Return on Service

The Financial Impact of Patient Experience

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The Beryl Institute is the global community of practice and premier thought leader on improving the patient experience in healthcare. The Institute serves as a reliable resource for shared information and proven practices, a dynamic incubator of leading research and new ideas and an interactive connector of effective leaders and dedicated practitioners. The Institute is uniquely positioned to develop and publicize cutting-edge concepts focused on improving the patient experience, touching thousands of healthcare executives and patients.

The Institute defines the patient experience as the sum of all interactions, shaped by an organization's culture, that influence patient perceptions across the continuum of care.

Consider this...

What if we said that patient experience is not just a *nice to do,* it is a *must do*? It is clear the idea of patient experience has recently taken on greater significance. First, through the emerging measure sets healthcare organizations are being evaluated on and now based on the fact that actual reimbursement dollars, performance pay and compensation are being tied to outcomes in policies being implemented in nations around the world.

For those in healthcare, improving the patient experience is what is *right to do*. It is about providing the type of care experience for patients and families that you would want for yourself and your loved ones.

But recognizing this as a *must do* and as *right to do*, patient experience should also be considered the *smart thing to do*. Why is this? The patient experience has true financial implications for healthcare organizations that reach well beyond regulations. To be responsible stewards for healthcare systems that are both vital and viable, it is essential to recognize and be willing to address the bottom line issues influenced by patient experience efforts every day.

This paper will not offer a magic formula, but will provide important perspective that with all that is done to address patient experience from the cultural, organizational and process sides, there is also a need to consider the financial side. It is in this area that patient experience champions have focused the least, but could have the most significant impact in making the case for the important work being done. Consider this a start of a conversation that has been missing from (and should be a central part of) patient experience efforts. The importance of what every individual addressing the patient experience does every day is too great to miss the opportunity this presents. Our hope is that this sparks thoughts and catalyzes the conversations needed to support continued efforts to improve the patient experience.

Building a Business Case

To some extent there has always been an understanding that service is a part of healthcare. People come to your care, be it in practices, clinics, outpatient settings or hospitals with two core ideals, that you will help them heal or at least manage their illness and that you will treat them with dignity and respect. Yet, it is often heard from many in the profession that "we are not in the hospitality business". The focus in healthcare has historically been on care outcomes, i.e., we are here to make people healthy, not necessarily happy. But both research and activity have shown a movement beyond clinical outcomes to address the satisfaction, and now experience, of patients.

This expansion of focus beyond outcomes was supported by the emergence of resources designed to gain an understanding of patient satisfaction. In the late 1970s and early 1980s, Dr. Irwin Press, then at the University of Notre Dame, recognized the opportunity in measuring satisfaction and its potential impact on overall performance. This initial thinking led to an explosion of activity around the measurement of patient satisfaction that continues to be a vibrant and competitive market today.

This raised an issue that is only starting to shift today; that while moving beyond outcomes to satisfaction was important and noble, it too had it limitations. The Robert Wood Johnson Foundation glossary[1] of quality terms defines patient satisfaction as a *measurement designed to obtain reports or ratings from patients about services received from an organization, hospital, physician or health care provider.* The key here is that satisfaction emerges as a measurement of how "happy" people are with their service, not necessarily an evaluation of the encounter itself. Yet the importance of patient satisfaction in the healthcare dialogue has been significant and growing. In fact, "patient satisfaction" as a point of focus showed up as a keyword in MEDLINE just 761 times in the period 1975 through 1979, it appeared 8,505 in 1993 through 1997.[2] Since 2000 the term, "patient satisfaction" has appeared in MEDLINE now over 41,000 times.

Kravitz effectively frames the debate as the divergence of outcomes and satisfaction and one that begins to show signs of the emergence of experience, its impact on care and on the bottom line of healthcare.

> On one side of the aisle is an uneasy alliance of consumer advocates, marketing specialists, and proponents of patient-centered care. On the other side are skeptics who believe that focusing on patient satisfaction diverts attention from what ought to be our principal concerns in an era of resource constraints: inappropriate care; underuse of necessary care; and clinical outcomes such as morbidity, mortality, and health status. These critics have a point. Compared with measures of technical quality (e.g., appropriateness criteria or adjusted outcomes models), data on patient satisfaction are easy to collect, and many health care organizations have succumbed to the temptation to stop there. Nevertheless, helping patients achieve their goals is a fundamental aim of medicine. Because patients' goals and values vary widely, are not predictable on the basis of demographic and disease factors alone, and are subject to change, the only way to determine what patients want and whether their needs are being met is to ask them...Individual clinicians, medical groups, hospitals, and health plans all have reason to be interested in patient satisfaction, and not only because satisfied customers add to the bottom line.

