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2024 State of Digital Health Purchasing

A Survey of Health Plans, Employers, and Health Systems

2024 State of Digital Health Purchasing: A survey of health plans, employers, and health systems

As health technology becomes a growing component of care delivery and driver of healthcare spending, this survey asked decision makers in health plans, employers, and health systems about their approach to purchasing digital health solutions.

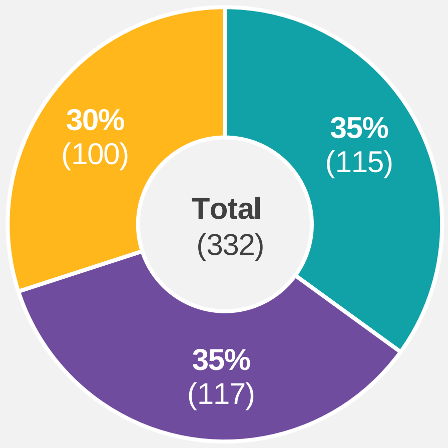
We surveyed 332 digital health decision-makers who are responsible for purchasing decisions in **health plans**, **employers**, and **health systems**. Respondents make or significantly influence decisions about digital health solutions.

Fielded between July 16 and August 15, 2024.

The survey asked purchasers about three main topics:

1. **Current approach:** Which digital solutions purchasers currently offer and why
2. **Contracting process**: Approach to contracting with digital health vendors
3. **Future plans:** Goals and objectives for future digital health purchasing practices

SURVEY RESPONDENTS % (N)



PHTI worked with NORC at the University of Chicago to design the instrument, field the survey, and analyze results.

2024 State of Digital Health Purchasing: Summary findings

Current approach

Spending on digital health solutions has increased significantly, driven by consumer demand.

Purchasers are focusing on clinical areas such as diabetes, primary care, and mental health.

Purchasers are looking for solutions that positively impact clinical outcomes, increase efficiency, and deliver positive user experience.

Contracting process

Most purchasers rely on internally developed criteria when making digital health purchasing decisions.

When making contracting decisions, purchasers are looking for vendors with a proven track record and demonstrated return on investment.

Contract lengths are typically two years or less and include performance metrics tied to clinical outcomes and user satisfaction.

Future plans

The majority of purchasers intend to increase spending on digital health solutions over the next year.

Most purchasers are interested in adopting risk-based contracts and are committed to expanding their digital health offerings.

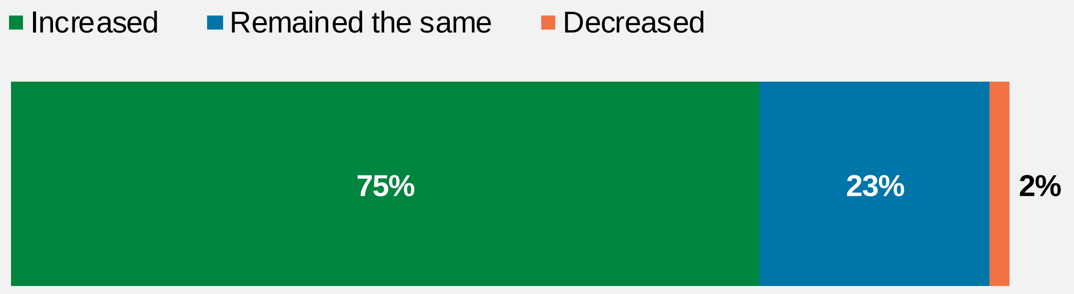
Purchasers do not expect their clinical priorities for digital solutions to change next year.

Current approach

Spending on digital health solutions has increased over the past two years, in response to consumer demand

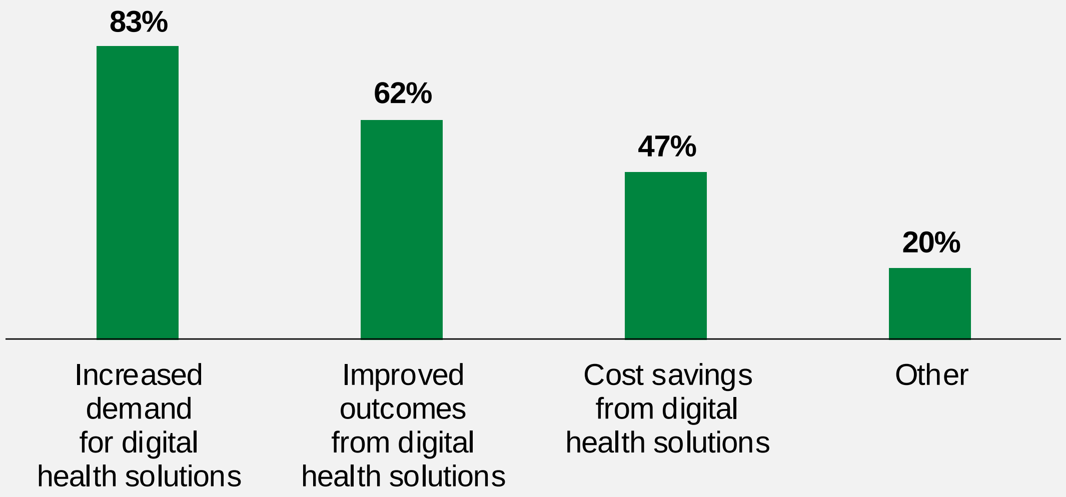
Three quarters of purchasers have increased spending on digital solutions in the past two years. The most common reason for increased spending is consumer demand, followed by their ability to improve health outcomes.

CHANGE IN SPENDING ON DIGITAL HEALTH SOLUTIONS OVER THE PAST TWO YEARS (%)



