

A NEW MEETING PLACE



THE IMPACT OF INCREASING HEALTHCARE CONSUMERISM ON CLINICAL INTEGRATION

AUTHORED BY SUSAN O'HARE AND DR. BILL JESSEE



Integrated Healthcare Strategies
ARTHUR J. GALLAGHER & CO.

Table of Contents

| | |
|-----------------------------|----|
| INTRODUCTION | 1 |
| CONVENIENCE | 2 |
| MILLENNIAL INTERVIEW | 4 |
| PRICE | 6 |
| TECHNOLOGY | 8 |
| CONCLUSION | 10 |

Introduction

HEALTHCARE CONSUMERS HAVE MORE TO LOSE THAN EVER BEFORE

As the healthcare industry has shifted massively toward high-deductible health plans (HDHPs), it is now the consumer whose money is at stake. Consumers recognize this, and they demand new models of patient-centered care that meet them in settings of their preference, at their convenience, and at the price they want to pay. In short, they want to be treated like a customer and partner in their own healthcare—not just a patient whose healthcare is dictated to them.

Now in its second decade, the era of healthcare consumerism has fundamentally changed the way Americans view healthcare. Combined with the push for **clinical integration**, which demands more efficient and convenient access to a range of providers, care settings, and services, the rise of consumerism presents unique challenges for those in the healthcare industry.

And yet, despite the challenges, healthcare organizations that recognize and respond to this paradigm shift stand to experience newfound prosperity. As the Millennial generation (b. early 1980s to early 2000s) begins to take a more active role in their own healthcare—and later, their parents' healthcare—all signs seem to point to the growth of consumerism. Clinical integration will become more important than ever to meet the demands of a changing marketplace, and a new generation pushing that change even faster towards **convenience of delivery, price transparency, and technological integration**.

Healthcare organizations will need to do more than meet consumers halfway—they will need to meet consumers where *they* want to be met.

Clinical integration

is an approach to providing high-value, patient-centered care that is safe, effective, efficient, and convenient, and that includes a high level of patient engagement through effective coordination of care across a range of providers, care settings, and services.

“A health system’s **patients** are people who have been treated there in the **past**; **Consumers** are those who may—or may not—choose to seek care there in the **future**.”

—Lola Butcher, “Is Your Hospital Ready to Answer Consumer Demands?”¹

Convenience

LOYALTY TO PRIMARY CARE PHYSICIANS (PCPs) FOR LOYALTY'S SAKE IS A NOTION THAT IS EVAPORATING IN THE NEW AGE OF CONSUMERISM.

Consumers of any service are, by their very nature, demanding. They want the best price and the best quality—and when and where they want it. Consequently, many consumers now struggle with the idea that they should wait three days to see their primary care physician when they can get a walk-in appointment at an urgent care center today.

The patient/physician relationship is no longer an exclusive one. Today's consumer is inclined to see his or her primary care physician as a partner in long-term health monitoring, but will seek care for minor ailments in the most convenient setting.

Some non-traditional providers see a competitive advantage in this consumer-driven market. Walgreens, for example, has developed a strategy based on the fact that 82% of Americans live within a 20-minute drive of one of its stores.² Walgreens is expanding beyond the pharmacy to offer services ranging from urgent care clinics to chronic disease management for people who value the convenience of receiving timely care closer to home.

But for younger generations—particularly the Millennial generation—having a primary care physician at all is becoming increasingly uncommon.

Main Healthcare Concerns for Millennials



Same-day appointment availability



Online scheduling



Access to their own medical records



The option to text or email the physician between visits

¹ <http://www.hhnmag.com/Magazine/2015/Feb/cob-health-care-consumer>

² Healthcare Consumerism 3D: Rise of the Consumer – Gallagher Integrated

Convenience

Society has changed. Habits have changed. Expectations have changed. People are now used to looking up information on their smartphones and getting immediate answers to their questions. They have become accustomed to comparison-shopping online for hotels, airfares, and all kinds of consumer goods. They check Angie's List to find out who does the best plumbing work. They order toilet paper from Amazon and get it delivered in 48 hours. They text or email from a smartphone for speedier response times. And they want a similar experience with their healthcare.³

Timeliness matters to this younger generation, and convenient online options for healthcare are cropping up to meet the demands of consumers who place convenience above all else. Consider how a new service like Doctor on Demand may impact PCPs in the coming years; for only \$40 a session, a user can have a video session with a doctor for the same ailments that might drive them to a CVS MinuteClinic. The virtual service offers access to board certified family physicians, psychologists, pediatricians, and even lactation consultants—plus, offers patients the ability to send images or videos of rashes or other symptoms for quick diagnosis. And it's not the only service like this available.

