



The Evolution of Healthcare Consumerism

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Agenda

- **Healthcare Consumerism Defined**
- **History of Healthcare Spending**
- **How Can We Learn From the Past**
- **Two Healthcare Innovations We Are Witnessing Alter the Future of Healthcare Delivery**
- **Five Trends Shaping Healthcare Consumerism**
- **Healthcare Consumerism Timeline**
- **How Do Employers Better Control Healthcare Cost**
- **Closing Thoughts**

Healthcare Consumerism Defined



What is Healthcare Consumerism?

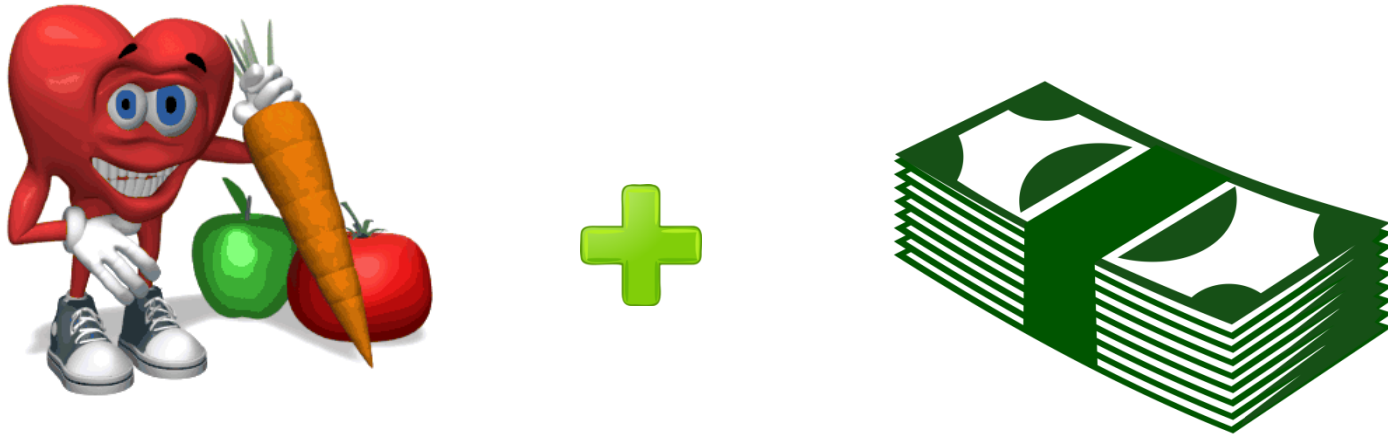
“Nobody spends someone else’s money as wisely or as frugally as he spends his own.”

Milton Friedman, Economist and Recipient of the 1976 Memorial Prize for Economic Science

*http://www.theihcc.com/en/communities/policy_legislation/health-care-consumerism-the-common-sense-key-to-he_i901o8ju.html

