Consumerism: Strategies to Meet New Market Demands and Rising Expectations
Speaker Introduction

Douglas Ivan Thompson, MBA, FHIMSS
Senior Research Director
The Advisory Board
Conflict of Interest

Douglas Ivan Thompson, MBA, FHIMSS

I receive a salary from The Advisory Board

Other divisions of The Advisory Board sell software products that address consumer needs.
Agenda

• The Times They Are A-Changing – What’s New
• The Business Case for Consumerism in Healthcare
• Four Imperatives for Consumer Success – Lessons from Amazon
• Meeting the New Performance Standard – How IT Can Help
Learning Objectives

- Describe the behavioral and health care patterns of passive and active healthcare consumers
- Address how expectations differ by patient archetypes
- Discuss a business case for competing on the basis of consumer experience
- Share strategic imperatives to establish a consumer-focused value proposition, set a high standard of transparency and increase consumer loyalty, including the consumers point of view
- Highlight new and established technologies required to support these strategic imperatives
Benefits of Using IT to Meet Consumer Needs

Increase Consumer Loyalty
By delivering excellent service that exceeds patient expectations

Improve Patient Engagement
Through better information, service, and responsiveness
The Times They Are A-Changing
The doctor-patient relationship has evolved since Marcus Welby, M.D.

Now you listen to me!

<table>
<thead>
<tr>
<th>Who should make treatment decisions? N = 2,071</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctor decides without patient input</td>
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<tr>
<td>Doctor decides with patient input</td>
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<tr>
<td>Doctor and patient jointly decide</td>
</tr>
<tr>
<td>Patient decides with doctor input</td>
</tr>
<tr>
<td>Patient decides without doctor input</td>
</tr>
</tbody>
</table>
New Consumer Expectations
Three forces are driving increased healthcare consumerism

More Skin in the Game
High-deductible health plans, increasing co-payments, employers dropping coverage

More Choices for Care Delivery
Standalone ambulatory care centers, retail clinics, concierge medicine, etc.

Increased Transparency
Improved information about cost, quality, convenience of individual providers

Source: Advisory Board research and analysis.
Loyalty vs. Satisfaction

Patient satisfaction is a low bar to clear, and doesn’t guarantee loyalty

Why Doesn’t Patient Satisfaction = Loyalty?

- Patient satisfaction is gained when expectations are met for a given transaction or encounter
- Patients generally have low expectations of provider service levels—satisfaction is far from “delight”
- Many patients don’t perceive a real difference between their health care providers
- So it doesn’t take much to convince a patient to switch providers

Source: Advisory Board research and analysis.
A Tale of Two Consumers
A new type of healthcare consumer is emerging

Traditional Consumer

- I'm loyal to my long-time PCP
- I pick specialists and hospitals based on my PCP’s referral and my payer's coverage
- I trust the doctor to decide the best care for me
- Medical professionals are responsible for my health
- Medicine is a mystery to me

New Consumer

- I change doctors based on convenience and price
- I do my own research on-line
- I pick providers based on convenience, price and service
- I make my own care decisions
- I am responsible for my health
- I am educated about my conditions and treatments

65+ the Most Promising to Be Loyal

70% of 65+ respondents definitely staying with their current PCP

21% Avoiding travel was 21% more important to consumers ages 65+

But Not Actually Loyal

30% Average payments spent outside of “home system”

1. Compared to millennials when deciding where to get surgery.
2. Hospital Outpatient Department and inpatient payments.

Source: Advisory Board research and analysis.
Consumer Archetypes

Different types of consumers want different things from their providers

PwC’s “Experience Segments”

Brand-Aware Brenda Boomer (>50), income >$100K, mostly female, lives in suburb of medium-sized city. Top wants: accurate claims payment, extensive provider network.

Full-Service Frank Gen X and Y (18-49), income $50 - $75K, both genders, lives in suburb of major city. Top wants: hassle-free issue resolution, good website content.

On-the-Go Gina Gen X (33-49), income >$100K, mostly female, lives in medium/metropolitan city. Top wants: accurate claims payment.

