A New Healthcare Alliance: Consumer Engagement in the New Healthcare Economy

Summer Knight, MD, MBA,
and David Sorin, Esq.*

There are two types of leaders in healthcare today. There are those who believe the dramatic changes in healthcare will not occur during their tenure, and hence continue to focus on the traditional “business as usual” fee-for-service (FFS) model. The other, proactive, type of leader recognizes that change is not just on the horizon, but is happening now. They are actively addressing the future for their organizations and the individuals and populations they serve. These leaders recognize that a key to evolving with the new healthcare economy is to understand clearly the forces shaping change and consequential transformational

Editor's Note: Today, fee-for-service models of healthcare reimbursement are dominant, but for how long? **Summer Knight** and **David Sorin** argue that value-based care—payments based on improving the health of a population—will soar to 50% of payment models by the end of this decade. The push won't simply be the federal government, however. The push to new models of delivery will be driven by 12 “transformational health trends.” Read on for more.

Summer Knight, known as “The Innovation Doctor,” is founder of several entrepreneurial endeavors and served as Chief Medical Officer for the State of Florida. She is managing partner of Firecracker International, providing guidance on the revolutions in healthcare delivery. David Sorin, known as a strategist for change, is an attorney and partner in Firecracker International, with 30 years of experience in strategic development. You can follow them on Twitter: @DrSummerKnight and @SorinChange.

*Address correspondence to: Summer Knight, sknight@firecrackerinternational.com

© Summer Knight and David Sorin 2016; Published by Mary Ann Liebert, Inc. This Open Access article is distributed under the terms of the Creative Commons Attribution Noncommercial License (<http://creativecommons.org/licenses/by/4.0>), which permits any noncommercial use, distribution, and reproduction in any medium, provided the original author(s) and the source are credited.

healthcare trends affecting the industry. These proactive leaders recognize that in light of the major changes, they must take positive steps to form an alliance with the healthcare consumer-customer. Care will transform to be delivered in a manner suited for today's consumer needs, and consumers will behave in a more involved and engaged manner to share in the responsibility for their own **healthfulness**.

To be successful in the new healthcare economy, healthcare systems must attract and engage a greater swath of the population to manage in order to survive in the new risk environment. Once they attract this new population, they must engage individuals and offer them a great experience, keeping them loyal to the healthcare system and their brand. Then the healthcare system must influence the behavior of individuals and the population they manage to minimize disease and optimize healthfulness in order to minimize population health risk and costs.

► Three Key Drivers Are Disrupting Healthcare

Powerful forces in three key areas are driving the evolution of the healthcare market: regulatory, economics, and technology. These forces have caused several key trends that are transforming healthcare. Before delving into the trends, let's further explore the key drivers.

Regulatory

- **ACA:** The Patient Protection and Affordable Care Act (PPACA or ACA) 2010 HR3590 consists of several legislative documents including the Affordable Health Care for America Act, the Patient Protection Act, and the healthcare-related sections of the Health Care and Education Reconciliation Act, and the Student Aid and Fiscal Responsibility Act. It also includes amendments to other laws such as the Food, Drug and Cosmetics Act and the Health and Public Services Act. Since being signed into law, additional rules and regulations have expanded upon the law. The law enacted in 2010 impacts and incentivizes care delivery transformation and a switch from FFS to value-based reimbursement (VBR) models, including the formation of Accountable Care Organizations (ACOs).
- **The triple aim:** The INSTITUTE FOR HEALTHCARE IMPROVEMENT (IHI) developed a framework that describes an approach to optimizing health system performance. It is IHI's belief that new designs must be developed to simultaneously pursue three dimensions referred to as the "triple aim":

For the individual, the term **healthfulness** is defined as a personal state of physical and emotional well-being that occurs due to the health of one's body, mind, spiritual contentedness, and social connections. It is often the holism noted in individuals who have achieved success and impact due to alignment in their professional and personal lives with their purpose while maintaining mental and physical health.

For organizations, the term **healthfulness** is defined as a culture that demonstrates values and behaviors aligned with the organization's vision and mission resulting in key business success factors such as employee engagement and high customer loyalty leading to overall corporate profitability.

- Improving the patient experience of care (including quality and satisfaction)
- Improving the health of populations
- Reducing the per capita cost of healthcare

The triple aim changes the focus from individual FFS to VBR requiring the reduction in healthcare costs and management of an entire population while requiring excellent customer experience and quality of care. This fundamental alteration of the healthcare business model requires competencies historically unfamiliar to the industry.

