5 key priorities

to improve patient retention

WebMD Ignite™

Introduction

Today's healthcare consumers have many options for their care. They can visit convenient retail health clinics, connect with doctors anywhere using telehealth and, thanks to ubiquitous ads and promotions, are abundantly aware of services offered by competing providers. These factors certainly explain why, on average,

40% of healthcare consumers report no loyalty to their healthcare providers.[1]

[1] NRC Health, Rising Demands of the Modern Healthcare Consumer, https://nrchealth.com/rising-demands-of-the-modern-healthcare-consumer/

Patient retention is now everyone’s job

Healthcare marketers, like their counterparts in other industries, are charged with customer acquisition and retention. But many healthcare marketers have focused primarily on acquisition. They operate under an often unspoken assumption that clinical and service line staff are ultimately responsible for retaining patients through ongoing care delivery and wellness services.

As healthcare becomes increasingly consumer driven and access to care points proliferate, marketers must positively embrace their role to drive long-term loyalty. By taking an analytical approach that includes benchmarks, healthcare organizations can project the financial impact of marketing efforts on patient retention and patient lifetime value.

Harder to measure — but every bit as important — are the impacts on health outcomes that originate from marketing efforts designed to increase patient engagement, such as more regular health screenings or improved maintenance of chronic conditions. But ultimately, both the economic and care quality benefits of improved patient retention contribute to the organization’s mission to care.

Defining retention

Retention: The engagement rate as measured by the presence of an encounter across periods of time. Retention is typically expressed as a percentage relative to a defined period — for example, 68% of patients retained over five years.

Retention and the mix of services utilized are the most important factors that drive patient lifetime value (PLV), which is the sum of estimated future contributions from patient encounters, realized in today's dollars. PLV is shaped from recent history of encounters and the patterns across life stages, payers, and other dimensions.

Make these your 5 key priorities to improve retention

Healthcare providers already have many existing patients, and a wealth of information about them. So it's imperative to:

Understand current retention rates → Model the effect of improvements → Develop actionable strategies where you can → Measure success → Evolve your strategies over time

1

Understand your current patient retention rate

It's important to start with a clear understanding of where you want to go and how you can improve. Prior to determining the parameters of your analysis, consider how your current numbers compare with other organizations. According to national benchmark data gathered by Ignite, the average five-year retention rate across health systems is 43%. This rate is derived from analysis of data from hundreds of healthcare organizations with varying patient populations and service line profiles, but it can serve as a useful point of reference.

Next, determine the specifics of what you want to analyze. This could be by service line, by a defined patient demographic, by market, or some combination thereof. Then calculate the current retention rate by applying the common formula for customer loyalty calculations:

$$\frac{\text{(\# of patients at the end of a period)} - \text{(\# of new patients acquired over that time)}}{\text{(\# of customers at the beginning of the period)} \times 100} = \text{XX \%}$$

