



Engaging with tomorrow's patients: The new health care customer

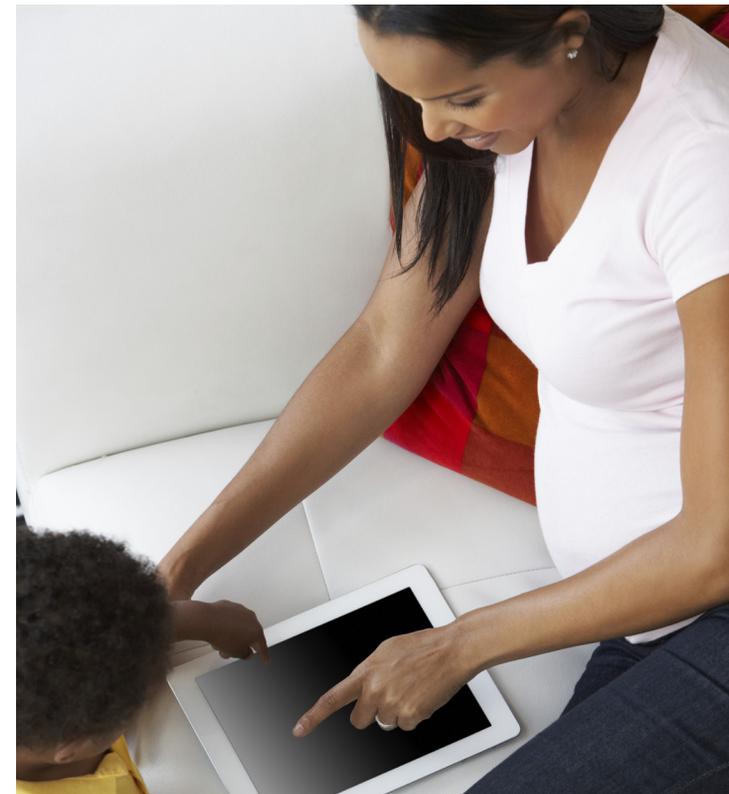
What's at stake?

When engaging the new health care customer, do not underestimate the benefits of preemption and the costs of inaction

A differentiated customer experience is required to satisfy the most engaged, informed, and involved patients. Delivering this customer satisfaction has become a necessity for providers, as it can increase market share and drive revenue growth. The connection between Medicare reimbursement and patient experience is also increasingly clear: failing to live up to patient expectations has a near-term impact on the bottom line for healthcare providers. Year after year, providers with poor patient satisfaction results receive low Star ratings in CMS's (Center for Medicare and Medicaid Services) HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) survey. By 2017, as much as 2% of Medicare revenue will be at risk based on these ratings.

Brand, reputation, market share, and revenue are all at risk when a patient has a negative experience. In today's hyper-connected digital world, bad experiences, poor customer service, and online reviews can wreak havoc on customers' decisions regarding where to obtain care.

Attracting, acquiring, and retaining new customers is no longer limited to the domain of retailers, bankers, and hoteliers. Hospitals and administrators must also focus on the ability to attract, retain, and even delight both young invincibles and chronically ill patients, while simultaneously engaging individuals to optimally manage their health and well-being. Being able to effectively meet these challenges will be critically important enablers for achieving expected results for the health systems of tomorrow.



Instant Insights

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Our take

Customer expectations of value are evolving and health care organizations need to address key issues

But, where to begin?

Value, not volume, is the central organizing principle of the new health care ecosystem. This shifting focus to value impacts how patients are cared for, how physicians and hospitals are paid, and how various stakeholders approach interactions. In this new era of patient engagement, changes in the health care delivery ecosystem emphasize quality outcomes and dramatically increase financial risks for providers:

- Industry forces lead to **increased patient choice with a primary focus on outcomes**,
- New digital technologies create **innovative provider-patient contact mechanisms**, and
- Nonconventional communication channels enable independent and on-demand **access to scheduling and personal health data**.

