



# 2024 Health System Digital & IT Investment Trends

## Advancing Efficiency and Security

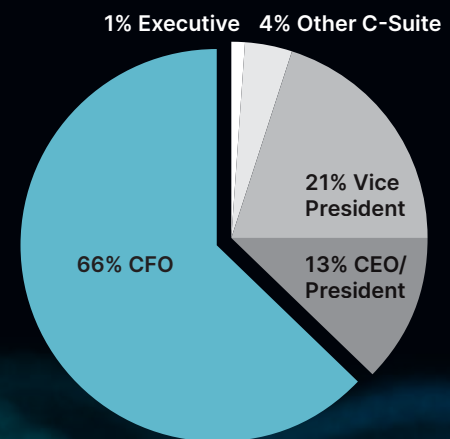
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U.S. hospital and health system leaders project continued increases in digital and technology spending, specifically for solutions that advance operational efficiency and cybersecurity, according to a survey analyzed by Guidehouse and conducted by the Healthcare Financial Management Association. The survey of 144 provider executives reveals their top digital and IT investment priorities for 2024 and associated challenges, opportunities, and goals.

Guidehouse Center for Health Insights Report | November 2023

# 2024 Health System Digital & IT Investment Trends Report

Guidehouse analyzed a survey conducted by the Healthcare Financial Management Association (HFMA) from August – September 2023 to understand top digital and IT investment priorities at U.S. hospitals and health systems for 2024. The survey included 144 provider executive respondents, the majority of whom were CFOs.



## Insights Summary

**Spending** – 75% of providers have increased their digital and IT budgets since 2019, and 1 in 5 cited increases of more than 30%. More than 85% expect their organization's digital and IT budgets to increase in 2024, and nearly half cited moderate to significant increases.

**Priorities** – 55% of providers cited cybersecurity as their top investment priority in 2024, followed by EHR modernization, digital care, and advanced analytics, AI, and machine learning.

**Goals** – 68% of providers are increasing their 2024 budgets to enhance patient and provider satisfaction. Improvements in operational efficiencies and consumer experiences are top ways they hope to benefit from these investments.

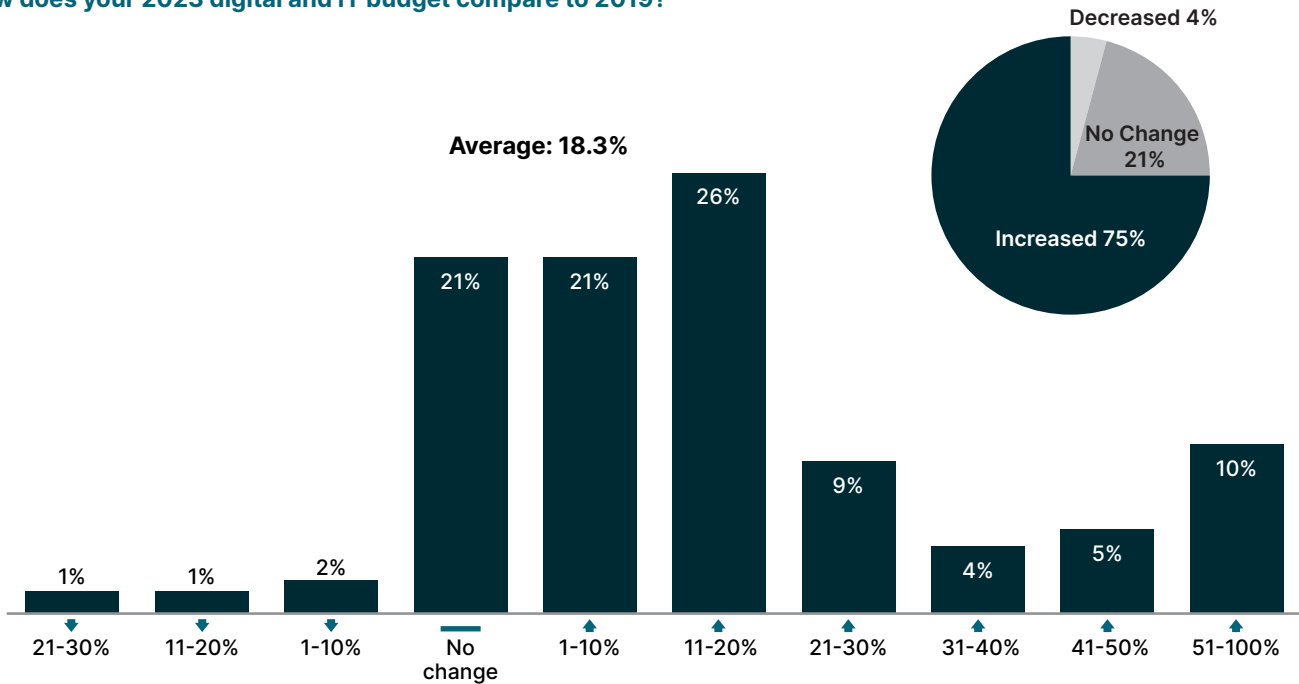
**Capabilities** – 70% of providers cited changes to their digital and IT decision-making structure, processes, or capabilities since 2019. One-third cited new or expanding relationships with outsourcing partners and digital/IT department restructuring as top shifts.

