

Healthcare Practice

Driving growth through consumer centricity in healthcare

Providing consumers with the experiences they increasingly expect and demand at every stage of the healthcare journey could substantially improve care and cost outcomes.

by Jessica Buchter, Jenny Cordina, and Mark Lee



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Rising consumer centrality in the United States

is an inexorable force that's shaking up virtually all consumer-facing industries. Far from being immune to its effects, the healthcare industry is confronting an imperative not only to meet the evolving demands and expectations of consumers across the end-to-end healthcare journey but also to mirror the experiences consumers commonly enjoy when engaging with other sectors. Our research reveals that consumers are placing a higher priority on their wellness than in the past, while expressing continued frustration with the healthcare system.¹ Meanwhile, incumbent health systems face a host of vexing challenges, including record inflation, supply chain disruptions, persistent workforce shortages, and the growing presence of new tech-enabled disruptors.²

Making the changes needed to become more consumer-centric is incredibly difficult for healthcare companies, given core industry dynamics and a rapidly evolving care and coverage landscape. However, a large majority of industry executives acknowledge its importance. Ninety percent of surveyed healthcare provider executives and 100 percent of surveyed chief marketing officers identified healthcare consumerism as a top priority for their companies.³ To achieve their consumerism objectives, healthcare incumbents are looking at retail, tech, and other consumer sectors for inspiration to develop innovative solutions to well-known healthcare pain points across the end-to-end healthcare journey and to build trust-based and enduring consumer relationships.

This article discusses the steps along the healthcare journey and the adverse consequences that result when consumers defer care because of poor

healthcare experiences. It also discusses the role of disruptors, reimagines several healthcare steps, and offers considerations for incumbent healthcare companies to deliver a better consumer experience and, by extension, improve outcomes and reduce costs.

Eight discrete journeys define the end-to-end consumer healthcare experience

Consumers have no shortage of pain points that healthcare payers and providers could address to better meet their needs. But reimagining healthcare through a consumer lens starts with understanding that consumers have widely divergent experiences with healthcare and attach different levels of importance and satisfaction to the eight steps they take along the healthcare journey (Exhibit 1). Even for a single step, such as getting insurance coverage or finding care, consumer perceptions of importance and satisfaction vary widely. For example, shopping and signing up for coverage is more important for consumers with noncommercial coverage than for those with commercial coverage. Medicare and Medicaid members attach equivalent levels of importance to the experience of getting coverage, but Medicare members are far more satisfied with that experience.⁴ Given these differences, it is critical to understand consumer needs at a granular level and to contextualize their experiences.

Overall, consumers indicate that four healthcare journeys—getting coverage, understanding benefits, finding care, and saving and paying for care—are of high importance yet deeply unsatisfying. Notably, all of these journeys take place either before or after consumers actually receive care from providers.

¹ McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

² "The gathering storm in US healthcare," McKinsey, October 8, 2022.