More than ever before, the health care customer is informed, involved, connected, and with high-deductible plans and rising out-of-pocket costs increasing the burden of access to care, insistent in being involved in decision-making. Choice about where to obtain their care (and often in which plans to enroll on an exchange) are influenced in ways more akin to traditional retail-like establishments. When the choice of where to obtain care was more traditionally driven by physicians, the need to focus on attracting patients as customers was largely ignored in lieu of currying favor with physicians. While the patient customer profile has changed, so has the provider profile – current care delivery has increasing financial incentives tied to patient engagement and quality outcomes. Satisfying the customer is paramount to achieving expected results for financial and performance-related measures, and requires a deep understanding of patient preferences and biases to optimize engagement. Not to mention, the customer experience is the guidepost by which brand, reputation, market share, and revenues are firmly established. These capabilities have been well-honed in other industries (e.g., retail, banking, and hospitality), but are not yet fully mature in health care.

Successful patient engagement requires thoughtfully shifting to an organization-wide customer-focused mindset including training employees in a customer-centric culture, streamlining internal processes impacting patients, influencing customer preferences through newly developed content and messaging, and creating the platforms to allow and encourage care teams to collaborate with patients in their care. Organizational leaders seeking to shape the new health care customer's experience must understand the underlying drivers of customer loyalty, discover and define internal opportunities to meet demands, proactively combat brand decay, and transform the organization to operate successfully while considering the new health care customer.

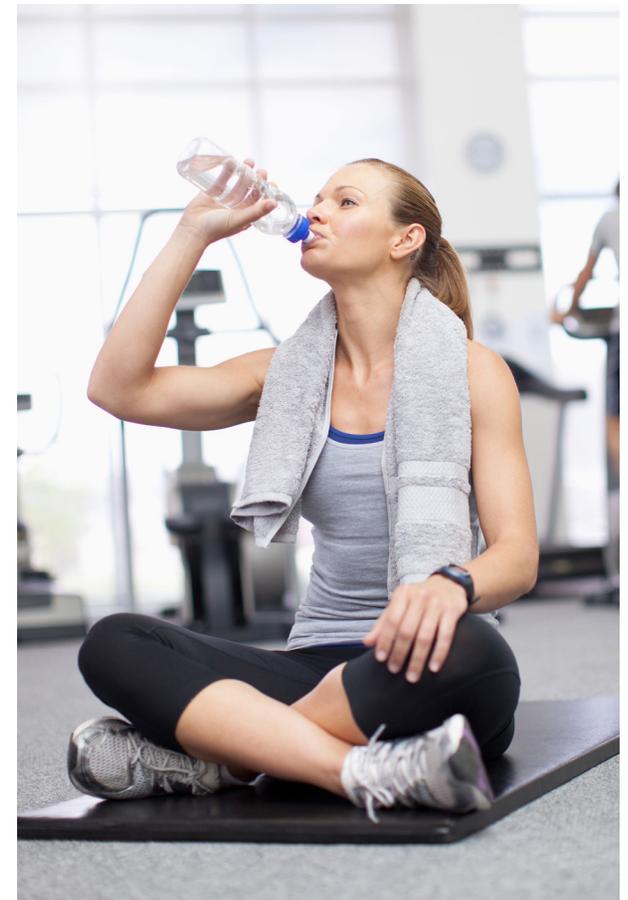
Developing a focused strategy requires an understanding of customers' desires

Convenience, transparency, personal interaction, and quality have become the expectation – not the exception – in modern health care. Meeting patients' clinical needs, providing care with respect, empathy and compassion, and sharing information transparently and efficiently are critical in assessing and addressing customer demands. When these expectations are exceeded, both providers and patients are rewarded with improved health outcomes, loyalty, and market share.

Five common themes herald the age of the new health care customer:

1. **Personalization** – Consumer research and segmentation uncovers essential information for market and individual needs, enabling directed and customized interactions.
2. **Simplicity** – Streamlining experiences by eliminating silos and barriers to efficient, effective care increases customer satisfaction.
3. **Efficiency** – Maximizing value across service lines by optimizing organizational structure to directly address customer needs and preferences.
4. **Transparency** – Customers want an experience that matches their perceptions and expectations; transparency in pricing, quality, and services offered supports this goal.
5. **Security** – Assurance that financial and health information are securely stored and transmitted is critical.

