



LAUGHLIN CONSTABLE

the PRICE IS... RIGHT?

A new healthcare consumer is coming,
and they expect a fair game.

**A report on the LC Healthcare Quality PULSE
2018, a national consumer survey conducted
annually by Laughlin Constable.**

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For most consumers, setting a price on healthcare has been... well, a guessing game. But there's been a shift in the stakes, and the rules.

New, more convenient healthcare options are appearing just down the street and on their smartphones. Health plans and employers are less willing to pay for more care than necessary, and patients are left picking up an increasing share of the tab. Naturally, they all want to know what they're paying (and playing) for. And not just the price, but the value. Will you be ready to answer them?

Highlights

Shopping grows, but confusion reigns and care is avoided.

38% researched costs of recommended care.

46% typically understand their medical bills.

63% don't know their own healthcare premium.

63% have avoided some care because of cost.



Introducing the health care price shopper

When it comes to health care, the majority of people still think the cost of care is irrelevant or impossible to find, or they have no choice anyway. But attitudes are shifting. More people are researching and comparing costs despite the challenges. And here and there, providers are responding with efforts like price lists, calculators, informed clinicians, and improved patient financial services.

Over the last 10 years, the LC Healthcare Quality PULSE study has surveyed people on their healthcare decision journey. We've seen the rise of internet access, desire for online services, use of online reviews, acceptance of retail healthcare and, over the last few years, the slight but steady increase in people researching costs. Following these trends, we predict that the demand and expectation for transparency is about to explode.

So this year, we dug deeper. We wanted to understand the different attitudes people have about the cost of their care. What are the obstacles they have with understanding not only costs, but how things work—like their health plans, different points of care and even their bills? How are those challenges impacting the care they receive? And what can we, as healthcare marketers, do about it?

While the PULSE study continues to track influences felt by healthcare consumers throughout their decision journey, this year's report primarily focuses on shoppers' attitudes towards the cost of healthcare in general and their own care, specifically. Transparency could be just around the corner, but whether or not consumers use it, how they use it, and what role it plays in your marketing strategy may depend on more than transparency itself.



WELCOME OUR 4 SHOPPERS



After 4 years of investigation, we created 4 profiles that embody the 4 most common reasons people do not shop around for the cost of their health care:

What's surprising? Individuals who identify with "my health is priceless" are the most likely to research the cost of their last test or procedure. The segment that tries to use less care to pay less (i.e. tries to stay well) was represented almost equally across all age groups, including older individuals whom we assume use care more readily. And the Gen X group, whom we may consider established and well-insured, is having the hardest time affording care. But without further ado, let's introduce our shoppers.



Pay Anything Patricia

She is empowered and places a high value on care.

“My health is priceless. The care you need is worth whatever it costs.”

Shopped for last procedure: 45%
Largest age group: 34% Millennial
Household Income: 29% low/18% high
Education: 4-year college or higher: 48%
Good or excellent health status: 80%
Not good or poor health status: 4%



Wanna Shop Warren

He is balancing and beginning to think.

“We try to be smart about healthcare costs, but information is hard to get.”

Shopped for last procedure: 40%
Largest age group: 35% Millennial
Household Income: 29% middle income
Education: 4-year college or higher: 46%
Good or excellent health status: 73%
Not good or poor health status: 5%



Use Less Pay Less Laura

She is coping with costs by limiting need and taking more responsibility for her own health.

“The less I need health care, the less it costs me—so I try to avoid needing it.”

Shopped for last procedure: 34%
Largest age group: 27% Boomers
Household Income: 32% low income
Education: 4-year college or higher: 37%
Good or excellent health status: 63%
Not good or poor health status: 6%



