Tech Tools Empower Consumers to Reform Health Care: Will Providers Cooperate?

written by Theresa Hush | June 28, 2018

Health care is ripe for change, but providers have yet to take the lead. Who will push for much needed reform? Investors and technology experts are betting on consumers. Money is chasing health care technology (IT) startups to create consumer tools for everything from evaluating and comparing treatments and related costs, to managing medical conditions. The underlying assumption is that consumers will shop for good, affordable care.

It’s the right time for health care IT to focus on consumers, who are feeling the pain of huge medical costs that were once paid by employers or government health plans. Either through brutal experience with bills that exceed their ability to pay or similar stories of others’ fight to maintain coverage, consumers are grappling with the tangible risk of being unable to afford health care.

Can consumers truly wield the power of these new IT tools to make health care better, more affordable and more accessible? If they succeed, how will providers and payers respond?

The 2018 Internet Trends Report and Consumer Health Care Readiness

Mary Meeker's highly regarded *Internet Trends 2018* documents how the shift in health care financial responsibility from business to consumers is driving technology development. Consumers are starting to understand that they have purchasing options and rights. What do they want? Cost transparency; their own digital health records, customized to their interests; demand-based shopping for health care providers and services; and decision tools.

The development of the Internet, availability of health care data and an explosion of health care applications all combine to induce willing consumers to activism. The likely candidates will be boomers (retiring now with poorly planned finances) and millennials (facing worse prospects than their parents and already refraining from traditional health care). The convergence of cost sensitivity with cultural tendencies to challenge the status quo may be just enough to spur boomers and millennials to demand action.

Let's look at some of the latest applications now being offered to consumers:

- Websites to compare prices between providers;
- E-shopping for treatments once reserved for providers;
- Apple's Health Records, populated by EHRs, but managed and shared by consumers;
- Telemedicine alternatives;
- On-demand prescriptions;
- On-demand health care services;
- Research and efficacy websites to support decisions;

Genetic testing coupled with health care solutions;
Disease management aimed at consumers versus providers or care coordinators.

Health Care Environment Fosters Consumer Health Care Shopping

If you read only health care industry literature, you're likely to believe that the industry is moving toward organized care, larger systems and one-stop shopping for both primary and specialty services. It's true that providers have been rapidly merging, acquiring and building ever-bigger health care enterprises. Health care organizations have pursued consolidation with a vengeance to shore up defenses in competing for market share and power in negotiations with payers.

The problem is that consolidation strategy is only relevant for pre-Value-Based Health Care days, when negotiations with payers required heft and market presence. Now we know that consolidations have actually increased costs, and that health plans and employers are willing to create narrow networks and otherwise guide consumers to lower-cost health care. As the share of consumer expenses continues to increase, consumers will either make value- or cost-based decisions—or fail to pay for services they use. "Big" could be the antithesis of efficient health care.

Most consumers, particularly millennials, do not embrace the concept of one-stop health care. They are shopping by price—using CVS and Walgreens for quick primary care and diagnostic services and avoiding long-term attachments to physicians. Boomers may be slower to transition away from

traditional medicine, but ask them where they got last year's flu shot and how they access specialty physicians, and a similar pattern emerges.

Indeed, we may be experiencing the beginnings of a real market for health care, where price-conscious consumers look for better value.

Whether consumers will use new technology to lower their costs is not in dispute. Health care avenues that produce value will draw consumers. But comprehensive reform is another matter. To prompt providers to increase efficiency and limit excess services and costs, only large scale consumer action can force change.

Consumers may also have to win another, more unexpected battle: the right to choose their health care providers.

Health Care Consumerism Could Be Foiled by Value-Based Health Care and Financial Risk

Health care organizations continue a push-pull response to Value-Based Health Care and other reform efforts, as they challenge the imposition of financial risk on providers. But Medicare and payers remain universally focused on the elimination of Fee-for-Service incentives that reward providers according to service volume.

ACO providers, under threat to accept financial risk in the near term, complain most about patients' ability to seek care outside their system. They argue that they should be able to keep patients from seeking costly non-ACO services, in return for accepting financial risk. However, the argument lacks

evidence. A recent study of ACO specialty services revealed that, regardless of ACO participation, physicians failed to reduce the rate of low-value coronary revascularizations. Nonetheless, Medicare might gamble to reduce consumers' provider choice in order to get more services under risk-based ACOs. Even MedPac, in its latest documents supporting changes for ACOs to influence risk, is floating the idea of gain-sharing for patients if they stay inside the ACO system.

