

As Telehealth Technology and Methodologies Mature, Consumer Adoption Emerges As Key Challenge for Providers

July 2019

Greg Truex
Managing Director
Greg.Truex@jdpa.com





145.6 Million Emergency Room Visits in 2016

↓
\$27,664,000 to \$176,176,000 in savings for every 1% decrease in Emergency Room visits and Telehealth adoption

Executive Summary

Telehealth technology is maturing but engagement is very low, barely in double digits in the most engaged demographics. This means that a major education and consumer experience improvement initiative is the logical next step for making Telehealth a standard staple for healthcare delivery among providers. For the community of interest that stands to gain the most from healthcare, the over 65 demographic that needs more services and spends the most on healthcare, Telehealth needs to be promoted as a way to enhance continuity of care while reducing costs to both the healthcare system and consumers.

Overview

The challenge facing Telehealth providers is adoption and demonstrating to their patients that Telehealth provides as good, if not better, and a more accessible channel of care than traditional care channels—emergency room, urgent care and retail clinic visits.

The American Medical Association recently reported that “a national study of insurance claims filed for alternative settings of care found telehealth rocketed up 53% from 2016 to 2017. The growth outpaced other places studied – 14% at urgent care centers, 7% at retail clinics, and 6% at ambulatory surgical centers. In a telling sign of the shift in the delivery of care, emergency room departments were the one setting reported on that experienced a decline—it was 2%.”

In developing the 2019 *J.D. Power Telehealth Satisfaction Study*,SM we had conversations with several providers and health systems that quoted anywhere from 6-11% adoption among their patients. They were, however, preparing for 15-25% adoption in 2020 with the Centers for Medicare & Medicaid Services allowing physicians to be paid for their delivery of health care using virtual methodologies.



“It’s a very different world now...and with all the technology available, I don’t think we’re executing it quite as well as we want.”

Ann Mond Johnson,
Chief Executive Officer,
American Telemedicine Association

Overview (cont’d)

J.D. Power views Telehealth adoption similarly to Mobile Banking adoption – think about it: ten years ago, would you have ever imagined taking a picture of a personal check for mobile deposit?

UnitedHealthcare personified the Telehealth service with their ‘Night Shift’ commercial¹, appealing to young families that have a late-night question about their baby’s gastrointestinal concerns. How convenient was it for that couple to grab their phone and quickly video chat with a doctor? But, more importantly, how much savings did UnitedHealthcare realize by having that video chat versus that couple not going to the emergency room in the early morning hours?

In fairness to consumers and the industry, it’s relevant to also mention that there is a monetary benefit for providers when Telehealth adoption increases. The American Journal of Emergency Medicine recently reported that “net cost savings per telemedicine visit was calculated to range from \$19-\$121 per visit.” Of course, there is a cost to the provider to provide the Telehealth service, but, using the average of that range (\$70 per visit), if providers can reduce Emergency Department visits by 1% by increasing Telehealth adoption, the average Emergency Department savings would be \$101,920,000 annually.

The American Telemedicine Association is dedicated to the advancement of adoption and quantifying the value of integration. Recently ATA CEO Ann Mond Johnson spoke in Atlanta at the Value-Based Care Summit on Telehealth, admitting “it’s a very different world now...and with all the technology available, I don’t think we’re executing it quite as well as we want.” Johnson also spoke about misconceptions or myths around Telehealth that got us thinking at J.D. Power—let’s just ask the consumer and provide some metrics to the industry and help increase adoption.

On November 5, 2019, J.D. Power will publish the first ever *U.S. Telehealth Satisfaction Study* measuring the patient experience with 31 providers across 15 performance metrics within the survey instrument. Our study will also examine 30+ behaviors (also referred to as Key Performance Indicators) that drive Overall Satisfaction, Advocacy, and Brand Loyalty.

In conducting our independent incidence and feasibility testing for the study, we also developed questions around Telehealth Usage, Awareness and Access, Quality of Care, Cost of Telehealth, Personalization, and even whether the J.D. Power accolade would increase adoption.

