

# Finding Greater Value in Healthcare Transformation and Consumerism:

Strategies for Value-Based  
Healthcare Performance

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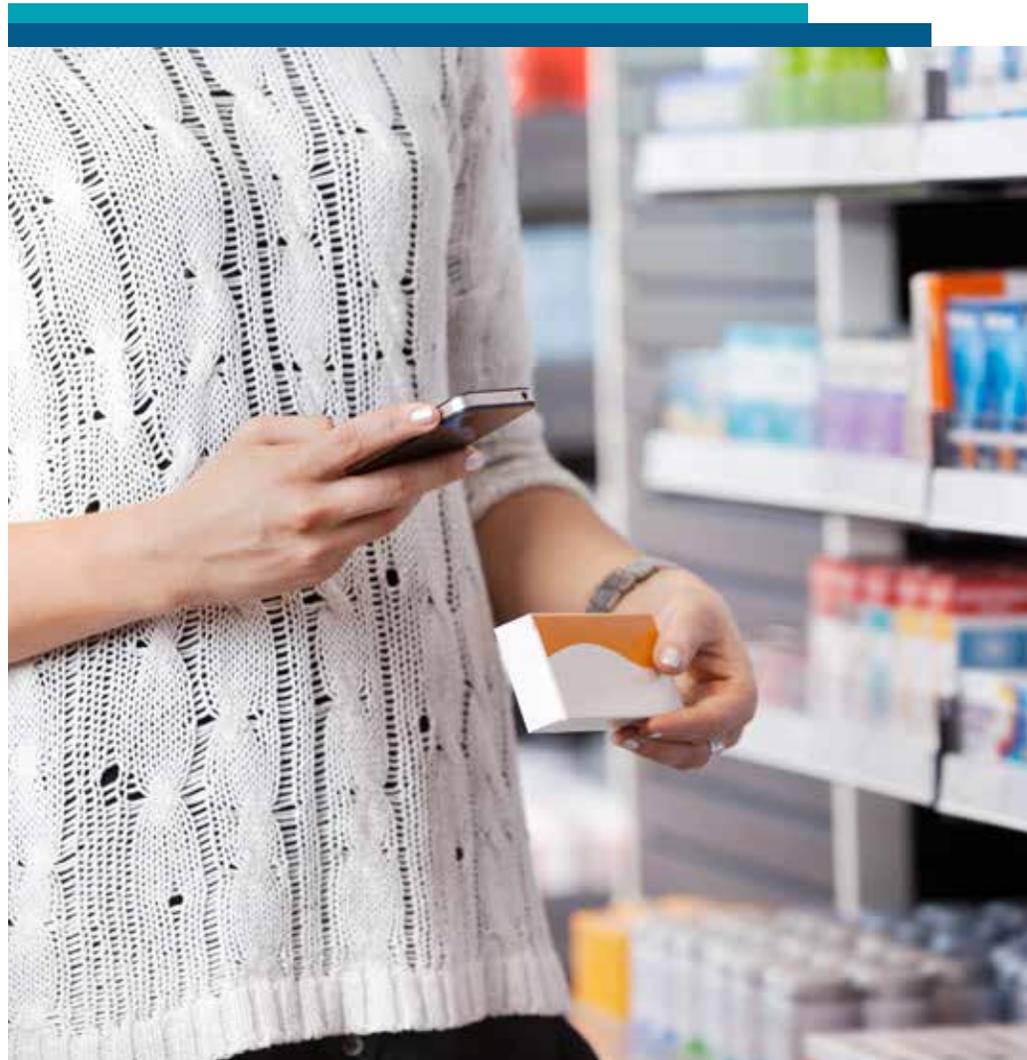
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White Paper

# Abstract

The Healthcare Performance Management Institute (HPMI), an independent research entity dedicated to providing research-based solutions, conducted a series of interviews with subject matter experts representing various segments of the healthcare industry. Dr. Ben Carson, Former Director of Pediatric Neurosurgery of Johns Hopkins and 2016 presidential candidate; Henry Cha, president of Healthcare Interactive; Jennifer Flynn, Health Management Strategist at Mayo Clinic Global Business Solutions; Dan Newton, Staff Vice President at Anthem; and Chuck Reynolds, Area President for Benfield, a Division of Gallagher Benefit Services, Inc., answered a series of questions in separate sessions pertaining to healthcare transformation and consumerism. While their viewpoints were as varied as their professional backgrounds, common strategic themes from the five individual conversations were identified and addressed in this white paper.

