PERSPECTIVE

Consumer Engagement in the New Reality

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Why Consumer Engagement Matters

The US Healthcare Payer industry is transforming in fundamental ways and the traditional health insurance business model centered on the employer market with core insurance products is being turned on its head. Five significant forces are at play with critical implications for payers.

1. **Healthcare Reform and Individual Market:** The US Affordable Care Act (ACA)is an opportunity and challenge for payers. About 50 million uninsured are expected to enter the health insurance market but via new channels such as health insurance marketplaces assisted also by brokers and navigators. The profile of these new members is unlike payers' existing member base. With requirements such as guaranteed issue, rate restrictions, maximum cost sharing, and standard benefits, health insurance plans are likely to be more competitive and open than the current market, making retention just as important or more critical.

   Acquire / Retain new members via range of existing and new channels

2. **"Wholesale to Retail":** The new consumers are part of a shift from group to individual market for health insurance. Success in the employer market doesn't translate automatically into winning in the consumer market, which requires a new level of consumer insights and segmentation, targeting and outreach to capture mindshare and marketshare. The expanded consumer market brings with it first-time buyers unfamiliar with health insurance products. Thus, one of the most significant impacts of the shift is the rethinking required across organization, processes and technology infrastructure to engage consumers. For example, payers have increased communications but lack coordination and have no insight into overall consumer interactions, and haven't adopted communication models needed to manage this[1].

   Evolve business model from employer centered (B2B) to consumer oriented brand (B2C)

3. **Competition:** As more players enter the consumer market attracted by the promise of growth, competition is intensifying for these new members and traditional boundaries between payers, providers and benefits administrators are blurring. For example, an average of 8 health insurers compete for business in 36 states[2] ; 28% of hospitals expect to launch their own health insurance plan within five years[3]. Consumers however benefit with more choice and flexibility to choose health plans that fit their needs.

   Compete on value and consumer oriented offerings

4. **Consumerization:** Rise of the consumer segment as source of future growth for payers is clear. But, what do these consumers want? Today's consumer expectations are set by mature experience with leading companies in retail, telecom, banking and B2C industries; their needs are increasingly influenced by digital channels such as web, mobile, social media etc. For example, more than 75% of consumers will sign up for a mobile app or website to help them adhere to their doctor's treatment plan and track their health goals[4]. The number of Americans using mobile phones for health information or tools rose from 75 million in 2012 to 95 million in 2013[5]. Payers need to compete on experience and catchup to meet such consumer expectations

   – health insurance plans leading in engagement outperformed on mobile tools, website content, social media participation, consumer surveys, and customer support[6].

   Differentiate with unified consumer experience across the lifecycle

5. **Ownership for Health:** Healthcare costs in the US are increasing, and on a trajectory to reach 20% of GDP by 2020; "universal access" for an aging population is likely to put upward on pressure healthcare coverage. However, there is opportunity to bend that cost curve by actively engaging consumers to take ownership of their health. Largely preventable and highly manageable chronic diseases account for 75% of spend on healthcare in the US In contrast, less than 5% is spent on prevention, even though it is estimated that 80% of heart disease and type-2 diabetes, and 40% of cancers, could be prevented by exercising more, eating better and avoiding tobacco[7].

   Engage consumers to effect change, lower costs, and improve outcomes

What does all this mean? Payers need to rethink consumer engagement from the ground-up while finding ways to accelerate efforts in a highly competitive market.

