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# The Value of a Good Reputation

How healthcare providers can improve their reputation to attract more patients and qualified staff

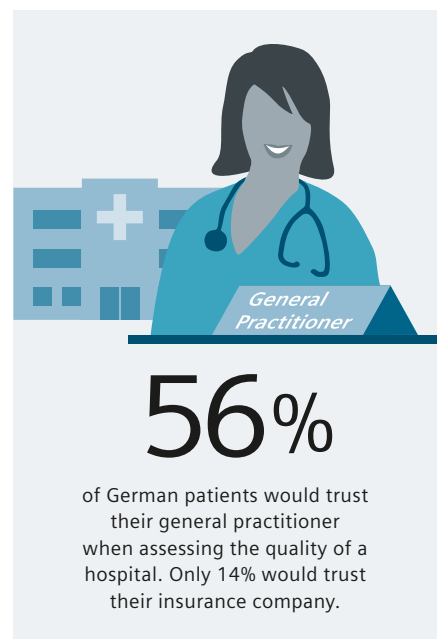
## Introduction

Whether in consumer goods, financial services, or medical technology, a company's reputation is key to its commercial success. Brand awareness and a good reputation produce trust, and sustained trust is priceless.

Although it is difficult to quantify the exact value of a good reputation, companies around the world expend a lot of energy, time, and money to acquire and retain one in order to win over customers (patients), qualified personnel, and referring doctors. They invest in the creation and maintenance of a distinctive image, research their customers' wishes, carry out regular quality checks, and participate in independent tests and comparisons to document the quality of their products and services.

In healthcare, however, reputation management is frequently still limited to crisis communications, e.g. when there are hygiene or staffing problems. In many countries, this results from legal restrictions on promoting one's image through active hospital marketing.

The performance and achievements of many not-for-profit companies in particular often seem quite diffuse and interchangeable from the perspective of patients and applicants. For-profit institutions are different, not just in countries like the U.S. but also in countries where patient tourism and out-of-pocket payments are important.



For example, in the U.S., a whole new advertising industry has grown around providers competing for attractive patient flows from the U.S. and abroad. Many of these hospital companies now employ their own advertising departments and run large-scale ad and TV commercial campaigns.

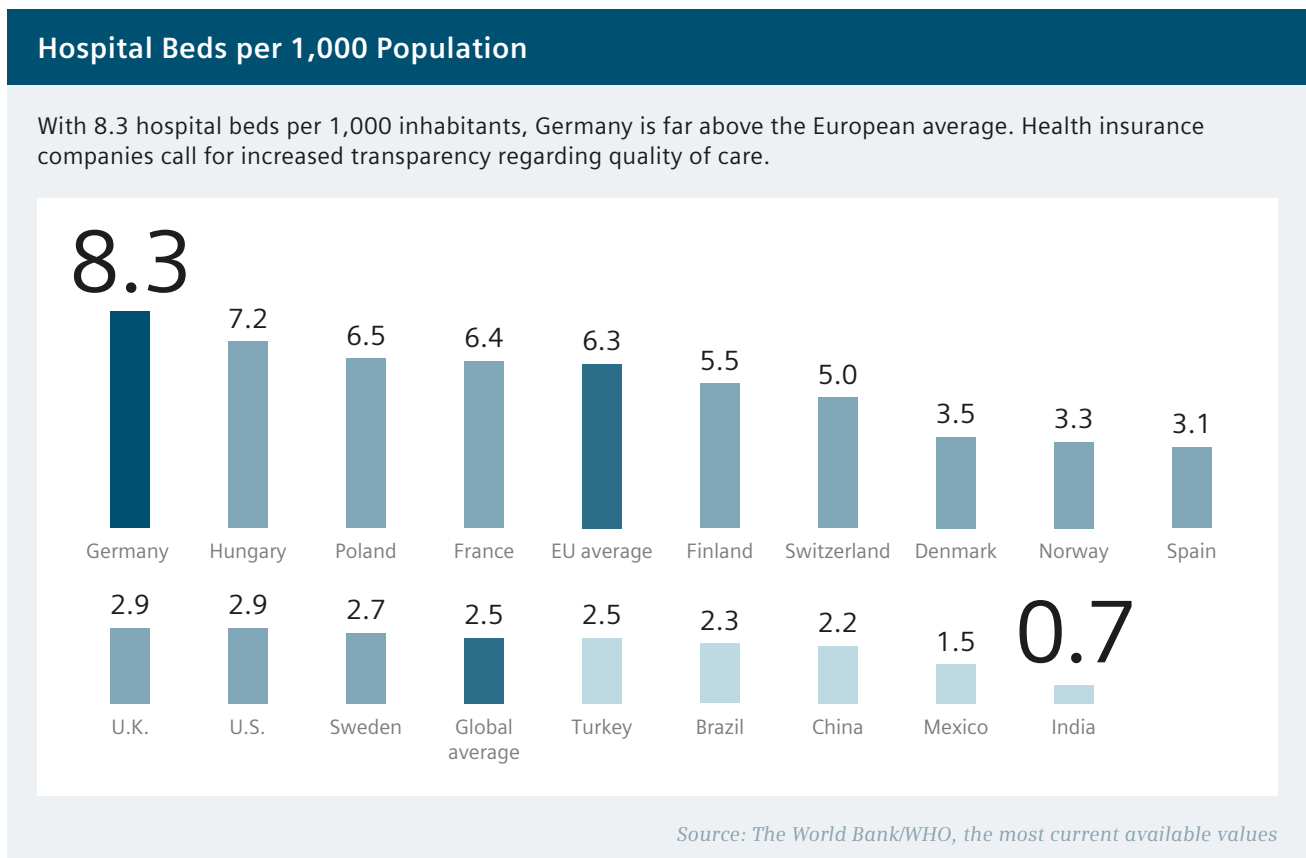
Given rising healthcare costs and the increasing transparency of performance due to digital media, cost bearers, policymakers in the health sector, and patients become increasingly critical regarding medical providers' quality and prices. If they are to withstand this critical scrutiny, hospitals have to become more and more effective in their work.

