

A report from Point to Point

KEEPING IN SYNC WITH CONSUMERS
WHO ARE RE-THINKING THEIR HEALTHCARE



To modify a well-known advertising slogan, “When Warren Buffet talks, people listen.” In a March 9 interview on CNBC the investment titan observed that he had “never seen” a scenario like what’s playing out in the American economy. But it’s not the erosion of the stock market that intrigues Buffet – rather it’s the significant change in consumer thinking and decision-making. “... not only has the economy slowed down a lot, people have really changed their behavior like nothing I’ve ever seen.”

While recessions aren’t new, the potentially long-lasting change in consumer spending behavior is. As Buffet noted, “There’s been a reset in people’s minds ... the American public really has changed their buying habits.” One of the things people are buying less of is healthcare. While declining hospital volumes can be attributed, in part, to people delaying elective procedures, an increasing number are not following through on recommended treatments. A Kaiser Family Foundation (KFF) poll found that 53% of Americans “skimped” on medical care citing cost as the primary reason. That’s up dramatically from an October 2008 KFF poll which found that more than one-third of respondents said they or a family member had postponed needed healthcare.

With an increase in the prices of basic consumer staples, diminished access to financing (i.e. loans, credit cards) to supplement income, and an increasingly unstable job environment people have moved even basic healthcare from the “essential” to the “non-essential” category. People are re-focusing their priorities on keeping their homes and jobs rather than maintaining their health. As

Paul Levy, President and CEO of Beth Israel Deaconess Medical Center noted on his blog, “... people seem to be deferring treatment, in part because they think they will lose their jobs while they are out of (their) work.”

And it’s not just self-pay or government-insured patients that are foregoing care – commercially-insured patients aren’t using their benefits, in part because they have reason to fear they’ll be left footing the bill. According to the Center for Studying Health Care Change, between 2003 and 2007 50% more insured Americans reported that their health plans denied coverage for recommended treatment (up from 18.9% to 28.1%).

With shrinking incomes and a growing fear of being able to manage future medical bills, people are asking, “Can this procedure/treatment/medication wait?” Increasingly their answer is “yes.” But this trend is not necessarily all bad. Cutting back on unnecessary office visits is financially beneficial for patients and providers, but delaying needed treatment over financial constraints can create more medically complex and expensive conditions.

Knowing that consumers are rethinking their attitude toward purchasing healthcare, the issue becomes what you can do to help them:

- (1) know when to seek care and when to wait;
- (2) determine the appropriate channel to select care, and ultimately,
- (3) choose you for their care.

Consider six ways you can begin influencing peoples' thinking and choices in a way that positions your system as a trusted advisor and leading provider:

1. EDUCATE CONSUMERS TO HELP THEM MAKE BETTER HEALTHCARE DECISIONS. People are taking longer to evaluate healthcare spending decisions and using more sources of information than ever before to make those decisions. Consider disclosing estimated costs of receiving treatment in different environments: a doctor's office visit, an ED visit, a retail health clinic visit or an urgent care visit. Just as important, educate consumers on the true cost of delaying needed treatment, check-ups, and screenings. Helping consumers make wiser decisions will reduce their out-of-pocket expenses and potentially your unreimbursed costs.

2. EXPAND YOUR SYSTEM'S FLEXIBILITY. Many consumers would make better decisions if they could ask questions of a trained professional. A 24-hour telephone triage service and a "Call first for answers" campaign could help callers determine when and where to seek the most effective care, saving your system and patients' time and money. Another way to address the current economic environment is to extend hours to allow people access to care without taking time off work. If people are less willing to take time off work for care because they are worried about job security, meet their need by providing more channels of care.

- 3. GET CLOSER TO YOUR PATIENTS.** If people are spending more time online, shouldn't they be able to reach you there too? Most consumers are regularly using email yet most health systems do not offer email as an option for asking questions, requesting prescription refills, or requesting test results. People are more likely to choose you as a provider if they can connect with you using their everyday tools.
- 4. REACH OUT TO PATIENTS BEING TREATED FOR CHRONIC CONDITIONS.** This audience is likely to be receptive to regular communication that helps them manage their condition without additional office visits or ED visits. Why not use online outreach methods to answer common questions, provide new information, and check on patients' status? This may also be an opportunity to create individualized care plans with recommended course of daily care including non-medical treatments, and tips on when to seek care. Your system's proactivity can save time, money and stress for you and your patients.
- 5. EDUCATE PATIENTS ABOUT THEIR INSURANCE.** Often people will forego care because they are unsure whether insurance will cover it, or they fear a larger co-pay or deductible payment than would actually be required under their policy. Identify people on your staff that could help people read and understand their plan summaries and communicate the service that you can provide to people who are hesitating to purchase care. Again, this can be done online to save both time and money for you, and improve access to this information for your patients and prospective patients. For example, could you include a "Frequently Asked Questions about Insurance" segment on your website with simple tips about how to read a health insurance plan summary and links to some of the insurance plans most commonly held by your patients?
- 6. SEEK OUT EFFECTIVE PARTNERS.** Who has standing relationships with patient groups you want to reach? Are there community leaders within school districts, churches, or business groups that could carry your message about the importance of not delaying care? Could you get an effective message out about maintaining health during stressful economic times to people like parents and caregivers through parent-teacher associations, day care and child care centers?

IT'S CRITICAL THAT YOU UNDERSTAND YOUR AUDIENCE BETTER IN UNUSUAL TIMES. You can't rely on old assumptions in times of fundamental change. To market your services effectively in this environment it's not enough to know that things are changing – you need to understand specifically how your target audience is responding. Consider the following questions to determine if your marketing is connecting with your targeted audiences:

- Are more patients and prospective patients in your marketplace eating better and exercising more to prevent the need for additional medical care?
- Are they seeking alternative channels for care delivery?
- Are they utilizing more healthcare services while they still have a job and health insurance?
- Or are they retreating from seeking preventive or even needed care as they strive to minimize expenses?

It is important to understand specifically how the perceptions, attitudes and behaviors of consumers in your market are changing in order to respond effectively and maintain – or even grow – your market share. A sharp focus on customers is critical to business success and a non-negotiable when your market is dramatically changing – or considering changing – their spending habits and decision-making. What are you doing to keep pace and keep in sync?

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