



CONSUMER-DRIVEN HEALTHCARE

Arizona Hospital and Healthcare Association
April 28, 2016

Kim White, MBA



NUMEROF
& Associates

LEARNING OBJECTIVES

- Explain the key dynamics driving the evolution of a consumer-driven healthcare model
- Explain the implications of a consumer-driven model for healthcare delivery organizations
- Identify key steps hospital leadership needs to take to ensure that their organization is prepared to meet the demands of this new model.



ROADMAP FOR TODAY'S DISCUSSION

Environmental Overview

What it Will Take to be Successful in a Consumer-Driven Model

Implications for Hospital Leadership



NUMEROF
& Associates

ROADMAP FOR TODAY'S DISCUSSION

Environmental Overview

What it Will Take to be Successful in a Consumer-Driven Model

Implications for Hospital Leadership



NUMEROF
& Associates

■ CONSUMER-DRIVEN HEALTHCARE

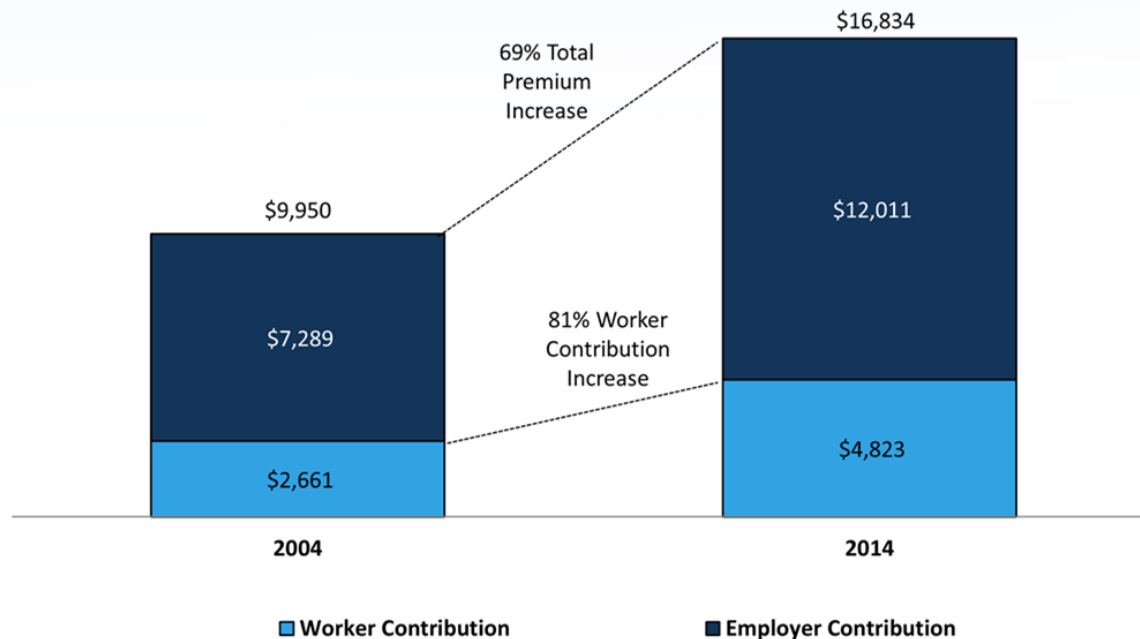
When consumers can systematically compare providers on cost, quality, and outcomes for the services they need, using information that is accurate, understandable, and specific to their situation.

Assumes:

- Provider transparency and accountability for delivering care across the continuum
- Consumer access to cost, quality, care and service commitments that Providers will guarantee

WHAT'S BEHIND THE DRIVE FOR CONSUMER-DRIVEN HEALTHCARE? (CONT'D)

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2004-2014



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2004-2014.

■ WHAT'S BEHIND THE DRIVE FOR CONSUMER-DRIVEN HEALTHCARE?

THE WALL STREET JOURNAL.

