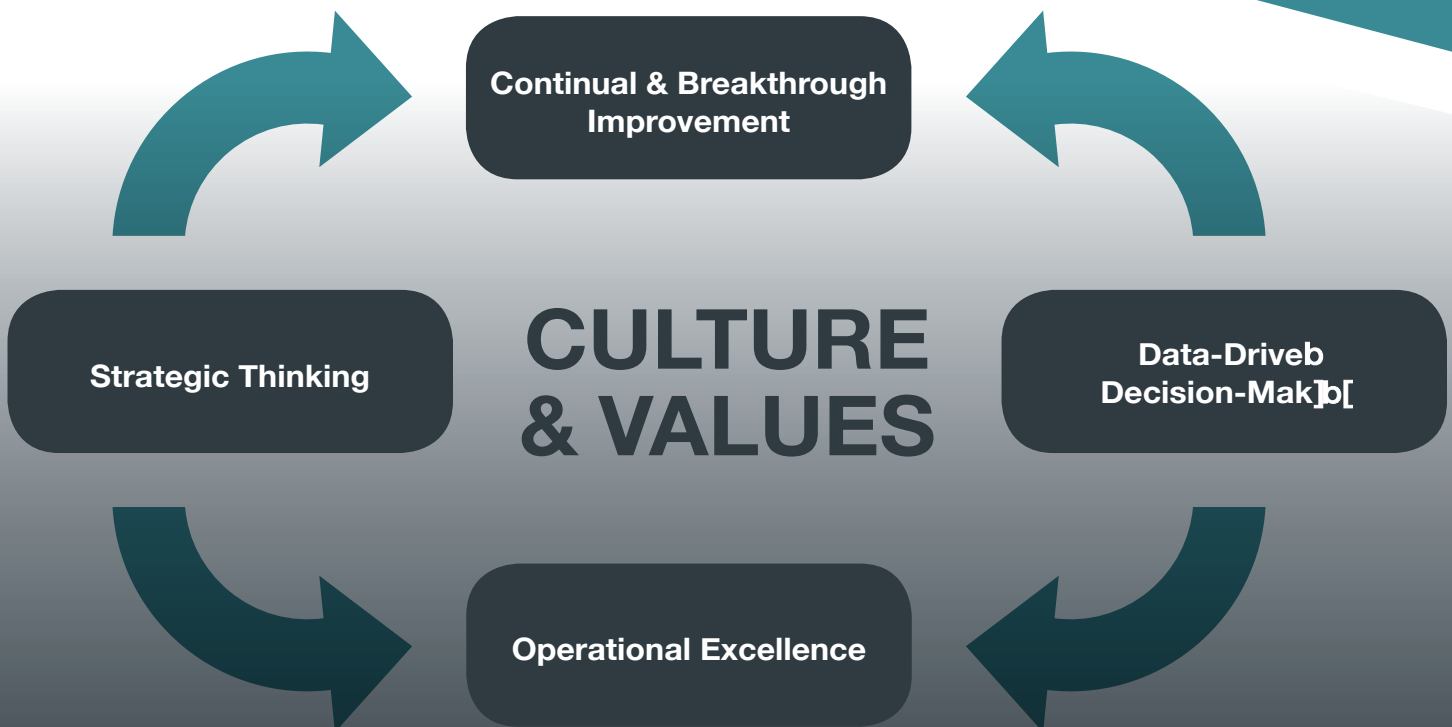


# GREAT CONSUMER EXPECTATIONS:

DATA-ENABLED OUTCOMES AND SERVICE

DAVID W. JOHNSON



## Health companies experience excessive variation in clinical outcomes, quality metrics, procedure pricing and customer satisfaction. This frustrates providers, payors, employers and patients alike. All Americans want the healthcare system to perform better.

Many believe Big Data also will transform healthcare and they're probably right. Big Data's ability to remake industries is truly awe-inspiring. Uber is the world's largest transportation company, but it doesn't own any cars. Airbnb has turned the hospitality industry on its head without owning any hotels.

Big Data's enthusiasts, however, often lose sight of this basic truth: data analytics are nothing more than performance improvement tools. All data has noise. Big Data generates sonic booms. Big Data cannot transform healthcare until health companies get "Little Data" right.

Data systems contribute when they help clinical outcomes improve, operations run more efficiently and companies service customers more effectively. By contrast, ineffective application of data systems is counter-productive and wasteful. Getting data right means aligning its application with well-developed strategic and operational objectives.

It is clear that healthcare's improvement journey requires systematic delivery of more reliable, lower-priced healthcare services. It also requires health companies to deliver superior customer experience. One cannot come at the expense of the other. In post-reform healthcare: Outcomes Matter; Customers Count; and Value Rules!