The survey instrument was developed by J.D. Power and fielded to the general population, June 17-21. n=1,000.

¹ <https://www.youtube.com/watch?v=Ez1DvKAIULU>



What are consumers telling J.D. Power about Telehealth?

“It’s hard enough to get a doctor to listen to you when you’re sitting in front of them. I’m sure they would be even more distracted online.”

“Massive privacy issues, I am unclear as to proof of providers’ qualifications.”

“I live in a rural area with very slow internet. Any type of streaming video service is not functional with our internet speed.”

Key Findings

9.6% of consumers have used Telehealth in lieu of a doctor’s office, urgent care or emergency room visit in the last 12 months.

- Usage is highest among patients in the Western region (11.1%) and lowest in the Northeast (5.7%).
- Younger adults 18-24 have used Telehealth more than any other age group (13.1%). However, seniors (65+) report utilizing Telehealth the least of any age group (5.3%). There is hope for Telehealth providers as 10.5% of adults 55-64 have used Telehealth.

Lack of awareness around access to Telehealth services is consistent with the 2019 J.D. Power Member Health Plan/Medicare Advantage Satisfaction StudySM findings on healthcare literacy and the confusion on the role of the payer and provider in terms of coordinating coverage and benefits on behalf of the patient. Seniors, especially, rank care coordination as a very high marker of satisfaction.

- 74.3% of consumers say their health system or insurance provider does not offer (39.7%) or they are unaware of the service (34.6%).
 - This is especially concerning in Rural areas (72%) and Sub-Urban areas (70.3%) where Telehealth is targeted to increase access.
- Only 17.2% of consumers are aware that their health system or insurance provider offers Telehealth or Virtual Health as an alternative to a doctor’s office, hospital, emergency room, or urgent care clinic visit.
- Consumers that indicate their health as “poor” do not use Telehealth—literally, 0% of respondents indicated they used Telehealth in the last 12 months.
 - 67.2% of respondents in “poor” health perceive the quality of care lower than a doctor’s office visit, by far the highest percentage of any other health status category.
 - Interestingly, respondents that consider their health “very good” are the most likely to use Telehealth (15.5%).

56.3% of consumers would consider using a Telehealth provider if they were ranked highest by J.D. Power.



What are consumers telling J.D. Power about Telehealth?

“It could be more prone to error without seeing a patient in person.”

“Telehealth is an important way to provide services in rural and underserved areas.”

“I love it. There is no wait time or need to be in a waiting room with a bunch of sick people.”

Key Findings [cont'd]

Telehealth is **NOT** only for rural areas. (ATA myth)

- Usage is highest among Sub-Urban (11.7%) and Urban residents (11.0%).
- However, only 8.7% of Rural patients have adopted the service.

Telehealth is **NOT** more expensive. (ATA myth)

- Only 13.3% of consumer perceive that Telehealth is *more expensive* than a doctor's office visit.
- Nearly half of consumers think Telehealth is *less expensive* (48%).
- Rural adoption may be somewhat slower than other areas given Rural residents believe the costs are higher (11.8%) than other areas (Urban – 7% and Suburban – 11%).
- The consumer perception on cost is an important point here and an early indicator of the market opinion of Telehealth. J.D. Power has reported that since 2017, cost is a significant driver of healthcare satisfaction. Last year, 50% of all U.S. commercial consumers experienced an increase in monthly premium contributions, and tolerance is very low for high cost services. It will be important for Telehealth providers to demonstrate the exchange of value of cost and quality in Telehealth services over traditional healthcare services.

Perception of quality is somewhat of an issue, contributing to that it would seem is the most chronic populations are less engaged in receiving telehealth services. Telehealth firms, payers and providers will need to design these programs with a greater emphasis on patient outreach and education. A “build it and they will come” approach will not be optimal for at-risk Commercial, Medicare and Medicaid populations. Without a strategy to engage high cost and high-risk patients, demonstrating the value of Telehealth will be a struggle for all providers.

- 48.7% believe the quality of care is lower than that of a doctor's office visit, with only 6.2% perceiving the quality to be higher.
- The rest (45.1%) believe the quality of care to be the same.



