

THE CONSUMER IMPERATIVE:

TRANSFORMING HEALTHCARE
FROM THE OUTSIDE IN

SEPTEMBER 22, 2016

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Partner, Health & Life Sciences



Why This Time?

100+ years of health insurance

50+ years of Medicare

40+ years of shared decision-making

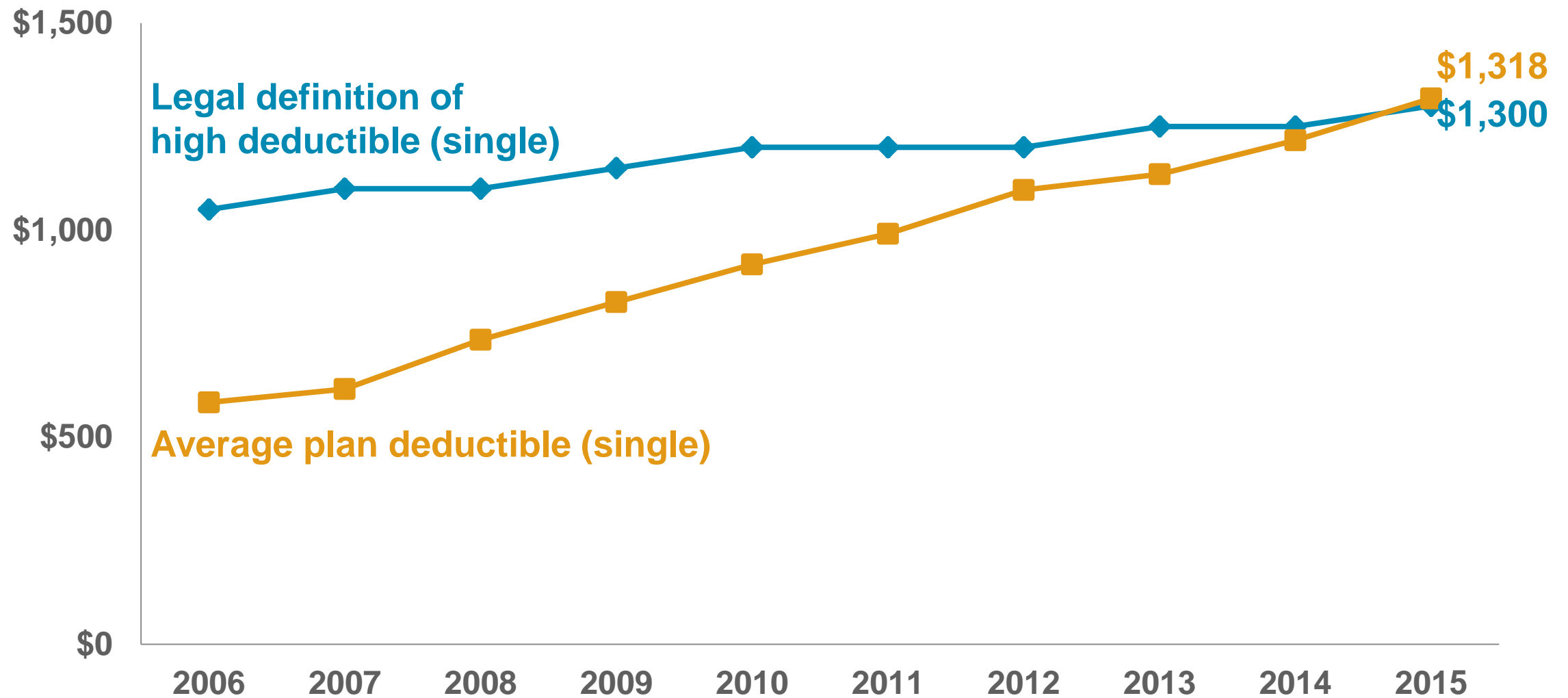
30+ years of ambulatory urgent care

23 years of healthcare savings accounts

17 years of telemedicine reimbursement

...and many more “consumer revolutions”

This is Why



Source: Mercer National Survey of Employer-Sponsored Health Plans

And This



**Cloud Platforms
& Big Data**



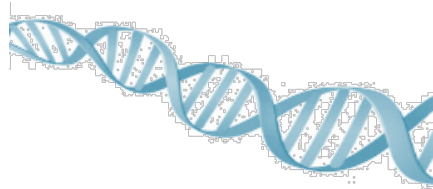
Mobile!



