Health is Everywhere: Consumers and the New Retail Health

Tennessee Hospital Association
THA Summer Conference, Sandestin, FL
8 July 2016

Jane Sarasohn-Kahn, MA (Econ.), MHSA
THINK-Health and Health Populi blog
@healthythinker
Thanks for inviting me to

By way of...

Greetings from TENNESSEE

Greetings from FLORIDA “The Land of Sunshine”
Current Health Snapshots in Tennessee

**The Tennessean**

BCBST tops hefty Obamacare proposals with 62% request, 10 June 2016

Vanderbilt calls for statewide health network, 24 May 2016

**The Tennessean**

TN Gets an “A” for Telemedicine
• Intro: our personal health ecologies
• Personal health economics drives health consumerism and DIY health
• DIY health enabled via social, mobile, digital tech
• New Players in the New Health Economy – collaboration, coopetition, competition?
• Implications for members
JSK’s Personal Health Ecology*

*Note: we all have one!
Defining Health Care “Consumers”
3 Personae

Patient

Payor

Person
Life After October 2008
Emergent Post-Recession Consumer Consciousness

• Then
  – Passive
  – Careless
  – Simple

• Now
  – Active
  – Deliberate
  – Complex

Sustainability is the new happiness:
  – Save me money
  – Inspire creativity
  – Conserve resources
  – Keep me healthy

Source: Eyes Wide Open, Wallet Half Shut, Ogilvy/Communispace, March 2010
How People Define Health and Wellness

Physical health 94%
Mental/emotional Health 91%
Personal appearance 87%
Financial health 82%

Source: Edelman Health Engagement Barometer, October 2008
Health Care is #1 Line Item Of “Pocketbook Costs” Vs Energy, Housing, or Food
October 2015

<table>
<thead>
<tr>
<th>Percent who say it is very or somewhat difficult to afford each of the following</th>
<th>Total</th>
<th>By Insurance Status (Ages 18-64)</th>
<th>By Annual Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care</td>
<td>42%</td>
<td>38%</td>
<td>81%</td>
</tr>
<tr>
<td>Monthly utilities, like electricity, heat, and phone</td>
<td>38</td>
<td>36</td>
<td>63</td>
</tr>
<tr>
<td>Rent or mortgage</td>
<td>35</td>
<td>34</td>
<td>63</td>
</tr>
<tr>
<td>Food</td>
<td>31</td>
<td>29</td>
<td>52</td>
</tr>
<tr>
<td>Gas or other transportation costs</td>
<td>30</td>
<td>29</td>
<td>46</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation Health Tracking Poll, October 2015
“Come quickly—I think I had an out-of-pocket experience.”
Cumulative Increases in Health Insurance Premiums, Workers’ Contributions to Premiums, Inflation, and Workers’ Earnings, 1999-2015

Health Costs for Family of Four in 2016 = $25,826

Health Insurance, a Chrysler 200 Sedan, or a Year at Wake Forest

Source: 2016 Milliman Medical Index, May 2016
Healthcare as a percentage of consumer spending

Source: Commerce Department

$1 in $5 of consumer spending
Figure 4: CDHP Prevalence Among Large Employers

THERE'S SOMEONE I'D LIKE YOU TO MEET - YOUR DEDUCTIBLE.
How much can an HSA grow in 40 years?

To $360,000 with a 2.5% return.
To $600,000 with a 5% return.
To nearly $1.1 million with a 7.5% return.

Above amounts assume no withdrawals were taken over that time.
Source: Employee Benefit Research Institute
Individuals used many strategies to pay for medical bills

- Taken money out of retirement, college, or other long-term savings accounts
  - Uninsured: 17%
  - Insured: 31%
  - Total: 26%

- Increased credit card debt
  - Uninsured: 24%
  - Insured: 38%
  - Total: 34%

- Borrowed money from friends or family
  - Uninsured: 38%
  - Insured: 37%
  - Total: 37%

- Taken an extra job or worked more hours
  - Uninsured: 40%
  - Insured: 42%
  - Total: 41%

- Used up all or most of savings
  - Uninsured: 51%
  - Insured: 63%
  - Total: 59%

- Cut back spending on food, clothing, or basic household items
  - Uninsured: 62%
  - Insured: 75%
  - Total: 70%

- Put off vacations or other major household purchases
  - Uninsured: 64%
  - Insured: 77%
  - Total: 72%

Source: Deloitte Center for Health Solutions, January 2016
Growing Embrace of the Triple Aim in Health Care
Operational Beacon for U.S. Health Care

Public and private payors driving toward the Triple Aim in health plan designs.