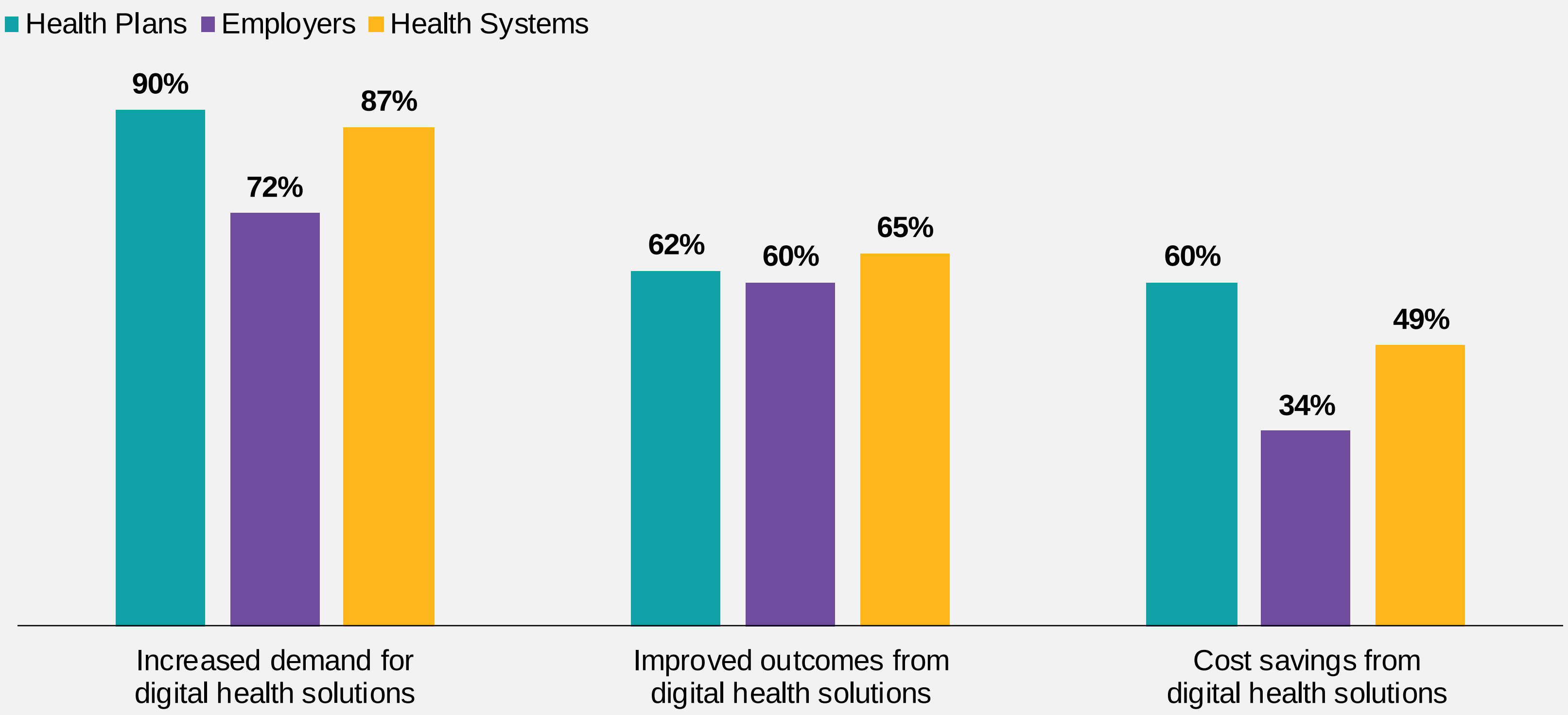
Question: In the past two years, how has your organization's spending on digital health solutions changed? (n=332)

MOTIVATION FOR INCREASED SPENDING (%)



Question: Why has your organization's spending on digital health solutions increased? Select all that apply. (n=249)

Across all purchaser types, spending on digital health solutions is motivated by consumer demand, as well as outcomes and cost savings



Question: Why has your organization's spending on digital health solutions increased? Select all that apply. (n=249)

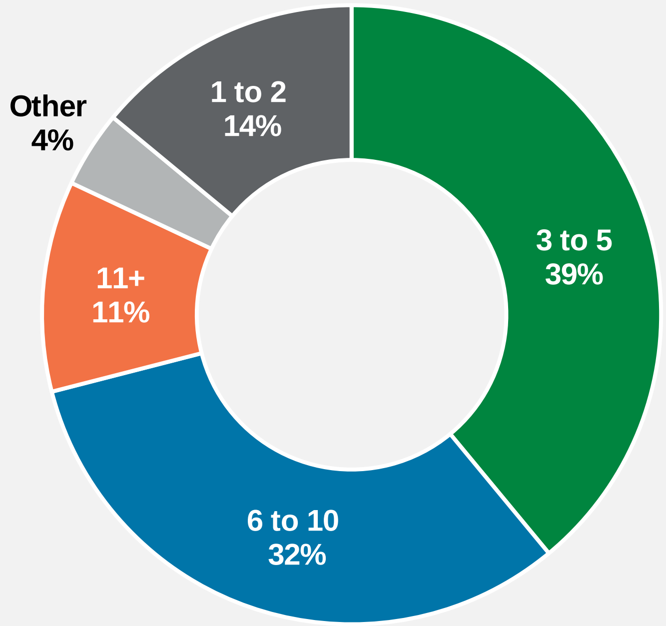
The reasons for increased digital health spending were relatively consistent across types of purchasers.

Demand from customers and patients were most likely to motivate plans and health systems to increase spending on digital health.

Employers were somewhat less likely be motivated by cost savings from digital health solutions.

Purchasers most commonly cover 3–5 clinical conditions with their current suite of digital health solutions

NUMBER OF CLINICAL INDICATIONS COVERED BY CURRENT SUITE OF DIGITAL HEALTH SOLUTIONS (%)



Question: How many different clinical indications (e.g., obesity, mental health, hypertension, etc.) are covered by the suite of digital health solutions your organization currently offers to employees/members/patients? (n=332)

Purchasers are acquiring point solutions and platform approaches to address members' health conditions.

While most purchasers' digital health solutions cover 5 or fewer conditions, **43%** of purchasers have expanded their current offerings to cover **6 or more** clinical conditions.

Across all purchaser types, health plans tended to cover more health conditions in their suite of digital health solutions.

The most common clinical indications targeted by purchasers of digital health solutions are diabetes, primary care, and mental health

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CLINICAL INDICATIONS PURCHASERS HAVE OFFERED OR COVERED DIGITAL HEALTH SOLUTIONS FOR (%)

	Total	Health Plans	Employers	Health Systems
Diabetes	**65%**	78%	57%	60%
Primary Care	**62%**	56%	73%	58%
Mental health (e.g., anxiety, depression)	**56%**	57%	70%	38%
Preventive care	**56%**	61%	54%	53%
Cardiovascular	**54%**	66%	39%	56%
Asthma and other respiratory conditions	**43%**	55%	40%	34%
Obesity	**42%**	63%	28%	34%
Women’s reproductive health and fertility	**39%**	43%	44%	28%

Question: Which of the following clinical indications has your organization purchased digital health solutions for? Select all that apply. (n=332)

Obesity solutions are a particular focus for health plans.

Plans and health systems were more likely to have adopted digital solutions for cardiovascular care.

Other clinical indications included oncology, musculoskeletal, gastrointestinal, substance use disorders, autoimmune, and social determinants of health.

Purchasers are looking for digital health solutions that improve health outcomes, increase efficiency, and are easy to use

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>99%

of purchasers look for digital solutions that **improve health outcomes**

>96%

of purchasers look for digital solutions that **reduce spending on conditions/overall healthcare costs**

>97%

of purchasers look for digital solutions that **improve access to healthcare services**

Question: How important is it that digital health solutions you contract with/offer have the following impact? (n=100, health system); (n=117, employer); (n=115, health plan)

Note: Response options are not the same and as a result, the differences are not directly comparable or statistically significant.

