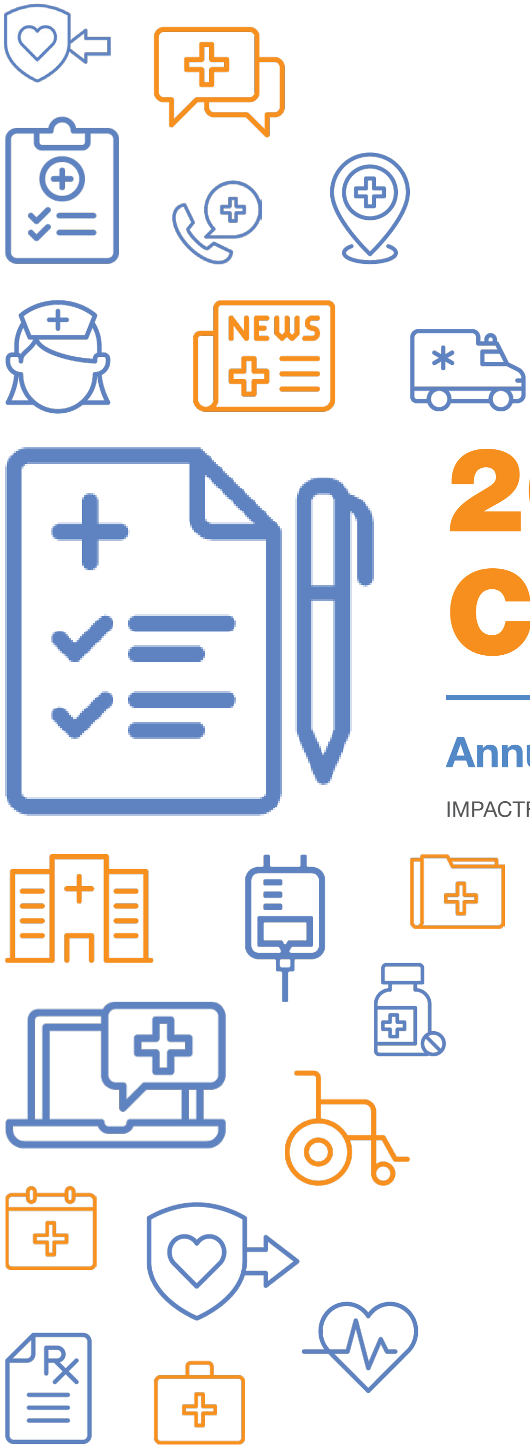

2017 National Consumer Study

Annual Report

IMPACTFUL DATA FOR STRATEGIC MARKETING

Professional Research Consultants, Inc.

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Introduction

Embracing excellence will lead consumers to your brand.

WHAT IS IMPORTANT TO HEALTHCARE CONSUMERS?

More than ever, they want to exercise as much influence as possible over aspects of the patient experience that matter most to them. They base their preferences on a number of key factors.

Take **quality**, for example. Increasingly, consumers are consulting performance data published on government and industry ratings sites and seeing how providers stack up across a variety of social media apps. Collectively, these market forces are upping the ante for hospitals and health systems — and even for individual medical practices and physicians — by forcing them to improve the patient experience to differentiate their brand in a crowded, competitive marketplace. Quality remained at the top of the list when PRC asked 2017 National Consumer Study respondents to rank what most influences their choice of physician. And quality continues to influence hospital preference: 82% of respondents rate the quality of care at their preferred hospital as “Excellent” or “Very Good.”

Convenience also figures into many healthcare decisions. Of those seeking care outside their preferred hospital for outpatient tests, consumers chose a more convenient location 30% of the time. More than 78% of respondents rate the quality of care they receive at outpatient facilities, independent doctors’ offices and clinics, and retail clinics as “Excellent” or “Very Good.” Healthcare consumers also give high marks to the convenience of the internet, which is now their No. 1 source of information about local doctors and hospitals, surpassing recommendations from friends and family. An overwhelming 72% of National Consumer Study respondents report using the internet to obtain healthcare information, with more than one in three rating the impact of the internet on their health as “Excellent” or “Very Good.”

Of course, **cost** matters to healthcare consumers, too. Although 42% of those surveyed said they were likely to contact multiple hospitals, clinics or other healthcare organizations to research cost, only 13% actually have followed through and done so. However, nearly one in three respondents — 29% — has elected not to receive healthcare because the cost was too high.

WHAT DOES ALL THIS MEAN FOR HEALTHCARE PROVIDERS?

First, everyone on the provider side needs to listen. Patients and their families are saying they want choice and they want to have the power to make their own decisions. They are cost-sensitive, yet they demand the highest possible quality of care. Quality ratings and price shopping have made their way from the consumer sector into the healthcare sector, even though the “products” and the circumstances under which they are delivered differ greatly.

This means that providing good — or even very good — care isn’t enough. Top-performing healthcare organizations find out what it takes to be an excellent place for patients to receive care, employees to work, and physicians to practice medicine. They engage new technologies to better understand consumers and deliver excellent care and extraordinary experiences that resonate with consumers.

MAKE A REAL DIFFERENCE FOR PATIENTS AND THEIR FAMILIES

Becoming excellent in the eyes of patients is the first step organizations can take to successfully differentiate themselves from their competitors. Patients who feel that the care they receive is excellent are four times more likely to recommend a caregiver than patients who feel the care is very good. Excellent care delivered within a culture of excellence increases word-of-mouth advertising and reinforces marketing initiatives designed to shape consumer preferences and perceptions. Excellence defines a brand that patients will trust when they choose where to receive care. Excellence defines a brand that will cut through the clutter of mass marketing that blurs the lines between competing healthcare organizations. Excellence defines market leadership.

Becoming excellent begins by knowing how consumers think and make healthcare decisions. The most comprehensive research around — The PRC Consumer & Brand Study — enables healthcare organizations to:

- Understand the priorities and preferences of consumers within their markets
- Test the effectiveness of recent advertising campaigns, and
- Track how they stack up against the competition over time

The information in this study offers insights into American healthcare consumers and provides a baseline against which healthcare organizations can evaluate their performance within the specific markets in which they operate. Becoming excellent isn’t easy. But it’s much easier with analytical support from the 2017 PRC National Consumer Study.

Methodology

During August and September 2016, PRC conducted a 119-variable interview with 1,000 consumers across the country. Households were screened to ensure that every respondent was the adult responsible for making most of the healthcare decisions.

The service area of the 2017 PRC National Consumer Study, as defined for the purpose of this research, consisted of the 48 mainland states plus Washington, D.C. The random sample of households in this service area may include members of the National Do Not Call Registry because the no-call list does not apply to research studies. The sample plan is designed to produce a sample representative of all households within the defined population area. The sample design for this study was composed of a sample of 1,000 households across the country.

