HFMA
The Customer Experience

Agenda

<table>
<thead>
<tr>
<th>Section</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Drivers of the shifting customer experience</td>
</tr>
<tr>
<td>2</td>
<td>The bottom line – why does the customer experience matter?</td>
</tr>
<tr>
<td>3</td>
<td>The state of reviews and ratings: Consumers’ use of healthcare ratings</td>
</tr>
<tr>
<td>4</td>
<td>Knowing your customers</td>
</tr>
<tr>
<td>5</td>
<td>What this means for providers</td>
</tr>
</tbody>
</table>

Presenters
- **Ben Isgur** - Director, PwC’s Health Research Institute
- **Jon Souder** - Director, PwC Health Industries
Drivers of the shifting customer experience

Five drivers in healthcare are converging to create demand for a new customer experience

- **Health Reform**: Health Reform creates new competition for the insurers and providers, and the customer experience will be a key differentiator.
- **Access to Information**: Access to information is growing as data use is closing the gap between patients and health companies.
- **On-Demand Healthcare**: On-demand healthcare has driven consumers to expect healthcare on their own schedule.
- **Push for Value**: The push for value by health purchasers has driven companies to compete for members, placing a focus on quality, transparency and cost containment.
- **Cost Sharing**: Increased cost sharing has prompted consumers to take a more active role in their healthcare decisions and they are demanding more in return.
Consumer revolution in health coverage

Convenience

40% of consumers would buy insurance at a private insurance company retail store.

Costco offers store members a choice of individual health plans through Aetna.

Transparency

72% of consumers want cost comparison tool to select insurance.

Customer insights

64% value products that match their needs and preferences.

BCBS of NC is investing in data analytics to personalize care management through targeted messaging.

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1 PwC Health Research Institute Consumer Survey, 2012
2 BCBSNC, "BCBS SAS harness the power of analytics to improve health outcomes, personalize health plans"
Consumer ratings hit the pocketbooks of healthcare companies

- Over $3 billion of bonus payments in 2012 are based on ratings and about $850 million in 2013 could be held back as part of the Value-Based Purchasing program.

- More than 60% of consumers consider quality of care when choosing a hospital.

- All 50 states have medical home efforts and more than 38,000 physicians are affiliated with medical homes, an eight-fold increase in the past five years.

- Forrester’s Customer Experience Index research shows: organizations with leading customer satisfaction scores have average of 23% higher annual return, while organizations ranking lowest on this scale have a negative 46% return.

Value based pricing measures are significantly impacted by patients’ and their caretakers’ interpretation of the provider experience

Patient Experience Measures of HCAHPS
Negative experience level identification starts with tying patient responses or HCAHPS to change using checklists

<table>
<thead>
<tr>
<th>Level</th>
<th>Specific Examples</th>
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<tbody>
<tr>
<td>I</td>
<td>Room was cold</td>
</tr>
<tr>
<td></td>
<td>Nurse showed up late</td>
</tr>
<tr>
<td>II</td>
<td>Nurse's tone grated</td>
</tr>
<tr>
<td></td>
<td>Nurse failed to introduce themselves</td>
</tr>
<tr>
<td>III</td>
<td>Nurse was rude</td>
</tr>
<tr>
<td></td>
<td>Nurse took forever to get to a patient</td>
</tr>
<tr>
<td>IV</td>
<td>Nurse was not responsive</td>
</tr>
<tr>
<td></td>
<td>Nurse did not listen to patient</td>
</tr>
<tr>
<td>V</td>
<td>Nurse was not helpful</td>
</tr>
<tr>
<td></td>
<td>Nurse did not answer questions correctly</td>
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HEART: Hear, Empathize, Apologize, Respond and Thank

Delivering a world class patient experience leads to knock-on effects that percolate across your health system....