The 2019 J.D. Power
Telehealth Satisfaction
StudySM will publish on
November 5, 2019.

Key Findings [cont'd]

Consumers are also split on how personal Telehealth is verse a doctor's office visit. (ATA myth)

- 49.1% see Telehealth as *no more or less personal*, with 8% reporting the visit is *more personal*.
- Females see Telehealth as *more personal* (8.1%) than males (7.8%).
- Despite the fact they don't use Telehealth services, interestingly, those in "poor" health see Telehealth as *more personal* (28.5%) than any other cohort measured in the study.

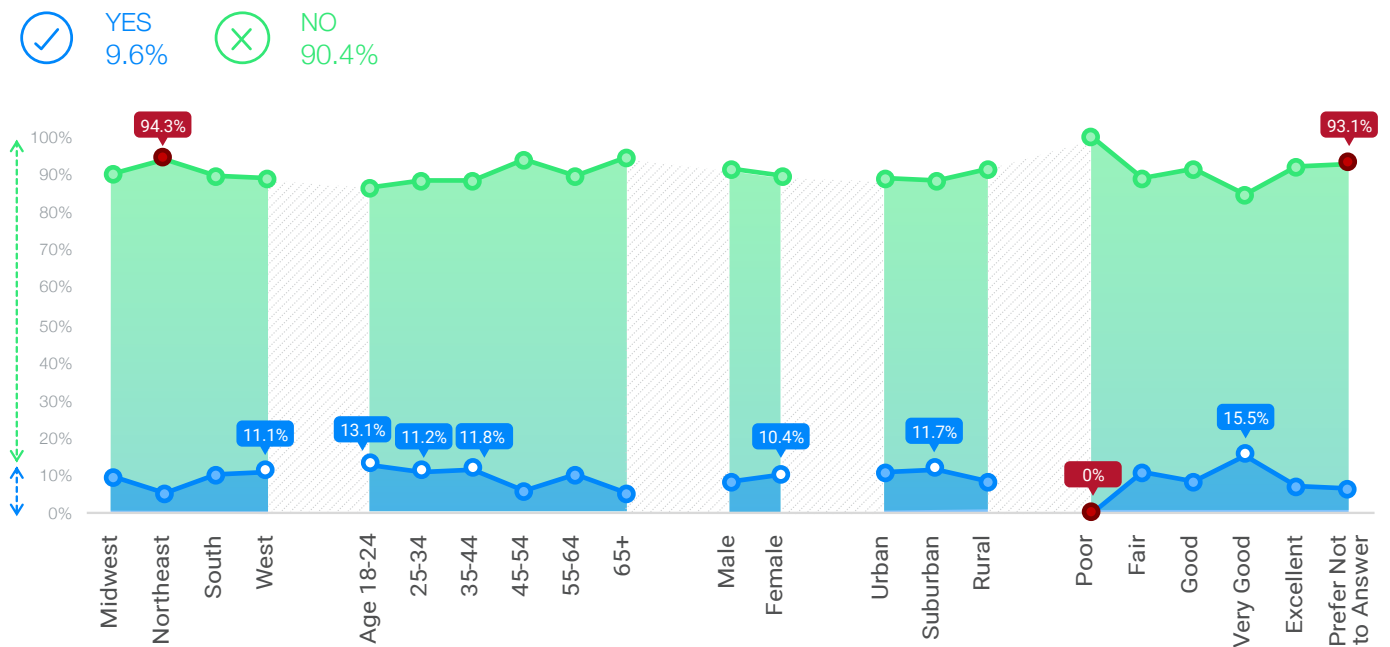
Different studies quote different statistics, but universally agree that females make the overwhelming majority of Healthcare decisions in the U.S. Therefore, it's not surprising that females (10.4%) have adopted Telehealth usage faster than males (8.7%).

Northeast providers have an uphill battle in front of them.

