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6 Growth Trends for Consumer-Centric Health Care



Responding to the new market reality

The future of health care is getting harder to predict. The pressure to reduce total cost of care is increasing. Consumer expectations are rising. Regulatory requirements are changing. And competition for share of the health care dollar has intensified. Billions are being invested in health innovations that bring accessible, low-cost alternatives to consumers. These changes are happening fast, and there is only a brief window of opportunity for providers and health plans to adjust. Those that adapt will remain competitive, but those that don't risk losing revenue, market share and relevance.

Health organizations can survive the upheaval by taking a proverbial step back in order to take a progressive leap forward. They can counter market fluctuation and competitive disruption by centering around the needs of the purchasers and tapping into the power of strategic partnerships. They will need to employ rapid-cycle planning and understand the changing metrics of growth. And by tracking the spend of the health care dollar in their markets, they can identify areas of risk and new opportunities for growth.



Throughout this trends report, we take a long view of change trajectories. This provides context and helps define where the changes are heading and what near-term actions to take. This view invites further inquiry:



Where is your organization on the change curve?



What current assumptions should you challenge?



What type of economic recovery is happening in your market?



How will the speed of change affect your actions?

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1. Creating momentum with a strategic view

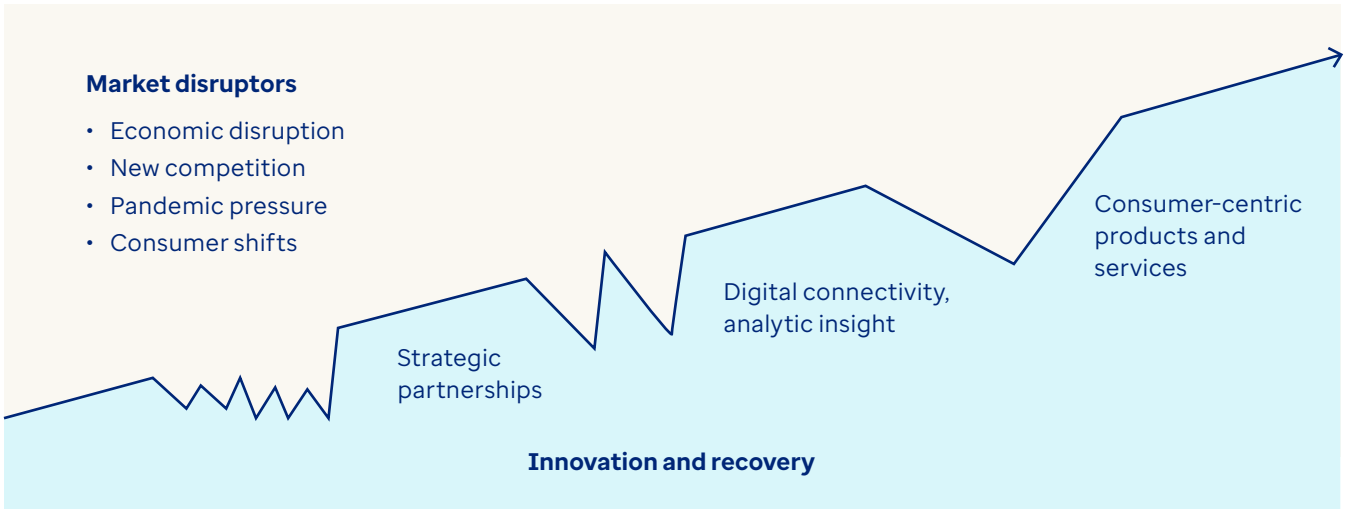
The pace of change was accelerating even before the COVID-19 pandemic. For example, 81% of organizations have said that responding to consumer trends is a high priority,[1] while 69% of health plans and providers say they are piloting or have already adopted artificial intelligence solutions.[2] That's why it's essential to anticipate consumer demands, recognize emerging competitive threats and respond to shifts in the market mix. Frequent market assessments combined with regular inward views are crucial to spot improvement opportunities in time to be relevant.

Organizations striving to remain nimble and primed for growth need:

1. An enterprise point of view that defines their true north
2. A strategic roadmap that highlights areas of differentiation
3. Supporting data that help them make adjustments

As health care leaders move forward, they should consider:

- What are the critical financial variables?
- Where are the opportunities for health leaders to adapt?
- How can you build more actionable insight?
- What strategies accelerate innovations to scale?
- Organizations that can view change in a long-term context, monitor change in short-term increments and act on data-driven insight are best prepared to respond.





