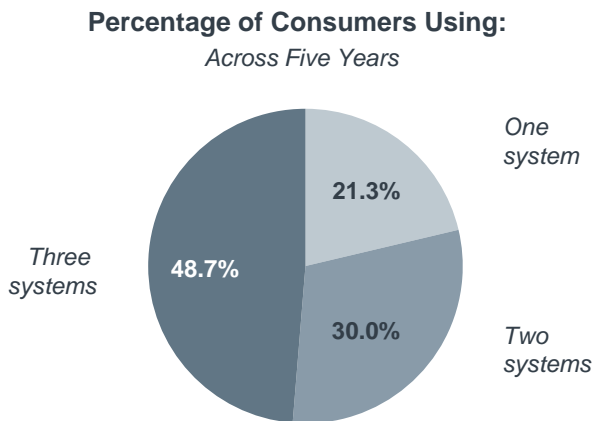


# Loyalty Opportunity Analysis

As market competition intensifies, many health systems are looking outward to grow. Our recent Loyalty Opportunity Analysis shows that your biggest growth opportunity, however, may lie within retaining existing patients.

To size this opportunity, we conducted a five year loyalty analysis examining a subset of one of the most loyal patient groups: the Medicare cohort. Check out top results from the analysis below, then read on to learn about our methodology, other results, and the financial impact of loyalty.

The Medicare cohort is one of the most loyalty-predisposed populations.<sup>1</sup> However, within this group, more than **78%** of the analyzed cohort used multiple health systems across five years.



The average Medicare consumer in our analyzed cohort visited **2.8** health systems in five years.



Average number of systems used by the most loyalty-predisposed population

**80%**

of the most loyal population seek an average of

**30%**

of their HOPD<sup>2</sup> and inpatient care outside their "home system"

This analysis suggests the average provider has a significant opportunity to improve patient loyalty and grow share of wallet.



Learn about the loyalty opportunity on the next page, and read [The Consumer Loyalty Framework](#) on [advisory.com](#) for best practices and case studies.

1) See page two for details.  
2) Hospital Outpatient Department.

Source: Market Innovation Center interviews and analysis..

# A Conservative Look at Loyalty

To avoid overestimating the loyalty opportunity, we focused our analysis on the segment of the population that survey data shows is most likely to be loyal to a provider: Medicare beneficiaries. We then filtered the claims data from this cohort to further err on the side of a conservative calculation before analyzing providers' share of wallet.

## Sample Population

### Focused Sample on Most Loyal Cohort

Resolute about Relationships



**4** Out of top 20 primary care preferences related to reputation for the 65+ population

vs.

**0** For the under 65 population

Devoted to Their Doc



**70%** Out of top 20 primary care preferences related to reputation for the 65+ population

vs.

**47%** For the under 65 population

Trepid about Travel



**21%** Avoiding travel was 21% more important to consumers ages 65+ than it was to Millennials when getting surgery

## Data Analyzed

### Filtered Claims to Skew Towards Loyalty

Analyzed claims from Medicare beneficiaries...



- who lived in the same county between 2010 and 2014...
- and had a claim in both 2010 and 2014.
- We included only HOPD and inpatient claims for the defined population.

This accounts for patients who moved or passed away.

This focuses on highest-quality data and parts of the continuum where loyalty most likely.

## Methodology

The analysis focused on seven counties throughout the United States with a large number of Medicare beneficiaries.<sup>1</sup> Each health facility in a market was matched to a health system, and individual facilities were designated as their own systems. Then, each patient was attributed to a "home system" where the patient spent the most dollars.

1) Los Angeles, Cook (Chicago), Middlesex (Boston), Wayne (Detroit), Cuyahoga (Cleveland), Harris (Houston), King (Seattle).

Source: Market Innovation Center Primary Care Consumer Choice Survey, PCP Consumer Loyalty Survey, and Surgical Care Consumer Choice Surveys.

## Loyalty Levels Are Similar Across Markets

### Market Competitiveness Has **Minimal Impact on Patient Loyalty**

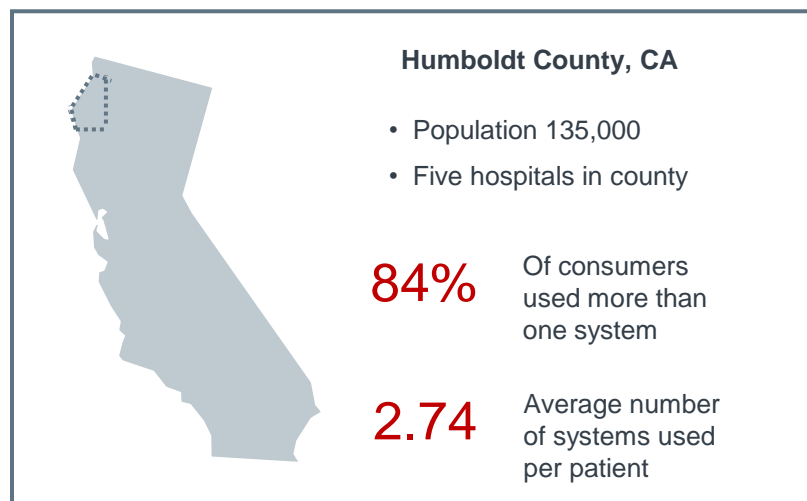
Since consumers in more competitive markets have more options, we wanted to see if they were less likely to be loyal. After examining markets with varying levels of consolidation, we saw that the average patient still visited more than two systems, regardless of market competition.

