

The Academy
The Health Management Academy



Center for
Connected
Medicine

Accelerating Innovation

Defining, Structuring, & Scaling Innovation across Leading Health Systems

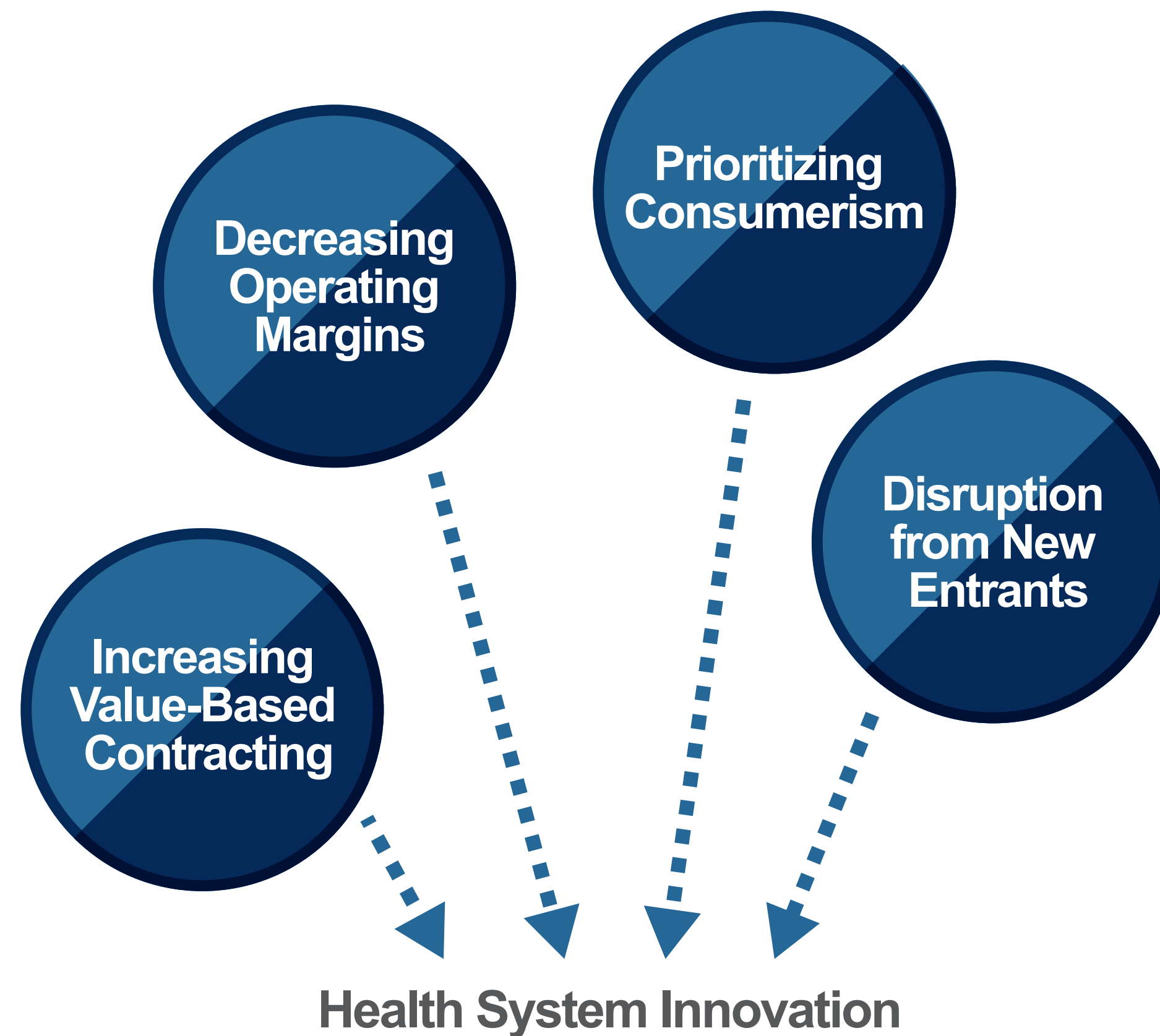
2019

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Introduction

Forces Driving Innovation



Over the past several years, changes in the healthcare landscape have exacerbated the financial pressure on health systems. The increase in value-based contracting has resulted in a greater prioritization of cost mitigation and quality improvement for health systems. At the same time, the rising cost of care and decreasing operating margins have forced health systems to re-assess their approach to care delivery and find new sources of revenue. Additionally, disruptive new entrants and technology solutions in healthcare have required health systems to prioritize consumerism.

Health systems have turned to innovation as a means to address these growing concerns. With a myriad of approaches available to health systems to foster innovation, there is a clear need for them to identify their primary goals – whether it be to improve the quality of care delivered, to reduce operating costs, to generate additional revenue, or some combination of these objectives. As a result, health systems are being tasked with defining what innovation means to their own organization and how they can scale and operationalize changes within their existing model.

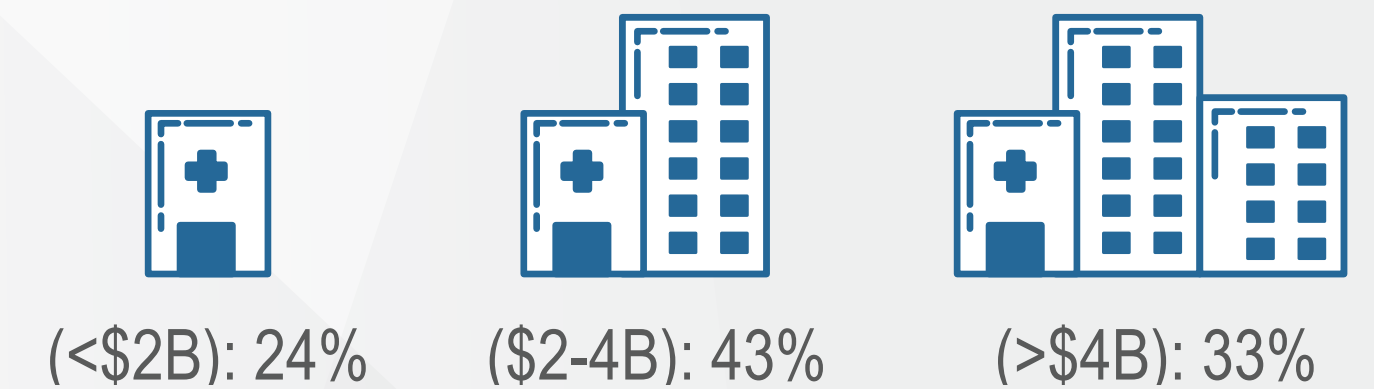
Many health systems have begun creating formal organizational structures around innovation, including senior leadership roles and departments dedicated to innovation. These individuals are responsible for setting organizational priorities, identifying opportunities for improvement, and executing plans to bring innovation to scale. However, until recently, a health system definition of innovation and comprehensive analysis on this topic has not been well studied.

To this end, the Health Management Academy (The Academy) and the Center for Connected Medicine set out to better understand the prioritization of innovation initiatives, underlying organizational structures, involvement of internal and external stakeholders, and scaling mechanisms among Leading Health Systems (LHS).

Study Participants are Representative of the Leading Health System Market

Number Of Health Systems	28	28%
Total Hospitals	298	20%
Inpatient Admissions	3.4M	22%
Total Outpatient Visits	66M	22%
Net Patient Revenue (NPR)	\$113B	23%
Total Operating Revenue	\$134B	22%

Health System Size (NPR)



Respondent Roles

- Chief Financial Officer (CFO)
- Chief Informatics Officer (CIO)
- Chief Innovation Officer
- Chief Medical Officer (CMO)
- Chief Operating Officer (COO)
- Chief Quality Officer (CQO)
- Chief Strategy Officer (CSO)

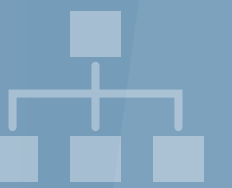
Note : Leading Health Systems is defined as The Academy membership, which includes the 100 largest and most innovative health systems across the U.S.

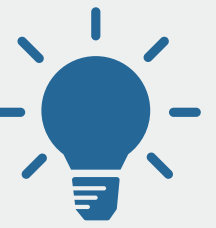
Source: The Academy Database, 2018

Key Findings

1. Health systems define innovation as **a new way to solve a problem and create value** with sustainable and quantifiable results. However, health systems' approaches to innovation are highly varied based on the individual priorities of the organization.
2. Health systems prioritize internal innovation developed via grassroots efforts, or system-level strategic planning. Once an initiative has been validated, health systems leverage **formal organizational structures and decision-making processes to scale innovation** initiatives more quickly.
3. Health systems commonly partner with external organizations that can **provide greater expertise** into the health system's respective priority areas and **streamline the development of innovation opportunities.**

Defining Innovation Across the C-suite





Innovation Definitions Focus on Creating New Value

With the scope of innovation being so broad – from technology to external investments to process improvements – it is necessary to understand how health systems are defining innovation at an organizational level.

A majority of health system executives (67%) report having an organizational definition for innovation. While these definitions vary substantially, most focus around new approaches to problem solving that create additional value, particularly for the patients they serve. While there are no clear associations between an executive's role and the corresponding definition of innovation, it is evident that a health system's approach to innovation is reflective of its system-level priorities and overall strategy.

“ Innovation is...

*“Discontinuous or breakthrough change **creating new value** or improved results to customers and stakeholders.” –CSO*

*“Ideas which can **lead to significant value** for patients, colleagues, or our communities.” –COO*

*“**A fundamentally different approach** to solving a problem that has **quantifiable outcomes.**” –Chief Innovation Officer*

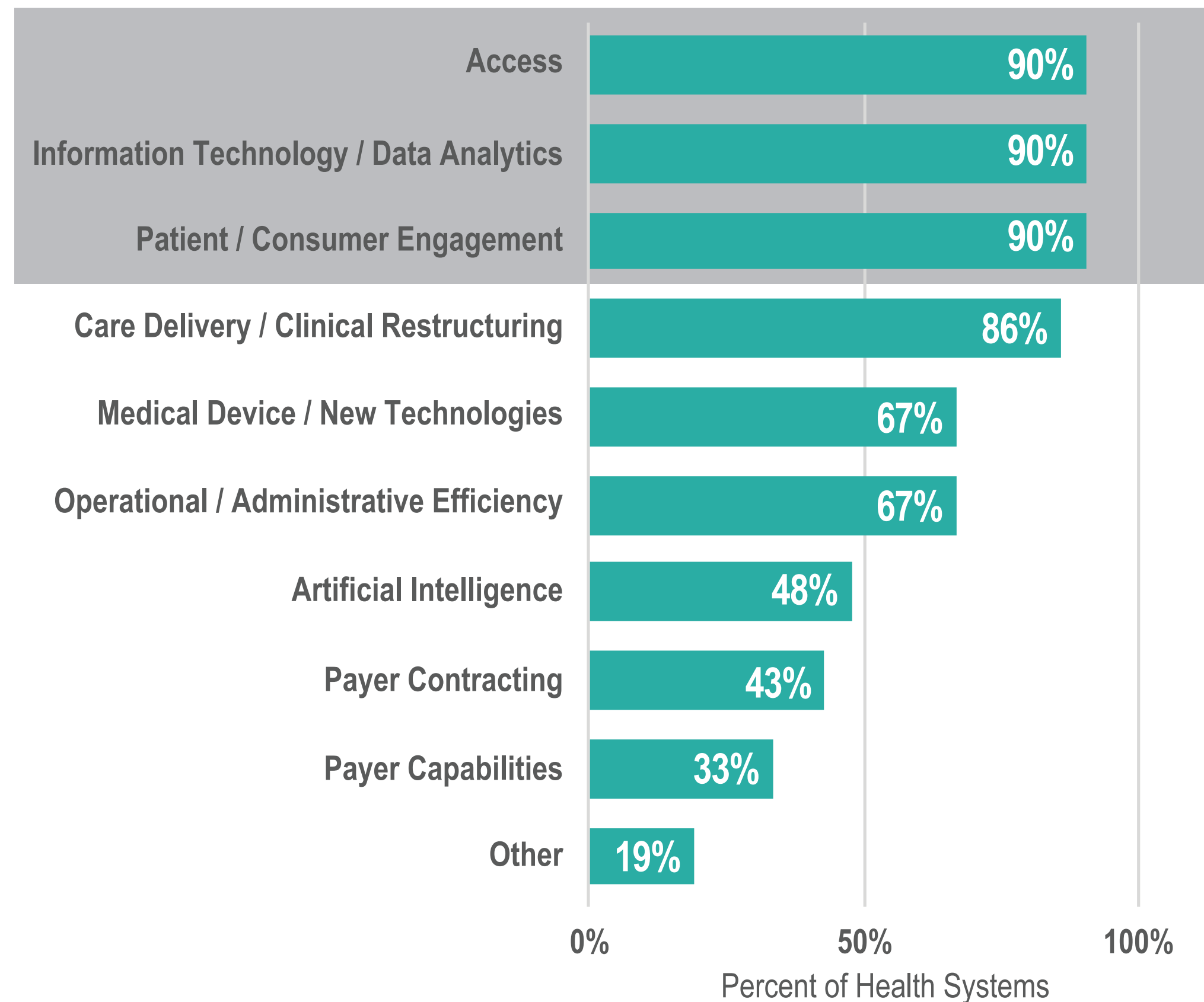
*“Doing things differently from the past with **sustainable results.**” –CFO*

*“A transformational opportunity to **leverage people, process, technology** to improve health outcomes and experience.” –CFO*



Access, IT, and Consumer Engagement are Top Innovation Priorities

Functional Areas for Innovation Initiatives & Investments

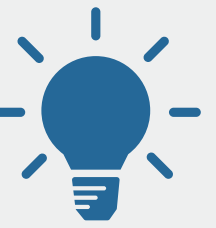


"Other" includes genomics, environmental health, clinical operations and social determinants of health

*"We're trying to make our services easier for patients to use and implement changes that will be supported by a capitated model where we will be more responsible for outcomes than volume."
– CIO & SVP, Clinical Improvement*

The prioritization of access and consumer engagement highlights health system executives' placement of the patient experience at the forefront of innovation – from the patient's initial interaction with the health system through the provision of clinical care beyond the walls of the hospital. Regarding access, health systems want to leverage technology to make it easier for patients to schedule appointments and consult with physicians via telehealth platforms, among other tasks. This trend also highlights executives' focus on creating new value, particularly as health systems assume greater financial risk.