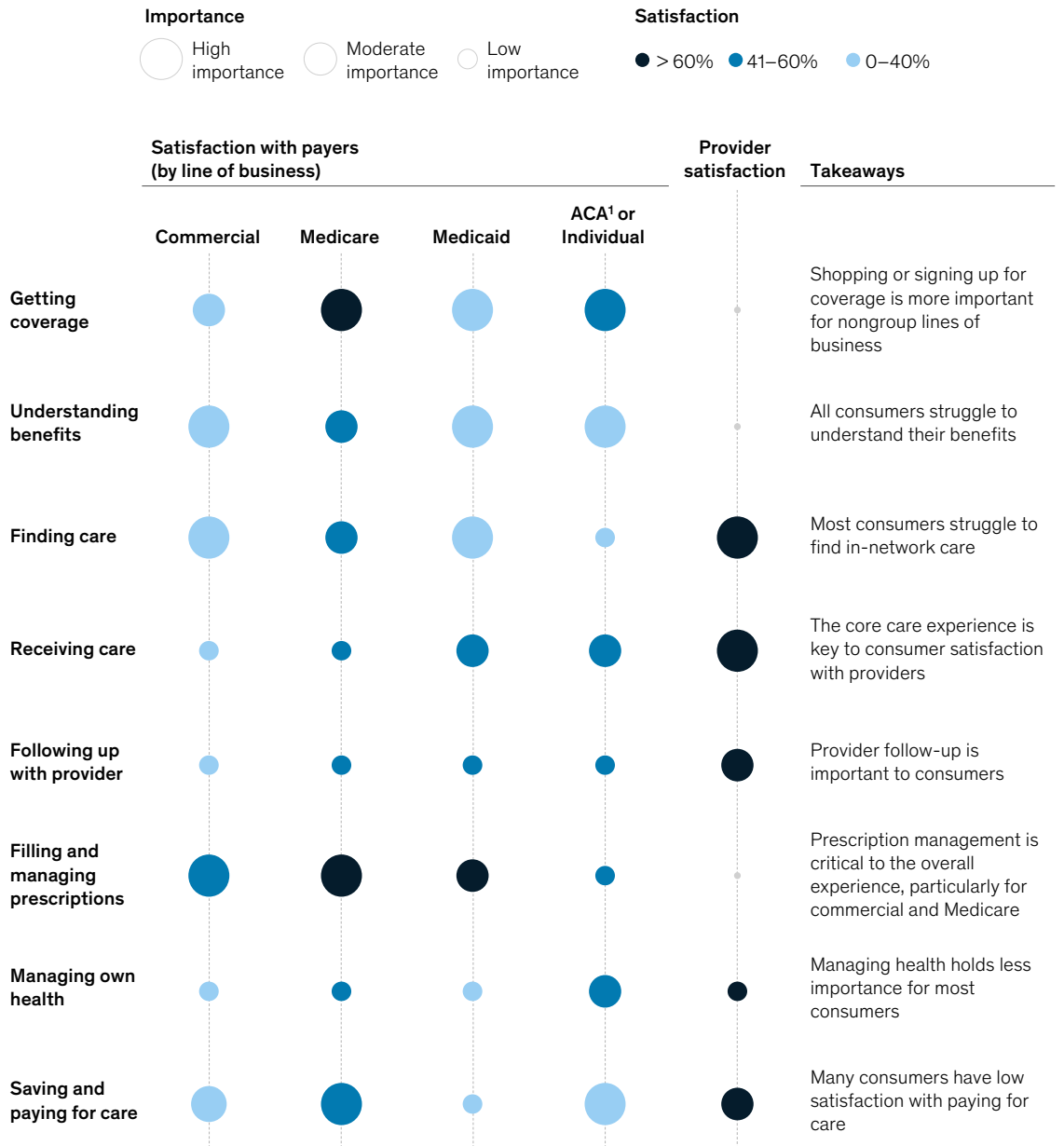
³ 2022 McKinsey Healthcare Provider C-Suite Survey.

⁴ McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

Exhibit 1

Consumers attach high importance to—but also express widespread dissatisfaction with—four steps in the eight-step healthcare journey.

Consumer satisfaction, %



Note: This exhibit reflects the results of a range of survey questions that evaluate consumer experience along the end-to-end healthcare journey.

¹Affordable Care Act.

Source: McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022

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Care deferral has serious consequences for consumers and health systems

Given the challenges of navigating today's health-care journeys, it is no wonder that nearly a quarter of US consumers have reported deferring healthcare.⁵ Applying consumer-oriented solutions to common pain points could encourage more consumers to receive the care they need with care teams they trust.

Care deferrers by the numbers

Some populations—specifically the middle-aged, immigrants,⁶ urban residents, households with children, and those unsatisfied with their primary care physicians—reported more than others that they have deferred care.⁷ Consumers who reported they have deferred care suffer more than their care-seeking peers from existing health issues or mental-health challenges: approximately 80 percent reported chronic conditions.⁸ Furthermore, consumers who have deferred care reported receiving less routine preventive care, including flu vaccinations (23 percent among deferrers versus 32 percent among nondeferrers) and annual wellness visits (19 percent versus 31 percent). They also reported deferring care for a range of health needs, including dental (33 percent), vision (18 percent), and specialist care (17 percent).⁹

