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2019 State of Consumerism in Healthcare

The Bar Is Rising

Results of the Kaufman Hall Healthcare Consumerism Index

Introduction

Healthcare continues to play catch-up in an online, convenience-obsessed, and increasingly consumer-focused world.

Results of Kaufman Hall's 2019 Healthcare Consumerism Index highlight the challenges that legacy healthcare providers face in trying to grasp a firm handhold on the ever-rising bar of consumer needs and expectations. The Index provides a lens to industry performance related to consumerism, based on survey responses from hospitals and health systems nationwide. An organization in Tier 1 is defined as best-in-class across the four pillars of consumerism: access, experience, pricing, and infrastructure. Tier 4 organizations lack meaningful movement toward consumer-centric strategies across those areas.

Top performers kept pace with previous years, while many underperformers fell further behind. For the second consecutive year, 8 percent of respondents were rated Tier 1 performers (Figure 1). Twenty-four percent rated as Tier 2, compared to 23 percent in 2018. In contrast, many in the lower tiers shifted down. Organizations in Tier 3 declined 13 percentage points, from 52 percent in 2018 to 39 percent this year. Meanwhile, those categorized as Tier 4 increased 12 percentage points, from 17 percent to 29 percent over the same period.

Falling scores in the area of "access" contributed to much of the backsliding from Tier 3 into Tier 4. It is not that these organizations reversed course on consumer initiatives, but rather that they struggled to adjust to continually changing expectations for what defines "great access."

Figure 1. *Overall Performance: Kaufman Hall's Healthcare Consumerism Index*

	Percent	Description
Tier 1	8%	Have dedicated focus and resources to building a consumer-centric infrastructure, offering a variety of access points, strong consumer experience, strategic pricing, and price transparency
Tier 2	24%	Have a thoughtful approach to becoming more consumer centric, investing in infrastructure and initiatives that are being expanded system-wide
Tier 3	39%	Have begun to target specific consumer-oriented strategies, but not yet building an infrastructure for broader, sustained consumer-centric focus and success
Tier 4	29%	Not working on consumer-oriented strategies needed to meet evolving consumer needs in a dynamic healthcare environment

Source: Kaufman Hall Healthcare Consumerism Index.
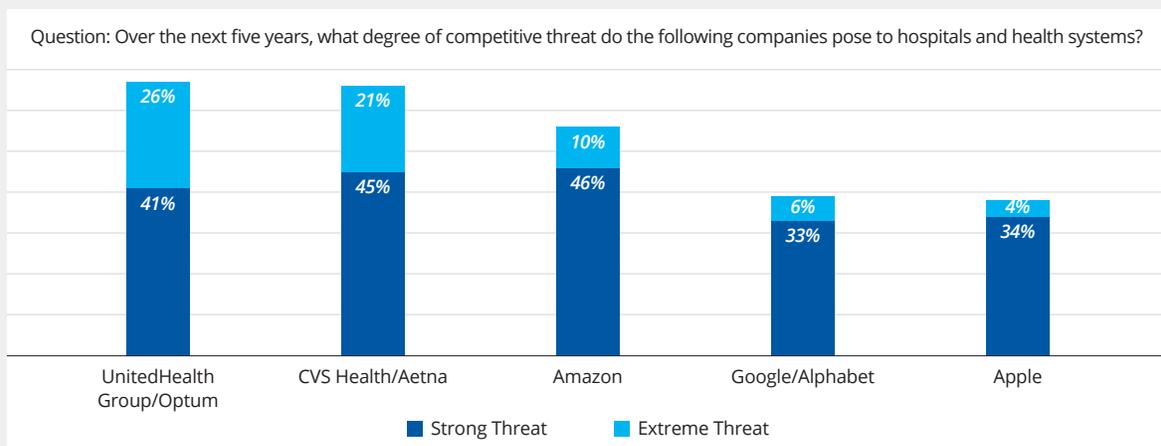
Spotlight: The Threat of Disintermediation

Competition in healthcare is nothing new, but the nature of that competition is changing. No longer are hospitals and health systems vying for inpatient business with the health system across town. Today, they are battling tech giants, industry behemoths, and innovative, targeted healthcare providers seeking to disintermediate legacy organizations from critical shares of outpatient business.

Healthcare leaders nationwide acknowledge the risks, as numerous competitors seek to disrupt traditional care delivery models. A majority of respondents to this year's survey—88 percent—agree or strongly agree that hospitals and health systems are vulnerable to consumer-friendly offerings from non-hospital competitors, compared to just 8 percent who disagreed.

When asked to rank potential competitors, survey respondents cited UnitedHealth Group/ Optum, CVS Health/Aetna, and Amazon as posing strong or extreme threats (Figure 2). Respondents view companies with less of a healthcare focus—such as Google and Apple— as less of a threat. This is notable when compared to results of a recent Kaufman Hall survey of consumers nationwide. One-third of survey respondents said they would trust companies such as Google, Amazon, and Apple *over* healthcare providers or insurers to develop the best online tools to help them find and select healthcare services.

Legacy healthcare providers recognize they have a long way to go to achieve a digital experience comparable to Amazon. Ninety-eight percent of respondents said their organizations' digital experience is either somewhat or significantly worse than Amazon. While 2 percent cited digital experiences comparable to Amazon's, no respondents claimed to offer a digital experience superior to the tech giant.

Figure 2. *Perceptions of Potential Competitors*

Question: Over the next five years, what degree of competitive threat do the following companies pose to hospitals and health systems?

Company	Strong Threat	Extreme Threat
UnitedHealth Group/Optum	41%	26%
CVS Health/Aetna	45%	21%
Amazon	46%	10%
Google/Alphabet	33%	6%
Apple	34%	4%

- Strong Threat
- Extreme Threat

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

Priorities vs. Capabilities: A Growing Gap

Each year, the Kaufman Hall Consumerism Survey seeks to gauge the level of alignment between organizational priorities and capabilities relative to consumerism initiatives. This year's findings reveal a steep divide between those that rank key initiatives as "high" or "extreme" priorities, and those with high capabilities in those areas (Figure 3). Due to the rising bar of consumer expectations, high capabilities are defined as organizations self-identified as being "best-in-class" in the respective areas. Legacy organizations will need premier-level consumerism capabilities to compete in today's increasingly consumer-centric environment.

A majority of respondents (81 percent) identified improving the customer experience as a high priority for their organizations, while only 11 percent reported having best-in-class customer experience capabilities. Surprisingly, 20 percent said improving customer experience was a moderate-to-low priority, and more than a quarter said an enhanced customer experience was either not available or had limited availability at their organizations.

In terms of access, legacy providers continue to focus more on developing brick-and-mortar facilities than expanding digital tools or virtual services. Sixty-one percent of survey respondents identified "offering a variety of facility-based access points" as a high or extreme priority for their organizations, while 10 percent said their organizations are "best-in-class" in this area. More than a quarter said having a variety of facilities was a moderate priority, while 62 percent said their organizations already offered such access points on a widespread basis.

In contrast, just 27 percent cited "offering a variety of virtual access points" as a high priority for their organizations, and only 3 percent said they were top performers in this area. Thirty-six percent identified virtual access points as a moderate priority, and 32 percent said virtual access points were widely available at their organizations. Nearly 30 percent said offering a variety of virtual access points was a low priority, and 63 percent said such access points were either not available or offered on a limited basis at their organizations.