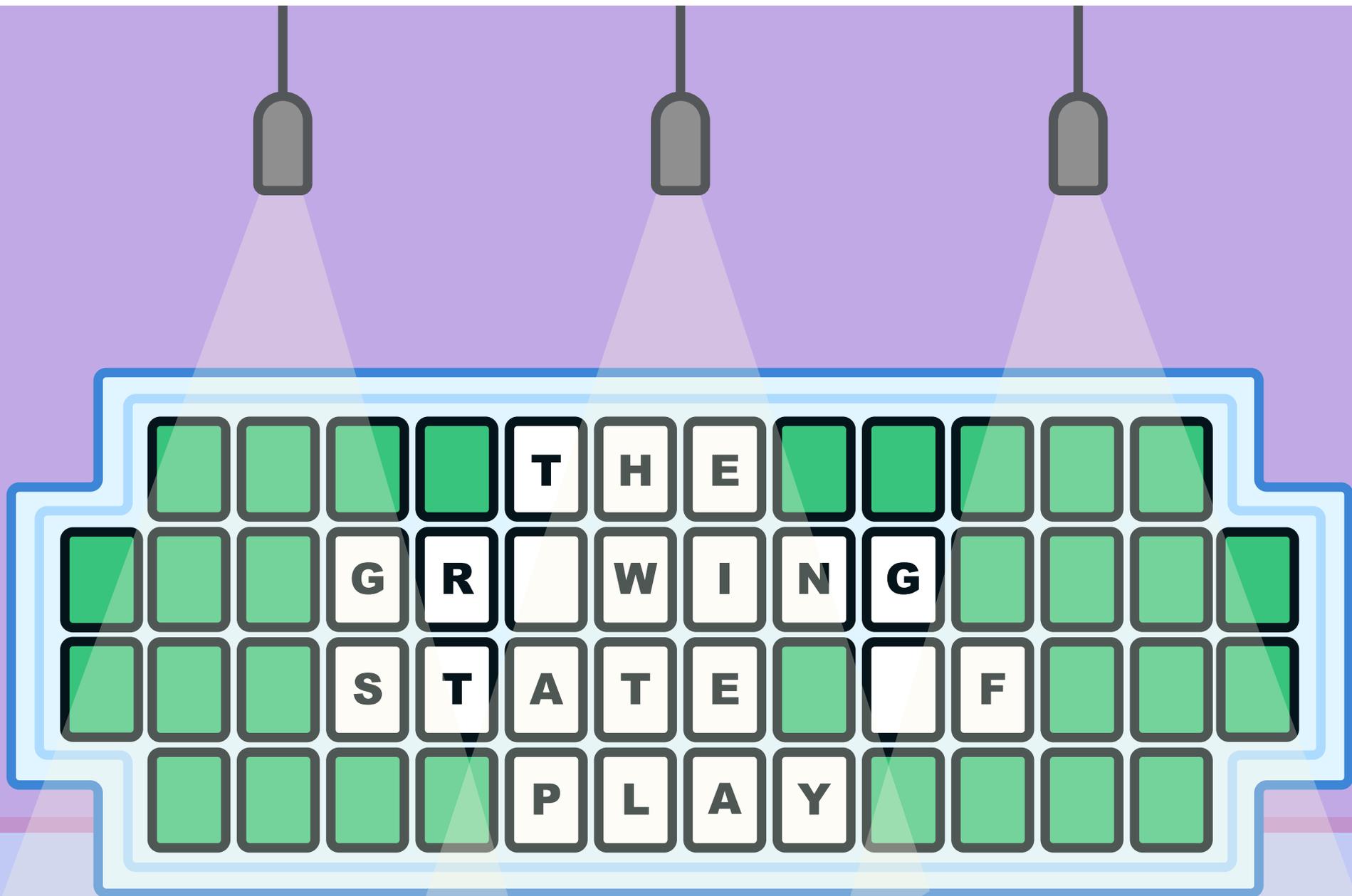
Struggling Stella

She is financially stressed and less informed. She’s also the least likely to look into prices.

“Paying for healthcare is or would be a struggle, even if it costs us less.”

Shopped for last procedure: 28%
Largest age group: 36% Gen X
Household Income: 43% very low income
Education: 4-year college or higher: 25%
Good or excellent health status: 50%
Not good or poor health status: 13%





T H E

G R W I N G

S T A T E F

P L A Y

In this year's PULSE survey, more than 1 in 3 people claimed to have researched the cost of their most recent test or procedure.

Who wants to be a price shopper?

38% of consumers in our 2018 PULSE survey said they researched the costs of their last test or procedure. That's a 6 point increase over last year and part of an upward trend we've seen during the 4 years we've fielded this question.



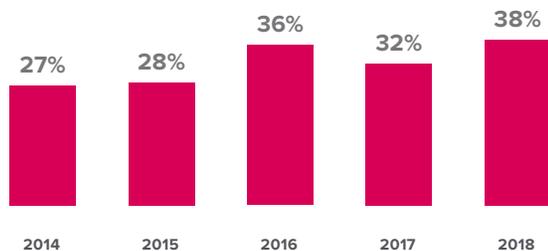
Pay Anything Patricia was most likely to shop at 45%. Among those who don't shop, 72% said it's because their care was covered.



Struggling Stella was significantly less likely to shop at 28%, but only 50% of her segment who didn't said it was because their care was covered.

