

FEBRUARY 27, 2018

The consumer confidence crisis

Presenters



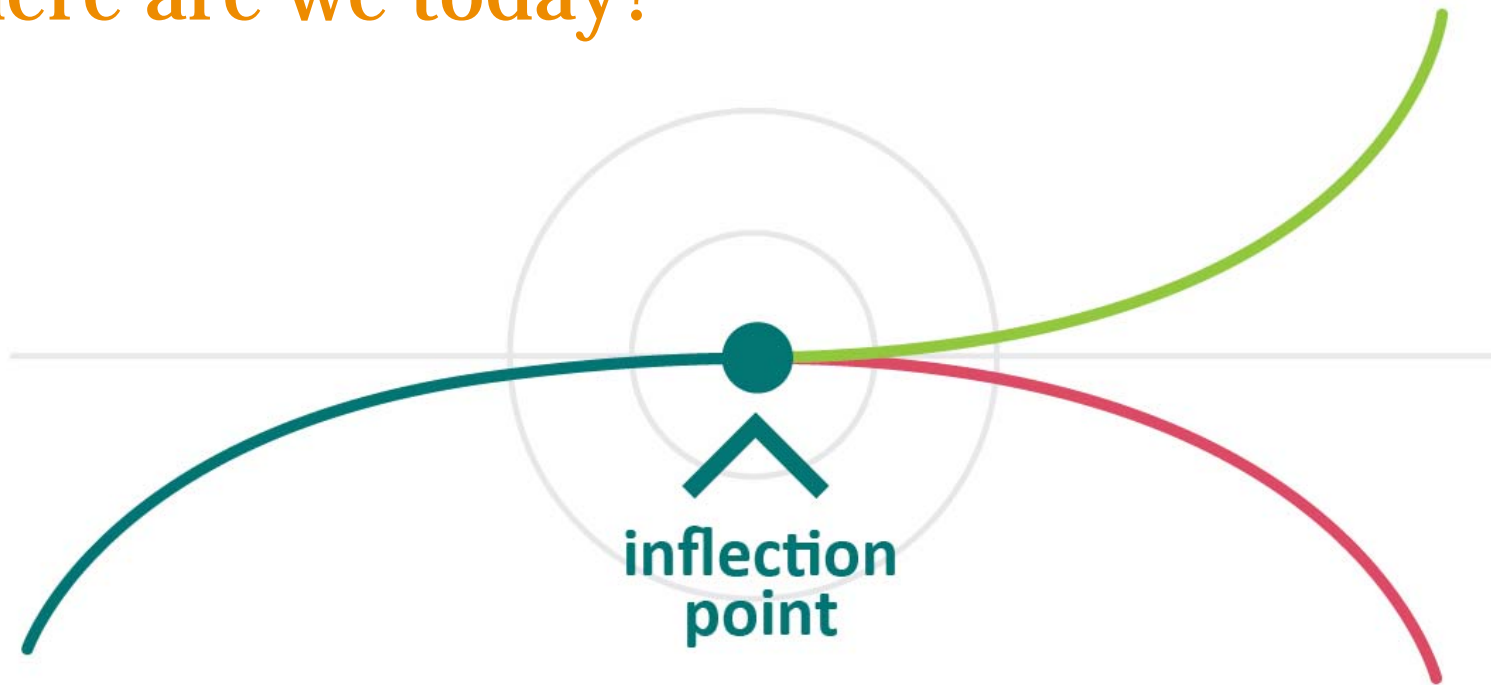
Brian Wynne
VP, GM
NRC Health



Zach Zobel
Product Analyst
NRC Health

INFLECTION POINT

Where are we today?

