



# Tapping a New Vein: Why Health Insurers Need to Act on Customer Experience Now

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The health insurance industry is in the midst of a massive transformation, one where its customers have the power to easily switch from one provider to the next, and to choose their own plans and coverage based on their needs.

Prior to the digital revolution, customers followed the lead of their provider — agreeing to a limited set of plans, offerings and information, but now, as has been the case with the telecom and financial industries, they are armed with transparent knowledge about brands via online review sites, social media platforms and customer advocacy pages and groups. They can compare prices, plans and service easily, and if they feel their experience with one company isn't up to par, they can simply search for a better option with the click of a button.

Additionally, new regulations, such as the Quality Rating System, and regulatory bodies, such as the Centers for Medicare and Medicaid Services, are putting more power in the customers' hands. They are forcing insurance companies to employ data transparency practices so customers can make better-informed decisions about their health insurance and healthcare choices.

Yet, simply recognizing this industry shift isn't enough to help payors survive the change. Insurance companies need to take action and put customers at the centre of their business, whether by offering them:



 <p>Consistent experiences across a growing array of communication channels</p>	 <p>Realtime information and customer care at all hours of the day</p>	 <p>More personalised experiences that match customer preferences with the best services available</p>
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It sounds like a tall order, but in reality, these shifts have been occurring in the industry for years, and health insurers who've taken heed have experienced big benefits such as increased retention, improved ROI and better customer advocacy. If you're not one of these CX leaders, you need to start by understanding the following principles.

## Customer Communication Channels are Changing, and You Need to Have a Way to Consistently Manage Them All



Where before customers relied on advisors, intermediaries and contact centre agents to manage their health insurance services, today they have online, mobile and social media channels in their arsenal too. They not only expect to be able to communicate and attain services through their preferred channels, but they expect to do so at breakneck speed, because better options are within their grasp in an instant.

To manage these expectations, providers need to invest in omnichannel program management. It's not enough to just have the most up-to-date communication channels; you have to be able to track the customers as they move from one channel to the next. For instance, a customer might search for information on a recent health care claim on the company website, but find that the information isn't available, or that the website is undergoing maintenance. So, they call the contact centre to speak to an agent.

Does the omnichannel customer experience work? In 2012, the MIT Center for Digital Business researched<sup>1</sup> digital transformation for nearly 400 large businesses and looked at use of technologies like social media, mobile analytics and embedded devices to change their customer engagement, internal operations and even their business models. 39% of the companies studied exhibited excellence in various disciplines post-transformation. On average, these organizations were 26% more profitable than their industry competitors. They generated 9% more revenue through their employees and physical assets, and they exhibited 12% higher market valuation ratios.<sup>1</sup>

<sup>1</sup> Westerman et al, "The Advantages of Digital Maturity", www.sloanreview.mit.edu, November 2012.

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## Journey Mapping Is Key to Reducing Customer Churn



Customer churn is far more costly than many insurers recognize. A white paper by Kofax found that, “Carriers spend five to ten times more acquiring a new customer than retaining an existing one. In fact, it takes most insurers several years to recoup the costs of winning and on boarding a new policyholder.” By focusing on journey mapping, service consistency across all channels and touchpoints, and technology that empowers frontline employees to improve their service on these channels and touchpoints, insurance companies can keep loyal members loyal.

A paper by McKinsey & Company, entitled “Great customer experience: A win-win for consumers and health insurers,” highlights the importance of journey mapping for channels and touchpoints in the churn reduction process, stating: “Measuring satisfaction along each end-to-end journey, rather than at discrete touchpoints only, gives a payor a more comprehensive understanding of its members’ experience and of what matters most to which customers. Our research in multiple industries shows that journey satisfaction scores are twice as good as touchpoint satisfaction scores in predicting business outcomes. Armed with this understanding, the payor can assess its current performance, identify improvement opportunities, and prioritize improvement efforts based on value potential and strategy.”

Moreover, many are predicting a shift in what this journey will look like for health insurers. Customers are increasingly being empowered to get exactly what they want, when they want, and insurers are matching customer preferences with the best services that improve the health outcome. This requires extremely precise journey mapping and planning because it relies on contact centre agents acting more like case managers or gatekeepers via advanced diagnostic programmes that create deeply personalised consumer experiences.

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## Plan Renewals Hinge on High Customer Satisfaction

Long ago, insurance companies could not concretely prove a connection between customer satisfaction and plan renewals. Being the empowered ones in the relationship, many health insurance providers felt consumer renewals were inevitable because customers’ options and rights were so limited. But these days, the tables have turned dramatically, and customers have more power, rights and choices than ever. Their satisfaction is a key part of their reason for renewing, as a cross-industry customer experience survey by McKinsey revealed in 2015. Specifically, the survey found that consumer renewals with their current health insurance coverage increased with high levels of satisfaction. Additionally, satisfied customers were five times more likely than dissatisfied customers to report that they had renewed their plan, lending to customer advocacy.

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## Better Customer Experiences also Lead to Better Returns



Bain reported in 2014, that leaders in insurance acquisition get nearly 40% of new customers from digital channels, 30% from a contact centre and 30% via agents. This contrasts with companies who are not leaders, who get 15% of new customers from digital, 20% from contact centres and 65% from agents.<sup>2</sup>

Health insurance companies, now, more than ever, need to recognize the warning signs of a major industry shift, and prepare themselves for a new way of interacting and catering to their customers. Part of this preparation includes mapping out and understanding the customer journey across all channels and touchpoints, in addition to giving employees the tools to create satisfying interactions consistently, whether by phone, in-person, online or on social media. It’s a competitive landscape where plans and coverage are extremely similar to each other, but customer experience is not. Those who recognize the financial impact of customer experience initiatives and technology are already riding a wave of success. Those who aren’t will become obsolete, as has been the case with many famous companies of the past who refused to take heed of the signs and get with the times.

<sup>2</sup> David Whelan, “Customer Loyalty in P&C Insurance: US Edition 2014”, [www.bain.com](http://www.bain.com), June 2014.