Source: Institute for healthcare Improvement, Why the Triple Aim?
The MoreActivated a Patient Is, the Lower Their Health Costs

*Health Affairs, March 2015*

**Predicted Average Per Capita Costs In Follow-Up Year, By Change In Patient Activation Measure Levels During Two Time Periods.**

**Source:** When Patient Activation Levels Change, Health Outcomes And Costs Change, Too. Greene et al. *Health Affairs* 2015;34:431-437 (March 2015)
Decades of promotion have made value a euphemism for discount. But marketers like Tide, Wendy’s and Ford are shifting the perception to mean something else: products worth a higher price.
Yes, you.
You control the Information Age.
Welcome to your world.
Evolution of *Homo Informaticus*

*Source: Consumers on board: how to copilot the multichannel journey, EY, June 2014*
Several groups are shifting their home internet connectivity away from broadband and toward smartphones

% of each group who have ...

<table>
<thead>
<tr>
<th></th>
<th>Broadband at home</th>
<th></th>
<th></th>
<th>Smartphone, but no broadband at home</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2015</td>
<td>CHANGE</td>
<td>2013</td>
<td>2015</td>
</tr>
<tr>
<td>All adults</td>
<td>70%</td>
<td>67%</td>
<td>-3%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>African Americans</td>
<td>62%</td>
<td>54%</td>
<td>-8%</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>Rural residents</td>
<td>60%</td>
<td>55%</td>
<td>-5%</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>Household income &lt; $20K</td>
<td>46%</td>
<td>41%</td>
<td>-5%</td>
<td>13%</td>
<td>21%</td>
</tr>
<tr>
<td>$20K-$50K</td>
<td>67%</td>
<td>63%</td>
<td>-4%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>$50K-$75K</td>
<td>85%</td>
<td>80%</td>
<td>-5%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Parents</td>
<td>77%</td>
<td>73%</td>
<td>-4%</td>
<td>10%</td>
<td>17%</td>
</tr>
<tr>
<td>High school degree or less</td>
<td>50%</td>
<td>47%</td>
<td>-3%</td>
<td>11%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Pew Research Center surveys

PEW RESEARCH CENTER
Non-broadband users cite a number of reasons why they do not use high-speed connections

% of each group who cite the following as reasons for not having broadband at home

<table>
<thead>
<tr>
<th>Reason</th>
<th>All non-broadband users</th>
<th>Non-broadband users who own a smartphone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly cost of home broadband subscription is too expensive</td>
<td>59%</td>
<td>59%</td>
</tr>
<tr>
<td>Have other options for internet access outside of home</td>
<td>46%</td>
<td>59%</td>
</tr>
<tr>
<td>Cost of computer is too expensive</td>
<td>45%</td>
<td>41%</td>
</tr>
<tr>
<td>Smartphone does everything online that you need to do</td>
<td>27%</td>
<td>65%</td>
</tr>
<tr>
<td>Service is not available or speed is unacceptable</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>Some other reason</td>
<td>25%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: Survey conducted June 10-July 12, 2015. Sample size = 2,001.

PEW RESEARCH CENTER
Broadband Connectivity Is A Social Determinant of Health

*Note* Blue Space in Tennessee

Source: Annual Broadband Report, FCC, January 2015

*Fixed 25 Mbps/3 Mbps Broadband Deployment Map*

**Fixed Broadband Deployment**
- Without Access Rural
- With Access Urban
- With Access Rural
- With Access Urban
- Unpopulated
DIY Life

- TripAdvisor
- Amazon
- Airbnb
- Uber
- Waze
- Mint
- Blue Apron
- OpenTable
- Zappos

27
“Your oil’s fine, but your blood-sugar level’s a little low.”
The New Retail Health
"Your oil’s fine, but your blood-sugar level’s a little low."
CVS - Growing Force in Health, Wellness and Telehealth

Quit Tobacco, Rebranded in “Health”

> 50 Clinical Affiliations

Healthy Food Launch 21 June 2016

Operating Target Rx and Minute Clinics

Telehealth Alliances

App/Virtual Care
A Growing Force in Health
Evolving Health Information Ecosystem:
From Retail Health to Clinical Trials

Walgreens
AT THE CORNER OF
HAPPY & HEALTHY®

2net™
by Qualcomm Life

Manage health

Manage conditions
The Supermarket As Health Destination in Tennessee

Eg., Kroger

Kroger Mobile App
simplify your shopping...

