

The Active Consumer: Delivering on Rising Expectations

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Healthcare consumers are increasingly paying attention to everything from the quality, cost, to delivery of care. Once passive patients, consumers are now active participants in their health and want to receive care and interact with healthcare organizations and providers in the most convenient, cost-effective way—and they aren't afraid to look elsewhere to find care that meets their needs.

All of this is forcing healthcare leaders to reevaluate the inner workings of their organizations and ensure that the consumer perspective is being heard and driving strategic plans and priorities. This article offers insight into the rising needs and expectations of consumers and the expanding role of the healthcare organization.

The Confused Consumer

Ask consumers how they feel about healthcare and they will tell you. They'll share their expectations, disappointments, and hopes for the future. Consumers have a lot to say about healthcare, but it's a world they largely don't understand. National Research Corporation has embarked on a nationwide examination of the psyche of today's healthcare consumer through its Market Insights survey.¹ Since 2012, over 500,000 customers were polled and more than 200 customers discussed perceptions face-to-face in an ongoing effort to understand the point-of-view of the healthcare customer. Strikingly, most consumers lack the requisite knowledge to successfully navigate even the most basic healthcare experiences. Three in five consumers are not familiar with their local options. In many markets, one in five consumers simply couldn't name a local hospital at all. Most consumers don't experience healthcare frequently and when they do they are often overwhelmed with choices they don't understand and frustrated by processes they didn't design.

When asked about the emotions they feel during a

healthcare experience, consumers cite confusion as the most prevalent. A growing maze of information, expanding alternative care options, and lack of price transparency has created a moving target for even the most informed consumers. Where do I go? Who do I talk to? How long will I wait? What will this cost me? These are questions that rattle around in consumers' heads as they transition from their daily lives into "patienthood." Even the simplest of healthcare encounters can dent the confidence of average consumers.

As a result, consumers often defer to the most convenient, simplistic options when possible, and as they travel through experiences they are preoccupied with the pending cost and the ultimate impact on their lives. Some consumers defer their healthcare altogether. Three in 10 consumers are currently delaying "necessary medical treatment." That's nearly a



¹ The data referred to in this article is from National Research Corporation's Market Insights survey, 2012–2016.

Key Board Takeaways

The consumer point-of-view will drive strategic decisions and priorities going forward. As healthcare boards plan for the future, they should consider the following:

- The number one emotion consumers feel at the outset of a healthcare journey is confusion. Most consumers lack the requisite knowledge to successfully navigate basic healthcare experiences.
- Consumers are looking for more than the traditional acute care provider in the future, and becoming a provider of health and healthcare means investing differently and putting the consumer first.
- Savvy providers will see price transparency as an opportunity to display value and use price as a competitive differentiator.
- Rebuilding programs around the consumer will require a fully transparent approach.
- Consumers are searching for a one-on-one relationship with a trusted partner—be bold and seize the role.

third of the country that is not coming in for care they need. The reasons are unsurprising: "perceived cost" is the top reason cited for deferment and "willingness to manage on my own" was a distant second, but it does point to a consumer who is making hard choices about their healthcare and taking their medical future into their own hands.

The Rise of DIY Healthcare

When asked who is responsible for their care, seven in 10 consumers said they feel personally responsible for managing their own health. Consumer disposition toward the mentality of do-it-yourself health is influenced by the rejection of healthcare's status quo and its unbearable costs and inconveniences. If healthcare is a confusing maze, why not do everything in your power to never enter?

For all its inspiring qualities, the do-it-yourself mentality isn't creating healthier consumers. Sixty-eight percent of U.S. adults are overweight or obese. Record numbers are battling diabetes, high blood pressure, heart disease, cancer, and so on. Consumers may be well-intentioned in taking healthcare into their own hands, but they desperately need support—perhaps

even a healthcare hero—to ensure they get healthy and stay healthy. But who? In 2015, National Research Corporation conducted a unique study, *The New Payer*, where it polled more than 3,000 consumers specifically on their emerging purchase patterns in healthcare. On the issue of health responsibility, the study asked consumers to extricate themselves from the responsibility equation and attribute responsibility to a larger healthcare stakeholder (see **Exhibit 1**).

