rEvolution Outlook:
Using Technology to Unlock and Scale Consumer Value

Two trains of thought about consumerism in health care, one focused on purchasing power, the other acknowledging market dynamics beyond direct pay, **both pointing toward a new view of health care as a demand-driven industry vs. a supply-driven industry.**

Is consumerism about pay to play?

IF SO, CONSIDER:

- Direct consumer-choice markets are still in the minority
- Consumers typically follow their doctor's guidance in making health care decisions
- For high-acuity situations, affordability rarely drives decision-making
- Focusing too much on consumer shopping may distract from the full impact and potential of consumerism

OR

Is it about a response to broader market forces?

IF SO, CONSIDER:

- Proliferation of high-deductible plans is increasing consumer accountability and scrutiny of experience
- Tidal wave of tech- and retail-based innovation is starting to address unmet consumer needs
- Market shifting toward fee-for-value reimbursement, where consumer involvement is crucial to success
- Non-traditional players (e.g. Walmart) making big bets, courting health consumers

In America, the consumer gets what they want.

THE RISE OF THE EMPOWERED CONSUMER

Consumerism likely is more about the rise of the empowered consumer, who actively participates in his or her own health and seeks personalized, affordable services and products.

KEY DRIVERS

1 People are increasingly having to **make trade-offs between paying** for their health care and paying other bills

2 **New transparency tools** are spotlighting the wide variations in health pricing and helping to tear away the veil of secrecy that has shrouded costs to date

3 **Consumer-tech revolution** is changing the norms of customer experience – highly personalized service and hyper-convenient access in nearly all aspects of life

AVERAGE ANNUAL DEDUCTIBLE TODAY

$1,300

Twice what it was 10 years ago

OPPORTUNITY

Lead the way in creating value by delivering solutions that better anticipate and meet the needs of this new class of consumer. Consumers want (and increasingly expect) **transparency + choice +** a **seamless, frictionless experience** that reduces the burdens of daily life.
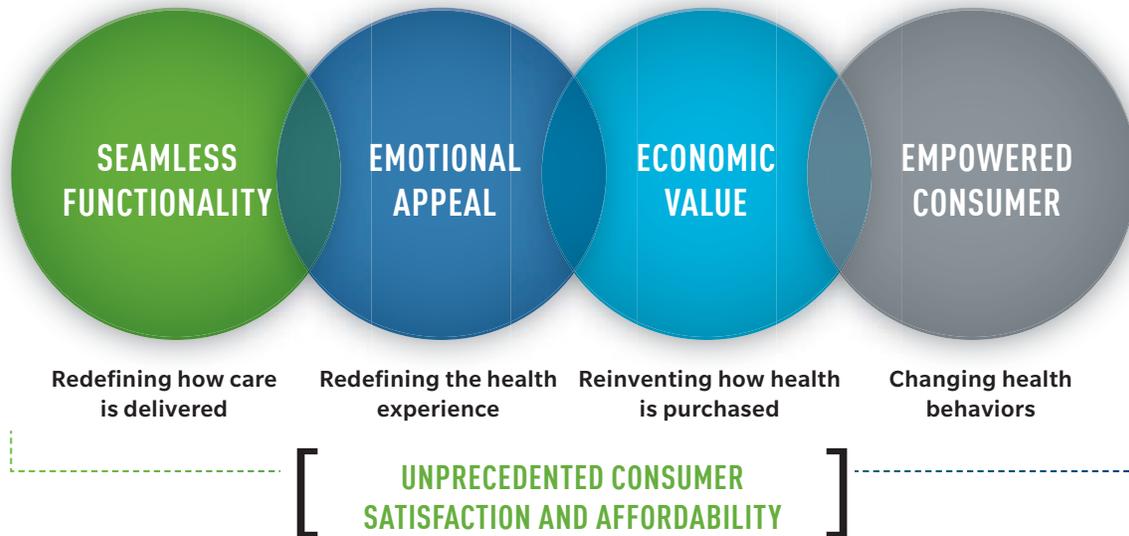
As health organizations navigate the tension between today's supply-side focused health system and consumers' changing and rising expectations, the pressing issue is: how does health care unlock the value of consumerism and then scale it?

TECHNOLOGY ALONE WILL NOT REWIRE THE HEALTH CARE EXPERIENCE

While the empowered consumer is supported by mobile platforms, one-touch convenience, and cloud-powered insights, innovation is actually about processes and changing the ways in which things get done in a way that is better, faster, or even just easier.

Health care innovation will be powered by new business designs centered around a magnetic offering

MAGNETIC MODEL

SEAMLESS FUNCTIONALITY	EMOTIONAL APPEAL	ECONOMIC VALUE	EMPOWERED CONSUMER
Redefining how care is delivered	Redefining the health experience	Reinventing how health is purchased	Changing health behaviors

[UNPRECEDENTED CONSUMER SATISFACTION AND AFFORDABILITY]

THE MAKING OF A MAGNETIC, HIGH-VALUE HEALTH EXPERIENCE

Know that you can't go it alone. Partnerships or acquisitions can help quickly scale parts of the solution, with data sharing serving as the currency requirement for partnership. Key players earn the right to serve as master architect and integrator, provided they can build consumer trust and a frictionless experience.

Know consumers better than they know themselves. Dive deep into the nuances of consumer hassles (across the full health journey). Use multi-dimensional data sources to fuel insights, and target and tailor your interactions and interventions in the right way, at the right time.

Don't be afraid to move quickly and don't make perfect the enemy of good. Test minimum viable product options, reimagine and realize new models from those learnings to build toward the broader longer term vision.

