

HEALTHCARE VALUATION AND THE IMPACT OF PATIENT OUTCOMES

By Shane Goss

The internal and external forces that impact the value of a healthcare organization are changing. While revenue, size and market share remain important factors in determining an organization's future growth potential and competitive advantage, greater emphasis is being placed on the outcomes a healthcare organization delivers: fewer readmissions, mortality and accidents; more efficiency, accuracy and safety. To increase the value of their organizations, healthcare leaders should consider investing in the services, technologies, people and business models that lead to better patient experiences and outcomes.

Making Patient-Centric Investments

Patients don't consider size, market share or revenue when choosing a provider; they choose providers based on the convenience, quality of their care experiences and cost. By improving the care experience — and thus creating more value for patients — healthcare leaders can increase their organization's value.

Virtual Care

[Virtual care](#) — such as telehealth services, patient portals and apps — is transforming how consumers seek and receive care. By providing more convenience and greater access at lower costs, virtual care is enabling consumers to manage care on their own, without ever needing to set foot inside a care facility. Consumers are responding positively to virtual care, and adoption is growing; [telehealth](#) use increased 53% from 2016 to 2017, and [the global telemedicine market](#) is expected to grow from its current-day value of \$38.3 billion to \$130 billion by 2025. Considering that [more than 160,000 avoidable deaths](#) occur every year in care facilities, virtual care options are instrumental in reducing that number by not necessitating an in-person visit to receive care. Healthcare organizations that invest in virtual services can deliver care to consumers in ways that best fit their lifestyles while also reducing one of the industry's largest problems, both of which lead to better experiences and outcomes.

Personalization

In retail, hospitality and other industries, [personalization](#) is creating optimal experiences for consumers based on their distinct preferences and needs. In healthcare, personalization allows providers to customize more nuanced and specific treatment plans based on a patient's unique health requirements and their ability to maintain consistent healthy behaviors.

Personalization in healthcare has two major benefits for physician-patient relationships. First, personalization builds trust and loyalty. Patients are better able to trust providers when they feel like the provider sees them as more than just a number. Patients are also more likely to return to and recommend a provider they trust. Second, personalization is increasing clinical accuracy and patient satisfaction. Aggregated, readily available patient information and [predictive analytics](#) help providers resolve health issues with more precision. When combined, patient trust and provider accuracy improve the patient experience and generate better health outcomes.

Diversity and Inclusion

Leaders in many industries have come to realize the importance of diversity and inclusion in their workforces. Diversity and inclusion strengthen an organization's ability to evolve by utilizing the different talents, skills and experiences of its employees. Healthcare organizations that foster an inclusive working environment are more likely to have employees who are aligned, engaged and work together toward common goals.

Diversity and inclusion also provide consumers with [a greater sense of belonging](#). When consumers can see and interact with people who look like them, it helps them to feel understood — something a healthcare provider must establish with a patient to deliver a positive care experience. A diverse mix of perspectives aids an organization in problem-solving, collaboration and innovation, all of which will increase in importance as patient populations become more diverse. By making diversity and inclusion a priority, healthcare organizations can deliver more value to both employees and patients.

M&A and Consolidations

Mergers, acquisitions and consolidations continue to reshape the access and affordability of healthcare. Despite many claims to the contrary, the American Hospital Association (AHA) [released a report](#) concluding that mergers, acquisitions and consolidations reduce costs and increase quality

— both of which significantly impact patient satisfaction and experience.

Aside from the cost and quality benefits, the report revealed that mergers, acquisitions and market consolidation have led to an increase in the number of care locations and the range and scope of service offerings. More locations and a broader variety of services enable organizations to better serve consumers and further differentiate themselves from the competition.

The definition of value in healthcare is changing. By continuously improving the outcomes they deliver, healthcare organizations can not only increase their value but also establish themselves as a patient-centric provider of choice.

Key Takeaways

For healthcare organizations to increase their value, they must:

Think differently.

Redefine value to emphasize patient experience in the services your organization delivers, not just its financial performance.

Plan differently.

Determine the metrics, other than financial performance, that will inform future investments.

Act differently.

Invest in the services, technologies, business models and people that enable your organization to deliver better patient experience. Building a brand is going to be a crucial element to survival as new business models chip away at your bottom line.



huronconsultinggroup.com

© 2019 Huron Consulting Group Inc. and affiliates. Huron is a global consultancy and not a CPA firm, and does not provide attest services, audits, or other engagements in accordance with standards established by the AICPA or auditing standards promulgated by the Public Company Accounting Oversight Board ("PCAOB"). Huron is not a law firm; it does not offer, and is not authorized to provide, legal advice or counseling in any jurisdiction. Huron is the trading name of Pope Woodhead & Associates Ltd.