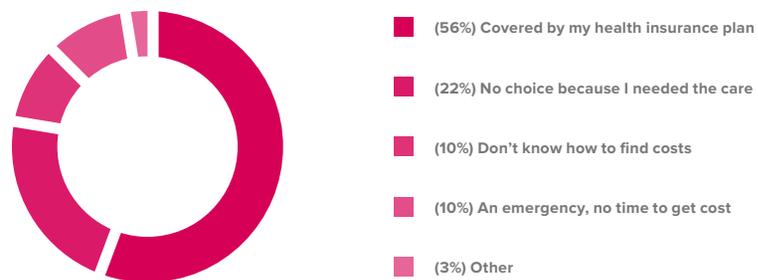
Percent who shopped for their health care

Q: Thinking about the last time you needed a medical test or procedure. Did you research the cost ahead of time?



Reasons for not researching costs

Q: What's the main reason you did not research costs of your last medical test or procedure?



Let's hear from the audience

Healthcare costs are a financial burden, a source of confusion and a large factor in poor patient experiences. In fact, according to a 2017 Physicians Foundation/Healthgrades study, 9 out of 10 people are concerned about how much healthcare costs will affect them in the future. But is it part of their everyday conversation? We asked survey respondents how often they talk about various health and healthcare subjects. And while they'd rather talk about healthy recipes, more people are talking about healthcare costs than doctors and hospitals. And 25% say they're doing it on a weekly basis.



Pay Anything Patricia is more engaged in healthcare conversations than the other three personas—having significantly more frequent conversations about all topics including the cost of care.

Frequency of health-related conversations

Q: Thinking of your interactions with friends and family members, how often do you do the following?

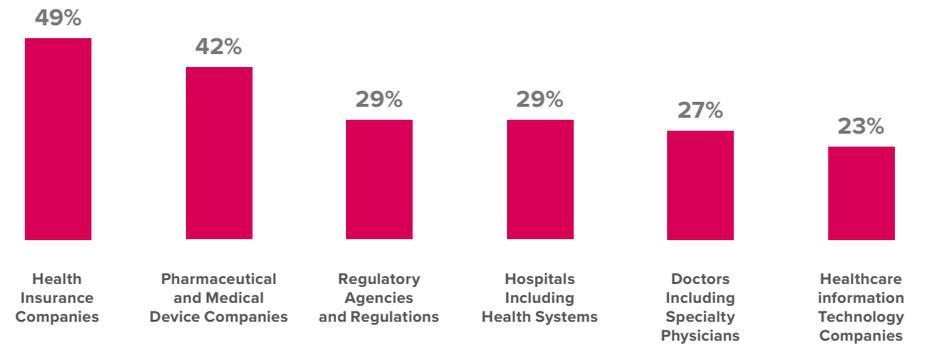


Insurance companies get the bulk of the blame

Physicians and hospitals, entities that consumers know and trust, are generally seen as the least responsible for higher costs. This gives providers the opportunity to assume the role of trusted advisor as consumers strive to sort out the cost—and value—of care.

Most responsible for rising healthcare costs

Q: The cost of health care is a concern on a national level, as well as for individuals and families. Who or what do you think is most responsible for rising healthcare costs?



Pay Anything Patricia is slightly more likely to rank hospitals, regulatory agencies and healthcare IT companies as the most culpable.



Struggling Stella is more likely to put the blame on pharmaceutical/device companies.



I'd like to phone a...provider?

While retail clinics and telemedicine are commonly considered more affordable ways to provide care, consumers still aren't clear on their value. They are also not unanimously enthusiastic about these unfamiliar substitutes for the family doctor. The convenience factor is generally understood, but complete trust in these new alternatives has yet to be earned.



Use Less Pay Less Laura is most likely to use retail clinics because they are more affordable. Nearly 40% of her segment say they would not be comfortable using telemedicine at all.



Struggling Stella is most likely to say she hasn't and wouldn't use a retail clinic.

Willingness to use retail clinics

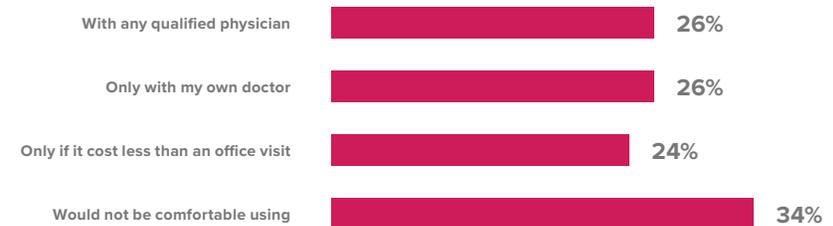
Q: Retail health clinics in stores like CVS, Walgreens and Walmart are a relatively new option where people can receive care from a certified nurse specialist during days, evenings and even on weekends. Which of these statements do you agree with?