PRC's professional interviewers conducted the telephone surveys, with continuous monitoring by the PRC Quality Assurance team. In addition, PRC used several auditing procedures to ensure the integrity of the data collected. Surveys were also conducted using online panels.

NUMBER OF STATES SURVEYED

48
Mainland states, plus Washington D.C.

NUMBER OF INTERVIEW VARIABLES

119
Conducted by PRC

TOTAL HOUSEHOLDS SURVEYED

1,000
Respondents were adults responsible for healthcare decisions

SURVEY METHOD

Mixed
Telephone, including cell phones, new and unlisted numbers, and internet

DURATION OF SURVEY

2 months
August and September 2016

Error Rate Table

Results About:	10%	20%	30%	40%	50%	60%	70%	80%	90%
N = 25:	12.0	16.0	18.3	19.6	20.0	19.6	18.3	16.0	12.0
N = 50:	8.9	11.2	12.8	13.7	14.0	13.7	12.8	11.2	8.9
N = 75:	6.8	9.0	10.4	11.1	11.3	11.1	10.4	9.0	6.8
N = 100:	5.9	7.8	9.0	9.6	9.8	9.6	9.0	7.8	5.9
N = 150:	4.8	6.4	7.3	7.8	8.0	7.8	7.3	6.4	4.8
N = 200:	4.2	5.5	6.4	6.8	6.9	6.8	6.4	5.5	4.2
N = 250:	3.8	5.0	5.7	6.1	6.3	6.1	5.7	5.0	3.8
N = 300:	3.4	4.5	5.2	5.5	5.7	5.5	5.2	4.5	3.4
N = 350:	3.1	4.2	4.8	5.1	5.2	5.1	4.8	4.2	3.1
N = 400:	2.9	3.9	4.5	4.8	4.9	4.8	4.5	3.9	2.9
N = 450:	2.7	3.7	4.2	4.5	4.6	4.5	4.2	3.7	2.7
N = 500:	2.6	3.5	4.0	4.3	4.4	4.3	4.0	3.5	2.6
N = 550:	2.5	3.3	3.8	4.1	4.2	4.1	3.8	3.3	2.5
N = 600:	2.4	3.2	3.7	3.9	4.0	3.9	3.7	3.2	2.4
N = 650:	2.3	3.1	3.5	3.7	3.8	3.7	3.5	3.1	2.3
N = 700:	2.2	3.0	3.4	3.6	3.7	3.6	3.4	3.0	2.2
N = 750:	2.1	2.8	3.3	3.5	3.6	3.5	3.3	2.8	2.1
N = 800:	2.0	2.8	3.2	3.4	3.5	3.4	3.2	2.8	2.0
N = 850:	2.0	2.7	3.1	3.3	3.4	3.3	3.1	2.7	2.0
N = 900:	2.0	2.6	3.0	3.2	3.3	3.2	3.0	2.6	2.0
N = 950:	1.9	2.5	2.9	3.1	3.2	3.1	2.9	2.5	1.9
N = 1000:	**1.9**	**2.5**	**2.8**	**3.0**	**3.1**	**3.0**	**2.8**	**2.5**	**1.9**

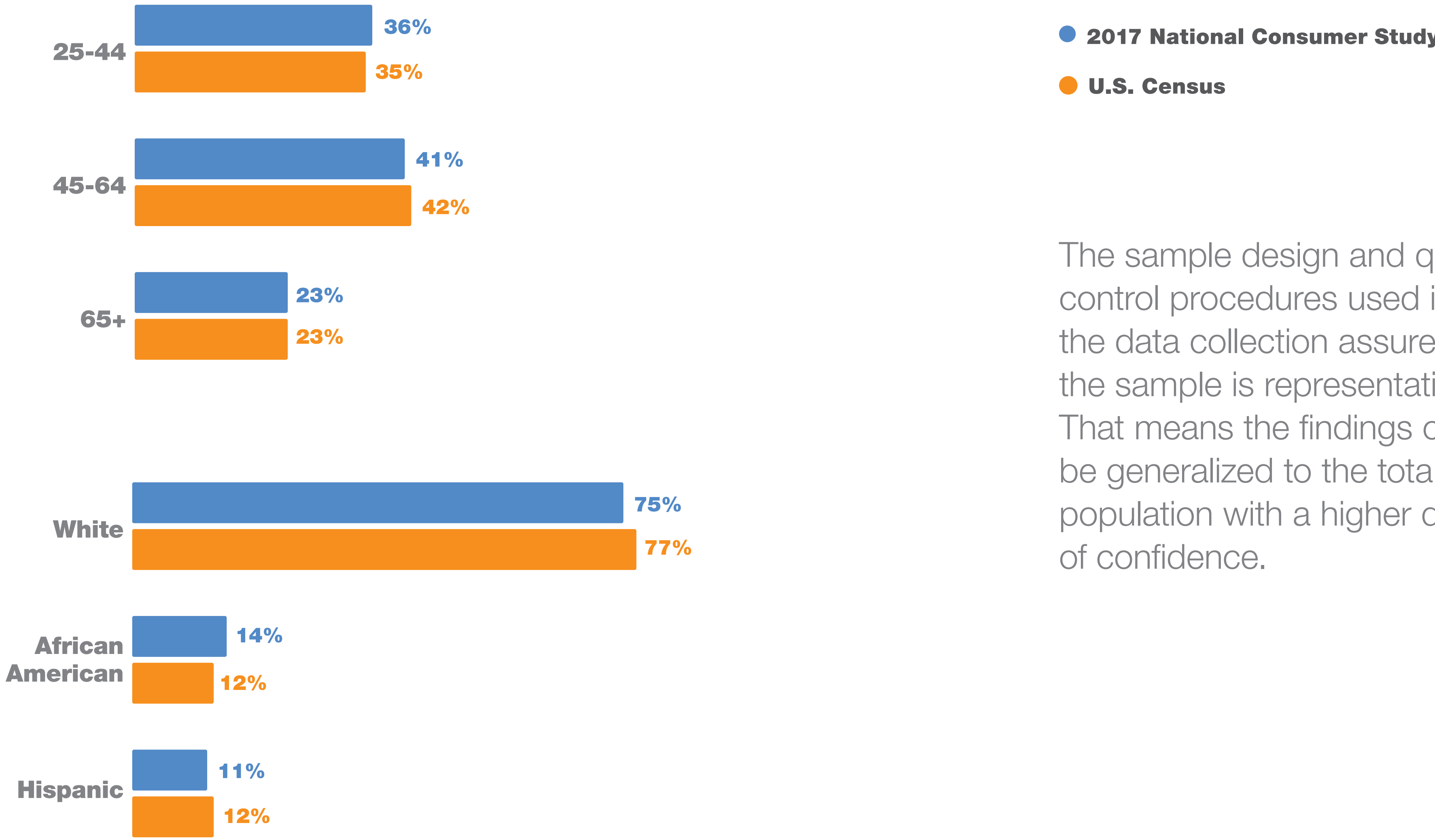
Expected error ranges for a market sample of 1000 respondents

CONFIDENCE LEVEL: 95 PERCENT

SAMPLING ERROR

For statistical purposes, the maximum error rate associated with a sample size of 1,000 respondents is +/-3.1% at the 95 percent level of confidence.

