

# Care Transformation: A Path to Improving Financial Health and Patient Outcomes

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Change in healthcare — and more specifically healthcare delivery — continues to accelerate as providers balance the need to improve outcomes with fewer resources. Increased competition, evolving business models and shifting consumer preferences are pushing healthcare organizations to simultaneously improve quality and affordability.

[Research from Huron](#) finds that of the trends healthcare leaders expect to impact their organizations now and in the next three to five years, nearly all point to an industry under pressure to re-imagine how it operates and delivers care. Among the trends leaders see as most relevant: value-based care, revenue growth, consumerism, virtual acute care in the home and care access.

These complex industry dynamics are forcing holistic and strategic rethinking of all aspects of care delivery. It's never been clearer that the way organizations care for patients must be revisited — and transformed — to improve patient outcomes and the financial health of organizations.

## The Current State of Care Delivery

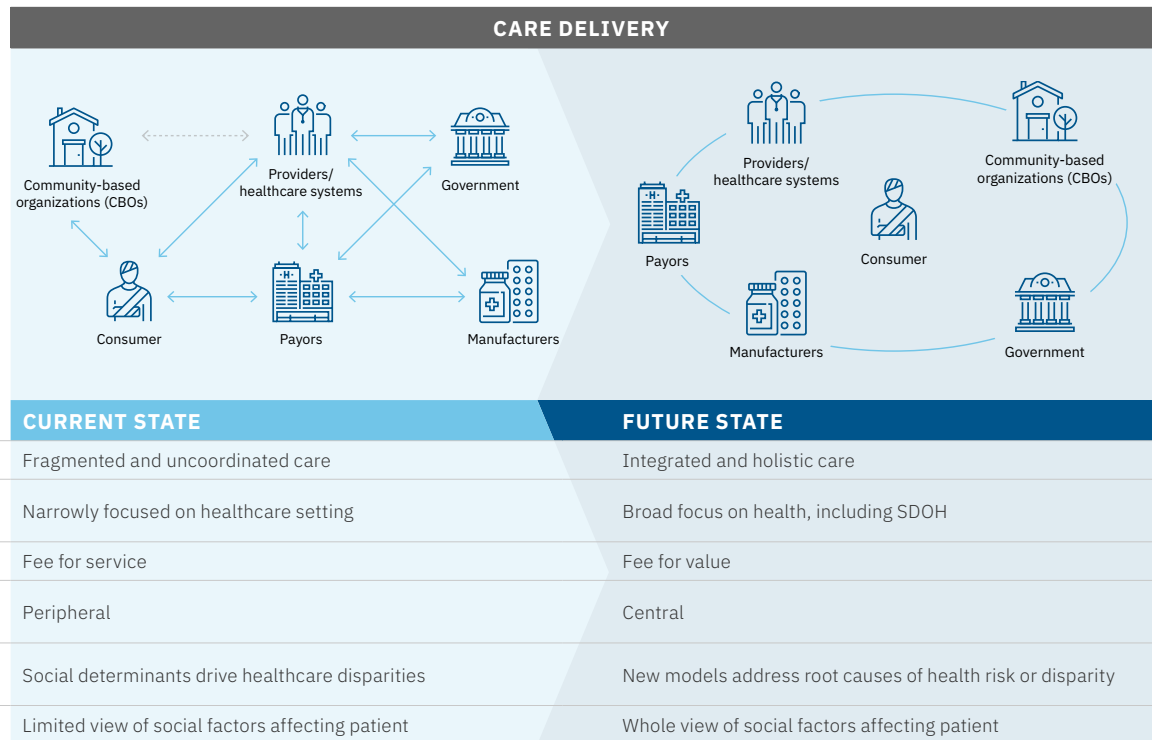
Research from the Journal of the American Medical Association (JAMA) estimates the [total cost of waste](#)

in the U.S. healthcare system amounts to \$760 billion annually. While efforts to create more seamless care are ever present, the system continues to be fragmented and uncoordinated, leading to operational inefficiencies, low margins, disconnected patient experiences and suboptimal patient outcomes.

