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***The Search for Consumer Engagement
ROI: Pitfalls and Needle Movers***

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The Search for Consumer Engagement ROI: Pitfalls and Needle Movers

Background

While the rise of consumerism in healthcare is hardly a new phenomenon, its acceleration has been remarkable; more than 11 million individuals purchased their own health insurance plan through the exchanges in 2015¹, and 2014 saw the largest one-year increase in “high-deductible plans” (from 18% to 23% of covered employees)² making consumers responsible for a greater share of their healthcare expenses. Engaging consumers in their health clearly plays an important role in managing costs and improving patient satisfaction. Many healthcare organizations are piloting new ways to engage consumers, and investment in tools and technology to support these interactions is high. In fact, payer and provider executives identified “consumer engagement” as both the key investment priority and top pain point – in HEP’s 2012 and 2013 annual surveys.

In this context, HEP conducted an industry survey with the goal of understanding how leading healthcare organizations are engaging consumers to drive meaningful improvements in patient satisfaction, health outcomes and cost of care. Equipped with these results, we might approach an understanding of where to place bets within an increasingly heated area.

Research Methodology

Survey

The cornerstone of our research was a survey that we distributed to our network of approximately 1,500 executives at hospital systems, integrated delivery networks (IDNs), health plans, and health care services and IT companies. The survey, which is reproduced in its entirety in the final section of our report, examined the topic of consumer engagement in today’s healthcare landscape. In particular, we explored industry executives’ perspectives on how their organizations are tailoring the consumer experience, what challenges they face in designing and implementing a consumer engagement strategy, and where they are making investments in consumer engagement solutions and resources.

Interview

To complement the survey, we had the opportunity to conduct an in-depth interview with Bill Eggbeer, Managing Director at BDC Advisors. Our interview with Mr. Eggbeer provides executive-level insights into how leading healthcare organizations are engaging consumers in innovative, effective ways. These insights appear throughout the white paper.

7 Key Findings

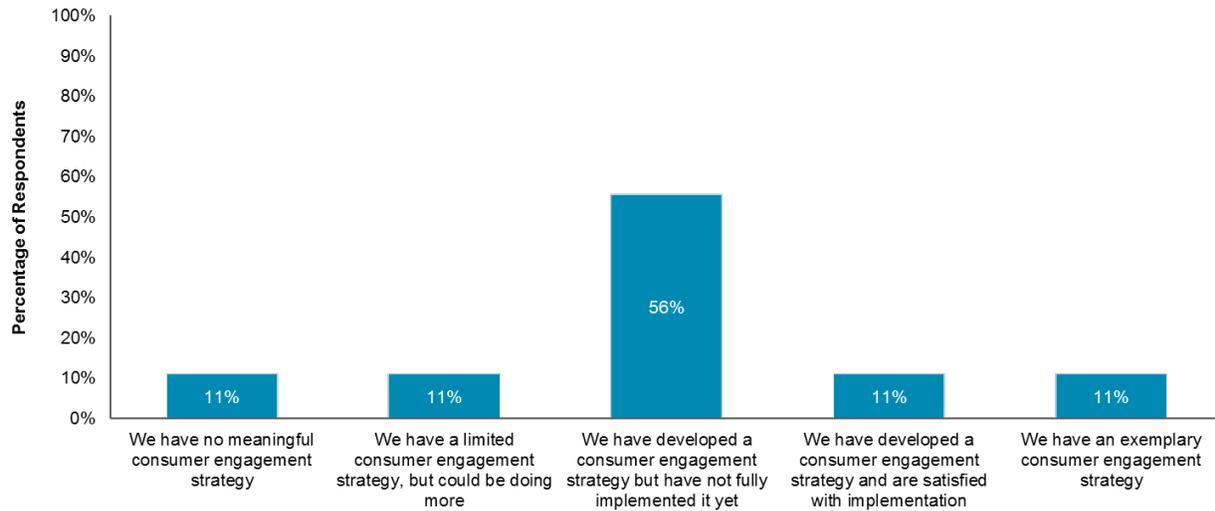
#1: Executives are developing strategies for consumer engagement, but implementation lags.

Consumer engagement was identified in HEP’s 2012 and 2013 annual surveys as a top opportunity as well as a pain point by healthcare executives. In our 2015 survey, we found that almost **90%** of companies surveyed had developed some kind of consumer engagement strategy. However, the majority of respondents had not yet fully implemented their strategy, reflecting the challenge of identifying approaches that deliver meaningful change and incorporating them into existing processes and culture. Throughout the remainder of the survey, we explore how leading healthcare organizations are engaging consumers, where they are investing, what roadblocks they face and how they are overcoming them.

¹ U.S. Government.

² Mercer, National Survey of Employer-Sponsored Health Plans 2014.