These priorities were shared across purchaser types, including increasing provider productivity and improving access to care

	Evidence & Outcomes	Efficiency (ROI)	Ease of Use
Health Plans	Improve health outcomes (100%)	Reduce spending on specific conditions and treatment areas (97%)	Improve member experience and convenience (97%)
Employers	Improve employee health outcomes (100%)	Reduce total healthcare spending for the company (96%)	Improve employee access to healthcare services and improve health equity (98%)
Health Systems	Improve patient health outcomes (99%)	Reduce administrative burden on the hospital/health system workforce (96%)	Improve patient access to healthcare services (97%)

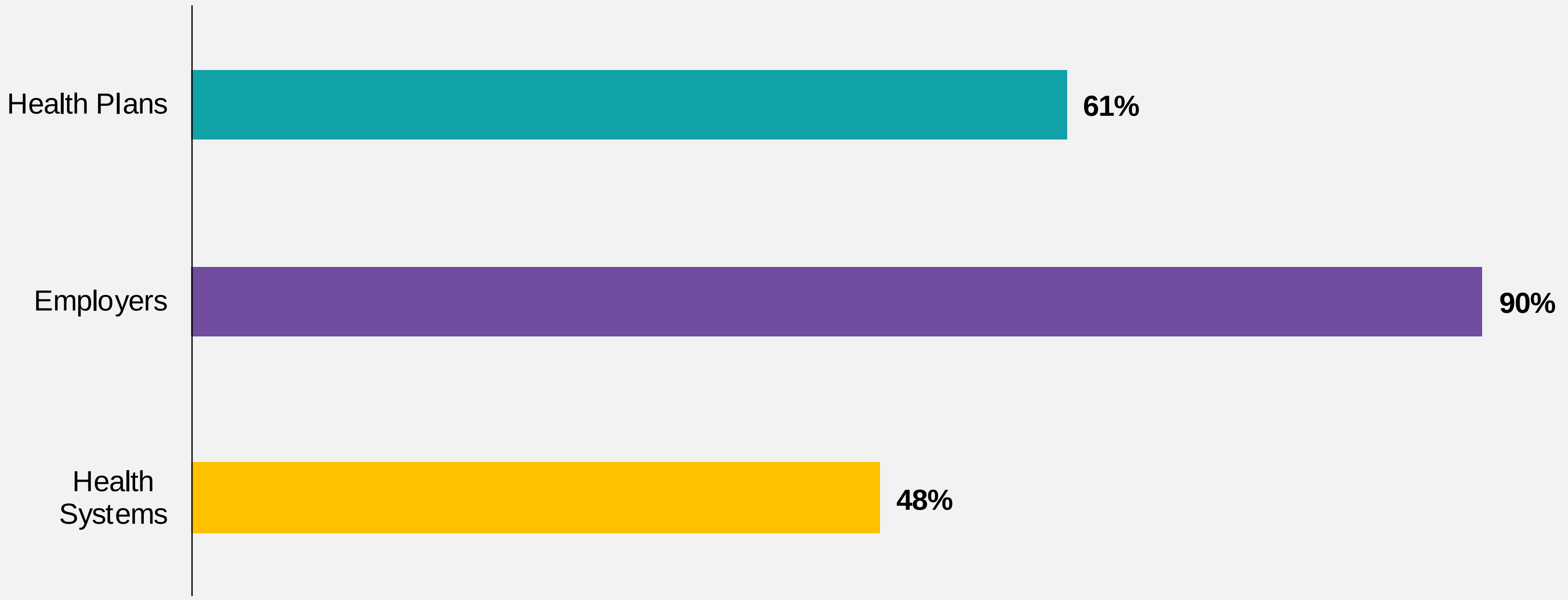
Question: How important is it that digital health solutions you contract with/offer have the following impact? (n=100, health system); (n=117, employer); (n=115, health plan)

Note: Response options are not the same and as a result, the differences are not directly comparable or statistically significant.

Contracting process

Most purchasers use a standard set of internally developed criteria when making decisions

USE OF STANDARD SET OF CRITERIA FOR EVALUATION (%)



Question: Do you use a standard set of criteria or questions when making purchasing decisions for digital health solutions? (n=332) Were these criteria developed internally, or do you use an external framework? (n=223)

Almost all purchasers (99%) that use a standard criteria when making purchasing decisions use a framework that was developed internally.

Purchasers indicated that **evidence** of improved health outcomes was their top priority when evaluating whether to offer digital health solutions

	Evidence & Outcomes	Efficiency (ROI)	Ease of Use
Health Plans	**Evidence that it will improve overall member health and wellness (98%)**	The solution will generate a positive financial return (92%)	Ease of use of solution by member (91%)
Employers	**Evidence that it will improve overall employee health and wellness (99%)**	Evidence that it will decrease healthcare costs (93%)	The solution provides data back to clinicians that care for our employees (97%)
Health Systems	**Evidence that it will improve overall patient health and wellness (99%)**	Evidence that it will decrease healthcare utilization, while maintaining or improving quality (92%)	The solution provides data back to our clinicians to improve patient care (97%)

Question: How important are the following attributes to your organization when evaluating whether or not to cover/offer a digital health solution? Select all that apply. (n=100, health system); (n=117, employer); (n=115, health plan)

Note: Response options are not the same and as a result, the differences are not directly comparable or statistically significant.

When selecting for digital health solutions, purchasers look for vendors with a proven track record (pilots, other customers) and ROI