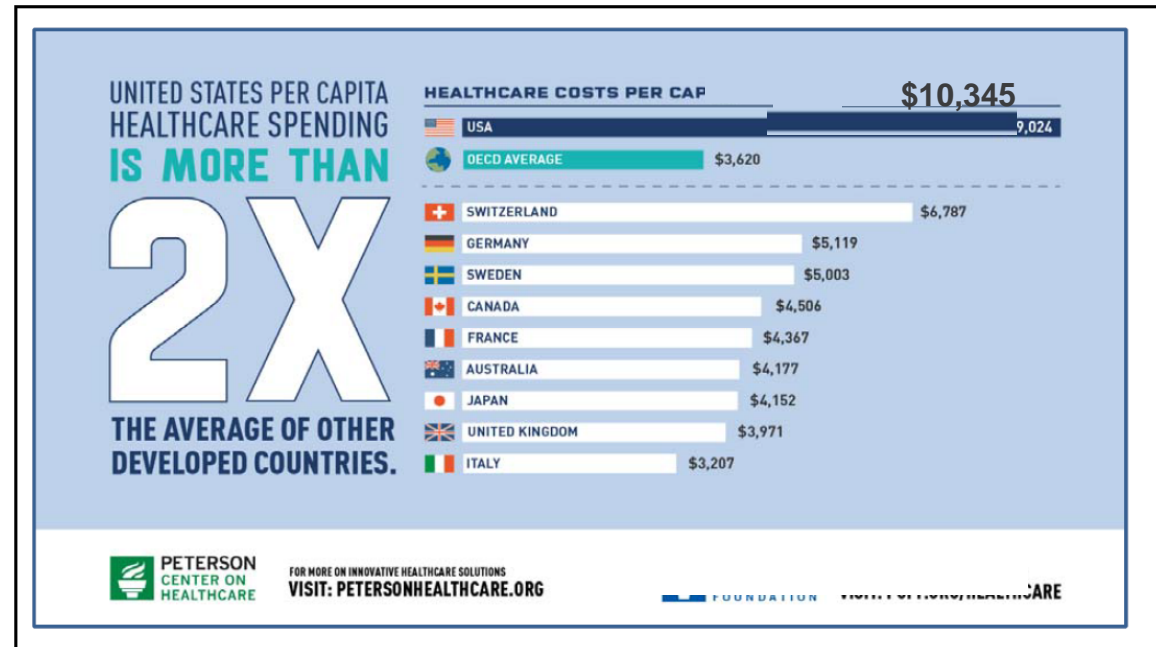


INFLECTION POINT

1/5

In 2025, 19.9% is the projected percent of GDP that will be spent on healthcare (\$5.5 Trillion)

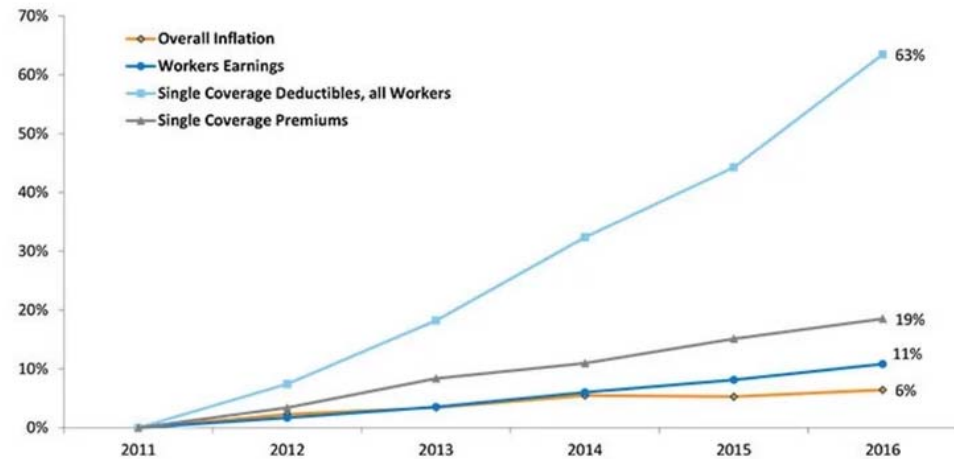
Source: CMS



INFLECTION POINT

DEDUCTIBLES

Insurance deductibles and premiums continue outpacing earnings and inflation.