Traditional Tom Retirees (66+), income $25 - $50K and >$150K, mostly male, lives in small city or town. Top wants: extensive provider network, accurate billing.

Budget Brad Boomer (>50), income <$50K, both genders, lives in suburb of major city. Top wants: accurate claims payment, extensive provider network.

Sources: Experience Radar 2012, PwC; art credit: Doug Thompson.
Market Postures

Different types of consumers require different value propositions

Community Pillar

- Most systems act as the community pillar today
- Strategy capitalizes on existing familial connections and a long-standing history in market
- Consumers typically see the community pillar as the default option, selecting a provider on preexisting use and trust

Status Quo

New Consumer-Oriented Value Propositions

- Blue Chip Quality
  Showcase reputation, clinical outcomes to win most complex business

- Solutions-Focused
  Defend premium price through product and service enhancements

- Purchasing Ease
  Simplify health care purchase and use of care

- Bargain-Basement Pricing
  Win ultra price-sensitive consumer through rock-bottom pricing

Source: Advisory Board research and analysis.
What Would You Build?
Disconnect Between Historical Investments and Patient Problems

Traditional Solutions
- Acute care hospital
- Diagnostic equipment
- Medical office buildings
- Primary care physicians
- High-end technology
- Specialists/proceduralists

Consumer Problems and Needs
- “What’s wrong with me?”
- “I want to stay healthy”
- “Where do I go?”
- “How do I pay for this?”
- “I don’t know if this treatment is working.”
- “All these decisions are overwhelming.”

Source: Advisory Board research and analysis.
A New Delivery System
Starting from scratch provides opportunity to re-imagine system

Beginning with Patient-Centric Primary Care Offerings

- Clinics without waiting rooms
- Same-day, walk-in appointments
- E-visit availability
- Portal access to visit notes, lab results
- On-site healthy cooking demos
- Access to life coaches

Key Features of Kansas City Locations

Adding Key Specialties to the Service Mix Over Time

- GI
- Orthopedics
- Cardiology
- Dermatology
- Women’s Services
- Pain Management

Establishing a Consistent Physician Culture

- Clinicians are mix of former St. Joseph practitioners and new hires
- Salaried model for two years, then transitioned to RVU-based model with quality incentives

Source: Advisory Board research and analysis.

1) GI = Gastroenterology; 2) RVU = Relative value unit.
Traditional Providers Also Responding

Geisinger CEO: We want to be Uber, not Blockbuster

Case in Brief

- Physician-led integrated health system based out of Pennsylvania
- Geisinger gives money-back guarantees to dissatisfied patients
- The patients decide how much they get back—no questions asked
- In six months just 74 patients asked for their money back, totaling about $80,000
- 50% of nearby Shamokin city residents are diabetic and 30% don't know where their next meal is coming from
- When diabetic patients order insulin from a Geisinger pharmacy, they also get a week’s worth of tasty, diabetic-safe food delivered

"If we can get that Amazon connection to people we have the chance to be the next Uber. If we don’t, I think we become Blockbuster."

David Feinberg, Geisinger CEO, MD

Source: Advisory Board research and analysis.
Loyalty - The Ultimate Consumer Goal
Experience key to driving repeat business

Experience Drives Loyalty...

60%
Percentage of top 10 loyalty drivers for primary care physicians that are related to experience (rather than cost or clinical quality)\(^1\)

66%
Percentage of top nine loyalty drivers for specialists that are related to experience (rather than cost or clinical quality)\(^1\)

...and Loyalty Drives Business

2x
Revenue growth rate for companies with loyal followings compared to those without

6x
Amount of revenue generated by a patient who returns within 18 months compared to one who doesn’t

25%
Increase in customer retention resulting from an organization’s commitment to customer experience

>25%
Predicted increase in profits due to a 5% increase in customer retention

Source: Advisory Board research and analysis.
The Business Case for Loyalty

Opportunity for repeat business overshadows value-based purchasing

VBP a Necessary but Low-Upside Focus

$22M
Average value of a 10% improvement in patient share of wallet realized through building loyalty

$424K
Estimated difference in reimbursement for high and low HCAHPS performers

44%
Average share of wallet captured from patients who received some but not all services from a health system

Source: Advisory Board research and analysis.
Earth’s Most Customer-Centric Company

Amazon’s focus remains unchanged

Case in Brief: Amazon

• Seattle, WA-based company
• Best known as online retailer, but also provides web services, fulfillment services, media & content, electronic devices, and e-commerce solutions
• Strategy has grown and evolved around a consistent mission of customer-centricity

“Our vision is to be Earth’s most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online.”

