

A Clear Maturity Model Lights the CIO's Digital Healthcare Payer Path

**FOUNDATIONAL****Refreshed:** 5 March 2018 | **Published:** 23 September 2016 | **ID:** G00313169

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Healthcare payer CIOs are navigating the transition from their analog past to the digital present to deliver greater customer value. Payer CIOs should use Gartner's Digital Healthcare Payer Maturity Model to plan, pace, measure, communicate and ensure their progress.

**FOUNDATIONAL DOCUMENT**This research is reviewed periodically for accuracy. Last reviewed on **5 March 2018**.

Key Findings

- Payer CIOs must engineer the transformation of their IT capabilities in order to interoperate successfully in a digital world and deliver on their customers' digital business requirements. Many healthcare payer CIOs are weaving toward the digital payer capability state, rather than following a roadmap of initiatives aligned to a systematic plan.
- CIOs who follow a coherent path to becoming fully digital businesses — not just doing digital here and there — will play a critical role in the realization of new business opportunities for their organizations in the tumultuous healthcare market.

Recommendations

Healthcare payer CIOs:

- Inventory the state of your current capabilities and determine where each one fits into Gartner's Digital Healthcare Payer Maturity Model. Develop a comprehensive understanding of the IT transformation steps that are underway, or that will need to be taken, to achieve digital maturity.
- Communicate clearly and frequently with your business colleagues, such as the CFO, COO, chief marketing officer (CMO) and, most importantly, the CEO, about the logical process flow, time, and budget needed to move from one state to the next in your organizations' journeys.

- Lead the change by systematically building the capabilities and achieving the states shown in Gartner's Digital Healthcare Payer Maturity Model.

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Strategic Planning Assumption

By YE20, 80% of healthcare payers will be on a systematic path to enabling digital business, but fewer than 30% will be digitally mature.

Analysis

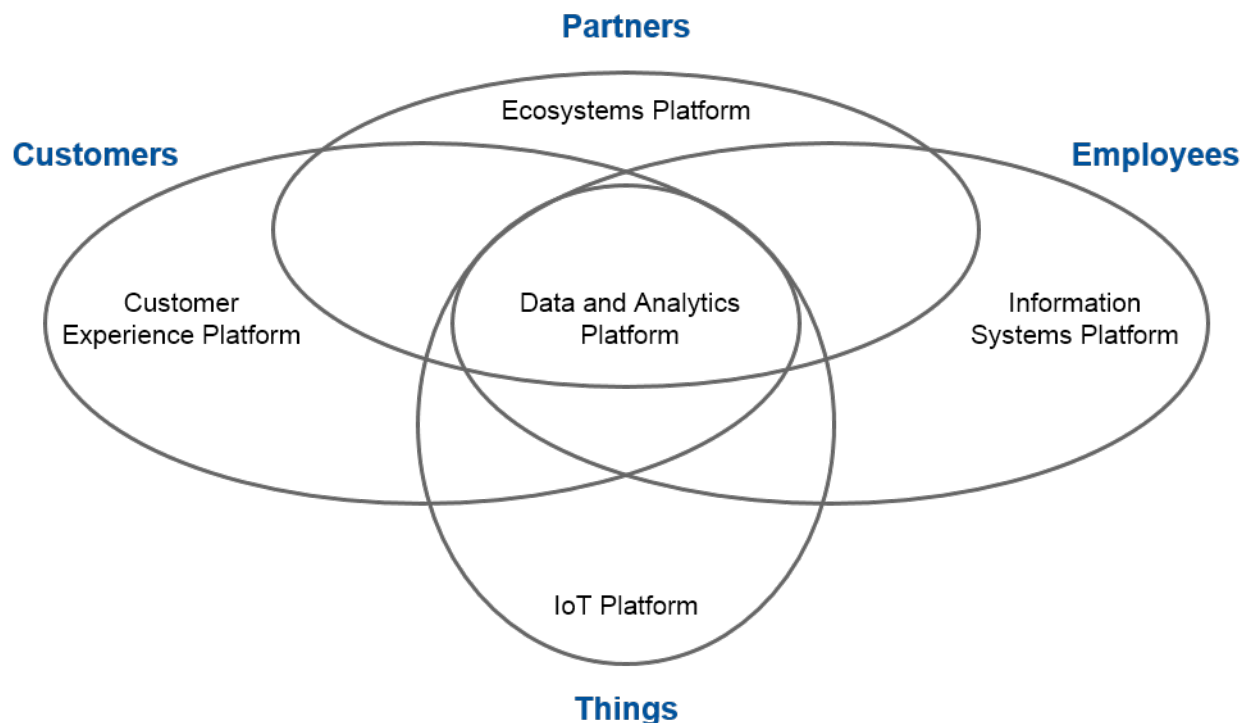
As a healthcare payer CIO, you face the challenge of enabling your organization to transition from a largely analog world to one that is not just digitally enabled, but one in which customers' demands are digitally dependent — in other words, transitioning to true digital maturity. This transition is essential to unleashing the systems of differentiation and innovation (see "How to Develop a Pace-Layered Application Strategy") necessary to overcome buyers' widely held view that health plans offer a homogeneous commodity discernable only by price. Through this transformation, you and your organization will implement new ways of interoperating, not just with customers and stakeholders, but with internet-enabled things — and through customer experiences not under your direct control — that are the source of increasingly essential data and resulting insight in healthcare.

