

○ Sg2 Life Sciences Market Report

○ Consumerism & Patient Experience

Why Patient Experience Matters More Than Ever

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"We might think they are patients, but they absolutely think they are consumers. Once you are starting to shell out some serious money, you are the consumer. Period."

—Lori Turner, Chief Marketing, Innovation and Experience Officer, Beacon Health System

From retail clinics to telehealth, consumers have more options than ever when it comes to accessing care. Defending and gaining market share in this new consumer ecosystem thus demands that health systems better understand factors influencing consumer decision making and redesign offerings to be more responsive to consumer needs.

While wholesale channels are still important, there has been a marked power shift from physicians and payers to consumers and their families. As the level of financial responsibility rises for health care consumers, so have their expectations. Individuals are no longer a passive participant in their care. That's changing due to new benefit designs, public and private exchanges, generational preference and tools that democratize information for ongoing dialogue and enhanced performance transparency. These trends are shifting the balance of power, spurring "retailization" and challenging providers to meet consumers on their own terms.

Success ultimately will depend on the extent to which systems leverage newfound consumer knowledge to reinvent the patient journey. This requires not only making today's interactions more consistent, predictable and in line with patients' expectations, but also learning how to anticipate consumers' future needs.

"How is it that Amazon knows me so well? Your physician and entire care team should know you, and health care should design experiences with the consumer in mind."

—Anne Martino, VP, Consumer Insights and Innovation, Aurora Health Care

What if Providers Could Learn "Consumerism" from Other Industries?

The health care customer is defined by a welter of variables more complicated than any other industry—life stage, family structure, medical conditions, genetics, health literacy/engagement, technological sophistication and access, sociocultural characteristics, income, and more. Converting brand awareness among a group of consumers to service selection and ultimately patient satisfaction begins by better understanding this complexity.

Core to deciphering the needs of the health care consumer is analyzing the trove of patient data that exists within and outside the health system. Today, health care remains a bit behind in mining patient data stored in different platforms. But health care organizations may find benefit in looking to other industries that have found success in using big data to better cater to their customers.

Amazon, for example, is a leader in collecting, storing, processing and analyzing personal information from customers as a means of determining consumer preferences and potential purchasing decisions. The company uses predictive analytics for targeted marketing to increase customer satisfaction, build company loyalty, increase its product sales and profit margins while decreasing its delivery time and overall expenses.

Similar tactics can be used for patients receiving care in a health system. Organizations can leverage big data to understand a patient's medical history, current health conditions, and treatment plan. Predictive analytics allow hospitals to anticipate the future needs of their patients by identifying which individuals would benefit from complementary services such as health and wellness programs and even monitoring programs such as remote patient monitoring and regular appointment reminders. The goal of this data

analysis is to ensure that patients' needs are anticipated and met with no additional effort from the patient. This will lead to greater patient satisfaction and therefore better patient retention.

While health systems may choose to build their own consumer-centric program, they may benefit from partnering with vendors who have the analytics capabilities. The case studies below highlight successful supplier-provider partnerships that resulted in improved patient-satisfaction scores for the hospitals and health systems.

Figure 1. Two Examples of Supplier-Provider Patient Experience-Focused Partnerships^{1,2}

El Camino Hospital and Experian Health¹

- The Silicon Valley-based independent not-for-profit hospital developed a consumer self-service tool that they developed with Experian Health, a tech vendor specializing in automating and integrating revenue cycle and patient care coordination.
- Since the tool's launch in May 2017, more than 3,000 consumers have visited the hospital's website, selected one or more of the 90 medical or surgical services, entered their insurance information, and received an instant out-of-pocket cost estimate that the hospital claims is 95% to 99% accurate.
- The cost estimator is in response to strong demand from patients in high-deductible health plans who want to shop around and know their financial exposure in advance.
- When patients understand how much they will owe, that can improve the collection process and reduce uncompensated care, benefitting both the hospital and the patient.

Providence St. Joseph Health (PSJH) and Twistle²

- PSJH recently announced the expanded deployment of its two-way patient engagement platform with Twistle, which was developed to improve patient engagement around surgical episodes of care.
- Twistle's platform allowed PSJH to innovate its surgery care pathway to engage patients through mobile apps, text messaging, email and interactive voice responses. PSJH will also be able to connect its own digital storefront to the Twistle platform.
- The impact of Twistle on the PSJF care delivery experience is reflected in the fact that 94% of the patients who used Twistle found it to be helpful.
- Online ranking for physicians improved by an average of 0.9 stars.

¹ Modern Healthcare. *Hospitals roll out online price estimators as CMS presses for transparency.* Accessed February 2019.

