

Issue Brief:

Deloitte 2012 Survey of U.S. Health Care Consumers: The performance of the health care system and health care reform

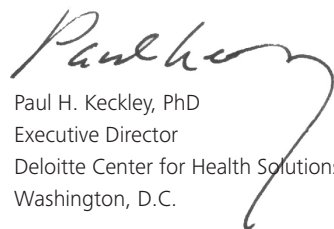
Foreword

Since 2008, the Deloitte Center for Health Solutions has surveyed U.S. adults to gauge opinions and expectations about our health care system. In the health care industry, physicians call consumers “patients,” health plans call them “enrollees” or “members,” and bio-pharma companies refer to them as “users” or sometimes “subjects,” if they are involved in a clinical trial. Many of the designations in health care infer that individuals play a primarily passive or reactionary role.

Recently, health policy experts and economists have challenged the health care industry’s view of consumerism; they reason that costs would be lower, service better, and quality substantially improved if the industry repositioned itself as a consumer market. Based on the results of our survey, among consumers, there is a widening gap between their unmet needs and the system’s performance. Still, many stakeholders doubt that the health care industry could function in a consumer economy, reasoning that health care can be too complicated for the “average

Joe” to engage with it knowledgeably and appropriately. Although the idiosyncrasies of the health care system are likely to characterize the health care market for a long time to come, there are signs that consumers are ready to become more active, informed decision-makers.

This Issue Brief highlights data-driven insights on consumers’ perceptions of the health care system and their thoughts on health care reform from the *2012 Survey of Health Care Consumers*. Forthcoming reports will discuss in detail findings from the study in such areas as health information technology; utilization of the health care system; consumerism and life sciences; and consumerism and health insurance plans.



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| | Patients | Consumers |
|---|--|---|
| Level of engagement in decisions about their treatments | Low level of engagement, depend upon physicians to make decisions on their behalf | High level of engagement, depend on physician recommendation augmented by own research to confirm or corroborate |
| Level of awareness of treatment options and associated costs | Low level of awareness, depend on physician opinion | High level of awareness, depend on information sources from online tools and social media |
| Source of trust in providers they use | High level of trust, based on personal experiences and word-of-mouth | High level of trust, based on personal experiences and comparison shopping |
| Primary unmet needs | Unmet needs resolved through access to care system within a reasonable timeframe + personal attention | Unmet needs resolved through value-based strategies combining access + service delivery + outcomes + cost |
| Unmet need from insurance plan sponsor | Unmet need strategies adopted by insurance plans based upon large networks of providers to enhance access and convenience + manageable out-of-pocket costs | Unmet need strategies adopted by insurance plans based upon narrow networks of high-performing (high-value) providers + predictable costs |

Methodology:

Since 2008, the Deloitte Center for Health Solutions has annually polled a nationally representative sample of the U.S. adult population (up to 4,000 U.S. consumers) about their interest in and ability to operate in a consumer health care market. These online surveys have queried adults in varied health status, income, and insurance cohorts to gauge the degree to which consumers are prepared to engage the health care system as “patients” or “consumers.” Results are weighted to ensure proportional representation to the nation’s population with respect to age, gender, income, race/ethnicity, and geography.

Health care system: performance

Consumers relate to health care on a deeply personal basis. Their understanding of the “health care system” is based almost exclusively on their personal experiences. As a result, they hold strong opinions about its performance.

U.S. consumers perceive a complex, wasteful health care system, sensing a lack of value for what is spent. Satisfaction is low in 2012 (22 percent), but it may be improving (up from 16 percent in the previous year).

Consumers are critical of the performance of the health care system with only 1 in 3 consumers surveyed giving the system a favorable report card grade, but that is also higher than in previous years (Figure 1).

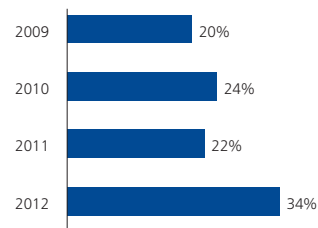
Consumers see system strengths in medical technology, innovative treatments and services (61 percent) and meeting the needs of the insured (54 percent) (Figure 1), whereas the system is considered to fail (rating performance as a “D” or “F”) those without insurance (53 percent) and to offer poor value for money spent on health care (44 percent).