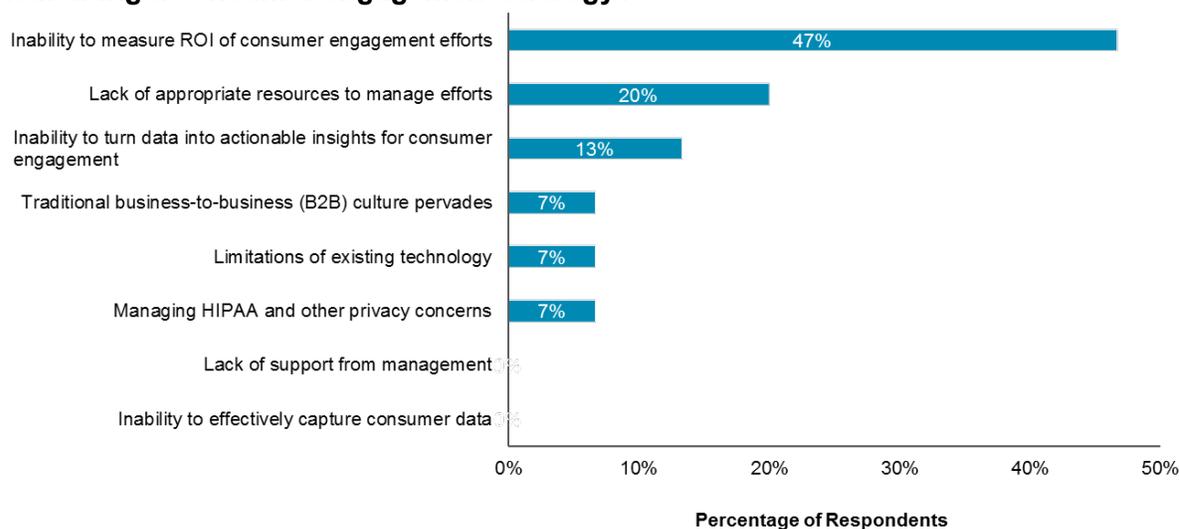
Exhibit 1: Which best describes your organization's consumer engagement strategy?



#2: The challenge of measuring ROI for consumer engagement initiatives is preventing sufficient investment in this area.

In an industry like healthcare, the return on investment (ROI) of any single initiative can be difficult to evaluate. Many stakeholders across different organizations contribute to a patient's care and the impact of these interventions can take time to be realized. As a result, pinpointing a clear cause-and-effect relationship is challenging. Executives in traditionally consumer-oriented industries are relatively comfortable with this dynamic. For example, many retailers do not require an ROI analysis for each individual initiative, comfortable with the idea that they produce results as part of a broader portfolio of initiatives. However, healthcare executives surveyed identified an "inability to track ROI" as the greatest challenge their organizations face in successfully implementing a consumer engagement strategy. Bill Eggbeer highlights the importance of viewing consumer engagement not as a separate strategy with its own ROI analysis, but rather as one component of a broader care model that delivers value. He explains that the test should be 'how effective is a care model in improving quality and reducing cost for a targeted group of patients?' as opposed to 'how does each individual consumer engagement initiative create value?'

Exhibit 2: What are the biggest challenges your organization faces in successfully implementing a consumer engagement strategy?



Furthermore, evaluation of consumer engagement initiatives often focuses on the wrong metrics. As Eggbeer states, “too often, consumer engagement is evaluated in terms of how often the engagement service touches a patient or member – for example, the number of telephone contacts (often robotic) or email messages. Few consumers actually listen to robo-messages, and spam filters divert most mass generated emails.” He highlights that the key tests in consumer engagement are ‘does the consumer actually engage? And do something different as a result of that engagement?’ This perspective may increase the ROI of higher-cost engagement activities for certain patient segments. Eggbeer cites the example of a personal visit to a patient from a home health nurse, which is high touch and expensive but may deliver significant value for high-utilizing patients. Another example is a call from a staff member in a physician’s office, which is far more likely to impact a patient than a robo-call from a health plan, with which the consumer may have limited or no connection.

As executives grapple with the challenges of conceptualizing and evaluating ROI, they may not be allocating sufficient investment to consumer engagement. For example, “lack of appropriate resources to manage efforts” was ranked as the second-highest challenge to implementing consumer engagement initiatives after “inability to measure ROI.”

