



# NATIONAL RESEARCH *Corporation*

## **Considering the Consumer:**

**Building Value with Healthcare's Newest Change Agent**

Presented for MSHPM by Ryan Donohue

May 7, 2015

**Contact Ryan at [rdonohue@nationalresearch.com](mailto:rdonohue@nationalresearch.com)**

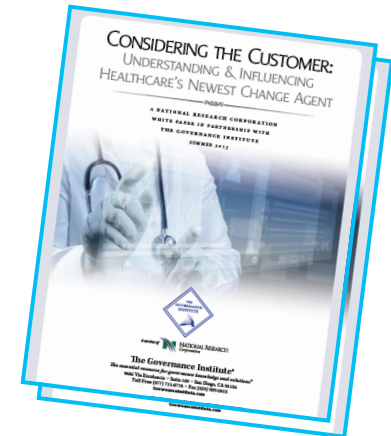
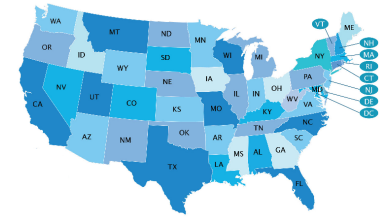
# Session Roadmap

- Who is the Healthcare Consumer?
- Six Degrees of Consumer-Provider Separation
- Becoming Consumer-Centric
- Discussion

# Who is the “Healthcare Consumer”?

# Blue Sky Exercise w/ Healthcare Consumers

- Since 2012, National Research embarked on a “blue sky exercise” to research the consumer view of healthcare across the US
- 200+ consumers in 48 states participated in focus groups
- 111,448 consumers polled through national survey
- Results in NRC white paper



# Who is the Healthcare Consumer?



# Treating The Patient + The Consumer

- Health providers will do well to treat the patient AND the consumer as they make the “journey of care”:



SOURCE: NRC's Blue Sky Exercise, 2012-2015

# A Most Common Consumer Mantra

**Healthcare consumers  
want hospitals to stop  
acting like hospitals.**

*SOURCE: NRC's Blue Sky Exercise, 2012-2015*

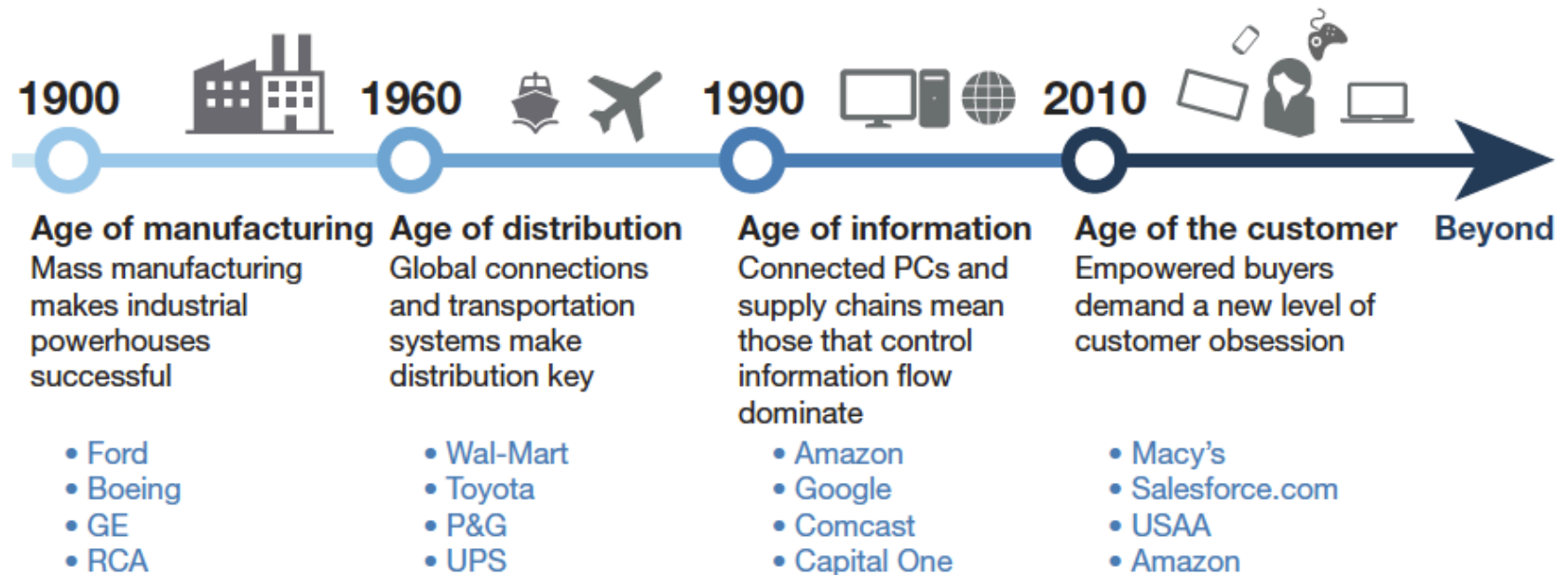
# Sources of Consumer Motivation

- Healthcare has been elevated to an industry of high current interest
- There is a feeling consumers can make more choices about their care
- High cost is forcing the consumer to focus
- Wellness is changing the care paradigm
- An industry shift opens up the balance of power