- Usage is by far the lowest of any other region in the U.S. (5.7%).
- Awareness of the service is lower than any other region (13.6%).
 - 78.6% indicated their provider doesn't offer Telehealth (43.1%) or they aren't sure if their provider offers the service (35.5%).

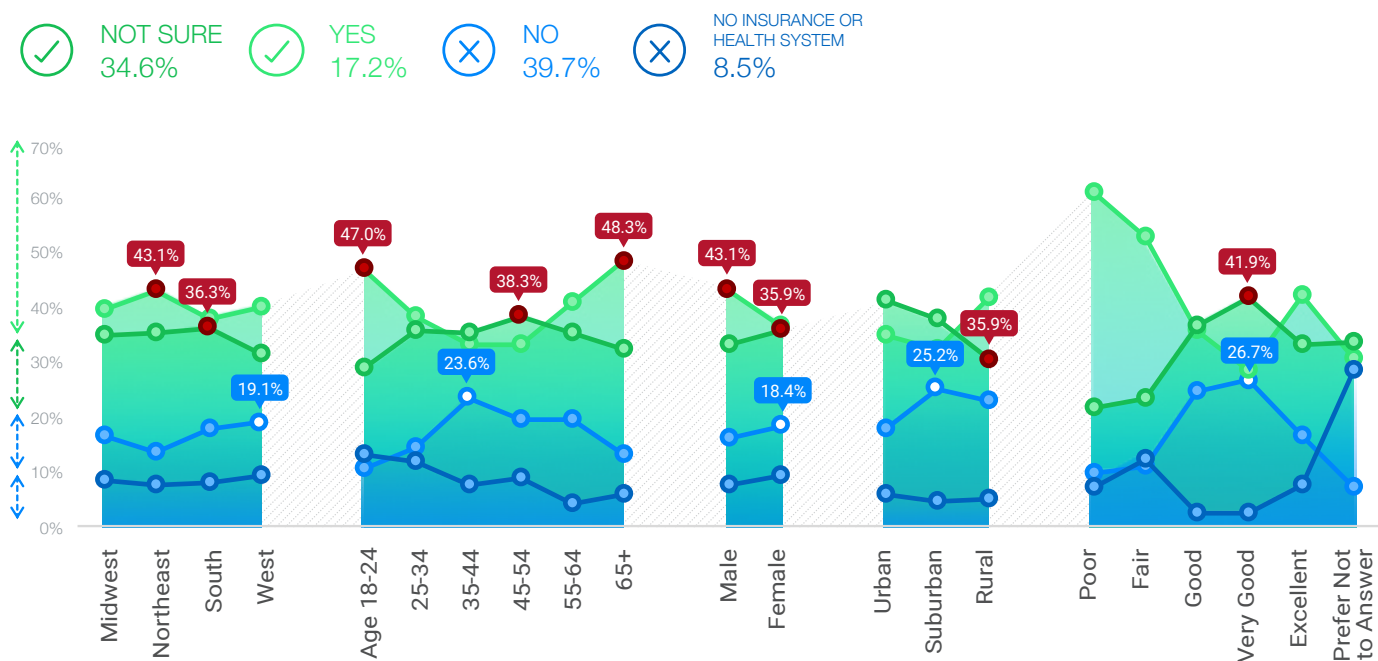
Usage Data Table

Have you ever used Telehealth or Virtual health options, in lieu of a doctor's office, hospital, emergency room, or urgent care clinic visit in the last 12 months?