Weekly Ads  Coupons  Shopping List  Rewards  Store Locator

Convenient Wellness & Clinical Services from Kroger

The Little Clinic (TLC)
- TLC treats common illnesses
- Minor Injuries
- Physicals (sports, camp, etc.)
- Skin Conditions
  No appointment needed

Biometric Screenings
- Complete cholesterol profile (Total Cholesterol, Triglycerides, HDL, LDL), glucose, blood pressure, weight/Body Mass Index.

Smoking Cessation

Dietician Coaching

Medication Review

Weight Management

TOGETHER WE CAN
STOP DIABETES

American Diabetes Association

Putting Simple Within Reach
Enjoy a celebration of the simple things in life.
The Supermarket As Health Destination in Tennessee

stocks 1st Middle Tennessee store with wine, 5-17-16

Kroger store in Gallatin Marketplace

8 in 10 US Consumers Seek Food Options That Are Also Healthy

Health and wellness: A top priority, but the definition is changing

Health & wellness remains a key priority for consumers. However, consumers’ specific preferences are constantly changing. In 2015, 47 percent of consumers described themselves as “health conscious,” up from 46 percent in 2010. Additionally, 35 percent described themselves as “ingredient sensitive” in 2015, up from 29 percent in 2010. Companies should consider staying updated on the attributes that are most associated with healthy products and how these factors affect product preferences.

Consumers today:
- Want healthy options that are convenient too
- Prefer pure, unadulterated food low in preservatives, sodium, artificial ingredients and high fructose corn syrup
- Are less drawn to attributes that used to be hot, such as low-fat, high-fiber and high-protein.
- Are willing to pay a premium for healthier versions of products

for Health

HEALTH & BEAUTY
- Vitamins and Nutrition
- Home Health Care
- Cosmetics and Skincare
AND MORE

Organic and Natural Grocery Prices
Over 150 Items

practical-stewardship.com
Thinking #SDOH – Transportation Solution
Ride With Uber

MedStar Health and Uber have created a convenient ride option to get you to and from your medical appointments and stay on track to receive the care you need. Door-to-door transportation saves time, and our handy reminder feature will help you be ready when your ride arrives.
Growing Telehealth Options – On-Demand Medicine

Source: Curated List By @HealthyThinker, 11 May 2016
Key Categories in Consumer-Facing Health Devices
Growth of Internet of Things in Health/Care

- Track food
- Track weight
- Track activity
- Track sleep
- Track heart function
- Track stress and mood
- Track meds
- Track “home”
- Connected car
Health Tops List Of Information US Consumers Want From Wearables

- Plug into social media: 26%
- Access to entertainment: 29%
- Control home appliances: 32%
- Finding retail deals: 46%
- Eat better: 67%
- Collect and track medical information: 75%
- Exercise smarter: 77%

Source: PwC
Emerging Consumer-Facing Health Information Platforms
GAME FACE ON:
UNDER ARMOUR

NOTHING COULD SLOW DOWN OUR MARKETER OF THE YEAR PAGE 14

SEE THE ENTIRE A-LIST PAGE 16
Cerner Working With Validic for HealtheLife App

*Integrating Patient-Generated Data into the EHR*

*Source: Cerner To Integrate Patient-Generated Data Using Validic Digital Health Platform, Cerner Press Release, March 12, 2015*
IBM Watson Health – “Insights As A Service”

IBM Watson Health How It Works
IBM Watson Health is improving health by bringing the world’s data to our daily lives.

How do I reduce my risk for heart disease?

