



DIVURGENT

Consumerism: A Disruptive Force to Healthcare Delivery

Colin B. Konschak, MBA, FHIMSS



Learning Objectives

- Describe the growing trend of healthcare consumerism and identify how consumerism is impacting the design of healthcare delivery models
- Recognize how the effects of consumerism may impact your organization and the need to design business strategies accordingly



Agenda

1. Introduction
2. The Transparent Provider
3. Retail Medicine
4. Medical Tourism
5. Information Technology
6. Consumer Driven Health Plans
7. Social Media
8. Telemedicine
9. Globalization
10. Vision for the Future



INTRODUCTION



Our Story

- Healthcare delivery is less than optimal
- Payment mechanisms in peril
- The consumer as reformer
- Supply vs. demand shift
- Disruptive effect on delivery
- We have to be bold enough to change



Current Trends & Challenges

- Economy
- Payment
- Delivery system reform
- Physician integration
- Genomic medicine
- Healthcare information technology
- Nursing

*Source: FutureScan 2010 by
Health Administration Press*



Opportunities Within the Healthcare Delivery System

Improve access to healthcare

Effective management of chronic diseases

Improve quality

Improve patient safety



Forces Driving the Importance of Consumers in the Value Chain

- Globalization of healthcare
- Pervasiveness of technology
- Rise of transparency
- Convenient care models
- Medical tourism
- Social media
- Generational effects

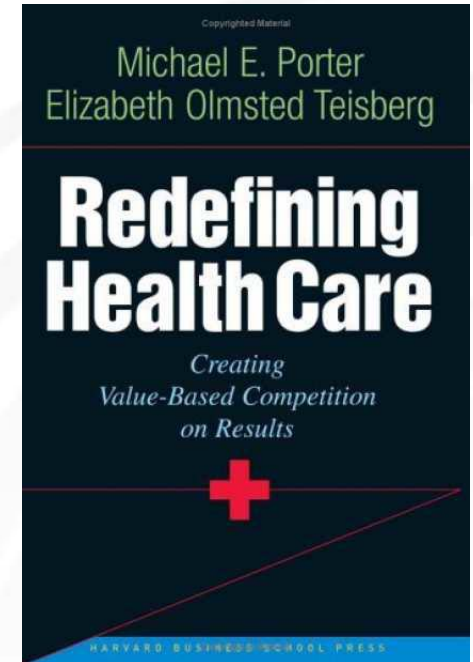


Stakeholders

- Healthcare institutions and personnel
- Device makers
- Pharmaceutical manufacturers
- Educational institutions
- Alternative providers
- Payers
- Consumers
- Government

Porter Says...

- Active participation
- Available information
- Results
- Choice of health plans
- Long term participation in health plan
- Responsible actions



The Not So Distant Future

When Consumerism Sweeps the Nation

- Easy access to clinical information
- Cost and quality transparency
- Selection of provider
- Provider location
- Provider type
- Role of the payer



Within Turmoil Lies Opportunity



THE TRANSPARENT PROVIDER

The Era of the Transparent Provider

Government Mandate of “Transparency” is Looming

- Everyone is Looking; There is No Place to Hide:
 - Verifiable, highly public data is ubiquitous
 - Core measures of performance circle the globe
 - Third-party rating systems intensify
 - The mystery of hospital pricing disappears
 - Comparison shopping is the norm



Transparent Providers are Fearless

The Democratization of Information is Inevitable

- Are you ready for transparency?
 - Your website provides intimate details
 - Your core measures are appropriate and visible
 - You compete toe-to-toe on quality
 - You invite comparison
 - Your prices are public information

Consumers Trust What They Can See

Revamp Your Organization Through Transparency

- What do consumers want?
 - Cost
 - Quality
 - Comparative data
 - Information from other consumers
 - Experiential statistics
 - Easy access
 - Easy to understand