You will know you have achieved a mature digital state when your organization is maximizing the use of that data-driven insight within the entire ecosystem of health. The mature digital state is characterized by insight that is instantaneous and extemporaneous. Your organization will be able to collaborate with each constituent and deliver value through an experience that is specific to his or her needs at any given point in time. This means seizing the underpinnings of the digital business — the integration of people, business and things — and tailoring them to meet the evolving strategic imperatives and opportunities of societies that value and invest in achieving health, second only to sustenance. That expanding scope of health, and those business opportunities, can only be realized by digitally mature organizations.

A New Digital Architecture

Most healthcare payer CIOs today think in terms of technology stacks. A digital business involves the integration of new and different technologies into platforms that serve varied constituent needs. These digital business platforms are common across industries. As shown in Figure 1, the platforms converge in an analytic platform that derives from, and delivers to, each other platform critical information and valuable insight (see "Building a Digital Business Technology Platform").

Figure 1. Digital Business Technology Platform



Source: Gartner (September 2016)

Reaching digital maturity is critical for your organization to respond to the fundamental changes in stakeholders' expectations, which result from digital experiences in their daily work and personal lives. Your stakeholders expect — just as you do personally — highly individualized service fulfillment, instantaneous access to their data and delightful user experiences. And in the world of health, digitally enabled possibilities are exploding in line with advancing knowledge of what works effectively and reliably in diagnostics, prevention, wellness and treatment. Only digitally mature organizations can deliver on the customer expectations being driven by those possibilities.

Digital business is fundamental to addressing the business drivers of healthcare payers (see "Business Drivers of Technology Decisions for Healthcare Payers, 2016"). These drivers are:

- The emerging power of the healthcare consumer
- The growing complexity of payer profitability
- The evolution of government into an obligatory business partner
- The existential threats of healthcare realignment

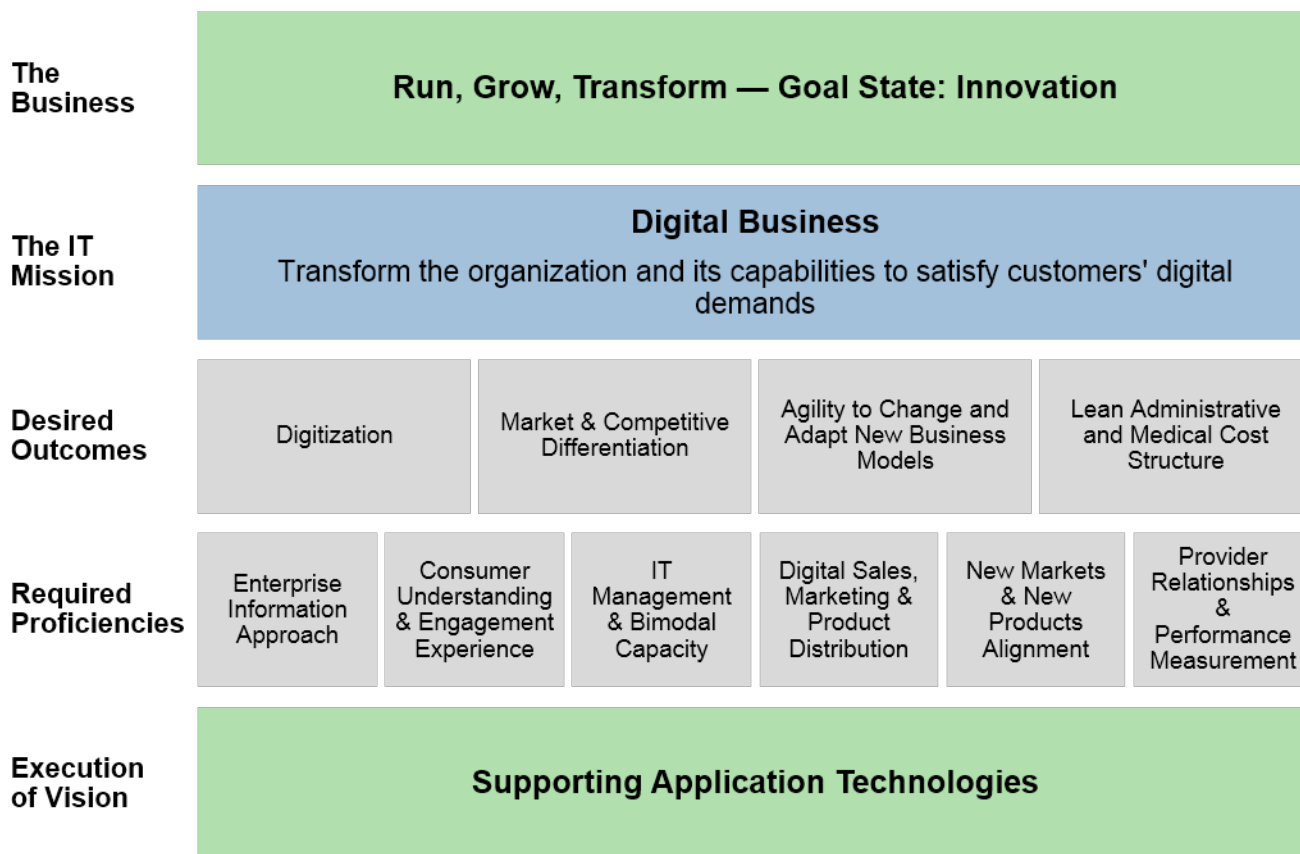
Each of these business drivers requires a digital business response. In fact, your transition to a mature digital state will increase your agility in making changes quickly and your flexibility in adapting effectively as the scope of spending on health expands and your business opportunities grow over time.