Increasing perceptions of waste and lack of value may be contributing to dissatisfaction with the system; in 2012, 62 percent believe that 50 percent or more of the dollars spent on health care are wasted – up from 51% in 2009; 49% in 2010; and 51% in 2011. In 2012, only 25 percent feel that the best value is obtained for the money spent (Figure 1).

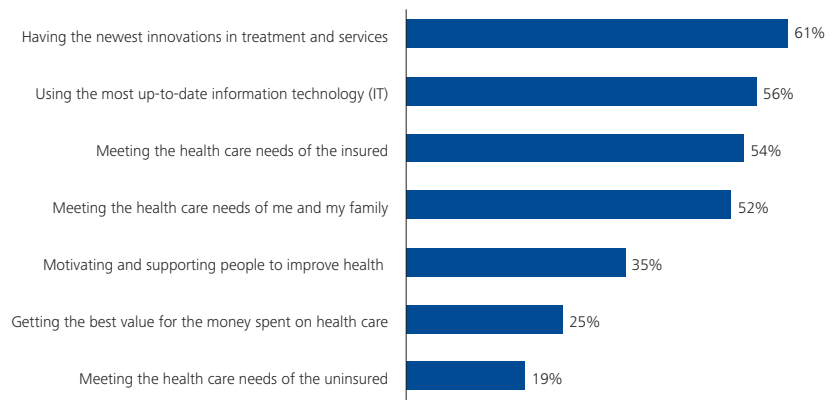
Figure 1: Health Care System Performance Report Card

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 on the following dimensions?

Favorable report card grades (“A” or “B”), overall system performance



Favorable report card grades (“A” or “B”) select health care system features (2012)



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Consumers believe that hospital costs (59 percent), fraud (55 percent), and insurance company administrative costs (52 percent) are major cost drivers of the health care system (Figure 2).

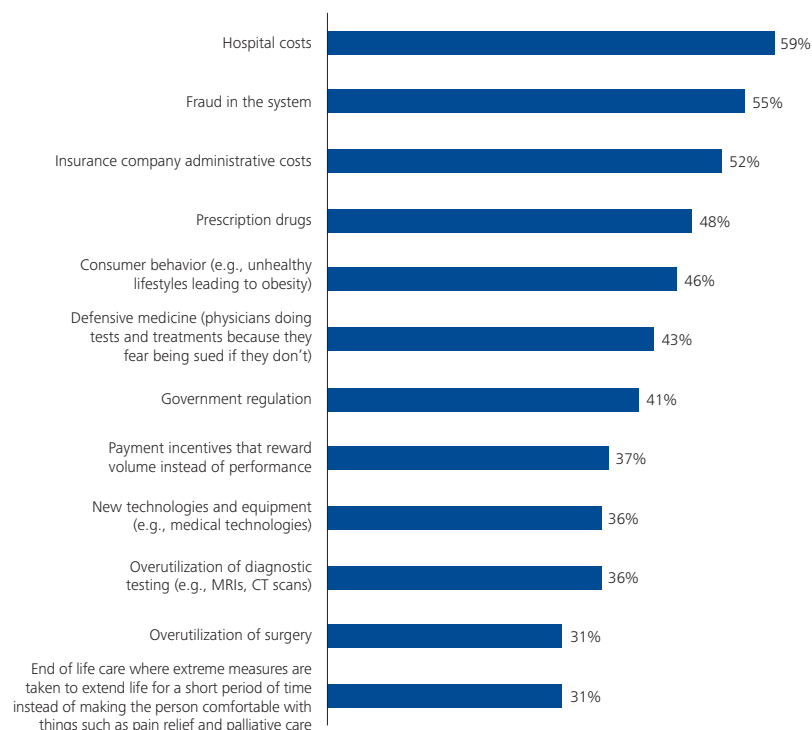
Use of the health care system

The U.S. health care system impacts every consumer – for both personal care and some care for others.