# Are We Entering the Age of the Consumer?

Figure 1 We Have Entered The Age Of The Customer



# Six Degrees of Consumer-Provider Separation

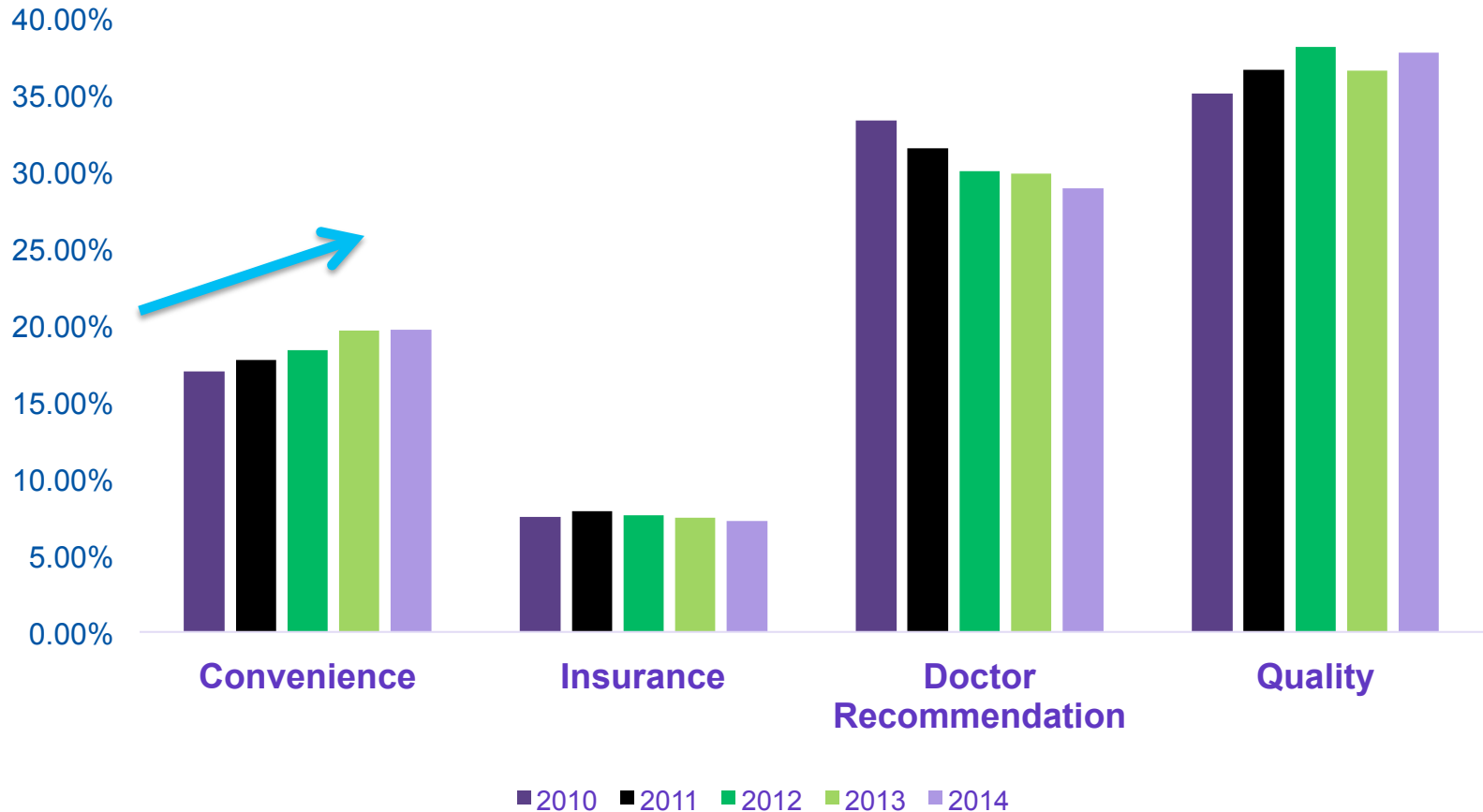
# Perception: An Industry Ignored

- Healthcare consumers don't think about healthcare providers
- Healthcare isn't an everyday product for most
- Healthcare providers are poor differentiators
- Healthcare providers, especially hospitals, often lack the resources or sophistication to build a strong 1:1 relationship with consumers