- (31%) For most minor immediate needs
- (30%) Only for preventive care like a flu shot
- (21%) Because it is more affordable
- (25%) Would not use a retail clinic

Willingness to use telemedicine

Q: Telemedicine, or consulting with a doctor online via a two-way video, is another new option for making health care more convenient. Which of the following statements do you agree with? (Select all that apply.)



Solve the health benefits mystery

When navigating the healthcare field, the odds don't exactly seem to be in the consumer's favor. While many people don't need to use their insurance benefits frequently, only 37% of people claim to know their monthly premium amount, which can be found on every pay stub. Not only do people not know the basics of their plans, but they are having a difficult time finding the most affordable options for care, and deciphering bills has their heads spinning.



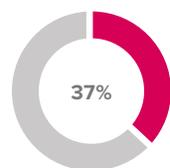
Pay Anything Patricia is more likely to know her monthly premium.



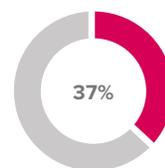
Struggling Stella is least likely to know her insurance plan premium, deductible or in- and out-of-network co-pays.

Understanding health plan benefits

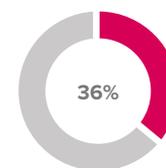
Q: Understanding your health insurance and benefits is important, but it can be complicated. Please check all the statements below that are true for you.



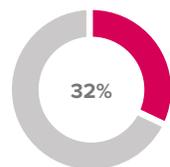
I know my total monthly premium amount



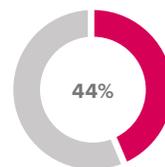
I know my deductible amount



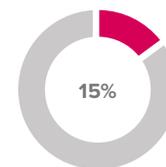
I understand my "in-network" and "out-of-network" co-pays



I completely understand my pharmacy benefits and costs



I know how to find care (a doctor, therapist, hospital, etc.) that is in my health plan network



I have used my health plan's advisor service to get information on benefits and costs



The quality–convenience cost puzzle

Knowing where to expect higher costs or more affordable care is essential to being an informed consumer, but may not be common knowledge among those entering the price shopping experience. Despite insurance companies beginning to incentivize more affordable options, like stand-alone MRI centers, consumers' infrequent use means slow recognition of price differences. While they expect to pay for the convenience of retail clinics, they often don't have a way to compare it to office visits that have been covered at a very low co-pay.



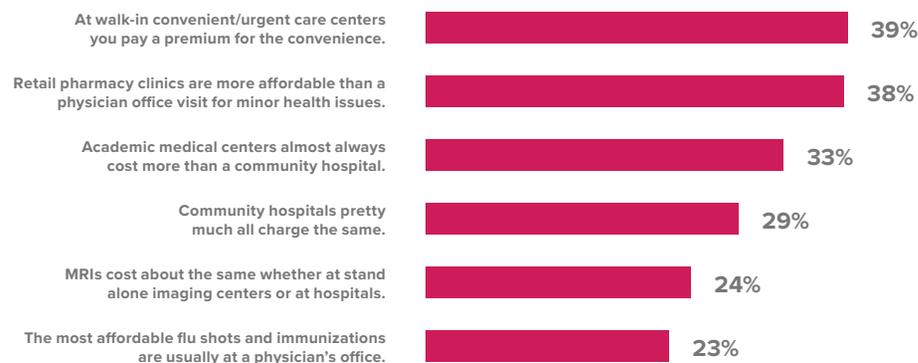
Pay Anything Patricia is much more aware that AMCs are typically higher priced and is less likely to agree that retail clinics are more affordable.



Struggling Stella is significantly more likely to believe that retail clinics are more affordable than physician offices.

Which costs more, or less?

Q: Healthcare costs vary—the difference for the same test or procedure can be hundreds or even thousands of dollars. Please check all the statements below you believe are true.



I'd like to break the billing code

Whether or not people have insurance or research costs, they will inevitably receive bills and statements. Sometimes from care providers they've never heard of like anesthesiologists or radiologists. Sometimes partial, sometimes complete, and usually explained in some sort of code. In general, no more than 45% say they always have positive experiences with the information on bills and fewer than 40% have positive experiences with the payment process. Collections have become a major problem for providers—both from a revenue standpoint and as a patient experience issue. Providers are beginning to realize how important it is to be there for patients as they decipher bills and benefits. Some are offering more individualized help. Others are developing more user-centric online payment experiences.



Pay Anything Patricia is significantly more satisfied with the information on her bills.



Wanna Shop Warren has significantly higher satisfaction with online payment options.



