Optum

Addressing the challenge of innovation:

How ideation hubs bring innovation and growth to health care systems and payviders

There's no doubt health care has made monumental strides in modernizing and bringing new approaches to market over the past decade. But there continue to be barriers around innovation, its impact achieved and the speed at which it is delivered.

With health care spending projected to reach $6 trillion by 2026,* it's no mystery why we've seen an interest in healthcare from players who have not historically been major industry participants. Whether it's the massive rise in the numbers of health care technology startups or the staggering investment dollars coming from private equity, health systems are increasingly feeling the competitive need to refocus their efforts around innovation.

The mandate then becomes, **"How do we innovate and how do we grow?"**

Many hospitals and health systems have plenty of ideas. They have the industry awareness to see what their competitors and outside companies are bringing to the marketplace. But even with insights into new and emerging health care approaches, health systems tend to struggle with the necessary internal resource, expertise and bandwidth constraints to turn new ideas into reality.

Common roadblocks to innovation include:

- Lack of a formal innovation framework
- Sufficient capital needed to ignite change
- Limited employee and leadership bandwidth for new responsibilities, or "shiny object syndrome."

The bottom line? It can be a daunting task to pursue innovation from within. It's no wonder why health systems are beginning to look outside their own organizations to find the resources and partners who can enable and accelerate their innovation ambitions.

This executive point of view shares roundtable insights from a 2021 Optum Forum session that dive into the challenges and opportunities around innovation and growth. Some of the best practices for developing and collaborating in an outside partnership atmosphere are also highlighted.



Keith Shah
President, Optum Center for Applied Innovation



George Sauter
Chief Strategy Officer, John Muir Health



Sasha Preble
Chief Operating Officer, Optum Center for Applied Innovation



Russell Davis
Chief Consumer Officer, Optum Center for Applied Innovation

* Centers for Medicare & Medicaid Services. National Health Expenditures: 2018–2027. February 2019. cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/ForecastSummary.pdf.

Health care leaders who participated in the roundtable include:



Keith Shah, President, Optum Center for Applied Innovation

In addition to serving as the president of the new Optum® Center for Applied Innovation, Keith leads the Optum® Advisory Services Strategy and Growth Pillar. He has more than 25 years of health care experience, specializing in large-scale transformation and growth. He's an expert at driving multimillion dollar productivity gains through business unit optimization, data-driven strategies and applied innovation.



George Sauter, Chief Strategy Officer, John Muir Health

George is the chief strategy officer for John Muir Health – a not-for-profit health care organization east of San Francisco with more than 900 affiliated physicians and specialists, and operating four hospitals. George leads strategic planning and marketing, consumer engagements and strategic partnership development.



Sasha Preble, Chief Operating Officer, Optum Center for Applied Innovation

Sasha is the chief operating officer of the Optum Center for Applied Innovation. She brings 20 years of experience developing and implementing growth strategies for health care organizations. Her areas of expertise include partnership evaluation and development, consumer centric design, payment innovation and health equity.



Russell Davis, Chief Consumer Officer, Optum Center for Applied Innovation

As the moderator of the Optum Forum session, Russell led the innovation-focused roundtable with key questions and relevant context. Russell brings over 25 years of advisory experience developing and executing growth strategies with an emphasis on high-ROI customer experience for health systems and health plans. Russell focuses on developing and implementing successful growth strategies based on a deep understanding of customer experience.

Incremental innovation



It can be really hard for an organization to rally support and resources for an incremental innovation. Doesn't an organization have to make a really big splash with their innovation agenda?



Keith: Sometimes organizations really suffer from, and get super excited about, the innovation press release — and it's natural. Senior teams really want to see, "Here's what we want to bring into the market," so they'll put these bold initiatives out there.

Sometimes, you have to almost fight that. Organizations spend a lot of time rallying support and assembling resources, which in many cases are scarce resources. Scarcity, as we know, drives innovation across the board. But now more than ever within health care, we are very limited. We have these amazing challenges when it comes to workforce shortages to begin with, and we have all sorts of supply chain issues.

There's technology layering on, then there's just general economic anxiety that exists. This is only creating more of that scarcity and from it, hopefully, more and more innovation. That makes your question more impactful.