69%

of health plans and providers say they are piloting or have already adopted artificial intelligence solutions.[2]

2. Meeting consumers on their terms

Critical financial dimensions

What are the social determinants of health (SDOH) affecting your population? Poverty, nutrition, physical environment and existing morbidities have all been proven to have a dramatic impact on COVID-19 outcomes.[3]



80%

of health outcomes are dictated by social determinants of health.[4]

Develop a detailed understanding of your customer

Leaders can layer clinical, claims, demographic and behavior data together to get a holistic picture of the consumer. This will help identify their care needs and the potential barriers they are facing and inform their level of care activation. For instance, unemployment, changing coverage and safety concerns may impact the way people are engaging with their care.

Consumer behavior at a crossroads

Even in the best of times, health organizations can struggle to foster engagement with consumers. Anxiety about the economy has caused significant fluctuation in consumer behavior and spending. Facing these pressures, consumers increasingly expect their care to cater to their specific care and financial needs. And if their demands aren't met, they can seek alternative channels or forgo care altogether. The onus is on health care leaders to learn more about their consumers – the ones they see and the ones they haven't yet.

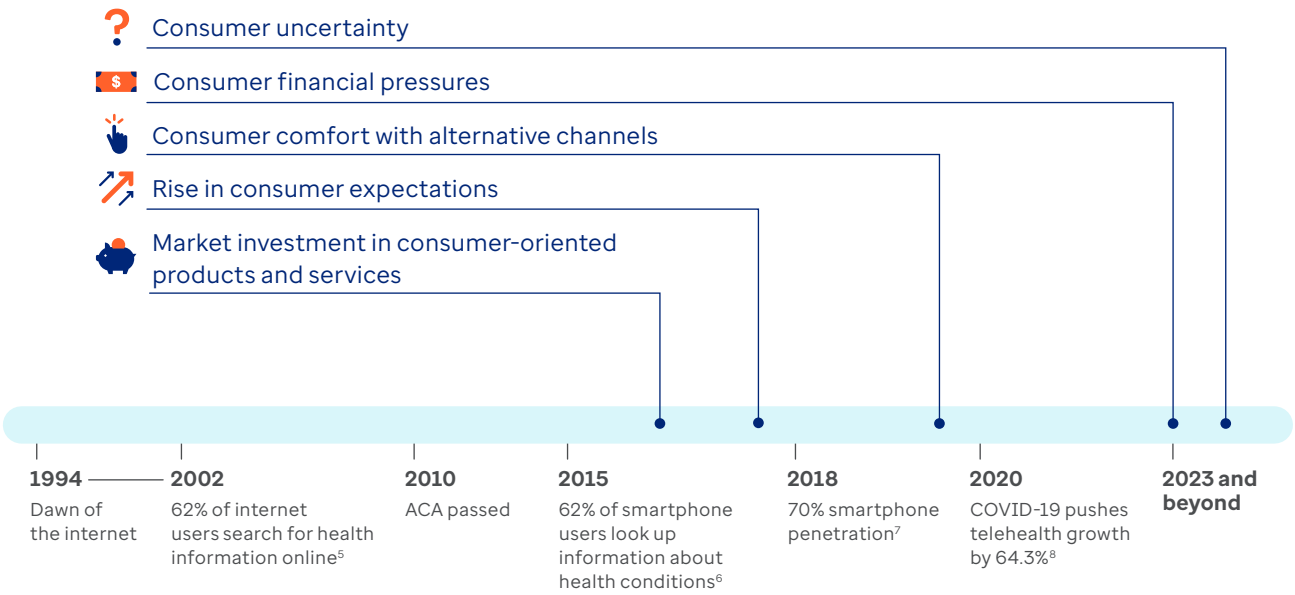
The opportunity for health leaders

Now is a critical time to maintain engagement with the sickest of the sick. Providers and health plans can work to reconnect with those who may have come in for a regular visit, or even just an encounter, but have since dropped off. Focusing on the consumer experience is good for both the consumer and health care providers. Ensuring that patients have safe, convenient access to care and testing now could ensure greater loyalty and better health moving forward.



