

HEALTHCARE INTELLIGENCE REPORT | JUNE 2021

THE TOP OF THE FUNNEL

WHY HOSPITALS MUST ACT TO ATTRACT CONSUMERS
EARLIER AND MORE OFTEN POST-PANDEMIC



EXECUTIVE SUMMARY

The pandemic has accelerated the financial crisis that had already engulfed hospitals and health systems for years. National spending on acute care and physician and clinical services plummeted 40% in April 2020 compared to a year earlier.¹ By March 2021, although consumer healthcare spending rebounded to near pre-pandemic rates, hospital cash reserves remain depleted. The fiscal threats to survival loom larger than ever.

Through much of the pandemic, insurers have enjoyed steady premium revenue together with lower claims payments, in part due to deferred elective procedures. Health systems' loss has been payers' gain, and payers are using their cash to build on their competitive advantage.

This financial crisis is a mandate for hospitals to act immediately to improve their competitive position with respect to payers, retail health clinics and other new market entrants that are acting aggressively to dominate “top-of-the-funnel” health services.

KEY TAKEAWAYS

- Long-term financial trends, the COVID-19 pandemic and increased competition create an imperative for hospitals to connect with consumers in new ways, places and times.
- Primary and ambulatory services are key to building lasting bonds between health systems and their patients.
- Moving from a “sick” brand to a “health” brand, along with strategic investments in personalized marketing and the digital experience, will be key to health system success in a post-pandemic world.

TOP-OF-THE-FUNNEL: A DEFINITION

To remain competitive, healthcare providers need to build the “top-of-the-funnel,” which is where most consumers first engage with a health system — often through in-person or virtual primary care, urgent or emergency care, virtual second opinions, diagnostics, immunizations, prescriptions or simply wellness content on social media.

The top-of-the-funnel is typically defined as an entry point into the healthcare journey and in many cases, a choice that consumers can make now, without an appointment. The graphic below shows the types of initial encounters at the top of the funnel.



THE DISCONNECT BETWEEN WHAT PATIENTS WANT AND WHAT HEALTH SYSTEMS OFFER

The first impressions made through initial encounters drive consumers' decision-making long before they need lower-funnel medical care, such as specialty care, surgical care, tertiary and quaternary care. These first contacts also provide the best opportunity to establish long-term relationships that drive complex care encounters down-funnel.

The growth of consumerism in healthcare means that consumers now expect these first encounters with health systems to be as convenient, personalized and digital as other products and services in their daily lives. Digital apps and tools for better health, such as wearable trackers and monitors, are now part of many consumers' everyday experience, but they are not yet connected to consumer encounters with health systems. In other words, consumers still primarily think of health systems only when they are sick.

Part of the reason is that many hospitals and health systems fall short in creating a satisfying digital experience for patients. Most websites and apps aren't mobile-friendly. An organization may have no patient-facing scheduling app or providers listed on the app fail to use it.

There may be further pitfalls where people and technology interact. A provider is late to a telehealth appointment, leaving the patient staring at an empty screen. A doctor can't see information that the patient just gave to a physician assistant or lacks access to the electronic health record in a telehealth appointment.

Each of these shortfalls creates a negative patient experience and over time makes patients feel like health systems don't value their time or view them as people.



COMPETITIVE TOP-OF-THE-FUNNEL ENCOUNTERS ARE CRITICAL TO REVENUE GROWTH

These missed chances are especially problematic in the context of today's competitive landscape. Retail health disruptors and payers are winning ever greater shares of healthcare delivery across the continuum — not just by creating a better digital experience, but by making patients feel valued at their first encounters.

Health systems must grow their top-of-the-funnel services and improve their patient experience to keep up. It's the clearest path to maintaining and increasing market share — and an imperative for creating future financial stability.

The key is to connect with consumers before they need acute care, nurture the relationship and guide them toward multiple access points that are linked to high-value, down-funnel service lines. While inpatient care and surgery still generate the bulk of system revenue under fee-for-service models, growing volume provides opportunities to reinvest in value-based care, transitioning to an outcomes-based system while maintaining financial stability.

Failing to maximize top-of-funnel encounters leaves health systems vulnerable to patients being diverted from your service lines to a competitor's front door. For example, a patient seeking diabetes education during a telehealth appointment obtained through their health insurer — which offers easy, online booking and same-day appointments — might go on to receive ongoing care with one of the payer's preferred in-network physician groups.

