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Consumers' Needs and Wants in the Digital Age: Opportunities for Health Plans

Summary

Health insurance is changing in exciting ways. People expect a different sort of service, one that is convenient, personalized, accessible and seamless. Intuitive simplicity always overrides complexity; user experiences need to be glitch-free and provide an immediate sense of value. Go-to companies like Amazon, Orbitz, Apple and The Honest Company have refined their retail experience so well that the experience itself has become the draw for customers. These companies have helped to redefine customer retail expectations across industries. Health insurance is by no means an exception.

What follows is a landscape analysis of what consumers need and want and opportunities for health plans to respond. Steep learning curves present challenges for both consumers and health insurance companies, but there are opportunities for innovation and new connections. Fresh footholds for educating and improving services are plentiful, and individuals now benefit from more options than ever to ensure quality protection for their health and that of their families. However, health insurance companies must be mindful not to miss opportunities to win over new customers. We will highlight lessons learned in reaching consumers during previous open enrollments to generate awareness and inspire action for the next open enrollment and beyond.

The Growing Retail Opportunity for Health Insurers

Industry experts estimate that the retail (direct-to-consumer) insurance market will grow from 18.6 million in 2013¹ to include up to 100 million people by the year 2020.² This creates a pervasive sense of urgency for health plans to fortify their position more fully within the broader retail marketplace. Are health plans ready for this seismic shift in the market? The answer remains to be seen.



In response, consumers are bombarded with options for health plans, but the nuances of different products and respective benefits are very unclear to the consumer. Improvement in understanding of these differences would lead to an increase in the conversion of prospects to customers. During open enrollment, the process of obtaining coverage caused many to spend significant time comparing plans during the shopping period, and though some found the process simple, half of those newly enrolled sought help with enrollment.³ In some cases, the complex shopping process dissuaded people from committing to a purchase.

Individuals want to better understand the value of health insurance and they want guidance as they evaluate their purchase. The health plan shopping experience, however, often distracts consumers from achieving these goals. Just how bad is shopping for health insurance? According to a survey done by bankrate.com, about as frustrating as doing your own taxes and pretty close to having a tooth filled.⁴ Income has no bearing on this perception as 77 percent of people earning \$75,000 or more say it is as bad as getting the middle seat on an airplane, versus 72 percent of those making less than \$30,000.⁴

What Consumers Need and Want from Their Health Plans

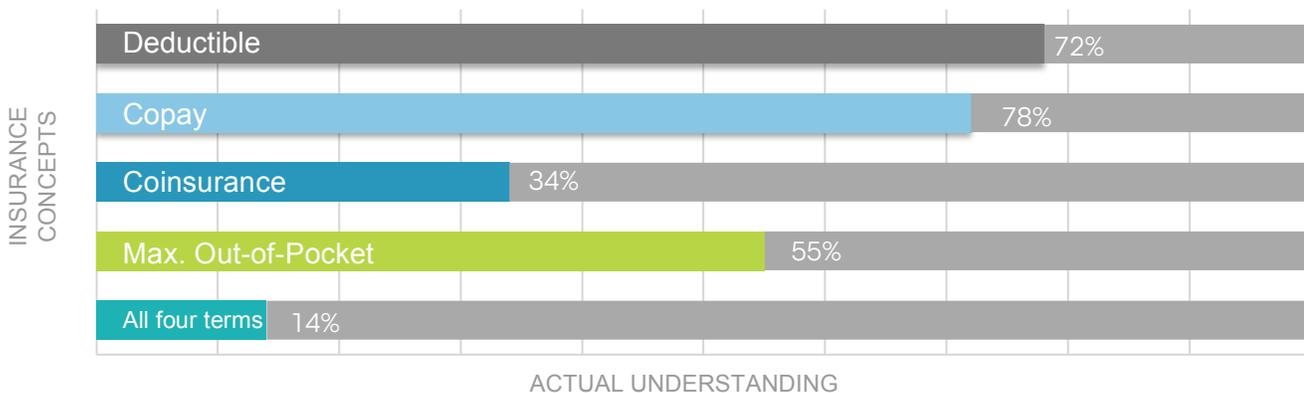
Because many consumers are new to the insurance shopping experience, or even insured for the first time, it is even more challenging for health plans to comprehend the complex, diverse and ever shifting views of their clients.

