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Consumerism in Health Care: What's Your Next Move?

BY PAUL KECKLEY AND LAURA ESELIUS > ILLUSTRATION BY IAN DINGMAN

CONSUMERS ROUTINELY SHOP THE INTERNET FOR CLOTHES, CARS, TRAVEL AND ELECTRONICS. THEY SCHEDULE A TEE TIME BY LOGGING INTO THE GOLF CLUB'S WEB SITE AND SELECT A RESTAURANT BASED ON READILY ACCESSIBLE RATINGS OF QUALITY, PRICE AND SERVICE BY ACTUAL USERS. THEY ORDER REPLACEMENT PARTS AND SEND PRODUCT FEEDBACK TO MANUFACTURERS THROUGH WEB SITES. AND THEY MANAGE THEIR FINANCES THROUGH ONLINE BANKING, WHICH HAS BECOME CONVENIENT, SECURE AND EASY TO USE.

Consumerism is a fact of life and way of business in many sectors: companies consciously adapt how they package, deliver and price their products and services to match consumers' needs and preferences. But the health care sector has been slow to adopt this approach. In fact, many employers, health plans and health care providers are faced with a business model that views individuals as traditional "patients" who are generally uninformed about their options and unable to distinguish between systems with varying levels of service, prices and quality.

Recent research, however, points to faltering support for the notion that people will accept a system that fails to allow them to identify poor service and make informed choices with regard to health care. Individuals are becoming more aware of their health care options and more interested in making health care decisions in much the same way they do for other types of products and services. Employers, health plans and providers who fail to recognize and respond to this new reality may miss critical business opportunities generated by consumerism's transformational force.

CONSUMERISM: FUNDAMENTAL TO HEALTH SYSTEM REFORM

All agree the U.S. health care system needs to change: costs are soaring, medical treatment is inconsistent, and the health status of much of the population remains poor. Individuals—patients, employees, enrollees—are becoming more acutely aware of the system’s problems, increasingly dissatisfied, and impatient for improvement. Fewer and fewer employers are able to afford health insurance for their employees, and those that do face rising costs from providers who must shift costs to make up for what they do not get from government programs such as Medicare and Medicaid. Health plans are under pressure from employers to offer comprehensive insurance products or make their self-insured programs more effective with enhanced services such as wellness programs, but still keep costs affordable. Doctors and hospitals, weighed down by escalating costs and limited pricing power, are struggling to deliver high-quality care.

Reform discussions continue to center on slowing health care cost escalation, providing health insurance for the 47 million people who currently lack coverage, and reducing medical errors. Proposals vary for how to address this trifecta of cost, access and quality issues. But the success of many reform proposals seems to hinge on behavior change at the individual level.

To better align the system with their true level of need and prevent unnecessary care, individuals must become more accountable for their own health status, more engaged in the selection of the products and services they use, and more knowledgeable about the prices associated with their choices. This fundamental behavior shift must work in conjunction with system improvements designed to better deliver care and ensure alignment of financial incentives (figure 1). Without it, the system seems destined to cave under the weight of increased utilization by individuals who live unhealthy lifestyles, consume products and services for which they pay little or nothing, and have ever-increasing expectations.