Economics

- There is a growing transition from FFS to VBR models in healthcare. Different models are being created and tested to align payments for healthcare services with the focus on the triple aim. Over just a few years for most healthcare entities, these changes require business model transformation, which affects the very culture of the organization and the healthcare industry as a whole.
- There is also a significant influx of individuals into the healthcare system due to the ACA. This is due to requirements that more people maintain insurance in the United States, as well as the growing baby boomer Medicare population.

Technology

A catalyst for most industries, much of the transformation experienced now and in the future of healthcare will be mitigated via technology. Technology is the means for greater information exchange and connectivity. Consumers are mobilized and want to share their personal data with their healthcare provider, as well as participate more in decisions in their healthcare based on quality and pricing. Health systems need greater interaction to achieve their goals with the population for whom they provide care. Due to these outcomes, technology has mitigated significant change in the doctor–patient relationship. These changes require new competencies in order to survive in this new healthcare economy. Hence, healthcare systems are developing new types of partnerships in technology.

“ Different models are being created and tested to align payments for healthcare services with the focus on the triple aim. ”

Due to these three key drivers, unprecedented change is disrupting healthcare business models. Healthcare organizations must make sweeping foundational changes in their vision, relationship with their customers (previously referred to as patients), internal culture, financial risk structure, and care delivery methodologies. Navigating these changes requires competencies not historically used in healthcare. New challenges created by regulation, economics, and technology are driving healthcare organizations to transform their business models, leading them to develop new partnerships to gain necessary competencies to survive and thrive in the new healthcare economy.

These three key drivers are causing several distinct trends in the healthcare ecosystem. Due to the dynamic changes, many of these trends could end with the term “transformation.” These transformational healthcare trends include:

1. *Value*: Transforming from value-blind reimbursement to basing remuneration on the value of the healthcare experience.
2. *Consumerization*: Transitioning “patients” to “consumers of care”; individuals gaining customer status as individuals manage a greater burden of the cost of care.
3. *Care delivery*: Leveraging technology to transition care services from hospital/facility based to home and mobile.
4. *Approach*: Evolving from an episodic, individual-based approach to a longitudinal population-based one while incorporating individual preferences.
5. *Intelligence*: Transitioning from information ensnared in silos to data-rich, actionable information available in integrated systems accessible across a continuum.
6. *Integration*: Realigning and partnering around quality, reduction of risk, and cost of care.
7. *Care team*: Refocusing from a doctor-centric system to alignment of a care team incorporating stakeholders with differing skills to support the individual at the center of care while incorporating the personal care support network and caregivers.
8. *Care management*: Transforming fragmented care to an integrated system focused on strong triage, care management, and coordination.

“New challenges created by regulation, economics, and technology are driving healthcare organizations to transform their business models.”

9. *Clinical focus*: Transitioning from disease-focused to incorporation of healthfulness.
10. *Responsibility*: Transitioning the power of the relationship from insurer/payer oversight to provider in partnership with consumer.
11. *Consumer engagement*: Creating continuous connectivity from episodic interactions.
12. *Business model*: Transactional to experiential.

Table 1: The transformational healthcare trends

This table represents transformational trends in healthcare with a view from the past and a look into the future.

Transformation	Past	Future
Value	Fee-for-service: value-blind reimbursement	Value-based reimbursement: accountability for experience, satisfaction and quality
Consumerization	Patient passive w/ limited insights	Informed and involved; consumer- centric models
Care delivery	Episodic; in-patient focused	Ambulatory/individual-in-transit/home
Approach	Individual; one encounter at a time	Population-based while incorporating individual preferences and precision medicine
Intelligence	Siloed; paper based	Data-rich and accessible across the continuum
Integration	Complex silos	Affiliations coordinating around risk
Care team	Doctor-centric	Realignment of care team incorporating stakeholders and requiring differing skills
Care management	Fragmented care	Coordinated
Clinical focus	Disease and treatment	Healthy/wellness/prevention
Responsibility	Mal-aligned payer/provider	Aligned consumer/provider
Consumer engagement	Episodic	Continuously engaged and connected
Business model	Transactional	Experiential

All of these trends are essential to success in the future state of healthcare in the United States. These healthcare transformation trends are interrelated, some trends causing others, some requiring other trends to be effective and to attain the tremendous shift toward the future vision of healthcare. In this article, we focus on the need for a new alliance between the healthcare consumer and the healthcare provider to attain success in the new healthcare economy.