Intuitively, organizations that own a health plan (52%) are slightly more likely to address payer capabilities (e.g., payment and adjudication, benefit design, etc.) in their innovation portfolio (42%) than those without a health plan (22%).



Innovation Initiatives Align with System Priorities



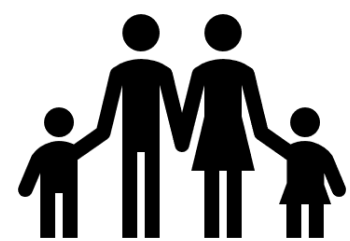
Access

“We are focused on improving the digital patient experience and broadening our use of telehealth. Now we’re working on the operational execution.” – CMO



Information Technology / Data Analytics

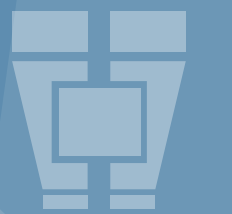
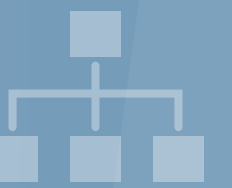
“We’ve got an amazing array of longitudinal detail around clinical performance, treatments, benefits of diagnostics, and numbers around rare disease. The idea is to build a digital “lab” as a data platform to entice others to use it for new therapies and new treatments.” – CFO



Consumer Engagement

“We’re really looking at four areas: 1) access, 2) virtual medicine, 3) price transparency, and 4) technology that supports consumerism. We have a much stronger innovative focus on the ambulatory side. We set aside \$5 million to specifically move consumerism forward.” – CSO

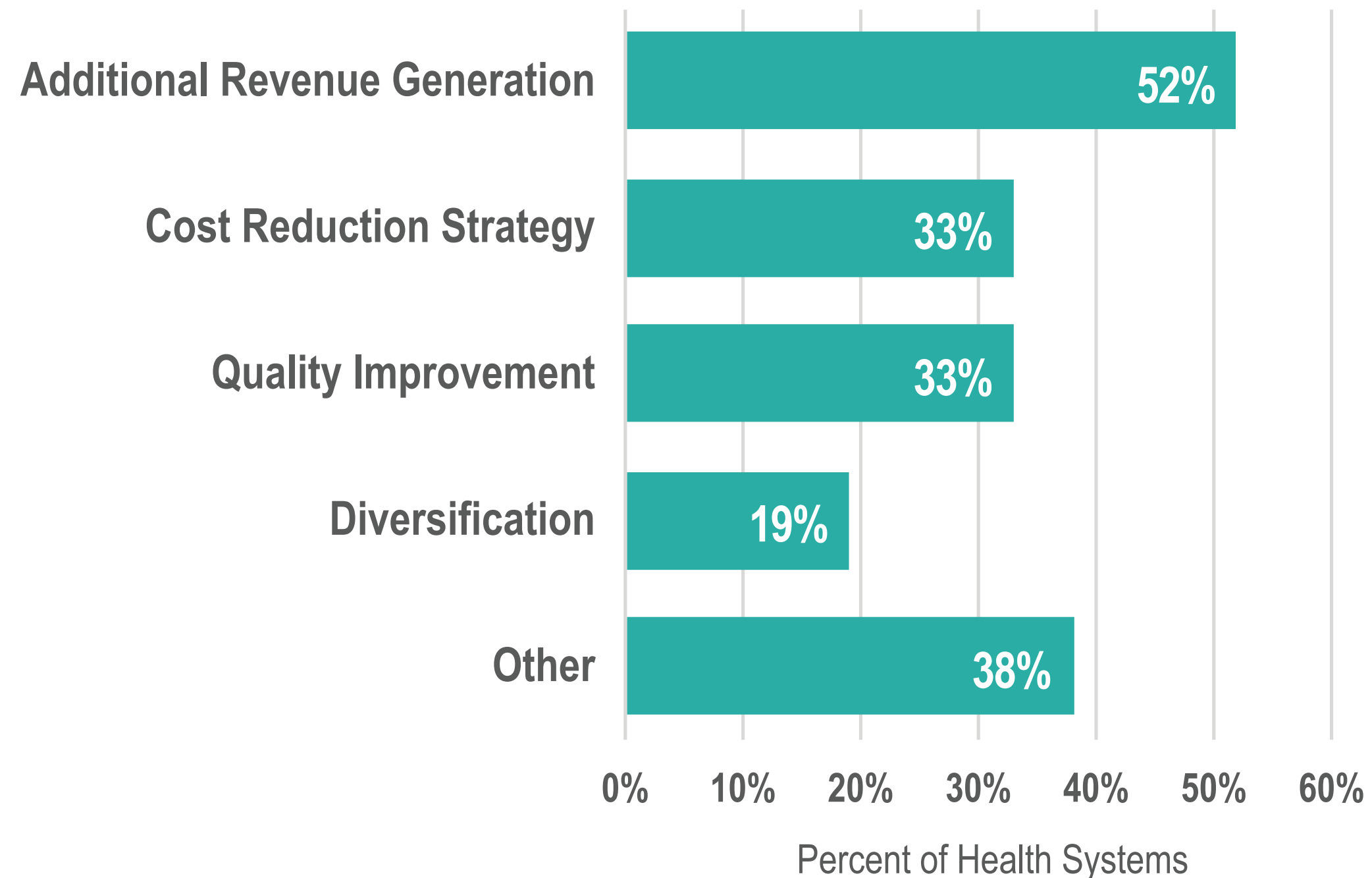
Drivers of Innovation





Revenue Generation is the Top Driver of Innovation

Primary Strategic Drivers of Innovation



Over half (52%) of health systems engage in innovation primarily for additional revenue generation. Many health systems are experiencing increasing financial pressure due to the rising cost of care coupled with decreased reimbursement. For this reason, revenue generation and cost reduction are commonly ranked as top priorities for LHS. As health systems continue to implement cost reduction initiatives, many are looking toward diversifying revenue streams as the best option for improving margins.

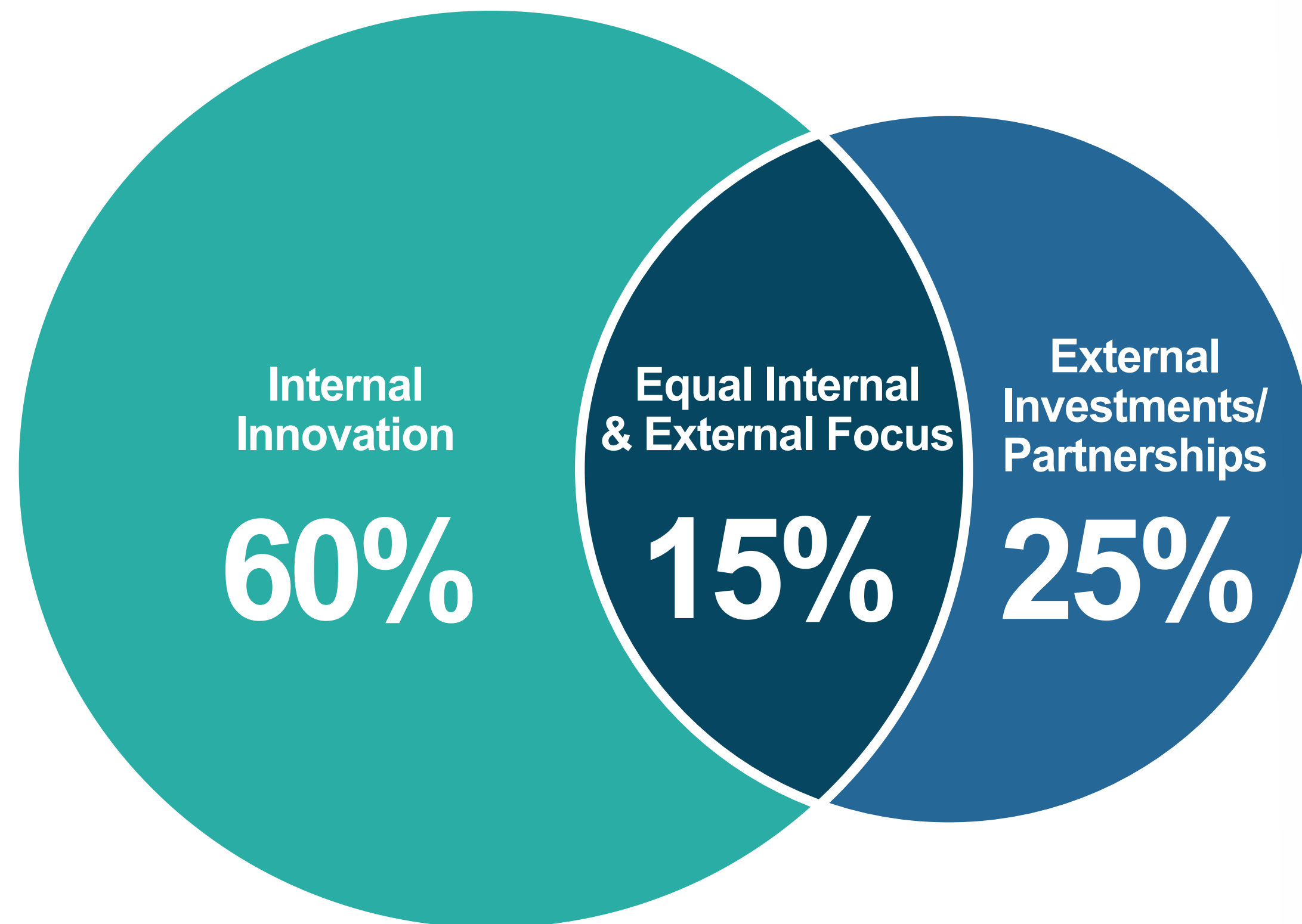
Strategic drivers included in the “Other” category include consumer experience and engagement, physician experience, culture, and the transformation of care delivery. Notably, the most commonly identified strategic driver from the “other” category is to enhance the consumer experience (24%). This underscores the increasing prioritization of consumerism among health system executives. Executives often point to the use of technology as a means to improve the patient experience and satisfy changing consumer expectations. One executive talked about the need to make the provision of healthcare as simple and easy to use as possible. Ultimately, being tech-friendly and consumer-centric allows health systems to achieve their primary strategic drivers – additional revenue generation, cost reduction, and quality improvement.

