

# New Insights on Value-Based Care Healthcare Attitudes 2016

Half of all healthcare payments must be value-based by 2018, with providers compensated for healthy outcomes instead of services provided.

How we can best get there depends on who you ask — Consumers, Payers and Providers all have different viewpoints.

# Research Methodology

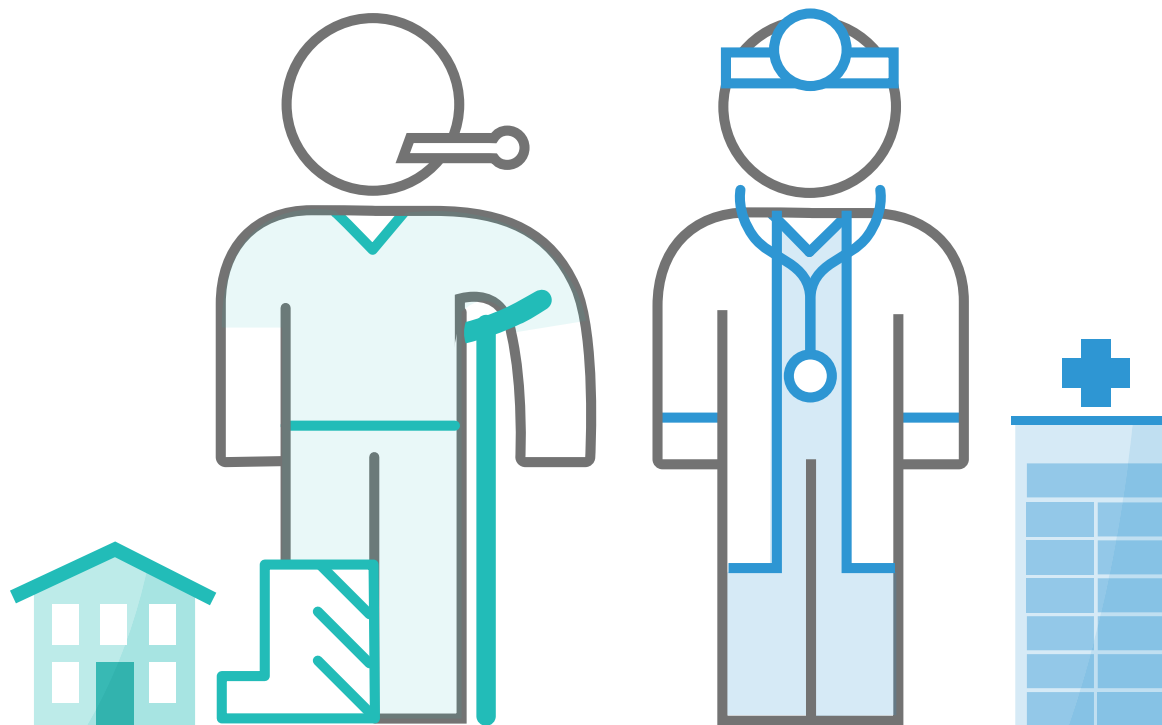
**Study Details:** We surveyed two groups

## Group 1: Consumers

## Group 2: Payers/Providers

We set out with three goals:

1. Examine consumer attitudes towards the current state of healthcare.
2. Measure the perceptions of health-care payers and providers towards both healthcare in general and the emerging emphasis on value-based healthcare.
3. By comparing the results for these two groups, assess the gaps between patient and provider expectations for the current healthcare system.



Study details: we surveyed 761 adult U.S. consumers and 204 healthcare payers and providers. For a breakdown of these populations, turn to page 27.

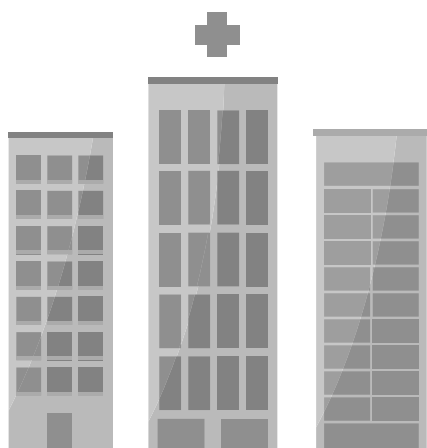
# A Moment of Great Optimism (and a Little Anxiety)

The healthcare marketplace is in major transition, and our research reflects all the excitement and unease that change inevitably involves. Consumers are becoming more empowered and savvy in healthcare decision-making. But they also say that they need more help when it comes to taking charge of their health coverage and, to a greater degree than ever before, their actual health.

Payers and providers are struggling to balance the need to move to a value-based model with the concerns that there are significant obstacles to its success (indeed, some of their concerns stem from trying to determine the full implications of patients taking greater responsibility for their personal care).

This is a moment when the consumer and payer/provider communities believe they can work together to create a healthier future... but also worry that their brighter tomorrow is by no means guaranteed.

By 2018, the Centers for Medicare & Medicaid Services (CMS) will require 50 percent of payments to be value-based, meaning providers are compensated for healthy outcomes rather than each service provided.



# Consumers: Age Shapes Attitudes — with Substantial Common Ground Between Generations

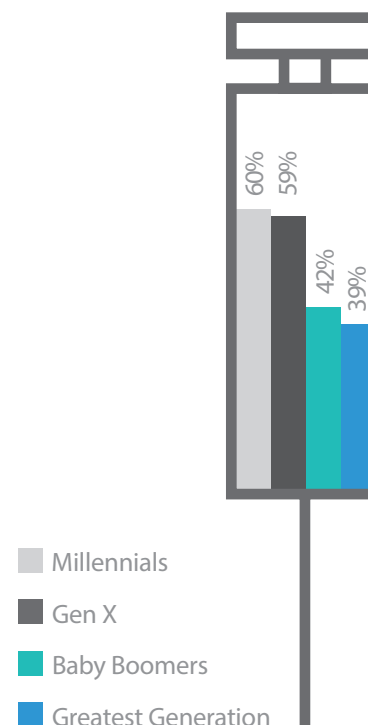
People have different priorities at different points in their lives and this is reflected in how people seek out healthcare.

In general, younger consumers are the ones most concerned about costs.

Younger people are also willing to devote more time to trying to control costs, given that they are more likely to shop around (one dramatic display of how Millennials often value their finances over their health: 50% have delayed treatment due to cost, compared to 15% of the Greatest Generation).

More than 60% of Millennials and 59% of Gen X say cost is a top consideration, while only 42% of Baby Boomers and 39% of the Greatest Generation consider cost as important.

Cost is a Top Consideration



# Consumers: Age Shapes Attitudes — with Substantial Common Ground Between Generations

A majority of consumers across all ages believe technology could benefit their personal health through:

1. Having access to electronic medical records.
2. Being more connected with their pharmacist, healthcare provider, and health insurance company.

Unsurprisingly, younger consumers (Millennials and Gen X) are more likely to agree with both of those positions. And all consumers, particularly younger ones, are looking to their healthcare providers for help in achieving these goals of empowerment.

When it comes to taking control of their healthcare and overall health, Millennials (64%) most wanted encouragement and help from their healthcare provider, versus only 49% of the Greatest Generation.

An overwhelming 91% of all consumers want to be more proactive in their healthcare.



NOTE: We include four generations, defined as:

Millennials: Age 18-34

Gen X: Age 35-49

Baby Boomers: Age 50-68

Greatest Generation: Age 69+

# Payer/Providers: A Future Full of Potential—and Potential Pitfalls

Payer/Providers are optimistic about the potential for value-based care: large majorities agree it can provide benefits to payers, patients, and providers. Value-based care isn't just a promise. It's already being implemented.

At the same time, Payer/Providers have a long list of serious concerns about value-based care:

- 69% agree to some degree: “The risks of value-based care make me feel uncomfortable.”
- 77% agree to some degree: “Some providers adopting a value-based approach are losing money.”
- 83% are concerned to some degree about finding the right method to measure “healthy outcomes.”

