

Creating Value for Your Patients

Let's view it from the patient's perspective.

BY RON HARMAN KING, MS, AND NEIL BAUM, MD

Reprinted with Permission from The Journal of Medical Practice Management, Nov/Dec 2017, pgs 155-168, copyright 2017 Greenbranch Publishing, LLC, (800) 933-3711, www.greenbranch.com

Marketing your practice requires that you answer only three questions: 1) Who are your patients?; 2) What do they value?; and 3) How can you give patients what they value better than any other similar practice in the community or in the region?

It really comes down to the promise of delivering on your promise to provide the best experience for your patients, one that stands head and shoulders above that available from any other practice. It comes down to what the patient perceives and thinks about his or her experience with the practice and with the doctors in the practice.

Two interactions are vital to the success of your encounter with the patient. The first is to control the most enjoyable component of the encounter

with the practice and improve the least enjoyable aspect. For almost every patient, the most enjoyable component is typically the human interaction with caregivers—not just the physician. Caregivers can include not only clinicians but also administrative staff. Social media research shows consistently that how patients are greeted and treated outside the exam room can be far more important in determining patient satisfaction than the quality of their clinical care.

than in a small handful. If complaints consistently repeat the same source of frustration, the practice has useful information to act upon for improving the value of the patient experience.

The second most important interaction is the end of the experience—understanding what the patient was feeling at the end of the interaction with the practice.^{1,2} These sentiments often are what drive patients to review their healthcare experiences on

It comes down to what the patient perceives and thinks about his or her experience with the practice and with the doctors in the practice.

It also is necessary to identify and improve the least enjoyable aspect of the encounter. In the Internet age, it is remarkably easy to determine the less enjoyable aspects. One way is to provide online customer satisfaction surveys to patients after their clinical visits. Another is to simply read a provider's reviews on the various "rate-your-doctor" websites. In assessing the reviews, the singular objective is to look for patterns and themes in a collection of reviews rather

other websites.

Patients may receive different types of value from your participation in their medical care. If you can understand what the patient perceives as that received value, then you can make every effort to deliver what the patient deems important. There are four value components that should be understood by every practice:

- Functional value;
- Monetary value;
- Social value; and
- Psychological value.

This article discusses the first two components as the "hard" values of the patient's point of view, setting aside the latter two "soft" values for another discussion

Continued on page 88

© Iconcept | Dreamstime.com



Value (from page 87)

Functional Value

Functional value is what the patient feels is being done to solve his or her medical problem. For example, if the patient presents with a headache, the functional value is what the doctor can

care than on other offerings or promises that the practice makes. For example, some patients are willing to pay several thousand dollars more for their healthcare if they are assured that they can have prompt access to the practice and the doctor(s). This concept, concierge medicine, meets that functional

away, consider knowing what your prices for your services are so that you are able to give that information to those who are price shopping.⁴

We are all motivated to reduce spending, and this can be accomplished by increasing price transparency. It is no secret what a consumer pays for an airline ticket, a hotel, or a dental appointment. Therefore, physicians can no longer hide behind price obfuscation. It is soon going to be mandatory to publish the prices that doctors charge, or those prices that a patient would pay for medical care. The end result of price transparency is certainly going to be an increase in competition in the healthcare arena and will certainly result in lowering prices overall.

The overarching goal of price transparency is to provide patients with the cost of care that includes total and out-of-pocket costs for episodes of care—including the doctor, the hospital, and even the costs of the medications that they will be expected to purchase. Granted, given the reality of enormous variances in insurance plans and coverage, this can be a difficult goal to achieve. One technique is simply to provide an example clearly marked as such, along with adequate disclaimers that final charges are subject to individual in-

Patients may place a higher premium on access to care than on other offerings or promises that the practice makes.

do to relieve the pain and discomfort.

To tailor your practice to the needs and wants of your patients is to understand what aspects of value are important to them. If you can do that, then you will have fulfilled the overarching feature of providing what is important to the patient. You can anticipate favorable patient satisfaction scores, improvement in your online reputation, and happy patients, making life pleasant for the doctor and the staff. Value should always be defined around the customer.

