

Patient Engagement

An Industry Perspective

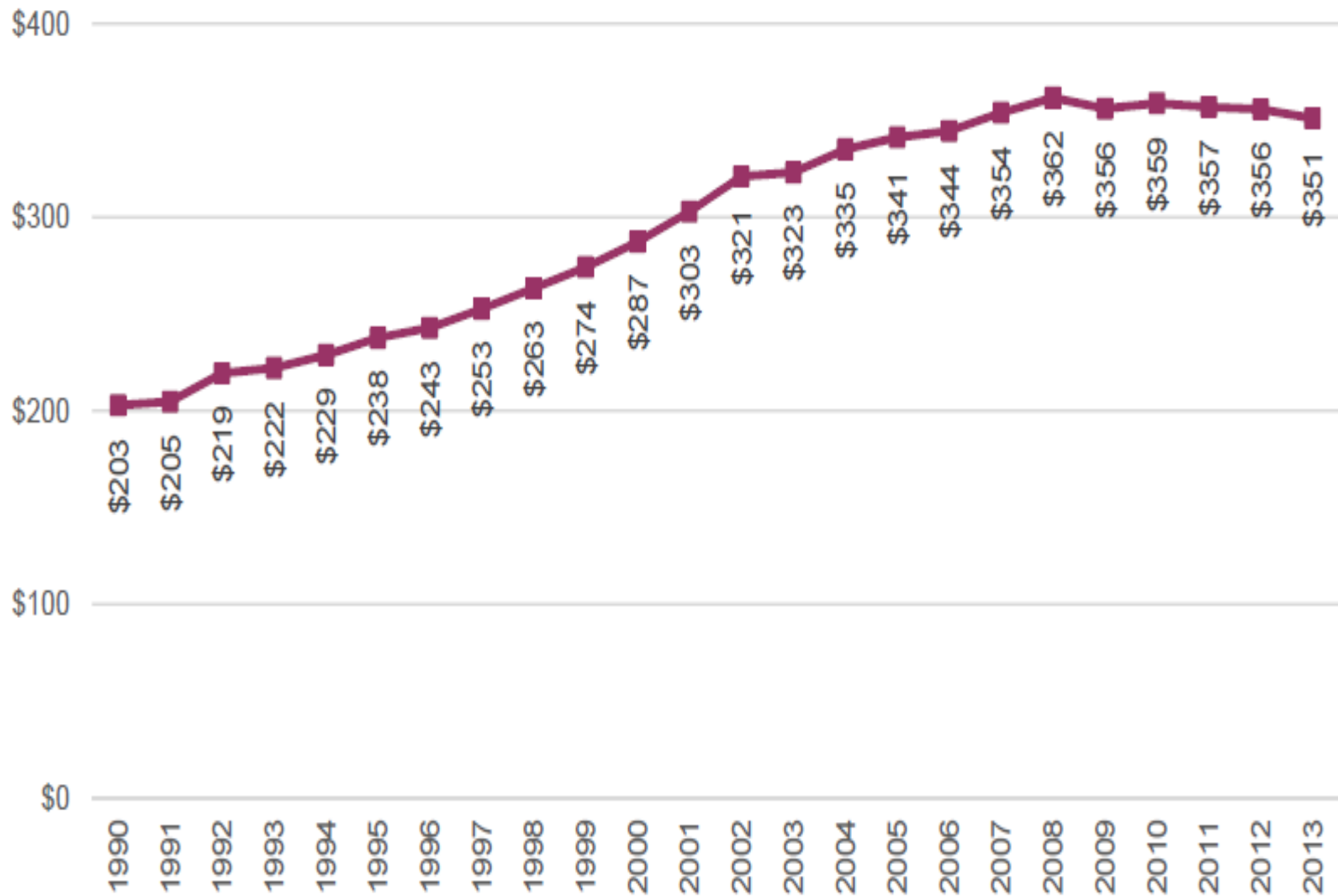
Institute for Oral Health

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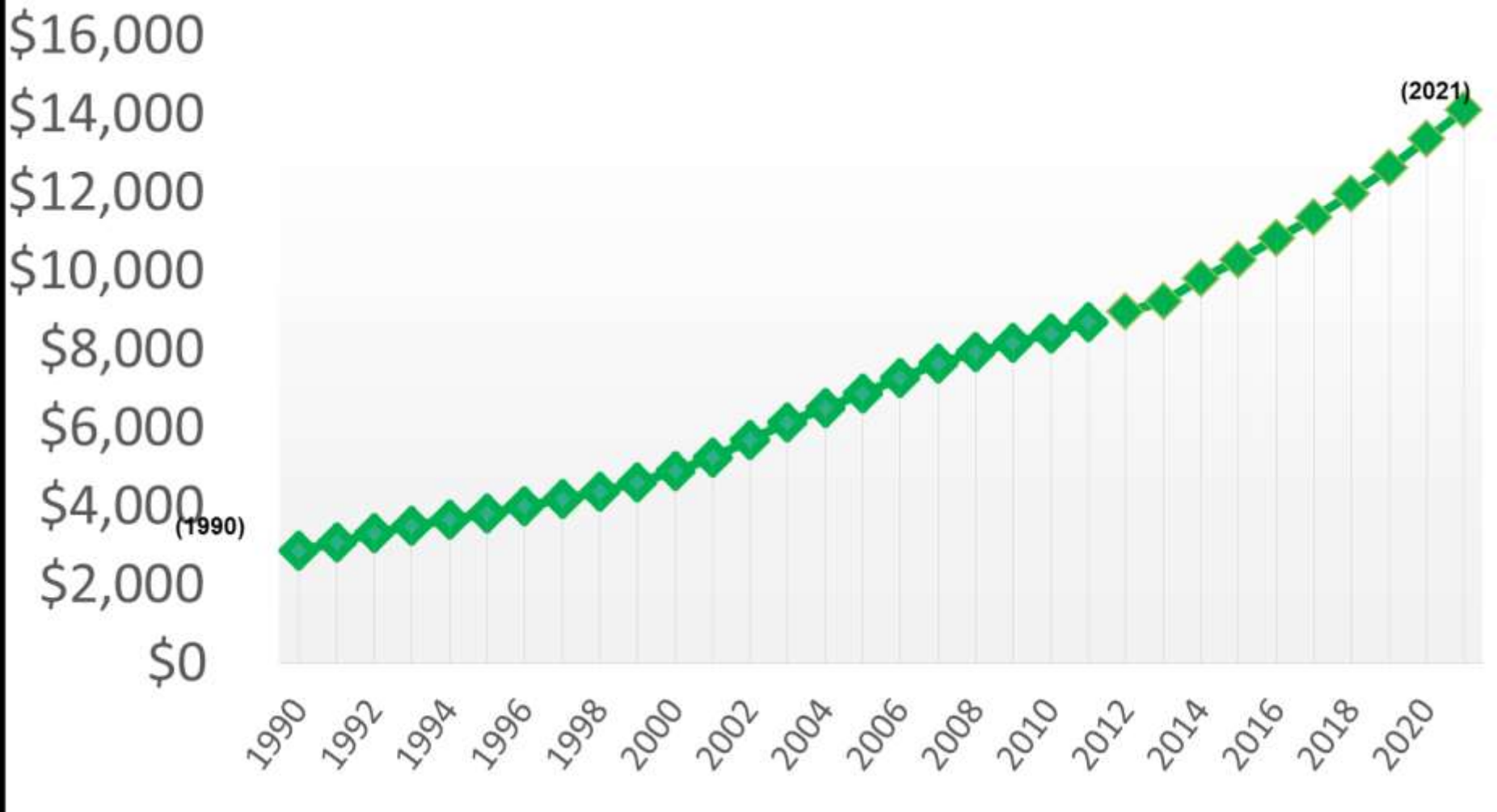
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National Dental Spending (per Capita)



Source: Centers for Medicare and Medicaid Services; U.S. Bureau of Economic Analysis; U.S. Census Bureau. **Note:** Expenditure adjusted for inflation using GDP implicit price deflator. Per-capita dental expenditure in 2013 dollars.

