THE ROAD AHEAD IN U.S. HEALTHCARE

WILL PATIENTS TAKE THE WHEEL?

With the passage of the Affordable Care Act and other recent trends in the U.S. healthcare system, we are experiencing a paradigm shift toward patient-centered care. PNC Healthcare commissioned Shapiro+Raj to explore this shift and what it means for the future of healthcare. This white paper summarizes the results of that study.
Advances in technology, demographic shifts, along with consumer and retail trends are among the far-reaching changes that will affect the healthcare landscape in the future. As patients behave more like consumers, they seek to use their digital savvy and other skills and experiences as they interact with the healthcare system. Each generation is becoming increasingly proactive with respect to their health and healthcare, demanding more digital access to healthcare and healthcare information.

**Millennials Take Responsibility for their Healthcare**

According to the study, compared to other cohorts, millennials, and to a lesser extent gen-Xers, seek change throughout the healthcare system. By expecting continuous improvement, they will force more change than boomers and seniors. Millennials have embraced retail and acute-care clinics and take the most responsibility of all the cohorts for their own healthcare through adjusting their lifestyle, performing extensive online research, identifying the right providers, and getting others’ opinions.

While millennials and gen-Xers utilize their digital savvy more extensively than other cohorts as they seek and experience care, there are tech-savvy boomers and seniors who behave like millennials — but there are fewer of them.

Millennials and gen-Xers tend to rely on their friends for recommendations about providers and care; they are also very interested in reliable online provider reviews. They are even influencing their parents’ purchasing decisions.

However, they tend to be skeptical of most sources. The fact that this generation behaves differently from previous generations and is still forming its consumer behaviors can be an opportunity for providers and payers.

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**Millennials** 
Ages 21–32

**Gen-Xers** 
Ages 33–49

**Boomers** 
Ages 50–71

**Seniors** 
Ages 71+

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As of August, 2014, the global population was 7.18 billion, of which 2.95 billion individuals were active Internet users, 3.61 billion were active mobile users, and 2.03 billion were active social media users, according to the study.
Compared to other cohorts, millennials, and to a lesser extent gen-Xers, seek change throughout the healthcare system.

LOCUS OF CONTROL IS SHIFTING FROM THE PRIMARY CARE PHYSICIAN (PCP) TO THE PATIENT

1995

PATIENT DISCOVERS ISSUE \(\rightarrow\) VISITS PCP \(\rightarrow\) MIGHT BE SENT TO HOSPITAL OR SPECIALIST = ISSUE RESOLUTION

And is complicating life for the patient ...

2015

PATIENT DISCOVERS ISSUE \(\rightarrow\) ONLINE RESEARCH \(\rightarrow\) DECISION EVALUATION \(\rightarrow\) ISSUE RESOLUTION

While we found that patients of all ages express confidence in the availability of good doctors for the long term, patients are less confident in their ability to rely on Medicare and their ability to afford medical care in general.

Specifically, millennials express the greatest concern about their ability to afford care for their children in the future. Millennial and gen-X consumers are more willing to modify their healthcare behavior for both better service and a better price for themselves and their children.

That said, 81% expressed confidence in their primary care physician (PCP), while 81% expressed confidence in nurses, 80% in doctors in general, 78% in urgent care clinics, 59% in hospital administrators, 48% in retail health clinics, 48% in pharmaceutical companies and 43% in health insurance companies.

The overall lack of confidence in the system and concern about costs manifests itself in several ways:

- 54% of millennials said they’d delay or avoid getting medical treatment because of costs, compared to 37% of boomers and 18% of seniors.
- 43% of millennials are willing to go out of network for a better doctor, compared to 32% of boomers and 35% of seniors.
- 46% said they would switch their primary care provider if they could find care at a lower price, compared to only 21% of boomers and 10% of seniors.
- 56% of millennials said they’d usually wait a few days before seeking medical care for a child, versus 44% of boomers.
Though respondents express overall satisfaction with healthcare providers, the journey to the resolution of a healthcare issue has its ups and downs. The high points included scheduling the visit, seeing the doctor or nurse, and being discharged. Low points were time spent waiting for the doctor, and communication about costs and actual out-of-pocket costs. Respondents particularly want to be able to understand and plan for the costs they would be responsible for before any treatment is initiated.

High Cost of Healthcare the Most Pressing Challenge

When asked what the number–one issue was regarding healthcare, consumers overwhelmingly mentioned costs:

- 79% felt that medical care is too expensive.
- 77% agreed that healthcare costs are unpredictable.
- More millennials and gen-Xers (50% and 56%) said it is difficult to budget for healthcare costs — compared to 47% of boomers and 32% of seniors.
- Significantly, 54% of millennials and 53% of gen-Xers said they would delay or avoid getting treatment because of cost, compared to 37% of boomers and 18% of seniors.

Many consumers also commented that they felt the quality of time spent with the provider had declined; the doctor spent more time entering information into the medical record than interacting with the patient.