Use Less Pay Less Laura is somewhat less satisfied with accuracy and charges being what she expected.



Struggling Stella is significantly less satisfied with the information and charges on her bills.



How often are your bills clear and correct?

Q: Thinking about your medical bills and statements, how often do you see/experience the following? Percent who answered Almost Always.



How often is the payment experience positive?

Q: Thinking about the charges on your medical bills, how often do you experience the following? Percent who answered Almost Always.



While healthcare price shopping is growing among consumers, there are still many barriers and few incentives for them to seek out the cost of recommended tests or procedures.

An ongoing concern is how much care, both preventive and prescribed, is being delayed or avoided due to perceived costs. Simply knowing costs could encourage screenings and compliance, thereby reducing the cost of healthcare overall.

2 out of 3 avoiding or delaying needed care

Overall, 63% said they had avoided some kind of care due to the cost. And by going without, these people become missed opportunities for care providers. This is especially true for specialty care involving what is commonly viewed as non-life-threatening conditions, like joint pain. Much the same, delaying care for cold and flu symptoms could contribute to increasingly deadly flu seasons—just to avoid the expense.



Pay Anything Patricia is less likely to skip care, even for cold and flu symptoms, with only 45% of her segment saying they have never avoided care due to cost.



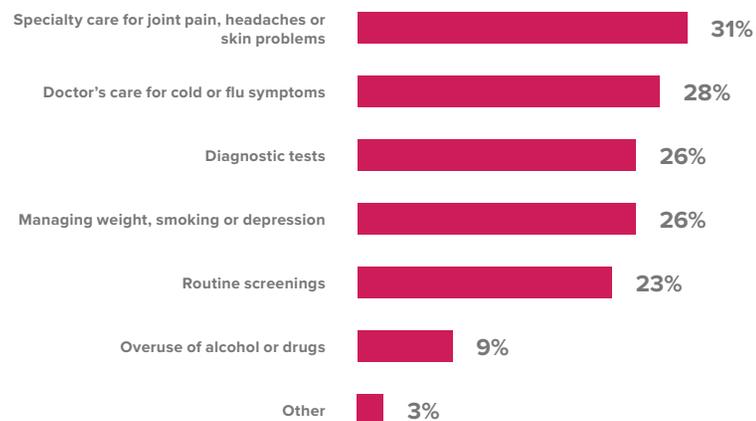
Use Less Pay Less Laura is more likely to skip care for things she can live with— joint pain, headaches, skin problems, or cold and flu symptoms.



Struggling Stella is slightly more likely to avoid recommended diagnostic tests. She's significantly more likely to avoid routine screenings and additional help for behavioral issues due to cost.

Care avoided due to cost

Q: Have you ever avoided or delayed any of the below because of the cost?
(Please select all that apply.)



Even with insurance, deductibles and co-pays are barriers

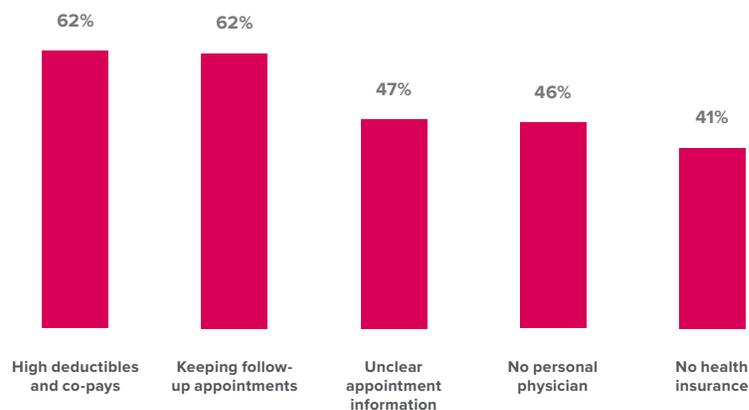
Across all 4 profiles, 62% of people say that high deductibles and co-pays have sometimes or often caused them to delay or avoid seeking care. Compare that to the 41% for whom a lack of health insurance has contributed to their care choices.

