Winning back impatient patients

How healthcare organizations can apply lessons from the modern retail service playbook

:ubiquity

COVID-19 may be just a bad memory for most Americans, but its fallout still reverberates throughout the healthcare industry.

High-quality customer service is in short supply. Providers are coping with staffing shortages, employee burnout, and financial challenges. Payers need to repair member ratings, which dropped this past year across the board, costing some organizations huge sums of money. And the growth of retail healthcare is on track to upend many traditional healthcare system practices.

Retail healthcare's success, though, may point the way forward. Both payers and providers need to adopt the customer-focused accessibility and responsiveness that retailers long ago mastered in order to truly serve their patients and keep their market share.

In this whitepaper, **we'll look at:**

Emerging trends and repercussions from COVID-19

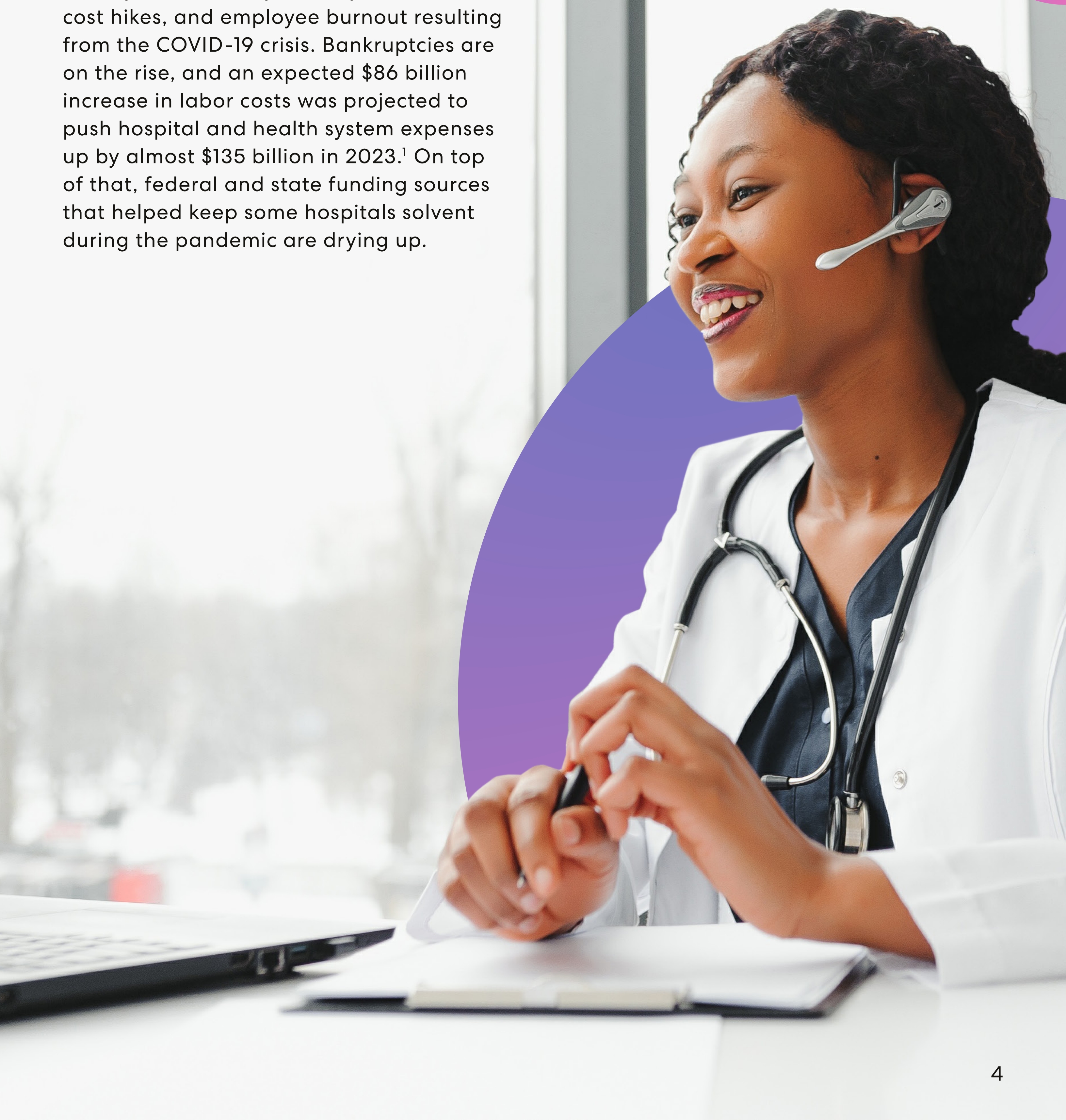
The difficulty of meeting growing customer expectations

The rise of retail health clinics and the repercussions

How organizations can better serve patients

An industry struggling to keep up

Hospitals and health systems are still reeling from staffing shortages, labor cost hikes, and employee burnout resulting from the COVID-19 crisis. Bankruptcies are on the rise, and an expected $86 billion increase in labor costs was projected to push hospital and health system expenses up by almost $135 billion in 2023.[1] On top of that, federal and state funding sources that helped keep some hospitals solvent during the pandemic are drying up.