<table>
<thead>
<tr>
<th>Knock-on Effects</th>
<th>Observations</th>
<th>Impact on your Business</th>
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<tbody>
<tr>
<td>Reduction in Readmission Rates</td>
<td>Better patient experience associated with lower 30-day risk-standardized hospital readmission rates¹</td>
<td>Limit the financial burden of readmissions as CMS initiates and commercial payers pick up on value based purchasing</td>
</tr>
<tr>
<td>Amplifying Effects on Customer Loyalty</td>
<td>72% of consumers indicate that provider reputation and personal experience are the top drivers of provider choice²</td>
<td>Attract and retain your target patient and payer mix by employing targeted marketing and word of mouth based on your patient experience</td>
</tr>
<tr>
<td>Ready for the “Rising Tide”</td>
<td>Hospitals measured by the CMS VBP program have shown improvements in nearly all patient experience and process off care dimensions year over year³</td>
<td>The budget neutral VBP has increased competition amongst hospitals; get on board or be left behind</td>
</tr>
</tbody>
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Source: (1) “Relationship Between Patient Satisfaction With Inpatient Care and Hospital Readmission Within 30 Days”, William Boulding et al.
Consumers want their feedback tied to healthcare companies’ financial rewards

- Strongly agree/agree
- Neither agree nor disagree
- Disagree/strongly disagree

n = 1000

Source: PwC Health Research Institute Consumer Survey, 2012
Nearly half of consumers surveyed read reviews with 68% of them using those reviews for healthcare decision making.

Of those who read reviews, 68% used those reviews to choose where to get their healthcare.

Applying ratings to engage the consumer: Opening up data is the first step for consumer engagement.

Organizations promote transparency ahead of the insurance exchanges going live.

- California Healthcare Foundation’s *Free the Data* initiative aims to make information more broadly accessible.
- The Leapfrog Group’s Hospital Safety Score attempts to provide consumers with easy-to-understand hospital safety information.
- Castlight Health partners with self-insured employers and health plans to provide personalized cost and quality data to help employees make informed healthcare decisions.
Strategies for tapping the power of customer ratings

• **Sort by “people like me.”** Ratings and reviews exist in many shapes and sizes, but what consumers really want is information that’s relevant to them.

• **Combine experience data.** As more accountable care arrangements develop, insurers, hospitals, and physicians can use experience data from several consumer surveys to create a more complete portrait of patients and a more coordinated care path.

• **Exchange policies on health plans may become more popular.** Medicare Advantage members can switch to a 5-star rated plan at any time if their current health plan falls below 5 stars. If the practice spreads to commercial plans, there will be one more reason for insurers to bolster customer service.

• **Navigator roles should connect care and coverage.** Individuals such as customer service representatives or brokers now help consumers obtain coverage, but the assistance often stops there. Consumers need help wading through coverage and care decisions well after signing up.
What makes a positive experience?

Provider: “Remembering my name... remembering what my issues are. Knowing my records... answering questions.”

Health insurer: “I know exactly what I’m going to pay for and everything is laid out up front.”

Retail: “I had a great customer experience at LegoLand. There is a lady that remembers me every time I come. She remembers the things I buy and always helps me step it up.”

Retail: “When an electronics store didn’t have what I was looking for, the sales guy actually gave me a recommendation to go to another store.”

“Having someone who you can talk to, who will be polite and answer your questions. Someone who will be respectful and professional.”

Healthcare preferences and choices differ among generations

42% of consumers aged 18-24 said they seek primary health services in non-traditional channels (e.g. retail clinics, phone, web) versus 15% for people over 55

Nearly 90% of 18- to 24-year-olds said they would engage in health activities through social media

Young and urban respondents value convenience three times more than the rest of the population
**Personal experiences and peer recommendations matter most in choosing a doctor or hospital**

Influence of personal experiences and peer recommendations in selecting a provider

![Graph showing influence of personal experiences and peer recommendations in selecting a provider](image)

*Source: PwC 2011 Customer Experience Radar Research*

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**Consumers are demanding more from their healthcare experience**

- Online and mobile information exchange
- Facilities offering multiple services in one location
- Entertainment (TV, Wi-Fi), cafeteria
- Patient education during visit

**34%** of consumers are willing to switch providers upon receiving an ideal experience
Convenience and choice top the list of what consumers value in healthcare