Forty-two percent of respondents identified "using digital tools to engage consumers" as a high-to-extreme priority, while 35 percent said it was a moderate priority and 21 percent said it was a low priority. Thirty-two percent said such tools were widely available, and just 4 percent said their organizations offer best-in-class digital engagement.

Other findings include:

- Sixty-three percent of respondents identified "**using consumer learning to guide strategy**" as a moderate-to-extreme priority

- Three percent said their organizations were best-in-class in **consumer learning-guided strategies**

- Overall capabilities on **pricing strategies** remain low, with more than two-thirds of respondents citing "developing an outpatient pricing strategy" and "providing price transparency" as nonexistent or limited at their organizations

When asked what most differentiates their organizations from competitors, most respondents cited the quality of clinical outcomes, geographic coverage, and accessibility of care. At the other end of the spectrum, respondents indicated factors such as price and "innovative products and services" as the least differentiating factors.

Figure 3. *Consumer-centric Priorities vs. Capabilities*
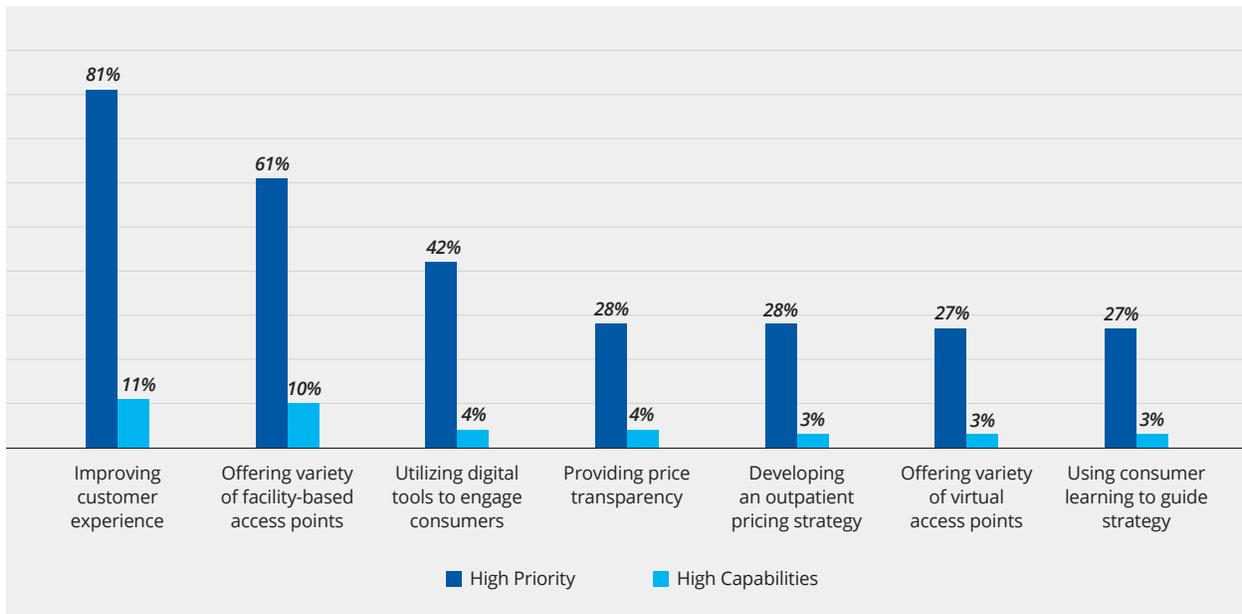
Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

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Consumer Access: The Bar Gets Higher

KEY TAKEAWAYS:

Hospitals and health systems continue to emphasize building facilities over creating convenience. While more than half of respondents offer urgent or ambulatory care centers, only a third offer widespread, basic online scheduling for existing patients.

Overall performance in consumer access fell this year, due in large part to a higher bar in terms of what defines good access for the Kaufman Hall Healthcare Consumerism Index, based on the firm's extensive research into changing consumer needs and attitudes. Today's consumers increasingly demand quick and easy access to any and all services through a variety of access points—physical and virtual—with digital tools to add convenience. Rising expectations require healthcare providers to work that much harder to meet consumer needs.

Figure 4. *Index Ratings: Access*

Access	
Tier 1	9%
Tier 2	24%
Tier 3	37%
Tier 4	30%

Source: Kaufman Hall Healthcare Consumerism Index.

Just 9 percent of organizations rated as Tier 1 performers for access, down 3 percentage points from 2018 (Figure 4). Those in Tier 2 rose 6 percentage points over the same period, to 24 percent this year. Organizations rated as Tier 3 fell 23 percentage points, to 37 percent in 2019, while organizations in Tier 4 rose 20 percentage points over last year, to 30 percent.

This swelling of organizations in the lowest tier is due, in part, to a persistent focus on relatively traditional physical access points. Historically, legacy providers have emphasized building brick-and-mortar care sites, as opposed to first understanding consumers' healthcare *needs* and determining how best to address those needs through a variety of modalities.

As in previous years, the majority of survey respondents indicated that they offer widespread urgent care (61 percent), ambulatory surgery centers (51 percent), and free-standing diagnostics facilities (41 percent). By comparison, nearly half said their organizations had no retail clinics.

Looking at access initiatives aimed at increasing convenience for consumers (Figure 5):

- Nearly 80 percent of organizations report having no **subscription-based primary care** services
- A third offer widespread **online self-scheduling** for existing patients, but few offer this service for new patients
- Same-day appointments, and **extended and walk-in hours** are common access strategies
- Thirty-eight percent of respondents offer widespread **"Save a Spot" urgent care**, while nearly 60 percent offer it on a limited basis or not at all
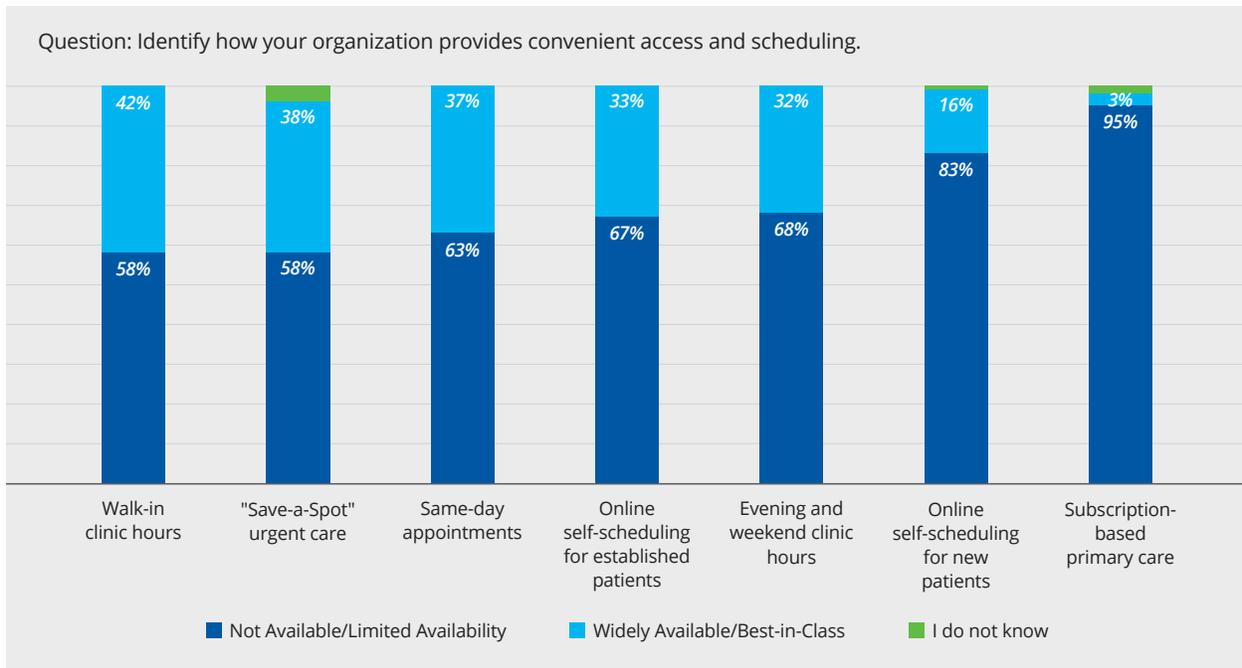
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Legacy healthcare providers need to rethink their approach to access if they want to appeal to today's consumers, said a senior strategy officer with a major health system in the Northeast.