² BusinessWire. *Twistle Brings Surgery Patients and Care Teams Closer Together at Providence St. Joseph Health.* Accessed February 2019.

Do You Know Your Yelp Score and Does It Matter?

There are differing opinions regarding how to measure and interpret patient experience measures^{3,4}. As health systems begin to catch-up on their 'consumerism strategy', many are realizing the importance of monitoring, managing and responding to new forms of communication (driven largely by consumers increasing use of various social media and online platforms).

While some of these forms of communication are still evolving, Yelp might be an early precursor of where consumers of health care will begin to share their experiences, and look for information before making health care provider decisions.

While few health care providers today actively monitor or know their actual Yelp scores (Sg2 research), and studies vary in their conclusion of the importance to other revenue-related measures such as traditional patient satisfaction scores (e.g. Hospital Consumer Assessment of Healthcare Providers and Systems; HCAHPS)^{2,3}, expect early adopters of consumerism and patient experience strategies in this space to gain a competitive advantage over time.

4 Key Reasons to Monitor, Measure and Manage Patient Experience and Satisfaction

1. Patient Experience Is One Measure of Your Consumerism Success

Consumerism for many leading providers is increasingly focused on affordability and pricing transparency. While this will continue to be important, convenience and wait times have an equally important role to play in driving up patient experience⁵. Various studies suggest that simple challenges around areas such as patient wait times, can have a dramatic adverse effect on consumers perceptions (that extend to negative perceptions on quality)⁶.

2. Patient Experience (Satisfaction) Might Help Perception as a High Quality Provider

Studies are mixed on if there is any correlation between patient satisfaction scores and outcomes^{7,8}. Sg2 analysis suggest that providers that have the highest patient satisfaction scores, also tend to have high scores on quality surveys (and vice versa) (Figure 2). While there is no obvious cause-and-effect conclusion to be drawn here, the data does indicate that organizations that are focused on achieving the best outcomes, also tend to pay close attention to their patients' overall experience and satisfaction scores.

3. Patient Experience (Satisfaction) Will Matter to Your Brand (and Your Physicians)

While absent today, U.S. News and World Report will begin to include HCAHPS patient satisfaction scores into its specialty ranking methodology beginning 2019⁹. Additionally, physician compensation is increasingly tied to both quality and patient satisfaction metrics¹⁰.

³ Mayo Clinic. *Mayo Clinic Proceedings*. Accessed February 2019.

⁴ National Center for Biotechnology Information. *What Can Yelp Teach Us About Measuring Hospital Quality?*. Accessed February 2019.

⁵ McKinsey & Company. *2015 Consumer Health Insights Survey*. Accessed February 2019.

⁶ Wait times, patient satisfaction scores, and the perception of care, *Am J Manag Care*. 2014 May;20(5).

⁷ The Cost of Satisfaction A National Study of Patient Satisfaction, Health Care Utilization, Expenditures, and Mortality, *Arch Intern Med*. 2012;172(5)

⁸ Is There a Relationship Between Patient Satisfaction and Favorable Outcomes?, *Ann Surg*. 2014 October; 260(4)

