Healthcare Marketing White Paper

SMITH + JONES

6 reasons to market affordable healthcare

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has never been so important

6 REASONS TO MARKET AFFORDABLE HEALTHCARE

Creating Greater Healthcare Access Has Never Been So Important

If you've paid attention to the news at all lately, then you are painfully aware of the national debate over the state of our healthcare. What seems to ring true regardless of your political agenda is a need for a change. Between a spike in consumers with high-deductible health insurance plans and another 20 million Americans without health insurance, it feels like we are on the verge of the next big healthcare crisis.

While researching this topic, we uncovered a cohort of people who are finding ways to cut costs or are simply not paying for care at all. If hospitals and health systems continue to do nothing to help ease their financial burden, these underinsured or uninsured consumers will lose faith in our system and may stop using our services altogether.

Making healthcare more accessible by making it more affordable appears to be a logical solution. We don't want to end up like the pharmaceutical industry, which is currently facing a poor consumer perception and increased regulation due to skyrocketing prices. According to Kaiser's late April Health Tracking poll, Americans are so upset with the Pharma industry, they are pressuring government officials to implement price caps, ban advertising, and work out importing deals with Canada (Kirzinger, et al.).

Is the healthcare industry close to a similar outcry? The Affordable Care Act is in a constant state of flux and could be history by the time you read this paper. Consumers are desperate to find a more affordable solution to healthcare. Hospital marketers should share these concerns with members of the C-Suite from a brand perspective and position their organizations as a place that is willing to help. The future of our healthcare system might depend on it.

Why it's important to help consumers pay for healthcare:

Consumers are already finding alternatives

We live in a country where for many, a high-deductible health insurance plan is the most affordable option. Sure, it's cheaper upfront, but there's an expensive trade-off. When their health fails, patients could end up paying thousands of dollars for medical care before their insurance kicks in. These high-deductible plans are cumbersome, and are pushing patients to seek alternative ways to save money or receive care. What are these alternatives? Surprisingly or unsurprisingly enough, there are more than 8.5 million Google search results for "clever ways to get around health insurance deductibles."

Here are a few of the most compelling and creative ways consumers are beating the system:

Using alternatives to healthcare services
Third Party Ambulances

Consumers are using public transportation services like Uber and Lyft to get to the hospital, instead of using an ambulance, which could rack up costs into the thousands. There's even a company that's trying to build a service that acts like Uber, but instead sends an ambulance.

Using alternative funding sources
Crowdfunding

Medical expenses are so astronomical, it has become the single-largest crowdfunding category. From surgery costs to cancer treatments, patients have resorted to community-wide donation initiatives.

Negotiations
Negotiating with doctors

Patients are putting their negotiation skills to the test by acting more assertive with their healthcare providers. With enough research and an understanding of what options are out there, patients are learning how to successfully negotiate prices with their doctors.

Finding Loopholes
Buy it. Change it. Use it. Drop it.

There's a lot of wiggle room within the Obamacare marketplace. Let's say a young adult buys into a high-deductible health insurance plan, hoping they won't need to use it. Let's say that person, unfortunately, catches a disease that's treatable. Under their current plan, the patient can't afford treatment. They decide to put off care and wait until open enrollment to buy insurance that meets their healthcare needs. Once they receive treatment and are cured of the disease, they could simply drop that plan and go back to a less expensive one (with less coverage).

Avoiding care
Waiting for the right moment

For some, seeking medical treatment can't always happen right away. In one particular instance, a patient decided that instead of receiving two weekly allergy shots and paying out of pocket for

them, he would wait until his first child was born. Knowing full well that he and his wife would meet their deductible after their child's birth, allowing him to receive his allergy shots for free.

② The more consumers look elsewhere, the less loyal they are to you

With access to unlimited information at their fingertips, modern day consumers are accustomed to comparing healthcare brands on price, convenience, proximity, etc. to help make a decision. If your organization isn't offering competitive rates or helping to subsidize costs, then it's likely your consumers are already looking elsewhere for care. The Center for Disease control estimates that thousands of U.S. residents travel abroad each year for care ("Medical Tourism"). Even domestic medical travel is on the rise. Major U.S. companies have found ways to save money by negotiating deals with some of the top speciality care providers (Choy et al). In 2010, Lowe's Companies entered into an agreement with the Cleveland Clinic in Ohio to give its employees and their dependents the option to travel there for heart care (Choy et al). For employees who participate in the program, Lowe's virtually covers all expenses - including travel and lodging.

