The role of the individual in healthcare is rapidly transforming from passive patient to active consumer. This shift is being driven by patients’ increased financial responsibility for their healthcare costs, the availability of highly convenient and low-cost care-delivery options, such as retail clinics and virtual care, generational/cultural changes, and the increasing number of tools that consumers can use to compare cost and quality among providers. Consumer needs and attitudes related to health and healthcare services are changing.

According to results of a survey of hospital and health system senior executives, many healthcare organizations lack a sufficient understanding of consumer needs, and strategies to meet those needs. Of survey respondents:

- Ninety-six percent said that understanding patients as consumers is very important; however, only 13 percent said that their organization understands healthcare consumer needs and wants very well.
- Similarly, only 15 percent were very confident that their organization has a clear strategy and action plan for becoming more consumer oriented.

These survey findings suggest that healthcare boards and management teams need to take a hard look at their organizational readiness for a more activated consumer. With identification of readiness gaps, the teams can develop and implement targeted strategies to address the gaps.

**What are the key characteristics of readiness?**

Being ready for activated consumers who shop for healthcare as they would other products and services is a function of two factors, both of which can and should be assessed (Figure 1):

1. The state of the market in which the organization operates
2. The capabilities of the organization to provide consumer-centric services

The degree of market activation varies by region or locale. In some areas, employers and payers have extensive new benefit packages with incentives and information portals that motivate consumers to play an active role in healthcare service decision making . . . and consumers are doing so.

In other markets, consumer awareness and shopping behavior is being enabled by a highly competitive provider environment, often characterized by increased ambulatory investment by health systems, significant freestanding outpatient alternatives, and new competitors entering the market for low-intensity services.

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The capabilities of an organization to meet the needs of consumers include both:

- How the organization approaches its market through such considerations as pricing, access, and offering a patient-centric experience
- Internal capabilities to approach the market in a consumer-centric manner on an ongoing basis, such as the generation and application of insights about consumers based on deep understanding of the consumer population and its needs and wants, and leadership that puts the consumer and relevant insights on the C-suite agenda to drive strategy, planning, and service offerings.

How do we get started?

The first step is top leadership commitment to a formal assessment of organizational readiness for consumer-centric healthcare. This Readiness Assessment provides a shared understanding of what's required for the organization now and going forward. It does so through:

- Evaluating levels of market activation with patient shopping and consumerism, and internal capabilities for more consumer-centric healthcare delivery
- Identifying gaps related to consumer-readiness criteria, and comparing the organization's readiness to selected industry peers
- Providing recommendations regarding priority gaps to address and the prioritization rationale

Figure 2 illustrates the overall approach and key activities of an assessment conducted by Kaufman Hall. This Readiness Assessment is comprised of in-depth quantitative and qualitative analysis of organizational and market data, documents, interview findings, within-the-industry and outside-the-industry case examples, and comparative benchmarks based on consumerism-focused interactions with organizations nationwide.

**Figure 2. Organizational Readiness Assessment: Approach Overview**

*Source: Kaufman, Hall & Associates, LLC*
Assessment of the organization’s capabilities and market position relative to what’s needed is visualized for the leadership at a high level through a readiness grid (Figure 3). Each dimension or parameter in this grid has specific criteria against which the organization measures itself or is measured. Then Kaufman Hall provides its own assessment of the organization’s position and that of industry peers.

**Figure 3. Readiness Assessment Grid**
Source: Kaufman, Hall & Associates, LLC

<table>
<thead>
<tr>
<th>Strategic Pricing</th>
<th>Unprepared Organization</th>
<th>Consumer-Centric Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer-Centric Access</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient-Centric Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relevant Products, Services, and Bundles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Insights Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Insights Application</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td></td>
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<tr>
<td>Leadership</td>
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</tbody>
</table>

What happens next?

Based on their evaluation of the identified gaps and priority recommendations for filling the gaps, leaders then guide subsequent steps to build the needed competencies as identified in the assessment and deliver care based on consumer needs and wishes.

Hospitals will need answers to new questions. For example, which consumers prefer retail clinics, physician office visits, virtual visits, or other new access alternatives, and for which kinds of conditions? How will the population segments want to access primary care? “Tech-savvy immortals” will want a primary care practice that can provide fast, electronic answers to their basic health questions; a “family planner” consumer will want a practice focused on pediatrics with 24/7 access.

The Readiness Assessment provides a well-informed starting point in leadership’s understanding of the market, its level of activation, and the organization’s readiness to address same. In forthcoming Meeting the New Consumer Expectations E-briefings, we’ll address how organizations move through a roadmap to address selected elements of readiness.

Please contact us if you would like assistance assessing your organization’s readiness for consumer-centric healthcare, or have questions about specific issues that are arising. We can be reached at mgrube@kaufmanhall.com, jblake@kaufmanhall.com, dclarin@kaufmanhall.com, dcrosswhite@kaufmanhall.com, and joriordan@kaufmanhall.com, or 847.441.8780.