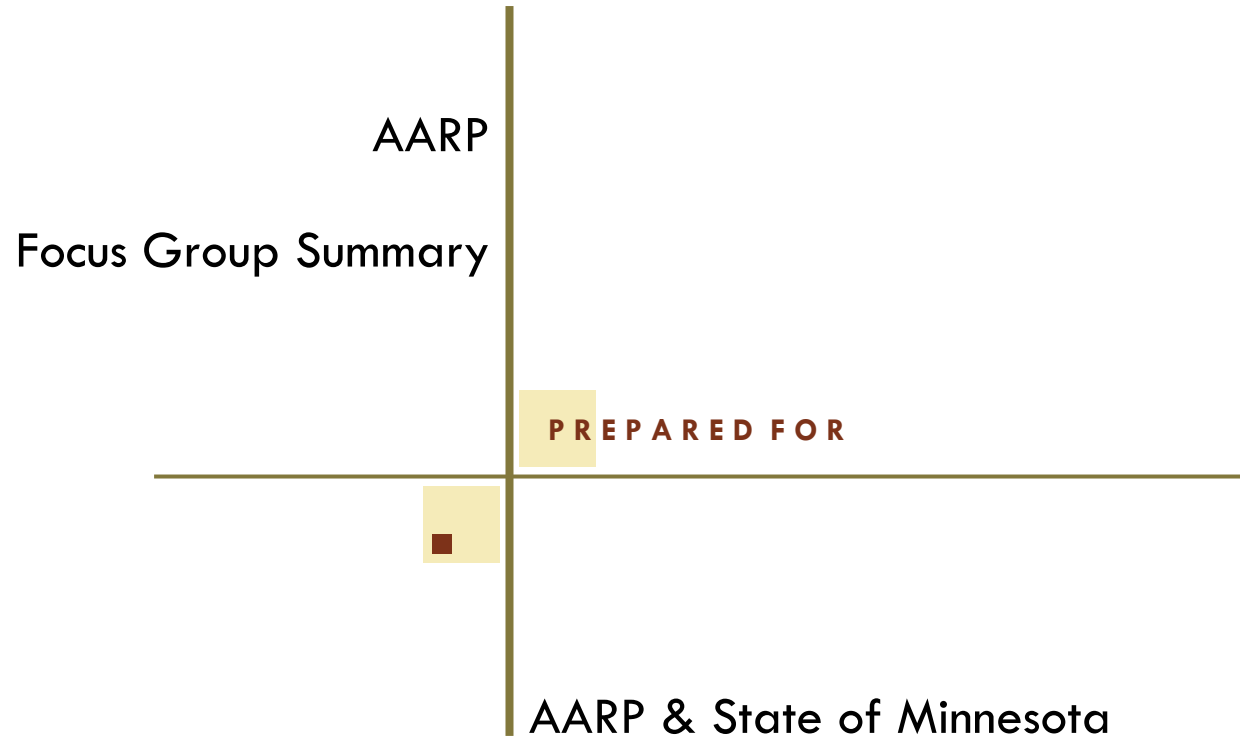


## Market Research Presentation



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# Executive Summary

# Background

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- In May 2008 Governor Pawlenty signed significant health care reform legislation into law. The reforms include recommendations from the Governor's Health Care Transformation Task Force and Legislature's Health Care Access Commission. This comprehensive health care reform package will make significant progress toward achieving quality, affordable, accessible health care for all Minnesotans.
- The health care reform bill requires the Commissioner of Health to convene a work group to develop strategies for engaging consumers in understanding the importance of health care costs and quality (specifically as it relates to health outcomes), consumer out-of-pocket costs, and variations in health care costs and quality across providers.
- As part of the reform act, the state has mandated consumer engagement on these topics. However, it did not authorize any funding to accomplish the task. As a result, AARP Minnesota has volunteered to support the consumer engagement process by agreeing to fund this activity.

# Objectives

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- The entire initiative is extremely complex. Consumer engagement, while a very positive inclusion in the reform initiative, can be examined from many perspectives and over many topics.
- The AARP and State team wanted to focus on the overall effort in order to gain useful and tangible information cost effectively.
- Therefore, the following were the primary objectives of this engagement effort:
  - Gain consumer input on the new health information website.
    - How would they use it, and how would they integrate it into their health care decisions.
  - Gain insight into consumer understanding of reimbursement, fees, and actual costs of health care.

# Methodology

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- Three focus groups were held in Minneapolis on October 8 at 5:00pm, 7:00pm, and 9:00pm.
- Participants were recruited from a list provided by AARP. The list comprised AARP members in the seven county metro area, and indicated that health care was a major concern to them.
- The screening criteria for participation were:
  - Age 50-64
  - Do not have Medicare
  - Spend at least \$2,000 out of pocket for health care
  - Are not part of employer insurance
- The groups were approximately 90 minutes in length and respondents were compensated \$50 for their participation.

# Session Flow

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## Introduction

- Personal introductions with personal work history and insurance coverage.
- Explain that no personal health issues will be explored.

## General Discussion/ Warm Up

- Top 10 items influencing the cost of health care today.
- Expectations of personal expenditures of household income for health care coverage.

## Health Care System

- Description of the key components that make up health care.
- Examination of cost versus quality.
- Examination of quantity versus quality.

## Health Care Examples

- Discussion of health care examples, and how the consumers would evaluate proper care and acceptable costs.

## Minnesota Health Scores

- Examination of the website, and the information contained on the site.
- Exploration of usefulness and propensity to seek out the information.

