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Better Outcomes for the Future Healthcare Consumer

Author: emids Technologies

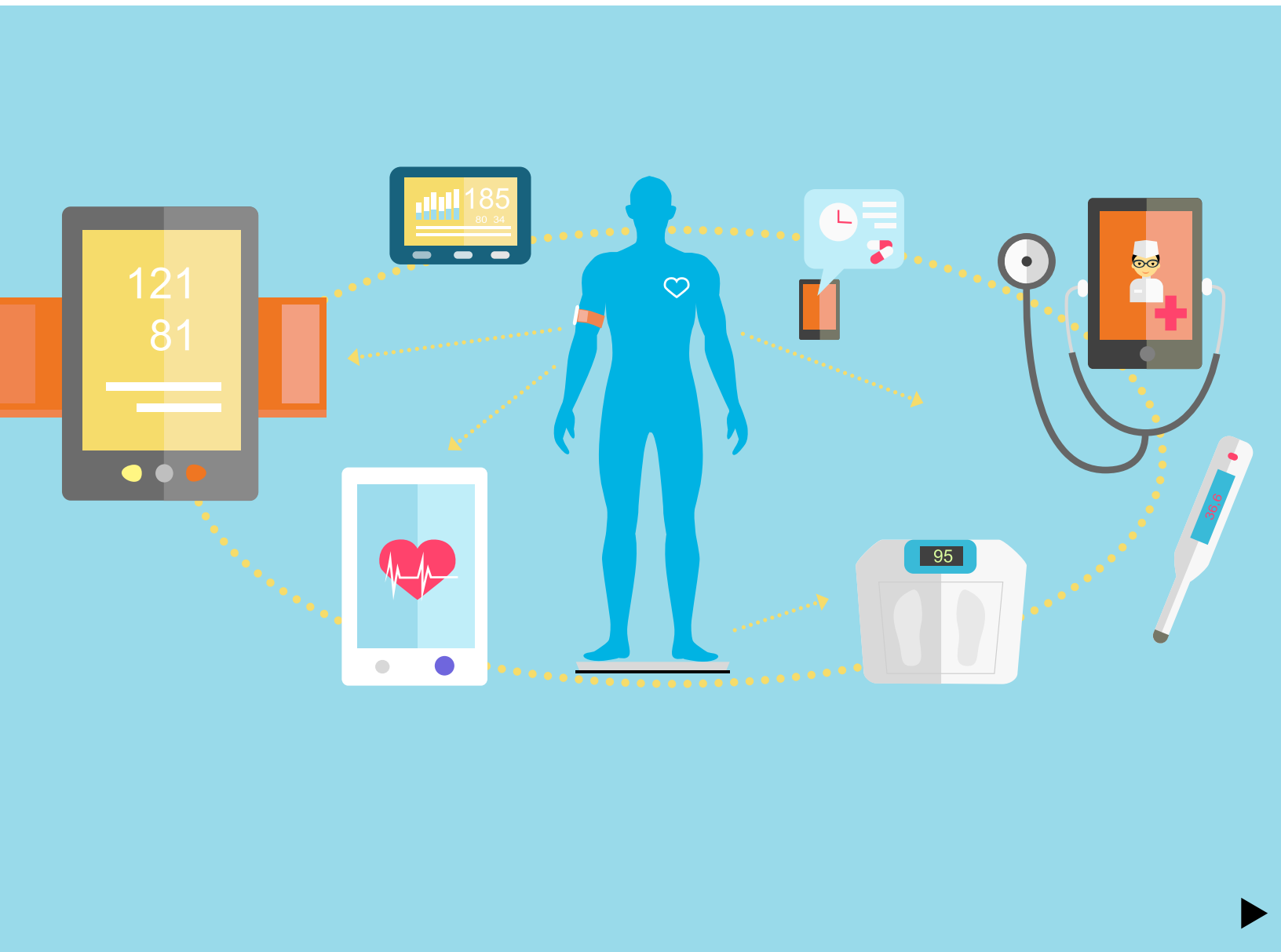


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Overview: The Advent of Healthcare Consumerism

Healthcare in the United States is changing rapidly, and many factors are putting a strain on the industry—the Affordable Care Act; Meaningful Use mandates pushing for a shift from fee-for-service to value-based care; a shortage of doctors, nurses and health IT professionals; aging Baby Boomers who will need more and more care; the advent of healthcare technology and wearables; and an increasingly consumer-oriented patient population are just a few.