To a certain extent, healthcare organizations will have to accept that some consumers—particularly Millennials—will always opt for what is closest and most convenient. But according to ZocDoc founder and president Oliver Kharraz, Millennials are willing to wait to see their PCP—just not too long. So where issues of convenience in location might at times be unavoidable, timing is not—and timing dictates both. Competitive healthcare organizations will need to make greater efforts to close the gaps in timing that push consumers towards virtual or other big-box competitors.



“Twenty-somethings are extremely loyal to their primary doctor if it means they don't have to give up convenience. Millennials are willing to wait a bit to see their regular doctor, not a few weeks or months.”⁴

— Oliver Kharraz, ZocDoc Founder and President



Available in large cities across the country, apps like Heal, Pager, and FirstLine Medical have become the Uber of healthcare. For prices ranging from \$99-200 a visit, prospective patients can contact available nearby physicians for on-demand house calls, all from their smartphone.

³ Healthcare Consumerism 3D: Rise of the Consumer – Gallagher Integrated

⁴ <http://ww2.kqed.org/futureofyou/2015/08/12/convenience-or-loyalty-what-do-millennials-value-more-when-it-comes-to-their-health/>

Millennial Interview

To gain insights into this new generation of healthcare consumers, we spoke to a Millennial about his perspective on the issue of convenience. Like many in the generation, he has a mobile device always on his person, a laptop he spends a good portion of his day on for work, a full-time job, a part-time job, family responsibilities, a social life, and more than a couple student loans.

But also like many Millennials, what he does not have is a primary care physician. Here is why:

Q Why do you choose not to have a primary care physician?

A As strange as it may sound to someone who works in healthcare, or even someone from my parents' generation (or, for that matter, my parents themselves), it just isn't practical for me to have one at this point in my life.

After college, I moved back to the city I grew up in to start my professional career. This is a city in which I always had a primary care physician growing up—one chosen for me by my parents, and one who they still see regularly. But it's also a physician who is difficult to get in to see, as many others are.

Soon after I started my first job out of college, which offered minimal time off and a certain level of rigidity about the time I did take, I attempted to make an appointment with this same physician and was unable to get in for an appointment for a couple weeks.

Q And did you end up getting an appointment with your primary care physician?

A No, partially because I was just unwilling to wait. It was just as easy for me to do a search on Google Maps on my phone (while sitting in my driveway that morning, no less) for a local Walgreens or CVS MinuteClinic. I found the closest one, drove there and walked in as soon as it opened. I signed in on a touch screen and was in and out in 30 minutes.

Q Have you tried using your original primary care physician since then? Or have you faithfully used that same MinuteClinic?

A I have not used that physician since then, but I haven't really used that same MinuteClinic, either. I'm not particularly loyal to a Walgreens [nurse practitioner]—it's more that I'm loyal to the idea of the MinuteClinic in general (or comparable places).

It's been three years since then, and I now work somewhere that offers more flexibility with my schedule. I could, in theory, wait for that primary care physician to fit me into his busy schedule. But now *my* time is valuable.

Millennial Interview

Q What would you say is your number one concern when it comes to your personal healthcare? Why?

A My healthcare decisions are based on convenience and quality, not loyalty. And that's in part because I don't feel like the healthcare industry has caught up with what every other business has had to learn: that **to get loyalty, you have to earn it**. As a customer, I'm loyal to certain companies or brands—big and small—with whom I have amazing customer experiences. But I've yet to have a comparable experience with any sort of healthcare provider.

...Which is actually kind of absurd when you think about it. By its very definition, your health is much more personal than, say, buying a pair of glasses from Warby Parker. And yet the closest thing to the experience I want as a customer is a Walgreens or CVS MinuteClinic, simply because they understand the need for affordable, mobile device accessible, and timely appointments.

