emids | HEALTHCARE SUMMIT
2016 CHARTER

HEALTHCARE CONSUMERISM: ALIGNING TO THE CONSUMER COMPASS

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Overview: Healthcare Consumers Assume More Costs, Control

In 2016, average annual health insurance premiums for American families exceeded $17,000, according to the National Conference of State Legislatures. Premiums are expected to rise at least another 20 percent in 2017, due to pressures from the Affordable Care Act (ACA) and rising healthcare costs across the board. This affordability crisis is putting healthcare consumers in a tough spot. Many of them will decide when and how to receive care based on economics, rather than individual health needs.

Consumers are realizing that the moment is theirs to demand better options in the name of convenience, price and quality. They are flocking to retail clinics, which offer a scalable model of affordable, on-demand care. Accenture predicts 14 percent annual growth of retail clinics through 2017, a 46 percent increase over 2014 levels when approximately 1,914 retail clinics existed. By 2017, retail clinics are projected to exceed 2,800 locations. Consumers are also supporting the growth of virtual visit technology, mobile apps and other online health services. Digital health received $4.5 billion in total venture funding in 2015, up from $4.3 billion in 2014, according to Rock Health, a San Francisco-based digital health VC firm.

For healthcare providers, payers, pharmaceutical companies and healthcare retailers such as Walgreens, Target and CVS, it's a fight for consumer attention. While the phrase "consumer engagement" has been promoted heavily in the healthcare market in recent years, speakers at the 2016 emids Healthcare Summit in Nashville declined the notion. Rather than being marketed to and "engaged" in conversations with healthcare companies, people want to receive excellent service and attention at the moment they need help, the panelists asserted. Consumers are demanding ease of access, increased value and a customer-friendly experience to offset their growing out-of-pocket burden.

Healthcare organizations that choose to downplay these consumer demands will suffer the consequences of declining market share and revenues—or worse, complete business disruption from startups inside or outside the market that understand the new rules of the game. Consumers want to be healthier at lower cost. And, due to the continuing movement toward value-based care driven by the Centers for Medicare & Medicaid Services (CMS), providers and payers have equal stakes in that game.

One of the biggest concerns for healthcare executives is managing the care of high-cost chronic disease patients: the 20 percent of the population who account for 80 percent of the national healthcare bill. Helping these individuals stay on track with treatment and care plans is a top priority, and executives agree that effectively tailoring knowledge through new tools or care settings is the way to get there.

Worst Symptoms of High-Cost Healthcare for Consumers: *The Bills*

THE LEADING CAUSE OF PERSONAL *BANKRUPTCY* IS FROM HEALTHCARE BILLS

(Harvard University, Nerd Wallet, and other sources)

AMONG THE INSURED WITH MEDICAL BILL PROBLEMS

(Kaiser/New York Times Survey, 2016)

42% Took an extra job or worked more hours

63% Used up most or all of their savings to pay bill

TO AVOID MORE BILLS, PEOPLE ALSO POSTPONED CARE OR TREATMENTS

(Kaiser/New York Times Survey, 2016)

41% Filling a prescription

43% Doctor-recommended tests or treatments

62% Dental

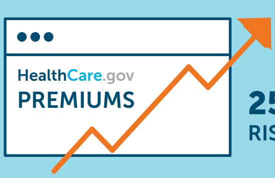
$17,000

Average annual health insurance premium for American families in 2016 *(National Conference of State Legislatures)*

5% INCREASE

For employee health insurance premiums in 2017 *(according to a recent study from the National Business Group on Health)*

The average premium for benchmark 2017 Obamacare insurance plans sold on Healthcare.gov rose 25 percent compared with 2016.



25%
RISE IN 2017

Guidewell, a diversified healthcare company that operates Florida Blue, operates 20 retail centers where people can schedule appointments to learn about health plans and participate in wellness activities such as health screenings, vaccinations, nutrition seminars and family-focused fitness challenges. The concept, taking a page out of the Apple marketing playbook, is bringing a personal touch to the business of insurance, while offering valuable services to the community and future members.