- What consumers value from providers:
  - 53% Entertainment (TV, WiFi), cafeteria
  - 57% Patient education during visit
  - 65% Online and mobile information exchange
  - 69% Facilities offering multiple services in one location

- What consumers value from health insurers:
  - 43% Website content with provider and plan information
  - 49% Insurer information in paper and online formats
  - 60% Claims processing in less than 2 weeks
  - 87% Coverage of over 90% of providers

Source: PwC 2011 Customer Experience Radar Research

An ideal experience prompts more than 1/3 of consumers to switch providers or insurers

The “ideal” healthcare experience is increasingly defined by non-clinical factors, such as convenience, amenities and personalized service

Consumer willingness to switch companies:
- Airlines: 6% initially willing to switch, 15% willing to switch after offered ideal experience
- Banking: 8% initially willing to switch, 23% willing to switch after offered ideal experience
- Healthcare provider: 10% initially willing to switch, 34% willing to switch after offered ideal experience
- Retail: 26% initially willing to switch, 35% willing to switch after offered ideal experience
- Health insurer: 9% initially willing to switch, 36% willing to switch after offered ideal experience
- Hotels: 21% initially willing to switch, 83% willing to switch after offered ideal experience

Source: PwC 2011 Customer Experience Radar Research
**Day in the life scenarios provide insight into the love points and pain points staff should consider when interacting with patients**

<table>
<thead>
<tr>
<th>Love Points</th>
<th>Love Points</th>
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<tbody>
<tr>
<td>Coordination of care</td>
<td>Coordination of care</td>
<td>Convenience</td>
</tr>
<tr>
<td>Value</td>
<td>Customization</td>
<td>Quality service</td>
</tr>
<tr>
<td>Face-to-face interaction</td>
<td>Family-friendly service</td>
<td>Little waiting time</td>
</tr>
<tr>
<td>Simplification</td>
<td>Digital communication</td>
<td>Personal</td>
</tr>
<tr>
<td>Flexible payment methods</td>
<td>Personalized patient experience</td>
<td></td>
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<table>
<thead>
<tr>
<th>Pain Points</th>
<th>Pain Points</th>
<th>Pain Points</th>
</tr>
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<tbody>
<tr>
<td>Complexity</td>
<td>Lack of transparency into charges</td>
<td>Multiple staff hand-offs</td>
</tr>
<tr>
<td>Lack of transparency</td>
<td>Time-consuming processes</td>
<td>Lack of electronic communication</td>
</tr>
<tr>
<td>High-cost service</td>
<td>Limited online features</td>
<td>Complicated administrative procedures</td>
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**What this means for the healthcare industry**

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**Day in the life scenarios provide insight into the love points and pain points staff should consider when interacting with patients**

<table>
<thead>
<tr>
<th>Inpatient Scheduled Operating Room</th>
<th>Inpatient Unscheduled Emergency Department</th>
<th>Inpatient Scheduled Labor &amp; Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retired Ron</strong></td>
<td><strong>Flourishing Family Rebecca</strong></td>
<td><strong>Flourishing New Mother Nicole</strong></td>
</tr>
<tr>
<td>Ron, 67, needs a knee replacement and is expected to be admitted to the hospital for 4 days. Prior to his hospital stay, he expects to receive information regarding financial planning and what to expect in his stay.</td>
<td>Rebecca, 45, suffered a car accident and was admitted to the Emergency Department for leg surgery. Upon arrival to the hospital, she expects quick admission and personalized experience.</td>
<td>Nicole, 32, arrives at the hospital for a planned C-section delivery. During her treatment and recovery in the hospital, she expects a seamless patient experience and minimal complications.</td>
</tr>
</tbody>
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**What this means for the healthcare industry**
A few foundational strategies and actions can help providers deliver an ideal customer experience

1. Understand your customers and their preferences
2. Focus solutions on transparency, knowledge, and convenience
3. Use multiple access points to engage consumers
4. Open up forums for customer feedback
5. Grant employees authority and skills to enhance the customer experience
6. Be proactive and go beyond the transaction

7. Dedicate leadership to enhance the customer experience

For more information and contacts

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