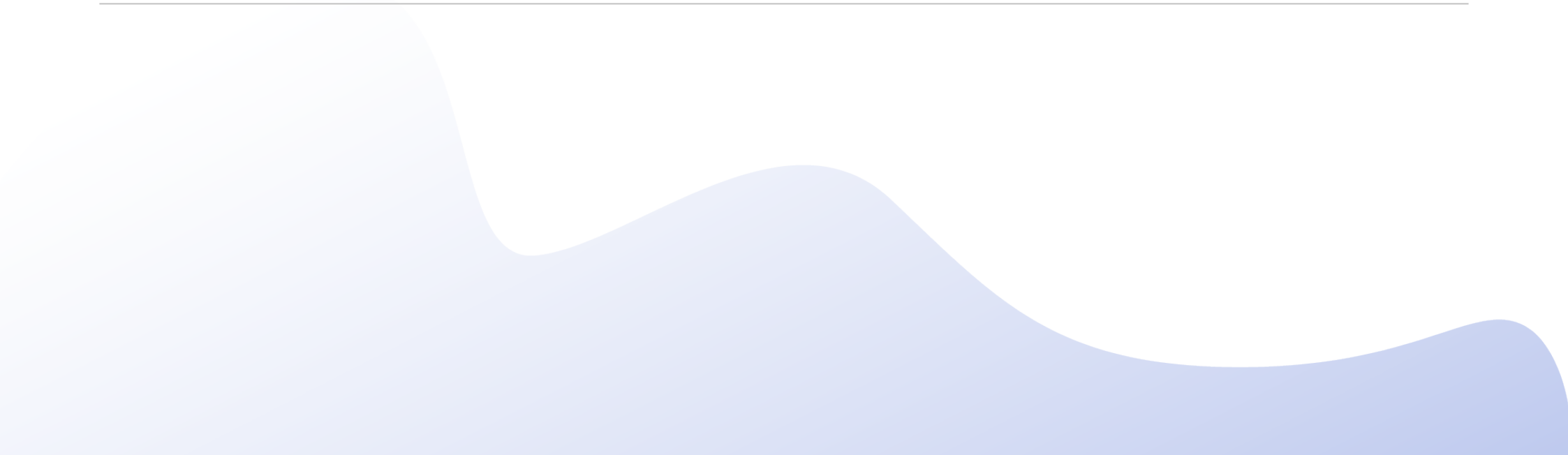


# Value Based Digital Transformation for Specialties



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# Introduction

In the complex realm of U.S. healthcare, the concept of value-based care has emerged as a guiding principle, driving a fundamental shift from fee-for-service models to outcome-driven, patient-centric approaches. While this transition has gained momentum nationwide, the integration of value-based digital transformation within specialized healthcare fields holds profound implications for improving care quality, optimizing costs, and enhancing patient experiences.

Specialties, each marked by its unique patient populations and intricate care needs, present a rich terrain for deploying innovative technologies and data-driven strategies.

This paper embarks on a journey into the intricacies of value-based digital transformation within specialized sectors of the U.S. healthcare system, illuminating the potential to redefine care delivery, empower providers, and elevate the healthcare experience for patients, all within the dynamic landscape of American healthcare.

# Overview

The U.S. healthcare industry is expected to face a significant challenge in the coming years as chronic illnesses and the aging population continue to account for a substantial portion of the total healthcare spend (~\$4.1 Tn). Musculoskeletal (MSK), heart diseases, neurological conditions, diabetes, and emerging behavioral health have become the predominant drivers of healthcare utilization.

These conditions are often characterized by the need for long-term management, recurrent hospitalizations, and complex care coordination. Consequently, they exert immense pressure on the healthcare system, stretching its resources and straining its capacity. Additionally, the associated financial burden is staggering, accounting for a significant portion of the nation's healthcare expenditures.

Beyond chronic diseases, there is a growing complexity in health conditions, often requiring multidisciplinary teams with specialized expertise. The shift towards personalized medicine, where treatment plans are tailored to an individual's unique genetic makeup and health profile, has increased the need for specialists who can interpret genetic data, design personalized treatment regimens, and monitor patient responses. Patients are becoming more proactive in managing their health, often seeking specialized care for specific health concerns. Additionally, value-based care models emphasize the importance of quality and outcomes.

These factors collectively contribute to the growing demand for specialty care in the U.S. healthcare system.