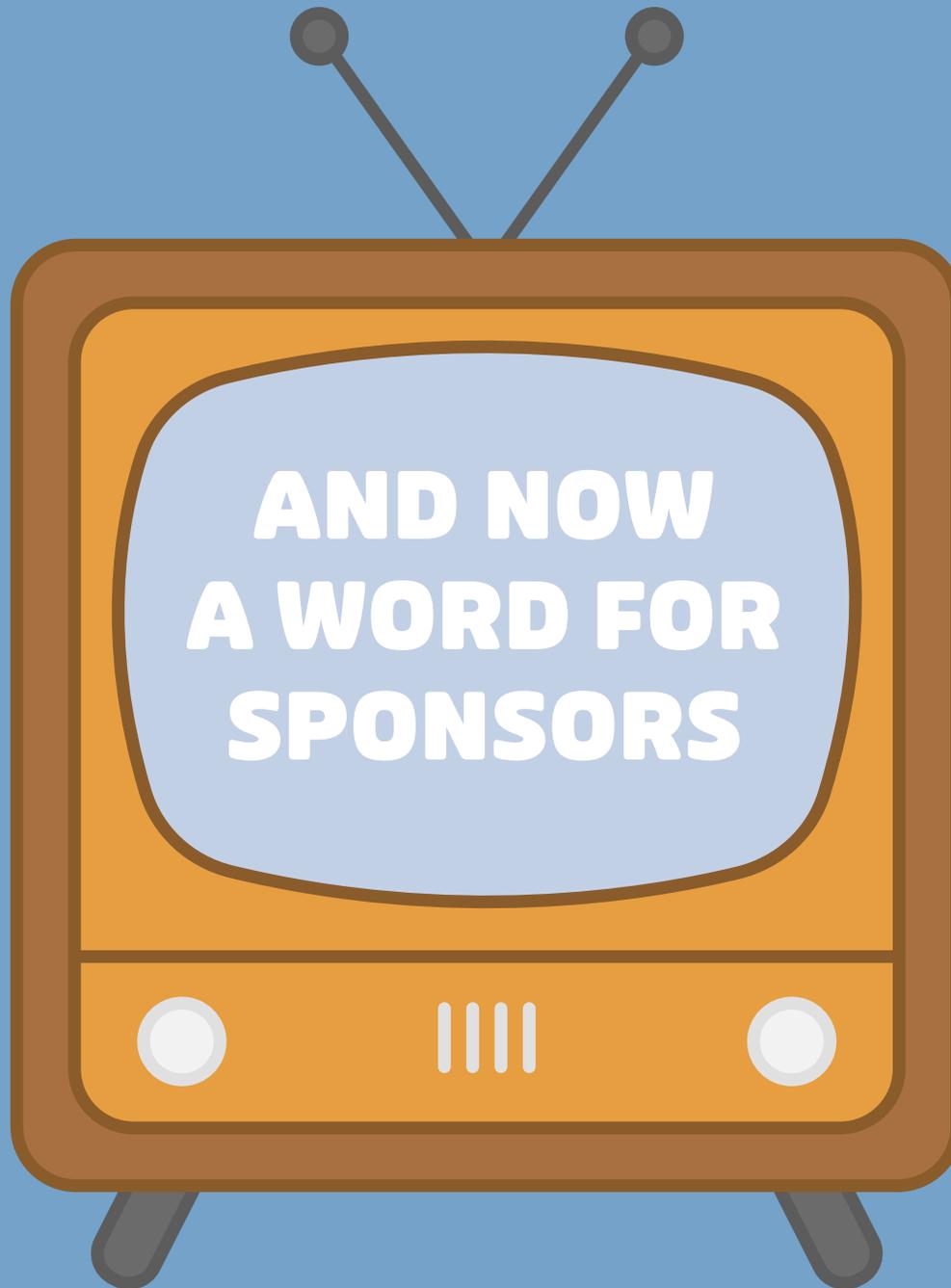


Struggling Stella is significantly more likely to say both high deductibles/co-pays and lack of health insurance have kept her from seeking care.

Financial reasons care is avoided

Q: How often do affordability and other challenges delay or prevent you from getting the health care you need?





**AND NOW
A WORD FOR
SPONSORS**

As transparency becomes more common, how can healthcare marketers even the odds of the game and help consumers make truly informed care decisions?

Although financial transparency is often cited as the core issue behind consumer confusion on healthcare costs, the challenge is actually much wider and more complex. To address this, consumers need to be encouraged to better understand their healthcare plans and billing, gain confidence in lower cost care options like retail clinics and telemedicine, and take responsibility for lifestyle and preventive care choices that can actually have a dramatic impact on their healthcare costs. Shopper profiles can help healthcare marketers speak to what each segment truly needs to make more financially informed decisions.

The healthcare marketer's playbook

1. Help make cost information easier to find.

For Pay Anything Patricia, make costs available with calculators, price lists and estimates. Offer Wanna Shop Warren cost information options with online portals, chatbots or live counselors. To encourage Use Less Pay Less Laura, promote the availability of estimates and alternative care options. Connect with Struggling Stella through social programs like housing, food aid, and family services.