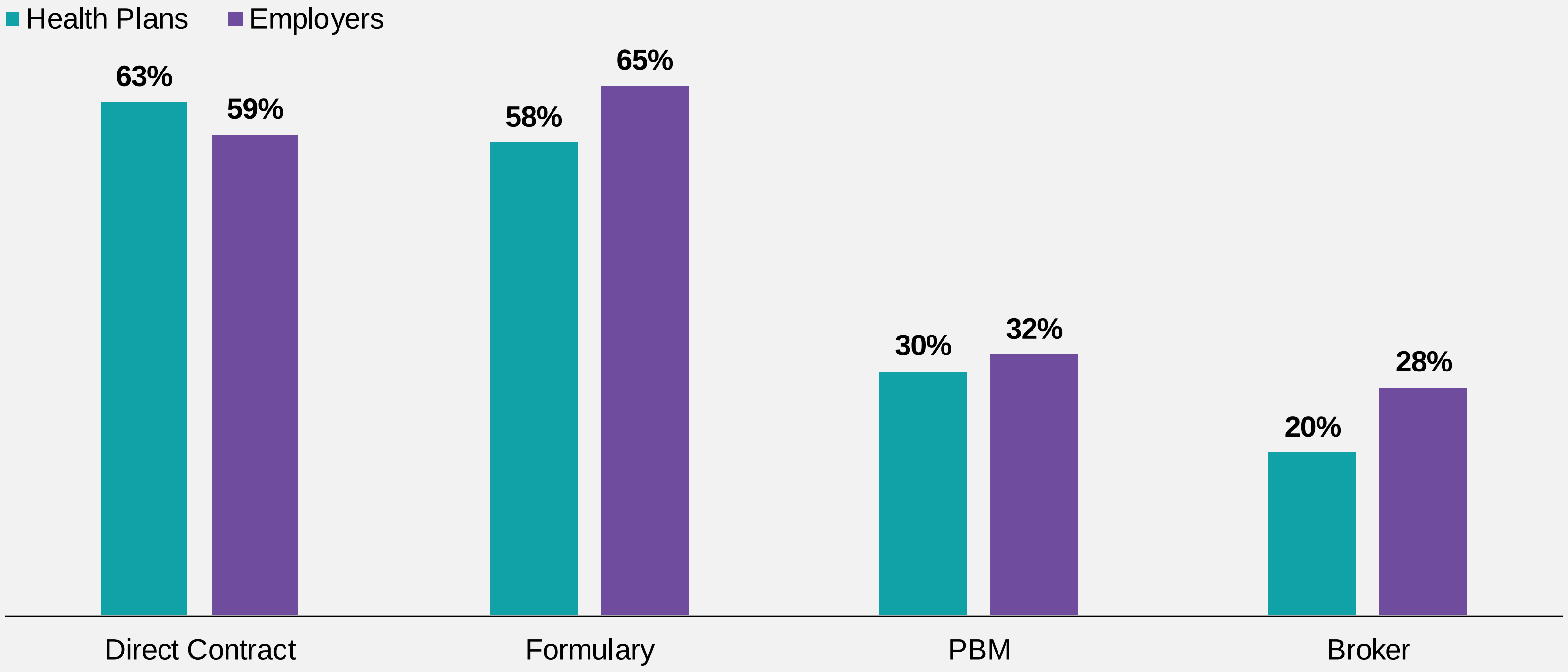
	Evidence & Outcomes	Efficiency (ROI)	Ease of Use
Health Plans	**Proven track record (77%)**	**Financial return on investment (65%)**	Strong customer support (48%)
Employers	**Proven track record (58%)**	**Cost of solutions (57%)**	Employee interest (57%)
Health Systems	**Proven track record (84%)**	**Cost of solutions (76%)**	Strong customer support (68%)

Question: What factors are important when selecting vendors for digital health solutions? Select all that apply (n=100, health system); (n=117, employer); (n=115, health plan)

Note: Response options are not the same and as a result, the differences are not directly comparable or statistically significant.

Some payers contract directly with digital health companies while others rely on formularies or PBMs

PROCUREMENT AVENUES (%)



Question: How does your organization procure digital health solutions? Select all that apply. (n=332)

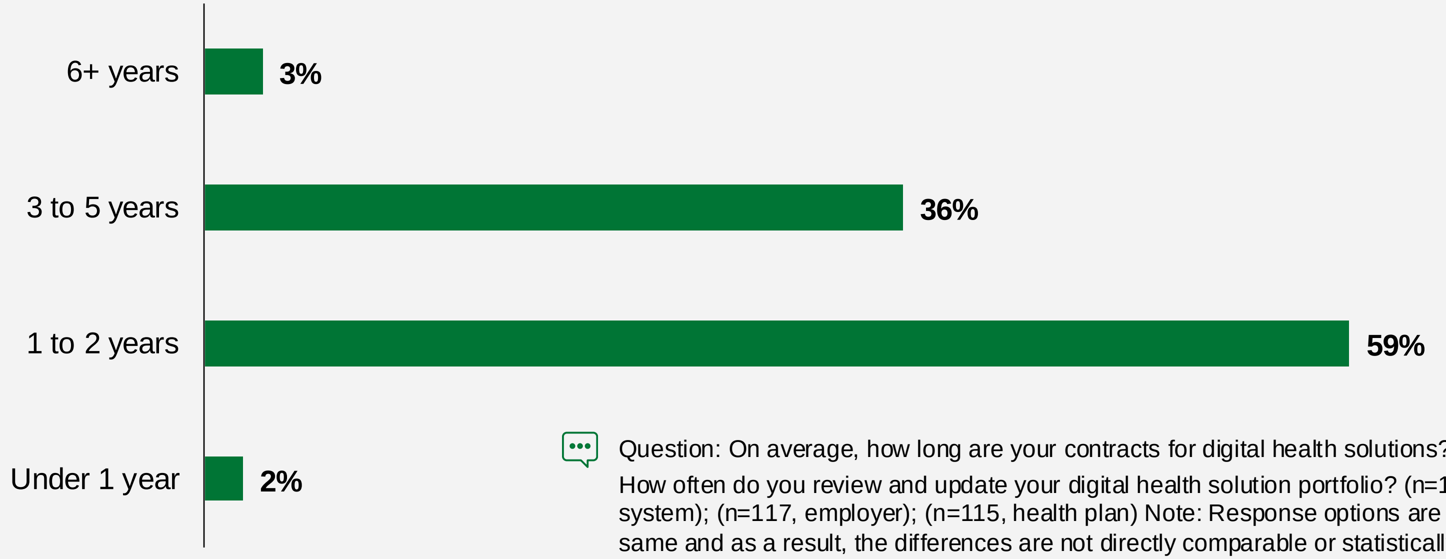
Health plans most often contract directly with digital health solution vendors.

Employers are most likely to rely on formularies for access.

Purchasers are regularly evaluating their digital health solutions, with most contract lengths spanning two years or less

59% of purchasers say their contracts with digital solutions have a duration of 2 years or less.

AVERAGE CONTRACT LENGTH FOR DIGITAL HEALTH SOLUTIONS ACROSS ALL PURCHASER TYPES (%)