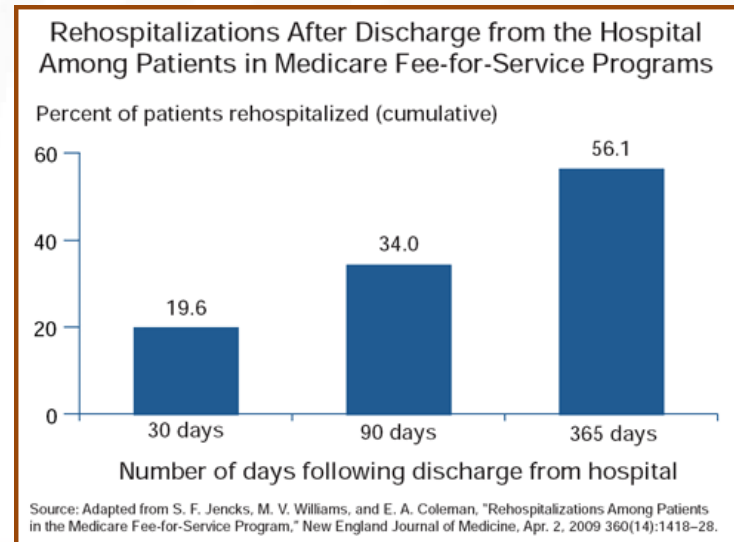


Overall, what they get from other industries

Becoming Transparent

Show Them the Real Stuff

- To Reveal or Not to Reveal?
 - Reveal both good and bad scores
 - Display employee background information
 - Provide aggregate procedures information
 - Show statistics for successes and failures
 - Costs and coverage, all use friendly
- Your transparent competition



The Internet has, and will continue to, reinvigorate the involvement the consumer has in their selection of healthcare providers

PAIN RELIEVERS



**"I already diagnosed myself on the Internet.
I'm just here for a second opinion."**

Through Transparency, Quality Will Emerge

Help
consumers
make better-
informed
choices about
their care

Encourage
private
insurers and
public
programs to
reward quality
and efficiency

Compel
providers to
improve
services by
benchmarking
their
performance
against others

Price Transparency Must Be Matched With Quality

Consumers who use price alone may end up sacrificing service quality

- Some consumers may become so concerned with the price of healthcare that they may skip treatments to save money
- Consumers may assume that high price equates to high quality

On the provider side, healthcare providers may attempt to reduce the consumer price in order to attract more patients

- In order to offer reduced cost services, they have to increase the number of patients seen leading to less time with each and a potential overall decrease in quality



State-Driven Transparency Efforts

Pennsylvania Healthcare Cost Containment Council

California Healthcare Reform

Florida Compare Care

Massachusetts Healthcare Quality and Cost Council

Acute Myocardial Infarction Mortality Rate (Heart Attack), Without Transfer Cases

Age Group: Age 18 years and older

Time Period: January 2006 through December 2006

Facility / City	Mortality Rate
STATEWIDE	6.94%
Baptist Hospital of Miami - 100008 Miami	Lower than Expected
Community Hospital - 100191 New Port Richey	Lower than Expected
Cedars Medical Center - 100009 Miami	As Expected
North Broward Medical Center - 100086 Pompano Beach	As Expected
Citrus Memorial Hospital - 100023 Inverness	Higher than Expected
Helen Ellis Memorial Hospital - 100055 Tarpon Springs	Higher than Expected
Indian River Medical Center - 100105 Vero Beach	Higher than Expected

Role of the 3rd Party

The National Quality Forum

- Private not-for-profit
- Incorporated in 1999
- Standardizing measurement and reporting
- Projects include:
 - Cancer care quality measures
 - Mammography standards
 - Surgery performance measures

Report Cards

- Hospital Compare
 - Medicare collaborative
 - Broad support
 - www.hospitalcompare.hhs.gov
- Consumer Checkbook
- Leapfrog Group
- Healthgrades

A case study - Alegent

- 10 hospitals, 1300 MD's, 9000 employees
- Fundamentally believe in transparency
- Started with full page ad in 2005
- What did the data reveal?
- Currently reporting 40 quality scores
- What has been the result?
- What about cost?



Strategic Implications

- Embrace transparency sooner rather than later
- Providers who hold themselves accountable and publicly disclose all experiential results tend to become more admired
- Making the commitment to transparency is a huge, inevitable step
- To consumers, perception is everything
- The transparent provider will offer comprehensive, consumer-friendly data above and beyond any reporting requirements



RETAIL MEDICINE

Concierge Medicine Gains Popularity

Many People Can and Do Pay out-of-Pocket

- The lure of concierge medical practices
 - Pay an upfront fee, gain good access
 - Get your annual physical and all your questions answered
 - It's all about ***access***
- Concierge competitors siphon off the best patients
- Strategies: compete, co-operate, or ignore
- Your new service mix