# Conclusions

---

- The primary questions of this session were:
  - Will consumers access other sources of information besides their primary care physicians to assess the quality and cost of care?
  - Is there viability in providing consumers competitive price information as a vehicle for making health care decisions?
- While the discussion provided insights into information that could be useful consumers, the primary conclusion is that the basic structure of the system is not presently conducive to consumers “shopping around” for procedures.
  - Consumers are looking for coordinated care, and presently they look to their primary physician for that coordination. Shopping around for procedures based on price, or even outcomes is completely counter to coordinated care.
  - Consumers presently view the health care process as extremely complex and hard to understand. Adding large amounts of comparative price information, or outcomes data that is thorough but easy to understand is going to be a challenge.
  - Respondents in these sessions questioned the reliability, validity, and thoroughness of the information. Consumers have years of experience of trusting their primary care physician. A website that compares prices, and gives basic information on outcomes is not going to change that basic structure.

# Conclusions

---

- Is there any consumer receptivity for trying to provide this information?
  - What kind of information is useful?
  - What will it take for adoption?
- Consumers who have no insurance at all are more likely to engage in this process than those that have some form of insurance.
- The State of Minnesota might consider dental care as a first area for this endeavor because;
  - A higher percentage of consumers do not have dental insurance.
  - It is a less complex health care area for consumers to gain information and comparative shop.
  - Provides the State with a good test for learning more about how to gain consumer use and acceptance as a vehicle for change.

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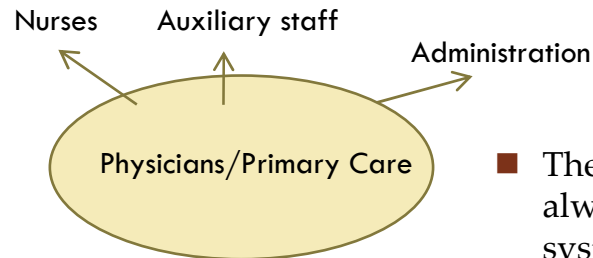
# Detailed Findings

# Warm Up

- The first section of the groups involved a warm up exercise to get respondents comfortable with the overall topic. It involved a discussion regarding their health care coverage and the basic items they believe are driving health care costs today.
- A majority of participants had health insurance either purchased individually or via COBRA due to pending retirements. A few participants had no insurance and paid out of pocket for all health care needs.
- The following are the most common perceptions of the factors driving health care costs today (not listed in any order of importance):
  - Emergency room visits
  - Prescription drug costs
  - Extensive tests or too many tests
  - Litigation/Administration
  - Paying for the uninsured
  - Equipment
  - Education for physicians
- During the warm up phase of the session, it was easy to identify that health care costs were an issue to the participants, but that they may not be thinking about it in terms of the “entire system” as much as just how it relates to them personally. This conclusion is drawn from the fact that many had to think about an answer to the basic systematic question, “what do you think makes health care expensive?”
- A final part of the warm up exercise was requesting that participants define how much of their personal yearly income should be spent on health care. This did cause some dialogue, because now it related directly to their personal situation. The answers ranged from 5% to 15% of yearly income.

# The Health Care System

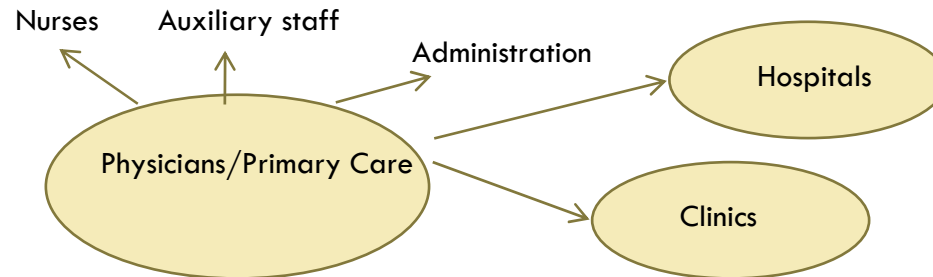
- One of the primary objectives of the study was to determine how consumers evaluate the price/quality scenario in health care.
- In order to do that, the first step is to understand how much they truly understand about the structure of the system. In this exercise, the group was asked to develop a diagram of what the health care system looked like:



- The primary physician and auxiliary staff was almost always the very first mention on the structure of the system. This goes a long way to explaining the consumer source of information, and point of reference relative to the system.
- Almost all respondents considered their primary physician as the “quarterback” of quality health care for them, and the center of the entire system.
- The “quarterback” becomes the source of valid information and direction for maneuvering through the health care system.

