Executive summary

The quest for value in health care: A place for consumers

Paying attention to the consumer and providing high-quality experiences in health care are rising business imperatives.

Three key disruptors are driving health care providers, health plans, and life sciences companies to provide better quality and value to consumers:

1. Emergence of choice-oriented insurance
2. Employer risk-sharing and enhancements to support consumer choice
3. Improved accessibility to quality ratings and price information

The Deloitte[i] Center for Health Solutions' surveys[ii] of health care consumers reveal that consumers do not believe the U.S. health care system is providing value today nor is it meeting their needs. Consumers also worry about future health care affordability. As they increasingly gain access to price and quality information and begin to exercise active choice, consumers are likely to bring to health care the expectations and habits they have from shopping in the retail or travel industries. As this happens, health care industry stakeholders will no longer be able to avoid consumers' desire to make decisions based on the value they perceive they are getting from health care.

Key takeaways

The following insights from this study can guide organizations in designing strategies to 'win the consumer':

- Offer a better customer experience, more choice of products (such as health plan options), smarter personalized technologies and greater transparency and accessibility of price and quality information.
- Provide tools that assist consumers in finding affordable products and improving messaging around the benefits/security of insurance.
- Offer websites to allow consumers to search for quality and price information. Even though consumers are not using these much yet, they express interest, especially if timing and technologies are right.
- Think about the consumer of the future. Millennials and Gen X generations show more interest in using interactive technologies, and are more likely than older generations to negotiate pricing of care.

Produced by the Deloitte Center for Health Solutions

#QuestForValue

i As used in this document, "Deloitte" means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

ii Conducted annually since 2008, the Deloitte Center for Health Solutions surveys a nationally representative sample of more than 4,000 adults per year about their interest in and ability to operate in a consumer health care market.

Key findings

Close to half of consumers believe the health care system underperforms on delivering value

When graded on delivering value, the system receives a "D" or an "F" from almost half of respondents. Consumer sentiment that the health care system provides "poor value" for money rose from 44 percent in 2012 to 48 percent in 2013.

Value in the U.S. health care system

Using a typical report card scale with grades of A, B, C, D, and F, how would you grade the U.S. health care system with respect to getting the best value for money spent on health care?