NOTE: Average general annual deductible is among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

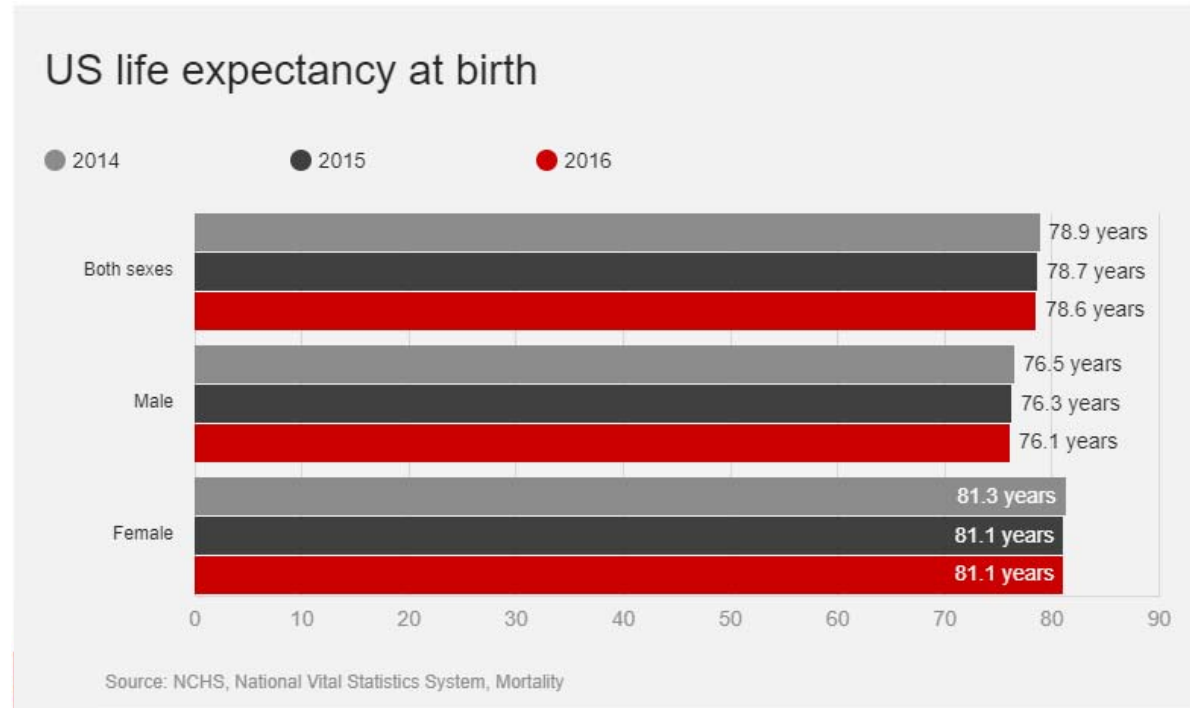
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011-2016. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 2011-2016; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2011-2016 (April to April).



INFLECTION POINT

53 YEARS

First time in 53 (1962-1963) years that US life expectancy has **decreased two consecutive years**



INFLECTION POINT

MILLENNIALS

May live shorter lives than their grandparents today.

American Life Expectancy Gets Shorter

Age	Female life expectancy	2016 Change	Male life expectancy	2016 Change
25	89.5	-0.6 ▼	86.9	-0.7 ▼
35	88.8	-0.6 ▼	86.2	-0.7 ▼
45	88.1	-0.6 ▼	85.6	-0.6 ▼
55	87.6	-0.6 ▼	85.2	-0.6 ▼
65	87.8	-0.5 ▼	85.8	-0.5 ▼
75	89.4	-0.4 ▼	87.9	-0.3 ▼
85	92.8	-0.3 ▼	91.8	-0.2 ▼