Achieving high value for patients must become the overarching goal of healthcare delivery, with value defined as the health outcomes achieved per dollar spent. This goal is what matters for patients and unites the interests of all actors in the system. If value improves, patients, payers, providers, and suppliers can all benefit, while the economic sustainability of the healthcare system increases.³

Value should always be defined around the customer. Because value depends on results, value in healthcare is measured by the outcomes achieved, not the volume of services delivered.

Patients often seek out healthcare for a single, primary reason: they are sick, they don't feel well, they are in pain, or they fear having a disease or condition that prompts them to seek medical attention. The doctor or practice that understand this and is capable of fulfilling the patients' functional needs will have satisfied and contented patients.

Another component of functional value is access to care. Patients may place a higher premium on access to

need that patients desire. There certainly is a segment of the population that is willing to pay additional fees if they have the doctor's cell phone number and know that if they have questions or need to be seen, they can have immediate access to the doctor.

Access to care is so important that it has created a new industry of urgent care centers. These are not emergency departments but facilities where patients can walk in, be seen quickly, and have basic laboratory and imaging studies performed.

We would like to suggest a concept that we have found useful—"sacred time." This is a time slot left empty in the middle of every morn-

Publishing price information could both narrow the range of fees and lower prices.

ing or afternoon so that patients with an emergency or urgency can be seen on the same day that they contact the office. We suggest a 15- to 20-minute time slot every day that can be used to accommodate these patients who are in need of immediate care.

Monetary Value

Monetary value is simply the price that the patient must pay for your services. Of course, there are patients who shop for the cheapest price. You may not be interested in catering to those patients who are only price-conscious, but before you turn them

insurance plans. Nonetheless, patients are impressed by the effort toward transparency and certainly understand and accept the complex realities of the American healthcare system.

Expenses vary even for relatively common procedures. For instance, in New Hampshire, in 2008, the average payment for arthroscopic knee surgery was \$2,406. In other areas of the country the cost for same procedure could range from \$3,717 to more than \$11,617. In Massachusetts, the median hospital cost in 2007 for an MRI of the lumbar spine, performed

Continued on page 90

Value (from page 88)

without contrast material, ranged from \$450 to \$1675.50.

Because patients usually are in the dark regarding the price of medical care, publishing price information could both narrow the range of fees and lower prices, in part by permitting consumers to engage in more cost-conscious shopping and selection of lower-cost providers and in part by stimulating price competition on the supply side, forcing high-priced providers to lower their prices in order to remain competitive. Proponents argue that consumers have price information and compare costs when purchasing just about any other product or service (imagine buying a car, a house, or a computer without knowing its price). Come on, doctors: healthcare should be no different. In the authors' own experience, we have seen practices see sudden surges in new patients after merely posting information about their fees on their websites. Surprisingly, it is not about price, but transparency—by no means were the fees the lowest in town. Rather, the candor of the act was enough to earn trust from strangers.

In defense of not revealing the cost of care, healthcare does differ from other consumer goods in a few important ways. First, most patients are insured, so in the past they paid very little out-of-pocket cost for their medical care, which dramatically weakens or eliminates their incentive to choose a lower-cost provider. Second, patients are concerned about the quality of their care as well as its cost, and it is much more difficult for a patient to assess the quality of medical care than that of other goods. Patients, unfortunately, may rely on cost as a proxy for quality. The belief that higher-cost care must be better is so strongly held that higher price tags have been shown to improve patients' responses to treatments. It is possible to think of this phenomenon as the Mercedes effect—a more expensive car creates the perception of added value, even though there may not be hard evidence of any added value at all. Moreover, the lack of independent information on the quality of care may reinforce patients' tendency to rely on physicians for advice about where to receive their care, and patients may

be unwilling to go against a clinician's advice in the interest of saving money. Finally, determining the cost of medical care is different from determining the cost of other goods and services, because it is often hard to know in advance what exact combination of services a patient will need. For this reason, the average price for a particular procedure or service, which is the most readily available information, does not capture a patient's actual cost of care and may be a misleading indicator of true cost differences.