Take the long view on consumer-centric health care

COVID-19 isn't the first disruption to reshape the way people engage with health care. These shifts can be operationally painful – but they also provide an opportunity for transformation and growth.



Building actionable insight

- Start grouping information you have into meaningful categories. Use all available connection points to collect new data and continually expand and refine your consumer profiles. Work toward having an actionable customer relationship management (CRM) system and access to information related to all consumers in your market.
- Develop a consumer listening strategy that will provide hard data on consumers' needs and help prioritize efforts.
- Gather lessons learned from your COVID-19 response efforts to understand the channels that consumers prefer.

Accelerating innovations to scale

- Offer consumers increased access through a digital front door. This could include consumer portals, online scheduling tools, telehealth and remote monitoring tools.
- Pair virtual visits with in-person visits to increase engagement and lower cost.
- Offer all consumers access, pricing and payment terms that match their preferences and ability to pay.
- Expand capabilities through strategic partnerships to identify members and patients who will benefit most from coordinated clinical, social, financial and behavioral teams.

3. Taking on the new competition

Critical financial dimensions

Do your consumers want to use virtual care channels? And if so, how? It's an area ripe for innovation and investment — either from your organization or from new market competition.



About

70%

of consumers say they prefer digital solutions to in-person solutions.[11]



A market poised for disruption

There continues to be a high level of mergers and acquisitions (M&A) activity.[9] And new entrants have seized on the opportunity to cater to shifting consumer demands and create increasingly specialized clinical and care management programs. It's up to health leaders to identify areas in their market where these innovators might step in.

These competitive threats can come in any shape or form, but the greatest impact may be felt at the provider level. Health plans are looking for lower-cost options to deliver the same quality outcomes. However, provider organizations that have had significant investment in large brick-and-mortar infrastructure could be at risk. There's little brand affinity among today's consumers, with 80% of consumers saying they'd be willing to switch providers for convenience factors alone.[10] That opens the door for retail clinics, in-home services and virtual care options to fill a major gap. This could also impact the competition for talent, as a diverse array of new market entrants could dilute the already-thin pool of clinicians, nurses, medical assistants and even office staff.

The opportunity for health leaders

With so much movement in the market — including M&A, new investments and changes to consumer behavior — every locale is experiencing some disruption. Health organizations that can deliver integrated care at lower costs with greater convenience and ease will take over as market leaders. In this current economic environment, any service that is redundant or not matching market demand will become a financial drag. To remain competitive, health care leaders can focus on the principles of consumerism, adding value and coordinating with other members in the value chain.