Healthcare organizations can also help reduce the stress of the healthcare experience by making it easier for consumers to locate and get to a doctor. Virtual mass transportation providers like Uber, for instance, are seeking to help solve challenges like getting patients to non-emergent appointments that might otherwise be missed.

In other cases, cultural barriers can interfere with keeping patients healthy and preventing costly emergent care. CliniSanitas medical centers, owned by Guidewell, will soon to open in South Florida. The clinics will offer “a culturally relevant approach, personalized care and an emphasis on preventive services,” according to Guidewell. The clinics may also prove to better meet the needs of marginalized and potentially high-risk groups—a critical challenge for the healthcare industry.

Healthcare consumerism is evolving in many ways, as we explore below. Companies innovating on this trend know that creating more efficient, effective and meaningful connections with consumers will be vital to solving the cost and quality issues plaguing healthcare today.

Alleviating Consumer Pain Points

Healthcare bills are a significant source of financial stress for many consumers, particularly those in the middle class and those with self-paid health insurance. While healthcare providers are rethinking how to be more efficient and effective in preparation for value-based reimbursement models such as bundled payments, consumers worry about how they are going to pay for anything after their monthly premium.

High costs are unfortunately resulting in people avoiding the system altogether, according to a 2016 survey by the Kaiser Family Foundation and New York Times. People with health insurance who have struggled to pay medical bills over the past year also report skipping or putting off other health care because of the cost, including skipping doctor-recommended tests or treatments (43 percent), or not filling a prescription (41 percent).

The financial disincentive for consumers to engage in preventive health care, wellness and maintenance needs for existing conditions only exacerbates the problems in the healthcare industry, making it harder to prevent the onset of illness and worsening conditions that contribute to high costs for everyone. Complicating matters is the problem of enormous discrepancies between providers delivering the same service. Prices for standard inpatient procedures can vary widely by provider and geographic area, with costs sometimes twice as much even in cities within the same state, according to a 2016 report from the nonprofit Health Care Cost Institute.

Healthcare organizations can and should help by giving consumers better tools to research services and fees, in the name of transparency. This offers consumers more control in the process, allowing them to make better decisions that balance cost and quality.

There's plenty, of course, that companies with long-standing brands in the marketplace could do to make the process of purchasing healthcare services less painful. Retail pharmacies could alert patients when maintenance drug prices go up, giving them time to pursue other options with their doctor before refilling the drug. Then there's the hassle of dealing with medical offices on any number of issues. We can make a dinner reservation, a hair appointment and a hotel reservation online in minutes, so why not allow patients to do the same for scheduling appointments, looking up accounts due, making payments and completing forms typically filled out at check-in time?

Innovative Solutions from Healthcare Startups

Sharing pricing data won't come without some kicking and screaming from healthcare providers that have been hesitant to share such data publicly in the past due to competitive reasons. How to resolve the pricing transparency conundrum remains uncertain. Until then, we are seeing innovative solutions that help consumers from these startups in the marketplace.

%

HEALTHCARE BLUEBOOK

Healthcare Bluebook is one disruptor. The online database gives consumers a free tool to conduct price comparisons of services in their local area.

Providers can participate by listing their "fair price" services with the site—a valuable marketing tool for lesser-known clinics. Payers can also integrate the tool into their own member services platform. Consumers are expecting simpler, more intuitive services from all of their healthcare partners, and the market is responding quickly.

GOODRX

Another useful service is GoodRX. The free service helps customers search for the lowest-cost prescription drugs in their area.

HONOR

Honor, a nonmedical homecare provider, provides simple hourly prices for on-demand help such as rides to doctor appointments, help with meal preparation and errands, personal care and light housekeeping.

Bringing Care Directly to Healthcare Consumers

In every consumer-facing industry, technological disruption is increasing our collective quality of life. E-commerce, apps and location technology help people locate and buy everyday goods, navigate traffic, consume information and conduct personal business faster and more comfortably.