A good reputation is an important asset in national and international competition. This and a strong market positioning are important in attracting patient groups that are well-informed, as well as quality and cost-conscious. Qualified and committed employees are key to a positive patient experience and, therefore, to a care provider's reputation.

Powerful and modern technology as well as attractive facilities make an important contribution as well. For instance, readily available and accurate diagnostic results can significantly help reduce waiting times, improve patient outcomes, or avoid ineffective treatments, thereby significantly increasing patient satisfaction. It also facilitates cooperation with referring physicians, which promotes a positive image. Moreover, cutting-edge diagnostic technology and high-performance IT help hospital operators achieve efficient cost management. This increases the financial scope for investment in patient services, staff marketing, and employee satisfaction.

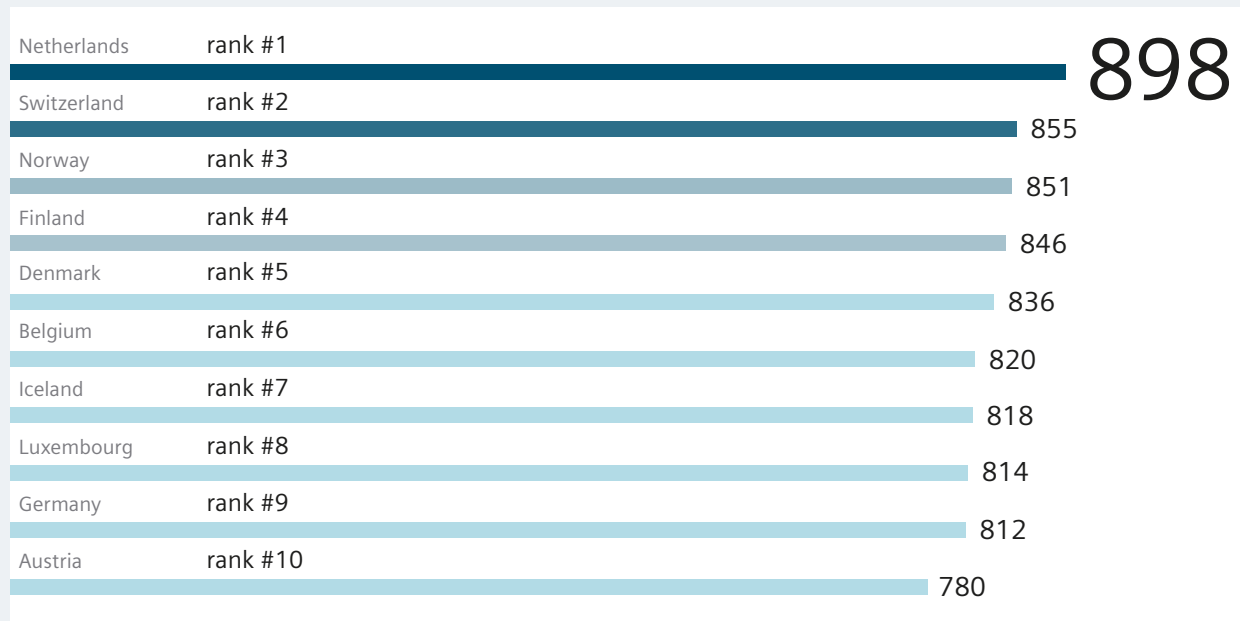
### From Patients to Customers

»Where will I get the best treatment?« is an important question that patients ask with increasing frequency before a hospital stay. The evolution into a consumer-driven healthcare industry with well-informed customers is desirable from a political point of view, especially in countries with expensive healthcare systems such as Germany and the U.S.



## Europe's Most Consumer-Friendly Healthcare Systems (total points: max. = 1,000)

From patients to customers: In Europe, the Dutch healthcare system ranks best, followed by Switzerland and most Scandinavian countries (except Sweden: rank 12).



Source: Euro Health Consumer Index 2014

» *Readily available and accurate diagnostic results can significantly help reduce waiting times, improve patient outcomes, or avoid ineffective treatments, thereby significantly increasing patient satisfaction.* «

For example, in Germany the statutory health insurers (GKV), who pay for the hospital costs of about 70 million policyholders, have complained for years about overcapacity, excessive prices, and a lacking quality at hospitals. With 8.3 hospital beds per 1,000 inhabitants, Germany is far above the European average of 6.3 beds according to the World Health Organization (WHO).<sup>1</sup> Health insurance companies complain that this high rate of provision causes unnecessarily high costs.

Representatives of health insurance companies call for increased transparency regarding quality of care and more

focus on the results of what is done in order to improve patient outcomes. They also advocate quality-driven remuneration models with quality-related premiums or discounts.<sup>2</sup> Also, to facilitate the patients' choice of a healthcare provider, a recently drafted bill seeks to improve the annual quality reports that hospitals in Germany are obliged to prepare.<sup>3</sup> Health insurance companies publish the data online, making it broadly available to the public. Indicators of the quality of processes and outcomes are to be included in patient-friendly quality reports.