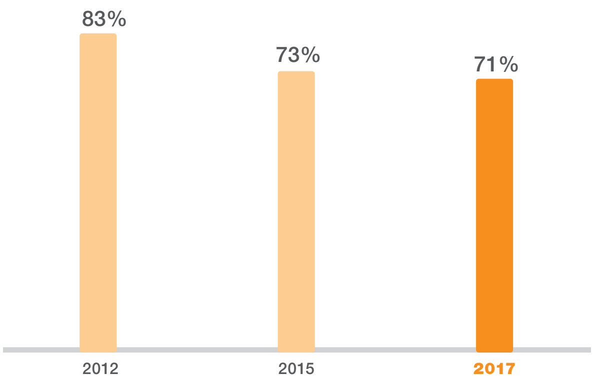
Population Characteristics



The sample design and quality control procedures used in the data collection assure that the sample is representative. That means the findings can be generalized to the total population with a higher degree of confidence.

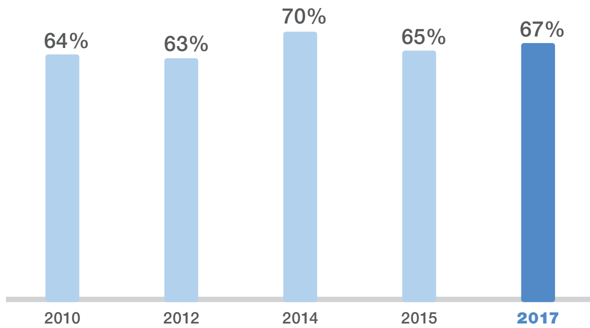
Hospital Preference

71% have a preferred hospital.



Hospital preference is similar to the 2015 results but is statistically significantly lower than the 83% from the 2012 study.

Increased regulations on care combined with additional care options may be leading to fewer consumers having a preferred hospital.



67% of consumers prefer the hospital that is easiest for them to reach from home.

POSITIVE RATINGS OF PREFERRED HOSPITALS CAN LEAD TO WORD-OF-MOUTH MARKETING:

85% said nice things to someone about their preferred hospital.

82% rate their likelihood of recommending that hospital between 8 and 10 on a 10-point scale.

74% HAVE recommended that hospital.

RESPONDENTS RATE THE QUALITY OF CARE AT THEIR PREFERRED HOSPITAL:

EXCELLENT	**42%**
VERY GOOD	**40%**
GOOD	**15%**
FAIR	**2%**
POOR	**1%**

82% of respondents rate the quality of care at their preferred hospital as "Excellent" or "Very Good," while only 1% say "Poor."

This points to the **high quality of care perceived** across the country, and the **difficulty** hospitals have changing consumers' perceptions.

THOSE WHO DO HAVE A PREFERRED HOSPITAL ARE VERY LIKELY TO RECOMMEND THAT HOSPITAL*:

*Rating based on a 10-point scale

Inpatient, Outpatient, and Emergency Care

71% of respondents have had **outpatient tests** in the past two years.

43% of consumers have had an **outpatient surgery or procedure.**

RESPONDENTS RATE THE QUALITY OF CARE:

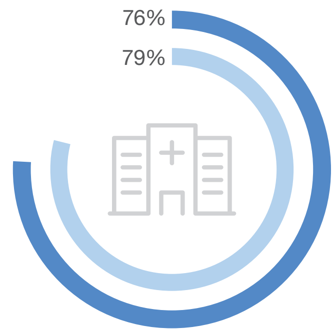
Outpatient tests

EXCELLENT	39%
VERY GOOD	39%

Outpatient surgery or procedure

EXCELLENT	43%
VERY GOOD	38%

RESPONDENTS USED **PREFERRED** HOSPITALS FOR:



76% Outpatient tests

79% Outpatient surgery or procedure

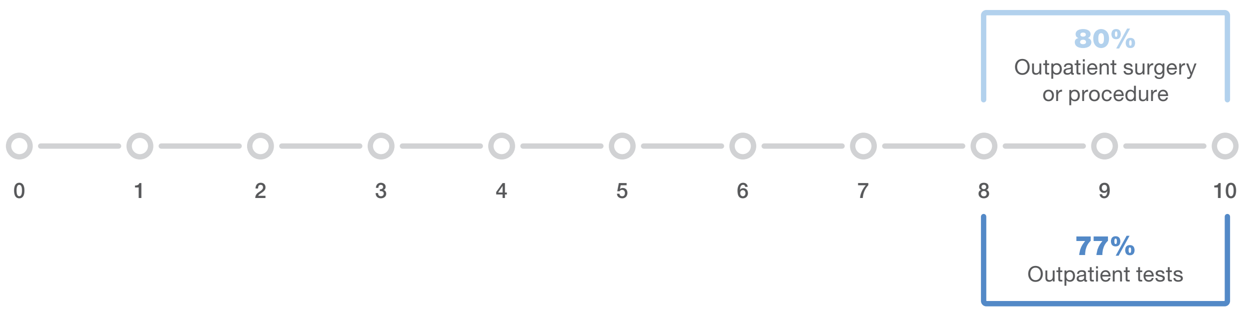
With **increases** in outpatient facilities, independent doctors' offices and clinics, and retail clinics, many consumers are **seeking care outside** the typical hospital setting.

OF THOSE SEEKING CARE OUTSIDE THEIR PREFERRED HOSPITAL FOR OUTPATIENT TESTS:

17% of the time, this is because the doctor recommended another facility.

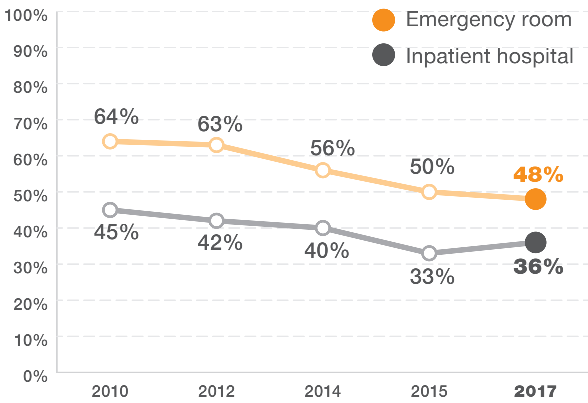
30% of the time, consumers chose a more convenient location.