**#1: AN INDUSTRY IGNORED**

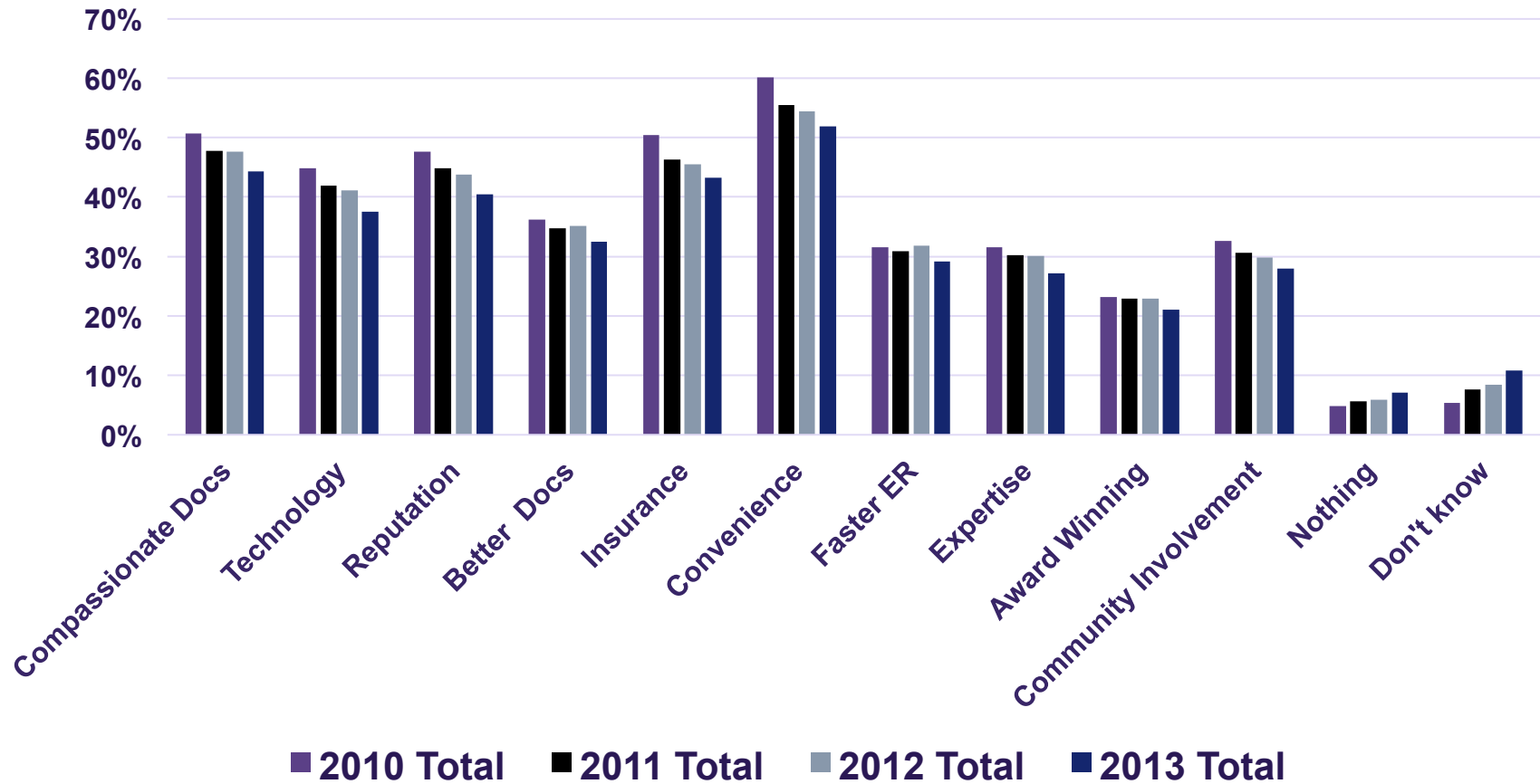
# Perception: An Industry Ignored

What was your primary reason for your last inpatient stay?



SOURCE: NRC's national consumer survey, 2010-2014, average n size = 272.336

# Perception: An Industry Ignored



SOURCE: NRC's national consumer survey, 2010-2013, average n size = 272.336

# Economics: Spending is Unsustainable

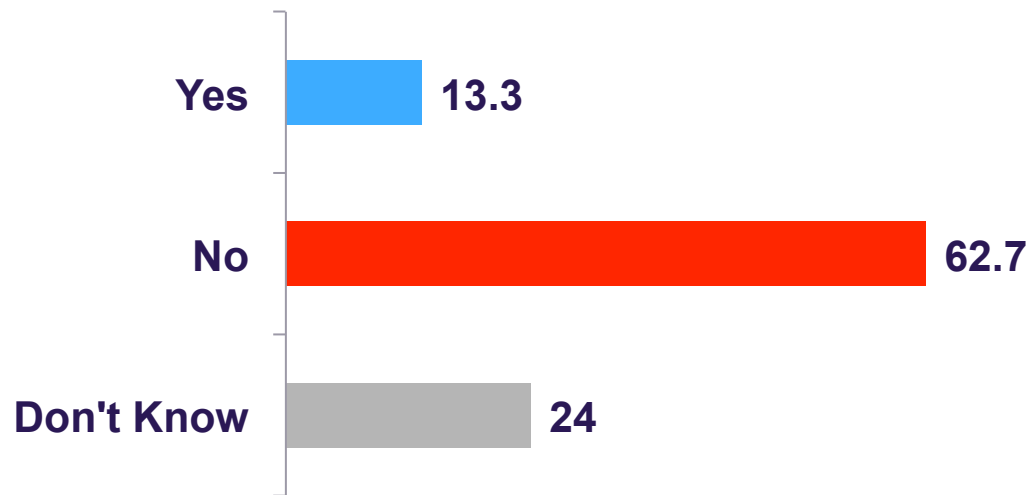
- Healthcare spending is 23 percent of today's federal budget, will be 30 percent in 10 years
- In the past 50 years, healthcare consumption has more than tripled its share of the GDP
- Medical payments now account for 14 percent of consumer spending
- Out of pocket **costs** doubled from 2002 to 2012