Growing customer expectations

Both payers and providers face pressure to provide better patient experiences.

In one survey, 58% of adults with insurance said they've had a problem using their health insurance because of issues like denied claims and provider network or preauthorization problems.[2] Those who rely on their employer for insurance may not have an alternative, but patients in Medicare Advantage or Health Insurance Marketplace plans can look for a better experience elsewhere every year.

Insurance companies are under pressure to provide better experiences.

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Medicare Advantage insurers, in particular, are feeling pressure this year as pandemic-era ratings rules expire. These rules allowed firms to choose the best version of a rating they had for a particular measure. Because firms earned progressively higher bonuses once they reached four stars and above, the return to pre-pandemic rules is quite costly for some.

CVS, for instance, could lose up to $1 billion in 2024 because of lower ratings on one of its plans.[3] Those with ratings drops will have less to spend on delivering benefits to customers and on marketing their services to retain those customers and acquire new ones.

Ratings also matter a great deal for Health Insurance Marketplace payers, which must compete annually for customers.

Providers must also focus on the customer experience they're providing given that patients have many avenues for offering public feedback and many other choices. The skill of the provider is far from the only factor they consider.

In fact, 25% of healthcare consumers switched providers in 2021 because they were unhappy, up from 18% in 2017.[4] Most of those patients cited "ease of navigation" as the reason, as in "they were difficult to do business with," "had a bad experience with the front desk or administrative staff," or "digital/online service and support solutions do not meet my needs."

To compete for customers, both payers and providers must stay nimble and set the right tone early.

Patients are increasingly willing to look for alternatives.

25% of healthcare consumers switched providers in 2021 because they were unhappy.[4]

The rise of the retailers

Some industry players have responded by growing larger and at the same time more responsive.

Retail clinics—where patients can get some types of primary care at their pharmacy or grocery store—are increasingly popular. Over the last five years, the use of retail clinics has grown 200%.[5] Forrester forecasts that their share of the market would double in 2023.[1]

More than half of the U.S. retail clinics are owned by CVS, which also owns Aetna (a payer) and Caremark (a pharmacy benefits manager).[5] Other players include Kroger Health, Walgreens, Walmart, Amazon, Kaiser Health, and Target.

Bain & Company predicts that "nontraditional players," including retailers and payer-owned providers, could capture as much as a third of the U.S. primary care market by 2030.[6]

What's behind retail clinic success? They offer a cost-effective, convenient alternative. Their prices are transparent and usually lower, an important benefit for the increasing number of patients in high-deductible health plans. And who can argue with the ease of seeing the doctor, picking up your medicine, and grabbing a gallon of milk in the same location?

One study found that 59% of consumers who chose a retail clinic did so because the hours were more convenient than a traditional primary care office, while 56% went to a retail clinic because they didn't need to make an appointment.[5]

Retailers are fulfilling many patients' desire for more convenient, less costly healthcare.