While Kravitz addresses satisfaction as a measurement and a framework for asking for input from patients, he also alludes to something greater - patient's wants and needs. Wants and needs are not simply determined by understanding how satisfied someone is with their healthcare encounter, rather wants and needs frame what ultimately influences an individual's experience in the healthcare setting. Wants and needs are about expectations, not ratings. They are about what makes an experience, not simply satisfaction. It is why The Beryl Institute works to position patient experience as distinct from satisfaction, rather defining it as the *sum of all interactions, shaped by an organization's culture that influences patient perceptions across the continuum of care.*

The core elements of this definition reinforce the difference of experience and satisfaction. ***Interactions*** represent the orchestrated touch-points of people, processes, policies, communications, actions, and environment. ***Culture*** encompasses the vision, values, people (at all levels and in all parts of the organization, their behaviors and actions) and community in which an organization resides. ***Perceptions*** are all that is recognized, understood and remembered by patients, their families and support network. Perceptions can vary widely based on individual experiences such as beliefs, values, cultural background, etc. ***Continuum of care*** ensures we consider the implications of experience not only during the clinical encounter, but before it begins at the first touch-point to well after the actual delivery of care. At its essence patient experience gets to the very wants and needs Kravitz suggested and puts them in a context of the individuality of every patient and the uniqueness of every healthcare situation.

Yet, with this distinction, the dialogue on "patient experience" is still relatively new. While there has been a long and important history of patient advocacy, patient relations and patient centeredness that has created strong roots for these ideas, the reality is that healthcare users are now better informed and market savvy. They make choices based in part on their own expert research, rather than in blind faith of expert providers. The wants and needs shape these decisions, the experience they have influences future choice, what they share and how they share it. This is here where the return on investment (ROI) discussion on experience emerges and begins to move beyond the simple idea of satisfaction.

Even with this shifting focus, satisfaction still maintains a strong hold on the language of healthcare. To gauge this we compared how "patient experience" showed up in MEDLINE searches as well. The difference is more than significant with "patient experience" appearing just 58 times from 1970-1989, 103 times from 1990-1999, 459 times to 2000-2009 and over 260 times in the less than two years since January 2010. Still in comparison to the over 41,000 instances of satisfaction found since 2000, the almost 700 for experience raise an important issue and opportunity (Figure 1[2]). Healthcare is still very much stuck in the measureable nature of satisfaction and has either begrudgingly or cautiously moved into the less tactile discussion on providing positive experience.

Appearance of Terms in MEDLINE Searches Since 2000	
"Satisfaction"	Over 41,000
"Experience"	Almost 700

Figure 1

Now, the market is beginning to force the issue. Not only has the terminology become more frequent, but also the recognition of consumer savvy has become more apparent. With the emergence of ratings sites, recognition programs and other efforts, the market itself is responding to this shift. More so, the regulatory conversation has moved in this direction with increased policy measures being implemented in numerous countries. In the United States the Center for Medicare & Medicaid Services has implemented the Hospital Consumer Assessment of Healthcare Providers and Services (HCAHPS), health care reform legislation has led to Values Based Purchasing and an expanded eye is now focused on medical practices and outpatient facilities using the "yet to be mandated" CGCAHPS survey. The programs in the US have even influenced private entities like insurers and health plans to begin incorporating pay for performance based on satisfaction outcomes as part of their financial arrangements. These emerging policies are no longer simply about managing outcomes or measuring satisfaction. Instead they are trying to gauge the healthcare consumers perception of service and experience, suggesting (and rightly so as research has shown) that this is not just about satisfaction, but rather that experience and quality outcomes go hand-in hand. The playing field on service has been elevated to new and unprecedented levels and the financial implications are now greater than ever.