**Crowdsourcing &
Social Networks**



**Biometric Monitoring &
Wearable Sensors**



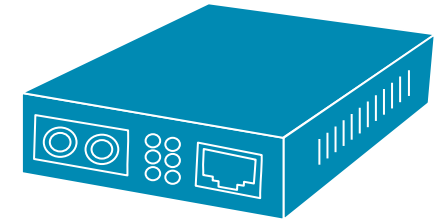
**Low-Cost
Sequencing &
Biomarkers**



**Implantable
Technology**



**Next-Generation
Diagnostics**



**Gigabit Fiber
Networks**

The Consumer Imperative...

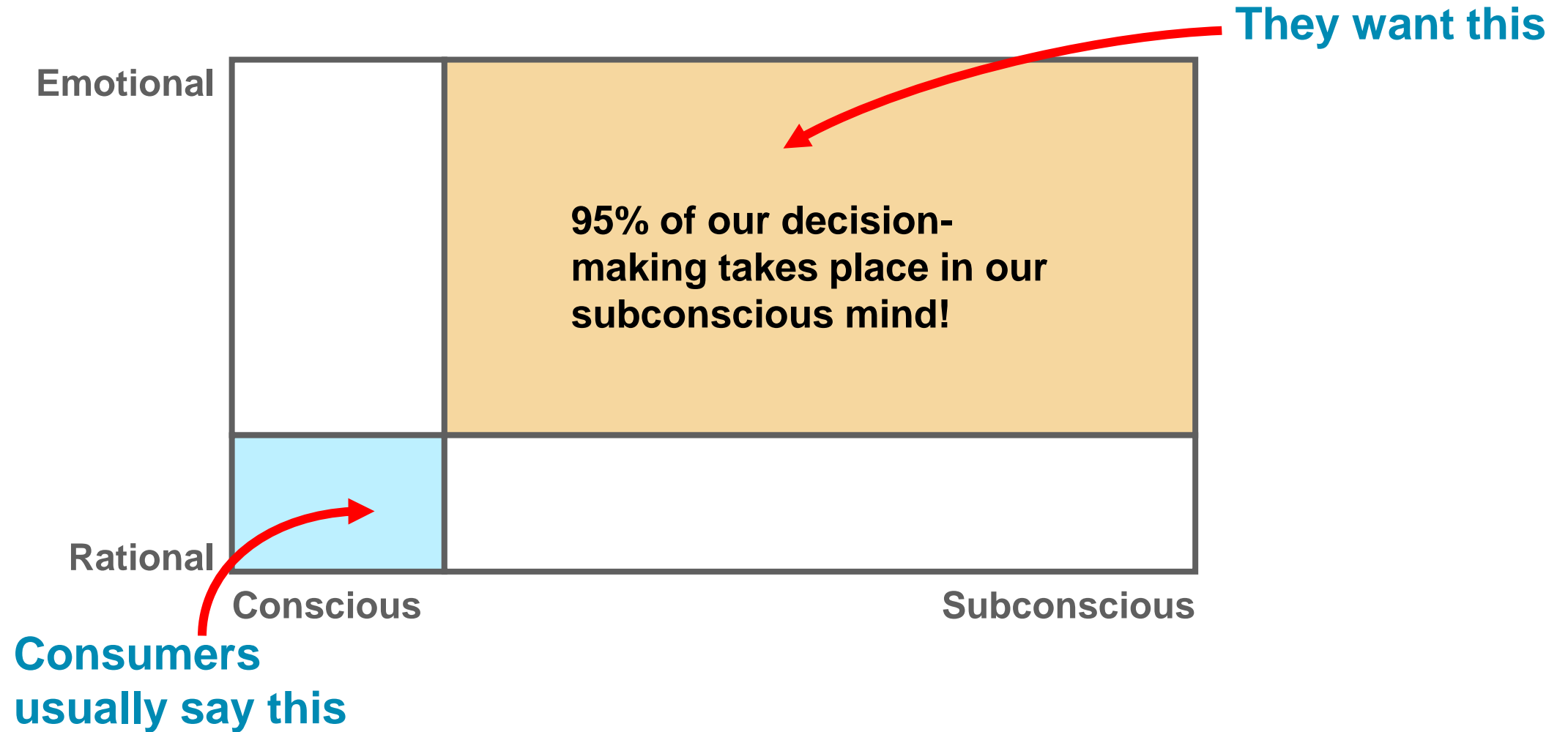
...is a **Demand Imperative**

...is a **Supply Imperative**

...is an **Innovation Imperative**

...is a **Moral Imperative**

The Demand Imperative: Consumer Decision-Making



Source: Zaltman, Gerald, *How Customers Think* (HBR Press), 2003



Demand creators spend all of their time trying to understand

people. They are acutely aware of how *hopeful, jaded, funny, impulsive, unreasonable, irascible, ambitious, distrustful, enigmatic, enthusiastic, frustrated and unpredictable* we really are. They try to understand our aspirations, what we need, what we hate, **what gives us an emotional charge...**