Moreover, the current episodic care model, where patients are seen for brief office visits a few times a year, struggles to manage healthcare effectively. The shortage of specialists, difficulties accessing specialty care, and delayed diagnosis all contribute to the high cost of care.

As the population continues to age and patient journeys remain fragmented and inaccessible, the healthcare industry will need to reinvent its business model. A new model that can provide a win-win situation for payers, providers, and patients, delivering short- and long-term outcomes, accessibility, experience, and equitable health at a lower cost, will be necessary to address these challenges.

# What role do specialties play today

In the current system, referrals are the link between primary and specialty care. Typically, patients are referred to a specialist by a primary care provider for disease-specific care that requires expert diagnosis and management. Once the referral has been initiated, the PCP should ideally coordinate care by tracking the referral, transferring relevant patient information, and ensuring that the patient is in the right care pathway.

However, in the current state, both PCPs and specialists cite the need for better communication, effective referral management, and seamless information transfer as huge challenges in patient care. Apart from the difficulties in patient referrals to specialty, transfer of patient results and records from one provider either do not reach/sent late to another provider, resulting in loss of critical time, duplication of investigations and diagnosis, further causing treatment delays and increased cost of care.

This calls for a massive opportunity for specialties to play a critical role in complementing PCP and tertiary care by transforming into a sustainable model that is preventive, boundaryless, and one that empowers patients and caregivers.



# Market forces driving specialty care

In 2022, CMS announced its aim to have all traditional Medicare beneficiaries aligned in an accountable care relationship with their provider by 2030 with a vision to advance health equity, expand coverage, and improve health outcomes, thus driving Value Based Care adoption.

To achieve this, CMS has emphasized the shift in focus required to whole-person care, which needs additional depth and scope of services offered by specialty care with effective coordination of primary and specialty care providers. It has been identified that specialty care plays an outsized role in overall medical spending and offers important opportunities to increase the value of care.

The overall patient demand for specialty care is on an upward trajectory as chronic diseases and other long-term conditions require continuous management, monitoring, and engagement. Patients are looking at getting the treatment of a chronic disease under one roof (vertical integration), making it more effective and convenient, thus freeing them from the burden of coordinating their care with myriad providers. Evidence also suggests that outcomes, coordination, and patient satisfaction are superior when specialists have a central role.

This integration is leading to a growing shift in the market towards value-based care agreements, which provide greater financial stability with a regular revenue stream that isn't volume-dependent. The adoption of VBC is also gaining traction in various specialties (MSK, cardiology, nephrology, oncology, and behavioral health). Specialties adopting such models have reported substantial reductions in hospital admissions, readmissions, and medication adherence, as well as the widespread adoption of in-home therapies, both improving outcomes and reducing the cost of care delivery.

Payers are swiftly moving towards integrated managed care models that better align incentives and provide higher-quality, better experience, lower-cost, and more accessible care. More and more payers view members' health outcomes as critical to their bottom line.

Commercial payers are ramping up investments in the provider space as part of a broader move to strengthen their role in patients' overall care and to tap the provider profit pool. Large health insurers are looking at integrating doctors' groups/specialty practices that care for patients in private Medicare plans. The absorption of doctor practices is part of a vast, accelerating consolidation of medical care.

There is also a steady rise in consolidation within the specialty businesses. Small medical and specialty healthcare practices are opting to sell their businesses to large corporations, investors, and hospital systems. Large practice consolidators are seeking franchise acquisitions of specialty-specific care practices with the goal of offering uniform customer experiences under unified brands. This is being hugely supported by many Private equity players investing in deals, especially in specialties such as MSK, behavioral health, and diabetes, with abundant point solutions that are often difficult for customers to navigate. All this will help expand access to care, fund new technologies, and make healthcare businesses more efficient by eliminating duplicate administration costs.



# How can specialties make the best of this opportunity

Specialties today are looking at a model that is unique in its ability to provide value -based care at scale, combining medical expertise, advanced technologies, electronic health record systems, coverage, and care delivery. This need has created a high demand for both technology and services to achieve the goal of whole -person care. Having a technology infrastructure that can capture a 360 -degree view of an individual patient will help improve care coordination and performance in chronic disease management.

Across specialties, there has been a fundamental shift away from a predominantly utilization -management approach to a holistic approach using analytics, care coordination, provider integration, and patient engagement to tackle avoidable spend.

