The New Health Care Consumer –
The Emergence of DIY Health Care

Missouri Hospital Association
2016 Leadership Forum
9 June 2016, Branson, MO

Jane Sarasohn-Kahn, MA (Econ.), MHSA
THINK-Health and Health Populi blog
@healthythinker
Thanks for inviting me to

Yesterday was my 30th wedding anniversary
Signposts of the New Retail Health in Missouri

**MDLIVE**
expands tele-mental health in Missouri via Walgreens

**Missouri Health Care For All**
praises passage of Missouri Health Insurance Rate Transparency Act SB 865

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**Northwest Medical Center**

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**Let’s Deskercise!**
The New Health Consumer – Engaging for the Triple Aim

• Intro: our personal health ecologies
• Personal health economics drives health consumerism and DIY health
• DIY health enabled via social, mobile, digital tech
• New Players in the New Health Economy – collaboration, coopetition, competition?
• Implications for members
JSK’s Personal Health Ecology*

*Note: we all have one!
Defining Health Care “Consumers”
3 Personae

Patient

Payor

Person
Life After October 2008
Emergent Post-Recession Consumer Consciousness

• Then
  – Passive
  – Careless
  – Simple

• Now
  – Active
  – Deliberate
  – Complex

Sustainability is the new happiness:
  – Save me money
  – Inspire creativity
  – Conserve resources
  – Keep me healthy

Source: Eyes Wide Open, Wallet Half Shut, Ogilvy/Communispace, March 2010
How People Define Health and Wellness

- Physical health 94%
- Mental/emotional Health 91%
- Personal appearance 87%
- Financial health 82%

Source: Edelman Health Engagement Barometer, October 2008
Health Care is #1 Line Item Of “Pocketbook Costs” Vs Energy, Housing, or Food October 2015

Table 2: Ranking Of Pocketbook Costs

| Percent who say it is very or somewhat difficult to afford each of the following | Total | Insured | Uninsured | By Annual Household Income |
|---|---|---|---|---|---|
| | | By Insurance Status (Ages 18-64) | | Less than $40,000 | $40,000-$89,999 | $90,000 or more |
| Health care | 42% | 38% | 81% | 56% | 41% | 16% |
| Monthly utilities, like electricity, heat, and phone | 38 | 36 | 63 | 54 | 35 | 9 |
| Rent or mortgage | 35 | 34 | 63 | 50 | 32 | 12 |
| Food | 31 | 29 | 52 | 48 | 25 | 7 |
| Gas or other transportation costs | 30 | 29 | 46 | 44 | 24 | 7 |

Source: Kaiser Family Foundation Health Tracking Poll, October 2015
“Come quickly—I think I had an out-of-pocket experience.”
Cumulative Increases in Health Insurance Premiums, Workers’ Contributions to Premiums, Inflation, and Workers’ Earnings, 1999-2015

Health Costs for Family of Four in 2016 = $25,826

Health Insurance, a Chrysler 200 Sedan, or a Year at Wake Forest

Source: 2016 Milliman Medical Index, May 2016
Healthcare as a percentage of consumer spending

Source: Commerce Department

$1 in $5 of consumer spending
Figure 4: CDHP Prevalence Among Large Employers

There's someone I'd like you to meet—your deductible.
Individuals used many strategies to pay for medical bills

- Taken money out of retirement, college, or other long-term savings accounts: 17% uninsured, 31% insured, 26% total
- Increased credit card debt: 24% uninsured, 38% insured, 34% total
- Borrowed money from friends or family: 38% uninsured, 37% insured, 37% total
- Taken an extra job or worked more hours: 40% uninsured, 42% insured, 41% total
- Used up all or most of savings: 51% uninsured, 63% insured, 59% total
- Cut back spending on food, clothing, or basic household items: 62% uninsured, 75% insured, 70% total
- Put off vacations or other major household purchases: 64% uninsured, 77% insured, 72% total

Source: Deloitte Center for Health Solutions, January 2016
Growing Embrace of the Triple Aim in Health Care
Operational Beacon for U.S. Health Care

Public and private payors driving toward the Triple Aim in health plan designs.

Source: Institute for healthcare Improvement, Why the Triple Aim?
The More Activated a Patient Is, the Lower Their Health Costs

*Health Affairs, March 2015*

Predicted Average Per Capita Costs In Follow-Up Year, By Change In Patient Activation Measure Levels During Two Time Periods.

Decades of promotion have made value a euphemism for discount. But marketers like Tide, Wendy’s and Ford are shifting the perception to mean something else: products worth a higher price.

Source: Advertising Age, April 22, 2013
Yes, you.

You control the Information Age.
Welcome to your world.
Evolution of *Homo Informaticus*

*Source: Consumers on board: how to copilot the multichannel journey, EY, June 2014*
Several groups are shifting their home internet connectivity away from broadband and toward smartphones

% of each group who have ...

