

Scarce Healthcare

Analyzing the Eroding Advantages of Traditional Healthcare

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Prepared for

Leadership Conference | January 18, 2022

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Roadmap

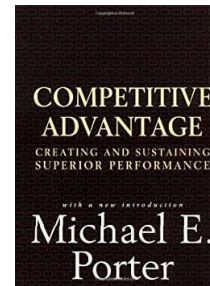
- Healthcare’s “Competitive Advantage”
- Effects of COVID-19 on Competitive Advantages
- Three Areas of Abundance in Healthcare
- An Abundant Healthcare Future

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“Competitive Advantage” in Business

- What makes brands great?
- How do you stand out from the crowd?
- How do you win customers (over and over)?
- How do you thrive in competitive environments?



Source "Competitive Advantage" by Michael Porter

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NPR questions hospital advertising

Should doctors be allowed to advertise?

Why doctors and hospitals shouldn't advertise

SKEPTICAL SCALPEL, MD | PHYSICIAN | FEBRUARY 6, 2014

Posted on 05.27.2014

Controversy Sparks Conversation
about Hospital Advertising

Posted by: Erin George, Vice President

BUSINESS

Tip: Hospitals Try PSAs Before Spending On Ads

With the economic downturn, hospitals have been facing budget cuts, especially in their marketing divisions. But should most hospitals even be spending money on advertising? Lynn Neary speaks with James Unland, editor of the *Journal of Health Care Finance*.

Should Doctors Advertise Like a Business?

Source Lots and lots of Googling

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The Governance Institute's Leadership Conference – Hybrid Event
January 17–18, 2022

Applying “Strategic Advantage” to Healthcare

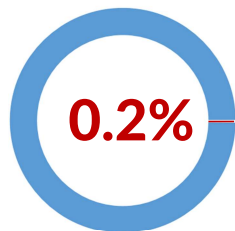


Source “Strategic Advantage” by Michael Porter

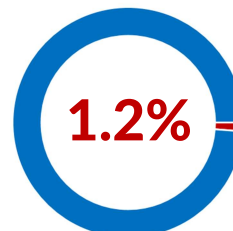
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We spend a sliver of our lives receiving healthcare



99.8% of life happens beyond the outpatient setting*



98.8% of life happens beyond the inpatient setting**

*16 waking hours/day x 365 days/year vs one 15-minute visit every week of the year
**365 days/year vs one hospital stay in a year at the national average LOS of 4.5 days

Source Greg Makoul, Human Understanding webinar prepared for The Governance Institute, 2021

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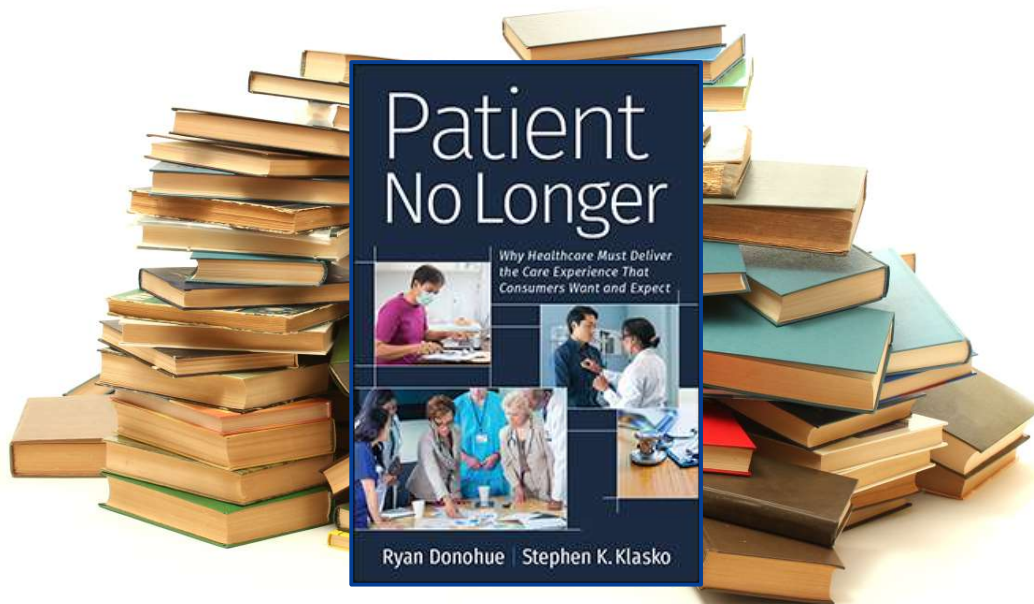


