Attracting and Working with a New Generation of Consumers
Course Objectives

1. List a minimum of three ways to attract and work with more Baby Boomers

2. List a minimum of three reasons why health plans partner with third-party managed care companies

3. List a minimum of three metrics required to determine the economic value of third-party referrals
Attracting and Working with a New Generation of Consumers
Attracting and Working with a New Generation of Consumers

- A new generation: characteristics and behaviors
- Attracting and working with a new generation
- Relationship between consumers, managed care, third-parties
- Economic value of third-party referrals
- Q & A
A new generation: characteristics and behaviors
Boomers are coming!
Traditionalists vs. Boomers
BABY BOOMERS

Born 1946-1964

25% of people experience hearing loss

10K turn 65 every day
Attracting Boomers is key to long term growth
Good Service

Quality Care

Want Best Perceived Value

Cosmetics Fit Performance
Who are Baby Boomers?

- Attitudes
- Communication
- Behaviors
- Expectations
Boomers
won’t transform into
Traditionalists as they age
How Boomers think and act
How Boomers think and act
How Boomers think and act
How Boomers think and act: hearing care
<table>
<thead>
<tr>
<th>Traditionalists (age 74+)</th>
<th>Baby Boomers (age 54-73)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay out-of-pocket, little or no insurance</td>
<td>Expects insurance coverage</td>
</tr>
<tr>
<td>Provider = authority, follows recommendations</td>
<td>Well informed, comparative shop</td>
</tr>
<tr>
<td>Bundled pricing</td>
<td>Price transparency</td>
</tr>
<tr>
<td>Responsive to traditional marketing</td>
<td>Influenced by online pricing, info., reviews</td>
</tr>
</tbody>
</table>
Consumers are becoming CEOs of their own healthcare
When Consumer needs and expectations are not met

- Continue looking
- Settle
- Do nothing
What do Boomers want from hearing care?

Convenience
Control
Are providers prepared to meet the needs of Boomers?

Current practice model

Bundled products/services

Call receptionist for appointments

Repeat visits

Retail prices for consumer product
## Adapting to Boomer Needs

<table>
<thead>
<tr>
<th>What Boomers Want</th>
<th>What Providers Can Do</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be involved and in control</td>
<td>• Engage throughout the decision-making process and answer questions thoroughly</td>
</tr>
<tr>
<td></td>
<td>• Define expectations and get agreement along the way</td>
</tr>
<tr>
<td></td>
<td>• Offer hearing aid apps and accessories</td>
</tr>
<tr>
<td>Options for service and communication</td>
<td>• Offer online appointment scheduling and extended hours</td>
</tr>
<tr>
<td></td>
<td>• Provide email, text, and chat options</td>
</tr>
<tr>
<td>Quick, efficient, personalized service</td>
<td>• Streamline visits for quick in/out service</td>
</tr>
<tr>
<td></td>
<td>• Offer remote hearing aid programming</td>
</tr>
<tr>
<td></td>
<td>• Personalize communication methods, care, and services</td>
</tr>
<tr>
<td>To make an informed decision/to know what they are paying for</td>
<td>• Provide printed information, news articles, and consumer views on:</td>
</tr>
<tr>
<td></td>
<td>» Hearing loss, technologies, hearing aid experience, and provider value proposition</td>
</tr>
<tr>
<td></td>
<td>• Offer choice of bundled/unbundled products and services:</td>
</tr>
<tr>
<td></td>
<td>» Gives consumers a control/say in their care</td>
</tr>
<tr>
<td></td>
<td>» Provides desired price transparency</td>
</tr>
<tr>
<td></td>
<td>» Places value on care and services when these are clearly outlined and itemized</td>
</tr>
<tr>
<td>Health plan referral and hearing aid coverage</td>
<td>• Partner with health plans: either directly or through Third-party managed care companies</td>
</tr>
</tbody>
</table>
To attract and work with Boomers

time for something new
What is managed care?

