

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Moody's: US Hospital Strategies Increasingly Shaped by Patients Seeking Value and Convenience.**

New York, June 11, 2015 — Not-for-profit hospitals that provide their patients with greater physical and online convenience and high-quality care, especially for less complex services, will improve their market share and boost their credit strength, Moody's Investors Service says in "The Patient as Consumer: Convenience and Value Drive Hospital Strategies."

Consumers are becoming increasingly discerning as they shoulder more healthcare costs and hospitals increasingly face expanding competition as patient expectations rise.

"While convenience, experience, and value will influence choices for highly price-sensitive patients, we expect the market impact will be most significant for simpler, lower-acuity services," author of the report and Moody's VP — Senior Credit Officer Kimberly Tuby says.

Physical convenience and proximity is an increasingly important factor for patients, and accessibility is becoming a crucial element in healthcare choice. Many hospitals are expanding their geographic diversity in outpatient settings with satellite sites in urban areas.

Moreover, expansion in for-profit retail clinics and walk-in urgent care centers reflect competitive forces in primary and preventative care.

Online accessibility has emerged as a key component in accessibility and many hospitals have built a virtual presence with aggressive IT spending. Moody's says the successful implementation of user-friendly, cost-effective technology is credit positive owing to the convenience a patient has to interact with their healthcare provider.

Additionally, hospitals are devoting more resources to improving the customer experience while measuring and publicizing patient satisfaction data via surveys and outreach. "A positive patient experience can generate new business through targeted recruitment and marketing initiatives, or just simple word of mouth," Tuby says.

Another priority for the consumer-oriented patient is value and pricing transparency, with pricing likely to have the greatest impact among routine, low-acuity services. Moody's says this transparency will gradually influence consumer decisions regarding routine physician questions, and help hospitals with higher customer satisfaction experience increase market share.

However, more complex and non-routine healthcare decisions will be driven by physician relationships, clinical reputation and outcomes. But, many patients will seek treatment where their physician recommends since it requires less effort and is inherently more convenient.

The report is available to Moody's subscribers [here](#).