Being nimble, specialties can innovate and bring in change faster. Creating digital -first archetypes tapping into their deep medical knowledge combined with hybrid high -touch patient interactions and care personalization are unique value propositions for specialties today.

An integrated digital care approach will help in seamless communication between PCPs and specialists, alleviate costly referrals, streamline care pathways, and eliminate long wait times for in-person visits, thereby reducing the likelihood of an individual's care falling between the cracks of different medical disciplines.

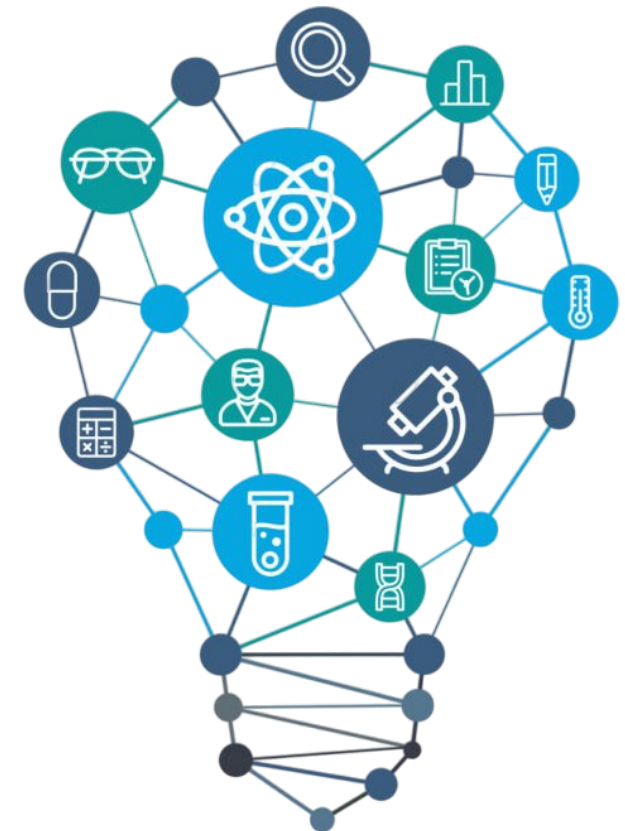
The key to digital investments in specialty care is identifying the best entry point, given the breadth of solutions and business models available. Here is a list of key areas that specialty providers can begin with:

- **Systemize deep therapy area knowledge**

Unlock the potential of Data: Unified patient data to get a 360-degree view of the patient for risk stratification, care transitions, and data synthesis.

- **Drive whole-person equitable care while managing risk:**  
Understand patient risk, enhance risk adjustment, deliver targeted care interventions, and use SDoH to drive truly patient-centric care.
- **Improve Patient Engagement:**  
Find, guide, and keep patients for life with hyperpersonalized, automated, omnichannel communications that keep them engaged throughout their care journey.
- **Utilize Hybrid models of care delivery:**  
To provide faster access to high-quality medical expertise and answers while reducing cost and administrative burden on payers and employers. They also bring in opportunities to scale fast, preventing delays in seeking and obtaining care.
- **Enhance Care Management with Point-of-Care Insights:**  
Keep providers engaged and provide quality episodic and ongoing care, by identifying and closing gaps at the point of care, and curating specialty-specific care protocols.
- **Track Cost, Care, and Performance Metrics:**  
Leverage the power and insights provided by AI, ML, and NLP algorithms to track relevant metrics and reduce costs, improve clinical outcomes, and drive operational efficiency.
- **Quickly integrate MnA**  
Interoperability, advances in AI and cloud computing that assist in integrating, sharing, analyzing, and synthesizing data across the value chain.

In order to strengthen the delivery of specialty care via digital, it will be critical to approach solution design with a central focus on user personas and their needs, adopt a phygital (physical and digital) combination to fortify digital approaches to care, and customize solutions to be more inclusive and address the needs of different user groups.



# Understanding Customer Needs Through a Consulting-Led Approach

Below is a recommended phase-wise approach for any Practice to approach and define their Digital journeys:



**Phase I** - To begin with a detailed assessment of the digital maturity of the enterprise to understand business priorities, followed by identification of key gaps and opportunity areas. A Digital enterprise blueprint can then be created.