*SOURCE: CNN Money, Kaiser Family Foundation, Credit Suisse, 2012*

**#2: FOLLOW THE MONEY**

# Economics: Spending is Unsustainable

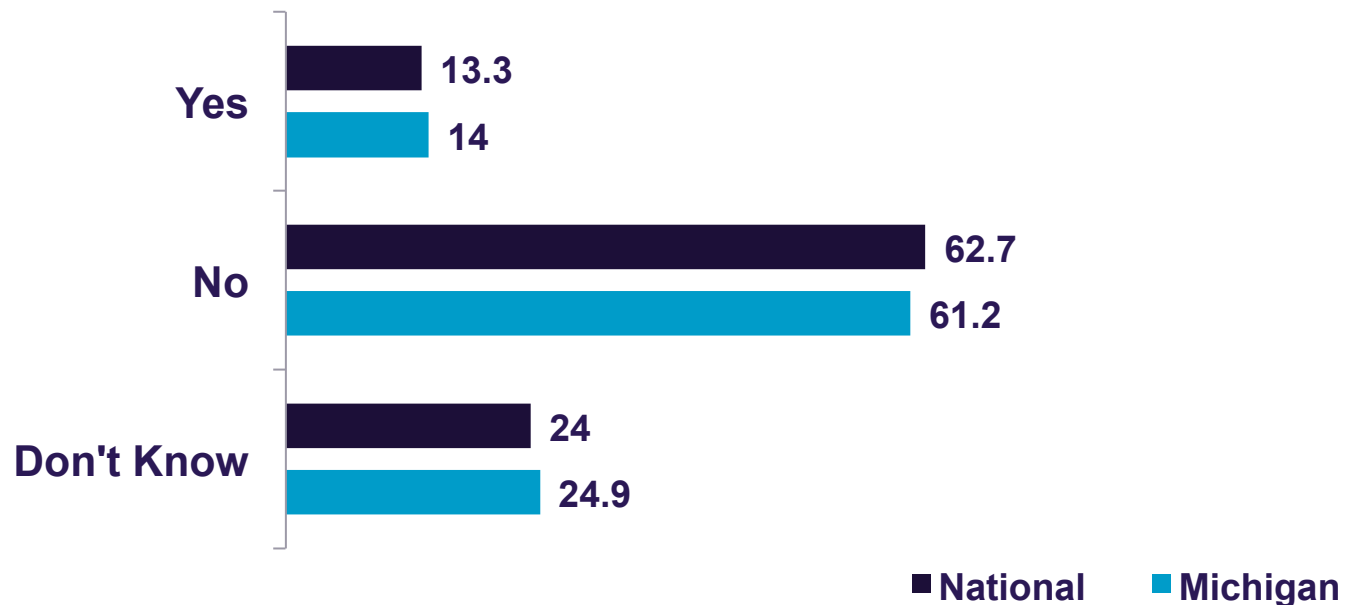
**Do you believe hospitals are upfront and transparent about the prices of the healthcare services they provide to patients?**



*SOURCE: NRC's Market Insights national survey, 2013, n size = 21,824*

# Economics: Spending is Unsustainable

**Do you believe hospitals are transparent about the prices of the services they provide to patients?**



*SOURCE: NRC's national consumer survey, 2013, National n size = 22,717, MI n size = 750*



# Media: Healthcare is Broken

- The heat is on: healthcare costs are perceived as careening out of control
- Though the hospital is only part of the equation, the blame is often squarely on the provider
- “Hospitals and doctors are the biggest contributors to high medical costs.”



#3: THE BRIGHT LIGHT

SOURCE: Consumer Reports, 2008

# Technology: A Social Consumer Revolution



Instant access to information



Instant ability to share information



Constant connectivity everywhere

**#4: INFINITE INFORMATION**

# Technology: Social Media in Healthcare

- 1 in 4 use social media as source of healthcare info
- Consumers use and trust social media to find health info (Average age: 47.8) (MI average age: 48.5)
- 52 percent of consumers will prefer a hospital in the future based on engagement via social media
- Consumers feel social media was built by consumers and trust the medium more than others

*SOURCE: NRC's Market Insights national survey, 2011-2014, n size = 322,365*

**#4: INFINITE INFORMATION**

# Non-Healthcare: Outside Experiences

- Outside industries have faced consumer revolutions and been forced to adapt
- Consumers experience other industries more frequently and consistently than healthcare
- Consumers expect the same high level experience
- The pressure on healthcare providers to appease the consumer will not go away

#5: THE GREENER GRASS

# Lesson: Inversion of Product Delivery

## Industry: Entertainment

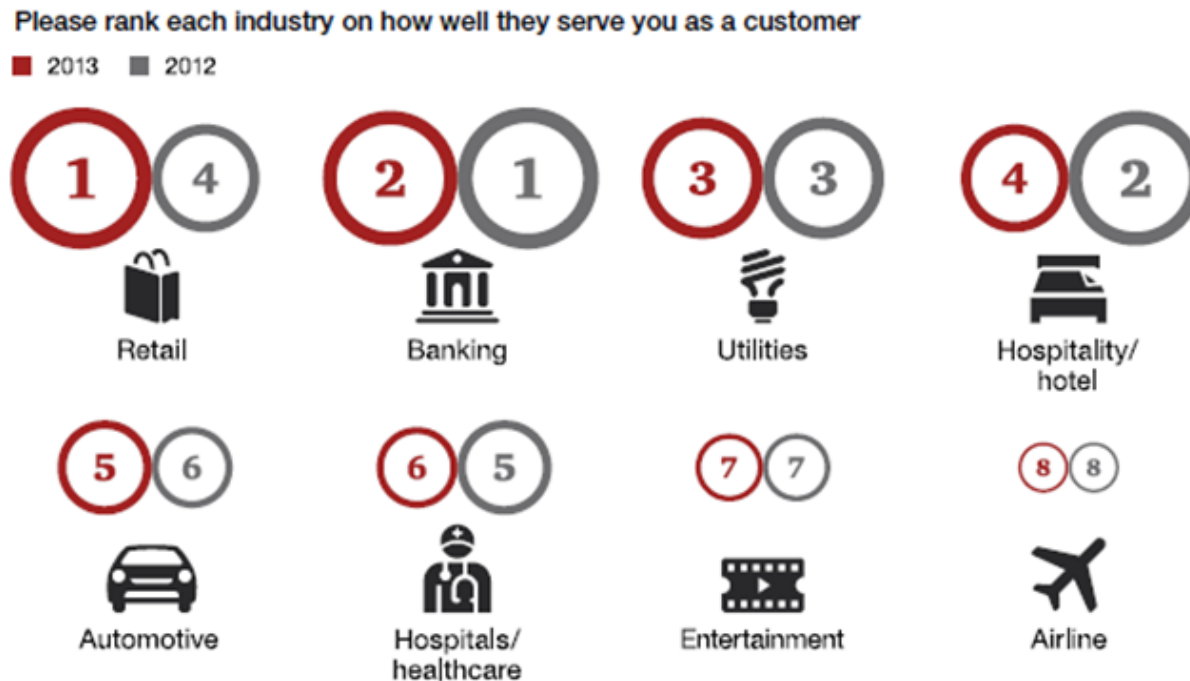
- Be open to new delivery methods
- Know the power of convenience
- Expand the experience into the online world
- Find new revenue opportunities
- **Cautionary: Know when there's no substitute for in-person**