There is encouraging common ground with consumers: 83% of payer/providers believe consumers need to take more control under a value-based model – and the younger consumers agree wholeheartedly.

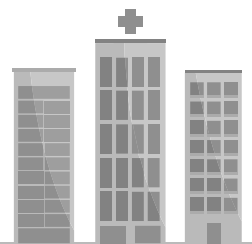
Unfortunately, Payer/Providers also believe:

1. Consumers aren't currently taking control.
2. Consumers will face obstacles in doing so.

Most Payer/Providers are also looking for outside solutions to help move to a value-based model across a wide range of functions, from software to services and technology.

Payer/Providers who are switching to a value-based model expect 45% of their populations to be value-based in the next year.

Most Payer/Providers (67%) say they are taking a “wait and see” attitude as to which value-based model to adopt.





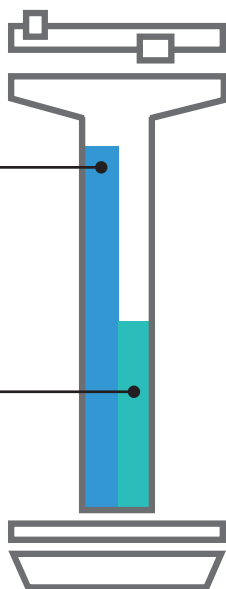
## Payer/Provider Perspectives on the Shift to Value-Based Care

Nearly half **(48%)** of payer/providers say they are looking to switch to a value-based model.

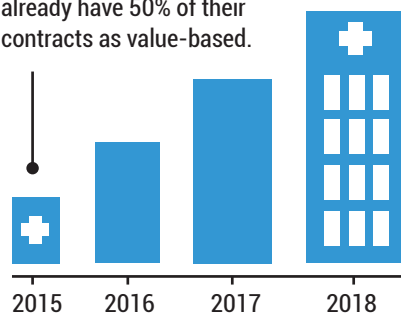


**88%** say less than 50% of their current portfolio is made up of value-based contracts.

**43%** say less than 10% of their current portfolio is made up of value-based contracts.



**6%** of payer/providers already have 50% of their contracts as value-based.



**67%** believe they will have 50% of their contracts as value-based by 2018.

Payers/providers need a lot of additional support to manage value-based care contracts in areas including:



analytics



technology



people-based



**67%** of payers/providers are taking a "wait and see" attitude as to which value-based model to adopt.

**84%** believe consumers need to take more control under a value-based model



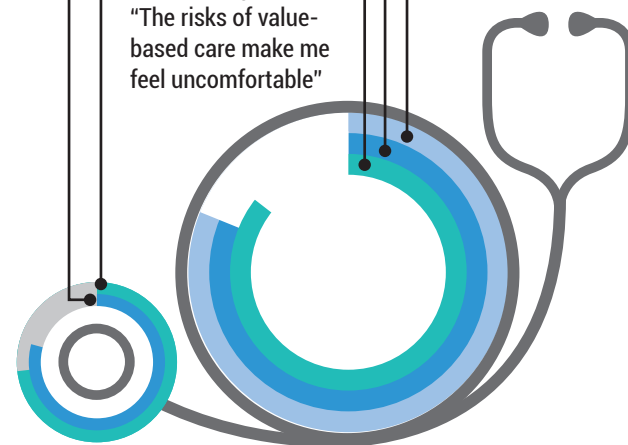
**83%** are concerned about how they will measure healthy outcomes.

**81%** are concerned about containing costs

**80%** are concerned about the inability for providers to make the journey

**77%** agree that "Some providers adopting a value-based approach are losing money"

**69%** agree that "The risks of value-based care make me feel uncomfortable"



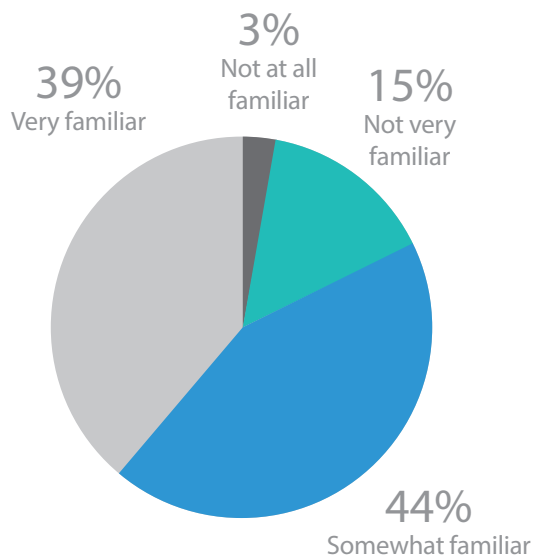
# Delving Deeper: Payer/Provider Attitudes

83% of Payer/Providers are at least somewhat familiar with the value-based care model.

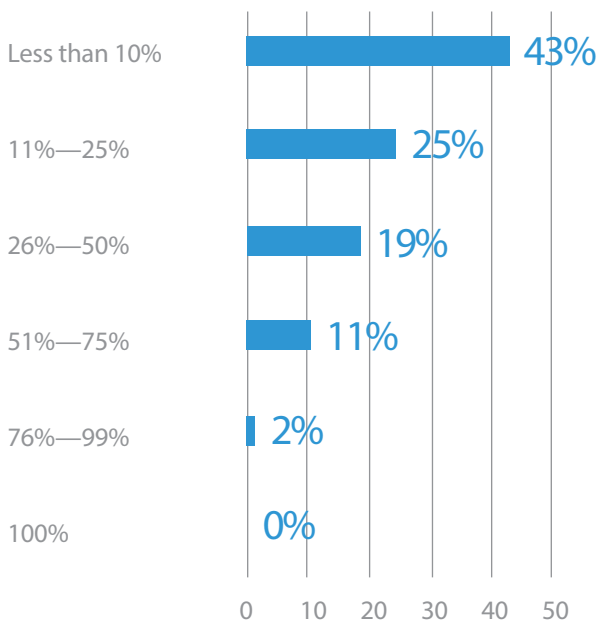
While familiarity is high, there is still much implementation to be done: 43% of respondents reported that less than the 10% of their commercial reimbursements were currently value-based.

Of those contracts, 43% were government contracts and 57% commercial.

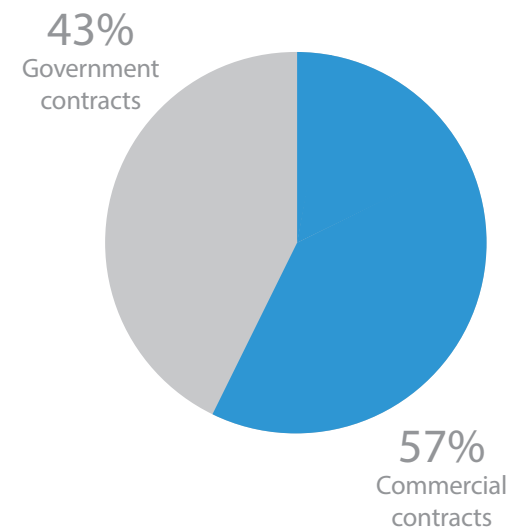
How familiar are you with value-based care?



Do you currently have value-based care contracts? If so, what percentage are value-based?



What percentage of your contracts are commercial? Government?