- In 2012, nearly 8 in 10 consumers report having a primary care provider and 3 in 4 consumers say they sought medical care from a doctor in the last 12 months (Figure 3).
- Satisfaction with primary care providers is consistently high and has increased since 2008: 66 percent (2008), 72 percent (2009), 71 percent (2010), 73 percent (2011) and 76 percent in 2012.
- More than 4 in 10 consumers say they received care in a hospital in the last year (Figure 3), either as an outpatient (23 percent), emergency patient (19 percent), or inpatient (8 percent).
- 65 percent of those who had used any type of hospital service (inpatient, outpatient, emergency room (ER)) in the past year were satisfied with the care received.
- Those who were dissatisfied with their hospital care noted cost related reasons (ER – 40 percent and inpatient care – 41 percent); customer service issues (inpatient care – 42 percent and ER – 37 percent); and access/availability reasons (ER – 32 percent).
- Over half currently use prescription medications, and nearly one-third are using over-the-counter medications (Figure 3).
- Consumer knowledge and confidence in prescription medications is high. 88 percent of prescription medication users believe they understand how their meds work, 87 percent believe they understand the risks and side effects and 86 percent are confident their medication is effective – higher than in prior years (77 percent in 2011, 75 percent in 2010 and 75 percent in 2009).
- 14 percent of prescription medication users switched medications in the past year primarily because the medication was not working (42 percent) or side effects (30 percent). 34 percent of prescription medication users switched to generics for cost reasons.
- Consumers tend to follow doctor's orders with 80 percent almost always taking prescription medications as directed on the label and 67 percent almost always following their doctor's treatment plan.

Figure 2: Percentage who believe each cost driver has a major influence on overall health care costs

The costs of the health care system have increased at by more than 6% annually in the last few years. Many factors drive those costs. Based on what you know, does each of the following have a MAJOR influence, MINOR influence, or NO influence on overall health care system costs?



Cost factors impact consumer utilization: delayed care is widespread; confidence that insurance coverage will provide adequate security from costs has decreased

- Nearly one-third of respondents (31 percent) report that, compared to the previous year, their household's health care spending increased as a proportion of their household's total spending (43 percent say their spending stayed about the same and 23 percent say it decreased).
- Cost considerations contribute to consumers' decisions not to seek care from a doctor when they are sick or injured. Of those who say they skipped care, 46 percent did so for reasons of cost in 2012 compared to 53 percent in 2011, 39 percent in 2010, and 38 percent in 2009. Others delayed or forewent treatment in 2012 for cost reasons (58 percent) (Figure 4).
- Most consumers with insurance (either with commercial plans or government-sponsored programs) feel "well" or "adequately" insured but the sense of security has declined over time: 84 percent in 2012, 91 percent in 2011, 89 percent in 2010, and 90 percent in 2009). Almost one in five insured consumers feels a somewhat "insecure" that their insurance will shield them from cost-related impact.

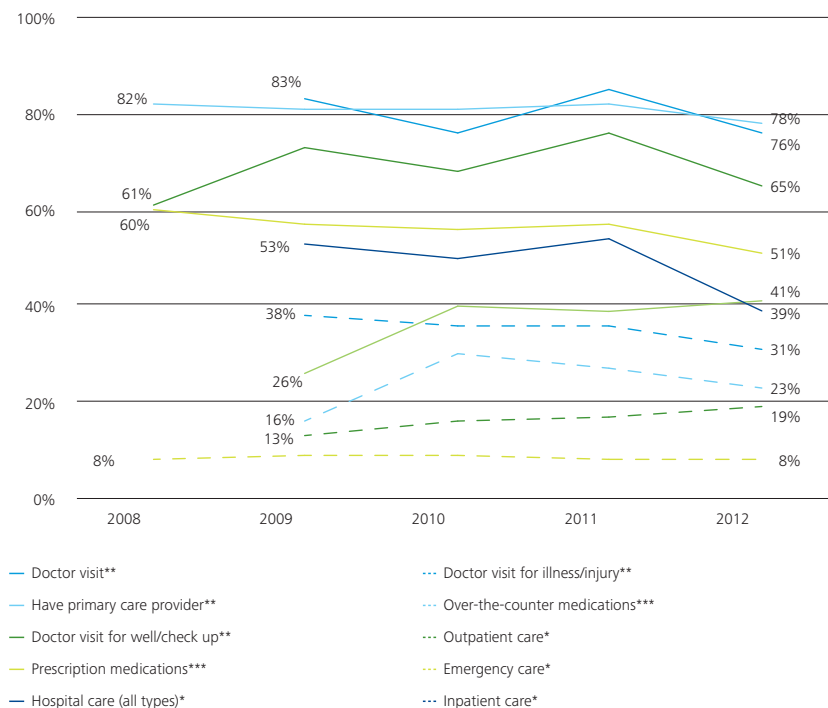
System improvements and unmet needs

Consumers are receptive to changes that improve the health care system's performance. They want a "high-tech, high-touch" system.