While healthcare's traditional cast of characters are well represented in terms of consumer-assigned responsibility, less healthcare-centric stakeholders are on the consumer radar. Grocery stores, gyms, and even churches register as players in health and well-being. Grocery stores even edge hospitals in the eyes of consumers. Physicians and hospitals still play a prominent role, but it's clear consumers see their health as a team effort and the players they've eyed don't all fit healthcare in the traditional sense.

Rising to the consumer challenge is critical to dispel confusion and lift the consumer and patient experience, but there is another reason to raise the bar: consumers expect more from healthcare than any other industry. Eighty-two percent of consumers expect healthcare to meet or *exceed* their expectations—11 percent higher than expectations of the next closest industry, financial services. When consumers notice other industries providing stellar experiences—everything from a seamless trip for coffee to purchasing a new iPhone—they don't exclude healthcare from the equation. In fact, because their own health is second to none, they expect more from healthcare and those expectations are only going up.

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The Virtual Consumer

Consumerism is pushing the care experience outside the confines of the often-frustrating traditional healthcare environment and into the places consumers live and work. Consumers no longer need to don a gown to receive care. This emerging idea of virtual care is made possible by the digital transformation of consumer behavior. The Web is the first stop for a consumer detecting a health issue. Market Insights found more consumers rely on health-related Web sites (45 percent) for the necessary resources and support to keep themselves healthy than even family members (36 percent). The Web isn't the only surging source of information. Consumers flock to social media sites—especially Facebook, YouTube, and Twitter (in that order)—to find information, seek council from other consumers, and share their experiences. Consumer connectivity has changed how we make decisions. To consumers, the world of traditional, physician experiences and the world of non-traditional, virtual experiences form a single whole.

The Rise of the “Silver Surfer”

While it's true younger consumers shifted to digital tools first, the tech game is

graying. More than half of consumers 65 and over use online ratings and reviews to purchase products and services. Even in healthcare, the average age of consumers who use social media to make decisions is 48 years old—the same age as the household decision maker for all healthcare services. Hardly a coincidence given social media's immense popularity in all other corners of consumer life. In fact, the adoption of digital means to inform and communicate is outpacing the aging process itself—just three short years ago the average age was 42 years old. Moving forward, the digital learning curve will continue to flatten and older consumers will increasingly go digital. As consumers of all ages stake their lot online, healthcare brands must build new front doors for care—and those front doors will likely be screens.

Telehealth: Return of the House Call

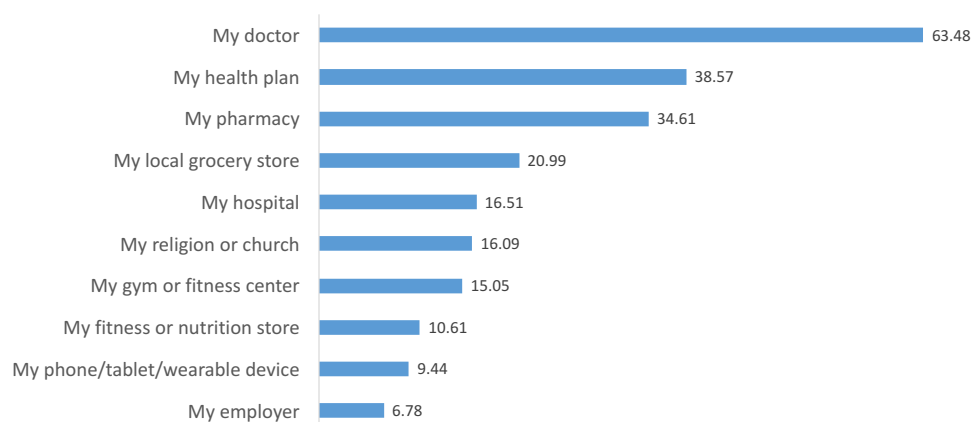
Consumers ask, “If I go online to find information, why can't I take the next step and talk to someone...online?” In our personal lives we increasingly utilize video conference services like Skype, FaceTime, and Google Hangout to connect with just about anyone, except a medical professional. Only one in 10 consumers report having a virtual or telehealth experience in the past year. Nonetheless, consumers gush over the prospect of widespread telehealth:

- 58 percent of consumers found it important that their current physician add telehealth as a resource in the near future.
- 37 percent would take a telehealth visit *if their provider offered it*.
- 12 percent were brave enough to declare they would switch hospitals if their preferred brand did not offer telehealth.

