

Tracking the Digital Showdown: Consumer Diehards vs. Tech Titans

David Burda:

Welcome to the 4Sight Health Roundup podcast, 4Sight Health's podcast series for healthcare revolutionaries, outcomes matter customers count and value rules. Hello again, everyone. This is Dave Burda, news editor at 4Sight Health. It is Thursday, April 4th. If you didn't know, April is National pickleball month. If you don't know what pickleball is, it's kind of like playing ping pong, but you're standing on the table. In a previous podcast, I said I would never play pickleball because it would signal the end of my adult tennis playing days. Just like I said, I would never, ever use telemedicine because it would signal the end of my doctor. Patient relationships. Well, was I wrong? I had [00:01:30] a telemedicine visit two weeks ago, and last week I went to a four day pickleball bootcamp. What's next? An electric car. And that's what we're gonna talk about on today's show, not electric cars, but change specifically the digital health progress by consumers and by healthcare organizations. To tell us how much change is happening are Dave Johnson, founder and CEO 4Sight Health, and Julie Murchinson, partner at Transformation Capital. Hi Dave, Hi, Julie. How are you two doing this morning, Dave?

David W. Johnson:

It's April the fourth, which means we're just one month away from Star Wars Day. May the fourth be with you. I'm as excited about that as I am to learn that April is national pickleball month

Burda:

<Laugh>. Well, two reasons to celebrate. Thanks, Dave. Julie, how are you?

Julie Murchinson:

I'm great. I'm in beautiful Laguna back in Health Evolution and a lot of energy, excitement and just all sorts of chitchat about federal government change, healthcare, all the things we know.

Burda:

Yeah. Lot of hot topics, and we're all over it. Yeah. thanks, Julie. Now, before we talk about digital health transformation, let's talk about pickleball. Dave, have you ever played, and if so, what do you think?

Johnson:

Bootcamp for Pickleball, Dave. Really?

Burda:

I did it. Yeah. <laugh>

Johnson:

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Is, is there also a bootcamp for Tiddly Winks and Tic-tac-toe? I <laugh> I've played pickleball a few times. It's fun, but it's never gonna be an Olympic sport.

Burda:

Yeah, that's a good, good good comparison. That's true. Thanks Dave. Julie, I know you're a tennis player. Ha. Have you broke down and played pickleball yet?

Murchinson:

That's why I love Dave. You don't think it's gonna be an Olympic sport? Like I think pickleball has better chances than just about anything, if they're gonna make skateboarding in the Olympic sport or whatever they just did.

Johnson:

<Laugh>. Yeah, that's right Ribbon dancing.

Murchinson:

Yeah, right. Exactly. I think I shared this before, but my husband, you know, forced us on a family vacation to learn pickleball, and we played a ton again over Christmas vacation. And while it's super fun and I love it, it messes up my tennis swing and my husband takes it way too seriously. <Laugh>. So, you know,

Burda:

<Laugh>, I dunno. Yeah, there are a lot of, a lot of rules in the game that, that's for sure. Like I said, I survived Pickleball bootcamp, and I think I'll be playing outside once or twice a week after the weather gets warm. That is until I snap my Achilles tendon. So the good news is I still have my adjustable walking boot from when I snapped it about 20 years ago. So, <laugh>, so I've got that going for me. Okay. Let's talk about who has digital health transformation going for them? Rock Health recently released its 2023 Consumer Adoption of Digital Health Report. The report is based on a survey of about 8,000 US adults. Here are some of the top line findings. 76% said they used a virtual care at least once, and of those 83% said they used virtual care within the past year. The top two reasons for choosing virtual care over in-person care or greater convenience and shorter wait times. Separately here in consulting recently released market research and digital transformation by healthcare organizations. The research is based on a survey of more than 300 senior healthcare executives. Here are some of the top line findings. The biggest barrier to digital transformation is cost. The biggest digital transformation priority is patient data security and compliance. Consumer facing digital health apps and tools are just one of seven areas of digital transformation focus. Yet, patient health outcomes and patient satisfaction are the two biggest digital health investment criteria. Dave, let me ask you about the rock health survey. What do the survey results tell you about where consumers are in

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terms of digital transformation and what other signs out there tell you that the needle is up, down, or sideways?

