



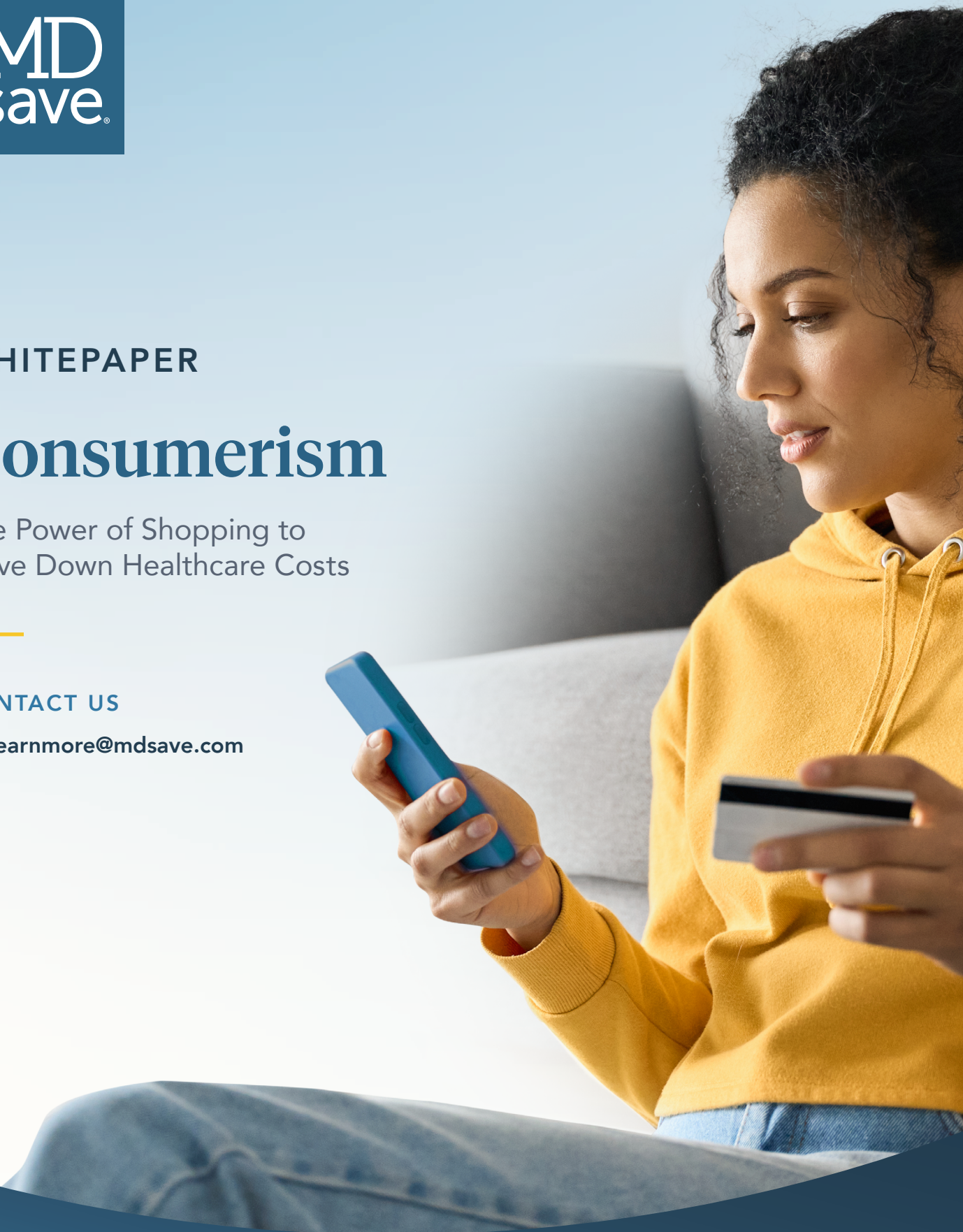
WHITEPAPER

Consumerism

The Power of Shopping to
Drive Down Healthcare Costs

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What is Healthcare Consumerism?