Understanding the Digital Healthcare Payer Maturity Model

Your most important step in leading this transition is your use of an objective, clearly defined and well-understood maturity model. A maturity model helps your organization sing from the same songbook and mark time to discrete foundational changes in the way you deploy IT and run your business, which are intertwined in the digital world. Therefore, this same model must be integrated with your organization's strategic plan, corporate culture, approach to the market and, of course, your budget. To achieve that integration, use the model to communicate relentlessly up, across and down the line at your company.

One way to communicate the value of the maturity model is to illustrate for your peers and team how the IT organization's capabilities are intertwined with those of the business. For that, you need an operating vision. The vision in Figure 2 shows how "desired outcomes" and "required capabilities" are aligned in digital business.

Figure 2. Digital Payer Operating Vision



Source: Gartner (September 2016)

Gartner's Digital Healthcare Payer Maturity Model is an essential tool for you to help your enterprise and your IT organization move forward. However, change management is always challenging, and you may struggle more with that task than with new technologies. Moving beyond the common risk-

averse comfort zone of IT is a critical step on the path toward corporate innovation and reinvention. What's the best way to do that? CIOs who relentlessly invoke the perspective of their customers and what they need and expect, and what traditional and unconventional competitors are doing to help, versus the risks and challenges of the change, are more successful. On this ride, your customer is both the pace horse and the arbiter of good taste.

Another reality of using Gartner's Digital Healthcare Payer Maturity Model is that your context matters. Using the model is not a lockstep exercise in which you must fully achieve an individual state before moving on to the next. In practice, many organizations will simultaneously occupy more than one state, with different proficiencies being satisfied at different times. Equally, different lines of business will require dissimilar levels of accomplishment of maturity states, depending on their legacy IT enablement, market dynamics and the customer segments they serve. For some large organizations, it will make more sense to achieve digital payer status first at a product or divisional level, and that is all good.

Many healthcare CIOs are already undertaking the digital business journey. Their challenge is to bridge the gap between their current state and the fully mature state in the model in a process that is orderly and easily understood by the executive team and all internal stakeholders. CIOs and the executive team must also signal these changes to external stakeholders as a transitional endeavor that will benefit them with better service, more value, and ultimately, the health values and outcomes they covet. To lead this change successfully, you must execute an approach in the context of your organization's unique strategic position, strengths, vulnerabilities and goals. There is no single path to achieving a future state that enables your organization to be digitally nimble, integrated and productive. Lighting the path for your organization is your task.

Gartner's Digital Healthcare Payer Maturity Model

Gartner's Digital Healthcare Payer Maturity Model is a logical sequencing of capability states. We designed the model for CIOs and other stakeholders to understand each state and what must be achieved in the transition from one state to the next. For example, if the current state of a payer's information assets is somewhat digital, yet remains transactionally focused, then it is likely that the need for change in this capability is great. By the same token, if your IT model has elements of configurable capabilities, then your ability to adapt sooner to a more advanced state of the maturity model is greater. To define, illuminate and plot your path, you must first assess, document and communicate your current state.