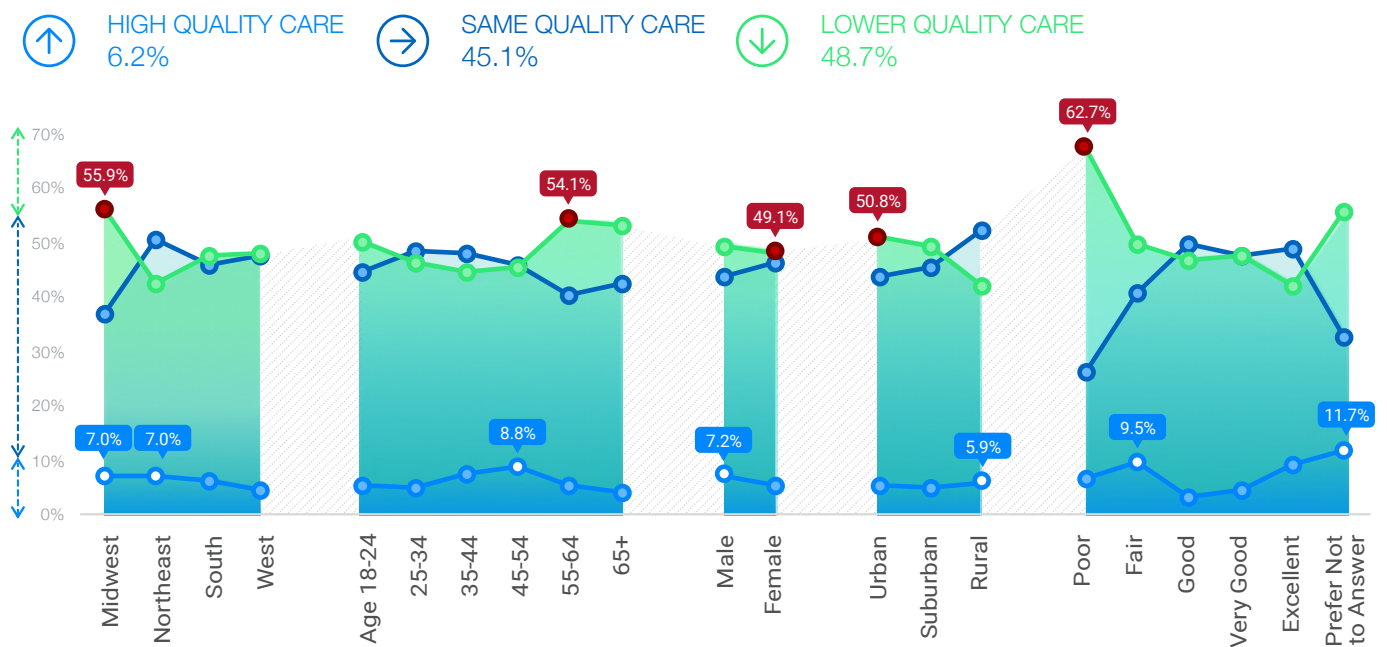
Awareness and Access Data Table

Does your health system or insurance provider offer Telehealth or Virtual health as an alternative to a doctor's office, hospital, emergency room, or urgent care clinic?