The Price-less Consumer

If consumerism is a car, the cost of healthcare is its engine, and the engine is revving. According to CNN Money, healthcare costs for an average U.S. family of four—with commercial insurance—have doubled. In fact, consumers have become the fastest-growing payer of healthcare services. This fact is not lost on consumers, who have noticed their wallets getting thinner as hospital bills get larger. And while overall healthcare costs have gobbled increasing chunks of GDP, it's out-of-pocket costs that are keeping consumers up at night—even in the reform era, where a record 86 percent

Exhibit 1: Which of the Following Play an Important Role in Your Health and Well-Being?



Source: The New Payer study, National Research Corporation, 2015.



of Americans lay claim to health insurance. Being covered and being able to afford healthcare are two different situations. According to Market Insights, less than half of insured consumers (36 percent) report a deductible of under \$1,000, meaning there are more consumers with high deductibles than ever before. One in 10 consumers reported a deductible hike in the last year as well as a budget-busting individual or family deductible exceeding \$4,000. No wonder nearly half of households (41 percent) feel a “significant burden” when considering how they’ll pay for healthcare expenses. A growing number of consumers simply cannot afford healthcare at all.

How are consumers responding to the fiscal squeeze? As mentioned above, some are choosing to opt out of healthcare altogether. In 2012, the National Research landmark study on customer-centric care revealed the main driver of consumers putting off care is the perceived cost. *Perceived*, not actual, because little pricing information is available before a healthcare experience. Only one in 10 have visited price comparison sites for healthcare. The desire is there: more than half of consumers (53 percent) would be likely to visit in the future. Inside the hospital there is little being done to shift from fee-for-service pricing models that were built to tie volume to revenue. Value-based purchasing is stretching administrators’ ability to not only adjust their financial models but to understand their own costs. It’s not a surprise that in an industry dominated by not-for-profits,

seven in 10 consumers actually believe the majority of hospitals are for-profit. Simply put: if hospitals and health systems don’t have a grip on their own cost drivers, how can they hope to break out of negative associations and embrace price transparency?

Market forces may make all the difference. Affordability is primed to become a new competitive differentiator in healthcare. With money on their minds, one in three consumers would consider visiting a new provider who is *not associated* with their preferred hospital or physician *if* that provider offers more affordable services; 37 percent would choose a hospital that shares its prices upfront over a hospital that does not.

The Amazon Effect

One of the few allies consumers have in the battle for more price transparency is the almighty Internet. It’s an angry driver and the top source of frustration for consumers. They’ve grown comfortable with making purchases entirely online and will rely on recommendations from complete strangers. Blame Amazon and its ability to tout convenience over all other factors. For most consumers, it’s no longer worth it to take time out of a busy day to drive to stores in search of a product. Not when that product and countless reviews of its value are just a few clicks away. And one of the most popular clicks is to sort-by-price. Not so in healthcare. Only a sliver of consumers (8 percent) find it easy to compare cost and

quality online, yet *three in four* desire to see this information before a visit.

A few deft providers have begun sharing certain prices online. St. Luke’s University Health Network in Bethlehem, Pennsylvania, has unveiled a “price checker” feature on its Web site that provides information to consumers shopping around for a procedure. The Surgery Center of Oklahoma in Oklahoma City has been posting prices online since 2009, and isn’t afraid to back up its prices with facts around its high-quality care to boot. These examples are surprising and powerful for consumers who feel neglected on price transparency, but they are few and far in between, leaving most consumers unable to determine value before a healthcare experience.

Value, after all, is the harmony between price and quality, and even healthcare’s newest, shiniest offerings won’t matter much if consumers cannot afford them. If we follow the money, we see consumers primed to use cost as a pivot to take control of their healthcare. But as of now, the potential remains entirely untapped.