<table>
<thead>
<tr>
<th>64</th>
<th>95%</th>
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<tbody>
<tr>
<td>Net promoter score, 2014</td>
<td>Amazon prime renewal rate</td>
</tr>
</tbody>
</table>

Source: Advisory Board research and analysis.
How They Do It

Four imperatives drive Amazon’s success

**Accessible**

- Multi-channel approach makes interface convenient
- Two-day shipping means product delivery is quick

**Reliable**

- Condition of products fulfilled by Amazon guaranteed
- Easy returns, refunds build purchaser confidence

**Affordable**

- Buy-box, “other sellers” link ensure best price
- Price matching, price change adjustments build trust

**Relationship-Driven**

- Information storage, one-click buying creates deeper relationship than other online retailers
- Personalized recommendations offer individualized experience, helpful advice
- Prime benefits accrue for repeat users
- Aggregates seemingly disparate features (video, shipping) to create stickiness

Source: Advisory Board research and analysis.
# Playbook for a Consumer-Focused Health System

## How IT can help meet the new performance standard

### Delivering on Individual Transactions

<table>
<thead>
<tr>
<th>1</th>
<th>Accessibility</th>
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<tbody>
<tr>
<td>Reconfigure Access Channels</td>
<td></td>
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<tr>
<td>1. Externally-embedded provider search</td>
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<tr>
<td>2. Automated out-of-pocket price estimates</td>
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<tr>
<td>3. Integrated digital scheduling platform</td>
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<tr>
<td>4. Virtual visits</td>
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<tr>
<td>5. Hospital way-finding</td>
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</table>

### Establishing a Longitudinal Relationship

<table>
<thead>
<tr>
<th>2</th>
<th>Reliability</th>
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<tbody>
<tr>
<td>Standardize Production Model</td>
<td></td>
</tr>
<tr>
<td>6. Workflow automation</td>
<td></td>
</tr>
<tr>
<td>7. Customer-driven quality reporting</td>
<td></td>
</tr>
</tbody>
</table>

### 3 Affordability

| Streamline Fixed Cost Structure |
| 8. Cost accounting systems |

### 4 Loyalty

| Build Loyalty Platform |
| 9. Real-time patient feedback systems |
| 10. Integrated patient portals |
| 11. Formal membership programs |
| 12. Simplified billing and payment |

Source: Advisory Board research and analysis.
1. Embed and Customize Provider Search

All roads lead back to your health system

Search for Information

75%
Of patients start their health care search online

System Website

29%
Average portal adoption rate¹

External Website

80%
Start with a search engine

Drive Online Traffic to System

Embed information where users search for health problems

Customize provider search process

Source: Advisory Board research and analysis.
Embedded Where?
Start with Google and WebMD and go from there

How WebMD Wins Big in the Consumer Space

- High-Ranking SEO Results
- Trusted Information Source
- Streamlined Online Experience

The WebMD Audience is Highly Engaged…

- 9.8 Average number of minutes spent on WebMD
- 10 Average number of pages viewed per visitor to WebMD

2015 Search Share by Provider

2015 Ad Revenue by Search Engine

Source: Advisory Board research and analysis.
Provider Search in WebMD

Providers shown based on search terms

Source: Advisory Board research and analysis.
The Rich Getting Richer

Spotlight initiative expands WedMD value to providers

- Promote physicians at the moment consumers are seeking care
- Extensive onsite training, support, and performance tracking
- Algorithms identify the right physicians to feature online
- Robust physician profiles with reviews, ratings, and practice information
- Schedule appointments from the search results page on WebMD

Source: Advisory Board research and analysis.
Customize Local Provider Search
Differentiate based on coordination, integration, depth of knowledge

Source: Advisory Board research and analysis.
Pardee Select Customizes Provider Search

Online dating comes to healthcare!