► Value

Healthcare systems, hospitals, and physicians have worked predominantly under a FFS model where payers have paid providers for the services rather than for outcomes. The shifting healthcare ecosystem from a value-blind, FFS reimbursement model where healthcare systems prospered upon illness and injury is transforming dramatically over the next few years to focus on VBR, where accountability is based on the individual healthcare consumer's satisfaction with their experience and the quality of care.

“In the FFS model, the sicker an individual, the more a healthcare provider prospered.”

A few examples of these changes:

- In the FFS model, the sicker an individual, the more a healthcare provider prospered. While there is an assumption that the focus in healthcare would be toward healthfulness of the patient and prevention of disease, there were scant financial motivators in a for-profit environment to focus resources on these trends—in actuality, it was antithetical for the transactional business model unless the preventative action created a procedural opportunity such as a colonoscopy or mammogram. This is not to suggest that providers did not care or support health, but rather that their financial incentives did not strongly align with a focus on health.
- Health plans required a critical mass of healthy “light users” and “non-users” to offset the cost of their high-risk, high-cost members. Due to ACA and the drive from FFS to VBR models, risk is being transferred from HPs to the healthcare provider systems, requiring an entirely new approach to the “business of healthcare,” the business model of how a health system operates.

While most healthcare systems have been running their business under the transactional model for the past 20 years, at-risk health plans have run on a blended fully insured risk model requiring large populations to balance the risk, as well as a transactional model usually on behalf of the government or a self-insured employer. Some health plans leaned toward one or the other model, but this mix of competencies have given the health plans greater flexibility to pivot, while health systems are far less flexible.

The transition to VBR will continue to advance over the next few years, putting health systems in a conundrum because they have built cultures based on the FFS model, making the shift challenging. In order to do so, health systems will need to change their operational models, bring new skill sets and competencies into their system, and adopt a significant shift in culture, transforming from a “sick care” system to a blended healthcare system focused on healthfulness, prevention, population management, and expeditious resolution of acute events.

Value-based reimbursement (VBR) will increase penetration from 2015 to 2019. In 2015, the average health system received less than 1% of revenues from VBR arrangements. But it is predicted that by 2019, more than half of the reimbursement for the average integrated health system will be based on VBR.

The transformation that must occur in a health system to prepare for this shift in financial model requires significant resources. As time goes on, FFS revenue will decline as VBR revenue increases for most healthcare systems. Today, the majority of health systems are currently on the downward slope, entering into what we call the “valley of despair” in the transition from FFS to VBR. In a time when resources are needed to make sweeping changes down to the very core of their organizations, provider leadership is faced with flat or falling revenues.

► New Approach

To be successful in the new healthcare economy, healthcare systems must attract and engage a greater swath of population to manage in order to survive in the new risk environment. Once they attract this new population, they must engage individuals and offer them a great experience, keeping them loyal to the healthcare system and their brand. Then the healthcare system must influence the behavior of individuals and the population they manage to minimize disease and optimize healthfulness in order to minimize population health risk and costs.

While they have been able to collate a significant number of lives to manage risk, healthcare payers have struggled to engage individuals within their covered live populations. Payers have been unable to engage individuals because people do not trust their healthcare insurance supplier.¹ Hence, insurers have traditionally been unable to engage individuals in a meaningful level that would engender behavioral change to improve health risk scores on a population or individual level.² There are, however, learnings that can be applied as healthcare system providers attempt to engage individuals and manage their populations where the healthcare payer failed. These include:

- Most people will not pick up an incoming call from their health plan, but will hustle to pick up the phone when the caller ID shows their own doctor.
- People trust their doctor and doctor's team more than their health plan.

- The clinical team is “closer” to the individual’s health situation, having real-time access to their electronic health record, being in geographic proximity, understanding community resources, and most likely having met the individual in person.

► Consumer Engagement

To be successful under these changing conditions, healthcare systems need to shift dramatically their relationship with individuals and the populations they serve. They need to create an alliance with the healthcare consumer-customer. In the future, we will experience a transition from healthcare system interactions with individuals. Today, healthcare systems and consumers create a relationship within episodes of care. To attain success in the future healthcare ecosystem, the healthcare system and the consumer must create a relationship where traditional episodes of care occur within a longitudinal relationship.