Goal of Healthcare Consumerism

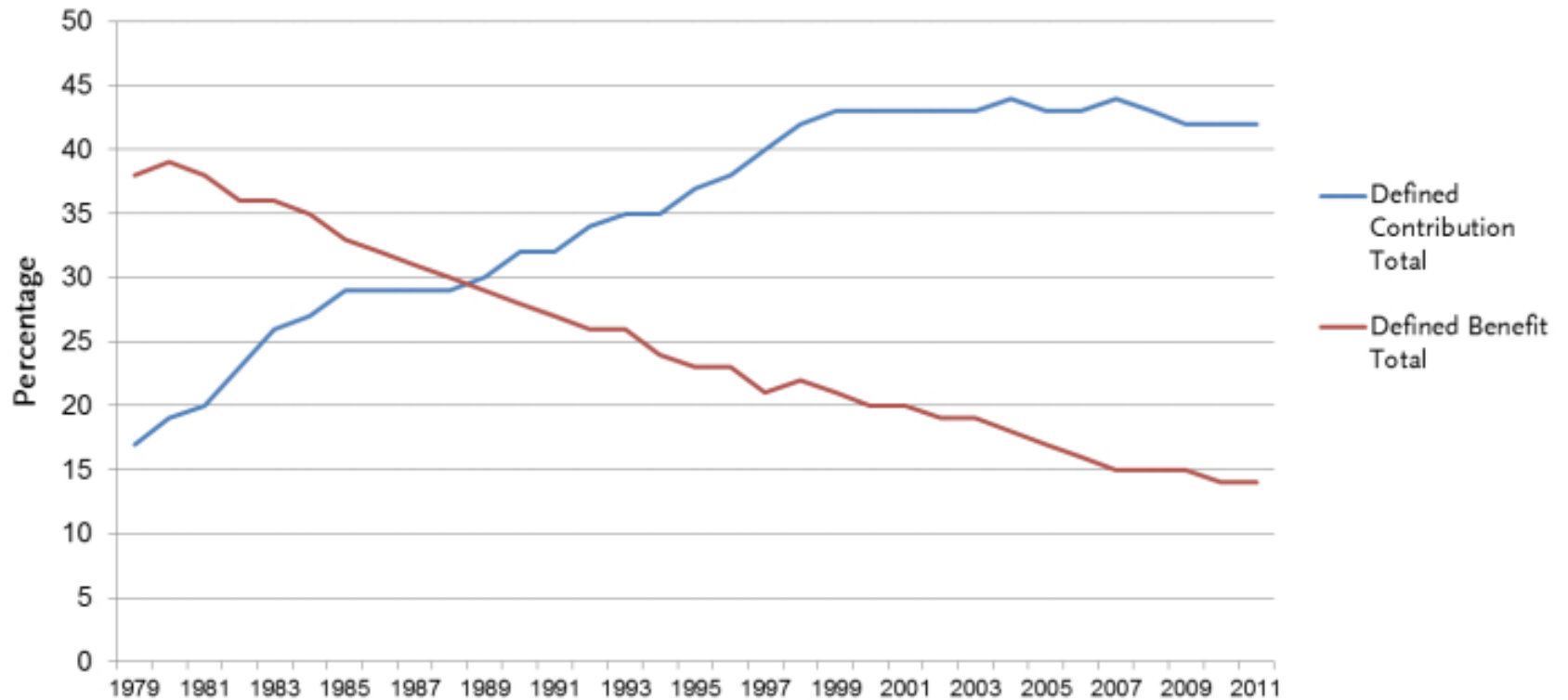
- Help Employees change their perception from:
 - My Health, Employer Money to My Health, My Money



- The Healthcare Consumerism movement is hinged on changing the role of the employee from backseat participant to engaged stakeholder