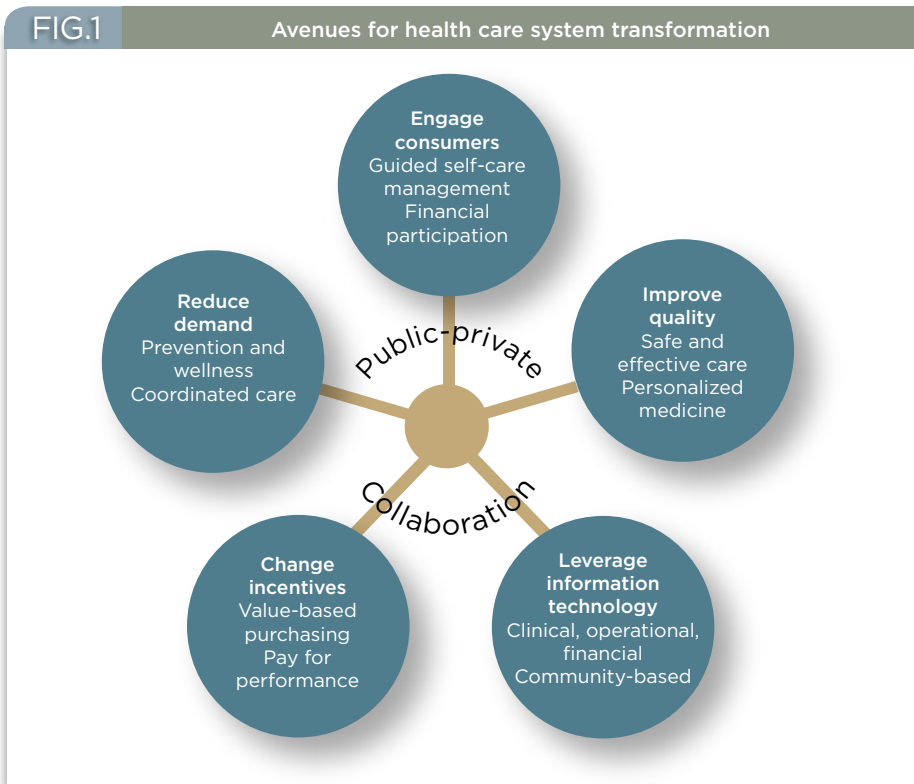
WHAT’S THE NEXT MOVE?

The journey to a consumer-centric system will be difficult. Shifting the orientation of a complex system, which has been operating for years oriented around the number of patients, will take time, action and investment on the part of all stakeholders. Consumers, who until now have been pampered in some sense by employers and government programs that offer them a defined set of benefits and by providers who determine their course of treatment, must now take on a new level of responsibility for their health, health care and health financing. This may seem daunting to some, given the complexities of health financing products, health management alternatives and care delivery models.

But the desire is there, according to Deloitte’s* 2008 Survey of Health Care Consumers (sidebar). By profiling the current state of consumerism in health care, the survey provides a starting point for action. How do consumers currently navigate the system? What choices are they making? What information, services and tools do they use? What opportunities and supports are they looking for? And to what extent do costs and quality factor into their decisions?

Four new realities emerge from the survey’s findings.

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NEW REALITY #1: Health care is a consumer market.

The view of individuals as passive “patients” who fully depend on their physicians and passively accept the treatment recommendations of their doctors and coverage limits set by their health plans or employers is short-sighted. Many individuals have already become active in making decisions about their care, seeking information about health problems and treatment options, comparing prices and quality, switching treatments and providers, and choosing alternative and nonconventional approaches over traditional services (figure 2). Many more are eager to become engaged consumers – they want greater access to information, tools and online services that would enable them to more actively manage their care, and they are open to innovative approaches to care and financing.

NEXT BUSINESS MOVE:

Health care consumers will always rely to some extent on the expertise of their physicians, but they are becoming more informed, selective and open to trying new options. Shifting from patient-centric to consumer-centric business models then is a critical business-sustaining move, not just for providers and health plans, but for employers, government payers and product developers as well. Moving to a consumer orientation means viewing physicians as health coaches; it means enabling consumers to consider all possible diagnostic, therapeutic and care delivery options and increasing both the level of responsibility that consumers bear for the costs they incur as well as the level of accountability they assume for maintaining their own health and adhering to the treatment course they choose. Making this shift is not easy; it requires adjustments in approach and investment in tools and technology. Companies should consider the following:

DELOITTE'S 2008 SURVEY OF HEALTH CARE CONSUMERS

Scope

Broad view of consumerism encompassing behaviors, attitudes, and unmet needs related to five zones of consumer activity:

- Traditional health services
- Self-directed care
- Alternative and non-conventional health services
- Information seeking
- Financing

Mode

Online panel survey conducted in September 2007

Sample

Nationally representative sample of 3,031 adults ages 18 years and older

Estimates

Responses were weighted to the U.S. Census (2006) on the basis of age, gender, income, and race/ethnicity. Margin of error is +/- 1.8% at the 95% confidence level