Understanding the needs and wants of consumers can help carriers meet them where they are and provide the right information at the right time to convert prospects into customers.

1) Consumers need to understand insurance concepts

A disconnect exists between what people assume they understand about their health insurance plan and what people actually know. At least 50 percent of healthy and fairly healthy enrollees in individual plans experience uncertainty in regards to coverage during major illnesses.⁵ Most non-group enrollees “have a pretty good idea of what their plan covers (75 percent say they understand this ‘very’ or ‘somewhat’ well) and what they will have to pay out-of-pocket when they use services (83 percent).”⁶

Figure 1. Consumers’ Actual Understanding of Insurance Concepts’



However, a separate survey tested consumers' actual and self-perceived comprehension of insurance concepts and found mixed results in their actual comprehension of key insurance concepts (see Figure 1).⁷ This lack of understanding of key terminology is a major obstacle to health plan shopper confidence. Without better health insurance literacy, consumers will not feel confident about what they are purchasing, regardless of ad campaigns or data-rich websites.

2) Consumers need to understand financial aspects of benefit designs

Having health insurance is second to day-to-day expenses as the most concerning financial woe to most health care consumers, and having peace of mind is the main factor that influences customer satisfaction.⁸ Cost is an important factor when choosing a health plan, as reported by nearly 6 in 10 enrollees in a high deductible health plan.⁹ High deductible health plans continue to grow in popularity, thus it is imperative that consumers understand the financial aspects of their health plan options and how best to maximize those benefits to make the most of their health care dollars.

Yet consumers must be educated about the financial concepts behind the benefit designs of their plans—not after they purchase, but before. Understanding these financial concepts before purchasing insurance allows the consumer to make an informed decision based on their projected health needs for the year ahead and the plan options available. In turn, this understanding guides their usage of medical services and improves consumer satisfaction, leading to the opportunity for a long-term relationship.⁷

3) Consumers want information on plan options and tools to aid plan selection

Consumers seek guidance from a range of sources, including brokers, navigators, friends and family, third-party websites and directly from the health insurer's website. A survey of U.S. consumers found that 87 percent thought it important to provide tools that help plan expenses and select plan coverage levels.¹⁰

Too many choices of health plans tend to overwhelm the shopper, however, so "there should always be a clear indicator displayed that identifies when not all choices are currently showing."¹¹ The consumer needs all the information to make the best decision, but the architecture supporting it all must include features that help ease the decision-making process.

Shoppers are willing to devote significant time and effort to enroll in their new health plans, During the most recent open enrollment, half of

Of those consumers surveyed, 21 percent spent 1-3 hours on the Internet, and 18 percent spent more than 5 hours combing the web for additional information.¹³



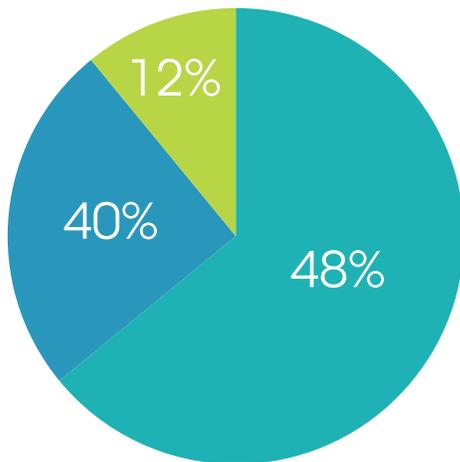
returning customers came back to healthcare.gov to reassess their options, showing a much more active and engaged consumer than expected, and of those reevaluating their options, roughly half chose a new plan.¹²

Enrollees spent significant time on the Internet, on the phone with a customer service agent and in-person with a health plan broker with both on-exchange and off-exchange plans.