Health system emergency departments are disproportionately affected

Consumers who defer care have a substantial impact on emergency department (ED) and urgent-care use. Thirteen percent of care deferrers reported an emergency room visit, and 16 percent reported using urgent care—as compared with 11 percent and 9 percent, respectively, for nondeferrers (Exhibit 2).¹⁰ Furthermore, more than one-third of care deferrers who visited an ED or urgent-care site in the previous 12 months reported five or more visits during that time; only 10 percent of those who do not defer care reported equivalent frequency of use.¹¹

Emergency and urgent-care sites also tend to have lower patient experience scores compared to other sites of care, including up to ten percentage points lower in satisfaction rates compared with primary care. Thus, patients who defer care are most often engaging with the least satisfying and most costly care sites when they ultimately seek care. Negative experiences simply reinforce the cycle of care deferral.¹²

Finally, each year, approximately \$8.3 billion is spent in the United States on emergency care that could be provided in another care setting.¹³ The largest driver of avoidable emergency-care spending is unnecessary ED use for mental illness (\$4.6 billion) and hypertension (\$2.3 billion).¹⁴

⁵ McKinsey 2021 Consumer Health Insights COVID-19 Wave 5 Survey, June 14, 2021.

⁶ Ibid.

⁷ McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

⁸ Ibid.

⁹ McKinsey 2021 Consumer Health Insights COVID-19 Wave 5 Survey, June 14, 2021.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid; McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

¹³ Rich Daly, "Preventable ED use costs \$8.3 billion annually: Analysis," Healthcare Financial Management Association, February 11, 2019.

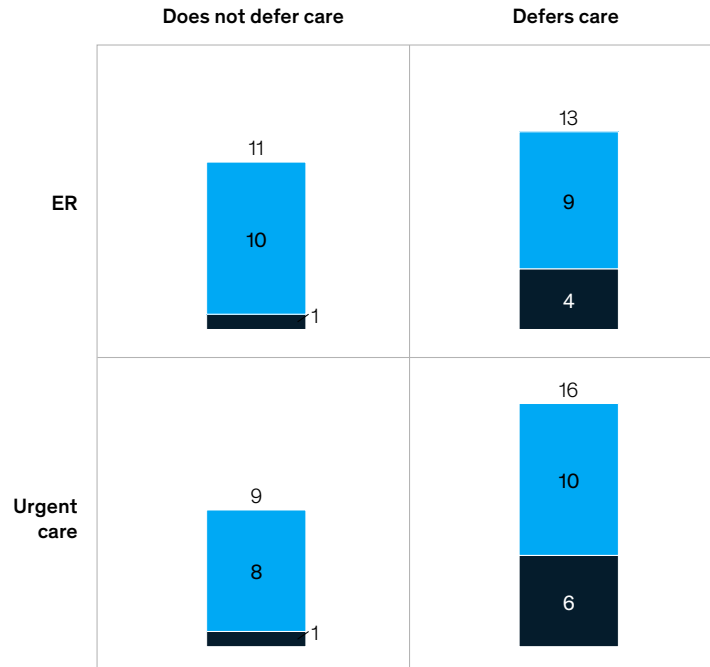
¹⁴ Ibid.

Exhibit 2

Consumers who defer care report regularly using emergency rooms and urgent-care centers when seeking care—more than nondeferrers do.

Respondents who reported visiting an emergency room (ER) or urgent-care centers in the past 12 months,¹%

■ < 5 visits ■ 5 or more visits



¹Question: How many times have you personally used the following healthcare services? ("Emergency room" respondents split by those who deferred vs those who did not); Q: How many times have you personally used the following healthcare services in the past 12 months, as an in-person appointment, an online or video visit with a physician (telemedicine), or a telephone (voice call) appointment? [Emergency-room visit; Urgent-care visit]. Source: McKinsey 2021 Consumer Health Insights COVID-19 Wave 5 Survey, June 14, 2021; McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022; McKinsey 2022 Physician Survey

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More than one-third of care deferrers who visited an emergency department or urgent-care site in the previous 12 months reported five or more visits during that time; only 10 percent of those who do not defer care reported equivalent frequency of use.

Care deferrers have poorer outcomes at higher cost

Health outcomes and costs are worse for consumers who defer care. Sixty percent of surveyed clinicians indicated that deferred care led to an increase in complications, 30 percent reported an increase in mortality, and 55 percent noted an increase in self-medicating and forgoing necessary prescriptions.¹⁵

Fifty percent of surveyed clinicians also indicated that site-of-care costs are higher for care deferrers,¹⁶ mainly due to higher use of emergency or urgent care.

