

November 2020

The End of the Runway

How COVID-19 and consumerism could accelerate the rise of
new competitors and the decline of traditional providers

REVIVE  HEALTH

EXECUTIVE SUMMARY

OVERVIEW

COVID-19 has driven significant changes in consumer behavior, some of which may stick for years. A number of these changes play into the advantages of new and non-traditional healthcare providers, such as Haven, Walgreens or Teledoc Health, at the expense of hospitals, health systems and other traditional providers. While traditional providers have had years to react to the trend of consumerism, the honeymoon may be over. Those providers who want to keep ahead of the new competition and stay relevant to healthcare consumers need to understand these changes and their implications, and act quickly and decisively to stay ahead.

KEY POINTS

Through research and our observations in working with health systems and healthcare consumers, ReviveHealth has identified five consumer behavior changes that could accelerate the rise of new competitors and the decline of traditional providers.

Change One – The Explosion of Virtual

Those systems that don't aggressively adopt and expand virtual offerings may be left behind. Strategies include:

- + Make virtual the default
- + Focus on "Generation N"
- + Position your offering wisely
- + Bring physicians along

Change Two – Increased Scrutiny on Pricing

The bright spotlight on hospital pricing that existed before COVID-19 will only become harsher as a result of confusion around the cost and reimbursement of virus testing, treatments and related care. Traditional providers need to get ahead of this by:

- + Flipping the script and proactively communicating value
- + Revisiting the financial experience from a consumer's perspective
- + Monitoring the potential for surprise billing

Change Three – Smaller Life Spheres

Consumers are staying in or closer to home for all aspects of their lives, from work to education to entertainment. This could have a profound impact on how far they're willing to travel for care. Traditional providers should:

- + Redouble top-of-the-funnel growth
- + Revisit distance-focused growth/marketing initiatives
- + Partner with ride-sharing services

Change Four – Loss of Trust in Government Health Institutions

As consumers lose faith in health information sources like the CDC, FDA and the White House, there are both opportunities and dangers for traditional health providers. Recommendations include:

- + Comprehensive vaccine communications planning
- + Market-wide comms collaboration
- + Lining up the right spokespeople
- + Ramping up consumer communications

Change Five – Flagging Brand Loyalty

E-commerce has skyrocketed during the pandemic, making it easier for consumers to shop and switch brands. This plays right into the hands of new competitive companies, who need consumer trial and typically provide a far superior online experience. Traditional providers need to:

- + Revisit brand strategies, positioning and expression
- + Ensure the digital experience is truly a top priority
- + Woo patients from other traditional providers
- + Focus on patients' loyalty to physicians before system brands

COVID-19, Consumerism and the Threat to Traditional Providers

As a trend in healthcare, consumerism sure has some legs. For most hospitals and health systems, recognizing and trying to adopt to consumerism really didn't happen until somewhere around 2015. Suddenly, "consumerism" was the focus of annual employee meetings, leadership conferences, and board retreats everywhere. In reality, consumerism as a force in healthcare has been around nearly two decades.

We're defining consumerism here as forces that have brought more power to patient choice in the market, and thus more focus on benefits consumers favor in that choice, such as access, convenience, pricing transparency or the service experience.

Even with collective agreement that consumerism is a great disrupter, the truth is that consumerism has only had an incremental impact on traditional providers prior to 2020.

While many traditional providers—hospitals, health systems, physician practices—have evolved in the face of rising consumerism, the industry has been insulated from deeper change thanks to long-standing industry dynamics like opaque pricing, locked-in referral channels, government regulation, fee-for-service payment policies and baked-in consumer trust and loyalty. One of the clearest ways of seeing this built-in industry resistance to consumerism is by looking at the limited impact new entrants have had in the provider space. The industry has been watching with fear and awe as Walmart Health, CVS/Aetna, Apple, Haven, Teladoc Health, Optum and others have set their sights on the business model of the traditional provider. Consumerism is often cited as the underlying reason for the existence of these new companies. Yet for many reasons, including the barriers to entry noted above, many new entrants had made only incremental incursions (e.g. CVS/Aetna or Teladoc Health) or none at all (e.g. Haven) prior to 2020. Over time, of course, many believe consumerism will ultimately drive real disruption. It's just been taking a long, long time.

COVID-19, Consumerism and the Threat to Traditional Providers (continued)

But now, the world of healthcare has changed dramatically and seemingly overnight due to COVID-19, especially in such areas as technology and digital adoption. “We have covered decades in days in the adoption of digital,” cites a [McKinsey & Company report](#) on consumer behavior. These and other examples of changing patient behavior are having the effect of rapidly accelerating the influence of consumerism itself on the industry. Of concern to hospitals and health systems, many of these behavior changes play right into the hands of these new entrants, who are typically more consumer-oriented, technology savvy and able to move quicker and with more agility to adapt to changing markets.

It’s been nearly two decades since providers first started lauding consumerism as a call for change. Yet like many transformations in this industry, the change has come in drips rather than rivers. Twenty years is a long, long runway to come to grips with consumerism. Thanks to changes in consumer behavior from COVID-19, the end of that runway is here.