#5: THE GREENER GRASS

# A Comparison of Industries

- Healthcare has lost ground compared to other industries:



Source: HRI Consumer Survey, PwC, 2013

# Consumer Choice: The Consumer has Arrived

- Consumers don't pay attention to healthcare but when they do they feel the industry is broken
- Consumers are paying more than ever before for their healthcare services
- There is a bright light shining on healthcare
- Consumers expect more choices and influence from healthcare due to outside industry experiences

#6: THE RISE OF CHOICE

# Don't Believe in Choice?





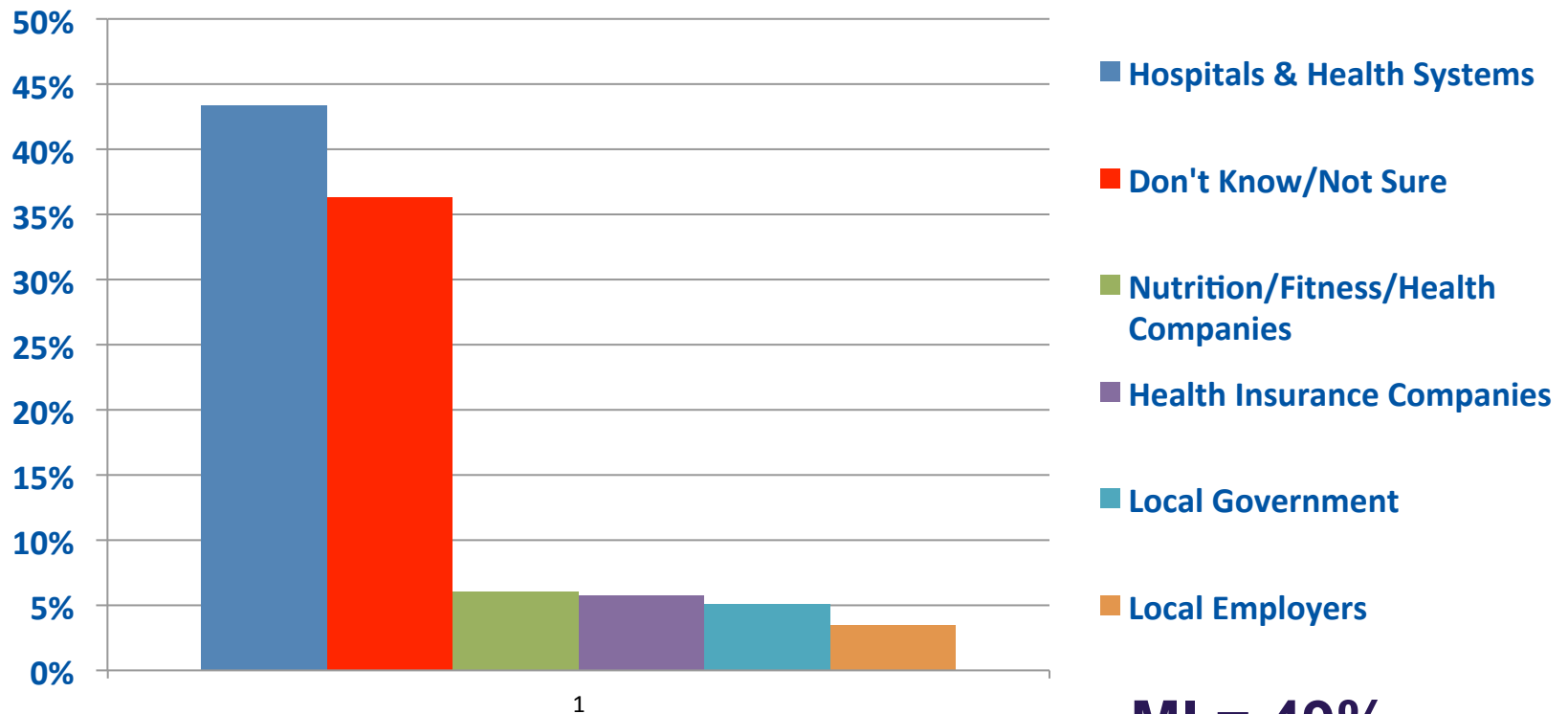
# Becoming Consumer-Centric

# Consumers on “Consumer-Centricity”

A Consumer-Centric organization **puts the consumer first** above all other strategic priorities.

# Who is Responsible for Population Health?

If you had to select one of the following to be primarily responsible for the health of your community, who would you select?



