



Why Your Patients are Shopping for Healthcare and Leaving Your Practice





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Kodak was once the world's largest film company. By 1996, Kodak controlled two-thirds of the global market share for film. Revenues reached just under USD \$16 billion and the company employed more than 145,000 worldwide.¹ For Kodak, 1996 would prove to be its pinnacle year. From that point forward, Kodak was unable or unwilling to abandon film and embrace digital photography.

By January 2012, Kodak had cut 47,000 jobs and filed for bankruptcy protection.² Today, a share of Kodak stock is worth about two-and-a-half dollars and the company lost USD \$18 million in the first quarter of 2019.³

Of course, this paper is not about Kodak—it's about your practice. But there is an important

lesson to be learned from the Kodak story and applied to your current situation. Read on!

The Healthcare Landscape has Changed

Once upon a time, health insurance provided a family with a fairly warm blanket of protection. Today, the middle class is taking a beating from shoddy insurance plans. Nearly half of all insured families are faced with a deductible greater than \$3,000.⁴ Middle-class families with \$10,000 deductibles are not unusual.

Riding on top of ever-increasing deductibles are ever-increasing premiums. Though this cost hides within an employee's paycheck stub,



it has a significant impact on discretionary income. The average premium for a standard healthcare plan for a family is \$1,500 per month, of which the family pays about 20%, or \$300 per month.⁵ Faced with the challenge of paying for healthcare, something has to give.

Predictably, you can count on society to find a way to relieve the pressure.

Patients Taking Matters into Their Own Hands

More often than ever before, healthcare customers are skipping the ride to their doctors' offices and taking matters into their own hands. Here's how:

Telehealth

Most States require payers to cover telehealth⁶ and, according to one study, revenues from telehealth is expected to exceed USD \$16.7 billion by 2025.⁷ Medical practices should take note of that large number. Why? Because those dollars are being diverted from appointments scheduled with a local doctor to a remote doctor—your practice may be getting little, if any, of these dollars! The rapid increase in interest and use of telehealth underscores the importance of staying engaged with your current patient base and investing in technology that allows your patients to communicate with their doctors remotely.

Retail Health

Retail health clinics, such as CVS's MinuteClinics that are being tested in multiple locations this year, promise consumers

a new level of convenience they will not experience at a traditional practice: no wait time, immediate access to a pharmacy, clear pricing, and the odds and ends found in any drug store. CVS publishes their rates online for easy comparison and claims that 85% of all Americans live within four miles of one of their stores.⁸ CVS, and others, are going head-to-head with the walk-in clinics offered by larger healthcare organizations, such as Utah-based Intermountain Healthcare's InstaCare facilities. The difference, however, is CVS's acumen for creating a positive consumer experience whereas Intermountain Healthcare lacks that skill.

Self-Diagnosis and Plan of Action

The Internet has empowered the health consumer by providing information for the patient to figure out for themselves what malady they've contracted, what treatments are available, and shop for the cure with the lowest price. More than likely, the treatment at the lowest price does not involve your practice.

YouTube and the Era of Self-Treatment

As the cost of healthcare has increased, access to the nuts and bolts of how to complete a particular procedure has also increased. A quick search of YouTube will result in a number of education videos on how to suture a wound, treat an insect bite, set a broken bone, remove a skin growth, or even perform a simple surgery. Certainly, every doctor has a story to share of a patient whose attempt to self-treat only made the condition worse. Self-treatment is not recommended!



Direct Access to Medical Supplies

Patients with chronic conditions are finding better prices and service by shopping online. Amazon dominates the online healthcare supplies market—it's 2017 sales are estimated to have topped USD \$2.1 billion in 2017.⁹ Many online retailers cater specifically to persons with diabetes or sleep apnea, as an example. The cost of a CPAP machine purchased online can be half of what it would cost if purchased through a medical practice. The global sleep apnea devices market is estimated to be worth USD \$8.15 billion in 2018 and to expand at a CAGR of 6.8%. Online merchants selling diabetes and sleep apnea devices and supplies are gobbling up dollars that once flowed directly to medical practices like yours.

Alternative Medicine

The sale of essential oils, nutritional foods and drinks, and herbal remedies has significantly increased, primarily in response to rising healthcare costs, an increase in discretionary income due to a booming US economy, and a population that has become more focused on health and wellness. In the US, the essential oils market is valued at USD \$4.74 billion in 2019 and expected to exceed USD \$7 billion by 2024.¹⁰ Sales of herbal dietary supplements increased 8.5% in 2017, reaching USD \$8 billion in the US.¹¹ The growing trend to self-treat feeds off the promotion of essential oils and herbal remedies. Today, when faced with an injury, it may not be uncommon for someone to ask "where's the essential oils kit?" instead of "where is the first aid kit?"

Power of the Consumer Voice

Given a wide range of alternatives, an ever increasing number of people within the US are skipping a trip to the doctor's office for everyday maladies. Dollars that once flowed to healthcare organizations across the country now fund a kaleidoscope of healthcare choices, measured in billions of dollars.