How to Charge \$546 for Six Liters of Saltwater

As Hospital Prices Soar, a Stitch Tops \$500

The \$2.7 Trillion Medical Bill

Colonoscopies Explain Why U.S. Leads the World in Health Expenditures

American Way of Birth, Costliest in the World

How to Stop Hospitals from Billing

crossed from its packaging, I walked the halls marveling at the portraits of doctors past and present. On rounds that day, members of my resident team reverently referred to one well-known surgeon as "Dr. Hodad." I hadn't heard of a surgeon by that name. Finally, I inquired. "Hodad," it turned out, was a nickname. A fellow student whispered: "It stands for Hands of Death and Destruction."

Stunned, I soon saw just how scary the works of his hands were. His operating skills were lousy and slipshod, and his patients frequently suffered complications. This was a man who simply should not have been allowed to touch patients. But his bedside manner was impeccable (in

98,000


Annual deaths from medical errors in the U.S.

Source: Institute of Medicine


ConsumerReports

onHealth®

Volume 26 Number 9 • \$3



You can comparison shop most services. Why not health care?



COMFOR

SOURCES OF CONSUMER INFORMATION

Market Sources

- Vitals.com
- RateMDs.com
- Healthgrades
- Consumer Reports
- Facebook/social media
- Leapfrog
- Truven

CMS Initiatives

- Physician Compare
- Hospital Compare
- HCAHPS
- Five-Star Quality Rating System

■ EVOLUTION: PATIENTS ↔ CONSUMERS

Increasing Burden to Pay for Care

Employee contributions,
plan design, HSAs/HDHPs



More Information and Tools to Access It

Reform in the news,
social media



Greater demands for value
More clinical questions
Emerging questions re: cost

So why should anyone come to your hospital?

ROADMAP FOR TODAY'S DISCUSSION

Environmental Overview

What it Will Take to be Successful in a Consumer-Driven Model

Implications for Hospital Leadership



NUMEROF
& Associates

■ WHAT CONSUMERS WANT...

- Access
 - Speed
 - Convenience
 - Price & Quality Transparency
 - Results

} Value

... across the continuum of care

■ WHO IS YOUR CONSUMER AND COMPETITION?

- What's my market look like?
- What are their wants and needs?
- How well are they being fulfilled today?
- Who is providing the products and services to address their wants and needs?
- How strong are they at performing those services?


■ THE CONSUMER-DRIVEN MODEL IS HERE



**76% of our patients with epilepsy
are seizure free, one year after surgery.**

One reason why people from 27 countries traveled to
Cleveland last year for epilepsy care.

Same-day appointments available.