With today's challenging economic conditions, healthcare leaders are scrutinizing all expenditures and seeking justification for every expense. And with a stronger focus and a greater need to drive service outcomes, there is now the opportunity to begin to quantify the return on investment of customer service and patient experience. Fortunately, an increasing amount of research and writing has been done on the subject, offering healthcare managers an "evidence based" case for improving the service encounter for the patients, families and communities they serve. Through this paper, we'll explore some of the evidence supporting the potential for a return on investment when focusing on the service experience in healthcare, a true opportunity for a 'return on service'. From the simple debates of outcomes versus satisfaction, we have now landed in a complex place where we must do what we can to master the intangibles – interactions, culture and perceptions. If we do so, there is great potential for financial success as well.

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Considerations for a 'Return on Service'

For this examination of the return on investment for service, what as noted above might be more aptly named 'return on service' we will explore three potential perspectives - financial, marketing, and clinical. We will align these perspectives to current research, not with the intention of providing a one-size-fits-all model for ROI, but rather to offer significant opportunities for consideration and even justification for action in bolstering your own efforts to achieve valuable returns on your efforts to improve patient experience.

The challenge of this investigation is that the measures that exist today to gauge patient perceptions still fall most often to what are deemed satisfaction measures. While many of the current vendors have expanded their question sets to get beyond literal measures of satisfaction to examinations of experience, the use of satisfaction as a measure still has significant bearing on both outcomes and a patient's perceptions of care. This is most prevalent in our first case – the financial perspective for the ROI on Service.

A one-point decrease in satisfaction was associated with a 5% increase in the rate of risk management episodes for the organization.

The Financial Perspective

In examining the financial, marketing and clinical perspectives as we look at the ROI of service, there is no arguing that they all lead to the bottom line and that there will be some type of financial effect upon the organization. For example, from the marketing perspective, if you invest in building customer loyalty, it contributes to the bottom line through referrals or repeat business. From the clinical perspective, if you can decrease length of stay or reduce readmissions by providing a positive and quality experience, it impacts the bottom line as a result of greater throughput, reduced expenses or unaffected reimbursements.

There remains strong standalone evidence that experience and satisfaction have a direct impact on the bottom line. Dr. Henry Thomas Stelfox and associates at Massachusetts General conducted extensive research on malpractice claims and discovered a clear relationship with patient satisfaction and claims.[3] They found that as satisfaction increased, malpractice related events decreased, and vice versa. In fact they discovered that for every one point decrease in satisfaction there was an associated 6% increase in complaints. In the same study, they found a one-point decrease in satisfaction was associated with a 5% increase in the rate of risk management episodes for the organization. What drove these results? Stelfox's research provides significant evidence that it was the quality of the relationship and interaction between patient and provider, not just the satisfaction measures he studied, but rather the patient's experience. Satisfaction with service provided by physicians was broken into tertiles, i.e., three equal sized groups. Stelfox found that physicians in the middle third of the satisfaction ranking had 26% higher malpractice lawsuit rates that those physicians in the top third.

Even more compelling, the physicians in the lowest third had a 110% higher lawsuit rate than those in the top third of the database (Figure 2[3]). What Stelfox's work revealed was that the interactions patients and families have with their physicians and the resulting satisfaction they report have a significant impact on the potential financial expenditures of a healthcare organization (in this case hospitals).

Here the case could be made to invest in building better relationships and supporting a positive experience between physicians and patients to reduce exposure and potential expense.

Continuing along this body of evidence that patient experience affects complaints Rodriguez et al.[4] found that the quality of the patient-physician interaction was negatively correlated with complaints. Positive interaction was defined as the physician provides clear explanations, gives understandable instructions, is caring, is kind, is aware of the patient's medical history, and spends enough time with the patient. Again we move beyond satisfaction to the experience provided by the physician.

Here too financial implications emerged as the researchers found that a one standard deviation point increase in the quality of the interaction was associated with approximately a 35% lower chance of a patient complaint for primary care physicians. The bottom line is that a little effort to make a positive change in experience can have a significant financial impact. When it comes to complaints or even an actual lawsuit, research shows that while 1 percent of hospital patients nationwide are harmed in some way, only 3 percent of those who are harmed actually file a lawsuit. Those who pursue legal recourse do so most often due to one of four types of communication problems: deserting the patient, devaluing patient views, delivering information poorly, or failing to understand the patient's perspective.[5] Again illustrating that it is in the personal interactions and the experiences provided that significant financial implications can be impacted.