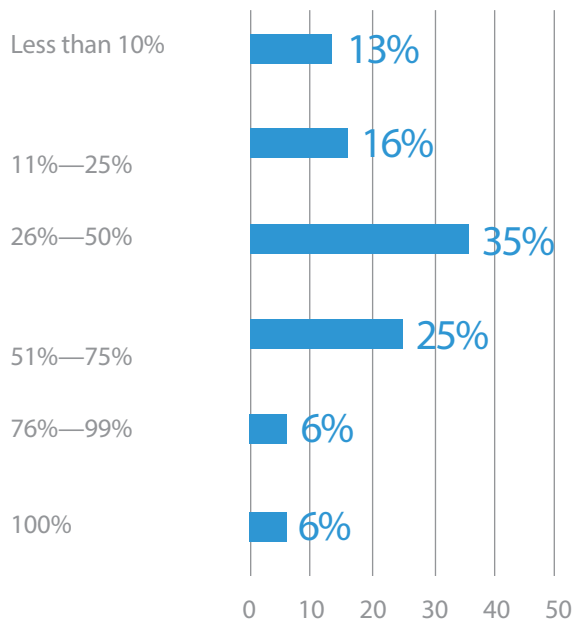




# Delving Deeper: Payer/Provider Attitudes

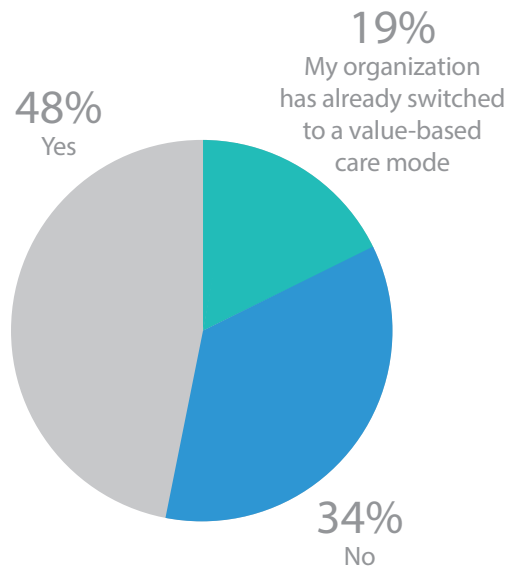
Of the commercial reimbursements, 64% are currently 50% or less value-based.

Payers: How many of your commercial reimbursements are currently value-based?



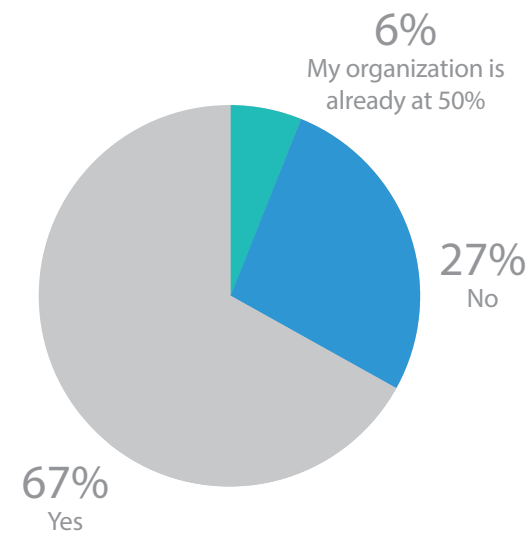
67% of Payer/Providers have either already switched (19%) or are currently looking to switch (48%) to a value-based model.

Are you currently looking to switch to a value-based care model?



By 2018, 67% of respondents believed that at least half their payments/reimbursements would be value-based (though only 6% have already attained this mark).

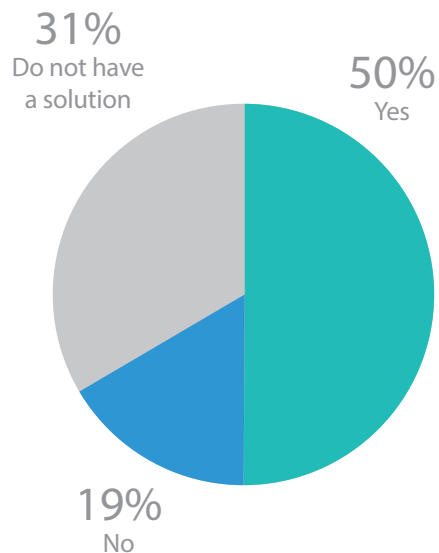
Do you believe that by 2018, 50% of your reimbursements will be value-based?



# Delving Deeper: Payer/Provider Attitudes

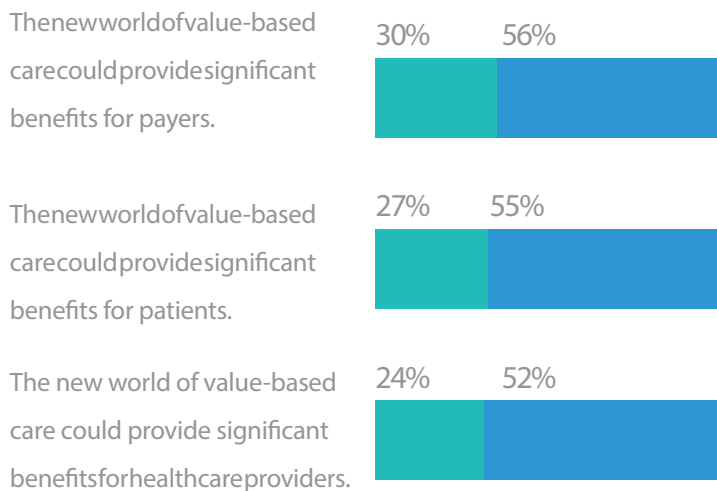
Of the Payer/Providers who've already implemented value-based care, half indicate they are already seeing the benefits.

If you already have a solution to navigate value-based care, are you seeing benefits?



A solid majority of our sample agreed that value-based care would provide at least some benefits for all three major parties: payers (86% agree to some extent), patients (82%), and providers (76%).

Please indicate the extent to which you agree with the following statements.



■ Strongly Agree ■ Somewhat Agree

# Delving Deeper: Payer/Provider Attitudes

Despite these positive attitudes towards the potential of value-based care, Payer/Providers also expressed significant concerns.

In particular:

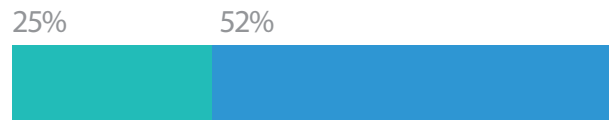
**77%** at least partly agree that some providers adopting a value-based approach are losing money

**69%** at least partly agree that the risks of adopting such an approach make them uncomfortable.

Accordingly, **67%** to some degree agree that their organizations are taking a “wait and see” attitude towards the model.

Please indicate the extent to which you agree with the following statements.

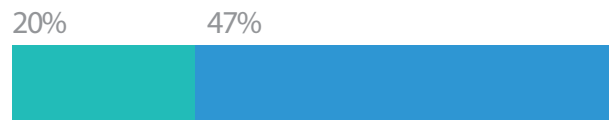
Some providers adopting a value-based approach are losing money.



The risks of adopting a value-based payment approach makes me uncomfortable.



My organization is taking a wait and see attitude on which value-based model to adopt.