<table>
<thead>
<tr>
<th></th>
<th>Broadband at home</th>
<th></th>
<th>Smartphone, but no broadband at home</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2015</td>
<td>CHANGE</td>
<td>2013</td>
</tr>
<tr>
<td>All adults</td>
<td>70%</td>
<td>67%</td>
<td>-3%</td>
<td>8%</td>
</tr>
<tr>
<td>African Americans</td>
<td>62%</td>
<td>54%</td>
<td>-8%</td>
<td>10%</td>
</tr>
<tr>
<td>Rural residents</td>
<td>60%</td>
<td>55%</td>
<td>-5%</td>
<td>9%</td>
</tr>
<tr>
<td>Household income &lt; $20K</td>
<td>46%</td>
<td>41%</td>
<td>-5%</td>
<td>13%</td>
</tr>
<tr>
<td>$20K–$50K</td>
<td>67%</td>
<td>63%</td>
<td>-4%</td>
<td>10%</td>
</tr>
<tr>
<td>$50K–$75K</td>
<td>85%</td>
<td>80%</td>
<td>-5%</td>
<td>5%</td>
</tr>
<tr>
<td>Parents</td>
<td>77%</td>
<td>73%</td>
<td>-4%</td>
<td>10%</td>
</tr>
<tr>
<td>High school degree or less</td>
<td>50%</td>
<td>47%</td>
<td>-3%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Pew Research Center surveys
PEW RESEARCH CENTER
Non-broadband users cite a number of reasons why they do not use high-speed connections

% of each group who cite the following as reasons for not having broadband at home

<table>
<thead>
<tr>
<th>Reason</th>
<th>All non-broadband users</th>
<th>Non-broadband users who own a smartphone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly cost of home broadband subscription is too expensive</td>
<td>59%</td>
<td>59%</td>
</tr>
<tr>
<td>Have other options for internet access outside of home</td>
<td>46%</td>
<td>59%</td>
</tr>
<tr>
<td>Cost of computer is too expensive</td>
<td>45%</td>
<td>41%</td>
</tr>
<tr>
<td>Smartphone does everything online that you need to do</td>
<td>27%</td>
<td>65%</td>
</tr>
<tr>
<td>Service is not available or speed is unacceptable</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>Some other reason</td>
<td>25%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: Survey conducted June 10-July 12, 2015. Sample size = 2,001.

PEW RESEARCH CENTER
Broadband Connectivity Is A Social Determinant of Health

Note: Space in Missouri

Source: Annual Broadband Report, FCC, January 2015
DIY Life

- TripAdvisor
- Amazon
- Airbnb
- Uber
- Waze
- Mint
- Blue Apron
- OpenTable
- Zappos

the web's most popular shoe store!
"Your oil’s fine, but your blood-sugar level’s a little low."
The New Retail Health
“Your oil’s fine, but your blood-sugar level’s a little low.”
CVS/pharmacy’s Growing Force in Health, Wellness and Telehealth

Quitting Tobacco, Rebranding in “Health”

Allying with Telehealth Cos.

Developing Clinical Affiliations (50+)

Acquiring Target Pharmacies
A Growing Force in Health
Evolving Health Information Ecosystem: From Retail Health to Clinical Trials
The Supermarket As Health Destination in Missouri

Eg., Hy-Vee

Hy-Vee Healthy You Bus
Coming to Mickle Middle School and Northern Lights Hy-Vee

Our new mobile health fair will be in Lincoln to help you on your road to wellness.

Your next step to a healthy you starts here:
Thursday, June 26, 2014
1:00 p.m. – 3:00 p.m. Mickle Middle School, home of the One Step Garden
4:00 p.m. – 6:00 p.m. Our Hy-Vee Store 402-467-5505

• Spin the NuVal wheel to win prizes!
• Free Health Handouts: Heart Healthy, Diabetes, 50+ Nutrition and Healthy Shopping with NuVal. Learn about your health with health screenings.
• Speak with your in-store dietitian and have good-for-you food samples.
8 in 10 US Consumers Seek Food Options That Are Also Healthy

Health and wellness: A top priority, but the definition is changing

Health & wellness remains a key priority for consumers. However, consumers’ specific preferences are constantly changing. In 2015, 47 percent of consumers described themselves as “health conscious,” up from 46 percent in 2010. Additionally, 35 percent described themselves as “ingredient sensitive” in 2015, up from 29 percent in 2010. Companies should consider staying updated on the attributes that are most associated with healthy products and how these factors affect product preferences.