This is a key point relevant for both the healthcare system provider and the customer, and brings to bare basic marketing concepts used widely in other industries of building customer loyalty with the organization (and brand) in order to engage the consumer in a service—their own healthcare. This happens within a relationship. Healthcare system providers must develop a compelling way to create a significant relationship with the customer. Traditionally, healthcare hasn’t worked on this competency, as the industry has relied on the doctor–patient relationship. However, as these transformational healthcare trends evolve, the healthcare system can no longer rely on only the doctor–patient relationship as a greater care team and system becomes implicated in care. Hence, the healthcare industry will look to other industries such as retail to create experiences expanding their relationship and brand with the healthcare customer. The traditional healthcare system provider will now need to provide a customer experience—a competency that until now has not previously been a focus.

Due to the economics heading into the valley of despair, healthcare systems must implement these competencies swiftly and intelligently with the least expense. The healthcare system needs to engage and convince the individual consumer to adopt behaviors that improve health, resolve disease and injury, and tightly control chronic illness in ways that reduce their need for high-cost care.

► Alliance Between the Healthcare Consumer and Healthcare Provider System

In healthcare, roles of responsibility are shifting. Traditionally, healthcare responsibility was on the shoulders of the payers of care—usually insurers and employers. In the new paradigm of healthcare, the responsibility is shifting, requiring alignment between the healthcare system provider and the consumer.

Because “your health is always with you,” the healthcare consumer has incentives to respond to the healthcare systems’ outreach for engagement. Healthcare consumers are regularly looking for credible information to support their quest toward healthfulness, swift resolution of illness or injury, or better control of chronic disease.

“ Because ‘your health is always with you,’ the healthcare consumer has incentives to respond to the healthcare systems’ outreach for engagement. ”

Due to the value theme, the healthcare system provider is motivated to engage the consumer in their holistic care. Although an individual’s health is a part of their own daily life, the healthcare provider system currently only has a connection with the individual during an episode of care. Calculating this out to an average of two hours per year for healthy individuals, they intersect 0.0002 of the total hours per year for an individual.

However, that individual is interacting with health-related content at a greater rate, turning to search engines such as “Dr. Google” and other online resources. Due to the shifting of a value-based relationship, healthcare systems want a greater percentage of that time in order to assist consumers to become more engaged and informed, and engendering greater compliance with care plans. This means healthcare systems have to be available when the healthcare consumer needs their support on all access points—smartphones, tablets, web, television—whether at home, at work, or mobile. The healthcare system must be available in ways they have not been before in order to capture healthcare customer’s mindshare and offer value to them in a structure aligned with their personal preferences.

In tomorrow's healthcare ecosystem, it is incumbent upon the healthcare system to create an alliance with the healthcare consumer. It is also essential to create a larger pipeline of future customers who will turn to the health system. This pipeline or the group of dedicated lives will also need to learn to become better consumers of the healthcare ecosystem. In order to create this healthcare alliance between the healthcare system and the healthcare consumer, both need to offer each other more. To optimize the relationship, what does the healthcare system need of the healthcare consumer?

The healthcare system needs an "informed, engaged, and quantified healthcare consumer." Here is how that individual acts:

The optimal healthcare consumer understands her responsibility for her health. She understands the impact of her decisions, lifestyle choices, social impacts, and individual behaviors have on her health outcomes. This ideal healthcare consumer is data rich, integrating information from clinical settings—testing, specialists, pharmacy; her lifestyle and social data; and her activity and biometrics data into her personal health record, making this information available in formats for different types and levels of care support people within her healthcare support network. The ideal healthcare consumer exchanges accurate and actionable health data used to improve health outcomes first focusing on healthfulness and prevention, then on decreasing the impact of disease by affecting positive behaviors to the lifestyle and social aspects affecting health. This healthcare consumer makes informed decisions balancing cost and quality with her personal preferences. Because of this, the healthcare consumer is an active member of her own care team and health support network.

**“ The healthcare system
needs an ‘informed, engaged,
and quantified
healthcare consumer.’ ”**

To summarize, the optimal healthcare consumer has the following characteristics:

- Responsibility for health—willingness to take responsibility for one's own health, which includes co-developing and following care plans, taking prescribed medications, participating in follow-up visits and home healthcare, etcetera. At times, a consumer's proxy such as a family member would manage this job such as for a person with Alzheimer's or a very ill person.

- Quantified patient—provides data from multiple sources to aid healthcare providers in understanding the full picture, including lifestyle and social impacts one's health.
- Desires to improve health outcomes.
- Makes informed decisions based on cost, quality, and personal preferences.
- Is an active member of the care team.

