

CEO Healthcare ROUNDTABLE

Spring 2020 Meeting

Consumerism in Healthcare

February 2020 Roundtable Meeting Summary

Patient Engagement and Consumerism: Is Retail the Future of Healthcare?

We are pleased to share the following summary of our CEO Healthcare Roundtable meeting February 2020 in Scottsdale, AZ. Based on the reactions to the presentations and the energetic formal and informal discussions, it appears that we successfully focused on a timely theme of ***Patient Engagement and Consumerism: Is Retail the Future of Healthcare?***

To frame the discussion, our Wednesday opening "Keynote" speaker was the highly recognized and respected industry expert, **Paul Keckley, Ph.D.**



Paul is Managing Editor of ***The Keckley Report***, as well as a healthcare strategist, author and media commentator on key healthcare issues. Paul opened his presentation by stating that, as he has observed markets and consumerism evolve over the

past several years, he has frequently found himself asking the question, "Is healthcare ultimately a Business-to-Consumer (B2C) industry?" He then went on to state that "***the healthcare industry, like many industries, tend to look at the "here and now and future" through their own narrow lens***" instead of looking at the market pressure and competition coming from other sectors.

Paul then shared trends in five domains that he believes will define the future of healthcare:

1. **Clinical Innovations** – Paul observed that much of the future clinical innovation in healthcare is likely to occur outside the traditional reach of the FDA. Alternative Medicine spending is rapidly and significantly growing outside of the traditional healthcare system.
2. **Technology** - Paul shared that companies like Microsoft are building systems to move the healthcare focus outside of existing healthcare systems. Using tools like the Cloud, consumers are able to retrieve desired information about their health on technologies like the Smartwatch. He also noted that technology companies are not interested in slightly improving healthcare but are more focused on starting over completely.
3. **Regulation & Politics** – Paul noted that the current administration's major focus is on empowering the states and then letting the states address solutions to Medicaid. He also noted that the general consensus of consumers and purchasers of healthcare is that the private sector is the preferred solution over a government solution.

4. **Capital** -There is a significant amount of Private Equity funding available in healthcare. The major focus of PE is on "Strategic" investments not just "Financial" investments as demonstrated by recent investments by Optum, CVS, Amazon, etc.
5. **Consumerism** - defined by Paul as consumer preferences, beliefs and actions. Paul shared that there is a significant difference between what American consumers say in surveys and what they actually do in practice. Since consumers' actions don't always reflect their preferences and beliefs, building a healthcare B2C model is a challenge. As a result, existing healthcare systems will find it difficult to create successful B2C solutions while organizations with existing B2C experiences, like Apple and Amazon, will be more likely to create successful B2C solutions and services.

To set the stage for our discussion on Thursday morning, **Chris Cornue**, President & Principle, ***Slainte Global Partners (sgp)*** called upon his experiences as Chief Strategy Officer and Chief Innovation Officer at Navicent Health to discuss the concept of Disruption and its applicability to healthcare, as well as consumer expectations. Chris shared the definition of "Disruption" as any force causing significant, unforeseen change, regardless of whether it originates within or outside the industry. As examples of Disruption he noted that the world's largest taxi service owns no cars (UBER) and the world's largest movie house owns no theaters (Netflix). Disruptors in the healthcare industry included Micro-Hospitals, use of robots to interact with Autistic children resulting in higher attention levels, and "smart" inhalers which communicate important information in real time to the patient's care team.



solve all problems." He stated that if one attempts to place a technology solution on top of a dysfunctional system, the system will still be dysfunctional.

Chris than shared that "**a key to addressing Disruption may lie in asking multiple questions beginning with "What if.....?"**" In addition to "What if?" questions that address Disruption and deal with change, an organization needs to conduct "horizon scanning" and focus on understanding customer needs and expectations.

Following Chris Cornue, attendees engaged in an energetic discussion with **Paul Crnkovich**,



Managing Director, **Kaufman Hall & Associates**. Paul leads Kaufman Hall's Consumer Practices division and advises health systems, academic medical centers, community hospitals, and other organizations on

strategies related to consumer centric delivery, enterprise planning, market development and growth. Paul began his presentation by asking attendees whether they really know what business they are in. He then stated that to answer that question, an organization needs to intentionally "walk in their customer's shoes".

Paul also noted that hospitals must make a fundamental shift from focusing on the concept of "supply side" (Internally focused) to becoming a "demand driver" (Externally focused).

Paul stated that "**one of the major forces in driving the healthcare system to a consumer focus will be the completely different approach and expectations of Millennials.**" He then observed that Millennials:

- Have very different expectations of how care should be accessed and delivered. They currently only use about 20% of the traditional healthcare delivered today
- Approach decision-making differently
- Are less "brand loyal" but have tremendous loyalty to an "experience"
- Don't want to be "satisfied" because just being satisfied isn't enough, satisfaction is expected.

