Voice of the Patient Initiative:
Thriving in a Consumer-Driven Healthcare Market

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Health Care Then
Who is paying for this?

I hope he's in network!

Who is paying for this?
Consumer-Driven Health Care
Patient-Funded Health Care

<table>
<thead>
<tr>
<th>Date of Service</th>
<th>Description</th>
<th>Charges</th>
<th>Adjustments</th>
<th>Medicare/ Medico Paid</th>
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Web payment and insurance filing options are available at www.labcorp.com/billing or 1-800-845-6167.

Total: $245.42
Patient-Funded Health Care

• “Consumers are seeing more and more of the costs directly, paying more of the premiums for their employer-sponsored insurance, and they’re seeing more of the co-pays, while deductibles are higher.”

   -- Avik Roy, Senior Fellow at Manhattan Institute for Policy Research, Forbes Healthcare Summit 2014
How to Succeed in the Changing Business of Health Care
The Delta Model: Adaptive Management for a Changing World (MIT, Hax & Wilde II)

**The Delta Model**

**Three Distinct Strategic Options**

**System Lock-In**
- System Economics
- Market Dominance
- Achieving Complementor Share

**Enabled Through Effective Use of Technology**

**Total Customer Solutions**
- Customer Economics
- Cooperation
- Achieving Customer Share

**Best Product**
- Product Economics
- Rivalry
- Achieving Product Share
Customer Solutions

• This strategy reflects a shift in attention from product economics to customer economics and the customer’s experience.

• Customer Bonding: Allows a company to anticipate needs and work with the customer to develop better and new products/services.

• Learning
  • The investment the customer makes in learning how to use a product or service = significant switching cost.
  • Learning about the customer needs = increase the company’s ability to satisfy requirements.

• This strategy calls for the development of partnerships and alliances, including with other suppliers, competitors, and customers linked by their ability to complement a customer offering.
Do you know who your customer is?

• Patient? Referral Source? Payer?
• Are all customers created equal?
• Delta Model: “The one with whom we can jointly define a unique sustainable high value-added proposition leading towards an unbreakable bonding.”
Engaging the Customer: First Define Your Target

(John Larson & Co.)

![Graph showing the relationship between customer satisfaction and repurchase intent.]

- **Highly Dissatisfied**: 20%
- **Dissatisfied**: 20%
- **Neither**: 25%
- **Satisfied**: 30%
- **Highly Satisfied**: 90%

![Graph showing the relationship between referral source satisfaction and likelihood of being the primary supplier.]

- **Dissatisfied**: 31.4%
- **Satisfied**: 43.9%
- **Highly Satisfied**: 69.0%
Targeting the Highly Satisfied Customer

There are several reasons why Highly Satisfied Customers are cheaper to serve:

• You develop a better understanding of the Customer’s needs the longer you deal with them.
• You have fewer costly problems to resolve
• Customers gain a better understanding of your operations and thus use products and services more efficiently.
Getting to Highly Satisfied = Reducing Customer Risk

• We talk too much about “exceeding expectations.”

• Focus now on *consistently meeting* expectations.

• Highly satisfied customers are confident that they will have a great experience and, in those rare cases when they do not, they have absolutely no doubt that management will take whatever steps are necessary to immediately make things great.

• The 4-out-of-5 Customer speaks about inconsistency---sometimes they have a very good experience, other times they do not.
Customer Bonding: Stickiness and Switching Cost

• Branding

• Customized service and features
  • Patient navigators
  • Therapy-specific programming and education
  • Ease of service: email vs calls, extended hours, billing transparency

• Customer learning
  • Infusion University
  • Patient and caregiver education
  • Supportive technology
    • Oscar

• Offer bundled solutions, enhancing continuum of care, either alone or through alliances—win-win relationships with partners
  • Meet risk sharing and value-based commitments
Customer Bonding: Feedback and Interaction

• Get It:
  • Customer Satisfaction Surveys
  • Quality of Life/Health Surveys
  • Telemonitoring
  • Website and patient portal data mining

• Give it:
  • Patient Portals (share the gathered data and comparisons with peers)
  • Website
  • Host/Facilitate patient communities
  • Offer information on diagnosis specific organizations, foundations, support groups, and financial assistance programs
Who is listening to the customer?

• Are you accessible?
• Are your teammates trained experts?
• Happy teammates = happy customers
  • Target tracks an index of health and wellbeing of its employees. Stores with the best scores also turn out to have ~6% higher comparable store sales, as well as the lowest turnover rates.
Questions??

Thank you!!

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