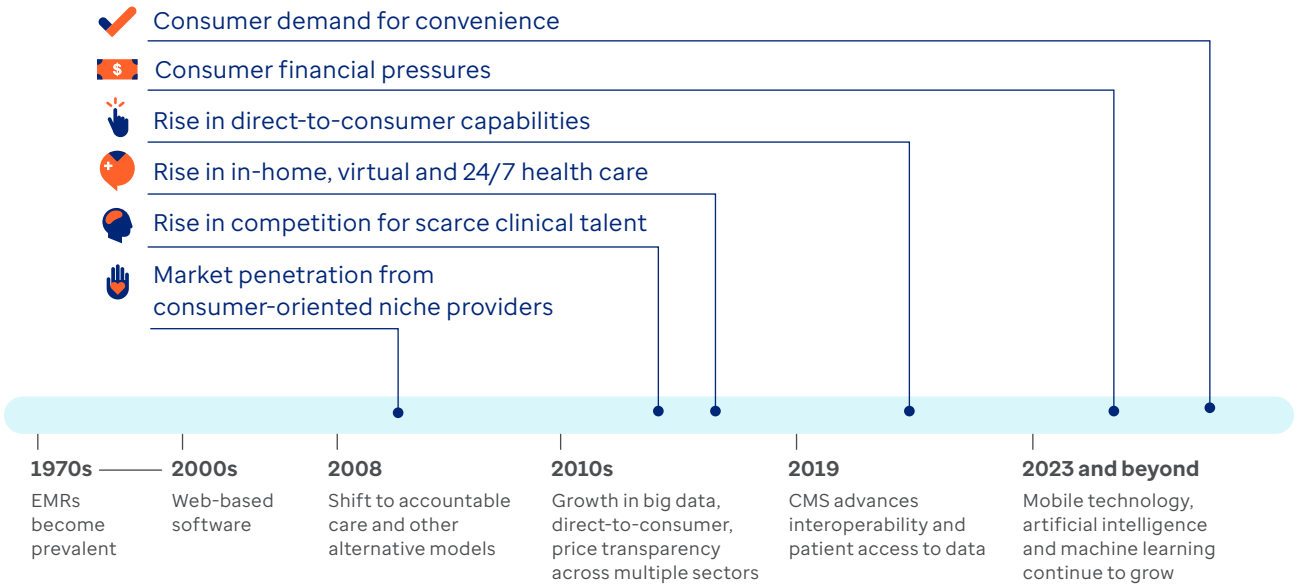
Assess your competitive position

There are 3 perspectives to understand when considering competitive influences in your market.

1. Understand what is impacting innovation around consumer engagement across industries. Can the competition reach your consumers via email, phone or text? Can they offer in-home, retail and virtual consultations? Consumers are now accustomed to easier access. How well can you compete with these solutions?
2. Explore other health care systems to understand the benchmarks in your market. How do you compare?
3. Identify gaps within your own organization that a competitor or a potential partner could fill. What can you build internally and what might require a strategic partner? Are the solutions traditional or nontraditional? Do they help you achieve your core mission?

Take the long view on health care competition

Advances in technology can anticipate and coordinate preventive care. They can drive lower costs, improve quality and increase patient satisfaction. The innovation cycle has accelerated consumer-centric services, and those wishing to remain competitive must keep up.



Building actionable insight

- Conduct market assessments that can indicate areas of your business primed for competitive disruption.
- Track where private equity investment dollars are entering your market.
- Conduct a valuation of your services, networks, channels and populations to identify priority areas to defend with new investment.
- Determine which products and services are missing in your community that could meet a significant consumer demand.
- Explore where you can fulfill the plan on your own and where you could consider partnerships.

Accelerating innovations to scale

Develop a plan that protects your existing business against competitive threats and outlines a path to a 4% margin.

Invest more in the tools, talent and technologies needed to assess these competitive threats and close existing gaps.

Push delivery outside of acute care settings and into the new and existing pathways of your consumers.



4. Building strategic partnerships

Critical financial dimensions

Is your organization ready to ensure its long-term sustainability and market relevance with strategic partnerships? These arrangements are increasingly widespread and necessary to ensure growth.



18%

of health care leaders have already entered into at least 3 vertical partnerships, and another 63% are somewhat or very likely to do so within the next 5 years.[12]

Monitor market movements

Quarterly market reviews can help you keep pace with competitive activity, consumer behaviors, changes in the market mix and pressure on talent and supplies. Evaluating your strategic plan against movement in your market can help you determine the partnerships that will deliver the most value.

Broad capabilities essential for ongoing market relevance

Today's health care market is less forgiving than ever of potential gaps in care or service. If you don't identify and fill these areas, it could create an opportunity for your competition. Finding the right strategic partner can help resolve these gaps to ensure that your organization remains competitive. By leaning on the combined knowledge of strategic partnerships, your organization can stay agile, smart-source non-critical capabilities to keep costs down and performance up, get a better view of the whole consumer and secure the supply chain.