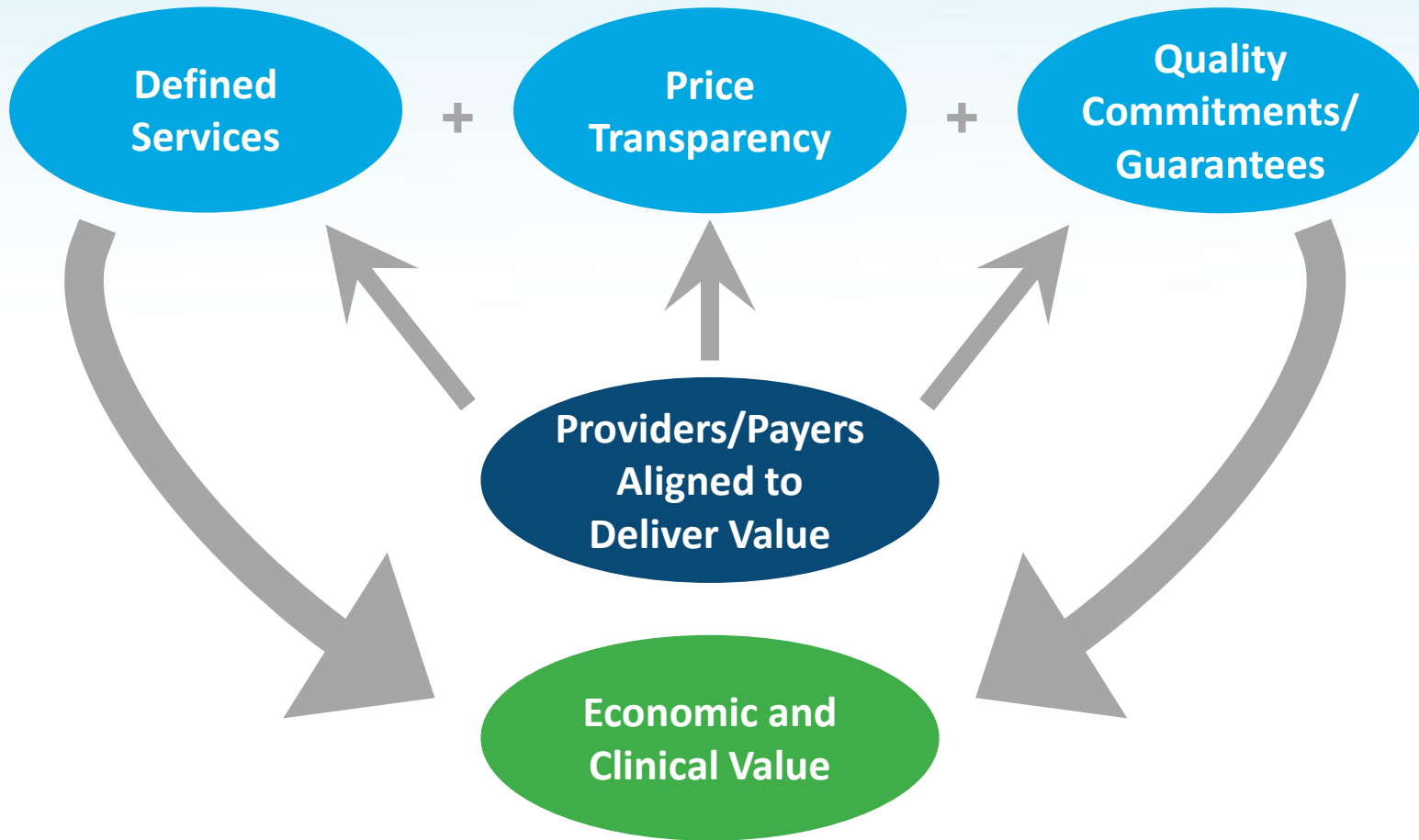
 **Cleveland Clinic**

Every life deserves world class care.