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## DATA IS AS DATA DOES

The best way to picture data is as the middle layer of a three-part success hierarchy. Data flows to and from this middle tier to inform value-based operations (the bottom tier) and fully engaged customers (the top tier). The chart below captures these flows.

### HEALTHCARE SUCCESS HIERARCHY



Society's expansive ability to collect, store, search and analyze data is the sources of the information revolution's power and potential. The Internet of Things means everything from appliances to pacemakers will transmit information into an ever-expanding data universe. Interfacing describes how technology companies (think Uber) create a thin layer between suppliers (where the costs are) and customers (where the revenues are) to create more efficient transactions.

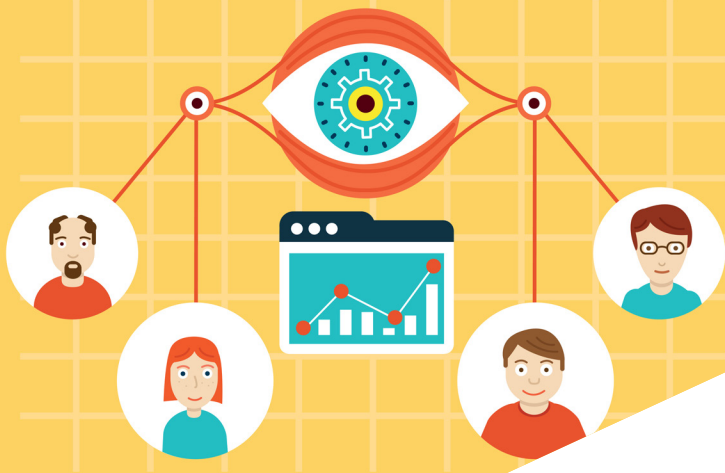
Big Data, the Internet of Things and Interfacing are components of an information technology revolution that is transforming human existence with remarkable speed. In healthcare, these information technologies will drive value-based care delivery and patient/customer engagement.

## DATA-ENABLED OUTCOMES AND SERVICE

In post-reform healthcare, winning health companies will employ data to generate consistent high-quality outcomes, reduce performance variation and improve operational efficiency. Data inputs flow to and from operations to improve care design and execution.

At the individual level, all relevant data from all sources flows into algorithms that optimize diagnosis and treatment. As data proliferates and analytics advance, individual genetic and environmental characteristics will lead to more personalized and less population-based therapies; more precision and less trial-and-error care.

At the individual disease level, all relevant information from all sources flows into data systems advancing medical research and protocol development. Pricing and outcomes data will be transparent and available.



## BEYOND DATA TO CUSTOMER ENGAGEMENT

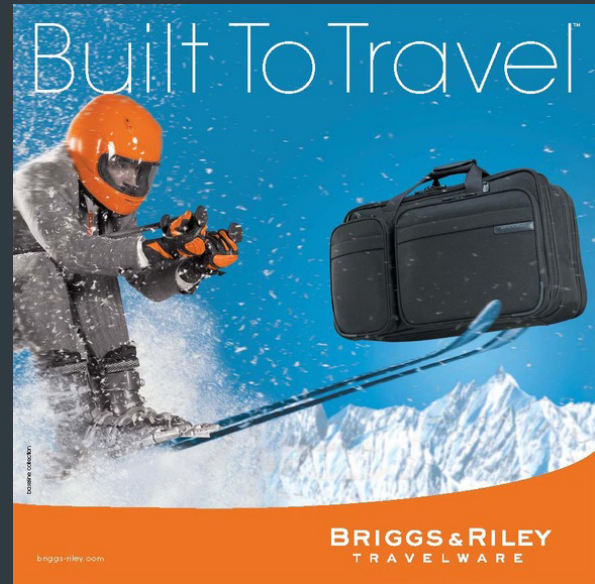
Unfortunately, getting the medical treatments right will not be sufficient. Health companies also must engage customers to gain their trust, confidence and loyalty. This requires understanding customer needs, listening and responding to customer preferences and delivering user-friendly healthcare services. Winning health companies will offer unique, personalized, seamless, thoughtful and caring services.

None of this should be a surprise. Consumer purchasing drives 70 percent of the U.S. economy. Companies succeed and fail based on their ability to read and respond to consumers' sentiments. Consumer-oriented companies spend billions of dollars on polling, focus groups and test marketing to enhance their product offerings.

Consumer companies don't tell customers what to buy, they persuade. Leading through persuasion is antithetical to the cultures at most health companies where physicians make medical decisions on behalf of their patients. A "doctor-knows-best" approach doesn't work for market-savvy American consumers.