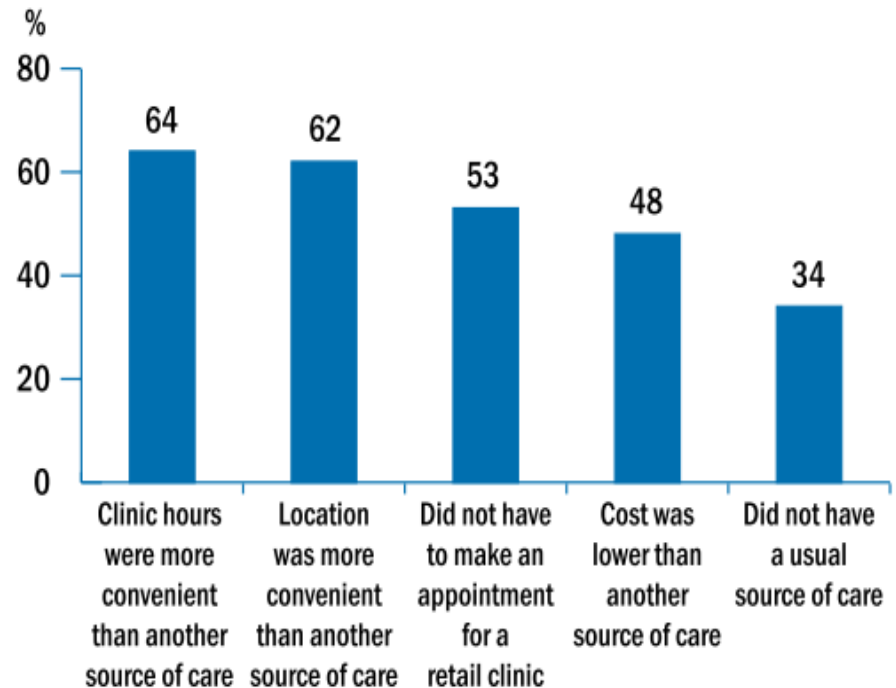


The Concierge Care Difference

- Annual membership fee of between \$1,000 and \$20,000 or more, which may or may not include most services
- Number of patients treated, which tends to be far less than other physicians
- Features offered
- Whether they accept health insurance
- Relationship to the Medicare program

What are the Drivers?

- 24 hour access to a physician
- Priority appointments
- Access to referral network
- On site laboratories
- Access to medical spa
- *Physician side drivers*