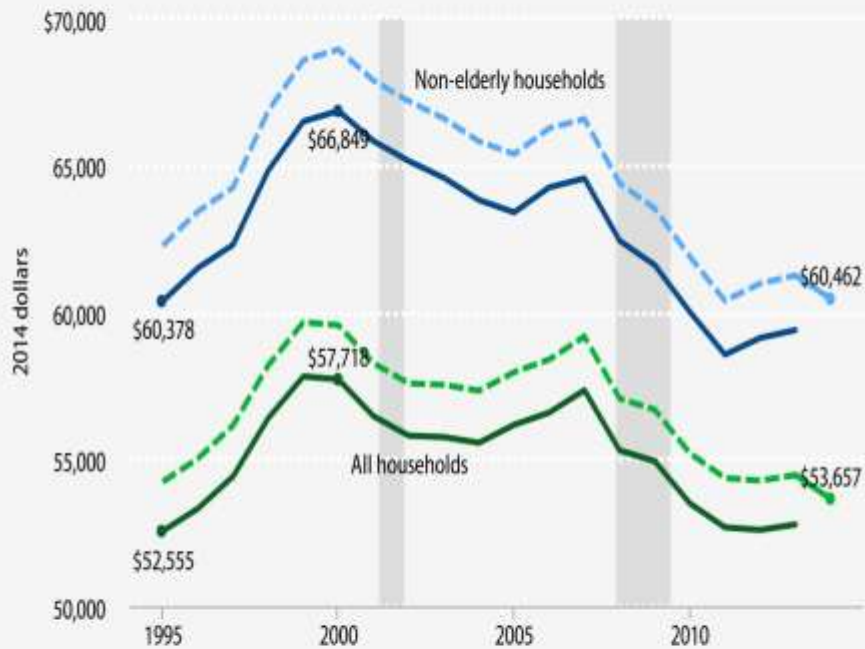
National Health Spending (per Capita)



• SOURCE: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (Historical data from National Health Expenditures by type of service and source of funds, file nhe11.zip; Projected data from NHE Historical and projections 1965-2021, file nhe65-21.zip).

National Household Income

Real median household income, all and non-elderly, 1995-2014

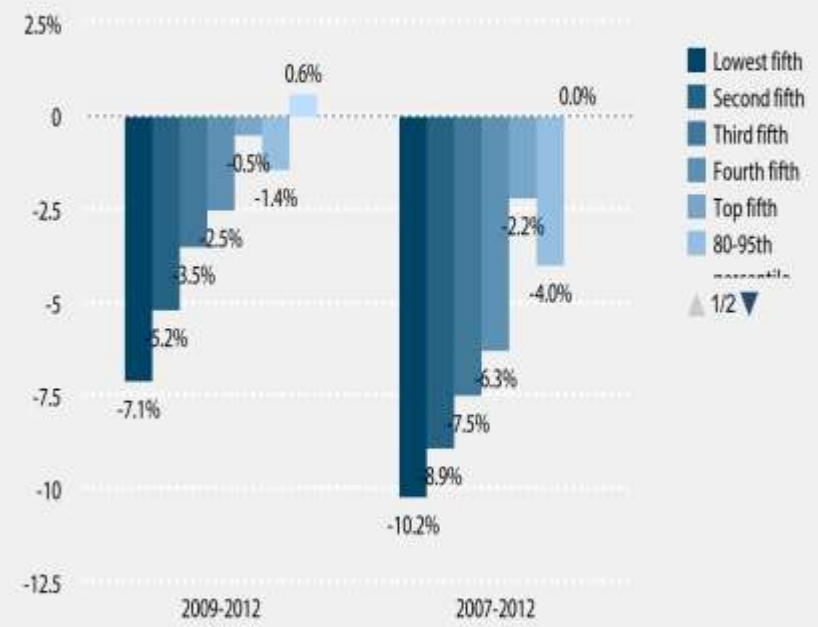


Note: CPS ASEC changed its methodology for data years 2013 and 2014, hence the break in the series in 2013. Solid lines are actual CPS ASEC data; dashed lines denote historical values imputed by applying the new methodology to past income trends. Non-elderly households are those in which the head of household is younger than age 65. Shaded areas denote recessions.

Source: EPI analysis of Current Population Survey Annual Social and Economic Supplement Historical Income Tables (Tables H-5 and HINC-02)

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Change in household income across the income distribution, 2007-2012



Source: Current Population Survey, Annual Social and Economic Supplement Historical Income Tables (Table H-3)

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Some Hypotheses About our World

Patients/Consumers

Dental is a low-engagement business – it isn't exciting, nor are the implications of dental disease dramatic enough to provoke action

Versus

Low consumer engagement is driven by the market's current instance as an entitlement program – “why should I care when it's basically free to me”?