Johnson:

Well, in short, Dave consumers are up for more connectivity. They're down for greater access and convenience, but they're going sideways and often blowing a fuse when it comes to actually engaging with providers and payers on their apps. Let me provide a little bit of context, and I think the Rock Health numbers support this. I've always thought that Bill Gates quote about technology adaptation was spot on. He'd said this sometime in the nineties, that people overestimate the impact of technology in two years but underestimated over 10 years. I think we're getting to the point. And the Rock Health report is there where consumers are on board that we're in, we've crossed the Rubicon, we're there when it comes to digital health apps if we can make them work. I found it interesting that Rock Health talked about kind of a broad shift from pandemic responsiveness. You remember how we suddenly discovered that we video-based care, virtual care worked when he couldn't go to the doctor's offices to a point where we're now really looking at and the marketplace is evaluating consumer responsiveness and overall market responsiveness to digital tech. You both know that I'm fond of saying that the holy grail in digital health is one app that covers the map. We want one stop shopping as consumers for all our health and healthcare needs with someone that we trust. We're still a long way from that, but I think consumers are ready for that. We're certainly using that type of engagement in other areas of our economic lives. Just think about planning a vacation, you know, what we do, or taking the subway or, or, or, you know, it's all done on the phones. I'm gonna spend a little bit of time on what I thought were a couple of interesting discussions contained within the report. One thing they did was they looked at use trends between 2022 and 2023, and they had seven of them prescription refills, minor illness, mental health, chronic conditions, annual wellness, emergency and physical therapy. And that the way in which I just went through them is in their order of use prescription refills is the only one that was above 50%. It was at 69% and actually up eight percentage points from 2022. So that's, that's something that almost all consumers now are comfortable with. Everything else though was under under 50%, under percent. And the only other area that went up, and it was only by three percentage points was mental health visits. And there was a lot of discussion within the report about externalities that might account for these adoption patterns and what went up and what went down. Some of it probably relates to cost. You know, we still have circumstances where you have to pay extra for virtual care, but not for in-person care. Completely stupid. But we still have those there's still a lot of relationship based activity in healthcare. You're going to the doctor or provider that you trust. There are new types of competition that are emerging, which Julie's completely on top of. So we see the numbers, but I don't think we completely understand what's going on out there. Although the general trend is clear that there's gonna be more and more of digital health tech as we move forward. The other interesting area was all the variation reported in willingness to share data. For example

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the willingness to share clinical data had enormous variation by age and ethnicity. People 75 and older were 89% willing to share clinical, their personal health data with clinicians. But in the 18 to 24 segment, it was only 42%, 47% differential there between the young and the old. Almost 70% of white people are willing to share their clinical data, but below 50% or black, Hispanic, Latino and Native Americans. So I think, you know, we're we're in a bit of a period of time here where a lot is going on. We don't completely understand. We're trying to understand. And I do think, you know, kind of back to Jan Berger who's been on this forever, that whoever wins the trust game is, is gonna be the real winners here. You know, you think that, we've talked about this on the show where Gen AI because incumbents control so much data is probably going to help, you know, incumbents more than the upstarts. But in order for that to happen, the incumbents have to get up off the couch and get into the consumerism game. I think the consumerism train has already left the station, but how many incumbent payers and providers are truly on board. That number is much lower.

Burda:

All about the trust. That's a great point, Dave. Thank you. Julie, any questions for Dave?

Murchinson:

Yeah, Dave, I was intrigued by the at-home Diagnostics component of this report. It was great to see 72% of respondents reported taking an at-home test for fertility, gut biome, I think non fertility STI is in Covid, so 72% of respondents, but 64% of those respondents reported really only having had taken a covid test <laugh> none of the other tests I just listed. So that data really actually isn't that compelling to me. Right. Everyone was taking in at home Covid test, so I guess not everybody <laugh>. But why is at-Home Diagnostics taking off faster? Like what can we do to fuel the flame?

