

THE EMERGENCE OF CHOICE: WHY CONSUMERS OWN THE FUTURE OF HEALTHCARE

By Doug Pfaff

Consumer choice in healthcare is new, because until recently, patients lacked the information and flexibility to make rational cost-benefit decisions about their medical treatments.

Consumers are now beginning to change the way they make healthcare decisions. For some types of care, they are acting more like traditional consumers. These pockets will spread and gain traction, with business model implications for hospitals, physicians, research organizations and pharmaceutical manufacturers.

Healthcare consumers possess far less easy-to-find, easy-to-compare information.

When buying a phone, car, or any other consumer good or service, buyers have:

- A clear view of the product/service options available to them
- A clear understanding of the costs of various options
- A reasonable understanding of the quality/benefits of various options

In comparison, healthcare consumers possess far less easy-to-find, easy-to-compare information. Healthcare consumers often do not pay the full cost of their care, so they are less financially invested in making rational cost-benefit trade-offs. They are not treated as traditional customers, in that healthcare providers have limited motivation to invest in customer relationship management, customer experience, convenience or branding. Finally, patients today have a diminished ability to make thoughtful cost/benefit trade-off decisions for their healthcare and often do not feel valued as customers.

Forces Propelling Choice

The process of deciding where to get care, which treatments to follow, or which drugs or devices to select is far different from buying a phone or booking a stay at a hotel. However, over the last 10 years, several developments have begun to provide healthcare consumers the kind of information and incentives to make better choices about their care.

A wide variety of initiatives are underway to bring price transparency, quality comparison, convenience and an improved customer experience to healthcare.

- **Personalized wellness plan and cost transparency:** A dedicated care team and price transparency are at the heart of Iora Health and Paladina Health's approach to patient wellness,



which focuses on doing what's right for patients instead of what an insurance company will reimburse. Patients receive a better healthcare experience with next-day appointments, telemedicine services, longer visits and more integrated care that includes a doctor, nurse and health advocate working with the patient to set goals – empowering patients to be more active in their care. By placing consumers' health at the center of their business, Iora and Paladina have not just improved patients' health, but also lowered costs for their patients.

- **Provider comparison and appointment-booking with ease:** Finding the right healthcare provider and making an appointment is as simple as reading restaurant reviews and making a reservation with Zocdoc. The online medical care scheduling service makes booking appointments easier by matching a patient with dozens of nearby providers. A patient can read reviews of physicians, instantly make an appointment, fill out paperwork before the visit, and receive reminders for checkups and other health-related items all from the online community.
- **Medication sorting and door-to-door delivery:** Patient convenience is a top priority for two pharmacy organizations. Capsule Pharmacy offers free delivery in a two-hour window to anywhere in NYC, and will coordinate refills with the doctor and copays with the insurance company, so that patients don't have to worry about running out of medication. PillPack packages patients' multiple medications into daily packages, which is especially valuable to patients with multiple chronic illnesses.

Signs that consumer choice is beginning to take hold:

- Better provider accountability with patients (including patient experience)
- Emergence of satisfaction guarantees
- Providers open to consumers' increased desire for participation
- Greater provider options list and quality information
- Greater clarity on out-of-pocket costs
- Improved clarity of procedure costs by provider
- Greater breadth/depth of outcomes information
- More connection between payments and outcomes quality to cost

The Future of Choice

We can easily imagine a future state of healthcare in which patients make rational choices based on complete information.

For example:

I. Patients Have Ready Access to Critical Information to Inform Decisions

Choosing a physician: When deciding which physician to use, a patient goes to a trusted website, enters her condition, insurance information and zip code, and receives a list of options in her region that take her insurance, sorted by an aggregate quality score.

The patient then digs deeper into the quality score to see that the physicians listed have been rated by hundreds of people within the last year, scored based on the experience from booking the appointment to the follow-up. Also there are comparative outcomes measures for each office, such as the percent of diabetes patients with a blood glucose measure under a certain threshold versus the national average and, for hospitals, readmissions rates versus the national average.

To confirm the cost charged by this physician is appropriate, the patient clicks on the procedure of interest to confirm the cost is not out of line as compared to other providers. Finally, she checks what her OOP burden will be for this procedure to ensure there are no surprise bills.

II. Patients Feel Significantly More Valued as Customers

The Office Visit Experience: Having selected which physician to use, the patient books an appointment online for the next day, at a time convenient for her. Upon arrival, a staff member has her confirm relevant medical history information that has been preprinted, as the office imported electronic health records from other physicians in advance of her visit.

After only a few minutes, the patient is called in to see the doctor, who has already come up to speed on her case. The discussion is not rushed, all questions are welcomed and answered clearly, and the physician is receptive to options introduced by the patient, which she identified through research. Physicians in this office are paid a flat salary and incentivized through bonuses on health outcomes, patient engagement, and patient satisfaction. Ultimately they decide together on the treatment approach.

Over the next week, the physician's office follows up with the patient in a way that shows engagement but is not intrusive. The patient has a question a week later and can call the physician directly on his or her cell phone. The patient goes back to the website she uses to select physicians and provides feedback based on her experience.

Is Your Organization Prepared to Succeed in This Future State?

What are the key questions organizations will need to answer and critical characteristics organizations will need to adopt to be successful in this new reality?

Key Takeaways

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

THINK DIFFERENTLY.

Incremental improvement in patient outcomes and satisfaction is not sufficient for success in a rapidly evolving market.

PLAN DIFFERENTLY.

Develop a vision of the future and work backwards to create a success formula that makes providers, clinicians, employees, consumers and communities more accountable for care outcomes.

ACT DIFFERENTLY.

Allocate and manage the organization's time, capital and other resources so that tomorrow's success can be realized today.



huronconsultinggroup.com

© 2017 Huron Consulting Group Inc. and affiliates. All Rights Reserved. Huron is a management consulting firm 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. MU 170906