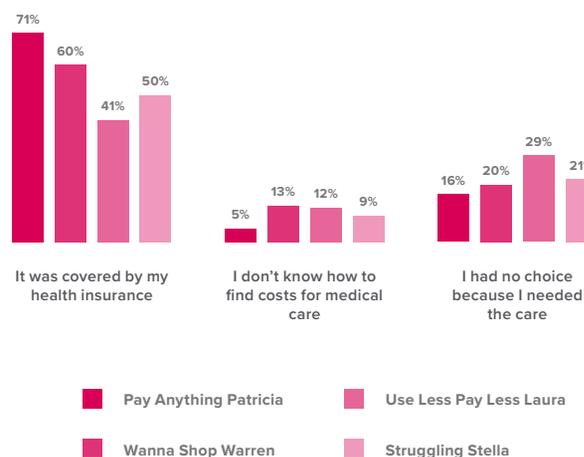
Price shopping varies among segments

Q: Think about the last time you needed a medical test or procedure. Did you research the cost ahead of time?



Reasons shoppers didn't shop

Q: What's the main reason you did not research costs of your last medical test or procedure?



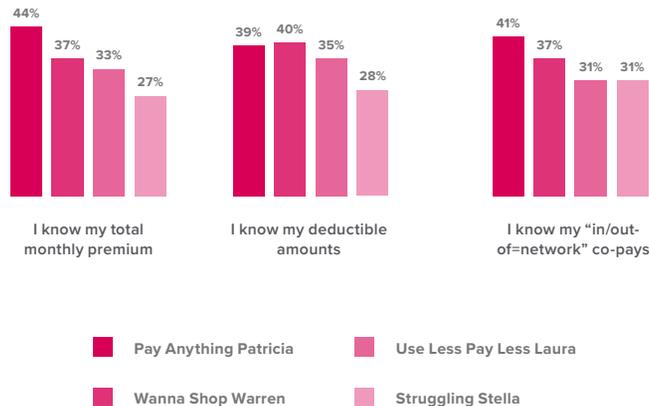
The healthcare marketer's playbook

2. Help make plans, benefits, and billing information more understandable.

For Pay Anything Patricia, support and streamline PFS while encouraging conversation and input. Consider providing Wanna Shop Warren with health plan basics and billing tutorials online or included with billing statements, as well as opportunities to provide feedback. Encourage Use Less Pay Less Laura to use appropriate, typically covered care for various symptoms, and provide clinicians with scripts to guide them through early financial discussions. For Struggling Stella, promote the availability of benefit counseling and financial aid, with every touchpoint beginning with talking points for clinicians.

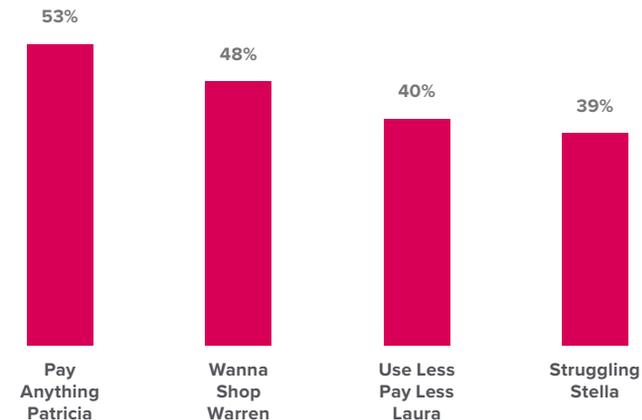
Percent who know their health plan basics

Q: Understanding your health insurance and benefits is important, but can be complicated. Please check all the statements below that are true for you.



Percent who say their medical bills are usually understandable

Q: Thinking about your medical bills and statements, how often do you see/experience the following?



