panda health

Hospital Digital Health Technology Report: 2022

Survey of hospital executives reveals a noisy market and underdeveloped strategies are hindering adoption of digital health solutions

panda health

Overview

The increasing consumerization of healthcare is creating more choices for patients and more competition among healthcare organizations. New entrants and innovative healthcare disruptors are digitally-savvy and agile, attracting patients in new ways and eating into market share for incumbent provider organizations.

The resulting industry fragmentation is a significant and escalating problem for hospitals and health systems—and it's also not the only one they face. From shrinking profit margins to mounting patient expectations and surging rates of provider burnout, the list of challenges is lengthy and growing.

In response, many organizations are turning to digital health solutions, which tend to integrate with and complement EHRs and other systems of record, to build patient loyalty, improve the bottom line, and support staff members and clinicians. These technologies span a multitude of use cases and solution categories, including patient engagement platforms, financial clearance and price estimation tools, digital care navigators, and more.

> **According to the 100 hospital and health system executives surveyed for this report, it takes most organizations several months to find and finalize contracting for new digital health solutions. Once solutions are implemented, fewer than 25% of hospital executives say they are confident that they selected the best technology for their unique needs.**
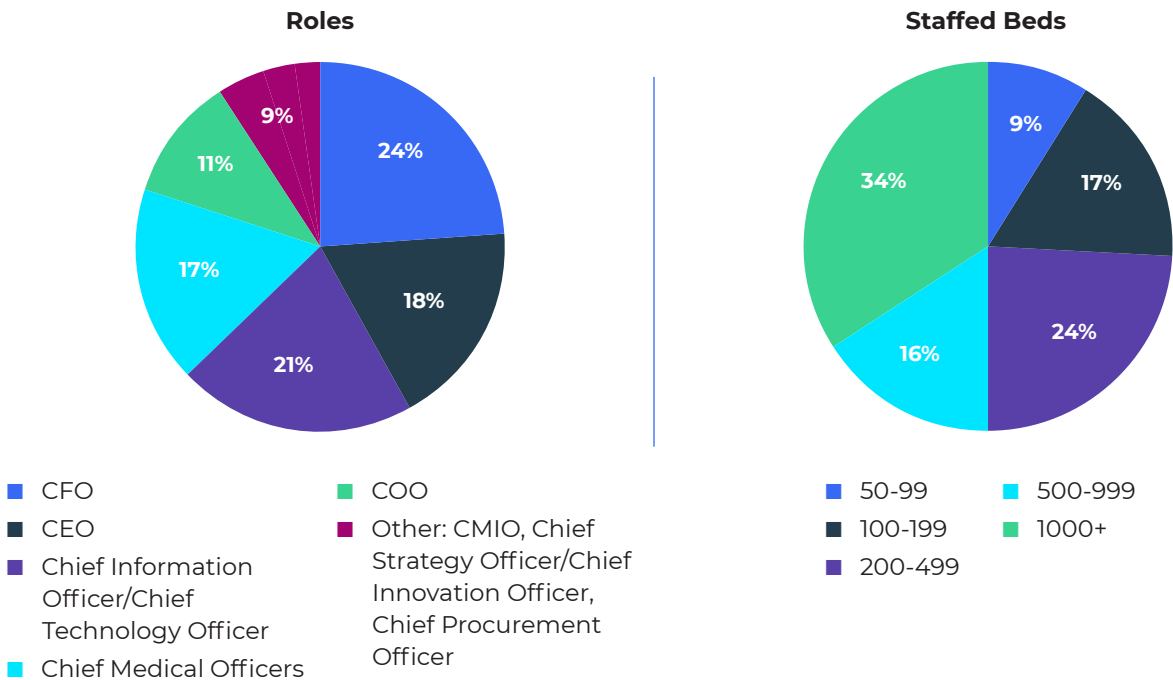
Yet, despite a clear and urgent need, many hospitals and health systems are struggling to find, evaluate, and implement these solutions effectively. As this report indicates, about half lack a formal digital health strategy, resulting in a slow and reactive procurement process. That process is further hindered by the size and scope of the digital health solution market, which is over-saturated with thousands of technologies across multiple categories.