These are characteristics of an ideal healthcare consumer. And today, we must admit that systems are not yet in place to support even the most conscientious healthcare consumer to achieve this ideal. So the next question becomes how can we get there? Or asked differently, how can the healthcare system best support the healthcare consumer to transition into an ideal healthcare consumer? The answer is by leveraging a number of the transformational healthcare trends such as care delivery, care team, care management, and data intelligence transformation.

► The Consumerization of Healthcare

There are multiple catalysts that are accelerating healthcare consumerization. One is the increased out-of-pocket expense required of individuals for healthcare insurance and costs. As healthcare costs continue to rise, employers are passing a greater share of the expense onto employees and their families. This puts more financial pressure on the healthcare consumer and gives them the motivation to shop smartly, transforming them into a healthcare customer.

In the past, employers covered a greater percentage of health insurance costs. Actual healthcare costs were not shared with individual employees and their families. This led to an environment where healthcare resources were used indiscriminately. Individuals were not incentivized to concern themselves with costs or to choose quality providers beyond the recommendation of a neighbor or trusted friend. Hence, a benefit for workers and their families became a negative for the evolution of the healthcare ecosystem, effectively removing consumer accountability. Now, with a greater proportion of the expense coming from their pockets, consumers are more thoughtful about what they spend and where they spend it.

One premise of this article is that those who utilize the healthcare system, those who receive services from providers, those once called and thought

of strictly as “patients” have begun to be thought of as healthcare consumers and even customers as they take on the greater responsibility of making purchasing choices in healthcare. The previously sacred doctor–patient relationship is becoming more akin to a retail relationship.

In retail sales, “the customer is king” and has been for a century now. Department store entrepreneurs such as **John Wanamaker** and **Marshall Field** introduced slogans such as “the customer is always right” in the early 20th century. NORDSTROM has continued the tradition and embellished it in the late 20th and early 21st centuries. Of course, all stores want to sell what customers desire, but not all have focused on the quality of the services delivered or the quality of

customer interactions. NORDSTROM and others have clarified that their brand focus is on the customer. But this focus on the customer was slow to be embraced by service industries such as healthcare. One key transformational healthcare trend is that of clinical focus transitioning

from disease to healthfulness requiring the healthcare consumer and the healthcare provider. This requires the healthcare provider system to create an ongoing relationship with the consumer focused on healthfulness rather than an irregular or episodic series of transactions. Healthcare providers must learn from brands and retailers such as NORDSTROM, which have worked consistently to build relationships with consumers.

“ One key transformational healthcare trend is that of clinical focus transitioning from disease to healthfulness.”

A new term to the industry has been the “consumerization of healthcare.” The term consumerization is ambiguous, but refers to the effects of information technology. Depending on the reference, the term consumerization has been used to describe the transition of computing from business mainframes, to employee terminals, leading to personal computers and then onto laptops and mobile devices, taking technology to the consumer.³ Today, the trend has reversed, and “new technology emerges first in the consumer market and then, after mass acceptance, is utilized by business organizations.”⁴ The IT Industry considers the most disruptive technology trend of this decade to be consumerization.

Tech-savvy employees are moving into the global workforce, while personal devices and mobile data networks grow increasingly accessible,

affordable, and easy-to-use. Social networking applications such as FACEBOOK, LINKEDIN, and TWITTER have become indispensable personal outlets and are now business tools for a rapidly growing number of organizations. Recent studies conducted by GARTNER, IDC, and FORRESTER point out that nearly half of the U.S. workforce is already mobile and leveraging wireless technology. In order to stay relevant, today's healthcare organizations must be agile and move at customer speed—as this is how their competitors will conduct business as well.

These developments in technology have further enabled customer behavior in the retail world. For example, e-commerce allows a consumer to find any item, compare prices from different

retailers, order products and services immediately, and receive them the same or next day if desired. This has caused a shift in power, as consumers have more choices and information while no longer having to travel to a physical store or buy only what the store offers or has in stock at the moment, or pay the price displayed without the ability to comparison shop. Because of this disparity in experience, even if a retailer offers great customer service and treats the “customer as king,” the savvy consumer knows there are bountiful options available by exploring the Internet, as in nanoseconds shoppers can find what they want, get the best price, and conclude their transaction quickly, conveniently, and expeditiously. Barriers have been removed.