Narrow innovation



In the first half of 2021, investors poured $15 billion into 372 digital health companies. Many of those have relatively narrow solutions that they're building out — some estimates suggest that more than 50% of companies will not be around in two years. What is your argument for concentrating on narrow innovations?



Sasha: If you have a narrow innovation, it's solving a focused and targeted problem. I think there's much to be said in terms of narrowing the problem statements that answer the right business question and working toward solutions that address it.

I think there's a lot of value in focusing the effort around execution. For example, organizations like Livongo have really been successful in diabetes management. If they can continue to be successful, they have a great chance to improve the quality of life and lower the total cost of care for a targeted patient segment.

To me, that's really important. If I think about traditional health care organizations, they have a history of really trying to be all things to all people. In doing so, I think mediocre results can be expected.

And if we apply that logic to innovation, there can be great opportunity for success when you narrow the problem set and narrow the questions you're trying to answer.

Narrow innovation (continued)



Do you ever worry that your clients who are focusing on narrowly defined problems may be limiting themselves to only incremental innovations?



Sasha: No. I had the privilege of working with a health care organization out east on what started as an opportunity to improve physician satisfaction through a very narrowly focused, targeted patient navigation program for just a very small subset of their patient panels. We helped them develop this capability into a more impactful growth initiative.

We worked with them to scale this approach, which ultimately evolved into a market facing and market differentiating consumer acquisition and retention tool.

This was a small opportunity and a small-scale effort. Through some great leadership and design thinking, we scaled this to be a meaningful tool and approach. It's now helping this organization retain and attract new patients more broadly.

Building an innovation hub



You've been busy this year building the new Optum Center for Applied Innovation. Could you tell us what that is, exactly?



Keith: The Optum Center for Applied Innovation is a catalyst – it's meant to really be an accelerator for some of these conversations that we desperately need to have. In a peri- and post-pandemic world, as we shift into an endemic state across the entire ecosystem, how can we bring to bear some of the innovative ideas that may be resting beneath the waves? How can we bring them to light and make sure that they're real?

So, catalyst is the first word that comes to mind. There's a level of concierge and kind of architecture that also comes to mind when you mention the size and scale – not just of Optum, but also UnitedHealth Group® and all the related companies.

A good sense of what the Center for Applied Innovation accelerates is really understanding what those assets can unlock. Some of our closest partners, such as George and his colleagues on the leadership team of John Muir Health, are an example of that.

Building an innovation hub (continued)



There are a lot of innovation labs that exist in the world, so what is unique about what you're building inside Optum?



Keith: We use the word "adaptation" a lot. We use the word "apply" a lot and very intentionally in the moniker of the center itself. I would argue in some sense, that's the most important word. If we innovate just for the sake of innovation, it's not really going to get us anywhere, but that "applied" really moves the results.

From a design standpoint, that's what has separated some of the other types of innovations or innovative organizations that are out there. And we've tried to learn the lessons of our industry that seem to be repeated time and time again.



Sasha, I know you've had a strong hand in helping to build the Center. What's the one thing you learned in that journey? Or what do laggards do that they should change now?



Sasha: The laggards, they just won't let it go out. These are organizations that just have a hard time pulling the plug. Quite frankly, the innovators and organizations who are successful – sometimes even in their day-to-day work – acknowledged when it was time to stop something and actually did.

Innovation failure



One of the things that strikes me about failure is we all love to learn from other failures, but nobody really wants to relive their own. Does anything good ever come out of any of the failures that you've realized? Or are you more inclined to quietly sweep them under the rug?



George: I think a lot of good could come from some failure. Acknowledge that the solution didn't work, that we learned from it and now we're moving on. Then, if you don't punish those people who took the chance to support this new change, that is going to pay dividends far into the future.

It creates an environment of risk-taking and of people going the extra mile on trying new things. That's really important.

There's a practical side of this, too. For example, we launched an asynchronous, e-visit solution well before the pandemic. And for a variety of reasons, it just didn't really catch on. It might have been a little early in the market.