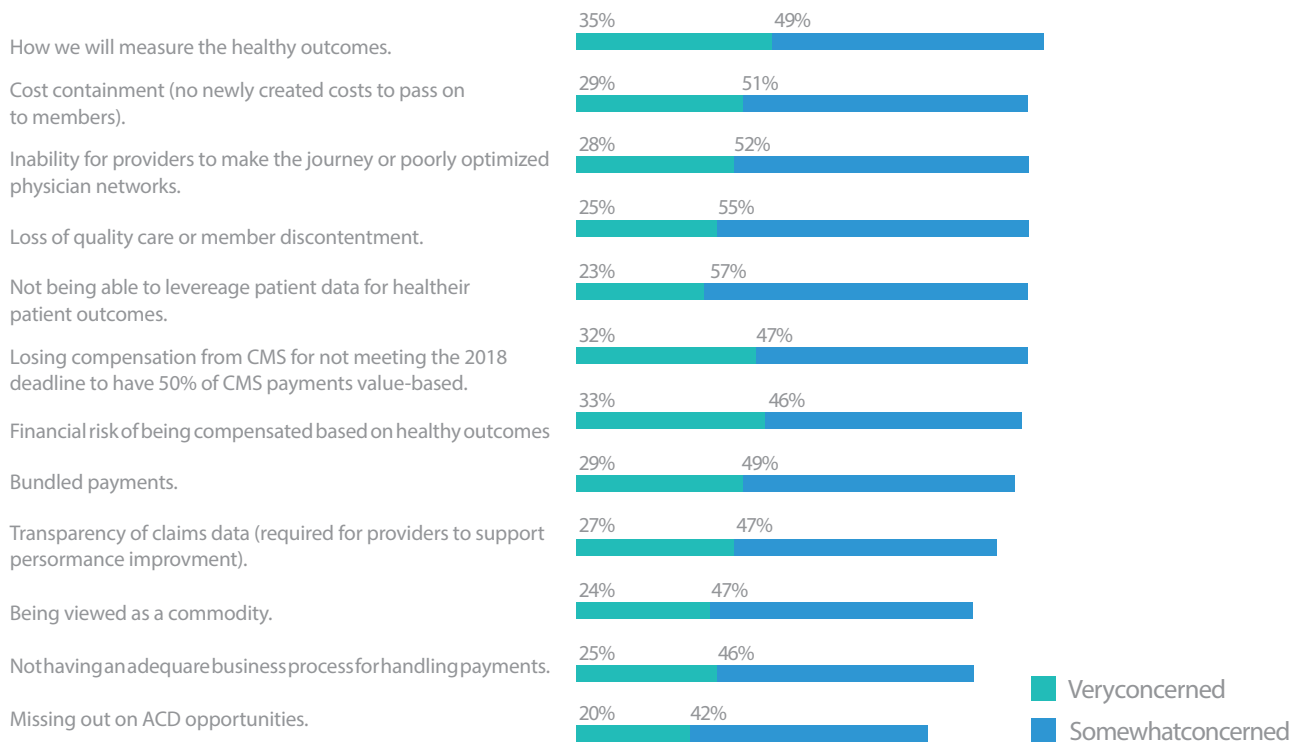


■ Strongly Agree ■ Somewhat Agree

# Delving Deeper: Payer/Provider Attitudes

When asked about their major concerns with value-based care, Payer/Providers indicated the top three were “how to measure healthy outcomes” (83%), followed by “cost containment” (81%), and “an inability for providers to make the journey/poorly optimized physician networks” (80%).

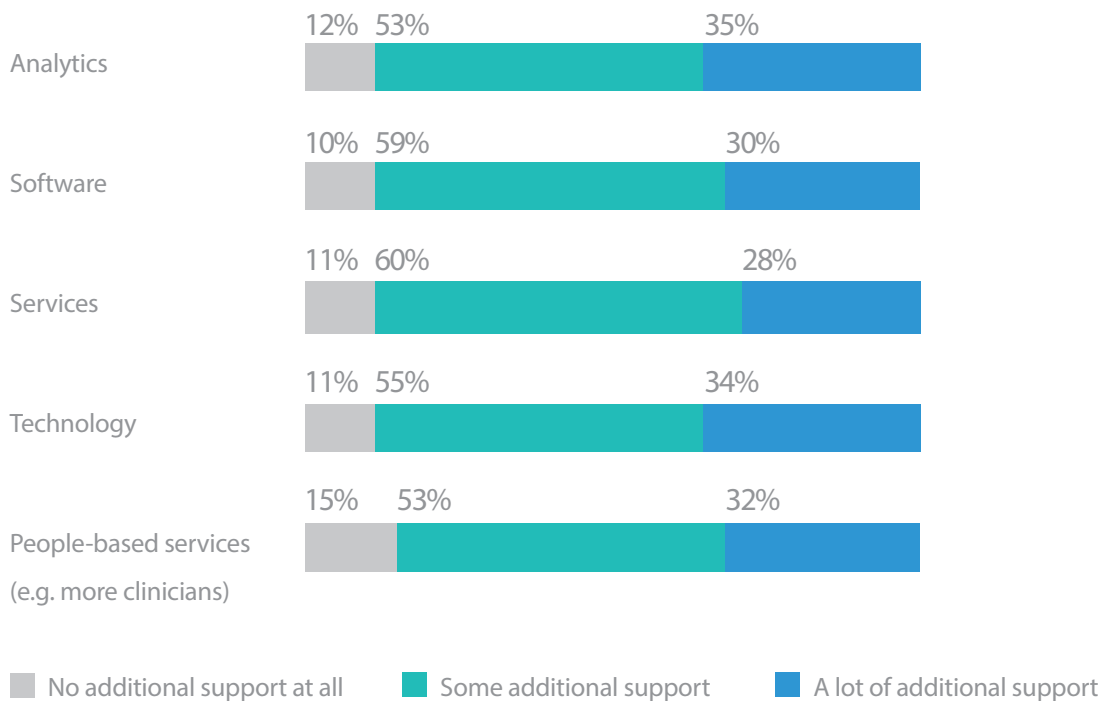
Please indicate how concerned you are about each of the following when it comes to switching to value-based care model.



# Delving Deeper: Payer/Provider Attitudes

Solid majorities of Payer/Providers indicate they need of at least some help to handle the challenges of implementing value-based care across the full gamut of analytics, software, service, technology, and people-based services.

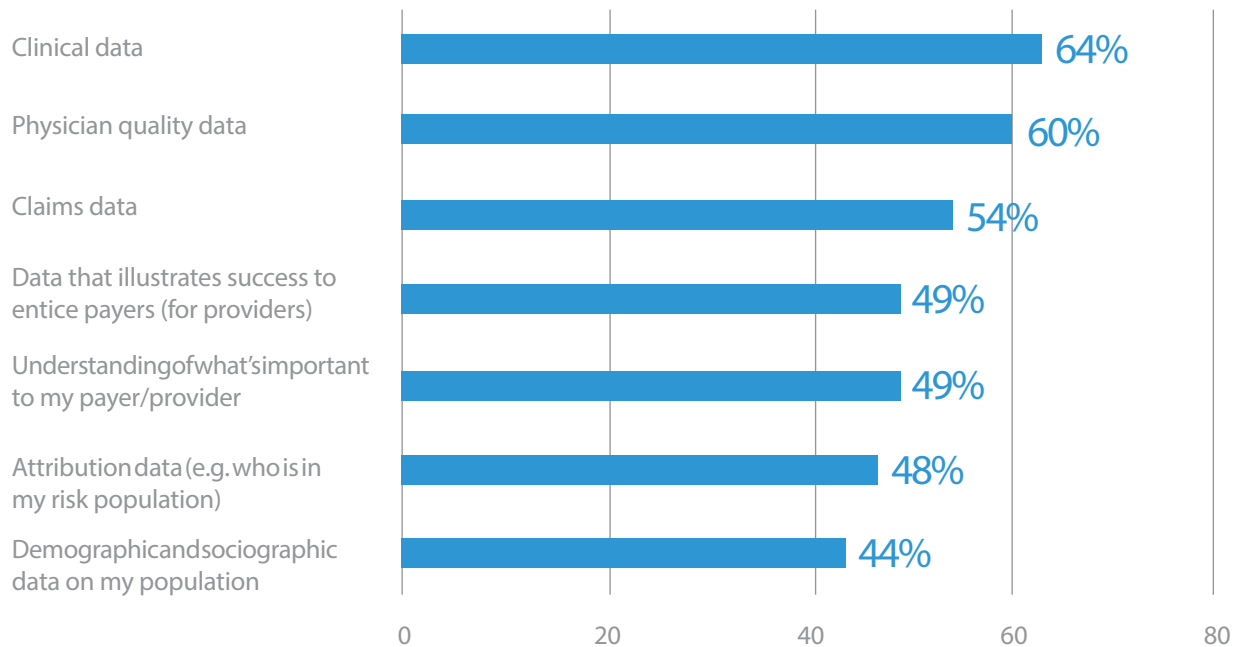
How much additional support are you needing to manage your value-based care in the following areas?



# Delving Deeper: Payer/Provider Attitudes

Finally, to build value-based contracts, Payer/Providers indicate they currently have a range of information needs, particularly with clinical data (64%).

What information would you need to build value-based contracts? (Please check all that apply).