Policy makers in other countries increasingly demand this approach as well. For instance, in 2014 as part of the annual Euro Health Consumer Index (EHCI), the Swedish research team at Health Consumer Powerhouse found that quality rankings are available for hospitals in an increasing number of European countries including the U.K., Denmark, Germany, the Netherlands, Norway, and Portugal. Analysts believe that this exhibits a trend toward supporting active consumer choice.<sup>4</sup> Many national health systems with high scores in the category of care quality transparency also top the overall European ranking for consumer friendliness.

## Who Would You Trust Most When Assessing the Quality of a Hospital? (in %\*)

German patients place an extremely high value on the opinion of general practitioners (GP), specialists, and of friends and relatives. Hospital managers need to address these important constituents.



Source: Gesundheitsmonitor 2012

### Medical Quality Counts

Despite increased efforts by hospital operators to score points with convenience features such as accessibility, cleanliness, staff friendliness, and meals, medical quality is still the most important criterion in the choice of a hospital.<sup>5</sup> However, many patients find it difficult to rate this, so general practitioners and specialists play a prominent role in the choice of a hospital. Fast and accurate diagnostic results, timely appointments, and smooth, IT-based data exchange are some of the assets with which hospital operators can significantly improve their reputation among this important, influential group.

A good reputation also helps hospitals expand their catchment area. For example, more than 40% of Germans would travel 50 km or more to the hospital of their choice<sup>6</sup> and 17% would even travel more than 100 km. This opens up opportunities for pooling capacities and increased specialization.

» *Provision of care close to home is less relevant than is often assumed, at least outside of acute treatment.* «

Michael Burkhart,  
PwC partner and head of the Health & Pharma ceutical Division.

Meanwhile, companies with insufficient capacity utilization have an increasingly difficult time, because a hospital's economic basis also affects its reputation. According to a survey by consulting firm PwC, in the case of a poor financial situation, many patients fear a negative impact on medical care or the condition of medical equipment. For example, in Germany, large, well-equipped teaching hospitals tend to have the best reputation, followed by privately run hospitals, and far exceed municipal or church facilities.