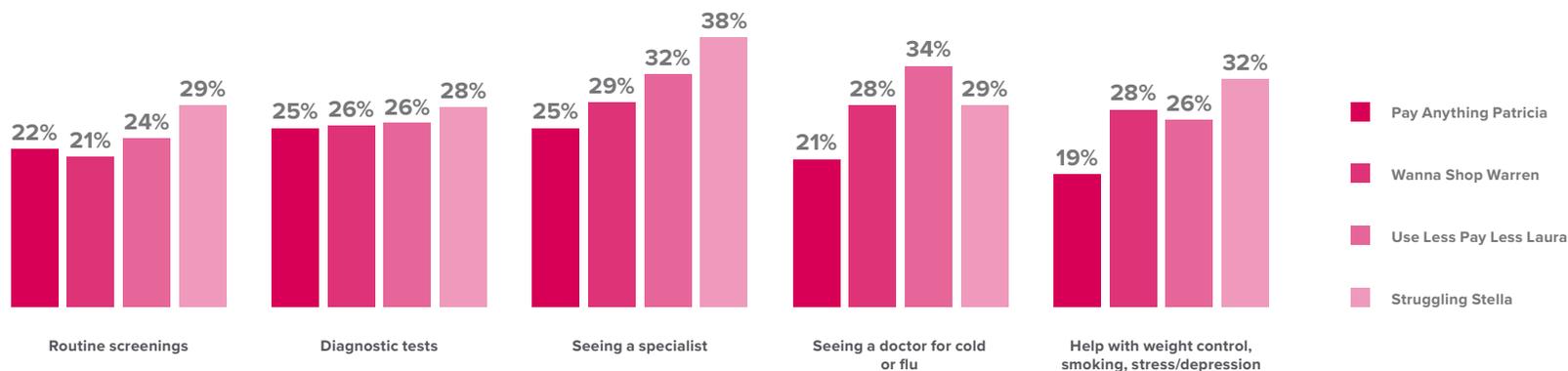
The healthcare marketer's playbook

3. Help consumers make timely, affordable decisions.

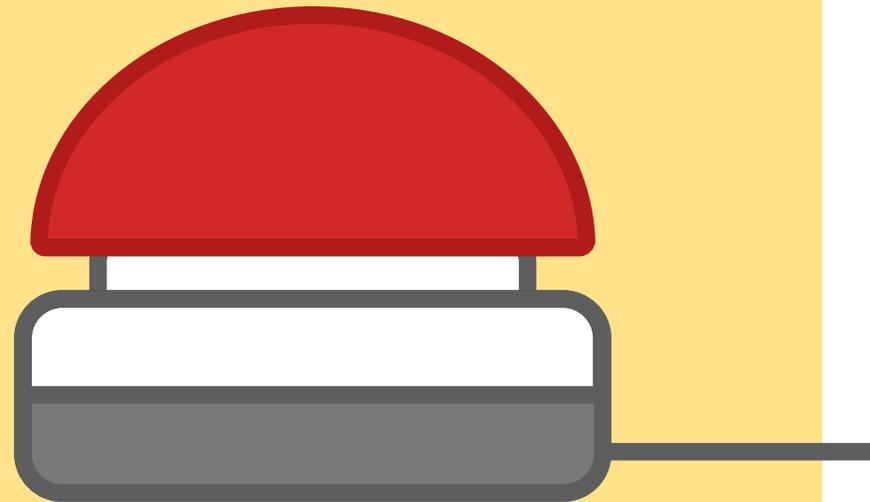
Communicate to Pay Anything Patricia the value of timely screenings and care. Share with Wanna Shop Warren your affiliated, extended, and alternative care options. Educate Use Less Pay Less Laura on the true cost of delaying care and promote your various wellness initiatives. And for Struggling Stella, support community outreach on available financial assistance and preventive care.

Percent who avoided different types of care due to cost

Q: Have you ever avoided or delayed any of the below because of the cost?



**BONUS ROUND:
A CLOSER LOOK
AT OUR SHOPPERS**



	28% My health is priceless. I would pay any amount for the health care I need	28% I try to be smart about healthcare costs, but information is hard to get	26% The less I need health care, the less it costs me—so I try to avoid needing it	18% Paying for health care is or would be a struggle even if it cost less
GENERATIONS				
GEN Z	20%	20%	22%	17%
MILLENNIAL	34%	35%	25%	18%
GEN X	22%	26%	25%	36%
BOOMER	23%	20%	27%	30%
EDUCATION				
HIGH SCHOOL	30%	31%	35%	47%
2-YEAR COLLEGE	19%	20%	25%	21%
4-YEAR COLLEGE	23%	23%	23%	16%
MASTER'S/PHD	25%	23%	14%	9%
INCOME				
LESS THAN \$25,000	19%	17%	27%	43%
\$25,000 - \$49,000	28%	26%	32%	26%
\$50,000- \$99,999	34%	43%	31%	27%
\$100,000 AND OVER	18%	14%	10%	4%
INSURANCE				
COMMERCIAL	46%	50%	40%	30%
PUBLIC	43%	41%	41%	48%
NO INSURANCE	3%	4%	12%	14%
OTHER	8%	6%	6%	9%
HEALTH STATUS				
GOOD/EXCELLENT	80%	73%	63%	50%
NOT GOOD/POOR	4%	5%	6%	13%



The LC Healthcare Quality PULSE is a nationwide survey of 1,200 healthcare decision makers.
Fielded online, August 2018.

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