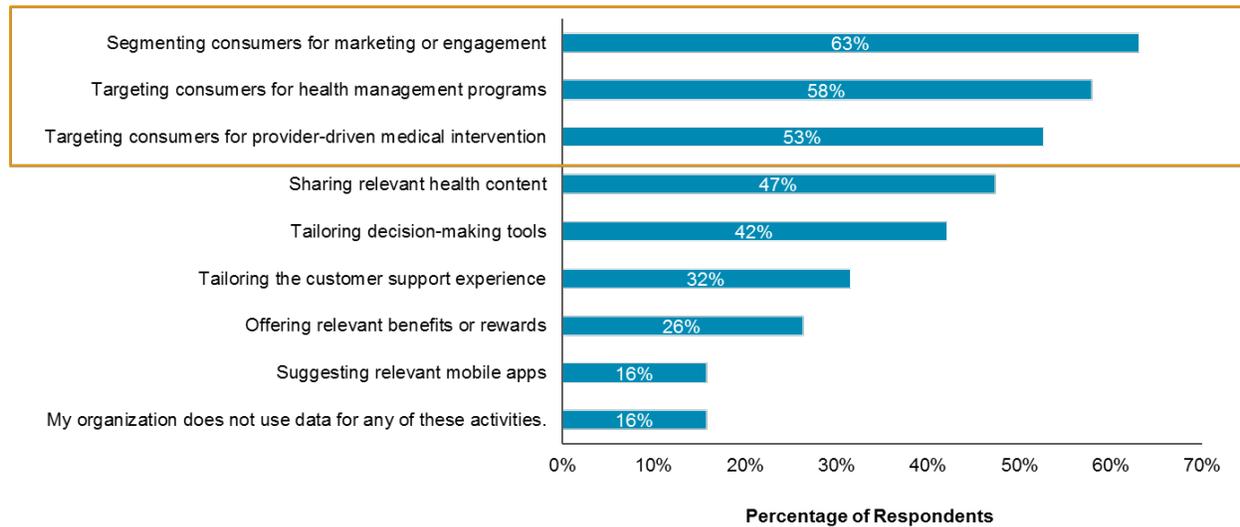
#3: Healthcare organizations are using data to segment consumers and vary the way their medical care is delivered accordingly.

The majority of healthcare executives surveyed (more than **70%**) say their organizations are using data to segment consumers and tailoring their healthcare experience accordingly. The segmentation process, according to Bill Eggbeer, is key to aligning engagement activities with strategic objectives. He believes that the greatest opportunity for consumer engagement tends to be in “high touch, highly customized outreach to patients who are high users” as opposed to broad-based, low touch (and often ineffective) outreach to a wide range of patient segments.

In today’s healthcare environment, however, “tailoring the consumer experience” is largely confined to the realm of medical care. Organizations are primarily analyzing claims data on

utilization and medical conditions to direct consumers into health and disease management programs, care coordination or innovative care delivery models. As population health management becomes more prevalent and a greater emphasis is placed on controlling costs, these types of data-driven medical interventions are increasingly viewed as high ROI activities and have become a priority among consumer engagement efforts.

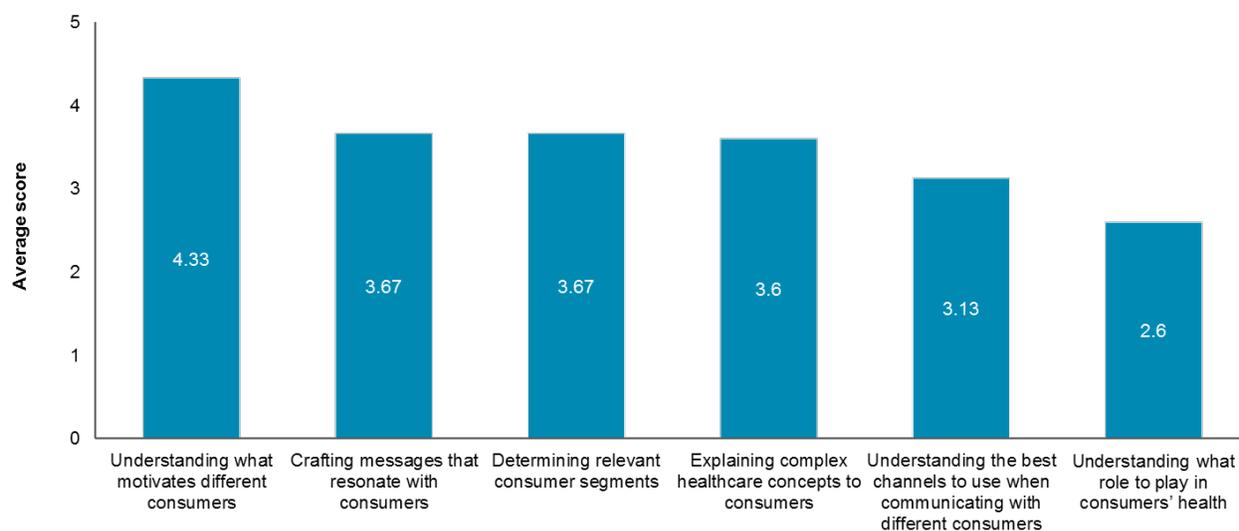
Exhibit 3: How is your organization using data to drive consumer engagement?