A Generational Event Requires a Generational Response

None of this should really be surprising—major events such as COVID-19 have always had a lasting impact on consumer behaviors and the companies that serve them. An article on the impact of COVID-19 on consumer behavior in the [Journal of Business Research](#) cites “ad-hoc natural disasters” and “regional conflicts” such as hurricanes, wars, and global pandemics as one of four contexts for disrupting consumer behavior. Examples in the U.S. include the creation of a generation of “savers” and those believing in austerity coming out of the Great Depression, the expansion of women in the workforce following World War II or even the near decade it took for the airline industry to settle into its “new normal” following the 9/11 terrorist attacks.

The global pandemic stands to change society in the U.S. in many profound ways and will likely have a significant impact on traditional provider organizations for years to come, thanks in large part to accelerated consumerism. Traditional providers are out of runway to change, and new entrants are finally bringing real disruption to the industry.

COVID-19, Consumerism and the Threat to Traditional Providers (continued)

It can be difficult, of course, to know exactly what changes will stick, and for how long, while in the middle of an event like COVID-19. As we like to say, forget about the idea of when we return to a “new normal”—we’re living in a period of uncertainty, or what we call “The No Normal,” for as long as the pandemic is with us.

Yet based on research we’ve conducted and our own observations of the industry and the behavior of healthcare consumers, we’ve identified the following five ways COVID-19 may change “consumerism” for good. Some are related directly to healthcare; others are more societal in nature. Either way, they have potentially significant consequences for hospitals and health systems. Traditional providers must understand these and other similar changes, their implications, and act to ensure they increase their relevance in the coming years.

Consumer Change One: The Explosion of Virtual



CONSUMER CHANGE ONE: The Explosion of Virtual

By this time, all of us are aware of the incredible growth of virtual care resulting from the COVID-19 outbreak. Health systems saw exponential increases in the use of virtual care during the spring of 2020. In a [September 2020 report](#), McKinsey & Company reported that health systems, primary care and behavioral health practices saw increases of more than 50–175 times in telehealth visits, and that the potential market size for virtual care could reach around \$250 billion post-pandemic.

Chris Jennings, former healthcare advisor to the Obama and Clinton administrations, put it this way in a recent [article](#):

“There’s the assumption that you always had to have in-person contact, and that telemedicine would be unsatisfactory, or wouldn’t fill the void. That’s been exposed—actually, it’s safer, it’s quicker, and it’s easier.”

Of course, with most hospitals and health systems having returned to normal operations for a number of months, we’ve seen the number of virtual visits receding. Research from the [Chartis Group](#) found the percentage of physician telehealth visits across all specialties dropping back to roughly 16 percent by early September, down from a peak of 52 percent in early April. Many observers believe we’re settling into a level of adoption that was much higher than pre-COVID-19, but lower than levels during the lockdown phase of the pandemic. This is happening both because patients are now able to see their doctors in person, and many patients and physicians prefer an in-person visit to a virtual one—with relaxed regulations and guaranteed insurance coverage no doubt also playing a part.

But here is where the danger lies. In exposing consumers to virtual visits forcibly because of COVID-19, we’ve shown them the benefits as described above by Chris Jennings. In some ways, the toothpaste is out of the tube, and many consumers will never want to go back. Consider this quote from a mother talking about care for her young daughter during a focus group of consumers conducted by ReviveHealth in August 2020:

“We use it (virtual visits) for anything we can get away with...I’m talking anything, and then they will tell us sometimes, ‘No, you have to take her in,’ and then, you know, we will do rock, paper, scissors to see who has to take her in.”

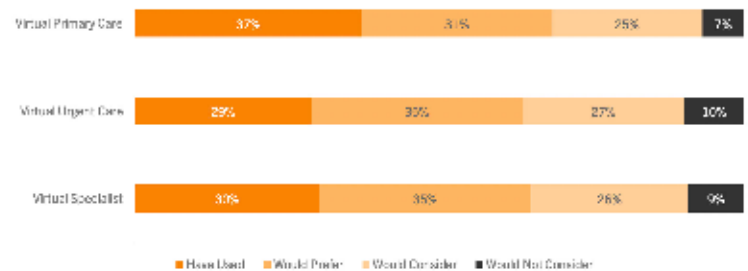
CONSUMER CHANGE ONE: The Explosion of Virtual (continued)

IMPLICATIONS

While a majority of consumers have yet to use virtual visits, more and more continue to try virtual care, and those who dip their toes in become avid fans of the offering. In a national NRC survey conducted in August 2020, of those who had tried video visits with their doctors, 74 percent ranked their experience as either very satisfied or satisfied, with only 8 percent ranking it as very dissatisfied or dissatisfied. In a national survey conducted by ReviveHealth in September 2020, more than 90 percent of respondents said they were willing to try virtual visits, whether that was for primary care, urgent care or specialty care.

90%+ will consider virtual care

Q: Have or would you consider using a virtual visit with a medical specialist or surgeon in each of the following scenarios?



Additionally, while traditional providers may be slowly growing virtual care offerings, consumers have the opportunity to experience care from any number of virtual healthcare sources. Your cross-town hospital rivals are undoubtedly expanding their offerings, but maybe more threatening, there are a flood of alternatives and new entrants in the space. Teladoc Health, employer benefits-provided options, BigHealth, CVS Minute Clinic E-Clinic Visits or 2ndMD, a new direct-to-consumer virtual offering from UnitedHealthcare. The key takeaway?