Industry Partners

Hospital Partners
The New Health Economy –

Implications for Members
Health Is The New **Green**
Consumers Expect All Industries To Engage In Health

Source: *Edelman Health Barometer, 2010*
A Major Message for

Large Retail, Healthcare Providers, & Digital Companies
Equally Trusted to Manage Health

Level of Trust in Managing Consumers’ Health

- Large retail: 40%
- Provider: 39%
- Digitally enabled company: 38%
- Insurance: 37%
- Integrated payor/provider: 34%
- Pharmacy: 26%

Source: Strategy & Consumer survey 2014
N=2399
A Major Message for

**Trust Built on Transparency and the “Core Benefit” -- Value**

---

**Consumers are willing to trust nontraditional companies**

<table>
<thead>
<tr>
<th>Level of Trust in Managing Consumers’ Health</th>
<th>Reasons to Select Nontraditional Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large retail 40%</td>
<td>Trust to receive quality care at lowest cost 42%</td>
</tr>
<tr>
<td>Provider 39%</td>
<td>Core benefit 25%</td>
</tr>
<tr>
<td>Digitally enabled company 38%</td>
<td>24%</td>
</tr>
<tr>
<td>Insurance 37%</td>
<td>Administrative services 10% (Digital companies (E.g.: Amazon, Google))</td>
</tr>
<tr>
<td>Integrated payor/ provider 34%</td>
<td>Programs to manage health 9% (Large retailers (E.g.: Walmart, Target))</td>
</tr>
<tr>
<td>Pharmacy 26%</td>
<td>Consumer experience 7%</td>
</tr>
</tbody>
</table>

Source: Strategy& consumer survey 2014 N=2399
Temkin Experience Ratings,
Industry Averages From 2011 to 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 to 2016</th>
<th>2014 to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets chains</td>
<td>74%</td>
<td>-5</td>
</tr>
<tr>
<td>Fast food chains</td>
<td>71%</td>
<td>-5</td>
</tr>
<tr>
<td>Retailers</td>
<td>69%</td>
<td>-6</td>
</tr>
<tr>
<td>Parcel delivery services</td>
<td>67%</td>
<td>-6</td>
</tr>
<tr>
<td>Banks</td>
<td>67%</td>
<td>-6</td>
</tr>
<tr>
<td>Credit card issuers</td>
<td>63%</td>
<td>-4</td>
</tr>
<tr>
<td>Insurance carriers</td>
<td>61%</td>
<td>-4</td>
</tr>
<tr>
<td>Hotel chains</td>
<td>61%</td>
<td>-4</td>
</tr>
<tr>
<td>Computers &amp; tablet makers</td>
<td>59%</td>
<td>-6</td>
</tr>
<tr>
<td>Investment firms</td>
<td>59%</td>
<td>-6</td>
</tr>
<tr>
<td>Wireless carriers</td>
<td>58%</td>
<td>-5</td>
</tr>
<tr>
<td>Utilities</td>
<td>57%</td>
<td>-3</td>
</tr>
<tr>
<td>Software</td>
<td>57%</td>
<td>-3</td>
</tr>
<tr>
<td>Auto dealers</td>
<td>57%</td>
<td>-7</td>
</tr>
<tr>
<td>Airlines</td>
<td>56%</td>
<td>-6</td>
</tr>
<tr>
<td>Major Appliances</td>
<td>55%</td>
<td>-6</td>
</tr>
<tr>
<td>Rental car agencies</td>
<td>52%</td>
<td>-6</td>
</tr>
<tr>
<td>Internet service providers</td>
<td>47%</td>
<td>-8</td>
</tr>
<tr>
<td>TV service providers</td>
<td>47%</td>
<td>-4</td>
</tr>
<tr>
<td>Health plans</td>
<td>47%</td>
<td>-5</td>
</tr>
</tbody>
</table>

Base: U.S. consumers
Copyright ©2016 Temkin Group. All rights reserved.
CMS Payment Changes 2015-2018
Medicare’s commitment towards quality-based payments grows.

Quality based payment programs
- Hospital Value-Based Purchasing
- Hospital Readmissions Reduction
- Hospital-Acquired Condition Reduction
- End-Stage Renal Disease (ESRD)
- Quality Incentive
- Value-Based Modifier

Alternative payment programs
- Pioneer Accountable Care Organization
- Medicare Shared Savings Program
- Bundled Payments for Care Improvement
- Comprehensive Primary Care Initiative
- Patient Centered Medical Homes

By 2018:
- 90% All Medicare payments
- 50% Percentage of payments linked to quality programs
- 90% Percentage of payments linked to alternative programs
Re-Imagining the Hospital in the New Health Economy

Oliver Wyman says: “We expect that by 2020 the traditional healthcare industry will shrink by 40% and medical trend will level off to the growth rate of the overall economy.

