



## THE FOUR PILLARS OF EVOLVING FROM A GROUP-CENTRIC TO CONSUMER-CENTRIC ORGANIZATION FOR HEALTH PLANS

## Abstract

Large health insurers are expecting 60% of their revenues to shift from group insurance to consumer segments over the next 3 to 5 years, once the reforms take effect. This expectation is also corroborated by 91% of employers<sup>1</sup>. Health plans are facing this massive transformation head-on by introducing new competitive offerings tailored to individual consumers and forging partnerships with providers to create new avenues of personalized patient care. However, these business strategies need the backing of a robust marketing, consumer engagement and service functionary, in tune with the way today's consumers think, behave, need and express.

Since healthcare reform will drive a large number of group shoppers to shop individually, the marketing, sales and customer service functions of health plans would need to kick-start initiatives on top priority to achieve the following goals:

1. **UNDERSTAND** consumer intricacies and micro-segment consumers so that health plans may zero-in on the right target segments and channelize their energy to establish stronger connect. This can help the sale of plans based on personalized value propositions.
  2. **ATTRACT** consumers through personalized marketing and consistent messaging across platforms to clearly
3. **ENGAGE** consumers throughout by conceptualizing and building a consumer life cycle management infrastructure and thereby minimize churn, garner long-term loyalty and build advocacy to attract further prospects.
  4. **DELIGHT** customers through timely, intelligent, accurate and empathetic response to queries by transforming the customer response structure. Enhance the effectiveness of interaction by spreading consumer education.

position offerings and attract consumers in a crowded and cluttered marketplace.

## Introduction

Health plans are gearing up for the influx of individual consumers in the marketplace by 2014 necessitated by the Affordable Care Act. This is a radical shift for most health plans, whose business has mainly been based on insuring large and small groups and operating an employer group-oriented sales and service model<sup>2</sup>. Therefore the direct enrollment and insurance of individual consumers is fundamentally new ground for health plans; and those that succeed in putting the individual consumers at the core of their operations, are going to win the race.

### *This change is important*

Healthcare consumers are displaying their growing power through their choices – buying more products like Consumer Driven Health Plans, focusing on wellness, demanding information on tap, using social media, and seeking transparency and cost effectiveness in their healthcare bills. Hence, health plans must take into account factors such as cost effectiveness, value, transparency, and convenience for customers while taking everyday business decisions. More so because once access to Health Benefit Marketplace opens up in 2014, it will become easier for consumers to compare products and prices, and only strong consumers orientation will prevent churn. For instance, 73% of Californians

with individual health insurance have expressed a desire to shop on Covered California, an upcoming Health Benefit Exchange.<sup>3</sup> Clearly, individual consumer focus has never been more critical to the growth and survival of health plans.

### *But it is not easy*

To move towards the consumer-centric model, health plans have to learn the alien art and science of reaching, impressing, selling and rendering service to an audience of “one consumer”, looking to fulfill health benefit needs. Because traditionally, health plans have operated in a largely B2B environment, their corporate philosophy, including sales and marketing strategies, have been built to serve the

needs of employer groups.

Thus, as health plans attempt to embrace consumers-centricity, they need to deploy consumer-centric philosophies, processes, technology and infrastructure in their marketing, sales and customer service functions. Their strategies need to rest on four pillars:

- **UNDERSTAND** your consumer and create micro-segments
- **ATTRACT** the consumer by speaking what they want to hear
- **ENGAGE** the consumer over their entire lifecycle
- **DELIGHT** them through superior consumer experience

## Understanding consumers

Healthcare consumers differ widely in their needs, preferences, information expectations, health consciousness, and level of engagement. In the existing healthcare scenario, where consumers want to decide their own health benefits, it is imperative that health plans understand the attitudes and behaviors<sup>4</sup> of both existing and prospective customers. They need to collect granular information about consumers before classifying them into unique “micro consumer segments”. This would enable them to produce

personalized competitive offerings, market them astutely, deliver them cost effectively, and thereby gain a maximum share of the 32mn<sup>5</sup> odd individual consumers entering the market.