Consumers today:
- Want healthy options that are convenient too
- Prefer pure, unadulterated food low in preservatives, sodium, artificial ingredients and high fructose corn syrup
- Are less drawn to attributes that used to be hot, such as low-fat, high-fiber and high-protein
- Are willing to pay a premium for healthier versions of products

Evolving definition and willingness to pay

- What do majority of consumers prefer:
  - Convenient options that are also healthy: 86%
  - Products with fewer ingredients: 75%
  - Attention to the nutritional content of the foods I buy: 74%
  - Avoid preservatives and other chemicals in the food I buy: 72%
  - Healthy versions while making purchases in this category: 59%
  - Avoid products with preservatives, artificial sweeteners or other: 57%
  - Vitamin enriched products when I can: 54%

- Which attributes do consumers associate with healthy products?
  - No or few preservatives (48%)
  - No High Fructose Corn Syrup (HFCS) (32%)
  - Low sodium (29%)
  - No or few artificial colors and ingredicnts (25%)
  - Natural (24%)
  - Unprocessed/Farm-fresh (22%)
  - Low fat (20%)
  - Low saturated fat (18%)
  - Organic (16%)
  - Low calorie (15%)
  - GMO-free (15%)
  - High-protein (14%)
  - Nutritional content labeling (14%)
  - Contains functional ingredients (14%)
  - Gluten free (13%)
  - Contains whole grains (12%)

- How much of a premium are consumers willing to pay for healthier versions of products?
  - Up to 10%: 59%
  - 10 to 20% more: 23%
  - More than 20%: 11%
  - 0% more: 3%

Thinking #SDOH – Transportation Solution
Ride With Uber

Getting to the Doctor Just Got Easier

MedStar Health and Uber have created a convenient ride option to get you to and from your medical appointments and stay on track to receive the care you need. Door-to-door transportation saves time, and our handy reminder feature will help you be ready when your ride arrives.
Growing Telehealth Options – On-Demand Medicine

Source: Curated List By @HealthyThinker, 11 May 2016
Key Categories in Consumer-Facing Health Devices
Growth of Internet of Things in Health/Care

- Track food
- Track weight
- Track activity
- Track sleep
- PERS

- Track heart function
- Track stress and mood
- Track meds
- Track "home"
- Connected car
Health Tops List Of Information US Consumers Want From Wearables

- Plug into social media: 26%
- Access to entertainment: 29%
- Control home appliances: 32%
- Finding retail deals: 46%
- Eat better: 67%
- Collect and track medical information: 75%
- Exercise smarter: 77%

Source: PwC
Emerging Consumer-Facing Health Information Platforms
Cerner Working With Validic for HealtheLife App

*Integrating Patient-Generated Data into the EHR*

Source: Cerner To Integrate Patient-Generated Data Using Validic Digital Health Platform, Cerner Press Release, March 12, 2015
IBM Watson Health – “Insights As A Service”

Industry Partners

- CVS Health
- Medtronic
- Apple
- Epic
- Johnson & Johnson

Hospital Partners

- Boston Children’s Hospital
- Mayo Clinic
- Memorial Sloan-Kettering Cancer Center
- The University of Kansas Cancer Center
- SANFORD HEALTH
The New Health Economy –

Implications for Members
Health is the new **green**
Consumers expect all industries to engage in health

Source: Edelman Health Barometer, 2010
A Major Message for Large Retail, Healthcare Providers, & Digital Companies Equally Trusted to Manage Health

Level of Trust in Managing Consumers’ Health

- Large retail: 40%
- Provider: 39%
- Digitally enabled company: 38%
- Insurance: 37%
- Integrated payer/provider: 34%
- Pharmacy: 26%

Source: Strategy& consumer survey 2014
N=2399
A Major Message for

Trust Built on Transparency and the “Core Benefit” -- Value

Consumers are willing to trust nontraditional companies

Level of Trust in Managing Consumers’ Health

- Large retail: 40%
- Provider: 39%
- Digitally enabled company: 38%
- Insurance: 37%
- Integrated payor/ provider: 34%
- Pharmacy: 26%

Reasons to Select Nontraditional Companies

- Trust to receive quality care at lowest cost: 42%
- Core benefit: 25%
- Administrative services: 10%
- Programs to manage health: 9%
- Consumer experience: 7%

Source: Strategy & consumer survey 2014
N=2399
CMS Payment Changes 2015-2018
Medicare’s commitment towards quality-based payments grows.

Quality based payment programs
- Hospital Value-Based Purchasing
- Hospital Readmissions Reduction
- Hospital-Acquired Condition Reduction
- End-Stage Renal Disease (ESRD)
- Quality Incentive
- Value-Based Modifier

Alternative payment programs
- Pioneer Accountable Care Organization
- Medicare Shared Savings Program
- Bundled Payments for Care Improvement
- Comprehensive Primary Care Initiative
- Patient Centered Medical Homes

By 2016: 85%
- All Medicare payments
- Percentage of payments linked to quality programs

By 2018: 90%
- Percentage of payments linked to alternative programs
Re-Imagining the Hospital in the New Health Economy

Oliver Wyman says: “We expect that by 2020 the traditional healthcare industry will shrink by 40% and medical trend will level off to the growth rate of the overall economy.