There are four states in the digital payer maturity journey:

1. Traditional: technology-enabled analog processes
2. Enabled: individual and linked digital processes
3. Managed: coordinated digital activities
4. Intelligent: full digital business capabilities

Gartner's Digital Healthcare Payer Maturity Model (see Figure 3) breaks down these states across key proficiencies that must be mastered and demonstrated:

- Enterprise information approach
- Consumer understanding and engagement experience
- IT management and bimodal capacity
- Digital sales, marketing and product distribution
- New markets and new products alignment
- Provider relationships and performance measurement

Table 1. Gartner's Digital Healthcare Payer Maturity Model

	Traditional: Technology-Enabled Analog Processes	Enabled: Individual and Linked Digital Processes	Managed: Coordinated Digital Activities	Intelligent: Full Digital Business Capabilities
<ul style="list-style-type: none"> Enterprise Information Approach 	<ul style="list-style-type: none"> IT to automate manual functions Analytics of workflows 	<ul style="list-style-type: none"> IT to extend range of individual processes Workflows connect independent processes 	<ul style="list-style-type: none"> Connective IT across organizational boundaries Integrated workflows across the value chain 	<ul style="list-style-type: none"> Virtual IT built for interactive and autonomous integration Matrixed workflows
<ul style="list-style-type: none"> Consumer Understanding and Engagement Experience 	<ul style="list-style-type: none"> Consumer as initiator and end recipient of IT No attempt to integrate customer experience Engagement around error conditions 	<ul style="list-style-type: none"> Consumer as process variable Each customer experience is linked to a discrete process Engagement to payer-selected interactions 	<ul style="list-style-type: none"> Integrated outcome-based orientation Consumer empowerment through technology-assisted decision making Consumer- and payer-initiated engagement experiences 	<ul style="list-style-type: none"> Intelligent, with full digital business capabilities Integrated intelligent decision support tools for consumer empowerment Virtual, instantaneous and extemporaneous engagement across all stakeholders
<ul style="list-style-type: none"> IT Management and Bimodal Capacity 	<ul style="list-style-type: none"> Static IT centered around defined business support IT as service bureau for operations — run the business is the objective 	<ul style="list-style-type: none"> Run IT to grow the business in earnest IT starts to become the strategic business partner 	<ul style="list-style-type: none"> Beginning to emphasize transformation as a market differentiator Operations delineated by effect on business value 	<ul style="list-style-type: none"> Innovative and agile IT ingrained in IT design Clear capabilities to transform to new models
<ul style="list-style-type: none"> Digital Sales, Marketing and Product Distribution 	<ul style="list-style-type: none"> Little, if any, digital sales or fulfillment activity Operations are sped but 	<ul style="list-style-type: none"> Process optimization at a functional level 	<ul style="list-style-type: none"> Process optimization through greater integration of separate activities 	<ul style="list-style-type: none"> Sale through fulfillment is fully digital Digital business moments expand beyond basic

	Traditional: Technology-Enabled Analog Processes	Enabled: Individual and Linked Digital Processes	Managed: Coordinated Digital Activities	Intelligent: Full Digital Business Capabilities
	unchanged by IT	<ul style="list-style-type: none"> Basic digitization of activities 	<ul style="list-style-type: none"> Digital-business-enabled 	operations to entire health ecosystem and constituent experience
<ul style="list-style-type: none"> New Markets and New Products Alignment 	<ul style="list-style-type: none"> Group is business-oriented with some individual products Product variation accretion from sales-based deviations from norms 	<ul style="list-style-type: none"> Limited product diversity focusing on more individual-based products New products rather than variations on existing designs 	<ul style="list-style-type: none"> Product addition by service line (e.g., government programs, exchange business) Greater product integration with provider configurations 	<ul style="list-style-type: none"> Products shaped by consumer input into specifications Dynamically configurable options are available
<ul style="list-style-type: none"> Provider Relationships and Performance Measurement 	<ul style="list-style-type: none"> Provider as adversary to profitability Cost as the primary measure of value 	<ul style="list-style-type: none"> Thawing provider relationships with provider network management as a supply chain asset Quality measured in conformance to norms 	<ul style="list-style-type: none"> Provider networks leveraged in product designs Outcomes measured and incentivized in provider payment mechanisms 	<ul style="list-style-type: none"> Providers are fully integrated into product designs with varied risk attachment points Comprehensive outcomes emphasized with risk distribution to, and sharing with, providers

Source: Gartner (September 2016)

Prioritizing Your Path

The state of each of the proficiencies will vary from one organization to the next. Each payer will have some proficiencies that are firmly in the traditional or enabled state, while others are in the managed or intelligent state. This ambiguity is normal. It just means you must have a clear, communicated and coordinated plan to advance each proficiency in order to achieve the next state of maturity.