LIKELIHOOD TO RECOMMEND THAT HOSPITAL BETWEEN 8 AND 10*:



*Rating based on a 10-point scale

IN THE PAST TWO YEARS, RESPONDENTS HAVE USED OR NEEDED A HOSPITAL FOR:



RESPONDENTS RATE THE QUALITY OF CARE:

Inpatient hospital visit

EXCELLENT	**43%**
VERY GOOD	**35%**

Emergency room visit

EXCELLENT	**37%**
VERY GOOD	**31%**

Overall, fewer consumers are using **emergency rooms for care.**

48% of respondents have needed **emergency room care** in the past two years.

Of which, 82% used their preferred hospital.

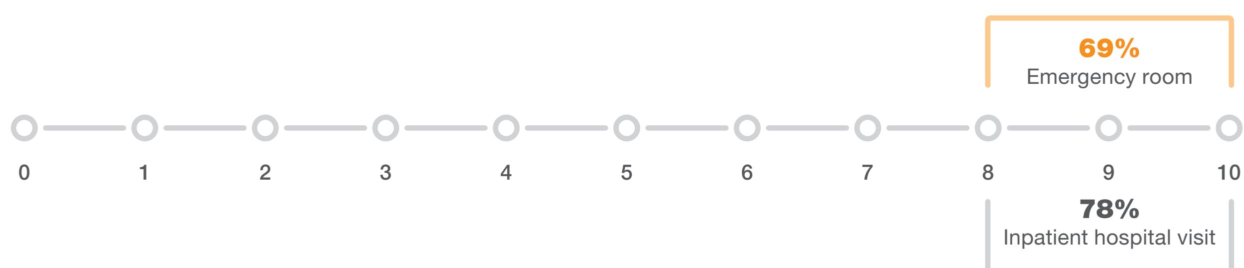
In addition to fewer **emergency room visits, inpatient visits** are trending downward overall across the country.

36% of respondents have used a hospital for an **inpatient visit** in the past two years.

Down from 40% in 2014, 42% in 2012, and 45% in 2010.

85% of respondents used their preferred hospital for their **inpatient visit.**

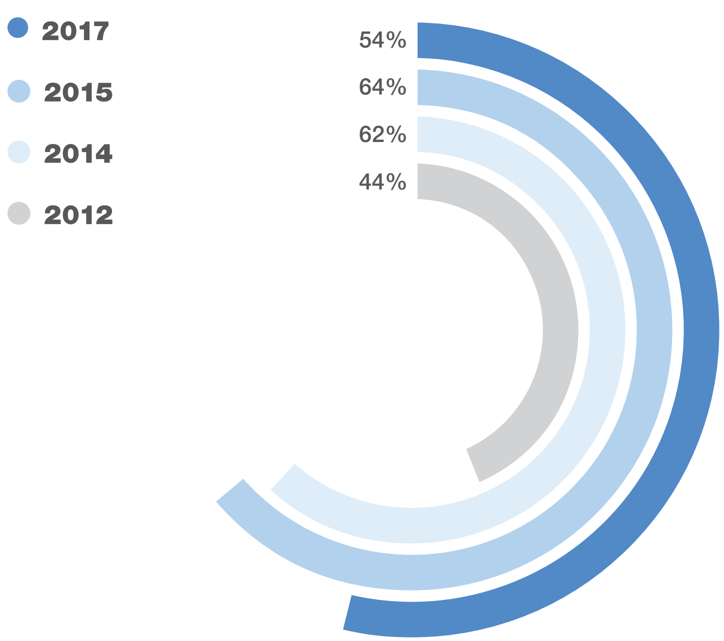
LIKELIHOOD TO RECOMMEND THAT HOSPITAL BETWEEN 8 AND 10*:

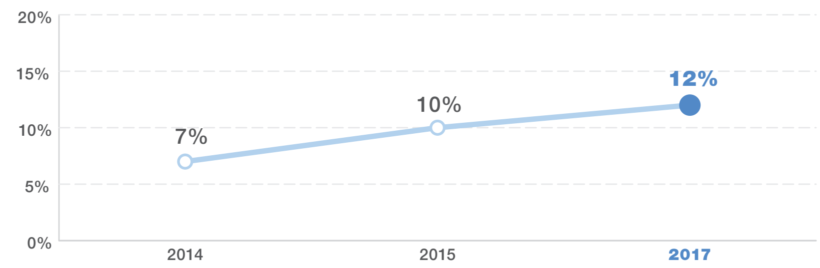


*Rating based on a 10-point scale

Healthcare Advertising

RESPONDENTS RECALL SEEING SOME SORT OF HOSPITAL ADVERTISING:





12% of respondents feel hospital advertising is **more useful** than advertising for other goods and services such as cars, electronics, insurance, and home repair.

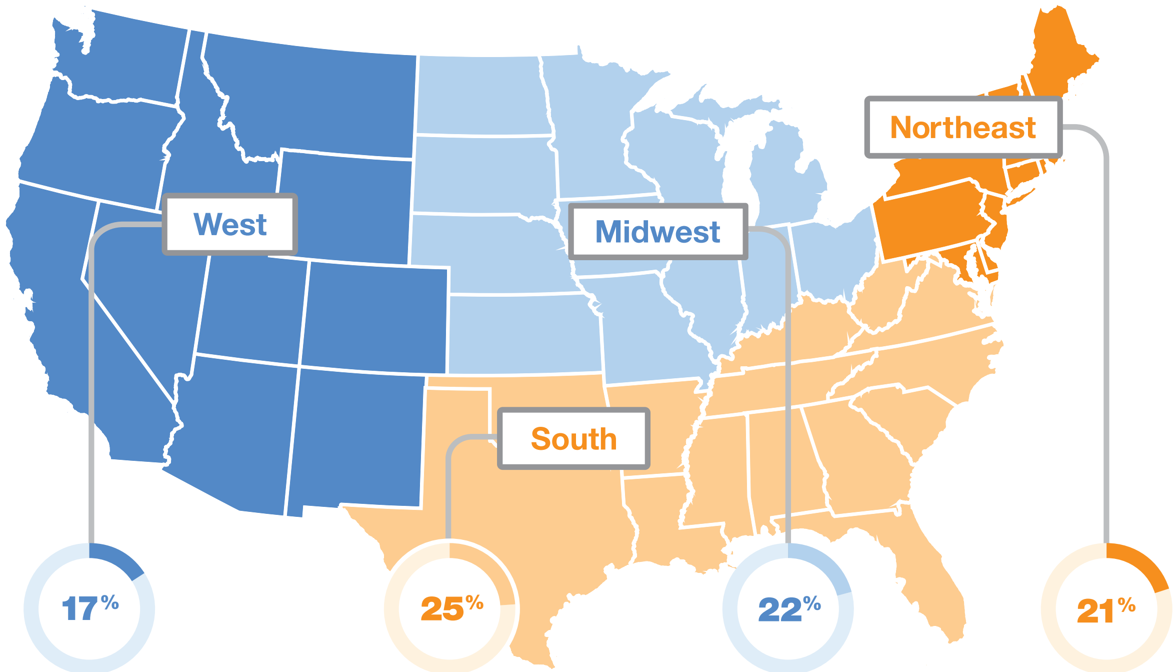
This is a slight increase over the 7% from 2014.