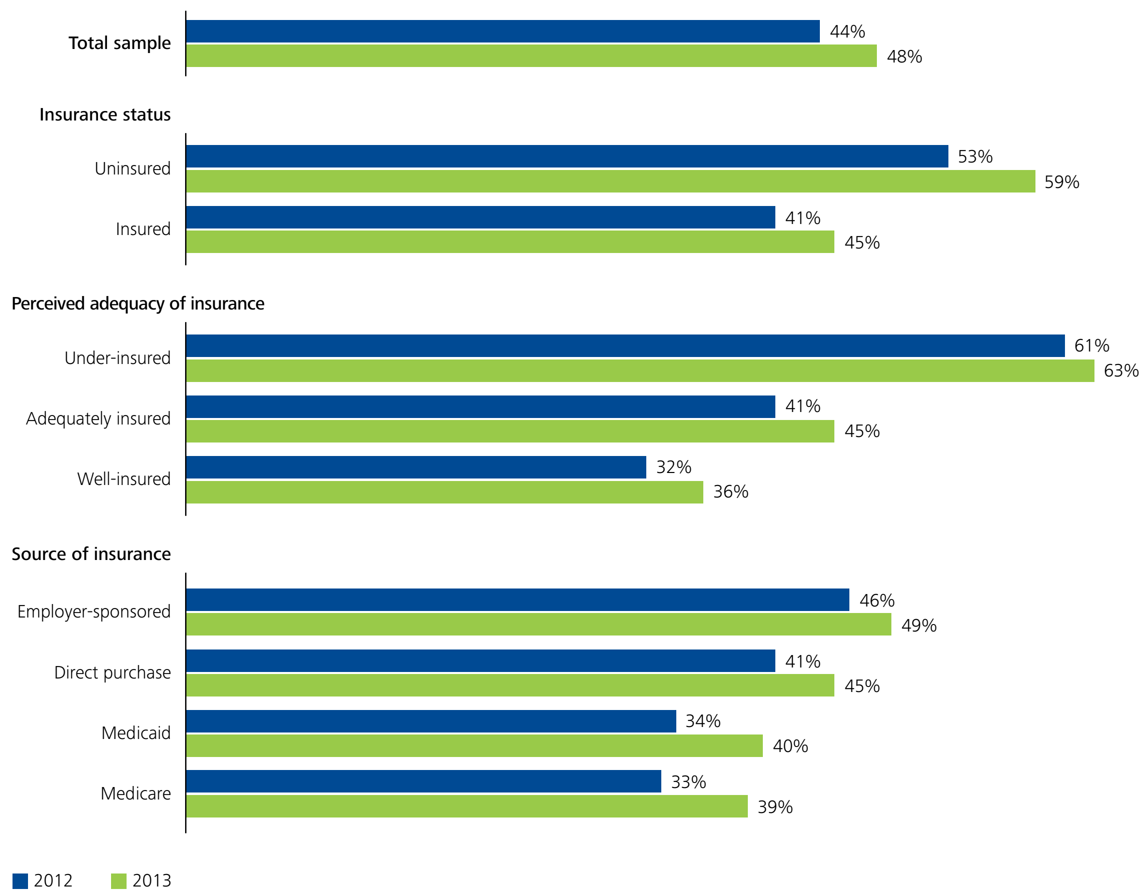


Chart shows percentage who gave a grade of "D" or "F" on a scale of "A" to "F" where "A" is excellent and "F" is failing

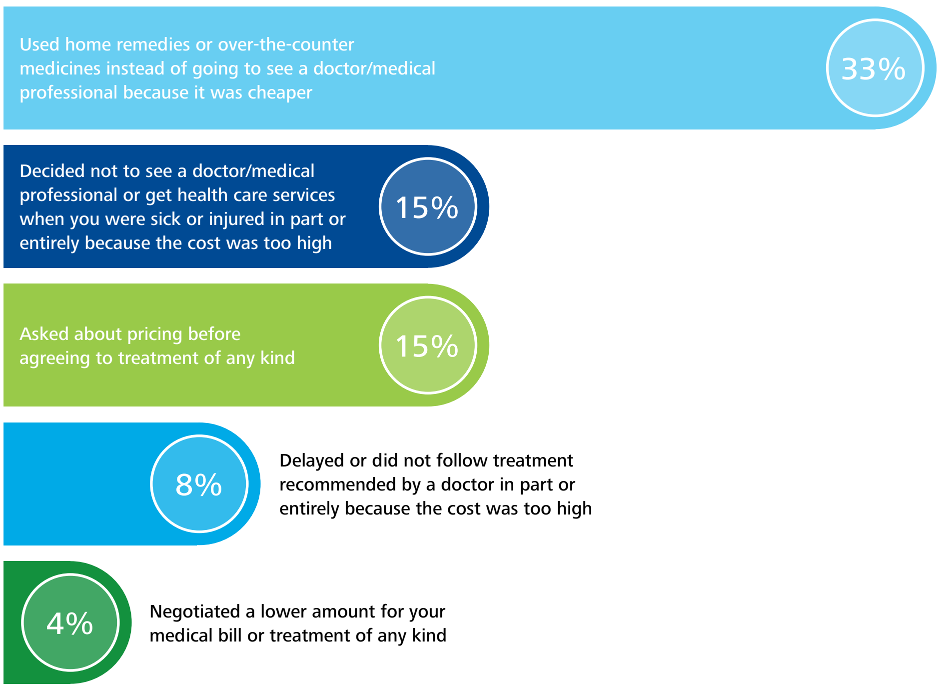
Source: Deloitte Center for Health Solutions: 2012-2013 Surveys of U.S. Health Care Consumers

One in three consumers self-rations to manage health care costs

Consumers have shown willingness to skip care and/or use over-the-counter products to avoid the cost of visits to doctors' offices and hospitals. Fifteen percent report they asked about price before agreeing to treatment.