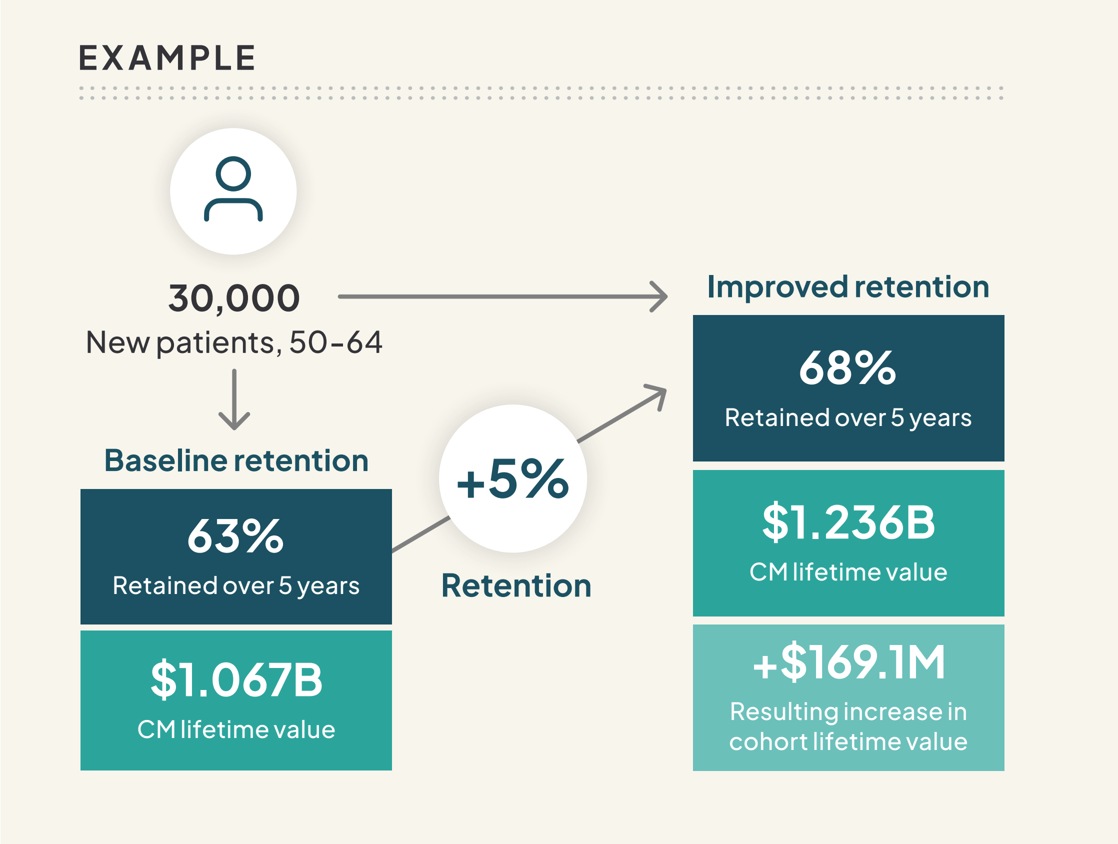
2

Model the impact of potential improvements

Once you've established your current baseline performance, you can model the potential impact of improvements. As defined above, lifetime value is the sum of the estimated future contributions from patient encounters, represented in today's dollars. Through its research, Ignite has developed a rule-of-thumb formula for calculating lifetime value improvements: for every 1% of positive change in a given five-year retention metric, there is a 4% increase in lifetime value.

See the example to the right. Note that these same principles can be applied to the analysis of different patient cohorts, different service lines, or different markets.

- A cohort of 30,000 cardiovascular patients
- Baseline retention is 63% over five years, which provides a PLV contribution margin of $1.067B
- With a 5% improvement in retention, that PLV contribution margin jumps to $1.236B, or an additional $169.1M, based on downstream clinical encounters



3

Develop actionable strategies to increase retention

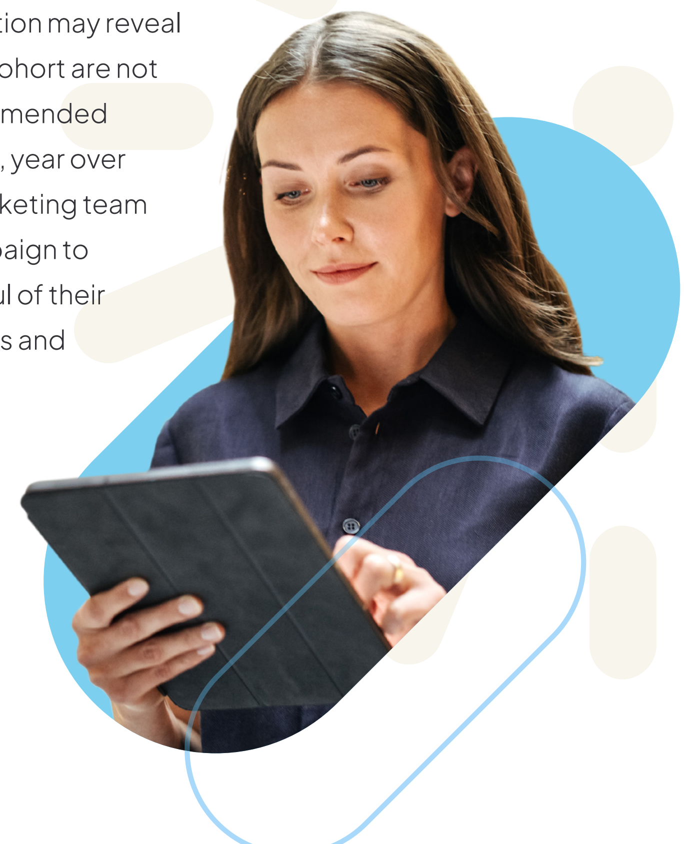
The scenario-based analysis described above helps quantify the potential financial impact of efforts to increase retention. But the hard part comes next — digging into the reasons why some customers were not retained, and then developing strategies to address them. Understanding the "why" enables better decision making about what comes next in terms of strategies and tactics.

As a healthcare marketer, you have to accept the fact that you have control over some drivers, but not others. For example, a patient may not return for any of the following reasons:

- Moved out of market
- Death
- Had a change in insurance coverage affecting their provider options
- Became disengaged with their health
- Engaged with a competitor

As you examine the reasons you can influence — particularly the last two in the list — it's helpful to understand how drivers vary, especially by service line, region, or consumer segment. Your research will help you develop strategies and tactics to retain patients.

For example, your investigation may reveal that men in the 50-64 age cohort are not following through on recommended prostate cancer screenings, year over year. Knowing this, your marketing team can initiate a targeted campaign to address them, being mindful of their communication preferences and media consumption habits.



4

Measure and monitor success

By starting with accurate baseline data, your organization can measure and monitor the success of your retention improvement efforts over time. You'll be able to compare your actions to other organizations through benchmarking. Equally important, you can project the potential impact of your own incremental programs based on the success of your prior efforts.

For example, you could pilot a program to re-engage cardiovascular patients in one market for a given investment of marketing resources over a defined time period. Then, evaluate performance against spend at the conclusion of the pilot. The results will improve your ability to predict the success of similar efforts in other markets or for other service lines.