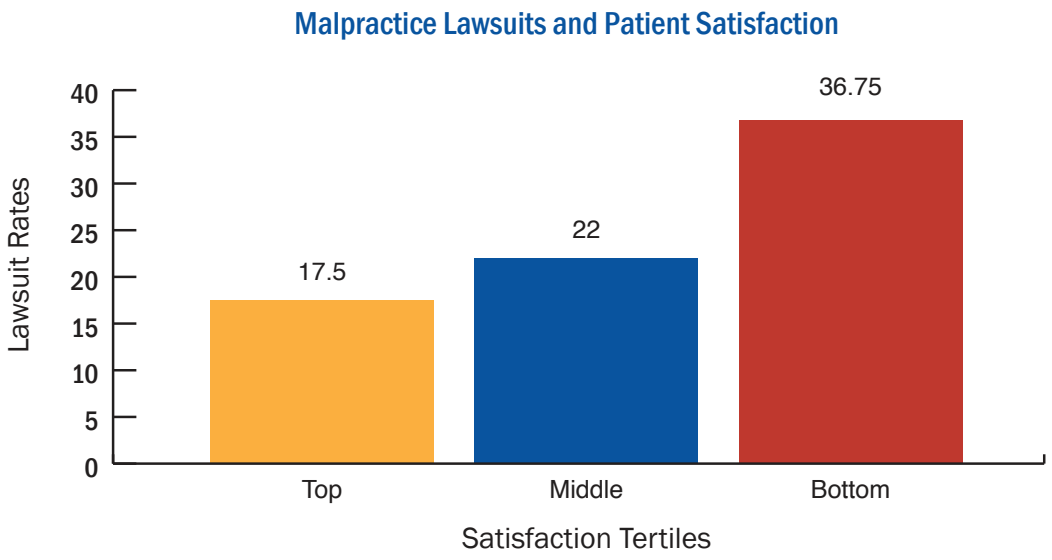

Figure 2

Patient Satisfaction and Hospital Profitability

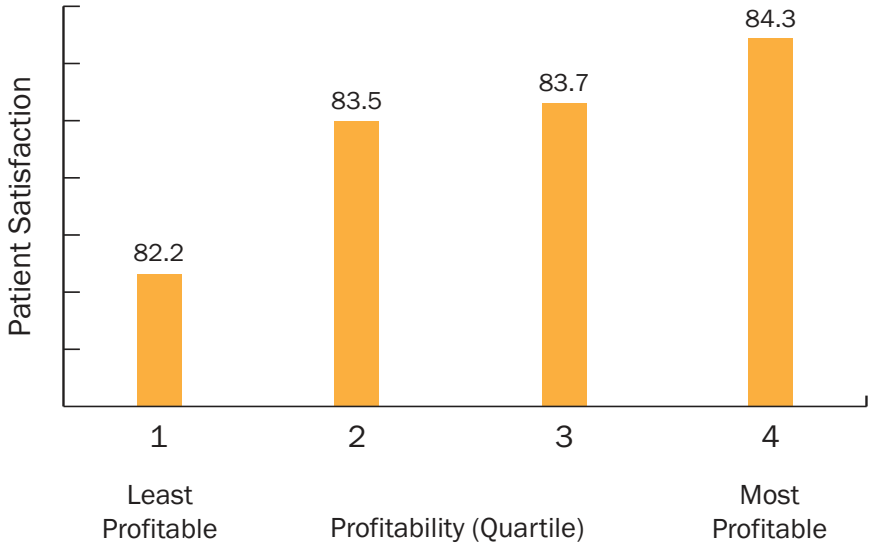

Figure 3

While these discoveries may seem intuitive, healthcare often struggles to commit to or focus on efforts to make improvements in these areas. Dr. Irwin Press effectively summarized the simple truth presented in these research findings when he said:

> Patients who are more satisfied are less likely to sue. Period. All studies of malpractice claims show the same result. Communication is the key to the vast majority of suits. Anger, not injury, is the trigger for most claims. Empathy and good interpersonal skills prevent malpractice claims.[6]

While most probably know this intuitively and accept the implications of these words, many still seem to not practice it. The simple nature of this thought is that in providing a positive encounter or by ensuring a positive experience, significant issues can be avoided. Still all too often providers can get caught up in the chaos of the moment and we can see how this can translate to any portion of the care continuum.

When providers create unpleasant situations or are not cognizant of the experiences they are trying to create, complaints can arise and have significant consequences.