“Digital health is now part of our system strategy. This focus includes additional revenue generation, cost reduction, quality improvement, patient activation, and operational improvement. We see it as a key competitive differentiator.” – CSO

A Focus on Internal Innovation



Primary Focus for Innovation



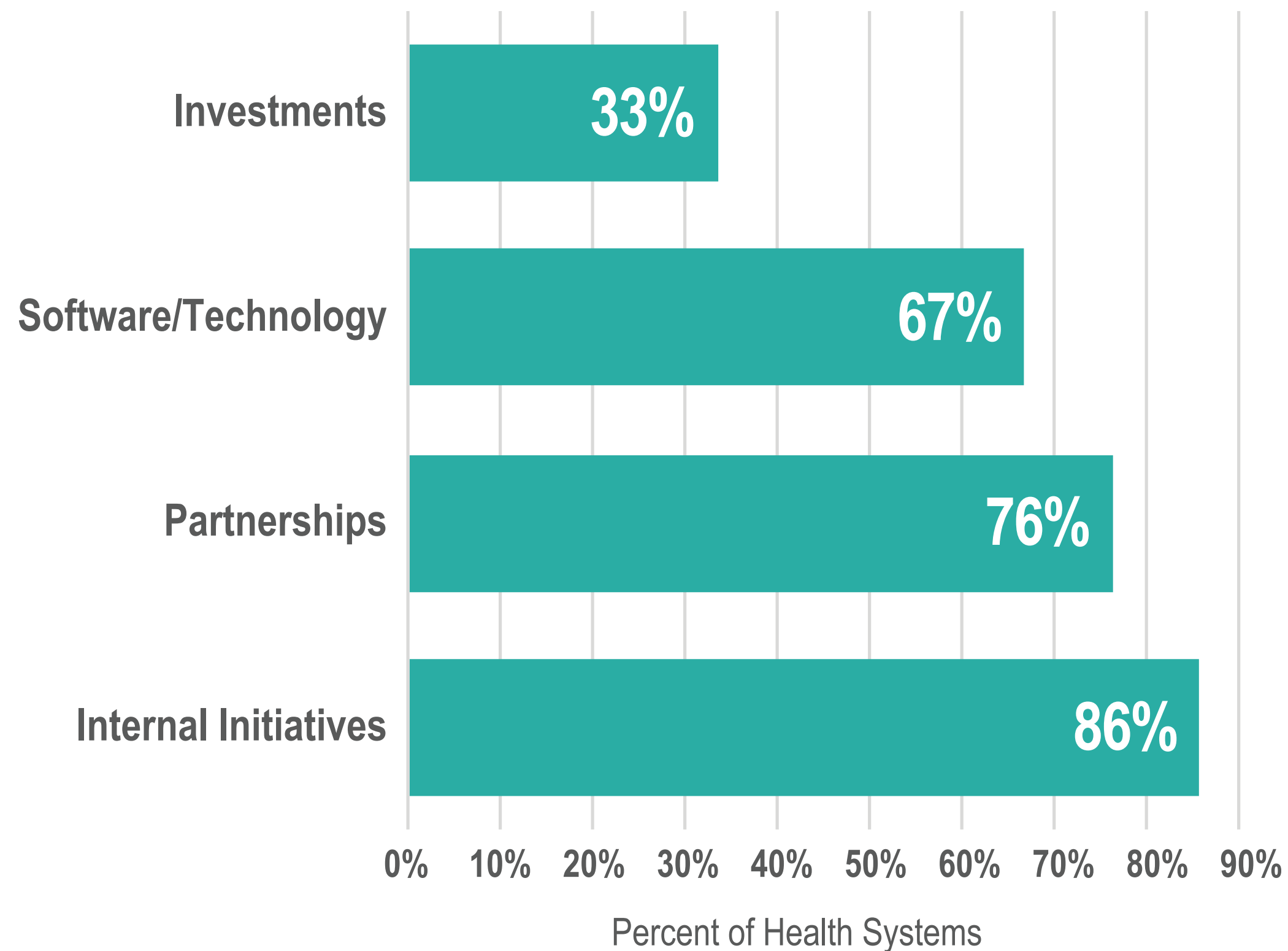
Most health systems (60%) are focused primarily on internal innovation (i.e. initiatives that improve processes within the organization). In contrast, 25% place external investments or partnerships (e.g., joint ventures, acquiring startups) as their top priority, and 15% place equal importance on internal and external investments.

Our people come up with solutions to internal problems and then we invest in it. We don't call it an innovation fund, per se, but we have always supported the culture of people thinking and solving problems." – EVP, Strategy & Analytics



Internal Initiatives and Partnerships are Most Common Methods to Achieve Innovation

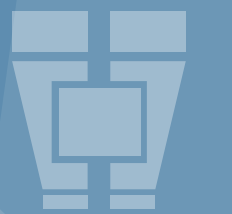
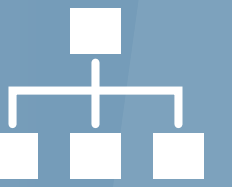
Methods for Promoting Innovation

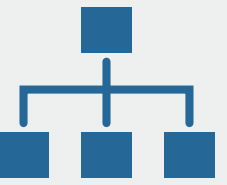


Reflective of health systems' focus on both internal and external innovation strategies, they utilize a variety of methods for enacting innovation, including internal initiatives (86%), partnerships (76%), and software and technology (67%). There is no association between promotion methods and a health system's organizational structure around innovation.

While fewer health systems promote innovation through investments (33%), those that do often report the primary strategic driver for innovation is additional revenue generation. Over half (55%) of the health systems that report revenue generation is the primary driver of innovation promote innovation through investments, compared to 10% of those that are not driven by revenue.

Organizational Structures

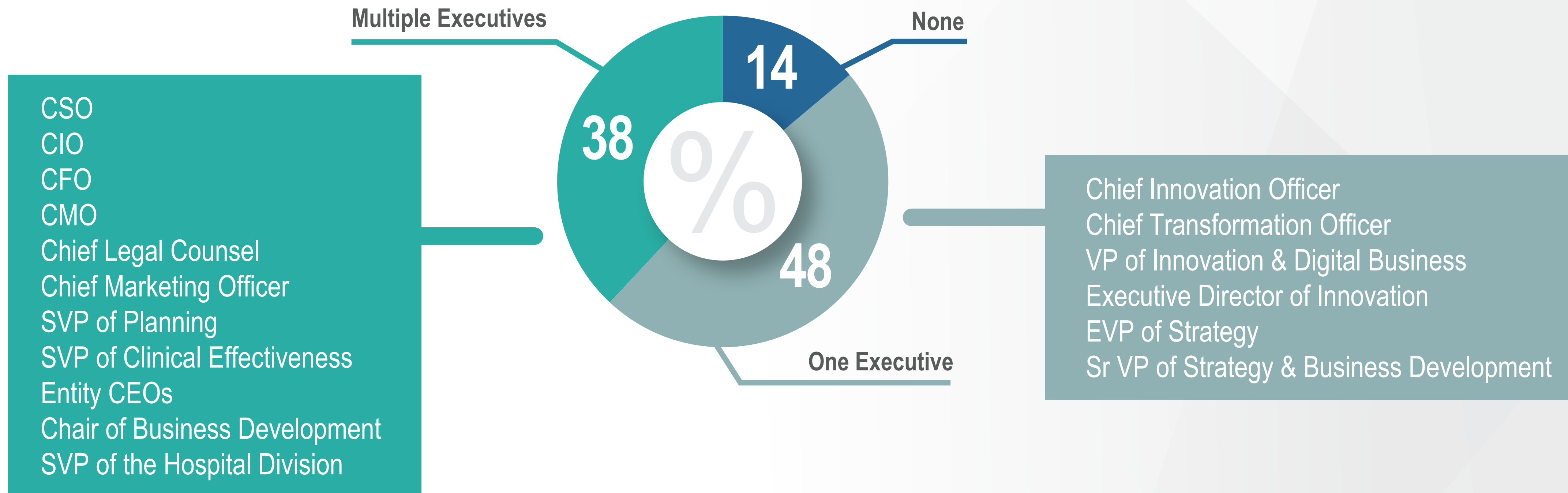


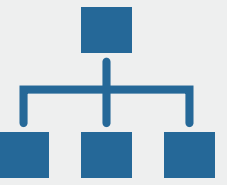


Majority Have an Executive Responsible for Innovation

Most (86%) health systems have one or more executives responsible for innovation strategy and initiatives/oversight. Across health systems, dedicated innovation roles have existed for an average of three years (range: 1 month – 8 years). For those health systems with multiple executives responsible for innovation, roles most commonly involved include CSO, and CIO, among others.

Executive Responsible for Innovation Strategy and Initiatives/Oversight





Innovation Executives Guide LHS' Strategies

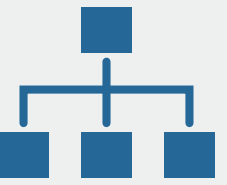
Health systems' innovation executives are responsible for many functions, which are highly aligned with the system's strategic innovation priorities. They lead the overall innovation strategy, planning, and implementation within their focus areas.

The innovation executive often develops and executes an enterprise strategy for innovation. This executive is responsible for leading the organization's innovation team, guiding innovation priorities that support the health system's strategic goals, evaluating opportunities, forming strategic partnerships, and supporting business development. Additionally, innovation executives are commonly responsible for the identification and evaluation of promising technology solutions.

Innovation executives also commonly have various clinically focused priorities, such as improving the patient and physician experience, clinical restructuring and program development, telehealth and virtual care efforts, quality improvement, and population health management.

“Identify and develop priority projects that are best suited for the innovation function and work with outside companies to form an aligned approach to innovative product development.” – CSO

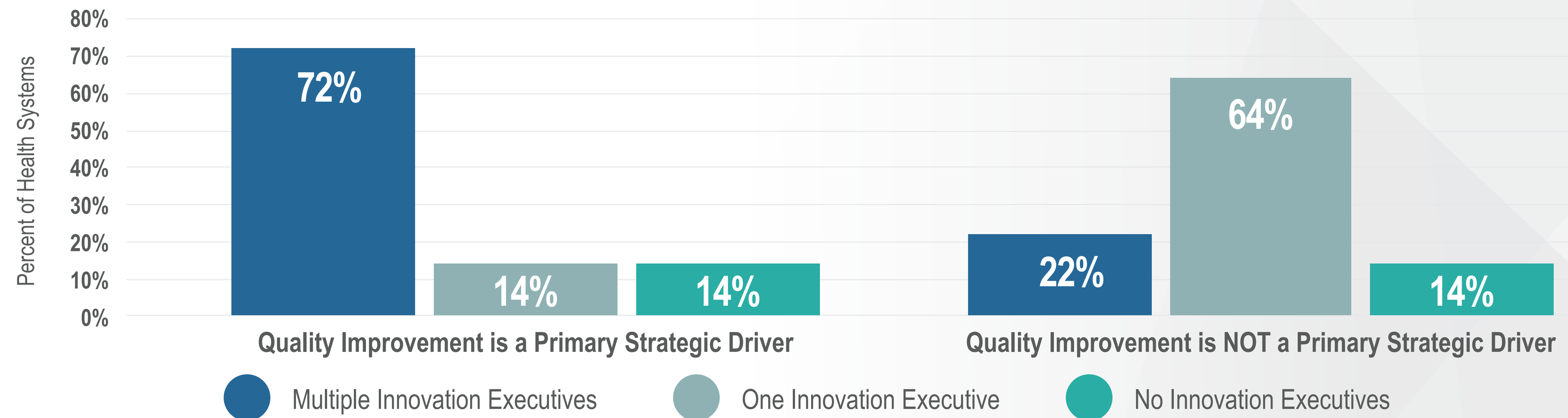
“The innovation executive guides innovation in the organization, creates discipline so innovation ties to our strategic goals, and gets to a ‘yes or no’ decision on opportunities efficiently.” – CSO

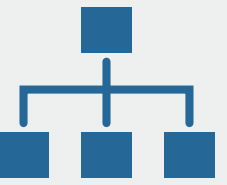


Innovation Organizational Structure Aligns with Strategic Drivers

Priorities and responsibilities of the innovation executive(s) vary greatly based on the identified needs of the organization. For example, health systems for which quality improvement (QI) is a primary strategic driver of innovation usually have multiple executives leading innovation. Alternatively, organizations for which QI is not a primary strategic driver are more likely to have a single executive leading innovation activities. This seems to indicate that QI initiatives are more dispersed throughout the organization and require the leadership of multiple executives across functional areas in order to scale. Other strategic drivers, like revenue generation and cost containment, may be better suited for more centralized oversight by a single executive.