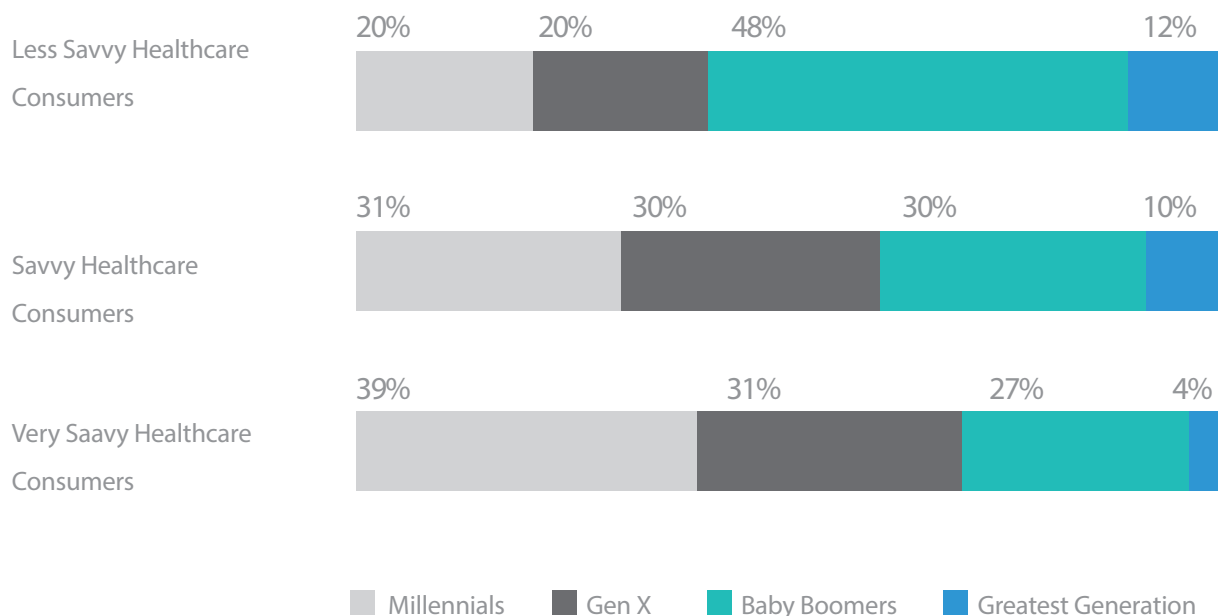


# Delving Deeper: Consumer Attitudes

## Cost-Consciousness

When it comes to consumers' concerns over cost and "shopping around" for healthcare, age plays an important role. For our study, we defined how "savvy" a health consumer was by how they fit seven different criteria\* (please see appendix for further clarification).

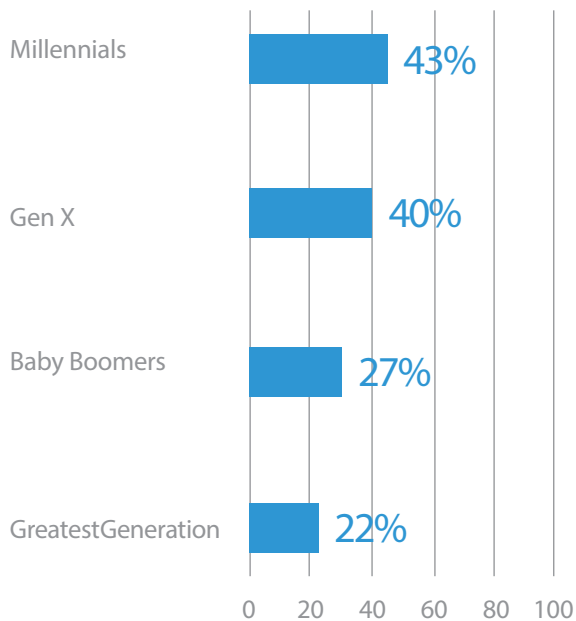
We found Millennials made up 39% of the "Very Savvy Consumers", while the Greatest Generation constituted just 4% of this category.



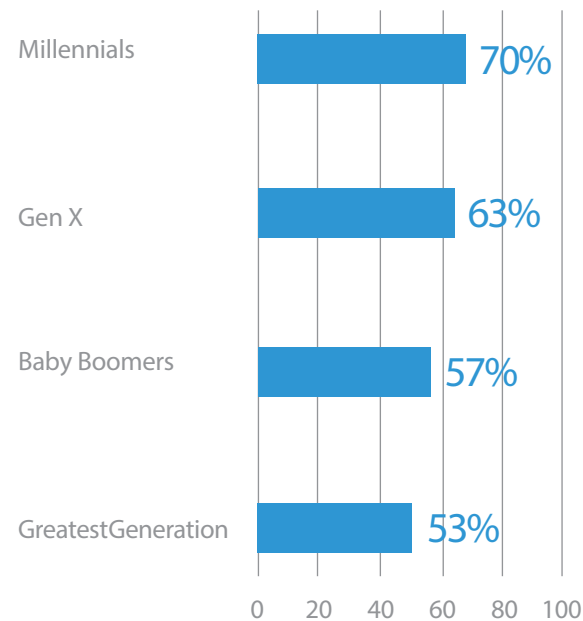
# Delving Deeper: Consumer Attitudes

We also explored the importance of cost in the healthcare and health insurance decisions, and again learned that age plays a role. In general: the younger the consumer, the more important cost is.

Importance of cost when selecting a healthcare provider (ranked in top 2).



Importance of cost when selecting a health insurance provider (ranked in top 2).

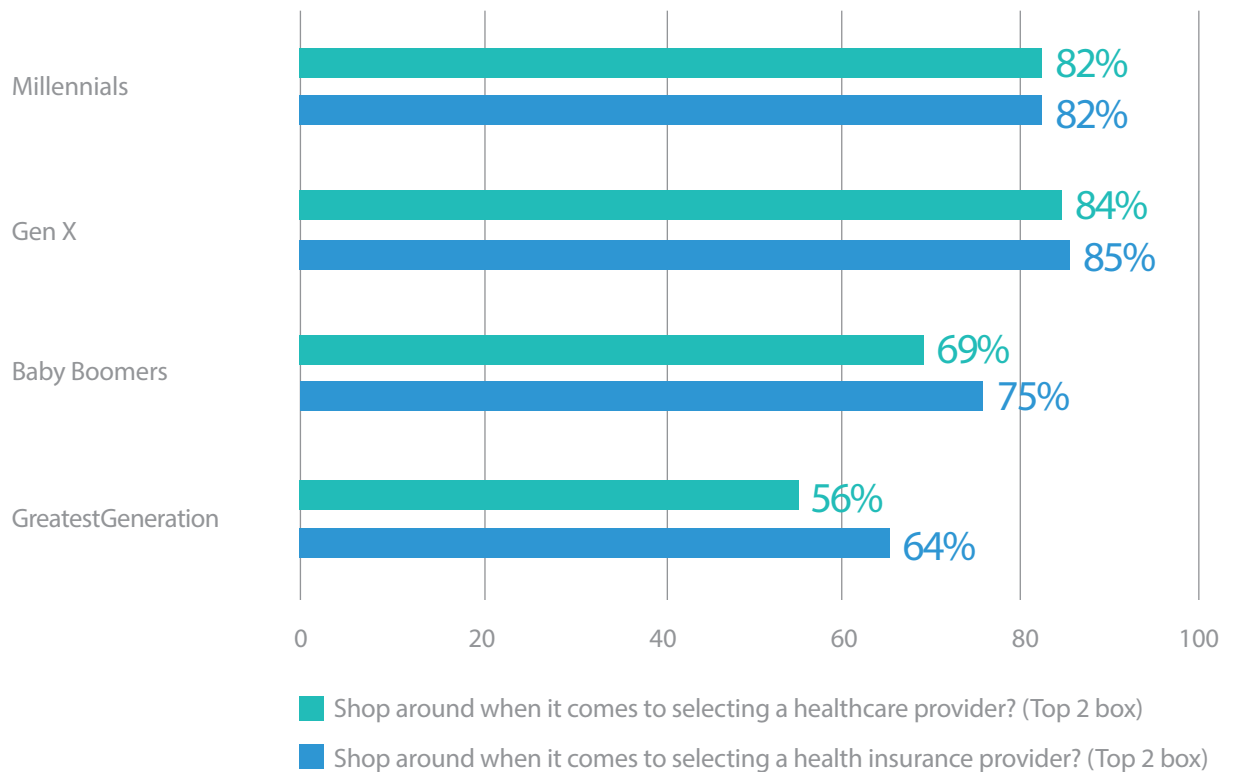




# Delving Deeper: Consumer Attitudes

Over 80% of Millennials and members of Gen X are likely to “shop around” for a both health-care provider and a health insurance provider. These statements are true for a majority of Baby Boomers and the Greatest Generation as well, though the number drops to just 56% for the Greatest Generation when seeking a healthcare provider.