The key to micro-segmenting individual consumers lies in not limiting the perspective by grouping them into traditional geographic, demographic or life cycle stage cohorts. Consumers falling into the same risk-pool of age and gender can have very different marketing and service needs. The need therefore,

is for psychographic segmentation to understand the requirements, desires and behavioral patterns of individual consumers within a target demographic. This will aid health insurance marketers in sharpening their value proposition, making the marketing content more relevant and launching personalized campaigns. These behaviors can be tracked versus two distinct consumer traits<sup>6</sup> – Level of awareness and Level of engagement – as depicted in the graphic below:

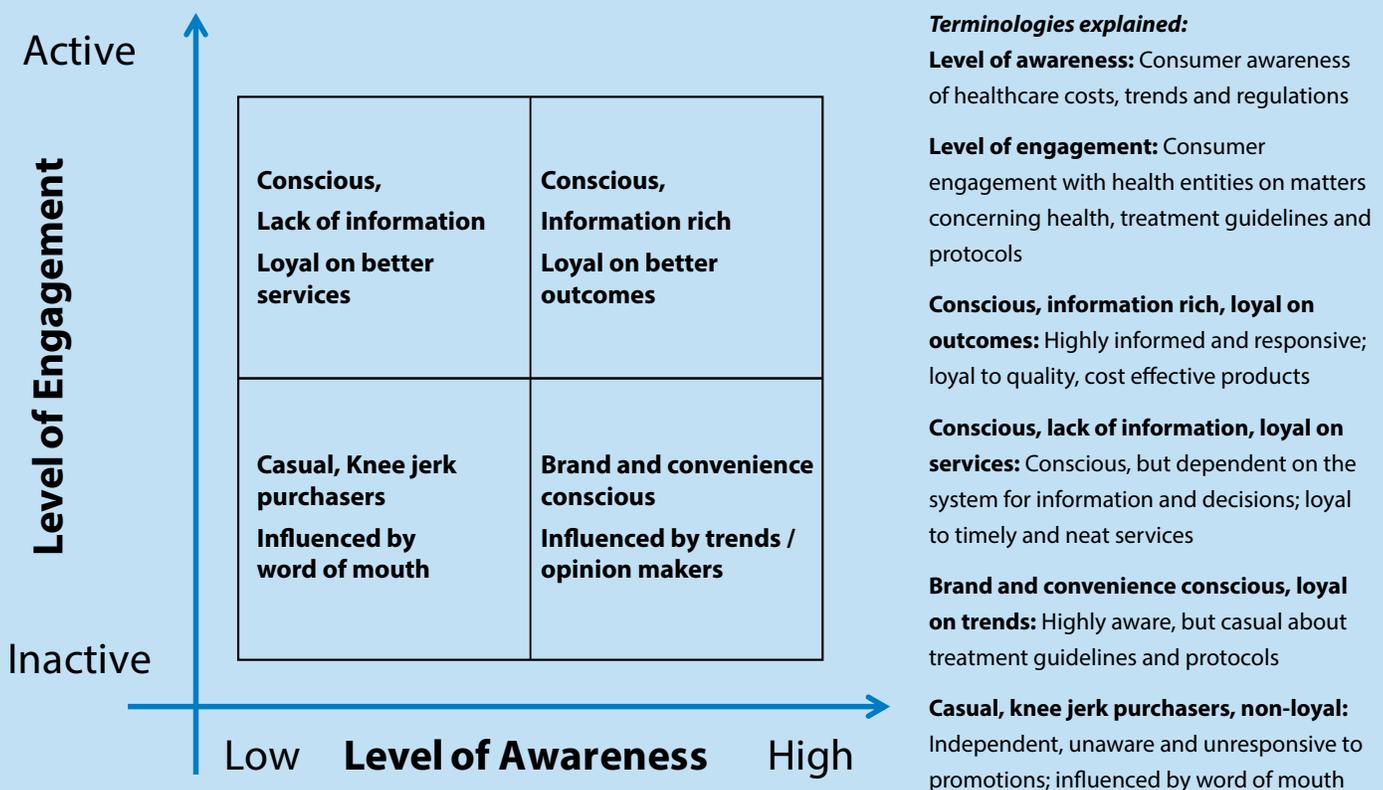


Exhibit 1: Behavioral segmentation of the healthcare consumers aiding in identifying micro-consumer segments

Segmentation helps to reveal the key motivators, attitudes and barriers underlying consumers' purchasing decisions. Thus far, health insurance organizations have used demographic data – age, sex, location, job type – to do targeted marketing. Adding behavioral and psychographic data to such segmentation will provide richer insights into the target population. This will aid in fine tuning the marketing approach, formulating communication messages and planning campaigns.