Hospitals and health systems who don't try to maintain the growth and momentum in virtual care resulting from the COVID-19 lockdowns in the spring of 2020 may be left behind.

CONSUMER CHANGE ONE: The Explosion of Virtual (continued)

Here's how Dr. Stephen Klasko, CEO at Jefferson Health, put it back in April in an article in Becker's Hospital Review:

"This is healthcare's Amazon moment. If you are a provider and think you're going to go back to your business model solely being based on hospital revenue and not relevant to people who want care at home, I think you will be out of business. If hospitals believe that innovation can be just this cute little thing that they do in the background but the real business is just getting heads in beds, they're nuts. I think we were always wondering what the big disruption would be that got us to join the consumer revolution, and I think this is it."

RECOMMENDATIONS

1 Many health systems responded quickly, though chaotically, to expanding virtual care during the spring of 2020, allowing sites, departments and physician groups to connect virtually with patients in any way they could. Most of those organizations are now revisiting a longer-term, more permanent solution. To truly take advantage of the moment, **be bold**. Rather than adding virtual care incrementally to existing care models, consider how you would build a health system from the ground up if you were starting today—with virtual at the forefront. Instead of making virtual care an additional offering, **consider virtual care as the default first point of care for all non-emergent/urgent care delivery.**

2 Consider recalibrating your marketing to emphasize and compel what [Fast Company](#) dubs "Generation N," or Generation Novel, "a growing cross-generational psychographic of digital-first consumers galvanized by the disruptive effects of COVID-19." Evolving from an already ever-growing, always-on segment of the population, Generation N expects immediacy, seamlessness and intuitiveness in their online experiences. **Their customer journeys look far different than other consumer segments**, and given their predominance in the Millennial age group, **they stand to be one of the most powerful consumer groups for hospitals and health systems for years to come.**

CONSUMER CHANGE ONE: The Explosion of Virtual (continued)

3 Develop a competitive brand position for your consumer-facing virtual care offerings. **Not all virtual care is the same**, and how you position your offering in the market may mean the difference between carving out a permanent competitive advantage or fading into a morass of unclear and undifferentiated options. As a simple example, a community-oriented health system with dozens of local bricks-and-mortar locations may want to leverage its advantage in access and convenience by touting elements of those benefits in their virtual care offerings, such as providing longer hours or multiple options (video, phone, text, chat). An academic medical center may want to double down on its likely perception as the most expensive choice in the market, not by emphasizing low-cost virtual care, but instead access to the most prestigious specialists in the region. Your virtual care positioning should match what makes your organization different or special as a whole.

4 No matter how you approach expanding virtual care, **you cannot break through without physician collaboration and adoption**. The greatest obstacle to winning the virtual land grab will be less about overcoming technology challenges or gaining consumer adoption, and instead be the reluctance of some your own physicians to rethink what care means post-COVID-19 and to hold onto the in-person access preference of the past.

Consumer Change Two:

Increased Price Scrutiny



CONSUMER CHANGE TWO: Increased Price Scrutiny

Pricing transparency is often cited as a primary factor in consumerism. For consumers to wield their newfound power in a way that impacts their choices in healthcare, they need to understand the financial import of their decisions. Calls for pricing transparency have been with us for a long while, but over the past few years, the issue has taken on a higher profile.

Start with the policies of the Trump administration, which has been rolling out executive orders focused on hospital pricing transparency, including a January 1, 2021 requirement that hospitals publish their contracted insurance reimbursement rates as well as prices for 300 shoppable services (which at the time of the [publishing of this paper](#) had been held up by the courts).

We've also seen a dramatic rise in press reports about hospital pricing—not just in terms of transparency, but in regards to the level of clinical care costs. National outlets such as Axios and the Wall Street Journal have taken particular interest in spotlighting hospital pricing, fueled in no small part by the Rand Corporation's reporting on hospital pricing. In September 2020, Rand released "Round 3" of its National Hospital Price Transparency Study that not only explores industry pricing across the nation but identifies individual hospitals by name in the hopes of helping employers leverage pricing transparency. (While the study is flawed in many ways, it still attracts attention and forces hospitals to respond.)

Well before COVID-19, the impact of pricing and transparency was starting to hit consumers. According to a 2018 Advisory Board report, the cost of surgery was cited by 53 percent of consumers as the single most important factor in deciding where to have surgery—more than travel time, quality of surgeon or any other attribute.

COVID-19 has ramped up the scrutiny on the price of care, and in a way that doubles the danger for healthcare providers.

That's because the pandemic is not just a catastrophic health event, it's also a catastrophic economic event. Millions of consumers have lost their jobs, and/or their employer-paid health insurance. There has been widespread confusion about the price and coverage of COVID-19 testing and treatments. Early on, the Trump administration claimed the federal government would cover the cost of testing and treatment for the uninsured through what they called the "Provider Relief Fund." But the impact of this support has been minimal, according to many sources.