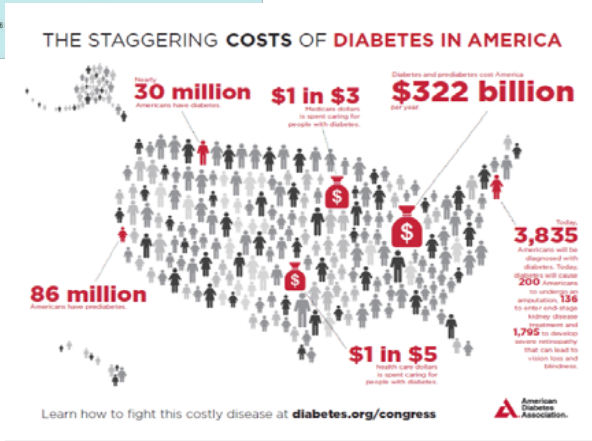
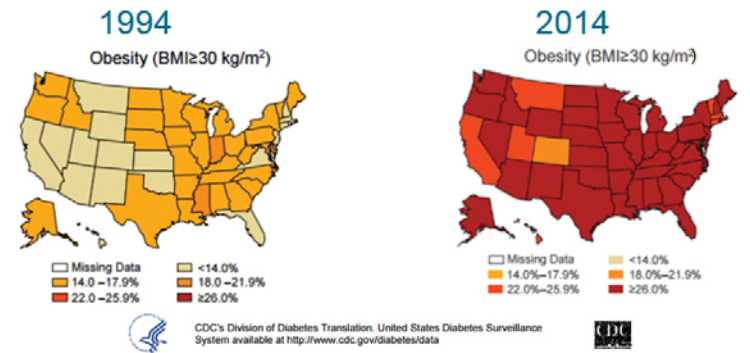
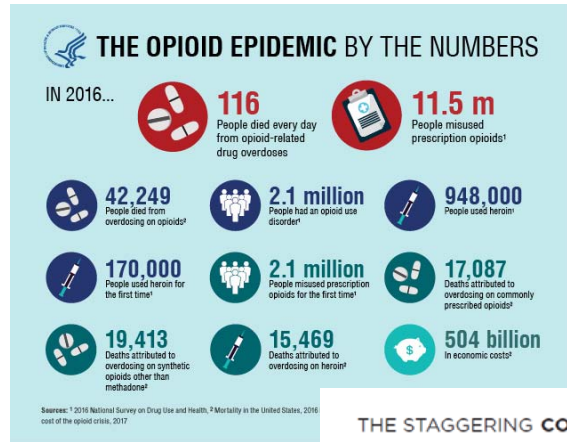
Society of Actuaries 2016

Bloomberg

INFLECTION POINT

EPIDEMICS

Diabetes, Opioids, Obesity



RISE IN DISRUPTION

Entering the Era of Disruption

Trending News Today: CVS, Aetna Merger Moving Forward in 2018
Laurie Toich, Associate Editor
Publish Date: Friday, February 09, 2018

Like 16 Tweet Save G+ Favorite Email Print Comments Share

Merger Could Create Nation's Largest Health System

By Mitch Ryals

Marketing

Business BUFFETT going to

Could Apple's move into EHR allow pharma to connect directly to patients?



Buffett expects health care effort with Amazon, JPMorgan to open up to other companies

by Chris Isidore @C

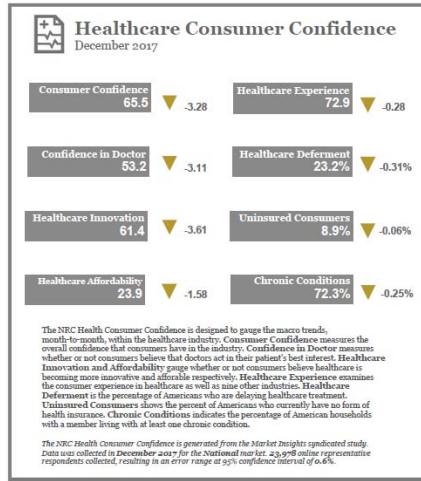
Apple, Amazon, Google, Facebook, Microsoft : All 5 Tech Firms have secretive Healthcare Skunk works, are hiring Medical talent and are buying or backing Healthcare Startups

February 20, 2018

Apple will open medical clinics for its employees this spring

HEALTHCARE CONSUMER CONFIDENCE

NRC Health Consumer Confidence Research



Healthcare Consumer Confidence
National Market, December 2017

65.5 Consumer Confidence



"On a scale of 0-10 please rate your confidence in the American healthcare system"