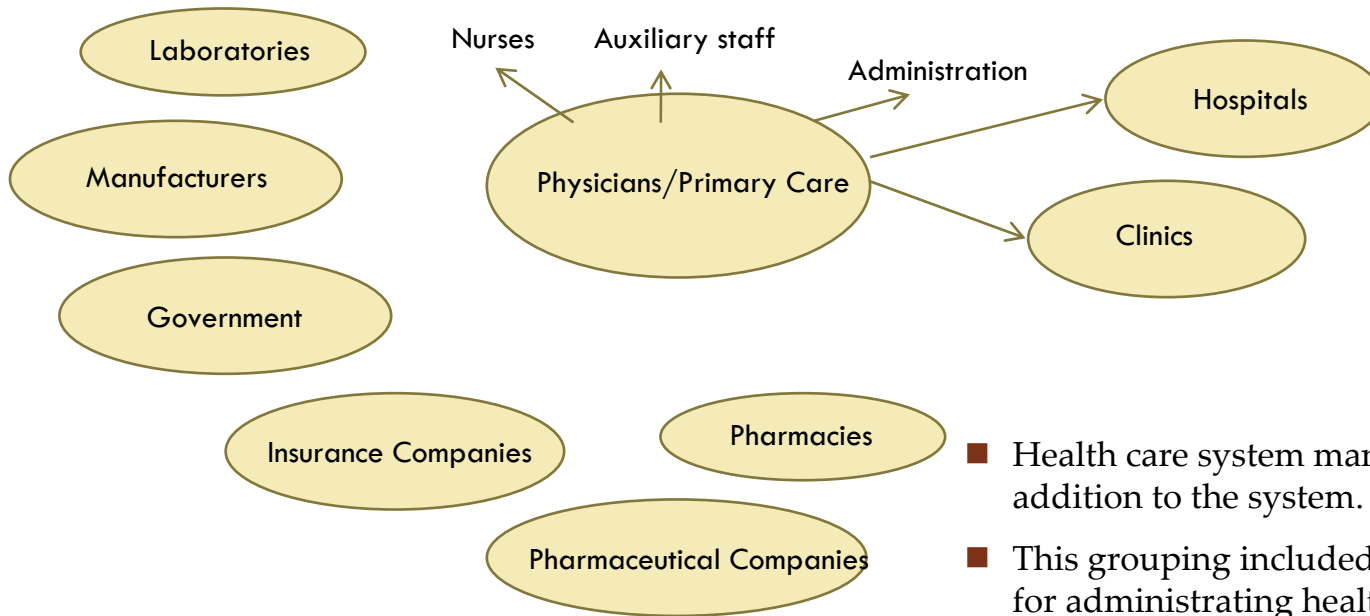
# The Health Care System

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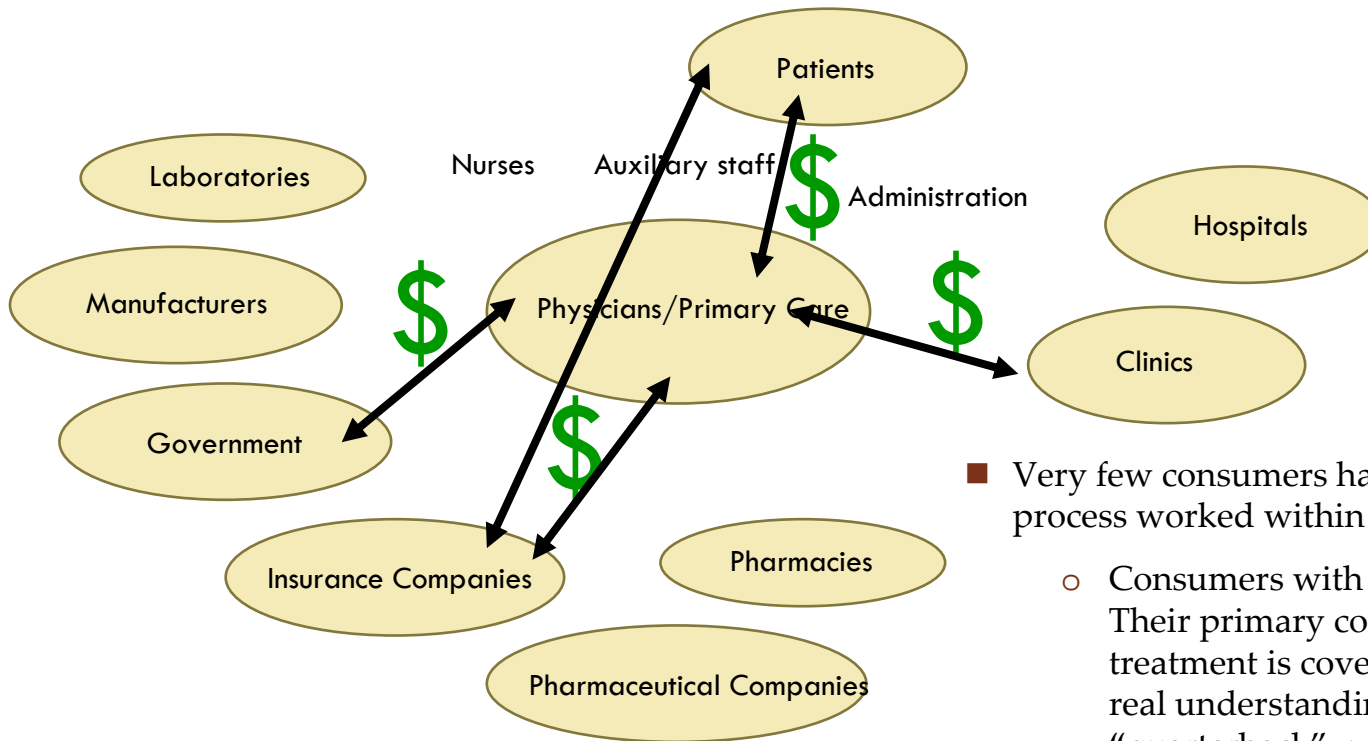
- Hospitals and clinics are the most common next addition to the system. It was a logical progression from the Physician/Primary care node. The hospitals and clinics are viewed as the vehicle by which the physician delivers care.
- This provides further insight into how consumers view the system, with the physician as the primary focal point.