- **Expose employees, enrollees and patients to comparisons of price and quality.** Incorporate online tools and services into benefit plans. Numerous online resources already exist, including tools that enable consumers to understand their treatment options and estimate the approximate cost of care after receiving a new diagnosis. Promote transparency as a core feature of benefit plans and build the infrastructure to make it happen.
- **Reward consumerism.** Construct incentives for consumers to make good judgments about the choices they make. Develop scorecards that let employees, enrollees and patients track their own decision-making history, even including calculations of avoided costs or avoided suboptimal care resulting from decisions they make. Celebrate activism.
- **Advance health care consumerism with policymakers and politicians.** Most elected officials adhere to the outdated model that views individuals as “patients” who have few choices and assume little control in making health-related decisions. Innovation in

health care will be thwarted if consumerism is limited. Open doors in the policy arena to support transparency, innovation and action.

NEW REALITY #2: The consumer market is not homogenous — it is a complex and demanding market composed of six unique segments whose members navigate the health care system differently.

Health care consumers can be grouped into six unique segments, each characterized by a distinct set of behaviors and attitudes. These segments navigate the health system very differently, reflecting variation in decision-making preferences, information-seeking behavior, and levels of interest in and comfort with innovative, alternative and nonconventional approaches to care and financing (figure 3).

Two of the segments representing 53 percent of U.S. consumers—**the Content & Compliant** and **Sick & Savvy**—generally prefer traditional approaches,

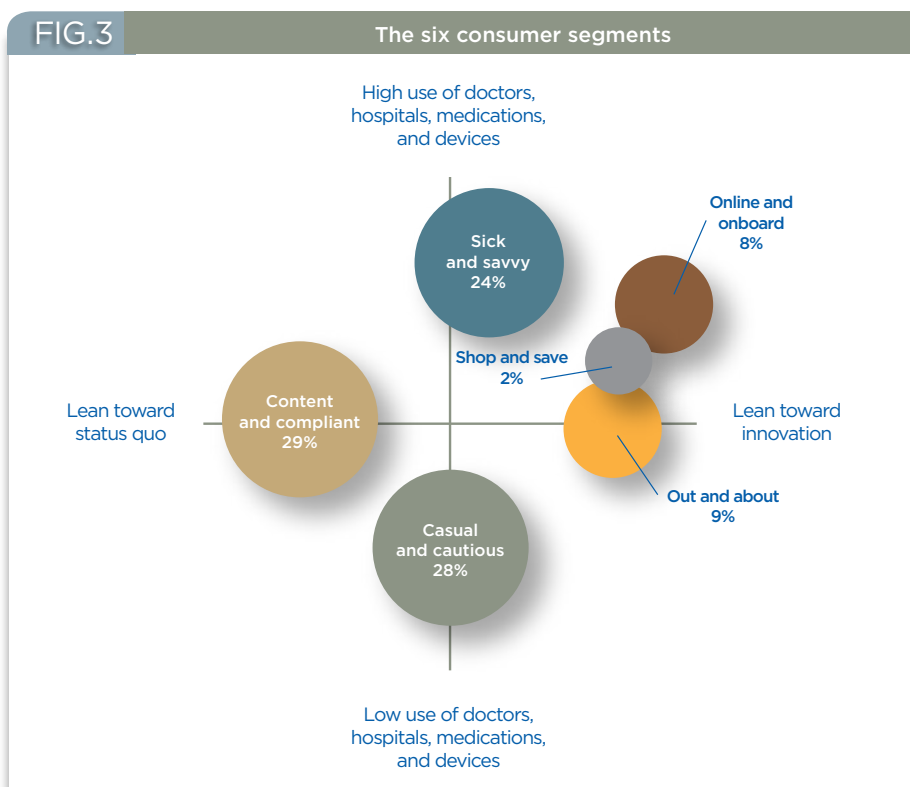
FIG. 2 Selected behaviors and attitudes of health care consumers