No individual proficiency is the most important; rather, each one contributes to the value of the whole, which is greater than the sum of the parts. There are, however, two proficiencies that you should manage closely: (1) enterprise information approach; and (2) IT management and bimodal capacity. The others are influenced or enabled by technologies that must be shaped over time through close collaboration between you and other executive leaders. It is, however, essential and incumbent on you to assess, track and communicate the state of every proficiency. This means the business and the CFO must have a seat at the maturity model strategy table. It also means that you are responsible for shepherding the complete digital journey.

The Digital Payer State: Traditional — Technology-Enabled Analog Processes

The traditional state is transactional. We see direct and linear flows in health plans' core business processes in which each action is a discrete step resulting from a prior activity, which then feeds into a subsequent discrete activity. These transactional steps are grouped together into regularly occurring logical flows that can be departmentalized. Because these groupings are transactionally linked, they are often siloed, with one phase (or departmental structure) being a stand-alone unit of work that can be completed with little direct relationship to other units of work by a handoff to another department. Organizations measure success at each step of the process. This step-by-step measurement of success can lead to a process in which end-to-end success is inconsistent, because a series of departmental achievements does not necessarily mean that the overall goal has been realized.

Historically, the traditional state is the result of organizations automating individual manual processes for speed and consistency. A traditional state means having enough people to manually develop and track each step without any supporting technologies. You can achieve efficiencies at each step through the applied use of technology to make advances in the coordination and elimination of process steps. The technology associated with the traditional state is basic and relatively simple. It is often rigidly functional, making change difficult and impeding progress.

The biggest challenge for CIOs moving out of the traditional state is inertia. The unknowns of change are the common cause of this challenge. It goes against many organizations' embedded culture to move out of the relative comfort of the traditional or to fix what is not perceived as broken. This is why you need to invoke outside-in perspectives to motivate and justify change. Recently, especially because of mandates by the U.S. Affordable Care Act (ACA), CIOs have been given significant fuel to justify changes based on external forces.

Most CIOs are making the effort to move out of the traditional state (see Figure 4) and have had some degree of success. The first step is typically the hardest step, but also an essential one on the path to becoming a digital payer.

Figure 3. Traditional: Technology-Enabled Analog Processes

	Traditional: Technology-Enabled Analog Processes	Enabled: Individual and Linked Digital Processes	Managed: Coordinated Digital Activities	Intelligent: Digital Business and Beyond
Enterprise Information Approach	<ul style="list-style-type: none"> IT to automate manual functions Analytics of workflows 	<ul style="list-style-type: none"> IT to extend range of individual processes Connective IT across organizational boundaries 	<ul style="list-style-type: none"> Connective IT across organizational boundaries Integrated workflows across the value chain 	<ul style="list-style-type: none"> Virtual IT built for interactive and autonomous integration Matrixed workflows
Consumer Understanding and Engagement Experience	<ul style="list-style-type: none"> Consumer as initiator and end recipient of IT No attempt to integrate customer experience Engagement around error conditions 	<ul style="list-style-type: none"> Consumer as initiator and end recipient of IT Attempt to integrate customer experience Engagement around error conditions 	<ul style="list-style-type: none"> Consumer as initiator and end recipient of IT Attempt to integrate customer experience Engagement around error conditions 	<ul style="list-style-type: none"> Individualized, virtual and extemporaneous consumer experience Integrate intelligent support tools for customer experience
IT Management and Bimodal Capacity	<ul style="list-style-type: none"> Static IT centered around defined business support IT as service bureau for operations — run the business is the objective 	<ul style="list-style-type: none"> Static IT centered around defined business support IT as service bureau for operations — run the business is the objective 	<ul style="list-style-type: none"> Static IT centered around defined business support IT as service bureau for operations — run the business is the objective 	<ul style="list-style-type: none"> Static IT centered around defined business support IT as service bureau for operations — run the business is the objective
Digital Sales, Marketing and Product Distribution	<ul style="list-style-type: none"> Little, if any, digital sales or fulfillment activity Operations are sped but unchanged by IT 	<ul style="list-style-type: none"> Little, if any, digital sales or fulfillment activity Operations are sped but unchanged by IT 	<ul style="list-style-type: none"> Little, if any, digital sales or fulfillment activity Operations are sped but unchanged by IT 	<ul style="list-style-type: none"> Little, if any, digital sales or fulfillment activity Operations are sped but unchanged by IT
New Markets and New Products Alignment	<ul style="list-style-type: none"> Group is business-oriented with some individual products Product variation accretion from sales-based deviations from norms 	<ul style="list-style-type: none"> Group is business-oriented with some individual products Product variation accretion from sales-based deviations from norms 	<ul style="list-style-type: none"> Group is business-oriented with some individual products Product variation accretion from sales-based deviations from norms 	<ul style="list-style-type: none"> Group is business-oriented with some individual products Product variation accretion from sales-based deviations from norms
Provider Relationships and Performance Measurement	<ul style="list-style-type: none"> Provider as adversary to profitability Cost as the primary measure of value 	<ul style="list-style-type: none"> Provider as adversary to profitability Cost as the primary measure of value 	<ul style="list-style-type: none"> Provider as adversary to profitability Cost as the primary measure of value 	<ul style="list-style-type: none"> Provider as adversary to profitability Cost as the primary measure of value