# Introduction

Perhaps like no other period in U.S. history, traditional healthcare services, with respect to access, delivery, cost, payments, and outcomes, have never been more disrupted and uncertain. Much of the volatility in this transition has been a direct result of the implementation of the Affordable Care Act (ACA) and other value-based reforms. Since its passage, the multi-year phase-in of mandated, comprehensive health insurance reforms have continued to reveal the intended (as well as the unintended) realities of the law. And now with the June 25, 2015 6-3 Supreme Court decision (*King vs. Burwell*) there is some certainty, at least for the foreseeable future, with respect to the legal mandates of the ACA. What is also certain, and is the focus of this white paper, is that 'Volume- to-Value' transformation with respect to delivery and payment for healthcare services is rapidly progressing and will continue to do so regardless of what new legislative actions may occur in the future.

These emerging value-based relationships have been predominately controlled by the traditional 'power players' in the healthcare arena – the insurance providers, healthcare service providers, underwriters, brokers, and employers. However, the disruptive nature of the health reform has caused considerable rethinking, leading to some fracturing of the traditional operations of these power players. We are witnessing a major restructuring of business models, partnerships and approaches in an attempt to develop more robust solutions that create better health and healthcare value

Meanwhile, traditional healthcare participants (physicians, health plans and health systems) are challenged by the intensifying demand to drive operational performance across an expanding array of targets and goals, while simultaneously innovating to change to the value-based paradigm. They not only have to focus on the key issues essential for quality patient care and lowering costs, but also address a number of reform objectives relating to payment, benefit design, care delivery, and data access and interoperability. Collectively, these collaborative efforts hold the promise to achieve better health and healthcare for individuals and the population at large. An example attesting to the advance of health reform is The Healthcare Transformation Taskforce, which notes, "An elite industry consortium of patients, payers, providers and purchasers have committed to having 75 percent of their respective businesses operating under value-based payment arrangements by 2020." (See <http://www.hcttf.org/>).

As healthcare insurance and delivery reform takes shape, there is another growing force worthy of attention: healthcare consumerism. Individuals are becoming more informed and empowered to become better consumers of their healthcare, in ways similar to how they purchase any other goods or services. Enterprising employers and discerning consumers are setting clear expectations of quality and value. They are not fully satisfied with health plan vendors, and health systems efforts to effectively support wellness or to achieve cost management goals. As a result, they are increasingly embracing innovative solutions offered by assertive, consumer-centric, new healthcare entrants. As more resources are made available to inform consumers, they are enabled to make better decisions about when, where and how to receive healthcare. Traditional industry participants are seeking ways to incorporate and adapt to this new dimension of healthcare consumerism and to find strategies that leverage this change to strengthen their market competitiveness.

# Background and Interview Methodology

Against the backdrop of healthcare transformation and consumerism, we asked our five healthcare industry experts to share their views and suggestions for healthcare participants to consider in formulating their next generation healthcare delivery strategies. Each interviewee provided unique professional perspectives that represented multiple segments of the healthcare industry.

**Ben Carson, M.D.**, provided insights and suggestions from the view of a physician and promoted a public policy and payment reform alternative that embraces consumerism and individual control and accountability. **Henry Cha** stressed the importance of new benefits designs that integrate technology and align incentives to advance health reform. **Jennifer Flynn, M.S.**, offered a perspective from both a health system and organizational culture perspective. **Dan Newton, Ph.D.**, identified megatrends of healthcare consumerism and transformation and provided a pragmatic view of the operational realities of healthcare providers and payers. **Chuck Reynolds, M.S.**, promoted an employer-centric view, providing insights to improve the value of employer benefits and obtain better value through the development of collaborative partnerships.

HPMI conducted each interview separately in order to obtain the unique perspective of each interviewee. Although there was a profound range of visionary ideas and philosophies, there were also themes of commonality. HPMI coalesced the feedback and identified strategies that fell into four broad categories:

- **Engaging consumers** – Maximizing desired health outcomes and the critical need to develop a “culture of health” that encourages, embraces, and incentivizes a broad array of desired health behaviors.
- **Leveraging data** – Utilizing data analytics (big data applications) to extract and integrate actionable information to drive better care and operational performance.
- **Expanding and building new partnerships** – Expanding and/or building new collaborative relationships across the current healthcare industry to maximize desired cost and efficiency objectives.
- **Developing more effective incentives** – Effectively using creative and timely incentives to achieve and sustain desired health behaviors and encourage accountability using technology to drive the process.

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## Healthcare Strategy Experts



**Ben Carson, M.D.**  
*Former Director of Pediatric Neurosurgery of Johns Hopkins; 2016 presidential candidate*



**Henry Cha**  
*President, Healthcare Interactive*



**Jennifer Flynn, M.S.**  
*Health Management Strategist, Mayo Clinic Global Business Solutions*



**Dan Newton, Ph.D.**  
*Staff Vice President, Anthem*



**Chuck Reynolds, M.S.**  
*Area President, Benfield, a division of Gallagher Benefit Services*

# Consumer Engagement

The slogan “The educated consumer is our best customer,” developed and coined by the late Sy Syms, captures the essence of why engaging consumers is so important. To that end, providers must invest in the empowerment of individuals when it comes to managing their own health. Each of our five interviewees, in their own ways, stressed the necessity for the healthcare industry to develop much deeper and more highly personalized relationships with consumers, both employers and individuals.

