The Great
SHAKEUP

panda health

Contracts for many digital health solutions will expire soon. Will hospitals renew, or is a massive disruption on the horizon?

Overview

The pandemic necessitated rapid adoption of digital health solutions as hospitals and healthcare systems sought safe ways to deliver care.

The acquisition, implementation, and usage of dozens of technologies, such as telemedicine and remote patient monitoring (RPM), skyrocketed. For telemedicine alone, the number of encounters jumped 766% in the first 3 months of the pandemic.

Now, the acquisition activity has settled—but perhaps not for long.

Hospitals and digital health vendors typically engage in contracts that span three to five years, with most reflecting the shorter duration. This means that many of the solutions acquired during the pandemic will be up for renewal later this year and next.

Will hospitals stick with their current digital health solutions or are they planning to shake things up? If so, which solutions are likely to experience the most churn?

The following "Churn Index," based on an independent survey of 100 hospital executives and leaders conducted in March 2023, explores the answers.

What the Experts Say:

"Hospitals stepped up during the pandemic and acted with unprecedented speed to deploy digital health solutions. They didn't have the luxury of spending months evaluating options—but now time is on their side. With more knowledge about what they want, what they need, and what they can expect from digital solutions, **the industry should brace for a significant amount of churn.**"

– **Ryan Bengtson,** MHSA, President and COO, Panda Health

"We are in a rapidly evolving digital era of healthcare transformation. To effectively meet the needs and exceed expectations of patients, healthcare organizations must prioritize the development of consumer-centric strategies, which could involve a **comprehensive overhaul of existing approaches** and a **strong emphasis on modernizing their technology**."

– **Josh Sol,** MBA, Managing Director, FTI Consulting

The Churn Index

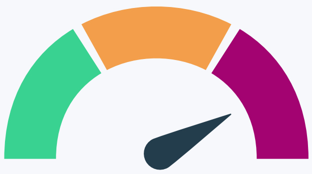
Of the 24 digital health solutions assessed in the survey (see full list on page 16), hospital leaders reported that the pandemic had the highest influence on acquisition for the following 11 solutions.

The following chart serves as a high-level summary of the churn score (likelihood of rip and replace activity) for each of the solutions over the next one to two years. More detail for each of the solutions is included in the following pages.

Solution	Churn Score
Telemedicine/E-Visits	HIGH
Remote Patient Monitoring	HIGH
Digital Care Navigator/Chatbot on Website	MODERATE
Patient Engagement	MODERATE
Hospital at Home	MODERATE
Digital Patient Intake	LOW / MODERATE
Patient and Employee Wellness	LOW / MODERATE
Self-Service Patient Scheduling	LOW
Digital Care Coordination/Care Journey Orchestration	LOW
Data Lakes and Data Fabric	LOW
Patient Acquisition and Activation	LOW

Telemedicine/E-Visit Solutions

Churn Score



HIGH

Predicted Impact:

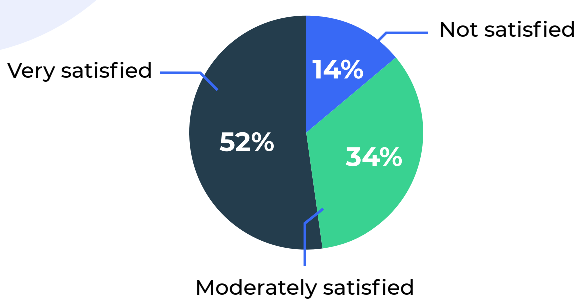
1,693 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

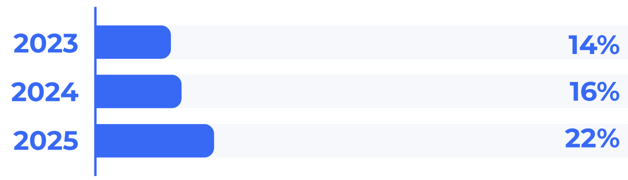
Moderate level of dissatisfaction

Nearly half of hospitals with these solutions are "not satisfied" or only "moderately satisfied"



High rate of renewal activity

Nearly one-third have contracts that expire by the end of 2024



Spotlight Finding: Of all digital health solutions included in this survey, hospital leaders reported that **telemedicine acquisition was one of the most influenced by the pandemic**, with **97% saying** that the crisis played a role in their acquisition decision.