In order to better support customers across these five themes, leading organizations have undergone massive reorganizations and transformational journeys that establish processes and programs to facilitate cultural and infrastructure changes, while placing the customer at the system's center. For today's health care providers, the customer (and often digital) transformation journey involves identification and development of key strategic customer capabilities, ultimately leading to highly-engaged and loyal patients. Defining a vision and developing a strategy for customer and digital transformation aligns leadership culture with patient desires, enabling the organization to deliver superior care. Standardizing and streamlining this delivery with optimized tools and infrastructure is achieved through methodologies focused on customer and digital transformation.



The path forward

Market dynamics are shifting to the customer: where should you focus?

A rise in patient-centered consumerism

When it comes to creating value for patients, provider organizations must extend their focus beyond price and quality of care to include convenience, engagement, and intangible factors, like culture. Multiple approaches guide the strategic direction of customer and digital transformation initiatives necessary to meet patient demands. Success in designing an optimal patient experience will be demonstrated through enhancing brand value and increasing market share. Embedding transparency and clearly-articulated values into culture, services, and processes must be included in initiatives addressing engagement.

Meanwhile, focusing change and innovation efforts on educating, informing, and supporting patients as they interact with the system is a priority for mitigating risks associated with reputation and revenue loss. Ensuring organizations have the right insights into patients' distinctive behaviors and preferences leads to broader relationships, including those in the digital realm. With these ideas in mind, successful patient-focused organizations must also partner with the right talent including clinical staff, creative designers, data scientists, and behavioral economists. In order to avoid critical risks to brand, reputation, market share, and revenue, organizations should look to transform service delivery to meet patient needs and expectations by following a set of practical steps.

Translate customer insights into initiatives driving innovative patient experiences

Provider organizations' customers and digital transformation journeys support the customer-focused market shift. Notably, these steps are outlined by examples within the customer transformation methodology:

1. **Discover needs** – Organizational leaders know they need to use digital tools to satisfy patient desires for engagement, but they do not know how or which to choose. An organization should clearly articulate goals and definitions of success by uncovering assumptions and aligning intentions, while engaging with customers and staff, observing their behaviors, needs, challenges, and opportunities, and by understanding causality of both delight and pain points. A patient engagement assessment and strategy determines the right tools via thorough research and market analysis.

2. **Define opportunities** – Improving data integrity, reducing insurance denials, and enhancing the patient access process is a patient engagement initiative. Synthesizing the observations and data available to form insights into patterns, themes, resonant images, and journey maps to define the expertise and capabilities required for customer-focused redesign allows you to uncover themes that are not always obvious, but they can be identified with thoughtful exploration.
3. **Distill solutions** – Understanding the drivers of customer loyalty, as well as improving clinical effectiveness, improves patient engagement and health outcomes. Involving customers and staff to co-design potential solutions and develop key design concepts that can be rapidly prototyped and tested with real users, while defining the key operating model changes necessary to support the organization in the future, allows you to drive to actionable solutions that can be tested and refined. For example, when readmission levels are high, a customer experience improvement approach may be part of the answer.
4. **Decide on initiatives** – When considering market competition, strategic plans catering to patient engagement are essential for achieving expected financial and performance-related results. Delivering services and products requires a roadmap that captures and prioritizes patient needs and preferences.
5. **Deliver Outcomes** – Carefully structuring development and implementation of key initiatives allows you to test, iterate and establish tracking tools to measure service levels and operational and financial performance. Monitoring ongoing benefits is required to recalibrate initiatives aimed to enhance patient experience. Initiatives need oversight: if patient expectations or financial outcomes are not met, pinpointing the issue can get the initiative back on track.

This methodology can enable hospitals, clinics, and other provider organizations to support the expectations of the groups they serve, to enable them to organize their operations and solutions across people, process, and technology areas to meet those needs and translate specific opportunities into innovative strategic initiatives.