Adrian Slywotzky, Partner Emeritus, Oliver Wyman

Focus on How They Feel



Lost baggage per
1,000 passengers

3.1

3.9

1.3x worse

Cancelled flights per
1,000 passengers

6.2

13.0

2.1x worse

Complaints per
100,000 passengers

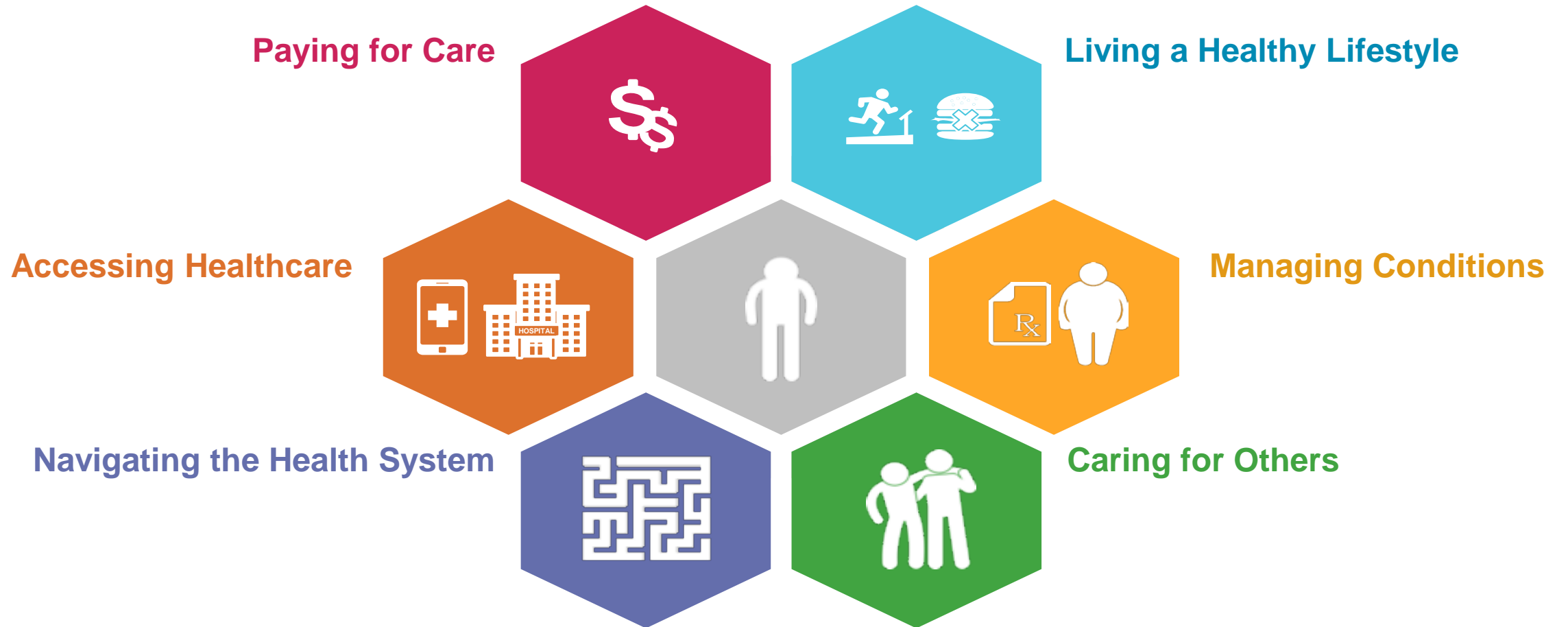
0.25

4.24

17x worse

Source: US Department of Transportation Air Travel Consumer Reports

What are Consumers Demanding?