Impact of Strategic Drivers on Organizational Structure

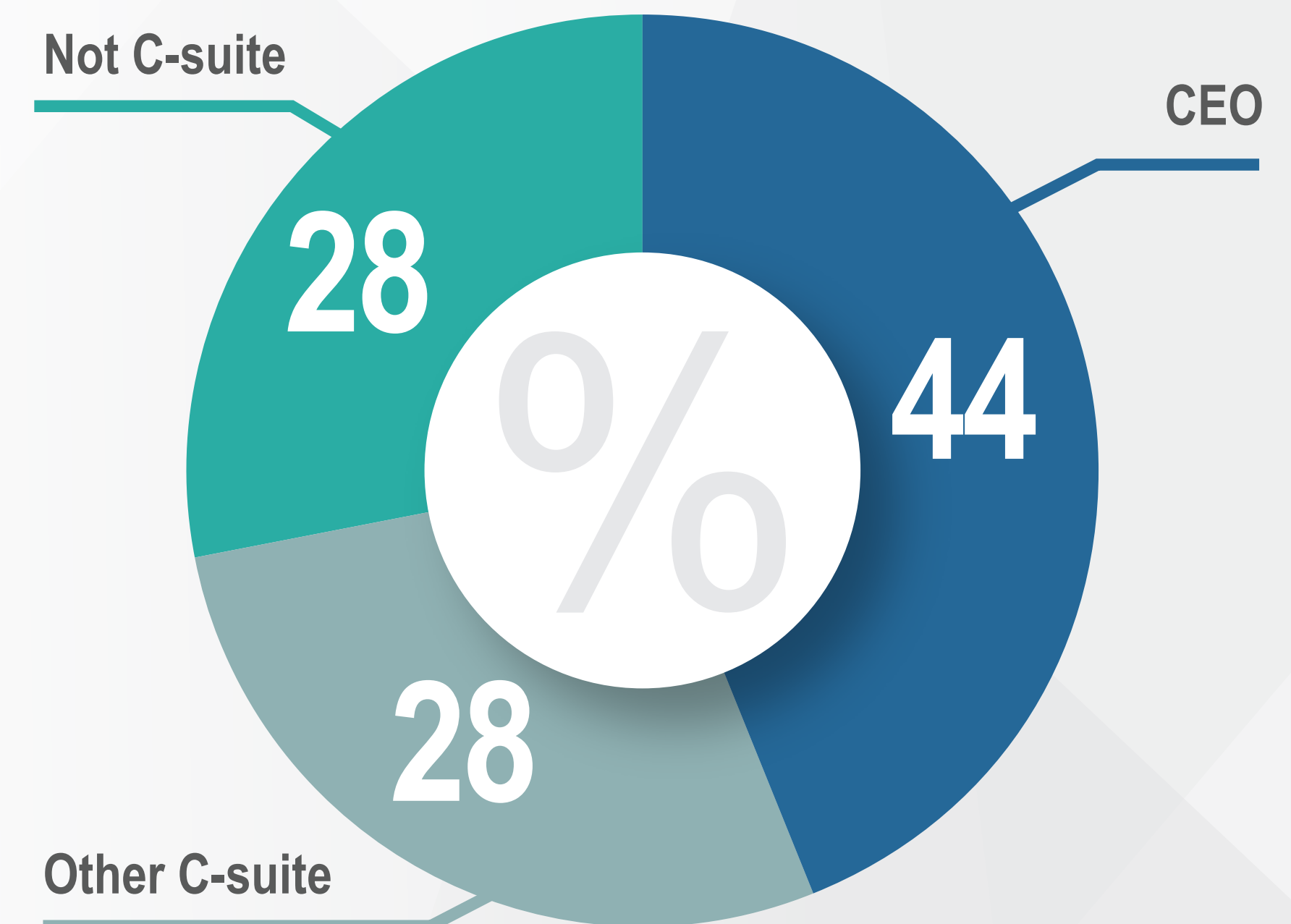


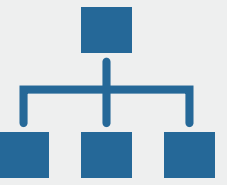


Innovation Frequently Reports Directly to the CEO

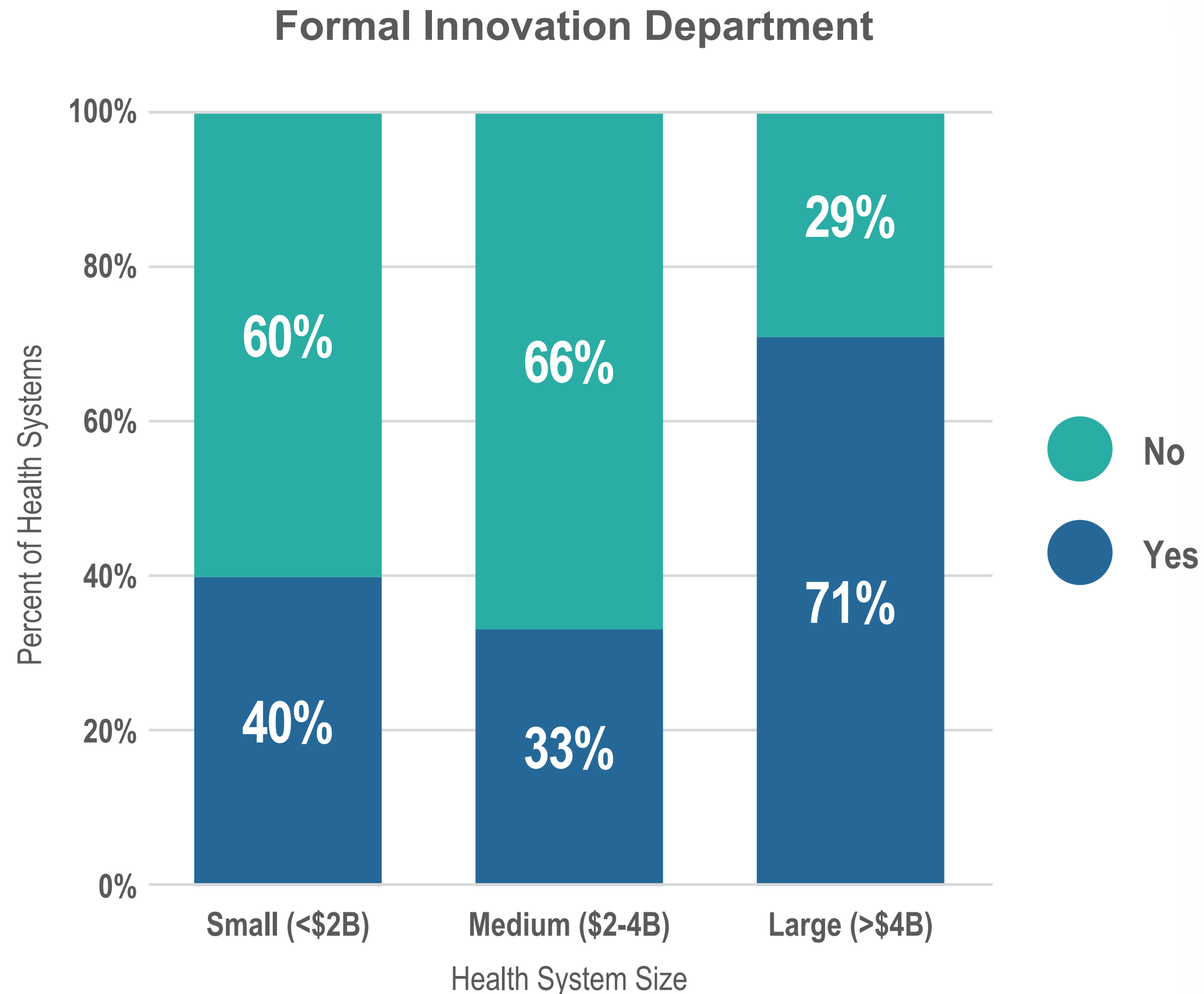
Reflective of the broad functions and high priority of innovation, most innovation executives report to the C-suite with almost half of innovation executives (44%) reporting directly to the health system CEO. Over a quarter (28%) of executives report to a C-suite role other than the CEO, such as the CSO, COO, CIO, or Chief Hospital Officer. Other roles innovation executives report to include EVP of Clinical Practice, Dean of the School of Medicine, or EVP of Strategic Development.

Individual to Whom Innovation Executives Report



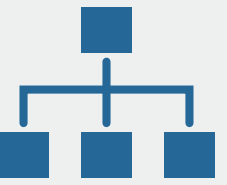


Larger Health Systems are More Likely to Have a Formal Innovation Department



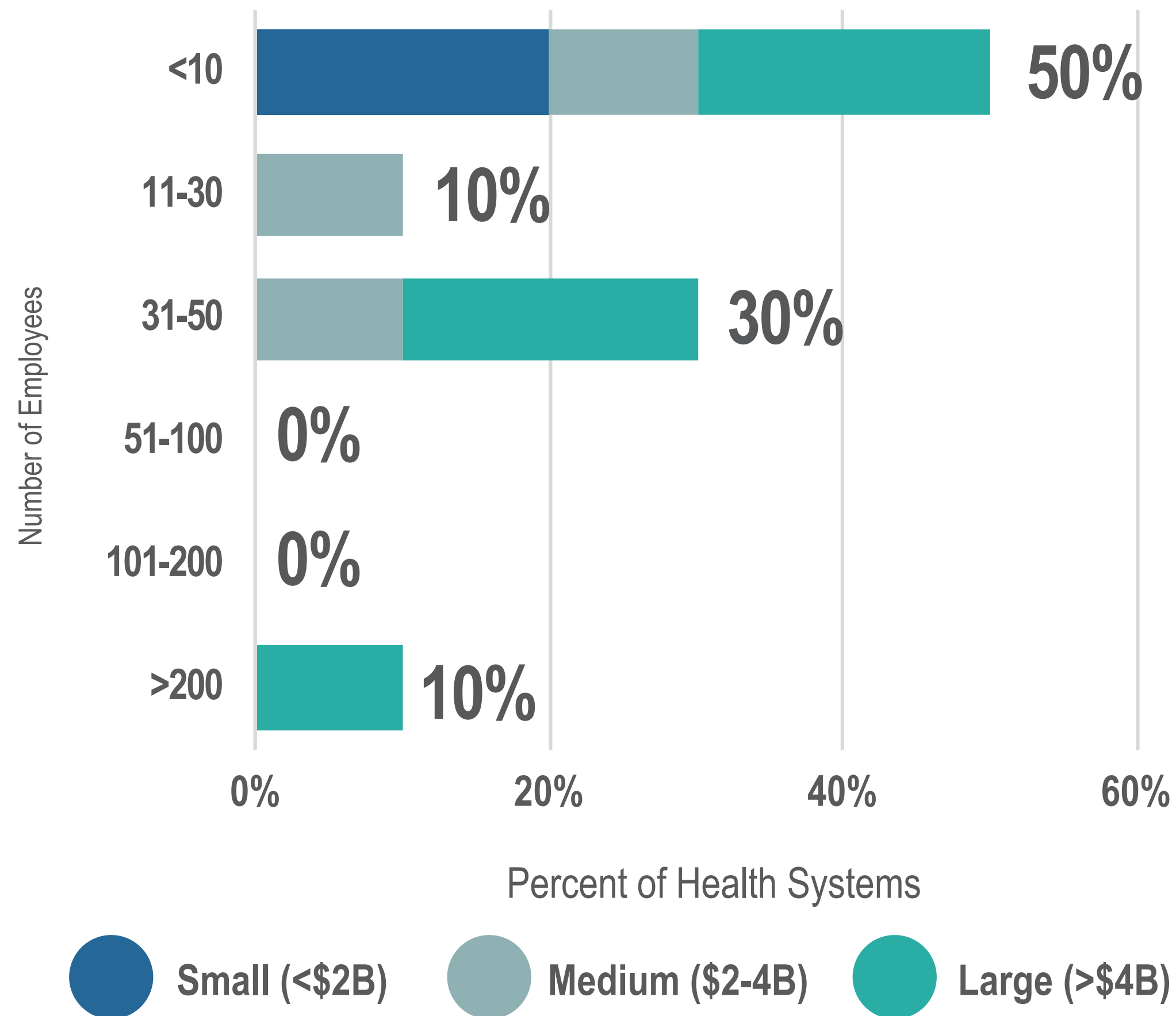
Almost half (48%) of health systems have a defined department dedicated to innovation. However, formal innovation departments are more common among large health systems compared to medium or small organizations.

Most health systems that have a defined innovation department also have a single executive responsible for leading innovation initiatives. Health systems with multiple executives leading innovation tend not to have formal departments of innovation.



The Size of Innovation Departments Vary

FTEs Associated with Innovation Department

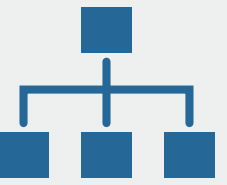


Health system's innovation departments have an average of 40 full time employees (FTEs), however the number varies greatly ranging from 3 to over 200 FTEs. Large health systems are more likely to have larger innovation departments, while all small health systems have fewer than 10 FTEs dedicated to innovation.

The roles included in the innovation departments vary as well, commonly ranging from vice presidents and directors to project managers/administrators, researchers, analysts, and coordinators.

The functions of the innovation departments closely mirror the responsibilities of the innovation executives, commonly focused around identifying, testing, deploying, and scaling innovation initiatives around priority areas such as population health, care delivery transformation, increasing value and affordability, digital health, and improving access and experience.