To better understand these challenges and determine how healthcare organizations can overcome them, Panda Health commissioned Sage Growth Partners, a healthcare consultancy, to conduct a survey of 100 hospital executives in February 2022. The goal: To learn directly from the decision makers about their current strategies and pain points related to digital health solutions. This report shares those findings.

About the respondents

Survey respondents hailed from hospitals and health systems across the country, with most employed by short- and long-term acute care hospitals, critical access hospitals, and specialty hospitals.

Roles

- CFO — 24%
- CEO — 18%
- Chief Information Officer/Chief Technology Officer — 21%
- Chief Medical Officers — 17%
- COO — 11%
- Other: CMIO, Chief Strategy Officer/Chief Innovation Officer, Chief Procurement Officer — 9%

Staffed Beds

- 50-99 — 9%
- 100-199 — 17%
- 200-499 — 24%
- 500-999 — 16%
- 1000+ — 34%

Key findings

48%
of hospitals don't have a strong digital health strategy

> 90%
however, believe a strong digital health strategy is critical to improving outcomes, increasing productivity, and enhancing clinician satisfaction

55%
receive more than 11 vendor calls and emails from digital health solution vendors per week

95%
say it's challenging to narrow down the list of digital health solutions to evaluate

< 25%
are "very confident" that, after selecting a new digital health solution, it's truly the best one for their unique needs

# At-a-glance: The top three digital health solution challenges

1. Underdeveloped digital health strategies
2. An oversaturated, noisy market
3. A lengthy and overwhelming evaluation and contracting process

Challenge #1. Underdeveloped digital health strategies

Hospital executives say a strong digital health strategy is crucial to improving patient outcomes, productivity, and satisfaction—yet nearly half say their organization has no such plan in place.

More than 90% of hospital executives say a strong digital health strategy is "important" or "very important" to achieving key objectives, such as improving patient outcomes, increasing productivity, and enhancing clinician and patient satisfaction. Despite widespread acknowledgment of the value of a digital health strategy, only 52% of organizations have created one.
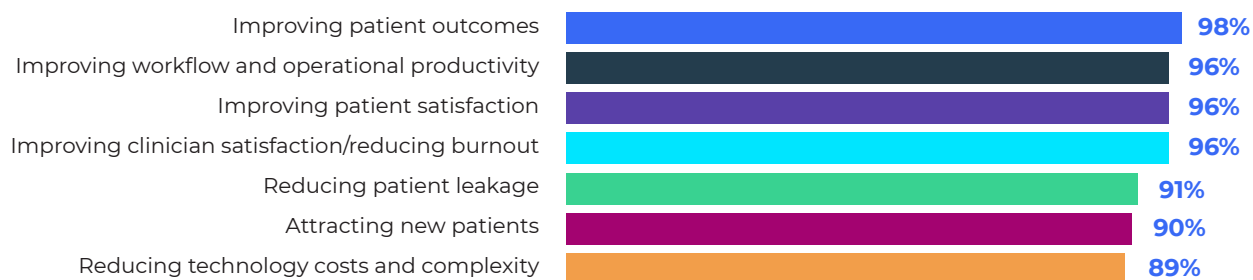
Does your organization have a digital health strategy?

- 52% Yes
- 48% No
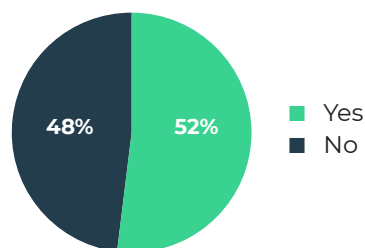
What is a digital health strategy?
An enterprise-wide plan that informs and accelerates decisions related to the use, acquisition, implementation, and management of digital health solutions.