Big data analytics are essential for understanding consumer preferences. Collecting, measuring and evaluating consumer data drive strategic growth and customer acquisition. All successful retail companies use data systems to design appealing products and services.

Great retail companies do more. They connect with customers in fundamental ways, earn their trust and exceed their expectations. The Ritz Carlton mantra is "Ladies and Gentlemen serving ladies and gentlemen." They work tirelessly to instill this ethos into their culture. This differentiates their product. There are many hotels. There is only one Ritz Carlton.



## THE BRIGGS AND RILEY DIFFERENCE

The luggage business is brutal. There are dozens of luggage manufacturers and thousands of luggage retailers. There is abundant choice and easy availability. Value brands often add premium features at no extra costs to attract buyers. Margins are thin.

Luggage is a commodity business. How can brands distinguish themselves? The answer is often through better service.

I happen to travel with Briggs and Riley luggage. Their products are spacious and sturdy. Their prices are lower than Tumi, Hartman and other premium brands. I never thought about their warranty until I left my roller-board's garment bag in a hotel.

Stupid move. Entirely my fault. Even though the roller-board was several years old, it was still in good condition. I called Briggs and Riley customer service to order a new garment bag, expecting a very high replacement price.

Imagine my pleasant surprise when the Briggs and Riley representative indicated that their warranty covered my lost garment bag. I reiterated that it was my fault, not theirs, that I needed a replacement. Not to worry. They shipped the new garment bag overnight at no cost. Consider me a Briggs and Riley customer for life.



## SHOULD HEALTHCARE BE DIFFERENT?

Last fall, Geisinger Health System rolled-out a no-questions-asked [refund program](#) for bad customer service. They even have an app that processes these refunds in three-to-five business days. CEO David Feinberg uses the following language to describe his motivation for launching the program:

*We want to make sure that we not only have the right care that is high-quality and safe, but we also want to make sure our care is compassionate, dignified and delivered with a lot of kindness.*

The refund program asks patients to determine the level of refund requested based on their assessment of Geisinger's bad service. The program limits refunds to a patient's co-payments and deductibles.

Patients appear to be fair. Of the thousands of patients Geisinger treated between October and mid-March, only 74 requested refunds and most requests were for partial refunds. One was for \$20. The program's cost during that period was less than \$80,000, a flyspeck for the \$4.6 billion-revenue system.

Moreover, the refund program gives Geisinger professionals invaluable, real-time feedback regarding their customer service. It's also raised Geisinger's customer satisfaction scores. Feinberg notes,

*We have a built-in "secret-shopper" program, and the patient is telling us when we get it right. Most of the feedback has been positive. [Refunds go to] families who had to wait in the emergency room for too long, or were treated by a doctor in an arbitrary manner, or the nurse got too caught up in what she was doing and forgot to hold someone's hand.*

While Geisinger is the first health system to offer service refunds, they shouldn't be the last. Health companies must develop the metrics, training and experiential learning to create customer-driven operations. Expect Ritz Carlton's and Disney's healthcare consulting practices to boom.

Great customer service takes time, effort and investment, but it pays enormous dividends. In post-reform healthcare, winning health companies will connect with customer/patients before convincing them to use their products and services.

## GREAT EXPECTATIONS



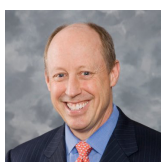
It is the worst and best of times for American healthcare. Today, U.S. healthcare is expensive, fragmented and underperforms relative to other advanced health systems on almost all health status measures.

At the same time, U.S. health companies are developing new business models and capabilities that will enable American healthcare to leapfrog other systems through superior technology, consumerism and more efficient resource utilization. Disruption of existing business models is a byproduct of this evolutionary process.

Healthcare has lagged other industries in applying technology to improve operations and customer experience. That means healthcare must move faster and farther to adapt to the information technology revolution sweeping across all industries.

In the headlong rush toward healthcare's future, health companies must resist the temptation to embrace data solutions as an end unto themselves. American healthcare will realize data's potential when outcomes improve, prices plummet and patient experience becomes more satisfying.

Great expectations for American healthcare abound. Incredible data technology will fuel remarkable progress in healthcare delivery. Winning health companies will harness data to deliver better health services to their patient customers. Many, perhaps most, will give refunds for bad service.



### DAVID JOHNSON

David Johnson is the CEO of 4sight Health, a boutique healthcare advisory firm. Dave wakes up every morning trying to fix America's broken healthcare system. He is a frequent writer and speaker on market-driven healthcare reform. His expertise encompasses health policy, academic medicine, economics, statistics, behavioral finance, disruptive innovation, organizational change and complexity theory. Dave's forthcoming book, [Market vs. Medicine: America's Epic Fight for Better, Affordable Healthcare](#), will publish shortly.