The Supply Imperative: Healthcare is Service Industry!

In healthcare...

We take people who want to help people

We train them to treat diseases

We force them to code and bill

...and then we wonder why consumers aren't satisfied with them!

“

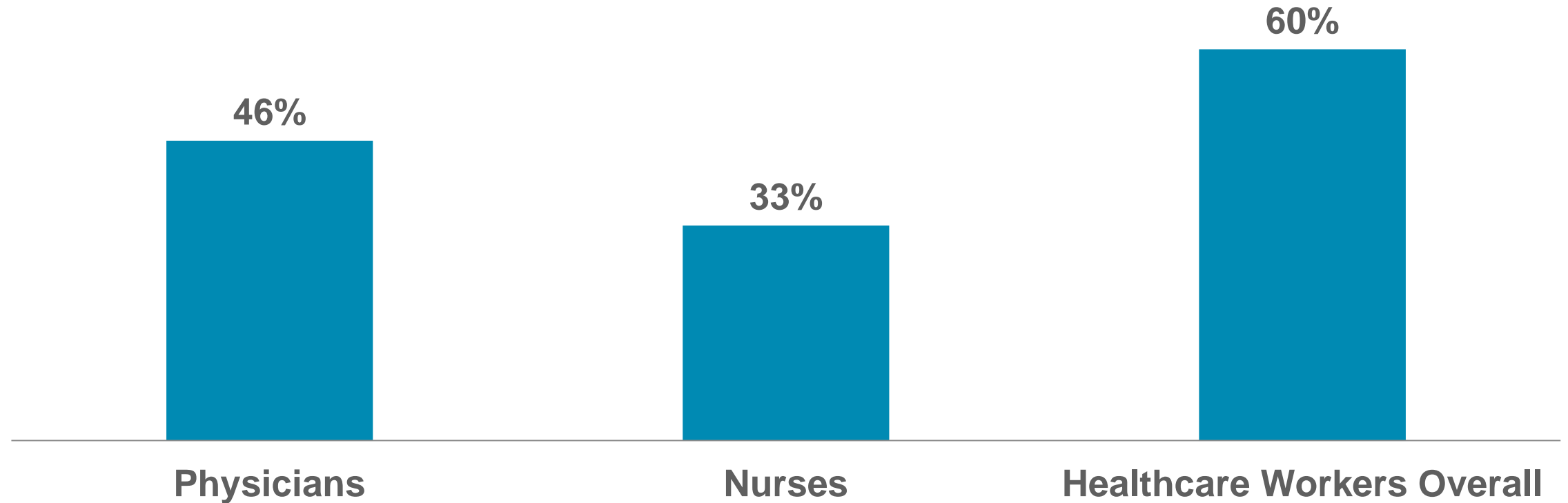
**To win in the marketplace you
must first win in the workplace.**

”

Doug Conant, Former CEO, Campbell's Soup Company

Do You Want to Be Served by These People?