These consumer-patients are starting to gain some control. They can visit mini-clinics in grocery stores and pharmacies to treat minor conditions, swap insurance plans annually through online exchanges, and research an incredible array of options for administering some level of self-care. We've come quite a long way from the days of house visits, when the community doctor was the almighty and unquestioned healer.

There is a pressing need to hasten the shift toward consumer-driven healthcare, where quality goes up and costs goes down. The model of fee-for-service care has been declining in relevance and viability for years: We're an unhealthy country with the largest healthcare bill in the world. Consumers are faced with high deductibles and premiums and, often, fewer benefits. As consumers pay for a larger chunk of their own care, they are demanding more information about why treatments are needed and what they cost ahead of time. Meanwhile, major epidemics are escalating healthcare costs in the U.S. and globally beyond sustainability: Obesity, diabetes, heart disease, Alzheimer's, skin cancer and other long-term illnesses are on the rise. Stemming the tide of chronic illness demands highly interactive patient relationships.

Looming above all of these challenges is the stark reality that value-based payment reform is underway:

The Centers for Medicare & Medicaid Services (CMS) has established a target date of 2018 for having 50 percent of Medicare payments tied to value- and-risk-based reimbursement models and of having 90 percent of payments linked to quality improvement efforts.

So far, hospitals are not faring well in the transition. An Advisory Board Company analysis found that 85 percent of hospitals took a cut from Medicare after calculating the combined effects of value-based purchasing and the initiatives targeting readmissions and hospital-acquired conditions.¹



New York is one of six states participating in Medicaid's Delivery System Reform Incentive Payment (DSRIP) program², which provides financial incentives for meeting certain performance objectives. By 2020, all Medicaid managed care organizations in New York must transition to value-based payment systems for at least 80 to 90 percent of their provider payments, or else suffer the consequence of significantly reduced federal funding.

According to a McKinsey study³, almost half of all insurance options sold on the public exchanges last year were narrow network plans which excluded about 70 percent of the hospitals in a given market. To be included in insurance networks, providers will need to do a better job of meeting the requirements of value-based care.