Traditional Health Services	Self-Directed Care	Alternative/Non-Conventional Health Services	Information Seeking	Financing
<ul style="list-style-type: none"> > 21% switched treatments or prescriptions/35% expect to do so in the future > 18% switched doctors/41% anticipate doing so in the future > 9 out of 10 believe quality of care differs among providers and quality of coverage and service differs among health plans > Almost 90% would consider leaving their local area to get care if outcomes were better and costs were no higher > 3 out of 4 want doctors to provide online services to access test results and medical records, schedule appointments, and exchange email (1 out of 4 say they would pay) 	<ul style="list-style-type: none"> > 14% delayed a recommended treatment/1 in 3 say they might do so in the future > 13% decided not to pursue a course of care altogether/1 in 3 say they might do so in the future > 30% questioned their doctor about a treatment recommendation/45% anticipate doing so in the future > 65% say they fill their prescriptions/83% say they take prescriptions as directed > 88% are interested in using in-home monitoring devices and online tools that could reduce doctor visits and allow them to be more active in their care > 17% participated in a wellness program/83% express interest in participating in a wellness program that would entitle them to reduced premiums or co-pays 	<ul style="list-style-type: none"> > 20% used an alternative approach to treatment/40% are open to using an alternative approach in the future > 12% consulted an alternative provider/38% might do so in the future > 9% substituted an alternative therapy for prescription medication/32% might use an alternative therapy as a substitute for a prescription drug > 34% of those taking medications purchase them online or through mail order/37% of all consumers say they might do so in the future > 16% used a retail clinic/44% say they are comfortable with the accuracy, safety, and quality of care offered in a retail clinic > 3% traveled outside of the U.S. for care/39% say they would consider having an elective procedure in a foreign country 	<ul style="list-style-type: none"> > 23% have compared doctors' qualifications before choosing one/45% anticipate doing so in the future > 16% have compared hospitals before choosing one/47% anticipate doing so in the future > To find information about quality of care, 26% used a health plan website, 11% used a hospital site, and 9% used a physician site/2 out of 3 are interested in using online quality information > To find information about prices, 22% used a health plan website, 6% used a hospital site, and 5% used a physician site/2 out of 3 are interested in using online price information > 38% consulted health-related websites (e.g., WebMD) for information about health problems, treatment options, doctors, or hospitals > 61% want tools that provide personalized recommendations 	<ul style="list-style-type: none"> > Only 52% say they understand their health insurance coverage > Only 7% say they are financially prepared for future health care needs > 3% report having a high deductible plan/consumer directed plan > 78% want to customize their insurance product > Rx coverage, out of pocket costs, and reputation of network providers are key purchase factors when comparing plan benefits > 84% would choose a generic over a brand name drug if given the choice > 19% called their plan to inquire or complain about care/32% anticipate doing so in the future

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■ Behaviors
■ Attitudes

are satisfied with the care they receive, and typically comply with their treatment plans. Half of this more traditional group, however, is taking advantage of opportunities to become better informed, more engaged consumers. The Sick & Savvy segment (24 percent of the U.S. population) actively seeks information about health problems and treatment options, is sensitive to quality differences among providers, and wants to shop for and customize its insurance product. While Content & Compliant consumers tend to rely heavily on their doctors' recommendations, Sick & Savvy consumers take greater charge of their own care, preferring to rely on themselves to some extent when making care-related decisions. The Sick & Savvy group also uses various value-added services offered by doctors, hospitals and health plans to a greater degree than the Content & Compliant group.



Three segments—Online & Onboard, Shop & Save, and Out & About—include the 19 percent of U.S. consumers who are inclined in various ways to take advantage of innovative, alternative and nonconventional approaches to care and financing.

The **Online & Onboard** segment (8 percent) includes consumers who prefer traditional approaches but who are also receptive to care provided in nonconventional settings, such as retail clinics. Consumers in this group lean toward relying more on themselves than their doctors in making decisions and use online tools and value-added services more than any other segment. Online & Onboard consumers seek information and are sensitive to quality differences. They tend to be compliant with treatment decisions and satisfied with their care.