Employer Groups

As benefit costs increase, money for dental is crowded out, leaving little room for growth in services, coverage etc. As a coda to medical, dental will follow the big decisions (e.g. moves to exchanges, embedding etc.)

Versus

Dental cost is eclipsed by medical costs and problems and faces high switching costs, so it exists in an “eddy in the stream” so long as the broader status quo remains in place

Payers

Dental Benefits economics are relatively stable, creating little incentive to innovate or take risk, leaving a high degree of inertia and comfort with the status quo

Versus

Dental Benefits economics lack the fundamental scale, profits or wealth to be able to invest in true disruption or innovation. Notwithstanding this, players are working to innovate where they can afford to

Employers/Payers/Providers

The ecosystem has remained stuck in the FFS status quo because...

...Economics are relatively stable (if weaker than desired), and there isn't sufficient pain to incentivize true risk taking

Versus

...Players are relatively satisfied with results or at least not upset enough to commit to real change

Versus

...Players' attention is fixed on control and on the economic power struggle between the constituencies

- Question #1 – Do we place bets on which of the above are true?

- Question #2 - Where's this all going? And do we have to place bets on that?
 - Tipping point theory – a tsunami is coming
 - Cycle theory – the tide will rise and fall as it has
 - “Frog theory” – the waters will rise slowly. The stronger will swim longer, the weaker will slip beneath the waves

- Question #3 – Do we have to focus on every element of everything, or is there an element that stands out?

Where is Change Likely to Ignite?

