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# Are Systems Providing Value To Customers?

Findings from multiple research projects in 1997  
(but still relevant today)



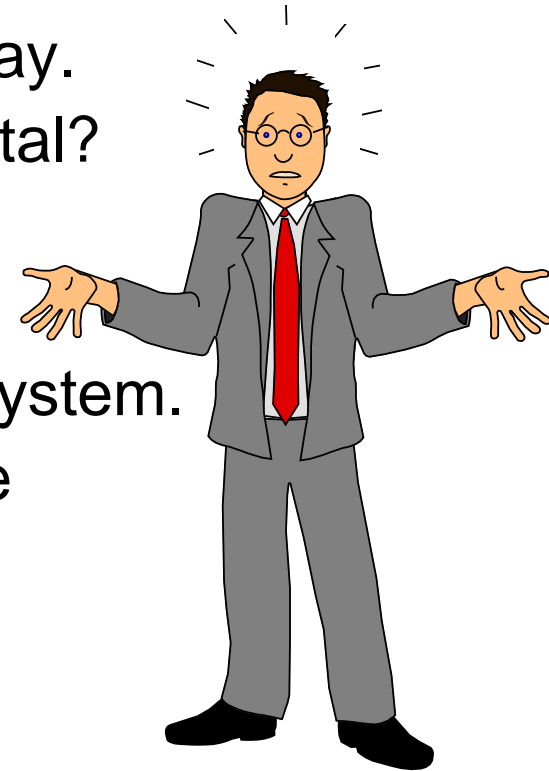
Consumers  
Employers  
Physicians  
Employees  
Insurers  
Brokers

**Everybody!**

- Consumer trust in physician and hospital relationships declining
  - However, many still blame managed care for these worsening provider relationships
- Managed care viewed as responsible for declining quality, choice, service, access
  - “Gatekeeper” seen as major interference (Time)
  - Waiting also is a major disrespect for their time
- Aware that a “bureaucracy” is growing; that health care is becoming “just another business”
  - Strong perceptions of very poor coordination between payors and providers

- Service expectations are increasing dramatically
- Limited ability to make fact-filled health care choices
  - Humanistic characteristics often substitute as measures for clinical quality
- Receptive to third party, objective evaluation of clinical quality, but nothing out there now is wowing consumers (NCQA, JCAHO = nothing to consumers; however, JD Power does...)

- Isn't that what an HMO is?
- Who cares?
- I can only go to one doctor at a time anyway.
- Can I still go to my same doctor and hospital?
- I'll become a number.
- Are these hospitals in financial trouble?
- It will become so big you'll get lost in the system.
- I hate all those bills. If they can talk to one another and send me one bill, then OK.
- I hope they can all communicate... I hate repeating myself.



- Core expectations, not a wish list [“Why are you trying to give us the icing when there’s no cake.”]
- Fear becoming “lost” in the “system” and becoming a “number” [“For God’s sake, K-Mart knows me better...”]
- Those who understand a system believe they are formed solely for reducing costs and increasing profits for the system; and consumers are not seeing any cost reduction in their bills
- But, consumers don’t begrudge systems profit if quality and service improve [Note: Quality and service are perceived to be declining]

- As the whirlwind of systemization, merging, and buying continues, the physician remains the calm at the center of the storm
- Consumers are essentially saying to systems - “show me”
- Consumers find value in what systems promise, but reality does not yet match these promises
- Many examples regarding value added service in a system come from other industries (e.g., McDonalds, Wal-Mart)
- We are doing a poor job communicating to consumers the purpose and value of health care systems

- Time for employers is at an all time premium
- Employers want out of the health care day-to-day business
  - Brokers taking much of the burden away (i.e., buying and administering)
- Employee complaints just as powerful to remove a health plan as cost
- Access to employers means zip code coverage between network provider locations and employee locations
- Purchase decisions surprisingly simple: geographic coverage, cost, perceived quality -- not a lot of brand loyalty

- Show me the cost savings.
- Can they get my employees back to work faster?  
That's what matters to me.
- Will my employees have better access to doctors?
- What do insurers think of this?
- Do they accept all health insurance?
- ...as long as the current level of service doesn't worsen.
- Will the plan be easier to administer?



- Employers have a much better and more rational understanding of health care systems
- They understand the importance of economies of scale as long as cost goes down and quality goes up
- Cost is not solely a function of premium; lost productivity is the greatest unrecoverable cost
- Keeping employees at work or getting them back to work quickly [i.e., Productivity]
- Health plans still seen as in the driver's seat when it comes to choice
- Increasing lack of trust of health care industry

- Physicians are a key component to system success
- Physicians are the 5th “P” in the 4-P’s of marketing [i.e., Personal selling]
- Concerned that their input is not being solicited
- Don’t feel an integral part of the system evolution
- Concerned over added layers of bureaucracy that hinder patient relationships as well as communication
- What will their role be after systemization?

- Also the key to system success
- Very concerned over their jobs
- Resistant to change
- Feel out of the information loop
- Unimpowered
- Can and may sabotage the process by not walking the talk
  - Employees must speak in a unified system voice or the system's brand promise can not be kept
  - Us vs. Them OR those people at the other hospitals
- We are doing a poor job communicating to employees the purpose and value of health care systems

- Dance partner or competitor?
- Vying for physicians
- Cost containment is king
- PHOs - not reaching full potential yet
- Concerned that systems forming mainly for negotiating leverage
- If system does not provide added value then payors may respond by “unbundling” system capabilities and contracting with smaller entities

- Health plans seen as the primary product
- Not a strong loyalty to providers
- If a system makes it easier for them to make the sale and is part of their preferred plan list, then may be a value added component
- Looking for no after-sales hassles from the providing or paying of care

- Not very well, so far (and not much more improvement into 2007!)
- Systems are doing a very poor job at communicating any value-added reason for their existence
- This lack of information forces consumers, employers, etc. to form their own impressions; which are often not how systems want to be perceived
- Consumers are begging to be informed in an honest manner; they want to know that they will benefit in the end from all this chaos
- Perception that money and “big business” are driving the formation of systems

- Consumers have core expectations of a system:
  - Single and simple billing system
  - Coordinated communications among staff across all organizations in system
  - Ease of referrals
  - Less paperwork
  - More convenience
  - More privacy for patients and family
  - Actually listening to what the consumer has to say and then doing something about it