Alternatives also give the patient the power to walk out or choose not to return to a particular practice. If a patient doesn't care for the receptionist, the nurse, the building, let alone the care, they are more than likely to never return. Or, in the case of those that are bound by insurance or geographical limitations, they will turn to social media to share their displeasure.

Consumer behavior changes in healthcare emphasize the urgent need for medical groups to complete a round of serious introspection, from intake to discharge and everything in between. Is your intake process inviting, warm, and, more than anything, convenient and easy? Are you monitoring wait times? Is your practice staying in contact with your patients with relevant, timely messaging?

Finally, consider this: If you were a patient at your own practice, would you feel like a VIP or just another cog in the wheel?

What Does It All Mean?

Perhaps you may read this article and choose to do nothing. And why should you? Your schedules may be full and your doctors may be busy. Sticking your head in the sand is an option.



Bob Hooley is credited with having said, "If you're not taking care of your customer, your competitor will." Kodak had every opportunity to make a course correction, to take care of their customers, and maintain their market position. Record earnings and a healthy stock price made it easy for them to justify the status quo. They chose the head-in-sand option.

Regardless of how busy you may be today, that busyness does not change the fact that social change has seeped into every aspect of your practice. Reacting only after these social changes begin to adversely affect your practice would place you in a position of catch up, which is where no successful organization wants to be.

How do you take care of your "customers?" A good place to start is with patient engagement. Meaningful communication builds relationships that are stronger than the sirens of retail health. A person will stay true to your practice when they feel genuine interest in their health, which begins with consistent, relevant patient engagement.

¹ Hudson, Andres. "The Rise and Fall of Kodak." *PhotoSecrets*, 29 Aug. 2012, www.photosecrets.com/the-rise-and-fall-of-kodak.

² Ibid.

³ "Kodak Earnings: First Quarter Ends with \$18 Million Loss." *Rochester Democrat and Chronicle*, 10 May 2019.

⁴ "Average Health Care Deductible Nearly \$1,500 for Individual Coverage Through an Employer Plan." *IFEBP*, 11 Sept. 2018, [www.ifebp.org/aboutus/pressroom/releases/Pages/Average-Health-Care-Deductible-Nearly-\\$1,500-for-Individual-Coverage-Through-an-Employer-Plan.aspx](http://www.ifebp.org/aboutus/pressroom/releases/Pages/Average-Health-Care-Deductible-Nearly-$1,500-for-Individual-Coverage-Through-an-Employer-Plan.aspx).

⁵ Merhar, Christina. "What Percent of Health Insurance Is Paid by Employers?" *PeopleKeep*, PeopleKeep, Inc., 8 Nov. 2018, www.peoplekeep.com/blog/what-percent-of-health-insurance-is-paid-by-employers.

⁶ Greiwe, Michael. "Just the Facts: 30 Telehealth Statistics for Doctors to Know." *OrthoLive*, 12 June 2018, www.ortholive.com/blog/just-the-facts-30-telehealth-statistics-for-doctors-to-know.

⁷ "Telehealth Market Size Is Projected to Surpass USD 16.7 Billion by 2025." *MarketWatch*, MarketWatch, Inc., 6 Mar. 2019, www.marketwatch.com/press-release/telehealth-market-size-is-projected-to-surpass-usd-167-billion-by-2025-2019-03-06.

⁸ Kodjak, Alison. "CVS Looks To Make Its Drugstores A Destination For Health Care." *NPR*, NPR, 21 Feb. 2019, www.npr.org/sections/health-shots/2019/02/21/695216345/cvs-looks-to-make-its-drugstores-a-destination-for-health-care.

⁹ Brohan, Mark. "More Consumers Take to the Web to Shop for Medical Supplies." *Digital Commerce 360*, Vertical Web Media LLC, 29 Dec. 2018, www.digitalcommerce360.com/2018/12/24/more-consumers-take-to-the-web-to-shop-for-medical-supplies.

¹⁰ "U.S. Essential Oils Market Value 2024." Statista, Statista, Inc., 19 Feb. 2019, www.statista.com/statistics/742159/us-essential-oils-market-value/.

¹¹ Smith, Tyler, et al. "Herbal Supplement Sales in US Increased 8.5% in 2017, Topping \$8 Billion." *HerbalGram*, American Botanical Council, 2018, cms.herbalgram.org/herbalgram/issue119/hg119-herbmktrpt.ml?ts=1565116250&signature=9e56ad8298f8adcd238b241f91860a65.

About RelevantMD

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RelevantMD is unique because of its focus on increasing revenues, measured results, a do-it-for-you approach to customer service, and its full range of services. RelevantMD has sent more than one million patient messages, generated more than 192,264 new appointments worth \$334 million, and helped its customers realize an 800% return on every dollar invested in marketing.

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