Johnson:

If we want to increase adoption of home-based testing we're gonna have to make it easier. We're gonna have to impress upon people that it's really important and we're gonna have to have the right prompts. You know, I think big picture, it's absolutely a no brainer that more home testing makes sense. I'm a big believer that we're on the cusp of something I'm calling preemptive diagnostics where we'll be able to tell well in advance, three, four or five years in advance with high probability someone's risk for contracting chronic diseases like Alzheimer's heart, heart diseases, cancers, and so on. And home testing has to be a big part of that.

Burda:

that's a big shift. Thanks Dave. Julie, let me ask you about the Huron survey. What do the results tell you about where healthcare organizations are in terms of digital transformation and what other signs out there tell you that the needle is up, down, or sideways?

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Murchinson:

This report, you have to kind of read a couple different times to really figure out what it's telling you. It's telling you a lot or not. But first they talked a lot about the organization's digital status and what respondents said about that. And 60, 61% of respondents felt that financial pressures are preventing them from investing. And that's up 30% from last year. And, you know, we're actually seeing a different behavior in the market now that felt a little bit more like last year or maybe Yeah, last year. Like it feels different this year. It's starting to, you know, rationalize more. But you know, 57% really focused on making investment for generating cost savings, 54% with a goal of catalyzing organizational growth. And only 49% invest with the purpose of preparing themselves for the future. Wow. Okay. Doesn't make any sense to me, but, alright. And then, you know, I got into this, this next level of like, whether this stuff works. So 56% say that yes, they're fully utilizing their recent technology investments, but 51% of the technology investments achieve their ROI and kind of expected outcomes. Okay? So when asked why they didn't actually yield, you know, better results, leaders said, well, it's, it's really about we're planning and preparation. Okay? So organizations can do a better job of that. Yes. If they, if they plan a quality implementation rather than speed, that's what they say. Well, okay, because every health system, I shouldn't say this, no generalizations today, many health systems have said, well, if you don't have a 12 month ROI, then we are not gonna be able to buy your, your solution. Okay, well, if you need to slow down and have a quality implementation, and again, 35% of their leaders are saying that you need at least one to three years to actually achieve the success. Like, what are we doing? Like, you can't have a 12 A-C-M-C-F-O is saying 12 months is like the make or break timeline. So, you know, we're just, we're, we're not thinking through really what it's gonna take to prepare for the future to get the outcomes, et cetera. And then lastly, I looked at the section on investment drivers, the top investment driver. Today, this won't surprise us because of what's happened with change, but since this is older data, it did sort of surprise me. Cybersecurity is a number one investment driver with 43% saying that that's why they invest. So that sort of shocked me because only 37% said that they're looking at using technology for data or for patient outcomes. And 36% was really a cost reduction driver. So I don't know how these, all these percentages actually really make sense, but actually one word, one word observation, AI, 100% of respondents see comprehensive automation strategy as something that they really need to focus on. This is, this made me chuckle 54% already have an automation strategy in place. I would love to see those automation strategies, <laugh>

Burda:

The one thing that struck a chord with me is I do have lots of gadgets in my house that I have never used, don't use, and don't know how to use. Right. I've, I've got a thing that makes a juicy Lucy never tried it. So anyways, there you go. Thanks, Julie.

Murchinson:

Okay. Alright. Yeah. You should do some better planning. Yeah,

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Burda:
Right. I'm not thinking about the future,

Murchinson:
Right? Yeah, exactly. <Laugh>.

Burda:
Thanks Julie. Dave, any questions for Julie?

Johnson:
I did get a kick out of the hereon survey's top 10 list of digital tech and analytic challenges. The top concern was cost. And Julie, you mentioned that cited by 59% of the respondents and the lowest concern, number 10 was redefining portfolio to gain market share at 52%. When the top 10 concerns are scoring between 52 and 59%, how in the world are healthcare executives going to establish priorities and allocate resources when they have so many almost equal and competing challenges? Digital tech is starting to remind me of Churchill's quote about Russia. It's a riddle wrapped in mystery inside enigma. Become the compass for the industry. Julie, and for our listeners tell these leaders where they need to go.