An improved experience can better engage consumers who are delaying care and lead to better outcomes and reduced costs. For example, the saving and paying for care journey has a particular impact on deferred care, with more than one-third of deferrers citing cost as their primary barrier.¹⁷ Consumer-centric journeys (including those that improve the transparency of healthcare costs; help

consumers navigate to the highest-quality, low-cost care options; and provide care navigation to those at highest risk) could help to address this cost-of-care barrier and lead to better outcomes for consumers and the health system.¹⁸

Likewise, bolstering consumer trust in the health-care system could encourage more consumers to seek needed care. Many consumers believe that the health system does not support their care needs, and they perceive that the quality of their healthcare is negatively affected by their personal attributes, including income, insurance coverage, weight, and age, among other factors (Exhibit 3). Specifically, some consumers feel that, because of who they are, they are misunderstood (21 percent of consumers report that their providers do not listen to them or understand their needs), disrespected (22 percent of consumers report feeling treated with less respect than other patients), or victims of bias (28 percent report that they feel healthcare providers have made assumptions about them that influenced how they were treated).¹⁹ Addressing those concerns could help build trust-based relationships that could encourage consumers to get the care they need.

Building deeper trust-based relationships involves looking across the full range of healthcare participants. Most consumers view a broad range of care professionals as part of their care team, and a material number are continuing to turn to digital care. For example, 50 percent of polled consumers are interested in virtual behavioral healthcare.²⁰ For populations that defer care, building this trust will mean going beyond traditional care channels.

50%

In our survey, 50 percent of clinicians also indicated that site-of-care costs are higher for care deferrers, mainly due to higher use of emergency or urgent care.

¹⁵ McKinsey 2022 Physician Survey.

¹⁶ Ibid.

¹⁷ McKinsey 2021 Consumer Health Insights COVID-19 Wave 5 Survey, June 14, 2021.

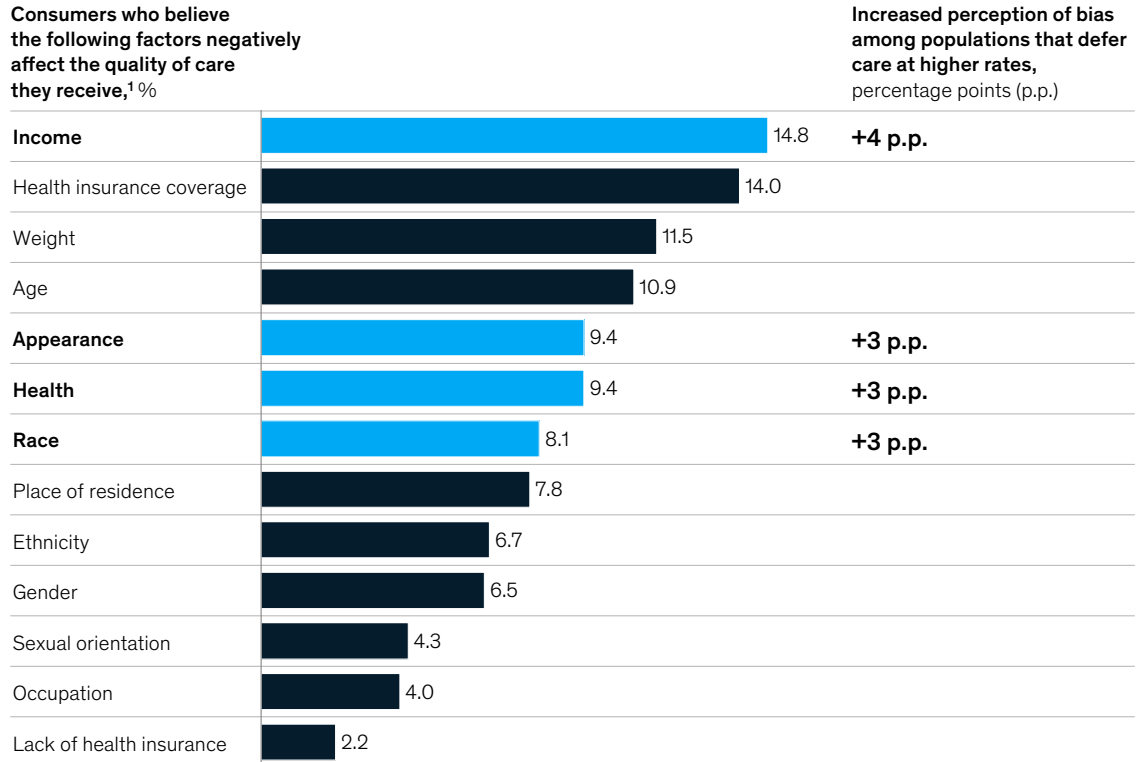
¹⁸ Ibid.