"The old, traditional ways of access are not what people want," he said. "Everything is online and on the app of a phone. It's not just about one interaction or one moment in time, it's about building customer engagement and loyalty."

Figure 5. *Consumer Convenience Initiatives*

Question: Identify how your organization provides convenient access and scheduling.

	Walk-in clinic hours	"Save-a-Spot" urgent care	Same-day appointments	Online self-scheduling for established patients	Evening and weekend clinic hours	Online self-scheduling for new patients	Subscription-based primary care
Widely Available/Best-in-Class	42%	38%	37%	33%	32%	16%	3%
Not Available/Limited Availability	58%	58%	63%	67%	68%	83%	95%

■ Not Available/Limited Availability   ■ Widely Available/Best-in-Class   ■ I do not know

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

Consumer Access: Best Practices

Kaufman Hall's research shows the following best practices for developing state-of-the-art consumer access:

- Start with how best to serve consumer needs, rather than asking "how many facilities do we need?" or "which real estate should we purchase?"

- Identify new growth-oriented metrics to determine access success, such as new unique patients captured.

- Provide multiple options across physical, virtual, and convenience dimensions for consumers to access your system—consumers are not homogeneous in their preferences and needs.

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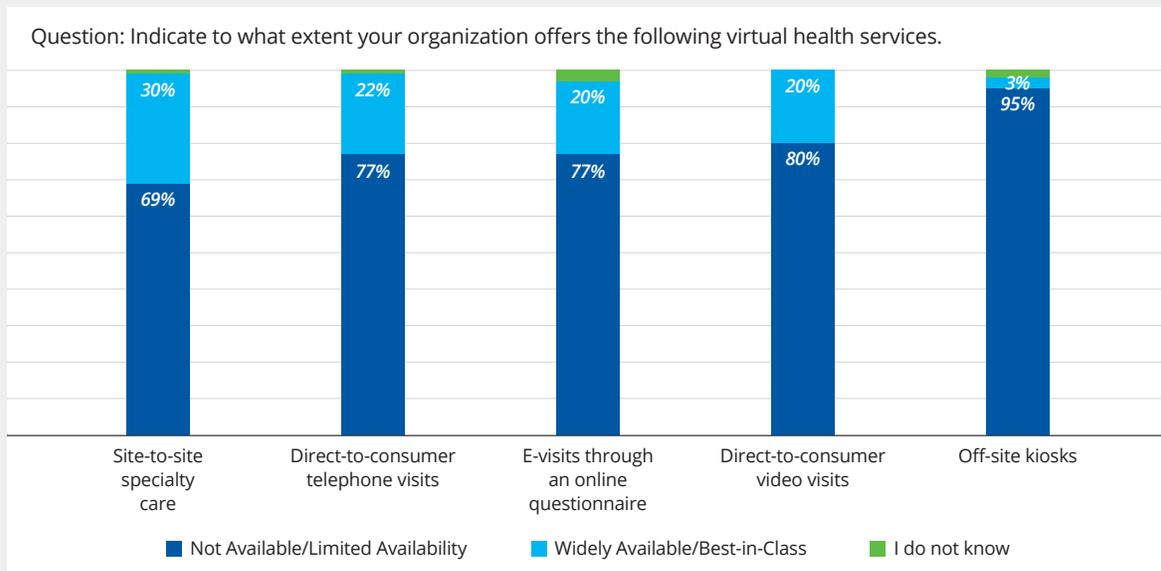## Spotlight: Virtual Care Remains Limited

While still in its early stages, demand for virtual healthcare services is growing as consumers, payers, and employers look for ways to increase access and lower the cost of care. Survey responses revealed limited offerings to date (Figure 6).

Site-to-site specialty care—such as telestroke care—is the most prevalent virtual offering, with 30 percent of respondents citing such services as widespread or best-in-class at their organizations. Meanwhile, more than three-quarters of respondents said they have limited or no direct-to-consumer video or telephone offerings at their organizations. Off-site telehealth kiosks are particularly limited—with 78 percent of respondents citing them as unavailable, and 17 percent indicating they have limited availability.

Other studies have found that a lack of available virtual health services—rather than consumer disinterest—is the primary reason such services are not more commonly used. A recent Kaufman Hall survey asked consumers nationwide about their access to care. It found that 40 percent do not use video visits because the option is unavailable to them, while almost 70 percent said they would consider a virtual visit for at least one type of service.

Even where such services are available, there often is a disconnect between consumer interest in virtual health services and actual utilization. This is due, in large part, to insufficient planning for virtual health strategies—as many legacy healthcare providers rush to implement virtual services without appropriately assessing where they are most needed, and how they can best be used.

Figure 6. *Virtual Health Efforts Limited*

Question: Indicate to what extent your organization offers the following virtual health services.

	Not Available/Limited Availability	Widely Available/Best-in-Class	I do not know
Site-to-site specialty care	69%	30%	
Direct-to-consumer telephone visits	77%	22%	
E-visits through an online questionnaire	77%	20%	
Direct-to-consumer video visits	80%	20%	
Off-site kiosks	95%	3%	

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

Consumer Experience: Efforts Remain Limited

KEY TAKEAWAYS:

While improving consumer experience is a high priority for hospitals and health systems nationwide, few offer real-time scheduling and communications necessary to keep pace with today's digitally connected consumers. To deliver a great consumer experience, executives must make it a cultural priority throughout their organizations, supported by the necessary workflows and enabled by the right technology. Healthcare leaders should strive to offer an experience that's on par with leaders across industries, not just those within healthcare.

As noted earlier, 81 percent of survey respondents identified improving the consumer experience as a top priority for their organizations. While many organizations are making progress, significant room for improvement remains across the board. Eleven percent of respondents rated as Tier 1 for consumer experience, while 38 percent rated as Tier 2. Thirty-four percent of organizations rated as Tier 3, and 17 percent rated as Tier 4.

Enhancing communication has been a clear focus area for many hospitals and health systems, with a majority of respondents reporting widely available automated appointment reminders (72 percent), and centralized call routing (53 percent). Fifty-five percent of organizations have widely available electronic messaging between patients and providers, while 34 percent have it with limited availability. Thirty-nine percent of respondents said their organizations offer same-day communication with a provider by phone on a widespread basis, while 53 percent provide limited availability to such services.

Performance on offering other features to improve consumer experience is varied (Figure 8). For example, 48 percent of respondents said their organizations offer consumer-friendly billing and payment options only on a limited basis, while 13 percent report these services as unavailable. Fifty-one percent offer widespread, easy access to follow-up instructions, while 39 percent offer only limited access.