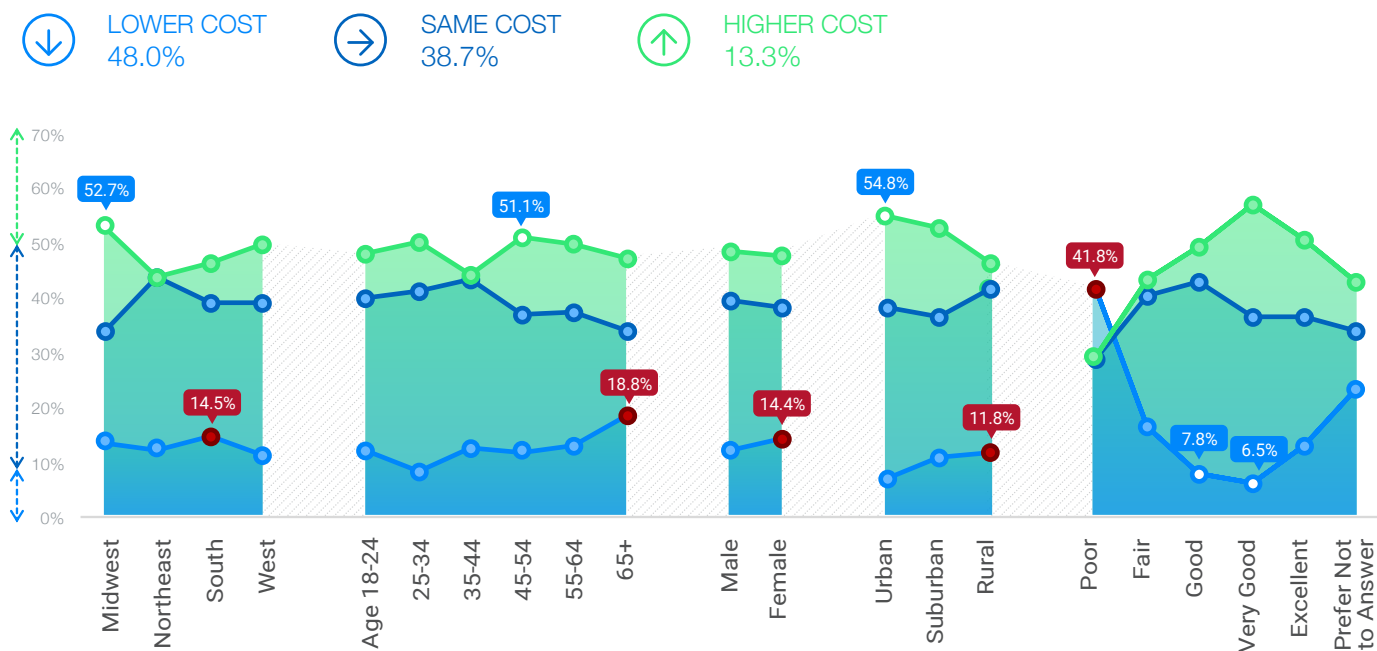
Quality of Care Data Table

What is your impression of the quality of care you would receive by using Telehealth?