U.S. Consumers Seek Resolution of Billing and Cost Issues

While consumers in general are most interested in solutions that address billing and costs, seniors are more interested in easier check-in and convenient access to answers and educational resources. They also want their healthcare providers and payers to maintain the human touch. According to the study, discounts for the patient portion of the medical bill ranked highest, followed by access to financing options, a cost estimator, consolidated statements for the episode of care and discounts for prompt payment.

Respondents saw patient portals and online scheduling as valuable, along with features that would make check-in and scheduling more automated.

Digging deeper into billing and cost issues, we discovered that:

- 40% of those interviewed had experienced some problem with provider billing in the last year.
- 19% had received an unexpected bill.
- 10% had received multiple bills for the same procedure or visit.
- 10% were unable to understand their bills or get an estimate.
- Millennials and gen-Xers are much more likely to ask for and receive estimates upfront than older patients. But upfront estimates are accurate only about half the time.
- Following the retail model in pricing transparency, retail clinics do a better job than most others communicating to patients about out-of-pocket costs, faring better than PCPs, specialists, inpatient treatment, outpatient treatment, acute care clinics and the emergency department.
Patients Embrace New Healthcare Options

Patients are already adapting to new healthcare realities. The survey indicated that 34% of millennials and 28% of gen-Xers visited a retail healthcare clinic in the last year, followed by 17% of boomers and 15% of seniors. Consumers in all age cohorts reported using a patient portal in the last year — and 93% said that the portal was very or somewhat useful. And most really like the idea of electronic medical records (63% overall were in favor) and expressed relatively few fears about privacy, breaches, etc. The feeling was that the improvement in efficiency and better communication among providers outweighed any risks.

Upfront Estimates Are the Exception

Unlike every other consumer transaction, upfront estimates are still the exception in healthcare. Only one in three consumers who had inpatient or outpatient treatment at a hospital in the past year say that they received an upfront estimate prior to treatment — but most are not requesting them.

It’s one of the only things in the world where it could cost you zero dollars or thousands of dollars, and you have no way of knowing until you walk out the door.

Uninsured/Exchange Patient, Los Angeles Focus Group

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Uninsured/Exchange Patient, Los Angeles Focus Group"
the road ahead is likely to be ...

**Providers**
- Consumers self-triage among different providers
- Expanding role for retail and acute care clinics
- Emergency rooms relegated to true emergencies

**Payers**
- Opportunity is ripe for new health insurance models — such as Googlesurance
- Increasing price competition

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**OPPORTUNITIES**

**Providers**
- More efficient service for acute care
- Hospital-run retail and acute care clinics

**Payers**
- Product innovation around health insurance models
- Improved public relations and brand perceptions

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**THREATS**

**Providers**
- Increased consumer demand for cost transparency and patient access to records
- Online price comparison charts for common procedures
- Expanded use of online reviews for healthcare providers

**Payers**
- Increased consumer demand for cost transparency and patient access to records
- Online price comparison charts for common procedures

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**OPPORTUNITIES**

**Providers**
- Expand patient portals
- Offer upfront cost estimates
- Ongoing intelligence on competitive pricing
- Monitor social media

**Payers**
- Simplify plans and coverage for consumers
- Online cost and coverage calculator for common procedures
WHAT THIS MEANS FOR

Providers & Payers
• Consumer demand for all things digital
• A transition time of parallel digital/in-person is needed, as seniors and boomers still want the human touch

Providers & Payers
• In the consumer-centric model, consumers expect providers and payers to put consumers first when it comes to price, service and change!

Providers
• Expand patient portals
• Online registration and scheduling
• Online pricing information
• Live person option

Payers
• Expand patient portals
• Online cost and coverage calculator
• Live person option

Providers & Payers
Centralized customer service center
• Accessible by phone or online

Disciplined voice of the customer process
• Identify and address unmet consumer needs
• Ongoing customer satisfaction tracking
• Monitor brand awareness and perceptions
• New product testing
• Concept and usability testing for all new products and consumer-facing digital activities
We can’t talk about the future of healthcare without looking at broader societal trends.

PNC's Role in this Study

PNC sponsored this study to provide our payer and provider clients with the information they need to navigate through uncertain times and to help us deliver the services they need over the long term.

About the Survey

Shapiro+Raj conducted in-depth interviews with hospital executives around the country to identify trends, challenges and innovations in patient-centered care. Then they held focus groups with consumers in four U.S. markets, including the uninsured, those with chronic conditions, millennials, Medicare recipients, high-income individuals and families with children.

The effort was followed by a large-scale nationally representative survey of 5,092 adults, conducted primarily online and supplemented with 300 telephone interviews with seniors. The sampling error for the national survey is ±1.4% at the 95% confidence level.

PNC Healthcare has been helping clients to minimize administrative costs and maximize cash flow for more than two decades. For more information, please contact your PNC Healthcare representative, or visit pnc.com/healthcare.