¹⁹ McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

²⁰ Ibid.

Exhibit 3

Populations who defer care report believing at higher rates than nondeferrers that the health system is biased against consumers of certain demographics.



¹Question: Do you believe any of the following NEGATIVELY affects the quality of care you receive from your healthcare providers (eg, doctors, nurses)?
Source: McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022

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Bolstering consumer trust in the healthcare system could encourage more consumers to seek needed care.

Reimagining the end-to-end healthcare journey

Addressing consumers' evolving expectations is difficult and often requires reimagining traditional healthcare journey offerings (Exhibit 4).







In the not-so-distant future, we can envision a dramatically healthier population, empowered to make better decisions, with more convenient, affordable, and timely access to the care they need and want. Healthcare companies could enjoy improved performance through more affordable products, higher-quality care and experiences, an increase in consumers served, and more consumer loyalty to their improved brands.

Addressing consumer pain points can unlock better outcomes: satisfied consumers report deferring care ten percentage points less, getting routine care 14 percentage points more, and using inpatient care 13 percentage points less than unsatisfied consumers.²¹ Ultimately, consumer health improves. Additionally, more-engaged consumers report staying with their current insurer and provider and paying their bills.²²

Innovators are already starting to show the way as they seek to understand consumer pain points, address them at scale, and communicate their proposed solutions directly to consumers, often before consumers typically seek care. This creates the potential to disrupt some healthcare incumbents

Exhibit 4

Consumer sentiment across care journeys reveals opportunities for experience-oriented solutions.

	Consumer sentiments	Experience-oriented solutions
	I feel sick but can't afford the time or money to get care.	High-quality, affordable, and convenient care, easily accessible to consumers through the channel of their choice
	I can't take it anymore and need to go to the emergency room.	Consumers actively seeking care early before health issues escalate
	I hate being at the hospital and forget my follow-up instructions after leaving.	Positive care experiences that drive satisfaction and empower consumers to follow their care plan
	I don't understand my bills, and no one can help me.	Up-front cost transparency and financial support programs that prevent surprise costs after care
	I'm sick again but don't want to go back to that hospital.	Longitudinal relationships with care teams and clinicians fostering continuity of care across episodes
	I can't afford this; why do I even pay for insurance?	Consumers seeing payers as a partner in gaining access to high-quality, affordable care

Source: McKinsey 2021 Consumer Health Insights COVID-19 Wave 5 Survey, June 14, 2021; McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022

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²¹ McKinsey 2021 Consumer Health Insights COVID-19 Wave 5 Survey, June 14, 2021; McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

²² McKinsey Consumer Health Insights 2021 Provider CX and 2019 CX Payer Surveys.

and the traditional healthcare journey. Other incumbents and disruptors have been able to deliver distinctive experiences at scale that better support patients and drive value for the health system. Consider these case studies:

Transparent healthcare billing. Nearly all consumers rate the payment experience as a key factor in deciding whether to return to a provider, according to one industry leader. More than one-third of consumers are unsatisfied with the lack of

alignment between their bill and the explanation of benefits.²³ Industry innovators have improved the billing journey by providing cost transparency before and after visits and by using payer–provider integration to create a frictionless and customized payment process (Exhibit 5). One industry leader reported that fostering radical cost transparency and payment simplicity led to an 88 percent patient satisfaction rating and a 30 percent average lift in patient payments.²⁴

Exhibit 5

For patients, a transparent billing process is fair and easy, and does not add undue stress to their minds or their wallets.