"The innovation team itself is small – the Director of Innovation, two Innovation Analysts, and an assistant. The Director reports to me; however, we also have a Board of Innovation that meets monthly to oversee the team's activities." – CIO



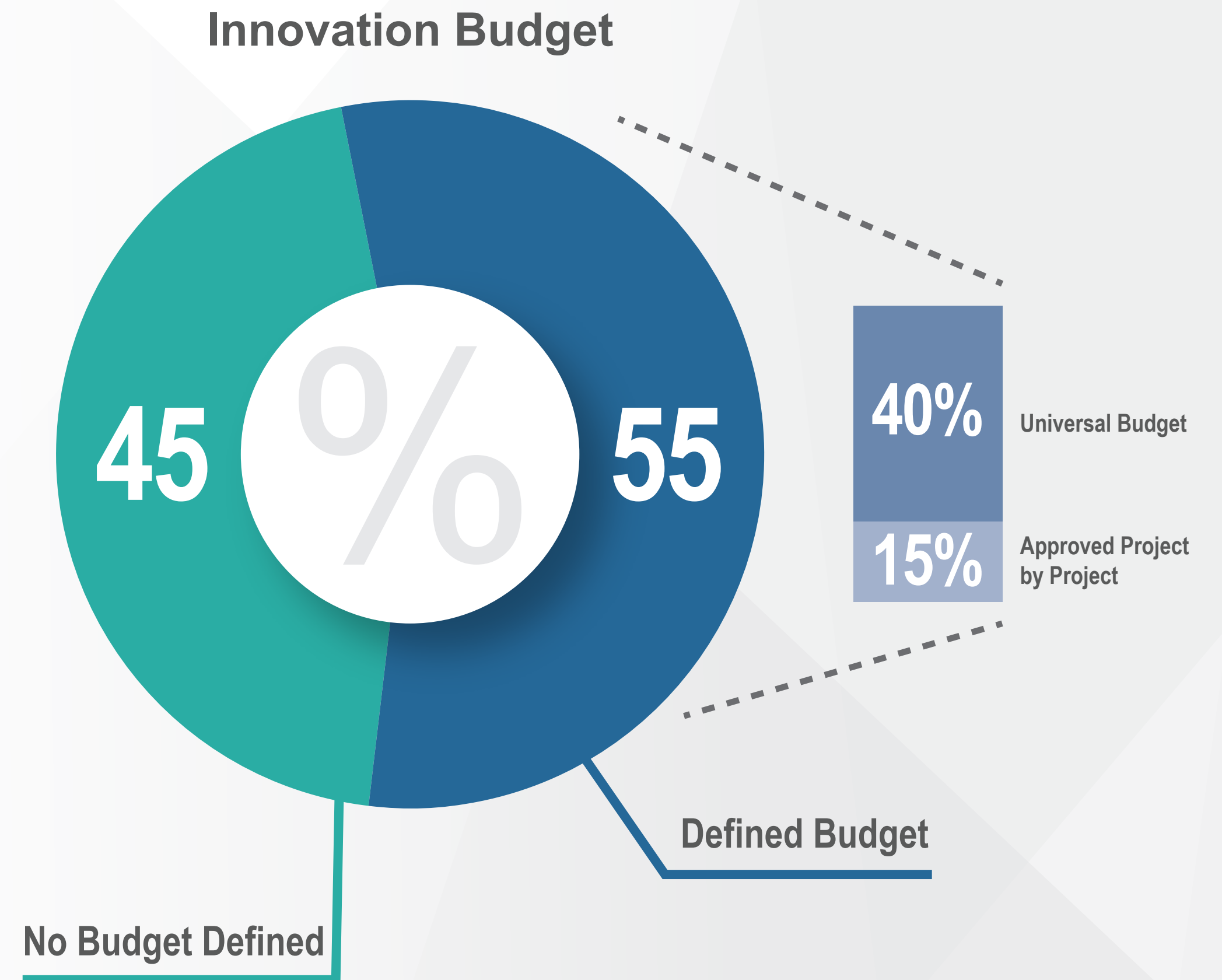
There is Significant Variation in Budget Allocation

A majority (55%) of health systems have a defined budget allocated toward innovation. Of these health systems, most are universal budgets.

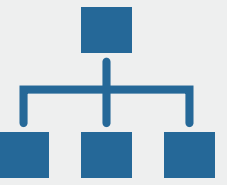
Health systems with formal organizational structures around innovation – such as an executive leader or defined innovation department – are more likely to have a defined budget toward innovation. Of the health systems with an innovation department, 80% have a defined innovation budget. In contrast, only 30% of health systems without an innovation department have a budget for innovation.

Among health systems with a defined innovation budget, there is variation in where this budget sits. For some systems, the budget sits in the office of the executive primarily responsible for innovation. For other systems, the budget is more dispersed and deliberately allocated to distinct business units. Senior executives, especially CFOs, are important decision-makers in the budgeting process.

In some health systems, annual innovation budgets and even individual projects are subject to Board approval. The CFO of a large health system reported that Board approval would be necessary for a project costing \$5 million or more. For medium-sized systems, this threshold amount was reported to be between \$250k-\$750k.

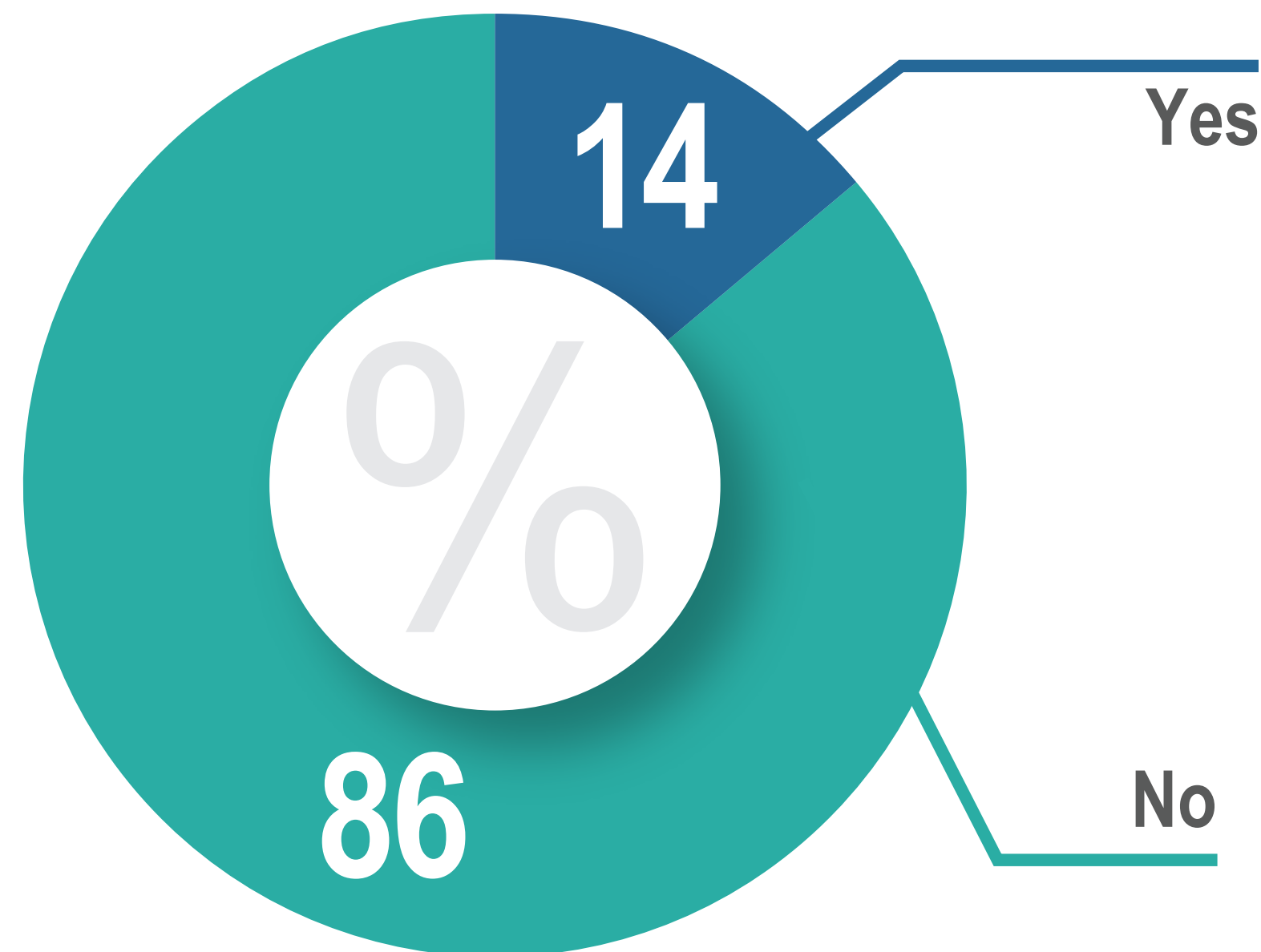


“Board approval is not really required because the members of the Board are completely aligned with our department. They don’t want to slow us down.” – SVP, Strategy & Business Development



Few LHS Have a Formal Investment Arm

Formal Investment or Ventures Arm



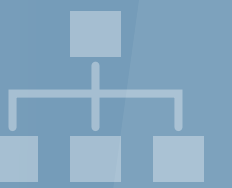
For health systems that have a formal investment/ventures arm (14%), this function has existed for an average of three years (range 1 – 5 years). Two health systems are actively engaged and operating their investment arms, while one health system reports acting as a passive investor as part of a private equity alternative investment fund focused on healthcare innovation.

The health systems that leverage their in-house investment arm are primarily focused around investing in startups, joint ventures, and developing new businesses or technologies. These organizations have a range of FTEs dedicated to the investment arm, from 2 – 50 employees.

Of the health systems with an investments arm, 66% report additional revenue generation as a key strategic driver for innovation at their organization.

There is a second pot of innovation that comes in a very systematic way through our VC fund. There are 5 verticals for innovation in that company: (1) company creation based on internal assets from our research enterprise, (2) vertical investment in companies we can leverage to improve quality and efficiency, (3) pharmaceuticals and biotech, (4) clinical joint ventures, and (5) an employee “shark tank” where we invest in the development of new ideas, thinking, or analytics to make them commercial grade or quality for outside investment.” – EVP, Strategy & Analytics

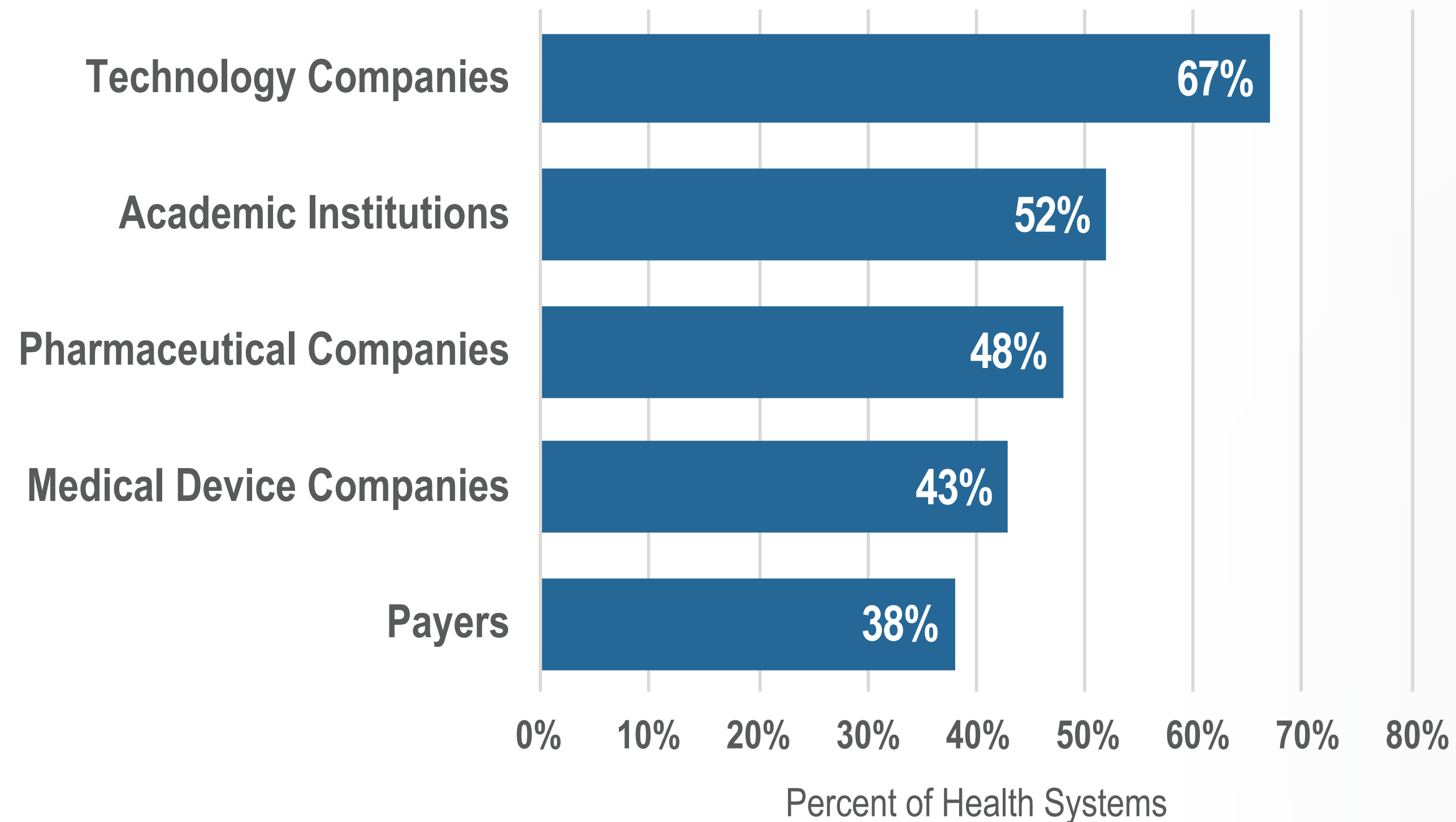
Leveraging Partnerships for Innovation





Technology Companies are the Most Common External Stakeholders

External Stakeholders for Innovation Partnerships



Health systems frequently partner with external stakeholder organizations around innovation, most commonly with technology companies (67%), academic institutions (52%), pharmaceutical companies (48%), medical device companies (43%), and/or payers (38%). Health systems also reported partnering with biomedical companies or consulting firms around innovation.