Narrow networks and limited benefit plans, used predominantly in private coverage, also take choices away from consumers to favor budget controls.

What's uncertain about consumers' ability to reform health care is the fact that their power has never really been tested in the health care marketplace. It will be a major transition for health care providers and payers to treat patients as rational decision-makers and as partners, instead of beneficiaries.

Even with the tools for change, consumers will almost certainly need to challenge their providers and payers for the right to decide on value, especially since they need their providers' time and guidance to determine the value of alternative treatment options.

How Providers Can Benefit By Pivoting to Consumers

Historically, health care costs were an employer and health plan issue. Now affordability is no longer just about benefits and access to coverage; it's about consumers' ability to pay. Yet consumers are repeatedly blamed for their excessive use of

health care, while medical technology drives about half of the annual increase in health care costs. That technology, totally outside consumer control, includes:

- Investments made by providers in clinical records, population health systems, and other administrative and financial systems;
- New types of surgeries and treatments;
- Genomic technologies and their related treatments;
- Prescription drug prices;
- High-tech equipment for diagnostics and interventions.

All technologies are incorporated into provider prices, of course. Health care organizations' marketing to consumers still highlights state-of-the-art health care, because cost was less relevant in the past.

But when good financial stewardship of care is rewarded, the messaging to consumers must also change. The success of risk-based ACOs, specialty practices' episodic payments and other financial risk models are dependent on delivery of predictably good outcomes and controlled costs. Providers can appeal to consumers based on these benefits and engineer the delivery of care and operations to actualize them. Why is this essential? Because consumers will be making their choices based on these understood values. Providers who make good on benefits will also create the bond—and future loyalty—between them and their patients.

Six Essential Reforms that Consumer-Savvy Providers Need to Make

Health care organizations have been immune from a market economy for a long time, but those days are over. Consumers armed with information and technology will have no patience for big bureaucracies in large, consolidated systems. Providers who do not pivot quickly to consumers will lose patients who are well, raising their overall cost profile and lowering their appeal.

Fortunately, providers already have the assets to respond to consumers' needs. Their task is to share information and support consumers, not manage them. This won't be easy. A major but necessary culture change is required for these six essential reforms:

1. Supply consumers with information on episodic and service-based costs.

This is where consumers start—there can't be a consumer relationship without cost-sharing information. Over time, providers will need to remove the guesswork involved in pricing built on Fee-for-Service and commit to all-inclusive episodic pricing.

2. Facilitate value-based medical decision-making by consumers, in keeping with *their* values.

Patients are customers who make valid choices based on their own criteria, including life circumstances, finances, ability to maintain commitment and other preferences. Any medical

decision for a serious condition can have a significant impact on any or all of these factors. Providers who are responsive to consumers must make differences between treatment options clear through summary of research and cost data.

3. Help physicians adjust their roles in medical decision-making.

Most physicians feel responsible for their patients' health. They are used to making decisions, taking immediate action, and/or recommending treatment based on their advice. They are not accustomed to justifying effectiveness with numbers or waiting to see how conditions further develop before intervening. Consumers who want answers, data and research will demand evidence. Physicians must shift from only treating patients to providing additional guidance and education. To do that, they will need time built into their schedules (and compensation/productivity plans), centralized data to support patient information needs, coaching and support staff who can help.

4. Open communication channels with patients and consumers.

Providers should create new avenues for consumer communication, making it easy to find a wide range of information. This includes matching available providers with consumer needs; providing access to complete medical records and images in digital format; and reviewing the patient navigation of the system of care to eliminate bureaucracy and conflict.

5. Establish accessibility and approachability across consumer-facing operations.

Large, centralized operations may appear to save resources, but that analysis is often flawed because it fails to account for patient decisions, such as attrition. Some organizations are beginning to experiment with decentralized, small care settings that personalize health care operations and successfully manage costs while improving patient experience. Input from consumer/patient and community groups is essential for successful removal of bureaucratic layers.

6. Support consumer technology.

Technology solutions coming from the industry will require provider cooperation and involvement. Providers should help consumers connect with key applications and respond to questions. Their own efforts to create on-demand scheduling, prescriptions and telemedicine must have high priority in development.

We can’t guess how fast consumers will act to challenge the health care system. But we can expect it to happen. How organizations act to establish trust with consumers will define them as “A-rated” by the only group that can make them successful—their patients.

Founded as ICLOPS in 2002, Roji Health Intelligence guides health care systems, providers and patients on the path to better health through Solutions that help providers improve their value and succeed in Risk. Roji Health Intelligence is a CMS Qualified Clinical Data Registry.

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