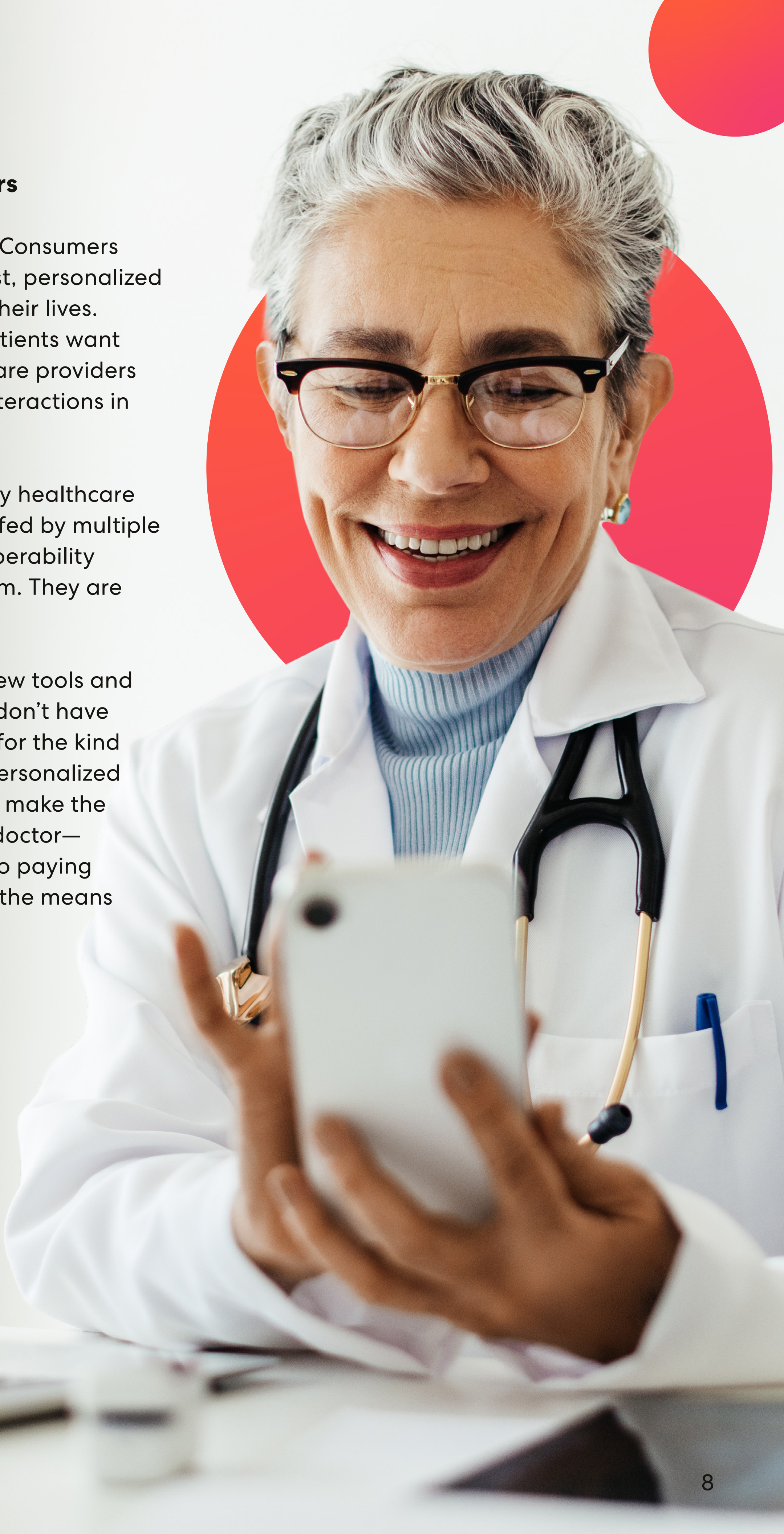
Retail clinic claim volumes rose **200%** in five years.[5]

Why responsiveness matters

We live in a digital world now. Consumers have grown accustomed to fast, personalized service in so many aspects of their lives. Research shows that 71% of patients want their experiences with healthcare providers to be as easy as their brand interactions in other industries.[7]

Yet as expectations grow, many healthcare organizations are still handcuffed by multiple legacy systems and the interoperability challenges that come with them. They are data rich and insights poor.

Many payers want to create new tools and market plans, but they simply don't have the resources to analyze data for the kind of insights that support truly personalized experiences. Providers need to make the whole experience of seeing a doctor—from setting an appointment to paying the bill—more convenient, but the means to make it happen are lacking.



Although it can be difficult, adapting and responding to patient preferences matters. Better experience can mean better patient outcomes.

According to the Agency for Healthcare Research and Quality:[8]

1. Diabetic patients who reported positive interactions with providers had better "self-management skills" and quality of life.

2. Positive patient experiences—both in person and in follow-up communications—correlate with greater adherence to treatment plans.

3. Heart-attack patients who reported having positive care experiences had better health outcomes a year after leaving the hospital.

Being more responsive to patient needs can also pay off financially. 57% of Americans would pay more for a higher quality of care.[9]

Retail responsiveness drives loyalty and, in turn, revenues.

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How should organizations respond?

Providers and payers can do much to improve their responsiveness and competitiveness:

1. Traditional providers could partner with retail clinics for follow-up care referrals.
2. Providers should consider offering evening and weekend appointments and telehealth options if they don't already.
3. Both providers and payers need to make it simpler for patients to make appointments, pay bills, and conduct other business through multiple channels.
4. Healthcare organizations must make it easy for patients to get prompt, understandable answers to their questions, whether about their symptoms, their coverage, or their bills.

Flexibility is a key ingredient in providing more responsive service.

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The outsourcing option

Understandably, institutionalizing these changes can seem like a tall order. With staff spread thin and digital transformation complex and time consuming, many healthcare organizations are seeking outside expertise. Researchers project the global hospital outsourcing market size could reach $632.22 billion in revenue by 2030.[10]

One advantage to outsourcing is the ability to access specialized, up-to-date technology and expertise without having to make large in-house investments. Outsourcing also enables healthcare organizations to offload back-office tasks so they can focus on providing direct patient care. And working with an outside partner provides the flexibility to quickly scale resources up and down as needed.

It's an option that can potentially help smaller healthcare players stay in the game with the healthcare behemoths.

Outsourcing is an increasingly popular option in the healthcare industry.

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Working with **Ubiquity**

Ubiquity offers a wealth of outsourcing services for **healthcare** providers and payers. We provide tailored services for each organization we work with and are fully compliant with industry security and data privacy standards.

If you'd like to learn more, please **contact us**.

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