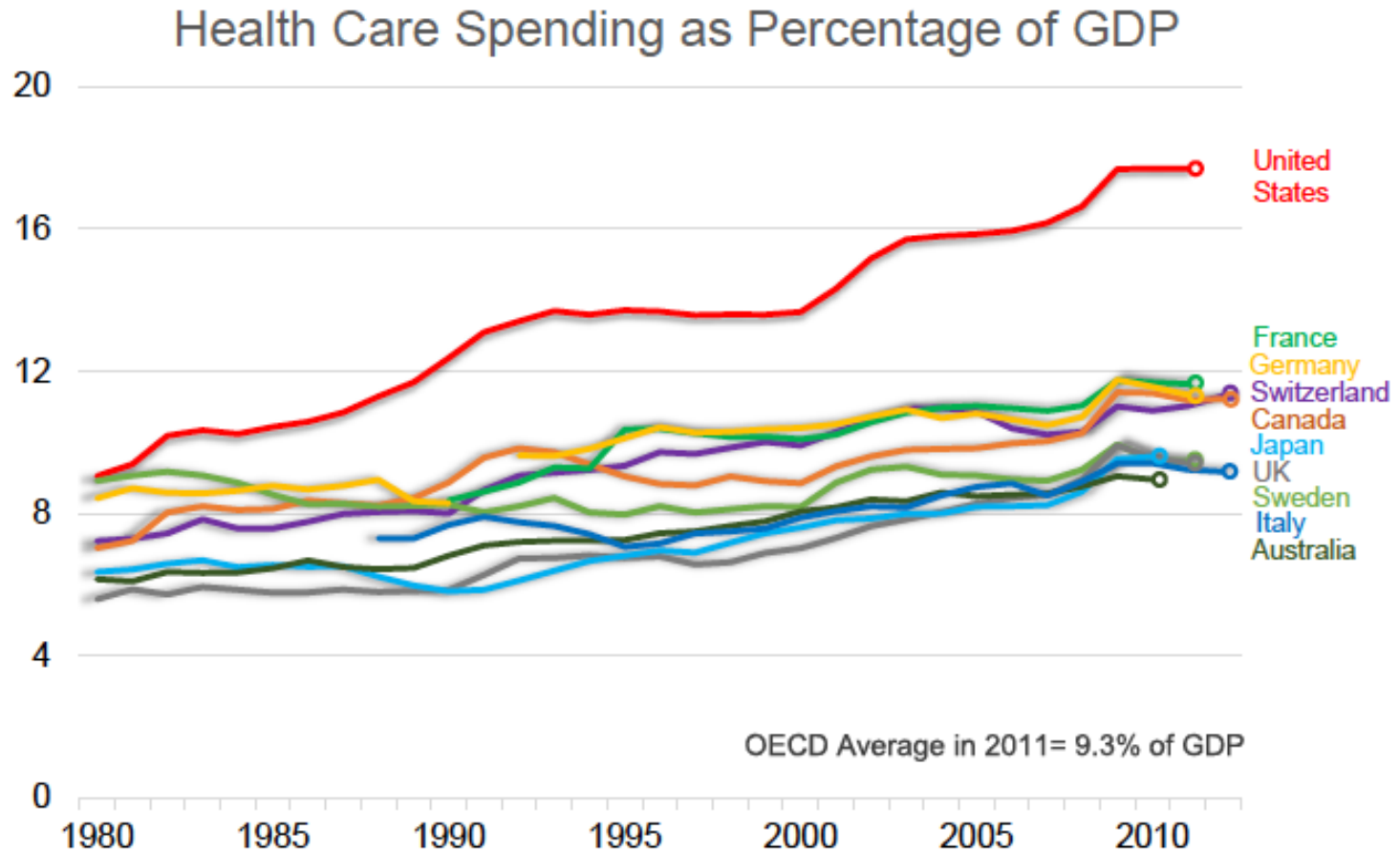
What Can History Teach Us?

Figure 2: Private Sector Workers Participating in Employment-Based Retirement Plan, 1979-2011



Source: Employee Benefit Research Institute

History of Healthcare Spending



Source: OECD Health Data 2013.
Produced by Veronique de Rugy, Mercatus Center at George Mason University.

<http://mercatus.org/publication/us-health-care-spending-more-twice-average-developed-countries>

Early Attempts to Curb Healthcare Cost

- **1973 – HMO Act**
- **1978 – FSAs**
- **1970s & 1980s – Development of PPOs and EPOs**
- **1983 – DRGs**
- **1990s – Hospital Owned HMOs**

http://www.theihcc.com/en/university/learning_center/introduction/the-history-of-healthcare-consumerism_ikk63475.html

Can the Evolution of Stakeholders Change the Future of Healthcare Spending?