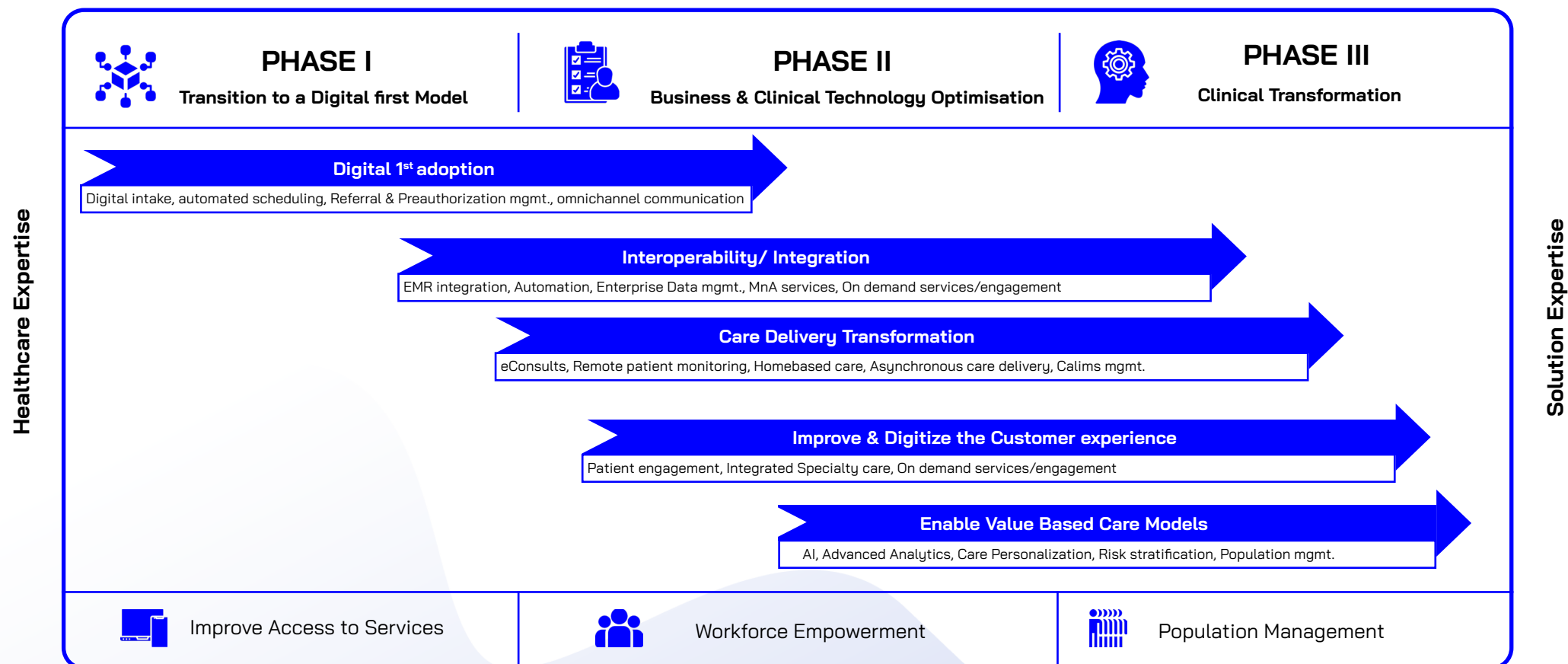
**Phase II** - Analysis of the business processes and technology architecture to define the transformation roadmap to help optimize care pathways, identify areas for automation, and augment business operations. A strategy for Data and Integration/Interoperability across systems involved in care delivery should also be created.



**Phase III** - The third phase would involve bringing in insights and evidence-based practices to define strategies to manage the population as a whole. Moving into a patient 360 view to run predictive analytics and generate actionable insights for the next best actions.

All the above phases need to be defined with key inputs from a group of stakeholders within the organization, including business, health practitioners, clinicians, operations, and functional leaders.

Below is a representative phase-wise approach to Digital transformation for Integrated specialty care.



# Conclusion

With the aging American population and the current growth of chronic diseases, the shift toward specialty care is inevitable. The demand for Digital specialties will continue to gain steam with high-touch continuous interaction and digital care models that have the potential to simultaneously decrease the total cost of care and improve patient outcomes and quality of life.

Digital carries the promise of reducing disease severity and, ultimately, the number of people impacted by these chronic conditions. As the industry continues to consolidate, bigger players in the digital health space will continue to refine larger-scale platforms that can focus on holistic, preventive, individualized care. As a result, continued PE investments in the digital specialty health space are expected in the years to come.



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