# The Health Care System



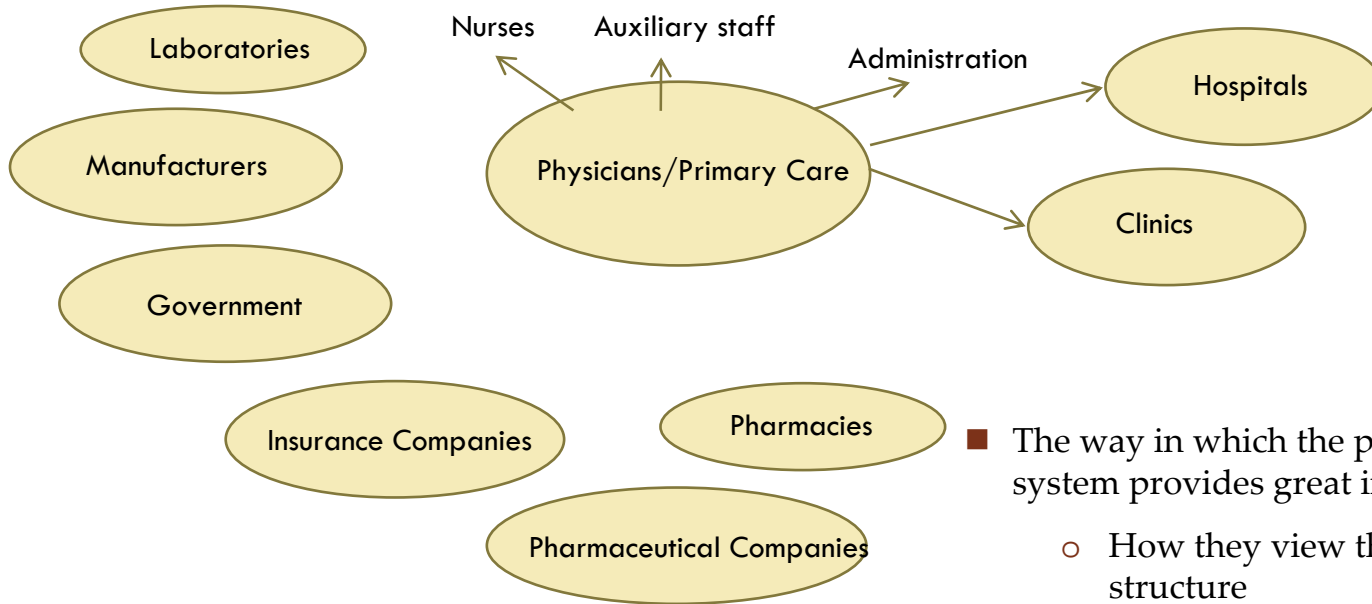
- Health care system management tended to be the third addition to the system.
- This grouping included large organizations responsible for administrating health care or support technology.

# The Health Care System vs. Payment System



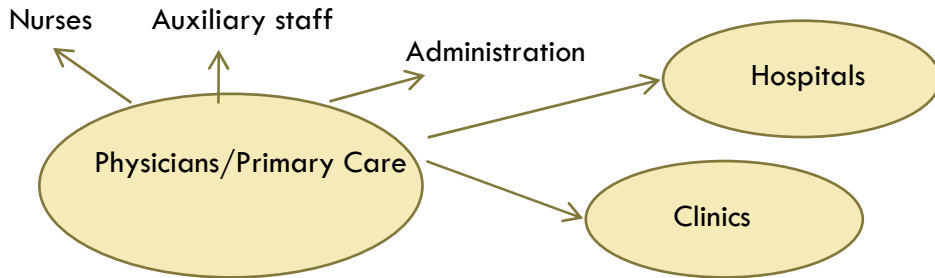
- Very few consumers had any idea as to how the payment process worked within the health care system.
  - Consumers with insurance really did not care. Their primary concern is determining if the treatment is covered or not covered. They had no real understanding of how their primary physician “quarterback” was compensated.
  - Consumers who had no insurance were more sensitive to costs, but still did not understand how payment occurred between all the components of the system.
  - Not knowing how the payment system works makes it very difficult for consumers to assess where the real costs of health care reside.

# The Health Care System & Quality of Care



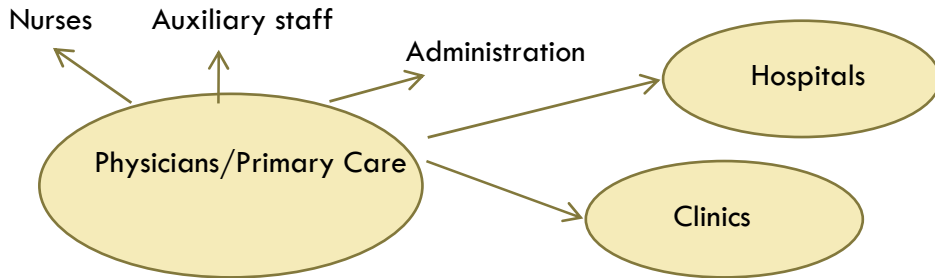
- The way in which the participants built the health care system provides great insight into:
  - How they view the system in terms of cost structure
  - What they consider most important
  - How they determine good quality of care
  - Where they obtain information for decision making
- The next part of the discussion centered around how consumers define the quality of care.
  - What are the key components?
  - What is the evaluation criteria?

# Quality of Care



- Consumers define the quality of health care in the following ways:
  - End results matched to your needs: While respondents want positive outcomes, it goes beyond the actual health outcome. This could mean information, it could mean listening, it could mean appropriate appointment times. It really relates to the system understanding their personal needs and providing care that matches those needs.
  - Simple Process: Many respondents complained about how the “system worked.” Insufficient understanding of who is in charge of what, who gets paid, fees, what is covered and why, what are appropriate tests... are all things that make the system complicated. They define high quality care based on the premise that the process of obtaining health care is not complicated and confusing.
  - Availability/Choice: The ability to choose physicians and locations, as well as having medical providers available is part of the definition of high quality health care. Most viewed their primary physician as the quarterback, and therefore their ability to choose that physician was critical.
  - Time Allocation: Many consumers viewed the quality of care based on the amount of time a physician or staff would spend with them. Are they trying to understand my issues, and dialoguing over my issues? Here the emphasis is less on providing care, but on diagnosing what is going on.