As we explore the positive financial implications of satisfaction and experience, we can look to an analysis reported by Modern Healthcare and conducted by J.D. Power. In 2008 they examined the relationship between patient satisfaction scores and financial strength at 1,386 hospitals. They discovered two interesting items that had potential influence on quality and more so the bottom-line. When examining the sample in quartiles based on satisfaction scores, they found that the 350 hospitals in the top quartile had 1.19 nurses for every patient bed and an operating margin of 0.64% while the 350 hospitals in the bottom quartile had 0.91 nurses for every bed and a negative operating margin of 0.27%.[7]

This finding was corroborated in a 2008 Press Ganey paper Return on Investment: Increasing Profitability by Improving Patient Satisfaction.[8] Among the findings shared in their analysis again linked the measures of satisfaction and experience to profitability. When hospitals were ranked by profitability into quartiles, the most profitable hospitals had the highest average scores on the Press Ganey survey. The least profitable hospitals generally reported to have the lowest Press Ganey scores (Figure 3[8]). The simple conclusion was again that hospital profitability tended to increase with overall patient satisfaction.

The Medical Group Management Association (MGMA) also brought an interesting perspective to this conversation from the viewpoint of physician practices. Though in a non-acute setting, their findings again supported the case for investing in ensuring positive interactions with patients and families. They found that medical practices that actively used satisfaction information and engaged and educated their providers about the importance of behavior earned 7% more in total revenue per physician FTE than those that did not. Again the positive financial implications for action appear.[9]

The bottom line to this financial perspective is simple. The willingness to invest in supporting positive encounters between providers (or any caregiver) and patients and families has both the ability to diminish negative financial influence and bolster upside financial opportunity. We must be aware of the simple, but powerful impact a positive experience can have on the finances of our organizations. This is an investment risk/reward that research clearly shows can ensure positive outcomes in the end. In fact, focusing on providing a positive patient experience through improved service has the potential to be a high payback strategy.

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The Marketing Perspective

The marketing justification for an investment in good service is the most common argument across industries. It makes the case that by providing customers and guests with good service and a positive overall experience they will choose and have a willingness to engage in services. This idea is no different in the healthcare setting, especially now in an era of word of mouth marketing, social media and "willingness" to recommend. In digging beyond what can be seen as a *nice-to-do* from the marketing perspective there is evidence indicating service and experience have a significant influence on ROI from a marketing perspective.

At the foundation of the marketing perspective is the belief that service affects patient acquisition and retention. This has been substantiated in these among other commonly quoted statistics: [10]

- *A satisfied patient tells three other people about the positive experience. But, a dissatisfied patient tells up to 25 others about the negative experience.* That means it takes over seven satisfied patients to balance out a single dissatisfied patient. Considering the emergence of social media and web resources, this figure is pushing even higher.
- *For every patient that complains, 20 other dissatisfied patients don't complain.* To put it in context, if you have recently handled 10 complaints in your organization that means there could be 200 other complaints you don't even know about.
- *Of those dissatisfied patients that don't complain, only 1 in 10 will return.* Wouldn't it be nice to figure out who those other 9 are? Especially since they are leaving not just their next potential encounter with your facility, but potentially a lifetime of value.

What are the critical considerations here? First, improving experience is key to reducing the number of dissatisfied patients. Second, as mentioned in a recent Institute Blog, consider systems to not only support service recovery and learn about complaints, but also begin to develop opportunities for *service anticipation*.[11] You'll gain from knowing what the problems are and you can potentially wow patients and families before issues ever arise.

Central to the marketing perspective is the recognition that patients are no longer simply people trying to heal, they are consumers of our products and services. In approaching the healthcare experience from that angle, it is the entire continuum of the encounter that impacts overall perceptions. Consider these discoveries from the 2005 J.D. Power and Associates *National Hospital Service Performance Study*[SM]:[12]

- More than 80% of healthcare consumers say reputation for skill and quality of care is the most important criterion they use in selecting a hospital
- 77% of patients definitely will or probably will use hospital patient satisfaction ratings from a third party to aid them in future hospital selection decisions.
- 60% indicate that high levels of patient satisfaction would be one of the top three issues influencing their hospital selection.

This is where the rubber meets the road in the marketing perspective. We have the opportunity to ensure financial viability through creating places people choose to come for healthcare. Again, while there is a general sense that this is the *right thing to do*, it is clear that we need to be more intentional in our efforts.