Shop & Save consumers (2 percent) are prone to switching doctors, treatments and health plans and make changes to their insurance far more than others. This group is more sensitive to the prices of health care services than others. Consumers in this segment tend to prefer doctors who use traditional approaches and lean toward allowing doctors to make decisions for them. However, Shop & Save consumers are open to alternative approaches and nonconventional settings and are much more likely than others to purchase prescription drugs through mail order or online sources, use a retail clinic, or travel outside their community and the United States for care. They take advantage of value-added services offered by doctors, hospitals and health plans, but tend to be less satisfied and less compliant than others.

The **Out & About** segment (9 percent) uses alternative approaches to treatment, consults alternative health care practitioners, and substitutes alternative

or natural therapies for prescription medications more than the other segments. Consumers in this group are independent, generally preferring to make their own decisions. They tend to be sensitive to quality, seek information, use some value-added services, and want to shop for and customize their insurance. The Out & About segment is the least compliant and least satisfied of all the segments.

The sixth segment, the **Casual & Cautious**, represents the remaining 28 percent of U.S. consumers who are currently disengaged from the system. This segment uses the system and seeks information less than others, appearing to be waiting for the need to arise. The Casual & Cautious are the next most sensitive segment after Shop & Save to the price of health care services. More than all other segments, the Casual & Cautious feel less prepared financially to deal with their future health care needs and fewer say they understand their insurance. These consumers currently lean toward preferring traditional approaches, but are inclined to rely somewhat more on themselves than doctors when making decisions. They also report being relatively less compliant and satisfied.

NEXT BUSINESS MOVE:

The presence of these six distinct segments in the U.S. health care market means a one-size-fits-all approach to product and service delivery will no longer work. Consumers in all of the segments (even the Content & Compliant group to some degree) are looking for better, more attentive service and decision support from their doctors, hospitals and health plans, as well as greater personalization in the products and services they use. The segments vary, however, with respect to the specific types of information, tools, online services and program features in which they have the greatest interest. Recognizing these unmet needs and differences in preferences will be the key to attracting, retaining and supporting individuals in their efforts to maintain and improve their health and make sound decisions when the need for health care arises – whether those individuals are patients, enrollees, beneficiaries or employees. Strategies for making the most of consumer heterogeneity include the following:

- **Expand market segmentation analyses beyond demographics and health status.** Understanding the behavioral and attitudinal profile of your employees, enrollees or patients will facilitate the customization of benefit plans, wellness programs and services in ways that better meet consumers' needs, improve quality of care, and reduce unnecessary costs.
- **Customize products and services based on a meaningful understanding of the segments.** In evaluating contract proposals from health plans and providers, employers should seek their collaboration in building segment-specific programs and insist on the inclusion of self-care tools that enhance the value proposition for each segment. Health plans and providers should aim to identify segment differences and tailor service offerings to the needs of all the segments they serve.
- **Link incentives to metrics that increase the value proposition for each consumer segment.** Build and assess your benefit program or services around metrics that matter to each segment.

NEW REALITY #3: Consumers want to make their own decisions, but need information, tools and services to help them do this. They want tools, not rules!

A gap exists between what consumers want and what they are getting in terms of decision support. For instance, a low percentage of consumers currently use provider and health plan Web sites to obtain information about health problems, treatment options, quality of care and service prices, but a much higher percentage is interested in doing so (figure 4). While consumers currently seem to trust doctors and hospitals more than other sources for clinical information, and look to health plans more than other sources for information that can help them compare quality and prices and manage claims, they express similar levels of interest in accessing all types of information, online services and tools from all three sources (data not shown).