Chris shared that "**we need to be careful with our expectations of technology as technology does not**

- Instead, Millennials expect to be “delighted” by every experience and transaction with the healthcare system

Paul noted that *“the healthcare system will need to embrace the simple lesson that, when dealing with Millennials now and in the future, everything must be targeted to “making it easy.”* Ease of access and “on-demand” services are an “expectation,” not a request.”

Paul concluded his presentation by sharing the results from Kaufman Hall’s most recent annual “State of Consumerism in Healthcare” survey and study. Paul stated that the recent survey demonstrated that large gaps continue to persist between health systems’ priorities and capabilities in the areas of consumerism and Retail Health and consumer expectations. Paul’s advice to attendees was to “establish a framework to organize and prioritize” their respective organizations’ consumer strategies.

Paul closed his presentation by suggesting that every attendee focus on answering the following question:

“Why will the consumer choose you and why will the consumer come back to you?”

He then stated that this question must be answered by focusing on the following “Big Three”:

1. Access
2. Experience
3. Pricing / Value

Following Paul Crnkovich, attendees were presented with a picture of the current situation in Washington DC from the health plan industry’s perspective by



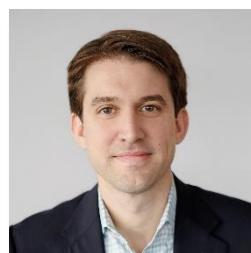
Ceci Connolly, President & CEO, *Alliance of Community Health Plans (ACHP)*. Ceci shared several current healthcare legislative activities impacting both health plans and health systems with a focus on discussions and opinions on

the concept of ‘Transparency.’ She noted that there are numerous proponents of the concept of “Transparency,” but the concept needs a focus

because of the differing views and opinions. Ceci commented that, to the consumer, Transparency can be a differentiator and, to assist health plans and consumers, ACHP has developed a framework for voluntary certification of transparency tools.

Ceci closed her presentation by stating that *“despite all of the public outrage about the healthcare system and all of the political pressures and threats, the healthcare industry consistently ignores the top issue for consumers – Affordability”*. This was followed by a lively discussion about the current political landscape and its potential impact on healthcare and health systems.

We ended our February Roundtable with our Friday morning Innovation Session featuring **Travis Messina**, Founder & CEO of



Contessa Home Recovery Care. Contessa has created a unique “hospital at home” model by creating exclusive joint ventures with hospital / health system partners to assess the potential for patients presenting at the hospital to be safely treated in their own homes using a combination of Contessa’s expertise and the hospital / health system’s staff and resources.

He noted that there are typically three different pathways for patients to access the model when patients present from either a physician office or the hospital’s ED :

1. Observation Level of Care
2. Acute Level of Care
3. Post-Acute Level of Care (Patient meets criteria to be admitted to a Skilled Nursing Facility)

Staff nurses participating in the program as part of the JV, triage patients for eligibility in the Contessa Home Recovery Care program. Typical criteria for admission to the program includes:

- Patient meets criteria for an Inpatient admission

- **Patient meets clinical eligibility based on hospital's HER**

Patients referred to the program based on the above criteria are assessed for program admission, using well-defined, mutually agreed upon criteria, by one of the hospital's physicians (often an Intensivist or Hospitalist) who participates in the program through the JV. This physician serves as the admitting physician.

Contessa has implemented the program as a joint venture with eight health systems and recently announced implementation with Highmark Health.

Finally, we initiated a new session for Thursday afternoon, the Roundtable Discussion Group. It was well received by attendees and has been requested to be included as a standing session in all future Roundtables.

Immediately following lunch on Thursday, attendees broke into small "Roundtable Discussion Groups." They were asked to discuss and critique their observations and reactions with one another based on the information shared and discussed by the Keynote speaker and the Thursday morning presenters. The individual groups then summarized and reported key observations and takeaways with the other small groups. A key value-add was the participation of CEO Advisory Network members in each group. This allowed the discussion participants to take advantage of the over 300 years of CEO and executive leadership experience among the members of the CEO Advisory Network.

Based on the energetic discussions and requests from attendees to create more opportunities to discuss and share with one another and the CEO Advisory Network members, we will continue to schedule these sessions at future Roundtables.

Copies of most of the presentations are available for your review on the CEO Healthcare Roundtable website [Members Only tab](#). If you have questions about the website or are unable to access the presentations, please contact Alexis Matic at alexismatic@earthlink.net.

Finally, we look forward to seeing everyone at the Fall CEO Healthcare Roundtable October 7-9, 2020 at the sophisticated Gwen Hotel, located in the heart of downtown Chicago.

Be sure to hold the dates on your calendar and watch for more details on the Fall meeting theme and speakers!

The Gwen Hotel, Chicago



October 7 – 9, 2020

Marty Hauser

Facilitator, CEO Healthcare Roundtable

Alexis Matic, VP Administration

VP Administration, The Healthcare Roundtable

CEO Advisory Network

Senior Partners and Partners

[**www.CEOHealthcareRoundtable.com**](http://www.CEOHealthcareRoundtable.com)