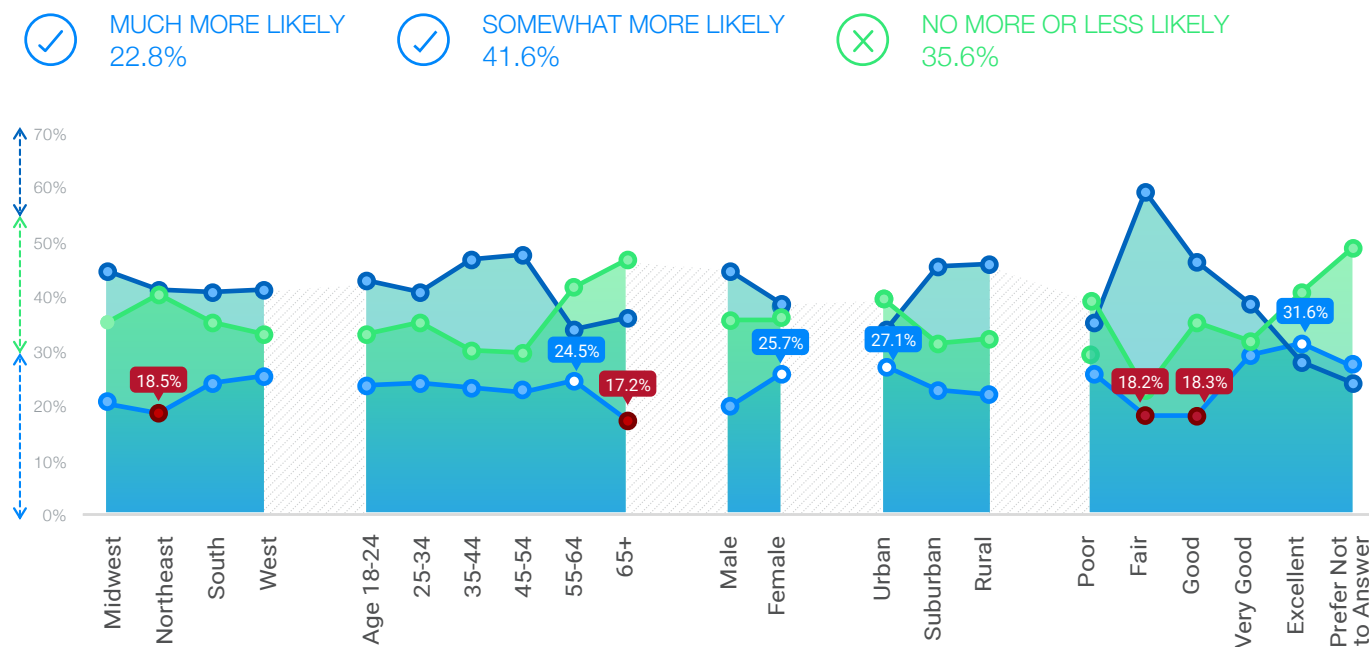


Cost of Telehealth Data Tables

What is your impression of the cost of Telehealth care compared to traditional doctor's office visit?

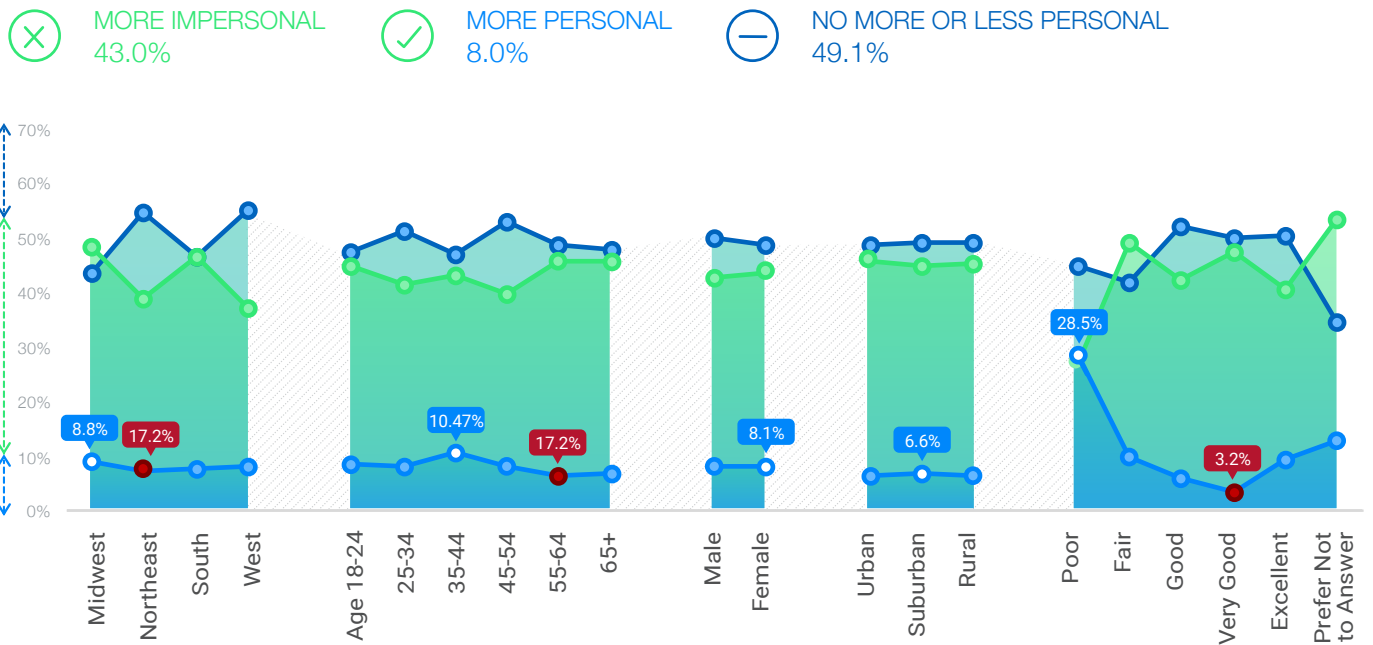


How likely would you be to use Telehealth as a service if the copay was less than the copay of a doctor's office visit?



Personalization Data Table

How personal do you think Telehealth is compared to traditional doctor's office visits?



J.D. Power in Telehealth Data Table

Would you be more likely to consider a Telehealth provider if they were ranked highest by J.D. Power?



YES/MAYBE
56.3%



NO
43.7%