Existing care models are often narrowly focused on individual healthcare settings, with a mix of fee-for-service and risk-based payment models, that are not set up to keep people healthy and do little to promote connection to the social needs of individuals and the community. This disconnection can create a consumer perception that the health system doesn't understand their needs. At the same time, new entrants to the market are gaining consumer loyalty by providing the value and experience people now want from their healthcare. All of this amounts to the need for an industrywide shift in which business and clinical strategies center on the consumer to provide the most seamless, effective care experience possible.

## Evolving Care for the Future of Healthcare

At its core, care transformation is about deeply understanding the patient populations an organization serves today and wants to serve tomorrow, then designing efficient care models around their needs. This care transformation journey, and the care model redesign inherent in transformation, will include strategies that support a consumer-centric experience, reduce costs and generate revenue.



## Understanding and Engaging Consumers

Traditional healthcare has been slow to adopt consumer-centric shifts, but urgency is building. New entrants will continue to disrupt patient loyalty and patient attribution. Organizations can no longer invest in typical expansions like primary and urgent care clinics and expect that patients will follow.

Huron’s [research into the consumer market](#) finds that while consumers may express satisfaction with their current care, most are willing to switch providers for attributes such as greater trust and respect. Leaders need solutions to keep patients close as they evolve care to reflect how patients want it delivered. Providers will have to develop approaches that proactively involve patients and their families in their care and create affinity among the patient, their family and the delivery system.

The COVID-19 pandemic emphasized how social factors can create devastating health equity gaps within communities and health systems across the U.S. Looking ahead, consumer strategies must include

awareness of an organization’s patient populations and the [social factors impacting care](#) and outcomes.

Differentiated patient experiences enabled by technology will be critical for consumers. Organizations need to emphasize personal touches and relationship-building beyond point-and-click solutions, automated phone calls and patient portals. Instead, organizations should seek to incorporate personalized care coordination with face-to-face interactions, augmented by seamless digital connection along the consumer journey.

## Building Financial Health

Healthcare organizations face growing economic pressures, including rising costs, shrinking reimbursements and varied competition. Privately backed startups and digital healthcare companies have the potential to impact health systems’ overall value-based strategies and drive patient volume leakage. In the primary care space, big brand, “at-my-block” healthcare providers, such as CVS, Walmart and Walgreens, are further disrupting traditional providers.

How organizations respond to each type of disruption will vary, but overall strategies will have to focus on how to gain new consumers and grow revenue through service expansion and seamless referral and network management. And while the shift from volume to value continues to lag, alternative reimbursement models are likely to become permanent programs in the future. Seeking to provide more holistic, integrated care delivery now can improve patient outcomes, building an organization's ability to compete amid varying payment models.

To be transformational and sustainable, organizations must continue to optimize their core operations while simultaneously repositioning for the future. Organizations changed how they operate in response to the COVID-19 pandemic. Now is the time for leaders to reset and shore up their core care delivery strategies while at the same time exploring the [transformational cost strategies](#) that will be necessary to thrive in a changed healthcare landscape.

## Engaging and Aligning Clinicians

Physician and clinician engagement has always been critical to delivering high-quality care. As healthcare becomes more consumer-focused, the relationship between physicians and consumers, and physicians and the health system, has never been more important. Engaged providers promote organizational mission and culture, reduce medical costs, provide better care and are more productive.

Among the most important aspects of physician alignment in the care transformation journey will be aligning financial and cultural incentives. Providing timely and accurate reporting on provider performance is critical. Organizations should be considering how tactics such as physician scorecards can support typical key performance indicators

(KPIs) related to productivity while also prioritizing quality metrics that become more relevant in evolving care delivery models. The more difficult task that organizations should be strategizing for now will be how physician incentives will evolve to align to a transformed health system.

Healthcare organizations have an opportunity to revitalize consumer trust and loyalty by building a system that works for consumers. Ultimately, an organization's care transformation journey happens through executing organizational, operational and consumer-focused initiatives that lead to the rebuilding of the health system infrastructure.

### Key Takeaways

Complex industry dynamics are forcing holistic and strategic rethinking of all aspects of care delivery. To keep pace with change, organizations should:

#### Think differently.

Understand how increased competition and industry dynamics are reshaping the current state of healthcare delivery to be more consumer-centric.

#### Plan differently.

Seize current market opportunities to shore up core care delivery operations while planning more transformational initiatives to thrive in the future of healthcare.

#### Act differently.

Prioritize care transformation strategies that focus on operational, financial and consumer initiatives.



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