Price-transparency initiatives will have to address several major challenges if they are to have the desired effect. First, it is not clear which prices to report: although average unit costs (e.g., the price of an MRI of the knee) are the most readily available, personalized, ep-

when they bear the responsibility for a significant portion of the cost of their care.⁵ Targeting transparency initiatives toward these consumers and toward less complex procedures could increase their impact. It may also be necessary to explain to patients the factors that could account for differences in the price per service or episode of care, so that they do not automatically associate higher prices with better care.

It is difficult to defend the obscuring of healthcare prices. The challenges associated with leveraging price transparency to moderate overall healthcare spending, however, may explain the limited role that this tactic has played in healthcare reform proposals. Attempts to increase cost-conscious shopping and reduce spending through price-transparency programs are appealing, however,

Consumers must be engaged in considering price information in their decisions to use medical care.

isode-level costs would be more meaningful to patients (e.g., the price that an enrollee in a Blue Cross Blue Shield preferred-provider organization would pay at a particular hospital for a knee replacement, including all related doctor's visits, tests, facility charges, and anesthesia services). Moreover, meaningful information about quality must be delivered alongside prices so that patients can make decisions by comparing care choices on both dimensions.

Finally, and most fundamentally, consumers must be engaged in considering price information in their decisions to use medical care. Consumers with health plans that require them to pay a higher share of their medical expenses (e.g., enrollees in high-deductible plans and those with substantial co-insurance) have more at stake in their decisions and should be more cost-conscious shoppers. Procedures that are elective, for conditions that are not life-threatening, and that can be performed in various settings, also may be most appropriate for price comparisons. There is evidence that consumers will "shop" for prescription drugs, a less complex type of medical care,

because these efforts can be implemented without disrupting current payment systems and because market-based approaches to healthcare reform generally enjoy broad political support.

Outside the medical world, nowhere has this approach proven more successful than for the nation's busiest domestic airline, Southwest. Its transparency (a term the airline coined to describe a unique approach to treating customers the way they expect and deserve to be treated) advertisements and marketing position have clearly earned the trust of passengers sufficiently to make the carrier the most successful in the country. Although it is too early to tell what the outcome of experiments with increased transparency in healthcare will be, the urgent need to reduce cost growth in healthcare is probably incompatible with permitting the current level of price variation to continue. How long are payers and policymakers willing to wait to see whether market-based transparency initiatives will work before moving to other, potentially more onerous, polices, such as increased regulation? That is the question.

Continued on page 91

Value (from page 90)

Conclusion

Let's be honest and forthright. No healthcare provider can say publicly, objectively, and with unassailable

and, ultimately, become a happier and more successful doctor. **PM**

References

¹ Wolf JA, Niederhauser V, Marshburn D, LaVela SL. Defining patient

Engl J Med. 2011;364: 891-894.

⁵ Arthroscopic knee surgery cost and arthroscopic knee surgery procedures. NewChoiceHealth.com. www.new-choicehealth.com/arthroscopic-knee-surgery-cost.

The successful doctor will have to differentiate his or her offering to patients by creating higher value.

evidence that his or her medications, treatments, or diagnostic skills are better than those of the doctor next door, down the street, or in the region. Therefore, the successful doctor will have to differentiate his or her offering to patients by creating higher value. By increasing value to patients, you make your practice more attractive, drive improvement in outcomes, employ a happier staff,

experience, Patient Experience Journal. 2014;1(1):Article 3. <http://pxjournal.org/journal/vol1/iss1/3>.

² Robinson J. What is the patient experience? Business Journal. September 30, 2010. www.gallup.com/businessjournal/143258/patient-experience.aspx.

³ Porter ME. What is value in health care? N Engl J Med. 2010;363: 2477-2481.

⁴ Sinaiko AD, Rosenthal MB. Increased Price transparency in health care—challenges and potential effects. N

Ron King is CEO, Vanguard Communications & Healthcare Change Management, Denver, Colorado, and author of The Totally Wired Doctor (Vanguard Communications, 2012).



Dr. Baum is a Physician in New Orleans,



Louisiana, and author of The Three Stages of a Physician's Career: Navigating From Training to Beyond Retirement (Greenbranch Publishing, 2017); e-mail: doctor-whiz@gmail.com.