Ready or Not, Customer Service is Coming to Healthcare

A White Paper by The Beryl Institute
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About The Beryl Institute

The Beryl Institute is the research and educational arm of The Beryl Companies, the leading provider of outsourced customer interaction services in healthcare. The mission of The Beryl Institute is to improve customer service in healthcare.

Through the institute, Beryl defines best practices around all touch points in the continuum of a consumer’s healthcare experience. Beryl’s vast data resources uniquely position The Beryl Institute to develop and publicize data-based intelligence and benchmarks that can be used to improve customer service.

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Today’s consumers are demanding – balancing the price, quality and service equation in each transaction. While some are willing to pay more for Nordstrom’s high-end service, even Wal-Mart – with always low prices – consistently delivers a high degree of customer satisfaction and choice. Customers want to select the optimal combination of quality, cost and service in each transaction – and they increasingly expect to be able to do this same balancing act with healthcare.

Among healthcare providers, quality is difficult to measure, costs are anything but transparent, and service varies widely even within the same institution. But as the baby boomers make their way into their senior years, they will make compelling demands on healthcare, changing the industry much as they have changed every other industry they have touched.

The landscape in which consumers are now making healthcare decisions is shifting constantly, with each addition of a consumer-directed health plan offering and each hike in health insurance premiums. Leveraging this changing landscape of healthcare cost and quality is not a simple task, but it will be essential to maintaining a competitive position.

Consumers will be judging healthcare services as they would other retail transactions, expecting transparency in price and quality. Over time, healthcare organizations will have to be competitive in price and quality just to survive. And with those variables becoming easier to discern, customer service will become the key differentiator in healthcare choice. This means healthcare providers must increase service levels along the entire customer continuum, from acquisition to service delivery to retention.
The Competition is Fierce and Unexpected

Some hospitals have risen to the challenge. Baylor Regional Medical Center at Plano provides wireless Internet access, a business center on each floor, and treats patients as guests. Rush University Medical System, Chicago, distributes beepers so consumers can get a cup of coffee while waiting for patients in surgery. With innovations like this, consumers will anticipate a new level of healthcare convenience and service. Expectations will continue to rise as consumer-driven health plans put consumers in the forefront of their healthcare spending decisions.

And, while traditional hospitals strive to meet the needs of these savvy consumers, they have an entirely new set of competitors. Wal-Mart, Target and Walgreens combined have a total of 160 in-store health clinics with the expectation of opening 500 by early 2007. While today these clinics attract mostly those with lower incomes who are uninsured or underinsured, the convenience and price point will soon attract the middle class who can easily check their child for strep throat or an ear ache without missing work – and while doing their weekly shopping. Clinics, like the one that Sutter Health network recently opened in Rite Aid, are expected to see 20 patients per day. And, according to The Sacramento Bee, “Nationally many are bullish about the store clinics, saying the companies are at the start of a trend that could eventually spark thousands of retail clinics and reshape the nation’s primary-care system.”

Hospitals must learn to compete on price, convenience and service, not only with their traditional hospital competitors but against these new players. And the new entrants have a long history of consumer-centric service. These competitors include some of the big box retailers such as Best Buy with “eq life,” a spa-lifestyle pharmacy experience; Wal-Mart and traditional drug stores with in-store clinics; and even Steve Case with his $800 million investment in Revolution Health, a healthcare software solutions company. These new competitors typically find innovative ways to meet the price, quality and service demands of their consumers.

What these alternative healthcare providers give consumers is options – financial, location and service delivery. When consumers return to their traditional providers for care, they then bring a new set of expectations.

2. Wasserman, Jim. “Sutter Opens In-Store Clinic,” The Sacramento Bee, Business Section, Dec. 8, 2006
with them. This is challenging for hospitals where consumers are often forced to conform to the demands of the healthcare provider rather than the other way around. These informed consumers are looking for the best blend of service, price and quality that they can select for each interaction. And when it comes to their healthcare experiences, customer service likely will prove to be the key sustainable differentiator.

**Pricing Transparency is Here**

“Simply put, consumerism is a strategy that seeks to put economic purchasing responsibility and decision making in the hands of individuals. With the rise of consumer-directed health plans, this is starting to become a reality in healthcare.