Retail Medicine Competes Vigorously

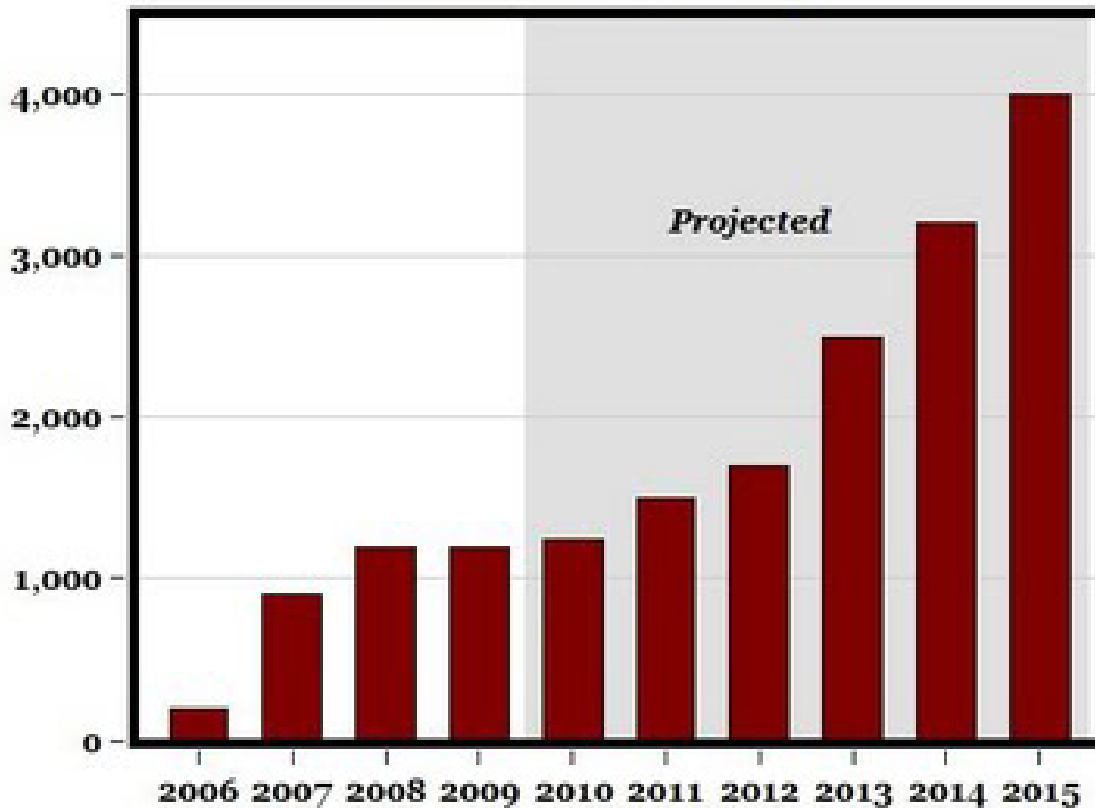
Here Comes Wal-Mart

- The lure of retail medicine
 - The spectacular rise of urgent care and walk-in clinics
 - A healthcare clinic in every Wal-Mart
 - Prices so transparent they're posted on the wall
 - Conveniently located urgent care retail sites
 - Strategic local and regional affiliations
- Cater to cash paying clients
- It's not just Wal-Mart



The Growth of Retail Clinics

Retail Clinics in the U.S. 2006-2015



Source: Merchant Medicine

Strategic Implications

- Concierge practices and retail medicine attract a valuable demographic
- Can your system offer concierge care or retail medicine?
- What would the financial and patient satisfaction benefits be?
- What are some of the barriers you face?
- What existing resources can you leverage in this emerging delivery vehicle?

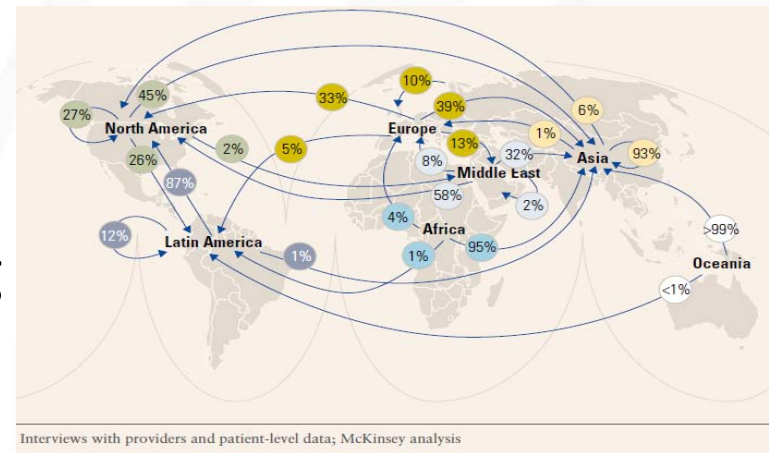


MEDICAL TOURISM

Medical Tourism

Lower Cost with Equal or Higher Quality Services Abound

- Medical tourism is already institutionalized
 - Annual conventions, symposium, and junkets
 - Certifying agents, such as Joint Commission International
 - Approved vendors lists
 - Automated to the n^{th} degree
 - The economics are compelling
 - How will payers play?



Factors Impacting the Growth of Medical Tourism





Some Economic Facts

- Costs are often 50-80% less than the U.S.
- In 2010, 6M Americans will travel as medical tourists
- Heart bypass in Thailand
- Knee replacement in Singapore
- Over 50 countries identify medical tourism as a national industry
- \$100 billion loss to U.S. providers in '10

Stakeholders



Medical Tourism Knows No Bounds

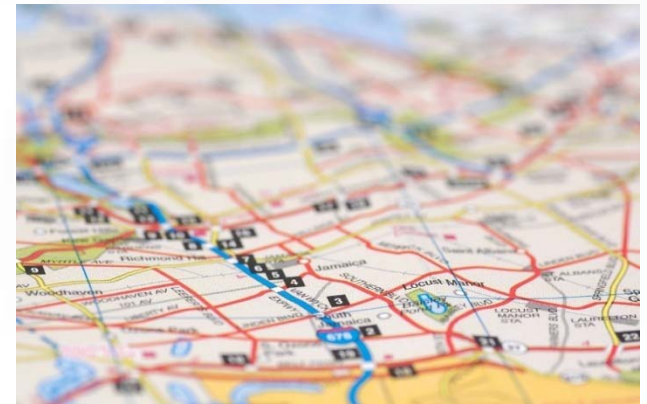
The most popular destinations for medical tourism are:

- Southeast Asia
- Israel and Jordan
- Argentina and Cuba
- Lithuania, Croatia, Greece, and Turkey

Regional Tourism

With Transparency Comes the Urge to Shop Domestically

- Many More Patients are Willing to Travel Domestically
 - Some hospitals are simply more expensive than others
 - Variations in quality are not synched to variations in price
 - Personal health records travel well
 - Numerous benefits of regional tourism
 - Role of the payers?





