



IDC TECHNOLOGY SPOTLIGHT

Primed to Disrupt: A Marketplace for Better Healthcare

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In the United States, 86% of healthcare's \$2.7 trillion annual spend — \$2.3 trillion — is for people with chronic disease and mental health conditions; only 3% is for prevention. Yet, 50% of the determinants of health are due to patient behavior; 20% to environmental factors; 20% to genetics; and only 10% to having access to medical care. Services are nearly always rendered because of deterioration, rarely prevention.

The challenges and adverse impact of chronic conditions are well known and documented, and oftentimes inseparable comorbidities make them worse — obesity, diabetes, hypertension, heart disease, depression, etc. And the problem is only growing worse. By 2025, 1 in 2 of all Americans will have a chronic disease. The potential to shift to preventive, whole-person care — to build a healthcare experience that is centralized around each person to motivate, support, and effect incremental, sustained behavior change — represents a huge opportunity to affect population health and consequential healthcare spending.

Attempts to reform the healthcare industry to address these spiraling healthcare costs started in the early days of managed care, which dates back to the 1973 Health Maintenance Organization Act. Fast-forward to the 21st century and healthcare disruption remains nearly in sight, but stubbornly out of reach. According to Health and Human Services Secretary Alex M. Azar II, "[B]ack in the 2000s, shifting to a value-based system was just getting going. Yet, more than a decade later, value-based payment is still far from reaching its potential. Today's healthcare system is simply not delivering outcomes commensurate with its cost."

While many health challenges have been conquered in recent decades, chronic diseases remain a painful, expensive burden on Americans' lives. In many cases, these diseases are increasing burdens, and our system is poorly set up to treat them. Today, healthcare must move beyond the status quo and accelerate the digital transformation journey that other industries have widely embraced. Even efforts considered modest by other industries, such as digitizing patient records, have been slow to happen in healthcare and have required seemingly herculean efforts. While Airbnb, Amazon, and Uber have modernized and consumerized their respective industries, healthcare's complexity and inertia have stymied innovation and progress toward new consumer-centric business and care delivery models. One constituent, long omitted from the healthcare ownership equation, holds all the cards: the patient.

The traditional healthcare system lacked incentive to address the health crisis, which has led to a proliferation of innovation from health and wellness companies, focused on providing cutting-edge digital solutions that will encourage consumers to engage in their own healthcare and make sustained behavioral changes. In turn, this has created a fragmented patient engagement market with myriad solutions for a wide range of chronic conditions and other major acute or episodic conditions, such as pregnancy or cancer. As consumers move through their health journeys, they may find themselves using a variety of services to meet specific health needs because there has been no one solution that meets these over their lifetime.

Consumers need a choice, a voice, assistance, and guidance to find the right care that motivates them to take control of their health. The solution should offer an array of services that meet an individual's needs as they evolve over time. It must be as easy to use as Instagram and as intuitive as Google, and it must provide the connectivity of leading social media platforms. It must have a brand presence to command users' attention.

Are consumers ready to participate in their own health? Is the healthcare industry ready to do an about-face? What about reimbursement? Frequently, nascent disruptive efforts in the health industry have fallen victim to the uncertainty of change, with misaligned incentives further inhibiting the motivation to change.

The Consumerization of Healthcare

The consumerization of healthcare — where patients are supported, educated, connected, and incented to make informed, healthier decisions — is one of the important goals of healthcare. Healthcare is centralized around a patient longitudinally and supported by an ever-evolving multidisciplinary team of providers representing primary care, specialty care, behavioral health, fitness, financial wellness, and nutrition, among others. It is a technology-enabled consumer experience that leverages millions of real-time biometric data points to educate people about their own health, inform decisions, and drive appropriate interventions that would otherwise be impossible in the offline world.

Payment reform, consumer healthcare technology software and hardware advances, and a critical mass of digital-first consumers who demand more all promise to pressure the healthcare industry to "innovate or die." There are several key areas in which healthcare institutions must push the envelope or face patient backlash:

- **Address consumer dissatisfaction.** A decade with smartphones and we're already more savvy consumers; we reward great experience and chastise ineffectiveness and inefficiency. Not surprisingly, consumers and the healthcare industry think about health very differently. Healthcare consumers are beginning to demand more from their healthcare experience, which they are acquiring in new and different ways. Consumers are thinking in terms of "I need help now," "I want to be beautiful," "I want to stress less," "I want to eat healthier," "I want to get fit," "I want to sleep better." Sometimes these goals require help from providers and clinicians, but most of the time they don't — or at least not for long. Decades of one-size-fits-all disease management have demonstrated that healthcare programs must be tailored to individual needs. Consumers want a more personalized care experience that considers their goals and motivation for better health. Behavioral change will happen when coaching is delivered conveniently at the moment the consumer needs support or is seeking information. Solutions providing these healthcare services should be intuitive and connect with other mobile apps that consumers are using in their everyday lives to promote ongoing engagement.
- **Provide convenience.** Recent consumer surveys from Healthgrades and the American Osteopathic Association show that, after insurance coverage, the biggest drivers of physician selection are convenience of location and office hours. When the nearest care location is a keystroke away and office hours are 24/7, geography is no longer a strength or a weakness. Winning healthcare organizations will differentiate themselves with a high-quality product on every phone: expansive services, great customer experience, higher-quality care, reimbursed services, transparent pricing, and immediate access.

