

Behavioral Drivers vs. Future Scenarios

In previous HPPS posts evaluation of decision drivers are illustrated with changing one feature with everything else kept constant isolate its impact by referring physician and by patient (see highlights of results from previous email newsletters in blue sidebar). With scenarios, multiple features' levels are evaluated simultaneously to give healthcare provider a fuller vision of a possible future. For example, to lower price and improve access, the healthcare provider can run a scenario to understand what the future implications are for volume, then run a different second scenario to compare. Scenario benefits include:

- A combined view of physician-driven plus patient-driven volume changes under any scenario
- Insights about market response to future care product changes
- The ability to measure volume impact on your enterprise if you were to adjust your care product, along with your competitor making other product adjustments
- The output is in terms of volume; therefore, those numbers can then be incorporated into your financial models

Build Scenarios

Once the Client understood the drivers of demand, scenarios were developed to help them better understand likely future impact on volume under different market actions. Two types of scenarios were developed:

- Client actions defined as multiple changes that the Client can make to its current ACL repair surgery offering and estimates the resulting *increase* in the Client's volume
- Competitor actions based on multiple changes that a competitor can make to its current ACL repair surgery offering and estimates the resulting *decrease* in the Client's volume

Behavioral Driver Highlights

BRAND:

• Referring physicians and patients view the Client as having a strong brand for ACL repairs, as evidenced by the positive brand strength differential compared to the four competitors and across both decision-making segments

Price Elasticity:

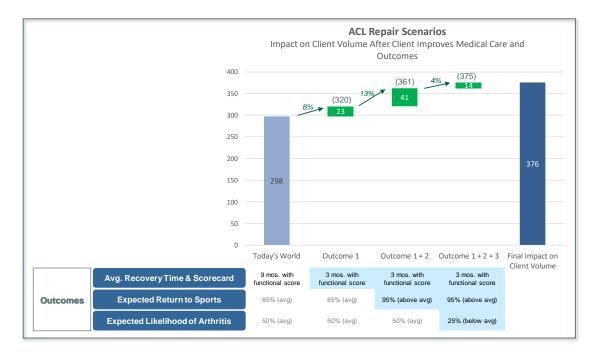
 Within the range of elasticities along the referring physicians' and consumers' price curves, charges are highly to moderately inelastic. Even more than charges, consumer behavior toward out-of-pocket expenses was highly inelastic

Medical Outcomes:

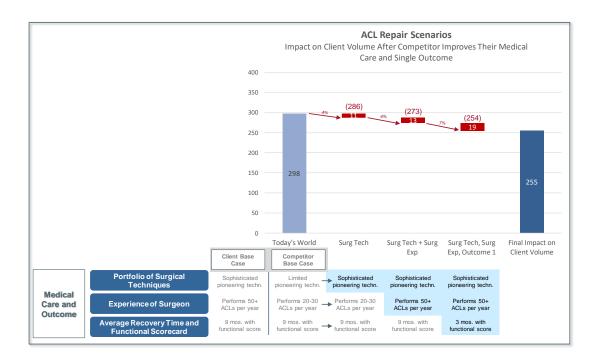
- Referring physicians and patients exhibited a 15% increase in volume if average recovery time (which includes a functional scorecard) was improved
- For physicians, improving average recovery time will drive the most volume compared to other medical outcomes tested; however, for patients, improving the expected return to sports and reducing the likelihood of arthritis will result in about 7% more consumer-driven volume than average recovery time

Access:

 Among physicians, convenience to the surgical facility is the most important access driver in their referral decision; on the other hand, patients are most concerned with the time it takes to have the ACL performed (compared to other access features or physicians)



- The overall lift by improving Average Recovery Time, Expected Return to Sports and Expected Likelihood of Arthritis is estimated to be 26%
- Most of this volume increase is from improving the Expected Return to Sports
- The least, but still positive, influence on behavior is decreasing the Likelihood of Arthritis



- The overall decrease in volume demanded after the competitor improves their Portfolio of Surgery Techniques, Experience of Surgeon and Average Recovery Time is 13%
- Most of this volume decrease is from the competitor improving their Average Recovery Time
- Both Portfolio of Surgery Techniques and Experience of Surgeon created a 4% decrease in volume demanded