“Health care delivery system organized to manage cost, utilization, and quality”
**Managed care: managing cost, utilization, quality**

<table>
<thead>
<tr>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Providers</td>
</tr>
<tr>
<td>• Products</td>
</tr>
<tr>
<td>• Services</td>
</tr>
<tr>
<td>• Plan’s financial contribution</td>
</tr>
</tbody>
</table>

### Dental benefit
- Coverage for crown, not implant
- Restrict to in-network provider
- Only cover portion of crown

### Hearing aid benefit
- Limit amount of coverage
- Limit products and services included
- May require in-network provider
- Increasingly administered by third-party
# Why health plans offer hearing benefits

<table>
<thead>
<tr>
<th>“Have to”</th>
<th>“Choose to”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulations</td>
<td>Member attraction/retention</td>
</tr>
<tr>
<td>• State mandates</td>
<td>• Differentiate product offerings</td>
</tr>
<tr>
<td>• ACA/Essential Health Benefits</td>
<td>• “Shiny object”</td>
</tr>
<tr>
<td>Self-insured account requirements</td>
<td>Overall health of members</td>
</tr>
<tr>
<td>• Labor groups</td>
<td>• Comorbidities = higher costs</td>
</tr>
<tr>
<td>• Industrial workforces</td>
<td></td>
</tr>
</tbody>
</table>
Why health plans offer hearing benefits

Challenges

• Control costs for hearing aids
  • Waste/abuse is a concern
  • May offer allowance – going away
• Benefit administration
• Seek to offer high quality / low cost solutions
  • Omit benefits or increase costs
Why health plans partner with third-parties

Third-party Partnership

- Affordability
  - Control costs plan/members
- Offer high-value
- Attract/retain members

Handle complexity of administration
- Work w/Hearing aid Manuf.
  - High quality, low-cost solutions
- Technology updates
- Process claims
- Member education
- Manage provider network
  - Contracting/credentialing
  - Network adequacy
Managed Care: expansion in hearing industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>2015</td>
<td>47%</td>
</tr>
<tr>
<td>2017</td>
<td>65%</td>
</tr>
<tr>
<td>2018</td>
<td>73%</td>
</tr>
</tbody>
</table>
Consumers with a hearing aid benefit are 20-50% more likely to treat hearing loss.

Value of third-party managed care referrals to Providers

Boomers looking to health plan

Access / Benefit

High Closure / low return rate

Provider referrals

$0 Acquisition

More 1st time users
Additional Considerations

- Prevalence of third-party referrals in your area
- Clinic hours filled with revenue-generating appointments?
- Impact on provider and staff time and resources
  - Timeliness of provider payments
  - Appointment scheduling process
  - Patient preparedness prior to appointment
  - Ordering process
  - Billing/claims process
  - Insurance verification
Adapting Your Practice to a New Generation of Consumers
Economic value of third-party referrals
Value of third-party referrals
Profit *per* Patient *per* Hour
Profit per Patient per Hour

• Why
  • ASP and total hearing aids sold not strong indicators of financial health
  • Competitive market pressures have compressed margins on hearing aid sales
  • New mix of patients being seen

• How
  • Determine what metrics should be measured
  • Track metrics for Retail and third-party independently
  • May apply to one group or both groups
- CAC: Annual marketing spend / total # sales opportunities
  - Incl. all who were tested, screened, demo’d, trialed

- ASP: Average selling price of all aids sold in the clinic

- COGs: Your average cost to purchase hearing aids

- Closing rate: Of total number of patients seen annually, what percentage buy hearing aids?

- Return rate: Of total number of hearing aids sold annually, what percentage are returned?
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td># Aids sold/pt</td>
<td>Total aids sold / # patients who purchased</td>
</tr>
<tr>
<td># Visits after fitting</td>
<td>Average # visits per patient in the first 12 months after initial fitting</td>
</tr>
<tr>
<td>Time spent</td>
<td>Average time spent performing</td>
</tr>
<tr>
<td></td>
<td>- Exam</td>
</tr>
<tr>
<td></td>
<td>- Fitting</td>
</tr>
<tr>
<td></td>
<td>- Follow-up visit</td>
</tr>
<tr>
<td>$ paid</td>
<td>Average fee paid for</td>
</tr>
<tr>
<td></td>
<td>- Exam</td>
</tr>
<tr>
<td></td>
<td>- Fitting</td>
</tr>
<tr>
<td></td>
<td>- Follow-up visit</td>
</tr>
<tr>
<td>Financing fees</td>
<td>Average fee you incur for pt. hearing aid financing</td>
</tr>
</tbody>
</table>
Profit *per* Patient *per* Hour
TruHearing Financial Calculator
Joshua Luekenga, Au.D.

TruHearing Financial Calculator
7 min. video: available on YouTube

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