How important is a digital health strategy to the following?
(percentage who said it is important or very important)

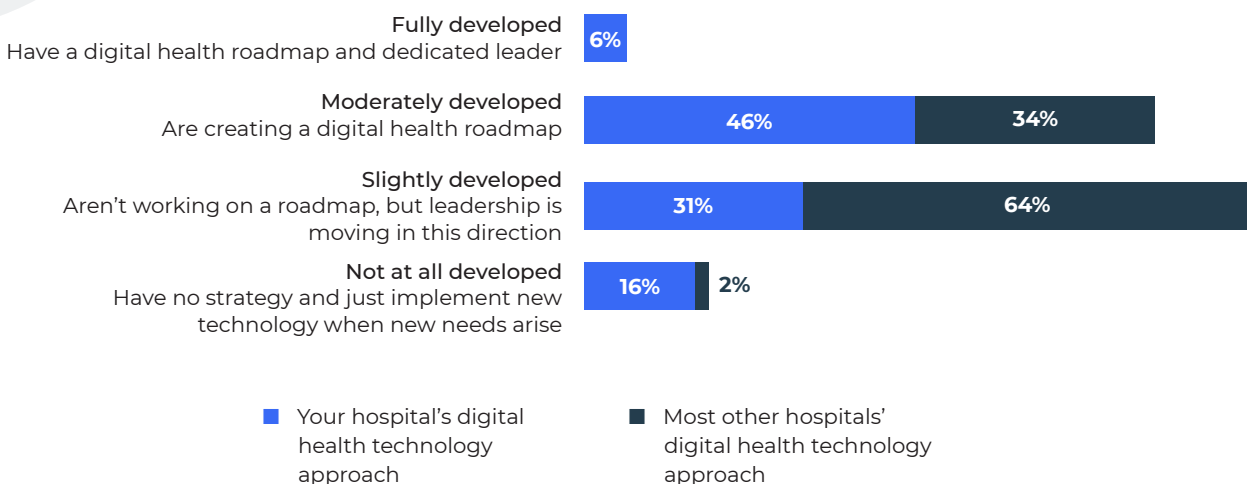|	
Improving patient outcomes	98%
Improving workflow and operational productivity	96%
Improving patient satisfaction	96%
Improving clinician satisfaction/reducing burnout	96%
Reducing patient leakage	91%
Attracting new patients	90%
Reducing technology costs and complexity	89%

In addition to helping healthcare organizations achieve key objectives, the survey reveals that a strong digital health strategy can help hospitals quickly adapt and thrive during times of change or crisis. Hospital executives who reported that their organization has a digital health strategy were much more likely than others to say that their organization accelerated the acquisition of digital health solutions during the pandemic (71% vs. 41%).

Overall, most hospital executives characterize their hospital's approach to acquiring and evaluating new digital health technologies as only "moderately" or "slightly developed." Only 6% say their approach is "fully developed."

Survey respondents were even more critical when describing other hospitals' approaches, with nearly two-thirds saying most other organizations have only "slightly developed" roadmaps.

How would you characterize your hospital's digital health technology approach?

Fully developed
Have a digital health roadmap and dedicated leader
6%

Moderately developed
Are creating a digital health roadmap
46% | 34%

Slightly developed
Aren't working on a roadmap, but leadership is moving in this direction
31% | 64%

Not at all developed
Have no strategy and just implement new technology when new needs arise
16% | 2%

■ Your hospital's digital health technology approach

■ Most other hospitals' digital health technology approach

Four digital health solution use cases

Building patient loyalty: Digital health solutions, such as website chatbots and self-service payments, help organizations meet patient-consumers' needs in new ways and become their top choice for services.

Creating more efficient processes: Digital health solutions, such as appointment self-scheduling and care coordination tools, automate and streamline processes for staff members and clinicians.

Improving patient outcomes: Digital health solutions, such as telehealth and remote monitoring, enhance patients' well-being and improve outcomes—while reducing costs.

Enhancing revenue: A cohesive digital health strategy can create efficiencies, support staff, build loyalty, improve quality, and minimize costly readmissions to reduce and contain costs.