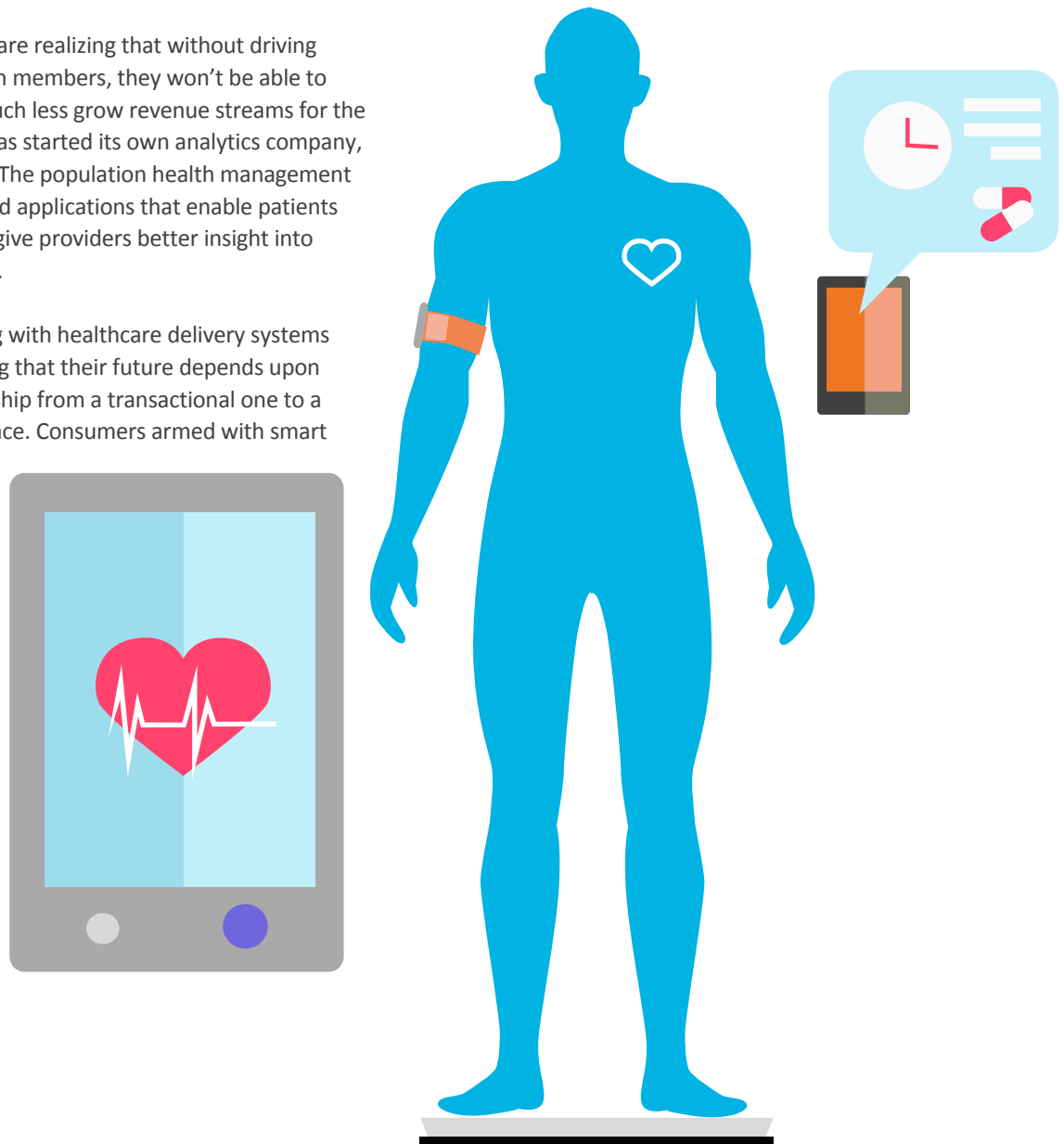
The Imperative of Consumer Engagement

While the lion's share of healthcare is still being delivered under the fee-for-service model, ignoring these trends is dangerous. Once wholesale payment reform occurs across the nation, healthcare organizations that haven't prepared for the transition will be scrambling to update revenue models, business strategies and information systems. At the heart of the matter is changing relationships with consumers.

Large companies like Aetna are realizing that without driving meaningful connections with members, they won't be able to manage escalating costs, much less grow revenue streams for the future. To that end, Aetna has started its own analytics company, ActiveHealth Management. The population health management division is delivering data and applications that enable patients to track their own care and give providers better insight into treating high-risk conditions.

The payer community, along with healthcare delivery systems and pharmacies, are realizing that their future depends upon moving the patient relationship from a transactional one to a positive, emotional experience. Consumers armed with smart

devices and social media tools have a wealth of information about their providers and their conditions at their fingertips. They are asking questions and demanding better treatment. Many can't afford expensive specialists; as a result, they may self-treat instead, incurring long-term risk. Enter the bold, new and complicated age of consumer-driven healthcare.