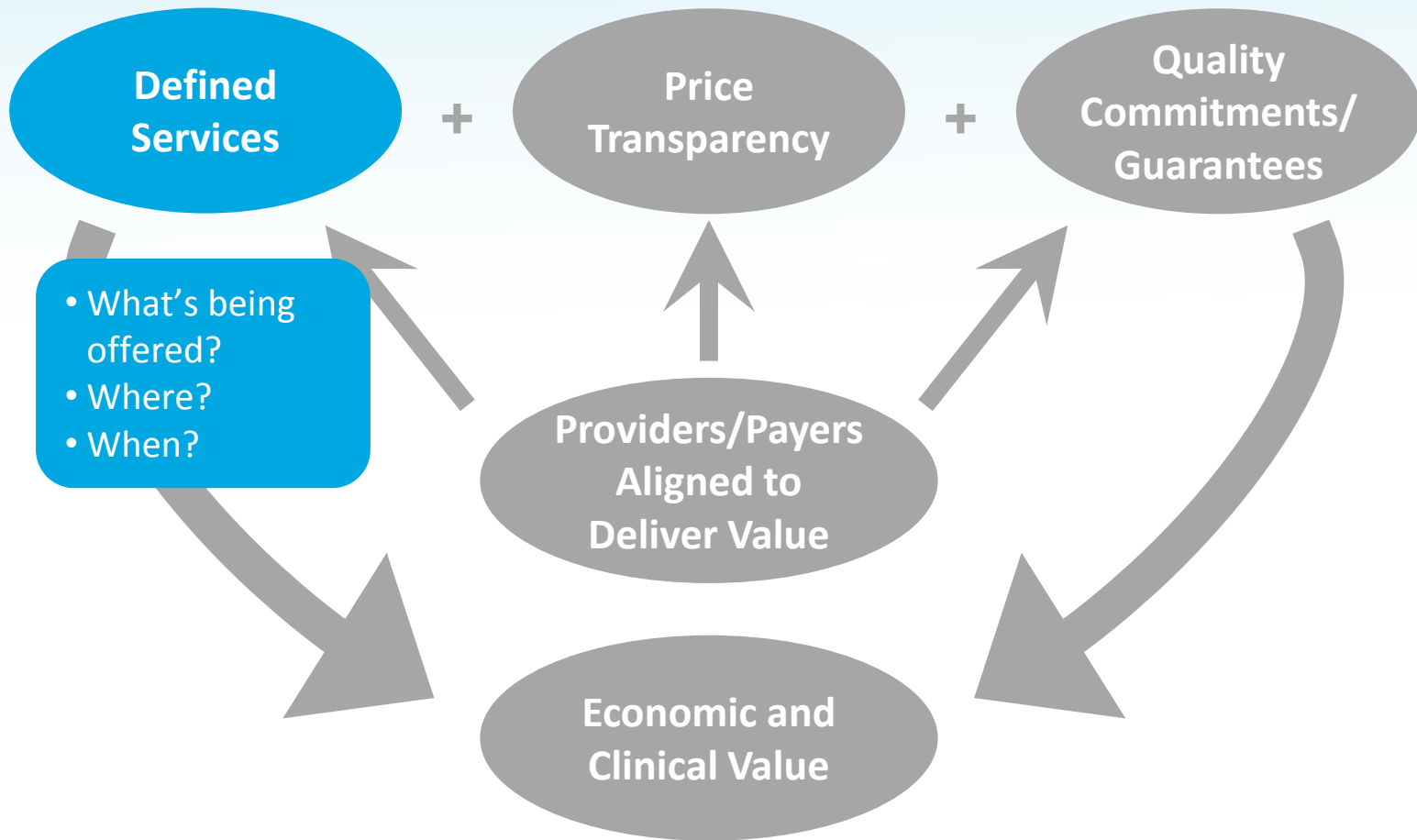
Call 1.855.216.INFO
clevelandclinic.org/epilepsyinfo