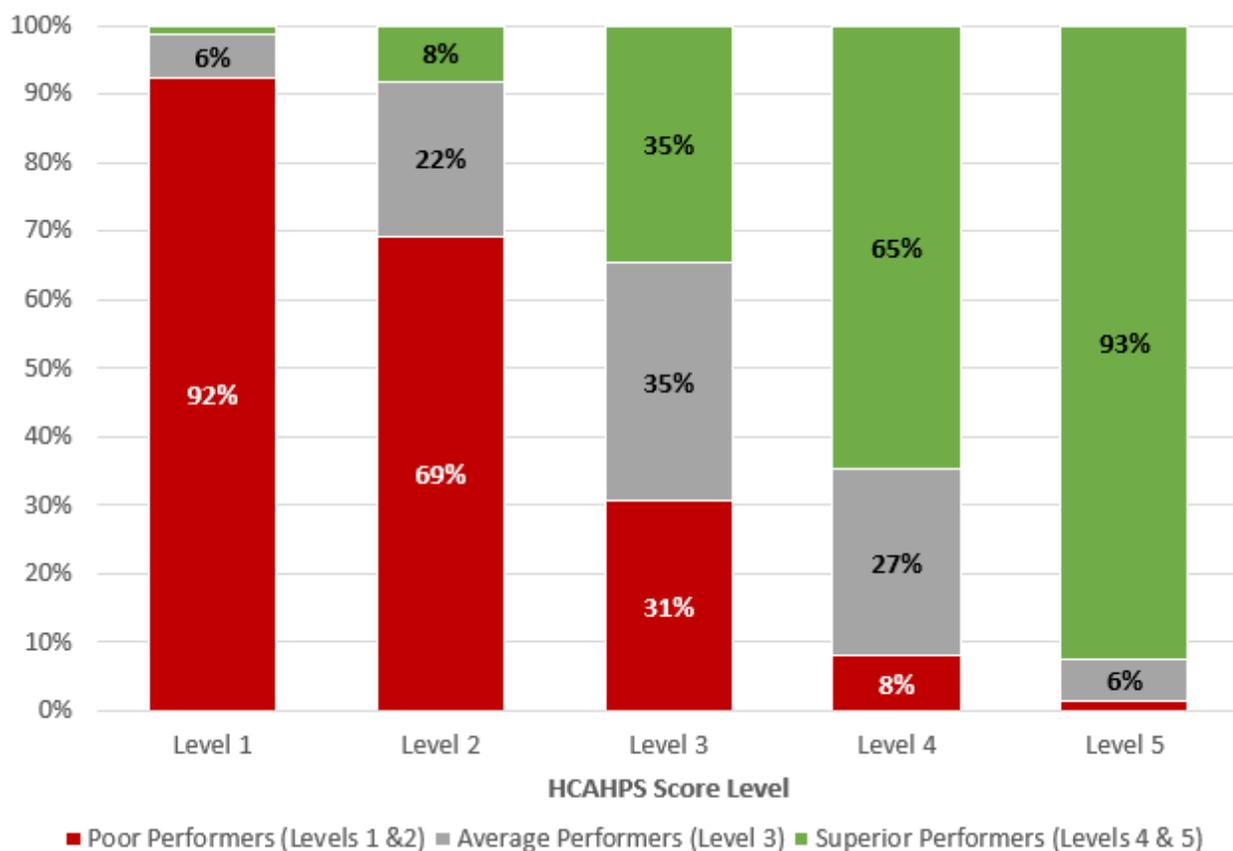
⁹ U.S. News and World Report. *Patient Experience and Patient Safety in the Specialty Rankings*. Accessed February 2019.

¹⁰ Merritt Hawkins. *Review of Physician and Advanced Practitioner Recruiting Incentives*. Accessed February 2019.

4. Patient Experience Is Either Hurting or Helping Your Bottom Line

Organizations unable to achieve patient engagement not only face potential declines in patient volumes (e.g. due to patients 'shopping around' and choosing other providers), which will impact market share and bottom lines today, but also face future downside risk as they assume more responsibility for the health and outcomes of entire populations¹¹. This concept is supported by Sg2 analysis, suggesting that hospitals that score in the highest category on patient satisfaction scores (Level 5) are twice as likely to have positive net operating margins than hospitals that score in the lowest category (Level 1; Figure 2)

Figure 2. Percent Hospital Compare Quality Scores within Each HCAHPS Score (Higher Score = Higher Patient Satisfaction)¹²