- **Personalize consumer touch points.** Patients often leave a physician visit with new information on how to care for themselves or a loved one, and a follow-up appointment is made for 90 to 120 days' time. Between appointments there may be little or no direct communication between the physician and patient. The isolation between office visits may result in poor adherence to care plans and/or medication regimens, leading to poor patient outcomes. Nonadherence to care plans can be as high as 70% when treatment regimens are complex and/or require lifestyle changes or behavior modification. Nonadherence to care plans and medication regimens is costly. The direct cost associated with care plan nonadherence is \$100 billion per year, while medication nonadherence costs the health industry \$100–289 billion per year, according to the ACP's *Annals of Internal Medicine*. Ongoing access to healthcare providers, coaching, and personalized communication improves the patient experience and helps create a trusted relationship between patient and caregiver. Combined, they are strong motivators for patients to adhere to their therapeutic regimens and make steady progress toward their health and wellness goals.

Key Trends Driving the Need for Disruption

Healthcare has resisted disruption for decades. However, the current trajectory of an aging population, an increased prevalence of chronic conditions, and the resulting runaway healthcare costs is simply unsustainable and likely to trigger changes. Healthcare organizations are under increasing pressure from employers and consumers to transform how care is provided to meet the many demands facing the industry today.

Demographics

Much has been said about millennials being "digital natives," which is true. But all generations have now lived with technology as a staple of their work, entertainment, travel, banking, and communication for the better part of 20 years. Many seniors are now familiar and comfortable with technology. At the same time, while baby boomers currently consume the most healthcare, the largest growing segment of the population at risk of developing chronic disease graduated high school between the mid-1980s and the late 1990s. Gen Xers are less healthy than the boomers before them, according to research from the Rutgers Robert Wood Johnson Medical School.

Consumer Demand

For patients, engaging in the healthcare system has challenges unlike those in many other industries — scheduling appointments, taking time off from work, spending little time with a clinician, and dealing with a lack of information or support between visits. For modern consumers who are used to companies bending over backward to improve customer experience, cost, quality, transparency and, most of all, speed of delivery, healthcare is clearly lacking. What's more, "sick care" does not fit well into modern consumer choice and personalized medicine. Patients want help now, not when it's convenient for the physician. They want services that make them feel better from their living room, not from a doctor's office.

Caregiving

More than 65 million people — 29% of the U.S. population — provide care for chronically ill, disabled, or aged family members or friends during any given year. These caregivers spend an average of 20 hours per week providing care for a loved one. Of the care recipients, 51% live in their own home, 29% live with their family caregiver, and 4% live in nursing homes and assisted living. As a representative example, the average family caregiver for someone 50 years or older spent \$5,531 per year on out-of-pocket caregiving expenses in 2007, which was more than 10% of the median income for a family caregiver that year, according to the Family Caregiver Alliance.

Reimbursement

Perhaps the biggest inhibitor of serious change has been misaligned incentives. Historically providers were compensated based on volume, not patient outcomes, which in turn drove up healthcare utilization and healthcare costs. A major tenet of healthcare reform has been the shift from fee-for-service sick care to fee for value for preventive and wellness care. The biggest push to value-based care came from President Obama's namesake legislation. The threatened repeal of the Affordable Care Act appeared to sound the death knell for the pay-for-value movement. However, value-based care has stubbornly, apolitically, marched on.

Technology

The health technology arms race (much like the mobile advertising arms race) is for user-generated data. Smartphones, wearables, sensors, and Internet of Things (IoT) smart devices are gathering trillions upon trillions of data points about behavior, consumption, and motivation. Despite this, healthcare is largely data rich but insight poor. The leaps from 1s and 0s, to analysis, to action, to behavior change will be achieved only when paired with meaningful interventions.

The smartphone — and wearables and IoT devices — is smarter and better connected than ever. Built-in sensors can monitor heart rate, blood pressure, oxygen saturation, stress measurements, sleep, and physical activity. At the same time, new software and business models are evolving to use this myriad data to understand individuals in the treatment of specific conditions such as diabetes, hypertension, weight loss, and back pain.