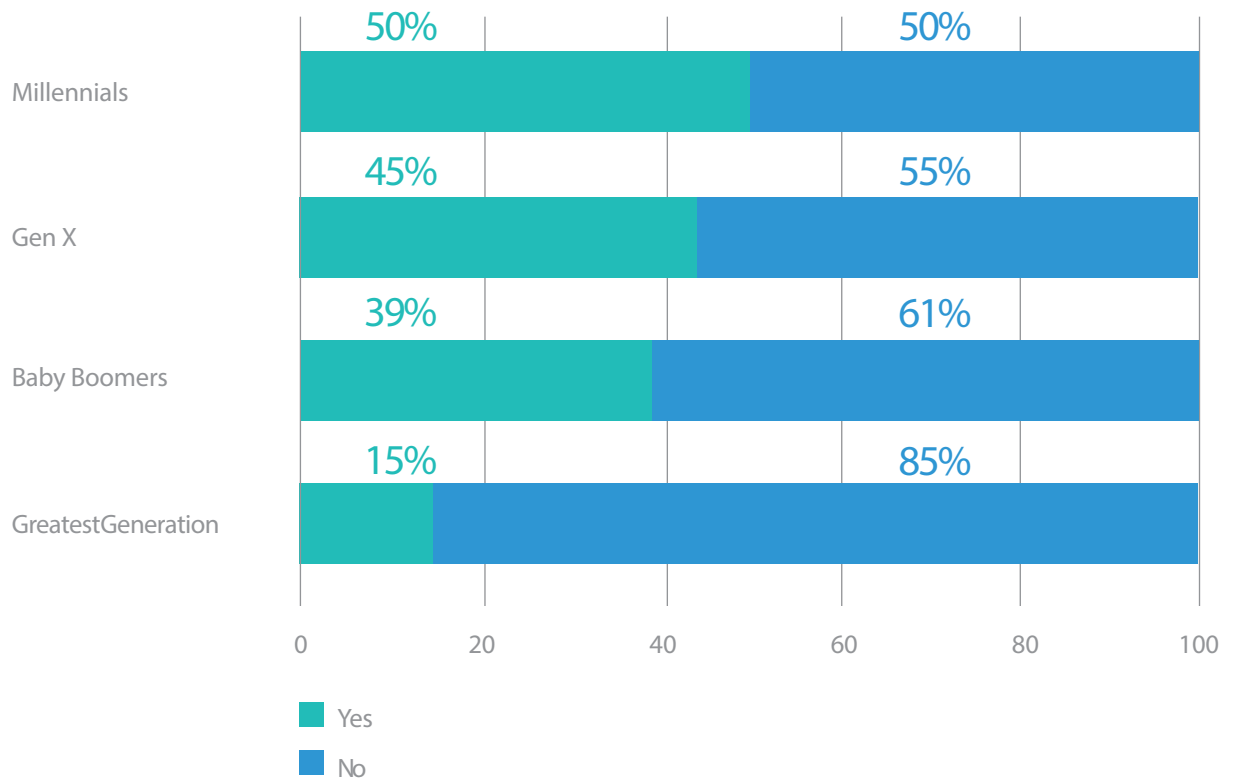
How likely are you to...



# Delving Deeper: Consumer Attitudes

50% of Millennials have even delayed treatment because of cost; this is true for only 15% of the Greatest Generation.

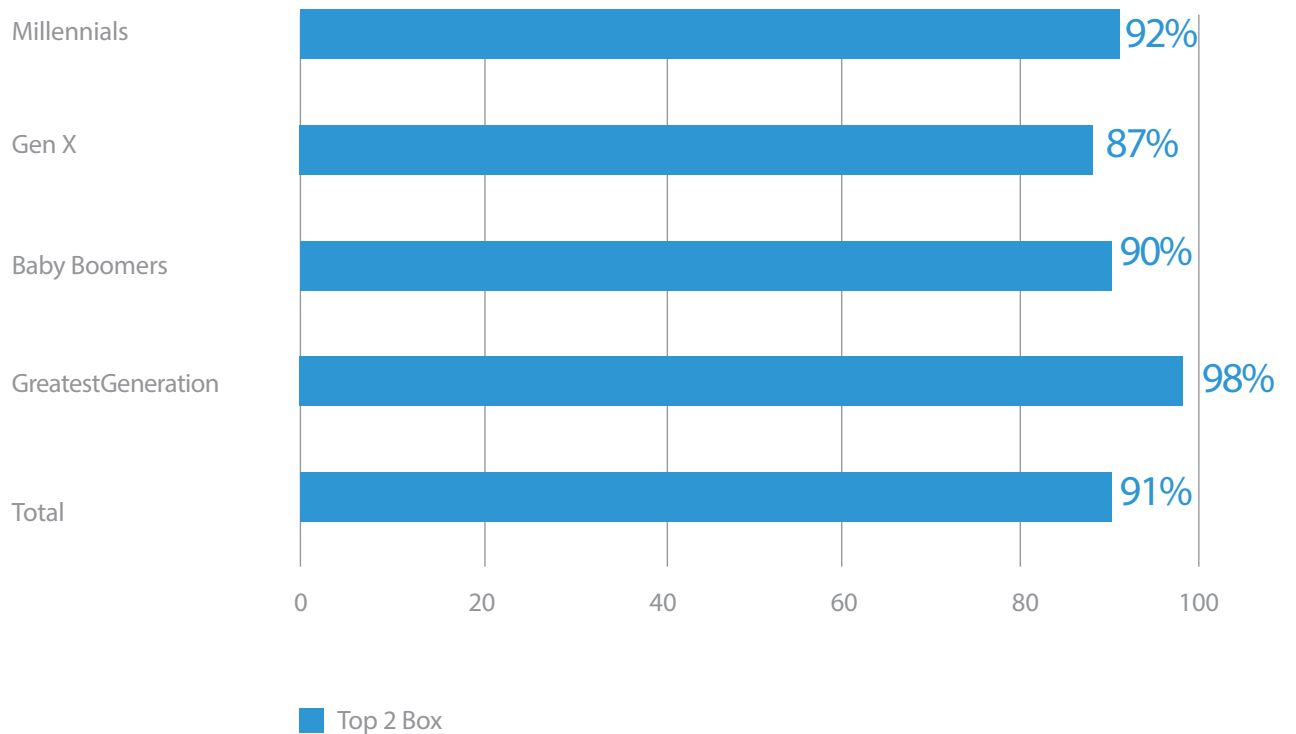
Have you ever delayed, or did not seek treatment from your healthcare provider because of cost?



# Delving Deeper: Consumer Attitudes

91% of consumers want to be more proactive in managing their health, a figure that holds overwhelmingly true regardless of age (Gen X is the lowest, at a still robust 87%).