### The Internet Becomes Crucial to Reputation

Around the world, the Internet, with its online review sites and social media platforms as sources of information, rapidly becomes more and more important for a hospital's reputation and its selection by partners – especially among younger, well-educated patients and potential employees. This is equally true for Europe, the U.S., and many emerging economies. More than a third of the Indian population, for example, use the Internet to search for health information, with similar percentages of younger, more educated people seeking health information online in Brazil, Mexico, and China.<sup>7</sup>

In Denmark, for example, customers grade hospitals online on a special website by giving them scores that range from one to five stars as if they were hotels, with service level indicators as well as actual results, including case fatality rates on certain diagnoses. In Germany, the

neutral BQS Institute provides online comparison on its website. The Spanish research institute Consejo Superior de Investigaciones Científicas (CSIC) compiles global rankings online.

In the U.S. too, patients and referring physicians can compare hospitals online – via the CAHPS Hospital Survey.<sup>8</sup> Nationwide competition for attractive patient flows has been in full swing in the United States since the healthcare reforms of the Affordable Care Act (ACA), if not before. The CAHPS results give hospital managers interesting ways to invest in patient satisfaction. According to the survey, a whopping 30% of all newly discharged patients would not unequivocally recommend their hospital, and larger hospitals come off fair worse than small ones in many aspects, especially staff-to-patient communication.

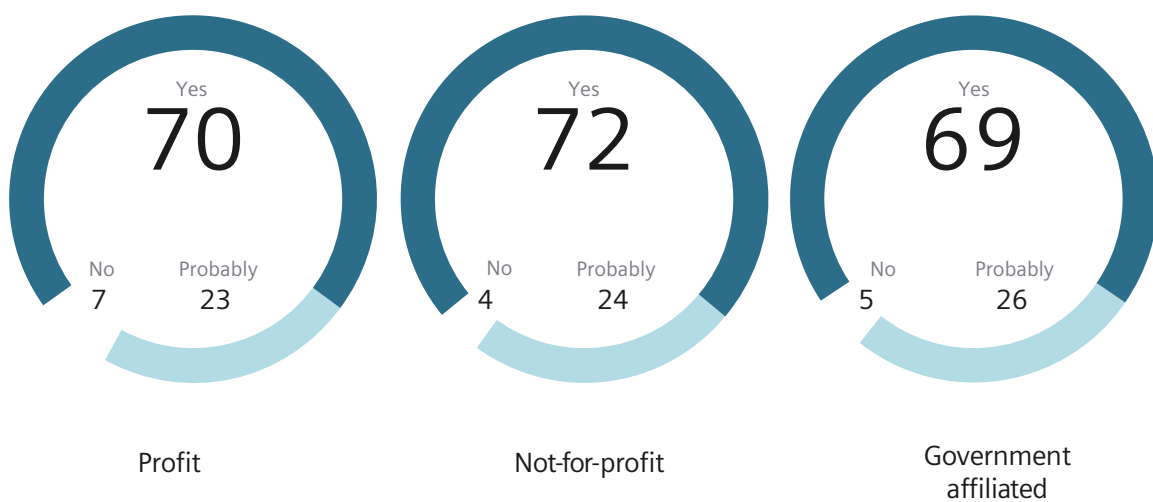
### Good Staff, Good Reputation – and Vice Versa

The CAHPS results show that open-minded, responsive staff significantly influence patient satisfaction and the resulting good reputation of a hospital. »When consumers can shop around for the best value, providing quality care is essential – but not sufficient,« writes the international analysis and consulting firm Gallup.<sup>9</sup> In fact, close and



### Would you Recommend the Hospital? (U.S., in %)

Seven out of one hundred patients in the U.S. would definitely not recommend their for-profit hospital. This is true for only four out of one hundred patients of not-for-profit hospitals (church-operated and others).



Source: Hospital Consumer Assessment of Healthcare Providers and Systems, April 2015

personal patient engagement is required, which can only be achieved through dedicated, satisfied employees.

Gallup studies show that high levels of staff engagement are closely correlated with good CAHPS values. Moreover, investments in employee satisfaction seem to pay off financially. Research from Gallup indicates that committed or 'engaged' physicians are more productive and ensure considerably more recommendations.

Gallup estimates the average annual increase in revenues at just under half a million dollars per doctor.<sup>10</sup> The use of state-of-the-art technology for diagnosis, treatment, and information management can significantly increase employee satisfaction and thus the patient experience and the reputation of a hospital. Key starting points include improvements on the working environment through efficient IT-based processes that save staff time and allow more time for patient care, and training that empowers employees to make optimum use of their technical equipment.

