SHSMD CONNECTIONS 2019

COMPOSING THE FUTURE OF HEALTH CARE STRATEGY

2019 SHSMD Through the Eyes of Millennials: Reshaping Healthcare’s Future

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Learning Objectives

Learning Objective 1	Describe the primary forces driving changing consumer expectations among millennials.
Learning Objective 2	Connect research into the core needs, expectations, and attitudes of millennials in their approach to healthcare (including how they differ from previous generations), and how that information should apply to organizational strategies moving forward.
Learning Objective 3	Identify key steps that legacy healthcare organizations can take to better understand, and begin to address millennials’ healthcare needs and expectations within the communities they serve.

Three Key Questions

- Who are Millennials and why should healthcare providers care?
- What have we learned about Millennials' healthcare activities and behavior?
- What must healthcare providers do to win?

Who Are Millennials and Why Should Healthcare Providers Care?

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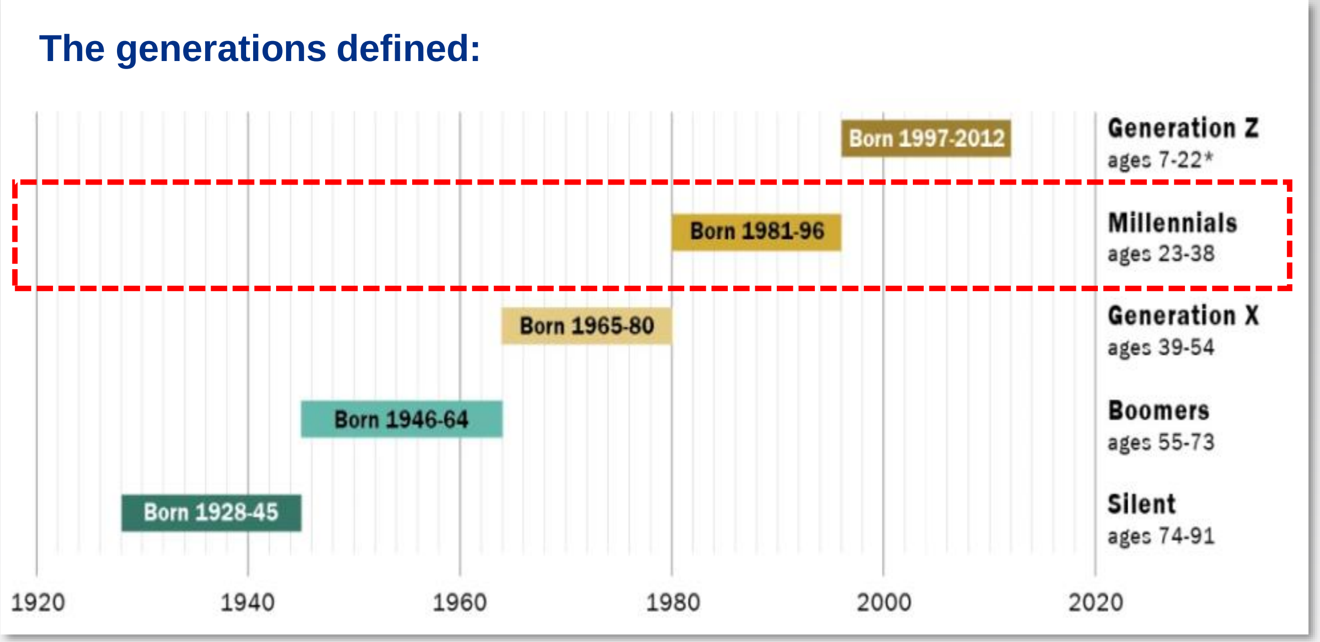
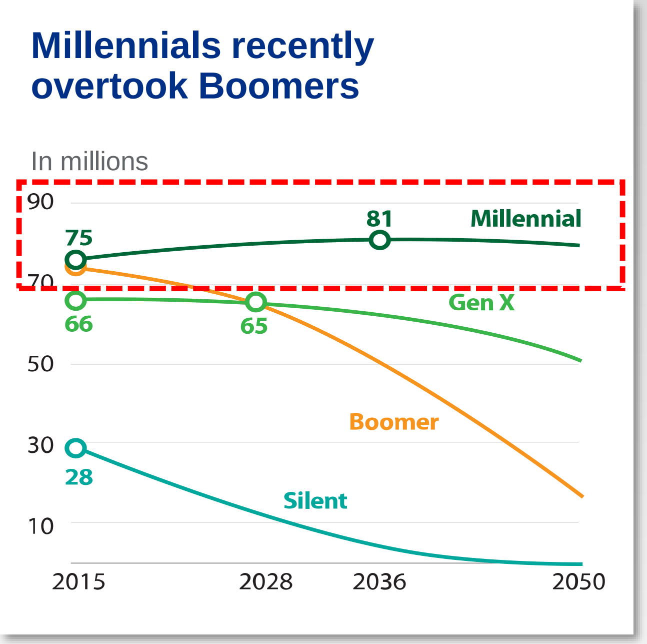
Millennials Are Now the Largest Population Cohort