These partnerships allow health systems to leverage the expertise of external organizations to identify, develop, and implement innovative solutions.

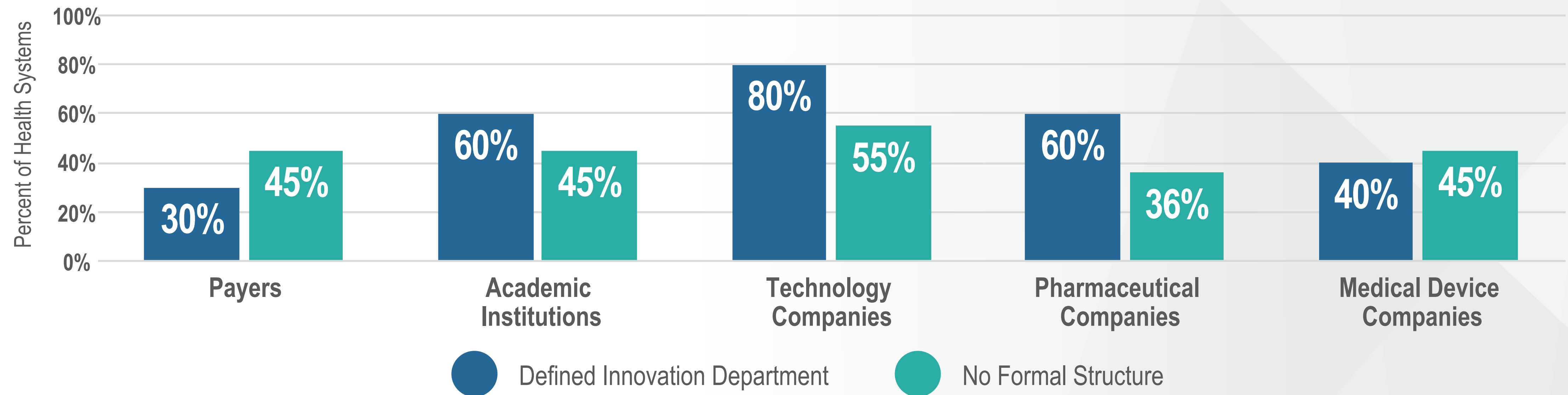


Little Variation in External Partnerships by Organizational Structure

Health systems with a defined innovation department are more active in partnering with various external stakeholders, working with an average of three types of external organizations around innovation.

Health systems without a formal innovation structure partner with a combination of two stakeholders, on average. These organizations are slightly more active in working with payers (45%) and medical device companies (45%) than average.

External Stakeholders for Organizations with Formal Innovation Departments





Leveraging Technology Partnerships to Improve Patient Care



“Because we’re a capitated system, we have projects with different companies to test products appropriately on patients. Proteus is one example. We did a trial with patients with diabetes. Patients got an iPad, and we determined if the program helped them attain better adherence to their medications.” – SVP, Business Development



“PatientSafe has a mobile application integrated with Cerner that will allow nurses to use secure messaging, administer medications, and do Cerner documentation. We think it’s going to have a broad impact on the nursing team and create a much more positive patient experience. It will take away the big piece of equipment (the computer) between patients and nurses. We’re excited about it, we’re going to pilot an entire hospital.” – CIO



“Let’s use Amazon - we have a health technology innovation center, and so we’re taking one of our floors and putting all of the new devices together to see how we can use them to improve care and improve customer satisfaction. Can we use Alexa as an auxiliary to nursing? Can we do ordering of food through Alexa?” – EVP, Strategy & Analytics

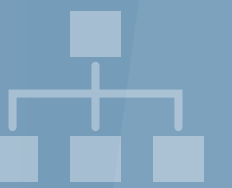


“In terms of industry engagement, we engage from a software development standpoint with companies like Apple, Epic, and Microsoft. We engage with payers around products. We have a narrow network product that includes our digital medicine solution, which is a covered benefit through that product.” – SVP, Strategy & Business Development



“We’re doing one pilot with a product called EVA [eClinicalWorks Virtual Assistant]. It’s an Amazon Alexa-type platform. We put this technology in the patient’s room, and patients can ask for ice chips, to go to bathroom, etc. The software then routes the request to the appropriate person - nurse, tech, doctor, etc. We piloted it in one of our care units, and if it is successful we will figure out costs and how to roll it out to all the hospitals.” – CIO

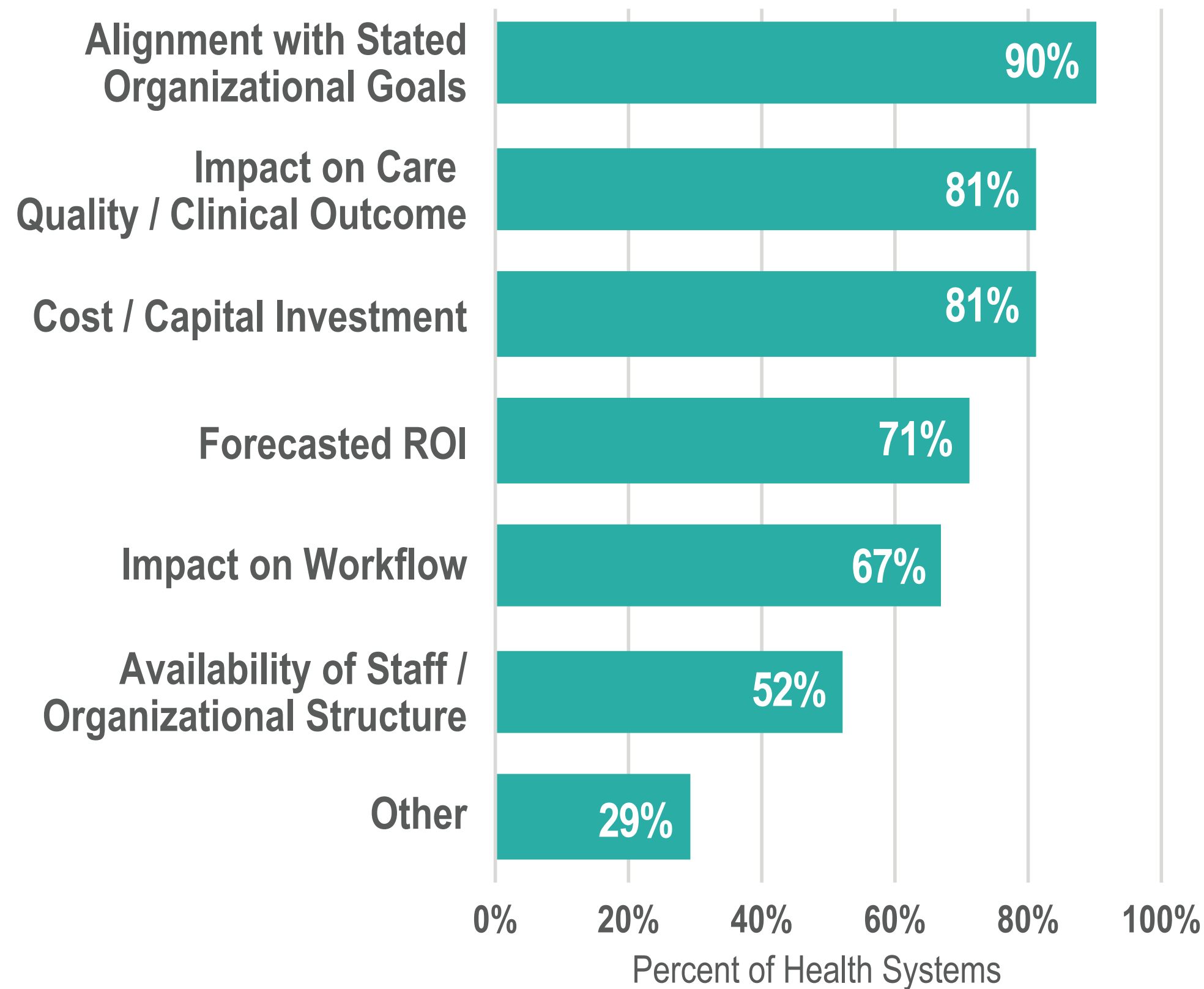
Operationalizing & Scaling Initiatives





Alignment with Organizational Goals is the Top Criterion for Making Innovation Decisions

Key Criteria for Decision-Making Around Innovation



One of the primary responsibilities of the innovation leader and innovation department is to identify and evaluate promising innovations and determine whether the organization should move forward.

As part of this decision-making process, health systems evaluate a number of key criteria to determine if the health system should pursue an innovation or initiative. The most common criteria considered include alignment with the stated organizational goals (90%), impact on care quality/clinical outcomes (81%), and cost/capital investment (81%).

Other criteria that health systems consider include alignment with the Triple Aim, the impact on patient care and service, consumer engagement, patient activation, access, and convenience. Additionally, health systems evaluate whether an innovation will solve an existing problem at the organization.

“Must be a solution to an existing problem, measurable and a fundamentally different approach.” – Chief Innovation Officer