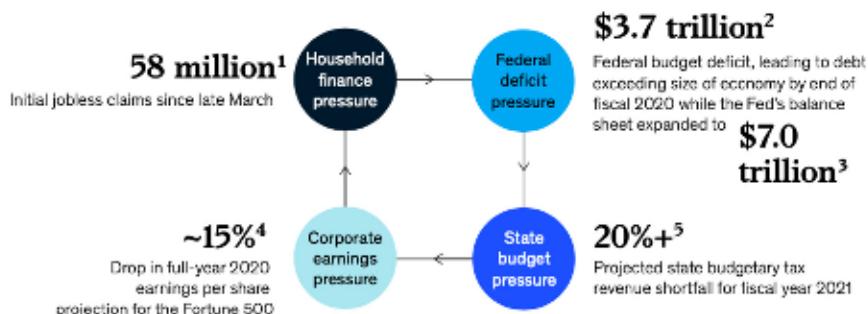
CONSUMER CHANGE TWO: Increased Price Scrutiny (continued)

“It’s absolutely not broad protection or a guarantee of coverage,” said Karen Pollitz, a senior fellow with Kaiser Family Foundation said [in a recent article](#) from the Kaiser Health Network. “People are uninsured. They remain uninsured. If they don’t know how to ask for this or the provider can’t figure out how to use it, [their bills] are uncollectable.”

Even some who have insurance have faced issues with coverage for issues related to their COVID-19 diagnosis. In Florida, [43 percent of the 12,000 workers’ compensation insurance claims](#) filed by July 31 in the state had been denied by insurers. According to an article in the [MedCity News in October](#), the list of financial stressors is long:

- + 87 percent of COVID-19 patients experience a lingering symptom two months after they were diagnosed.
- + Patients with lingering symptoms aren’t limited to those who had severe cases of COVID-19, according to the CDC. In fact, one-third of “long haulers” who were not hospitalized experienced symptoms three months after diagnosis, the CDC found.
- + Those who experience ongoing effects of COVID-19 may face high healthcare bills. For patients who remain too ill to work, these costs are especially overwhelming.
- + Finally, the prospect of a long-term impact on the financial structure of the U.S. health system is real. In a September 2020 report, McKinsey & Company included financial reform as one of their six main trends emerging from the COVID-19 crisis, showing pressures on federal deficit, state budgets, corporate earnings, and household finance:

Severe COVID-19-era economic pressure may be likely to heighten calls to contain rising healthcare costs.



¹Department of Labor as of August 27, 2020.

²Congressional Budget Office.

³Federal Reserve Report as of August 17, 2020.

⁴Tully S, "Here's how far corporate profits could plummet in 2020," Fortune, May 17, 2020, fortune.com.

⁵Center on Budget and Policy Priorities.

CONSUMER CHANGE TWO: Increased Price Scrutiny (continued)

IMPLICATIONS

Even before COVID-19 hit, ReviveHealth was tracking what we called the “value crisis” for hospitals and health systems—the growing inability of providers to defend the price they charge for the care they provide relative to the actual value they provide overall. As noted above, this has been smoldering for a number of years, and in 2019, we compared our industry to the proverbial frog in the pot of water. After years of slowly growing tension, here we were, water at 212 degrees, having reached the boiling point. And if that was true in 2019, COVID-19 has only ensured that the value crisis is both here to stay, and that it will be a critical challenge for traditional providers. Hospitals and health systems have a story to tell, but right now they aren’t telling it—individually or as an industry.

This is in large part, again, due to the new entrants, many of whom use lower, more transparent pricing as a core differentiation from traditional providers. Take Haven, the Amazon/Berkshire Hathaway/JP Morgan effort, which explicitly uses cost as its *raison d’être* in its vision statement:

“We believe it’s possible to deliver simplified, high-quality, and transparent health care at a **reasonable cost.**”

Traditional providers are already behind the competitors in both the perceived value of their offering and in the ease with which consumers can understand pricing impact.

CONSUMER CHANGE TWO: Increased Price Scrutiny (continued)

RECOMMENDATIONS

1 Don't wait until you show up in the next Rand report, or are the focus of a local news report, or are sitting down for payor managed care negotiations, to defend your value. Traditional providers have let others such as the press, consultants and insurers define the value conversation. The winners in the value conversation will **proactively turn the issue of value from a negative to a positive**. For example, your value as a health system shouldn't be reduced to the high cost of a surgical procedure or a surprise bill. A better measure is your investment in the community, the number of new hires you had this year or your work around social determinants. **Flip the script** and **proactively engage key audiences about the value of your system** to the community (rather than the price of care) using a sustained, comprehensive and investment-focused campaign customized for all your key constituents.

2 Revisit your pricing and payment experience from a consumer's perspective. How easy is it find pricing for your services? How accurate and up-to-date is the pricing? Who helps consumers determine pricing, and are they trained as customer service representatives or salespeople, or as financial guardians of the system? Ask the same questions of your billing experience. Most health systems are still **light years behind** on the consumer financial experience compared to new entrants.

3 Understand to what degree your patients are susceptible to surprise billing throughout your organization. **Develop a communications plan** to address the issue with patients and help them navigate through their options. According to Jarret Lewis, partner at Public Opinion Strategies, a national survey research firm based in Alexandria, VA, a September 2020 survey showed **consumers still trust hospitals and providers over insurance companies**, with 92 percent of consumers having a high favorability rating for physicians and 82 percent for hospitals, while only 49 percent said the same about insurers. Use that to your advantage in managing issues that arise.