Cost-driven behaviors

Which of the following, if any, have you done in the last 12 months?



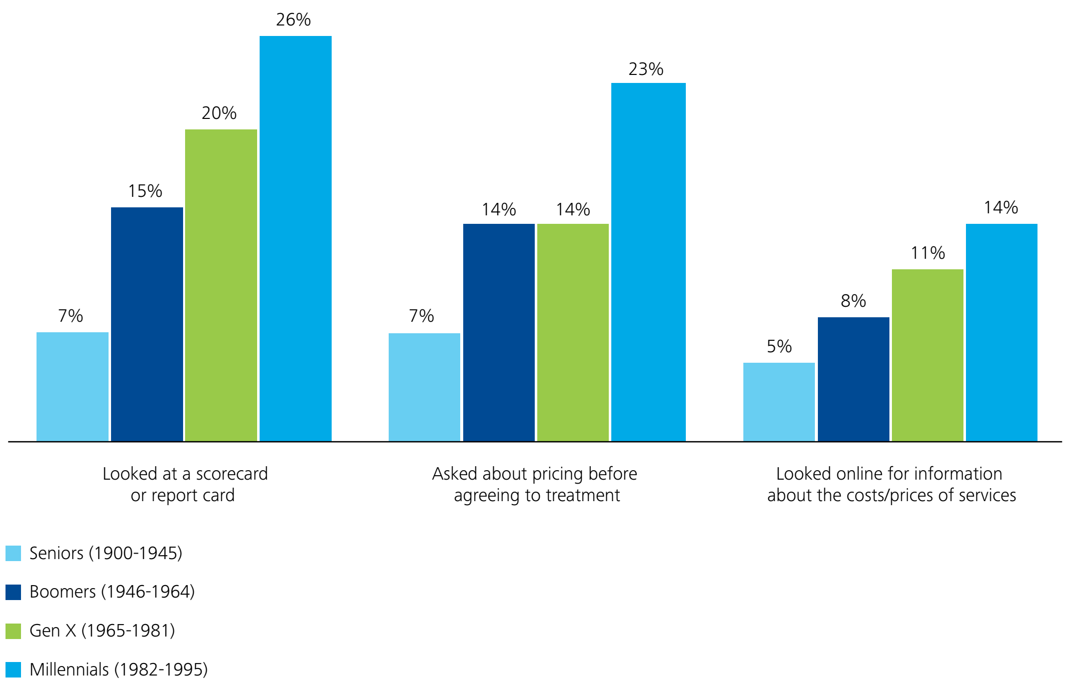
Source: Deloitte Center for Health Solutions: 2013 Survey of U.S. Health Care Consumers

Younger generations actively seek information about quality and price of care

Millennials are more likely than other generations to ask about pricing before agreeing to receive treatment, view quality scorecards, and look online for price information. The trend of higher engagement is true of Gen X respondents, as well.

Looking for value: asking about pricing, searching for quality

Which of the following, if any, have you done in the last 12 months?



Source: Deloitte Center for Health Solutions: 2013 Survey of U.S. Health Care Consumers

Future use of quality and price information is likely, despite low current utilization

Although consumers say they would like ready access to online information about quality of care and prices, few report actually seeking such information. In Deloitte's 2012 Survey of U.S. Health Care Consumers, 13 percent looked online for quality data and 12 percent for price information – and yet, around half say they would use websites that offer quality/satisfaction rankings (52 percent) or physician price comparisons (44 percent).