Healthcare consumerism is a movement that seeks to make healthcare services more accessible and cost-effective by empowering patients to become more involved in the buying process. This facet of consumerism transforms an employer's health benefit plan by placing the decision-making and purchasing power into the hands of plan participants.¹

70% of healthcare consumers say that cost plays an important role in deciding whether or not to seek care.² American consumers are used to price-comparing every product and service imaginable—from travel arrangements and vacations to wardrobe pieces, luxury goods, and even groceries.

Browsing prices and planning ahead are fundamental to the purchasing process for today's consumer.

And yet, the process of understanding medical expenses on the front end can

be frustratingly opaque, making the consumer experience of selecting and paying for medical services daunting. And this difficulty of understanding and budgeting for healthcare without upfront pricing can be so extreme that some patients decline treatment to avoid the confusion and expense of arranging care.

A 2019 study shows that consumers use the internet to research, locate, and book healthcare services. For example, more than half of Millennial consumers indicate they would prefer to book appointments online.³ Additionally, consumers across differing age groups report appreciating the convenience of completing pre-visit paperwork online in advance. But as the healthcare industry and consumer markets continue to evolve, so will the demands of patients. Trends in recent data point to an increasing number of people who search for healthcare information and providers online.



70%

SAY THAT COST CAN DETERMINE WHETHER OR NOT TO SEEK CARE.²

50%

OF MILLENNIALS PREFER TO SCHEDULE APPOINTMENTS ONLINE.³

The Impact of Transparent Pricing

Recent data reveals that 32% of patients reported high out-of-pocket costs as a critical factor dissuading them from pursuing needed healthcare.⁴ A TransUnion patient survey also revealed that this roadblock has led to an uptick in healthcare consumerism behaviors.⁴ When patients can understand costs upfront, anticipate their responsibility, and compare providers independently, they regain an empowering sense of engagement and autonomy.

32% | don't get healthcare because of high costs.⁴

28% | reported carrying medical debt.⁴

32% | have less than \$500 in their HSA.⁴

56% of respondents from a study "are worried their out-of-pocket healthcare costs could lead to bankruptcy," according to Patient Responsibility News. In addition, 28% reported carrying medical debt.⁴ Consumers accept immense responsibility when managing their healthcare costs, and this burden continues to rise as high-deductible plans abound. However, cash-strapped consumers often find they don't have the capacity to contribute to a health savings account (HSA) to cover costs. 32% of participants in the study mentioned above reported having a balance of less than \$500 in their HSA. Of those participating in high-deductible health-savings plans, nearly one-third did not have an HSA at all to help offset costs.⁵



As patients assume an ever-increasing cost burden for their care, cost transparency and patient/consumer empowerment to actively research care are vital in keeping them engaged and healthy. Unfortunately, because healthcare costs remain hazy, patients are inclined to avoid care—even when needed.⁴

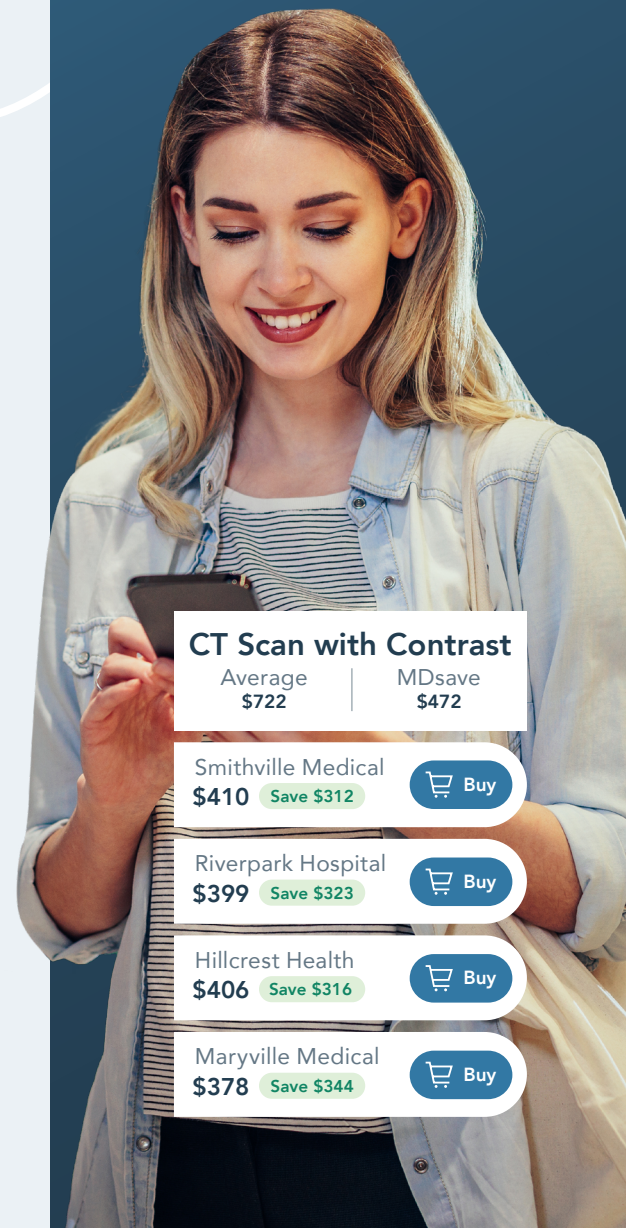
When healthcare incorporates a retail approach to price transparency and adopts customer-oriented practices, patients become more actively involved in their health journey. And they are likely to address issues before they become serious. Additionally, highly engaged patients will be less likely to defer care due to financial fears.