Graphic Analysis:

68.3	White	67.1	Hispanic - Ethnicity	62.0
64.2	Black or African American	63.2		
	Native American or Alaska Native	51.9		
	Asian	65.9		
	Native Hawaiian and Other Pacific Islander	51.2		
	Other Race	61.3		
	Two or more races	58.4		

61.7	Work full-time (employed by someone else)	66.0	Under \$25k	59.3
64.1	Work full-time (self-employed)	64.2	\$25k-49,999	65.6
65.3	Work part-time (employed by someone else)	65.3	\$50k-99,999	68.4
69.8	Work part-time (self-employed)	64.9	Over \$100k	69.9
	Student/Homemaker/Other	64.7		
	None of the above	65.6		

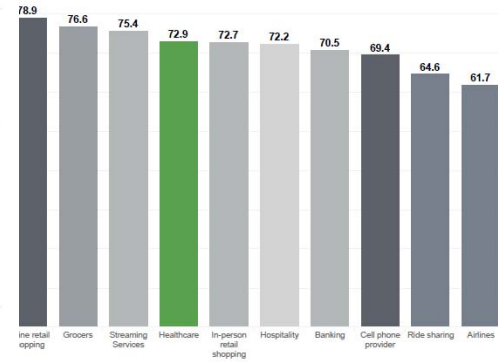
70.0	High School	62.9	Now Married	68.1
68.1	Some College/University	64.2	Domestic Partnership	61.7
68.4	Graduated 2-year College	66.3	Never Married	64.8
69.1	Graduated 4-year College	67.5	Divorced, Widowed, Sepe...	62.7
64.3	Graduate School	67.4		
68.8	Postgraduate	69.8		
62.7				
65.8				
56.1				

72.9 Healthcare Experience



"Please rate the overall quality of your experience as a customer in each of the following industries/services"

Industry Comparison:



Healthcare Consumer Confidence
National Market, December 2017



HEALTHCARE CONSUMER CONFIDENCE

67.7/100 ↓

CONSUMERS'
CONFIDENCE IN THE
HEALTHCARE
INDUSTRY

72.2/100 ↓

CONSUMERS'
SATISFACTION WITH
THEIR CARE
EXPERIENCES

54.9/100 ↓

CONSUMERS'
CONFIDENCE IN
THEIR DOCTORS

62.4/100 ↑

INNOVATION RATING

24.7/100 ↓

HEALTHCARE
AFFORDABILITY

22.5% ↑

CONSUMERS'
DELAYING
HEALTHCARE
TREATMENT IN LAST
SIX MONTHS

HEALTHCARE CONSUMER CONFIDENCE

→ Lagging Experience

- Online retail shopping (78.9) and streaming services (75.4) outpace healthcare experience.
- High cost for overall rate improvement



→ Least Confident Segment

- Those with Medicaid report the lowest confidence in healthcare today
- Access to care issues



→ Affordability is a Growing Concern

- Those over 65 report lowest healthcare affordability scores (20.6)
- Over 65 spend an average of \$18,424 annually on healthcare expense