While awareness of hospital advertising is down from the past two years, significantly **more consumers recall advertising** than in 2012.

Retail Health Clinics

22% of respondents **have received care** from a retail health clinic during the past two years.

This is up from 17% in 2015.

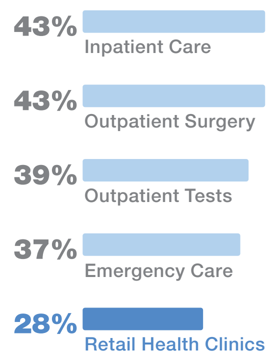


Retail health clinics, such as Walgreens, Wal-Mart, CVS or the local grocery store, are emerging, providing walk-in care for minor illnesses or conditions, such as ear infections, strep throat and cold sores.

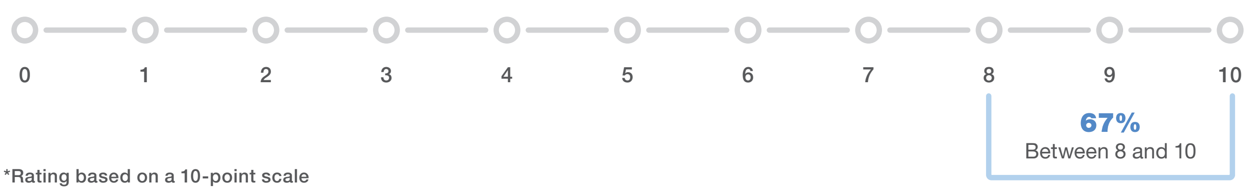
The No. 1 reason consumers have used these retail health clinics is because of their convenient location, although some also have used these clinics because of the hours, or because the care needed was very minor, such as getting a flu shot.

While very few rated the care “Fair” or “Poor,” retail clinics still lack the ability to provide “Excellent” care that is comparable to the care provided by a hospital or health system. However, ratings appear to be improving.

RESPONDENTS RATED THE QUALITY OF CARE AS “EXCELLENT” FOR:



LIKELIHOOD TO RECOMMEND THAT RETAIL HEALTH CLINIC*:

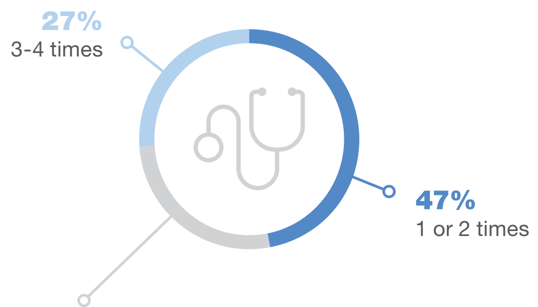


*Rating based on a 10-point scale

Doctors

90% of consumers see a primary care physician.

CONSUMER DOCTOR VISITS PER YEAR:



This marks a decline from 2014 when 30% of respondents saw a doctor 5 or more times per year.

Positive experiences with physicians can lead to word-of-mouth advertising in much the same way it does with hospitals.

RESPONDENTS WHO HAVE A PRIMARY CARE PHYSICIAN:

85% have said nice things to others about their doctor.

82% rate their likelihood of recommending that doctor between 8 and 10 on a 10-point scale.

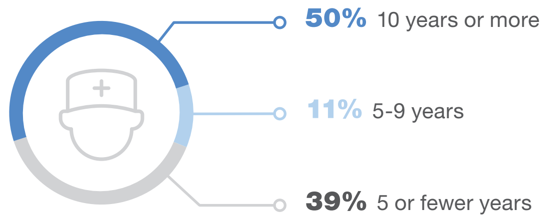
68% have recommended this doctor to others.

49% have seen a Physician Assistant or Nurse Practitioner who acted on behalf of a doctor.

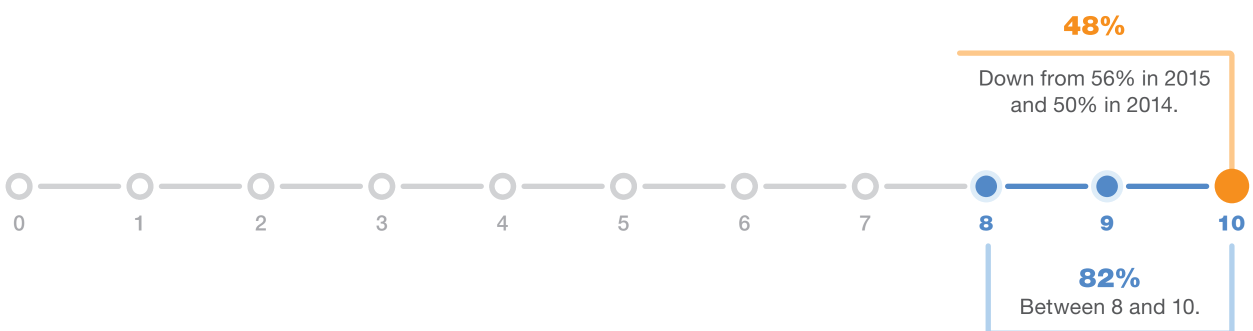
RESPONDENTS RATE THEIR DOCTOR:

EXCELLENT	**45%**
VERY GOOD	**37%**
OTHER	**17%**

RESPONDENTS HAVE BEEN WITH THEIR DOCTOR:



LIKELIHOOD TO RECOMMEND THEIR DOCTOR*:

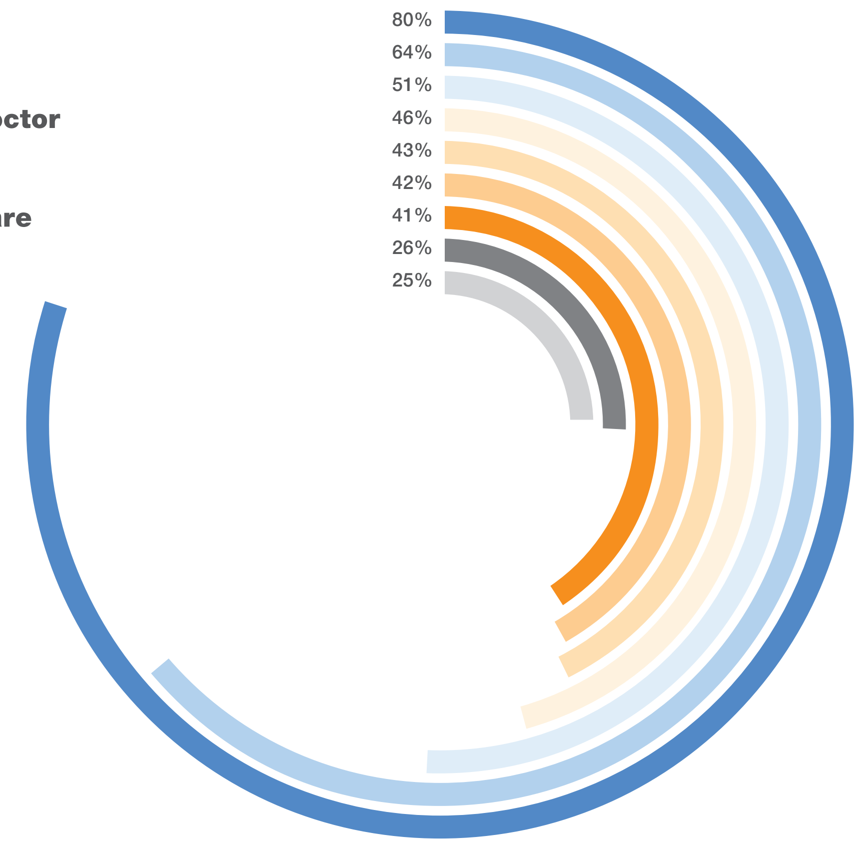


*Rating based on a 10-point scale

Primary Care Doctor

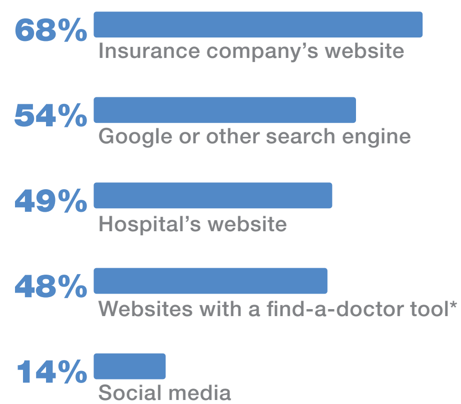
RESPONDENTS RATE IMPORTANCE WHEN CHOOSING A PRIMARY CARE DOCTOR AS:

- **Quality**
- **Value (quality delivered at affordable cost)**
- **Reputation of system doctor is affiliated with**
- **Convenient access to care**
- **Recommendations from friends/family**
- **Affiliation with local health system**
- **Cost of services**
- **Availability of resources**
- **Online rating of doctors**



17% of consumers have **changed doctors** in the past two years, primarily due to the **location** and **availability** of doctors.

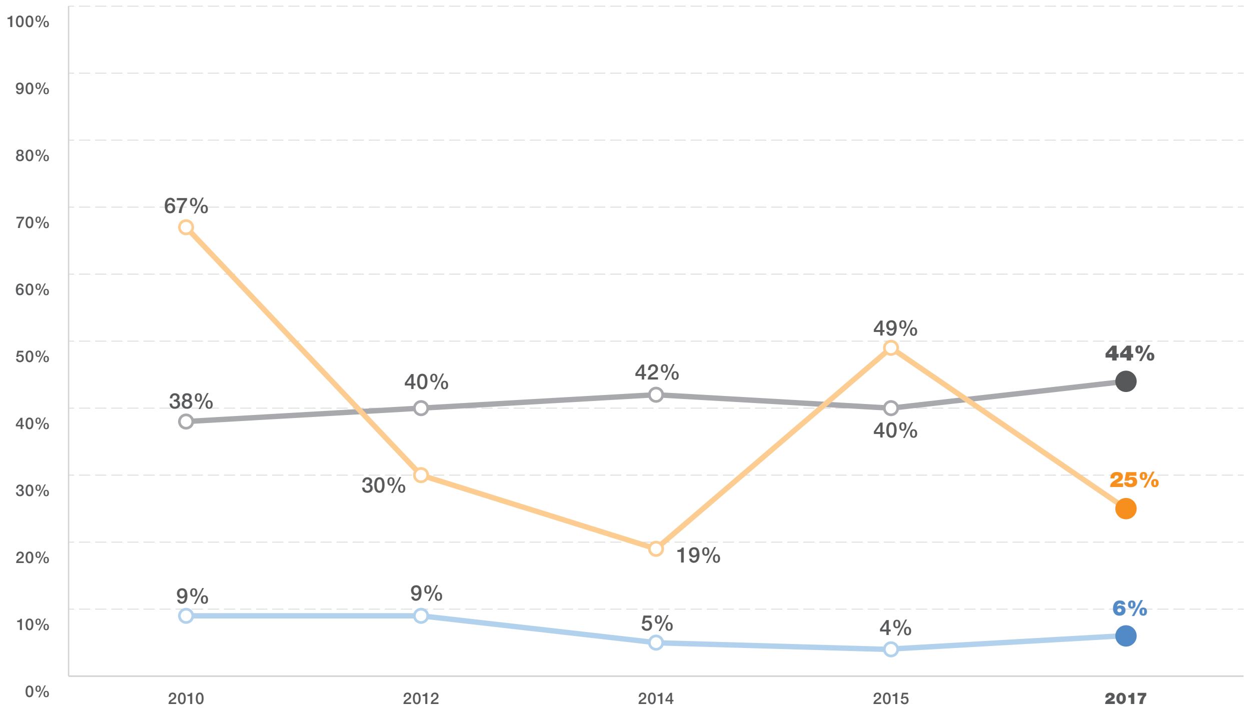
SOURCES LIKELY TO BE USED TO CHOOSE NEW PRIMARY CARE DOCTOR:



*Examples of websites include Healthgrades, Vitals, and Physician Compare

Telemedicine

TELEMEDICINE UTILIZATION VS. QUALITY



● Substitute for traveling

44% of respondents have said they would be willing to substitute telemedicine for traveling to a specialist.