Real-time communication offerings are particularly lacking:

- Sixty-six percent of organizations offer limited-to-no opportunities for **real-time patient feedback**

- Nearly three-quarters of respondents said their organizations have limited-to-no **real-time referral scheduling**

- Half of organizations offer no **real-time updates on in-office wait times**, while 38 percent offer such updates on a limited basis
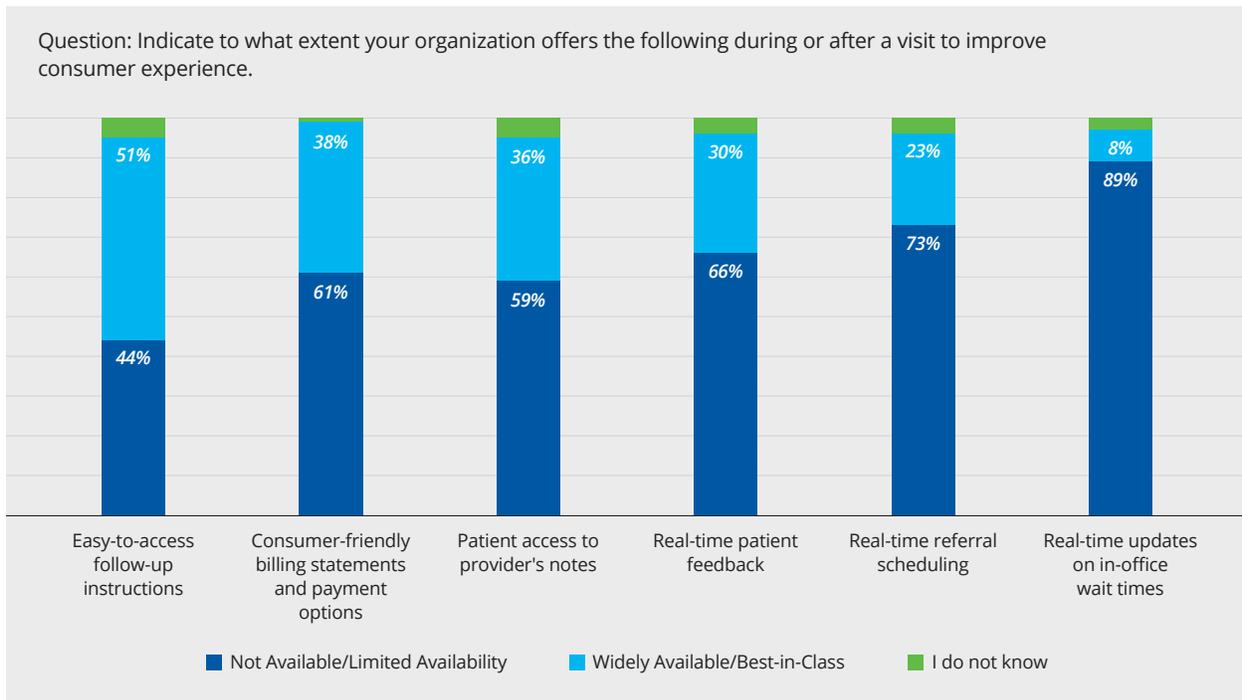
Figure 7. *Index Ratings: Experience*

Experience	
Tier 1	11%
Tier 2	38%
Tier 3	34%
Tier 4	17%

Source: Kaufman Hall Healthcare Consumerism Index.

Surveys have found that long waits—both to get an appointment and day of—remain major pain points for consumers. A recent Kaufman Hall survey of healthcare consumers across the country focused on what parents value in seeking care for their children. Sixty percent said short wait times are the most important factor in selecting a healthcare provider for their child.

Figure 8. *Organizational Progress on Consumer Experience Issues.*

Question: Indicate to what extent your organization offers the following during or after a visit to improve consumer experience.

	Easy-to-access follow-up instructions	Consumer-friendly billing statements and payment options	Patient access to provider's notes	Real-time patient feedback	Real-time referral scheduling	Real-time updates on in-office wait times
I do not know						
Widely Available/Best-in-Class	51%	38%	36%	30%	23%	8%
Not Available/Limited Availability	44%	61%	59%	66%	73%	89%

■ Not Available/Limited Availability ■ Widely Available/Best-in-Class ■ I do not know

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

Consumer Experience: Best Practices

Kaufman Hall's research shows the following best practices for developing a contemporary consumer experience for healthcare organizations:

- Adopt a hospitality mindset: "delight" not "satisfaction."

- Fully address all aspects of creating an optimal consumer experience, including developing a service culture, patient-centered workflows, and enabling tools and technology.

- Address the most important pain points across the *entire care journey,* not just during a specific touchpoint or episode of care. Focusing on specific touchpoints becomes meaningless if consumers encounter cascading issues at subsequent points in their journey.
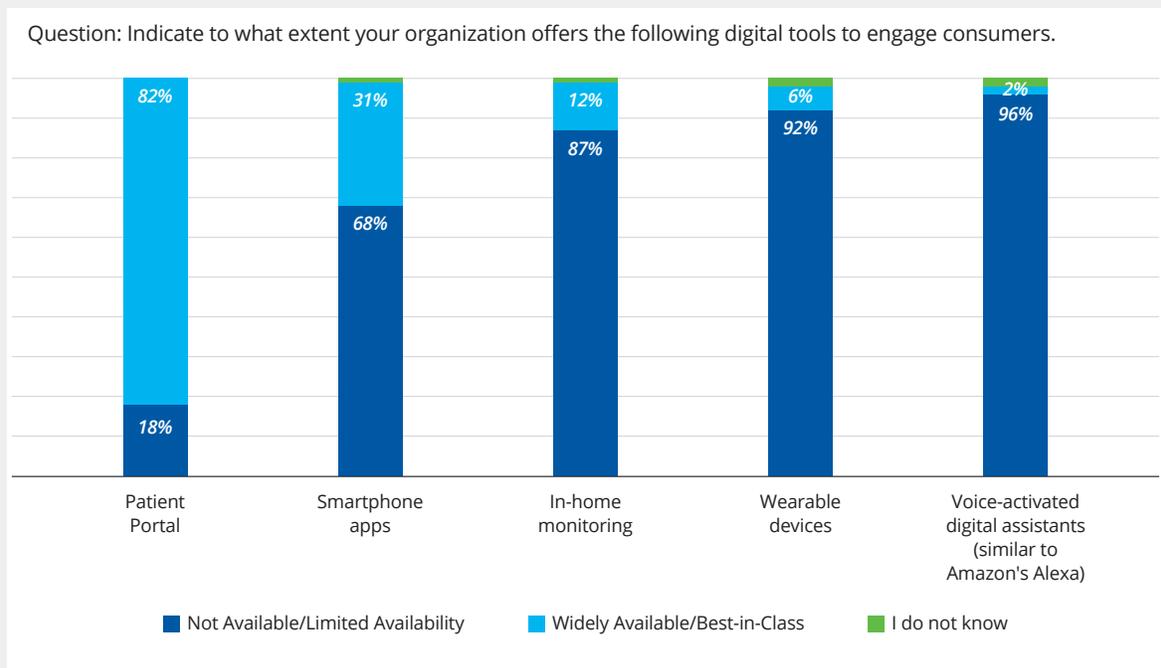
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Spotlight: Digital Consumer-Engagement Tools

This year's survey results show that 20 years after the first patient portals appeared, 82 percent of hospitals and health systems now offer them on a widespread basis (Figure 9). Of those, only 15 percent consider their portals as "best in class"—a relatively low percentage for such a well-established tool.