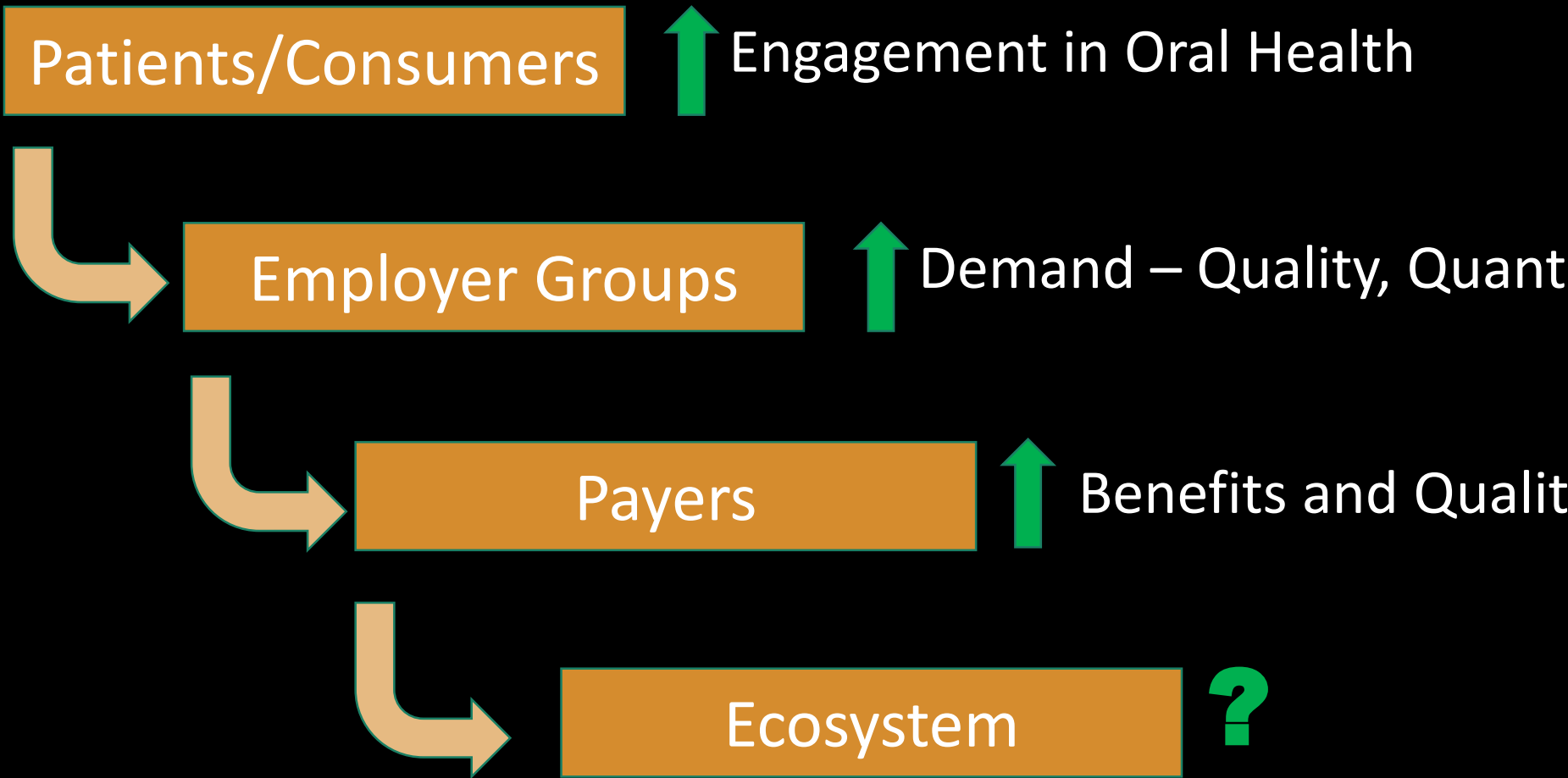
Patients/Consumers

Employer Groups

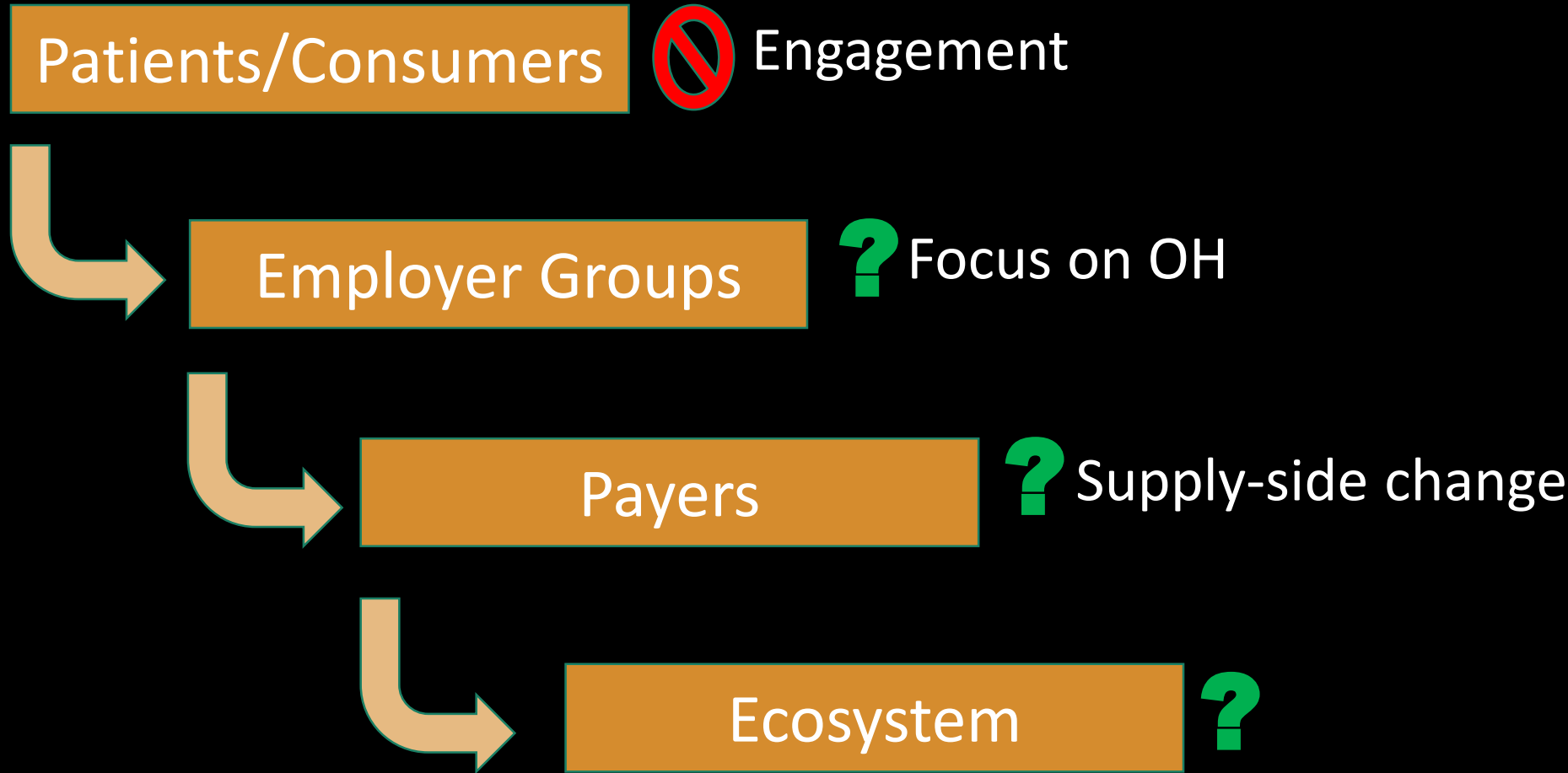
Payers

Ecosystem

“What If” – patient/consumer demand grows?



“What If” it doesn’t?



What Do Consumers Believe about Dental?

What they tell us...

Dental benefits

1. Low awareness
2. Low sophistication and insight – “my dentist”, annual maximums
3. But they want it

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1. “Comcast”
2. They are not our real customers (and don’t matter to us)
3. They want to see their dentist, (but don’t trust if there are too many dentists available)

Also...

1. Fear of the dentist and distrust in dentist’s motives
2. Ignorance of medical/dental science
3. Information overload and avoidance

What problems do they face?

Well, for starters...

- Patients – are acted upon
- Consumers – are actors/deciders

Hospital & Health Networks; “Whom Does Health Care Serve: Patients, Consumers or People? , April 28, 2015
New England Journal of Medicine; "The New Language of Medicine“, Oct 13, 2011
Harvard Business Review; The Trouble with Treating Patients as Consumers; Jan 9, 2012

Patients vs. Consumers

Consumers

- Incomes are stagnant
- Household expenses are growing, with some that are new
- Over-saturated with input and information
- Influenced by social perceptions above all else
 - Even health decisions
 - Don't trust experts

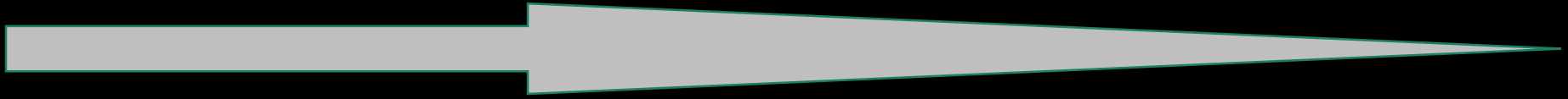
Patients