Volume growth at hospital’s physician practice network

Case in Brief: Pardee Hospital

- 222-bed community hospital in North Carolina managed by UNC Health
- Patients can choose a doctor by selecting up to 14 personality characteristics
- Algorithm also lists doctors based on compatibility, distance, and location

Source: Advisory Board research and analysis.
2. Automate Price Estimates

Lack of information loses patients even if your price is cheaper

Percentage of Americans Who Have Tried to Find Price Information by Deductible Level

- No deductible: 48%
- Less than $500: 53%
- $500 - $1,000: 67%
- $1,001 - $3,000: 67%
- More than $3,000: 74%

56% of Americans have tried to find their out-of-pocket cost before receiving care.

Transparency Impacts Choice

84% say price estimates have an impact on choosing a provider.

Which ranks similarly to:

- Outstanding bedside manner
- Prompt test results
- Accurate diagnosis

Source: Advisory Board research and analysis.
Pricing Information Consumers Want

Estimates growing more common, guarantees desired but unusual

- **Shrinking Majority**
  - **Charge Estimates**
    - Charges estimated by condition or procedure based on historical charges

- **Growing Minority**
  - **Payment Estimates (After Insurance)**
    - Out-of-pocket payment obligation of the patient estimated after insurance pays their part

- **Pioneers**
  - **Price Guarantees**
    - Bundle of services for a specific condition or procedure offered at a guaranteed, upfront price
    - *(This is what consumers really want)*

Source: Advisory Board research and analysis.
It’s Harder Than It Looks
Requirements complex for out-of-pocket payment estimation

<table>
<thead>
<tr>
<th>Technology Capabilities—Payment Estimates</th>
<th>Inpatient Insurance</th>
<th>Total Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Historical charge database</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inpatient hospital</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>• Inpatient doctors</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>• Outpatient hospital</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>• Outpatient doctors</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>2. Analytic software</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Historical charge averages</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>• Range/probability estimates</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>3. Contract modeling software (estimate what insurance will pay for specific patients)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inpatient hospital</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>• Professional billings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Outpatient providers</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>4. Insurance “screen scraping,” EDI or direct connections to payer databases (adjust out-of-pocket estimates, copay, co-insurance)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Performance analytic software to monitor estimation accuracy (aggregation data from 835s)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Advisory Board research and analysis.
3. Expose Digital Self-Scheduling Platform
Let patients buy healthcare when they are ready

Integrated Scheduling Platform Has Multiple Access Points

Source: Advisory Board research and analysis.
Realistic Future Vision

Integrated search, price estimation and scheduling

Consumer Need

Search
Mobile application guides the consumer to the best provider in your network for them

Cost Estimate
Phone call, chat, or automated routine delivers immediate out-of-pocket cost estimate

Scheduling
Consumer immediately schedules a visit with their chosen provider directly from the app

Loyal Consumer

Source: Advisory Board research and analysis.
4. Continue to Advance Virtual Care

Technology improving patient access, convenience

- **Telephone**: Telephonic visits serve as foundation of virtual care
- **Video**: Video capabilities allow for more advanced treatment
- **Automated**: Automatic diagnostics eliminate need for live provider interaction

**Disruptor Offerings**

- Dr onDemand
- MDLIVE™
- zipnosis
- American Well™
- virtuwell

Source: Advisory Board research and analysis.
5. Enable Hospital Way-Finding

Beacons keep patients from getting lost in the hospital

Technology in Brief: Beacons

- Works off of Bluetooth Low Energy, standard on most smart mobile devices
- Relatively low-cost and low-energy consumption
- Reasonable and adjustable range—inches to 50 meters
- Ability to communicate directly with end users (patients, clinicians, staff)
- Widespread use in retail, sports, and hospitality industries; early adopters in health care industry
- Capability to reach patients can be worked into existing mobile application
- Vendor options range from startups to entrenched RTLS² firms

Source: Advisory Board research and analysis.
Key Takeaways

Improve patient access for greater convenience

Source: Advisory Board research and analysis.