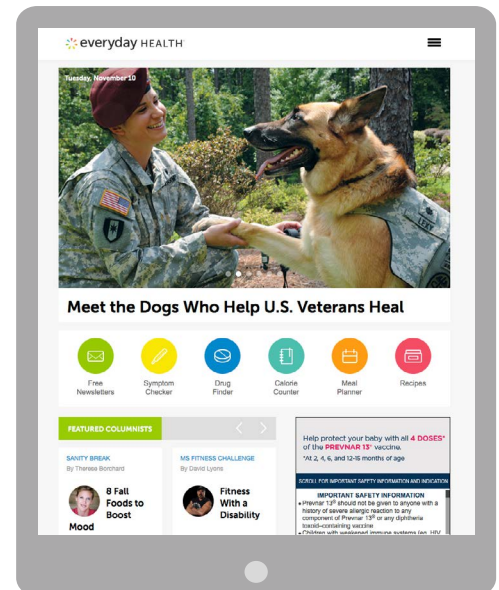
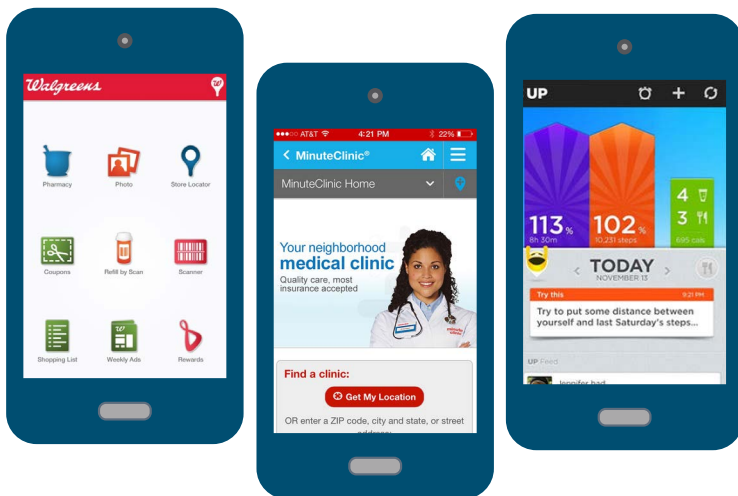
Evidence of Healthcare Consumerism

At the 2015 emids Healthcare Summit, several of the brightest minds in healthcare came together to discuss how to best prepare for the future healthcare consumer. Here are some of the approaches companies are taking:

- Corner drugstores are now becoming trusted healthcare partners. The Walgreens app, which enables quick refills, prescription status and history, pharmacy chats and shopping assistance, has 10 million downloads. CVS has a similar app, which includes Minute Clinic scheduling information. Many of these services are helping customers navigate healthy choices as they walk through stores, pushing individually relevant, real-time coupons. Drugstore pharmacists are calling to check on customers who have filled prescriptions, helping increase medication adherence.
- Wireless technology company Jawbone is becoming a healthcare analytics company with its line of fitness wearables which collect petabytes of data about sleep patterns, nutritional choices and exercise habits from millions of users.
- Software startup Livongo wants to help patients manage diabetes, a deadly and chronic disease, through a highly coordinated and constantly streaming flow of data managed through its smart glucometers.

- Everyday Health is a digital health company that has created a suite of apps helping people track and manage diets, conditions and exercise along with specialized apps targeting segments such as pregnant women. The publicly traded company has attracted 65 million registered users and two-thirds of the U.S. physician population. Health information aggregators, such as Everyday Health, are becoming a new type of partner in the healthcare delivery system.
- In Deloitte's consumer surveys⁴, two of three respondents point to service or quality issues when asked for the reason behind a dissatisfying hospital experience. Many say they would like more transparency from both doctors and hospitals regarding the quality of care and prices.

Progressive healthcare companies are thinking about how to engage consumers before they become patients, preventing costly and life-threatening illnesses, and improving quality. The hope is that with better information, more frequent interaction and incentives to change behavior, the healthcare community can reduce the incidence of chronic illness. More effective consumer engagement along with data analytics can prevent the escalation of a minor condition that's easily treated within the primary care setting to one that requires a visit to the ER. Developing trust at the outset is important, when patients' core interaction with the healthcare system today is an invoice. But where to start?



The Promise of Healthcare Consumerism: Solving the Nasty Issues

Healthcare organizations' primary interest in connecting with consumers is to collect more data, which can help manage care across populations and with individual patients more effectively. Yet first, executives should consider strategies to solve the pain points of their members, patients and customers.

1. Navigating plans

Some payers are already making it easier to enroll in a plan through choice and transparency. Too often, consumers need insurance brokers to help navigate the language and pricing—that's not the way retail healthcare should work. Research from a University of Pennsylvania study⁵ of health insurance marketplaces found that while most sites allowed consumers to sort or filter plans by premium and deductible amounts, only three states had out-of-pocket cost estimators that calculated plan costs for consumers by adding together their premium and expected costs (e.g., deductible and copays) based on consumers' predicted use.