Challenge #2. An oversaturated, noisy market

The digital health landscape is oversaturated with solutions—and it's only going to get more crowded. Between 2020 and 2021, digital health venture funding nearly doubled, from $14 billion to $26.5 billion—an all-time high, according to HIMSS.

With thousands of digital health solutions available, it's challenging for healthcare organizations that are searching for new technologies to narrow down their list and gain internal alignment. In fact, about 70% of hospital executives characterize these aspects of the acquisition process as "extremely or moderately challenging."

Internal noise increases complexity

Hospital executives are regularly inundated with internal requests for new digital health technologies.

- 85% receive up to 10 requests per month
- 15% receive more than 10.

How challenging is it to narrow down the list of solutions to consider?

- 4% (Not challenging)
- 30% (Slightly challenging)
- 42% (Moderately challenging)
- 24% (Extremely challenging)
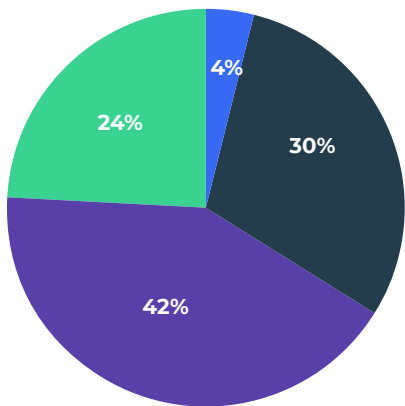
■ Not challenging
■ Slightly challenging
■ Moderately challenging
■ Extremely challenging

How challenging is it to align internal stakeholders when looking for new solutions?

- 2% (Not challenging)
- 27% (Slightly challenging)
- 37% (Moderately challenging)
- 34% (Extremely challenging)
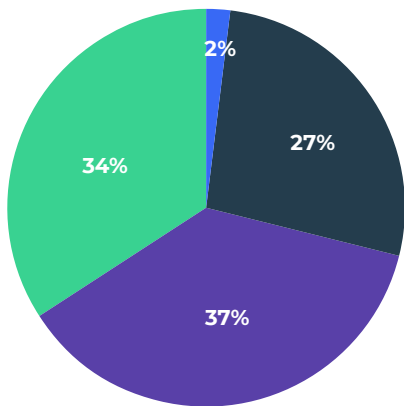
■ Not challenging
■ Slightly challenging
■ Moderately challenging
■ Extremely challenging

Healthcare executives are also inundated with vendor pitches related to digital health solutions, making it more challenging for healthcare organizations to sift through the noise. More than half of executives receive 11 or more vendor calls and emails per week; 35% receive more than 26. Nearly half say that none of this vendor outreach results in new technology acquisitions.

How many vendor emails or calls do you receive per week about digital health solutions?

0-10	45%
11-25	25%
26-50	22%
51-100	5%
More than 100	3%
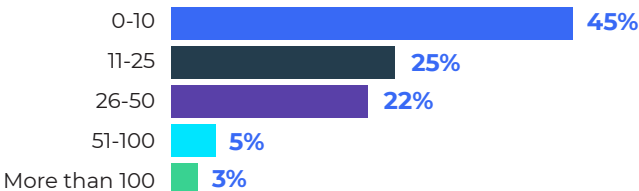
How many of these e-mails or calls result in acquiring the technology?

None	45%
1%-2%	50%
3%-5%	5%
More than 5%	0%
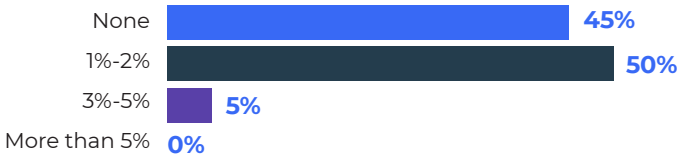
The most-in-demand digital health solutions

Digital health solutions span multiple categories, including patient engagement tools, remote monitoring technologies, digital care navigators, chatbots, and more. The chart below indicates which are most in-demand today.