Then the pandemic struck. Suddenly, the market was ready for solutions like this overnight. We were able to bring another variation of the idea to bear very quickly. For our provider community, this was new to them but we were able to say, "We've done this before."

Innovation failure (continued)



Sasha: One suggestion that I would like to mention is to always measure and document. So, if or when you do fail, you know why and you have the measures to inform how not to fail in the future.

I'm also reminded of other phrases and mantras we've heard in speaking with health care leaders. These include, "Succeed differently," and "When you plan, be prepared for both outcomes – success and failure." For me, it's all about the planning.

Nurturing innovation talent



We talked a little bit about the nature of innovation and success and failure and timing. But we haven't talked about one critical component, which is talent. How do you maintain an environment where you find people eager to innovate?



Sasha: Great question. In the end, we're all human. Perhaps we fear the rise of the machines. I think we, as leaders, need to create a space for our team members to create. We need to help them with their daily workflows and provide investment for those individuals and for the teams who have ideas that they're really passionate about working on.

And we think there's mutual opportunity to make improvements. We need to create that space. To create that environment and frankly, that expectation of generating new ideas and supporting one another in that creation.



That really speaks to the old adage that good ideas can come from every level of the organization. George, do you agree?



George: Absolutely, it's a necessity. John Muir Health isn't big enough to have a special team that's focused on innovation or entire arm of the organization whose job it is to come up with new ideas.

We require that to be an expectation of everyone who works for us. In my staff meetings, we start with a safety story, which is really important, but then we also take time for an innovation story. Just to really celebrate the idea of continuing to remind people that it's important.

We highlight people – those deeper within the organization who have taken it upon themselves to come up with new ideas or solve problems, and we really celebrate those. The idea itself may not have been implemented, but it's the thought process of going through that, and saying that this is what we as an organization will seek out and celebrate.

Nurturing innovation talent (continued)



Keith, what's a good talent hack you have for trying to find innovators in an organization with lean resources?



Keith: George and his senior staff colleagues within their health system really exemplify a lot of what we're talking about. I think a lot about "culture" and "environment" – these are absolutes.

What George offered about talent – John Muir Health may not have dedicated people. They don't have that luxury – and with that comes its own challenge. But what they've done is to very innovatively look across their enterprise and say, "How do we indoctrinate all our staff and get them engaged across the board?"

There's an embracing of the path of least resistance, that all ideas should be tried to be understood and captured before we decide "yay" or "nay." And making sure that we understand the context – what is innovation for one type of role may not be for another. It doesn't mean it's less inherently valuable until we draw its end to its logical conclusion.

Innovation through partnership



So far, we've talked about innovation largely within the context of a single organization. The reality is, we all know that a lot of innovation – I would say most innovation today – requires collaboration across different organizations. Doing that well is a survival skill in and of itself.

George, I know you've learned a ton and you have deep experience with Optum over the past couple of years. What are the principles you live by, in establishing strong partnerships, that you think are valuable and applicable across the industry?



George: A couple things. One is, we put so much care, effort and thought into choosing those partners. It is not something to be taken lightly. We do very, very thorough evaluation. Once you've made that decision, it's really important to lean in on the partnership.

We have partnerships with a couple of academic medical centers to expand our footprint in the marketplace and to expand our clinical capability. And our partnership with Optum helps us gain some operating scale. This relationship is quite broad and it's worked very well. Places where it has worked extremely well is when both sides have really leaned in on the partnership. Where it hasn't worked well, it's almost always the case that there's not a deep commitment.

Be thoughtful about choosing your partners and when you do, really mean it and work to make that partnership bear fruit.

Innovation through partnership (continued)



What are the attributes of organizations that are particularly well suited to partner with other organizations?



Sasha: Organizations that are good for partnership bring an action orientation and a true willingness to change – to break free of the status quo. There are leaders willing to take strategic risks, but they're backed by organizations willing to tolerate what those risks might result in, whether it be success or failure. They have to bring a growth mindset to the partnership.

When thinking about changing the status quo and doing things differently, it absolutely has to be organizations and leaders who operate on, and expect, a diversity of ideas, thoughts, individuals and approaches.

That diversity quotient is really a true indicator of potential future success.

We can help you innovate and grow. Let's get started.

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