

# How Are Health Systems Thinking About Investing in Clinical Innovations Today?

## Executive Summary of Key Findings

The Health Management Academy’s Clinical Innovation Market Outlook survey reveals quickly evolving health system efforts to build and support diverse clinically innovative endeavors within their organizations. Based on the responses from 30 unique Leading Health Systems, we learned the following:

- The motivators driving innovation are primarily financial, with 73% of leaders saying growing market share is a very important strategic motivator.** Therefore, health systems will likely continue to focus on innovations like advanced minimally invasive surgery, advanced immunotherapy, and genetic testing because they support their broader strategies for growing market share and revenue (e.g., scaling ambulatory services, service line growth).
- Service line growth decisions are guiding investment strategy.** Leaders reported that they are prioritizing cardiovascular, oncology, and neurology service lines. Therefore, their investment decisions are tied to innovations supporting these service lines like gene therapy, genomic testing, and advanced immunotherapy. All of these investments are important as these service lines are seeing patients needing higher acuity care compared to five years ago. To keep cost-per-case under control, many are trying to pursue innovations focused on earlier detection and preventative care.
- There is little desire to invest in unproven innovations—except AI.** Leaders indicated highest confidence in advanced minimally invasive surgery, advanced immunotherapy, and genetic testing, because of their clear use cases, ability to enable growth strategies (e.g., ambulatory and service line growth), and fewer risks. Clinical applications of AI were a notable exception. AI’s substantial use cases and potential to contain costs has leaders confident in its impact despite its nascent use in healthcare delivery.

# Overview of the Clinical Innovation Market Outlook

Scope of our proprietary survey of LHS executive leaders.

## Defining Clinical Innovation and Scope of Research:

New Clinical Technologies and Techniques relating to: Screening, Diagnostics, & Therapeutics

## Clinical Innovation Areas

- Genome sequencing
- Pharmacogenomics
- Genetic testing<sup>1</sup>
- Genomic testing<sup>2</sup>
- At-home testing<sup>3</sup>
- Molecular point of care tests<sup>4</sup>
- Portable diagnostics<sup>5</sup>
- Advanced Immunotherapy<sup>6</sup>
- Gene therapy<sup>7</sup>
- Advanced minimally invasive surgery<sup>8</sup>
- 3D printing of medical supplies/devices<sup>9</sup>
- Clinical applications of AI<sup>10</sup>

## Clinical Innovation Survey Areas of Focus

- Challenges around adoption
- Decision making strategies & strategic motivators
- Priorities around quality, patient experience, preventive care, and screening
- Perspective on future impact of clinical innovations

## Participant Breakdown

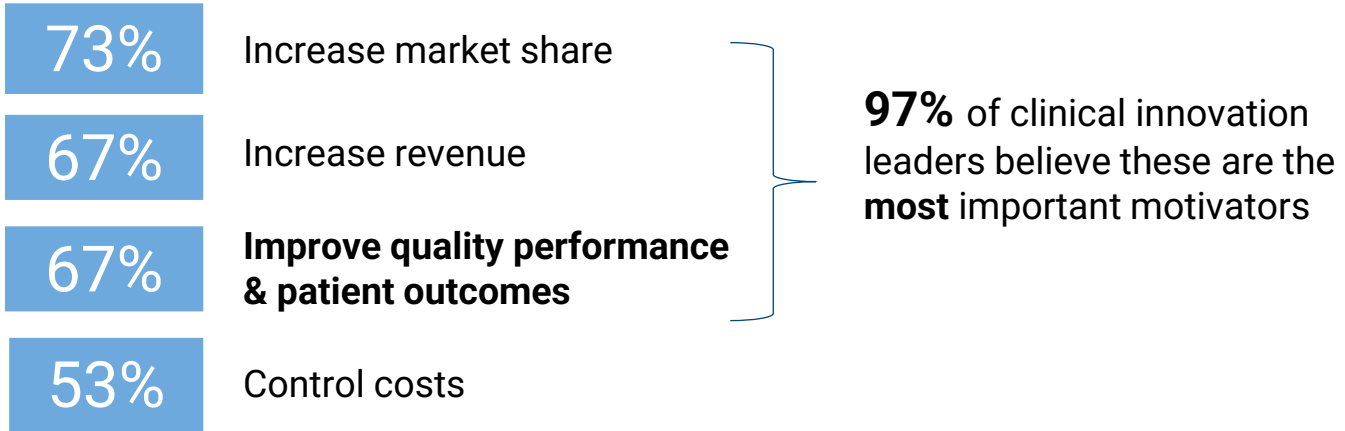
Double blind quantitative survey responses represent:

- **30 unique Leading Health System (LHS)** executives involved in clinical innovation strategy and decision-making
- 100% of respondents are **VP or executive level** and sit at the system or corporate-level (e.g., their role applies to the entire health system)
- 100% of respondents **represent systems with \$1.5B+** in Net Patient Revenue (NPR)
- Respondent titles include Chief Nursing Executive, Chief Medical Officer, Chief Operating Officer, VP of Clinical Innovation, VP of Innovation, and VP Transformation, among others