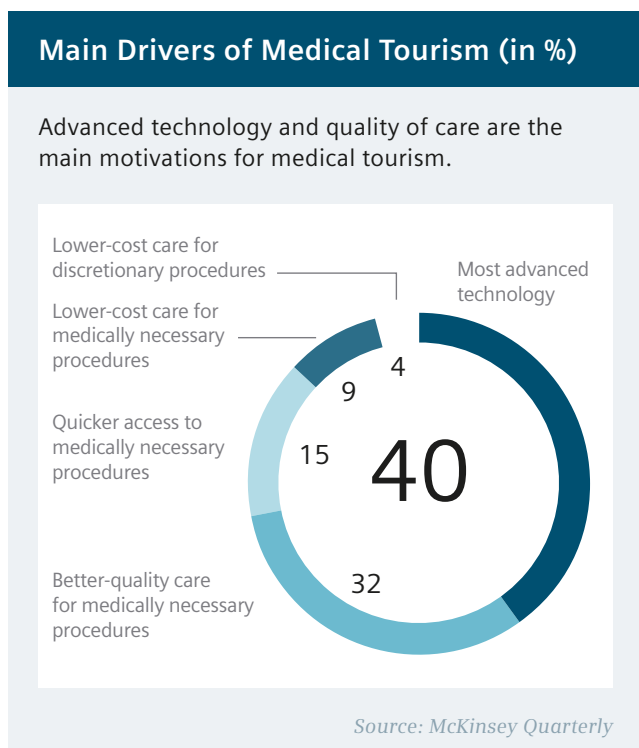
Access to an extensive, cutting-edge database and accurate diagnostic results also support researchers on their studies and publications, and that helps not only to increase the reputation of a hospital as a healthcare provider, but also as a desirable employer with attractive development prospects.

### Attractive for Patients Around the World

Excellent and reasonably priced services, a good international reputation, and a focus on the needs of foreign patients are some ways that successful hospital operators secure lucrative patient flows from abroad. Experts peg the global market volume for medical tourism at around \$38.5 to \$55 billion, based on approximately 11 million cross-border patients worldwide spending an average of \$3,500-5,000 per visit.<sup>11</sup> According to the OECD, dental care, cosmetic surgery, elective surgery, and fertility treatment are particularly popular.<sup>12</sup>

Many medical tourists from the U.S. or Western Europe are looking to save money through treatment abroad. However, globally, only about one in eight patients is going abroad mainly for cheaper treatment.<sup>12</sup> Instead, the majority of medical tourists want better medical care. According to a study by McKinsey, advanced technology, better quality of care, and quicker access to medically necessary therapies are the main motivations for medical tourism.<sup>11</sup>

Hospitals that want to benefit from this emerging market should therefore put medical excellence and high-quality technological equipment at the forefront of their customer approach. Destinations such as India, Malaysia, Thailand, Mexico, and Turkey,<sup>11</sup> which are simultaneously seen as cheaper, are particularly attractive from a patient perspective.



» *Advanced technology, better quality of care, and quicker access to medically necessary therapies are the main motivations for medical tourism.* «

# In a nutshell

## Reputation Challenges in Healthcare

- 01 Attracting new patients requires going beyond accurate diagnostics and efficient treatments. It requires a compelling relationship management that includes patient education, fast appointment scheduling, effective communication, and short waiting times to help increase patient satisfaction.
- 02 Competition for patients has gone international. Medical tourism is a trend and already a lucrative market. For most international patients and elective patients in general, access to leading-edge technology and high-quality diagnostic and therapeutic services are decisive factors. This should be taken into account when addressing this customer group.
- 03 Fostering the relationship with referring physicians is essential, as they have a major influence on the selection of care providers. General practitioners and specialists expect accurate and timely diagnosis results from hospital operators, acting as partners in the further treatment of their patients.
- 04 Attracting skilled professionals in the industry's tense labor market is a serious challenge – the employer's reputation is a major decision criterion for prospective employees.
- 05 A good reputation and motivated staff are mutually reinforcing: motivated employees largely determine the quality of medical and economic outcomes. They are crucial for the patient experience and, therefore, for the reputation of a hospital. Modern technology helps to significantly improve working conditions and employee satisfaction and to position the hospital as a desirable employer.

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Siemens Healthineers

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*Our goal is to be your inspiring partner helping you to achieve better outcomes and reduce costs. As a starting point, we developed this set of white papers to help identifying key challenges in your healthcare organization with some first outlines on improvement methods.* ««

*B. Montag*

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