*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children's hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 5,644 (Source: 88% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 1,693 (Source: 30% with renewals in 2023 and 2024; survey finding)

*Percentages may not total 100 due to rounding

Remote Patient Monitoring Solutions

Churn Score

Predicted Impact:

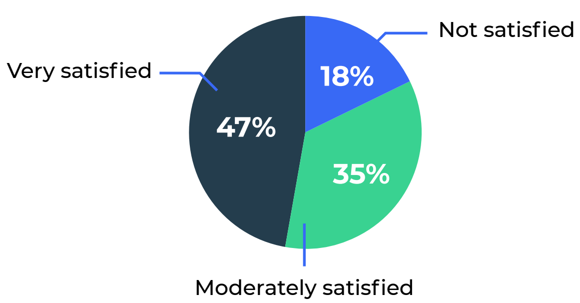
1,058 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

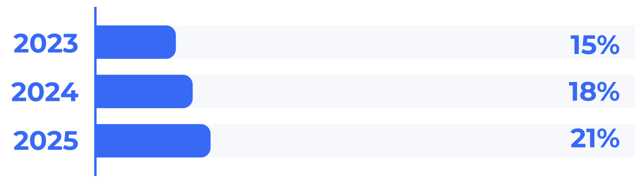
Moderate level of dissatisfaction

More than half of hospitals with these solutions are "not satisfied" or only "moderately satisfied"



High rate of renewal activity

One-third have contracts that expire by the end of 2024



Spotlight Finding: **82% of hospitals deployed their solutions** since the pandemic began, **and 19% of them did so within the past 12 months**. While churn is anticipated this year and next, so is an increase in the number of hospitals acquiring these solutions for the first time.

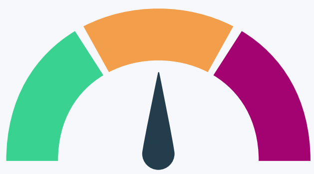
*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children's hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 3,207 (Source: 50% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 1,058 (Source: 33% with renewals in 2023 and 2024; survey finding)

*Percentages may not total 100 due to rounding

Digital Care Navigator/Chatbot on Website Solutions

Churn Score



MODERATE

Predicted Impact:

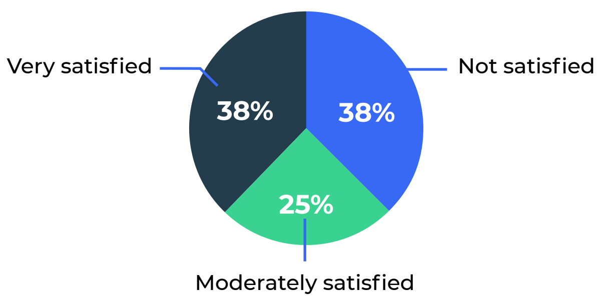
197 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

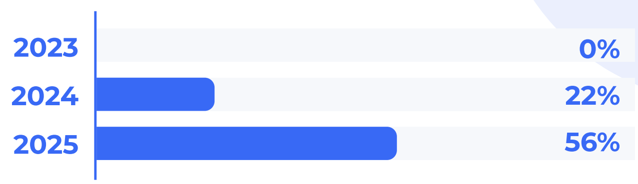
Moderate level of dissatisfaction

Of all solutions, this one had the highest percentage of respondents who are "not satisfied"



Moderate rate of renewal activity

22% have contracts that expire by the end of 2024



Spotlight Finding: **Just 14%** of all of survey respondents currently use these solutions, and of those who do, **100% have acquired them within the past two years.** Among those who use these solutions, a significant amount of **churn is likely** to occur after this year.

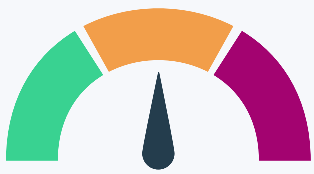
*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children's hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 897 (Source: 14% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 197 (Source: 22% with renewals in 2024; survey finding)

*Percentages may not total 100 due to rounding

Patient Engagement Solutions

Churn Score



MODERATE

Predicted Impact:

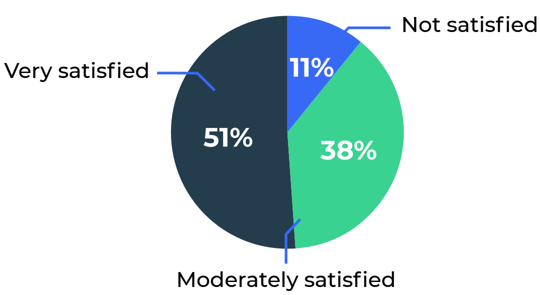
821 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

Moderate level of dissatisfaction

Nearly half of hospitals with these solutions are “not satisfied” or only “moderately satisfied”



Moderate rate of renewal activity

21% have contracts that expire by the end of 2024

Spotlight Finding: Overall, **61% of hospitals currently use these solutions.** While 28% of those who use them acquired their solutions prior to the pandemic (more than five years ago), the **acquisition rate has increased steadily.** About half (48%) of hospitals who currently use these solutions acquired them within the past two years.