Yet, influencing choice is not simply enough and it is born out in an additional finding from the J.D. Power report. Let's consider that today's central measure of experience in the US (whether we agree with the questions and process or not) is the HCAHPS survey and the second to last question - *Using any number from 0 to 10, where 0 is the worst hospital possible and 10 is the best hospital possible, what number would you use to rate this hospital during your stay?* In the last publically reported period, the US median (50th percentile) "top-box" score (meaning the percent of respondents rating this question a 9 or 10) was just 68%. In fact the top 5% of all hospitals only had a top-box score of 83%.

According to the J.D. power report that when using a 10-point rating scale, if the score is a 10 on hospital experience, more than 80% of patients said they will return to the same hospital. Once you drop to 6 or 7, only 37% say they will choose to return. With the US national average at only 68% scoring their experience a 9 or 10, this suggests that healthcare organizations could potentially be losing customers every day. These are customers making choices based on their overall experience.[12]

There is also the issue of "switching." Switching physicians is a problem all doctors and providers have to be aware of and manage. However, Rubin et al.[13] showed that physicians with satisfied patients don't have to worry about it as much as others. The research they conducted across a number of types of physician practices discovered something important to consider from the service and experience perspective. Physicians who were in the lowest 20th percentile of satisfaction had a patient switching rate that was nearly four times the rate of those physicians in the highest 20th percentile. (Figure 4[13])

Patients Leaving a Physician Over a Six-Month Period

Satisfaction Level	Patients Leaving Practice
Highest 20th Percentile	4.6%
Lowest 20th Percentile	16.7%

Figure 4

The data support the idea that patients will "vote with their feet" when it comes to good service from their providers and their overall healthcare encounter. Patients and families today are not afraid to find another physician they think will provide better service. And, where do they seek advice for recommendations of providers? It seems they often turn to the recommendations of others. It is clearly of interest as this question has garnered enough credibility to be part of the HCAHPS survey itself.

A 2008 Press Ganey paper, Return on Investment: Patient Loyalty Pays,[14] reinforced this idea; that reputations are built over time as word of mouth spreads through a community. When they analyzed clients' patient satisfaction in 1999, and then measured changes in patient volume between 2000 and 2004, the results were enlightening. Hospitals with patient satisfaction in the 90th percentile experienced nearly a 1/3 increase in patient volume—or, on average, an additional 1,382 patients per year. For hospitals with patient satisfaction in the bottom 10th percentile, the average patient volume decrease was 17% or 2,599 patients. So if patient volume is key to financial performance, the influence of experience on the bottom line is clear and investment in this area cannot be overlooked.

One of the most compelling illustrations of the return on service and perceptions of experience is in considering the lifetime value of a patient. Lifetime value is a commonly used concept when considering strategic marketing initiatives within an organization. What is a patient worth to an organization for the term of the relationship? In The Beryl Institute's recent white paper *The Revenue Cycle: An Essential Component in Improving Patient Experience*, the concept of patient lifetime value was discussed. The paper indicated the average lifetime hospital expenditures per person in the US are $184,000 (figure 5). Considering the earlier discussion about how many people customers tell about their experience, if a satisfied patient tells three others and they begin using the provider, a potential $552,000 in additional revenue could be gained. However, if a *single* dissatisfied patient tells 25 others who take their business elsewhere, $4.6 million is lost due to the dissatisfaction of the one patient. Consider the total number of dissatisfied patients, and the effect begins to take on monumental size. The marketing perspective brings home an important point, that we cannot overlook the power of the consumer, their perceptions and the choices they will make as we build our patient experience efforts.

Patient Lifetime Value
Annual hospital expenditures (net patient revenue) in US = $718 billion *(US Dept. HHS, CMS 2008)*
Average lifetime hospital expenditures/person in US = $184,000
On average, the household of each patient leaving a hospital will have future hospital expenditures of more than $405,000

Figure 5

The Clinical Perspective

While we have examined the return on service and experience from a bottom-line perspective and from the viewpoint of the consumer, we would be remiss if we did not address the clinical components in healthcare that play a role in the linkage of experience and ROI. While the return on service related to clinical impact is more difficult to quantify, there is an emerging body of evidence on the subject and one landmark study that helps reinforce the clinical connection with experience and the bottom line. While often discussed as unique perspectives, it is difficult to separate experience from quality of care. It is the linkage of these two sides of the experience coin – quality clinical and service encounters – that can help potentially frame the ultimate in patient experience. In his book *Patient Satisfaction: Defining, Measuring, and Improving the Experience of Care*,[6] Dr. Press stated that higher levels of service and satisfaction result in patients with:

- Lower levels of stress
- Higher levels of compliance
- Higher tolerance levels
- Shorter hospital stays

To Dr. Press' final point that there is a linkage between satisfaction and overall experience on the length of stay, Duke University Children's Hospital found that as they increased customer satisfaction, the length of stay (LOS) actually declined.[15] From the patient perspective, there were two positive occurrences – higher satisfaction and going home quicker.