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Effects of COVID-19 on Competitive Advantage

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NRC Health's study of COVID-19 effects on consumers

- 3 in 10 consumers delayed care since pandemic began
 - Dental, primary and specialty care most likely to be delayed
- 7 in 10 deferrers cited COVID-19 in delaying their treatment
 - Majority of the rest cite various financial concerns
- 1 in 3 consumers utilized virtual care/telehealth last year
- Of virtual patients: *more satisfied* than with physical visits

SOURCE: NRC Health's MARKET INSIGHTS study of healthcare consumers, 2020-2021, n size = 2,000

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The Coming Abundance of Healthcare

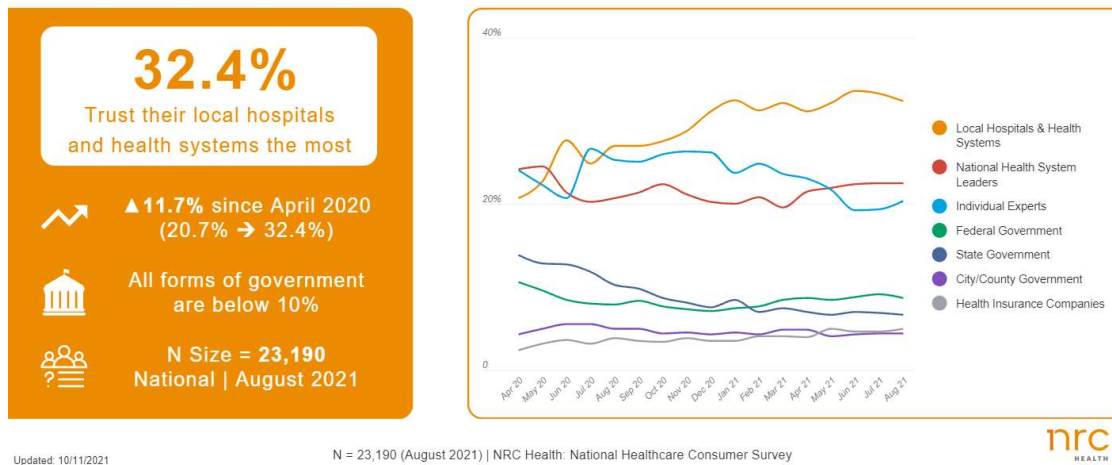
- Healthcare has endured heavy national focus
- Healthcare is no longer “hospital-bound”
- Healthcare is becoming more diffused
- Healthcare’s halo has localized

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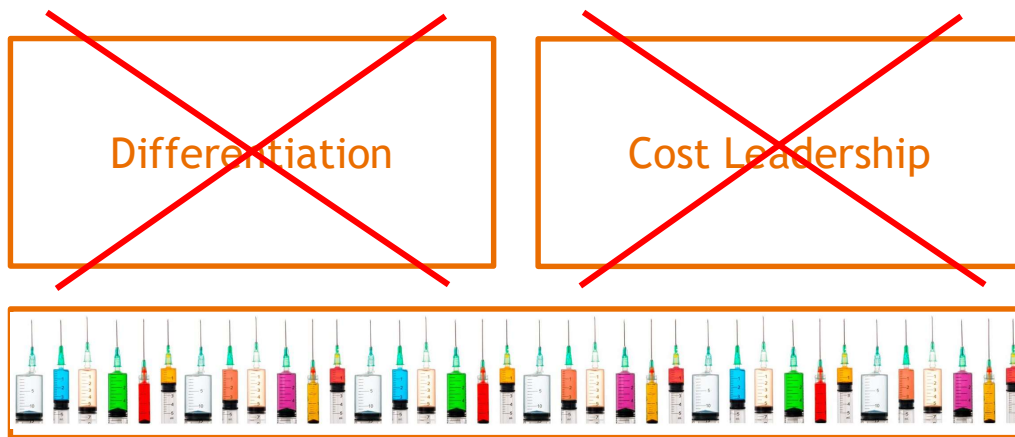
WHO DO CONSUMERS TRUST MOST DURING A PANDEMIC?