Barriers to Medical Tourism

Healthcare in developing countries has the stereotype of being of poorer quality overall compared to healthcare at home

Consumers have the perception that low cost is correlated with lower quality

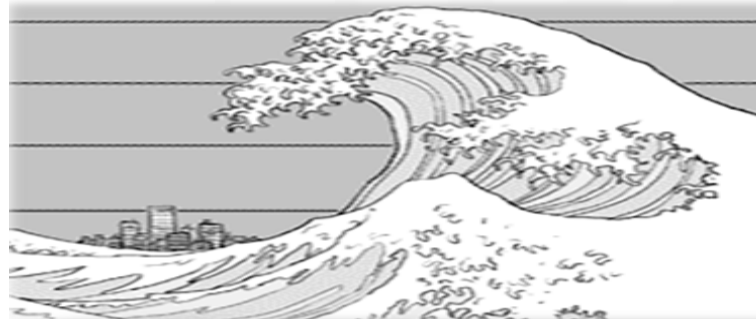
Medical care systems in other countries have been regarded by the U.S. as inadequate

Strategies for Medical Tourism



Globalization in Healthcare

- Join them or fight them?
 - Partnerships and affiliations are mandatory
 - Doctors doing tours of duty
 - Knowledge transfers and brand recognition
 - Invisible partnering
 - Adapting cost structures and mix of services to compete



Bumrungrad Hospital

- Located in Bangkok, Thailand
- Costs 1/8 of those in the United States
- Joint Commission International Accredited
- Over 1.2 million patients treated per year
- Over 430,000 are international patients from over 190 different countries
- U.S. \$280 million turnover in 2007
- www.bumrungrad.com
- <http://www.youtube.com/watch?v=paNRv---Adw>



Strategic Implications

- Seek relationships with international / regional providers
- Prepare for quality and price transparency
- In what areas could you compete ***regionally***, nationally, internationally?



CONSUMER DRIVEN HEALTH PLANS

Consumer Driven Health Plans (CDHP)

- Designed to reduce employers' costs for providing health insurance to their employees by offloading some of the financial obligations onto the employees, while providing the employees wider latitude in determining how their healthcare dollars are spent

- Pricing and Marketing CDHPS is Brave New Territory
 - Younger consumer will demand more choices
 - More will opt for high deductible plans...
 - Which leads to good and bad consequences
 - What product mix will providers offer?
 - Keeping pace with services offered anywhere else

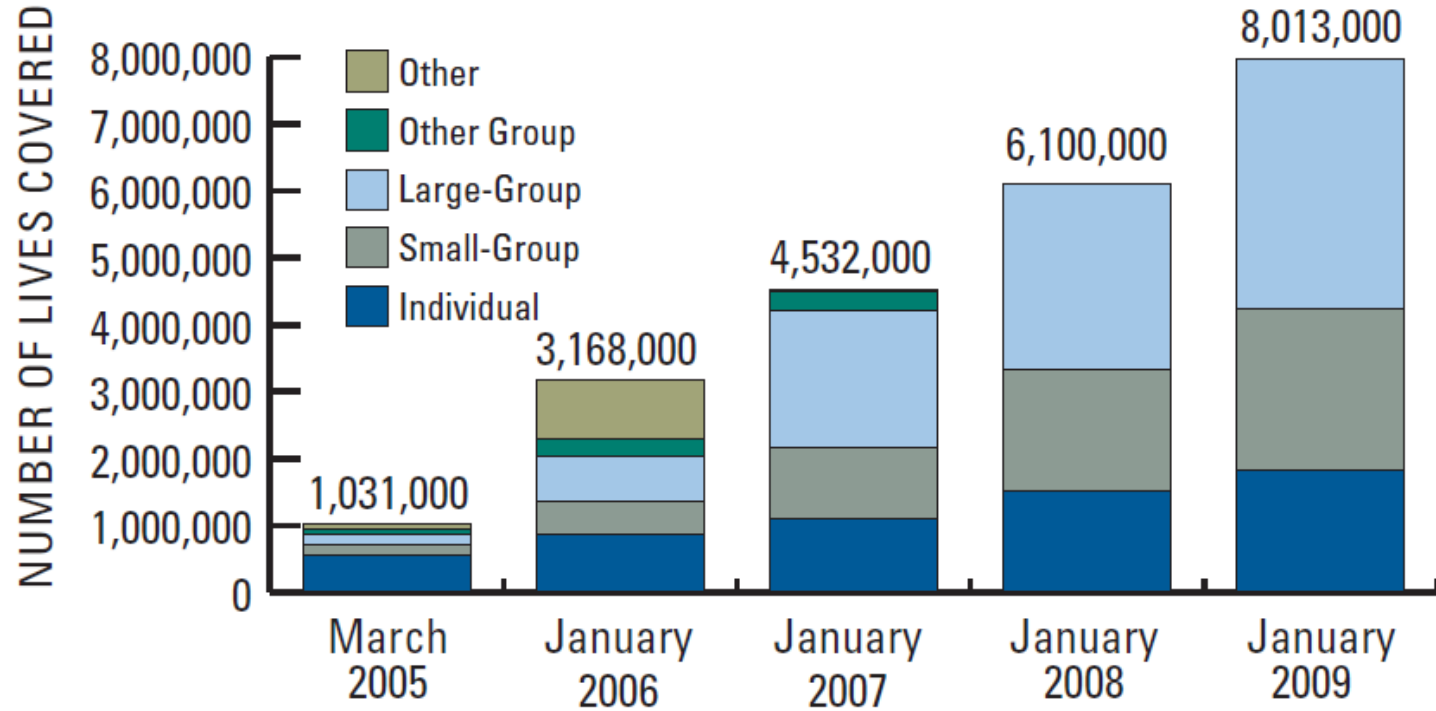
?