Murchinson:
Yeah, I'd be potentially really joining my sorrows right now. Had I not facilitated this breakout discussion yesterday with three amazing leaders, I just wanna share a little bit about what they, they talked about Sure. Related to this. So Patrick McGill from CHN, Michael Hassel Berg from University of Rochester, and Aaron Martin from Amazon. And we talked about kind of what have they done to really focus on making technology work and looking at ROI and all that. And Patrick McGill, I mean, he's the most incredibly thoughtful leader. And I, you know, has, I think really taken a strong stance with this organization that seems to be working. So one of the first things they did was just change how the physicians think about how they're being paid. They wiped away the RVU system in terms of what that as a blatant driver and put a panel based payment model in place. And he said that they couldn't actually really do what they're doing without changing the, the perception of how physicians are paid. He also, we talked about ROI and he talked about you know, looking at lifetime value of a patient and they look at patient acquisition costs. Like these are concepts that you don't hear health systems talk about a lot. Yep. And he also got really deep into like, you know, the complexity of this stuff like IT, and their system pays for everything. So there's this huge cost bucket. And they used to spread the value across all the, you know, the other P and Ls like peanut butter. And the second that they started to really draw connection between where the cost showed up as value in a particular specialty or, you know, business line, they started to allocate differently. And then they would, they're starting to really hold those groups more accountable for achieving the success of that

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technology. And he said that change has driven such a different behavior and it's, you know, frankly, you have to put your money where your mouth is, right? Yeah. So you're seeing some of these leading health systems, really doing things that are making a difference.

Burda:

Wow. That's a, that's a great report from the front lines. Perfect timing. Thanks Julie. You know, all I'll say is my telemedicine visit turned out to be a phone call on my landline, so I'll never give up my landline. <Laugh>.

Murchinson:

Yeah, yeah, yeah. Old school dinosaur.

Johnson:

Don't give up your beeper either, Dave. Yes.

Burda:

Old school. <Laugh>. I just have to figure out how to...

Johnson:

Yeah. Or your fax machine.

Burda:

I just have to figure out how to use that Juicy Lucy maker. Right. If somebody's gonna hold me accountable for the cost, which is what you're saying, Julie. I've gotta learn how to use it. Now let's talk about other big news that happened this past week. Julie, what else happened that we should pay attention to?

Murchinson:

I'll just mention that I saw a report that you guys in Chicago have the number one, they think, who, who knows this, by the way issue with lead in your pipes. So stop drinking water outta the faucet because it's killing you. We've got some massive infrastructure issues in this, in this country.

Burda:

Yeah, that, that that does not surprise me. <Laugh>. Dave, what other healthcare dues broke that we should care about?

Johnson:

Well, Julie, just to put your mind at ease we, a filter that comes out of our sink, so we filter it, water, we drink from the sink, but then we also put that water through one of these ridiculous

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filters, <laugh>, that takes out 99. So my wife is all over this one. And you're right, good. Chicago corruption at its finest with, with the lead pipes. It's it's a massive, massive project. I saw this report that premier issued, that indicated that claim denials cost hospitals \$20 billion a year. Now 20 billion seems like a big number. But when you put it against the overall expenditure for hospitals, which is at 1.4 trillion, and what I think revenue cycle cost in this country is, which is I think approaching a trillion dollars, you're looking at 20 billion being somewhere between one and a half and 2% of all the activity that goes on seems like relatively speaking, a small amount. And man, if we could you know, get a handle on coding, billing, processing, and collecting medical claims more efficiently, just think about how much more care we could provide. That 20 billion would be a, a rounding error at best.

Burda:

Yeah. Dollars to chase pennies, right?

Speaker 2 (49:47):

Yeah.

Burda:

Yeah. That's crazy. Thanks Dave. And thanks, Julie. That is all the time we have for today. If you'd like to learn more about the topics we discussed on today's show, please visit our website at 4SightHealth.com. You also can subscribe to the roundup on Spotify, Apple Podcast, or wherever you listen to your favorite podcast. Don't miss another segment of the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4Sight Health.