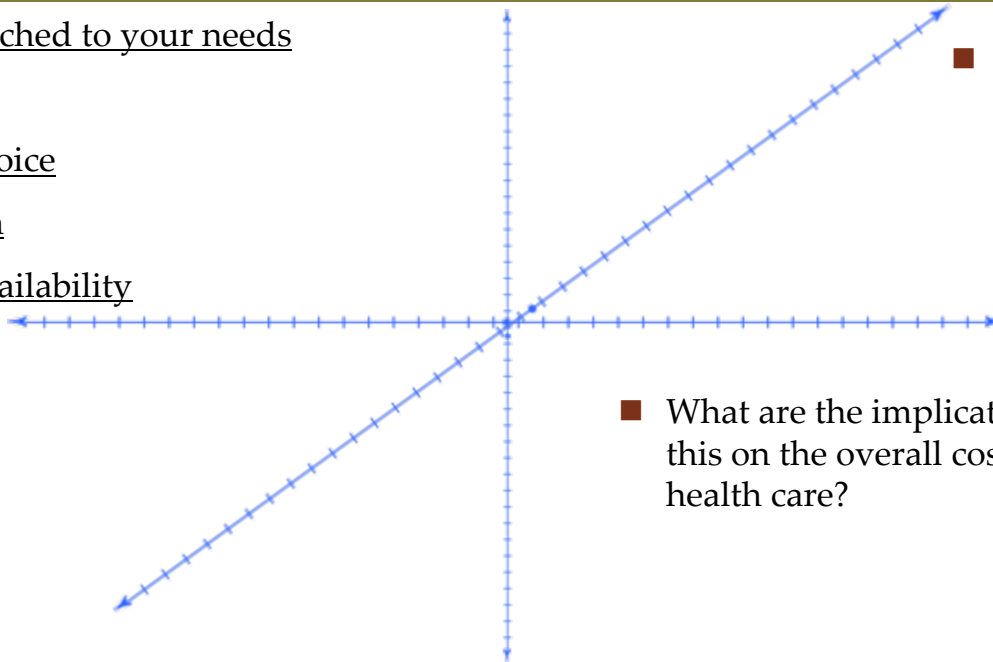
# Quality of Care



- Information Availability: Very few consumers obtain information from any location other than their primary care physician. They view this physician as the source of valid, reliable, safe information. They are not opposed to other sources of information, but they are not comfortable with the accuracy.
  - A secondary source of information is family/friends and the Internet. While many commented about the Internet as source of information, very few could give actual examples of how and what kind of information they looked for online.
  - Consumers are not interested in receiving just health care, but also supporting information as to how, why, and what is appropriate for them. Not being left in the dark is a key definition of high quality care. This type of information lends itself to delivery by their primary physician.
  - No one commented on information related to the cost of services, fees, or reimbursement as a key piece of information required to define “quality care.”

# Quality vs. Quantity vs. Cost of Care

- End results matched to your needs
- Simple Process
- Availability/Choice
- Time Allocation
- Information Availability



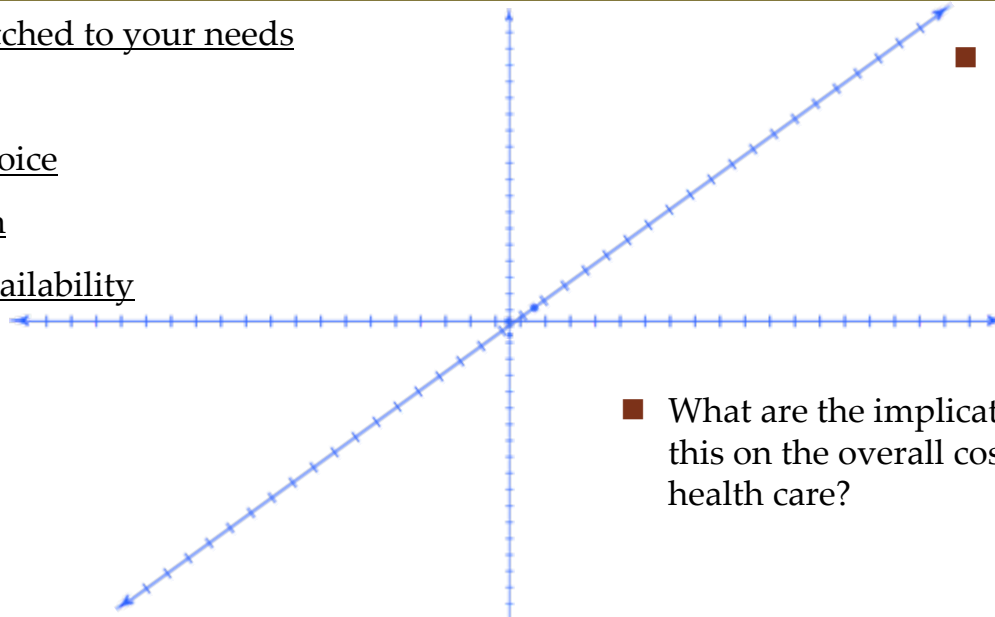
- Physician suggests 4 different tests should be conducted for a particular situation.

- What are the implications for this on the overall cost of health care?