- Many consumers are interested in using innovative technologies that could enable self-monitoring, facilitate interactions and information exchange with doctors, and support treatment adherence if those technologies were to become available to them (Figure 5).
- Consumers who are less interested in innovative technologies say they prefer to communicate by phone or in person (50 percent), have concerns that the privacy and security of their personal health/medical information might be at risk (31 percent), or believe that the technology might cost too much (23 percent).
- Online resources and information technology play an important role
 - Providing information – 14 percent of consumers reported using social media to learn more about prescription medications and to discuss side effects and alternatives.

Figure 3: Percentage of consumers who have used health care services and products in the last 12 months

Which of the following, if any, have you done in the last 12 months?* Which of the following, if any, have you experienced yourself in the last 12 months? ** In the last 12 months, did a doctor or other health care professional recommend that you take any prescription medications or prescribe any medications for you?***



NOTE: Hospital service figures for 2008 and 2009 are 1 year estimates calculated as 1/2 the reported 24-month rates.

- Helping to manage care – 26 percent of consumers would be strongly interested in using a smartphone/tablet application to remind them to take medications in the right dose at the right times (Figure 5).
- If given the opportunity to choose between a standard treatment versus an innovative treatment that seemed to have a greater chance in working but had been less tested, 1 in 3 (32 percent) consumers say they would choose an innovative treatment.
- Over half (58 percent) say they are willing to take a diagnostic test that may predict the likelihood of developing certain diseases, if it was at no cost. If a payment was required, the average amount that consumers would be willing to pay is \$150 for a test. Concern about inaccuracy and personal preference are top reasons among the 40 percent who are disinterested in taking such a diagnostic test.
- Interest in 2012 in using a self-monitoring tool/device to check health condition and send information electronically to a physician through a secure internet connection was lower than in previous years – 40 percent in 2012, 61 percent in 2011, and 68 percent in 2009.

Note: questions reported in Figure 5 include “If you were given the opportunity to consult with a doctor/medical professional through a video connection on your computer, how willing would you be to do the following instead of go in for an office visit if it cost you the same?” and “If you developed an ongoing health condition that needed to be checked or treated regularly, how interested would you be in using the following tools or supports on a regular basis if the technology became available to you?” Options:

- Self-monitoring tool/device you could use to check your health condition and send information like your pulse or insulin level to your doctor electronically through a secure Internet connection
- Smart phone/tablet application that enables you to access your medical records and download information about your health condition and treatment plan
- Tool that lets me share my health goals and progress with friends or family via social media (e.g., Facebook, Twitter)
- Smart phone/tablet application that reminds you to take your medication in the right dose at the right times

Figure 4: Percentage who cited cost as a reason among consumers who decided not to see a doctor when sick or injured in the last 12 months

Why did you decide not to see a doctor/medical professional when you were sick or hurt? (Option: Cost was too high – I did not want to pay it/could not afford it/my insurance did not cover it)