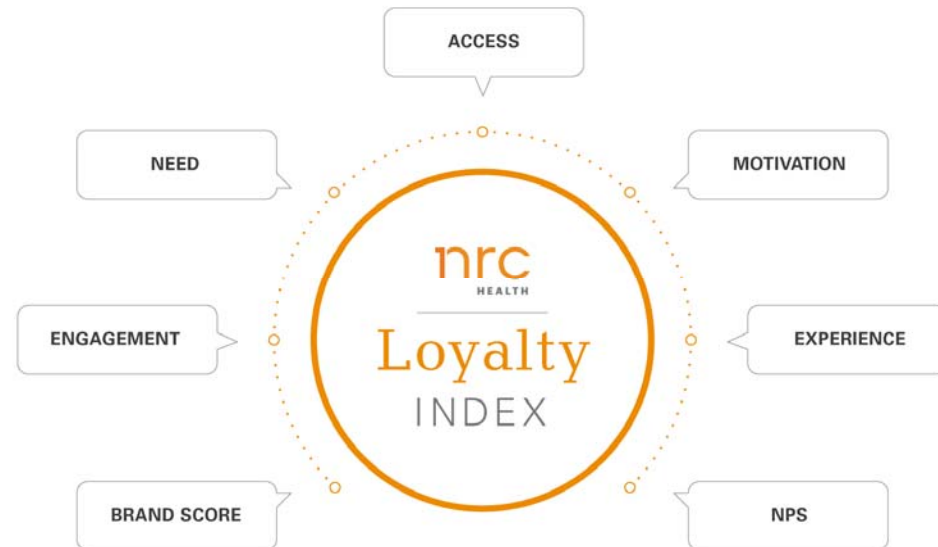
SUCCESSFUL TOMORROW

How can you compete to win consumer confidence?

25-95%

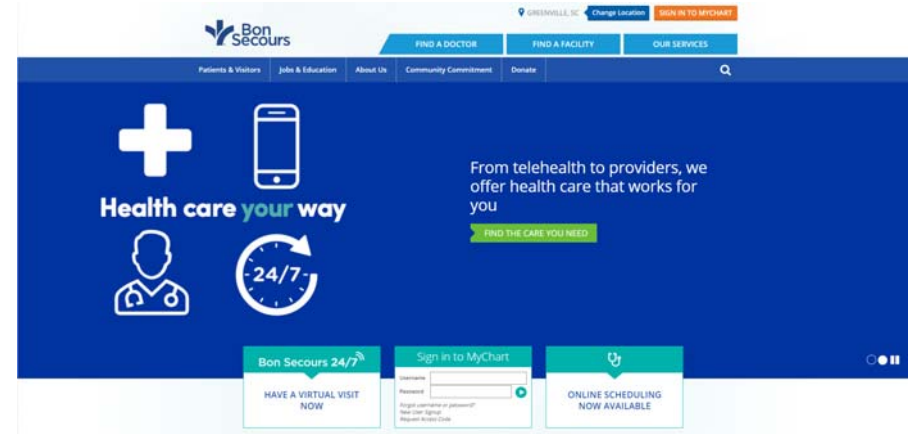
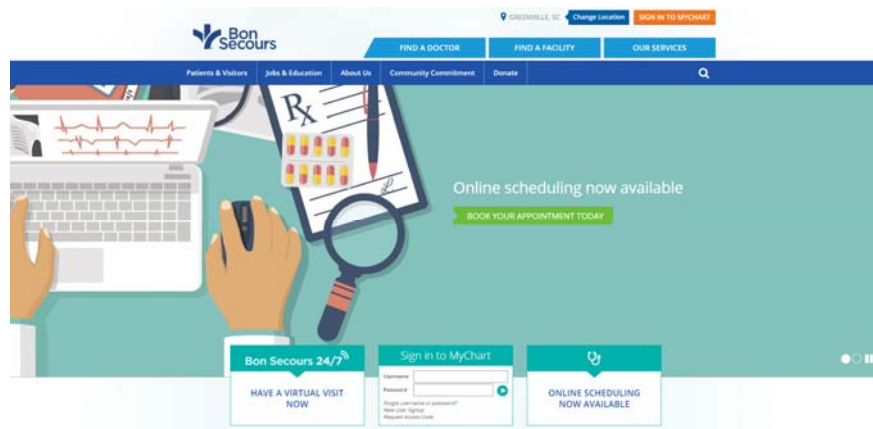
Increasing retention just 5% increases profits by 25%-95%. The cost of acquiring new customers can be 5-25 times more expensive than retaining existing ones.