This is consistent over the past several years: 38% in 2010, 40% in 2012, 42% in 2014 and 40% in 2015.

● Rating as "Excellent"

In 2010, 67% of consumers rated their telemedicine experience as "Excellent." This dropped to 30% in 2012, which may have led to the large decline in utilization in 2014.

In 2015, 49% of those using telemedicine rated their care as "Excellent," which may have led to the slight increase in utilization in 2017. However, ratings have dropped back down to 25% "Excellent" in 2017.

● Actual utilization

Actual utilization of telemedicine has declined since 2010, but saw a slight increase in 2017.

Telemedicine uses a computer or smartphone with a webcam or a Skype™ session to enable doctors to evaluate, diagnose, or treat patients.

RESPONDENTS RATE EXPERIENCE WITH TELEMEDICINE:

EXCELLENT	**25%**
VERY GOOD	**45%**
GOOD	**22%**
FAIR	**5%**
POOR	**3%**

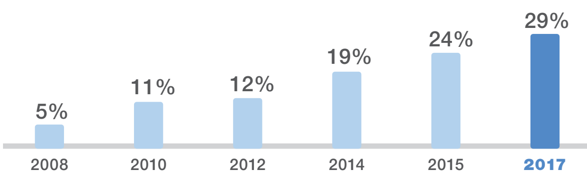
15% of consumers find it **difficult to travel** to see a specialist, which creates opportunities for growth in telemedicine.

In order for willingness to try telemedicine to turn into **actual use,** consumers will need to **feel comfortable** with the care they receive from a practitioner at a remote location.

Internet Usage

The **internet** is now the **No. 1 source** of info about local doctors & hospitals, surpassing recommendations from friends and family.

RESPONDENTS WHO USE THE INTERNET FOR HEALTHCARE INFORMATION:



29% say the internet is where they **get most** of their healthcare information.

Overall, **72%** of respondents said they **use the internet** to obtain healthcare information.

This is statistically higher than 2015 (60%).

THOSE RESPONDENTS OBTAINING HEALTHCARE INFORMATION FROM THE INTERNET USE:

36% Smartphone

35% Hospital's website

8% Follow one or more hospitals on social media

RESPONDENTS RATED THE IMPACT OF THE INTERNET ON THEIR HEALTH:

EXCELLENT	**11%**
VERY GOOD	**26%**
GOOD	45%
FAIR	16%
POOR	2%

IMPACT OF INTERNET ON CONSUMER'S HEALTH:

53% Have spoken to a doctor about what they found on the internet

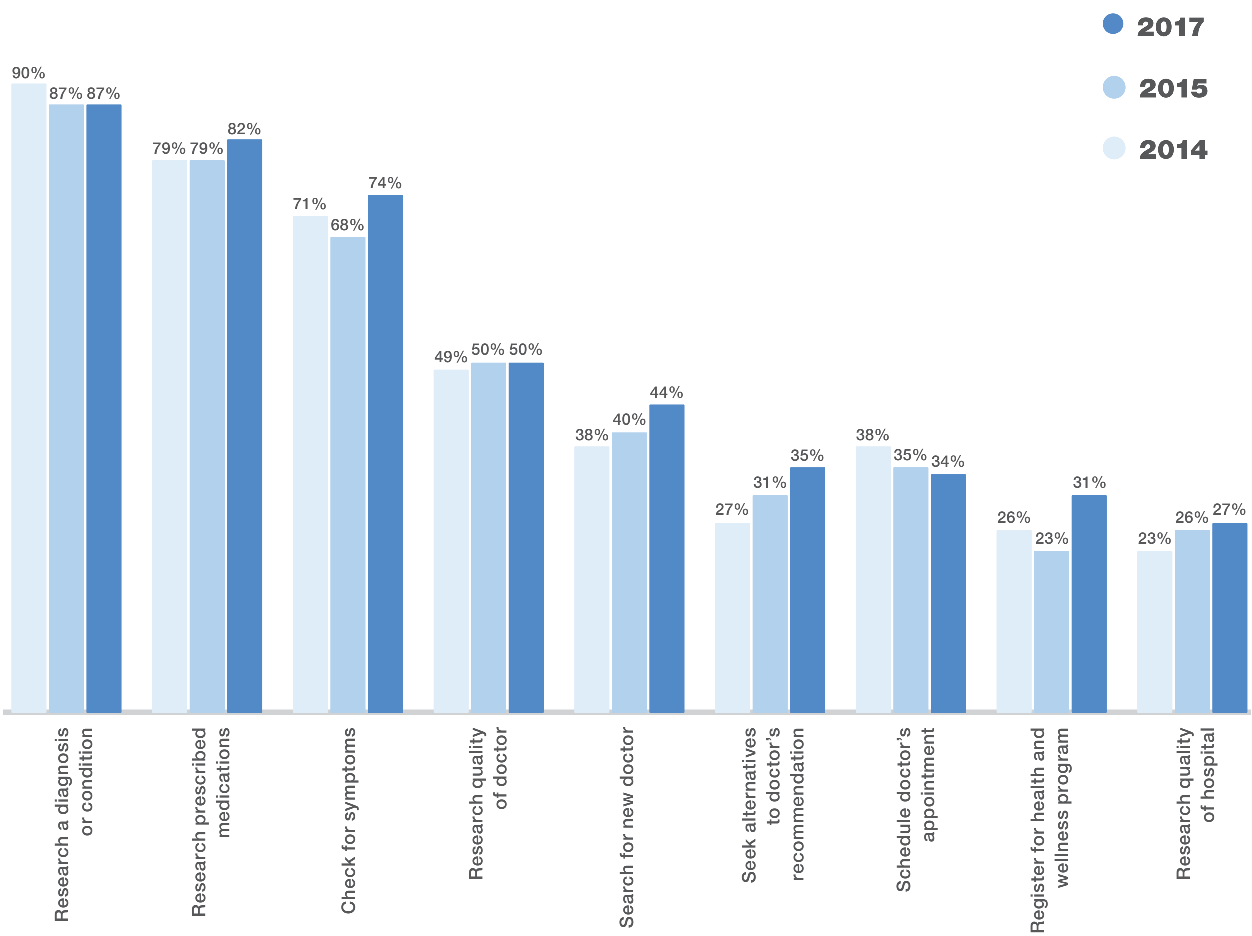
53% Tried solutions or treatments they found on the internet

41% Have self-medicated

23% Clicked or called a nurse call center, insurance company, or other healthcare hotline for additional information

22% Delayed receiving healthcare services based on what they found

TOP REASONS FOR USING THE INTERNET:



87% of respondents said they use the internet to **research a diagnosis or condition.**

This continues to be the primary reason consumers turn to the internet for healthcare information with statistics similar to 2014 (90%) and 2015 (87%).