**Challenges** – The majority of providers cited the need for resources (56%) and operational implementation (53%) to make digital and IT investments successful. Nearly a quarter reported the lack of a comprehensive business case or implementation plan for their investments.

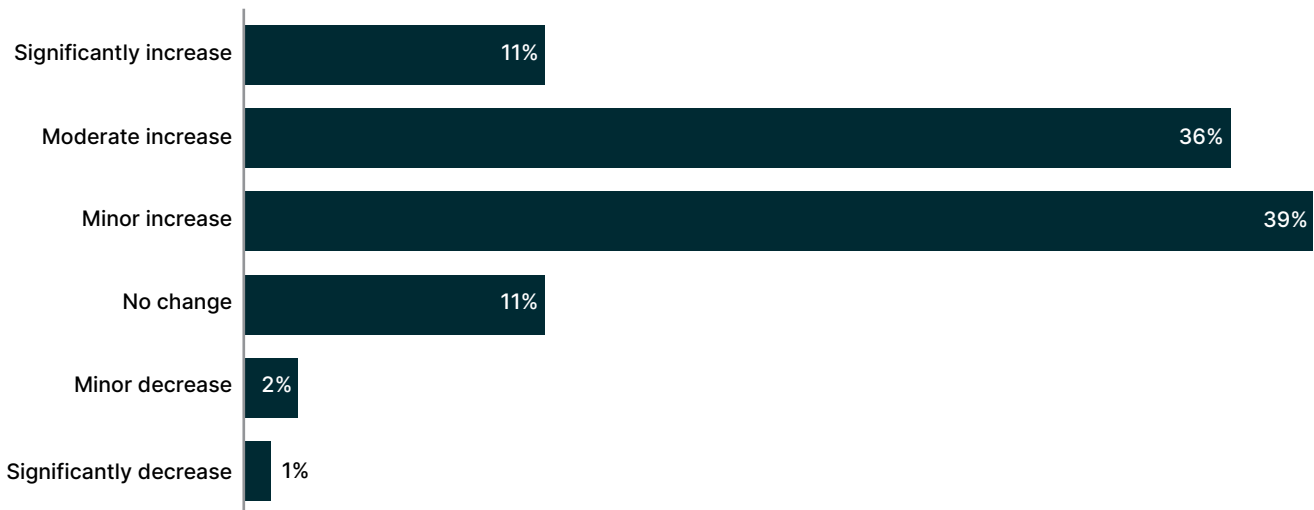
## Spending

From 2019 to 2023, providers increased their digital and IT budgets by an average of 18.3% with 1 in 5 citing increases of more than 30%. These increases are significant, as average budget increases normally range from 1-3% each year. Moreover, 86% of respondents project their digital and IT budgets to grow in 2024, and nearly half expect moderate to significant increases.