While positive experience impacts length of stay, we also see that shorter LOS results in decreased cost per episode as well as other potential impacts such as decreased infection rates. There is also a significant business advantage for hospitals through capacity improvement. As LOS decreases, beds are freed up sooner for subsequent admissions. For a 200-bed hospital, reducing length of stay by an average of one day provides a capacity throughput increase equivalent to 38 beds. It's like adding beds without any capital expenditures.

Overall, increased satisfaction benefits the patient, family and the healthcare organization.

Additional research supports the impact of a patient-centered approach to clinical and quality outcomes. In her dissertation, Susan Stone examined units following the Planetree Patient-Centered Model of Care and discovered, that in each of the five years studied, the patient-centered inpatient unit consistently demonstrated:[16]

- A shorter average length of stay than the control unit
- A statistically significantly lower cost per case than the control unit
- A relative use of RN-to-ancillary staff (e.g., clerks, aides, licensed vocational nurses [LVNs]) that shifted in emphasis from higher cost staff to lower-cost staff in the patient centered unit
- Higher-than-average overall patient satisfaction scores, as well as higher scores in seven of the nine specific dimensions of patient satisfaction measured

Here again we see the powerful impact of patient experience on clinical quality, satisfaction and the bottom-line.

This idea was no more significantly underscored than in the 2011 study *Relationship Between Patient Satisfaction with Inpatient Care and Hospital Readmission Within 30 Days* reported by Boulding et al.[17] They examined quality factors (as defined by CMS Core Measures, specifically on acute myocardial infarction, heart failure, and pneumonia) and satisfaction factors (as determined by the two HCAHPS questions – *How do you rate the hospital overall?* and *Would you recommend the hospital to friends and family?*) in relationship to readmission rates within 30 days of discharge. The finding was surprising.

The HCAHPS scores, i.e. experience outcomes, were reliable and even more predictable indicators of readmissions than quality indicators. In essence, patient experience, herein measured by HCAHPS was a distinct and measurable driver of readmissions, a significant financial issue for healthcare organizations and one taking on even greater interest as it will impact future reimbursements that hospitals are eligible to receive. An observation from the study brings us back to our very first point; that there is great value in ensuring proper interactions, not just efficient process.

> Our finding that good communication is associated with higher patient satisfaction is consistent with previous studies that found a positive association between effective provider–patient communication and health outcomes. It also is compatible with a recent study by our author group...The study found that overall satisfaction was best predicted by patients' perceptions of the skill and responsiveness of nurses and physicians, followed by issues concerning pain and communication with the staff about the patients' concerns and emotional health... This leads us to believe that patient satisfaction is less about trying to make patients "happy" (e.g., improving the food or the decor of the room) and is more about increasing the quality of their interactions with hospital personnel, especially nurses and physicians. (p. 47)

It is here where we can truly have a conversation on the return on service. If we get beyond investments in happiness to a true and rigorous commitment to the best interactions possible, which is at the core of how patient experience is defined (i.e. the sum of all interactions), we have the potential to positively impact the financial, marketing and clinical perspectives. We also shift the conversation on patient experience from a *nice-to-do* to a clear competitive advantage.

Overall, increased satisfaction benefits the patient, family and the healthcare organization.

The ROI on Service is Yours to Determine

The intention of this paper was not to provide you with the one formula for patient experience ROI or return on service. This will vary in each individual hospital situation, based on needs, demographics and even levels of commitment to ensuring a positive experience. It is important to consider the number of approaches and factors laid out above as elements of what an ROI "equation" may look like. You are encouraged to continue gathering existing and emerging research such as outlined above to support your initiatives. Additionally, consider digging into you own data to address some of these very issues. How are your financial, marketing and clinical indicators supporting you in providing an exceptional experience?

