ENGAGING PATIENTS IN THE NEW ERA OF CONSUMER CHOICE

By Craig Deao and David W. Johnson

In an evolving market, healthcare organizations need to go beyond providing appropriate care with optimal outcomes. Instead, they must engage patients and provide superior services to earn customer loyalty.

The 114-year-old Ford Motor Company no longer considers itself a car manufacturer. Instead, Ford sees its future as a mobility company.

Examining trends in demographics, technology, and consumer and lifestyle behavior, Ford concluded that people will buy fewer vehicles in the future, but will have deep needs for transportation and flexibility. It diversified its portfolio of products and services to invest in new business lines and partnerships that offer ridesharing, car sharing, bike sharing and data analytics.

Ford's vision reflects a deep understanding of its customers. For commercial businesses, the customer is always in the driver's seat.

Which Customer Will See You Now?

Traditional hospitals try to be all things to all patients. They offer services through a unified business model that treats healthcare consumers monolithically.

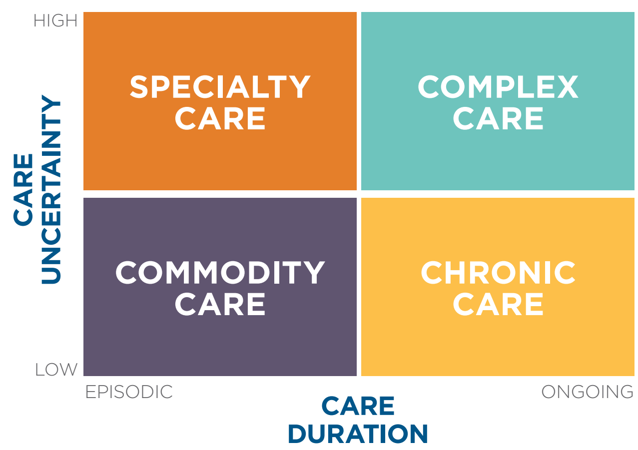
Acute, complex, chronic and non-acute patients actually require very different services. The care delivery matrix on the right segments care delivery into quadrants based on care duration and uncertainty.

Healthcare consumers will judge value, satisfaction and quality differently depending on which type of care services they require. The quadrants describe unique businesses with different customers, supply chains, competitors and profit margins.

Value follows payment. As outcomes and price transparency emerge for routine care services, hospitals must align their service offerings to consumers' wants and needs. This requires health companies to identify prospective consumers, understand their needs, appreciate how they measure value and engage them on their terms.

CARE DELIVERY MATRIX

RIGHT CARE. RIGHT TIME. RIGHT PLACE.



When Care Outcomes are Uncertain: Limited Choice Segments

Patients facing complex health problems or needing specialty care worry less about cost, convenience and service than expertise and reputation. They are more willing to accept the traditional medical model.

Health organizations providing such services increasingly differentiate by brand. Specialty and complex care providers, like the Mayo Clinic, will become larger and fewer in number. Their superior outcomes will justify premium prices.

Specialty Care: Specialty care is episodic with uncertain outcomes (e.g. heart transplants). Efficient, high volume "focused factories" with highly skilled practitioners and deep procedural expertise will dominate this service quadrant.

Complex Care: Complex care providers treat the toughest cases — patients with comorbidities and/or rare conditions. They will operate as "solution shops" with deep, broad expertise where multidisciplinary care teams share information, collaborate on diagnosis, coordinate treatments, monitor progress and iterate care plans in response to patients' evolving health status.

When Outcomes are Certain: High Choice Segments

As Ford discovered, millennial consumers are harbingers of future market demand. Millennials resist debt, care about the environment, rely on technology and are creating a new "sharing economy" that will depress future vehicle sales. Ford is betting that millennials want flexible, tailored and cost-effective mobility alternatives.

Just as millennial consumers are shaping the evolution of the auto industry in key segments, healthcare consumers will shape demand most significantly in the areas of commodity and chronic care. Comprising the vast majority of healthcare services, these retail-oriented quadrants are vulnerable to low-margin, high-volume business models. Telemedicine providers, interface companies, low-cost urgent care and expansive primary care providers will emerge as powerful competitors.

Commodity Care: When routine treatments have predictable positive outcomes, priorities shift to price, convenience and experience. Commodity care providers increasingly compete based on accessibility, transparency, responsiveness, efficiency, attractive facilities, user-friendly technologies, positive staff interactions and price.

Chronic Care: Chronic disease requires ongoing non-acute care management in multiple settings. Patient-provider alignment is critical. Engagement strategies must combine care coordination, convenience, shared decision making, high-touch/high-trust relationships and lifestyle coaching with technologies that connect, monitor, alert, predict and share information fluidly across multiple care settings in real time. Big retailers, like CVS and Walmart, will be major market participants.

It's a Brand New Game

Healthcare is no longer immune from customer decision making. As the marketplace becomes more segmented and individualized, non-acute and chronic care patients will reward organizations that offer better value, and more personalized and convenient services at lower prices.

In those segments, successful health companies will go beyond providing appropriate care with optimal outcomes. Instead, they will also engage patients and provide superior services to earn customer loyalty. Health companies that ignore customer service will lose relevance and marketshare.

Key Takeaways

To be successful in the evolving healthcare market, organizations must:

THINK DIFFERENTLY.

Identify the care segment your organization can compete in most successfully.

PLAN DIFFERENTLY.

Develop care delivery and engagement strategies that meet those consumers' expectations for value and experience.

ACT DIFFERENTLY.

A good marketing campaign isn't sufficient. Rhetoric must align with performance to win and keep customers.

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