Before the visit

Personalized interactions over patient's preferred channel (eg, clinical patient portals, digital apps, or login-free web pages) leading up to the appointment to streamline administrative tasks, provide cost transparency, and give the option to pay early



“It’s easy for me to set up an appointment with my physician, and I know what to expect to pay for my visit.”

During the visit

Check-in-time is 55 seconds, on average, for repeat visitors
 Customer is billed with an explanation for any difference between the estimate and final balance in the bill



“My doctor’s office values my time and provides me with the appropriate care.”

After the visit

Delivers a consolidated experience by unifying bills and EOBs,¹ with real-time deductible status and HSA² or FSA³ balances
 Uses machine learning to anticipate and answer plan design and benefits questions



“I am not inundated with bills and feel in control of my healthcare finances. More important, I understand what I’m paying for.”

¹Explanations of benefits.
²Health savings account.
³Flexible spending account.
 Source: McKinsey analysis

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²³ “2021 healthcare consumer experience study,” Cedar, accessed February 2, 2023.

²⁴ Ibid.

Consumers empowered and engaged in managing their wellness. According to one industry leader, personalized, at-home care plans offered via digital tools can more easily connect consumers with the care they need and can address access concerns by supporting the 3.6 million individuals who struggle to secure transportation to in-person medical care.²⁵ Easily accessible preventive wellness programs, in which patients are connected to a personal health

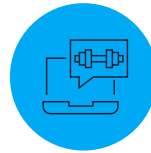
coach, can engage consumers early and often in their care journey and reduce the likelihood of future surgical interventions and the seeking out of emergency care. In one case study, nearly three-quarters of the patients enrolled in a company's comprehensive musculoskeletal wellness program completed the program, with more than half of participants experiencing a reduction in pain (Exhibit 6).²⁶

Exhibit 6

The ideal personalized at-home wellness program helps patients stay on track and feel supported throughout.

I sign up to improve my health and musculoskeletal issues

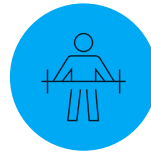
Individuals are connected to their own personal health coach, participate in a customizable prevention program, and receive education to maintain an active lifestyle and avoid injury



“I can change the way my body reacts to pain and stress by changing the way I think and react to it.”

I do my exercises anywhere, anytime with the support of a full clinical team

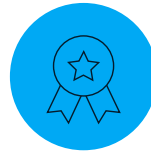
Patients complete a digital clinic that goes beyond digital physical therapy, including a full clinical care team on one digital app offering personalized programs and one-on-one sessions to drive consumer engagement



“It’s even better than traditional physical therapy. I’m amazed at how much psychotherapy is also included. I’ve taken away lots of lessons on positive thinking and deep breathing.”

I finish the program, reducing the pain and likelihood of surgery

A unique clinical-care model drives high levels of adherence and program completions, leading to better outcomes (eg, pain reduction, reduced likelihood of surgery, and lasting behavior change)



“I really appreciate having a coach on this journey. Although I know it’s important, it’s easy to make up excuses and not follow through. With the program, accountability is huge because someone is watching.”

Source: McKinsey analysis

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²⁵ “State of MSK 2022: Trends impacting musculoskeletal care in America,” Hinge Health, 2022.

²⁶ Vibhu Agarwal et al., “Digital care for chronic musculoskeletal pain: 10,000 participant longitudinal cohort study,” *Journal of Medical Internet Research*, May 2020, Volume 22, Number 5.

Incumbent healthcare companies have an opportunity to redefine the consumer experience

Healthcare companies can consider taking action on multiple fronts to improve consumers' experience with healthcare systems:

Define a common purpose, and deeply commit to serving consumers' needs. Unsurprisingly, consumers regularly point to consumer-focused companies in other sectors as setting an example for healthcare companies. Consumers want healthcare that includes personalized offerings and services, value-based pricing, and an elevated experience—all from distinctive, high-quality brands.

Understand consumers. Today, healthcare consumers need a healthcare system that helps them get the care they need from care providers they trust, with the goal of supporting their health as a whole. Although the specifics vary widely by consumer segments, certain design pillars can provide a foundation on which healthcare companies can build to satisfy these needs. These pillars include providing access to convenient, affordable, and equitable care; transparently sharing information; and providing incentives that support consumers' active and ongoing engagement in their health.