Consumer Change Three: Smaller Life Spheres



CONSUMER CHANGE THREE: Smaller Life Spheres

We've all experienced it to one degree or another—during the COVID-19 crisis, our worlds have shrunk. Global air travel has dropped between 60 percent and 70 percent through August of 2020 compared to 2019. Millions of workers now office at home (though this skews heavily to white-collar workers—many blue collar and low-wage earners are still working on-site). We avoid public transportation. Students at all educational levels are experiencing some level of remote learning, if not 100 percent virtual learning. We shop at home. We order food delivered to our homes. We have Zoom happy hours. We work out at home or outdoors. We hoped to return to a more normal state of life over the summer as states reopened bars, restaurants, gyms, stores and other businesses, and depending on where you live and how your state has fared with COVID-19, you may be experiencing this smaller life sphere to a lesser or greater degree. Reflecting the stark realities of this massive consumer phenomenon in [an August 2020 report](#), McKinsey & Company stated: “The home has become a multiverse.”

This shift in consumers' life sphere made sense during the lockdown period of COVID-19 in the spring of 2020—many of us had little choice in the matter. It also makes sense as we progressed through the rest of 2020 and into 2021 with COVID-19 remaining a real threat to the health and safety of consumers. Until we have a viable, mass-accepted vaccine and herd immunity, consumers will likely stay closer to home for all aspects of life. As always as we ponder transformation while living in the “No Normal,”

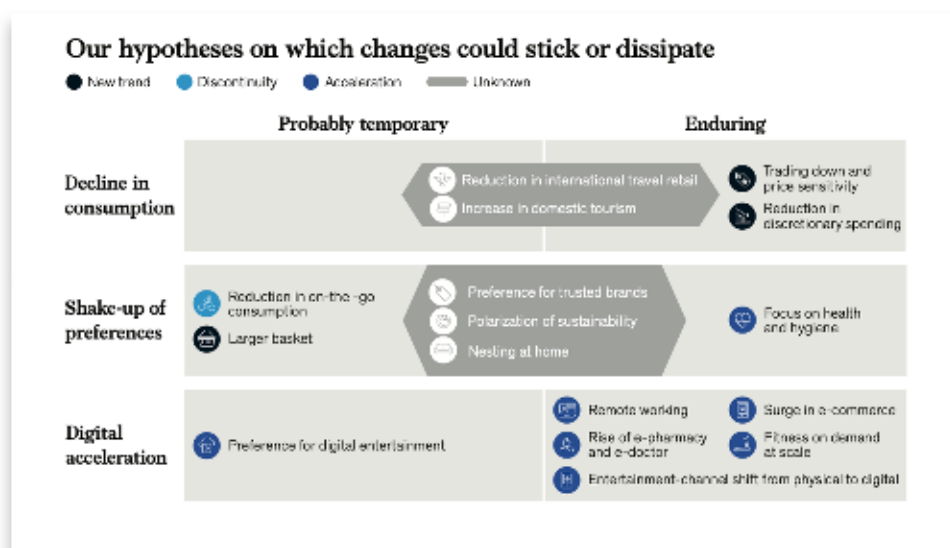
the question is how much these patterns will stick as long-term behavior modifications.

An April 2020 report from Accenture titled “[How COVID-19 will permanently change consumer behavior](#)” notes that the pandemic has accelerated the already growing trend of consumer having a love of local:

“The desire to shop local is reflected in both the products consumers buy (for example, locally sourced, artisanal) and the way they shop (for example, supporting community stores).”

CONSUMER CHANGE THREE: Smaller Life Spheres (continued)

In its July 2020 report, “[How COVID-19 is changing consumer behavior – now and forever](#),” McKinsey used the following chart to show how the trends of reduced international air travel, increased domestic tourism and nesting at home all fell somewhere between “probably temporary” and “enduring.” But remote working, a surge in e-commerce, and notably, the rise of e-pharmacies and e-doctors, were all squarely in the “enduring” category.



IMPLICATIONS

We already addressed the most obvious implication from consumers shrinking their life spheres—the rise of virtual care. But the degree to which consumers stay in or close to home in all things may have other serious consequences for traditional providers. The old mantra that “healthcare is local” had been seriously tested over the past decade with an increase in medical tourism, as well as what we call domestic tourism (rather than patients being pulled overseas for care, they are drawn to providers outside of their local market through regional and national marketing of centers of excellence, rare disease specialists and more). As competition for patients and payor mix heated up, health systems looked to pull lucrative patients from across the globe. But the trend of consumers shrinking their life spheres, combined with the economic stress many feel or fear and the overall hesitancy of consumers to access care because of COVID-19, leaves the future of medical tourism in any form up in the air.

CONSUMER CHANGE THREE: Smaller Life Spheres (continued)

In a July 2020 New York Times article, Trey Hulsey, co-founder of a firm that helps patients from the Middle East seeking care in the U.S., stated:

“Unfortunately, the future looks bleak. It’s just been one blow after another.”

Even further, could the trend of consumers staying closer to home have an impact on in-market patient flow? Beyond just hesitating to travel 100 miles or out of state for treatment, might patients start questioning the need to travel across town for care? Could those already suffering from distance challenges, such as AMCs or surgical destinations located in large metropolitan downtowns, see an even greater challenge in pulling in patients from 10 or 20 miles away? Beyond distance as an access challenge, could changes in consumers demanding greater convenience might exacerbate the problem?