- Development of **multiple sales channels** (e.g., mobile app), **interface acquisition** (e.g., Zappos) helps meet consumers where they are
- **Pervasive network of fulfillment centers** ensures efficient packing, shipping process
- **Partnerships with shipping carriers** like USPS, UPS, FedEx, in addition to Amazon-operated delivery ensures quick delivery

- **Multi-channel navigation platform**, including search, price estimation, and triage/scheduling help streamline transactions
- **Virtual visits** save customers travel and wait time and free up provider schedules to see new patients
- **Hospital navigation apps** help patients find their way quickly and easily to their care location, and alert caregivers to patient arrival

Source: Advisory Board research and analysis.
6. Standardize Processes

Geisinger standardizing care delivery…and now the patient experience

<table>
<thead>
<tr>
<th>ProvenCare</th>
<th>ProvenExperience</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Single bundled price including pre-admission and post-discharge care for common procedures and conditions (e.g., CABG,¹ hip replacement, perinatal care)</td>
<td>• Available for a limited number of patient types/procedures</td>
</tr>
<tr>
<td>• Patient compact conveys expectations for patient behaviors</td>
<td>• Based on consensus best patient experience (e.g., personal interactions, service levels, and timeliness)</td>
</tr>
<tr>
<td>• Guaranteed good results (care for complications covered)</td>
<td>• Patients asked to rate their experience using a proprietary mobile app</td>
</tr>
<tr>
<td>• Care is standardized based on latest scientific-consensus best practices</td>
<td>• Patients can request full or partial refund if they feel their experience was not acceptable</td>
</tr>
<tr>
<td>• Utilizes risk screening, process simplification and standardization, and automation including the EMR and home monitoring and communication technologies</td>
<td>• Refunds granted without argument</td>
</tr>
<tr>
<td></td>
<td>• Patient feedback is used to resolve service issues and improve the experience for all</td>
</tr>
</tbody>
</table>

Source: Advisory Board research and analysis.
IT Infrastructure for a Reliable Experience
EMR, BI, BPM/workflow, CRM, point applications

Source: Advisory Board research and analysis.
7. Report Quality from a Consumer Perspective

Assess whether the consumer’s problem was solved

<table>
<thead>
<tr>
<th>Today’s Metrics</th>
<th>Problem with Status Quo</th>
<th>Future Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provider-Centric Metrics</strong></td>
<td></td>
<td><strong>Consumer-Centric Metrics</strong></td>
</tr>
<tr>
<td>• Infection rates</td>
<td>1. Current metrics are difficult for consumers to understand</td>
<td>• Time to recovery</td>
</tr>
<tr>
<td>• Mortality rates</td>
<td></td>
<td>• Ability to engage in physical activity</td>
</tr>
<tr>
<td>• HCAHPS¹ scores</td>
<td>2. Current metrics don’t measure true impact on consumer experience</td>
<td>• Presence of pain</td>
</tr>
<tr>
<td>• Length of stay</td>
<td></td>
<td>• Wait times</td>
</tr>
<tr>
<td>• Readmissions rates</td>
<td></td>
<td>• Accuracy of bill</td>
</tr>
<tr>
<td>• HbA1c² levels</td>
<td></td>
<td>• Accuracy of provided cost estimates</td>
</tr>
<tr>
<td>• Blood pressure control</td>
<td></td>
<td>• Call center resolution rates</td>
</tr>
<tr>
<td>• Launch of process improvement initiative</td>
<td></td>
<td>• Ability to use app, portal to fulfill desired function</td>
</tr>
<tr>
<td>• Launch of consumer-facing tool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Time to process bill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Number of app downloads, portal accounts created</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Advisory Board research and analysis.
Key Takeaways
Commit to process reliability through automation and measurement