5

Evolve your retention efforts over time

As you collect more data about retention rates among different demographic, market, and payer categories in your patient base, you can apply progressively more sophisticated analyses of how changes in retention rates impact PLV. But don't forget the bigger picture: populations continually transition over time, based on age, payer status, and other factors.

For instance, looking at a small time window, patients between 55 and 59 tend to add the most value. They have comparatively more healthcare needs and tend to have a combination of more severe outcomes. So it makes sense to pay a lot of attention to engagement activities with this group.

But overall efforts should also take into account younger patients who will eventually become part of that older target group. If you're successfully retaining patients in younger cohorts, their loyalty to you is more likely as they enter the older age group.

The relationship between early retention and return visit rates deserves special attention — it impacts both the financial value for the organization and the potential to impact health outcomes for patients. Through the analysis of large client data sets, Ignite has developed predictive models for year-over-year return visit rates for different visit patterns over a five-year period. These rates are illustrated below.

> **Early retention positively impacts an organization's five-year financial performance and patient health outcomes.**

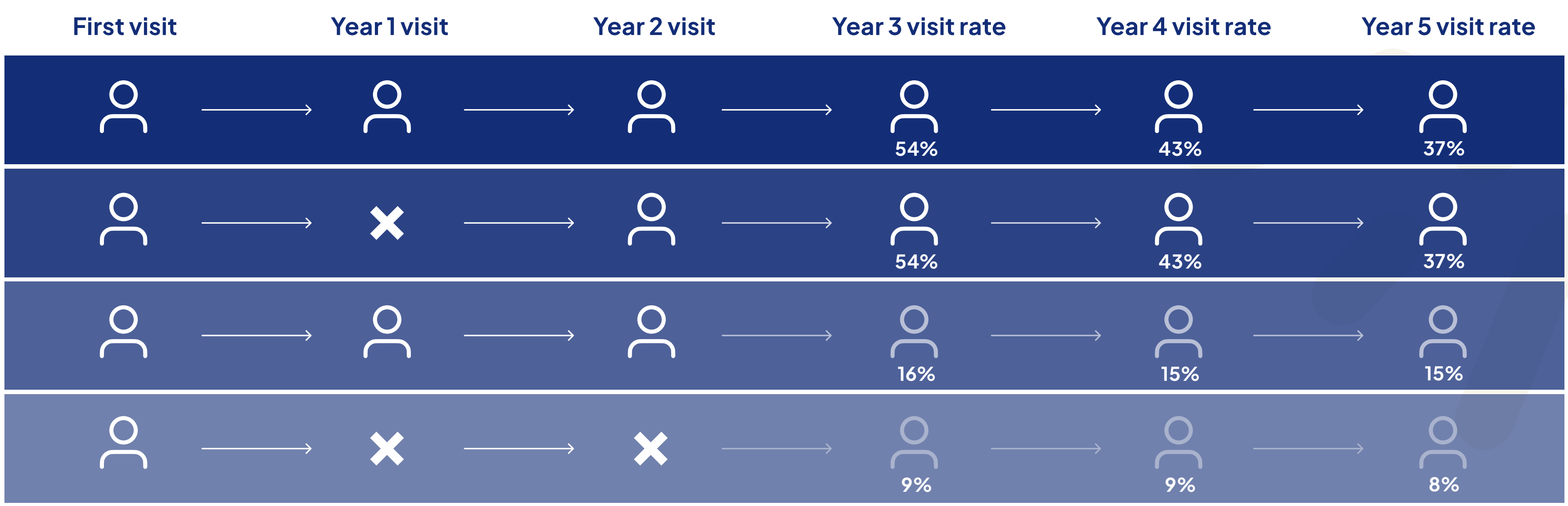
Early retention is critical for longer-term engagement

The first column on the left represents a patient that is new to your system. The next two columns to the right indicate whether the patient did or did not return to your system one year and two years after the first visit. The three columns to the right show how the visit history in Year 1 and Year 2 impact return visit rates in Years 3 through 5.

As you can see from the first row, patients who returned in both Year 1 and Year 2 came back in Year 3 at a rate of 54%. These figures can be considered general benchmarks for someone that has some level of recurring engagement.

There are key inflection points in patient relationships that are indicative of whether or not they're going to be coming back. This is very apparent in the fourth row, which shows low visit rates for patients who did not come back in either Year 1 or Year 2.

It's worth noting that the five-year return visit analysis presented here includes all types of encounters by all types of patients. At a given organization, rates could vary significantly for specific visit types and among patients from specific cohorts. Exploring your own organization's trends with these benchmarks in mind can help prioritize your retention efforts.



Conclusion

For a healthcare organization's growth and financial success, patient acquisition and patient retention are both vitally important. Existing patients have already been converted, and you have a wealth of information about them. Whether because they're at risk for various health conditions or to help maintain wellness, these patients benefit from regular outreach.

If you fall into the habit of marketing to patients you haven't seen for a while as if they are net-new patients, you risk doing a disservice to those patients by not optimizing their ongoing care. And you also risk doing a disservice to your organization's economic well-being by not taking the impact of patient retention on longer term PLV into account.

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