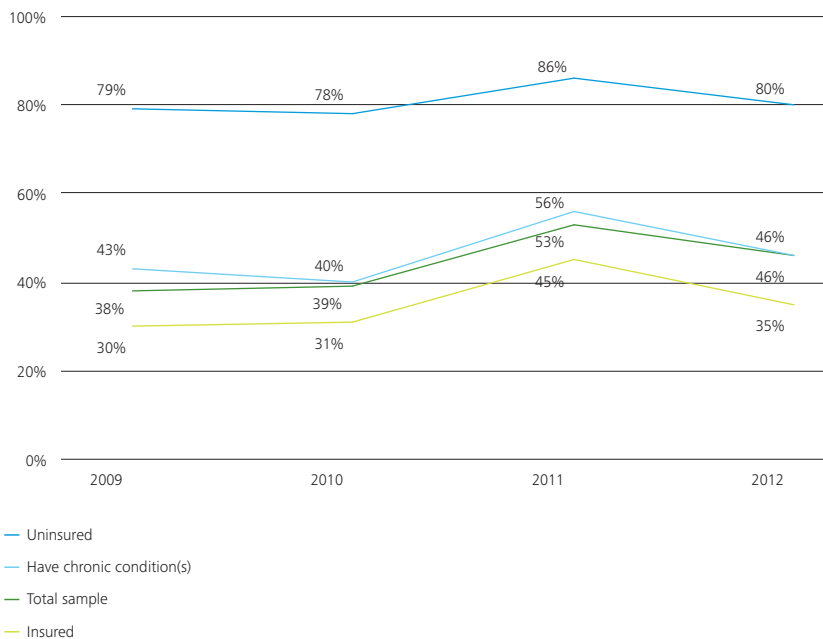
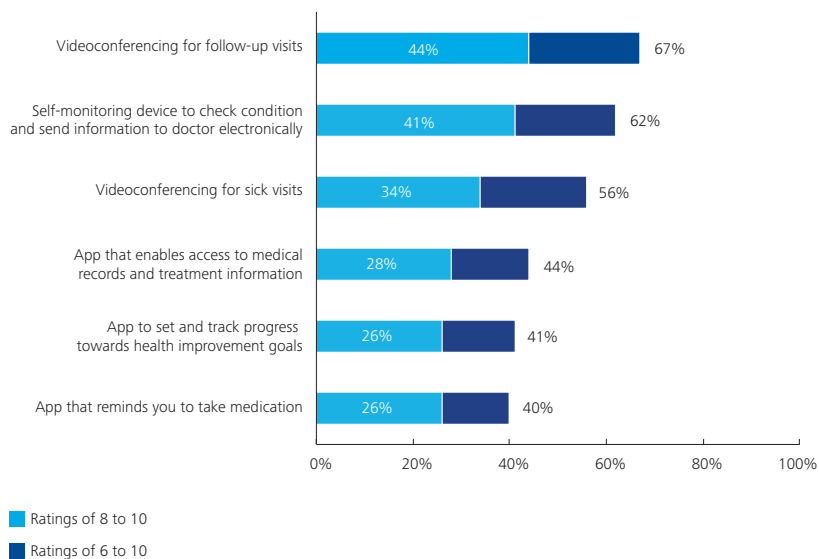


Figure 5: Interest in using innovative health information technologies



Consumers are receptive to improvements they perceive to add value: expanded roles for pharmacists and nurse practitioners, retail clinics, customized health insurance plans, and others.

- Consumers are supportive of system of care changes, with slightly over half of consumers (52 percent) believing that integrated health care delivery systems have greater potential to reduce overall costs and spending, provide greater value to consumers (49 percent) and deliver better quality of care (46 percent) than does a system of independent practitioners and hospitals.
- Consumers are open to using different care providers, with half (50 percent) believing that a nurse practitioner or physician assistant can provide primary care that is comparable in quality to that provided by a doctor.
- Close to half (47 percent) of consumers say they are willing to seek care from a nurse practitioner or physician assistant and 25 percent will consider visiting a retail clinic if a physician is not available. Present utilization of such services is low, with just 8 percent of consumers indicating that they currently use either a nurse practitioner or physician assistant as a primary care provider (Figure 6).
- In 2012, 13 percent of consumers say they visited a pharmacist in lieu of a doctor. 14 percent used a retail clinic for non-emergency care – comparable to use of retail clinics in previous years (19 percent in 2011, 15 percent in 2010, and 13 percent in 2009).
- Three in five consumers (57 percent) would like to customize their own health plan by being able to select features (knowing that the cost would reflect the benefits and features chosen) rather than having pre-defined options (Figure 6).
- In order to help make purchasing decisions about health plans, consumers would trust independent companies, organizations or associations (27 percent), employers (27 percent) and government agencies (24 percent) as reliable sources of information.