Who do you most trust to handle the COVID-19?



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Applying “Strategic Advantage” to Healthcare



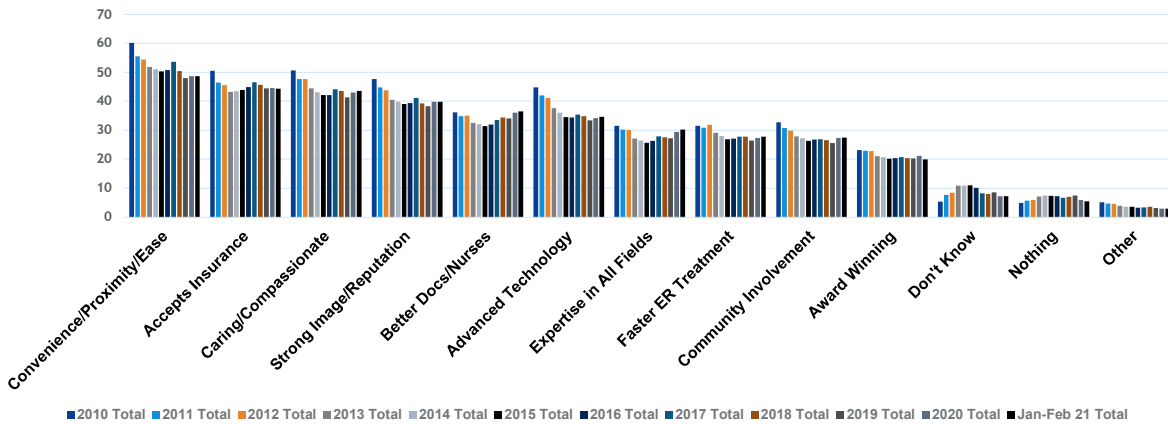
Source “Strategic Advantage” by Michael Porter

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Differentiation

Future Metric to Watch: Differentiation

What factors stand out in your mind as things that (Top-of-Mind Hospital) does especially well that set(s) it apart from other providers in the area?



SOURCE: NPC Health's Market Insights, 2010-2021, national n size = 284,111 (average), 43,023 (2021 only)

Cost Leadership

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Value: The After Experience of Paying for Care

- Half of consumers feel a *significant* burden paying for care
- 87% of consumers incur some level of difficulty in trying to understand their healthcare bill(s)
- 65% feel its important to be able to fully understand their bill
- 51% feel its important to receive a single bill
- Many dissatisfied patients describe paying for their care as one of the worst parts of the experience



Source NRC Health's Market Insights special study on price transparency, 2021, n size = 2,008

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Three Areas of Abundance in Healthcare

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Psychological Abundance

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Psychological Abundance of Healthcare

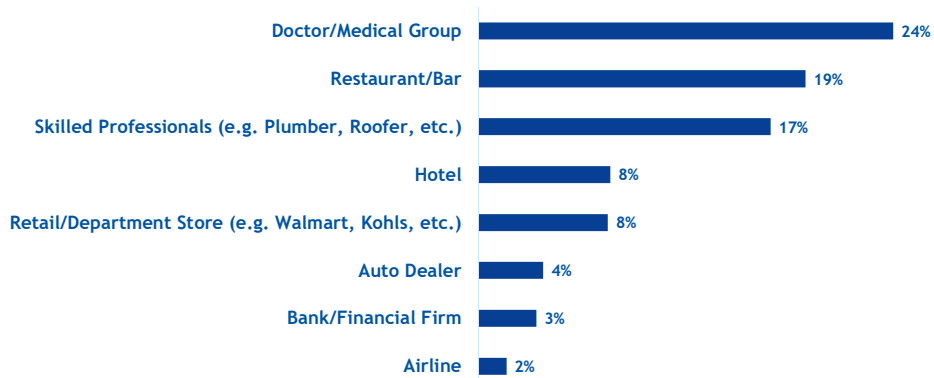
- Healthcare was once one of many industries to throw attention to, given the shifting national focus
- During the pandemic, healthcare has seemingly become the most popular industry to fixate upon, argue about, and “fix”
- When an industry sees so much attention, it gives the audience the impression SOMETHING must be wrong

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When and Where Does Reputation Matter Most?

For which of the following business categories does the reputation of the business or service provider matter the most when choosing?