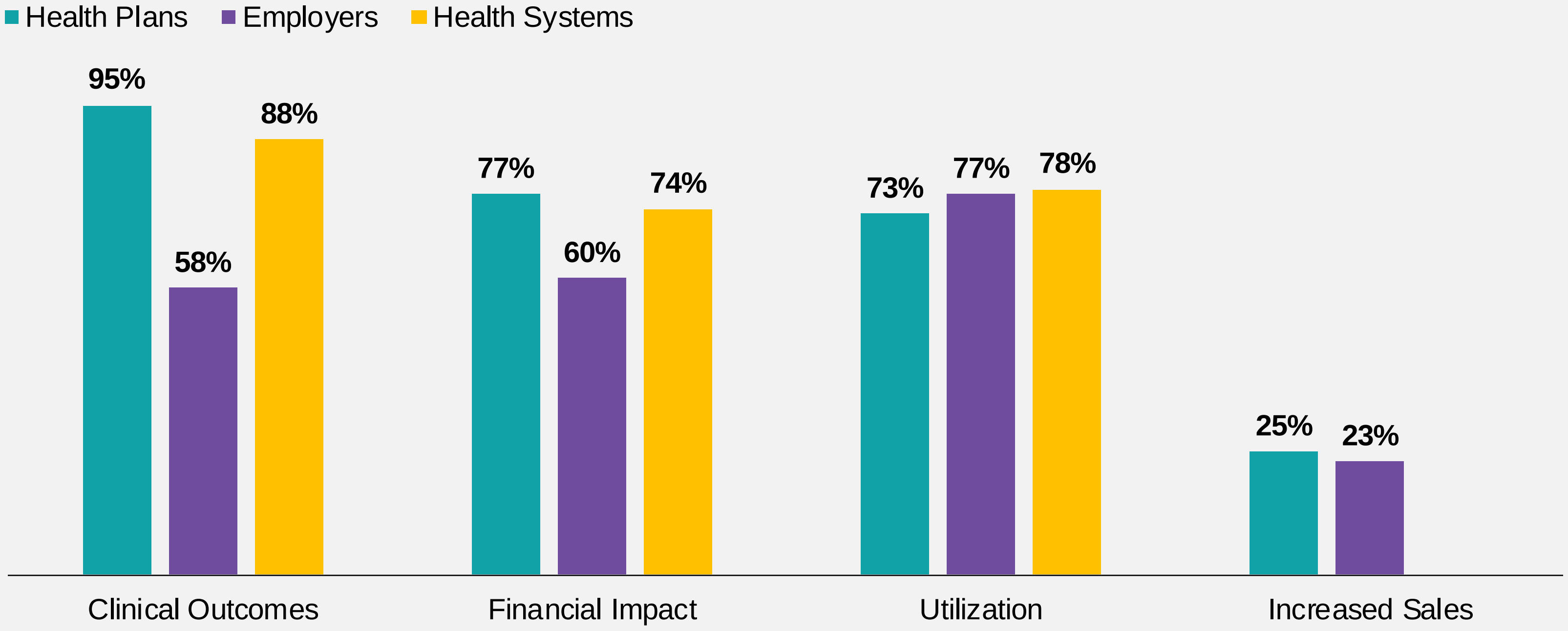
Question: On average, how long are your contracts for digital health solutions? (n=332) How often do you review and update your digital health solution portfolio? (n=100, health system); (n=117, employer); (n=115, health plan) Note: Response options are not the same and as a result, the differences are not directly comparable or statistically significant.

One- to two-year contract terms leave a short window for solutions to demonstrate their value and demonstrate clinical improvements.

Most employers and payers review their digital health technology portfolios annually, while health systems are most likely to update as needed.

Clinical outcomes are the most common way health systems and health plans measure contract performance

METRICS USED TO CONTRACT PERFORMANCE (%)



Question: What metrics are you using to measure contract performance? (n=100, health system); (n=117, employer); (n=115, health plan)
Note: Response options are not the same and as a result, the differences are not directly comparable or statistically significant.

Health systems (88%) and health plans (95%) are more likely to use clinical outcomes to measure contract performance.

Employers tend to evaluate contracts based on user engagement/adoption of the solutions.

When considering changing solutions, purchasers pay particular attention to the cost

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MOTIVATING FACTORS TO CHANGE SOLUTIONS ACROSS PURCHASERS (%)

1	**Cost of solutions**	**79%**
2	User satisfaction or needs	63%
3	Interoperability/integration with other tools/offerings	48%
4	Outcomes data proves no improvement from usual care/existing offerings	48%
5	Insufficient outcomes data	45%
6	Data breach	43%
7	Relationship with vendor	39%
8	Patient request	34%
9	Influence of broker	16%

Question: What factors would motivate your organization to change solutions (e.g., switch vendor, add/eliminate a product)? Select all that apply. (n=332)

Cost is the most common reason that purchasers site for **changing** digital health solutions, followed by user satisfaction, integration with other tools and outcomes data.

User satisfaction, interoperability, and poor clinical outcomes are other motivators for purchasers to consider changing solutions

MOTIVATING FACTORS TO CHANGE SOLUTIONS BY PURCHASER (%)

	Total	Health Plans	Employers	Health Systems
Cost of Solutions	**79%**	80%	73%	85%
User satisfaction or needs	**63%**	55%	68%	66%
Interoperability/integration with other tools/offerings	**48%**	57%	28%	61%
Outcomes data proves no improvement from usual care/existing offerings	**48%**	53%	35%	56%
Insufficient outcomes data	**45%**	47%	34%	54%
Data breach	**43%**	45%	34%	52%
Relationship with vendor	**39%**	38%	40%	38%
Patient request	**34%**	28%	46%	26%
Influence of broker	**16%**	12%	26%	9%

Question: What factors would motivate your organization to change solutions (e.g., switch vendor, add/eliminate a product)? Select all that apply. (n=332)