Source: Harvard Business Review



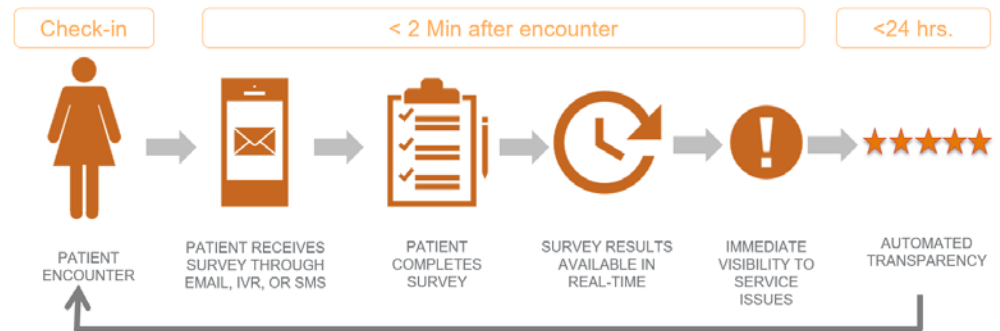
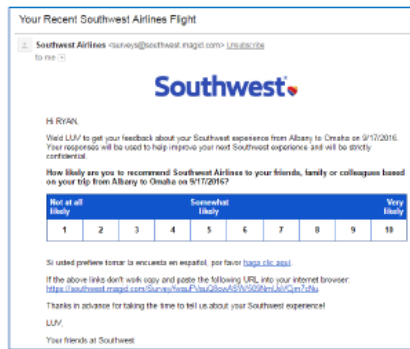
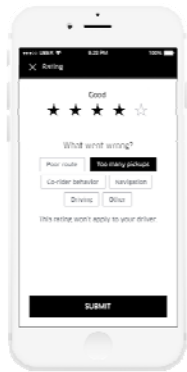
1) INSPIRE LOYALTY

SUCCESSFUL TOMORROW



2) KEEP IT SIMPLE

SUCCESSFUL TOMORROW



73%

of patients want to be asked for feedback a few minutes to a few days after the care event.

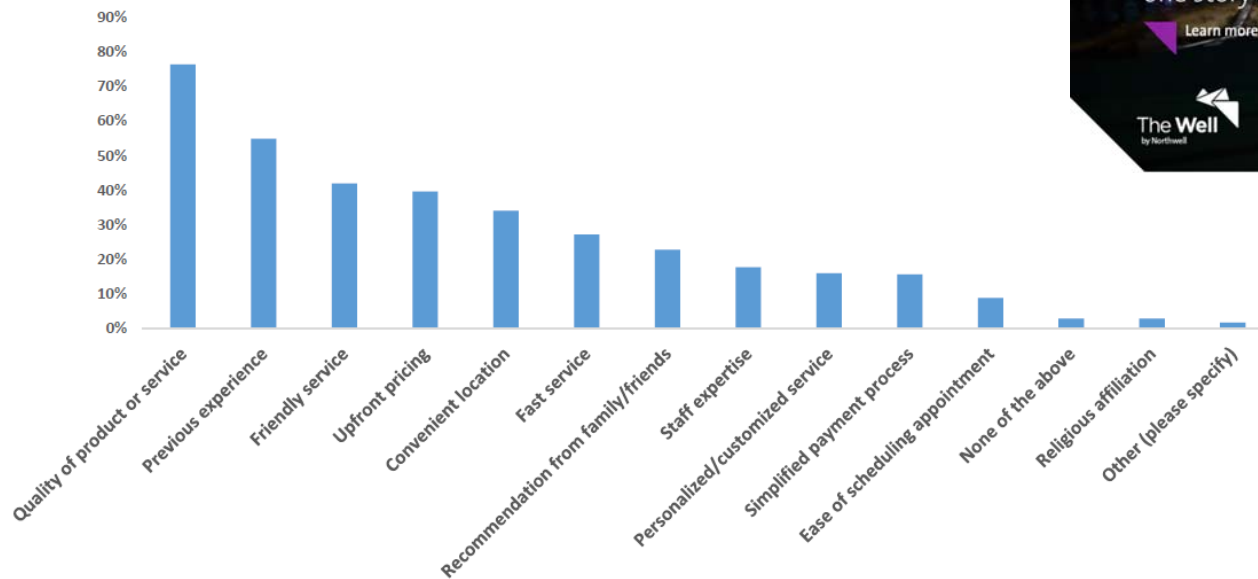
84%

of patients expect you to follow up with them if they have a bad care experience.