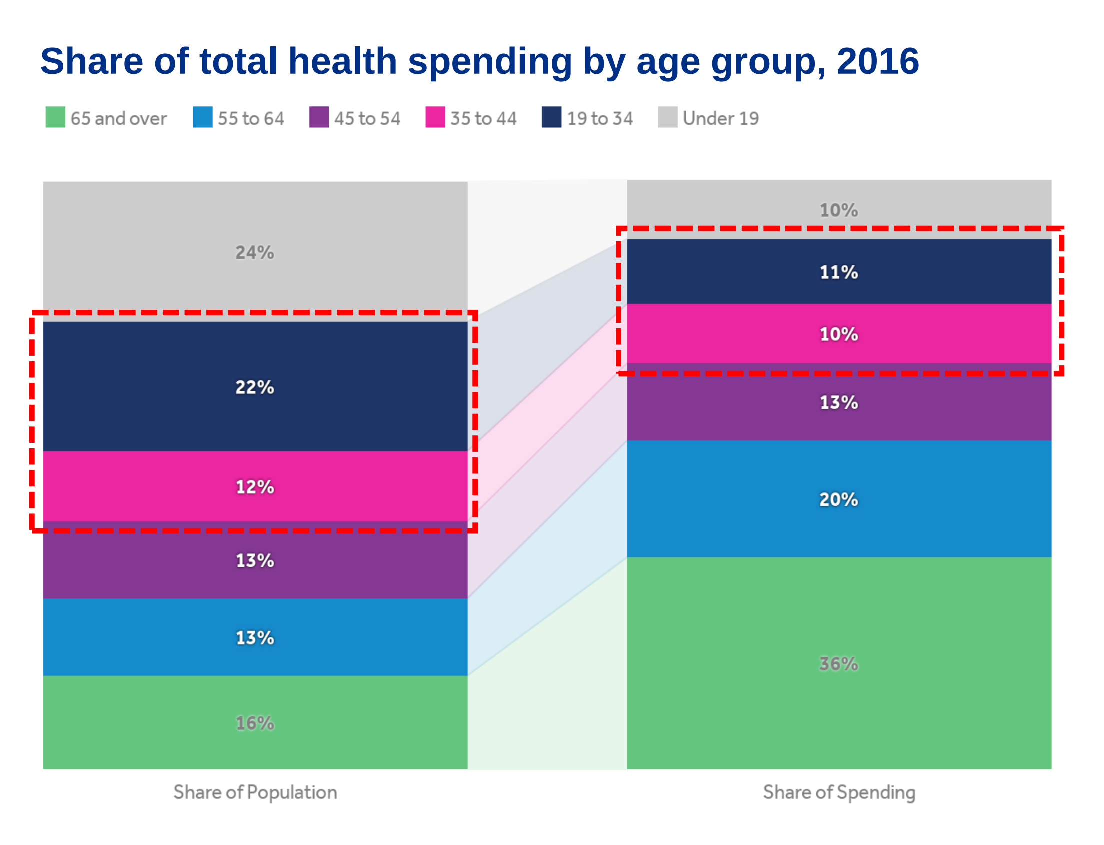


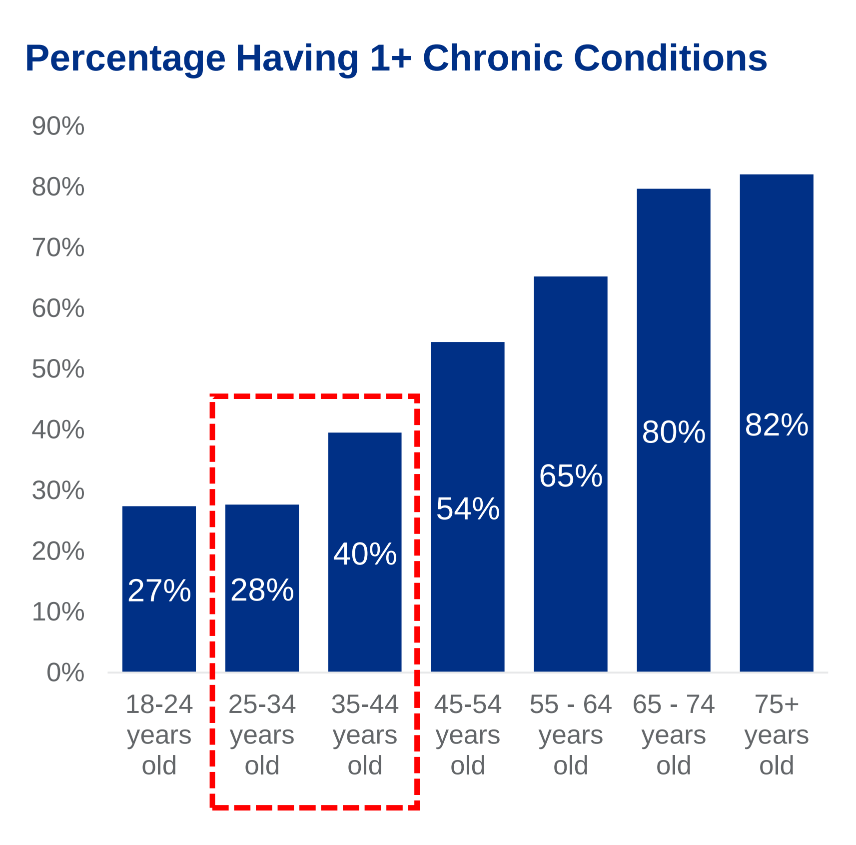


As they age, their healthcare needs will expand

Sources: Pew Research Center; Kaufman Hall proprietary research

Millennial Healthcare Spending is Significant and Growing





Source(s): Kaiser Family Foundation analysis of Medical Expenditure Panel Survey; 2019 Kaufman Hall National Consumer Survey

Millennial Decision Making About Healthcare Is Influenced by Their Formative Years

The Great Recession

- Cost conscious
- Experience over “stuff”
- Willing to compare and shop for healthcare

Technological Innovation

- Digital native
- Technology has enabled greater access and focus on health and wellness information

Social Networking

- More social/online influence
- Less brand loyal

We need to understand them if we want their business