#4: Many aspects of the consumer experience – primarily those outside of medical care – could be tailored to improve engagement but are being largely neglected today.

There are many aspects of the consumer experience outside of medical care that can also be tailored to better engage individuals - including customer service, rewards and incentives, program recommendations and marketing messages. For example, insights on consumer preferences, personality traits and cultural norms can help healthcare organizations motivate individuals to improve health behaviors, using the approach that will be most effective given their profile. A deeper understanding of consumers that extends beyond clinical status and the ability to reach them on a more personal level, however, remains largely elusive to healthcare executives. In fact, executives ranked “understanding what motivates different consumers” as their greatest challenge in designing a consumer engagement strategy, followed by “crafting messages that resonate with consumers.”

Exhibit 4: What is the most challenging part of designing a consumer engagement strategy for your organization?



Historically, healthcare organizations have had minimal incentive to be consumer-oriented, and many of these companies still primarily operate B2B business models. Shifting this legacy mindset will take time. Eggbear views consumer research as playing a critical role and expects that healthcare organizations will take a cue from consumer product companies, who are “masters at using research to understand consumer needs, develop new products, and test price-value tradeoffs.” Although “healthcare executives generally don’t think in these terms” according to Eggbear, leading healthcare companies are becoming much better users of consumer research.

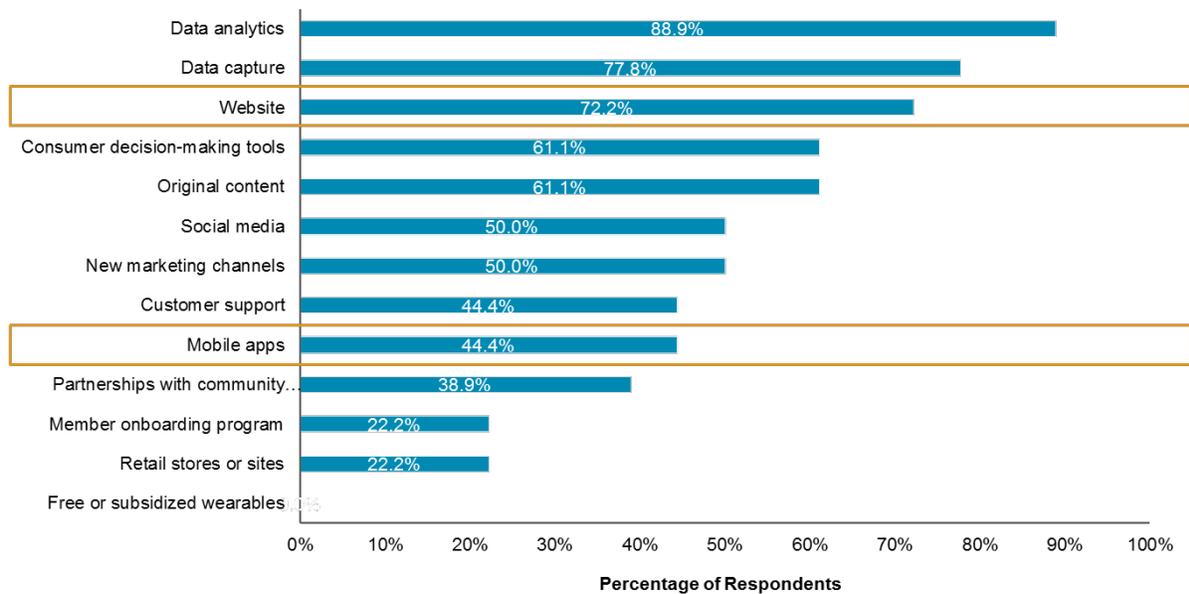
In addition, many healthcare organizations lack the systems and infrastructure to tailor the broader consumer experience in a financially-sustainable, automated way – for example, managing varied communication preferences across different consumer segments. As the healthcare IT market evolves, products will offer greater flexibility to manage this type of dynamic consumer engagement. The market will also become savvier about which solutions actually work, according to Eggbear, and will begin to “filter those companies that provide, and can prove, real value from those that are riding the consumer engagement trend.”

#5: Healthcare executives are thinking about how and where to communicate with consumers with a growing focus on digital channels, but investment may not match consumer demand.