Q Do you think that you could be in the minority with that, though? Is there a chance that you're more of an exception than the rule?

A Look, I don't claim to speak for everyone my age. But I can say with some certainty that being tech-friendly, convenient, and responsive are important to people in my generation. And people my age have nearly countless options available when it comes to their medical care. If you want to know how to get my business, start by thinking of me as a customer just as much as a patient, because as far as I'm concerned, I am. Respect that my insurance doesn't fully cover my healthcare expenses and that convenience, mobile device accessibility, and pricing are important to me because I have to pay for it with my own money. I'm no expert, but I would guess that these things aren't going away soon, whether or not the healthcare industry wants to accept it.

Price

THERE WAS A TIME WHEN THE PRICE OF CARE WAS FAR FROM THE MINDS OF MOST PATIENTS. THAT TIME IS OVER.

Today, the adoption of HDHPs by Americans continues to rise year after year, with total numbers reaching 17.4 million in January 2014. On average, enrollment in HSA plans has grown by more than 15% annually since 2011.⁵ And it's not just Millennials who only have what could be described as "catastrophic healthcare insurance." Many healthy 35+ year-old Americans with full-time employment have coverage through only an HDHP, which means the first \$4,000 to \$10,000 comes directly out of their pocket. Their goal is to *not* have to invoke that plan to pay (unless they have a catastrophic event in their lives). So they, too, care deeply about their cost of their healthcare for routine illnesses or health problems.

More and more, Americans are opting for lower monthly premiums and higher out-of-pocket expenses. Consequently, they're getting smarter—and more demanding—about their healthcare expenses. Millennials in particular research pricing and physician reviews at a greater rate than other generations,⁶ indicating that the trend will only continue and that healthcare organizations must begin meeting demand to avoid being left behind by more adaptable competitors.

As Americans begin to demand greater transparency, it will be increasingly important for healthcare organizations to meet the challenge of accurate pricing. This will not be easy.



56%

of Americans have researched price for healthcare services

21%

of them believe researching healthcare prices saved them money

76%

say their findings influenced their choice of provider

82%

will compare prices again⁷

⁵ <https://www.ahip.org/Press-Room/2014/HSA-Census-Survey/>

⁶ <http://exclusive.multibriefs.com/content/millennials-are-reshaping-healthcare>

⁷ <http://managedhealthcareexecutive.modernmedicine.com/managed-healthcare-executive/news/consumers-want-price-transparency-obstacles-remain>

Price

There can be astronomical differences in pricing for the same services from competing organizations—even in relatively close geographical proximity to one another.

Price transparency, besides proving increasingly important to healthcare organizations that desire to attract more healthcare consumers, also has other benefits. One of the biggest, of course, is its ability to drive down market costs. But conversely, pricing without “good quality ratings...becomes a proxy for quality and can drive costs upward.”⁸

But it would be a mistake to assume that pricing alone trumps quality in the eyes of a consumer. In fact, there is plenty of hope for healthcare organizations worried that price transparency will harm their ability to attract healthcare consumers. A recent study in *The Journal of Patient Safety*, “The Effects of Hospital Safety Scores, Total Price, Out-of-Pocket Cost, and Household Income on Consumers’ Self-Reported Choice of Hospitals,” reported that 97% of consumers would choose quality and safety over price.⁹

Consumers still demand high-quality care for their money—and they will pay for it. But healthcare organizations working for greater clinical integration in this new era of healthcare consumerism must not ignore their responsibility to present pricing in the larger context of quality and safety ratings. As Leah Binder wrote in a March 2015 *Wall Street Journal* article, “High value care should be the *right* care at the *right* price.”

Which Hospital Will Consumers Choose?

Hospital A
A-Grade Quality Hospital
\$1000 more

Hospital B
B-Grade Quality Hospital
\$1000 less

Healthcare consumers will sacrifice quality for price *only* if the difference in quality is within one grade-level and the price difference is greater than or equal to \$1000.¹⁰

⁸ <http://blogs.wsj.com/experts/2015/03/26/why-health-care-price-transparency-isnt-enough-for-consumers/>

⁹ <http://altarum.org/about/news-and-events/consumers-will-choose-safer-hospitals-97-of-the-time-regardless-of-cost>

¹⁰ http://journals.lww.com/journalpatientsafety/Abstract/publishahead/The_Effects_of_Hospital_Safety_Scores,_Total.99711.aspx

Technology

IT'S NOT JUST ABOUT WHEN HEALTHCARE CAN BE DELIVERED AND AT WHAT COST. IT'S ABOUT *HOW* HEALTHCARE IS DELIVERED.