Build a tidal wave of viral support from this early-user base; prove out the initial offering; generate momentum and know-how; and then cornerstone from there into additional consumer sub-segments and expanded offerings.

Win by continually meeting ever-rising consumer expectations. Personalization (n=1), curation, convenience (omni-channel, on demand), community (social), value (cheaper, better, transparent), and engaging (make it fun or at least easy) are the new requirements for success—thanks to digital superstars outside of health care that keep raising the bar.

This means that nearly every player will need to make big data insights their ally in determining what works and what doesn't; and all will need to continually up their game to be more personalized, more enjoyable, and more on point.

Avoid the "all things to all people" trap. Pick your early adopters and design for them. (Consumer superstar Amazon started out focusing on people who wanted to buy books and Uber started out targeting people who use black car services.)

LESSONS IN DISRUPTION

UBER's success is based largely on reducing friction and improving access to ride options.

Curated Ecosystem	Convenience and Community	Transparent Pricing	Feedback Improves Ecosystem
UBER			
Drivers screened, must use UBER platform and **meet service level standards** UBER X, Black, XL, Pool offer a **range of different prices, experiences**	**One click to order,** optimize based on proximity/availability, updated on ETA; share my ride with UBER Pool	**Pricing varies** by time/convenience, price is known ahead of accepting car service	Simple survey guarantees **two-way feedback,** users and drivers don't have to accept service/ take fare

Payment is automatic, no tipping, bills emailed to customer

POTENTIAL FUTURE HEALTH MODEL

"Less is more" network enables seamless scheduling platform and standards for better access and convenience **Range of products,** health access and service support, **allows consumers to trade cost vs. benefit**	**Match best care option,** auto schedule, and alert consumer to any delays, offer alternatives; peer-to-peer community for health, behavioral and lifestyle support	Retail price list for all common procedures, work with providers to **vary price by service level and availability** **Invisible claims and bills,** no confusing EOBs when you stay in preferred network	**Patients and physicians rate each other,** access increased/decreased

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Nest leverages the power of tailoring and personalization to both attract customers and nudge them into better habits.

	LESSONS FROM NEST	HEALTH CARE CONSIDERATION
Learned Behaviors	**Fully adapts** to a preferred temperature schedule in two weeks, eliminating the need to worry about changing the thermostat	How can we leverage consumers' medical history and location to create personalized care plans and drive behavior change?
Simple Use Made Simpler	**Only two moving pieces** on thermostat: twisting ring and clicking to make selections	How can we simplify the consumer journey (appointment scheduling, plan selection, bill payment, etc.)?
Transparent Savings	Monthly email provides **actionable insights** to decrease energy usage; personalized calculator provides cost savings estimates	How do we establish feedback loops to influence consumer decision making (e.g. site of care preference, medication adherence)?
Access Enabled Everywhere	Web and mobile apps turn a previously isolated experience into a system that can be **monitored and adjusted from anywhere**	How can we integrate health care consumer touchpoints, digital and in-person, to create a holistic health care solution?
Connected Partnered Environment	Other **vendor appliances can connect** to thermostat and smoke/ CO alarm and leverage the data to enable new, conscious decisions	What will the next-generation connected-care team look like in practice?

CHALLENGES ON THE ROAD TO SCALE

1 **Flipping from a supply-side market to a customer-driven market will not occur overnight.** Consumers aren't sure how to define, evaluate or shop for health: they lack appropriate tools to do so; they are often at their most vulnerable when dealing with health issues; and the system is horrifically complex.

SOLUTION: There is a burgeoning need for a General Contractor role to help people manage their health better. A personal health assistant can help support people to navigate the complexities of the health system, to make the right health care choices, and to make smart health and financial decisions with the right emotional support.

2 **Consumerism is not one size fits all —** there are different disease states and treatments, plus a wide variation in consumer preferences, motivational profiles, and needs.

SOLUTION: Creating flexible, scalable models that can be modularized to assess and meet different consumer's needs based on their health history, provider relationships, motivational profile and other preferences will be critical.

3 **Growing regulatory pressures and frequent reimbursement changes are the new normal.** Opportunities for quick test-and-learn trials can be challenging when yoked by the constraints of the core business.

SOLUTION: Developing an agile approach and nurturing innovation efforts outside of the constraints of the core business can be crucial to cultivating success.

4 **Shifting away from a hierarchical, command-and-control business** model is a very big leap of faith for a traditionally risk-averse industry.

SOLUTION: Payers and providers alike need to develop more consumer-centric, cross-functional organizations that break down today's functional silos. And they need to recognize that collaborative partnerships will be key to driving success (aka change the compete/collaborate mindset and ratio in the organization).

FUTURE SOLUTION

The complexity of the industry will not isolate it from consumer pressure. However, that complexity does make shifting health care from a supply-side economy to a demand-driven market a seismic undertaking.

Can we obsolete the need for a general con-tractor? Is it possible to design systems and services that make it feasible for people to be their own medical home, to self-serve?

Is the future... health organizations that unlock and scale consumer value by:

- Building consumer trust and loyalty
- Driving 365-day relevance
- Generating greater Customer Lifetime Value
- Improving health outcomes and creating social impact
- Creating new business-development opportunities

rEvolution Outlooks on Connected Health bring together leaders from across the industry to strengthen the leaders' understanding of the art of the possible and how to create value by connecting with customers in new and different ways. These leaders convene and work together to identify which new technology-enabled models are creating value... and more importantly, what is necessary to drive success at scale going forward.

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