The challenge for traditional providers again looks daunting when viewed through the lens of new entrants in the market. For many, physical access and proximity is a primary differentiation point—according to a [recent story in USA Today](#), “nearly 4 in 5 Americans live within five miles of a Walgreens store or one of its other brands, including Duane Reade, while about 7 in 10 Americans live within three miles of CVS.” Other competitors, such as Teledoc or 2ndMD, are entirely virtual in nature, bringing them into the homes of anyone with internet access. Finally, payors continue to expand into the world of providing care. According to that September 2020 McKinsey & Company report, nine out of ten top payers already owned distributed, outpatient assets.

CONSUMER CHANGE THREE: Smaller Life Spheres (continued)

RECOMMENDATIONS

Beyond the recommendations for virtual care noted previously...

1 Leading health systems had already prioritized expanding their access points before COVID-19 struck, especially in top-of-the-funnel service offerings. All systems should **redouble efforts to increase access locally** in distributed sites of care, focusing in particular on retail, urgent care, ED, primary care and virtual care. (That includes home care as well—during the COVID-19 crisis, CMS has relaxed a number of regulations making it easier to provide in-home care.)

2 Revisit any regional, national, or other distance-focused marketing efforts, especially while COVID-19 is still in play, including for rare disease care, centers of excellence or other specialty areas that **rely on pulling patients from beyond your market**. At the same time, explore how virtual care can help you overcome current challenges presented by consumer behavior, or better yet, how it could open doors to new distance-care opportunities.

3 If you haven't already, build a relationship with a **ride-sharing service like Uber or Lyft** to help minimize the perceived challenge of driving distances. Prior to COVID-19, systems such as Cleveland Clinic, Sutter Health, MedStar and others all had partnerships already in place. Additionally, in October, Lyft announced it would be integrating with Epic to allow providers to schedule rides directly from their electronic medical records.

Consumer Change Four:

Loss of Trust in Government



CONSUMER CHANGE FOUR: Loss of Trust in Government Health Institutions

Following the passage of a mask ordinance in Pasadena, California, the city's chief of police was quoted in the local paper saying:

“This is the most unpopular law placed on the Pasadena records. We are cursed on all sides.”

That quote comes from January 22, 1919, the final year of the Spanish Flu outbreak in the U.S. Which is to say, public health policy has always triggered societal and political differences, even with a deadly pandemic. But it might be fair to say that given the heightened political schism brought on by a controversial presidency and an election year, the distrust in government health institutions has reached new heights. In an [October 2020 presentation](#), Dr. Anthony Fauci had this to say:

“We’ve got to admit it, those of us in government, all of us, you and I and all of the people that work for me, and all the people that work for you, that there is a building distrust now in the transparency of what we do. It’s the elephant in the room.”

Perhaps the best example of that is the fall from grace of the CDC, the country’s first line of defense against public health threats. A [September 2020 article](#) in the Washington Post claimed that over its seventy year existence, the CDC became the world’s most admired public health agency.

But a serious string of errors and political maneuvering—some self-inflicted, some wrought by the influence of the Trump administration—has brought the agency’s profile down significantly.

“Since late February, the CDC has lost massive amounts of credibility,”

said Jody Lanard, a physician who worked for nearly two decades as a pandemic communications adviser consulting with the World Health Organization, in the same article. The issues, starting with a failed COVID-19 test extending across numerous stumbles throughout 2020, have had the devastating effect of eroding consumer confidence in recommendations and information emanating from the CDC during a period when that advice is most needed to help save lives and protect the U.S. economy. According to research released in October 2020 by Ipsos/Axios, only 68 percent of Americans trust the CDC to provide them with accurate information.

CONSUMER CHANGE FOUR: Loss of Trust in Government Health Institutions (continued)

Additionally, the research showed:

“Currently, levels of trust in the federal government, the White House, and Donald Trump to provide Americans with accurate coronavirus-related information are at an all-time low. Fewer than one-third of Americans place a great deal or a fair amount of trust in these institutions/actors.”

Mistrust related to government health information and advice on COVID-19 has covered everything from testing availability to quarantine guidelines to, yes, the efficacy of masks. But the news, unfortunately, only gets worse, for two primary reasons.

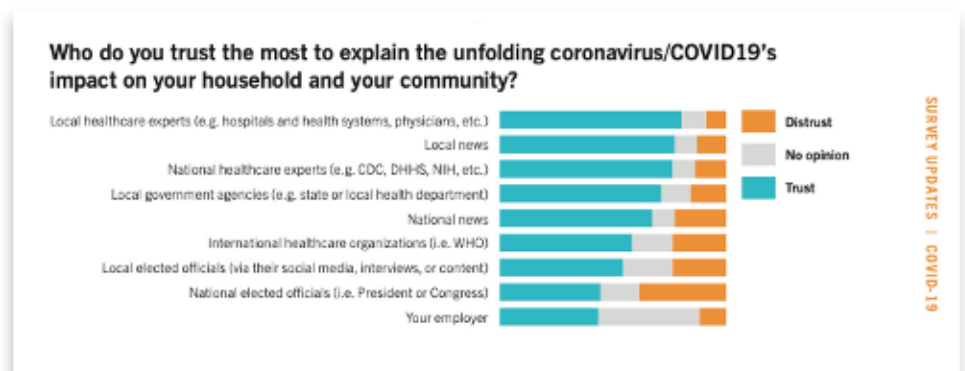
First, of course, is the issue of vaccines. At the time of the publishing of this paper, a vaccine was still a way off. But an issue that was already fraught with controversy has become even worse thanks in large part to President Trump's efforts over the summer and fall to try and drive approval of a COVID-19 vaccine before the elections in November. [Gallup survey results](#) released in early October 2020 showed that only 50 percent of respondents would take an FDA-approved vaccine if it were available right now, at no cost. That was down from 66 percent in July when the polling on that question began. The need for widespread adoption of vaccination will be critical to the U.S. moving past the COVID-19 threat, yet a drop in trust among consumers will only serve to delay that adoption.