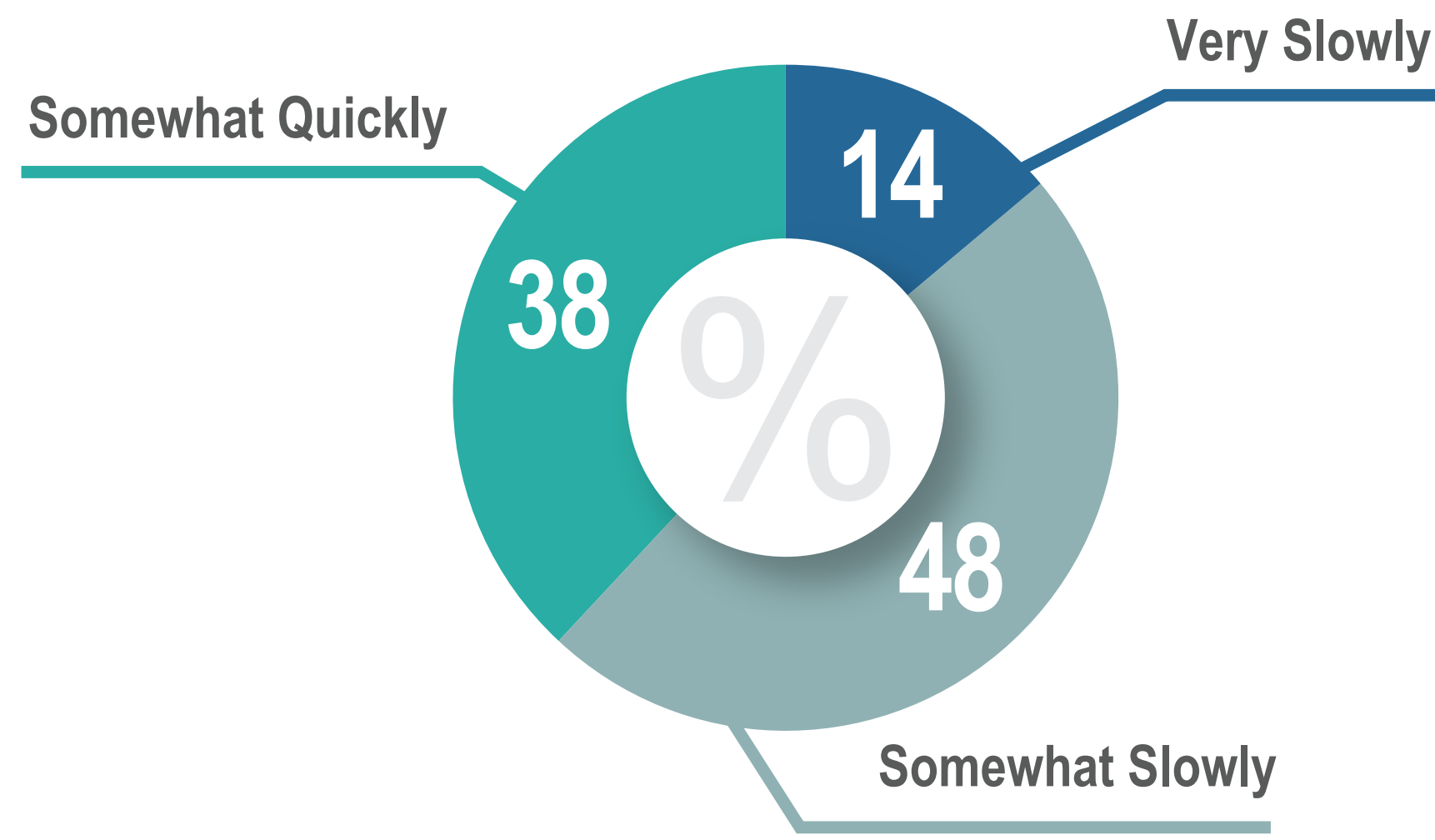


Formal Processes Facilitate Scaling Innovation

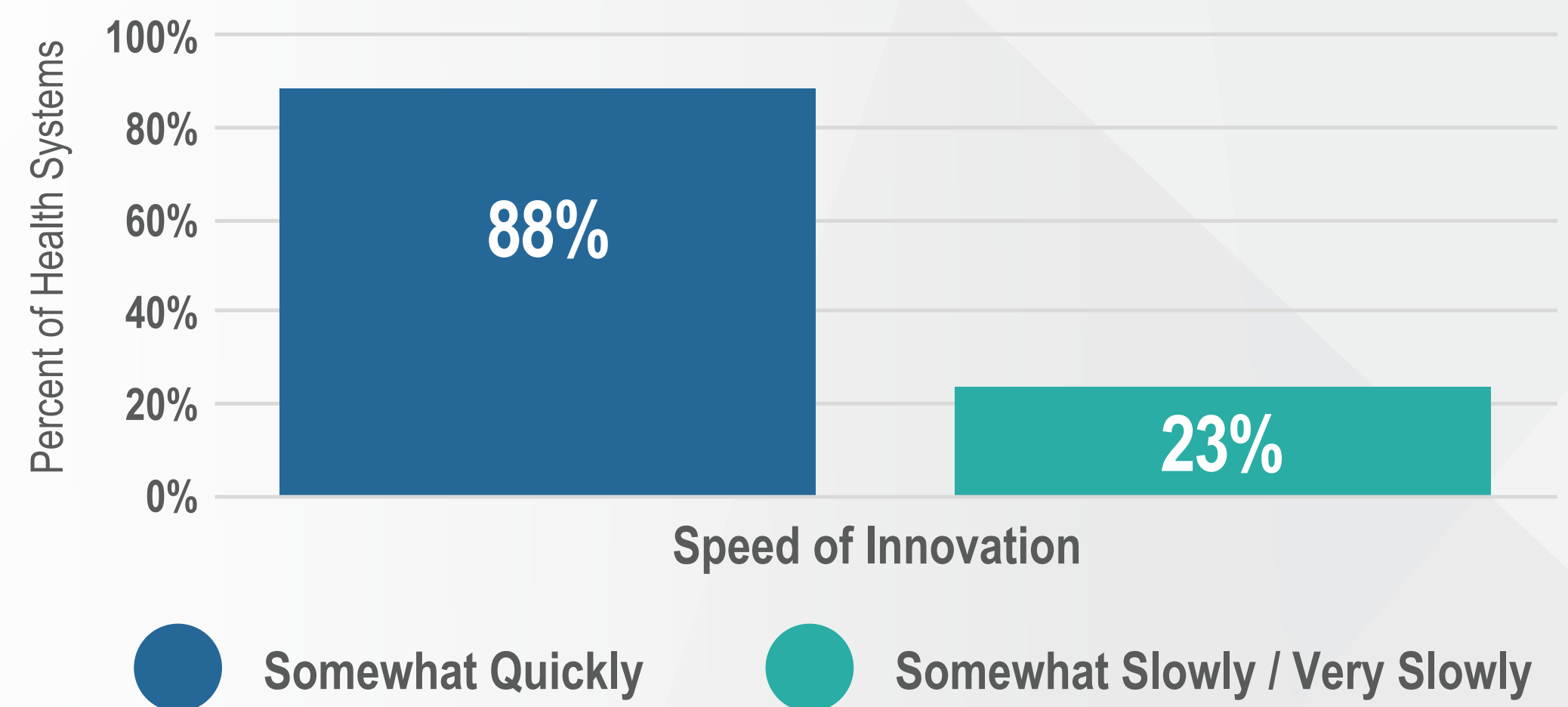
Just over a third (38%) of health systems rank the speed at which they can implement and scale innovation as somewhat quickly, compared to 62% of health systems who implement and scale innovation somewhat slowly or very slowly.

However, organizations with a formal process for scaling innovation are able to scale innovation more quickly. Most (88%) health systems that report they can implement and scale innovation quickly have a formal process for doing so, compared to 23% for health systems that report scaling innovation either somewhat slowly or very slowly. These processes allow for expedited approval from legal departments and other key stakeholders, allowing pilot projects to get up and running relatively quickly. Additionally, one executive emphasizes the importance maintaining visibility with key go-forward decision-makers as essential for scaling innovation at an accelerated pace.

Speed of Implementing and Scaling Innovation



Health Systems with a Formal Process for Scaling Innovation



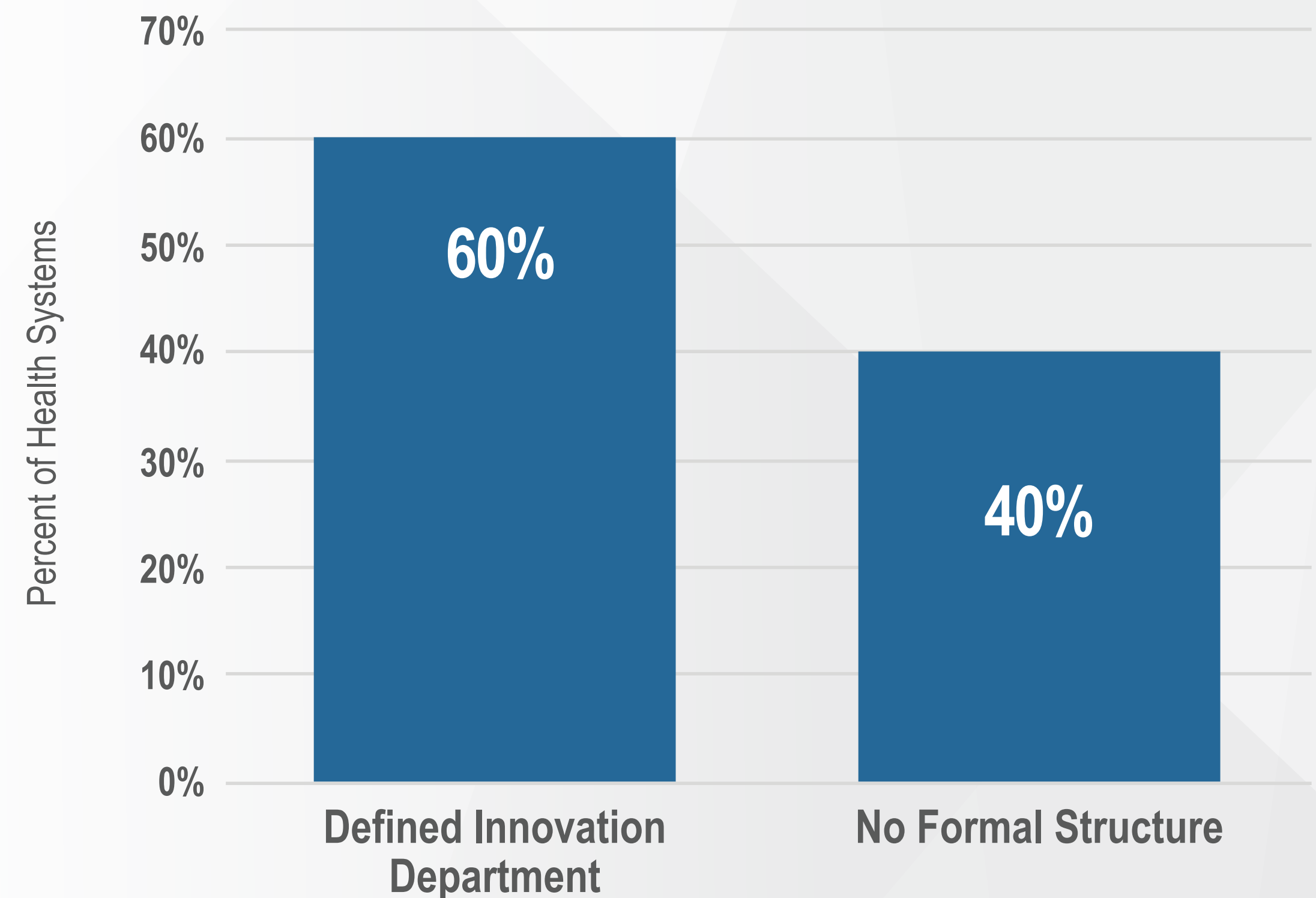


Defined Organizational Structures Beget Formal Processes for Scaling Innovation

Overall, less than half (47%) of health systems have a formal process for scaling innovation across the organization. However, organizations with a defined innovation department more often have these formal processes (60%) compared to those with no formal organizational structure around innovation (40%). Ultimately, these formal processes and organizational structures allow health systems to scale innovation more quickly by providing an established pathway for approval and implementation. 40% of health systems with a defined innovation department report being able to implement and scale innovation quickly, compared to 36% of health systems without a formal department.

All health systems have multiple stakeholders involved in the decision-making process to scale innovation. Most commonly, stakeholders include C-suite roles (86%) including the CEO, COO, CMO, CIO, CSO, CFO, and/or CNO. Additionally, innovation leaders (62%), service line leaders (52%), and the Board (19%) are involved in the decision-making process. Other executives involved include population health leaders, president of the hospital group, and president of the ambulatory group.

Health Systems with a Formal Process for Scaling Innovation



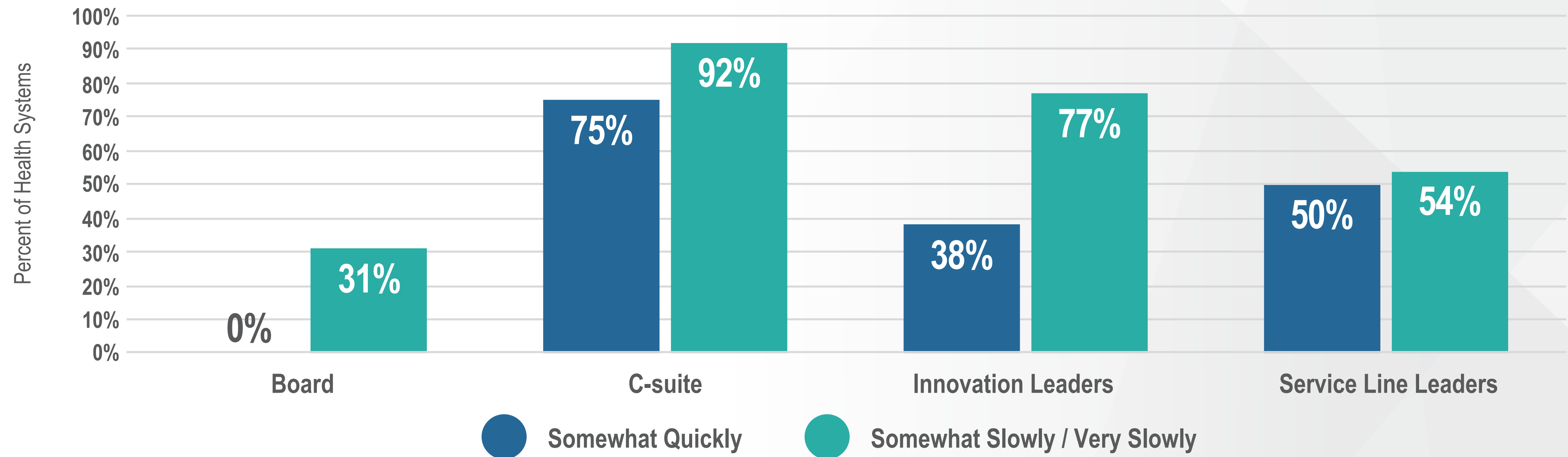
“Our strategic planning process is continuous and foundational. We have a standard process for innovation – pilot, ownership by executives responsible for that area, and support through report cards and incentives.” – CSO



LHS with Fewer Stakeholders Scale Innovation More Quickly

While most health systems have many roles involved in the decision to scale innovation initiatives, the inclusion of additional stakeholders may result in difficulty scaling innovation quickly. Across health systems, those that included additional stakeholders like the Board in this process were more likely to report that their organization is slow or very slow at scaling innovation. Organizations that scale innovation quickly are more likely to involve fewer stakeholders.