## Attracting consumers

The second pillar is to reach and catch the attention of the targeted consumers with personalized marketing messages. Today, consumers interact with brands through different channels and touchpoints, such as social media, consumer portals, kiosks, call centers, stores, and mobile. While traditionally, healthcare organizations could afford to operate each of these as independent avenues, they no longer have that luxury with consumers clearly expecting an orchestrated, seamless experience across touch-points. Co-ordinated services and consistent messaging should be the norm; for instance, a discount on insurance premium or free preventive service advertised

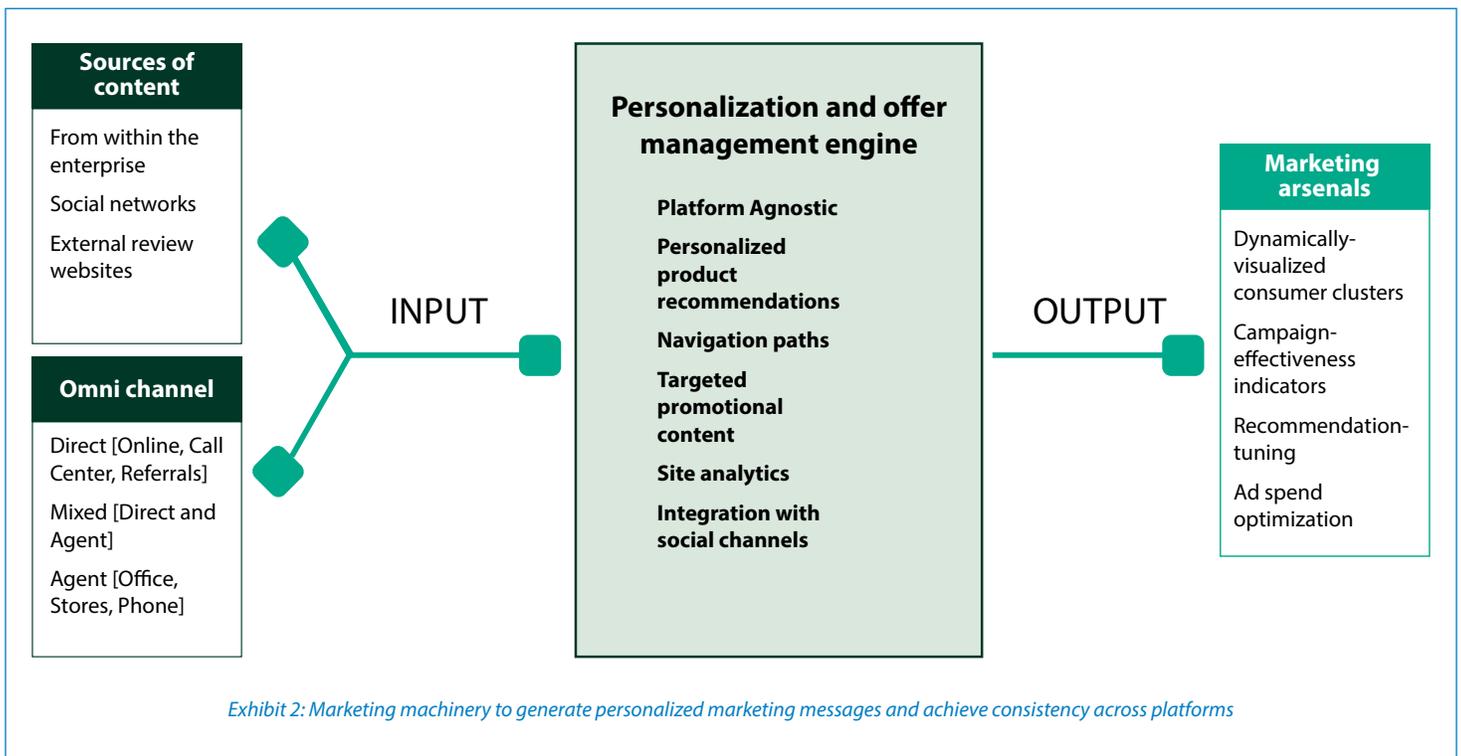
through handouts, should also be promoted with in the shopping portal and call center. Similarly, network access should be promoted to certain consumer segments, and price to other, depending on value perception.

