to broad-based transformation.**

Health services innovator chief executives told us they are focusing on transforming the industry not through disruption but are instead partnering with incumbents by improving areas where they feel incumbents have been slow to respond, including technology, data and information, and consumers.

The health care incumbent CEOs in our earlier research said they are focused on investing in care management, digital tools, and consumer engagement technologies to better position themselves for the future. The chief executives of health service innovators said they are aligning their solutions to meet these burgeoning demands from incumbents.

**“Through our solutions, if we can get more collaboration between the health plans, the employers, and the health systems, ultimately putting the consumers first, that is a real opportunity for us.”**

— *Chief executive, health services innovator*

## Shifting the industry toward the future together

In our previous research, we asked the CEOs of health care incumbents for their views on several new entrants—both large tech and retail giants, and the health services innovators—entering the industry. They had mixed thoughts. Some were worried about competition, others dismissed them. However, incumbents may be overlooking the role of health services innovators as partners in helping them transform and improve the industry. There was a consensus among the chief executives of the health services innovators that they want to collaborate and improve, not compete and disrupt, the industry.

The aftermath of COVID-19 may bring an opportunity for them to play to each other’s strengths. While they have been working together for many years, they envision more enduring opportunities for partnership and collaboration. Incumbents, with their industry experience, capital, and regulatory expertise, and innovators with their tech-enabled, data-driven, and consumer-centric approach, can together push the industry toward the future of health.



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