At a Macro Level, What They Want Is Pretty Simple

"The Patient Will See You Now"

— ERIC TOPOL, MD

This Is an Expectation, Not a Request

Daily Life

GRUBHUB
Uber
prime
TaskRabbit
amazon echo
NETFLIX
lyft

The Healthcare Market Is Responding

Healthcare Disruptors

one medical
OAK STREET HEALTH
edenhealth
oscar
CVS Health
aetna
OPTUM
zipnosis
TELADOC
SOC Telemed

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What Have We Learned About Millennials' Healthcare Activities and Behavior?

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Millennials Are No Longer “The Future”

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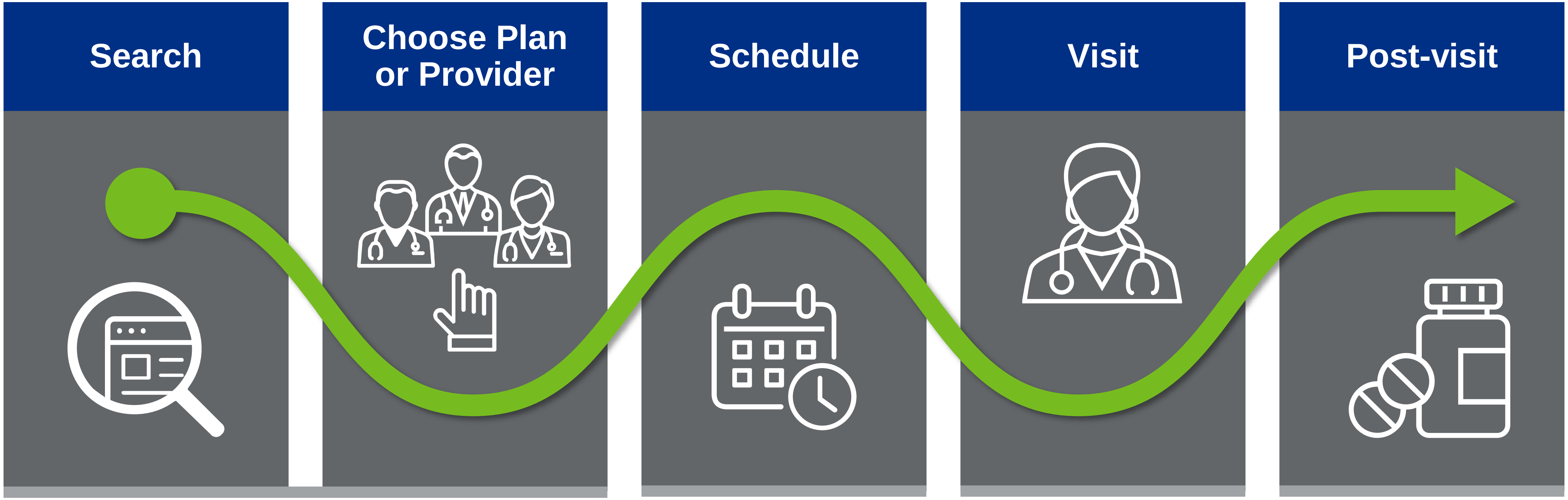
We Need to Walk in the Consumer’s Shoes



The “experience” begins with the first Google search.