Health System

Evolution of Healthcare Stakeholders

Figure 1: Evolution of Healthcare Stakeholders

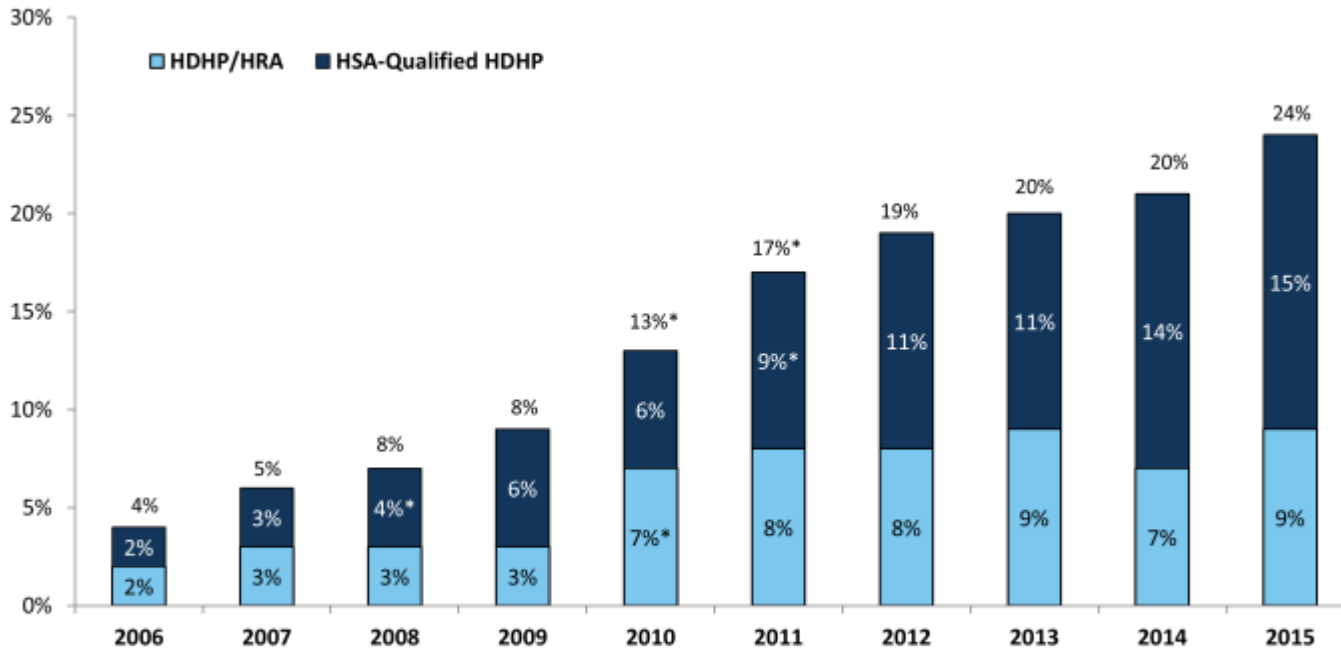


Source: IMS Institute for Healthcare Informatics, October 2013

http://www.imshealth.com/deployedfiles/imshealth/Global/Content/Corporate/IMS%20Health%20Institute/Reports/Patient Apps/IIHI_Patient Apps_Report.pdf

Increase in CDHP Offerings

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006-2015



*Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: Covered Workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. For more information see the Survey Methodology Section. The percentages of covered workers enrolled in an HDHP/SO may not equal the sum of HDHP/HRA and HSA-Qualified HDHP enrollment estimates due to rounding.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2015.



