The new metric that matters

September 6, 2018
Session roadmap

1. Current environment of consumerism in healthcare

2. The +/- impacts of loyalty on your organization

3. Industry tools and metrics that assess loyalty

4. 7 aspects that impact loyalty and how to quantify each
A bit about me

Brian Wynne
VP & GM, NRC Health
A bit about me
A bit about me
A bit about me
World Class Care.

Quality + Quality.

The Bestest Ever.
1. The current environment of consumerism in healthcare
We now live in a consumer driven healthcare economy
Consumer expectations of healthcare have changed for good

OUTCOMES
Not diagnoses

PERSONALIZATION
Not generalization

CONSTANT IMPROVEMENT
Not status quo

CONVENIENCE
Not complexity
An alarming 81% of consumers are unsatisfied with their healthcare experience – and the happiest consumers are those who interact with the system the least.

75% of frequent healthcare consumers are frustrated

48% of all other healthcare consumers are frustrated

SOURCE: Camden Group, 2017
Poll Participation

How often are words like “Consumerism” and “Loyalty” used in your organization?

- Daily: 34.48%
- Monthly: 43.1%
- Annually: 13.79%
- Never: 8.62%
In 2025, 19.9% is the projected percent of GDP that will be spent on healthcare ($5.5 Trillion)

*Source: CMS*
Deductibles

Insurance deductibles and premiums continue outpacing earnings and inflation.
53 Years

First time in 53 (1962-1963) years that US life expectancy has decreased two consecutive years.

Source: NCHS, National Vital Statistics System, Mortality
Millennials

May live shorter lives than their grandparents today.

<table>
<thead>
<tr>
<th>Age</th>
<th>Female life expectancy</th>
<th>2016 Change</th>
<th>Male life expectancy</th>
<th>2016 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>89.5</td>
<td>-0.6 ▼</td>
<td>86.9</td>
<td>-0.7 ▼</td>
</tr>
<tr>
<td>35</td>
<td>88.8</td>
<td>-0.6 ▼</td>
<td>86.2</td>
<td>-0.7 ▼</td>
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<td>-0.6 ▼</td>
</tr>
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<td>-0.5 ▼</td>
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<td>87.9</td>
<td>-0.3 ▼</td>
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<tr>
<td>85</td>
<td>92.8</td>
<td>-0.3 ▼</td>
<td>91.8</td>
<td>-0.2 ▼</td>
</tr>
</tbody>
</table>

Society of Actuaries 2016
Epidemics

Diabetes, Opioids, Obesity
Entering the Era of Disruption

Merger Could Create Nation's Largest Health System
By Mitch Ryals

Could Apple’s move into EHR allow pharma to connect directly to patients?

Buffett expects health care effort with Amazon, JPMorgan to open up to other companies
by Chris Nilsson

Apple will open medical clinics for its employees this spring
2. The +/- impacts of loyalty in your organization
Q: Would you consider yourself a loyal customer of a local hospital or health system?

40.37% of consumers are **NOT** loyal to a hospital or health system.
PATIENTS “NOT WILLING TO RECOMMEND”

33%

2008
PATIENTS “NOT WILLING TO RECOMMEND”

33% 28%

2008 2016

$1B+
Why should we care?

The average lifetime value of a healthcare consumer is enormous and continues growing. Lack of loyalty represents an opportunity for millions in additional revenue gain...or loss.

Average lifetime value of an individual

$1.4 Million

Consumers with a PCP cost the system

1/3 Less

Increasing retention just 5%

increases profits by

25-95%

Source: CMS, 2014
Source: Harvard Business Review
Organizations must provide value across the continuum or face acquisition or failure

No margin, no mission.
#3 Don’t know

#2 Everyone

#1 MARKETING
3. Industry tools to assess loyalty
“We’re the only game in town.”

“No one here understands consumerism.”

“Lack of data.” (25x’s)
Visible, accessible, and financially viable option for those seeking information and/or care.

Customer experience & cost data is publicly transparent to promote physicians & build trust.

Voice of customer is captured at every encounter to inform experiential design.

Care teams are empowered with visibility to real time service recovery opportunities.

All customer care transitions are ensured to be safe, consistent, and efficient.

Loyalty is measured to quantify quality, financial, and cultural impact.

Your organization – 100% of the time

1. Perform a feedback audit
2. Implement Intelligent Feedback Systems

73% of patients want to be asked for feedback a few minutes to a few days after the care event.

84% of patients expect you to follow up with them if they have a bad care experience.
3. Measure loyalty with NPS

Net promoter score is used in and out of industry as a way of measuring loyalty with 1 simple question:

“How likely are you to recommend <<brand/product>> to a friend, family member, or colleague?”
4. Tap into your “free” consultants

- EFFICIENT
- TIMELY
- VERIFIED
- ENGAGED
4. 7 aspects that impact loyalty and how to quantify each
The “Peak End” Theory: A Moment Can Define an Experience

Source: Customer Thermometer, 2017
How do we know what to measure?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Brand</td>
<td>87%</td>
</tr>
<tr>
<td>Engagement</td>
<td>61%</td>
</tr>
<tr>
<td>Need</td>
<td>88%</td>
</tr>
<tr>
<td>Access</td>
<td>77%</td>
</tr>
<tr>
<td>Motivation</td>
<td>72%</td>
</tr>
<tr>
<td>Experience</td>
<td>80%</td>
</tr>
<tr>
<td>NPS (Advocacy)</td>
<td>62%</td>
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</table>

- **Brand**: 87% of consumers say reputation is very important or important when selecting a facility.
- **Engagement**: 61% of consumers say online ratings and reviews are very important or important in selecting a facility.
- **Need**: 88% of consumers say a facility covered by their insurance is very important or important in selecting a facility.
- **Access**: 77% of consumers say convenient location is very important or important in selecting a facility.
- **Motivation**: 72% of consumers say cost of service is very important or important in selecting a facility.
- **Experience**: 80% of consumers say previous experience is very important or important in selecting a facility.
- **NPS (Advocacy)**: 62% of consumers say recommendations from family and friends are very important or important.
A single metric for healthcare loyalty

**SIMPLE**
Use a single, trackable metric to inform marketing strategy, report on marketing ROI, and gain leadership buy-in for marketing campaigns.

**HOLISTIC**
Hone in on the most important aspects of consumer loyalty by assessing your strengths and weaknesses across each of the seven aspects.

**COMPARABLE**
Know where you rank amongst peers in various geographic regions and understand the strengths and weaknesses of your competitors.

**INSIGHTFUL**
Use the correct data to design informed marketing strategies focused on driving patient acquisition, and ultimately growing consumer loyalty.
Session takeaways

1. Consumers have more choice (and power) than ever; involve them in your decision making

2. Health systems that succeed will invest in the tools that illuminate what matters most to consumers at every point in their journey

3. Loyalty can be defined and quantified with the proper insight
“Get closer than ever to your customers. So close that you tell them what they need well before they realize it themselves.”

Steve Jobs
Thank you!

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