Kaufman Hall National Consumer Survey Objectives and Methodology

Three national consumer surveys, Queried over 6,000 individuals

OBJECTIVES BY SURVEY

Parents	**Quantify expectations, preferences, and behaviors** of parents as they make healthcare decisions for their children, with a particular focus on access
Access	**Understand consumer preferences for accessing care; Quantify differences** between millennials and other age cohorts' views on access
Healthcare Shopping	**Assess shopping incentives and activation in current healthcare market**; Understand which services are most often shopped and the role of cost in the decision-making process

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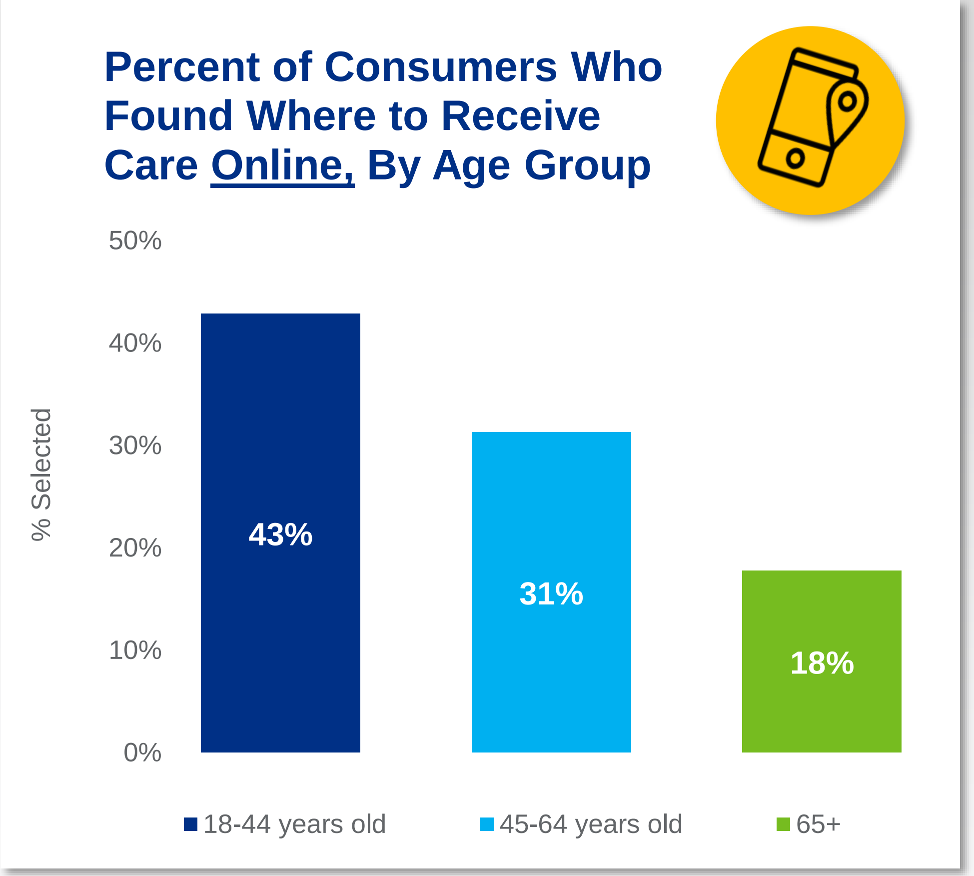
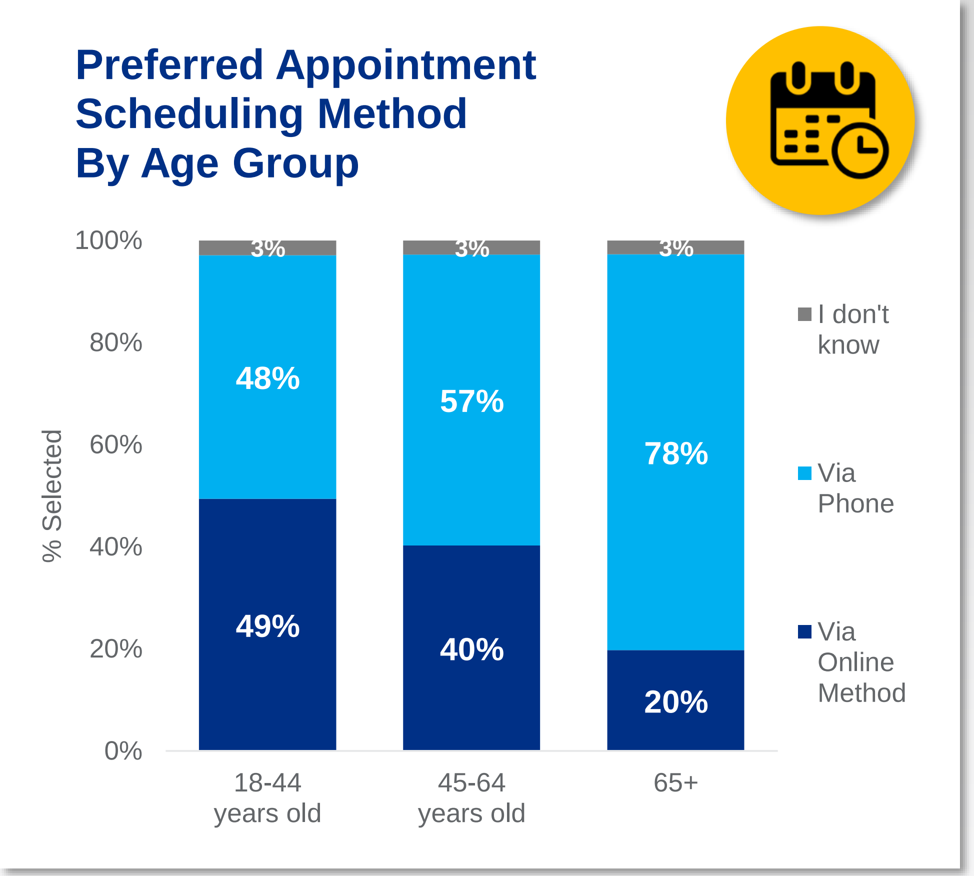
Particularly for Millennials, The Healthcare Journey Increasingly Begins Online