Considering the Samsung Health Ask an Expert Service Powered by American Well

The current delivery model for healthcare is not meeting consumer demand for access, convenience, continuity, and personalization; the opportunity for disruption is ripe. A marketplace-based approach to population health, that augments brick-and-mortar healthcare delivery with an ecosystem of care that improves both financial and clinical outcomes, can provide that disruption. It requires a balance of access to a wide range of health and wellness technology to guide consumers through their healthcare journey — regardless of what that might be — with convenient access to an evolving care network, tools, resources and applications. Such a marketplace provides convenient, continuous, and personalized interactions with consumers through the channel they prefer. A successful consumer healthcare marketplace will centralize a variety of care experiences, including:

- Curated health and well-being applications that drive personalized care paths with interactive functionality, self-management tools, and information therapy
- Health coaching that delivers motivation and support through real-time engagements in between office visits and helps patients navigate the care they receive
- On-demand or scheduled access to specialists and urgent care physicians (This service must deliver routine health services typically seen in an urgent care setting and serve as an entry point and a follow-up point for specialty care.)

The Samsung Health Ask an Expert service powered by American Well is a telehealth service that puts board-certified medical professionals a tap away for owners of the latest Samsung Galaxy smartphones such as the Galaxy S9 and S9+. It is supported by a provider network that includes Cleveland Clinic, NewYork-Presbyterian, and Nemours Children's Health System and may be covered by consumers' insurance provider, such as Anthem, based on the policy's coverage. Through the Samsung Health Ask an Expert service, consumers can have an experience in health

and wellness consistent with what they receive and value from other industries, designed specifically for their individual needs.

Samsung Health Ask an Expert service puts health and wellness in the consumer's pocket. Design, intelligence, data, and connectivity are layered onto an ecosystem of the world's best provider organizations and purpose-built apps and services devoted to motivating and educating people to make better healthcare decisions every day. The service lets users move seamlessly between different health and wellness experiences and aggregates information in one place: right in the users' hands.

Challenges

The collaboration's success and the long-term viability of the Samsung Health Ask an Expert service rely on the continued product evolution between Samsung and American Well as well as the expansion of collaborators to provide insurance-covered access to health systems, providers, and services across the country.

The Samsung Health Ask an Expert service must demonstrate value to consumers with a wide range of requirements — from those with simple, periodic health and wellness needs to those with complex chronic conditions. Diligent monitoring of consumer activity and outcomes to deliver value must be undertaken to ensure consumers are getting what they expect from the service.

Benefits

Disruption in healthcare is inevitable given the unsustainable costs and poor performance of the current system. Previous attempts at disruption have failed or resulted in the creation of large, complex organizations that are difficult to navigate and provide a subpar consumer experience. Creating a marketplace that augments the brick-and-mortar of healthcare delivery without attempting to dismantle it provides consumers with immediate value while maintaining existing patient-provider relationships.

The creation of a population health marketplace addresses many of the challenges healthcare organizations face as they transform to a value-based delivery and financing system that meets the needs of consumers. These challenges are many and varied:

- **Access.** Beyond everything, the U.S. healthcare system has an access problem. Oftentimes only the most expensive, acute options are available to people living with chronic disease every day. Samsung Health's Ask an Expert service creates a virtual 24 x 7 network, accessible on select Samsung Galaxy smartphones.
- **Experience.** Healthcare is anything but simple and consumer friendly. A novel marketplace experience simplifies complexity and pricing, encourages smart shopping, and provides longitudinal and personalized context. At the center of any modern consumer experience is data, which must be collected and disseminated. In population health, this information is captured from consumers' smartphones, wearables, and IoT devices. The ability to curate and mine this data is essential to identifying clinically appropriate interventions and delivering high-quality care.
- **Outcomes.** Highly personalized programs have demonstrated significant impact on specific outcome measures such as A1C and BMI. The challenge has been delivering these programs to large populations at scale. Samsung Health makes it easy to connect tens of millions of users with the right provider or program at the right time.
- **Cost.** Activated, informed consumers who participate in their own care have better outcomes and utilize less expensive medical services, such as emergency room visits and inpatient care, than consumers who do not participate in their own care.

Conclusion

From a consumer perspective, healthcare delivery is inconvenient, difficult to navigate, and lacking in continuity and personalization, all of which constitute barriers to good health. Consumers want the same level of personalized service and multichannel experiences they have come to expect and do receive from other industries.

Most physician care is delivered in traditional care settings, requiring consumers to travel and take time away from work and other responsibilities. Digital solutions that guide patients through their health and wellness journeys and monitor their progress are becoming more readily available, but they are typically fragmented and not personalized. Thus, patients often have no coaching or support as they endeavor to achieve their health and wellness goals, including controlling their chronic conditions.

The creation of a healthcare marketplace that combines the efficiency and familiarity of conducting business on a remote device with the human touch and expertise of a physician provides a valuable experience for consumers. The Samsung Health Ask an Expert service powered by American Well creates this much-needed disruption by bringing together leading healthcare organizations with traditional care settings and new online healthcare providers to create a new modern form of population health management.

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