Source: Gartner (September 2016)

The Digital Payer State: Enabled — Individual and Linked Digital Processes

Digital enablement is the state in which more of the individually executed transactional steps are starting to become digital, and starting to be integrated with other steps in the logical business processes enabled by technology. IT is extended beyond a mission of simple efficiency and consistency into a role of bringing steps together into logical workflows. There are still departmental and operational boundaries, and the integration is sporadic, often coming in response to the failure of a process, rather than as the proactive exploitation of an opportunity. However, this state is essential because it is the break point from the traditional into more advanced states. It may be the first chance you have to break away from the cultural norms and habits of a culture that is deeply ingrained. How you handle the change management aspect of this first state change is at least as

important as the technology requirements. Communication on top of more communication of the goals and benefits of the change up, across and down the organization is key.

The most common stepping-off point to move toward the enabled state is the configuration and implementation of a new application. This allows you to take a new look at work executables as discrete steps that can be combined into amalgamated workflows. Since the impetus is around an application (or a module within an application suite), the degree of integration is often limited to a narrow set of functional objectives, rather than a broad set of outcome-related purposes. The activity is still focused on the digitization of transactions, with a wider range of transactions being integrated. You have a leadership role to play in the enabled state, because the galvanizing event — application configuration and implementation — is squarely in your area of responsibility. While you cannot mandate business transactions to be combined, you must enable the thinking and the technology necessary to make it possible.

Also, a greater concentration on external forces is at play in the enabled state. The role of the empowered consumer is starting to emerge in the design and execution of more satisfying experiences. Your understanding of consumer engagement has become a required component for your organizations' success. For you, the enabled state is typified by changes in capability that are incremental and controllable, but with shorter cycle times and more immediate measures of success.

Many healthcare payers are in the enabled state, although typically as a result of a reaction to events, rather than as a planned effort. You and your organizations' controlled and systematic reactions to these external events are a hallmark of moving to the enabled state (see Figure 5).

Figure 4. Enabled: Individual and Linked Digital Processes

	Traditional: Technology-Enabled Analog Processes	Enabled: Individual and Linked Digital Processes	Managed: Coordinated Digital Activities	Intelligent: Digital Business and Beyond
Enterprise Information Approach	<ul style="list-style-type: none"> IT to automate manual functions Analytics of workflows 	<ul style="list-style-type: none"> IT to extend range of individual processes 	<ul style="list-style-type: none"> Connective IT across organizational boundaries Integrated workflows across the value chain 	<ul style="list-style-type: none"> Virtual IT built for interactive and autonomous integration Matrixed workflows
Consumer Understanding and Engagement Experience	<ul style="list-style-type: none"> Consumer as process variable 	<div style="background-color: #f4a460; padding: 10px; border: 1px solid #ccc;"> <p style="text-align: center; margin: 0;">Enabled: Individual and Linked Digital Processes</p> <ul style="list-style-type: none"> IT to extend range of individual processes Workflows connect independent processes <hr/> <ul style="list-style-type: none"> Consumer as process variable Each customer experience is linked to a discrete process Engagement to payer-selected interactions <hr/> <ul style="list-style-type: none"> Run IT to grow the business in earnest IT starts to become the strategic business partner <hr/> <ul style="list-style-type: none"> Process optimization at a functional level Basic digitization of activities <hr/> <ul style="list-style-type: none"> Limited product diversity focusing on more individual-based products New products rather than variations on existing designs <hr/> <ul style="list-style-type: none"> Thawing provider relationships with provider network management as a supply chain asset Quality measured in conformance to norms </div>		
Enterprise Information Approach				
Consumer Understanding and Engagement Experience				
IT Management and Bimodal Capacity				
Digital Sales, Marketing and Product Distribution				
New Markets and New Products Alignment				
Provider Relationships and Performance Measurement	<ul style="list-style-type: none"> Cost as the primary measure of value 	<ul style="list-style-type: none"> Relationships with Provider Network Management as a supply chain asset Quality measured in conformance to norms 	<ul style="list-style-type: none"> Leveraged in product designs Outcomes measured and incentivized in provider payment mechanisms 	<ul style="list-style-type: none"> Integrated into product designs with varied risk attachment points Comprehensive outcomes emphasized with risk distribution to and sharing with providers