Effective engagement requires healthcare organizations to reach consumers at the right times through the channels they prefer. Gone are the days of paper documents and call centers alone: individuals are spending increasing amounts of time on digital channels and expect to interact with their healthcare payers and providers with similar ease. Executives are embracing this challenge: almost **60%** of survey respondents indicated that their organization collects data on consumers’ communication preferences, and almost all respondents use digital channels to engage consumers. Healthcare organizations’ investment in digital channels, however, may not be fully aligned with consumer demand. For instance, **less than 50%** of respondents offer a mobile app to consumers, and one-third charge consumers to use the app. When asked to rank areas of investment for next year in order of priority, survey respondents prioritized “website”

(ranked third) over “mobile app” (ranked ninth). Cultural competence was also not a high priority in digital channels, as only **10%** of organizations with a mobile app can support languages other than English and Spanish on the app. As consumers become increasingly accustomed to transacting on their smartphones, healthcare organizations will need to prioritize investment in this channel to effectively engage consumers. Furthermore, as Eggbeer explains, “consumers receive and respond to communications in such myriad ways, with huge generational variations. Engagement strategies have to be highly targeted to be effective.” Healthcare organizations will need to invest across a range of communication channels that can be utilized with different consumer segments.

Exhibit 5: Where is your organization planning to invest within the consumer engagement space in the next year? Please check all that apply.

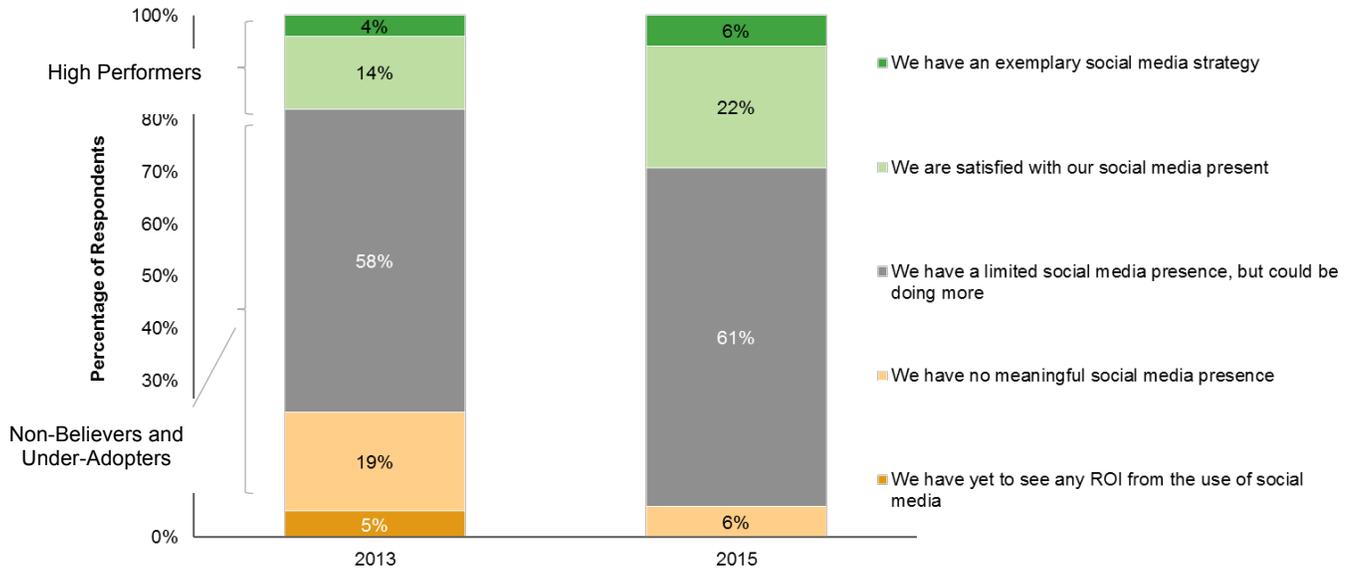


More broadly, the ability to communicate effectively with consumers will become increasingly important as consumers start to make more of their own healthcare decisions. In HEP’s survey, executives highlighted the difficulty of explaining complex healthcare concepts to consumers, ranking it the second-greatest challenge in developing a consumer engagement strategy. We can see this dynamic by reviewing a typical Explanation of Benefits summary or patient medical bill. One area of the market where we are starting to see innovation on this dimension is insurance product decision-making. Technology companies are developing algorithms that recommend insurance products based on consumer responses to a series of questions about preferences and health behaviors – either as white label products or independent brokers. This investment aligns with healthcare executives top priorities: respondents selected “improving consumer decision-making” when asked which single aspect of the consumer experience they would improve if they could only choose one.

#6: Social media use has increased among healthcare organizations but primarily as a brand-building tool.

In 2013, HEP surveyed respondents on their views on social media. This year, we asked respondents the same question to understand how their views had evolved. The percentage of non-believers and under-adopters fell in 2015 but remained high at **65%+** suggesting the majority of organizations could increase their social media presence.

Exhibit 6a: How would you describe your organization’s application of social media: Choose the selection which best describes your strategy.



