Defining Your Customer Value Proposition
The Adaptive Imperative of Repositioning Behavioral Health

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AHP Healthcare Solutions
Context

Medicaid Transformation: Building Provider Competencies and Capabilities

Population Health Management

Does the organization belong to or can it join an integrated delivery system?

Does the organization have sufficient health information technology, particularly an electronic health record system, a care management platform and the ability to aggregate, analyze, report and exchange data? Does the organization have other IT assets like telehealth, clinical decision support systems and the ability to make closed-loop referrals?

Does the organization have adequate in-house expertise where data analysis is concerned?

Does the organization have access to 3-5 years’ claims data?

Has the organization identified or established benchmarks for utilization, claims costs, outcomes and quality?

Has the organization identified how it will approach SDOH from screening through analytics and referrals?

Has the organization determined how it will help itself and its partners measure value?

Have risk profile elements or characteristics been identified to help stratify the population in terms of risk?

Has the population been stratified?
**Care Coordination**

- Has the organization identified suitable models for Care Coordination, given the characteristics of the population?
- Does the model include:
  - Patient Engagement
  - Self-Management
  - Navigation
  - Community partners
  - Workforce enhancements like peer support specialists
- Has a comprehensive training plan been developed to support the model?
- Is the organization prepared to make adjustments to clinical pathways and episodes of care and services based upon what the data reveals?

**Value-Based Reimbursement**

- Is there sufficient in-house financial expertise and experience with alternative payment methods?
- Has the organization identified an alternative payment method it is comfortable with?
- Can the organization access its own data and total-cost-of-care data to monitor performance on a regular and frequent basis?
- Does the organization have visibility into metrics and understand how to produce different results?
Aim: Greater outcomes and quality at a lower total-cost-of-care

- Improved health and wellness especially among the most complex and vulnerable
- Fewer unnecessary admissions to the hospital
- Greater engagement of providers in financial risk/reward for health outcomes
- Increased collaboration and integration
ISSUE: Most providers have matured through the ranks and gained market share in a largely publicly-financed Safety Net business environment. Rather than attracting new patients, they have been putting consumers on waiting lists.

RESULT: Most of these providers lack the expertise to conduct their own market research; do not understand the needs of their referral sources and payors; and have brands that need considerable attention.
ISSUE: Behavioral health providers haven’t had much competition in a Safety Net business environment and consequently have difficulty discerning collaborators from competitors and know little about private sector pricing and negotiations. All of which makes crafting a CVP very difficult.

RESULT: As a result, most behavioral health providers position and brand themselves in almost exactly the same fashion, making it impossible for the general public and many payors to know how to differentiate them.
ISSUE: Many behavioral health and most SUD providers have a Recovery background and philosophy rooted in the Traditions of AA. Subsequently, they do not promote their services.

RESULT: Many of our behavioral health providers cannot define value from a private sector perspective – particularly in a market that aims to constrain TOTAL Cost of Care - and are not adequately staffed for marketing and business development purposes.
ISSUE: Behavioral and social health providers are being asked to innovate, integrate and share in the development of a value proposition that results in greater value. However, most have a difficult time with the innovation that yields a value proposition and real return.

RESULT: Most behavioral and social health providers will remain at the margins until and unless they can convincingly share in the risks and rewards with the bigger, broader medical and insurance sectors.
Customer Value Proposition

1. Market segmentation - Targeting the customer – Who is your customer today? Who could be your customer?

2. Developing products and services for specific markets based on Core Competencies – What are your core competencies? Not an easy question!

3. Marketing based on the customer’s needs. Who are they and how do they define value?
Fundamentals of Market Positioning

- Customer Value Proposition
- Infrastructure and Business Processes
- Channels, Alliances and Partnerships
- Product Development
- Pricing
- Brand Message
- Market Research
  - Partners
  - Payors
  - Regulators
  - Employers
  - Networks
  - Patients (aka: consumers)
  - Medicaid agency
Customer Value Proposition (CVP)

“Why should I buy from you instead of buying what your competitor has to offer?”

CVP is NOT
1. Your services
2. A list of benefits and features
3. Your Mission
4. Your tagline
5. A headline
What is a Customer Value Proposition?

A customer value proposition (CVP) consists of the sum total of benefits which a vendor promises a customer will receive in return for the customer's payment.

The CVP is specifically targeted towards potential customers and is designed to convince them that one particular vendor’s products or services will add more value or better solve a problem than competitors’ in the market.

Provides convincing reasons to differentiate your product from competitors’. Understanding customer needs is critical because it helps promote the product by signaling them that you understand their pain AND their gain!
What is a Customer Value Proposition?

Customer Value Propositions (CVP) address customers’ perceived value and attempt to position services such that the value returned to the customer is greater than perceived cost.

However, as in the case of brand truth, there is true value to keep in mind. If you promise an experience of value and fail to deliver…

“Perception is reality”
What is a Customer Value Proposition?

Brings together customer intelligence, competitive insight, and product valuation.