As payers aggressively narrow their provider networks and expand the number of services that they provide across the care continuum, they arguably present bigger threats than retail health clinics or recent market entrants like Amazon Care. In fact, payers are actually working strategically to add these non-traditional providers to their own portfolios.

In other words, health system top-of-the-funnel competitors are merging and under the guise of payer services arms like Optum they are creating the exact set of modern offerings and experiences that patients are looking for today.

Granted, these same competitors have significantly more access to capital than health systems and therefore more ability to address the top of the funnel which, for providers, tends to be a lower revenue opportunity in the short-term. However, providers should consider making top-of-the-funnel investments for long-term competitiveness.

Payer policies are challenging what insurers see as high reimbursements for hospital services across the board. Yes, they're steering patients to non-hospital ambulatory surgery centers. But that's just the beginning.

Health systems can't fight all of these battles at once, but top of the funnel is arguably the best place to start.

Payers are steering patients away from emergency rooms and toward urgent care. They employ "white bagging" and "brown bagging" methods to divert the dispensing and administration of medications away from hospitals. For diagnostics, they're sending patients to LabCorp or Quest or to freestanding imaging facilities. They're taking telehealth in-house and prefer home health providers like Amedisys to hospital-based home health services.

The biggest insurers (especially UnitedHealthcare) are holding down reimbursement. They're restricting network access when providers balk at contract terms. And some payers are reconsidering COVID-19 emergency expansion of telehealth coverage at parity.²

In addition to partnering with retailers, payers are buying up physician groups in financial distress, as well as massive health data players like Change Healthcare, giving them the intelligence needed to amplify all of the above strategies.

Health systems can't fight all of these battles at once, but top-of-the-funnel is arguably the best place to start because it's the beginning of the consumer experience and has huge potential to boost finances in the long term.



THREE STRATEGIES FOR BUILDING TOP-OF-THE-FUNNEL

There are a few different strategies health systems can leverage to build competitive top-of-the-funnel services. Note that this isn't an "all or nothing" situation. Health systems can adopt whichever solutions make sense for them. Moving from a "sick" brand to a "health" brand requires significant

operational changes, while efforts to make marketing more personalized can have a significant impact without requiring the same level of system-wide change or buy-in. Digital improvements lie somewhere in between.

Focus on personalized marketing to build patient loyalty and retention

Personalized marketing begins with a deep understanding of consumers, leveraging data to determine their characteristics, preferences, concerns and habits across service lines, as well as grouping them into segments. Audience insights can then be used to customize outreach, access and the patient experience for each identified segment. Health systems can also use journey mapping to give patients — regardless of which services they begin with — pathways through the funnel to all the other services they might need.

What this approach boils down to is understanding and solving consumers' problems, as well as giving consumers choice in everything from providers and appointment times to communication channels for appointment reminders.

Invest in building an enhanced digital experience

Investing in consumers' digital experience, including operational changes that may be required for clinical and nonclinical staff workflows, can also yield a big return.

Today's hospital websites often fail to deliver clear paths to the information and services that consumers want to be able to easily access — from their phones and with as few clicks as possible. And many existing hospital apps try to do too much or are simply awkward adaptations of the hospital's website.

Marketing and IT departments can collaborate to improve these offerings and provide customer support for the patients using them. These efforts are high impact and do not require any significant operational changes.

Other changes in the digital realm, like offering virtual visits across specialties, are more significant undertakings. But the payoffs are huge. Imagine that a patient receives a text reminder for a virtual physician visit and a week later goes to a system facility for lab work, then in six months comes back for a flu shot. That journey, characterized by repeated consumer-first engagement across channels, builds an enduring, loyal connection to the organization.

With CMS' broad expansion³ of covered telehealth services, it will become easier for health systems to move to these models.

Practitioners in many more specialties can see patients virtually, midlevel providers such as nurse practitioners and physician assistants can use digital interfaces to practice at the top of their licenses and all have the potential to be reimbursed at parity post-pandemic.

KEY STRATEGIES TO IMPROVE THE DIGITAL EXPERIENCE, FROM WEBSITE IMPROVEMENTS TO BUILDING OUT NEW CARE DELIVERY OFFERINGS:

- Optimize your digital front door, expand your use of smartphone apps and be present in your consumers' preferred social channels.
- Offer technology assistance to patients who may need support to access digital channels.
- Expand telehealth appointments to more specialties and accelerate remote patient monitoring programs.
- Extend appointment times for telehealth beyond in-office hours.