**DN Dan Newton** asserts that “We have to learn to build relationships with consumers. As a result of the ACA, more people are going to shop for health insurance causing them to make purchasing decisions. When you think about consumerism, from more of the systemic level, and the role that the health plans play in it, the plans are being forced to differentiate themselves at the consumer level. It’s been one of the first times I’ve seen where health plans have put such a targeted focus on strategies like segmentation and understanding consumer behavior. Additionally, health plans are placing more emphasis on building core consumer competencies and making significant capital investments that enable them to understand their data from a consumer perspective. More importantly, these lessons are being built into product design. Even though this has been a staple of the traditional consumer retail markets for the last 60 years, it certainly hasn’t been a staple in healthcare.” Newton cautions, “A challenge to address is that consumer knowledge of healthcare is still pretty limited. If we expect to develop a health enhancing relationship with consumers, we need to simplify the consumer experience and come up to par on how consumers are used to using other services.” He also notes, “There is an overwhelming number of consumer-focused apps, tools, products and services available for consumers to manage their health. Health plans will need to focus on how to engage the consumer,

support care decisions, and facilitate navigating the complexities of the healthcare system. Concepts like activation, health literacy, and competency building will be important for plans to help consumers along their healthcare journeys.”

**CR** Along those lines, **Chuck Reynolds** stresses the need for a much “deeper engagement between employers and employees” so as to develop “a total value proposition that far exceeds just hitting cost of care targets.” Unfortunately, he continues, “Many people in benefits management are more focused on administering the benefit process and trying to hit a cost target than actually looking at it as a total value proposition. The insurer obviously has a role and a function to play, but the employer is far too removed from the discussion about what they’re trying to buy and what they’re actually getting for the money they’re spending.” Reynolds points out that the employer has the opportunity to build a culture of wellness through incentives, communications, and the relationship and trust that already exists with their employees. “I’m employer-centric in my thinking, in that I think the real value is having a healthy and productive workforce that’s focused on and satisfied with a benefits package that truly meets the needs of both the employers and employees,” he notes, emphasizing the importance of the role that the employer must play in creating a total value proposition. So to Reynolds, “...if employers get re-engaged or follow the leadership of those who are engaged, we can really have a tremendous impact on the marketplace.”

**JF Jennifer Flynn** takes Reynolds’ viewpoint a step further, asking, “How can we possibly expect to engage our employees in their health if they’re not engaged in their own organization?” She continues, “I don’t think you can talk about engagement and productivity and try to make that connection in terms of what health does or how health impacts employee engagement and productivity without

understanding this concept of ‘culture of health.’” Engaging the employer, therefore, creates more motivated and empowered employees. How an employee feels about the organization and their relationship with the organization factors into an employee’s engagement level and participation in the wellness programs. Flynn stresses the importance of building wellness culture along with utilizing the available consumer-based tools. “Absent a clear understanding and presence of a culture that is supportive of one’s pursuit of health, there may be little lasting value,” she says. “Any changes at best will be a temporary change in an individual’s health status.” She also noted, “People like choices. They don’t like to be controlled and micromanaged. People like to be empowered and understand...so they can make informed decisions. Assuming the employer is the provider of healthcare services, it will benefit the employer to be mindful of the importance of their relationship with employees. An engaged employee has much greater potential to get involved in the health services and resources provided to them by their employer than the disengaged employee.”

**HC Henry Cha** believes there is an opportunity to create robust relationships between healthcare providers and their patients. He envisions that one’s medical plan should not be limited to access for ‘sick care,’ but rather should serve as motivation to live well and perform better. He continues, “a typical consumer does not know their true state of health. Biometric screenings programs have shown that there is significant difference between a consumer’s perception of their health and the reality of their numbers. The first step in changing their behavior is having them understand that there is actually a problem and then providing resources that can be used to drive engagement.” To that end, Cha cites Healthcare Interactive’s new health plan, Habeo, a patient-centered medical home that encourages consumers to participate fully in managing their health. Healthcare Interactive is moving people towards taking ownership of their health through tools and systems, and deliberate workflows. “By focusing

on plan designs, we can actually support patients toward orchestration and coordination of their healthcare for their own benefit.” Cha sums up the needed shift nicely: “Perhaps the average consumer today is still in a culture of health insurance, and therefore, needs incentives to change to a culture of health!” To assist in making this shift, however, the interviewees agreed on two necessary components: elements of choice on behalf of the consumer and investment from employers.