Reliability

Amazon

- Robust infrastructure elevates efficiency of packing process
- Processes perfected, standardized to maximize packing success rate
- External guarantees (e.g., two-day shipping, a-to-z product guarantee) reflect consistency of internal production model

Health Care

- Organization-wide commitment drives broad engagement in delivering reliable, superior consumer experience
- High-reliability approach to service delivery, including process automation, ensures high-level baseline performance
- Reconfigured measurement systems enable market-facing guarantees

Source: Advisory Board research and analysis.
8. Upgrade Cost Accounting System

Needs for cost data growing with consumerism

Cost Accounting System

Cost Accounting
Data Elements
- Total Cost
- Cost Structure
- Profitability
- Variability

Uses of Cost Accounting Data
- Portfolio Management
- Cost Reduction
- Pricing/Contracting

Source: Advisory Board research and analysis.
## What Should You Charge?

New market postures require new information

<table>
<thead>
<tr>
<th>Market Postures</th>
<th>Retail Pricing Strategies</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Chip Quality</td>
<td>Premium</td>
<td>What do my competitors charge?</td>
</tr>
<tr>
<td>Showcase top-rate clinical outcomes</td>
<td>Charge more for quality</td>
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<tr>
<td>to win most complex business</td>
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<td></td>
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<tr>
<td>Solutions-Focused</td>
<td>Cost Plus</td>
<td>What are my costs?</td>
</tr>
<tr>
<td>Defend premium price through product</td>
<td>Add profit margin to cost</td>
<td></td>
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<tr>
<td>and service enhancements</td>
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<tr>
<td>Purchasing Ease</td>
<td>Loss Leader</td>
<td>What will consumers pay?</td>
</tr>
<tr>
<td>Simplify health care purchase and</td>
<td>Price below cost</td>
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<tr>
<td>use of care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$Bargain-Basement Pricing</td>
<td>Market</td>
<td>What portion will insurers pay?</td>
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<tr>
<td>Win ultra price-sensitive</td>
<td>Price same as others</td>
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<td>consumer through rock-bottom pricing</td>
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<td>$</td>
<td>Competitive</td>
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<td></td>
<td>Price below others</td>
<td></td>
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<tr>
<td></td>
<td>Dynamic</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Varies by customer, situation</td>
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</tbody>
</table>

Source: Advisory Board research and analysis.
One of These Things Is Not Like the Others
Activity-based costing the gold standard – for now

Common Cost Accounting Methods...and Futuristic Ideas

Most Common
- Ratio of Costs to Charges (RCC) (e.g., step-down cost allocation used in Medicare Cost Report)

State of the Industry
- Estimated Relative Value Units (RVU) are basis for allocating costs; Charge Description Master (CDM) is activity driver

State of the Art
- Activity-Based Costing (ABC) assigns the cost of activities an organization performs to products and services

Future Vision
- “True Costing” uses actual costs for all direct time and materials; will still need to allocate overhead costs

Accuracy (and Complexity)

Source: Advisory Board research and analysis.
Key Takeaways

Cost accounting a key to affordability

- Willingness to **sub-contract** key capabilities; product fulfillment ensures best price
- **No pride of ownership**: price a major factor in “inclusion” in buy box (i.e., whether product is sold by Amazon or simply fulfilled by Amazon)

- Ability to cut costs intelligently using **cost accounting systems and data**
- **Consumer-friendly pricing** based on multiple market postures and a clear understanding of the impact on revenues and profits

Source: Advisory Board research and analysis.
Building a Longitudinal Relationship
Develop services, capabilities that drive loyalty to the health system

Balancing Attributes That Attract and Those That Make It Harder to Leave

Unappealing to Leave
- Streamline repeat interactions
- Simplified billing and payment
- Integrated patient portal and apps

Appealing to Stay
- Individualize interactions
- Real-time patient feedback systems
- Create incentive to stay
- Formal membership programs

Source: Advisory Board research and analysis.
9. Gather and Use Real-Time Patient Feedback