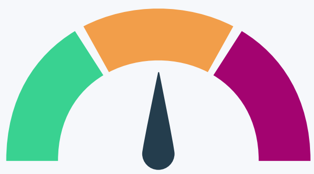
*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children’s hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 3,912 (Source: 61% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 821 (Source: 21% with renewals in 2023 and 2024; survey finding)

*Percentages may not total 100 due to rounding

Hospital at Home Solutions

Churn Score



MODERATE

Predicted Impact:

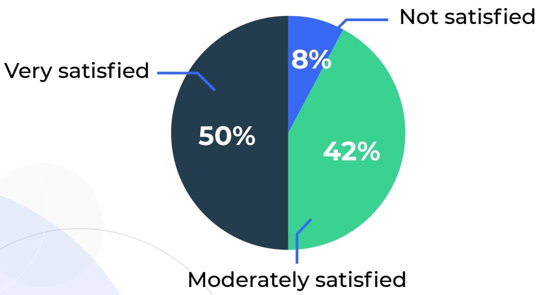
218 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

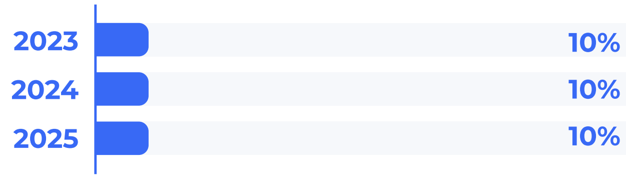
Moderate level of dissatisfaction

Half of hospitals with these solutions are “not satisfied” or only “moderately satisfied”



Moderate rate of renewal activity

20% have contracts that expire by the end of 2024



Spotlight Finding: While hospital at home has been a trending solution for several years, actual application by hospitals is still gaining traction. **Only about 20% of survey respondents currently use these solutions,** and more than half of those that do (61%) acquired them within the past two years.

*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children’s hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 1,090 (Source: 17% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 218 (Source: 20% with renewals in 2023 and 2024; survey finding)

*Percentages may not total 100 due to rounding

Digital Patient Intake Solutions

Churn Score

LOW / MODERATE

Predicted Impact:

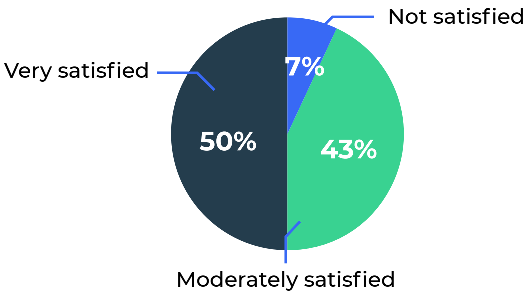
179 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

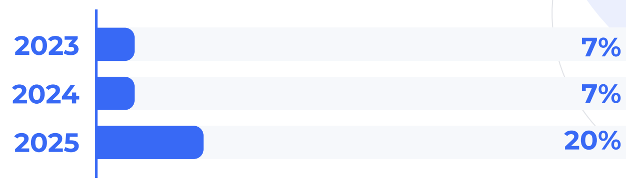
Moderate level of dissatisfaction

Half of hospitals with these solutions are “not satisfied” or only “moderately satisfied”



Moderate to low rate of renewal activity

14% have contracts that expire by the end of 2024



Spotlight Finding: While there won’t be a lot of churn over the next two years, there is likely to be an increase in the number of hospitals acquiring these solutions for the first time. **Only one-fifth of hospitals (20%) currently use these solutions,** but most that do acquired them in the past two years (62%). Nearly one-third (29%) acquired their solution in the past 12 months.