The bottom line

Patient engagement strategies drive benefits and value

For patients and providers alike, benefits and value can be attained through tailored, ongoing, patient-centric operations and initiatives. Stronger patient relationships and improved brand equity are the outcomes of successful provider transformations and can improve profitability. Consider the following analysis from a forthcoming study by the Deloitte Center for Health Solutions:

- Hospitals whose patients rate their experience as **EXCELLENT** have higher profitability than those with lower ratings
- Patient Satisfaction accounts for a difference of \$444 of net patient revenue per adjusted patient day between **EXCELLENT** and **MODERATE** hospitals
- A 10% increase in patients rating hospitals as **EXCELLENT** increases margin by 1.5%
- **EXCELLENT** versus **MODERATE** patient satisfaction ratings account for 60% of the difference in financial performance

Companies realize tangible benefits

Aligning organizational focus to the patient across the spectrum of care through customer and digital transformation methodologies can contribute not only to greater health outcomes for patients, but can also benefit the organization's bottom line. Improved health outcomes and patient experiences through customer and digital transformations may positively impact HCAHPS scores, also putting less revenue at risk from CMS penalties. When patients are the primary organizational focus, they are more likely to be loyal to a health care provider, report a better experience compared to other providers, seek future services within the organization, and avoid defaulting on their medical debt. This, in turn, leads to higher profitability and strengthened brand equity. When investigating issues related to operations, revenue management or clinical quality benchmarks, a focus on the patient is likely to uncover needs and opportunities that, when addressed, lead to successful outcomes.

Patients prefer engaging with patient-focused organizations. Beginning the customer and digital transformation journey requires focusing on value instead of volume, understanding customer preferences, adopting the right methodology for change, and enabling patient engagement initiatives that drive benefit and value. Customer and digital transformation methodologies realize the benefits of preemption, while avoiding costly inaction in the face of great change, throughout the health care delivery marketplace.

Customer transformation across industries

In other industries customer engagement platforms have created innovative ways to attract, retain, and expand customer relationships. Take financial services, for example. Because of various market trends in the finance industry, transforming the customer relationship required journeys to bridge the physical and digital chasm not unlike the challenge faced by health care providers. In light of these market trends and required customer connections, financial services companies created strategies to drive their transformation.

Banking Customer Types: In order to deliver on customer desires, financial services organizations needed to segment their customers to understand their preferences.

- **Loyalists** want to establish long-term relationships with organizations, and are willing to pay more for high-quality service.
- **Frugalists** prioritize value over all else.
- **Disrupters** like new and different offerings, and appreciate innovative organizations.
- **Distrusters** are skeptical of offers; their trust must be earned.

Driven by legislative changes, the banking industry was encouraged to develop a deeper understanding of their customers. Importantly, mature customers who wanted a streamlined banking experience motivated retail banks to make connected services the industry standard. Legislative initiatives forced industry changes at an ever-increasing pace. Simultaneously, customers' preferences encouraged innovation by demanding sophisticated service offerings, communications, and interactivity. Banks relied heavily

on their own data to transform and unlock knowledge about their customers and initiatives developed which optimized operational savings, increased cross-selling to customers, created exceptional experiences, increased compliance, and put the customer at the center of banking. Banks built initiatives in support of customer experiences with a focus on the following:

1. Simple processes
2. Omni-channel experiences to enable various touchpoints
3. Optimized customer relationship management
4. Improved customer acquisition and retention
5. Use of big data to uncover hidden knowledge

All told, customer demands compelled the banking industry to change; responding intentionally to address customer demands has helped to grow and retain the customer base. It's important to note, much like health care, acquiring a new customer can cost six to seven times more than retaining an existing customer, and boosting customer retention rates by 5% increases profits between 50-95%¹. Additionally, 60% of banking customers are willing to provide banks with information to optimize personal experiences².

In an industry where 12 million customers regularly think of switching banks, building engagement is key to satisfying, and thereby retaining, customers. The industries share similarities: customers in both banking and health care want to be understood, informed about options, interact intuitively with services, and have access to fast, professional, and quality services. To continue to exceed customers' expectations in banking and health care, transformational outcomes must be continually measured and analyzed while continually focusing upon physical and financial health.

Contacts

Health care organizations are hearing the news loud and clear; they have begun to engage patients by shifting their focus to the customer. Discuss your organization's vision for customer transformation today.

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