Workers reporting burnout



Sources: Medscape Physician Lifestyle Report, Ohio State University College of Nursing, Harris Interactive / CareerBuilder Survey

The Innovation Imperative: Get More Personal

<5%

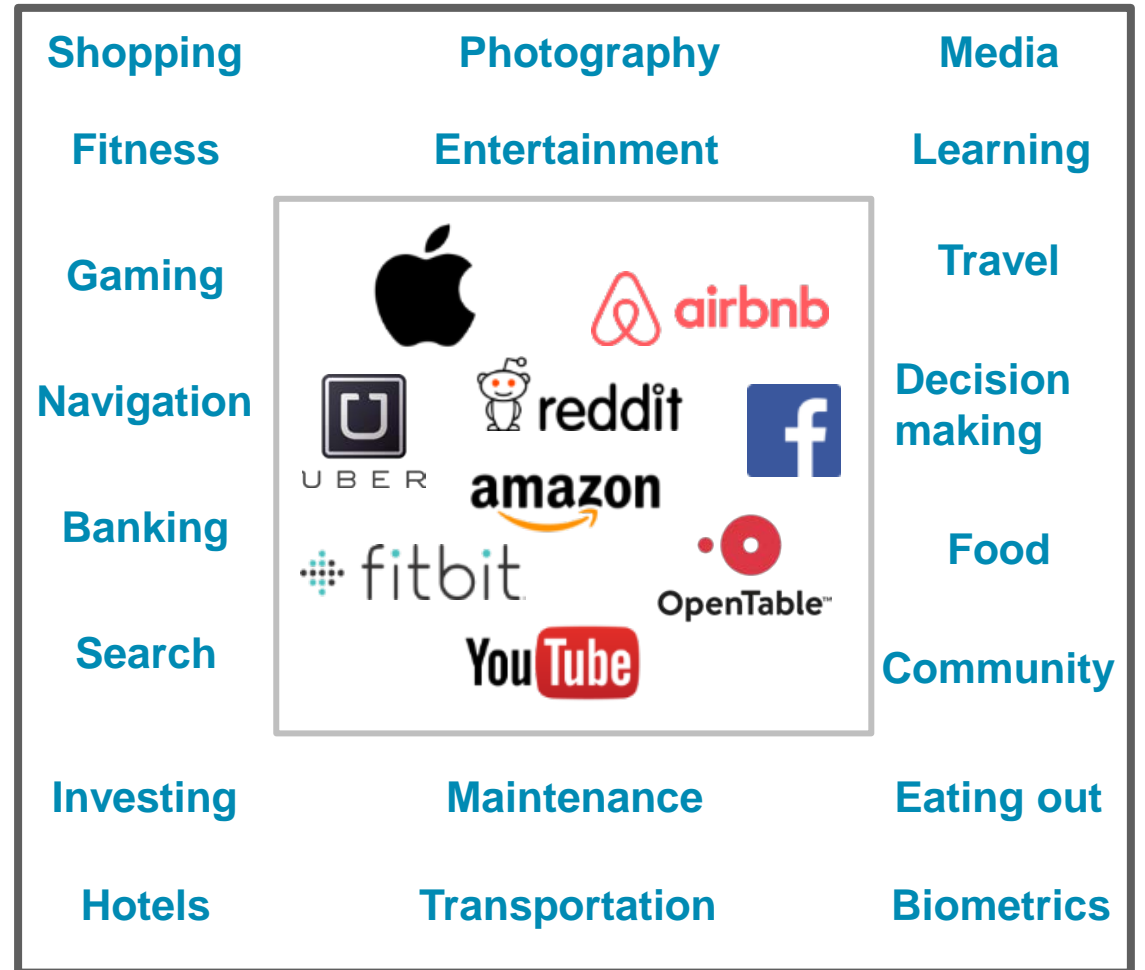
Providers

- Fragmented
- Disease-based
- Symptoms
- Treatments

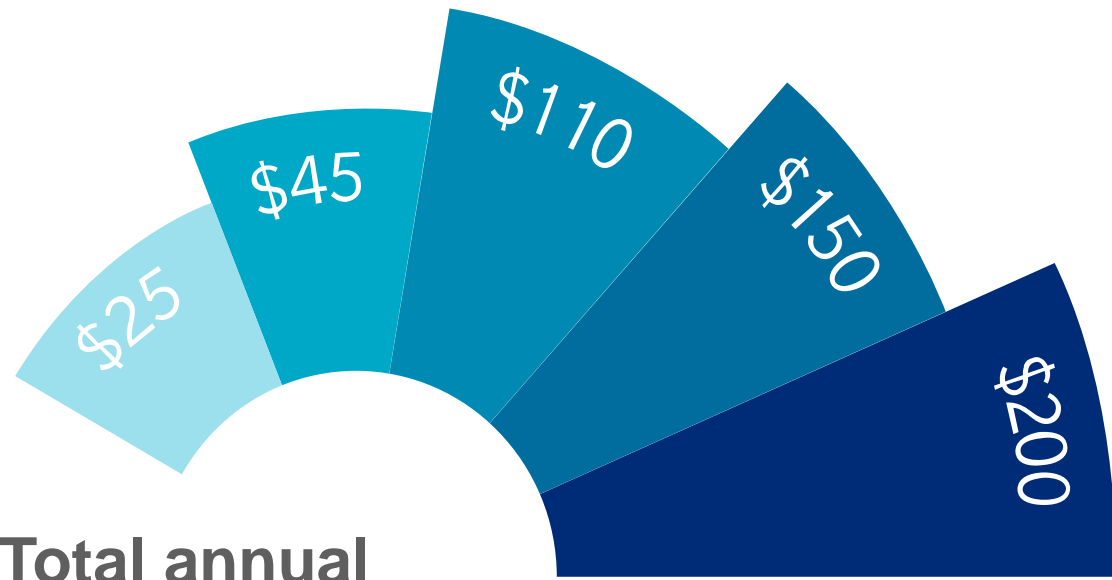
Payers

- Integrated
- Claims-based
- Conditions
- Transactions

OR



Personalization Pays Off



Total annual savings

\$530 billion



Improved care coordination



Site of care efficiency



Lifestyle improvement



Overtreatment reduction



Medication adherence

The Moral Imperative: Making Healthcare Affordable

50%

**of Americans can't find the money to
pay for an unexpected \$2,000 medical
expense in 30 days**

Source: NBER *Financial Fragile Households*, May 2011

Transparency?

Little correlation between cost and quality, but consumers...

Believe higher costs and more tests & procedures are **signs of better care**

Equate healthcare with **other industries** where cost and quality are correlated

Struggle to believe that **high-quality, low-cost care** is available

View **cost vs. quality as a tradeoff** in healthcare decision-making

“

Patients with the lowest activation scores — having the least skills and confidence to actively engage in their own health care — incurred costs up to 21 percent higher than patients with the highest activation levels.

”

Robert Wood Johnson Foundation *Health Policy Brief*, February 2013

Whose Side Are You On?

The System's Side

Your product

Your skills

Your assets

Your revenue

Your profit

OR

The Consumer's Side

Consumer hassles

Consumer pressures

Consumer emotions

Consumer economics

Consumer decisions