*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children’s hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 1,282 (Source: 20% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 179 (Source: 14% with renewals in 2023 and 2024; survey finding)

*Percentages may not total 100 due to rounding

Patient and Employee Wellness Solutions

Churn Score

LOW / MODERATE

Predicted Impact:

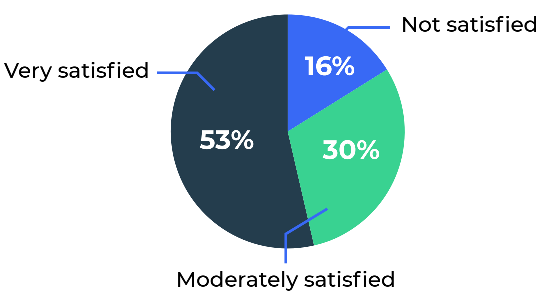
665 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

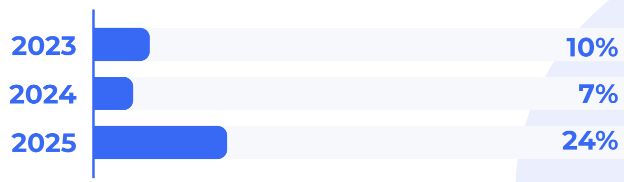
Moderate level of dissatisfaction

Nearly half of hospitals with these solutions are “not satisfied” or only “moderately satisfied”



Moderate to low rate of renewal activity

17% have contracts that expire by the end of 2024



Spotlight Finding: **Nearly two-thirds of hospitals (61%) currently use these solutions,** and about half of those organizations were using them five or more years ago. Since the pandemic, however, **acquisition rates have steadily increased,** with 28% of users acquiring their solutions in the past two years and 22% acquiring them in the past three to four years.

*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children’s hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 3,912 (Source: 61% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 665 (Source: 17% with renewals in 2023 and 2024; survey finding)

*Percentages may not total 100 due to rounding

Self-Service Patient Scheduling Solutions

Churn Score

LOW

Predicted Impact:

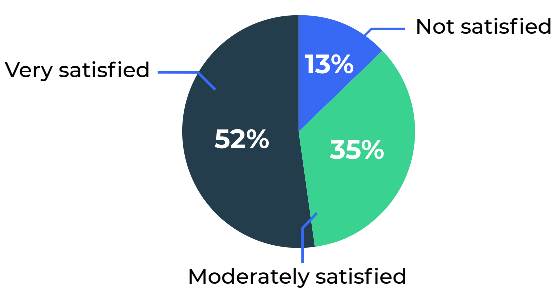
195 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

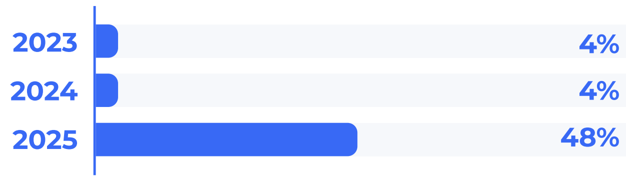
Moderate level of dissatisfaction

Nearly half of hospitals report that they are “not satisfied” or only “moderately satisfied”



Low rate of renewal activity

8% have contracts that expire by the end of 2024



Spotlight Finding: **About one-third of hospitals (38%) currently use these solutions,** and of that percentage, 69% purchased them in the past two years. While there’s not likely to be much churn this year or next, **2025 is expected to be more active**. This is because dissatisfaction is rated as moderate, and 48% of survey respondents say their contracts will expire that year.

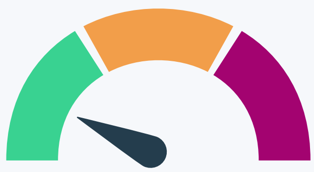
*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children’s hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 2,437 (Source: 38% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 195 (Source: 8% with renewals in 2023 and 2024; survey finding)

*Percentages may not total 100 due to rounding

Digital Care Coordination/Care Journey Orchestration Solutions

Churn Score



LOW

Predicted Impact:

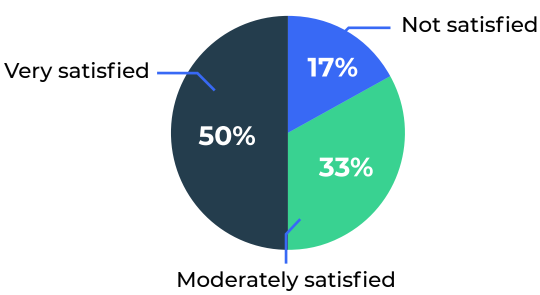
66 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