SOURCE: NRC's national consumer survey, 2014, n size = 24,955,  
MI n size = 750

**MI = 49%**

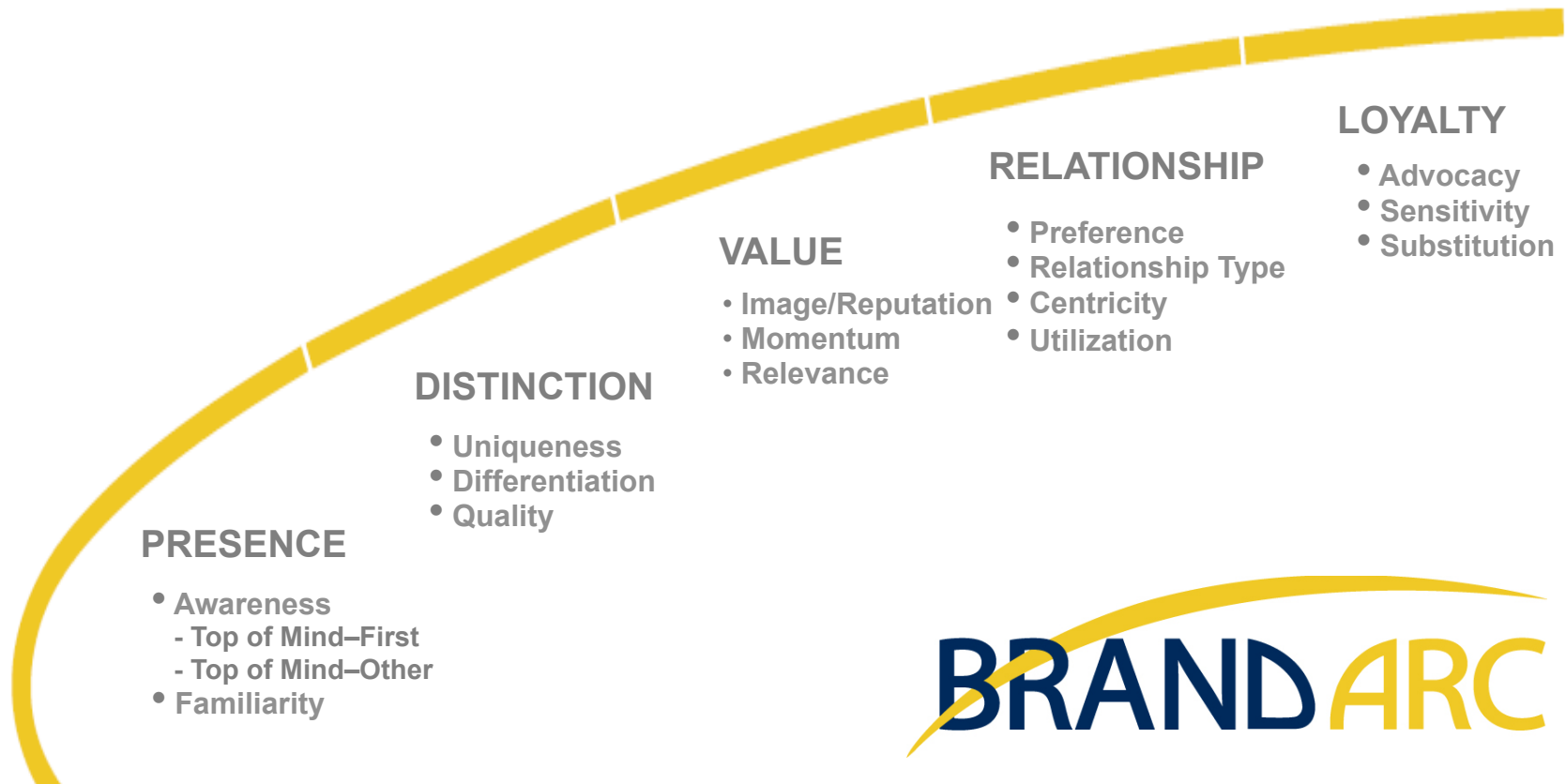
# Future State: Brand Simplification

- Consumers will have 1:1 relationships with brands
- Consumers value the concept of “systemness” or “*oneness*”:
  - 65 percent said they were more likely to choose a hospital that is part of a system
  - 31 percent said it makes no difference to them
  - 4 percent said they were less likely to choose a hospital that is part of a system
- Consumers have warmed to simple, scalable health resources
- Systems will finally get credit for being a comprehensive provider