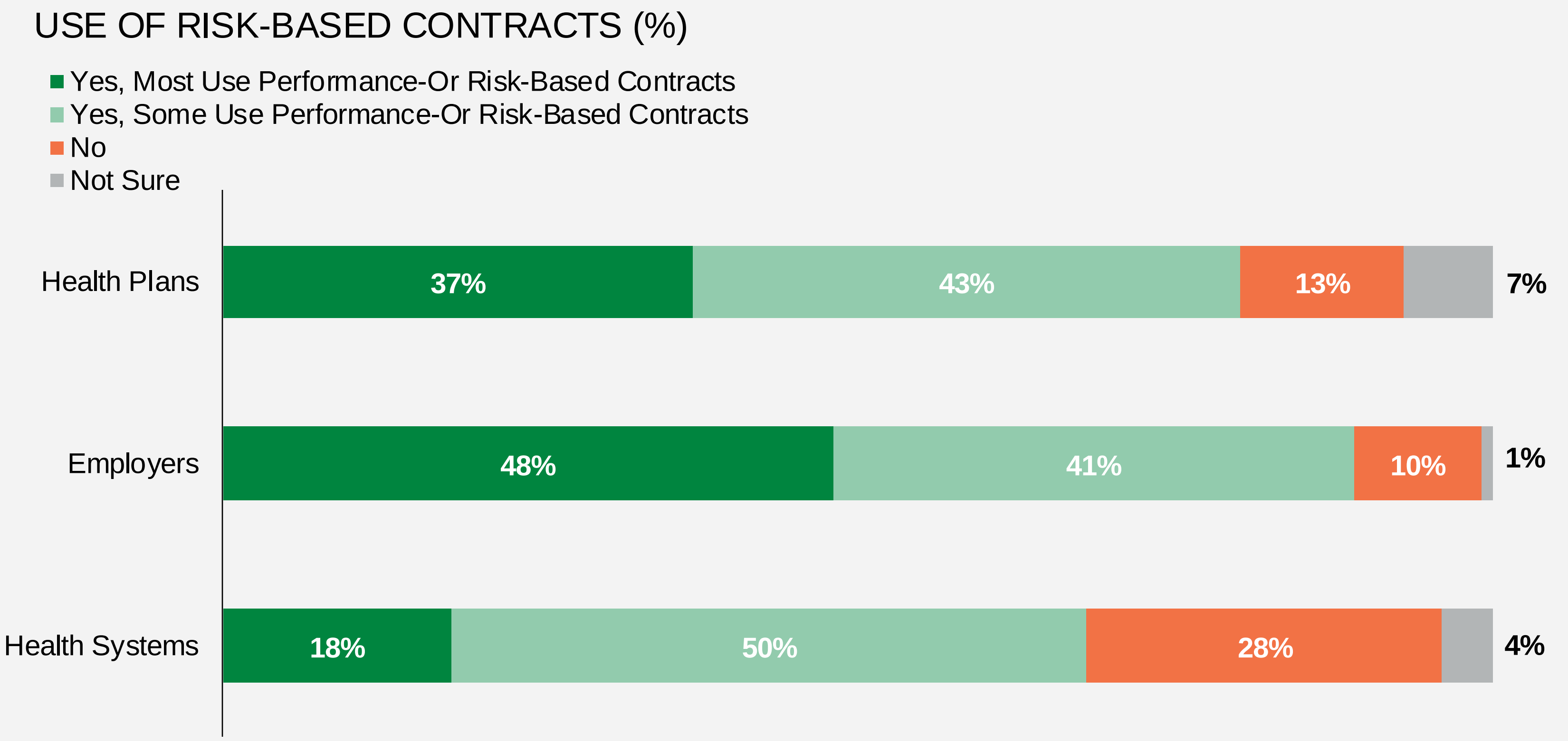
Patient and member satisfaction is a common measure of value across purchasers, followed by improved outcomes

	Evidence & Outcomes	Efficiency (ROI)	Ease of Use
Health Plans	Improved performance against key clinical outcomes (78%)	Decreased spend on medical and pharmacy costs (60%)	**Increased member satisfaction (73%)**
Employers	Improved employee health and wellness (68%)	Increased employee retention (47%)	**Increased employee satisfaction with medical benefits (73%)**
Health Systems	Improved performance against key clinical outcomes (78%)	Decreased spend on medical costs (66%)	**Increased patient satisfaction (89%)**

Question: How is your organization measuring value for digital health solutions? (n=100, health system); (n=117 employer); (n=115, health plan)

Note: Response options are not the same as a result, the differences are not directly comparable or statistically significant.

Purchasers are leveraging risk-based terms to ensure contract performance



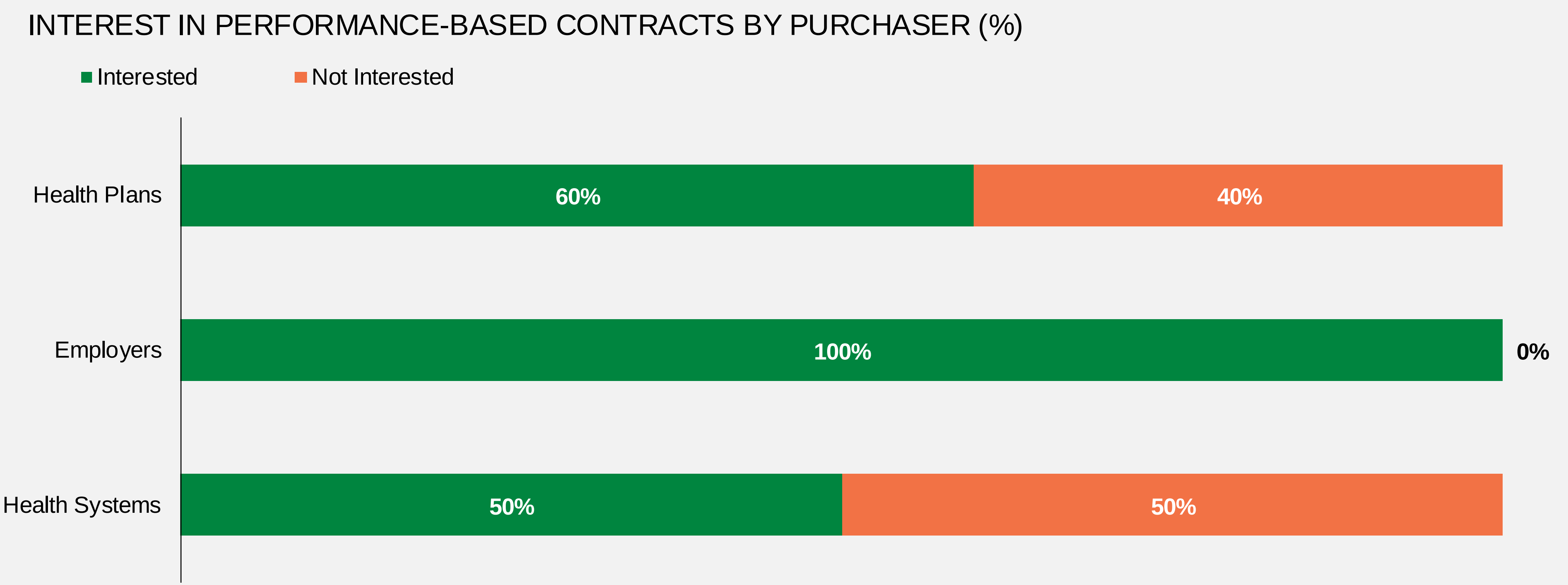
Question: Are you currently using any performance- or risk-based contracts for digital health solutions? (n=332)

Most purchasers use risk-based contracts (79%) for at least some of their digital health solutions.

Employers (48%) and health plans (37%) were more likely than health systems (18%) to report that most of their contracts for digital health solutions are risk-based.