Healthcare consumers want the same, and healthcare providers are discovering that bringing care to patients delivers many benefits. Amedisys Home Health is working with healthcare providers to discharge patients earlier from inpatient care into the home, where they are comfortable and close to family and friends. The initiative is resulting in faster recovery, happier patients and potentially much lower costs for managing patient care. Evidence points to rapid growth in home health services. The U.S. Bureau of Labor Statistics (BLS) predicts a compound annual growth rate of 5 percent for home healthcare services from 2014–2024.

Technology is also playing a pivotal role in "anytime, anywhere" healthcare. Google is just one of many large technology companies investing in the healthcare industry. The company is looking to adapt search contextually, so that an individual looking up information on a condition would also see results for nearby providers specializing in that area. With enough data on a consumer, Google would serve up only those providers in the individual's health plan network.

The smartphone, which has become the device for managing life, is shaping up to be the most important and versatile medical device. An estimated 165,000 health and wellness apps are available for download today. While many of these apps are lifestyle-oriented—tracking diet and exercise—some are taking this a step further by monitoring patient vitals and connecting doctors to patients for remote consultations. The field of telehealth is decades-old, with early beginnings in rural areas where expensive videoconferencing equipment was required to connect with patients at dedicated medical centers. Now, with the advent of affordable mobile device technology, telehealth is gaining ground.

Still, there are several barriers to overcome before telehealth goes mainstream. Reimbursement for telehealth is not widespread in either the public or private payer market, and when insurance does pay, there are often restrictions. Yet, many believe that the growth of telehealth reimbursement is inevitable, given its benefits for both cost-containment and increasing the availability of quality, on-demand care. The CMS reported that total 2015 payments for telehealth services under the Medicare program increased by 25 percent over 2014. Other barriers include integration of telehealth data with core systems like the EMR, as well as concerns of the standards of care not being equitable between in-person and remote visits.

With digital health, healthcare organizations must be careful to implement new tools in ways that don't put off patients. Certain populations, such as the elderly, don't want to use their phone or mobile device to get health care. They want a physical healthcare worker at arm's distance. Others are open to technology, but if it is too awkward or time-consuming to use, they will reject it outright. Engaging healthcare consumers on technology requires ample planning, education and testing to determine the best tools and processes for reaching distinct segments of the patient population.

How Telehealth is Coming of Age

DOCTOR ON DEMAND & PAGER

Doctor on Demand and Pager are two of several telehealth services on the market. The former focuses on video chats, while the latter facilitates text chats with clinicians, in addition to providing other services like medication delivery.

HEAL

Heal has taken a different approach. The company's app enables quick scheduling of house calls, which insurers cover for in-network doctors or else patients pay a fee of $99.

The major benefit is consumers can receive a house call within an hour of the request. Heal has received $40 million in venture capital to date.

KAISER PERMANENTE

More than half of 2015 patient transactions at Kaiser Permanente, one of the nation's largest nonprofit health payers, were conducted online as virtual visits or through the health system's apps.

Consumer Marketing 101 and the Promise of New Technologies

Healthcare organizations have long had marketing departments, but their marketing efforts haven't generally focused on attracting and engaging consumers or measuring their interactions. This retail orientation to the market is a dire need, according to executives at the emids Healthcare Summit.

Consumers are looking for value and quality and actively researching their options online about physicians, facilities and conditions. Many healthcare companies are wisely investing in big data infrastructure and expertise to collect and integrate data on existing patients/members and prospects from many sources. Effectively mining the data for insights into intent will be an important strategy to connect with consumers, provide education and intervene when necessary.