Consumers today seem to be particularly receptive to engaging with the healthcare system. Nearly half of consumers are prioritizing their overall wellness more now than before the COVID-19 pandemic, although two-thirds also indicate that their wellness has either declined or remained the same in the past three years.²⁷ Among consumers who place a very high or moderately high priority on wellness, more than 80 percent report prioritizing better health overall, better sleep, nutrition, mindfulness, and fitness.²⁸ Moreover, consumers look to the healthcare system to meet these needs: more than 40 percent of consumers want support from clinicians to reach their health, sleep, and nutrition goals, while the

share of consumers seeking support from other sources is nearly half that.²⁹

Focus on what matters, and measure it. With a deeper understanding of consumers' needs and expectations, healthcare companies can then focus on what matters most to consumers. Importantly, this is highly dependent on the population segment and the overall context of their healthcare experiences. Although fully understanding consumers requires targeted research and deep insights, healthcare companies can consider addressing several key trends.

First, as described earlier, consumers want easy access to affordable and convenient care. Those who are satisfied with their access to necessary care report lower rates of care deferral, higher rates of engaging in routine care, and lower rates of receiving inpatient care than those who are unsatisfied.³⁰ Second, consumers want meaningful, trust-based relationships with their care teams. Six times more consumers with longitudinal-care-team relationships and care continuity report engaging with their primary care physician for future health needs.³¹ Third, consumers want holistic support for their overall wellness and are prioritizing health and wellness more now than they did three years ago.³²

Disrupt internally. Rather than waiting for others to define solutions, incumbents can consider making necessary changes themselves. The pace of innovation in healthcare may continue to increase, fueled by strong private-equity and venture capital investment focused primarily on healthcare technology and consumers. Based on McKinsey analysis, there were more than six times as many tech-focused healthcare deals in 2021 as in 2014, and consumer-related profit pools are expected to be among the highest growth areas in the industry (with a 10 percent increase in growth by 2025). Broadly, private-equity and venture capital deal growth within healthcare services outpaces the US industry average (29 percent growth in the

²⁷ McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

²⁸ Ibid.

²⁹ Ibid.

³⁰ McKinsey 2021 Consumer Health Insights COVID-19 Wave 5 Survey, June 14, 2021; McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

³¹ McKinsey Consumer Health Insights 2021 Provider CX Survey.

³² McKinsey 2022 Consumer Health Insights COVID-19 Wave 1 Survey, March 25, 2022.

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healthcare sector versus 2 percent average growth across industries), according to our analysis.

Healthcare companies can use iterative, test-and-learn design thinking to rapidly identify and act on opportunities to improve the consumer experience. Consumer-centric healthcare companies drive more than twice the revenue growth as companies in the same industry with lower patient satisfaction scores. Importantly, companies that lead in consumer experience rebounded from the COVID-19 pandemic stronger than companies that deprioritized consumer experiences, with consumers returning to trusted brands, according to our analysis.

Healthcare companies have an opportunity to take the lead in transforming the healthcare journey and, in doing so, could unlock material value for consumers and the overall healthcare system. They can start with a clear and strong consumer-centric

aspiration that is grounded in empathy and then can pursue available opportunities at every point of the end-to-end consumer journey. For example, consumers want better health and wellness, but many are not achieving their goals. Some groups disproportionately face barriers to care access; many also feel unsupported by the health system. Beyond a clear aspiration, meaningful transformation also requires a deep understanding of—and intentional focus on—the outcomes that matter most to consumers, which can act as a North Star to guide the design of the healthcare journeys of the future.

The time to act is now. Rapid innovation is already transforming the healthcare consumer experience, and the pace of disruption could increase, fueled by accelerating investment from private-equity and venture capital companies. The whole industry has an opportunity to embrace this change, seek to deeply understand the healthcare consumer, and lead the way in designing the healthcare experience of the future.

Jessica Buchter is an associate partner in McKinsey's Philadelphia office, **Jenny Cordina** is a partner in the Detroit office, and **Mark Lee** is a consultant in the Minneapolis office.

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