1. E.g., hereditary tests, e.g., BRCA gene test, etc.  
 2. E.g., detecting alterations in DNA, e.g., liquid biopsy, multicancer early detection tests, FIT-DNA stool tests, etc.  
 3. E.g., tests where sample taken at home, e.g., STI testing, prediabetes, microbiome, etc.  
 4. E.g., for infectious disease, etc.  
 5. E.g., POCUS  
 6. E.g., CAR-T, therapeutic vaccines  
 7. E.g., gene editing or replacement, etc.  
 8. E.g., single laparoscopic surgery, robotic-assisted surgery, natural orifice techniques, etc.  
 9. E.g., implants, prostheses  
 10. E.g., AI-guided imaging, AI-powered stroke detection, etc.

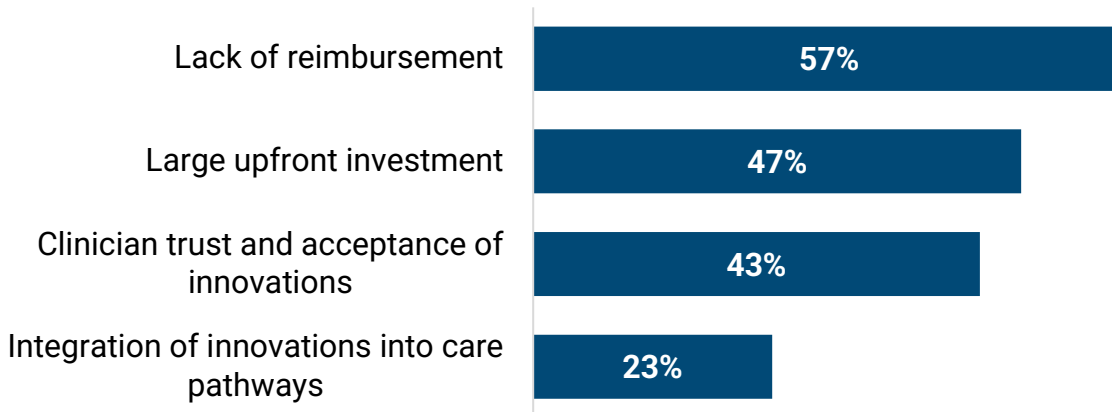
# 1. Investments in clinical innovations are driven by its potential to drive growth

Strategic motivators executives ranked as “very important” for pursuing clinical innovation



## Lack of reimbursement and the large upfront investment are the biggest barriers preventing health systems to adopt clinical innovations

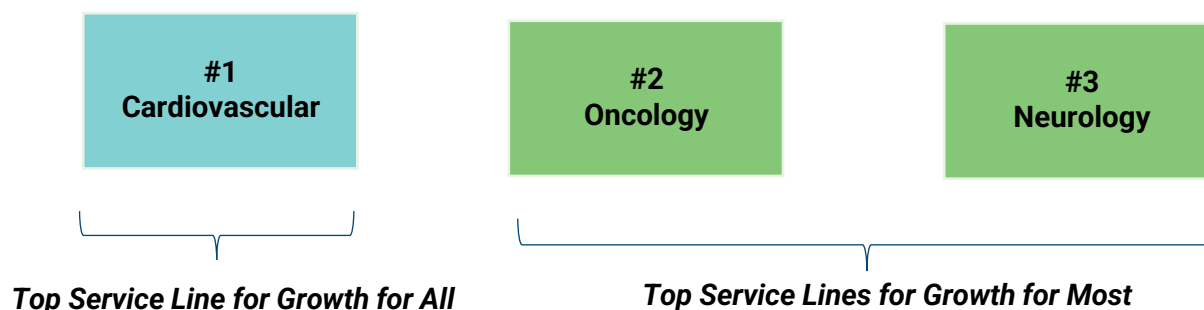
### Ranking of health system’s top barriers for implementing clinical innovations



By nature, health systems are compelled to adopt clinical innovations that can meaningfully improve care delivery and health outcomes. But tight financial circumstances and the significant costs involved means there is an increased pressure to focus on innovations that enable long term financial growth by growing their market share and increasing revenue in addition to improving quality and health outcomes. Therefore, health systems will likely focus on innovations that enable their strategic motivators (e.g., market differentiation, revenue growth, etc.) or align with a broader organizational strategy (e.g., value-based care, health equity, etc.)