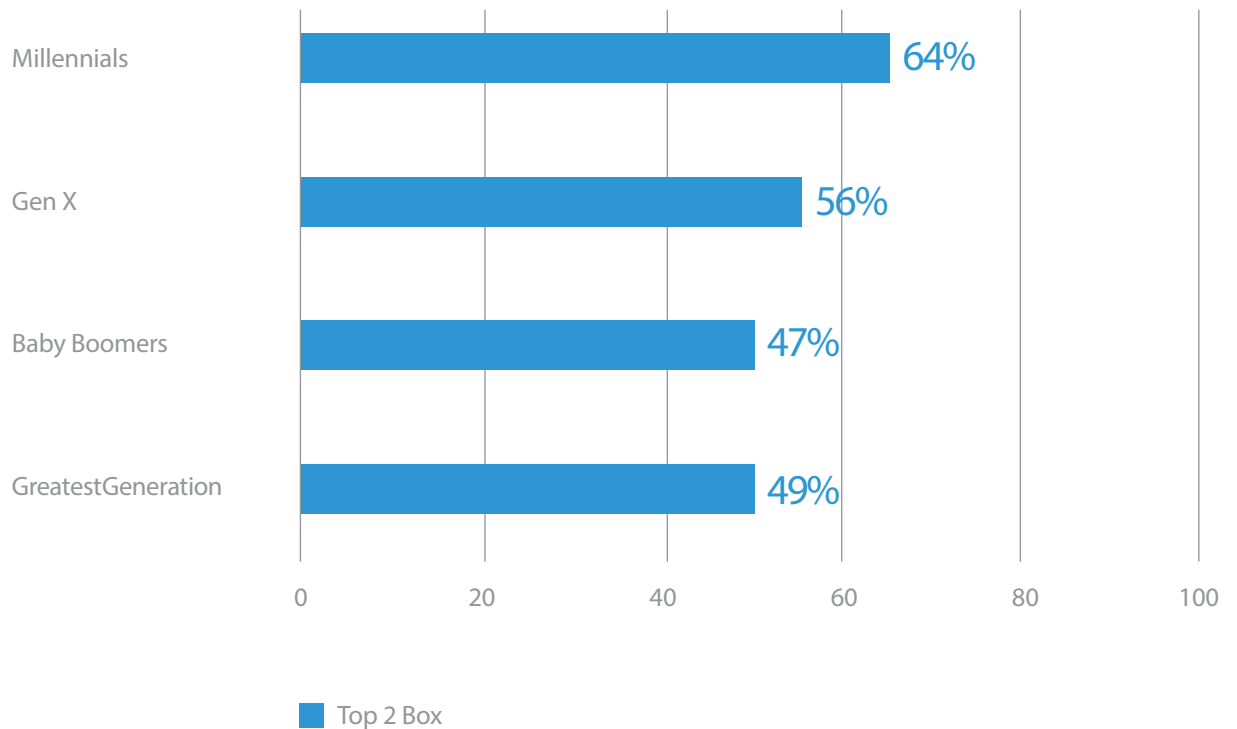
“It’s a priority for me to be more proactive and interested in my own personal healthcare.”



# Delving Deeper: Consumer Attitudes

Millennials (64%) need the most encouragement and help from their healthcare provider to make living a healthier lifestyle a priority, with the Greatest Generation requiring the least (49%).

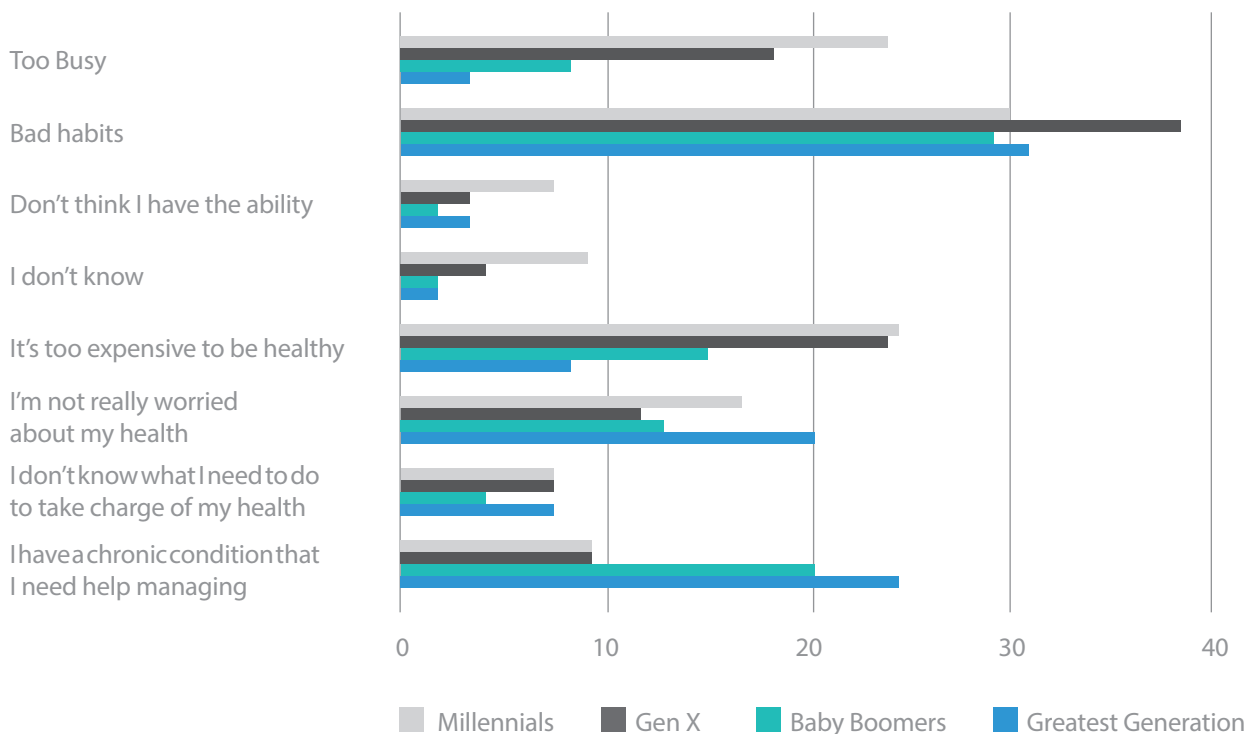
“I need encouragement and help from my healthcare provider to make living a healthier lifestyle a priority.”



# Delving Deeper: Consumer Attitudes

For all generations, “bad habits” are the number one health challenge standing in the way of consumers taking charge of their health (though “chronic condition” is nearly as big of a concern for older consumers).

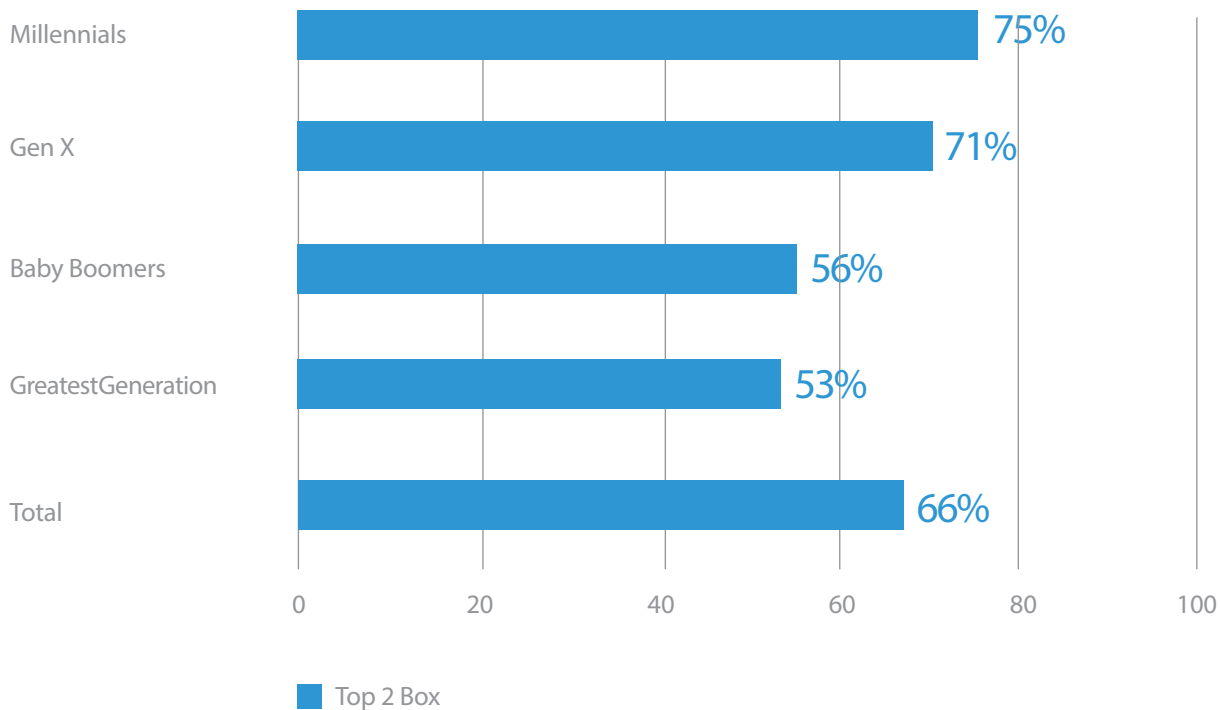
What’s the biggest thing standing in the way of you taking charge of your health?