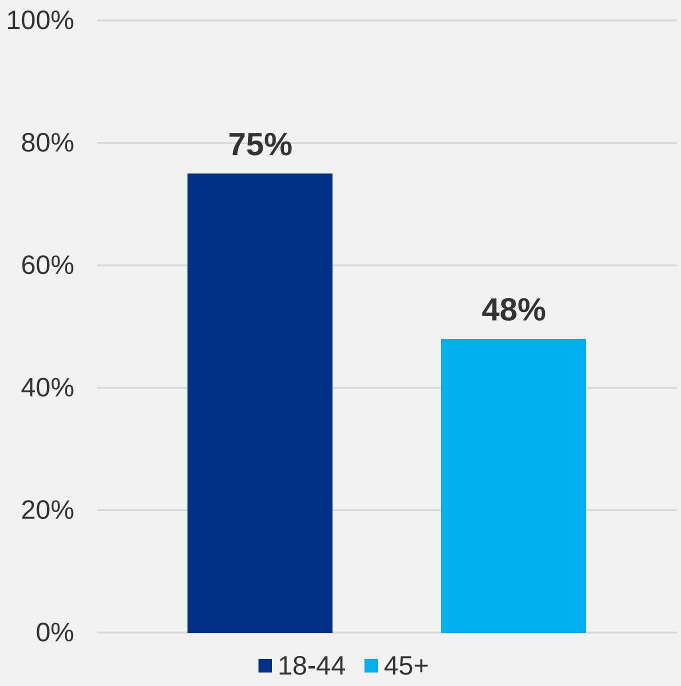




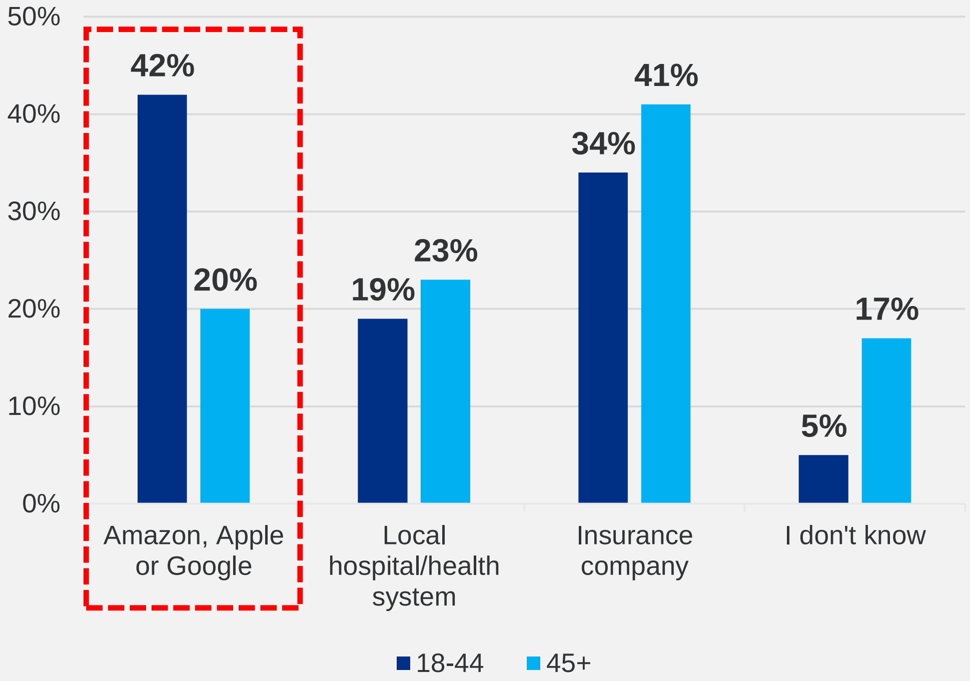
Note: "No PCP" also includes consumers who visit a PCP less frequently than once per year.
Source: Proprietary Kaufman Hall Consumer Surveys.