Consumers will continue to push for better price transparency and providers will be hard pressed to remain priceless. In fact, savvy providers will see price transparency as an opportunity to display value and use price as an actual differentiator to boost their brand over lower-quality or higher-priced competitors.

The More You Pay...

One of the main beliefs of consumerism is when it comes to purchasing: the more you pay, the more you expect in return. Whether buying a smartphone or choosing a financial advisor, consumers tend to make purchases based on what they value most—and they determine value by fusing the cost of services with the quality of the experience. If quality doesn’t measure up, it’s not worth the money. If it’s too expensive, it voids a great experience. We can again look to other industries to see this impact. For example, in the food industry, the quality of a “convenient experience” is powering Chipotle, Panera Bread, and other

“fast casual” upstarts, leaving traditional, often-slower sit-down restaurants with empty tables. In electronics, the iPhone’s quality is in its seamless marriage of form and function. Other phones can do what iPhone does for less, but they aren’t iPhones so consumers often pass.

What if healthcare became price transparent? Other than the painstaking effort it would take to turn a price opaque industry around, is there any downside? The top worry is upfront pricing will hypothetically cause consumers to flock to only the lowest-cost providers. But this is only true if quality remains flat across all options in the eyes of consumers. When quality is defined and a valuable relationship begins, then higher costs can be justified. Why do we pay more for Coca-Cola when the off-brand soda is cheaper and nearly identical in recipe? Because Coca-Cola is better. As long as healthcare organizations can convince consumers they are better they will be able to charge more. It’s the central idea behind consumer-based value. For those brands that aren’t better but certainly charge more, the race to the bottom may become a reality. Consumers will continue to push for better price transparency and providers will be hard pressed to remain price-less. In fact, savvy providers will see price transparency as an opportunity to display value and use price as an actual differentiator

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Healthcare’s Invasive Species

As healthcare organizations wrestle over issues like price transparency, it’s important to zoom out and see how important it is to appeal to consumer demands. Consumer’s sudden affinity for non-traditional healthcare providers has opened the door for the likes of Walgreens, CVS Health, Target, and Walmart to offer a host of healthcare services, all tucked within their cozy retail environs. Consumers openly embrace these offerings:

- For basic preventative measures (flu shot, blood pressure check, etc.) nearly half of consumers (48 percent) would go to Walgreens or a similar pharmacy. However, even more consumers (51 percent) would go to Walmart.
- For moderately advanced procedures (MRI, sinus infection treatment, etc.) four in 10 consumers would go to Walgreens if the services were offered, and a significant but slightly lower amount of consumers (38 percent) would go to Walmart.

Yes, nearly four in 10 consumers would get a Walmart MRI. It seems odd to say and is surprising to many traditional healthcare players but it underscores the

wily, unpredictable nature of consumers. Especially consumers who are fed up with the current industry. And considering these consumer appetites for convenient, non-traditional care settings, and the size and scale of the retailers they find downright appealing, it appears the definition of healthcare could be entirely rewritten. For those hoping to get ahead of the challenges of consumerism, they would do well to discover the consumer point-of-view and include it in their strategic thinking. And no issue ranks higher on consumers’ minds than the cost—and *their* cost—of care.

Takeaways

Addressing the wants, needs, and even demands of local consumers is critical to success in the new consumer-centric world. Today’s savvy healthcare consumer is better informed, less patient, and laser-focused on quality and cost. Customers have high expectations and are not afraid to find care elsewhere and look to non-traditional avenues if they feel undervalued and unsatisfied.

Healthcare leaders will need to think through how their organizations can build a solid one-on-one relationship that keeps consumers engaged. Creating loyalty with consumers will be key and require proving that they are the top priority, providing a consistently positive experience, creating personalized care, and offering perks that other providers may not have (e.g., shorter wait times, loyalty programs, expedited check in, telemedicine, etc.). As consumers take their health into their own hands, hospitals and health systems should find ways to transcend healthcare’s traditional confines and create a lasting relationship with consumers built on health and well-being. By expanding their traditional role, healthcare organizations can deliver on rising expectations and play a larger part in the consumer’s healthcare journey.

Watch for a complementary special section on using local population health data to shape strategy in an upcoming issue of BoardRoom Press. ●

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