**BC Ben Carson** is a strong proponent of an empowered consumer. “You’re never going to get the necessary consumer accountability if you don’t put people in charge of themselves. The critical issue is how we get the healthcare decisions into the hands of the consumers and the healthcare providers,” he says. Like Cha, Carson believes in the power of incentives. When Carson was asked if the power of consumerism is really giving consumers the control, his response was unequivocal: “Exactly, that’s really the key to keeping healthcare under control and making it much better, because people will have the incentives already built into the system.” Both Carson and Flynn believe that the shift toward consumerism, and thus a more engaged and empowered consumer, will ultimately yield a better value proposition. Carson in particular is a proponent of Health Savings Accounts (HSAs). “Empower consumers with family-based health savings accounts and leave the catastrophic events to the insurance companies...If we allow people to have some significant control, it will have a very positive impact on their health and healthcare into the future. It’s been one of the reasons that I’ve been advocating things like health savings accounts, over which people actually have control, and they don’t lose their benefits if they don’t use them, so it just continues to accumulate.” He gives examples of similar models that have worked. “You look at a place like Singapore where they have mandatory medical savings accounts, their costs are a quarter of what our costs are, and people are extremely satisfied. They get taken care of promptly. They have lots of options.”

# Data Integration

The accessibility of large datasets (big data) has revolutionized fields like population health management. By analyzing data across such large groups, providers and employers are now able to identify and even predict trends that may affect healthcare costs and outcomes. However, using big data to one's advantage requires investments in time, money, and training. Our interviewees made strong arguments in favor of that investment. They particularly stress the need for an *integrated* data solution. It isn't enough to examine claims data, for example; all types of health data need greater interoperability.

**CR** **Chuck Reynolds** notes, "Getting interoperability of healthcare data is essential because then you can have the comparative quality and cost transparency that enables sharing of information. It's the 'Holy Grail,' which requires some fundamentals for that healthcare market infrastructure to be built." With respect to employers, Reynolds notes that most employers do not have integrated data. "They may have somebody compiling medical, pharmacy, and now probably biometric data, but where's the workers compensation? Where's the disability? Where's the absenteeism? Until you have all this in place, you have no idea what actual value you're getting out of investments in benefits and programs." Reynolds' solutions focus on strategies for lowering future healthcare costs through integrated data analysis. He references the approach taken by Hank Gardner's Human Capital Management Services Group, which starts with human resource data from salary levels, to performance scores, to health claims data, and then layers in a wide array of health and performance data points. Then, the data is analyzed at the person-centric level to identify the highest cost/highest need Pareto groups and to predict who is at risk of health or disability events. Reynolds emphasizes that the tools and know-how for employers to lower costs and

improve quality by working with 'big data' in this way have been around for decades, but that employers—for whatever reason—have been slow to adopt their use.

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*"The applications of big data will help plans and providers more effectively manage costs within their populations and derive meaningful and actionable clinical insights."*

—Dan Newton

**DN** **Dan Newton** addresses a fundamental challenge facing the healthcare industry by pointing out, "From the perspective of the health plans and large insurable populations supported by the government, it's all about numbers. It's about the ability to leverage data exchanges, and scale services to effectively intervene with populations at a very low cost. We are all challenged with not having the right data in a timely manner, nor the skills and tools to effectively intervene with consumers the way they want to be reached. So there is a big movement towards investing in data interoperability, integration, and big data applications." However, he believes that most of this investment will focus predominately on the one to two percent of high-cost patients. "The applications of big data will help plans and providers more effectively manage costs within their populations and derive meaningful and actionable clinical insights. New things will pop up, in terms of specialty drugs, new high cost drivers, new types of devices and so forth. So it's always kind of a reactive process to basically solve high cost problems." He also sees a potential issue in fully integrated data and communication: "We need to be smart about the data. How do we get and then pass

around the data from the devices that consumers are using? What types of data are going to benefit the various players to the consumers' advantage? What are consumers really going to be willing to share with their doctors, health plan or employers?"