2 Trends Advancing Healthcare Consumerism

- Retail Health Clinics



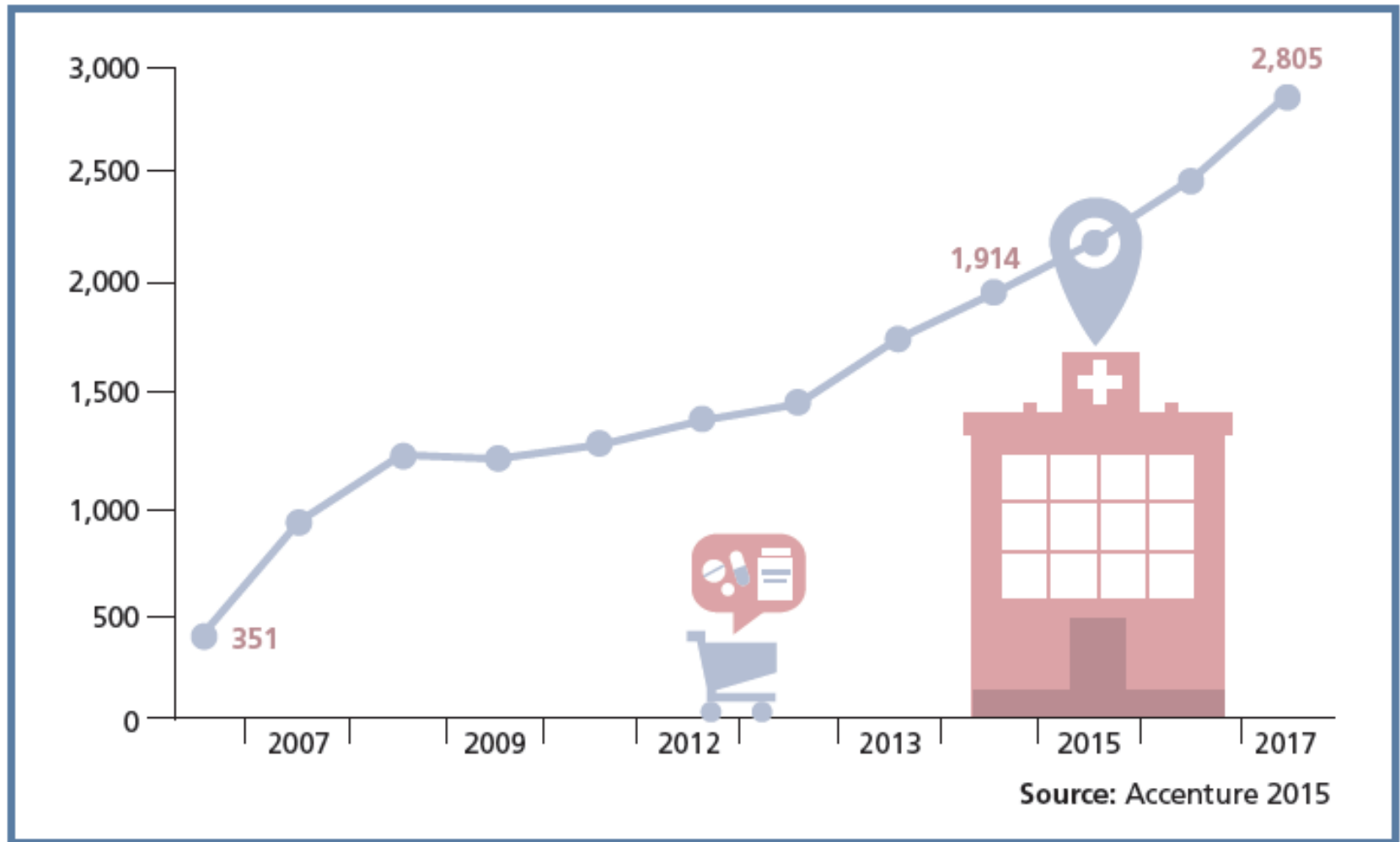
- Telemedicine



*<http://www.athenahealth.com/blog/2013/10/30/where-do-retail-health-clinics-fit-into-the-market>