3) DESIGN INTELLIGENT FEEDBACK SYSTEMS

SUCCESSFUL TOMORROW

Factors that Drive Loyalty



4) COMPETE ON VALUE BY TELLING YOUR STORY

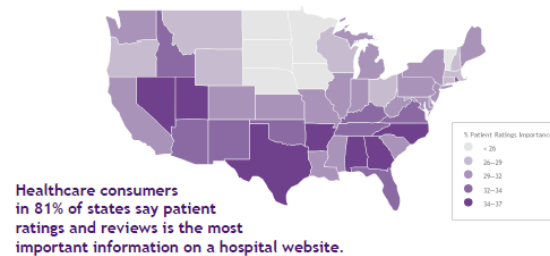
SUCCESSFUL TOMORROW



77%

of consumers begin their healthcare search online

HEAT MAP | IMPORTANCE OF "PATIENT RATINGS/REVIEWS"



39

states prefer to see patient ratings and reviews the most on a hospital website.



5) BE TRANSPARENT

SUCCESSFUL TOMORROW



6) ENGAGE YOUR PATIENTS

ENGAGE YOUR PATIENTS

Tap into your best resource...your patients



EFFICIENCY

Automatically recruit to continuously build a large, trusted, patient panel



TIMELINESS

Engage with your patient panel to quickly inform current strategic initiatives



CONFIDENCE

Validate your strategic decisions with the voice that matters – your patients



ENGAGEMENT

Build deeper relationships with your patients and community

ENGAGE YOUR PATIENTS

Consumer driven insights



**PROCESS
IMPROVEMENT**



**ONLINE
SCHEDULING**



**NPS HYPER-
TARGETING**



**TELEMEDICINE
OFFERING**

POSSIBLE TOPICS

- Logo testing
- Mission, vision, values testing
- Tagline testing
- Website testing
- Demographic Exploration
- Patient Personalization
- Wait Times Improvement Initiatives
- Telemedicine
- Price Sensitivity
- Brand pulsing
- Innovation services testing
- Scheduling Preferences
- Patient Population Segmentation
- Patient Portal Improvement

CASE STUDY:

Telemedicine exploration

CONFIDENCE

Health system was in beginning stages of launching telemedicine services. They needed feedback around awareness of the service, likelihood of usage, price sensitivity, and naming preference.

Q. Are patients willing to pay out of pocket for telemedicine?

A. Nearly 1/3 of patients (**29%**) would be interested in paying for telemedicine services.



Q. How much will they pay?

A. Patients are willing to pay the same as what their co-pay (\$20-\$30) is for normal telemedicine services and up to double their co-pay (~\$50) for a second opinion or specialty visit.

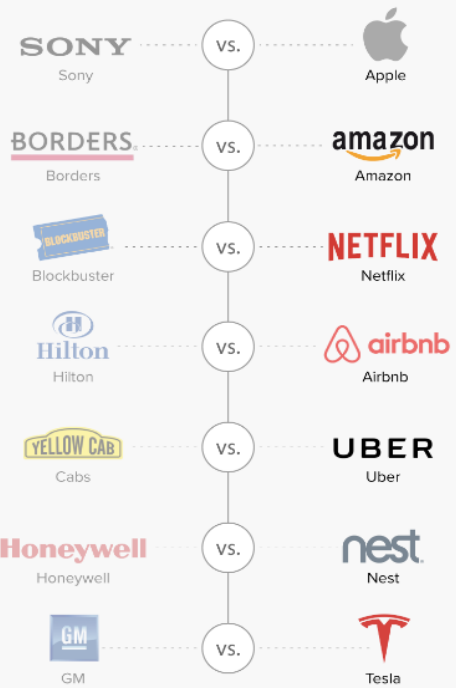


Q. What name make the most sense for this type of service?

A. Patients like the use of virtual care, instead of tele, in the naming convention. "Tele- sounds antiquated and implies (TO ME) telephone only. I assume this virtual contact may be via skype or other face-to-face software."



Whoever gets closest to the customer wins





Corporate Headquarters
1245 Q St. Lincoln, NE 68508
800.388.4264
Local: 402.475.2525