Other digital tools that enable providers to connect directly with consumers are less prevalent:

- The vast majority of organizations (86 percent) do not use **voice-activated assistants** similar to Amazon's Alexa
- Use of **wearable devices** is growing in the industry, with 52 percent of organizations offering them to consumers on a limited or widespread basis
- Fifty-six percent of respondents said their organizations offer limited **in-home monitoring** services
- A full quarter of respondents have yet to develop **smartphone apps** for their organizations, while 43 percent offer them on a limited basis

Figure 9. *Prevalence of Digital Tools to Engage Consumers*

Question: Indicate to what extent your organization offers the following digital tools to engage consumers.

	Not Available/Limited Availability	Widely Available/Best-in-Class	I do not know
Patient Portal	18%	82%	
Smartphone apps	68%	31%	
In-home monitoring	87%	12%	
Wearable devices	92%	6%	
Voice-activated digital assistants (similar to Amazon's Alexa)	96%	2%	

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

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Pricing Strategy: Awareness Growing

KEY TAKEAWAYS:

Many legacy providers continue to take a traditional approach to pricing, focusing on what is "defensible" from a published charge basis or rebalancing payer contracts for revenue neutrality, rather than responding to changing marketplace demand. Few offer true price transparency.

To remain competitive, organizations must recognize the need for new, consumer-driven delivery and pricing models, and effective strategies to conveniently communicate accurate price estimates to consumers.

Pricing strategy continues to be an area that offers significant room for improvement. Only 9 percent of hospitals and health systems participating in this year's survey rated as Tier 1 adopters of market-driven pricing strategies (Figure 10). Thirty-six percent were Tier 2, 35 percent were Tier 3, and 20 percent were Tier 4.

Seven in 10 organizations report using a traditional approach of benchmarking commercial payment to the market to determine pricing levels (Figure 11). Thirty-six percent use service-specific price risk analysis, while 27 percent use patient-level cost-to-reimbursement analysis or price-volume trade-off analysis, and 17 percent use service-specific consumer price elasticity analysis. Nearly 1 in 10 respondents indicated that their organizations do not use any of these methods to determine pricing.

Figure 10. *Index Ratings: Pricing Strategy*

Experience	
Tier 1	9%
Tier 2	36%
Tier 3	35%
Tier 4	20%

Source: Kaufman Hall Healthcare Consumerism Index.

Figure 11. *Tools Used to Determine Pricing of Services*

Question: How does your organization determine pricing for its services?

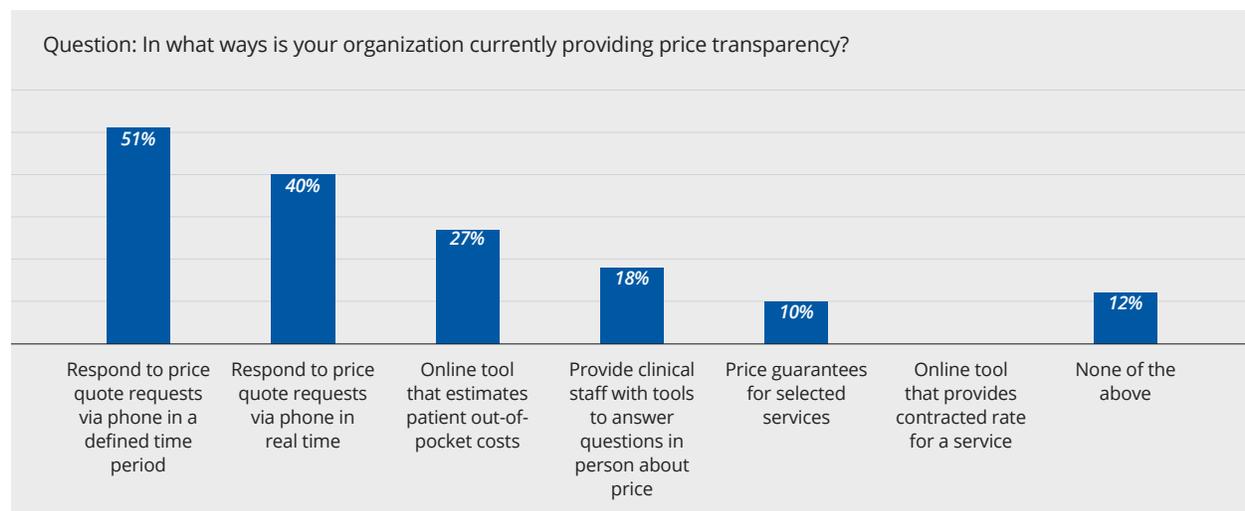| Benchmark commercial reimbursement to the market	Service-specific price risk analysis	Price/volume trade-off analysis	Patient-level cost-to-reimbursement analysis	Service-specific consumers price elasticity analysis	None of the above
70%	36%	27%	27%	17%	9%
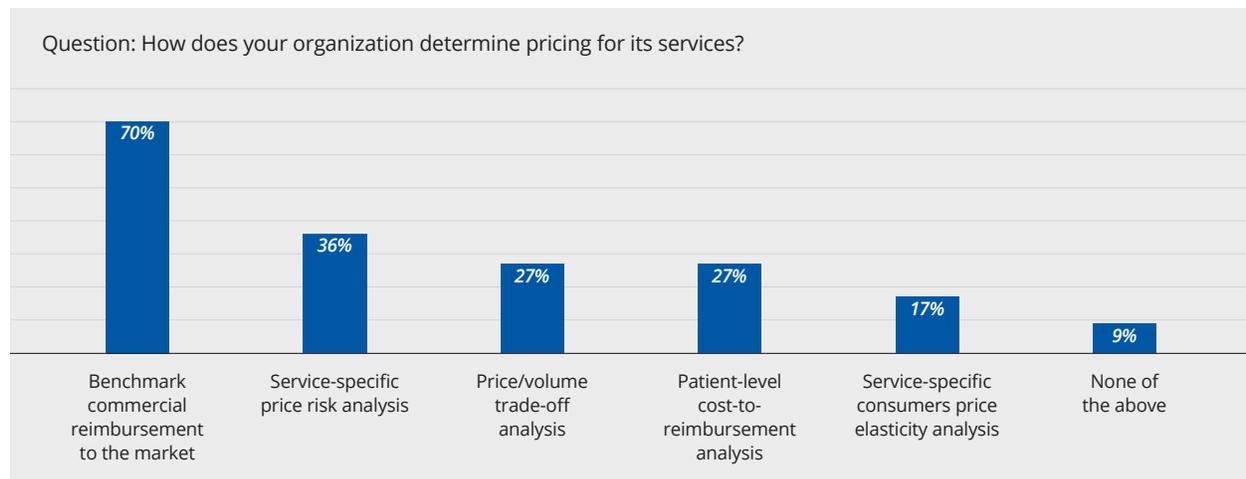
Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

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Despite widespread and long-standing cost pressures, large gaps remain in legacy healthcare providers' efforts to provide consumers with price transparency (Figure 12). For example:

- Twelve percent of organizations offer **no pricing transparency** options
- Only half of organizations **respond to price quote requests** within a defined period of time
- No organizations post **contracted rates for services**, while just 10 percent offer price guarantees
- Eighteen percent of organizations provide **clinical staff with transparency tools** to respond on-the-spot to patient questions regarding costs for recommended services

A recent Kaufman Hall survey of consumers nationwide focused on how they find and select providers and services. The survey found that more than a third research costs in selecting where to go for comparable services. As expectations rise and federal and state laws move toward requiring greater transparency, hospitals and health systems must implement effective pricing strategies and tools to communicate price estimates to consumers conveniently and accurately.