- Understand and process risk poorly
 - Bias toward short-term risk
 - Bias toward social behavior
- Fear – the experience, not just outcomes
- Enervated by their role as consumers

So which of their problems

- Are important enough (to them) to do something?
- Are solvable or at least addressable?

The Consumer's Journey



Learn	Choose	Buy	Use
<i>How do I learn?</i>	<i>How do I judge?</i> <i>Who do I trust?,"</i>	<i>Where do I go to buy?</i>	<i>What's my role?</i> <i>How do I troubleshoot ?</i>

“Good old days” :

“I don't”

“I don't”

“I don't”

....

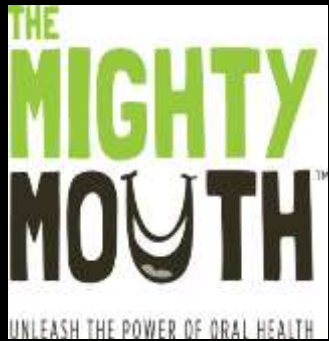
New Models are Emerging...

Learn

Choose

Buy

Use



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- Question #4 – Do we place bets on which of the above will win?
- Question #5 – Is this a Microsoft market, where one revolutionary company or model will change everything?
- If “No” or “I don’t know” – options approach

(IT'S ALL ABOUT
CYCLE TIME!)



LEARN FAST



→ THINK BIG

(BEGIN HERE)

START SMALL

(CRITICAL)



Chunka Mui; The New Killer Apps: How Large Companies Can Out-Innovate Start-Ups; 2013

What are the Takeaways?

Focus on common threads and fundamentals

- Recognition of changing Patient/Consumer role, beliefs and power
- Understanding how this impacts the problems they face
- Really understanding it, not relying on past truisms or hypotheses
- Developing multiple options
- Think Big, Start Small and Learn Fast