

OUTSIDE THE LINES

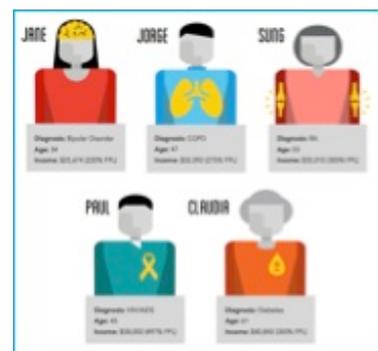
HEALTHCARE SHOPPING "AMAZON-IFIED"

The healthcare price transparency buzz is crazy, and is only just revving up! The battle is on, with the government openly publishing data, employers and their enterprise solution partners using big data to be smarter, savvy entrepreneurs launching online and mobile shopping tools, and consumers with the onus on them!

- A May 2015 white paper, titled [Better Shop Around](#), by the California Healthcare Foundation is revealing. It provides an in-depth look at costs for five sample patients with medication-dependent chronic conditions. Jane, Jorge, Sung, Paul, and Claudia – assuming in-network use of un-subsidized standard silver plans in California in 2014 – paid \$3,000 to \$5,700 per year out-of-pocket (OOP) for prescription drugs and medical services. Add health plan premium costs to OOP, and it is no wonder why healthcare “consumerism” is today’s hottest topic.
- In October 2014, JAMA (Journal of the American Medical Association) published a [study](#) on the ability of price transparency to lower costs. Comparing two control groups of consumers covered by large self-insured



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employers, it reported a 20% savings for lab and imaging services with use of an online pricing comparison website, but little to no savings for physician office visits.

- At a February 2013 conference presentation, Dr. Robert Galvin, CEO of Equity Healthcare, an LLC founded by Blackstone to develop solutions to address the rising health costs of Blackstone's portfolio companies, said "There's now about a quarter-billion dollars of venture money into health care companies that are making price visible in a clear, easy way to people." That was two years ago.

What's really crazy, though, is that with all that's going on, with all of the talk about costs, with the ACA now five years old, with all of the millions and billions of dollars we've been spending on the topic of transparency, healthcare consumers, and value-based care, we're still not moving the dime. In fact, we're inflating more! Healthcare spending is not declining. Just this past week, the Census Bureau's Quarterly Services [Survey](#) showed healthcare spending up by 7.2% compared to the same quarter in 2014. So what is really going on? What are we doing?

Always looking ahead,



Kim Athmann King, MBA, FACHE

NEWS ALERT! WHAT'S HAPPENED THIS WEEK

Price is only one measure for comparing and selecting healthcare services. Quality is another important consideration, and one reliable source of this for the past 26 years has been the U.S. News & World Report. Whether you agree with the methodology or not, the source is notable for consumers, and this week the [Best Children's Hospital rankings](#) for 2015-2016 were released. Children's Hospital Los Angeles (CHLA) has been a Strategy Advantage client since 2013, so we were pleased to see CHLA once again on the Honor

Role for “Best Children’s Hospitals,” 7th overall in the country and on the “Top 10” list for each of the seven years since the children’s hospitals rankings were introduced. Congratulations to CEO Richard Cordova and the CHLA team!

WHO WE'RE WATCHING

Do you know about ZoomCare in Portland? The company is growing fast, and its vision to bring the new and different to healthcare is kind of mind-blowing. In fact, this past week, the company founders announced that ZoomCare has rebranded to become [Zoom+](#), including its Zoom+five “health system” model, featuring what it terms “performance health insurance.” The company was started in 2006 as ZoomCare, a neighborhood clinic and smartphone-based provider with a vision to “deliver twice the health at half the cost and 10 times the delight.” We have been tracking and trending the company for some time, one of the many included in our ZIGZAG Healthcare online library of disruptive innovators. In fact, we’ll be launching our new ZIGZAG members site in mid-July. Contact me if you want to hear more.

WHAT'S TRENDING

On June 11, St. Joseph Hoag Health and partner, Irvine Co., [announced](#) its newest joint venture project. Leaning toward consumer-based healthcare and emphasizing the shift away from hospitals and toward keeping people healthy, the co-venture will feature a 17,000-square-foot medical facility in Newport Beach – scheduled to open in Spring 2016 – that will be part fitness center and part “Wellness Corner.” The fitness center will be restricted to customers of Irvine Co.’s Newport Center offices. Another fitness center in the facility will be open to the public. And the “Wellness Corner” will house a medical clinic where anyone can go for same-day primary care visits, vaccinations, prescriptions, and other medical needs. This sounds like a new category ... not a primary care office, not an urgent care center, but something else altogether. Interesting.



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