Source: *The Wall Street Journal*

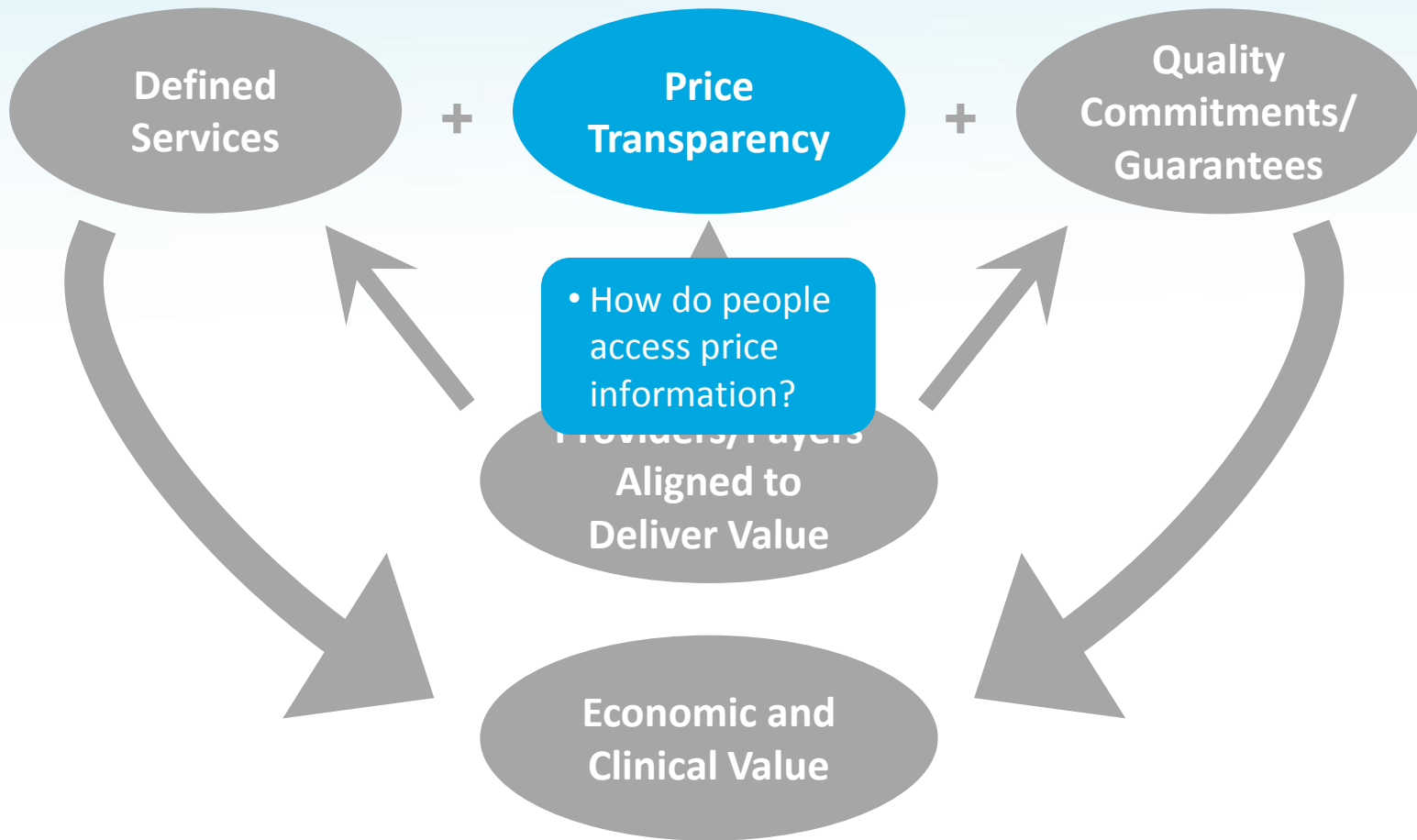
5 KEY STEPS TOWARDS A CONSUMER-DRIVEN MODEL