Serve patients better, fix problems before they leave the hospital

<table>
<thead>
<tr>
<th>End-User</th>
<th>Audience-Specific Uses</th>
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<tbody>
<tr>
<td>Patient-Operated</td>
<td>• Patient decides when and how to give feedback</td>
</tr>
<tr>
<td></td>
<td>• Patient and/or family operates the feedback mechanism</td>
</tr>
<tr>
<td>Staff-Operated</td>
<td>• Staff solicits patient feedback</td>
</tr>
<tr>
<td></td>
<td>• Staff operates the feedback mechanism</td>
</tr>
<tr>
<td>Social Media</td>
<td>• Hospital monitors social media to identify patient and family experience</td>
</tr>
</tbody>
</table>

- Designed to give real-time feedback about or from the patient
- Used while patient is on-site
- Goals: improve patient experience, meet patient needs and expectations, service recovery

Source: Advisory Board research and analysis.
A Call Button In Every Patient’s Hand
App Offers Instant Opportunity for Feedback and Recovery

Case in Brief: Northwell Health
- 20-hospital health system in New York
- Experience strategy prioritizes service recovery
- Patients logging onto WiFi network with mobile device prompts push notification asking patients to rate satisfaction
- Patients can also visit survey URL directly without WiFi login prompt
- After patients complete survey, any “unsatisfied” results trigger alerts to appropriate person/staff who responds to patient within 15 minutes
- Satisfied patients prompted to identify staff members for recognition purposes

Source: Advisory Board research and analysis.
Acute Care Patient Portals
Real-time patient feedback just one capability

COMMON FEATURES

Medical Record Access
Access to partial or complete medical record

Schedule Sharing
Provide advance notice of scheduled studies and therapies

Educational Materials
Ability to retrieve specific education materials

Care Team Communication
Ask questions of the care team and express concerns

Nurse Call Functionality
Call for nurse for a specific request (e.g., order a meal)

Care Team Information
Update daily care team information (e.g., photos, role descriptions)

Source: Advisory Board research and analysis.
Staff Operated Feedback Systems

Support service recovery and systematic process improvement

Service Recovery Critical for Patient Retention

Likelihood of Repeat Visit After Service Failure

- Satisfactory Resolution: 54%
- Non-satisfactory Resolution: 19%

Three Components of Service Recovery

1. In-the-moment patient feedback
   Personal and technological means to welcome comments and complaints

2. Immediate resolution
   Protocols that empower staff to respond to complaints with apology and action

3. Process improvement
   Established means of documenting complaints to effectively address core systemic problems

Case in Brief: Reid Health

- Bedside feedback through iRound
  Patient complains that food is cold; nurse initiates service request

- Quick resolution through FNS
  FNS immediately brings warm meal to patient, documents in iRound

- Data review and root cause analysis
  Multiple complaints indicate lag between food delivery & pre-meal blood sugar testing

- Collaboration and process redesign
  FNS staff role expanded; trained to check blood sugar before serving

*Pseudonym

Source: Advisory Board research and analysis.
Participating In The Conversation

Social media monitoring brings new opportunities…and risks

Source: Advisory Board research and analysis.
10. Integrate Portal Capabilities With Apps

Loyalty drives portal use, not the other way 'round

Source: Advisory Board research and analysis.
Kaiser Integrates Portals and Apps
Multiple data inputs, multiple user options

- **Family Member Portal: Partial/Full Access**
  - Unlimited or limited access (e.g., patient can exclude access to sensitive services)
  - Schedule appointments, refill prescriptions, see visit notes, email physician on behalf of family member

- **Patient Portal: Unlimited Access**
  - Schedule appointment online
  - Conduct virtual visit
  - View visit summary and claim
  - Order/refill a prescription
  - Access lab results
  - Pay bill
  - Send secure message to physician
  - Call 24/7 nurse hotline

- **MEDKIT App: Focused Mobile Functions**

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Source: Advisory Board research and analysis

Increased likelihood of portal users remaining KP members, compared to non-users.
11. Boost Retention With Loyalty Programs