**<http://www.amdtelemedicine.com/telemedicine-resources/telemedicine-defined.html>

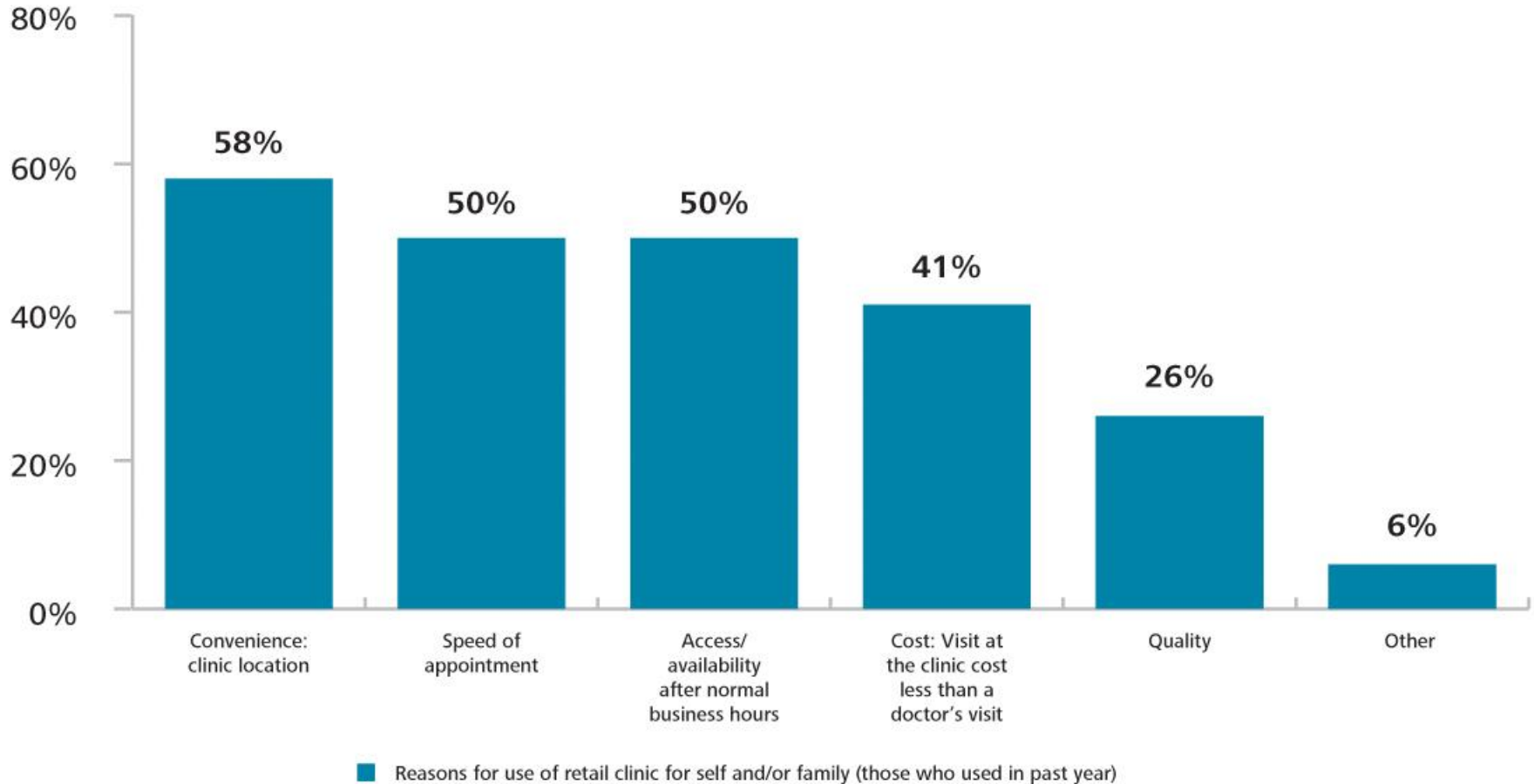
Retail Clinics Are Playing a Key Role in Advancing Healthcare Consumerism



<http://www.healthcareitnews.com/blog/retail-clinics-continue-shape-local-healthcare-markets>

Retail Clinics Are Playing a Key Role in Advancing Healthcare Consumerism

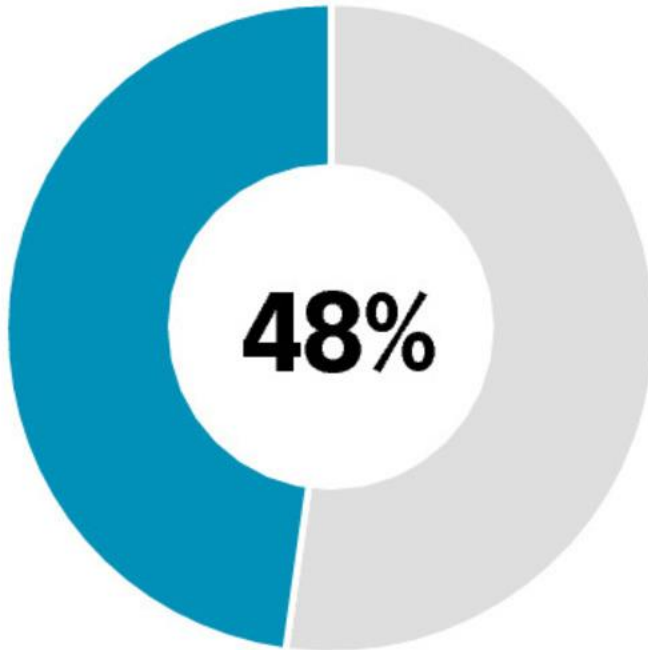
Why are Individual Consumers choosing Retail Clinics?