Second, as Jarrett Lewis from Public Opinion Strategies explained on the [October 8th episode of ReviveHealth's No Normal Show](#), the issue of falling trust in government health institutions likely will remain a challenge even with a change in political leadership. Even though many consumers attribute the failings of the CDC to improper political intervention from the Trump administration, that skepticism doesn't go away with the potential election of Joe Biden. The people holding that skepticism will just change. Imagine the potential difficulty a Democratic administration will have convincing large swaths of the population to take a vaccine given the push back on the much simpler request to wear face masks.

CONSUMER CHANGE FOUR: Loss of Trust in Government Health Institutions (continued)

IMPLICATIONS

The impact of the politicization of government sponsored health information, and the resulting drop in consumer trust of sources like the CDC, is a good news/bad news scenario for traditional providers. The good news? At the outset of the COVID-19 crisis in the U.S., many hospitals and health systems were reluctant to take the lead on providing health guidance in a strong way, instead yielding to the CDC to play that role. But throughout the pandemic, ReviveHealth's national consumer surveys have consistently shown that consumers trust doctors and hospitals above all other



sources when it comes to health information related to COVID-19.

This type of data helped encourage health systems to step forward in a more proactive way, not just to promote important health information, but also to help fill a notable leadership void in their communities. The likelihood of an ongoing trust gap for government health resources will continue to provide an opportunity for providers to fill that gap as the trusted source. In fact, national polling ReviveHealth conducted showed consumers ranking physicians and hospitals as their top two most trusted source on COVID-19 vaccines.

CONSUMER CHANGE FOUR: Loss of Trust in Government Health Institutions (continued)

The bad news? Despite the historical controversies surrounding national health policies, hospitals and health systems have for the most part avoided political controversy themselves. Consumers in general have considered providers “above” politics. But as they continue to play a leadership role in communicating public health information,

providers may not be able to avoid being pulled into the fray.

Consider how the early leaders among health systems who promote the use of an approved vaccine may face backlash from those consumers, politicians or other stakeholders who for any number of reasons don't agree with those recommendations. Many organizations are even likely to face push back from within their own ranks when it comes to vaccines, just as some have in terms of physicians speaking out against the need for masks or touting unproven treatments such as hydrochloroquine. This result from ReviveHealth's October consumer survey helps show how difficult an issue this may be when considering who consumers will follow when there are conflicting opinions within an organization:

“If you received guidance from your doctor about the COVID-19 vaccine that conflicted with communications from your local hospital, which piece of guidance would you be more likely to follow?”

- + Guidance from my doctor: 86%
- + Guidance from my hospital: 14%

Finally, new entrants have an advantage even here. While the Walmarts and Teladoc Healths of the world will play a role in communicating public health guidance, it's the higher status of physicians and hospitals in the consumer's mind that actually brings more of the spotlight on traditional providers.

CONSUMER CHANGE FOUR: Loss of Trust in Government Health Institutions (continued)

RECOMMENDATIONS

1 Make sure you have a comprehensive vaccine policy and communications plan in place. Provider organizations must **operate as one voice**. The clinical, communications, and operations sides of the house should all be working together.

2 Many health systems banded together with their market competitors to promote health recommendations such as hand-washing, social distancing and mask-wearing as a united front in their communities. Consider the same approach when it comes to vaccine recommendations. Develop a **common standard for accepting and promoting vaccines** and their importance. (Visit our COVID-19 hub for more recommendations on dealing with vaccines.)

3 Develop crisis communications plans for quick responses to attacks from individuals or organizations related to your health recommendations. Ensure you have **the right spokespeople identified to defend your policies (physicians, not administrators)**, and make sure you leverage all of the appropriate channels and local relationships, such as key media personalities, social media influencers, employers and other community leaders.

4 While physicians and hospitals are consistently ranked as the **most trusted resource for health information**, that doesn't mean they are the most leveraged. A survey from PWC from early on in the pandemic showed that only 14 percent of respondents reported receiving information from their health system, ranking provider organizations 10th among 15 types of organization. In short, **do more!**

Consumer Change Five:

Flagging Brand Loyalty



CONSUMER CHANGE FIVE: Flagging Brand Loyalty

We've discussed how COVID-19 has rapidly changed adoption of digital in the lives of consumers, both inside and outside of healthcare. Forced to first stay at home during lockdowns, and then reluctant to return to normal activities while COVID-19 continues as a threat, consumers are working, learning, entertaining, shopping and receiving care more and more from the comfort of their own homes. In particular,

as consumers spend more money from their laptops, phones and iPads, they are becoming more comfortable with shopping around given the ease of conducting searches and research with the push of a button.