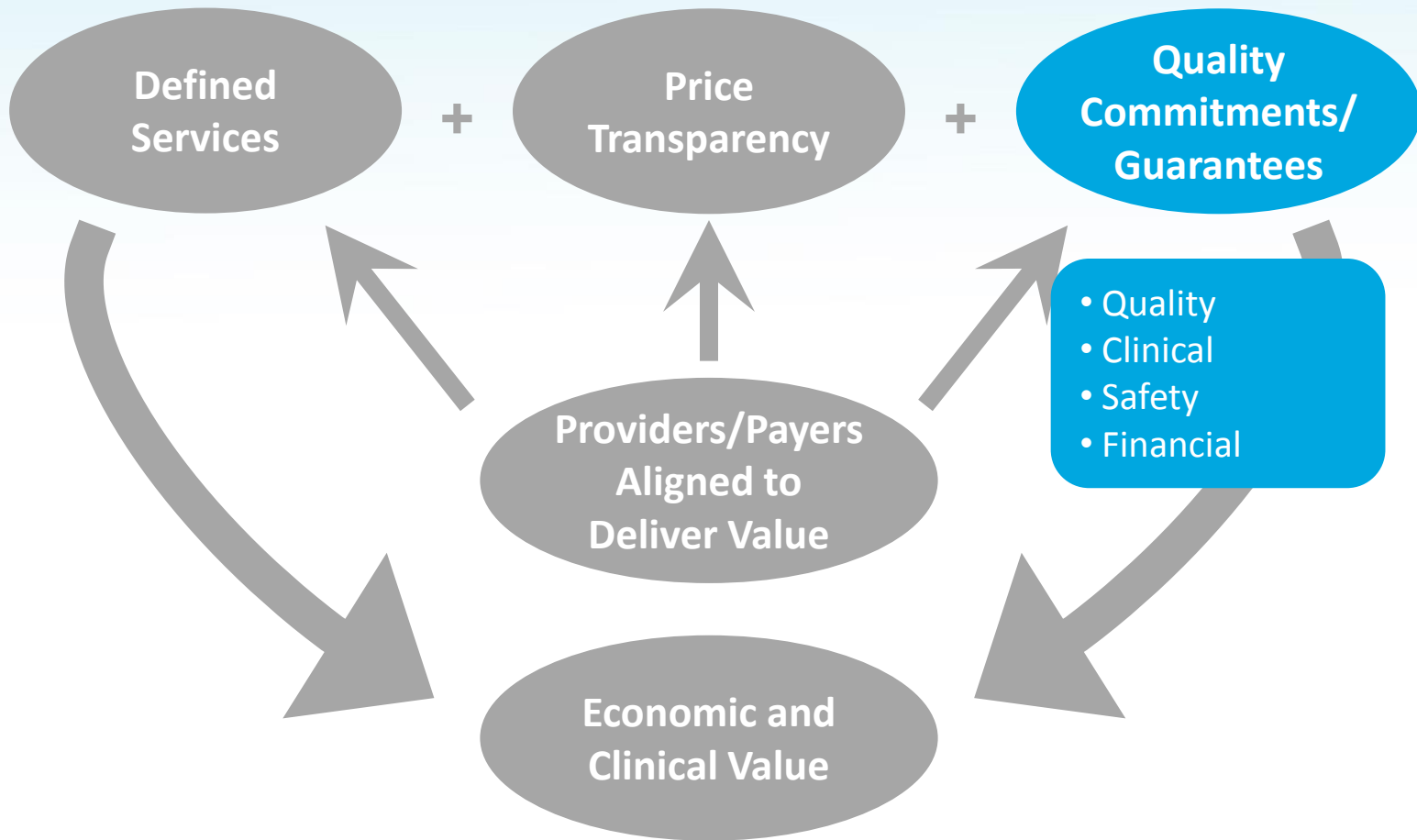
5 KEY STEPS TOWARDS A CONSUMER-DRIVEN MODEL (CONT'D)