Key Stakeholders Involved in Decision-Making Around Scaling Innovation



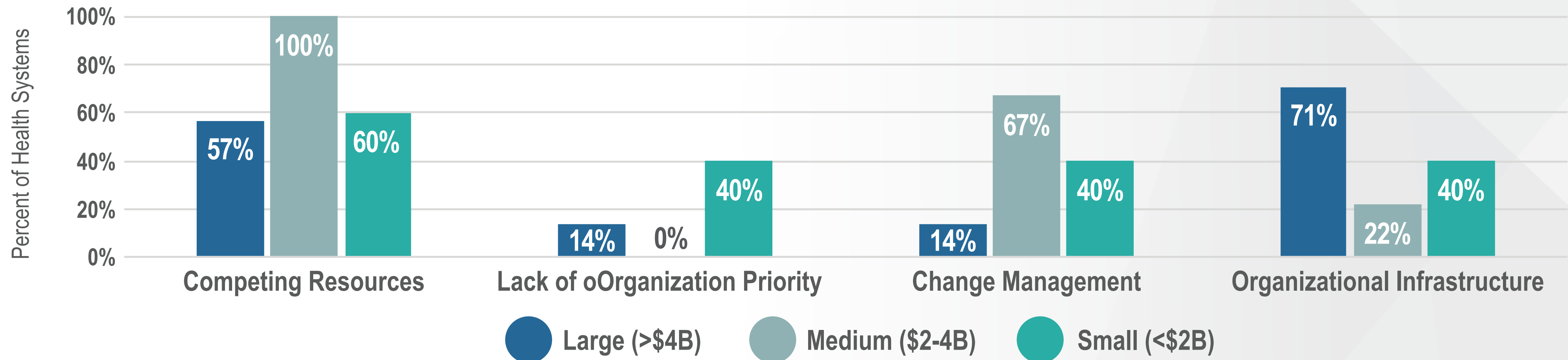


Competing Resources is the Primary Obstacle when Scaling Innovation

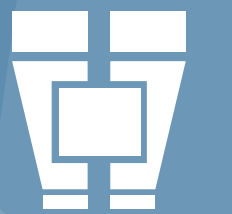
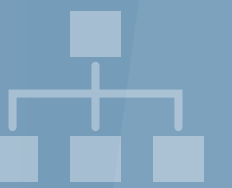
Health systems report a variety of challenges around scaling innovation. Small health systems report challenges across all areas, while medium and large health system challenges are more concentrated. Medium health systems more frequently report competing resources and change management as a challenge, while large health systems more frequently report organizational infrastructure as a challenge. For these large health systems, organizational maturity and the number of stakeholders required for buy-in can slow down the process of scaling innovation. Also, for systems of all sizes, scaling innovation is an iterative process and requires feedback from internal and external stakeholders. While essential for operationalizing changes, the nature of collecting and responding to feedback can slow down the change management process.

As health systems face continued financial pressure, competing resources is consistently a top challenge. Even organizations with defined innovation budgets were equally likely to report competing resources as a challenge. The reason for this is likely the technological focus of innovation. To this point, one executive reported that because these technology initiatives require development resources, this can create a drain on other departments that rely on developers day to day.

Top Challenges for Scaling Innovation



The Future of LHS Innovation





New Entrants Create Uncertainty and Opportunity

Health system executives express both excitement and uncertainty around the impact of new entrants such as Amazon, Google, and healthcare startups on the industry. While some executives are motivated by the potential opportunities and transformation presented by these companies' involvement, others are wary that new entrants may cause disruption that health systems are not prepared for.

Fear/Uncertainty

- **“Almost every other industry is more innovative than healthcare. It is the industries that have a brick and mortar business that have been under assault by Silicon Valley, but if they found a way to merge the physical assets with their digital innovation, then it’s a win.” – SVP, Strategy & Business Development**
- **“Healthcare tends to be pretty conservative – we don’t want to burn the boats and move onto new things, which makes the entrance of Google and Amazon interesting. They’re going to compete like hell for our patients and consumers.” – CIO & SVP, Clinical Improvement**
- **“There is significantly more fear with the continued decrease in margins, where we see healthcare going. Especially over the past 5 years with the emergence of Amazon and all the other things on the market.” – CMO**

Opportunity/Inspiration

- **“We are paying a lot of attention to platform companies like Google. There is probably something to learn there from the flow of information. We think we have a critical mass of clinical data, so we think there is a platform play there, especially with the democratization and freer flow of patient medical data. But this is still in the early stages.” – CFO**
- **“I love Amazon. They’re super easy, super simple. If there’s a problem they fix it and apologize. It’s the ultimate experience to look at ratings and know exactly what I’m getting and on my terms. We look to organizations like Amazon as an example. We have doctor ratings, both good and bad. That’s important to someone who wants to choose a physician, and it is part of how we evaluate things.” – SVP, Business Development**
- **“Companies like Google and Amazon are attracted to us because we can take their concepts and test them out. We love those places to come play with us and use us as testing ground for innovation.” – EVP, Strategy & Analytics**



2019 Innovation Priorities

Health systems are focused on a number of priorities in 2019, primarily around areas such as digital health, data and analytics, care delivery improvement, and operational improvement. Rather than implementing technology or solutions for the sake of innovation, health system innovation initiatives are designed to solve the most pressing issues at their organizations. Commonly, health systems are focusing on initiatives that will create a more consumer-centric organization. Due to industry challenges such as financial pressures and substantial regulation, health systems are very careful to prioritize initiatives that will create the most value for their organization and their patients and closely align with their overall mission and strategic goals.

Executives at the largest health systems express excitement around these initiatives. Innovative projects help to set these institutions apart and ultimately improve care and the overall experience for the patients they serve.

The whole point of innovation for us is to help define 'healthcare 2.0'. When we look at the future specifically, we want to be a data-driven, technology-enabled health care provider." –EVP, Strategy & Analytics

Digital Health

- Scale and commercialize digital medicine
- Expansion on tele-capabilities and home monitoring
- Launch virtual visits via Epic
- Operationalize virtual reality projects
- Establish a virtual platform

Data & Analytics

- Optimize EHR efficiencies
- Build data platform
- Leverage artificial intelligence and robotics

Care Delivery

- Expand ambulatory care
- Develop joint ventures around cancer care, pediatrics
- Improve patient access
- Improve pharmaceutical access and price
- Enhance patient and consumer experience
- Eliminate wait times
- Develop Medicaid population health strategy
- Service diversification and expansion across the care continuum

Operational Improvement

- Enhance organizational efficiency
- Improve cost management
- Formalize the innovation project selection process

Informed Practices for LHS in Scaling Innovation

The largest health systems are highly focused on innovation, prioritizing solutions or processes that align with the strategic goals of the organization. Reflective of these study findings, The Academy has developed a set of Informed Practices for LHS based on peer learnings that facilitate the implementation of innovation initiatives. While innovation initiatives are highly variable – and can be either grassroots or C-suite driven – health systems that have implemented the following practices are able to execute and scale these initiatives more quickly.

Defining Innovation

- Health system leadership should develop a clear vision for innovation, focused on sustainable and quantifiable solutions to current problems.
- Innovation priorities should be prioritized and communicated among C-suite and Board leadership.

Drivers of Innovation

- Health systems must define clear priorities and functions of the innovation department that align with the health system's strategic goals.
- Health systems should utilize both C-suite strategic vision and front-line expertise to identify priority areas of focus for the organization.

Organizational Structures

- Health systems need a formal organizational structure around innovation led by an executive with decision-making authority whose primary function is innovation.
- To support the formal organizational structure, health systems should allocate a defined budget for innovation activities.

Operationalizing & Scaling Innovation

- A formal process for implementing and scaling innovation across the health system should be developed.
- Only a small, select group of key stakeholders should be involved in decision-making around innovation.

Leveraging Partnerships

- Health systems can utilize external expertise and resources through partnerships to identify, develop, implement, and scale innovation more quickly.

Methodology

In October 2018, The Academy conducted an online survey of executives at Leading Health Systems regarding their organization's approach to innovation. The 21 respondents included CSOs, COOs, CIOs, Chief Innovation Officers, and CFOs.

Following the quantitative assessment, The Academy conducted a series of qualitative interviews with 15 C-suite executives covering their organizational strategies and priorities around innovation. Interviewees included health system COOs, CFOs, CSOs, CIOs, Chief Innovation Officers, CMOs, and CQOs.

This report includes the perspectives of 29 health system executives from 28 unique health systems across both the quantitative and qualitative assessments.

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The Academy

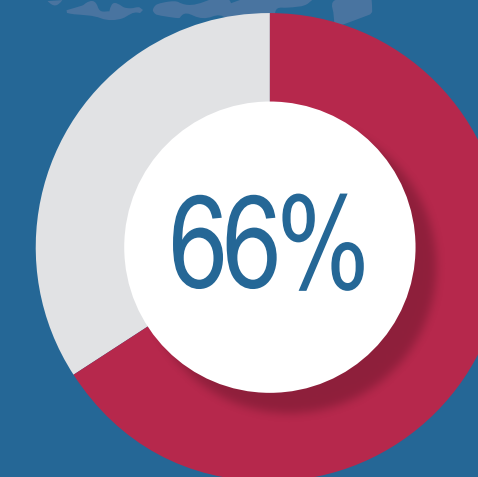
The Health Management Academy

The Health Management Academy (The Academy) brings together health system leaders and innovators to collectively address the industry's biggest challenges and opportunities. By assisting member executives to cultivate their peer networks, understand key trends, develop next-generation leaders, and partner to self-disrupt, they are better positioned to transform healthcare.

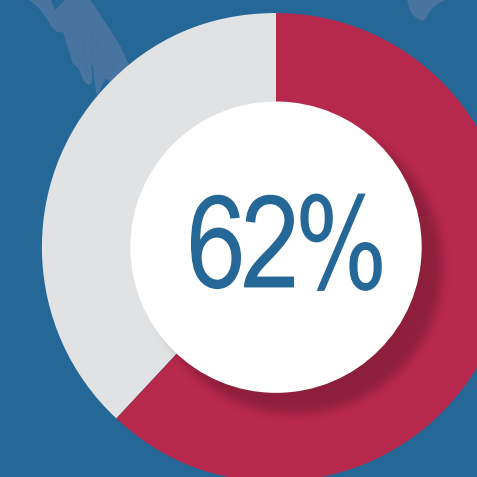
100 Health Systems

500+ C-suite Executives

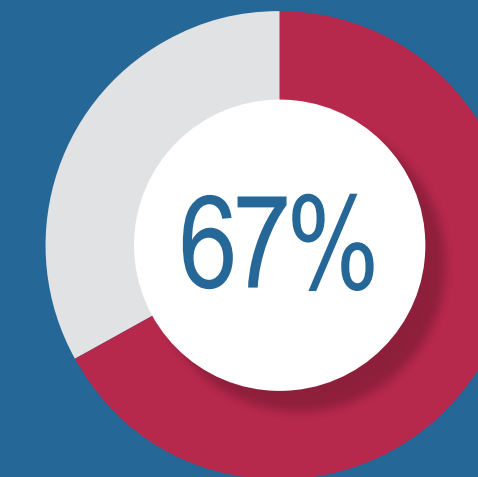
2,000+ Health System Leaders



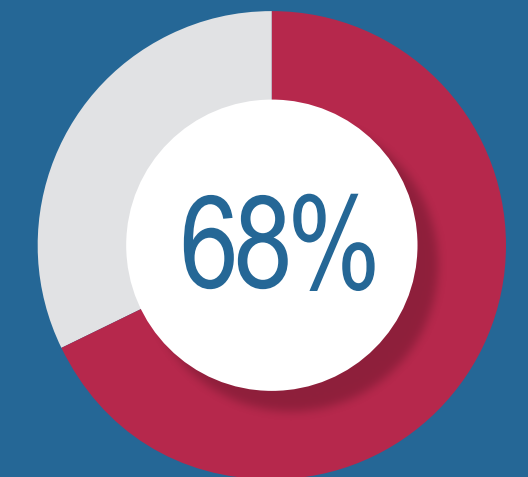
Inpatient Admissions



Outpatient Visits



Total Physicians



Total Operating Revenue

The Center for Connected Medicine

The Center for Connected Medicine is jointly operated by GE Healthcare, Nokia, and UPMC and connects and inspires digital health leaders through original research and industry analysis, virtual events, and on-site experiences. Learn more at www.connectedmed.com.

The Academy extends its appreciation to The Center for Connected Medicine for the financial support for this project.



Center for
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