The other top reasons for using the internet are researching a prescribed medication and its side effects (82%) and checking for symptoms when deciding whether to schedule a doctor's appointment (74%).

Patient portals appear to be growing in popularity.

As patient portals become more of a standard, hospitals and doctors' offices will likely continue to work to improve the experience patients have with the portals.

68% of consumers say their hospital or doctor's office offers a patient portal for scheduling appointments, filling prescriptions, accessing medical records, and paying medical bills. This is an 8% increase from 2015 and 15% from 2014.

66% have used a patient portal, which is also an increase over the 50% in 2014 and 59% in 2015.

RESPONDENTS WHO HAVE USED A PATIENT PORTAL RATE THEIR EXPERIENCE:

EXCELLENT	**27%**
VERY GOOD/GOOD	**61%**
FAIR/POOR	**12%**

90% of those who have used a patient portal say they were **able to accomplish** what they set out to do, which proves that portals are functional but that the user experience has room to improve.

Price Shopping and Hospital Contact

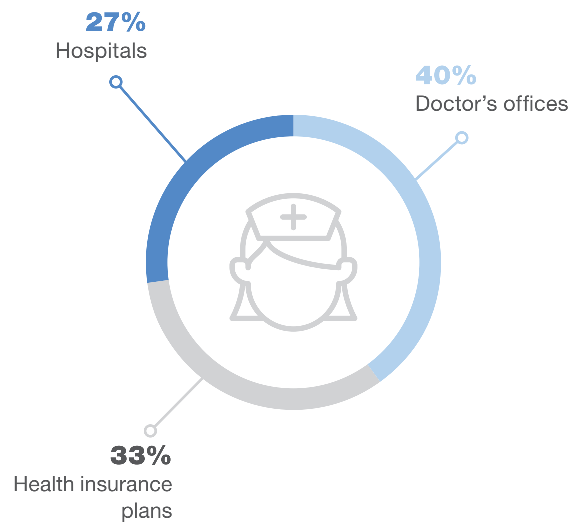
13% of respondents indicated that they have **contacted several hospitals, clinics or other healthcare organizations** before selecting a facility to inquire about cost.

29% of respondents have elected **NOT** to receive healthcare at some point because the cost was **too high.**

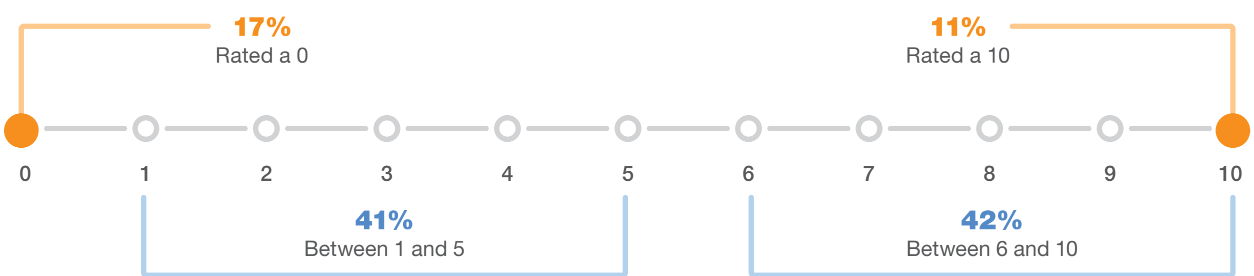
14% of respondents said they have **called a hospital or healthcare system** in the past year for help in choosing a doctor, registering for a class, or asking for more information about a particular health topic.

14% have called a nurse advice line, such as **Ask-A-Nurse, or a triage service** in the past year.

ASK-A-NURSE OR TRIAGE SERVICES PROVIDED BY:



LIKELIHOOD OF CONTACTING MULTIPLE HOSPITALS, CLINICS, OR OTHER HEALTHCARE ORGANIZATIONS ABOUT COST:



*Rating based on a 10-point scale

Insurance and Affordable Care Act

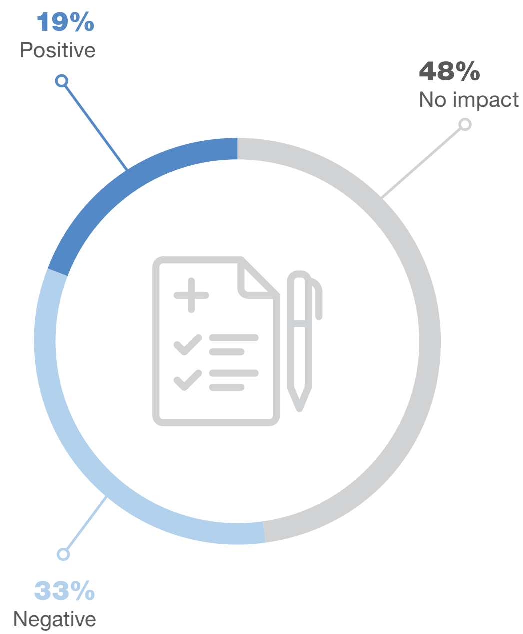
64% have HMO/PPO or other traditional insurance.

RESPONDENTS RATED THEIR CURRENT HEALTH INSURANCE PLAN:

EXCELLENT	**21%**
VERY GOOD	**34%**
GOOD	29%
FAIR	10%
POOR	6%

14% feel their employer has **taken action** in response to health care reform legislation, including **raising costs** (27%) and **changing insurance plans** (15%).

HOW RESPONDENTS FELT THE AFFORDABLE CARE ACT IMPACTED THEM:



21% have **visited healthcare.gov** or similar state-sponsored website to look for information or purchase health insurance.

32% of those purchased health insurance.

RESPONDENTS RATED THEIR VISIT ON HEALTHCARE.GOV OR SIMILAR STATE-SPONSORED WEBSITE:

EXCELLENT	**10%**
VERY GOOD	**24%**
GOOD	21%
FAIR	25%
POOR	21%

Insights such as those collected in the 2017 PRC National Consumer Study can create opportunities for healthcare organizations to better understand consumer perceptions of their brand within their local markets. Conducting local and regional market-based studies like this enables them to clearly and objectively assess their local or regional competitive position and develop strategies to achieve organizational and mission-centered objectives. PRC experts are always ready to help connect the dots between insights and action.

If you'd like a quote to conduct research in your local market, call 1-888-550-1899 or email info@PRCCustomResearch.com

Professional Research Consultants, Inc.®

11326 P Street Omaha, Nebraska 68137-2316
1-800-428-7455 www.PRCCustomResearch.com