- Consumers were presented with a number of health care situations. One was related to extensive tests during pregnancy, the other was based on a basic colonoscopy.
- The discussion centered around how they evaluate the relationship between quality, quantity, and costs associated with care.

# Quality vs Quantity vs Cost of Care

- End results matched to your needs
- Simple Process
- Availability/Choice
- Time Allocation
- Information Availability



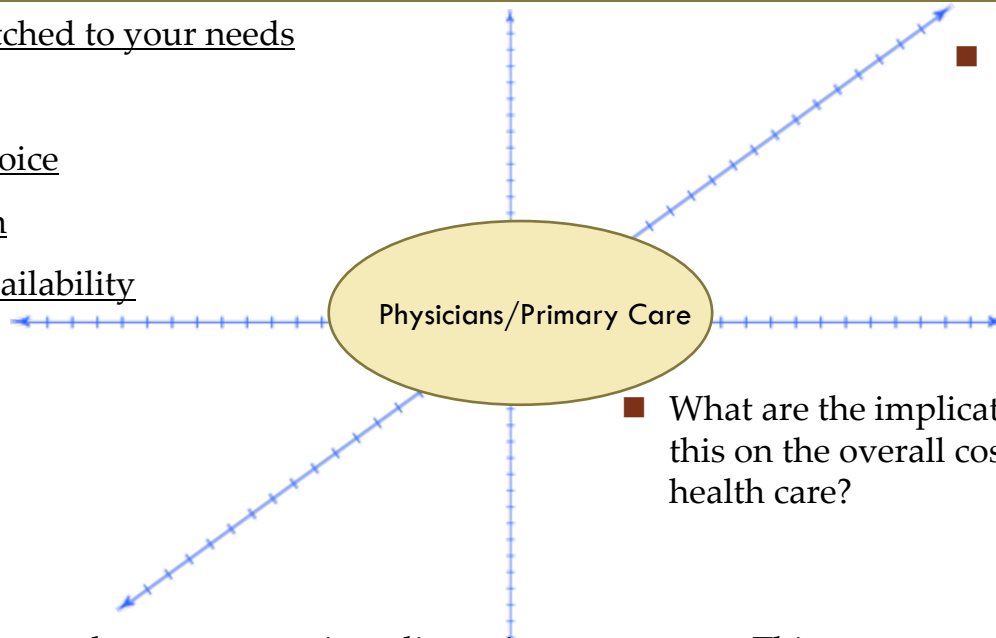
- Physician suggests 4 different tests should be conducted for a particular situation.

- Consumers provide contradictory information on the entire topic of quality, quantity, and cost.
- They all agree that they do not determine the quality of their health care based on quantity. For example, “the more tests I receive, the better care I am getting” is *not* a standard belief of most participants.
- They also believe that excessive tests are one of the reasons that health care cost is on the rise.

- What are the implications for this on the overall cost of health care?
- However, they tend not to question procedures suggested by their primary physician. If a physician recommends 5 tests, they do not question it, as long as it is covered on their insurance.
- And, they do not ask the cost of the tests/procedure, nor do they shop around for a more cost effective provider of the same procedure.

# Quality vs Quantity vs Cost of Care

- End results matched to your needs
- Simple Process
- Availability/Choice
- Time Allocation
- Information Availability



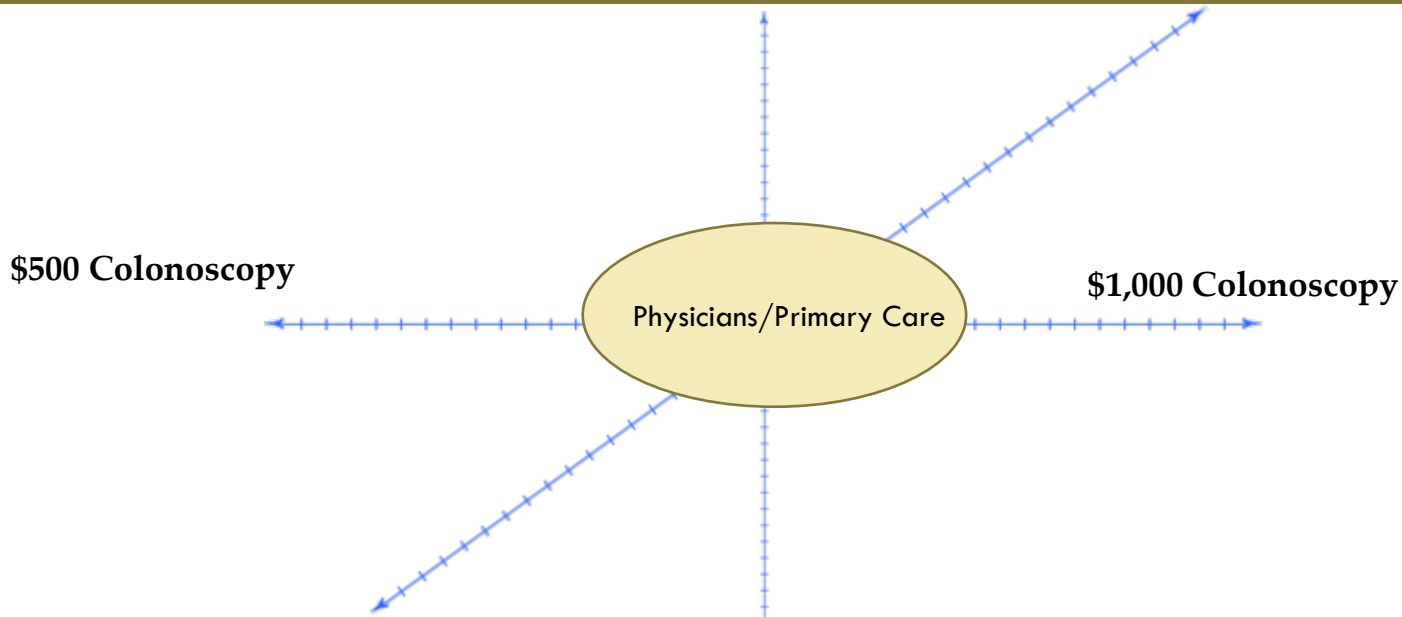
- Physician suggests 4 different tests should be conducted for a particular situation.