But a patient's positive digital experience with a health system doesn't always translate to the patient feeling well cared for. It begins with the basics. If a patient sits in a waiting room for an hour and a half, they may wonder, is my time valued? If they're given hard-to-follow directions to find their next stop on a sprawling campus, say a distant diagnostic lab, they may wonder, isn't there a better way? If a provider can't see a patient's chart, the patient may lose confidence in the system's ability to provide coordinated care.

Patients can end up feeling defeated and believe that the providers and staff they encounter just don't care. Imagine what such a patient says on the car ride home.

Those impressions, too often negative, may persist unchallenged in the patient's mind until their next encounter with the health system, which could be the next day, or not for years.

Move from a “sick” brand to a “health” brand

The prior two solutions illustrate that health systems can significantly improve top-of-the-funnel offerings without taking the huge step of becoming a “health” brand. But understanding the value of a health brand is important for all systems, whether they're ready to act on this vision or not, because this is the direction that healthcare is heading. This is the vision payers are putting forward. This is the vision that retail medicine promises to deliver on.

So, what is a health brand? It's a brand that engages people in their “living moments,” when they're simply going about their daily lives and not thinking about doctors and hospitals. Instead of consumer relationships with the system being based on “sick moments” only, they are based on a consumer's desired level of interaction and centered on a definition of health that extends far beyond physical health to include support for mental, emotional and social needs.

No wonder that in an NRC survey, 35% of healthcare consumers, when asked who was primarily responsible for the health of their community, responded “Don't know/not sure.”⁴ That's a big missed opportunity, and one that a health brand can help capture.

It's a health system with care offerings that are not tied to whether or not they are reimbursable. It's a hospital that offers more than care, that offers education and support and that actually functions as a health advocate. A health brand's marketing doesn't focus on inpatient care that requires consumers to come to them; its marketing and services focus on going to consumers, reaching them in their own communities.

Shifting to a health brand goes to the heart of what a system delivers in terms of service and value. For Vanderbilt Health in Nashville, Tennessee, making this vision come to life was a multi-year initiative that included department restructuring, continuing education, cross-functional and multi-departmental initiatives, and an entirely new brand strategy and platform.⁵

For Texas Health, putting the consumer at the center of everything the organization does required a 10-year strategic plan.

For UC Health of Colorado, the journey included an 18-month discovery process that included 4,000 interviews across multiple audiences, both internal and external, resulting in a new brand strategy that emphasizes a holistic approach to living a healthy life.

These health branding initiatives require up-front investment, in terms of both staff time and funding. For cash-strapped institutions, especially community and rural hospitals, mustering the resources will be a daunting challenge. But they can make a big impact on a health system's long-term reputation.

HERE ARE A FEW WAYS TO EMBODY THE SPIRIT OF A HEALTH BRAND MODEL BEFORE ACTUALLY UNDERTAKING A SYSTEM-WIDE TRANSFORMATION:

- Co-brand retail clinics to extend the presence of your institution.
- Host vaccination clinics for COVID-19 and other immunizations at community events or in shopping malls.
- Adopt a subscription revenue model for services such as nutrition, supplements and at-home diagnostics.

Consider partnering

Partnerships with complementary provider organizations can build a system's health brand and expand its top of the funnel. In 2016, Mount Sinai Health System in New York City began partnering with CityMD's urgent care clinics (now under the Summit Health brand) to provide coordinated care, including referrals

from urgent care clinics to primary care and specialist physicians at the system's hospitals. In 2017, Montefiore Health System also launched a collaboration with CityMD, emphasizing high-quality, convenient, efficient care.

CONCLUSION

Regardless of which solution a system pursues, it's imperative that all stakeholders prioritize top of the funnel. Because the pandemic isn't over until it's over, hospitals are still reeling from suspension of elective procedures last winter.⁶ And now they are faced with challenges related to the COVID-19 vaccine.⁷

Now is the time for health systems to leverage goodwill from the pandemic to capture top-of-the-funnel service volume and raise the bar on the consumer experience to ensure their offerings compare to and improve on those offered by payers and other competitors.



SOURCES AND SUPPLEMENTAL READING

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