In addition, health plan marketing needs to be dynamic and contextual to fulfill the requirements of the digital age. Consumers must be fed the most relevant content based on profile, past interaction and immediate context when they visit a health plan's website, social media page or physical outlet. And these messages must be delivered in real time.

This requires health plans to build their

marketing machinery on a common "Personalization & Offer Management Engine" which can:

- Generate, manage and co-ordinate different offers, products and campaigns and track their performance against marketing and conversion KPIs
- Handle terabytes of data from multiple sources, internal and external
- Self-learn and constantly engage in improving its effectiveness
- Produce output that is platform-agnostic and can be consumed by any digital system that serves content to the consumer



With this, the health plan marketing team would be able to run an effective and efficient marketing show, equipped with deep insights generated by the engine in the form of dynamically visualized consumer clusters, campaign effectiveness indicators and recommendation tuning.

## Engaging consumers

The third pillar is of utmost importance to member retention, because it facilitates consumer engagement through the life cycle stages of evaluate, consider, buy, experience and advocate. For some health plan lines of business, such as Medicare Advantage, the life cycle spans just 12 months. Also, once the Health Benefit Exchanges come into being, they will make it convenient for individual enrollees to choose from a basket of standardized

products and change plans every 12 months if desired. Therefore, health plans have to devise new avenues for contact and interaction to keep consumers interested and engaged.

These interactions could proceed on multiple fronts, such as knowledge sharing, personalized health advisory, family health counseling, encouraging consumers to shift to a low cost-high benefit plan or enroll in a wellness program that would

improve health and lower costs of both member and payer, and consulting with them on their important life event triggers like aging or unemployment which could warrant a change in health plan.

The health plan should be able to leverage different consumer engagement channels to drive all these interactions, as depicted in the graphic below:

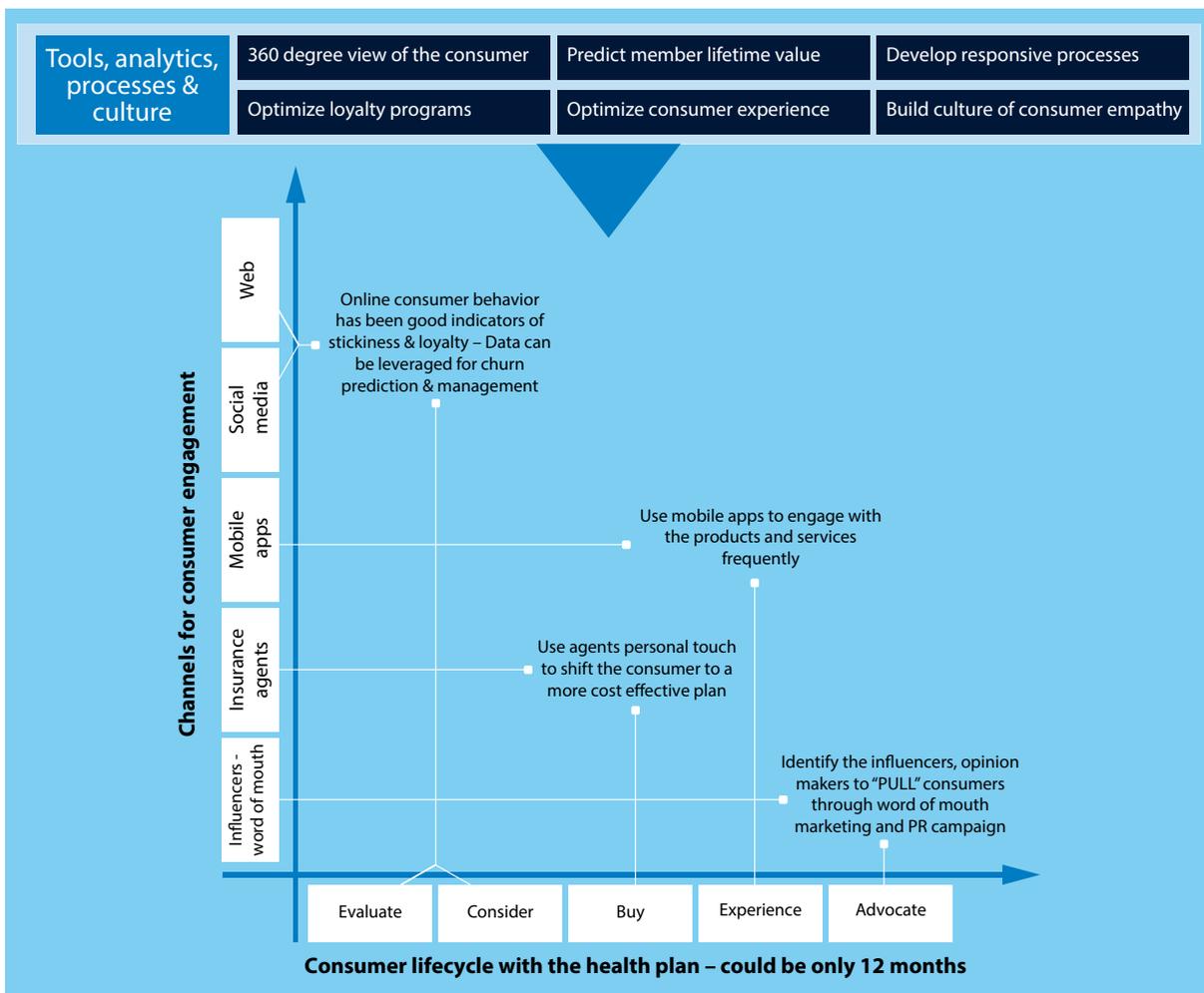


Exhibit 3: Consumer lifecycle management infrastructure – depicting foundational elements and engagement instances

This desire for long-term consumer engagement requires a robust consumer lifecycle management infrastructure constructed by:

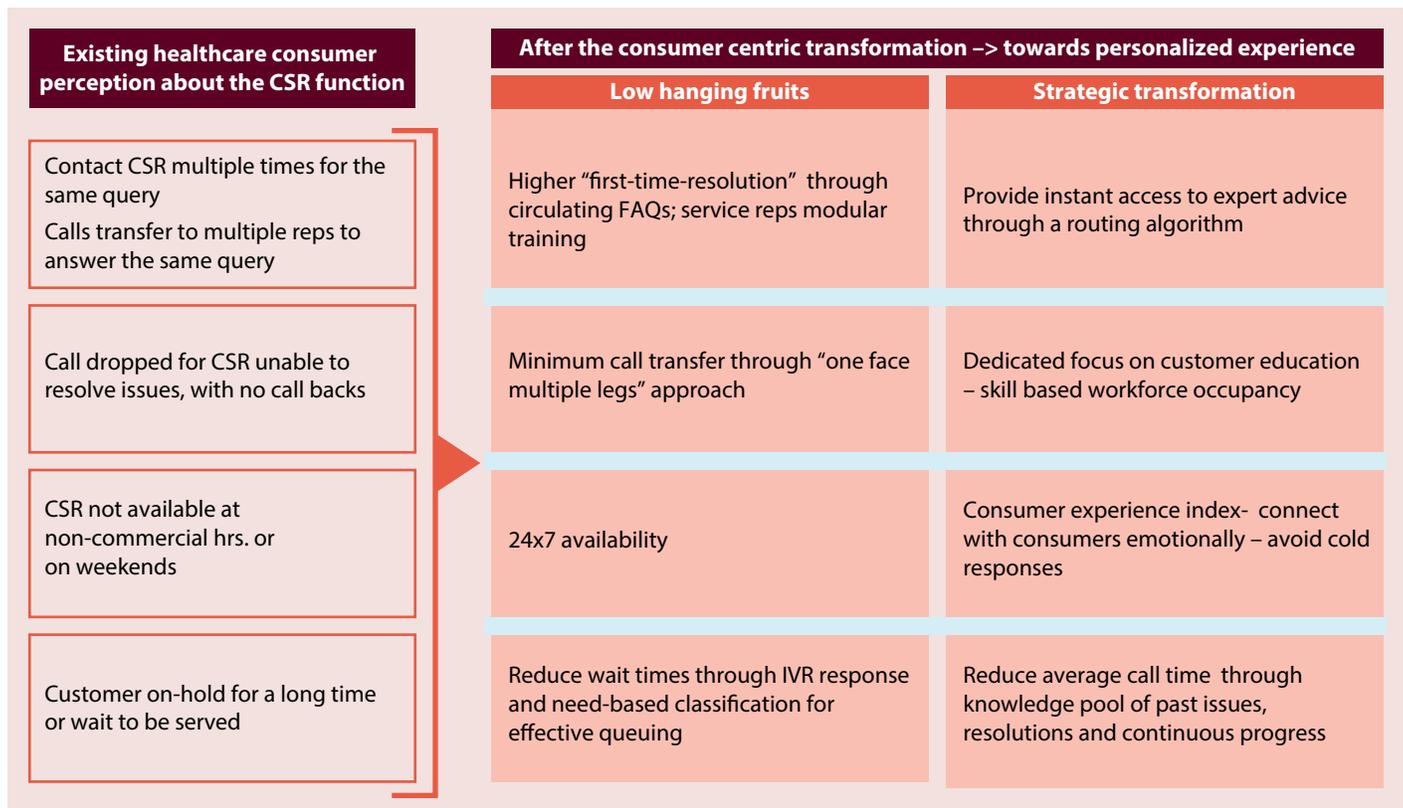
- Clearly articulating customer value at different lifecycle stages
- Aligning the enterprise operations to the customer relationship management blueprint and developing consumer responsive processes
- Establishing interdepartmental governance to oversee consistency and effectiveness
- Generating a 360 degree view and actionable profile of every consumer
- Developing a culture of consumer empathy and a consumer-centric mindset

## Delighting consumers

Various industry surveys point out that although dissatisfaction with the customer service function was not a trigger for healthcare consumers to switch their insurance carriers in the past, it will certainly influence long-term customer

loyalty in the post-reform world. With consumers becoming more socially connected, their power to influence “kith & kin and coterie” with their service experience story, is on the rise. Therefore, the fourth pillar recommends building

an effective customer response structure to create customer delight en route to consumer-centric transformation. This is depicted in the graphic below:



*Exhibit 4: Specifics of changing customer expectation, demanding substantial transformation of the customer service function*

Health plans’ post-reform customer response structure should be equipped to deliver highly effective, accurate, knowledgeable and consistent customer experience. Such a response structure, in the medium to long term, would be expected to possess the following capabilities:

- Accelerating self-help adoption through consumer-friendly, step-by-step guides. An interactive text, visual and video-based resolution mechanism could be leveraged to reduce call volumes.
- Providing a unified customer view to agents so that they do not have to toggle between different applications to fetch the history of customer interactions occurring on any channel.
- Recalling context to save customers from having to repeatedly narrate the same problem.
- Analyzing the context of customer contact and guiding them to the correct expert through an intelligent routing algorithm based on skill, geography, priority and other business rules, to improve first-time resolution and wait time.
- Educating customers in different locations through virtual classrooms and audio, video and textbased chats.

## The way forward

The four pillar strategy would be put to test not just by rival initiatives but also by the shopping experience that consumers enjoy with other products. Naturally, an individual member or prospect would expect the same level of attention, information, transparency and service that is a feature of their daily buying experience, from their health plans. Also, with consumers becoming more informed, web savvy, socially active and impatient, health plans must focus on all four pillars to transform into truly consumer-centric entities. Forging and achieving synergy between all the four pillars will be crucial to winning long-term consumers.

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