Figure 6: Interest in innovative or non-conventional products, services, and care settings

| Interest in innovative or non-conventional products, services, and care settings | 2012 |
|---|------|
| Would like to customize health plan by selecting benefits and features, knowing cost will reflect selections | 57% |
| Willing to see a nurse practitioner or physician assistant if an MD is not available | 47% |
| Currently use nurse practitioner or physician assistant as primary care provider | 8% |
| Visited a specialist other than one recommended by a primary care provider | 10% |
| Consulted a pharmacist for treatment information or advice instead of seeing a doctor for self or a family member | 13% |
| Willing to use a medical vending machine to fill a prescription | 19% |
| Willing to go to a retail clinic if doctor is not available | 25% |
| Used a retail clinic to get care for self or a family member in the past year | 14% |
| Prefer providers who use alternative approaches/natural therapies | 26% |

- Overall, 10 percent currently maintain a personal health record (either on computer or web-based). 35 percent overall say they are concerned with privacy and security of personal information if they used an electronic personal health record (Figure 7).

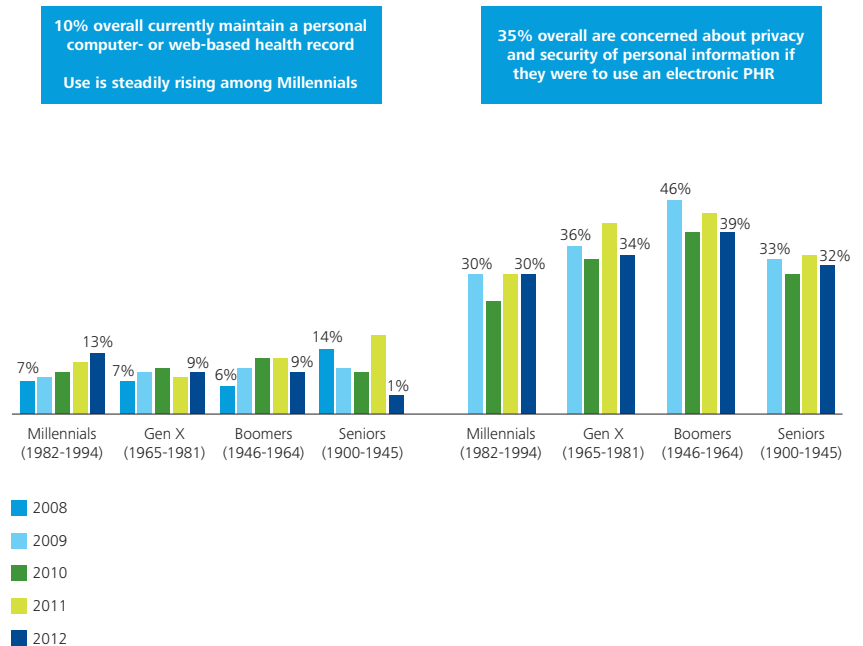
Views on health reform

A “good start” or a “step in the wrong direction”?

- Overall, consumer support for health reform slipped from 2011: In 2011, half of consumer respondents felt positively about health reform (49 percent) compared with 38 percent feeling this way in 2012 (Figure 8). Strongest positive inclinations about health reform law are held by those without insurance (55 percent in 2011 vs. 37 percent in 2012). Apprehension about health reform is highest among seniors, and those with commercial health coverage.
- Uncertainty about reform increased: 34 percent in 2012 either not knowing or expressing no opinion versus 21 percent in 2011) (Figure 8).
- Seniors are more negative about reform than others: the percentage of consumers of all generations thinking that health care reform is a “step in the wrong direction” has remained relatively constant; however, positive views of reform have declined substantially in all generational groups, shifting towards “don’t know/no opinion.”

Figure 7: Use and concern about using electronic personal health records

Do you currently maintain a paper-based and/or electronic-based personal health/medical record? How concerned are you that the privacy and security of your personal health/medical information might be at risk if you were to use a computer software program or website to maintain a personal health record that allowed you to share information with your doctor through an Internet connection?



