

E-SURVEY OF THE MONTH

INDUSTRY PULSE FROM THE HEALTHCARE INTELLIGENCE NETWORK™

White paper analysis of HIN monthly e-survey results on trends shaping the healthcare industry.

Healthcare Consumerism: The New Wave of Healthcare?

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In any environment, knowledge is power, and that adage certainly applies to the healthcare industry. With the age of healthcare consumerism and its retail orientation upon us, consumers need the right information to make educated decisions about their healthcare. It is up to healthcare organizations to ensure that they are equipped with this information. Research from the Consumers Medical Resource shows that consumers who have information change behavior.

An important factor in healthcare consumerism is health literacy, which is defined in the U.S. Department of Health and Human Services' report "Healthy People 2010"¹ as "the degree to which individuals have the capacity to obtain, process, and understand basic health information and services needed to make appropriate health decisions."

A recent Healthcare Intelligence Network (HIN) webinar on healthcare trends begged the question: Will consumerism in healthcare, also known as its retail orientation, succeed in transforming the industry in terms of quality and patient behaviors? HIN conducted a non-scientific online survey in December 2007 where more than 150 organizations including hospitals, physician organizations and health plans weighed in on the debate.

Implementing Initiatives

When HIN's e-survey asked its healthcare organizations if they have implemented any initiatives to support consumerism in healthcare, nearly 70 percent of 154 respondents said they have. These initiatives included:

- ✓ Information/tools to help consumers make better decisions about healthcare coverage (70.4 percent)
- ✓ Information/tools to help consumers be better consumers of healthcare services (74.6 percent)
- ✓ Information/programs to encourage consumers to adopt healthier behaviors (81.7 percent)

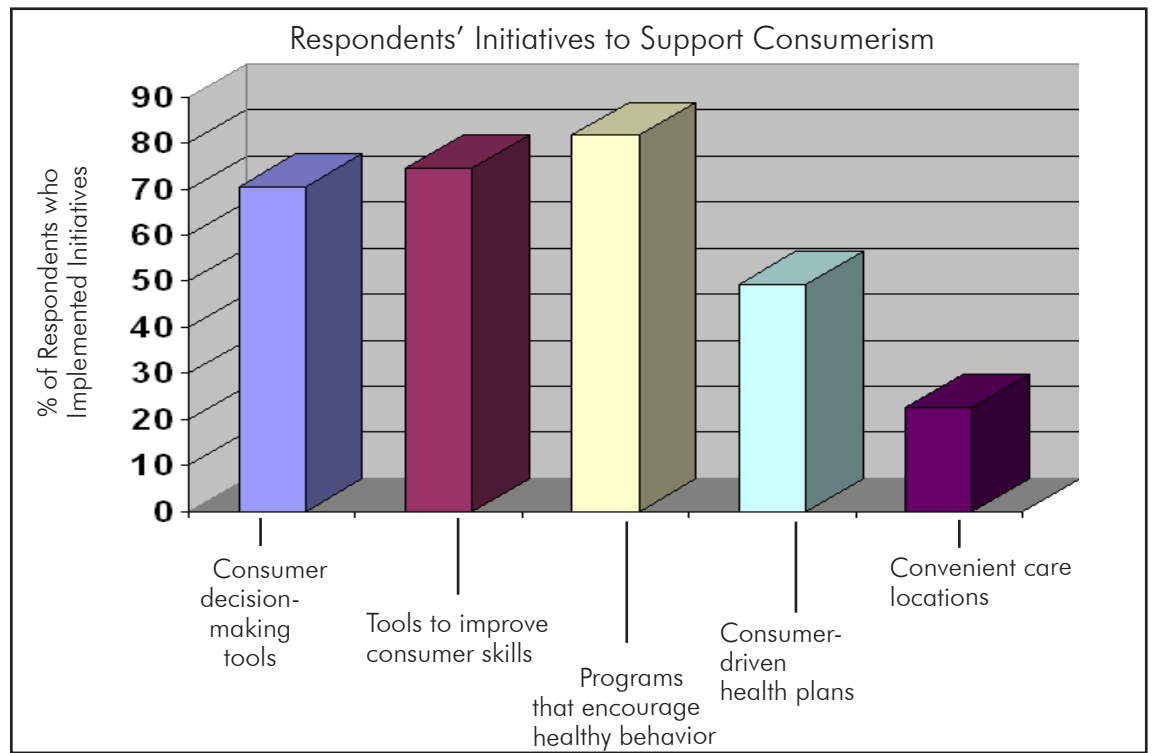


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 results are not based
 on a scientific sampling
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- ✓ Consumer-driven health plan (49.3 percent)
- ✓ Contracting with and/or launching retail and/or convenient care locations (22.5 percent)

Of the 31.8 percent of respondents who have not yet implemented initiatives that support consumerism, nearly three-quarters of those respondents do not plan on doing so in the next 12 months. This population cited barriers such as:

- ✓ Too many other programs currently in place
- ✓ Not enough information
- ✓ Not sure of concept
- ✓ No strategic direction
- ✓ Small company volume

Respondents on the consumerism playing field also noted some other initiatives,

including offering online statement viewing and bill pay, educating insurance producers on the need to be aware of the pros and cons, offering healthcare savings accounts and information/tools to help health plans and employers deliver better healthcare products/services.