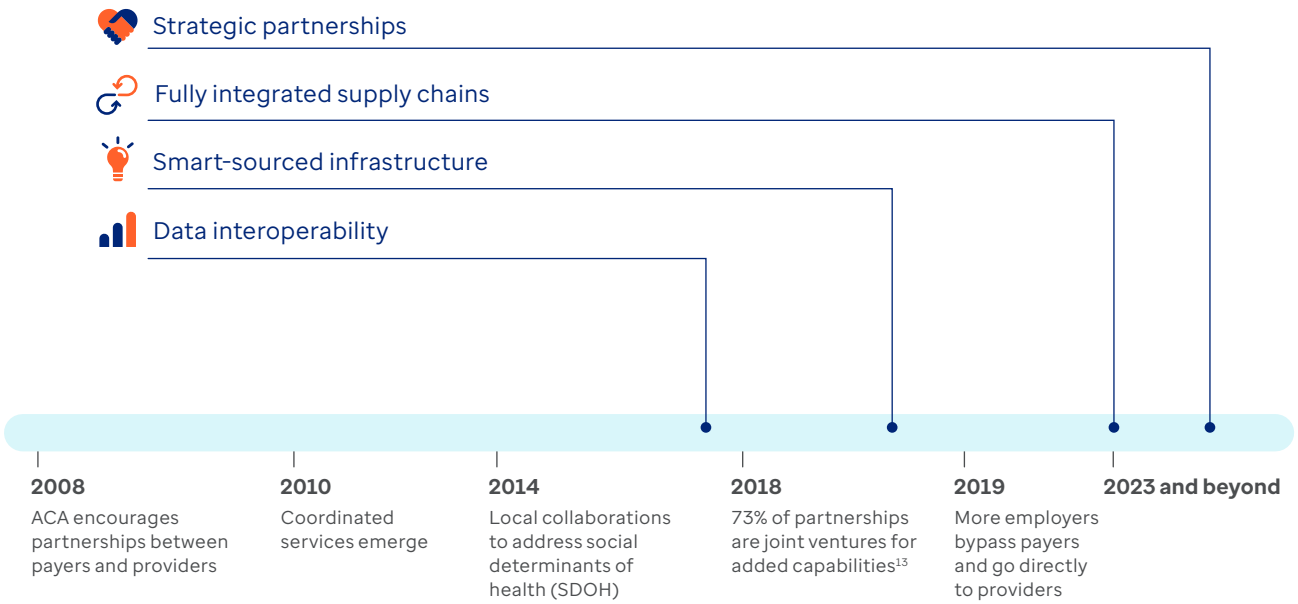
The opportunity for health leaders

Partnerships can occur at several levels. They can allow for greater agility through managed services and create a coordinated continuum of care. Health organizations can collaborate with strategic partners to build rich patient profiles, expand predictive capabilities and better manage risk. Partnerships can help you restructure your business to focus on your core capabilities and offload cost and infrastructure that does not differentiate. Partners can also provide access to updated technologies without requiring capital investment.



Take the long view on strategic partnerships

The goals of strategic partnership must start and end with the consumer. Look at the consumer's end-to-end health experience to uncover gaps – are there gaps you should close with a new service or is it something you can smart-source?



Building actionable insight

Standardize data solutions to facilitate the exchange of clinical information and administrative information, both lowering the cost of delivering care from an administrative standpoint and creating greater partnership.

Choose strategic partners who can help build and share a more holistic view of the patient.

Accelerating innovations to scale

Collaborate to drive preventive care. This can ward off the severe implications of consumers not seeking treatment.

To increase access to capital, consider joint ventures, which are less expensive than M&As and require less demand for changes in local governance and exchange of assets.

Think about strategic smartsourcing. What services must you provide because of your unique capability? Where can you partner to ensure coverage with an organization that is more adept?

5. Mastering the new indicators of growth

Critical financial dimensions

Has your organization invested in improving consumer satisfaction? Are you offering multiple ways for consumers to connect? Do you know what they prefer?



Patients who have the poorest-quality relationships with their physicians are

3 times

more likely to leave the practice than patients with the highest-quality relationships.[14] This loyalty also applies to clinicians, with studies showing that focusing on patient satisfaction also leads to a reduction in employee turnover.[15]

Net Promoter, Net Promoter System, Net Promoter Score, and NPS are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Tracking success in a rapidly moving market

Market dynamics have intensified economic pressure and forced leaders to adjust how they track their path to success. Organizations must measure their progress in engaging consumers in a complete care experience.

Value-based arrangements: 80% of providers claim value-based care arrangements improved their margin during the pandemic.[18] Sustaining the right balance of these arrangements protect against disruption and pave the way for growth.

Physician productivity: This can be achieved through the use of digital portals, telehealth, remote monitoring and predictive capabilities that anticipate and prioritize patient needs.

Consumer motivations: Leaders need a complete picture of consumers' health-related activity. And they need to recognize why they've withdrawn from your ecosystem. Track satisfaction using the Net Promoter Score® (NPS®) and the Customer Effort Score (CES).

End-to-end coordination: Having a complete picture is the precursor to developing the integrated end-to-end experience consumers seek. Health plans and providers can quantify how well they've eliminated silos; measure gaps in understanding for what's occurring in ambulatory settings; and evaluate how well they collectively address the complete set of factors that contribute to positive outcomes.

Loyalty and engagement levels: Leaders can test and track which methods consumers prefer and use those channels to rebuild confidence in care delivery. They can monitor and strengthen engagement in preventive programs. Regular, coordinated digital dialogues build adherence, keep people healthy and reduce costs.