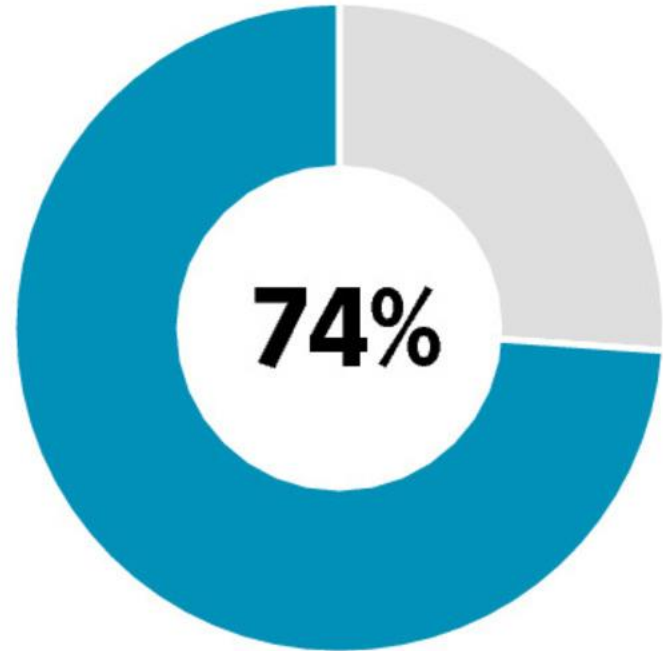
<http://dupress.com/articles/2012-survey-of-u-s-health-care-consumers-five-year-look-back/> Proprietary and confidential, do not distribute.

Telemedicine as an Emerging Trend

2015



2016



Source: American Telemedicine Association (virtual doctor visits); Avizia survey of 280 health-care executives, March 2016 (providers); National Business Group on Health survey of 140 large employers (benefits)

Telemedicine as an Emerging Trend

Why are Individual Consumers choosing Telemedicine?

Convenience



Potential cost savings



Ease of prescription refills



More frequent communication*



*with health-care professional

Source: American Telemedicine Association (virtual doctor visits); Avizia survey of 280 health-care executives, March 2016 (providers); National Business Group on Health survey of 140 large employers (benefits)

5 Trends Shaping the Future of Healthcare Consumerism

Personalization

- Think about your smart phone news feed



Connectivity

- Relate it to Amazon, Google & wearables



http://www.lindsayresnick.com/Articles/Healthcare%20Consumerism%20KBMG_SHCM.pdf

Proprietary and confidential, do not distribute.

5 Trends Shaping the Future of Healthcare Consumerism

Accountability

- Think Angie's List



Empowerment

- Retail Clinics and Telemedicine are both good examples



Customer Experience

- Remember how Starbucks changed the way we buy coffee



Healthcare Consumerism in the Past, Present & Potential Future

The Evolution of Healthcare Consumerism

Future Generations of Healthcare Consumerism



<http://www.healthcarevisions.net>

How do Employers Better Control Healthcare Cost – Advice from the Optum Book of Business

What Makes Us Healthy



What We Spend On Being Healthy



- **Talk About it more than once per year – most employees hear about health insurance benefits only during open enrollment**
 - 40% of Employees are actively asking their employer for help with rising healthcare costs*
- **Build in Financial Incentives to healthier behaviors**
 - Smoking cessation is an easy first step
 - Preventative Care Visits should be considered to be part of the reward system
- **Help Employees understand the true cost of health insurance & choices within their plan**

<http://www.rwjf.org/content/dam/farm/reports/reports/2013/rwjf407528>

* Bank of America Merrill Lynch Workplace Benefits Report, 2015

Closing Thoughts

- What is “Medicare Shock?”
- What is #1 Reason Senior Citizens cite when filing bankruptcy?
- How Much Does the Average American Couple Need for Medical Expenses During Retirement?



More Questions?

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