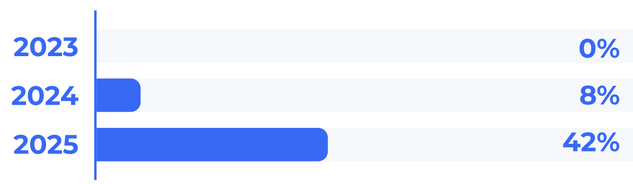
Moderate level of dissatisfaction

Half of hospitals report that they are "not satisfied" or only "moderately satisfied"



Low rate of renewal activity

8% have contracts that expire by the end of 2024



Spotlight Finding: Only 13% of hospitals surveyed currently use these solutions, but of those that do, **92% say the pandemic influenced their acquisition decisions**. While there's not likely to be much churn this year or next due to low renewal activity, 2025 is likely to be much more active, since dissatisfaction is moderate and **42% of current users have contracts that will expire.**

*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children's hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 833 (Source: 13% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 66 (Source: 8% with renewals in 2024; survey finding)

*Percentages may not total 100 due to rounding

Data Lakes and Data Fabric Solutions

Churn Score

Predicted Impact:

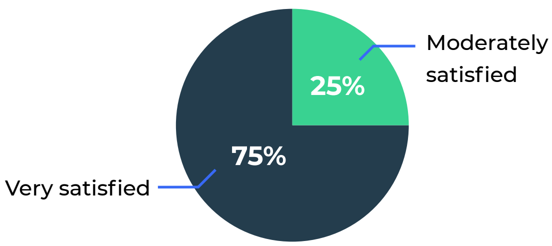
183 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

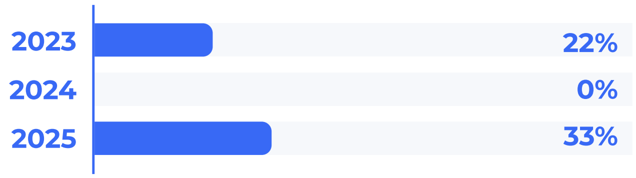
Low level of dissatisfaction

Three quarters of hospitals report that they are "very satisfied" with their solution



Moderate rate of renewal activity

22% have contracts that expire by the end of 2023



Spotlight Finding: Only 13% of hospitals currently use these solutions, but of those that do, 75% report the pandemic influenced their acquisition decision. Overall, 92% acquired their solutions within the past four years, and 49% of that activity occurred in the past two years. Notably, the **satisfaction is extremely high among hospitals** using these solutions.

*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children's hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 833 (Source: 13% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 183 (Source: 22% with renewals in 2023; survey finding)

*Percentages may not total 100 due to rounding

Patient Acquisition and Activation Solutions

Churn Score

Predicted Impact:

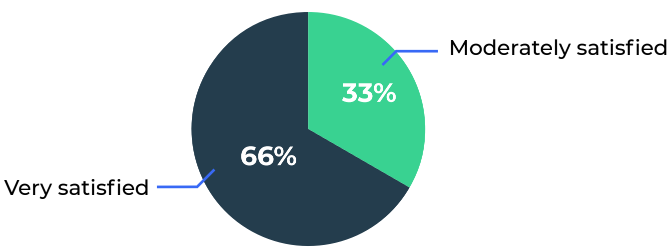
138 Hospitals

may change solutions between now and the end of 2024*

Churn Contributors

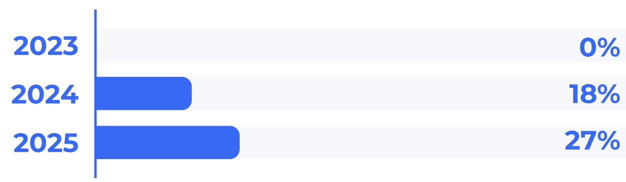
Low level of dissatisfaction

Two-thirds of hospitals report that they are “very satisfied” with their solution



Moderate rate of renewal activity

18% have contracts that expire by the end of 2024



Spotlight Finding: Another emerging digital health solution trend, currently only 12% of survey respondents reported that they use these solutions. The highest increase in acquisition occurred in the past one to two years, and 66% of hospitals that use them reported that they acquired their solution in that timeframe. **Notably, the satisfaction level is very high among users.**

*Small sample size, information is directional only. Potential predicted impact calculation:

- Total number of hospitals in the United States: 6,414 (Source: Definitive Healthcare—includes children’s hospitals, critical access hospitals, health systems, short-term acute care hospitals)
- Total number of hospitals using the solution: 769 (Source: 12% of survey respondents reported using this solution)
- Total number of hospitals with renewals in 2023 and 2024: 138 (Source: 18% with renewals in 2024; survey finding)

*Percentages may not total 100 due to rounding

Time to Brace for Impact

Digital health solutions may have already been on the rise prior to 2020, but the pandemic accelerated the growth in their utilization. The pandemic also forced hospitals and health systems to work with unprecedented speed when it came to evaluating, selecting, contracting, and implementing these solutions. At a time when every second mattered, hospitals stepped up to make quick decisions to prioritize the health of both their staff and their patients.