This method of shopping is now turning to other industries such as healthcare because consumers are demanding ease of access, choice, and transparency of price and quality. Consumerization represents a shift in the balance of power in favor of the consumer, primarily due to technology advances offering more customer autonomy and choice. We have observed this powerful shift in other professional services such as LEGALZOOM.COM, a site that brought simple legal services to the population at a reasonable price. COURSERA and other online education services brought higher education offering courses to anyone, from anywhere, at any time. Healthcare, too, is being transformed by consumerization.

In a study conducted by HARRIS POLL in March of 2015, 84% of those polled were aware that their doctor's office has a patient portal, and adults

“Consumerization represents a shift in the balance of power in favor of the consumer, primarily due to technology advances.”

aged 55 years and older were more likely to utilize it as access to their personal health information. A total of 60% of those polled would be willing to try telehealth visits and schedule doctor visits online. Even though functionality, usability, and applicability are still evolving in digital health, consumers are beginning to utilize available tools. There will be a learning curve as more healthcare-related information becomes available. For example, though availability of electronic health record portals is empowering, few consumers are prepared to understand the details written in their electronic health record. However, that is a challenge that must be solved as we transition to the consumer as owner of their health records.⁵

Access to healthcare information through the Internet has empowered consumers who are accessing health content, causing Americans to take more personal responsibility for their own health. Social media, a greater degree of connectivity, and having friends and family weighing in on issues all offer individuals reasons to care and actions to take. Early adopters have moved to healthcare engagement via their devices. They already know that technology innovation continues increasingly to facilitate accessibility to quality healthcare and a means to understand and manage their own health better. From an information perspective, the advent of search engines has transformed the perception of the doctor as all-knowing as patients brought reams of printed research from the Internet to their visits beginning in the 1990s. This is another factor in transforming more personal responsibility toward the healthcare consumer.

Consumers, particularly younger ones, increasingly expect healthcare to work the way other digital markets work, with user-friendly interfaces, clearly defined pricing, and a wide selection of options designed to meet their needs. Their buying experiences with other industries have made them better overall consumers. They want to be clear about what they receive prior to spending their own dollars. This expectation is now being transferred into the healthcare ecosystem.

In addition, the idea of buying healthcare in a traditional manner has been eroded. If one can go to WALMART or TARGET to buy groceries and COSTCO to get glasses and a hearing aid, then going to a drugstore, a corner retail clinic, or the Internet for healthcare are reasonable conveniences. Engaging in telehealth visits with physicians is a natural evolution for the healthcare consumers fitting into busy lifestyles. These

consumers report that they would have trust in a large retailer to manage their health, which is slightly higher than the percentage that trust in traditional providers and insurers. The primary reason is that they believe these companies can produce quality care at lower costs. Healthcare provider systems must fight back, creating a customer experience that solidifies their brand in the mind of the consumer.

When we consider the consumerization of healthcare, no provider wants to be thought of as a commodity. From an economics perspective, goods and services are viewed through a lens based on price, quality, and service. The unique combination of price, quality, and service creates the offering's value with each combination having a distinct set of customers purchasing their offerings. Differentiation disappears when a good or service is perceived as a commodity. When this occurs, sales become based on price, which kills margins.

It would take an extremely curious consumer to locate the Hospital Results Report—2014, published by the PENNSYLVANIA HEALTH CARE COST CONTAINMENT COUNCIL, and try to interpret it. If a consumer needed the laparoscopic removal of his gall bladder, he could go to a chart and discover that virtually every hospital in southeastern Pennsylvania has a similar mortality rate. However, the cost ranges from a low of \$31,000 to a high of \$132,000. Though not necessarily the cause today, how could this commodity—removal of a gallbladder—be branded in such a way as to cause such variability in pricing.

To move away from commoditization, the provider needs to move into differentiation, defining the consumer experience as a positive emotional connection. For example, when one thinks of taking a vacation, one might close his eyes and suddenly smell the ocean, feel the breeze and the sun, and taste tropical fruits associating the virtual experience. Providers want to be able to create an experience that a purchaser can visualize and feel emotionally as well. It would have its own set of sensations and expectations. And it will need to begin from the first point of contact with the healthcare system and continue indefinitely into the future.

Hence, healthcare systems need to embrace consumerism, as well as create differentiators and experiences that separate them from their competitors to reduce the “commodity-effect” of healthcare.