Organizations embracing social media are primarily using these channels to build their brand (almost **95%** of respondents) and increase consumer loyalty (more than **75%** of respondents). They are less likely to use social media to communicate specific information. For example, only **35%** of companies surveyed are using social media to remind consumers to take health-related actions (such as preventive screenings) or to promote condition self-management; about **40%** of organizations are using social media to communicate with individuals consumers (for example, addressing customer service issues).

Exhibit 6b: Which of the following aims is your organization pursuing through social media? Please check all that apply.



An effective social media strategy must align with an organization’s goals – and in particular, the consumer segments an organization is trying to reach, says Bill Eggbeer. Although almost 90% of 18-29 year olds use social media, utilization falls among older segments and less than half of adults aged 65+ use social media.³ As Eggbeer points out, “most heavy health care consumers today are older, and most have no experience with social media. So if the objective is to engage with young people, a social media strategy makes sense. But it’s not going to reach the core health care consumer today.” Judging by the plethora of “apps” encouraging online social interaction as a means to galvanize consumers into healthy behaviors, it is clear that many healthcare companies are still trying to crack the social media code.

#7: The market is betting on wearable technology, but sentiment among executives is mixed: long-term potential exists but the path to realize it is unclear

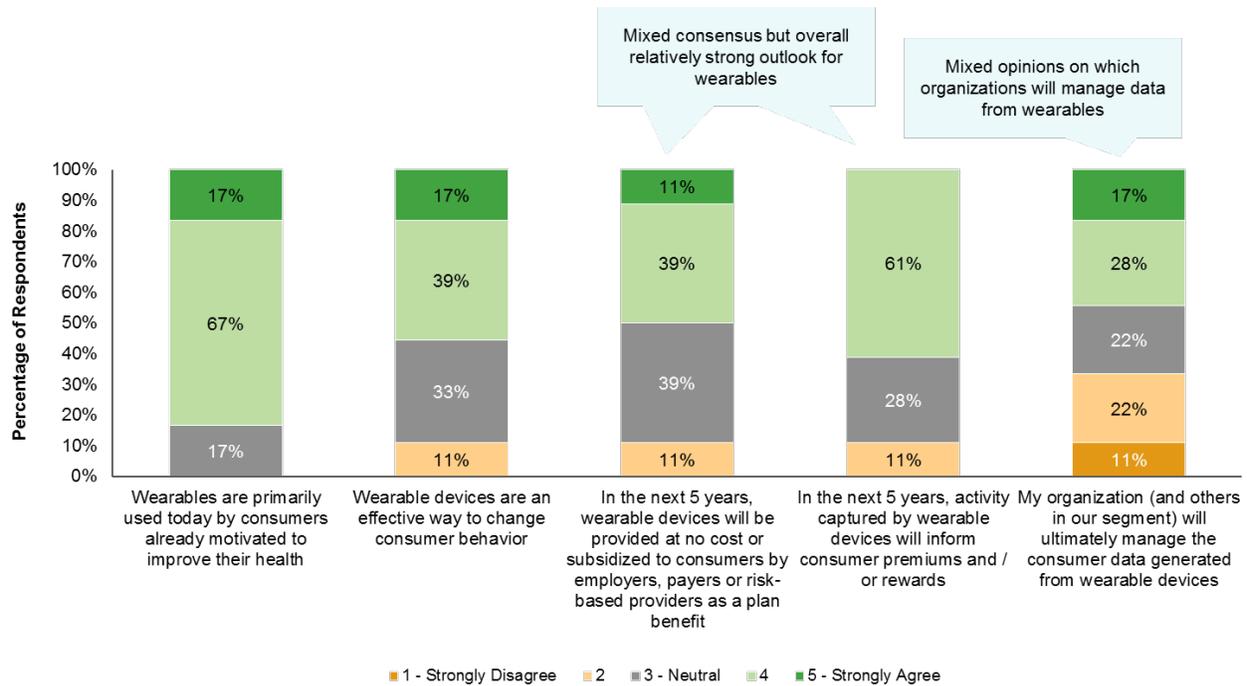
More than \$1.4B has been invested in wearable technology in the past five years, according to database research firm CB Ventures. Apple and Samsung entering the space in 2014 suggests continued growth. Healthcare executives are relatively positive on the future of wearables in the healthcare system, but remain slightly less bullish than venture capitalists. More than **55%** of healthcare executives surveyed believe wearables are effective in improving health – although they overwhelmingly view wearables as a tool for already-motivated consumers as opposed to the hard-to-reach, highest risk segments most in need of behavior change. More than **60%** of executives believe consumer activity as tracked by wearables will inform premiums and / or rewards and incentives within the next 5 years. To enable this integration, **50%** of executives believe that wearables will be provided at no cost or subsidized for consumers by healthcare organizations. However, none of the executives surveyed are investing in free or subsidized wearables for consumers in the next year.