Utilization and likelihood of use of quality ratings and price information

Source: Deloitte Center for Health Solutions: 2012 Survey of U.S. Health Care Consumers

Consumers value customer service and style/bedside manner as part of the overall health care experience

Customer service and style/manner of health care professionals rank as some of the top reasons for consumer dissatisfaction with recent hospital visits.

Key drivers of dissatisfaction* in health care service

Why are you less than completely satisfied with your most recent experience of care received in an emergency room or inpatient care setting?

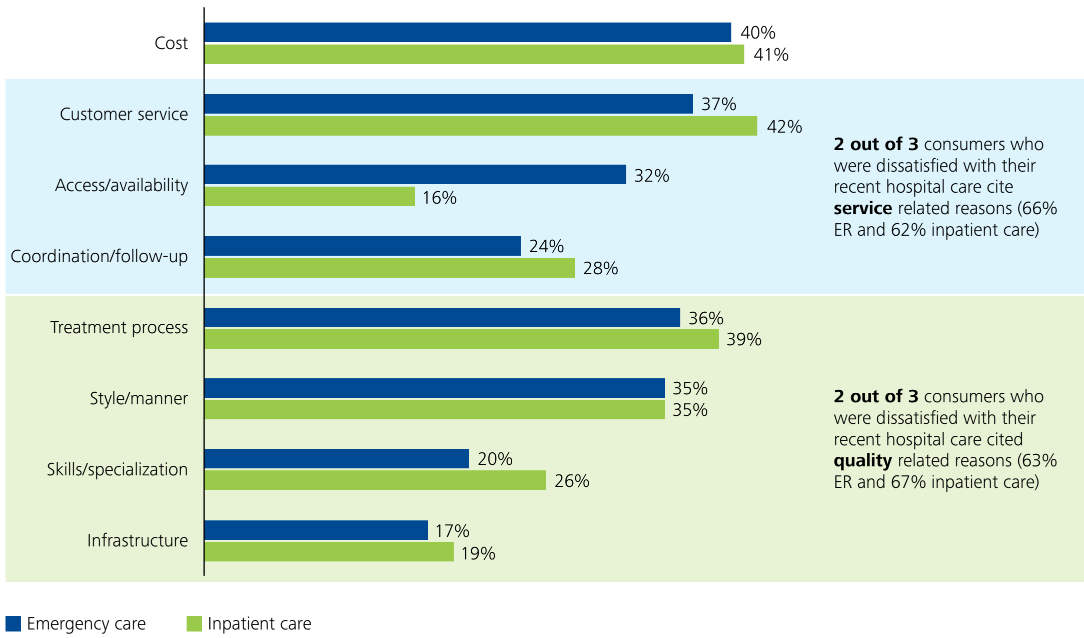


*Chart shows those who had recently been hospitalized and were dissatisfied with their experience. Of those recently hospitalized with emergency care, 45% were dissatisfied. Of those recently hospitalized with inpatient care, 33% were dissatisfied.

Source: Deloitte Center for Health Solutions: 2012 Survey of U.S. Health Care Consumers

Conclusion

As consumers assume a greater share of health care costs and experience increased opportunities to engage in choice-based markets, value may become a driving force shaping their perceptions, decision-making, and the long-term relationships they form with health care providers and other stakeholders.

Each encounter that a consumer has with the health care system will need to "count" as competition for the consumer becomes more predominant in the health care arena, and every service instance, interaction, or "touch point" should be considered through a personalized and consumer-centric lens. This will most likely become increasingly important as hospitals, health plans, life sciences companies, and medical groups seek to differentiate themselves as they compete for loyal customers served by new care and coverage models in a more retail-oriented health market. In time, an informed consumer, equipped with sophisticated information and tools, will hold the system accountable for improved value and shop for alternatives that respond appropriately and provide exemplary customer service.

Stakeholders take note – don't leave the consumer out of the equation.

To read the full report, please visit
www.deloitte.com/us/questforvalue

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