Figure 12. *Price Transparency Efforts*

Question: In what ways is your organization currently providing price transparency?

Respond to price quote requests via phone in a defined time period	Respond to price quote requests via phone in real time	Online tool that estimates patient out-of-pocket costs	Provide clinical staff with tools to answer questions in person about price	Price guarantees for selected services	Online tool that provides contracted rate for a service	None of the above
51%	40%	27%	18%	10%		12%

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

Pricing Strategy: Best Practices

Kaufman Hall's research shows the following best practices in developing an effective, consumer-oriented pricing strategy:

- Quantify your margin risk for shoppable outpatient services vs. market competitors.
- Benchmark against market payment levels, not just charges.
- Understand consumer elasticity, the organization's brand premium, and the pace of change in your market.
- Start to re-design the delivery system, recognizing that new, lower-cost delivery models will be essential to support more competitive and transparent pricing for a growing number of outpatient services.

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Infrastructure: Still Lacking

KEY TAKEAWAYS:

Just over half of hospitals and health systems have developed consumer-centric missions and strategies. For many, however, these efforts are not supported by a well-developed insights and analytics function, or consumer-based performance metrics. To be successful, organizations must adopt a comprehensive, consumer-driven orientation and culture system-wide.

Overall efforts to build an infrastructure of consumer insights and analytics continue to be sub-optimal relative to its critical importance for competing effectively in the marketplace. Fifteen percent of organizations rated as Tier 1 performers in this area (Figure 13). Twenty-eight percent rated as Tier 2, while 29 percent and 28 percent rated in Tiers 3 and 4 respectively.
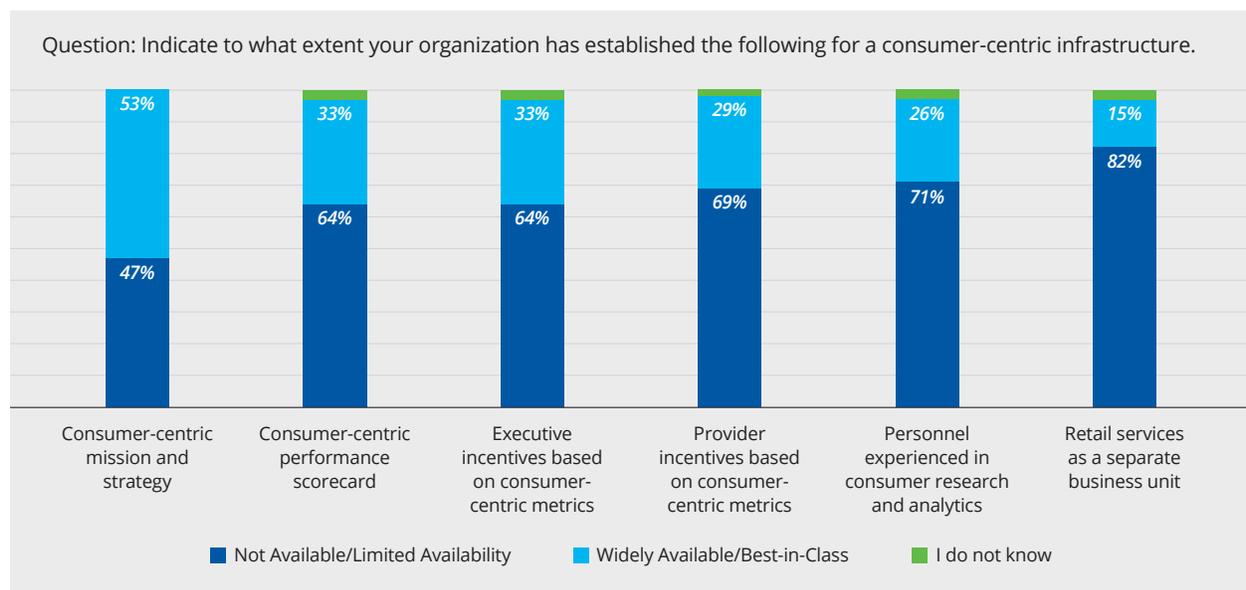
More than half of hospitals and health systems have developed consumer-centric missions and strategies, but a majority have not yet built infrastructures needed to support such objectives. Thirty-eight percent have a limited consumer-centric focus, while 9 percent have yet to develop a consumer-centric mission or strategy of any kind (Figure 14).

Figure 13. *Index Ratings: Consumerism Infrastructure*

Experience	
Tier 1	15%
Tier 2	28%
Tier 3	29%
Tier 4	28%

Source: Kaufman Hall Healthcare Consumerism Index.

Figure 14. *Building Blocks of a Consumer-centric Infrastructure*

Question: Indicate to what extent your organization has established the following for a consumer-centric infrastructure.

	Not Available/Limited Availability	Widely Available/Best-in-Class	I do not know
Consumer-centric mission and strategy	47%	53%	
Consumer-centric performance scorecard	64%	33%	
Executive incentives based on consumer-centric metrics	64%	33%	
Provider incentives based on consumer-centric metrics	69%	29%	
Personnel experienced in consumer research and analytics	71%	26%	
Retail services as a separate business unit	82%	15%	

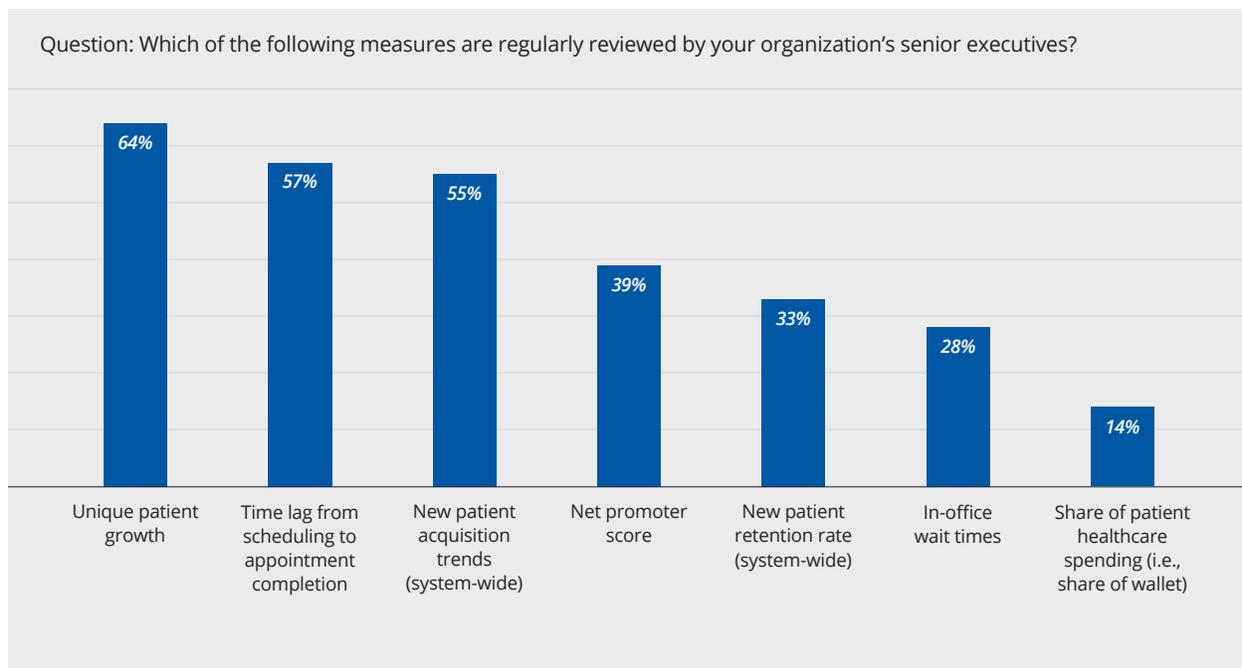*Source: Kaufman Hall 2019 Healthcare Consumerism Survey.*

Other findings include:

- Sixty-four percent of organizations either have no **consumer-centric performance scorecards**, or have them only on a limited basis.