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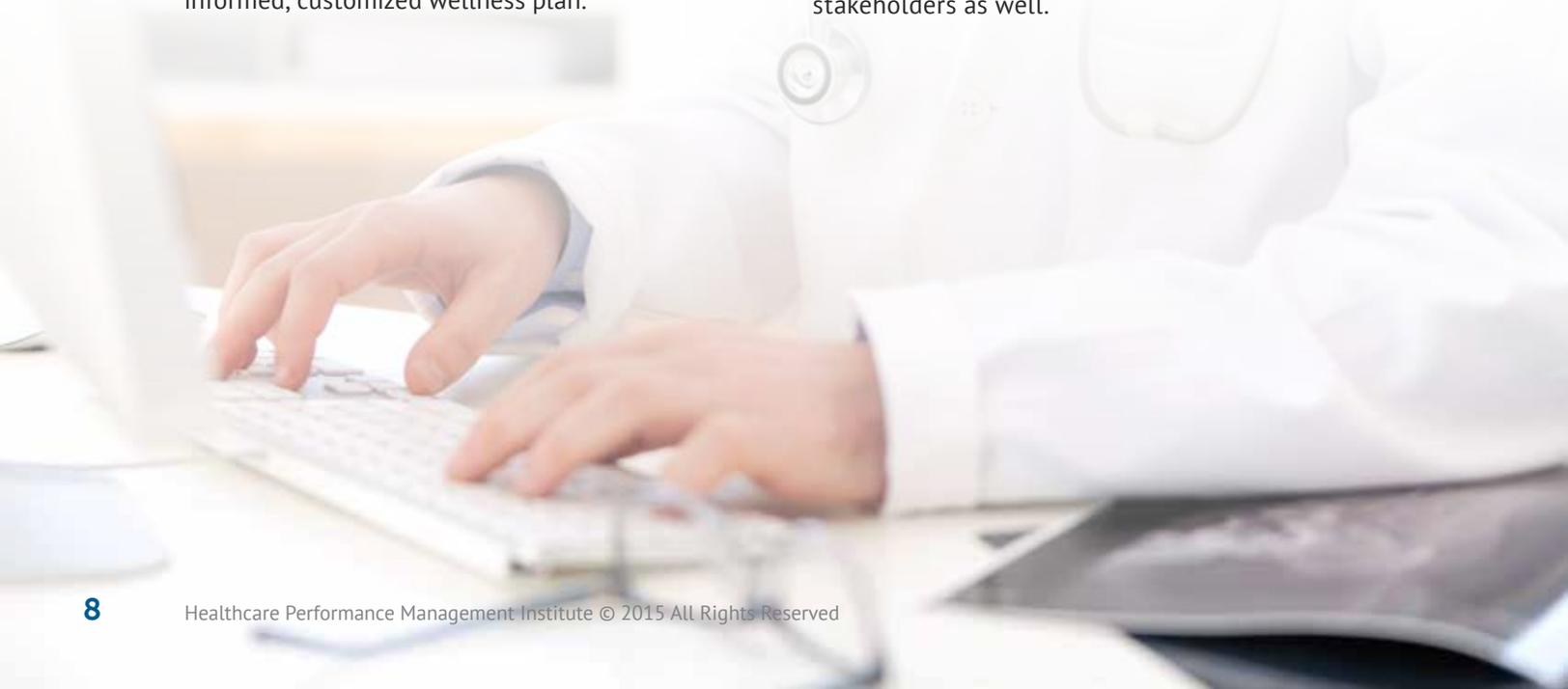
*"Healthcare transformation is more likely to be successful when all stakeholders have the appropriate level of information and aligned incentives towards managing risk and costs."*

—Henry Cha

**HC Henry Cha** believes that "healthcare transformation is more likely to be successful when all stakeholders have the appropriate level of information and aligned incentives towards managing risk and costs." Cha says that the sharing of data offers individuals and providers an opportunity to create better care. "When data is truly integrated and shared, physicians will not only know their patients' medical conditions and gaps-in-care, but also information about their lifestyle habits. Engaged consumers will also have that data at their fingertips, and together with their physician and care team, they will build an informed, customized wellness plan."

**BC Ben Carson** sees opportunities in data integration that reach beyond immediate cost savings for the health systems and focuses directly on the customer. He says, "The opportunity is going to be for us to figure out ways to make the data interesting and magnetic to people so that they actually benefit from it."

**JF Jennifer Flynn** offers an example of using big data strategies to analyze trends on the community level to advance population-based health. "The Robert Wood Johnson Foundation is taking a step in that direction by investing a great amount of resources and money to ask, 'how do we measure a culture of health? We're not only going to measure it on a national level, but we're going to take it down to the state level, to the county level. This will allow us to use standard metrics, track progress, and benchmark to a degree we've never been able to accomplish before.' Access to this level of data will allow states, counties, providers, employers, health systems, and consumers to assess status and identify areas for improvement." She also credits the Robert Wood Johnson Foundation as a significant funder who is driving efforts to measure, research, and educate with meaningful data integration, noting, "They are demonstrating how we can start collaborating and coordinating better to achieve a culture of health within our nation." That investment in big data is an example of the action that needs to be taken by other stakeholders as well.



