

## PATIENT SHARE OF CARE

# Measuring patient brand loyalty

By D.J. Sullivan

MBA, MHA

Patient “share of care” is a revenue-based measurement that gauges the depth of customer relationship and should be a health system’s primary value measurement of patient loyalty and market share capture.

Share of care is akin to “share of wallet,” part of the profitability measurement system of every top consumer goods and services brand. In simplest terms, share of care relates to your portion of the expected reimbursement received from your customers/patients on your system’s healthcare services compared to the total they spent on all healthcare services in your market.

It has implications for how quickly new services will gain traction in the marketplace, how integrated a health system’s care network is, and a health system’s overall customer lifetime value, inclusive of inpatient, outpatient, and ambulatory services.

## THE PROBLEM

Many health systems struggle with managing patient retention and understanding the lifetime value of patients interacting with their system of locations and loyal providers. Faced with poor data on patient behavior that limits strategic insight, health systems frequently find themselves facing two major dilemmas while trying to properly measure patient behavior:

1. **Data robustness:** Data sets that are most readily available to most health systems have limitations. Limitations are most frequently found on either the population that is being measured or on the level of detail within the data set. The most utilized data sets (and the inherent issues with each) include:

- **Inpatient-only data:** Many organizations rely on state-level inpatient market share

data to draw conclusions about where patients in their market seek care. This strategy often has data limitation issues if neighboring states don’t share data while completely missing the competitiveness of the ambulatory landscape in each market. Making strategic decisions without a full picture of patient behavior will not lead to the desired results.

- **EHR-only data:** Other organizations utilize their own EHR to begin an aggressive referral management strategy, focused on



identifying referrals leaving the network to maximize patient retention. This strategy often causes health system executives to find themselves confronting providers and their staff about patients not being referred in-network, creating animosity as providers and executives argue over root causes. Additionally, the patient population within client EHRs is typically further reaching than health plan or accountable care organization (ACO)/clinically integrated network (CIN) data, but health systems are often limited to only measuring services provided within their system locations. Insight into the competitor activity provided to this patient population or patient self-referrals is regularly non-existent or very poor.

- 2. Data biases:** Data for patients on health system health plans or within ACO/CINs is often very robust and has valuable insights into competitor activity but is often biased. Because of network limits, we typically find these patient populations far more likely to utilize the client for their healthcare services

than the broader population accessing their sites of service.

The most utilized data sets for measuring patient behavior largely fail because they do not focus on (or are unable to measure) the fundamental question, “Where do patients go across the entire care continuum?” — which, by definition, must include very detailed data on outpatient and ambulatory encounters in your sites of care and those of your competitors. Furthermore, data must be summarized in a way that is useful for executive-level strategic decision-making.

As a result, many organizations use all-payer claims data sets to measure and monitor patient loyalty on an ongoing basis. HSG has found share of care to be the most impactful measure to comprehensively track the utilization of services by patients utilizing a health system’s services.

## THE SOLUTION

Patient share of care helps health system executives move beyond these challenges and build a comprehensive view of patient activity





within their market and enable health systems to answer questions such as:

1. Where are our largest gaps in overall patient retention?
2. When patients leave our system for any service (inpatient or ambulatory), what competitive providers, health systems or other services do they seek?
3. How does patient retention differ at each of the following levels?
  - a. Geographically
  - b. Individual service lines
  - c. Specific services
  - d. Individual practices
  - e. Specific providers
  - f. Specific procedures and diagnoses
4. How brand loyal are patients to our entire health system?
5. What are our biggest overall opportunities to reduce patient leakage?

We typically recommend measuring share of care for three distinct patient populations, as they each utilize care in significantly different ways. Thus, the measurement and retention strategies to support each patient cohort should differ.

1. **Primary care patients** — Patients utilizing health system primary care physicians (PCPs) and advanced practice providers (APPs) on a regular basis are inclined to be a more loyal patient base. These are traditionally patients who are willing to use services based predominantly on provider recommendations. Internal processes and workflows need to be optimized so these patients can easily remain within the system.
2. **Emergency department (ED) patients** — ED patients are traditionally less loyal than primary care patients. There are often two key groups of patients utilizing the ED:
  - a. Patients who are unsure of the appropriate site of service for their healthcare needs
  - b. Patients with true emergent careBuilding internal processes to educate the first grouping of patients (about different sites of service and the capabilities within each) while building internal follow-up plans for the latter patient group can provide

opportunities to increase current capacities and maximize your ability to retain patients.