### How does your 2023 digital and IT budget compare to 2019?



### How is your digital and IT budget expected to change in 2024 compared to 2023?



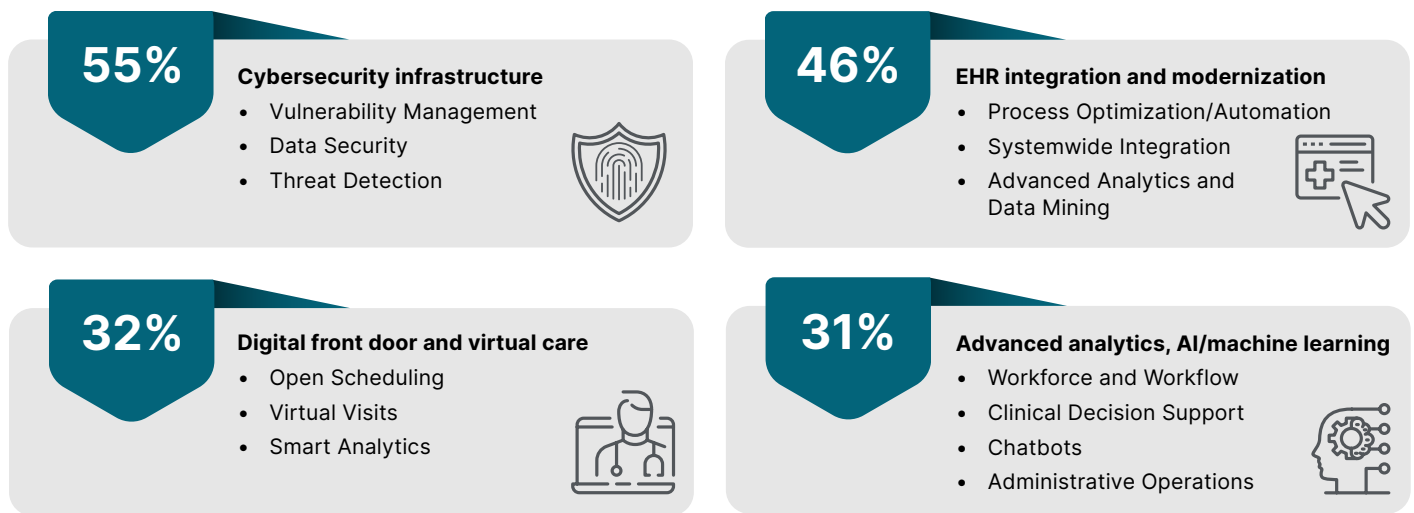
## Priorities

When selecting the top three areas for digital and IT investment in 2024, 55% of providers identified cybersecurity infrastructure as the highest priority. Respondents indicated a need to focus on vulnerability management, data security, and threat detection.

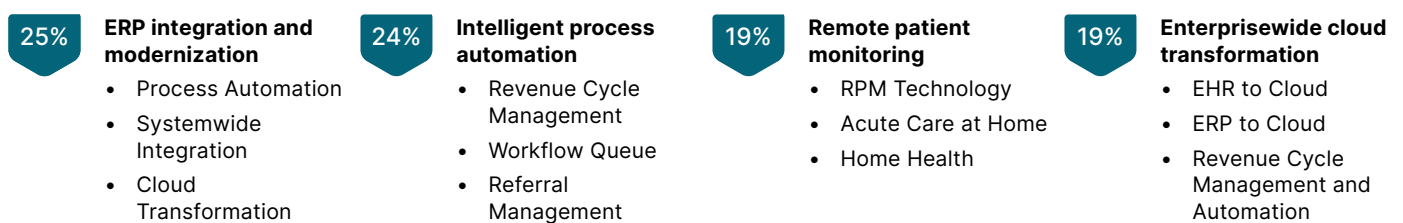
Integrating and modernizing the EHR is the second highest priority for providers. Respondents are focused on improving EHR process optimization and automation, systemwide integration, analytics, and data mining.

Improving the digital front door with advanced patient scheduling and access to virtual care is the third highest priority, with respondents focusing on open scheduling, virtual visits, and smart analytics. This is followed closely by advanced analytics, AI, and machine learning, where primary focus areas are workforce and workflow improvement/ intelligent automation, clinical decision support, chatbots, and administrative operations.