Although there is general consensus around wearables playing a role in the healthcare system, opinions vary widely on how that role will be operationalized. Wearables produce a massive

³ *Social Networking Fact Sheet*, Pew Research Center, January 2014.

amount of data that must be translated into actionable insights, and HEP’s survey indicates that there is no clear choice of stakeholder to manage this process. Among respondents from diverse provider, insurance and IT organizations, **45%** believe their sub-sector will manage the data from wearables, about **20%** were unsure, and less than **35%** believe their organization will not play this role. As Bill Eggbeer highlights, “HIPAA concerns are significant, providers on the cutting edge of wearables use research are debating how much data output to incorporate in EHRs or other records, and how to do so” – but have not yet reached a resolution. This question will clearly need to be answered before wearables can make a significant impact on the healthcare system, which Eggbeer predicts will take 5-7 years.

Exhibit 7: To what extent do you agree or disagree with the following statements about wearable digital health devices (“wearables”)?



Conclusions

In reflecting on our research, four essential conclusions emerge:

<p>Consumer engagement ROI should be evaluated as part of a broader care model</p>	<p>Engagement is still primarily patient- and not consumer-oriented</p>	<p>Wearables offer significant potential, but it will take time for the impact to be realized</p>	<p>Aligning communication channels with strategic objectives is key – and segmentation is critical</p>
<ul style="list-style-type: none"> • Consumer engagement should not be evaluated as separate initiatives, but as part of a care model that delivers value • Often, focus is on number of touches vs. quality of engagement 	<ul style="list-style-type: none"> • Top engagement activities performed by respondents involve tailoring medical care • The rest of the consumer experience is largely standardized across individuals 	<ul style="list-style-type: none"> • Wearables will likely be integrated into care delivery and / or incentives • Mixed consensus on which stakeholders will manage the magnitude of data produced 	<ul style="list-style-type: none"> • Consumers prefer to be reached in different ways – investment across varied channels is key • Social media use is increasing, but is unlikely to reach today’s core healthcare consumer

Survey Questions

1. Please provide your Name, Title, Organization and Email Address
2. My organization is best described as:
 - a. Hospital System
 - b. Health Plan
 - c. Physician Network
 - d. Other (please specify)
3. How would you describe your organization's consumer engagement strategy? Choose the selection which best describes your strategy:
 - a. We have no meaningful consumer engagement strategy
 - b. We have a limited consumer engagement strategy, but could be doing more
 - c. We have developed a consumer engagement strategy but have not fully implemented it yet
 - d. We have developed a consumer engagement strategy and are satisfied with implementation
 - e. We have an exemplary consumer engagement strategy
4. To what extent do you agree or disagree with the following statements, please rank each 1-10 (1: strongly disagree, 10: strongly agree). If desired, please feel free to elaborate in adjacent text field:
 - a. We segment consumers and modify our engagement approach for different segments
 - b. Our organization remains largely governed by a B2B culture
 - c. We consistently design programs and processes around the end consumer
 - d. Our organization incentivizes consumers for making positive health decisions
 - e. We support our members or patients in making treatment decisions
 - f. Our consumers are informed of the cost of our products or services in advance
 - g. We collect data on our consumers' communication preferences
 - h. We track patient satisfaction scores for the providers in our facilities and / or network
 - i. Our organization engages with consumers through digital channels
5. How would you describe your organization's application of social media? Choose the selection which best describes your strategy (note: follow up question from 2013):
 - a. We have no meaningful social media presence
 - b. We have a limited social media presence, but could be doing more
 - c. We are satisfied with our social media presence
 - d. We have an exemplary social media strategy
 - e. We have yet to see any ROI from the use of social media
6. Which of the following aims is your organization pursuing through social media? Please check all that apply.
 - a. Building your brand
 - b. Increasing consumer loyalty
 - c. Recruiting new patients or members
 - d. Sharing health-related content
 - e. Reminding consumers to take health-related actions (e.g. purchase coverage, undergo preventive screenings)
 - f. Promoting condition self-management