#### Loyalty Opportunity by Degree of Market Competitiveness

Market	Competitiveness	Average Systems Used Per Patient	Cohort Using More Than One System	Dollars Lost Per Patient Per Year
Cook County, IL (Chicago)	<b>High</b> <i>(7 systems control 50% of market)</i>	2.91	79%	\$1,887
King County, WA (Seattle)	<b>Moderate</b> <i>(4 organizations control about 70% of market)</i>	2.41	73%	\$1,186
Cuyahoga County, OH (Cleveland)	<b>Low</b> <i>(3 organizations control about 80% of market)</i>	2.34	72%	\$1,522

### No Market Is Immune From Competition

Even in rural markets, where options are few, patients in this loyalty-predisposed cohort are using multiple systems. For example, in Humboldt County, California, patients used 2.74 health systems on average.



Source: Market Innovation Center interviews and analysis.

# Translating Patient Leakage to Loyalty Opportunity

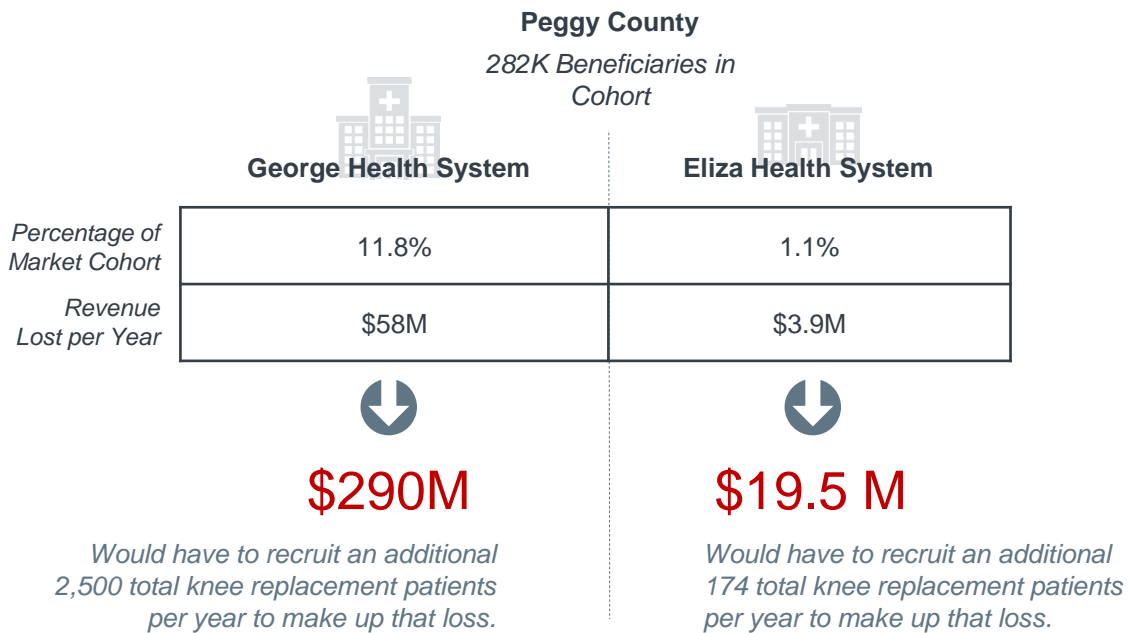
In this loyalty-leaning cohort, 80% of patients are getting an average of 30% of their care outside of their home system—culminating in almost \$11K lost per beneficiary across those 5 years. That translates to substantial opportunity for large and small systems alike. Here, we examined a large and small system in the same county to illustrate that opportunity.

## Large System

George Health System<sup>1</sup> is one of the largest systems in Peggy County.<sup>1</sup> In five years, George Health is losing \$290M in revenue.

## Small System

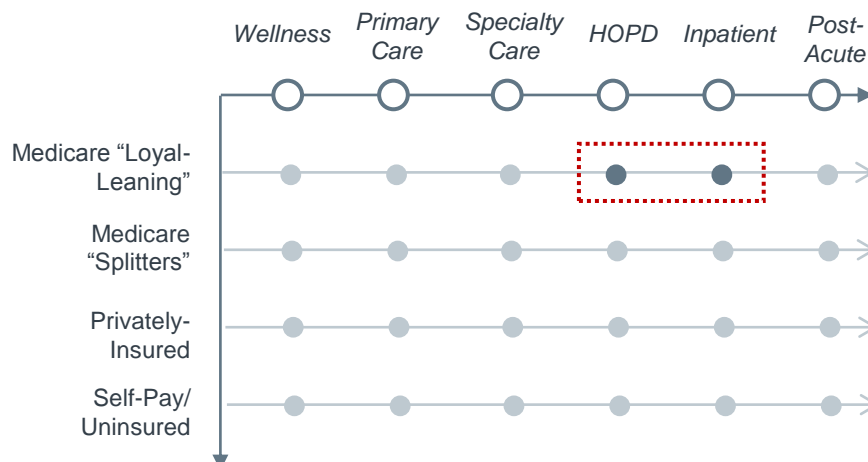
The loss is proportionally just as high for smaller systems. Eliza Health System<sup>1</sup> is losing \$3.9M per year from outmigration.



## Expand Your Lens to See the Full Opportunity



This analysis focused only on the opportunity for a small portion of the total population and slice of the continuum. If you expand this analysis to account for your whole market, the loyalty opportunity only grows.



1) Pseudonym.

Source: Market Innovation Center interviews and analysis.

## Analyze **Your** Loyalty Opportunities

While only a subset of providers have the data and analytics required to complete a true share of wallet analysis, others can use alternative methods to identify their loyalty opportunities across time, service lines, and patient cohorts.

Check out our [Guide to Calculating Share of Wallet](#) to learn how to use the data you already have to size and prioritize patient loyalty opportunities at your institution.

## Planning 20/20

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