It delivers a validated statement of the product’s value. It quantifies how that value is realized based on all of the target user’s likely product experiences.

CVP Process:

1. Identify the Value
2. Express the Value
3. Test the Value
Customer Value Proposition

• **Intended Customer**
  • Who is expected to use your services?
  • Where will they engage you? Is it convenient for them? Is it safe and attractive?
  • What each of you will do in the exchange of payment and services
  • Why they should choose you
  • How will they engage you and the benefits you offer?

• **Timeframe**
  • When should they expect results and creation of value?

• **Compared to Next Best Alternative**
  • Honest self-appraisal and appraisal of competition. Customers are savvy and will find out for themselves
  • Relies on research and knowledge of competitors
  • Includes *internal options* (like hiring more staff to do it themselves)
Customer Value Proposition

• **Value Quantification**
  • Select MEANINGFUL and STANDARD units of measure
  • Measure the results
  • In the customer value proposition, it is the price that is the basis for the value, not the cost. The price paid for your solution is compared with the price paid for the next best alternative.
Patient CVP

What are their needs?

• Effective treatment for their behavioral health issues
• Support for/from their families and community
• Safe environment
• Convenience
• Lack (or reduction) of stigma
• Re-entry plan (for residential programs)
• Post-treatment support
• Financial issues addressed
Referral Source CVP

What are their needs?

- Effective treatment
- Access and convenience of easy referral process
- Treatment options and in-network status
- Communication and collaboration
- Confidence
- Timely reporting and reliable follow-up
- Lack of resistance and/or negative feedback from clients
- Gratitude
- Reciprocal referrals
Payor CVP

What are their needs?

• Reduced TCOC and positive ROI
• Evidence based practices that produce better outcomes at lower cost
• Access to adequate specialty provider network coverage
• Positive patient experience and member satisfaction ratings to meet performance incentives
• Low risk and low exposure to fraud, waste, malpractice
• Shared interest in making best use of finite resources, particularly for chronic conditions
Differentiators

- Populations Served
- Continuum
- Quality
- Access (location, after-hours, weekends)
- Health and QoL Outcomes
- Alumni Program
- Outreach
- Privacy and Security
- Education, Job Training, Transportation, Child Care
Communicating your Customer Value Proposition

• Your organization's name
• Your graphic identity and slogan
• Your signage
• Your web site
• The names of your services/programs
• Your collateral materials (e.g., brochures, staff bios)
• Letters and telephone calls
• Talking points for your staff and stakeholders
• Ads, videos, blogs, social media…
Supplement: Group Exercises
## Exercise 1
### Customer Value Proposition

<table>
<thead>
<tr>
<th>Intended Customer</th>
<th>Value Proposed</th>
<th>Timeframe till Value Experienced</th>
<th>Positive Value Experiences (measure?)</th>
<th>Equal Value Experiences (measure?)</th>
<th>Negative Value Experiences (measure?)</th>
<th>Compared to Next Best Alternative</th>
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<tr>
<td>Customer Segment</td>
<td>Job to be Done</td>
<td>Pain (avoid)</td>
<td>Gain (deliver)</td>
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<tr>
<td>Patient and/or family</td>
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<td>Payor – private insurer and/or managed care organization</td>
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<td>Employer</td>
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<td>Referral Source – health care/medical/MH and/or hospital</td>
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<td>Referral Source – CJ</td>
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<tr>
<td>Referral Source – EAP and/or Case Mgr</td>
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<td>Referral Source - Interventionist</td>
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<td>State/County agency</td>
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</tbody>
</table>
## Exercise 3
### Customer Value Proposition

<table>
<thead>
<tr>
<th>Key Question</th>
<th>Your Answer</th>
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<tbody>
<tr>
<td>Our intended customer is…</td>
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<td>They will find us (where)…</td>
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<tr>
<td>What we do together in exchange is…</td>
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<tr>
<td>They chose us because…</td>
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<tr>
<td>Key Question</td>
<td>Current State</td>
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<td>------------------------------------------------------------------------------</td>
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<tr>
<td>Our target customer is/should be…</td>
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<tr>
<td>The problem we are solving for them is/should be…</td>
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<td>We do this by/we will do this by…</td>
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<td>We research and validate our assumptions by…</td>
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<td>Our competition in this specific space includes…</td>
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<tr>
<td>What makes us different than the next best alternative is/is going to be…</td>
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</tbody>
</table>
# Exercise 5
## Customer Value Proposition

<table>
<thead>
<tr>
<th>Key Question</th>
<th>Answer</th>
<th>How do you know?</th>
<th>Resonates with?</th>
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<tbody>
<tr>
<td>Compared to the Next Best Alternative, we...</td>
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<tr>
<td>Quality</td>
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<td>Access</td>
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<td>Price</td>
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<td>Outcomes</td>
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<td>Quality of Life</td>
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<tr>
<td>Other</td>
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</tbody>
</table>
Thank You!

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