# Partnerships

All five of our interviewees stressed the importance of strengthening existing partnerships and building new ones. Though they all prioritized different types of partnerships, there was consensus that this changing model necessitates expanding and/or building new collaborative relationships across the current healthcare industry to maximize desired cost and efficiency objectives.

**DN Dan Newton** stresses the importance of health plans in building stronger relationships with health systems and physicians to lead the transformational change to value-based, population health. He shares, “Anthem is innovating how we pay our physicians, build the right business models, and form the right contracting relationships that focus on cost and quality, as opposed to the volume of procedures. Additionally, Anthem is building the right shared incentives in those models, at least between the payers and providers, so that they are aligned in helping providers take on more responsibility for managing the health of their populations.” To Newton, “A focus on the physician relationship is critical to the transformation process.”

**BC Ben Carson** advocates that the emphasis on healthcare partnerships should be focused on the relationship between consumers and their healthcare providers, with others providing the necessary collaborative support. “The employer, the government, and whatever agency, should be a support mechanism for the consumer. Supplying the consumer with information...supplying the capital to fund their health savings account or whatever type of insurance is needed, and having a health savings account type of system – that’s going to take care of the vast majority of medical interventions that are needed.”

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*“An opportunity exists for employers and value-focused providers to work more directly with each other to increase the value of healthcare services and products being delivered to employees/patients.”*

– **Chuck Reynolds**

**CR Chuck Reynolds** agrees that there are clear strategies that employers can pursue to segment and stratify their employees and to establish health system partnerships that drive better value. He shared an example of a partnership between an academic medical center and an auto manufacturer in the south. In this model, the car maker shares its employee data, enabling the provider organization to identify the top 10-20 percent chronic disease employees. Then, because the medical center is building patient-centered primary care facilities through affiliate relationships, the entities have the opportunity to use education and incentives to move higher need employees/patients into a system of care where there is more coordination and continuity, resulting in better outcomes. Similar to Cha’s perspective, “An opportunity exists,” Reynolds believes, “for employers and value-focused providers to work more directly with each other to increase the value of healthcare services and products being delivered to employees/patients. Step one,” he adds, “is for employers to get real clear about what it is they are trying to buy with the money they’re spending on health-related benefits. Step two is to figure out what stakeholders in the healthcare supply chain are critical for creating that value.” That sort of inquiry, Reynolds states, will often lead employers to think a lot more about the healthcare

provider organizations they are ultimately paying with benefit dollars to provide services. “...And once employers figure that out, they become more motivated to make sure their hard-earned money is going to pay for high quality/high value healthcare.”

**JF Jennifer Flynn** makes a strong case for viewing the employer-employee relationship as a true partnership: “Individuals in the field of employee health management have been asking the question what does it mean for an organization to build a culture of health and then truly support their organization, their individual employees, family members, managers, leaders in terms of their health and wellbeing, putting some definition around it. We’ve got to understand whether or not this new value proposition is something we can demonstrate within the field. Moreover, it must be something that can be implemented and measured for effectiveness through partnerships and collaboration within the corporate environment. At its core, it must include three components: employee factors, organizational factors, and business outcomes. The organizational component includes a culture of wellness, leadership styles and norms, workplace climate, environment, resources— all of which are key organizational factors. It doesn’t undermine the

fact that employee factors are also very important: their health status, their wellbeing, their specific work engagement, their supervisor’s support, and peer support. The key is connecting the dots with business outcomes and interests that businesses are focused on, like productivity, performance, absence, recruitment, retention, and healthcare costs.”

**HC Henry Cha** spotlights a strategy that produces value through provider partnerships. “We have launched new medical plans where both the provider and the member are incented to work together.” As cited previously, Healthcare Interactive’s new patient-centered medical home product, Habeo, enables consumers and providers to work more effectively together to manage care and costs. “The incentivized medical plan design drives consumerism with scale,” he says. “Using monetary incentives, each and every healthcare consumer will learn how to use the plan more effectively, because the primary care physician is empowered to reinforce them. For example, a primary care physician in a Habeo health plan can tell a member that they did not achieve their health or wellness goal(s) and this affected their premium. With employer incentives in place, it creates an opportunity for the provider to educate the member to live healthier at a lower cost.”



# Incentives

Throughout our discussion of the other topics, there have been recurring references to aligning incentives across major stakeholders. The common thread of the discussions pertains to the effective use of creative and timely incentives to sustain desired health behaviors in order to achieve goals and encourage accountability, while leveraging technology to efficiently drive the process.

**HC Henry Cha** addresses the need for technology to effectively drive incentives and optimize member engagement in the health process: “Incentive modeling and analytics are helping us understand which programs have better clinical impact and which programs have better lifestyle impact.” By using technology and big data to align incentives, healthcare technology platforms can encourage, manage, and reward positive change. Cha continues, “Much like how a high-deductible plan is changing a consumer’s behavior in using and paying for their health plan, other types of incentives can be used and modeled to understand how to design better plans to drive a culture of health. Big data analytics are helping us identify and determine what incentives are more effective and how much is needed. Instrumental in making an impact on a consumer, properly incenting healthy behaviors is also critical.”