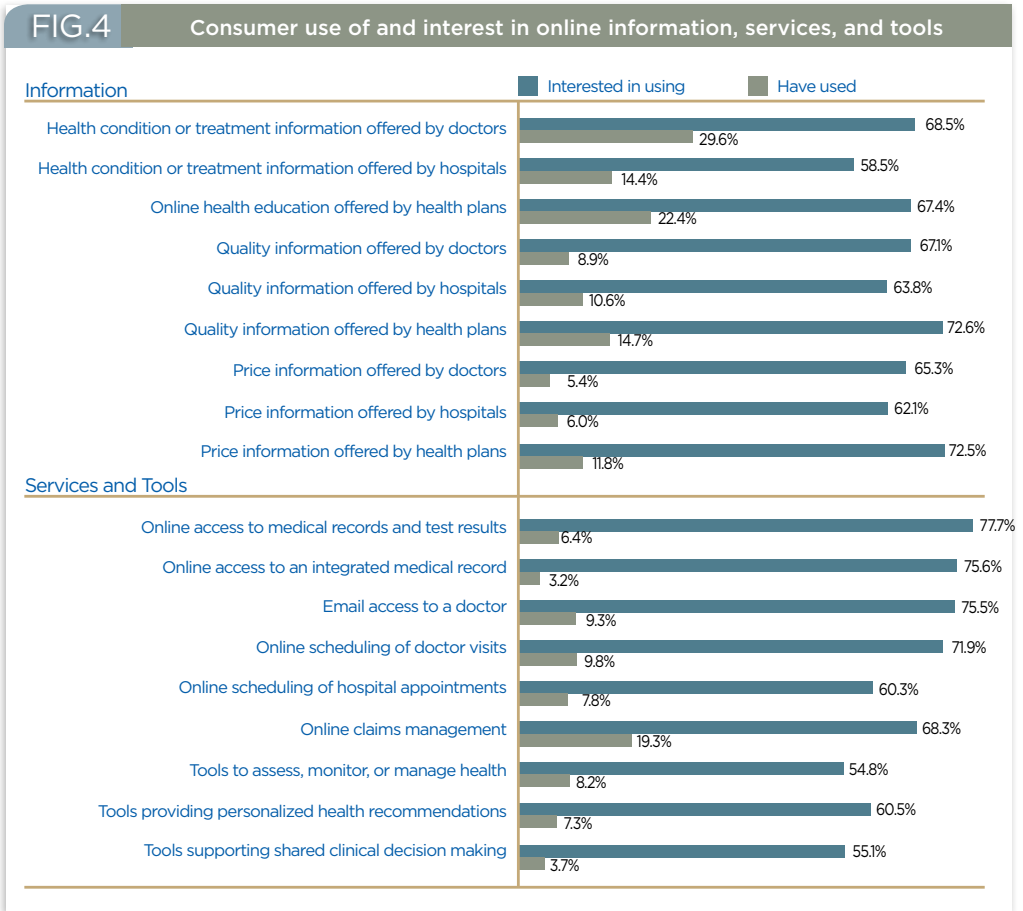
NEXT BUSINESS MOVE:

Doctors, hospitals, health plans and new players all have an opportunity to become the trusted source of clinical, quality and price information, as well as online services and tools. Consumers' appetite is growing for quick access to information that can help them select products and services to address their health care needs, just as it has with most other purchasing decisions they make. Companies that can provide the information consumers need in a timely and personalized format that is easy to use will become the trusted source. Strategies for doing so include:

- **Enhance company Web sites to enable mass customization of care.** To make informed decisions, consumers need a secure, customizable toolkit that is easily accessed and understood as opportunities to purchase health insurance and health care arise. Web sites that facilitate the selection of a la carte offerings of health care goods and services with mechanisms that enable consumers to easily understand the cost, quality and risks associated with each option are essential for enabling consumers to engage in decision-making.
- **Require and support providers' use of electronic medical records and personal health records.** By providing information in real time and facilitating communication among providers and with patients, electronic medical records can enable more accurate diagnosis, more effective treatment, and better long-term monitoring of health problems. The information technologies for enabling health care consumerism exist: Insist that providers in your network are committed to using them.

NEW REALITY #4: Consumers are embracing innovative, alternative and nonconventional approaches to care delivery. Consumers want change.

Consumers' receptivity to nontraditional approaches to care delivery is apparent in many ways. For instance, 40 percent of consumers are open to using an alternative treatment approach, and 32 percent say they might use an alternative or natural therapy as a substitute for a prescription drug in the future. Over 44 percent say they are comfortable with the accuracy, safety and quality of care offered in retail clinics. Nearly 40 percent say they would consider having an elective procedure in a foreign country. Nearly 9 in 10 express interest in us-



ing an in-home, self-monitoring device if they were to develop a health condition that required regular monitoring, citing benefits such as reduced doctor visits and more timely adjustments to treatment. Acceptance of these nontraditional modes of care suggests consumers have a strong appetite for—or at least tolerance of—change.