4) Consumers want a human touch in the decision-making process

Assister programs¹³ were established to help inform consumers during the enrollment process. A national survey of navigator and assister programs after the 2013–2014 open enrollment found that the top consumer reasons for seeking their help included a limited understanding of the ACA (87 percent), a desire to better understand their plan choices (83 percent) and a lack of confidence about applying on one’s own.¹⁴

Figure 2. Seeking Help After Open Enrollment: Results From Survey of Assister Programs¹⁵



- Respondents citing that they could not help all who sought assistance
- Respondents citing demand far outpaced capacity
- Remaining assister program survey respondents

Additionally, following enrollment, 90 percent of assister programs had been contacted again for supplemental questions, yet they could not help everyone (see Figure 2).¹⁵ Indeed, a survey of consumers found that if they were to shop for coverage on their own, 94 percent think it important to have access to a live person to get their questions answered or issues resolved.¹⁰

A McKinsey study on consumer behavior when purchasing auto insurance is instructive. A vast majority of consumers surveyed—more than 80 percent—used direct channels like an insurer’s website to gather information and receive a quote. But when it came time to purchase or receive support after signing up for coverage, over 75 percent of shoppers spoke with an agent or a call center for the personal touch that can be lacking online.¹⁶

Conclusion: The Opportunities for Health Plans to Respond to Consumer Needs

Many users first seek out information directly from a health plan’s website, giving health insurance companies the opportunity to meet consumers’ needs through streamlined design and interface of their website. This role as a direct source of information for the consumer provides insurance companies with the leverage needed to explore a range of strategies to meet unique customer segments, even within the same user interface.

“Any effort to become a great digital insurance carrier,” according to the Harvard Business Review, “must begin with a deep understanding of consumers and their shopping journeys. Today’s consumer decision journey is a highly iterative and fluid process, where digital tools make it easy for consumers to check out brands, compare offers and get recommendations.”¹⁷

As health plans adapt to the growing retail opportunity within the industry, providing digital tools to support consumers in their shopping process is vital to meet their needs and desires and to build a long-term partnership with prospects. To maximize the effectiveness of such tools, health plans should:

- 1) Provide a simple, easy-to-understand overview of health plan options and tools to guide the shopping experience.** Consumers expect a convenient retail experience, with a self-service portal and pricing that reflects their unique family and income situation. Calculation and display of the exact tax credit amounts with the net premium price for their family helps educate prospects on the financial supports available to them and the affordability of their plan options from your health plan.
- 2) Allow consumers to find the right information for their needs and comfort level.** Some consumers only need a high level of information to make a decision, while others wish to dig deeper into the details and more closely evaluate their options. Providing more detail on the design of each plan option and educating the consumer on the financial differences of cost-sharing concepts across plans helps to improve their understanding of and confidence in the plan ultimately purchased.
- 3) Mirror the online shopping experience of other retailers.** Retail sites such as Expedia or Amazon offer the ability to make a decision on price and key features, or compare features across product options and fully understand the choice made. Tools to aid plan selection can boost the consumer’s confidence in their decision to purchase as well as in the scope of the plan selected, leading to increased customer satisfaction.
- 4) Utilize digital tools effectively by providing to consumers and customer service and sales representatives.** While prospects will seek information online, many still prefer a human touch to affirm their decision to purchase and field any lingering questions. Digital tools for the consumer and call center staff and brokers in combination with other channel partners allow for continuity in the consumer experience. This is true regardless of the pathway by which they engage the health plan. Providing this support streamlines the shopping process for prospective customers. These benefits promote a strong brand to consumers and go a long way to cementing their opinion of your health plan as a strong partner in their health and financial well-being.

As health plans take stock of their experiences in the first and second open enrollments and plan for the next, a closer review of the consumer’s digital experience and taking action is necessary to meet consumer needs and wants. The consumer experience is critical to brand loyalty and that experience begins the moment a consumer views a website. Taking action with this end goal in mind will prove invaluable in building consumer satisfaction and loyalty for many years to come.

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