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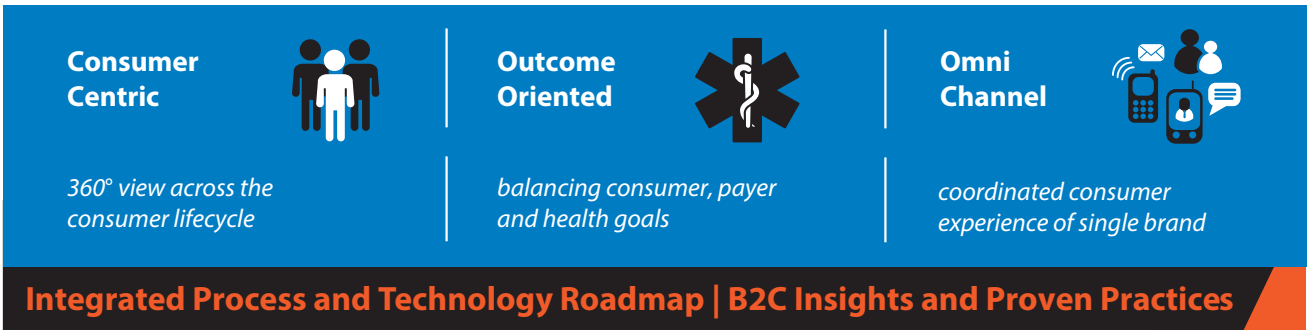
The New Rules of Consumer Engagement

In the new reality, consumer engagement hinges on consumer ownership and accountability to drive sustainable behavior change, thereby improving health outcomes and lowering costs.

Consumer-centric: Engaging consumers is not about mere interactions and touch-points. It is about providing a seamless window into the health insurance plan and experience to consumers across channels while breaking down internal functional silos (e.g. member management, care management, customer service) to develop a 360 degree view of every consumer.

Outcome-oriented: In the consumer world, interactions and touch-points are important, but those must converge to deliver clear outcomes for consumers. Majority of US consumers switched service providers in the past year due to poor service experiences, particularly among retailers, cable and satellite providers, retail banks; this reflects consumer frustration in dealing with the company multiple times or with multiple representatives or enduring long delays in resolving issues or fulfilling needs[8].

Omni-channel: Multichannel engagement based on a single-view of consumers or cross-channel engagement that takes it a step further with consumers experiencing single type of touch-point are established in leading B2C companies. Omni-channel goes beyond these to enable consumers to experience a single brand, not channels within a brand. Payers need to leverage single view of consumer in coordinated and strategic ways to make this possible.



Instituting a Consumer-Centric Approach

Consumer-centric approach to engagement requires coordinated execution across the consumer lifecycle via all channels to deliver positive outcomes. Three core components of engagement cross functional / departmental boundaries:

Acquire and Retain: Identify, attract and retain members based on micro segmentation of potential members and targeted outreach via marketing campaigns with relevant promotions / offers. Engage consumers in consultative selling with not only health plan choices but also decision-support to select the right plan and guidance to enroll. *Do consumers see value?*

Inform and Service: Orient members on plans and benefits, and ensure transparency of provider and procedure costs / quality / effectiveness to enable them to make the right choices. Engage consumers with personalized correspondence and service to fulfill needs or resolve issues based on unified view of each consumer. *Are consumers equipped to make informed decisions?*

Involve and Empower: Educate consumers on programs and actions relevant to their health conditions / risks with focus on prevention. Engage consumers with personalized resources / tools and involve range of stakeholders from consumers with similar interests / needs to providers and community groups. *Are consumers committed to personal health?*

Insights on consumer profiles and preferences and analytics inform the segmentation, targeting and personalization in each of these interactions while active listening to consumer feedback establishes a closed loop mechanism for continuous improvement.

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What's Next: Playbook for Payers

Building critical capabilities to institute a consumer-centric engagement model and becoming a consumer brand is a multiyear journey. Consumer insights and B2C practices can help accelerate the journey. Action plan for health insurance companies:

1. Build a consumer engagement capability roadmap and informational flows with a cross-functional and cross-channel view – organizational, process, technology
2. Prioritize critical capabilities based on value to consumers and compliance requirements
3. Implement programs with clear success metrics – seek technology partners with consumer insights and experience and expertise adapting that to the healthcare context
4. Leverage pre-built solutions to take advantage of technologies such as mobility, social media and analytical tools to accelerate returns and gain competitive edge

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