NOTE: Question about concern was not asked in 2008

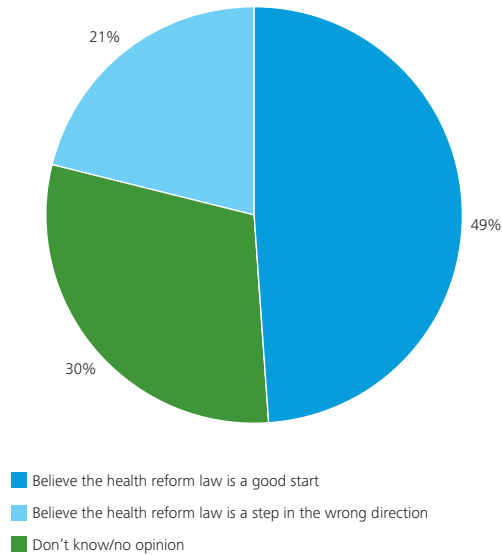
What might be achieved by health care reform?

Consumers are unclear about the likely results of the Affordable Care Act: the majority are not sure it will increase access, reduce costs, or improve quality.

- Views of health care reform’s likely success in achieving its stated goals are mixed. Around one-fourth of consumers feel that health care reform will successfully increase access to health insurance coverage and around one-fifth believe that reform is likely to be successful in increasing the quality of care, motivating individuals to improve their health, better coordinating care, and ensuring access to the latest technologies.
- Only 16 percent feel that health reform will successfully decrease health care costs overall, with 32 percent believing the contrary (Figure 9).

Figure 8: Consumer opinion on health reform

2011: Based on what you know or have heard about the health reform law, is it a good start or a step in the wrong direction?



2012: Based on what you know or have heard about the health reform law, is it a good start or a step in the wrong direction?

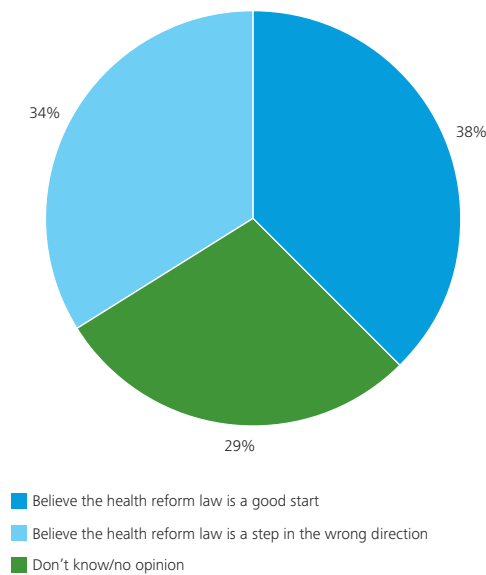


Figure 9: Consumer views on likely success of the health care reform law

| Consumer Survey (2012) | Top 3 (8, 9, 10) where 10 is completely successful | Bottom 3 (1, 2, 3) where 1 is not at all successful |
|---|--|---|
| Increasing access to health insurance coverage | 27% | 20% |
| Increasing use of the most up-to-date information technology (IT) in hospitals and doctors' offices | 21% | 20% |
| Increasing quality of health care overall | 20% | 26% |
| Motivating and supporting people to improve their health | 20% | 24% |
| Health care professionals and organizations, such as hospitals, working together to better manage care for patients | 20% | 22% |
| Ensuring access to the latest and newest innovations in treatment, services, and medical technology | 18% | 22% |
| Decreasing health care costs overall | 16% | 32% |

Conclusions

After five years of surveying health consumers in the U.S., six major conclusions may be drawn:

- To U.S. consumers, health care is intensely personal.** Opinions about the "system's performance" are based on personal, often local, sometimes painful and frustrating experiences. Nonetheless, they are satisfied with the care that they or a family member receives but unhappy with the health care system as a whole – perceiving it to be complex, fragmented and expensive.
- Consumers use the health system frequently.** Most have a primary care provider, use prescription medications, and on occasion diagnostic and acute facilities.
- Affordability is increasingly a problem for consumers.** Though consumers do not know the true costs of services used, they are increasingly concerned about the costs for which they're responsible – premiums, co-payments, deductibles and others. And the economic downturn had a negative impact on their use of the system forcing many to delay needed treatments, and undermined somewhat the sense of security many feel who have insurance coverage.
- Consumers are receptive to improvements in the health system that add value.** They want better service, increased used of technologies to improve service and coordination of care, social media, and transparency about performance. They are open to alternative channels – retail clinics, expanded roles for pharmacists and nurses, and customization of their health insurance plans to meet their needs.
- Security and privacy issues around personal health information remains a concern.** One in three adults is not comfortable with safeguards for personal information – essentially unchanged since 2008.
- Most are uncertain about health reform and not sure how the Affordable Care Act will impact access, quality, or costs.** Support for the law has declined since 2011, with seniors expressing most concern.