### Select the top three areas of highest priority in 2024.



### Other Responses



## Goals

Most providers are increasing their digital and IT budgets to enhance patient and provider satisfaction via increased operational efficiencies (65%) and improved consumer experiences (57%). This is largely (68%) driven by patient and provider feedback requesting these enhancements.

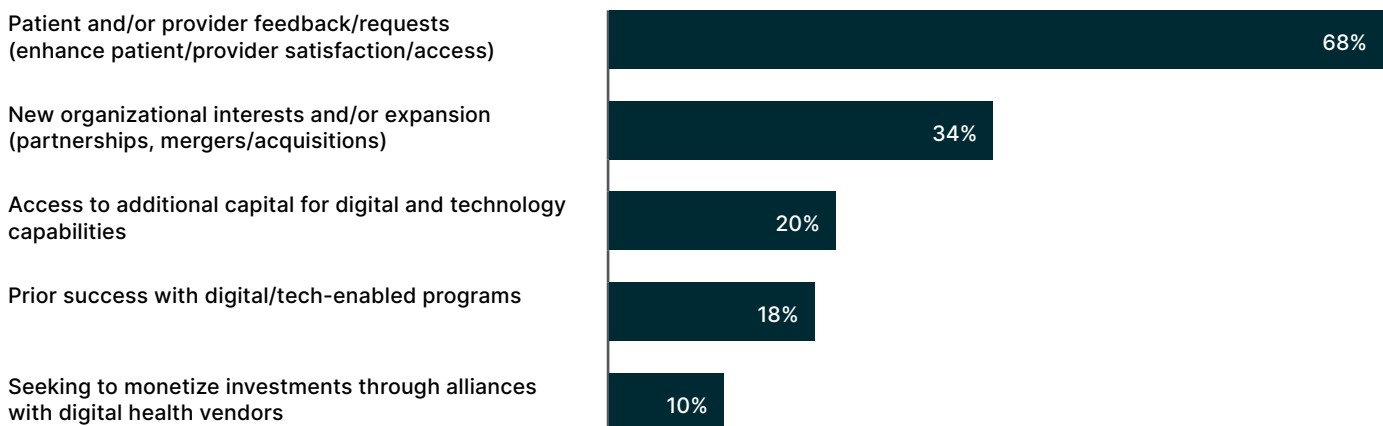
Select the top three ways you hope to benefit from digital and IT investments.



## Other Responses



Why are your digital and IT investments increasing? Select all that apply.