?

?

?

The Growth of HAS/HDHP Enrollment From March 2005 to January 2009



Source: 2009 AHIP HSA/HDHP Census



SOCIAL MEDIA – REALLY?

Healthcare Industry Gets Social

Social Networking Sites Usage is Skyrocketing Among Hospitals

- Staying Connected to the Audience
 - One more tool for the marketing and PR kit
 - Reaches larger audience than ever before
 - Keeps consumers updated on trends, news, and developments
 - Enables detailed targeted marketing





TELEMEDICINE'S SPECTACULAR FUTURE



How Do You Define Telemedicine?

Involves a growing number of applications and services that use two-way video, wireless phones, email, and other telecommunication technology

Telemedicine's Future



The Technology is Here, the Consumer Base is Enormous

- *Everyone* Will Partake in Telemedicine on Some Level
 - A natural vehicle for techno-savvy youth
 - A godsend for home-bound elderly
 - Intel's healthcare division dives in
 - Remote healthcare monitoring in real time
 - Ubiquitous versus specialized products and services



DISCUSSION

Colin Konschak

Colin.Konschak@DIVURGENT.com

757.641.0481

Colin Konschak, FACHE



Colin B. Konschak, RPh, MBA, FACHE, FHIMSS, is an author, speaker, and is a founding partner of DIVURGENT, a healthcare management consulting firm. During his 15 years in the healthcare sector, he has focused on helping healthcare providers understand the shifting healthcare/ technology marketplace and plan their organizational and technology direction accordingly. Mr. Konschak has a keen understanding of today's healthcare marketplace and has broad experience in healthcare operations, strategic planning, and health information technology. Mr. Konschak actively serves the healthcare industry through his involvement in many of the industry's leading associations. His involvement in HIMSS and ACHE has resulted in a Fellowship in both organizations. He is a registered pharmacist, possesses an MBA in health services administration, and is a certified Six Sigma Black Belt. He is an adjunct professor at Old Dominion University and resides in Virginia Beach, Virginia with his wife Millie who is an interventional cardiologist.



BIBLIOGRAPHY

Bibliography

- Barclay, Eliza. "Stem cell experts raise concerns about medical tourism." *The Lancet* 373.9667 (2009): 883-84. 14 March 2009. Retrieved 26 August 2009 from, [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(09\)60529-8/full](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(09)60529-8/full)
- "BBC NEWS | Health | Stem cell patients 'are healthy.'" *BBC NEWS | News Front Page*. 16 Sept. 2005. Retrieved 26 August 2009 from, <<http://news.bbc.co.uk/2/hi/health/4251972.stm>>
- Brown, Anitra. "Medical Spa - What Is A Medical Spa?" *Spas - Day Spas and Spa Vacations at Destination Spas, Resort Spas, and Hotel Spas*. Retrieved 26 August 2009 from, <http://spas.about.com/od/medispas/a/medicalspsa.htm>
- Cleveland Clinic CEO says global expansion will fuel hospital system's growth. *Blogs - Cleveland.com*. Jan.-Feb. 2008. Retrieved 26 August 2009 from, <http://blog.cleveland.com/medical/2008/02/cleveland_clinic_ceo_says_glob.html>
- Collins, SR and Davis, K. *Ibid*
- Collins, SR and Davis, K. Transparency in Healthcare: The Time Has Come, *The Commonwealth Fund*. 2006. Retrieved 6 February 2009 from, http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=361215
- Commonwealthfund.org. 2008. Retrieved 26 August 2009 from, http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2008/Dec/Checking%20Up%20on%20Retail%20Based%20Health%20Clinics%20%20Is%20the%20Boom%20Ending/Tu_retailclinics_figures%20pdf.pdf
- *Consumer Internet Barometer - The Conference Board*. (n.d.). Retrieved 26 August 2009, from <http://www.conference-board.org/economics/consumerBarometer.cfm>