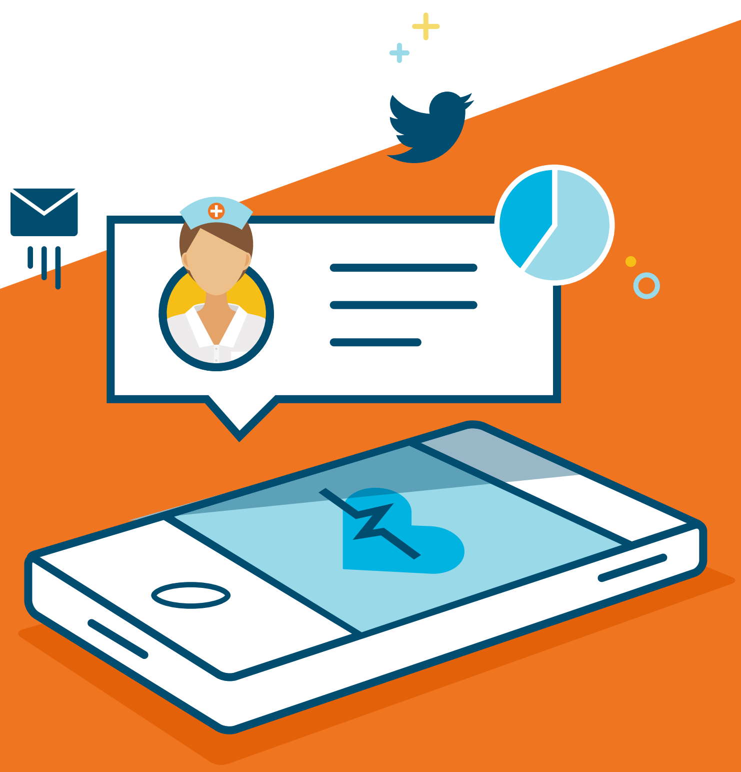
Healthcare leaders are pondering the potential of the "database of intentions" that exists within healthcare organizations, delivery systems, and even geographical ecosystems. With a rich, frequently updated source of data that analyzes the entire consumer experience—not just specific interactions with providers—healthcare organizations can see the bigger picture of the patients they are treating and managing. Let's take the hypothetical patient, Bob Martinez. He is, not just a 60-year old man living with diabetes, but he is a senior who lives in a middle-class neighborhood, is divorced, shops at Target weekly and has voted in every election since 1976. Yet an analysis shows that he hasn't shopped at Target for a month, and he skipped the latest election. Is that a warning sign that Bob is experiencing health issues? Perhaps—and if his nurse sees the data, she can check in with him to make sure all is okay.

The creation of these databases and analytical tools will be a game changer for the healthcare industry. They will potentially allow healthcare organizations to be more proactive around managing care, but also predict when a patient might be struggling—or doing better in response to a new treatment path. Big data in healthcare will also fuel long-term research projects to support new drugs, treatments and methodologies for improving outcomes for chronic disease and other high-risk conditions.

Without a doubt, this future will depend upon the cost-effective and comprehensive integration of data between disparate data sources within and outside of healthcare organizations. The convergence of several modern technologies, including cloud computing, mobile technology, the Internet of Things (IoT), API-based integration and artificial intelligence is laying the foundation for a new era of health IT. The technologies are here: Utilizing them will require executive buy-in, investment and specialized expertise to integrate them. The goal is the creation of a broad "evidence data lake" that providers, payers and other stakeholders can access and mine for new insights into treatment and cost-effectiveness.

Healthcare organizations will also need to be smart about social media. More than 40 percent of consumers say that information found through social media affects the way they deal with their health, according to Media Bistro, a website for media professionals. Intriguingly, 60 percent of doctors say social media improves the quality of care delivered to patients, according to research compiled by two advertising firms.

The impact of sensors, or IoT, on attracting and retaining consumers is an area particularly ripe for innovation. Organizations that invest in machine-based technology, such as hospital room devices that can sense when a patient is too cold and adjust the temperature, or call a nurse if a skin patch detects emotional stress, will succeed in not only delivering a better experience, but achieving long-term loyalty.



Conclusion

Healthcare organizations from both sides of the equation—insurance plans needing to retain and attract members and providers needing to better manage care to improve outcomes—are recalculating every process to focus on the entire consumer journey of behaviors, interactions and lifestyle, not simply the transactions of filling a prescription or seeing a doctor. Healthcare payers and providers are trying to do something that is more challenging than ever before—influence human behavior. To do this, they will need to meet consumers where they are in their lives, at moments where they are contemplating decisions about their health and are seeking guidance. The future requires novel application of data, technologies, and above all, the courage to allow patients to set the course for the future of healthcare.

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