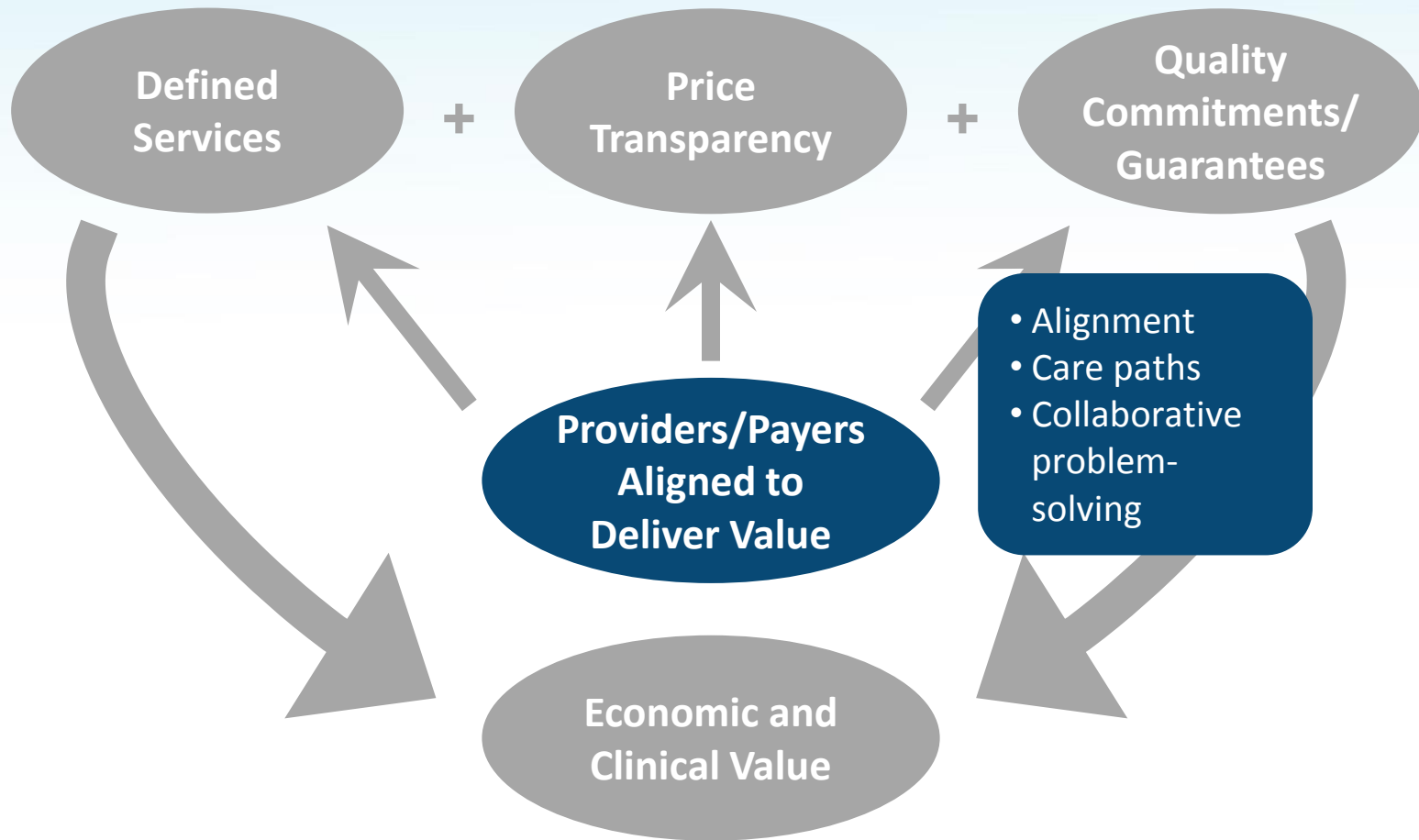
5 KEY STEPS TOWARDS A CONSUMER-DRIVEN MODEL (CONT'D)