# Delving Deeper: Consumer Attitudes

66% of consumers say that if they had access to electronic medical records, they would be more conscious about lifestyle decisions affecting their health, with Millennials agreeing most strongly (75%).

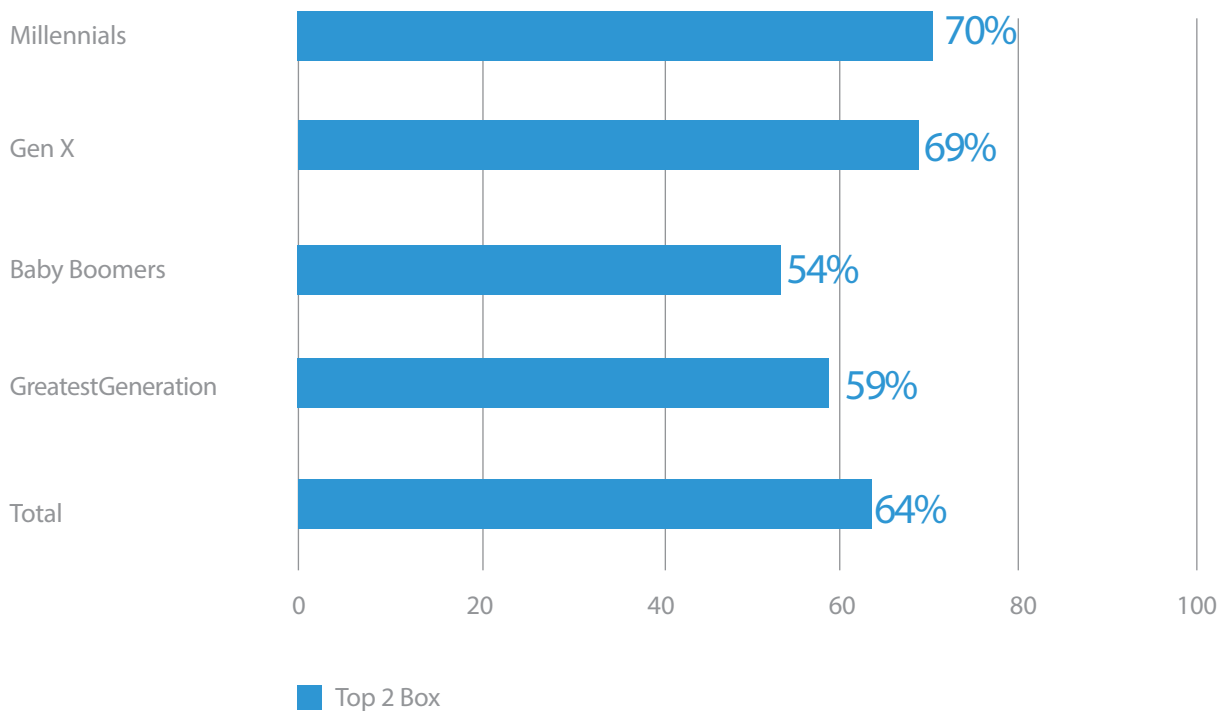
“If I had electronic access to my medical records, I would be more conscious about lifestyle decisions that directly affect my health.”



# Delving Deeper: Consumer Attitudes

Finally, 64% of consumers wish their pharmacist, healthcare provider, and health insurance company were all more connected regarding their health. While younger consumers (Millennials and Gen X) agree most strongly, a majority concurs in each age group.

“I wish my pharmacist, healthcare provider, and health insurance/medicare/medicaid were more connected on my personal health.”



# Appendix

## Survey Sample Details

### Group 1: Consumers

We surveyed a representative sample of 761 U.S. adults who are healthcare decision makers for their households.

#### Within this sample:

57% received their health insurance through their employer or spouse's employer  
 16% purchased coverage individually  
 15% enrolled in Medicare plus a supplemental plan  
 3%: VA/CHAMPUS/TRICARE/Military  
 8%: receive no health insurance

### Group 2: Payer/Providers

We sampled 204 healthcare payers and providers who are decision-makers for business process services in their organizations.

#### The surveyed payers included:

A total of 84 healthcare payers (defined as director-level or higher professionals who work at an insurance company or third-party payer), of whom:

36%: worked at a large self-insured company  
 24%: worked at an MCO/health plan  
 19%: worked at a large integrated hospital system that includes a payer division  
 14%: worked at a State Medicaid/Medicare Organization  
 7%: worked at a Pharmacy Benefit Management Organization

#### Their titles were:

63%: C-level  
 14%: VP  
 10%: Director  
 7%: Senior Executive  
 6%: President

#### They worked in:

26%: Benefits/Employee Health  
 24%: Executive/Corporate Management  
 14%: Medical/Medical Information/Medical Quality  
 11%: IT/IS/Technology  
 8%: Compensation and Benefits  
 5%: Pharmacy Management  
 1% Purchasing/Procurement  
 1%: Risk Adjustment  
 1%: Wellness

#### The surveyed healthcare providers included:

A total of 120 healthcare providers (defined as director-level or higher hospital, clinic, or healthcare professionals). We limited this to healthcare practices and groups with 50 or more employees.

Of these healthcare providers, two-thirds worked at a hospital, clinic or healthcare system with 500 or more employees while one-third worked at smaller institutions (50 to 500 employees.)

#### Their titles were:

54%: C-level  
 18%: Vice President  
 16%: Director  
 8%: Senior Executive  
 5%: President

#### They worked in:

48%: Executive/Corporate Management  
 19%: Operations  
 15%: Finance & Accounting  
 9%: Medical/Medical Information/Medical Quality  
 6%: IT/IS/Technology  
 3%: Purchasing/Procurement

## Notes on "savvy consumers" determination

\* We scored each respondent on 7 criteria to create a "Savvy Healthcare Shopper" Index:

1. Likelihood to consider cost when selecting a payer
2. Likelihood to consider cost when selecting a provider
3. Likelihood to shop around for payer
4. Likelihood to shop around for provider
5. Rank Cost as a high consideration for payer
6. Rank Cost as high consideration for provider
7. Likelihood to delay treatment due to cost.

Based on this, we segmented our total sample into 3 groups:  
 "Very Savvy" Healthcare consumers (High on 6 to 7 of 7 items)  
 "Savvy" Healthcare consumers (High on 4-5 of 7 items)  
 "Less Savvy" Healthcare consumers (High on 1-3 of 7 items)



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## Further Reading

### **Realign Healthcare's Misalignment**

By Rohan Kulkarni

<http://xerox.bz/1RmRfKv>

### **Simply Work - What's Next for Healthcare in 2016?**

By Eliot Asyre and Tamara StClaire

<http://xerox.bz/1Ut8vhw>

### **Simplify Work - Healthcare's Mad Rush to Consumerism**

By Rocco Salviola

<http://xerox.bz/1P87NBX>