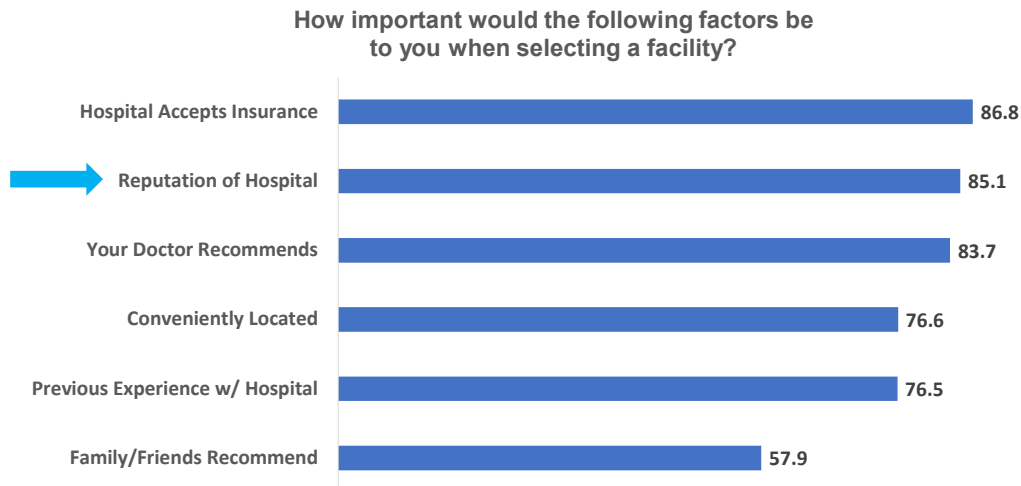


Source NRC Health's Market Insights survey of healthcare consumers, nationwide, December 2020, n size = 2,004

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Reputation is a “Big Three” Selection Factor for Consumers



SOURCE: NRC Health's Market Insights survey of consumers, 2020, national n size = 292,510

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Healthcare Search Cross-Generational Force

- For consumers, screens are the new door
- In healthcare, consumers are seeing the growing possibilities of online information, education & experiences
- Older consumers are more active in digital health:
 - Ave. age of healthcare decision-maker is 48 years young
 - Same age as consumers who use social media for healthcare purposes (49 years young)
 - Roughly half of 65+ are aware of doctor ratings
- Across all age groups, digital info is flourishing



SOURCE: NRC Health's MARKET INSIGHTS study, 2010-2021, average annual n sizes vary from 208 (qual) to 278,824 (quant)

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"The doctor took the time to address all my priority questions, explore strategies to address particular concerns and most importantly, approached me as a unique person."

— Consumer in Colorado

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Digital Abundance

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Access: Telehealth aka “Return of the House Call”

When it comes to service - especially this year - consumers are now expecting *you* to come to *them*

- **35 percent** used telehealth services in 2020 (15 percent in 2019)
- **74 percent** were satisfied with visit
- **57 percent** are likely to schedule telemedicine in the future
 - 54 percent would see PA/NP
- **8 in 10** employers are now covering telehealth as a benefit

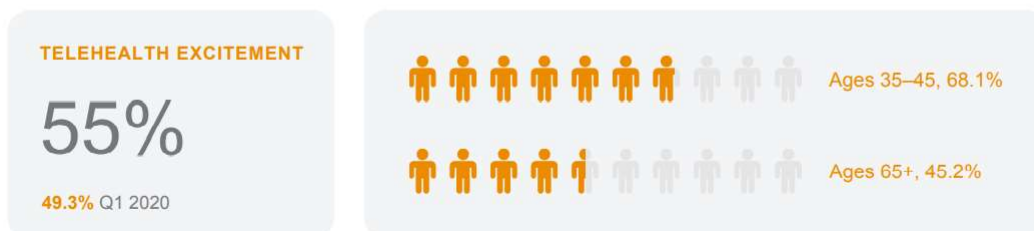


SOURCE: NRC Health's MARKET INSIGHTS study, 2010-2020, average annual n sizes vary from 208 (qual) to 278,824 (quant)

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While telemedicine struggled with how reimbursement and logistics would work in years past, the widespread adoption of this technology has grabbed and is now holding consumer interest. Consumers' excitement for telehealth has hovered around **55%** throughout the pandemic, compared to the pre-pandemic average of 49.3% in Q1 2020. Consumers 35 to 44 years old are the most excited about telehealth (**68.1%**), whereas people 65 and older are the least excited (**45.2%**).