- Similarly, 64 percent said they have limited-to-no **executive incentives** based on consumer-centric metrics

- Sixty-nine percent of organizations have limited-to-no **provider incentives** based on consumer-centric metrics

- Nearly a quarter of respondents have no in-house **personnel with experience in consumer research and analytics**, while just under half have such personnel on a limited basis

As part of building a strong consumer-centric infrastructure, hospital and health system executives should reevaluate how they measure performance relative to consumerism initiatives. The survey asked respondents which measures senior executives at their organizations routinely review (Figure 15). A majority cited unique patient growth (64 percent) and the average time patients wait between scheduling and completing an appointment (57 percent).

Fifty-five percent track new patient acquisition trends, and 39 percent utilize net promoter scores Only 28 percent said senior executives review in-office wait times, and just 14 percent assess the share of patient healthcare spending that they garner (i.e., purchase loyalty).

Figure 15. *Consumer-centric Measures Reviewed by Senior Executives*

Question: Which of the following measures are regularly reviewed by your organization's senior executives?

Unique patient growth	Time lag from scheduling to appointment completion	New patient acquisition trends (system-wide)	Net promoter score	New patient retention rate (system-wide)	In-office wait times	Share of patient healthcare spending (i.e., share of wallet)
64%	57%	55%	39%	33%	28%	14%

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

A senior strategy executive at a health system in the Midwest said her organization recently created a new Chief Transformation Officer (CTO) position. The CTO's role will be to help amplify, align, and focus consumerism initiatives across the health system, including building actionable consumer insights. "For health systems in general, there is so much we really don't understand about how people experience us," she said.

Consumer-centric Infrastructure: Best Practices

Kaufman Hall's research shows the following best practices for developing the infrastructure of insights and analytics necessary for a consumer-centric organization:

- Focus on building a solid infrastructure of consumer insights and analytics that helps guide the organization's strategic planning process.

- Reevaluate how the organization measures its overall performance, such as growth in new patients, loyalty, etc.

- Ensure and communicate top-level support for establishing a consumer-centric foundation.

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Conclusion

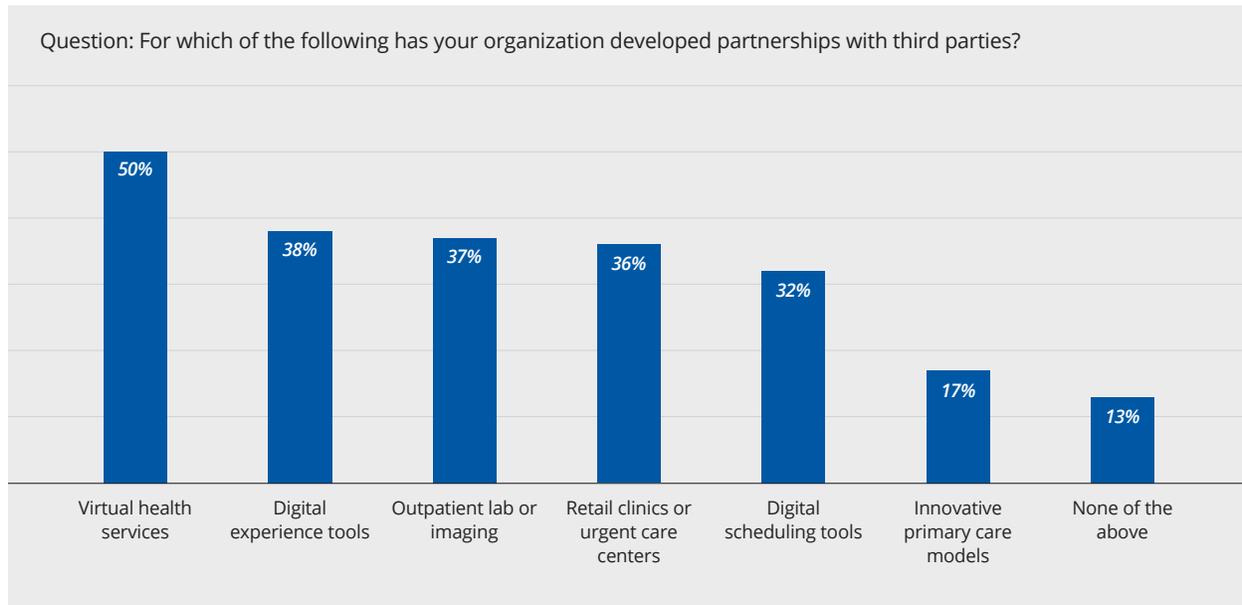*Figure 16.* *The Roadmap to Attracting and Retaining Consumers*

Source: Kaufman, Hall & Associates, LLC.

While a majority of hospitals and health systems strive to become more consumer centric, Kaufman Hall's annual Healthcare Consumerism Survey continues to show significant opportunities for improvement across the core areas of access, experience, pricing, and infrastructure (Figure 16). Some healthcare leaders are looking to develop consumer-centric capabilities internally, while others are seeking help from outside organizations with expertise in specific areas.

Many organizations are turning to partnerships to help them build capabilities to support consumerism initiatives (Figure 17). Partnerships for virtual health services are the most common, present at 50 percent of organizations responding to the survey. Other common partnerships center on digital experience tools (38 percent), outpatient imaging or lab services (37 percent), retail clinics or urgent care (36 percent), and digital scheduling tools (32 percent). Thirteen percent of respondents said they have no partnerships aimed at building capabilities for consumerism.

Figure 17. *Third-party Partnerships to Build Consumerism Capabilities*

Question: For which of the following has your organization developed partnerships with third parties?

- Virtual health services: 50%
- Digital experience tools: 38%
- Outpatient lab or imaging: 37%
- Retail clinics or urgent care centers: 36%
- Digital scheduling tools: 32%
- Innovative primary care models: 17%
- None of the above: 13%

Source: Kaufman Hall 2019 Healthcare Consumerism Survey.

Whether built internally or aided by external partners, consumer-centric strategies and capabilities are critical for hospitals and health systems seeking to compete with increasingly larger industry contenders and innovative new entrants. The industry's historically slow, measured pace of change is working against legacy organizations, causing them to fall further and further behind in a race where the competitors already have significant advantages of greater agility, flexibility, and resources.

Organizations need to rethink their overall delivery model, and look for opportunities to meet consumer needs and expectations head-on. They need to shift from a focus on providing access through traditional brick-and-mortar facilities, to expanding virtual access and digital tools to streamline care and better engage consumers. They need to build real-time consumer experience offerings to enable providers to address patient needs at the time of care, and develop true price transparency across all facilities and services. Lastly, healthcare leaders should reassess what they are measuring, why they are measuring it, and how they are using that information to best serve consumers.