Bibliography

- Connell, John. "Medical tourism: Sea, sun, sand and... surgery." ScienceDirect. Elsevier Ltd, 24. Jan. 2006. Retrieved 26 August 2009 from, <http://www.ataland.com/Files/Articles/z4.pdf>
- Cybercitizen Health, Manhattan's Consumer Research, 2008 October, α Cybercitizen® Health was fielded in Q3 among 8,714 U.S. adults (ages 18+). http://www.manhattanresearch.com/products/Strategic_Advisory/CCH/default.aspx
- Deloitte Center for Retail Clinics. Retrieved 26 August 2009 from, http://www.worldcongress.com/events/HR10000/pdf/thoughtleadership/deloitte/RetailClinics_230708.pdf
- Doctors say future of price transparency appears cloudy | Physician Executive | Find Articles at BNET. *Find Articles at BNET | News Articles, Magazine Back Issues and Reference Articles on All Topics.* Jan.-Feb. 2008. Retrieved 26 August 2009 from, http://findarticles.com/p/articles/mi_m0843/is_1_34/ai_n24260460/
- Employers and consumers recognize value of consumer-directed health plans. *Institute of Healthcare Knowledge – Research Summary, WellPoint, Inc.*, 2008. Retrieved 6 February 2009 from, <http://www.consortiumhealthplans.com/data/Employers-and-Consumers-Recognize-Value-of-CDHP.pdf>
- Fitzpatrick, David. "Experts dispute doctor's stem cell breakthrough claim." CNN.com - Breaking News, U.S., World, Weather, Entertainment and Video News. 14 June 2009. Retrieved 26 August 2009 from, <http://www.cnn.com/2009/HEALTH/07/14/stem.cell.regenocyte/index.html#cnnSTCText>
- George, BP. and Nedelea, A. Medical Tourism: The Next Big Thing to Come. Sep. 2008. Retrieved 6 February 2009 from, <http://ssrn.com/abstract=1264925>
- Healthcare Clinics in Stores Could Redefine Primary Care - Apr. 13, 2009. *Business, financial, personal finance news- CNNMoney.com.* 14 Apr. 2009. Retrieved 26 August 2009 from, http://money.cnn.com/2009/04/13/news/economy/healthcare_retailclinics/index.htm

Bibliography

- Healthcare price transparency: A strategic perspective for state government Leaders, *Ibid*
- Hospital report cards: Making the grade. *The Harvard Medical School Family health guide*. Retrieved 6 February 2009 from, <https://www.health.harvard.edu/fhg/reportcards.shtml>
- Internet usage statistics. Retrieved 6 February 2009, from <http://www.Internetworldstats.com/stats.htm>
- January 2009 Census Shows 8 million people covered by HSA/High-deductible health plans. Ahipresearch.org. May 2009. Retrieved 26 August 2009 from, <http://www.ahipresearch.org/pdfs/2009hsacensus.pdf>
- Johnston, Laurence. "STEM CELLS." *Sci-therapies.info*. Retrieved 26 August 2009 from, <<http://www.sci-therapies.info/Stem-Cells.htm#Geron>>
- Jones, S. (2003). An introduction to the U.S. healthcare system, Chapter 1. *An overview of the U.S. healthcare system*, Fifth edition, pp. 6.
- Knutson L. and O'Keefe K. CDHP: Getting the Customer Involved In Managing Healthcare Costs, *Capgemini*. Retrieved 6 February 2009 from, ab-advisor.com/uploads/CDHP_Getting_Customers_Involved.pdf
- Laws M. and Scott MK. *Ibid*.
- Laws M. and Scott MK. The Emergence of Retail-Based Clinics in the United States: Early Observations. *Health Affairs*. 2008; 27(5):1293-1298. Retrieved 6 February 2009 from, <http://content.healthaffairs.org/cgi/content/full/27/5/1293>.
- Lim, Louisa. "Stem-Cell Therapy in China Draws Foreign Patients: NPR." *NPR: National Public Radio: News and Analysis, World, US, Music and Arts: NPR*. 18 Mar. 2008. Retrieved 26 August 2009 from, <<http://www.npr.org/templates/story/story.php?storyId=88123868>>
- Mapping the market for medical travel - McKinsey Quarterly - Healthcare - Strategy and Analysis. *Articles by McKinsey Quarterly: Online Business Journal of McKinsey and Company. Business Management Strategy - Corporate Strategy - Global Business Strategy*. May 2008. Retrieved 26 August 2009 from http://www.mckinseyquarterly.com/Mapping_the_market_for_travel_2134.