Back to the Fast Company article titled "How COVID-19 created a new kind of consumer in just 90 days." The article's [author cites research](#) from McKinsey & Company that calls out that not only has the pandemic led to more online shopping, it's also changed how consumers shop:

"McKinsey also discovered that 75 percent of U.S. consumers have tried different stores, websites, or brands during this crisis. Here's what matters most. Of those consumers, 60 percent reported that they expect to integrate new brands and stores in their post-pandemic lives."

Adding insult to injury, research done by Alix Partners cited in a recent [AdWeek article](#) shows that 30 percent to 45 percent of consumers would stick to a new brand they tried during a pandemic.

Finally, one more piece of data from McKinsey. An article touting results from an [October 2020 survey](#) stated that:

"With continued pressure on household income, consumers are trying new brands and channels, seeking both better value and convenience. Compared to last year, consumers are more than **three times as likely** to trade down to lower-cost brands or retailers when shopping a standard basket of goods."

CONSUMER CHANGE FIVE: Flagging Brand Loyalty (continued)

IMPLICATIONS

While the research cited above reflects consumer preferences across industries, there's no reason to believe that the same trend in falling brand loyalty wouldn't apply to traditional healthcare provider brands. Certainly, how patients seek and select care is different than how they buy toothpaste or rent a movie. But the importance of brands in driving business success for hospitals and health systems is no different than with any other business—*wherever consumers have choice, brands matter.*

Of course, most hospitals and health systems have battled their competitors for coveted patients for years. And more recently, many have considered how to combat those new entrants in the market for customer loyalty. But as with all of the other behavior changes from COVID-19 cited here, an openness to try new brands is music to the ears of all the new players trying to wrestle patients from traditional providers. And true, most new provider competitors, such as CVS, Walgreens, Walmart Health and Teladoc Health, are fighting for just a sliver of the overall share of health wallet. The battleground is retail care, urgent care and primary care, not the more lucrative specialty and surgical care. But as we all know, these services are more often than not the entryway into down-funnel clinical services. It's one thing if a patient, home on the couch feeling under the weather, hops from your virtual care offering to that of CVS to save a \$5 in a copay, for example. The problem is now you've lost the opportunity for any subsequent referral for additional care. Worse, that patient might end up being sent to a direct competitor, where you may lose them forever.

The more consumers are open to trying new options for care, the more likely they will find appeal in the generally more intuitive, friendly, and often cheaper experiences offered by new entrants.

CONSUMER CHANGE FIVE: Flagging Brand Loyalty (continued)

RECOMMENDATIONS

1 The more choice consumers have, and the more willing they are to explore those choices, **the more important differentiated, compelling brands** are to landing and keeping those consumers. Strong brands show up in everything from clear, distinctive messaging and proof points to creative advertising that breaks through the clutter to a superior consumer experience. If you haven't revisited your brand strategy in a while, including your market positioning, brand messaging and brand expression, **now is the time.**

2 All hospitals and health systems by this time should recognize the importance of a seamless and effective digital experience. Where do you stand in terms of online scheduling, virtual care options, find-a-physician tools, email and text communications options or other digital experiences? If these weren't already a top priority (and **truly a top priority in terms of financial and human resources**), there is no time to lose.

3 If consumers are open to new brands, then what are you doing to woo them from their existing health system loyalties? **Compelling content marketing, educational offerings, and second opinion programs** are all ways to try and pull a patient from someone else's funnel into yours.

4 When it comes to higher acuity care such as chronic disease management or surgery, remember that most consumers are **loyal to their physicians first**, hospitals and health systems second. The need to improve the clinical experience never really ends, so work closely with physicians, nurses and other caregivers to continue to **w**

The End of The Runway

In his 2007 book, author Nassim Nicholas Taleb introduced the concept of unpredicted events that could have devastating consequences he called “Black Swans.” While Taleb was referring to this phenomenon in regard to the economy and financial services industry, many people have labeled the coronavirus pandemic a Black Swan. It’s a fitting description knowing how Taleb defined such an event—extremely rare, having a severe impact and seemingly obvious in hindsight.

What is interesting about Taleb’s ideas around Black Swans is what he said following the financial crisis of 2008 and 2009, and how it relates to the idea of consumerism, traditional healthcare providers and COVID-19. Taleb argued that another attribute of Black Swan events was that *a system that is propped up and insulated from risk ultimately becomes more vulnerable to catastrophic loss.*

As we noted at the outset of this paper, traditional providers have been trying to adapt to consumerism for nearly two decades. In many ways, hospitals and health systems have been insulated from a significant risk of consumerism—the threat of new entrants. But as we’ve shown here through the five consumer behavior changes resulting from COVID-19, we’ve hit the end of the runway. Traditional providers must understand these and other similar changes, their implications, and act quickly and decisively to avoid the “catastrophic” loss as a result of the Black Swan that is COVID-19.

ReviveHealth is a full-service agency focused on the intersection of healthcare delivery, finance, and innovation, with a national client footprint and a team of 100 marketing communication professionals. This focus allows the ReviveHealth team to bring a level of expertise and perspective that's essential to navigating a complex and rapidly changing industry. We've worked with hospitals and

health systems of all sizes across 48 states, in areas from brand, marketing and consumer experience to finance and managed care. Health systems hire ReviveHealth to bring strategy rooted in healthcare expertise, creative inspired by the best ideas from all industries and flawless execution that brings it all to life, across all channels, to all audiences. We exist to help healthcare brands thrive.



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