

MANAGED HEALTHCARE EXECUTIVE®

FOR DECISION MAKERS IN HEALTHCARE

Use customer service to reap bottom line benefits in consumerism age



By: Paul Spiegelman

Today's hospitals now compete with something far more engaging and intoxicating than the hospital down the street — consumer expectations.

Consumers now demand of their healthcare encounter the same level of personalization and customer experience that they find in their other daily purchases. Until now, hospitals have been slow to adapt to this growing marketplace demand.

Clearly, clinical excellence is not enough. Care must be delivered in a compassionate, service-oriented way that makes the whole patient experience positive. That's why a full 60 percent of respondents to a J.D. Power and Associates study indicated that high levels of patient satisfaction would be one of the top issues influencing hospital selection.

Today's consumers, armed with unprecedented information readily at their disposal, are more engaged than ever in the decision of how and where their care will be delivered.

Information on quality, via outcomes measures, has been available on the Internet for some time via the Center for Medicare Services Web site, on state Web sites, and through independent enterprises offering quality rankings. To stay competitive, providers must demonstrate that they deliver high-quality care and are prepared to explain their performance — and what performance indicators mean — in friendly and easily understood terms. But because people expect an overall high level of care, it is no longer enough for healthcare selections to be based on clinical quality alone. In a recent annual study on healthcare consumerism, in fact, Thomson (formerly Solucient) found that 56 percent of patients would pre-empt their

physicians' choice of hospital, based on personal experience or word of mouth. Having a good experience with a healthcare provider—or hearing of one—has become one of the most important criteria for making that healthcare buy decision.

Out of pocket costs, particularly in markets with heavy managed care penetration, have not historically been a factor in choosing a healthcare provider. However, as consumers are continually being asked to contribute more to their healthcare coverage, they are pushing for more data on pricing ... what they are “getting” for their money and what makes a premium provider. Following President Bush's 2006 Executive Order mandating transparency in healthcare, some hospitals have begun to create such pricing transparency tools as Web sites that provide cost information by procedure, including the expected payment by their insurance provider and estimates of any out-of-pocket expenses. While this is a positive turn of events, most experts agree that in the long run pricing alone will probably not be the consumer's main consideration in choosing a provider. First, healthcare is a highly complex and customized service that depends not just on diagnosis, but many other mitigating factors such as age, secondary diagnoses, prior conditions and more. As a result, predicting the total charges for healthcare is difficult, if not impossible. Second, like all commerce, pricing within the mainstream will eventually level out in order for all players to remain competitive with health plans, employers and consumers.

For healthcare organizations grappling with the new realities of consumerism, the real point of differentiation in the future will be patient satisfaction. Touchpoints may include pre-registration for hospital services, admission, ER visits, calling for directions or to register for a class, and follow-up customer care calls post-visit.

Healthcare providers need to increasingly view patients as consumers who — akin to all industries — expect outstanding service at a reasonable price with high-quality outcomes and choices. To deliver, hospitals must develop a service culture that is

consistent, consumer focused, and lives up to the brand promise. Healthcare providers must focus on both acquiring and retaining consumers – as if they were in retail.

Focusing on customer service has other true financial implications as well. According to extensive research from Press Ganey, patient satisfaction influenced direct measures of financial performance including bond rating, core margin, earnings per adjusted admission, earning per patient day, liquidity, managed care contracts, market share, net margin, and profit margin.

Clearly, the real winners in the age of consumerism will be those healthcare organizations that can successfully engage customers throughout the entire experience and fulfill their ever-increasing expectations for service quality. For while ongoing and meaningful customer service at every touchpoint may be a differentiating feature in the short term, it will be a necessity to remain competitive over the long haul.

Paul Spiegelman is executive director of *The Beryl Institute*, an organization dedicated to improving customer service in healthcare.