When does your hospital plan to implement these solutions?

	We have this already	We will implement this in the next year	We will implement in the next 3 years	We have no plans to implement this
Telemedicine/e-visits	91%	5%	4%	0%
Remote monitoring	56%	24%	15%	5%
Patient engagement solutions	54%	25%	16%	5%
Digital care navigators/website chatbots	18%	32%	29%	21%
Digital care coordination/care journey orchestration tools	11%	34%	34%	21%
Financial clearance and price explanation tools	36%	24%	23%	17%
Self-service payments and estimates	50%	21%	17%	12%
Self-service patient scheduling	46%	29%	14%	11%
Digital reputation management tools	16%	32%	31%	21%

Challenge #3. A lengthy and overwhelming evaluation and contracting process

Seventy-five percent of hospital executives say it takes longer than three months to evaluate digital health solutions. Additionally, over 50% say reviewing and negotiating contracts takes more than three months.

The stakes associated with selecting the right digital health solution are high. The wrong solution—such as one that cannot be properly integrated or that fails to deliver a high ROI—can result in significant lost time and resources for healthcare organizations.

To reduce that risk, most engage in lengthy evaluation and contracting processes. This requires time and resources that few—if any—organizations have to spare. In fact, more than three-quarters of respondents report needing more than three months for evaluation. Forty-two percent of those respondents say it takes more than six months.

Lack of certainty related to solution selection can also lead many organizations to engage in pilot programs prior to a full implementation. These pilots, which often last for several months, can limit solution adoption and delay the positive effects and ROI. The negotiation, redlining, and contracting process can also be extremely protracted for healthcare organizations. Over half of executives say it takes more than three months to finalize contracting for new solutions, and 35% say it takes more than half a year.

> **Analysis paralysis**
> When asked to identify the most difficult part of the evaluation process, survey respondents cited:
> 1. Integration vetting (38%)
> 2. Funtionality comparison vetting (34%)
> 3. Cybersecurity vetting (15%)
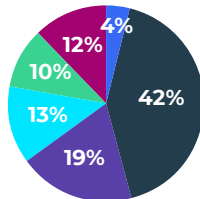> 4. Technical standardds vetting (10%)
> 5. Legal vetting (3%)

How long does the entire process take, from search initiation to contract finalization?
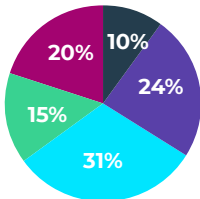
How long does it take to evaluate a solution to determine if it meets your key needs?
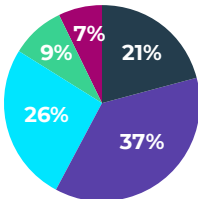
How long does it take to review, negotiate, and finalize the contract?

- ■ <1 month
- ■ 1 to 3 months
- ■ 3 to 6 months
- ■ 6 to 9 months
- ■ 9 to 12 months
- ■ 12+ months

Despite the time and resources poured into digital health solution selection, fewer than 25% of hospital executives say they are very confident that solutions they select are the best fit for their needs.

Overcoming the three challenges

Healthcare organizations are under increasing pressure to vet and implement new digital solutions to support patient loyalty initiatives, improve the patient-provider experience, and promote strategic growth goals. Yet, executives clearly face several significant barriers related to the rapid and successful acquisition of these technologies. Here's how your organization can overcome them:

1. Establish a deliberate and actionable strategy

If your organization is among the nearly 50% of hospitals and health systems without a digital health strategy, it's time to begin implementing one. This doesn't necessarily mean you need a five-year plan related to new digital health solutions—an iterative and incremental digital health strategy can also be very effective in helping you rapidly adopt solutions that support and complement your other technologies and broader organizational objectives.

Fueling a forward-looking organization
Survey respondents with a strong digital health strategy are much more likely to characterize their adoption of digital health technologies as proactive rather than reactive (67% vs. 17%).