The opportunity for health leaders

Leaders are seeking operational resilience. How well you understand your consumer will impact how well you can predict demand. How nimble are your staffing strategies? How quickly can your organization adapt? How secure is your supply chain? How completely can you integrate and update information?

Consider a more holistic picture of growth

Advanced tools and measures can help track shifts in consumer behavior and demand, anticipate the rise of competitive threats and monitor your organization's ability to adapt.

Consumer indicators
- Net Promoter Score
- Customer Effort Score
- Engagement levels
- Lifetime values

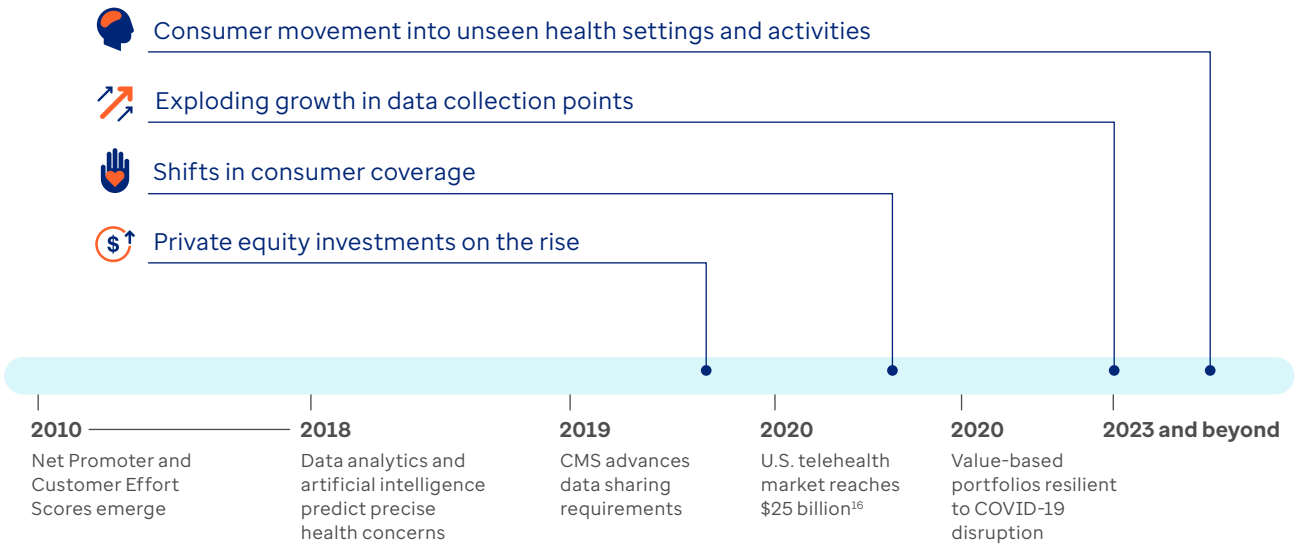
Organizational resilience
- Lives under management
- Levels of data access
- Number of value-based arrangements
- Staffing flexibility
- Capacity for predictive modeling

Market shifts
- Supply-chain security
- M&A activity
- New market entrant activity
- Share of wallet

Take the long view on growth metrics

An integrated, simple care experience is an emerging metric of success. How seamless is your organization's experience for the consumer? For the clinician? How successful have you been at breaking down silos between health plans, providers and other strategic partners? Are you able to predict market shifts and anticipate each consumer's need?

Assess complexities caused by market changes



Building actionable insight

- Leverage data and analytics to predict risk in your population. Health plans can help providers anticipate the onset of disease and support outreach and other preventive activities.
- Gather customer satisfaction scores and evaluate against market benchmarks. Do consumers believe you are the best at what you do?
- Understand the lifetime value of your consumer segments and evaluate how well you are earning their loyalty.

Accelerating innovations to scale

Expand your digital front door. Digital channels expand capacity and strengthen your ecosystem.

Increase access to data. Health plans and providers can help give each other a 360-degree view of the consumer. Leverage the momentum generated by recent regulatory requirements to focus on greater interoperability.

Give people more control of their own care and data. Are they tracking their own progress using a wearable fitness device at home? How do they prefer to engage?