NEXT BUSINESS MOVE:

The emergence of new players and the growing market acceptance of new models will be increasingly disruptive to stakeholders who provide traditional health services and health insurance products. Whether they are seeking better service, convenience, value, quality or outcomes, growing numbers of consumers are willing to switch from traditional service approaches, providers and settings and try other options. Doctors, hospitals and health plans that are unwilling to venture beyond traditional boundaries may find it increasingly difficult to secure consumer loyalty. Companies should consider the following moves:

- **Sponsor local efforts to integrate alternative/holistic care with traditional treatment approaches.** Recognize that consumers want more options, and they are willing to pay for them. Sponsor educational programs and events that tap into consumers’ growing interest in nontraditional approaches. Incorporate access to proven alternative care practitioners into product offerings. Seek to provide information that would

enable consumers to understand and make informed choices about the full range of available treatment options.

- **Test alternative and nonconventional care delivery models.** Retail clinics, medical tourism, electronic and group visits, and other innovations show great promise to unlock consumerism in the health care market. Rather than viewing new players, such as retail clinic chains and foreign-based health care providers, as competitors, health plans and providers may gain market advantages through partnerships and alliances with these emerging entities.

CONCLUSIONS

Health care consumerism is disruptive to many players in the U.S. health system. It means providing tools to compare price, quality and service. It means sharing decision-making among all parties in choosing between treatment options, keeping in mind the strength of evidence and risk associated with each. It means change.

The end users of the health system's products and services want change. They are neither "patients" nor patient. They are consumers who are open to innovative approaches and looking for information, services and tools that will enable them to make the transition. As individuals assume greater responsibility for their health-related decisions, employers, health plans and providers not making the shift will find it increasingly difficult to attract and retain employees, enrollees and patients.

Savvy, forward-thinking organizations already recognize the consumer variation and untapped opportunities that exist in the health care market. They are responding by seeking to offer new approaches to care and financing, modifying incentives, and building support systems to encourage both consumers and providers to shift their behaviors and attitudes in ways that will enable consumerism to gain momentum. Health plans, providers, employers, government agencies, associations and other players are making some progress in developing the products, information, online services and other tools that consumers need.¹ But a large gap remains between what is available and what consumers say they would use. The opportunity to fill this gap with new, innovative products and services is open to all. Companies tailoring their products and services to meet the needs of the new health care market will gain a tremendous advantage as the system continues its transformation toward a consumer-centric model.

Paul Keckley is executive director, Center for Health Solutions, and a principal with Deloitte Consulting LLP.

Laura Eselius is a manager with Deloitte Research, Deloitte Services LP.

Endnotes

- ¹ For example, consider Aetna's recent announcement of an online service that links electronic medical records to online medical research < <http://www.nytimes.com/2008/03/12/business/12health.html> >; the doctor and hospital ratings available through Web sites such as Health Grades < <http://www.healthgrades.com/> >; the health plan comparison tool the Centers for Medicare and Medicaid Services has developed for Medicare enrollees < <http://www.medicare.gov/> >; the interactive health plan report card tool offered by the National Committee for Quality Assurance < <http://hprc.ncqa.org/> >; the health assessment tools offered by providers such as the Mayo Clinic < <http://www.mayoclinic.com/health/HealthToolsIndex/HealthToolsIndex> >; and online sources of health news and information, such as WebMD < <http://www.webmd.com/> >, all accessed on April 18, 2008. Also see the Kaiser Family Foundation and Health Research and Educational Trust, Employer Health Benefits: 2007 Summary of Findings, accessed on April 16, 2008 < <http://www.kff.org/insurance/7672/upload/Summary-of-Findings-EHBS-2007.pdf> >; and Cindy Krischer Goodman, "Health Plans Want You to Take Control," *The Miami Herald*, January 28, 2008.



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