



Building Strong Consumer Relationships in the Value-Based Care Era: A New Approach

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This article is the second in a four-part series exploring post-pandemic strategic options for not-for-profit health systems. Subsequent articles in this series will explore regional expansion and partnership strategies that create an ecosystem tailored to specific market needs.

When hospital and health system leaders and board members assess the impact of consumer decision making on their organizations, the outcome of individual transactions is often top-of-mind, especially within a traditional fee-for-service payment model. This transactional approach emulates the consumer models of the retail and consumer goods industries.

From this vantage point, the decision of an individual patient or family member regarding when and where to receive care—weighing factors including access to care, the experience of the care they will receive, and the overall cost of care—is of primary importance. And the consumer-centric strategies that providers often deploy are intended to encourage patients to choose their hospital or system instead of an alternate site of care—whether it’s another hospital, a digital health platform, or an urgent care center.

At the same time, many organizations are currently in the process of transitioning from fee-for-service payment models to value-based arrangements designed to improve the quality of patient care while controlling costs at a population level, often by creating a reward system for enabling healthier populations. In addition, numerous new digital and retail health competitors are targeting specific populations of consumers with a core set of niche services, from primary care to mammograms.

As the healthcare delivery system evolves, consumer strategies and value-based approaches can and should operate in tandem. Organizations that pursue both strategies together will be much more likely to achieve their goals while increasing their ability to effectively compete against new industry entrants.

Ultimately, consumer data, insights, and principles are critically important to growing covered lives and improving performance in value-based care. A delivery system can increase the portion of healthcare spend accounted for within its platform through consumer-centric strategies, creating greater control over population health and the total cost of care. At the same time, a delivery system pursuing consumer-centricity and population health will be well-positioned to be a featured platform in all available insurance products, increasing the pool of covered lives available to the organization and its ability to compete for these lives.

Consumer data, insights, and principles are critical for building relationships with individual consumers, achieving success in value-based environments, and growing covered lives.

Managing Consumer Decision Points

Providers must be able to differentiate from market alternatives across a range of health-related decisions that consumers, employers, and other purchasers regularly

→ Key Questions for Board Members

When board members discuss consumer strategies with the leadership team, key questions for consideration include:

1. What is the most market-relevant way to segment our organization's business (e.g., service or product grouping, insurance class, age cohort, geography)?
2. Which business segments are most critical to our organization's future success?
3. What does the customer (e.g., consumer, purchaser, provider) within priority segments care about? What value drivers could influence a shift in behavior and decision making?
4. What can our organization do to optimize our competitive positioning within prioritized segments by addressing value drivers of greatest influence?

make to realize objectives of consumer-centric strategies (e.g., increase share of healthcare dollar) and value-based care strategies (e.g., grow access to covered lives). These efforts range from building relationships with individual consumers to engaging employers to promote the usage of preferred products.

Consumer-centric strategies that are effective at both the individual and population level should be tailored to a target audience or segment that is meaningful to the organization's current or future business model. Healthcare needs, preferences, and utilization patterns vary significantly across consumer groups, and a one-size-fits-all strategy will not differentiate against market competitors.

For example, Medicare Advantage (MA) plans have achieved a relative degree of success with value-based care, in part due to their members' recurring health needs and the regular interactions they have with their providers. As a result, MA plans have regular opportunities to build stronger relationships with their consumers—which in turn increases the total proportion of their healthcare spend within their network and helps support overall performance.

Other population segments have significantly fewer interactions with the healthcare system in a given year, heightening the importance of other points of contact. For instance, parents in young families may be more likely to research pricing and utilize online tools than other groups, making those facets of their healthcare experience of particular importance to providers.

In some situations, providers and health plans have begun developing exclusive primary care clinics for select populations, to help better manage and control the entire healthcare experience of those consumers. In other instances, a value-based entity might decide to invest or partner in a digital health platform to help steer patients to the most appropriate care services for their condition. Ultimately, gaining more sophisticated insight into how consumers make health-related decisions—including the selection of health plan products—is critical for success.

Understanding and Responding to Disruption

Providers are also facing increased competition from a variety of new healthcare entrants, which generally fall into one of three categories:

1. Value-based primary care organizations focused on MA beneficiaries
2. Health plans with a target population of cost-conscious, technologically savvy, relatively healthy individuals

3. Direct-to-consumer (DTC) or business-to-consumer-to-business (B2C2B) brands focused on offering consumers a convenient solution for a specific service or product

Within each of these models, companies are focused on offering a unique value proposition to a specific target audience. For instance, new health plan models might focus on pursuing purchasers whose primary intent is to secure a competitive price, while a new primary care platform might target well-informed purchasers and consumers seeking high-value services like mental health.

The ability to adapt a consumer-centric approach for individual transactions to entire populations will allow organizations to better compete for lives as the basis of competition continues to evolve.

Health systems will need to leverage their existing infrastructure, brand recognition, and integrated services to target new patients and retain existing ones to effectively respond to competition from disruptive industry entrants. Successful approaches will be mindful of the key drivers of relationship-building with consumers, including:

- Identifying the key elements of a relationship between a consumer and a health system (including, but not limited to primary care, digital profile, ease of use for consumers, and personalization)
- Delivering an excellent experience that dissuades consumers from switching providers
- Delivering and highlighting the broader array of services an integrated health system can deliver, in contrast to the more targeted and specialized services offered by disrupters

Conclusion: Building Strong Consumer Relationships

As the healthcare industry continues its transition from volume- to value-based strategies, providers must be able to position their organization as trusted partners through every aspect of a consumer's healthcare experience, from routine care to major surgery to even health insurance product selection.

Today, many organizations do not have a sophisticated understanding of their consumer segments and their specific healthcare needs, which in turn informs health plan products, supplemental benefit packages, and services they might seek. In addition, disrupters and traditional providers alike are engaged in a fierce competition to be the trusted provider for specific consumer populations. For organizations

seeking to thrive in the value-based era, developing the consumer data, insights, and principles required to identify, engage, and appeal to target population segments will be essential.

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