2. Price transparency

Beyond enrollment, there is too much friction between patients and healthcare organizations when it comes to handling claims and payments. Out-of-pocket costs for premiums and deductibles have doubled to nearly 9.6 percent of household income between 2003 and 2013, according to data from the Commonwealth Fund⁶. Consumers are on edge about the high cost of treatment and the unpleasant surprises that come in the form of large, unexpected bills. Transunion released the results of a survey that found that 80 percent of respondents listed price transparency as a factor in choosing a healthcare provider, and 79 percent said they'd be more likely to pay their bills in a timely manner if they had price estimates before getting care.⁶ Price comparison tools for healthcare consumers would go a long way toward reducing this friction.

3. The paperwork burden

Another pain point relates to simplifying everyday processes in healthcare—scheduling appointments, requesting results and records, getting answers to basic follow-up questions after a treatment or office visit, refilling prescriptions, updating patient profile information and so on. All of these tasks can be

accomplished through websites and apps, saving time for both consumers and staff members.

4. Strive for convenience

Healthcare providers don't have full control over the in-person experience. Last-minute scheduling for urgent cases can throw the entire schedule off, increasing wait times for everyone. If the schedule is running more than 20 minutes behind, providers could deliver an alerting service for non-urgent appointments, giving the patient the option to reschedule at a later date. For routine appointments with specialists, such as colonoscopies and mammograms, providers could reduce the stress on patients by streamlining check-in through technology (allowing preauthorization and paperwork to take place online, in the days before), delivering immediate results and doing any necessary retests while the patient is in the office.

5. Practice empathy

Consider services that are not typically covered by insurance, such as plastic surgery and orthodontics: The patient experience is remarkably different. The billing manager will typically offer a payment plan for high-cost services before the first appointment, instead of sending monthly or weekly notices in the mail demanding payment in full immediately. A nurse will follow up with a phone call to the parent a few days after braces are fitted to ensure that the child is not in pain or having any complications. When a patient is discharged from the hospital, she should not be forgotten. Before she leaves, a plan should be activated for the next level of care with a clear handoff to a therapist, primary care physician or other caregiver. Automated email or text reminders can help the patient stay on task with their follow-up care. These customer care tactics can be highly effective in not only putting patients at ease, but at improving adherence to treatment plans and preventing readmissions and complications.

Connecting for Outcomes And Lower Risks

By first tackling the adversary relationships between patients and the healthcare system, a foundation of trust can be built. That's when healthcare organizations can move on to truly transformative initiatives for data-driven care. Mobile apps and other digital initiatives such as patient portals, wearables and text message campaigns serve a few critical purposes in healthcare consumerism: communicating with caregivers, delivering reminders, providing education and collecting data for patient monitoring.

The most effective strategy may begin with a patient's trusted core providers: the primary care physician, the local hospital and the local pharmacy. These parties, who already know the patient and may have developed a personal relationship with him, can influence behavior by understanding his health needs and communication preferences.