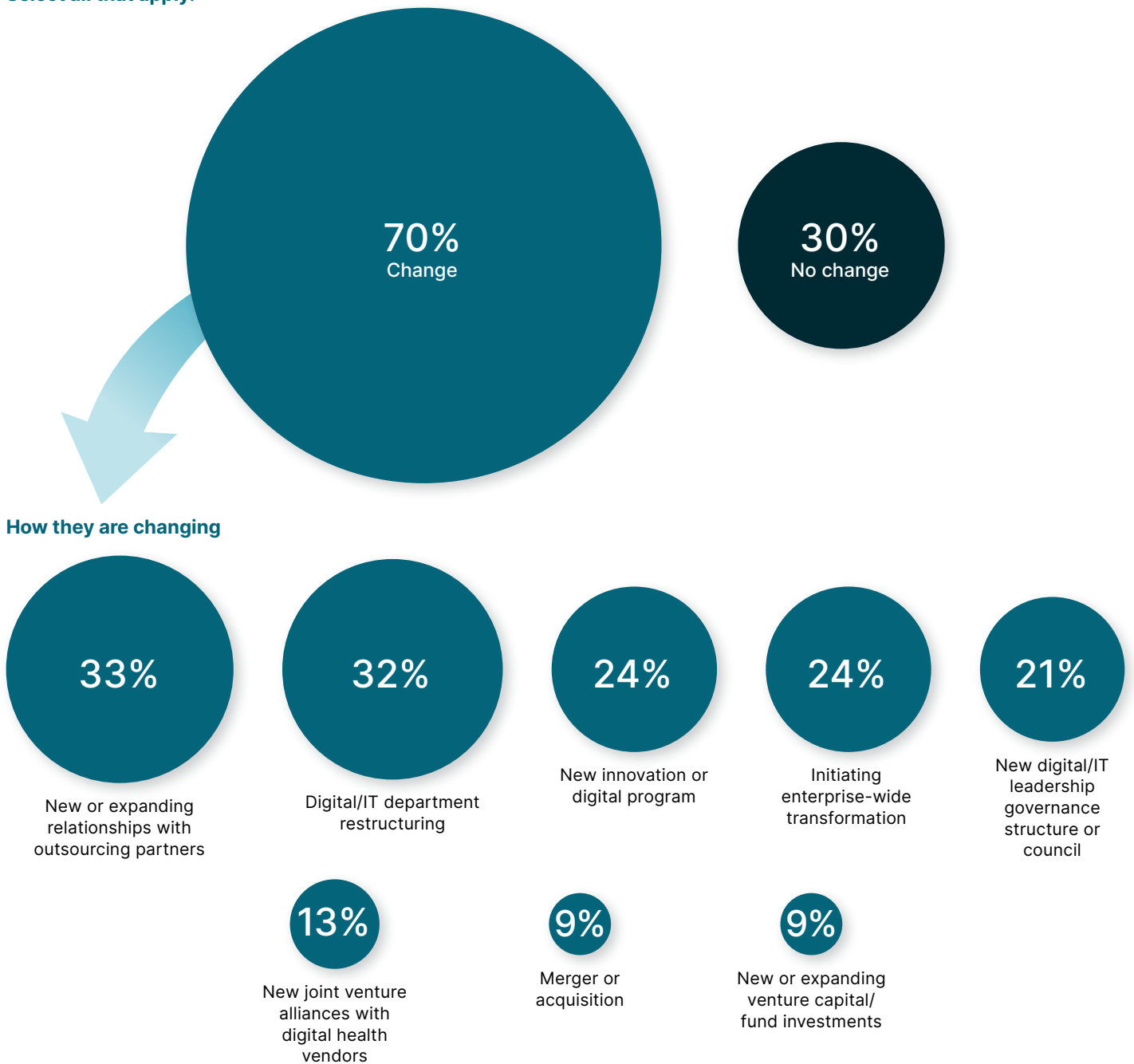


## Capabilities

To support larger, more strategic investment decisions for digital and IT, 70% of providers have updated their digital and IT decision-making structures, processes, or capabilities since 2019.

Notably, a third of respondents have initiated new or expanding relationships with outsourcing partners. Another third of providers cited digital/IT department restructuring as key changes, with 21% initiating a new leadership governance structure or council. A quarter of respondents implemented new digital and innovation programs or are initiating enterprise-wide transformation efforts, supporting their commitment to improving patient and provider experience while reducing costs.

### How have your digital and IT decision-making structures, processes, or capabilities changed since 2019? Select all that apply.