Some considerations from each perspective might include:

From the financial perspective

- Measure and manage the impact of complaints. Are you tracking the return rate of those patients or other actions they take?
- Measure physician satisfaction in conjunction with its impact on patient encounters or even more significantly on legal incidents.

From the marketing perspective

- Calculate the lifetime value of a patient and use the results to illustrate the cost of losing patients due to poor service or gaining new patients due to excellent service.
- Review your service scores to show the potential losses are experienced or gains created based on survey performance, e.g. how are you scoring on overall rating?

From the clinical perspective

- Examine length of stay in conjunction to the satisfaction of the patients in your facility.
- Follow the same by examining the factors driving readmissions and the impact of service and positive interactions on these clinical drivers.

More important than just determining how to run the numbers is the hope that from what the research has shown us there is a significant case for why an investment in patient experience is not only a *nice to do*, but a *must do* as you look at the future financial opportunities (and/or potential challenges) for your institution. Healthcare leaders take on the challenge of patient experience must recognize first that it goes well beyond the simple measure of satisfaction. A commitment to patient experience has significant and measurable impact on all you do, not only in doing what is right for the people and communities you serve, but in ensuring the best quality and most financially sound experience for all who are in and who deliver your care.

How are your financial, marketing and clinical indicators supporting you in providing an exceptional experience?

About the Authors

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2011

Creating "PEAK" Patient Experiences: Applying Maslow's Hierarchy of Needs to Healthcare

This paper shares insights on building a leading service organization from Chip Conley, author of PEAK and founder of boutique hotel company Joie de Vivre. Using Maslow's Hierarchy of needs as a foundation for examining relationships with employees, customers and investors/boards, it offers many parallels applicable to the healthcare industry.

The Role of Cultural Competence in Delivering Positive Patient Experiences

This white paper visits the increasing importance of cultural competence and cultural sensitivity in the healthcare sector and how it impacts the experience of patients, their families and support groups. The paper explores the key elements of cultural competence and offers steps for addressing it in the healthcare sector.

The Impact of Nurse Education and Ambient Noise Generators in Reducing Noise and Improving Patient Satisfaction in a Critical Care Unit

This report is based on research conducted at THE HEART HOSPITAL Baylor Plano in Plano, Texas. It was supported in part by The Beryl Institute's Patient Experience Grant Program.

The State of the Patient Experience in American Hospitals

Research conducted by The Beryl Institute shows that while patient experience is a top priority for hospital executives, it is still largely undefined. This landmark study of more than 790 hospital executives from all 50 states and DC examines the state of the patient experience in the nation's hospitals and identified the greatest roadblocks to implementing change.

The Revenue Cycle: An Essential Component in Improving Patient Experience

This paper considers the impact and outcomes resulting from the patient's experience with a healthcare system's revenue cycle. It encourages the necessary discussions organizations interested in improving the patient experience must have as they prioritize budgets, determine areas of investment and make critical choices that affect the lives of the patients, families and communities.

Enhancing the Patient Experience Through the Use of Interactive Technology

Healthcare organizations are now looking to new modes of engaging patients and ensuring their stays, as well as their connection to the entire continuum of care, are unparalleled, positive experiences. This paper highlights the benefits of using interactive technology and provides six case studies that quantify significant patient satisfaction improvements and impact on HCAHPS scores.

2010

Four Cornerstones of an Exceptional Patient Experience

This paper highlights the results of two new surveys that illuminate the importance of the patient experience and describes the components of a successful service culture. Characteristics of top performers are detailed followed by case studies that illustrate service excellence.

Insights into the Patient Experience – Research Brief

In spring of 2010, The Beryl Institute surveyed its members to learn what patient experience efforts they had implemented within their organizations. The result gave important insights into the priorities of and challenges facing organizations working to tackle this critical issue.

Zeroing in on the Patient Experience: Views and Voices from the Frontlines

Executives from The Beryl Institute hosted three patient experience leaders in a roundtable discussion on improving the patient experience. These patient experience champions come from varied backgrounds, but they bear one strong similarity – a passionate commitment to creating exceptional experiences for patients, patient families and friends. In this paper they share the opportunities and challenges as they commit to improving how patients connect with their organizations.

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Perspectives on a Patient-Centered Environment

The white paper, developed in partnership with Sodexo, Inc., includes three case studies that explore the connection between engaged employees and patient-centered care, the keys to creating an engaged workforce and drivers of employee satisfaction.

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