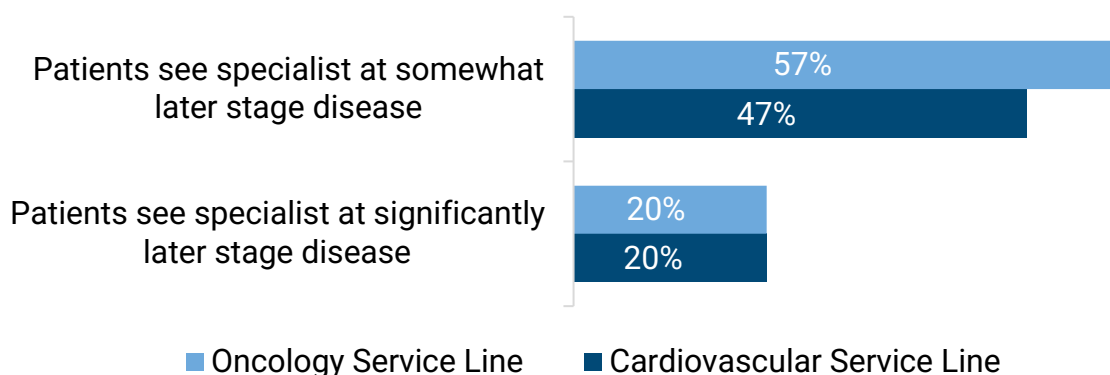
## 2. Service line growth will likely be a key driver of the innovations health systems invest in

### Health system ranking of the top three service lines they are prioritizing for growth



**50%** Of respondents ranked cardiovascular or oncology as their #1 service line for growth

### Leaders indicate their oncology and cardiovascular service lines are treating more high acuity populations compared to 2019



Cardiovascular, oncology, and neurology service lines were overwhelmingly ranked as the top business units health systems are prioritizing for growth, meaning they will have a stronger business case for innovations (e.g., gene therapy, genomic testing, advanced immunotherapy) that improve care delivery for these service lines.

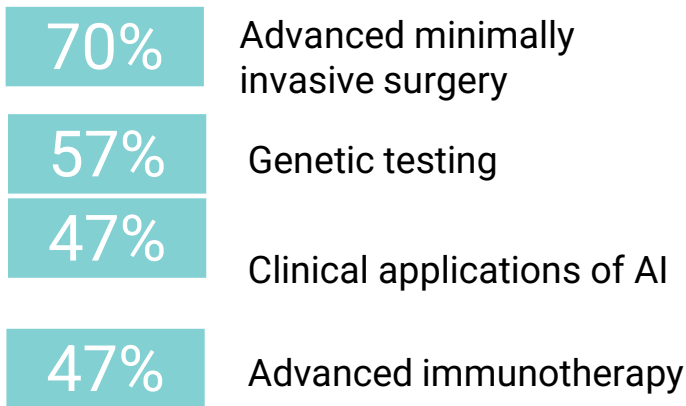
Another interesting data point was that health systems are also seeing more oncology and cardiovascular patients with a higher acuity, which may be indicative of higher volumes for AMCs and health systems providing secondary and tertiary care but could pose challenges for health systems focused on value-based care and looking to invest in early stage/preventative care (e.g., genomic testing, pharmacogenomics).

### 3. Leaders are looking for clinical innovations with clear use cases and strong potential to enable growth

Conviction on immediate impact is reserved for more mature innovations, but AI’s myriad of use cases supersedes its lack of mature adoption

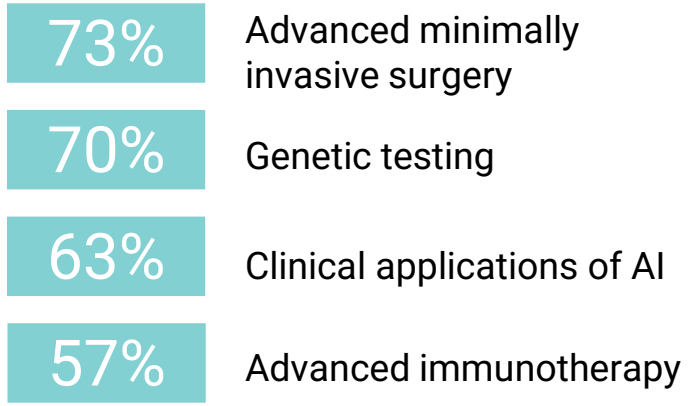
#### Leadership’s conviction of clinical impact in near-term

Respondents answering ‘Very Convinced’



#### Leadership’s conviction of clinical impact in long-term

Respondents answering ‘Very Convinced’



#### Innovations with highest rates of adoption have clear uses, longer tenure

##### Most mature adoption

1. Advanced minimally invasive surgery
2. Advanced immunotherapy
3. Genetic testing

##### Least mature adoption

1. Gene therapy
2. 3D printing of medical supplies/devices
3. Genome sequencing

Leaders indicated highest confidence in the most broadly adopted innovations, (e.g., advanced minimally invasive surgery, advanced immunotherapy, and genetic testing), because of their clear use cases, ability to enable growth strategies (e.g., ambulatory and service line growth), and fewer risks. Clinical applications of AI is a notable exception, where its substantial use cases and potential to enable growth and contain costs has leaders confident in its impact despite its nascent use in healthcare delivery. Conversely, 70% of clinical leaders on average stated they were “neutral” or only “somewhat convinced” about the overall impact of less commonly adopted innovations like gene therapy, 3D printing of medical supplies/devices, and genome sequencing which have fewer use cases than AI and less mature industry adoption than advanced minimally invasive surgery.