Transparently Priced Care, More Engaged Patients

Healthcare consumerism is one possible solution to the problem of financially anxious, disengaged patients. In recent years, employers have recognized the benefit of transparent pricing and engaging employees more actively in their healthcare. Consumerism in healthcare regularly tops C-suite priority lists because companies understand that adapting to new employee/consumer behaviors will benefit their bottom line. The ability for employees to research and compare healthcare services helps build workforces that are more involved in their own health. This results in healthier employees, which can translate to lower plan costs and employer expenses overall.

Additionally, allowing consumers to access a healthcare marketplace empowers them to research and make informed decisions well in advance of facing a provider's billing office. When patients make informed decisions, providers also benefit by being able to recapture those patients that have drifted away for financial reasons.

Most consumers feel they need more information and tools to take responsibility for managing their health. While other industries allow consumers to research and compare costs and benefits, healthcare remains confusing, opaque, and difficult to reach.



The Future of the Industry

Many aspects of healthcare were forced online during the COVID-19 pandemic, and the patient response was overwhelmingly positive. The convenience of online healthcare, completing intake forms day or night from the comfort of home, and seeing providers virtually at the time of need has shifted the industry to be more patient focused. Patients reported overwhelmingly positive telehealth experiences during the pandemic specifically, with 92% of those polled reporting positive experiences.⁶ How many consumers will continue using telehealth services in earnest remains to be seen. Still, the doorway has been opened for patients to interface with their healthcare providers outside of traditional office hours and from the comfort of their homes.

Undoubtedly, shifting to a healthcare consumerism model will require seismic shifts across disciplines and providers in the industry. From solo practitioners to regional health complexes, marketing is bound to become increasingly necessary to communicate with consumers and differentiate services from nearby providers. But transparently priced services are likely to increase patient payments, according to TransUnion data. For example, as many as 65% of patients reported a willingness to make partial payments at the time of care if they had an estimate of the total price.⁷



**REPORT POSITIVE
TELEHEALTH EXPERIENCES
DURING THE PANDEMIC⁶**



**OF PATIENTS ARE WILLING TO
MAKE PARTIAL PAYMENTS IF
THEY HAD AN ESTIMATE⁷**



Conclusion & Key Takeaways

Healthcare is moving toward a more consumer-focused business model, providing a patient experience that closely reflects retail, hospitality, and other industries. Clear communication between providers and patients, straightforward pricing that can be researched and compared ahead of time, and increased patient buy-in will transform many patients' relationships with their healthcare.

Patients who are a part of a transparent ecosystem are more satisfied with the care they receive, are more engaged in their care, and costs are reduced across the industry.

In addition, consumers are more likely to consume when they are empowered with information. A proactive approach to healthcare consumption can lead to a more consistently engaged patient population and more affordable coverage for employers.



Want to Learn More?

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