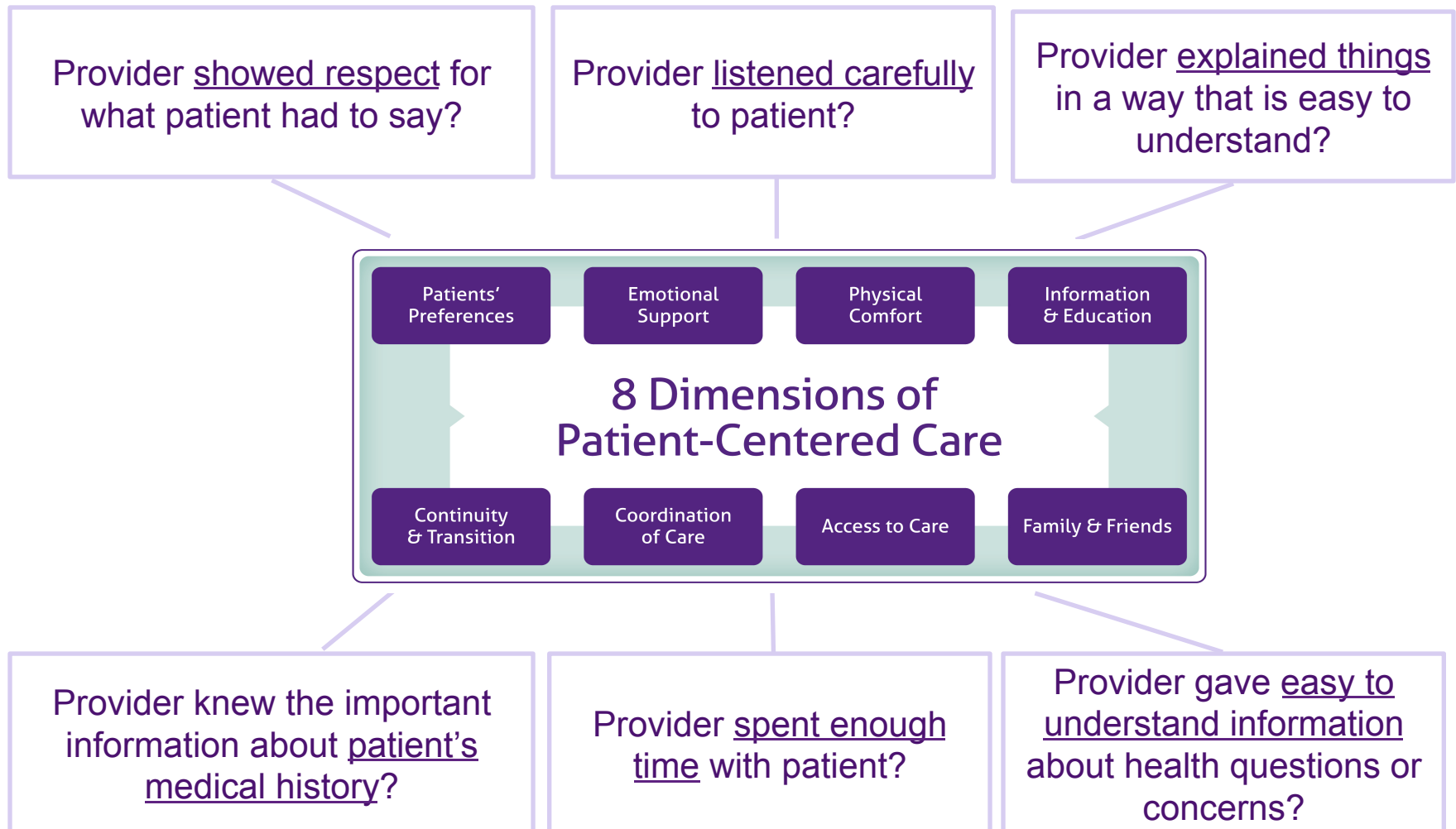
*SOURCE: NRC's national consumer survey, 2012, n size = 21,379*

# Future State: Consumer Decision Modeling



*SOURCE: National Research Corporation's Market Insights*

# Future State: Patient Experience Modeling



# Future State: Price Transparency

- Consumers will see price ranges before receiving care
- Providers will update price indexes and offer payment plans, credit options, loyalty programs and charity care
- Consumer-centric organizations will embrace price as an external point of difference and an internal bellwether
- The consumer will no longer feel pricing is a barrier to care



Healthcare Blue Book



**Surgery Center**  
of Oklahoma

# Future State: Providing Healthcare

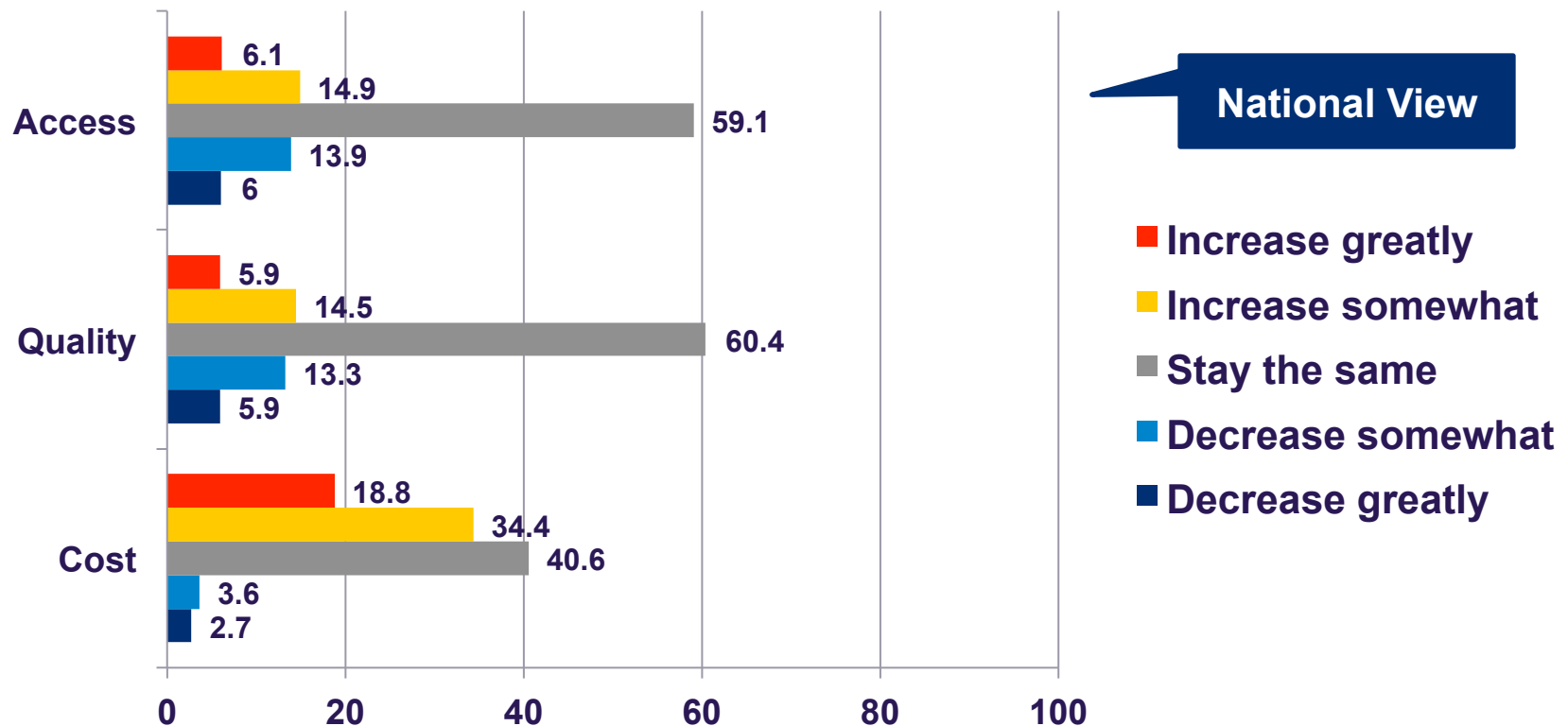
- Consumers are receptive to personalized messaging
- Wellness will be an early access point to the consumers
- Telehealth & mhealth will render earlier services and form faster relationships than current processes
- Hospitals will transcend “healthcare-only” status