“The health and wellness markets will converge, creating a new combined marketplace worth $5 trillion....”

What is a hospital in this new marketplace?

Source: THINK-Health analysis of The Patient-To-Consumer Revolution, Oliver Wyman, October 2014, for the Wisconsin Hospital Association
In a word or two, could you please tell me what comes to mind when you think of hospitals?
Nurses, Pharmacists and Doctors Rank As Most Ethical Professions

Please tell me how you would rate the honesty and ethical standards of people in these different fields -- very high, high, average, low or very low?
Dec. 2-6, 2015

<table>
<thead>
<tr>
<th>Profession</th>
<th>Very high/High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurses</td>
<td>85%</td>
</tr>
<tr>
<td>Pharmacists</td>
<td>68%</td>
</tr>
<tr>
<td>Medical doctors</td>
<td>67%</td>
</tr>
<tr>
<td>High school teachers</td>
<td>60%</td>
</tr>
<tr>
<td>Police officers</td>
<td>56%</td>
</tr>
<tr>
<td>Clergy</td>
<td>45%</td>
</tr>
<tr>
<td>Funeral directors</td>
<td>44%</td>
</tr>
<tr>
<td>Accountants</td>
<td>39%</td>
</tr>
<tr>
<td>Journalists</td>
<td>27%</td>
</tr>
<tr>
<td>Bankers</td>
<td>25%</td>
</tr>
<tr>
<td>Building contractors</td>
<td>25%</td>
</tr>
<tr>
<td>Lawyers</td>
<td>21%</td>
</tr>
<tr>
<td>Real estate agents</td>
<td>20%</td>
</tr>
<tr>
<td>Labor union leaders</td>
<td>18%</td>
</tr>
<tr>
<td>Business executives</td>
<td>17%</td>
</tr>
<tr>
<td>Stockbrokers</td>
<td>13%</td>
</tr>
<tr>
<td>Advertising practitioners</td>
<td>10%</td>
</tr>
<tr>
<td>Car salespeople</td>
<td>8%</td>
</tr>
<tr>
<td>Telemarketers</td>
<td>8%</td>
</tr>
<tr>
<td>Members of Congress</td>
<td>8%</td>
</tr>
<tr>
<td>Lobbyists</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Gallup, Honesty/Ethics in Professions, December 2015

85% say nurses
68% say pharmacists
67% say doctors

10% say “Mad Men”
8% say car salespeople
8% say members of Congress
Happy Patients, Higher Margins

U.S. hospitals see link between patient experience and bottom line

Customer experience translates to higher hospital margins

% of patients rating hospital 9 or 10 (highest) on HCAHPS

Leading – 6.9%
Average – 4.3%

Correlates nationwide across all hospital types

Margin increase per 10% increase in HCAHPS score

Ownership
- For Profit
  - +3.3%
- Non-Profit
  - +1.4%

Academic
- +2.1%
- Non-Academic
  - +1.7%

Geography
- West
  - +0.8%
- Southwest
  - +2.0%
- Midwest
  - +2.3%
- Northeast
  - +1.0%
- Southeast
  - +3.5%

System
- Part of a System
  - +2.3%
- Stand-Alone
  - +1.4%

Sources: Accenture analysis, HCAHPS Hospital Survey, Centers for Medicare and Medicaid Services

Source: Hospitals see link between patient experience and bottom line, Accenture, May 2016
THINK-Aways for
THINK-Aways for Know Thy Patients
THINK-Aways for

Know Thy Patients

Enable transparency and financial wellness
THINK-Aways for

Know Thy Patients

Enable transparency and financial wellness

Share health data
THINK-Aways for

Know Thy Patients
Consider patients’ life-flows and personal health ecosystems

Enable transparency and financial wellness

Share health data
THINK-Aways for

- Know Thy Patients
  - Consider patients’ life-flows and personal health ecosystems

- Ally/partner with other health ecosystem partners trusted & valued by consumers

- Enable transparency and financial wellness

- Share health data
THINK-Aways for

- Know Thy Patients
- Consider patients’ life-flows and personal health ecosystems
- Enable transparency and financial wellness
- Ally/partner with other health ecosystem partners trusted & valued by consumers
- Share health data

THINK: retail in health

[Image of a dollar bill and a shopping cart]
Our newest kindness feature: online appointment scheduling.
Schedule your next appointment online.  

Hello humankindness™

POWERED BY InQuicker.

☐ Deliver what’s expected.
☑ Deliver unexpected kindness.
can do health.

Yes, you.
You control the Information Age.
Welcome to your world.