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The Vital Role of Ratings/Reviews in Searching

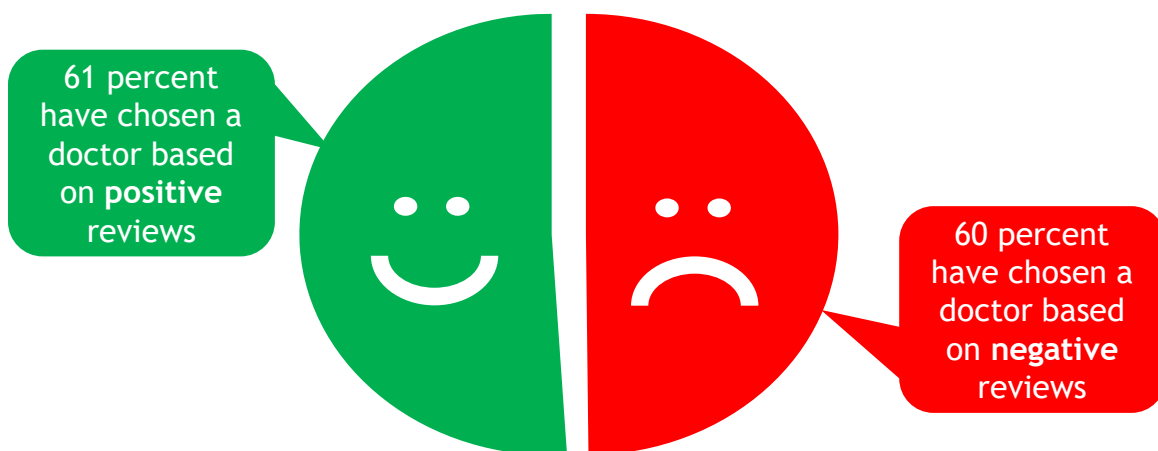
- 52 percent of consumers have viewed the ratings and/or reviews of a physician online in their lifetime
 - Only 1 in 5 plan to never use ratings in the future
- 46 percent view ratings/reviews before scheduling an appointment with a doctor
- 1 in 4 consumers have rated a doctor or written a review for a doctor in their lifetime



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Positive vs. Negative: Which Review is More Powerful?



Source NRC Health's Market Insights survey of healthcare consumers, nationwide, December 2020, n size = 2,004

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"Loved virtual because I did not have to take time off work for driving and a waiting room. Very efficient and convenient."

– Consumer in Indiana

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Physical Abundance

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Healthcare systems should also consider that **16.2% of respondents say they're unsure when to resume healthcare activities**, and **4.7% say they won't return to healthcare**. Left untreated, many patients' conditions are likely to deteriorate, leading to serious adverse outcomes that health systems may not be able to treat.

16.2%

of respondents are
unsure when to resume
healthcare activities



4.7%

of respondents
say they will not return
to healthcare

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DELAYED CARE

6.3% ↓

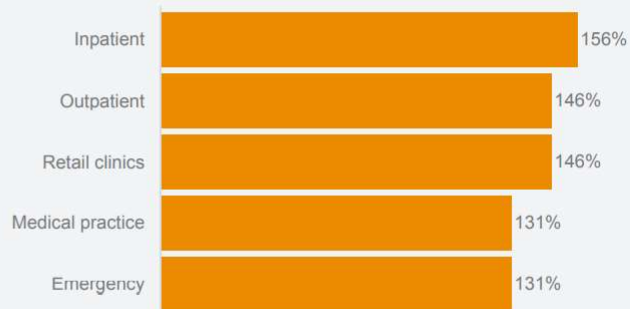
33% Q4 2020 | 26.7% Q4 2021

RESUMING SERVICES

132% ↑

All service lines | 2020–2021

SERVICE VOLUME GROWTH



Service volume as percentage of growth over 2020 volumes

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In 2021, the percentage of consumers indicating **“no preference” for a health brand plateaued.**



**NO HEALTHCARE
BRAND PREFERENCE**

34.8%

-1.2% change | 36% Jan 2021

Consequently, healthcare organizations must strive for seamless connectivity between service recovery and missed patient expectations, driving caregiver recognition and positive comments on social media to enhance reputation. Now is the time for hospitals and health systems to use meaningful advertising and aim their messaging at patients in a personalized way that adds value to their life.