Source: Gartner (September 2016)

The Digital Payer State: Managed — Coordinated Digital Activities

The pace of changes needed to become digital accelerate in the managed state, because the change process becomes self-sustaining, rather than having to be driven by you. Your midlevel managers start to "get it" and are initiating instead of resisting. Line employees are beginning to suggest improvements within their span of control. Your organization is starting to weave individual digital processes together into broad-scale, outcome-measured processes that span many business operations. External relationships with consumers and stakeholders are becoming more important and more diverse. You are being called on for more innovation in your IT enablement activities. This means that you are shifting budget from operating the business to changing it. Also, this process is becoming self-sustaining, rather than being driven from above. In short, it is an

exciting time when CIOs and their teams are entering into, and deriving value from, the managed state of digital business.

In the managed state, you are making changes and driving new value more quickly. As the value of digital grows, your role becomes more strategic. Organizations advancing into this state rely on CIOs for more than internal technology decisions. Integration with external parties (such as the individual consumer, providers or technology vendors) becomes increasingly important, as well. The complex tailoring of new products, with new purchasers (such as government entities), is also becoming commonplace. For all these reasons, the managed state is typified by your ability to support the coordination of digital moments across a broader range of entities and perspectives.

The limitations to the managed state are fundamentally economic and cultural. Economically, investments must be made in order to serve new constituencies, with different skills required in different mixes. You now need budget flexibility, which is made possible by the greater efficiencies achieved as the managed state frees up your resources from disjointed processes. Cost optimizations are available because your adoption of software as a service (SaaS), business process as a service (BPaaS) and cloud computing models — each of which provides improvements in efficiency over older configurations — is robust.

For payers to succeed in the managed state, you need to embrace new models of operation, and respond to frequent calls to trim administrative costs and add improvements in operational efficiency. Most importantly, you must facilitate the outside-in focus your organization needs to meet the changing demands and opportunities your customers pose (see Figure 6).

Figure 5. Managed: Coordinated Digital Activities

	Traditional: Technology-Enabled Analog Processes	Enabled: Individual and Linked Digital Processes	Managed: Coordinated Digital Activities	Intelligent: Digital Business and Beyond
Enterprise Information Approach	<ul style="list-style-type: none"> IT to automate manual functions Analytics of workflows 	<ul style="list-style-type: none"> IT to extend range of individual processes Workflows connected independently 	<ul style="list-style-type: none"> Connective IT across organizational boundaries 	<ul style="list-style-type: none"> Virtual IT built for interactive and autonomous integration Matrixed workflows
Consumer Understanding and Engagement Experience	<ul style="list-style-type: none"> Consumer as initiator and end recipient Multiple touchpoints 	<ul style="list-style-type: none"> Consumer as initiator and end recipient Multiple touchpoints 	Managed: Coordinated Digital Activities	
Enterprise Information Approach	<ul style="list-style-type: none"> Connective IT across organizational boundaries Integrated workflows across the value chain 			
Consumer Understanding and Engagement Experience	<ul style="list-style-type: none"> Integrated outcome-based orientation Consumer empowerment through technology-assisted decision making Consumer- and payer-initiated engagement experiences 			
IT Management and Bimodal Capacity	<ul style="list-style-type: none"> Beginning to emphasize transformation as a market differentiator Operations delineated by effect on business value 			
Digital Sales, Marketing and Product Distribution	<ul style="list-style-type: none"> Process optimization through greater integration of separate activities Digital-business-enabled 			
New Markets and New Products Alignment	<ul style="list-style-type: none"> Product addition by service line (e.g., government programs, exchange business) Greater product integration with provider configurations 			
Provider Relationships and Performance Measurement	<ul style="list-style-type: none"> Provider networks leveraged in product designs Outcomes measured and incentivized in provider payment mechanisms 			
		conformance to norms	payment mechanisms	outcomes emphasized with risk distribution to and sharing with providers

Source: Gartner (September 2016)

The Digital Payer State: Intelligent — Digital Business and Beyond

The intelligent state is the culmination of your journey. In this state, IT is fully engaged in how the payer organizes its digital relationships with all its stakeholders. You are responsible for ensuring that technology can support interactions that are tailored to a particular audience, right down to the individual level. These connections are comprehensive and fully meet the objectives of both parties in the transaction. This is a baseline, however, because new requirements and opportunities will emerge in the payer world from digital business moments. These moments — found at the intersection of people, business and things across the physical and digital worlds — are the proving ground of digital business. In a digital business, IT functions as the facilitator of information being shared with and among all the organizations' stakeholders.