Yet, as hospitals have adjusted to this new post-pandemic state, and as contract terms for many of these solutions approach expiration, hospitals will begin (if they have not already) closely evaluating the impact and results of these implementations. While it's no easy task to replace and adopt new solutions (and this may hold some hospitals back from shaking up their vendor partnerships), the level of dissatisfaction with many existing solutions is moderate to high.

For hospitals with digital health solution contracts that will expire soon, the time to begin thorough evaluation of current solutions and alternative options is now. We anticipate healthcare organizations will be on the lookout for value propositions and messaging that aligns with their strategies, and vendor partners to be ramping up their competitive intelligence. **Those with a plan will emerge with renewed focus and ability to advance healthcare delivery for patients, providers, and administrative teams alike.**

"The pandemic catalyzed rapid adoption of digital solutions out of necessity. However, continued proliferation of 'shiny object' point solutions is not a viable go-forward strategy. With ongoing industry disruption, acute financial pressures, and significant workforce challenges, digital leaders are becoming much more discerning in technology investments, prioritizing those that can enable measurable value creation. We've entered a period of technology rationalization, wherein health systems are transitioning toward true enterprise solutions that can serve as a chassis to support a variety of current and future use cases. This trend will play out differently across solution categories, markets, and individual providers."

– **Ryan Bertram,** Principal, Chartis Digital

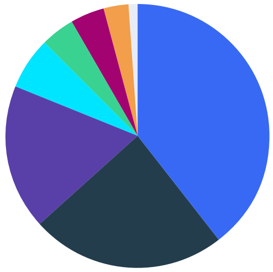
About the Respondents

Panda Health worked with Sage Growth Partners to conduct the independent survey in March 2023. Survey respondents represented hospitals and health systems across the United States. Most were employed by short-term acute and critical access hospitals and academic health systems.

Titles:

- CIO: 19%
- CFO: 19%
- CEO: 14%
- CMO: 13%
- CNIO and CNO: 11%
- COO: 5%
- CMIO: 5%
- Other*: 7%

**Chief Technology Officer, Chief Strategy Officer, Chief Supply Chain Officer*



Organizations:

- Short-Term Acute Care Hospital: 38%
- Critical Access Hospital: 23%
- Academic Health System: 17%
- Community Health System: 6%
- Children's Hospital: 4%
- Community Health System: 4%
- Long-Term Acute Care Hospital: 4%
- Specialty Hospital: 3%
- Other 1%

**Percentages may not total 100 due to rounding*

Solutions Included in the Survey

Data Lakes and Data Fabric, Chronic Care Management, Digital Care Coordination/Care Journey Orchestration Tools, Digital Care Navigator/Chatbot on Website, Digital Patient Intake, Digital Radiology/PACS, Digital Reputation Management Tools, Digital Therapeutics, Financial Clearance and Price Exploration Tools, Hospital at Home, Patient Acquisition and Activation, Patient and Employee Wellness, Patient Engagement Solutions, Patient Payments, Billing and Cost Transparency, Patient Risk Stratification and SDOH Analytics, Prior Authorization and Utilization Management, Provider Identification/Credentialing and Recruiting, Provider Scheduling and Provider Data Management, Remote Patient Monitoring, Robotic Process Automation, Self-Service Patient Scheduling, Self-Service Payments and Estimates, Telemedicine/E-Visits, Virtual Assistants and Scribes.

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to learn how Panda Health can help your organization navigate this turbulent time and find the best digital health solutions with greater confidence and less risk.

panda health

Panda Health transforms how health systems connect with, explore, and adopt leading digital health technologies that improve the lives of patients and providers. Panda's deep market intelligence and personalized guidance de-risks the digital health procurement process. Panda was founded in 2020 through a partnership between CentraCare, Gundersen Health System, and ThedaCare, with the development and investment firm Fitzroy Health.

SAGE GROWTH PARTNERS

Sage Growth Partners accelerates commercial success for healthcare organizations through a singular focus on growth. The company helps its clients thrive amid the complexities of a rapidly changing marketplace with deep domain expertise and an integrated application of research, strategy, and marketing.