“Digital Natives” Trust Innovative Tech Companies to Help with Healthcare

Would use a mobile app developed by Amazon, Apple, or Google to help find and select healthcare services



Would trust to develop the best online tool to help them find and select the right healthcare services



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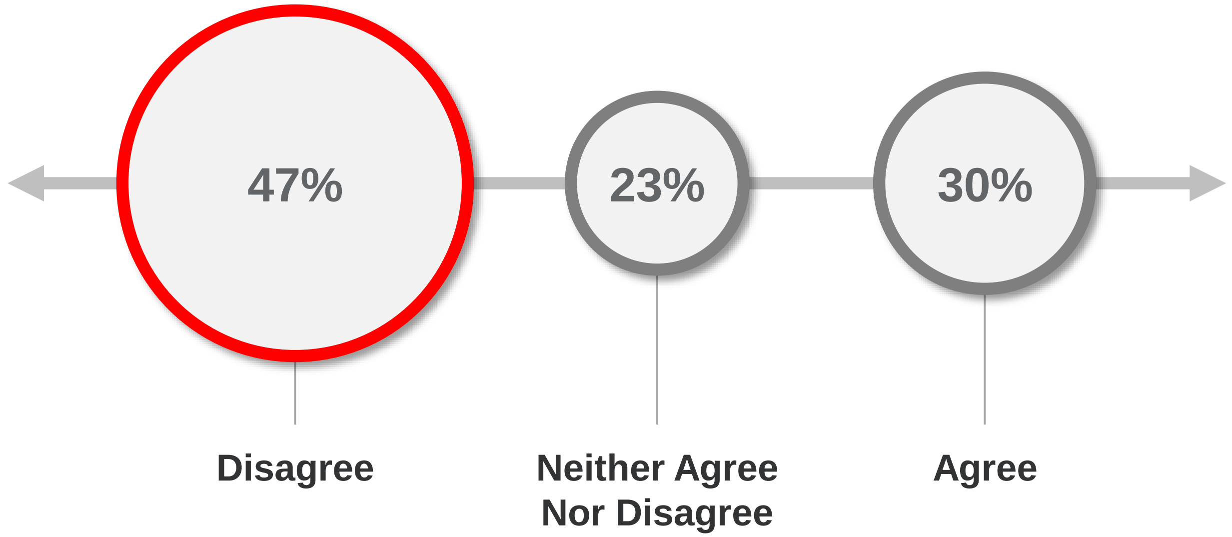
Source: Proprietary Kaufman Hall consumer surveys.

Consumers Under Age 44 Believe That Various Vital Aspects of Healthcare Access, Such as Telehealth, Are Inconvenient

How strongly do you agree or disagree with the following statements about being able to easily access healthcare services?

(N=1,133)

I can easily have a video visit for basic healthcare needs:



Source: 2019 Kaufman Hall National Consumer Survey.

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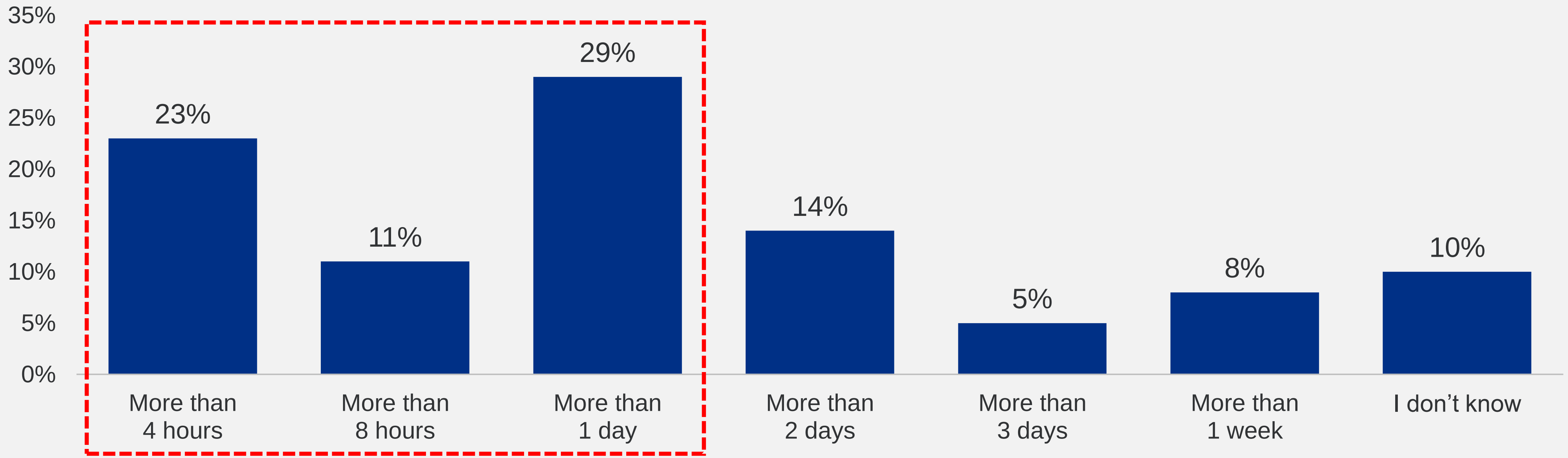
Most Millennials Will Wait No More Than a Day to See a PCP; Urgent Care and Virtual Visits Are Seen as Ready Alternatives

How long of a wait for your primary care doctor to see you for a minor injury or illness (e.g. cut, sprain, cough, fever) would cause you to choose another option? (N=346)



Takeaway: Consumers sometimes wait more than a day, and oftentimes 2 days, when they could be seen on-demand through virtual visits or urgent care settings.