## Challenges

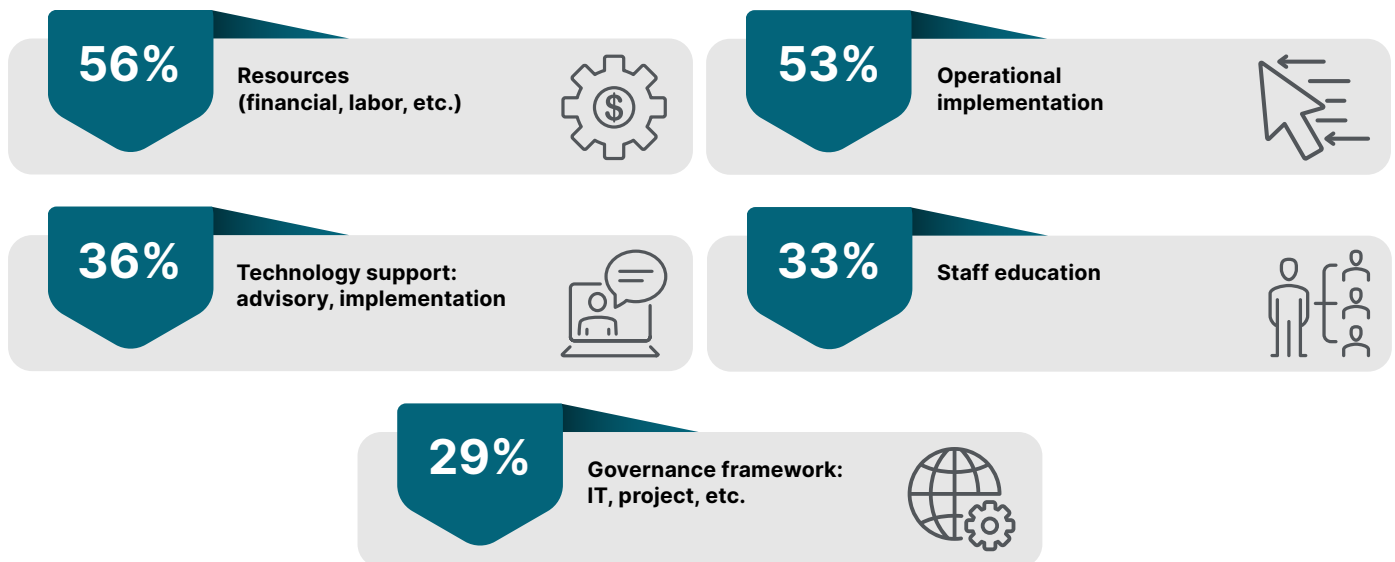
Resources and operational implementation are two areas more than half of providers cited needing support with when investing in digital and IT initiatives. Notably, 72% of respondents that are decreasing or not changing digital and IT budgets in 2024 cited lack of resources as the primary reason for doing so.

Additionally, nearly a quarter of providers lack a comprehensive business case or implementation plan for their digital and IT investments. Reasons for this include

a lack of understanding and interest among leadership, minimal key performance indicators, limited governance structure, and misalignment of desired outcomes.

For providers with a plan, 1 in 3 do not have mechanisms in place to monitor the performance of the investment. More than half of respondents indicated their plans lack certain essential elements, including identification of impacted patient populations and disease states, assessment of market demand and competitive landscape, quantification of clinical and quality outcomes, and a redesign plan for clinical operations (with provider input).

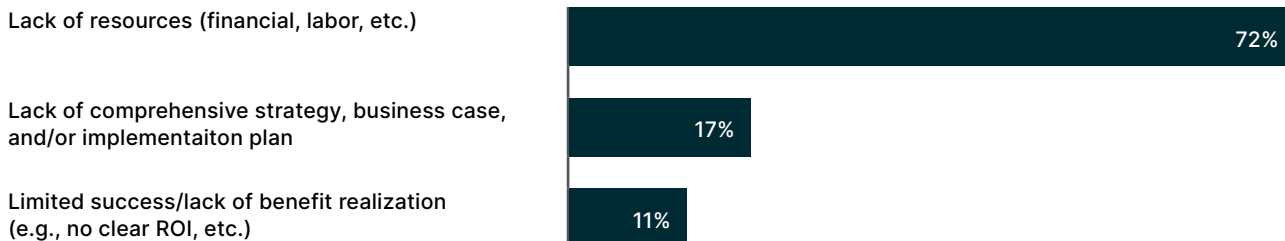
### Select three areas of support you need to make your investments successful.



### Other Responses

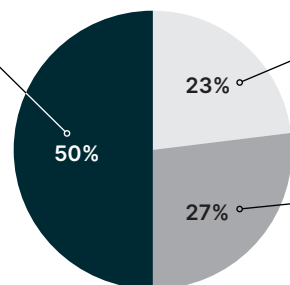


### Why are your digital and IT investments decreasing or not changing? Select all that apply.



### Do you have a comprehensive digital and IT business case and implementation plan?

**Yes**, a plan exists and is closely reviewed and monitored by the financial team for both cost spend and planned/defined benefit achievement



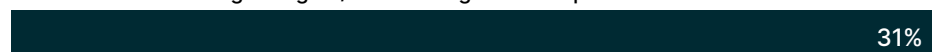
**No**, a plan does not exist

**Yes**, a plan was created but is not closely reviewed and monitored by the financial team and leadership for both cost spend and planned/defined benefit achievement

### Why don't you have a business case and implementation plan?

Select all that apply.