A digital health strategy will also ensure your organization is more proactive when it comes to the adoption of new solutions, which is key to effective use of these technologies, according to the survey respondents.

In fact, healthcare executives who described their approach as proactive (43%) rather than reactive (57%) were much more likely to report successful use of digital health solutions to improve outcomes and satisfaction, reduce burnout and improve efficiency, and attract new patients and reduce patient leakage.

Your organization's digital health strategy should include a rough roadmap for when new technology will be acquired, and clear guidelines for selecting, evaluating, implementing, and managing new solutions.

Prepare now, thrive later
Hospitals and health systems that create more effective solution selection processes now will be better positioned to respond to these industry trends:

- **83%** of hospital executives anticipate that digital health technology adoption will increase over the next three years

- **65%** say their budget for digital health solutions will increase

If your organization does not yet have a digital health strategy leader, your strategic plan should also prioritize creating this position. This individual's key responsibilities should include:

- Overseeing the success and maintenance of all digital health solution vendors, platforms, and technologies
- Managing the long-term health of the digital strategy to ensure all newly acquired technology aligns with current needs and future goals
- Ensuring the digital health strategy continually adapts to your organization's evolving needs
- Gaining organizational buy-in for strategic initiatives and new implementations

2. Find new ways to quickly narrow the field

While the digital health technology market continues to grow, you can simplify the process and reduce the time and resources your leaders spend determining which solutions are worth considering.

The first tactic involves implementing a digital health strategy (as described in point #1). A long-term view of your organization's digital objectives and requirements will make it easier to identify solutions that will seamlessly integrate with other technology, meet stakeholder needs, and lead to high user engagement and ROI.

Partnering with an experienced and unbiased organization is the second tactic to employ. This external, strategic partner can help you quickly narrow the field by pre-vetting digital health vendors based on your unique business needs and objectives. This will conserve valuable time and resources by ensuring your team only spends time reviewing a short list of best-in-class vendors worth vetting.

An outcomes-driven partner
56% of hospital executives say it would be "very" or "extremely valuable" to work with an external organization that can ensure the value promised by a digital health solution is actually delivered.

The most effective partners will work with you to understand your unique business needs, pain points, requirements, and strategic goals—and ensure all pre-vetted vendors satisfy them, while enabling you to ultimately select the best fit.

3. Conduct a more efficient evaluation and contracting process

Selecting the right solution is critical for any hospital or health system, but that doesn't mean it should take months to successfully evaluate solutions and negotiate contracting. A trusted advisor (such as a partner like the one described in point #2), can help accelerate these processes and help ensure you don't select a solution that underperforms or puts your organization at risk.

Seek out a partner with a proven ability to:

- Speed up the solution selection process to decrease the average procurement timeline by 50%

- Conduct thorough solution evaluations that span cybersecurity, legal, technical, and integration capabilities

- Review all contracting terms and conditions and pre-negotiate favorable terms, including an average 10% to 20% reduction in solution costs

- Provide ongoing guidance and support once the solution is implemented to ensure successful integration, stakeholder and user adoption, long-term value, and a high ROI

As more hospitals ramp up their digital health solution acquisition process, they must equip leadership with the right mix of resources and tools to support their efforts. Engaging with an external partner can help your team act with greater speed and confidence. As you would when evaluating any digital health solution, take the time to ensure you've selected the right partner. Ask for case studies and references that attest to their capabilities—and examine whether they will be able to meet your current and future needs.

Click here

to learn more about how Panda Health can help your organization overcome these challenges

Panda Health is a marketplace that transforms how health systems discover, procure, and implement digital innovations that make life better for consumers. Formed in 2020 as an independent company, Panda was founded through a partnership between three leading health systems, CentraCare, Gundersen Health System, and ThedaCare, with the development and investment firm Fitzroy Health.

Sage Growth Partners accelerates commercial success for healthcare organizations through a singular focus on growth. The company helps its clients thrive amid the complexities of a rapidly changing marketplace with deep domain expertise and an integrated application of research, strategy, and marketing.