3. **Urgent/immediate care patients** — Urgent care patients are typically the least loyal of any of the patient cohorts. Urgent care patients are often the most educated on service offerings and most likely to shop around for healthcare services. Educating these patients while they are in your sites of care on your providers' capabilities and skill sets can lead to fruitful returns over time.

For health systems looking to maximize patient retention and truly understand how patients engage with their comprehensive healthcare service offerings (inpatient, outpatient, ambulatory), the measurement and utilization of key performance indicators (KPIs) needs to evolve. Share of care is a starting point to comprehensively understand patient loyalty and healthcare utilization dynamics in your markets, allowing you to develop strategies to shift patient use patterns.

Alternatively, some health systems are less focused on the specific patient cohorts and are more concerned about how they comprehensively stack up against competitors in a certain area. Measuring share of care on a facility basis and measuring total market spend at one health system's sites of service compared to competitors is a valuable way to comprehensively understand how the entire suite of services is performing in the market. Insights into how well a system is performing in the inpatient versus outpatient (hospital outpatient departments or ambulatory surgery centers) or physician office space can glean valuable insights into longer-term strategic growth objectives.

## IMPLEMENTATION

Once your organization can properly measure patient share of care for distinct patient populations and develop strategies to maximize patient retention within your system, implementation of the strategies is where the real work begins. Leveraging and operationalizing patient share of care data throughout the health system is no easy task but can be extremely effective if done well. Data distribution and strategy development is most valuable when flowing through three main groups, depending on the size of the organization. The areas that have produced the



## Once your organization can properly measure patient share of care for distinct patient populations and develop strategies to maximize patient retention within your system, implementation of the strategies is where the real work begins.

most immediate impacts in maximizing patient retention include the executive leadership team, marketing and strategic planning. However, each of these groups require different insights to properly implement meaningful strategies.

- **Executive leadership** — Executive leadership teams should have patient share of care as a KPI on their monthly or quarterly dashboards. Patients leaking from your system who already utilize your healthcare services are the lowest-hanging fruit for incremental revenue growth. Having constant insight into how these patients are flowing in and out of the system is crucial to ensuring long-term growth.
- **Marketing** — Marketing departments require detailed information into how patients are utilizing healthcare based on geography, service lines and provider types. Targeted and detailed patient share of care data provides marketing departments with the tools required to develop detailed advertising and physician outreach efforts, which often result in measurable improvements in patient retention.

For example, a health system in the Midwest realized a 2.8% increase (worth roughly \$3 million) in joint replacement patient retention directly resulting from identification of patient leakage in specific underperforming locales. For this health system, patient share of care capture for orthopedic joint replacements was surprisingly low compared to other regions where they provided similar services. A handful of ZIP codes were recognized as greatly underachieving. Advertising and outreach efforts specific to orthopedic joint replacement capabilities were targeted in those areas, resulting in measurable positive returns on the investment.

- **Strategic planning** — The strategic planning department of the health system, which has responsibilities over medical staff development planning, leverages patient share of care data to support its specialty and primary care recruitment efforts based on the type of patient leakage occurring with provider specializations and service capabilities.

For example, a health system in the Southeast recognized a 0.7% increase in gastroenterology patient share of care (worth roughly \$2 million), which resulted from physician recruitment opportunities. When looked at closely, patient leakage for gastroenterology was minimal and mainly in regions where gastroenterologists were already very productive with limited capacity for incremental volume. To increase share, the health system was able to identify a need to recruit an incremental gastroenterologist for a specific market. The system were able to recruit quickly and saw a positive shift in patient share of care in that region.

### CONCLUSION

Patient share of care should become your organization's primary value measurement of patient brand loyalty. Its ability to measure how quickly new services gain traction, how integrated your network is and your health system's lifetime value of a patient will support your patient retention strategy development more than any other metric. Proper measurement, followed by better implementation, will reduce patient leakage and maximize revenue generation for your organization. ■



D.J. Sullivan, director, HSG Advisors,  
[djsullivan@hsgadvisor.com](mailto:djsullivan@hsgadvisor.com).