VIEWPOINT

INNOVATIONS IN HEALTH CARE DELIVERY

# Health System Loyalty Programs
## An Innovation in Customer Care and Service

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**Many people** belong to loyalty programs for coffee shops, hotel chains, or airlines. Despite a highly consumer-oriented approach in some health systems, similar types of loyalty programs have not been developed. Why this disconnect for customer loyalty between health care and other industries?

Businesses have long focused on customer service and loyalty programs for a number of reasons. First, the acquisition of new customers is well known to be more costly than retention of existing ones; ensuring a stable customer base is thus germane to corporate financial success.[1] Second, most participants in loyalty programs have a positive predisposition toward the sponsoring company—that is, they are more likely to overlook problems and inconveniences when given specific perks.[2] Third, participants in loyalty programs often provide positive referrals, encouraging others to frequent the company or experience the product, thus enhancing customer base and revenue. It is little wonder that businesses across innumerable products and sectors have embraced the concept of customer loyalty.

In contrast, health care systems have done little to focus on patient loyalty or reward programs. In an era of accountable care organizations (ACOs) in which patients are free to move between clinicians and health care centers, this may prove a costly oversight, as evidence demonstrates that attrition of patients within ACOs is common. For example, a study evaluating the Pioneer ACO program that included 806 258 patients found that on average only 499 880 (62%) of patients remained in the same ACO at the end of 1 year—a 38% patient turnover rate.[3] This experience is not limited to geographic region or patient subgroups. In the Physician Group Practice Demonstration (a precursor of the ACO program), 60% of 836 072 patients moved between practices and care settings during the 5-year program.[3,4] It is thus not surprising that a recent survey of 1843 patients conducted by The Advisory Board Company regarding loyalty in primary care physician offices reported that "most patients aren't loyal" is its principal finding.[5]

> Loyalty programs could empower patients to manage their health in new and innovative ways while enhancing the business model for health systems.

Could health care learn from industry to create truly accountable, patient-centric care? The introduction of loyalty programs within ACOs is one innovative potential approach toward this end. However, several myths may reinforce negative biases toward customer-service-oriented programs in health care. For instance, one pervasive myth is that technical "excellence" and quality of care provided by a health system matters most to patients. That is, patients will tolerate indifferent service, scheduling difficulties, and poor communication because they ultimately receive outstanding clinical care or perhaps are loyal to their clinician.

This view is problematic for 3 reasons. First, a given patient's ability to appreciate technical excellence is vastly overstated. Second, many patients rely not only on public reporting sites such as Centers for Medicare & Medicaid Services' Hospital Compare to gauge clinical excellence but also on recommendations from friends, family, and social media that often focus on issues such as scheduling and access. Third, the belief that technical excellence fosters loyalty is simply not consistent with evidence regarding patient turnover in ACOs. Rather, by providing both better appreciation/customer service and high-quality technical care, loyalty programs may offer a new way to attract and retain patients within a health system.

Well-constructed loyalty programs could provide tangible benefits to patients and health systems. For instance, patients might receive benefits such as free parking vouchers, cafeteria discounts, preferred rates at local restaurants or hotels, and cab or bus vouchers once enrolled. Much like a typical tiered-loyalty program, these benefits may be scaled or enhanced over time to ensure that patients with the greatest health needs are most helped. Patients also may benefit through customized information, such as tailored messages regarding diabetes self-management or ways to improve medication adherence in hypertension. The ecosystem of such information would not necessarily end in the health system; rather, information regarding discounts, special offers, or sales from organizations such as medical supply companies, pharmacies, or paramedical services could be provided to improve access and awareness. Just as clinical services could be tailored, so too could partnered discounts—for example, patients with diabetes might receive discounts from partnered pharmacies for hypoglycemic

or lipid-lowering medications, discounted memberships from gyms, or discounts for diabetes-friendly foods at their local grocery store.

For health systems, such a model could potentially improve health metrics and commercial value in at least 3 ways. First, as with other business sectors, patients would be more likely to seek services within the sponsoring health system over nonaffiliated clinicians. Such allegiance would allow health systems to have new and potentially greater influence over patient care, associated costs, and outcomes. By retaining more of the care within their health system, the problem of patients seeking more costly or less clinically appropriate care (with subsequent costs attributed to the sponsoring ACO) may also be mitigated. Second, loyalty program members are more likely to view the health system positively, which could lead to improvements in patient-satisfaction scores. Third, by developing patient-centered care plans, health systems could move beyond the traditional hospital-centric model to embrace a focused population health model. Linking alternate care centers such as retail, urgent, or walk-in clinics to enhance patient satisfaction while reducing financial and geographic barriers to accessing such care is one example of how this new model may be enacted. These examples also highlight how health system loyalty programs may help ACOs and other health care systems achieve their stated goals of improving the patient care experience, population health, and reducing costs.

One potential concern about health care loyalty programs is that they may create perverse incentives for frequent users of health care. Thus, designers of these programs must be careful to base preferred tiers on length of membership and loyalty to health system clinicians and centers over nonaffiliated partners, rather than on the absolute number of health care visits or hospitalizations. Another possible concern is that more privileged patients would be the only ones benefiting, a practice often culturally entrenched in some health care systems.[6] However, by rewarding members on length and strength of loyalty to the health system (rather than wealth or financial contributions), loyalty programs may help level the playing field by making benefits more accessible to less wealthy patients. Moreover, partnering with service providers such as pharmacies and restaurants outside the health system to provide discounts and benefits further lowers barriers to accessing services by those with modest means.

Only by engaging patients in their own clinical management while simultaneously limiting patient turnover can the economics of ACOs succeed. Because the ACO construct specifically prohibits limiting patient access to nonaffiliated clinicians and health centers, ACOs will need to operationalize what they are unable to accomplish administratively. Loyalty programs could empower patients to manage their health in new and innovative ways while enhancing the business model for health systems. If successful, such programs may help improve both customer care and clinical care. That's one membership card worth having.

ARTICLE INFORMATION

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