- g. Communicating with individual consumers to address specific questions and / or concerns
 - h. Promoting medical research
 - i. Conducting research and / or tracking diseases
7. To what extent do you agree or disagree with the following statements about wearable digital health devices (“wearables”)? Please rank each 1-10 (1: strongly disagree, 10: strongly agree). If desired, please feel free to elaborate in adjacent text field:
- a. Wearables are primarily used today by consumers already motivated to improve their health
 - b. My organization (and others in our category) will ultimately manage the consumer data generated from wearable devices
 - c. Wearable devices are an effective way to change consumer behavior
 - d. In the next 5 years, wearable devices will be provided at no cost or subsidized to consumers by employers, payers or risk-based providers as a plan benefit
 - e. In the next 5 years, activity captured by wearable devices will inform consumer premiums and / or rewards
8. Health plans only: Where do you perceive the biggest knowledge gap(s) to be among consumers purchasing insurance on the Exchanges? Please rank the following (or select “not applicable”)
- a. The value of insurance and / or rationale for purchasing insurance
 - b. Subsidy availability
 - c. Selecting the best product for their needs
 - d. Understanding of basic product features (e.g. deductible, co-pay)
 - e. Maximizing the value of their product once purchased
 - f. Ensuring their provider is in network
 - g. Choosing a product based on features not cost alone
 - h. Understanding their medical bills and coverage
 - i. Preventive screenings and wellness visits
 - j. Other (please specify)
9. Which marketing channels has your organization found to be beneficial in acquiring new consumers? Please check all that apply.
- a. Traditional advertising (e.g. newspaper, magazine, radio, TV)
 - b. Online advertising
 - c. Retail stores or sites
 - d. Educational events
 - e. Partnering with community organizations
 - f. Online educational resources
 - g. Consumer support call line
 - h. Social media
 - i. Word of mouth
 - j. Other (please specify)
10. Does your organization offer its own mobile app to consumers?
- a. Yes
 - b. No
11. If yes to Question 10, which characteristics apply to your organization’s mobile app? Please check all that apply.

- a. No cost to consumers
- b. Enables consumers to track their own health or medical data
- c. Provides access to general health or medical information
- d. Provides access to consumers' medical records
- e. Facilitates social interaction and / or community-building among consumers
- f. Reminds consumers to perform health-related behaviors (e.g. pill reminders)
- g. Allows consumers to communicate with a provider
- h. Allows consumers to directly contact their treating physician(s)
- i. Offers online bill pay
- j. Provides access to customer support
- k. Can be viewed in languages other than English and Spanish

12. How is your organization using data to drive consumer engagement? Please check all that apply.

- a. Segmenting consumers for marketing or engagement
- b. Targeting consumers for provider-driven medical intervention
- c. Targeting consumers for health management programs
- d. Tailoring decision-making tools
- e. Tailoring the customer support experience
- f. Offering relevant benefits or rewards
- g. Suggesting relevant mobile apps
- h. Sharing relevant health content
- i. My organization does not use data for any of these activities.
- j. Other (please specify)

13. If your organization could focus on improving one aspect of the consumer experience, what would it be? Please select your top option.

- a. Reducing wait times
- b. Increasing the availability of appointments
- c. Navigating your organization's website
- d. Improving consumer decision-making
- e. Accessing medical information
- f. Finding relevant health information
- g. Accessing administrative information
- h. Finding providers in network
- i. Accessing a provider when needed
- j. Customer support
- k. Understanding medical bills and patient responsibility
- l. Avoiding surprise medical bills
- m. Other (please specify)

14. What tools does your organization use when trying to motivate consumers to improve their health behaviors? Please check all that apply.

- a. Rewards tied to benefit design (e.g. lower premiums for improved behaviors)
- b. Disincentives tied to benefit design (e.g. higher premiums for not taking certain actions)
- c. Rewards outside of benefit design
- d. Disincentives outside of benefit design
- e. Virtual resources (e.g. online condition management program, virtual health coach)
- f. In-person resources (e.g. care coordinator)
- g. Programs geared towards the family or caregiver(s) of patients

h. Other (please specify)

15. Where is your organization planning to invest within the consumer engagement space in the next year? Please check all that apply.

- a. Consumer decision-making tools
- b. Social media
- c. Website
- d. Original content
- e. Member onboarding program
- f. Customer support
- g. Retail stores or sites
- h. Partnerships with community organizations
- i. Free or subsidized wearables
- j. Mobile apps
- k. Data tracking
- l. Data analytics
- m. New marketing channels
- n. Other (please specify)

16. What is the most challenging part of designing a consumer engagement strategy for your organization? Please rank the following from 1 to 5 (1 = most challenging, 5 = least challenging)

- a. Understanding what role to play in consumers' health
- b. Determining relevant consumer segments
- c. Understanding what motivates different consumers
- d. Understanding the best channels to use when communicating with different consumers
- e. Crafting messages that resonate with consumers
- f. Explaining complex healthcare concepts to consumers
- g. Other (please specify)

17. What are the biggest challenges your organization faces in successfully implementing a consumer engagement strategy? Please rank the following (or select "not applicable").

- a. Inability to measure ROI of consumer engagement efforts
- b. Lack of support from management
- c. Traditional business-to-business (B2B) culture pervades
- d. Lack of appropriate resources to manage efforts
- e. Inability to effectively track consumer data
- f. Inability to turn data into actionable insights for consumer engagement
- g. Other limitations of existing technology
- h. Managing HIPAA and other privacy concerns
- i. Other (please specify)