Consumers Are Rational In Their Choices: "Brand" is Important When Needs are More Serious

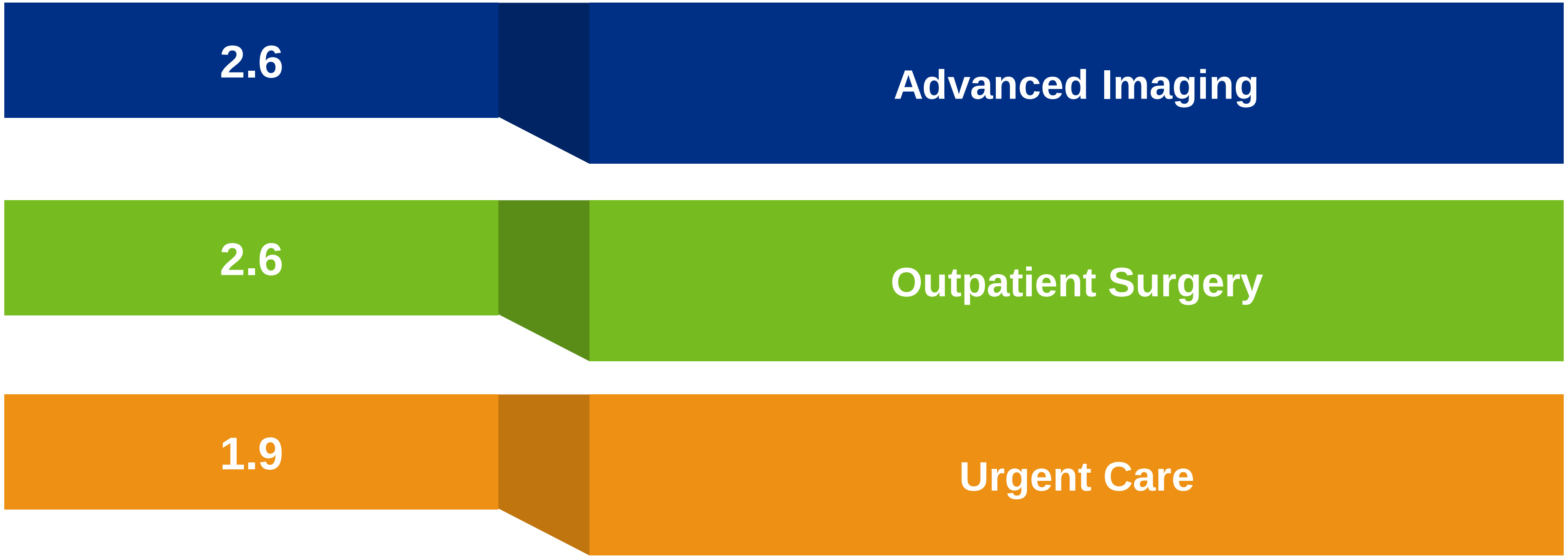
Question: What are the top 3 factors when deciding where to obtain service?

	Routine Care	More Serious Care	Very Serious Care
Experience with the illness or procedure	24%	48%	53%
Good clinical reputation	33%	45%	51%
Modern facilities and technology	28%	37%	46%
Convenient location	36%	22%	19%
Customer experience	23%	20%	18%

Source: 2019 Kaufman Hall National Consumer Survey.

Consumers Under Age 44 Exhibit High Shopping Activity For Key Outpatient Services

2018 Consumer Shopping Activation Index



The term “Consumer Shopping Activation” (CSA) is used to define consumers with out-of-pocket expenses who demonstrated a history of researching cost for multiple providers.
Note: HDHP defined as having a deductible over $1,350; Source: Kaufman Hall survey, July 2018; Kaufman Hall National Consumer Survey, 2018.

Consumers Under Age 44 Are Demanding Basic Improvements to Online Search and Accessibility Capabilities

Consumers' Reported Priorities During Search, Scheduling, and Visit

Based on Kaufman Hall analysis of consumer rankings of most valued and least valued changes to provider accessibility; N = 2,300

Potential Experience Improvement	Higher Rating on Importance Index for Younger Consumers
Figuring out who **accepts my insurance**	**+9%**
Finding cost estimates for my healthcare needs	**+15%**
Calling **outside of normal business hours** to schedule an appointment	**+9%**
Finding a facility that can **answer my questions**	**+8%**
Conducting a **video visit** (e.g. Skype, FaceTime) with a doctor or nurse	**+15%**

Source: 2019 Kaufman Hall National Consumer Survey.