New entrants to healthcare seek to disintermediate hospitals and health systems from their loyal consumers by offering high levels of access, experience, and affordability for an expanding number of outpatient services. These new entrants have superior data and analytics, along with expertise to develop digital care and engagement. Hospitals and health systems must adapt to get a firm handhold on the rising bar of consumer expectations.

Spotlight: An Example of Self Disruption in the Pacific Northwest

The threat of major new competitors—such as Amazon, UnitedHealth Group/Optum, and CVS Health—have many healthcare providers examining how to dramatically transform their traditional care delivery models, before someone else does it for them.

In Vancouver, Wash., PeaceHealth is disrupting itself. The health system recently acquired Zoom+Care, an innovative model which guarantees care in 15 minutes or less for 15 different lines of care, including urgent and primary care, pediatrics, mental health, gynecology, and dermatology. Zoom+Care currently has 37 clinics, and PeaceHealth plans to more than double that over the next two years. The clinics are managed as a separate for-profit company, with no plans to integrate them into the hospital system.

Mike Dwyer, Executive Vice President for Strategy and Community Health at PeaceHealth, said Zoom+Care uses digital tools to connect with patients, and make their experience as seamless and transparent as possible. The partnership was appealing because it fits modern "on-demand" expectations. "People's lifestyles determine their choices and how they want to get care," Dwyer said. "We want to be a people-first, community-centric organization… Zoom+Care is one channel. It's only one building block of a larger puzzle."

About the Report

This report is based on the 2019 Kaufman Hall Healthcare Consumerism Survey and the Kaufman Hall Healthcare Consumerism Index. The annual survey is a detailed online questionnaire sent to executives at hospitals and health systems nationwide. Well over 200 executives responded to this year's survey, representing a broad range of organizations, including community hospitals, academic medical centers, children's hospitals, and regional and national health systems. Respondents answer questions designed to gauge strategic focus and intent toward being a consumer-centric organization, as well as the resources and capabilities that aid in achieving a consumer-centric organizational core.

The Kaufman Hall Healthcare Consumerism Index is based on weighted rankings of four key areas of the survey:

- **Access:** Enhancing access to care and clinicians through various means, such as retail clinics, virtual visits, online scheduling, extended hours, and patient-provider messaging

- **Consumer experience:** Addressing common issues such as long wait times, confusing billing communications, and consumer engagement

- **Pricing:** Determining prices with tools such as benchmarking and analysis of service-level pricing risk, demand-elasticity, and price-volume tradeoff; and making meaningful price information available to consumers

- **Infrastructure:** Building a solid consumer-centric foundation, including establishing a consumer-centric mission and strategy that is supported through efforts such as effective performance scorecards, aligned executive and provider incentives, and tracking of key consumer-centric measures by top leadership

Ratings for individual organizations are not publicly available. Survey respondents can receive results for their organization upon request. Contact consumer@kaufmanhall.com for more information.

Participating Organizations

**Kaufman Hall would like to thank all those who participated in the 2019 Healthcare Consumerism Survey.
Among those organizations participating were:**

AdventHealth
AdventHealth for Children
Adventist Health
Advocate Children's Hospital
Akron Children's Hospital
AMITA Health
AnMed Health
Ann & Robert H. Lurie Children's
   Hospital of Chicago
Arkansas Children's
Ascension
Ascension St. Vincent
Ascension Wisconsin
AtlantiCare Health System
Aurora Health Care
Avera Health
Baptist Health
Baystate Health, Inc.
Beacon Health System
Beaumont Health
Beauregard Health System
Berger Health System
Bethesda Health
Blount Memorial Hospital
Bon Secours Mercy Health
Boston Children's Hospital
Butler Health System
Capital Health
Carilion Clinic
Carle Health System
Catawba Valley Medical Center
Catholic Health Services of Long Island
Children's Health
Children's Healthcare of Atlanta
Children's Hospital & Medical Center
   Omaha
Children's Hospital and Medical Center
Children's Hospital Colorado
Children's Hospital of Philadelphia
Childrens Hospital of San Antonio
Children's Hospital of
   The King's Daughters
Children's Hospital of Wisconsin
CHOC Children's
Cohen Children's Medical Center/
   Northwell Health
Coleman
Columbia Memorial Hospital
Community Health Network
Compass Medical
Covenant HealthCare Partners
Davis Health System
Dayton Children's Hospital
Decatur Memorial Hospital

DeKalb Health
East Alabama Medical Center
Edward-Elmhurst Health
Emerson Hospital
Emory Healthcare
Episcopal Health Services, Inc.
Evangelical Community Hospital
Excela Health
Family HealthCare Associates
Floyd Medical Center
Franciscan Alliance
Froedtert Health
Gaylord Hospital, Inc.
Genesis Health System Davenport Iowa
Gillette Children's Specialty Healthcare
Glendale Community Primary Care
Gundersen Health System
Hackensack Meridian Health
Hammond-Henry Hospital
Heritage Valley Health System
Holland Hospital
HonorHealth
Hospital Sisters Health System (HSHS)
Indiana University Health
INTEGRIS Health
Jefferson Health System
John Muir Health
Johns Hopkins All Children's Hospital
Johns Hopkins Bayview Medical Center
Kaiser Permanente of the Northwest
Keck Medicine of USC
Lake Health
Lehigh Valley Health Network
Lehigh Valley Reilly Children's Hospital
Lowell General Hospital
Lucile Packard Children's Hospital
   Stanford/Stanford Children's Health
McLeod Health
Medical University of South Carolina
   (MUSC)
Memorial Healthcare System
Memorial Hermann
Memorial Hospital of Sweetwater County
Mercy Health (St. Louis)
Methodist Hospitals
Missouri Delta Medical Center
Moffitt Cancer Center
Montage Health
Mosaic Life Care
Mount Nittany Health
Mount Sinai Health System
MultiCare
Nationwide Children's Hospital

Navicent Health
Nebraska Medicine
Nemours
New Hanover Regional Medical Center
Norman Regional Health System
North Bend Medical Center
Northwestern Medicine
Norton Healthcare
Novant Health
Ochsner Health System
Overlake Medical Center
Parkview Health System
PeaceHealth
Pella Regional Health Center
Premier Health
Prisma Health
Quincy Medical Group
Regional One Health
Reid Health
Riverside Health System
Rush Memorial Hospital
Saint Alphonsus Medical Group
Salina Regional Health Center
SCL Health
Scripps Health
Seattle Cancer Care Alliance
Seattle Children's
Sharp HealthCare
Southwestern Vermont Medical
   Center (SVMC)
Spectrum Health
St. Jude Children's Research Hospital
St. Luke's Hospital
Stoughton Hospital Association
Summa Health
SwedishAmerican Health System
Texas Scottish Rite Hospital for Children
The Northeast Group
The Queen's Health Systems
Trinity Health
Trinity Health Of New England
UAB Health System
UMass Memorial Health Care
UMC Health System
UnityPoint Health
University of Kentucky HealthCare
University of Utah Health
UPMC Children's Hospital of Pittsburgh
Valley Children's Healthcare
WakeMed
WellSpan Health
Wentworth-Douglass Hospital
WSH Summit Heath

2019 State of Consumerism in Healthcare
The Bar Is Rising

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