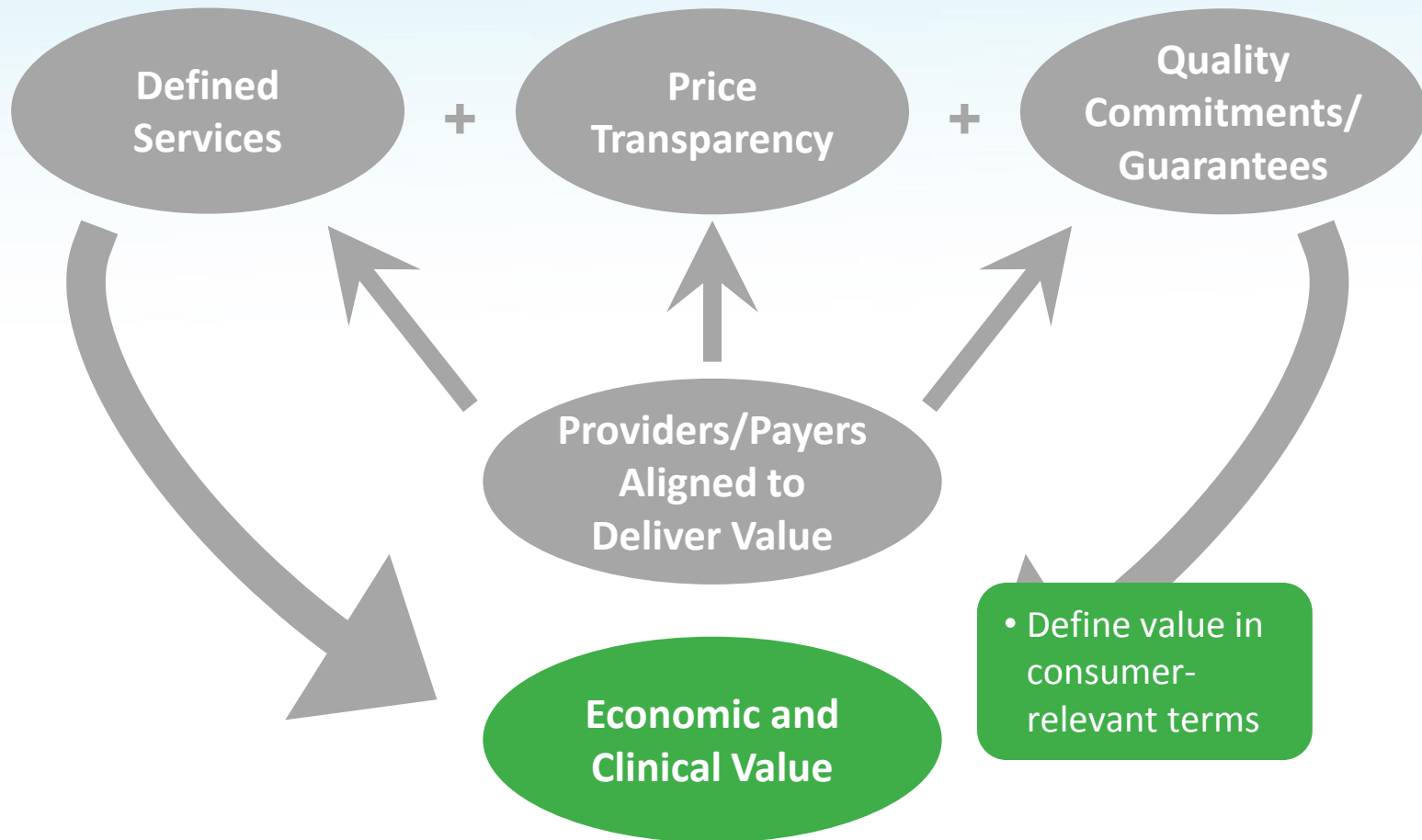
5 KEY STEPS TOWARDS A CONSUMER-DRIVEN MODEL (CONT'D)



5 KEY STEPS TOWARDS A CONSUMER-DRIVEN MODEL (CONT'D)



5 KEY STEPS TOWARDS A CONSUMER-DRIVEN MODEL (CONT'D)



CONSUMER-DRIVEN MODEL - EXAMPLES

Employers Centers of Excellence, Pacific Business Group on Health

- Hip and knee replacements
- Spine surgeries

Hoag Orthopedics Institute, Irvine, CA

- Joint replacement
- Options for
 - commercial payers
 - cash customers
 - self-insured employers

New Life Bariatric Surgery, Knoxville, TN

- Bariatric surgeries
- Cash customers



ROADMAP FOR TODAY'S DISCUSSION

Environmental Overview

What it Will Take to be Successful in a Consumer-Driven Model

Implications for Hospital Leadership



NUMEROF
& Associates

THE ROADMAP TO CONSUMER-DRIVEN HEALTHCARE

**Build on
organizational
strengths**

**Define process and
outcome measures**

**Strengthen data
reporting and
analytics**

**Assess implications
for infrastructure
development**

**Build capability
to translate
information to
action**

**Adopt bundled
pricing**

■ NEW INVESTMENTS AND DECISIONS TO MAKE...

Should we provide all the services we do now?

*Are we going to be a destination?
If so, for what?*

*Should we manage our
businesses differently?*

*Do we have the right
people doing the
right jobs?*

*Who is my customer?
What do they want?*

*Do we acquire or build
capability?*

*What alliances
should we have?*

*Who's our competition
now? How will it
change?*

*What's the evidence that will help consumers
choose our hospital system?*

***Why should anyone come to your
hospital?***

healthcare network

Economic and clinical value as ~~a~~ *the*
source of competitive differentiation

No Outcome = No Income



NUMEROF
& Associates

Insider knowledge. / Outsider perspective.