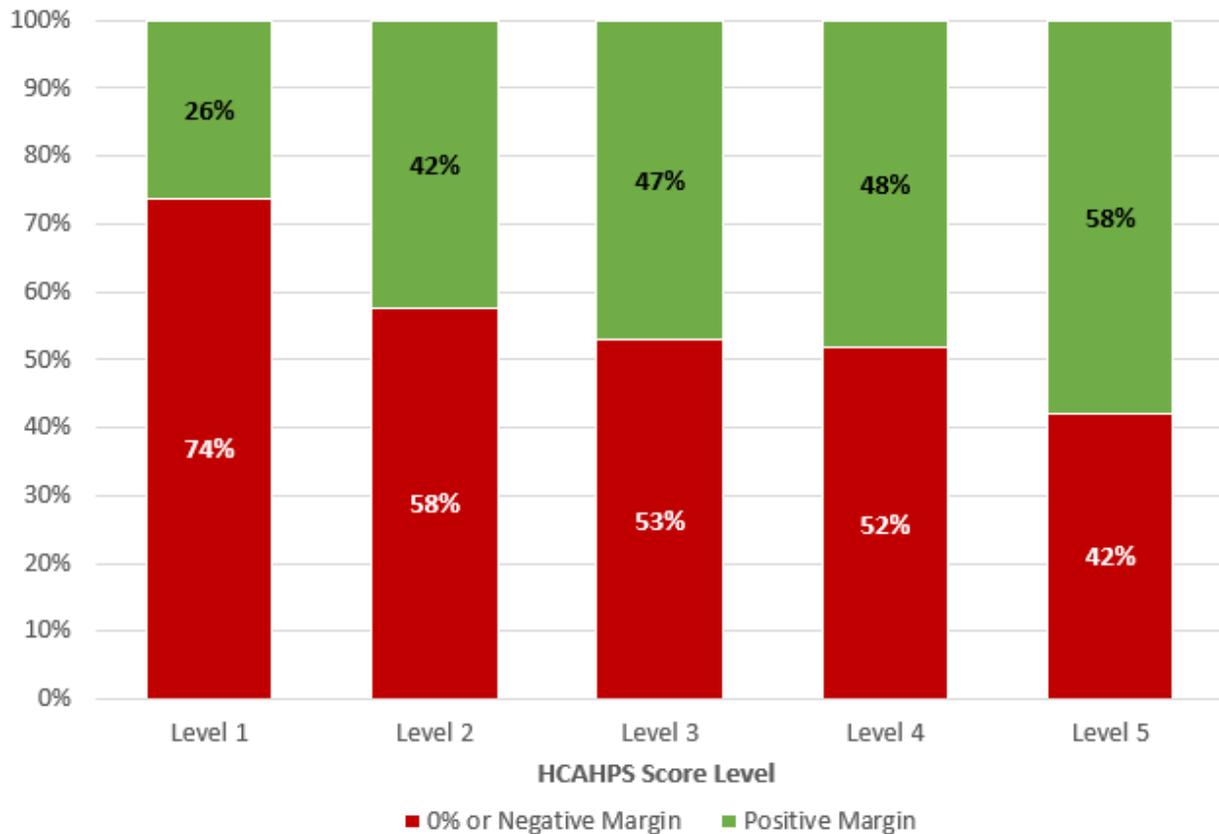
Notes: Positive Margin = net operating margin greater than 0%; 0% or Negative Margin = net operating margin equal to or less than 0%; HCAHPS = Hospital Consumer Assessment of Healthcare Providers and Systems; **HCAHPS Score Level Gradient:** Level 1 = poorest satisfaction, Level 5 = highest satisfaction; **Hospital Compare Quality Score Level Gradient:** Level 1 = poorest quality, Level 5 = highest quality; **Data Analysis:** This analysis is a sample of 2,862 hospitals' overall Hospital Compare score levels and HCAHPS overall score level. Within the HCAHPS levels, 78 hospitals comprise level 1, 463 comprise level 2, 1,566 comprise level 3, 688 comprise level 4, and 67 comprise level 5. Of the hospitals within HCAHPS level 1, 2% had a positive net operating margin. Of the hospitals within HCAHPS level 2, 8% had a positive net operating margin. Of the hospitals within HCAHPS level 3, 35% had a positive net operating margin. Of the hospitals within HCAHPS level 4, 65% had a positive net operating margin. Of the hospitals within HCAHPS level 5, 93% had a positive net operating margin. **Statistical Test Analysis:** A one tailed, paired statistical t-test

¹¹ Press Ganey. *Consumerism: The Role of Patient Experience in Brand Management and Patient Acquisition*. Accessed February 2019.

¹² Sg2 Analysis, 2019.

outputted $p < 0.001$ indicating a significant relationship between the HCAHPS levels 1 – 5 and Hospital Compare score levels grouped as Poor Performers (Levels 1 & 2), Average Performers (Level 3) and Superior Performers (Levels 4 & 5).

Figure 3. Percent Net Operating Margin Within Each HCAHPS Score (Higher Score = Higher Patient Satisfaction)⁸



Notes: Positive Margin = net operating margin greater than 0%; 0% or Negative Margin = net operating margin equal to or less than 0%; HCAHPS = Hospital Consumer Assessment of Healthcare Providers and Systems; **HCAHPS Score Level Gradient:** Level 1 = poorest satisfaction, Level 5 = highest satisfaction; **Data Analysis:** This analysis is a sample of 3,464 hospitals' net operating margin and HCAHPS overall score level. Within the HCAHPS levels, 80 hospitals comprise level 1, 473 comprise level 2, 1,681 comprise level 3, 1,007 comprise level 4, and 223 comprise level 5. Of the hospitals within HCAHPS level 1, 26% had a positive net operating margin. Of the hospitals within HCAHPS level 2, 42% had a positive net operating margin. Of the hospitals within HCAHPS level 3, 47% had a positive net operating margin. Of the hospitals within HCAHPS level 4, 48% had a positive net operating margin. Of the hospitals within HCAHPS level 5, 58% had a positive net operating margin. **Statistical Test Analysis:** A one tailed, paired statistical t-test outputted $p < 0.001$ indicating a significant relationship between the HCAHPS levels 1 – 5 and Net Operating Margins grouped as 0% or Negative Margin and Positive Margin.

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