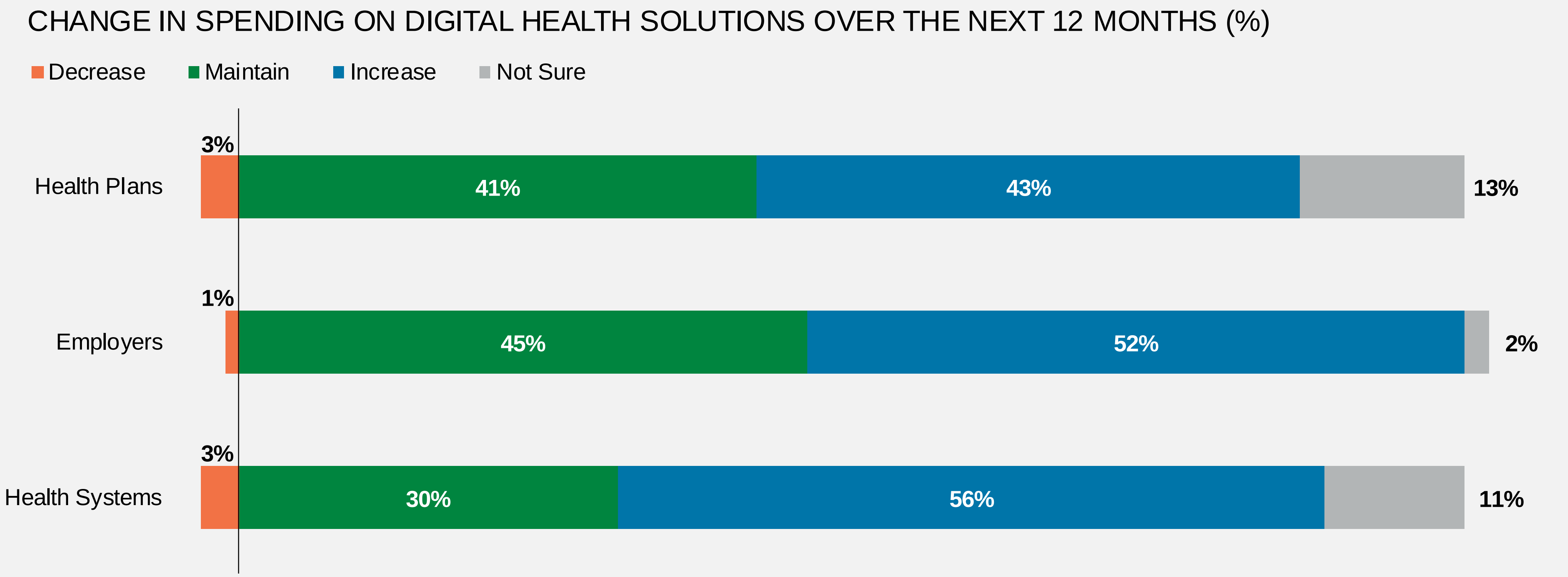
Future plans

Of those not currently using risk-based contracts, most said they would be interested in using them in the future



Question: How interested are you in having performance-based or risk-based contracts in the future for digital health solutions? (n=55)

The vast majority of purchasers are committed to maintaining or growing their digital health offerings



Question: Are you planning to increase, maintain, or decrease spending on digital health solutions over the next 12 months? (n=332)

Purchasers are increasing spending on digital health solutions to meet their needs in the next year

72%

of health plans are looking to reduce **health spending** and **improve member experience**

74%

of employers are looking to improve **productivity**

80%

of health systems are looking to improve **patient experience**

Question: What additional needs are you looking to address in the next year with digital health solutions? Select all that apply. (n=56, health system); (n=61, employer); (n=50, health plan) Note: Response options are not the same and as a result, the differences are not directly comparable or statistically significant

Purchasers expect their future clinical priorities for digital solutions to be consistent with their current offerings

CLINICAL INDICATIONS PURCHASERS HAVE OFFERED OR COVERED DIGITAL HEALTH SOLUTIONS FOR (%)

	Common clinical indications in past two years	Common clinical indications prioritized for the next year
Diabetes	65%	**53%**
Primary Care	62%	**46%**
Mental health (e.g., anxiety, depression)	56%	**50%**
Preventive care	56%	**51%**
Cardiovascular	54%	**47%**
Asthma and other respiratory conditions	43%	**31%**
Obesity	42%	**41%**
Women's reproductive health and fertility	39%	**30%**

Question: Which of the following clinical indications has your organization purchased digital health solutions for? Select all that apply. (n=332) Within the next year, which conditions or treatment areas are you looking to focus on? Select all that apply. (n=332)

Purchasers remain committed to offering solutions for the same clinical areas they prioritize today.

Future priorities align with current priorities including sustained interest in oncology, musculoskeletal, gastrointestinal, substance use disorders, autoimmune, and social determinants of health.

About PHTI

The Peterson Health Technology Institute (PHTI) provides independent evaluations of innovative healthcare technologies to improve health and lower costs.

Through its rigorous, evidence-based research, PHTI analyzes the clinical benefits and economic impact of digital health solutions, as well as their effects on health equity, privacy, and security.

These evaluations inform decisions for providers, patients, payers, and investors, accelerating the adoption of high-value technology in healthcare.

PHTI was founded in 2023 by the Peterson Center on Healthcare.

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Appendix

Methodology and Sample

Sampling Method:

- Unweighted, non-probability (convenience) sample
- Recruitment:
  - Two paid research panels (respondents received monetary incentives for completion)
  - Select PHTI collaborators invited to complete the survey, unpaid (<5% of sample)
- All responses were submitted anonymously
- All respondents were US-based

Sample Characteristics:

- Organization Characteristics:
  - Employers, payers, and healthcare systems that offer, cover, or use any digital health solution technologies for their employees, members, or patient care
- Respondent Characteristics:
  - Makes or significantly influences decisions about digital health solutions
- n = 332
- Data Collection Mode: Internet, all devices
- Fielded between July 16 and August 15, 2024

Survey Respondents

Health Plans: n = 115

Employers: n = 117

Health Systems: n = 100

Analytic Approach

- Data were cleaned and validated to eliminate straight-line responses and completions below a reasonable time threshold
- Column Proportions Test (T-Stat Testing)
- 95% Confidence Interval
- Unweighted

How important is it that digital health solutions you contract with/offer have the following impact?

HEALTH PLANS (N=115)

1	**Improve health outcomes**	**100%**
2	Reduce total healthcare spending for the plan	97%
3	Reduce spending on specific conditions and treatment areas	97%
4	Improve member access to healthcare services	97%
5	Improve member experience and convenience	97%
6	Reduce administrative spending for the plan	94%
7	Make the plan more competitive	90%
8	Reduce administrative burden on plan workforce	87%
9	Improve health equity	86%
10	Other	2%

EMPLOYERS (N=117)

1	**Improve employee health outcomes**	**100%**
2	Improve health equity	98%
3	Improve employee access to healthcare services	98%
4	Reduce total healthcare spending for the company	96%
5	Improve employee experience and convenience	94%
6	Offer competitive benefits package to attract and retain employees	92%
7	Improve employee productivity	90%
8	Reduce spending on specific conditions and treatment areas	89%
9	Reduce employee absenteeism	87%
10	Other	11%

HEALTH SYSTEMS (N=100)

1	**Improve patients' health outcomes**	**99%**
2	Improve patient experience and convenience	99%
3	Improve patient access to healthcare services	97%
4	Reduce administrative burden on the hospital/health system workforce	96%
5	Generate additional revenue for the hospital/health system	93%
6	Reduce administrative costs for the hospital/health system	93%
7	Improve health equity	90%
8	Position for competitiveness against other providers	81%
9	Other	2%

How important are the following attributes to your organization when evaluating whether or not to cover/offer a digital health solution? Select all that apply.