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So What Have We Learned?

Parents	• Millennial parents don’t believe that non-traditional options for care are accessible enough • The “search” and “scheduling” portions of the journey generate the most pain points • Millennial parents are not satisfied with long wait times to see specialists
Access	• While not yet widely available, millennials are seeking online scheduling • Millennials choose alternatives if traditional options don’t meet needs • Video visits are still not viewed as easy and accessible
Healthcare Decision-Making	• Millennials trust tech companies vs. incumbents • “Shoppable” services are being increasingly shopped by millennials • Brand and reputation can be important for serious needs

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What Must Healthcare Providers Do to Win?

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Your Journey Starts With a Simple Question:

"Why Will Consumers Choose You and Come Back to You?"

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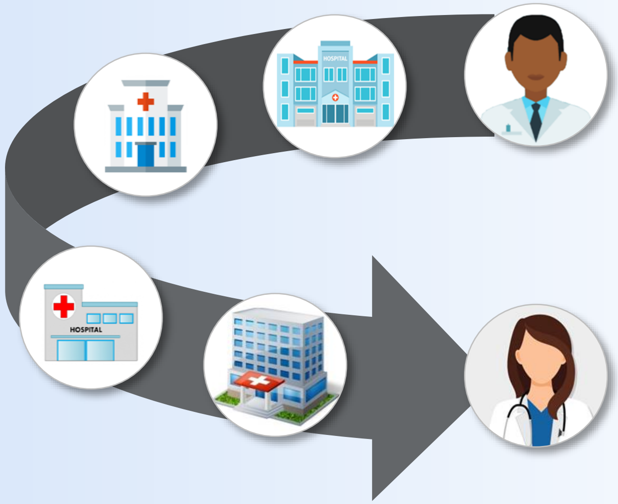
Addressing That Question Requires a Fundamental Mindset and Business Model Shift

"Supply" Focus → "Demand" Focus



Efficiency → Addressing a Need

Satisfaction → "Delight"

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Solutions Should be Grounded on the “Big 3 + 1”

Key Building Blocks for Attracting and Retaining Customers

ACCESS
Reimagine the “Front Door”

EXPERIENCE
Retain Customers and Build Loyalty

PRICING
Reposition “Shoppable Services”

INFRASTRUCTURE
Leadership, Branding, Insights, Analytics, and Digital Strategy

Key Action Steps

1. Define What “Great” Looks Like
2. Map Out the “Now, Near, Future”
3. “Pick + Stick” On a Few Things That Matter

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Consumerism Roadmap: Potential Action Steps

	ACTION STEPS		
	NOW	**NEAR**	**FAR**
ACCESS	• Comprehensive "on-demand" access scorecard/gap analysis • Start building out DTC virtual visit capability	• Scheduling enhancements • Primary care redesign pilots • Close identified key access gaps	• 24/7 "on-demand" access via multiple modalities
EXPERIENCE	• Address select high priority pain points, such as office wait times • End-to-end journey mapping for high priority service lines	• Customer experience improvement pilots • End-to-end improvement plan for select service lines	• Highly personalized engagement experience • "Real-time" measurement and service
PRICING	• Evaluate financial risk from "shoppable" services • Address high priority pain points around price estimation	• Develop market-driven, sustainable pricing strategy • Evaluate options for repositioning shoppable services	• Highly automated strategic pricing capability • Network of partnerships to deliver select services in a more cost-effective, consumer-friendly way

INFRASTRUCTURE	• Complete in-depth capabilities assessment/gap analysis
	• Build and strengthen the in-house insight and analytics capability
		• Fill in key gaps, with a focus on digital solutions
		• Further build out consumer "metrics that matter":
		  – New Patient Count
		  – Retention Rate
		  – Share of Wallet
			• In-depth "knowledge estate"
			• Well established insight roadmap (future)
			• Well-established consumer growth metrics (penetration, retention, share of wallet, etc.)
			• Predictive analytics

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Getting "There": Pick and Stick on a Few Things that Matter

WHAT		WHY
1 One Inpatient Service	→	• Grow Your Core • Reinforces Desired Overall Brand Image
2 First Touch Access Points (e.g. ED, Urgent Care)	→	• High Visibility and Frequency • Creates the "Wow, This is Different" Reaction
3 "Ambulatory"	→	• Rapidly Expanding Consumer Expectations for Convenience and Service • Innovative Competitors Targeting "Shoppable" Services

Delighting Millennials Will Drive Overall Performance on Critical Metrics

"Metrics that Matter"

- ☑ New Patient Growth
- ☑ Increased Patient Loyalty and Retention
- ☑ Superior "Net Promoter Score"

Closing Remarks

- Millennials are no longer “the future”
- Expectations for access and experience are high
- “Shopping” and seeking alternatives is commonplace
- Roadmap: Access, Experience, Pricing and Infrastructure
- Plan for your consumers of now and the next 15 years, not your consumers of the last 15 years

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Questions?

Please be sure to complete the session evaluation on the mobile app!

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