“The health and wellness markets will converge, creating a new combined marketplace worth $5 trillion....”

What is a hospital in this new marketplace?

Source: THINK-Health analysis of The Patient-To-Consumer Revolution, Oliver Wyman, October 2014, for the Wisconsin Hospital Association
In a word or two, could you please tell me what comes to mind when you think of hospitals?
Nurses, Pharmacists and Doctors Rank As Most Ethical Professions

85% say nurses
85% say nurses
68% say pharmacists
67% say doctors
10% say “Mad Men”
8% say car salespeople
8% say members of Congress

Source: Gallup, Honesty/Ethics in Professions, December 2015
Happy Patients, Higher Margins

U.S. hospitals see link between patient experience and bottom line

Customer experience translates to higher hospital margins

<table>
<thead>
<tr>
<th>% of patients rating hospital 9 or 10 (highest) on HCAHPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

Leading – 6.9%
Average – 4.3%

Hospital average income statement net margin percent

Sources: Accenture analysis, HCAHPS Hospital Survey, Centers for Medicare and Medicaid Services

Margin increase per 10% increase in HCAHPS score

Ownership
- For Profit: +3.3%
- Non-Profit: +1.4%

Academic
- Academic: +2.1%

Non-Academic
- Non-Academic: +1.7%

Geography
- West: +0.8%
- Southwest: +2.0%
- Southeast: +2.3%
- Northeast: +3.5%
- Midwest: +1.0%

System
- Part of a System: +2.3%
- Stand-Alone: +1.4%

Source: Hospitals see link between patient experience and bottom line, Accenture, May 2016
“Are You Bernie, Hillary, or Donald?”
Most Americans Favor A National Health Plan

Favor or Oppose Three Proposals Relating to the Affordable Care Act

<table>
<thead>
<tr>
<th>Proposal on the ACA</th>
<th>Favor %</th>
<th>Oppose %</th>
<th>No opinion %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing the ACA with a federally funded healthcare program providing insurance for all Americans</td>
<td>58%</td>
<td>37%</td>
<td>5%</td>
</tr>
<tr>
<td>Repealing the ACA</td>
<td>51%</td>
<td>45%</td>
<td>3%</td>
</tr>
<tr>
<td>Keeping the ACA in place</td>
<td>48%</td>
<td>49%</td>
<td>2%</td>
</tr>
</tbody>
</table>

"Are You Bernie, Hillary, or Donald?"
Most Americans Favor A National Health Plan

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<td>Keeping the ACA in place</td>
<td>48%</td>
<td>49%</td>
<td>2%</td>
</tr>
</tbody>
</table>

7 in 10 Democrats
4 in 10 Republicans

THINK-Aways for
THINK-Aways for

Know Thy Patients
THINK-Aways for

Know Thy Patients

Enable transparency and financial wellness
THINK-Aways for

Know Thy Patients

Enable transparency and financial wellness

Share health data
THINK-Aways for

Know Thy Patients

Consider patients’ life-flows and personal health ecosystems

Enable transparency and financial wellness

Share health data
THINK-Aways for

- Know Thy Patients
- Consider patients’ life-flows and personal health ecosystems
- Enable transparency and financial wellness
- Ally/partner with other health ecosystem partners trusted & valued by consumers
- Share health data
THINK-Aways for

Know Thy Patients

Consider patients’ life-flows and personal health ecosystems

Enable transparency and financial wellness

Ally/partner with other health ecosystem partners trusted & valued by consumers

Share health data

THINK: retail in health

THA
TENNESSEE HOSPITAL ASSOCIATION

65
EXPERTS

COLLABORATING
ON CARE IS WHAT WE CALL
A HEALTH CARE
COMMUNITY
Our newest kindness feature: online appointment scheduling.

Schedule your next appointment online. ➤

Hello humankindness

POWERED BY InQuicker.

☐ Deliver what’s expected.

☑ Deliver unexpected kindness.
can do health

Yes, you.
You control the Information Age.
Welcome to your world.