As consumers are continually being asked to contribute more to their healthcare coverage, they are pushing for more information on price. Yet, too often today, consumers don’t know about the cost of care – until after treatments.

Yet, 91 percent of consumers believe that it is very or somewhat important to have information about costs of care before getting care.\(^4\)

Today, “It’s also true that hospitals run their business in ways that make sense only if a third-party payer is picking up the tab.\(^5\)” With third-party payers picking up less of the tab, consumer behavior is changing.

Research shows that those consumers who pay for their own health charges tend to use healthcare services differently. “Definity Health, purveyor of health savings accounts and related high-deductible insurance policies, says the early returns show a marked decline in utilization by patients who see the dollar they’re spending as their own. Hospital admission for these clients were 22 percent lower, recourse to the emergency room was 14 percent lower. Spending for the group actually declined 3 percent in 2004-05, compared to 10 percent growth for conventional insurees.\(^5\)” Even if the growth of consumer-directed health plans slows down, there is no doubt that consumerism is here to stay.

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4. “2006 Consumer Attitudes Survey,” Great West Healthcare
With President Bush’s August 22, 2006, Executive Order mandating transparency in healthcare, consumers will increasingly expect and demand information on pricing before healthcare service is delivered.

As cost transparency penetrates the healthcare market, pricing will probably not be the consumer’s sole choice driver but simply a part of the mix. Consumers will expect to be able to understand the real price of a service similar to the way they understand the real price of a car. Unlike cars, however, “healthcare is a highly customized service ... that depends on resource utilization at the individual level.”

Hospital executives are beginning to understand that consumerism is the big driver of this demand for pricing information and are responding. Innovative hospitals like Texas Health Resources are already providing estimate statements based on DRG, contract, historical data and benefit information before service is delivered. In Olympia, Washington, hospitals voluntarily report price information for common procedures on a Web site that allows consumers to compare prices for a given procedure within the state.” Similarly, in Columbus, Ohio, hospitals must post prices for the most frequent inpatient and outpatient procedures on the Department of Health’s Web site.

Richard Clarke, president and chief executive officer of HFMA, believes that more hospitals will make “efforts to not only publish meaningful pricing information, but also to estimate patients’ ‘out-of-pocket costs.’” Consumers today spend more time shopping for cars than for surgeons. With the advent of this new pricing information, that may change.

Increasingly, those hospitals, physicians and payers who lead the way in pricing transparency will gain customer loyalty and consumer trust while positioning themselves as industry thought leaders.
Quality is a Given - Not a Differentiator

People tend to assume quality in healthcare – much as they assume safety in an airplane. And as with airplanes, a lay person has trouble measuring and comparing quality. Consumers look for quality proxies – such as on-time performance for an airline or cleanliness at a hospital.

“Patients equate cleanliness and order in the environment with quality, suspecting that if a provider doesn't care about keeping their office or hospitals clean, then they may be just as lax in their care of a patient.” 

Because people assume a high level of care, it is very hard to compel consumers to make healthcare selections based on clinical quality alone.

While 95 percent of adults feel it is important to have information about the quality of care provided by different doctors or hospitals, payers and business coalitions are demanding that this information be made public. As a result, hospitals increasingly face public quality scrutiny on the CMS Web site, on state Web sites, and independent enterprises offering quality rankings.

Healthcare providers increasingly must leverage this public quality data – from indicators and report cards, through the CMS rankings – to show that they have met consumers’ expectations. And to stay competitive, providers must continually demonstrate that they deliver high-quality care and are prepared to explain it – as well as any deviation from it – in consumer friendly terms. A campaign, such as the Institute for Healthcare Improvement’s “5 Million Lives Campaign,” raises consumer awareness of quality issues and heightens their expectations and demands on hospitals. Transparency in quality reporting is paramount.

“Most people in the healthcare industry think of customer service as a bother, not an investment, and certainly not something that makes business sense. Nothing could be further from the truth, and here’s why: According to a recent article in the Wall Street Journal, beginning this year, hospitals will be required to participate in the federal government’s national patient satisfaction survey program to receive full reimbursement from Medicare. The results of patient satisfaction surveys later this year will be posted on the government’s HospitalCompare Website at www.hhs.gov, which will allow consumers for the first time to see how hospitals are ranked by their patients and how the hospitals stack up with rivals.”