**CR Chuck Reynolds** agrees with Cha that employers need to have a significant voice in the conversation around aligning incentives. “Incentives, if properly arrived at and executed can be extraordinarily powerful because if I trust the person setting up the incentive I don’t really need to do anything other than follow the incentive.” Reynolds encourages employers to be sure that Health Savings Accounts (HSAs) and Consumer-Directed Health Plans (CDHPs) are properly funded and incentivized. He points out, “There’s a sort of fever about going with consumer directed health plans. And I don’t think that the consultants, who

are helping to drive or meet the demand, are thinking deeply enough and strategically enough about how to structure these things in a way that gets the best total outcome.” In other words, employers have an opportunity here to better create incentives to encourage attainable healthy behaviors and save on healthcare costs. When creating that alignment of incentives, he continues, “it makes sense to be clear what it is we’re shooting for from a health and productivity perspective, and then make sure that we’re not putting stumbling blocks in the way. The alignment of incentives just has to be thought through. What’s driving our costs? What’s hurting the healthier people? And what are we doing? Think it through from getting employees engaged. If the doctor is needed, get them to the doctor, and then follow through with whatever treatment they’re going to need. And are they affordable? Too few employers do that. They blindly design benefits to hit spreadsheet targets.”

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*“What we do know is that when an individual can see the value of the behavior beyond the financial offering, long-term behavior change is more likely.”*

–Jennifer Flynn

**JF Jennifer Flynn** cautions that financial incentives alone may not be enough to encourage long-term lifestyle behavior change: “If you’re looking to incent the mere enrollment in a program, then financial incentives have been shown to be effective. It will get somebody enrolled. Now, will it get somebody to stay engaged, and change their lifestyle for the long-term? Will incentives allow an individual to achieve an optimal level of health and wellbeing?”

The jury is still out on this. What we do know is that when an individual can see the value of the behavior beyond the financial offering, long-term behavior change is more likely. With the goal of optimal health and wellbeing, the individual is at the center of the equation, not the financial incentive.“

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*“Part of winning that battle is putting out plans that actually make sense to the average person, something that’s very easily understood and that clearly works, and showing examples of how it works.”*

–Ben Carson

**BC** Ben Carson endorses the view that to move to a more effective healthcare model starts with incentivizing greater individual accountability. And though some “simply are not responsible and those issues need to be worked out,” the vast majority of individuals are responsible consumers. He goes on to outline a model that exhibits both the waste in the current system, and illustrates a link between personal accountability and incentives that advances the concept of an alternative healthcare model. Related to waste, he says, “Look at the numbers. If you’ve got \$400 billion a year being paid for Medicaid, and you have 80 million Americans participating, that’s \$5,000 per person on average. A concierge

practice, a boutique practice, costs on average of two to three thousand dollars a year. So the average person on Medicaid, based on the amount of money we’re spending on it, could be in a boutique practice and have money left over to buy catastrophic insurance. It just gives you some idea of how much waste and inefficiency is actually built into the system right now. Part of winning that battle is putting out plans that actually make sense to the average person, something that’s very easily understood and that clearly works, and showing examples of how it works. That’s really how you create the ground swell that will allow logical things to be done.” When asked to suggest some best practice strategies for employers and providers to use to encourage individuals to actively participate in the management of their health, he answered, “They will automatically be incentivized if they have control of their accounts and the money continues to accumulate. They don’t lose it if they don’t use it, as works with so many of the strategies that are employed today. And also, you give people the ability to use their accounts interchangeably with other members of their family, so that if dad’s \$500 short he can get it from his wife, or his uncle, or his granddaughter, or anybody in the family. What that does is it makes people in the family responsible to each other, and that impacts greatly on the kind of activities that you engage in, because you’re impacting not only yourself, but you’re impacting your entire family. It also gives an enormous amount of flexibility obviously to take care of routine problems that arise. It makes every family essentially their own insurance company with no middle man. So you can imagine how that incentivizes people.”