In *The Experience Economy*, authors **B. Joseph Pine II** and **James H. Gilmore** call the fourth economic offering “experience.” They say, “Companies stage an experience whenever they engage customers, connecting with them in a personal, memorable way...Buyers of experiences...value being engaged by what the company reveals over a duration of time.” The authors go on to write, “The company...no longer offers goods or services alone but the resulting experience, rich with sensations, created within the customer. All prior economic offerings remain at arms length, outside the buyer, while experiences are inherently personal. They actually occur within any individual who has been engaged on an emotional, physical, intellectual or even spiritual level...While the experience itself lacks tangibility, people greatly value the offering because its value lies within them, where it remains long afterward...Those companies which capture this economic value will not only earn a place in the hearts of consumers, they will capture their dollars.”⁶

While many of the competencies discussed above are new to healthcare, creating an emotionally tangible experience with the healthcare consumer is attainable due to the personal impact the healthcare experience has on the individual. While all healthcare organizations are creating experiences, the healthcare system of the future must consider customizing the experience to the individual—providing exactly what he or she needs—physically and emotionally. Customized experiences turn into transformational moments, which then become a distinct economic offering to the individual healthcare consumer.

For example, some healthcare systems have focused on creating a high-end hotel experience with large single rooms, concierge service, chefs offering excellent meals, more attention from staff, and space for visiting loved ones. Others may focus on a senior population experience. Consumers are looking for unique, end-to-end experiences that provide them with piece of mind and engage them in a good way that builds an ongoing valued relationship customized to their interest, needs, and preferences.

In summary, the consumer movement has pushed into service industries, including healthcare, creating expectations on the part of the consumer that the healthcare system has to meet. This is happening at the same time that consumers are becoming far more knowledgeable about their own health due to the content readily available to them and their desire to understand and manage their own health. Concurrently, healthcare

payers are shifting the reimbursement model for providers, thus encouraging them to focus on outcomes more than services. This is a powerful combination that will pave the way for healthcare delivery transformation.

The consumerization of healthcare and the concept of care delivery transformation are two threads that are intertwined in the changing world of healthcare. As consumers demand their healthcare the way they want it, it forces providers to transform the way they deliver care.

► Care Delivery Transformation

Healthcare systems are difficult to navigate. Today, the healthcare customer is demanding ease of access and convenient care such as provided in a virtual environment. It is difficult to navigate the healthcare system physical plant; it is even more challenging to gain entry via virtual contact and get the right resources expeditiously and efficiently. Hence, to shift into a consumer-centric business model to create an optimal relationship with healthcare consumers, healthcare systems must make significant changes to their current approach, whether transforming systems or completely abandoning past systems and creating anew.

Healthcare systems need to consider activities that they have traditionally “done to the patient” and transform them to collaboration points. For example, healthcare systems triage patients and utilize data from health records to get to a disposition and eventually diagnosis. Then they “inform the patient” of the course of action, and the system “treats the patient.” However, in order to create an alliance with the healthcare consumer, the healthcare system needs to shift the traditional actions of subjecting “patients” to the healthcare environment and instead work with the healthcare consumer cooperatively.

Transitioning from traditional healthcare system focus to healthcare consumer focus, we learned that the consumer wants outcomes in a way meaningful to themselves and their care support network—spouses, family, friends, volunteers, communities. Here is the healthcare consumer voice:

1. *Triage*: “Rapidly and efficiently respond to me to determine immediate next actions for my (or my loved one’s) illness/injury via a singular entry point.”

2. *Data*: “Have all my data available for decision making from anywhere, by anyone I request, simply with the push of a button.”
3. *Disposition*: “Understand the disposition (or plan) of my healthcare situation (such as the primary or differential diagnosis) so I feel I am getting the best diagnostic care and treatment possible.”
4. *Care plan development*: “Help me to understand the care plan to resolve or gain optimal control of my illness/injury.”
5. *Care network*: “Activate that care plan with my support network; be able to shift that care plan efficiently based on shifting needs (disease progression; available resources—caregivers, financial; medications) and update all involved with the push of a button.”
6. *Inform*: “Empower and inform me and my care support network—optimize communication, education, and timely information through two-way continuous communication.”

The success of the consumer–provider relationship is contingent upon collaboration. Consumers and the external conditions driving change in all consumer markets have caused consumers to demand engagement by their healthcare provider system to maintain their loyalty. Consumers need to be informed, need transparency on cost and quality, need convenience in a way healthcare provider systems have never attempted before, want a degree of control over their own situation, and need to be engaged in an experience that will inform them in an entertaining way as they deal with situations that have traditionally been unpleasant.