- What are the implications for this on the overall cost of health care?

- The primary way that cost comes into discussion is assessing if the procedure is covered or not covered by insurance. Beyond that, consumers rarely know what anything costs, nor do they tend to examine or question pricing.
- Consumers without insurance tend to question procedure requirements more, but not to the point of shopping around.

- This seems to stem from the role consumers place on the primary physician. The consumer is placing a high degree of trust in the physician to recommend the “correct amount” of health care for the situation.
- In essence, the consumer is abdicating the responsibility of managing cost to the physician who is diagnosing and recommending procedures.
- What they do not understand is that this same physician is normally compensated based on the *quantity* of care provided.

# Quality vs Quantity vs Cost of Care



- Consumers had a difficult time discussing the quality associated with a \$1,000 colonoscopy versus a \$500 colonoscopy.
- Many asked questions regarding what all was included in the cost. Others asked if that was what insurance paid, or the actual fee.
- In the end, health care price/quality/value discussions were difficult. Part of the reason it was difficult is that consumers do not do this kind of comparison presently. Also, their lack of knowledge about what “goes into the procedure” makes them unprepared to compare.
- Comparative shopping requires a tremendous amount of time, knowledge, and support information that is easy for the consumer to absorb.
- In a particular health care situation, it is much easier for consumers to “trust” their primary physician, than to take the time to develop the knowledge and understanding required to evaluate differences in care.
- Also, many times these decisions are being made in stressful situations where time and the development of knowledge is not feasible.

# Consumer Information

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MEDICAL GROUPS | CLINICS

## Find and compare clinics:

Search by Name, City, or Zip Code

Condition / Category: All

SEARCH

**What is Minnesota HealthScores™?**  
Minnesota HealthScores is a non-profit Web site that provides objective information on the quality of health care in Minnesota and surrounding areas. Use this site to help you choose the best health care providers for you and your family.

**Depression: It's More Than Feeling Blue**  
Clinical depression is one of the most common mental illnesses. It affects more than 19 million Americans each year. Treatment for depression is usually successful, but fewer than half of those who suffer seek treatment. [Click here to view depression data](#)

MEDICAL GROUPS

Search by Name, City or Zip Code:  [update](#)

Select a Category: Gastrointestinal procedures

Select a Procedure: Colonoscopy

## Colonoscopy

Colonoscopy to look at the lower part of the digestive system

[read more](#)

What do these numbers mean?

Sort by Name | Sort by Cost

Medical Group	City	ZIP	Cost	Bar Chart	View Profile
Olmsted Medical Center	Rochester	55904	\$1354	[Bar Chart]	<a href="#">view profile</a>
Gunderson Lutheran	La Crosse	54601	\$1332	[Bar Chart]	<a href="#">view profile</a>
Mayo Health System	Rochester	55905	\$1204	[Bar Chart]	<a href="#">view profile</a>
Mayo Clinic	Rochester	55905	\$1177	[Bar Chart]	<a href="#">view profile</a>
Mankato Clinic	Mankato	56002	\$1024	[Bar Chart]	<a href="#">view profile</a>
St. Mary's/Duluth Clinic Health System	Duluth	55805	\$924	[Bar Chart]	<a href="#">view profile</a>
Affiliated Community Medical Centers	Wilmar	56201	\$605	[Bar Chart]	<a href="#">view profile</a>
Sanford Clinic	Sioux Falls	57117	\$711	[Bar Chart]	<a href="#">view profile</a>
Innovis Health	Fargo	58103	\$672	[Bar Chart]	<a href="#">view profile</a>
Avera Health/Avera Tri State	Sioux Falls	57108	\$662	[Bar Chart]	<a href="#">view profile</a>
Aspen Medical Group	St. Paul	55108	\$627	[Bar Chart]	<a href="#">view profile</a>

**Cost Report Info:**  
Total health care costs are a product of the amount paid for a service and how many services are used. Here we show the payment amount for physician services, which includes how much a health plan pays for a procedure or office visit plus what the health plan collects as a copayment from the patient.

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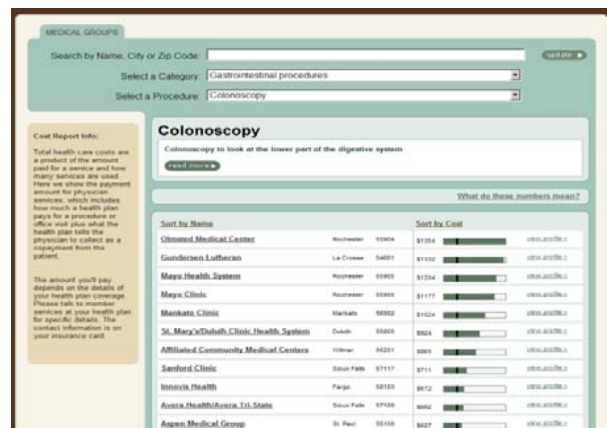
- This leads to a primary question:
  - Will consumers access other sources of information beside their primary care physician to assess the quality and cost of care?
  - Is there viability in providing consumers competitive price information as a vehicle for making health care decisions?
- In order to gain insights into that question, respondents were shown the Minnesota Health Scores site.
- Note: the goal was not to “evaluate” the Minnesota Health Score site, but to gain insights into information that would be beneficial for consumers to assist in their decision making process.