An underinsured or uninsured patient most likely will not remain loyal to their local community hospital if they are being offered a better, more affordable option elsewhere. Even if it means traveling, patients are willing to go where they can to receive a better deal.

③ If consumers can afford healthcare, they will use it

Some of the healthiest people in America are also some of the wealthiest people. The ACA and Patient Protection Act tried to fix healthcare inequality challenges by creating greater access to healthcare coverage. It has worked, but only to a certain extent.

In 2015, 13 percent of adults said they didn't seek medical care because of the cost. According to a Commonwealth Fund report, that number is down 16 percent from 2013. Partly because of the Medicaid expansions under the ACA, people are able to afford care. And those that can afford care are using it.

Still, well-off Americans are far better off than poorer people (Powell). According to a U.S. News & World Report, America's poor do not get the care they need, they live in poverty, have higher rates of suicide, violence, drug abuse, and accidents (Powell). Healthcare disparity issues are deeply complicated and cannot be fixed overnight. However, if more people could afford to get the healthcare they need to survive, statistics suggest they'd use it.

④ If consumers use it, they will likely stay healthier

Suffice to say, putting off routine check-ups or medical treatment can lead to more complicated and riskier health issues down the road.

In a 2012 Supreme Court ruling, Medicaid expansions were made optional for states. A study published in 2016 by JAMA Internal Medicine found that low-income people in Arkansas and Kentucky appear to be healthier than people in Texas (Sanger-Katz). Can you guess which state declined to expand its Medicaid packages? Texas. According to a New York Times report, the study found that "people in Arkansas and Kentucky were 5 percent more likely than their peers in Texas to say they were in excellent health" (Sanger-Katz).

Other research shows that the Affordable Care Act has impacted how people are using healthcare. More people are regularly visiting with their doctors and are safeguarding their health with preventative services such as cancer screenings (Sanger-Katz). Additionally, people are less likely to avoid care because of cost and fewer people are carrying medical debt (Sanger-Katz).

We can assume that people who have greater healthcare access are in fact healthier. The healthier consumers are today, the less likely they are to come into your care system through high-cost entry points, saving your hospital time, energy and most important, money.

(5) **If you help consumers, you can reduce self-pay**

According to Bloomberg News, an estimated 27 million people remained uninsured in 2016 (Diamond et al.). Half the people who didn't buy insurance thought it was too expensive.

Among the uninsured, 53 percent report problems paying medical bills (Diamond et al.). Hospitals are essentially becoming banks for those who cannot afford care or cannot get coverage. Patients are refusing to pay medical bills, forcing hospitals to change their billing strategies to combat debt. However, if you help them now, your hospital could save money later on.

According to an article in Modern Healthcare, Novena Health, a health system out of Winston-Salem, N.C., is offering a payment plan with no interest and a flexible repayment timeframe (Kutscher). The program even includes an online cost estimator that helps patients estimate the cost of their healthcare services. After initiating the program, their default rate fell from 30 percent to less than 17 percent in 2014 (Kutscher). The system also experienced a 15 percent increase in cash collection payments from patients (Kutscher).

With this type of payment program, patients are able to pay off their medical debt on their own time, without pressure from major collection agencies. The pay-off isn't immediate, however, hospitals are reducing their risk of no-pay patients by offering a more patient-friendly billing option.

(6) **If consumers are relieved from a financial burden, others will follow**

A 2007 report titled, "Frames of Reference: Online Video Advertising, Content and Consumer Behavior" (from Online Publishers Association and OTX) stated that word-of-mouth influences about 20 to 26 percent of consumers purchase decisions. In fact, after actual experiences, recommendations and reviews have the greatest impact on a consumer's purchase decision. While paid media generates broad awareness, it's not a trusted source for consumers.

If your hospital or health system is creating programs or gaining incentives to help underinsured or uninsured consumers pay for healthcare, then word is bound to get out. Patients could become advocates of your brand if you help them out when they need it the most.

TIME FOR A CHANGE

Consumers are desperately looking for a more affordable solution to achieve better healthcare. If your organization is not adding to the equation, then now is the time to get started. Change isn't easy, especially during times of uncertainty. If you're not sure how to get started or need a bit more convincing, please give us a call. Our job is to make healthcare brands better.

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