“IT’S HAPPENING IN A DISCUSSION WITH A FRIEND OVER COFFEE, AN ONLINE SEARCH IN THE DRUGSTORE, OR A LUNCHTIME YOGA CLASS.”

As healthcare organizations begin to develop new patient-centered models of care via clinical integration efforts, one of the most important initiatives should be enabling their patients with technology.

For many years, healthcare organizations were able to focus on the convenience of physicians. Consumerism flips that notion on its head. Technology has empowered healthcare consumers to become partners in their own healthcare, and the numbers prove that this trend is only increasing.

As more and more Americans integrate technology into their own healthcare, they will expect their healthcare providers to do the same. And although there are many organizations across the country unwilling, unable, or unprepared to meet consumers in e-settings, this is their opportunity to lose.

“Brands must meet consumers where they are. Healthcare is no longer confined to...the hospital and the doctor’s office. It’s happening in a discussion with a friend over coffee, an online search in the drugstore, or a lunchtime yoga class. Brands that integrate these new Millennial values have the opportunity to partner with consumers to create the healthcare future we all want to see.”

— Katrina Lerman, senior researcher at *Communispace* and study author of “Healthcare Without Borders: How Millennials are Reshaping Health and Wellness”

Technology

A recent article in *H&HN*¹² outlines several of the most innovative healthcare organizations and how their technological clinical integration efforts have been successful in attracting consumers and stimulating patient loyalty. Examples include:

St. Luke's – Boise, ID: Web portals with online, 24/7 access to medical records, appointment scheduling, and secure email for physician-patient communications; a revamped billing system with email notifications and family bill consolidation, and online bill pay.

Memorial Hermann – Houston, TX: “Virtual medical homes” for chronic disease management and help with complex medical conditions enabled by integrated electronic health records and a patient portal.

Healthcare consumers have become accustomed to digital services available to them in other industries. As they become advocates in their own healthcare and demand high levels of customer care, they will require more digital integration from healthcare providers who hope to attract and retain their business.

To create provider loyalty among patients and attract new consumers, healthcare systems will need to include these services in their clinical integration strategies by meeting consumers in a place where their consumers already live every day—the Internet and the mobile devices they use to access it. Expectations have changed, and so too must healthcare organizations who wish to survive in the age of consumerism.



66%

of Americans—not just Millennials—would use a mobile app to manage their health

79%

would use a wearable device to manage their health

88%

would share their personal information with a physician for improved care and treatment options¹¹

¹¹ <http://hitconsultant.net/2015/02/24/66-of-americans-would-use-mobile-health-apps/>

¹² <http://www.hhnmag.com/Magazine/2015/Feb/cob-health-care-consumer>

Conclusion

THE PATIENT THAT HEALTHCARE ORGANIZATIONS ONCE KNEW HAS BECOME THE CONSUMER THEY MIGHT ONE DAY KNOW—*IF* HEALTHCARE ORGANIZATIONS GET IT RIGHT.

Nothing is a given in the era of healthcare consumerism. Now more than ever, meeting consumer demands must be at the heart of every clinical integration effort. As consumers continue to bear more of the cost of care, providers must meet their expectations for convenience, pricing transparency and competition, and technological access to compete for their business.

Although not exclusive to Millennials, these consumer habits are heavily present in this younger generation, who will one day soon have not only control of their own healthcare, but that of their parents and possibly grandparents. Healthcare organizations must prepare for a day when consumerism is even more widespread by developing new digital services, extending clinical hours and services, and increasing pricing transparency and competition to foster patient loyalty and attract new consumers.

There are challenges ahead and, indeed, many healthcare organizations will fail to meet them— just as they will fail to meet consumers where they want to be met. But for those healthcare organizations that do, there is much to gain in this new meeting place.