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*“Creating specific health incentives that are currently focused on data or joining behaviors, will be replaced by the integration of existing reward systems that support health behaviors.”*

–Dan Newton

**DN** Although **Dan Newton** expresses concern over the speed with which employers and providers will begin to align incentives to attainable goals, he also has thoughts on the necessary steps to get there: “The players in the system, providers, health systems, health plans, need a culture of innovation and consumerism. What competencies do they actually need to compete in the consumer world? It takes investment and strong leadership. Given that healthcare is often deemed a ‘right’ from a consumer perspective and the need for healthcare is episodic...collaborations are needed across consumer roles and life stages to truly impact health. From a behavioral perspective,

change will endure as we blend individual tactics with social and group influences that are reinforced at the policy, environmental, and cultural level. Payers, doctors, and employers each play important roles in the sphere of influence as they engage consumers in their life journey. Consumers are already being influenced in their non-healthcare lives by all types of loyalty programs, reward cards, and point systems that influence their purchasing decisions. Creating specific health incentives that are currently focused on data or joining behaviors, will be replaced by the integration of existing reward systems that support health behaviors. Walgreens has over 80 million members in their retail rewards system. Employers and payers will purchase points to influence Walgreens members to pick up their medications, get preventive exams, and get their diabetic checkups. This type of integration will be the new type of incentive that will just become a part of the retail experience for consumers with a stronger push on specific desired behaviors being funded by payers, employers, and providers. These will likely coalesce on quality metrics being pushed by new types of equity, risk-sharing, and contractual relationships between providers, payers, and employers.”

# Closing Thoughts

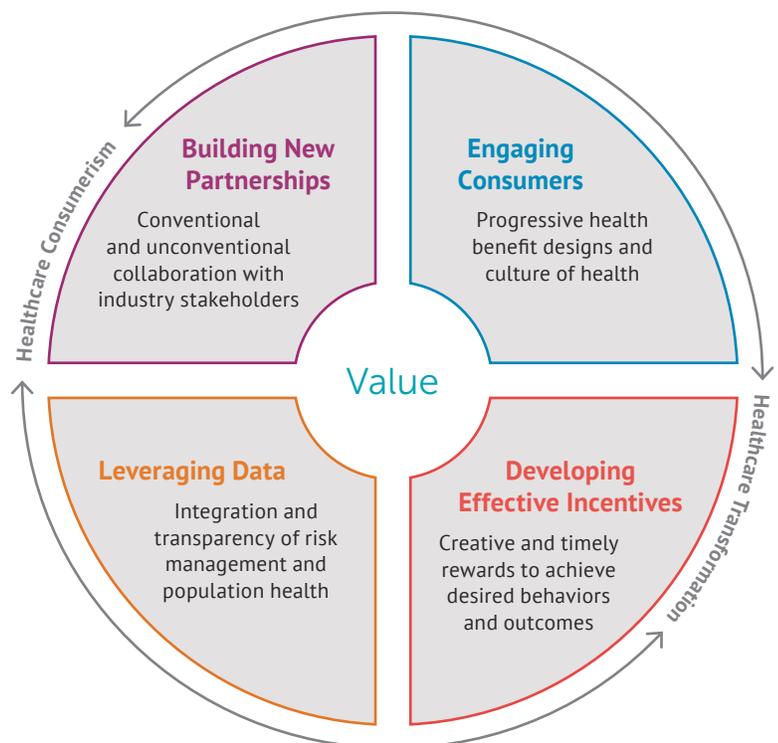
Clearly, traditional healthcare companies are seeking to optimize operational and clinical performance to meet the needs and expectations of their patients and consumers. Simultaneously, many are also assertively pursuing a range of business models and innovations to position them for success in the rapidly evolving value-based healthcare delivery paradigm. They are increasingly understanding the importance and opportunity of healthcare consumerism and the rise of the informed healthcare consumer as core elements of their organizational visions and strategic platforms. The consumer, the 'new power player,' is rapidly gaining an expanded relevance in defining how they will pay for and access health-related products and services, and is exerting greater influence in the design of health plans, care delivery and health promotion activities. Many consumers are looking for a more productive and responsive relationship with their healthcare providers. Progressive healthcare organizations recognize that we are moving beyond traditional insurer risk management and providing 'sick care' to models that create enriched interactive relationships with consumers, supported by tools and incentives to promote engagement in 'well-living.'

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## Strategic Components for Successful Transformation

Payment, Delivery, Cultural Changes and Expanding Expectations

Having interviewed five prominent healthcare leaders representing diverse segments of the industry, it was also clear that unlocking the full potential of healthcare transformation and consumerism to achieve value-based aims in managing individuals and groups requires unprecedented collaboration across the healthcare supply chain. Although historically this has proven to be difficult, healthcare organizational leaders have a greater chance to succeed when they drive the strategies identified through the interview process (i.e., *engaging consumers, leveraging data, expanding and building new partnerships and developing more effective incentives*), powered with competencies that understand the importance of mutual benefits, promoting shared governance and creative problem-solving. This suggests that healthcare leaders, both traditional and new entrants, may benefit by embracing a 'win through collaboration' approach and pursuing innovative solutions and relationships from both conventional and unconventional sources.





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