Implications

As the health care industry moves toward one grounded in value-based competition, innovation, and consumer engagement, what does the industry know about how consumers view their health and how they interact with the system? More critically, what more do stakeholders need to know about health care consumers' behaviors, expectations, and unmet needs? How best can consumers be reached? How might consumers be motivated to manage more effectively their own care and more directly influence treatment decisions recommended by their providers? The challenge posed by de-coding health care consumerism is to grasp where the end-recipient fits into the "new normal" and to see what opportunities may be around the corner when consumerism is translated into a high-performing, consumer-centered system of care.

Understandable skepticism about "health care consumerism" is widespread: physicians believe most consumers are disinterested or not inclined to study treatment options and share decision-making about their care. Health economists consider the gap between costs and pricing in health care, and its lack of price transparency problematic. Health insurance plans and employers consider unhealthy lifestyles and non-compliance by consumers to evidence-based recommendations a major hurdle. Medical device and bio-pharma depend on business models that assume physicians are the decision-makers, not consumers. Most consider consumerism inevitable, but the path to a consumer-centric health system in the U.S. is wrought with regulatory and practical issues. And for policymakers seeking to "reform the system," the issues are compounded by the public's lack of understanding of the policies and structural framework of the U.S. health system. Instead, consumers frame their views about what they see in their communities, what they hear from the doctors, pharmacists and health care workers they know, and their periodic interaction with their insurance company – sometimes involving a dispute, sometimes enrollment, or sometimes a denial.

There are three strong implications for all stakeholders in the system:

- 1. To reduce health costs and improve the effectiveness of the system, consumers must be engaged to play a more direct role.**
Consumer passivity is costly: not filling prescriptions and taking medications as directed, not managing chronic conditions that result in acute events, not scrutinizing treatment recommendations to discern what's necessary care and what's not, not considering costs associated with treatment options and the performance of local providers, are fundamental gaps.
- 2. Policy-makers and industry stakeholders must agree on a fundamental framework for transitioning from "patient to consumer."**
Industry-led efforts to increase transparency, leverage clinical information technologies, engage through social media, expand access through scope of practice and alternative channels, and standardize administrative processes to streamline service are necessary and underway. They must be complemented by public policies at the state and federal levels that encourage innovation in consumerism and discourage frivolous challenges. Privacy and security issues must be resolved. Administrative simplification across private insurance and government health plans achieved. And evidence-based standards of care that are understandable and actionable to consumers need to be made available to simplify and enable consumers to engage directly.
- 3. Consumers believe health reform is needed but the Affordable Care Act is problematic.**
Most desire improvements to the U.S. health system; most do not understand how ACA achieves those improvements. Since its passage in March 2010, consumer understanding of what the law does, and its impact on their personal circumstances, remains low.

Consumers wish to engage the health system directly and purchase health services with the same energy and rationality they use when selecting cars and homes. But they are resigned to believe it is too complicated to act accordingly.

Regardless of the outcome of Affordable Care Act, health system transformation will continue in some form because the status quo is not sustainable: its costs have exceeded the overall growth of the economy by 2.25% per year for more than 30 years.* And those costs have been passed through directly and indirectly to every consumer and household.

As health costs hit home with consumers – higher prices for all health care related goods and services they buy attributable to: employee health costs, higher insurance premiums and co-payments for tests, visits and prescriptions, higher deductibles that expose consumers to direct purchases for diagnostic tests and simpler elective procedures, and others – the industry and its policymakers will adjust. Some reluctantly, others opportunistically, many willingly.

And such change will necessitate a coherent, purposeful, and collaborative strategy engaging industry and policymakers that presumes the transition is necessary and urgent.

They are no longer “patients” nor are they “patient.” They are consumers.

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