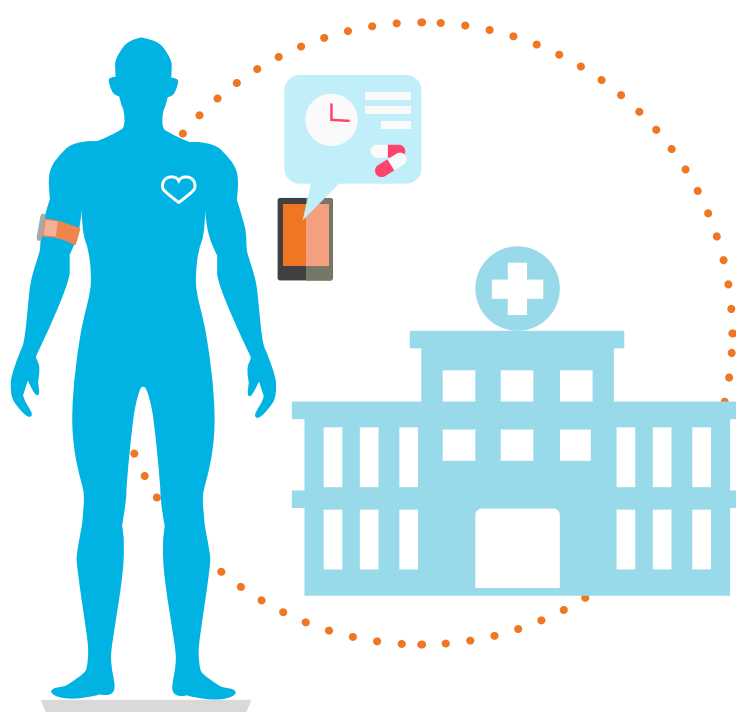
For instance, the pharmacist providing monthly medicines to a diabetes patient can not only collect new information each time the patient picks up an order, but deliver ways for the patient to connect proactively through a chat application. Finding out if the patient owns a wearable, such as a FitBit or Jawbone, provides another opportunity to automatically stream, with the patient's permission, personal health data that can be merged into the medical record or patient profile. Over time, the trusted healthcare partner can build up a comprehensive and always up-to-date patient profile; this profile tracks progress and ensures treatment adherence, assists with treating any complications that arise, and gives patients a more holistic view of their overall health.

Mobile apps and wearables are being used by only a small percentage of the overall health consumer population, yet have the potential to heavily influence prevention and treatment methods. Such tools, collecting data on sleep, diet, exercise and even life events such as a divorce or job loss, supply valuable lifestyle data that can alert providers not only to the needs of chronic-disease patients but indicators of when a healthy patient may be at risk for illness.

Most consumers will need incentives to participate in data collection and monitoring programs, and to participate in wellness and prevention programs. Payers and providers

should consider valuable financial incentives for encouraging consumer engagement; the one-time \$50 prescription gift card won't be enough for someone who plays an active role in managing their health and especially for those patients with above average healthy indicators. Consumers will expect rewards commensurate with their healthy habits—such as through lower premiums or increased benefits.

The potential for consumer health programs is unlimited right now, as the industry looks to the growing array of technologies that support better engagement with patients. Consider how chronic diseases were managed a few decades ago. When tuberculosis hit large cities, healthcare workers were going door-to-door in impoverished neighborhoods such as Harlem to try and control the spread of the deadly disease. Today, we can use widely available tools—text, automated phone reminders, emails, mobile apps and more—to reach patients and manage risk far more cost-effectively.



Questions to Resolve

Many of the solutions for consumer-based healthcare available today are in pilot or extremely limited use with real patients. Many issues need to be solved for consumer-based healthcare to work:

Collaboration and Interoperability



Drug stores and retail clinics, insurance companies, hospitals, practices, home health agencies and benefits managers will need to eliminate silos so that they can work together to focus on whole health. This will require the free exchange of data and the necessary technological architecture to integrate and normalize diverse data sets into a single patient record.

Engagement Is Personal



Healthcare organizations must consider the differences between seniors, Millennials, genders, demographics and even ethnic populations when devising tools and programs. This goes beyond incorporating all types of devices, but also enabling communications preference management solutions for individuals.

Big Data Challenges

Organizations will need back-end systems that have the ability to process diverse data sets in real-time to deliver insights at the point of need. Data from wearables, smartphones, websites and internal systems will need to be merged, analyzed and managed 24/7.



The Digital Divide

What about the poor, immigrant and otherwise disconnected populations? Not everyone has a smartphone or even a reliable Internet connection. Devising consumer health solutions flexible enough to reach those consumers on their terms is imperative.



Privacy and Security

Consumers and patients deserve assurances that their personal data will be encrypted and properly controlled. If shared for clinical research purposes, it must be dis-identified. Compliance with HIPAA will need to factor into every consumer health technology initiative.

Conclusion

There are some who believe that without wide-scale payer reform, there is no hope for meaningful change in healthcare delivery. Yet it will take years to move the elephant of healthcare in a new direction, where incentives are aligned with healthy patients, not sick ones. By starting now, through providing the right tools and the right data at the right time, healthcare organizations can begin the journey toward consumer-driven healthcare. Ultimately, the people will drive change if we let them.

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