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“Good to be back in the office for visits. Very informative visit. It was so nice and comfortable to be with the doctor and nurses after such a long time with no physical contact.”

- Consumer in Texas

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I'm not a number, I'm a human being.

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I'm not a number, I'm a human being.

I want healthcare to treat me as a person.

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I'm not a number, I'm a human being.

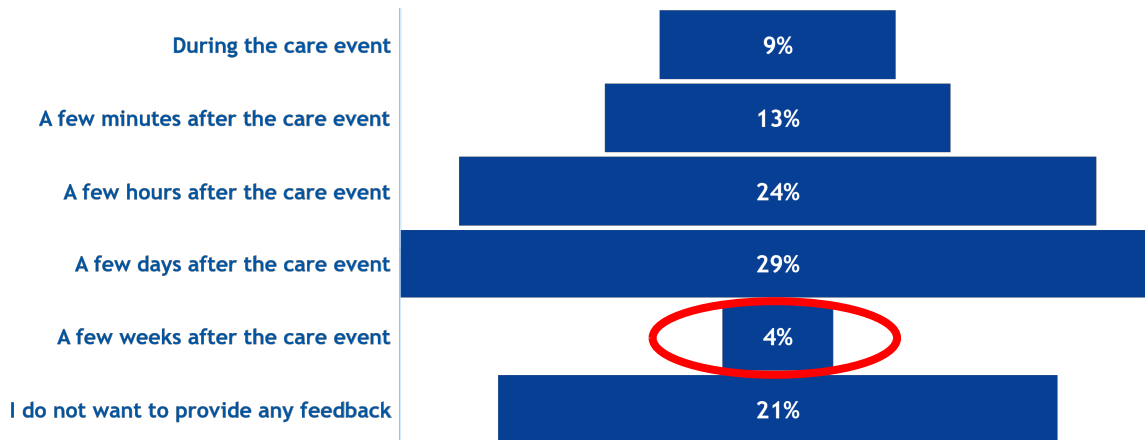
I want healthcare to treat me as a person.

Do you have what it takes?

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When Do Consumers Want to Give Us Feedback?



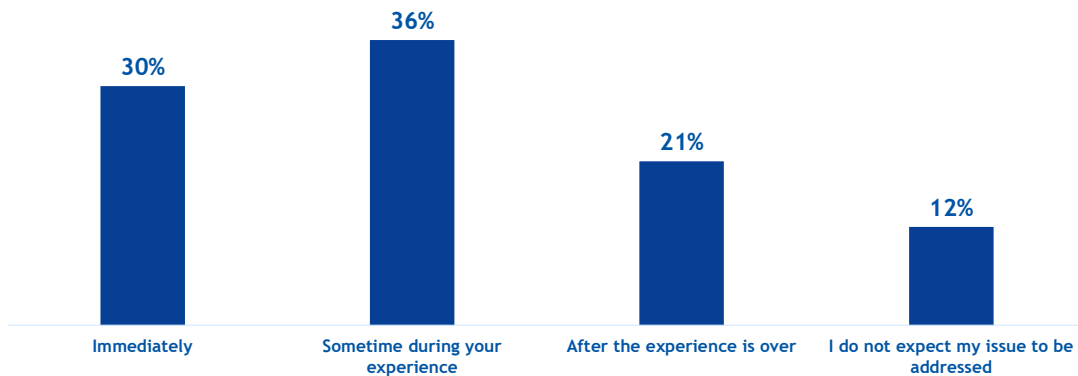
Source NRC Health's Market Insights survey of healthcare consumers, nationwide, December 2020, n size = 2,004

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When Do Consumers Expect a Response/Solution?

If while providing feedback during your experience you raised an issue or pointed out a problem, when do you expect those issues to be addressed?



Source NRC Health's Market Insights survey of healthcare consumers, nationwide, December 2020, n size = 2,004

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How are you measuring
your mission?

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Google Patient No Longer Donohue

Patient No Longer
Why Healthcare Must Deliver the Care Experience That Consumers Want and Expect
Ryan Donohue, Stephen Klaska, MD
ISBN: 978-1-64433-180-0
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Non Member Price: \$48.00

Patient No Longer
Podcast

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