6. Tracking consumer health care spending

Critical financial dimensions

Tracking loyalty and satisfaction is only part of the puzzle in predicting the health care spend with your organization. Health care leaders can calculate share of wallet to determine precisely how, where and why consumers are spending their money.

Share of wallet

has been shown to be a more telling indicator of whether or not a consumer would recommend a product or service than even their satisfaction score.[17]

Monitor market movements

Leaders need a precise view of the total available dollars, how they are being distributed within their system and where they are leaving. The key is to understand why and where dollars are being spent. How are state and federal budgets impacting revenue? How have employment shifts affected coverage and consumer behaviors? Where is the competition peeling away business?

Identify the full potential for revenue

To maintain financial sustainability, it's important to have a clear understanding of the potential revenue available in your market, how it is currently shared and where each dollar is spent within your system. This can help spot hidden risk to your market share and validate that each dollar was well spent within your system. This can also trace the new competition or delivery innovation that might peel away margins or impact network construct and pricing. Talent is also essential to capturing revenue, and market shifts and shortages are increasing the competition for it.

The opportunity for health leaders

The pressure on health organizations to prove they can deliver better outcomes at lower cost has never been greater. The market is eliminating underperformers and rewarding those that meet consumer needs at affordable price points. Leaders have a brief competitive window to assess their strengths, operationalize efficiency, divest underperforming assets and commit to the role where they can be most meaningful. They can bring more dollars into their system and then ensure those dollars are spent most effectively.

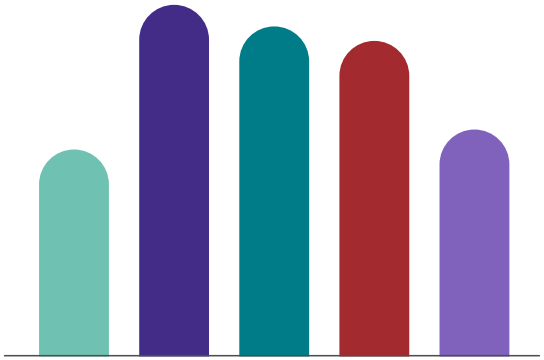


Take the long view on how dollars are shared

In today's rapidly shifting market, service and spending are splintering across a more diverse set of locations, service providers and tools. Health plans and providers can leverage data and actuarial expertise to monitor an ever-evolving health landscape.

Share of spend

- Hospital stays
- Prescriptions
- Physician services
- Office visits
- Administrative



Market factors

- Partnership dynamics
- Market maturity for value-based contracts
- Volume of large, self-insured employers
- New market entrants
- Population pressures

Building actionable insight

- If you are not maintaining membership or if you are losing patient volume, then consumers are spending their share of wallet somewhere else. Tracking referrals by procedure is an opportunity to spot this leakage. Examine the root cause and make the improvements needed to protect the bottom line.
- Track new market entrants, shifts in volume, supply costs or pharmacy spend month to month. If you see fluctuations in these measures, there is likely disruption in the broader ecosystem.
- Determine how consumers are spending within your system. How are they spending their copays and deductibles? Are they making the most efficient spend? Are they participating in prevention or ending up in the emergency room? Do they understand how to optimize the site of care?

Accelerating innovations to scale

With a solid assessment of your strengths, the dollars in your market, consumer behaviors and competitive pressures, you can determine a course of action and set projections for growth and funding your mission.

Leverage consumer segmentation and outreach efforts to uncover and address the unmet needs in your population.

Evaluate the consumer end-to-end experience and identify partnerships that could close service gaps or overcome any barriers to consumer engagement.

Participate in a digitally integrated ecosystem that ensures you are setting the benchmark in performance while continually reducing the total cost of care.



Standing apart in the market

Surviving the shifting economic landscape of health is one of the greatest challenges facing leadership today. It will require a strong focus on the consumer, a willingness to pursue strategic partnerships and an adaptive ability to read the market and adjust to competition. It will mean redefining what it means to measure growth while taking a wide view of the ecosystem to remain a step ahead of new disruptions. And none of this can be accomplished without leveraging the power of data and analytics.

By leaning on innovative technologies and advanced analytics, your organization can better adapt to new financial variables while accelerating growth into the future. A facility with the tools required to navigate the new health economy is what can truly differentiate your organization in the market.

See how Optum Advisory Services can develop a customized solution to enhance your organization's performance.

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