HEALTH PLANS (N=115)

1	**Evidence that it will improve overall member health and wellness**	**98%**
2	The solution will generate a positive financial return	92%
3	Ease of use of solution by member	91%
4	Financial stability of the digital health company	89%
5	The solution offers a performance guarantee (e.g., risk-based contract)	83%
6	The solution provides data to help us manage our provider network	82%
7	The solution covers a wide range of clinical indications (e.g., replace point solutions)	81%
8	Market demand	81%
9	Ability to white label solution	74%
10	Plan sponsor (employer) request	73%
11	Other plans like ours are using the digital health solution	71%
12	Other	1%

EMPLOYERS (N=117)

1	**Evidence that it will improve overall employee health and wellness**	**99%**
2	The solution provides data back to clinicians that care for our employees	97%
3	The solution offers a performance guarantee (e.g., risk-based contract)	95%
4	Evidence that it will decrease our healthcare costs	93%
5	The solution covers a wide range of clinical indications (e.g., replace point solutions)	92%
6	Ease of use of solution by member	91%
7	The solution provides data back to our health plan	90%
8	Evidence that it improves productivity	90%
9	Market demand	83%
10	Ability to white label solution	76%
11	Other companies like ours are offering the digital health solution	74%

HEALTH SYSTEMS (N=100)

1	**Evidence that it will improve overall patient health and wellness**	**99%**
2	The solution provides data back to our clinicians to improve patient care	97%
3	Ease of use of solution by patient	96%
4	Evidence that it will decrease healthcare utilization, while maintaining or improving quality	92%
5	The solution will generate a positive financial return	90%
6	The solution covers a wide range of clinical indications (e.g., replace point solutions)	88%
7	The solution offers a performance guarantee (e.g., risk-based contract)	83%
8	The solution helps address provider burnout and shortages	78%
9	Market demand	77%
10	The solution provides data to the health plans we contract with to demonstrate our performance	72%
11	Other providers like us are using the digital health solution	69%
12	Ability to white label solution	58%
13	The company was founded by or has clinicians in significant leadership positions	56%
14	Other	1%

What factors are important when selecting vendors for digital health solutions? Select all that apply.

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HEALTH PLANS (N=115)

1	**Proven track record (e.g., other pilots, customers, etc.)**	**77%**
2	Financial ROI	65%
3	Cost of solution	58%
4	Clinical trials data	56%
5	Financial stability/business model of digital health company	55%
6	Peer-reviewed journal publications	48%
7	Strong customer support	48%
8	Package or suite of products that meet all or the greatest number of my needs	47%
9	Company's willingness to share risk	42%
10	Alignment with accreditation or certification bodies	34%
11	Recommendation from other payer leaders	31%
12	Patient interest	31%
13	Placement on formulary or pre-selected list	27%
14	Industry white papers	17%

EMPLOYERS (N=117)

1	**Proven track record (e.g., other pilots, customers, etc.)**	**58%**
2	Cost of solutions	57%
3	Employee interest	57%
4	Financial stability/business model of digital health company	49%
5	Package or suite of products that meet all or the greatest number of my needs	46%
6	Strong customer support	46%
7	Financial ROI	44%
8	Clinical trials data	42%
9	Recommendation from broker or benefits consultant	33%
10	Alignment with accreditation or certification bodies	23%
11	Company's willingness to share risk	22%
12	Peer-reviewed journal publications	21%
13	Industry white papers	19%
14	Placement on formulary or pre-selected list	17%

HEALTH SYSTEMS (N=100)

1	**Proven track record (e.g., other pilots, customers, etc.)**	**84%**
2	Cost of solutions	76%
3	Strong customer support	68%
4	Financial ROI	65%
5	Package or suite of products that meet all or the greatest number of my needs	60%
6	Financial stability/business model of digital health company	58%
7	Clinical trials data	54%
8	Recommendation from other hospital/health system leaders	52%
9	Patient interest	44%
10	Alignment with accreditation or certification bodies	43%
11	Company's willingness to share risk	38%
12	Peer-reviewed journal publications	33%
13	Placement on formulary or pre-selected list	19%
14	Industry white papers	18%

How is your organization measuring value for digital health solutions?

HEALTH PLANS (N=115)

1	**Improved performance against key clinical outcome metrics (e.g., reduction of A1c values, improved functional status, medication adherence, etc.))**	**78%**
2	Increased member satisfaction	73%
3	Member engagement with solution(s) (e.g., user engagement rates, number of visits, etc.)	68%
4	Decreased spend on medical and pharmacy claims	60%
5	Increased sales to members or employers	20%
6	Other	1%

EMPLOYERS (N=117)

1	**Increase employee satisfaction with medical benefits**	**73%**
2	Increase employee satisfaction with wellness benefits	69%
3	Improved employee health and wellness	68%
4	Employee engagement with solution(s)	47%
5	Increased employee retention	47%
6	Fewer missed days due to employee health problems or sickness	31%
7	Decreased spend on medical and pharmacy costs	29%
8	Other	--

HEALTH SYSTEMS (N=100)

1	**Increased patient satisfaction**	**89%**
2	Patient engagement with solution(s) (e.g., user engagement rates, number of visits, etc.)	78%
3	Improved performance against key clinical outcome metrics (e.g., reduction of A1c values, improved functional status, medical adherence, etc.)	78%
4	Decreased spend on medical costs	66%
5	Health system revenue	42%
6	Decreased spend on pharmacy costs	36%
7	Other	2%

What additional needs are you looking to address in the next year with digital health solutions? Select all that apply.

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HEALTH PLANS (N=50)

1	**Reduce spending on targeted conditions and treatment areas**	**72%**
2	Improve member experience	72%
3	Reduce administrative cost	64%
4	Improve health equity	58%
5	Improve member access	56%
6	Reduce administrative burden	54%
7	Remain competitive in our offerings	38%
8	Other	2%

EMPLOYERS (N=61)

1	**Improve productivity**	**74%**
2	Improve patient access	66%
3	Improve health equity	64%
4	Improve patient experience	52%
5	Reduce administrative cost	41%
6	Reduce absenteeism	36%
7	Reduce spending on targeted conditions and treatment areas	31%
8	Reduce administrative burden	30%
9	Remain competitive in our offerings	30%
10	Other	-

HEALTH SYSTEMS (N=56)

1	**Improve patient experience**	**80%**
2	Reduce administrative cost	75%
3	Improve patient access	73%
4	Reduce administrative burden	61%
5	Improve health equity	59%
6	Reduce spending on targeted conditions and treatment areas	54%
7	Remain competitive in our offerings	52%
8	Other	2%