

OUTSIDE THE LINES

THE PATIENT AS CONSUMER

The consumer has caught the attention of the healthcare world...finally!! I remember when, as a healthcare marketer early in my career, using the word “consumer” was a no-no. But I have always been a fan of healthcare as a marketplace and am excited that consumers now have a voice and a place in our industry. It’s challenging though – for them and for us – and it will take years of effort and work for healthcare provider organizations to become more retail-oriented and consumer-directed.

So, the pandora’s box is open. With the ACA and the surge of high-deductible health plans, the consumer movement is now in full motion. As I noted in one of my earlier Outside the Lines (June 2, 2015), I believe that Millennials will be the biggest drivers of this movement. Also, new healthcare start-ups have an advantage in that they know “consumers” and are quickly converting this know-how from other industries into healthcare.

Where will the consumer focus points be? There are sure to be many, but a recent [Hospitals & Health Networks article](#) outlined six specific categories:

1. Consumers will know what doctors really think.
Because more and more people will have direct access to clinicians’ notes (a la the current OpenNotes movement), consumers will see the same thing doctors



Kim Athmann King, MBA, FACHE
Founder & President
[Strategy Advantage](#)
kking@strategyadvantage.com

see and will become more active partners in their own care.

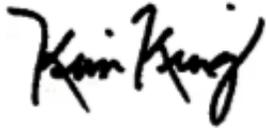
2. Consumers will know how costs compare. The boom in healthcare price transparency tools is just starting. As consumers become more sensitized to their own out-of-pocket (OOP) costs, they will check and compare prices for elective and other “shoppable” procedures, tests, and other services.
3. Consumers will want to know how quality of care stacks up. Price comparisons, alone, will not be enough. Consumers will want to access other data to better inform their choices. And keep in mind, quality information that is meaningful for them may possibly be different from the quality data we think is critical.
4. Consumers will want to know what other patients say about physicians, hospitals, and other providers. Above and beyond cost and quality data, consumers care what others say. In this same vein, one patient’s experience (and review) can now have a profound impact on whether or not others choose you. Online tools like Yelp, TripAdvisor, and others have proven that consumers use (and value) online reviews.
5. Consumers will want personalized medicine. According to the authors, while human genome sequencing — currently available for about \$1,000 — is not yet commonplace, this is about to change and consumers will drive the demand.
6. Consumers will know if your hospital is safe for them. And they will make their health plan and other selections, accordingly, to be sure that they (and their family members) have access to the best.

A few months ago, I was at a local ACHE meeting where a CEO of one of Southern California’s leading hospital systems highlighted “the consumer revolution” as one of his Top 3 executive priorities. He said, “We used to be a hospital organization. We are no longer...We are focused on the consumer...Consumerization, digitization, and integration are the key trends for the future...Every day, in every part of our operations, I am asking my people to re-think everything we

do from the eyes and perspective of the consumer...”

That’s right. That’s the big, bold, future-forward leadership that we ALL need to adopt.

Always looking ahead,



Kim Athmann King, MBA, FACHE

NEWS ALERT! WHAT'S HAPPENED THIS WEEK

Many of our leading hospital systems are leaping into the future – with a focus on addressing consumerism and other trends – by entering into partnerships with “outsider” entrepreneurs. This is taking shape, in large part, via health system-affiliated venture funds like Ascension Ventures, Kaiser Permanente Ventures, Heritage Group, and others. According to [Modern Healthcare](#) this past week, about 40 not-for-profit health systems have started venture funds. While ROI out of these funds is not assured, they have provided a mechanism for hospitals and health systems to grow beyond their core business, launch strategic investment groups, and be early adopters of new start-up healthcare technologies and services that are changing the game. This is an interesting trend, one we should know about.

WHO WE'RE WATCHING

Because we’re in the business of healthcare strategy, and because we bring both traditional expertise and a non-traditional perspective, we are constantly tracking news across not only our industry, but many. While we follow the traditional healthcare journals, we track other sources as well. For example, there is a new media company called Vox. Have you seen it? The company prides itself as “redefining the modern media and connecting with an audience of 165 million affluent and educated young adults worldwide.” So with healthcare, as with other topics, Vox adds a twist. For example, in March, it published a story titled, [“Your Company’s Health Insurance Costs are Going Down. But Yours Are Going Up.”](#) In the article, the author writes: “The country has had four straight years of record-low healthcare cost growth since 2009. But most consumers haven’t actually seen their own medical spending slow. I feel their pain: earlier this year, my co-pays for specialty



care quadrupled. Health-care costs have grown at just about 4 percent for the past four years — so why did I get a 400 percent co-pay hike?” Take a look (www.vox.com)! It’s an interesting perspective and provides a new lens on how consumers might be thinking about and interacting with healthcare.

WHAT'S TRENDING

One component of consumerism has definitely already started picking up steam – cost and price transparency. This has been a key initiative for the Healthcare Financial Management Association (HFMA), which established a task force on the issue in 2013 and published a report in 2014. Health plans and tech start-up companies seem to be leading the development of the price transparency tools that are popping up. Companies like Castlight Health, Clear Health, and Guroo are making a dent in this space. Recently, I facilitated a hospital CEOs’ board of directors meeting, with a focus on some of these tools. The consensus was three-fold: 1) Price transparency tools are challenging for hospitals and other providers, especially as they compete for diagnostic services or elective procedures, and especially as they deal in various services that are too complex to put upfront prices on, but 2) Price transparency tools are already in the industry and being used by consumers, whether they fully understand the details or not, and therefore 3) Hospitals and other providers should be involved in guiding the evolution and helping to standardize the packages presented for different services. Better to influence the tide of change than to be surprised by it later.



LinkedIn



Twitter



Website

Copyright © 2015 Strategy Advantage, All rights reserved.
You are receiving this e-mail from Kim Athmann King

Our mailing address is:

Strategy Advantage
1601 N. Sepulveda Blvd.
#790
Manhattan Beach, CA 90266

[Add us to your address book](#)

[unsubscribe from this list](#) [update subscription preferences](#)

MailChimp