Chuck Lauer, Modern Healthcare
February 19, 2007

Consumerism is Not Just for Patients

“Consumerism – with its emphasis on engaging consumers in key healthcare decisions and giving providers the responsibility to provide information about quality and cost – may be the last, best hope for a market solution to quality and cost challenges facing hospitals and other healthcare providers,” said Clarke.

The rise of consumerism and the demands of consumers have been extensively documented in many industries including healthcare. A 2005 Solucient consumer study revealed that 63 percent of adult consumers ask their physician to send them to their preferred hospitals even though it might be different than their physician’s recommendation. Yet, too often healthcare providers persist in seeing consumers as patients – rather than as retail consumers who expect outstanding service at a reasonable price with high-quality outcomes and choices.

It’s All About Service

For healthcare organizations, the real differentiation in the future will be customer service. Consumers need and demand service along the entire care pathway. First, consumers want readily accessible and easy-to-understand information. This can range from relevant data for helping people select the most appropriate consumer-directed health plans, healthcare savings accounts, and traditional benefit programs to acquiring useful disease management and wellness information. Savvy new companies, like RedBrick Health, a Minneapolis based health and well-being company, are entering these arenas and using “concierge-type” customer service and advocacy as product differentiators.

How do traditional brick and mortar healthcare providers compete with these new and nimble service providers? The answer is developing a service culture featuring customer service that is consistent, consumer focused, and lives up to the brand promise. With new customers six times more expensive to acquire than existing customers, healthcare providers must focus on both acquiring and retaining consumers – as if they were in a retail business.

There are many “shopping moments” in healthcare – many found well before a customer actually makes a purchase from a provider. Healthcare

organizations that can provide outstanding service during these critical “shopping moments” will more easily acquire and retain consumers. These might include:

**Employer Selection**
With healthcare becoming increasingly expensive, a competitive healthcare benefit may be necessary to attract and retain valuable employees.

**Plan Selection**
Consumers have a choice of plans – either through their employers, through other buying groups, or individually. Yet, the choices and relative benefits are often confusing to consumers – particularly with the new consumer-directed health plan options.

**Physician Choice**
Because many consumers wait to select a physician until they are ill, the ability to efficiently and effectively match consumer need with an appropriate physician is critical.

**Hospital Choice**
Although somewhat limited by plans, consumers exercise choice in hospital selection. Building the hospital brand and delivering on the customer service premise is an important differentiator.

**Follow-up Care**
Hospitals, insurers, disease management companies, and home health services can initiate consumer contact that would smoothly provide appropriate follow-up care. For consumers, coordination of care and easy-to-understand directions will make the difference between continued health or costly return visits.

**New Retail Healthcare Services**
Whether these are executive physicals, voluntary preventive scans, dermatologic treatments, or health and wellness clinics, this is a growing source of revenue for hospitals and other providers.

In these “shopping moments,” many entities vie for consumers’ attention. These may be traditional hospitals and health plans, physician groups, disease management companies, and pharmaceutical companies as well as emerging service providers like health and wellness practitioners. The proliferation of options and messages can
make purchase decisions confusing and, sometimes, frustrating. With consumers increasingly footing all or part of the healthcare bill, successful organizations will provide consumers with understandable information when, how and where they need it.

Ongoing meaningful customer service during all “shopping moments” will be necessary to stay competitive. And customer service is not just an added frill, but a true financial issue. 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.”

Specifically, one study examined the implications of moving all patients with average patient satisfaction ratings of 3-4 to a superior rating of 4-5. The hospital would gain $2.3 million in additional revenue from additional repeat customers – or an average of $82 per patient.

Another study linking patient satisfaction to financial performance in medical/billing, nursing/daily care, admissions and discharge found that a one point improvement in patient satisfaction significantly impacted earnings per bed. This found that “one dimension of quality, admissions, contributes significantly to return on assets. The contribution of this factor to return on assets is approximately 2.4 percent.”

These mainly ignored “shopping moments” – billing, admissions and discharge – are clearly linked to the bottom line. Competitive institutions will clearly focus on improving these patient “shopping moments” to sustain and grow the financial health of their hospitals.

The adjacent chart from the Healthcare Advisory Board further demonstrates the link between customer service and the bottom line.