# Consumers on Healthcare's Triple Aim

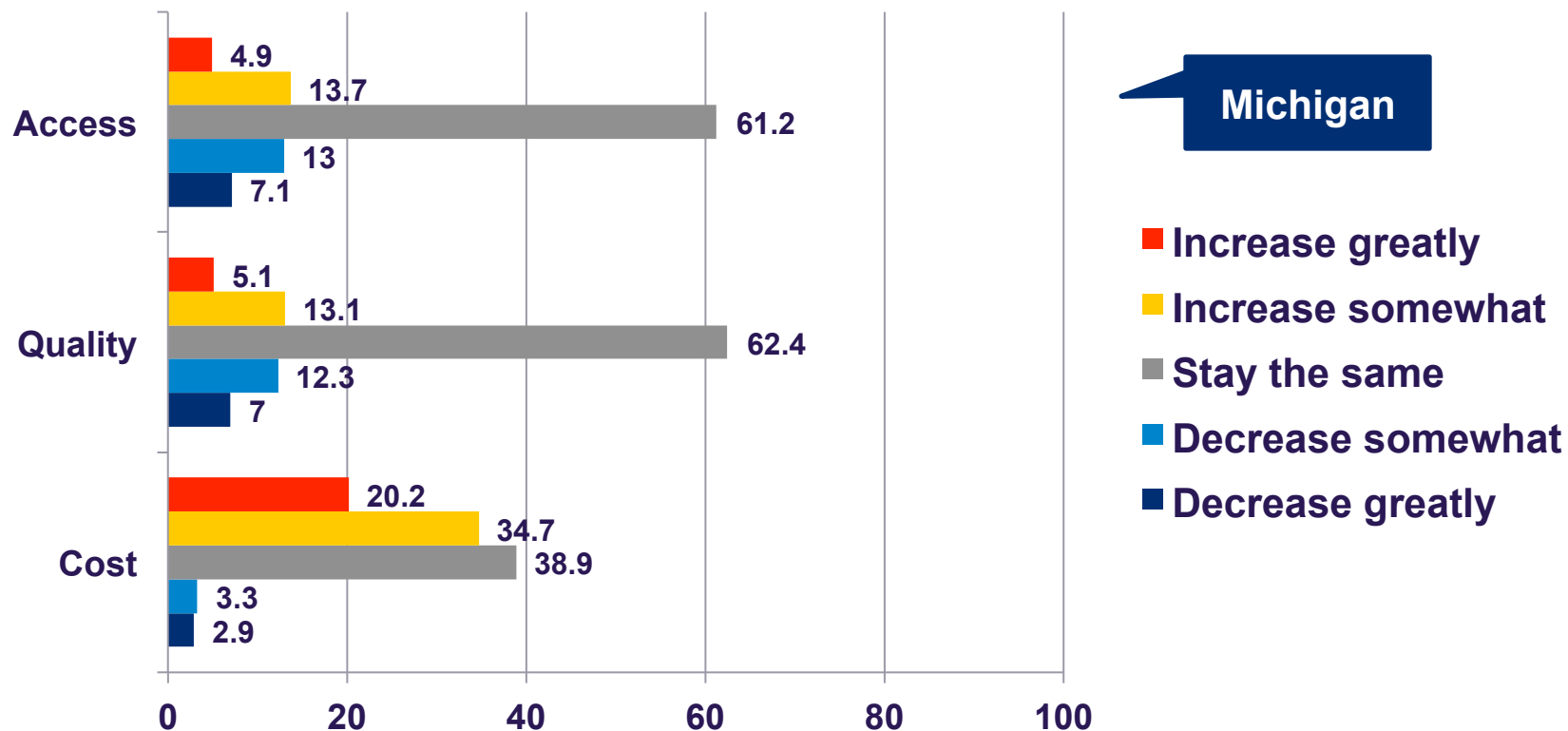
When considering changes in healthcare, will the following increase, decrease, or stay the same in the coming year?



SOURCE: NRC's national consumer survey, 2014, National n size = 22,717

# Consumers on Healthcare's Triple Aim

When considering changes in healthcare, will the following increase, decrease, or stay the same in the coming year?



SOURCE: NRC's national consumer survey, 2014, National n size = 22,717, MI n size = 750

# Consumers on Consumer-Centric Healthcare

INDUSTRY IGNORED

Build a 1:1 relationship with consumer through your brand

HARD ECONOMICS

Be price transparent if possible; inform on cost

MEDIA COVERAGE

Tell your story through targeted marketing and PR

INFINITE INFORMATION

Develop digital strategy; use web/social/mobile to engage

OUTSIDE EXPERIENCE

Tout experience wins and show parallels to others

RISE OF CHOICE

Embrace choice and welcome the discerning consumer

# End Result of Consumer-Centricity:

A Consumer-Centric organization has the **consumer as their compass** to guide strategic decisions.

# The Empty Chair