In the digital payer state, IT and you are strategic partners with the business, and are integrated at each step of the planning and execution process. This is because the business is fully integrated with, and dependent on, IT to succeed, and vice versa. Over four states of maturity, your function has become a platform for continuous change.

The mature state's most important attribute is that it demonstrates the orderliness and consistency of the traditional state, extended by the innovation and agility of the intelligent state. Once there, you are able, and expected by your CEO, to contribute to decisions that affect the organization as a whole. Without this decision-making influence on your part, your organization has not achieved digital maturity (see Figure 7).

Figure 6. Intelligent: Digital Business and Beyond

	Traditional: Technology-Enabled Analog Processes	Enabled: Individual and Linked Digital Processes	Managed: Coordinated Digital Activities	Intelligent: Digital Business and Beyond
Enterprise Information Approach	<ul style="list-style-type: none"> IT to automate manual functions Analytics of workflows 	<ul style="list-style-type: none"> IT to extend range of individual processes Workflows connect independent processes 	<ul style="list-style-type: none"> Connective IT across organizational boundaries Integrated 	<ul style="list-style-type: none"> Virtual IT for interactive and autonomous integration Matrixed workflows
Consumer Understanding and Engagement Experience	<ul style="list-style-type: none"> Consumer as initiator and end recipient of IT No attempt 	<ul style="list-style-type: none"> Consumer 		<ul style="list-style-type: none"> Individualized, virtual and extemporaneous consumer experience Integrate intelligent decision support tools for consumer empowerment Virtual, instantaneous and extemporaneous engagement across all stakeholders
Enterprise Information Approach				<ul style="list-style-type: none"> Virtual IT built for interactive and autonomous integration Matrixed workflows
Consumer Understanding and Engagement Experience				<ul style="list-style-type: none"> Individualized, virtual and extemporaneous consumer experience Integrate intelligent decision support tools for consumer empowerment Virtual, instantaneous and extemporaneous engagement across all stakeholders
IT Management and Bimodal Capacity				<ul style="list-style-type: none"> Innovative and agile IT ingrained in IT design Clear capabilities to transform to new models
Digital Sales, Marketing and Product Distribution				<ul style="list-style-type: none"> Sale through fulfillment is fully digital Digital business moments expand beyond basic operations to entire health ecosystem and constituent experience
New Markets and New Products Alignment				<ul style="list-style-type: none"> Products shaped by consumer input into specifications Dynamically configurable options are available
Provider Relationships and Performance Measurement				<ul style="list-style-type: none"> Providers are fully integrated into product designs with varied risk attachment points Comprehensive outcomes emphasized with risk distribution to, and sharing with, providers

Source: Gartner (September 2016)

Final Advice

The greatest risk today for any healthcare payer CIO is inertia — the failure to adapt to the changing business drivers in this industry and calls for change from your customers and constituents. There will always be new competitors emerging, and they will have fewer constraints on their business vision and operations than existing healthcare payers. The key to overcoming these challenges? A relentless focus on the outside-in view of your digital capabilities and what you can enable for your customers, and an equally unrelenting communication plan. There are four actions that you should take to achieve digital maturity and all the value that enables:

- **Inventory:** You must assess the current state of your organizations' digital maturity by examining the status of each proficiency. This helps to clarify the actions that must be taken to achieve the desired results. It also creates a benchmark against which future activities can be tracked and measured.
- **Track:** You must monitor the movement of every step in each proficiency to ensure that its ongoing status is accurate. Each proficiency is unique. By tracking the process steps, each step of the proficiency can be followed on the journey to digital maturity.
- **Measure:** The states of maturity are outcome-oriented. Measuring the impacts of your efforts to move from one state to the next helps you relate the organization's progress toward the goal. Measurement illuminates movement and the rate of change.
- **Communicate:** The journey to becoming a digitally mature payer requires changes across the organization. Your clear, consistent and transparent communication is essential to the success of that journey.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Hype Cycle for U.S. Healthcare Payers, 2016"

"2016 Top Actions for Healthcare Payer CIOs: Summary and Retrospective Review"

"Healthcare Payers Use Digital to Drive Value"

"Building a Digital Business Technology Platform"

"Healthcare Payer CIOs — Change Your IT Structure to Meet New Business Model Alignments"

"Predicts 2016: U.S. Healthcare Payers Are Challenged to Become Digital Health Payers"

"Healthcare Payer Administrative Systems Maturity Model"

Evidence

The analysis in this research reflects discussions with industry leaders and analysts in associated Gartner research areas, and also reflects Gartner industry experience.

More on This Topic

This is part of an in-depth collection of research. See the collection:

- U.S. Healthcare Payer CIOs, Use Gartner's Health-Value Management Framework to Guide Your Digital Transformation

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