Responding to these consumer needs requires a significant departure from business-as-usual for the healthcare system, causing shifts in culture, operations, and technology. To optimize the healthcare provider–consumer relationship and fulfill the needs of both, a new way of business is required, which includes:

- Creating a communication systems that attract new customers and engage them in an ongoing long-term relationship.
- Providing consumers access at an individualized, preference-based, concierge-level for triage and rapid care coordination response to determine immediate next actions and support about their illness/injury efficiently via a singular entry point (text, call, app).
- Offering collaboration tools that increase the ability of the healthcare consumer to gain information and fully participate in their care and engage their personal care support network of

spouse, children, family, friends, and volunteers through an appropriate level or view of the data.

- Creating connectivity between the healthcare system and consumer on all screen access points (smart phone, tablet, computer, TV) and to the home to enhance programs such as care management, telehealth visits, and remote monitoring, and to ease access to care through virtual care delivery models.
- Making pertinent content available at the right time for the healthcare consumer in a push-pull and “just-in-time” format, ensuring the healthcare system is the point of expertise for the healthcare consumer—a first point of reference rather than Dr. Google—thereby reinforcing the relationship and healthcare system brand.
- Catalyzing intelligence through a robust data collection, aggregation, and exchange with analytics to create data-driven decisions and enable the availability of actionable data and information exchange.

To provide what consumers want, providers need to undergo major change in their care delivery models, in their attitude toward health, in preparing for VBR, and in taking healthcare to consumers. They need to build their brands and invest in consumer engagement and care delivery transformation now—even during the valley of despair when reimbursement models have not fully caught up to technology that needs to be incorporated and operationalized into the healthcare system. Though this new approach requires significant change management to operations while shifting the clinical culture, it catalyzes the health system to:

- Create a continuous relationship with the healthcare consumer;
- Provide a highly visible vehicle for brand expansion;
- Connect hospitals, the healthcare consumer, and the community; and
- Facilitate population health level care management and coordination with individual consumer preferences.

To survive and prepare for the new healthcare economy, healthcare systems are rethinking their business models. They are scaling through mergers and acquisitions, forming ACOs, creating their own insurance products, and even seeking new partnerships with organizations outside of the old healthcare world to supplement and round out their competencies in key areas such as connectivity, consumer engagement strategies, and technology enablement. They are exploring new ways to educate their

doctors and other health professionals to provide consumers with a better experience. As they expand the care continuum, they are seeking ways to care better for people in their homes and other settings away from the hospital through care delivery redesign and transformation. Partnerships are essential to manage the decentralization of healthcare and large data associated with individualized and population health, which will be a critical part of the consumer engagement experience.

What the providers seek in this collaborative environment are loyal consumers who care about their health and participate in their own care. The win-win is a healthy population, one whose chronic diseases are handled before they become critical and require expensive hospitalization. The provider system no longer focuses on “heads in beds” but rather on taking healthcare to where the consumers are. It is about truly lengthening the continuum of care so that it is ongoing and consumers feel as if they are part of a strong, continuous relationship, one that includes them, all of their providers, and their personal care support network. And most of all, it is about healthfulness. Change will be required on both sides. ■■■

“If you don’t like change, you’re going to like irrelevance even less.”

**—General Eric Shinseki,
retired Chief of Staff,
U. S. Army**

► Author Disclosure Statement

No financial conflicts of interest exist.

► References

1. Strategy and consumer survey 2014 (n = 2,399).
2. Workplace Wellness Programs Study: Final Report. 2013. Available at www.rand.org/content/dam/rand/pubs/research_reports/RR200/RR254/RAND_RR254.pdf (last accessed February 9, 2016).
3. Gartner IT Glossary: Consumerization. Available at www.gartner.com/it-glossary/consumerization (last accessed February 9, 2016).
4. The Consumerization of IT. Available at www.trendmicro.com/cloud-content/us/pdfs/business/reports/rpt_consumerization-of-it.pdf (last accessed February 9, 2016).
5. The Office of the National Coordinator for Health Information Technology (ONC). Office of the Secretary, United States Department of Health and Human Services. *Federal Health IT Strategic Plan 2015-2020*. www.healthit.gov/sites/default/files/9-5-federal-healthitstratplanfinal_0.pdf (last accessed February 9, 2016).
6. Pine BJ and Gilmore JH. *The Experience Economy: Work Is Theater and Every Business a Stage*. Boston: Harvard Business School Press. 1999.