Bibliography

- Medical Tourism: Consumers in Search of Value. *The Deloitte Center for Health Solutions*, 2008. Retrieved February 6, 2009 from, [www.deloitte.com/dtt/cda/doc/content/us_chs_MedicalTourismStudy\(1\).pdf](http://www.deloitte.com/dtt/cda/doc/content/us_chs_MedicalTourismStudy(1).pdf).
- Michael E. Porter ME, Teisberg EO, and Wallace, S. 2008. What Should Employers Do about Healthcare? *Harvard Business School*. Working Knowledge. Retrieved February 9, 2009 from, <http://hbswk.hbs.edu/item/5979.html>
- *Physician services, Concierge Care Characteristics and Considerations for Medicare*. Congressional Committees, United States Government Accountability Office. (2005). Retrieved 6 February 2009, from www.gao.gov/new.items/d05929.pdf
- Porter, ME and Teisberg, EO. 2004. Michael Porter's Prescription For the High Cost of Healthcare. *Harvard Business Review* excerpt. Retrieved 9 February 2009 from, <http://hbswk.hbs.edu/item/4255.html>
- Price, F. D. "Stem cell based therapies to treat muscular dystrophy." ScienceDirect. Elsevier B.V., 06 September 2006. Retrieved 26 August 2009 from, <http://www.sciencedirect.com/science?_ob=ArticleURLand_udi=B6T1Y-4KTXJ03-1and_user=10and_rdoc=1and_fmt=and_orig=searchand_sort=dand_docanchor=andview=cand_searchStrId=991977887and_rerunOrigin=scholar.googleand_acct=C000050221and_version=1and_urlVersion=0and_userid=10andmd5=21998502dca37a4cd10cb4837036eb48>
- Rajagopalan S. Health Tourism: An Emerging Industry. 2006 .Retrieved 6 February 2009 from, <http://202.131.96.59:8080/dspace/bitstream/123456789/221/1/Health+Tourism+-+An+Emerging+Industry--Rajagopalan.pdf>
- Summary of Key Findings, Consumer Directed Health Plans Analysis. HealthPartners. October 2007. Retrieved 6 February 2009 from, <http://www.healthpartners.com/files/39325.pdf>
- Summary of key findings. CIGNA Choice Fund® Experience Study. January 2009. Retrieved 6 February 2009 from, cigna.tekgroup.com/images/56/CIGNA_CDHP_Study.pdf



Bibliography

- Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2007 Current Population Survey. EBRI. 2007. Retrieved 6 February 2009 from, http://www.ebri.org/publications/ib/index.cfm?fa=ibDispandcontent_id=3850
- Stem cell laws. *Wikipedia, the free encyclopedia*. Retrieved 26 Aug. 2009 from, <http://en.wikipedia.org/wiki/Stem_cell_laws>
- The Clinic At Wal-Mart To Open In Atlanta, Little Rock, And Dallas Supercenters. Wal-Mart Stores, Inc. 07 February 2008. Retrieved 26 August 2009 from, <<http://walmartstores.com/FactsNews/NewsRoom/7922.aspx>>
- The Interplay between Healthcare IT and Healthcare Payer. *HIMSS*. 30 June 2007. Retrieved 26 August 2009 from, <<http://www.himss.org/advocacy/d/HITPayerFactSheetII.pdf>>
- USATODAY. *States play catch-up on stem cells*. News, Travel, Weather, Entertainment, Sports, Technology, U.S., and World. 17 Dec. 2004. Retrieved 26 August 2009 from, http://www.usatoday.com/news/nation/2004-12-16-stem-cells-usat_x.htmtext
- Wal-Mart's Health-Care Clinics Have Been Rolled Back. Business News and Financial News - The Wall Street Journal - WSJ.com. 26 June 2009. Retrieved 26 August 2009 from, <<http://online.wsj.com/article/BT-CO-20090626-709940.html>>
- Weiss, Rick. *Lifeissues.net | 400,000 Human Embryos Frozen in U.S. Number at Fertility Clinics Is Far Greater Than Previous Estimates, Survey Finds. Clear thinking about crucial issues*. 09 May 2003. Retrieved 26 August 2009 from, <http://www.lifeissues.net/writers/irvi/irvi_04frozenembryos.html>