# Consumer Information

- While the discussion provided insights into information that could be useful to consumers, the primary conclusion is that the basic structure of the system is not presently conducive to consumers “shopping around” for procedures.
  - Consumers are looking for coordinated care, and presently they look to their primary physician for that coordination. Shopping around for procedures based on price, or even outcomes is completely counter to coordinated care.
  - Consumers presently view the health care process as extremely complex and hard to understand. Adding large amounts of comparative price information, or outcomes data that is thorough but easy to understand, is going to be a challenge.
  - Respondents in these sessions questioned the reliability, validity, and thoroughness of the information. Consumers have years of experience of trusting their primary care physician. A website that compares prices and gives basic information on outcomes is not going to change that basic structure.

Sort by Name	Sort by Cost
<b>Olmsted Medical Center</b> Rochester 55904 \$1354	<a href="#">view profile &gt;</a>
<b>Gundersen Lutheran</b> La Crosse 54601 \$1332	<a href="#">view profile &gt;</a>
<b>Mayo Health System</b> Rochester 55905 \$1204	<a href="#">view profile &gt;</a>
<b>Mayo Clinic</b> Rochester 55905 \$1177	<a href="#">view profile &gt;</a>
<b>Mankato Clinic</b> Mankato 56002 \$1024	<a href="#">view profile &gt;</a>
<b>St. Mary's/Duluth Clinic Health System</b> Duluth 55005 9924	<a href="#">view profile &gt;</a>
<b>Affiliated Community Medical Centers</b> Winnet 56201 5865	<a href="#">view profile &gt;</a>
<b>Sanford Clinic</b> Sioux Falls 57117 5711	<a href="#">view profile &gt;</a>
<b>Innovix Health</b> Fargo 58103 5672	<a href="#">view profile &gt;</a>
<b>Avera Health/Avera Tri-State</b> Sioux Falls 57106 5662	<a href="#">view profile &gt;</a>
<b>Aspen Medical Group</b> St. Paul 55108 5627	<a href="#">view profile &gt;</a>

# Consumer Information



## Advantages

- Consumers are intrigued with the notion of being able to have a **secondary source** of information besides their primary physician.
- A reliable source of information provides them the opportunity to have a more educated discussion with their physician or care giver.
- It allows them the ability to ask questions or challenge their providers, taking more ownership in the health care process.

## Advantages

- Consumers who have no insurance at all are more likely to engage in this process than those that have some form of insurance.
- The State of Minnesota might consider dental care as a first area for this endeavor because:
  - A higher percentage of consumers do not have dental insurance.
  - It is a less complex health care area for consumers to gain information and shop comparatively.
  - Provides the State with a good test for learning more about how to change consumer behavior.

# Consumer Information

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MEDICAL GROUPS CLINICS

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Condition / Category: All

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Clinical depression is one of the most common mental illnesses. It affects more than 19 million Americans each year. Treatment for depression is usually successful, but fewer than half of those who suffer seek treatment. Click here to view depression data.

MEDICAL GROUPS

Search by Name, City or Zip Code:

Select a Category: Gastrointestinal procedures

Select a Procedure: Colonoscopy

### Colonoscopy

Colonoscopy to look at the lower part of the digestive system

What do these numbers mean?

Sort by Name	Sort by Cost
Dinwiddie Medical Center	Recheater 55904 \$1354
Gundersen Lutheran	La Crosse 54601 \$1332
Mayo Health System	Recheater 55905 \$1204
Mayo Clinic	Recheater 55905 \$1177
Mankato Clinic	Mankato 56002 \$1024
St. Mary's/Duluth Clinic Health System	Duluth 55805 9924
Affiliated Community Medical Centers	Winnet 56201 \$885
Sanford Clinic	Sioux Falls 57117 \$711
Innovix Health	Fargo 58103 5672
Avera Health/Avera Tri-State	Sioux Falls 57108 5662
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The amount you'll pay depends on the details of your health plan coverage. Please talk to member services at your health plan for specific details. The contact information is on your insurance card.

## ■ Challenges

- One of the primary challenges in information sources of this nature is finding a way to have consumers take more ownership in the health care process.
  - Consumers are not willing to take on the responsibility of comparative shopping because it means they must take on the role of “quarterback” in the coordination of their own care. Consumers either do not want to or are not prepared to do so.
  - A website of comparative prices and outcomes is not going to be able to overcome that initial hurdle.

## ■ Challenges

- There is a complex situation that will be very difficult to overcome. It is the balance between keeping the information source simple for consumers to understand, but at the same time providing enough information to make the information believable and usable.
  - Respondents spent a very large percentage of the time asking questions about what the information meant, where it came from, and what was included in the costs. These are all very difficult issues to address with complex health care procedures.

# Consumer Information

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The amount you'll pay depends on the details of your health plan coverage. Please talk to member services at your health plan for specific details. The contact information is on your insurance card.

## ■ Challenges

- It is going to be very difficult to provide information in a way that is “trusted” by the viewing consumer.
  - “Where did this data come from?”
  - “How do I know it is accurate?”
  - “Is this price what is paid by insurance or my out-of-pocket?”
  - “What is included in one procedure versus the other?” “What about physician charges and other charges?”
  - “I can’t go to that clinic anyway so why does it matter?”