Which initiatives have been most successful for organizations thus far? According to a responding consulting firm, success varies by client:

“Hospitals focus a great deal on price transparency and competing with freestanding alternatives as care delivery sites,” the respondent noted. “Payors have initiated a broad range of programs directed towards healthcare consumerism.”

One responding healthcare information technology vendor notes that his organization implemented a treatment cost calculator, which provides an accurate, real-time estimate of anticipated out-of-pocket costs for services and pricing at specific provider levels in order to empower

members to make better healthcare choices. Several health plans found that offering incentives to encourage and drive behavior change in consumers was particularly successful, while a home healthcare organization responded that some initiatives that proved especially successful for them were a newsletter and more staff training. Additionally, health assessment as well as health coaches were other strategies that organizations noted they were using to empower healthcare consumers.

Facing and Overcoming Challenges

However, along with the success that responding organizations had, they also faced some significant challenges, including:

- ✓ Employee follow-through
- ✓ Communication with employees and consumers/patients
- ✓ Adaptability
- ✓ Lifestyle changes
- ✓ Consumer engagement
- ✓ Educating consumers
- ✓ Decision support tools

Other challenges were noted as well. One health plan respondent said there are two “overwhelming challenges” that they face:

“The first involves making such consumers fully understand how premiums are developed and having that education understood and followed. The other involves the strong opposition and political might physicians have offered to the

suggestion of retail urgent care clinics, such as MinuteClinic.”

A health system responded that, “Retail health requires fairly significant changes in health systems practices in regard to cost (transparency), access (open) and quality (product guarantees). We have implemented all three in our retail initiatives but not without substantial debate.”

An employer noted that healthcare consumers “don’t choose a provider based on whether that provider is most knowledgeable or providing effective, cost efficient treatment. They choose based on emotional factors, convenience, and information from peers.”

How did these responding organizations overcome these challenges? Many respondents noted that education of both staff members as well as consumers/patients was key in overcoming the hurdles they faced. One employer launched a new employee health and wellness initiative to provide education, support, health coaching, fitness programs, health risk assessments and screenings. The respondent hopes the pilot program will positively impact lifestyle change and cost savings.

Factors Critical to Success

Some of the biggest factors that can contribute to the success or failure of healthcare consumerism are:

- ✓ Cost transparency
- ✓ Incentives and/or disincentives
- ✓ Community awareness

- ✓ Education for employees as well as consumers/patients
- ✓ Buy-in from all segments of the healthcare continuum

One employer cited “one-on-one education, finding ways to engage each individual person according to their history, culture, upbringing, environment [and] family, and then providing incentives for change” as factors crucial to the success of healthcare consumerism. The employer also noted that “instilling an attitude of prevention and awareness rather than reacting to a problem that already exists” is equally as important.

A health consulting firm, giving recommendations from a variety of healthcare perspectives, noted that, “Payers and providers need to collaborate and assume joint responsibility for keeping discrete geographic areas/populations healthy. Consumers need to understand that healthcare is not an entitlement program. Health plans need to find more creative ways to encourage individuals to take greater responsibility for their personal health and to share the financial rewards for doing so and financial penalties for failing to do so. There are many opportunities for cultivating this approach.”

A provider organization comments that the “Baby Boomer generation is going to be much more demanding of the healthcare system. Providers aren’t going to be able to maintain a take-it-or-leave-it attitude to designing healthcare services.”

A responding health plan asserted that the industry “must” move toward a retail orientation, insisting that “we don’t have

a choice.” A responding hospital/health system seconds this notion by declaring healthcare consumerism “the wave of the future.”

Related Resource

What issues will shape the healthcare industry in the coming year?

In this special report, “Healthcare Trends & Forecasts in 2008: Performance Expectations for the Healthcare Industry,” **Peter Kongstvedt, M.D., F.A.C.P.**, a partner in the Health/Managed Care Consulting Services Practice at Accenture, **Joel Diamond, M.D.**, partner with Diamond, Fera & Associates and chief medical officer at dbMotion Inc., **Nathan Kaufman**, managing director for Kaufman Strategic Advisors, and **Elizabeth Opland**, director of product development and deployment at Gordian Health Solutions, deliver a sector-by-sector analysis of emerging trends and their impacts and debate the direction of the industry. For more information, please visit <http://store.hin.com/product.asp?itemid=3750>

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References:

1. U.S. Department of Health and Human Services, “Healthy People 2010.” <http://www.healthypeople.gov/>