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Ten Practical Tips for Improving Customer Service

As organizations face the challenges of impacting the overall customer experience of their patients and healthcare consumers, the following are ten tips to keep in mind:

1. **Start at the top**
   A culture of customer service must be demonstrated and embraced at the highest level of each organization. Successful service organizations tie in treatment of internal customers (employees) to the goals for external customers and use that to develop a corporate culture of service. This includes clearly developed mission and vision statements that make service a hallmark of the culture.

2. **First look inside**
   When an entire organization clearly understands the corporate service goals, mission and vision, empower employees to make decisions that reinforce these goals – without bureaucratic obstacles. Creating customer loyalty starts with earning employee loyalty.

3. **Set clear customer service goals**
   All goals must be clearly stated and reinforced throughout the institution. The important thing is to start with small, achievable initiatives and grow these over time. These goals can be as simple as enhancing the registration process in a hospital by offering pre-registration calls or online registration, or turning your call center touchpoints into “customer interaction centers.”

4. **Measure the improvements**
   For each service initiative, document the current status and the desired status and measure the incremental improvement. For example, in pre-registration, a hospital would measure the level of customer satisfaction with the process currently and then after changes have been implemented. In addition, measure whether pre-registration reduced no-show rates and how that affects the bottom line.

5. **Define the service culture and the brand promise from a consumer, not a provider, point-of-view**
   This includes identifying all of the current consumer touch points – from the parking lot to the waiting room and the call center – and
finding ways to make them better. Savvy leaders will use quick post-visit or post-encounter calls to determine which touch points create the biggest ROE – return on experience.

6. **Build compensation and bonuses around the goals and metrics**
   Reward people for the improvements you are trying to achieve. If the goal is to reduce no-show rates at a clinic or retain customers post-surgery, make sure that the entire institution understands and is rewarded for reaching these goals. Rewards may be both individual – through structured bonus programs – as well as corporate-wide – through special events and recognition.

7. **Grow from each encounter**
   Good service depends on meeting the needs and expectations of individual consumers. Consumers are increasingly accustomed to Web sites that remember them and make helpful suggestions based on previous purchases or shopping behavior. They will begin to expect similar levels of service from their healthcare organizations. Use each encounter with a prospective customer to gain information about them and harness this data to delight them in future meetings. This requires CRM systems that recognize customers and can build a knowledge base to streamline interactions. Contrast that with typical healthcare encounters today where consumers frequently have to repeat the same information numerous times during the course of the transaction. A centralized CRM data repository will help organizations meet current needs as well as identify future upsell and cross-sell opportunities.

8. **Conduct a build vs. buy**
   Conduct a thorough analysis to see if the organization can achieve customer service milestones strictly using internal resources. If the decision is made to outsource, select companies that can help accelerate and build the customer service culture. Whether it is revenue-cycle specialists or call center experts, healthcare organizations must clearly state the expected level of customer service and understand how the outsourcing partner can meet or exceed those expectations. Outsourcing offers the added advantage of allowing the hospital to focus on its core business – taking care of patients.

9. **Communicate and celebrate success**
   In a customer service culture, communicating success internally and
externally is imperative. Celebrating success reinforces the customer service goals and energizes employees to meet further goals.

10. Innovate, innovate, innovate
    Customer service is not static. Consumers’ needs are continually evolving. The customer service culture must be an ongoing evolutionary process rather than a rigid set of initiatives. Gain input from all levels of the organization – particularly those having direct contact with consumers. Revise customer service goals on a regular basis – but allow for innovation on an unpredictable schedule.

Conclusion

Consumers are gaining more control of healthcare spending. This will lead to a new culture where cost, quality and service are all part of the value equation. With pricing transparency and quality reporting standards, hospitals and other providers will have to “fix” any discrepancies to remain competitive. The true differentiator in the future will be service – a very bottom-line issue. Savvy healthcare leaders and organizations will transform their institutions to be consumer rather than patient focused leading to new standards in care and service delivery.
About The Beryl Companies

Beryl helps organizations grow revenue and build lasting customer relationships by connecting people to healthcare. As a leading provider of outsourced telephone and Web-based communications, Beryl delivers 24/7 exemplary customer service to more than three million consumers each year.

Since 1985, hundreds of healthcare organizations have relied on Beryl for best-practices insight and data they can use to make more informed decisions about customer acquisition and retention.

For more information about Beryl, please visit us on the Web at www.beryl.net.