Healthcare payers and providers learning from other industries

<table>
<thead>
<tr>
<th>Industries Typically Using Loyalty Programs</th>
<th>Goal of Membership</th>
<th>Benefits of Loyalty Program for Health Systems</th>
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</thead>
<tbody>
<tr>
<td>Grocery Stores</td>
<td>Data collection</td>
<td>Promotes retention of current customers</td>
</tr>
<tr>
<td>Retail Pharmacies</td>
<td></td>
<td>Increases positive predisposition towards institution</td>
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<tr>
<td>Food and Coffee Chains</td>
<td>Reward regular product use</td>
<td>Creates advocates that promote support from family, friends</td>
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<tr>
<td>Airlines</td>
<td>Provide added benefits to retain long-term purchasing</td>
<td>Incent loyalty to network, reducing out-of-network leakage, spending</td>
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<tr>
<td>Hotels</td>
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<td>Creates opportunities for upsell to adjacent services</td>
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Source: Advisory Board research and analysis.
12. Improve the Billing and Payment Experience

The last impression is the lasting impression

Source: Advisory Board research and analysis.
Moving to Patient-Centered Billing

St. Luke’s overhauls billing and payment process

Elements of Patient-Centered Billing

- **Streamlined Information**
  - Eliminated long paper bills
  - Offered access to transaction history

- **Expedited Process**
  - Streamlined payment process online
  - Reduced time required to pay

- **Longer Repayment Timeline**
  - Expanded to 36-month repayment period
  - Created automatic payment options

“...it isn’t about charges; it’s about comprehension. If we can provide patient-centered care, why can’t we provide patient-centered billing?”

- Dr. David Pate, CEO, St. Luke’s Health System

**Case in Brief:**

St. Luke’s Health System

- Nine-hospital health system based in Boise, ID
- Identified billing and payment as source of most patient complaints
- In 2014, partnered with local company to implement “patient-centered billing”
- Users can see exactly what they owe, pay, and set up payment plans in minutes
- In one year, new system has seen 17,756 unique patient users, over 58,000 interactions, $0.2M in payments, and $10.5M in payment plans

30% Increase in payment performance compared to traditional billing method

105% Increase in patient financial experience scores since 2013

Source: Advisory Board research and analysis.
Key Takeaways
Focus on making it easier to stay, and harder to leave

Loyalty

Amazon

- Storage of customer information makes repeat purchases easy; enables 1-click buying process
- Collection, use of consumer analytics personalizes and customizes interactions, makes purchasing process easier for the customer
- Amazon Prime membership program creates incentives to stay for repeat purchases

Health Care

- Application of membership health concepts like rewards programs or insurance plans makes system sticky
- Real-time patient feedback systems get patients what they really want and avoid or recover from bad experiences
- Integrated patient portals and apps drive patient loyalty and tie loyal customers even more tightly to the health system
- Simplified billing and payment make the patient’s last experience of their encounter a good one

Source: Advisory Board research and analysis.
# Playbook for a Consumer-Focused Health System

How IT can help meet the new performance standard

## Delivering on Individual Transactions

1. **Accessibility**
   - Reconfigure Access Channels
   1. Externally-embedded provider search
   2. Automated out-of-pocket price estimates
   3. Integrated digital scheduling platform
   4. Virtual visits
   5. Hospital way-finding

## Establishing a Longitudinal Relationship

2. **Reliability**
   - Standardize Production Model
   6. Workflow automation
   7. Customer-driven quality reporting

3. **Affordability**
   - Streamline Fixed Cost Structure
   8. Cost accounting systems

4. **Loyalty**
   - Build Loyalty Platform
   9. Real-time patient feedback systems
   10. Integrated patient portals
   11. Formal membership programs
   12. Simplified billing and payment

Source: Advisory Board research and analysis.
# Playbook for a Consumer-Focused Health System

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Source: Advisory Board research and analysis.
Benefits of Using IT to Meet Consumer Needs

Increase Consumer Loyalty
By delivering excellent service that exceeds patient expectations

Improve Patient Engagement
Through better information, service, and responsiveness
Questions

• Contact: Douglas Ivan Thompson – thompsod@advisory.com

• Please complete the online session evaluation