Lack of understanding of digital/tech among leadership team



Lack of key performance indicators to measure outcomes



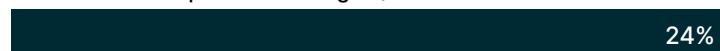
Lack of IT governance



Lack of alignment of digital/tech investments to clinical/operational outcomes



Lack of leadership interest in digital/tech



### Does your business case and implementation plan include the following?

Select all that apply.

- 15%** Identification of the specific patient population(s) and disease state(s) that would benefit
- 28%** A comprehensive assessment of the market demand and competitive landscape
- 33%** Quantification of the expected clinical and quality outcomes
- 34%** A plan for the redesign of clinical operations with provider input
- 36%** An analysis of reimbursement and financial models associated with the program
- 49%** A detailed implementation plan and assessment of barriers and mitigation strategies
- 52%** A key stakeholders engagement plan (e.g., executives, clinicians, payers, and patients)
- 53%** A clearly articulated value proposition and outline of the goals
- 61%** A cost-benefit analysis evaluating the financial implications of implementation



## Conclusions

Survey responses reflect a combination of the impact of the COVID-19 pandemic, including the expansion of digital care and patient engagement and monitoring solutions, as well as the digitization of health records and an associated rise in cyberattacks, which have all fueled a significant increase in spending on digital and IT capabilities in healthcare.

Cybersecurity remains a top concern as cyberattacks and breaches become increasingly common and visible to a discerning public. As the need for effective EHR integration and modernization also continues to be a priority, these systems are prime targets for cybercriminals. Through additional investments in cybersecurity, healthcare organizations aim to reduce risk of a data breach that may result in legal and financial repercussions as well as a negative impact to brand reputation.

However, while critical for a strong foundational underpinning of a digital and IT infrastructure, cybersecurity is only one key part of the picture. Leaders place increasingly higher levels of importance on using digital and IT resources to improve operational efficiency and consumer experience and remain competitive in a rapidly changing market. Provider burnout and consumer choices for multichannel care are at all-time highs and providers seek solutions that streamline administrative

processes for clinicians and make it easier for patients to access healthcare services, communicate with providers, and manage their health. Organizations that offer advanced digital capabilities will be better positioned to attract patients and retain clinicians. Combined with reductions in enterprise costs, investments in digital and IT are expected to positively impact both sides of the balance sheet.

To improve efficiencies in tasks they do not perform at scale, many providers are choosing to outsource non-core functions (i.e. billing, coding, or IT support), which allows them to focus on care delivery, mitigate risks, and get access to next generation technology systems without the upfront cost. Additionally, shifts in leadership and department restructuring are key to addressing digital and IT workforce challenges. Today's competitive market requires healthcare organizations to innovate and invest in their workforce while adopting strategies to attract and retain top talent.

Providers need discerning and pragmatic guidance to identify which investments (and partners) stand to have the greatest impact and develop strategic implementation plans that establish long-term, sustainable change inclusive of sustainable benefit realization. Success in 2024 and beyond demands investment strategies that are rooted in realistic goals to generate meaningful and measurable returns.

## About Guidehouse

Guidehouse is a global consulting and managed services firm providing advisory, digital, and managed services expertise to public sector and commercial clients. The Guidehouse Health team helps organizations modernize and innovate healthcare services, finances, and operations. A four-time Best in KLAS® winner in 2023, Modern Healthcare ranked Guidehouse the third largest healthcare IT consulting firm in 2023 and the second largest healthcare consulting firm in 2022.

 [guidehouse.com/industries/health](https://guidehouse.com/industries/health)

 [healthcare@guidehouse.com](mailto:healthcare@guidehouse.com)

 [linkedin.com/showcase/guidehouse-health](https://linkedin.com/showcase/guidehouse-health)

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