



THE NEXT FRONTIER

How to Gain the Customer Experience Advantage in **Health Insurance**

Insights from the 2013 MECx Study by

PeopleMetrics®

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EXECUTIVE SUMMARY

The 2013 Most Engaging Customer Experiences (MECx) study was designed to uncover the negative and positive emotional tags associated with major business-to-consumer (B2C) industries, including health insurance. The ultimate goal was to help companies determine where they should focus their customer experience improvement efforts to create a stronger emotional tie with their customers.

This paper examines what we learned about the emotional triggers in the health insurance industry.

KEY TAKEAWAYS



Complexity is driving low NPS in health insurance.

Across seven different B2C verticals, health insurance had the lowest Net Promoter Score (NPS).

Few customers trust their insurance providers to do what's in their best interest, and fewer still say that the experience is personal or enjoyable. Complexity causes confusion, and when combined with the often stressful nature of health insurance this can create a strong negative emotion with customers.



Positive emotions are linked to higher NPS for top providers.

The health insurers with the highest NPS scores are better at creating positive emotional bonds with customers. And, in spite of the challenges facing health insurers, it is possible to create an engaging customer experience.



Trust is built or lost by how a company responds to a customer when a customer needs them most.

Contrasting the top and bottom performing providers in this sector lends evidence to the theory that engaged, motivated employees who go above and beyond for the customer can bring NPS up. Employees help customers navigate the complexity of the industry. By going above and beyond for customers experiencing a problem, employees are able to build high levels of customer love.

INTRODUCTION

The Power of Negative Emotions: *Sarah's son, Max, was born with Milroy's disease. The best therapy for lymphedema is a regimen of massage, wraps and compression stockings. Up until recently she has been able to get him the care he needs. That is, until her husband's company changed insurance providers. The new provider is denying coverage for Max's compression stockings. Every time she and her doctor make an appeal it is denied. Sarah doesn't understand how one company can cover this basic care and another refuses her. But more than confusion, faced with her son who is in pain and discomfort, Sarah feels helpless and angry.*

The Power of Positive Emotions: *Jacob made a mistake. When he mashed his thumb while mixing blender drinks for a backyard barbecue he went to the ER nearest to the accident. He wasn't thinking about following rules and staying in-network. When he discovered – after hours of surgery – that he had been admitted to a hospital that had recently been removed from his insurance company's network, the stress started to build. He had heard horror stories of people going into bankruptcy trying to pay medical bills. So he was shocked when his insurer wrote to tell him that they would treat the incident as if he had been taken care of in-network because of the recency of the change. He went from fear and angst to delight and gratitude.*

While hypothetical, these stories illustrate how the experience a customer has with a health insurance provider can lead to an intensely

emotional reaction. On the surface, health insurance seems simple and functional, but below the surface is the inherent stress that comes with needing to use the service. When one's health, or the health of a loved one, is at risk, a slew of emotions tumble forth.

Every industry has pain points - aspects of the way business is conducted that can create less than desirable impressions for their customers - think wireless contracts, airline delays, utility meter readings, overdraft fees, return policies, shipping charges, and formulary rules. These “necessary evils” can leave a strong negative impression of a company, sometimes even engendering frustration, anger, helplessness, or confusion. These industry-specific pain points create a lasting memory that customers will go out of their way to avoid experiencing in the future.

These pain points are also a gift to health insurance companies who are committed to creating a differentiated and positively memorable customer experience. By defining the negative trigger – the root cause of the customer's flight response – and flipping it, companies can build a distinct competitive advantage. While everyone else continues to create pain because “that's the way it has always been done,” the innovative provider has the opportunity to examine the situation and turn something negative into something positive and desirable.

THE STATE OF CUSTOMER EXPERIENCE IN HEALTH INSURANCE

The 2013 MECx study captured feedback from customers who had recently completed an interaction with companies across seven different verticals:

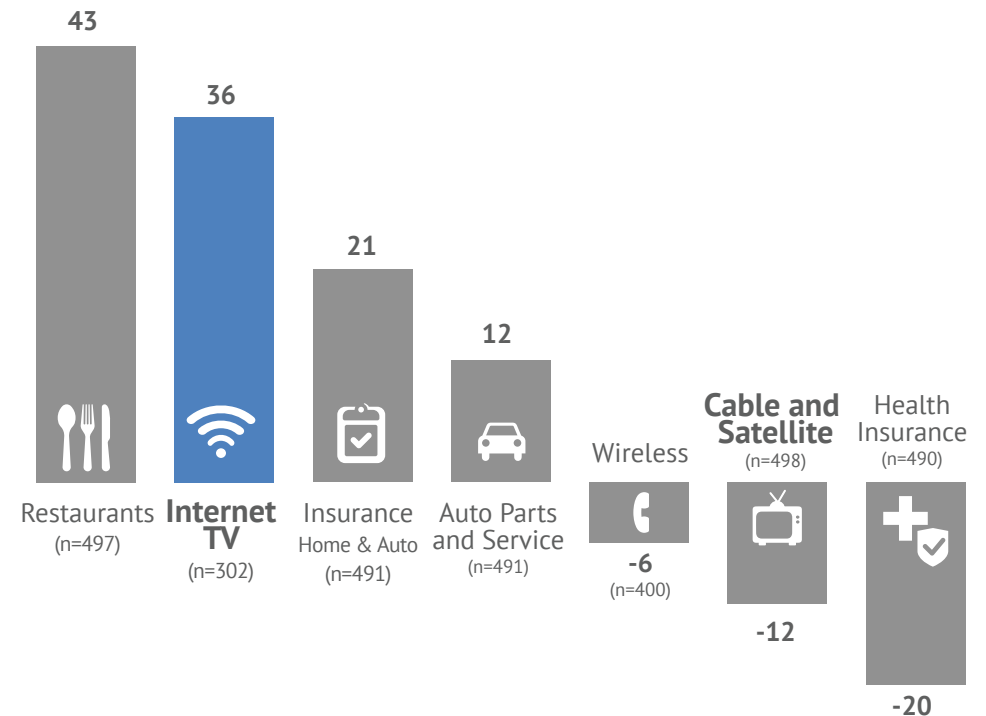
- Auto Parts and Service (Retail)
- Cable and Satellite TV
- Insurance (Auto & Home and Health Insurance)
- Internet TV
- Restaurants
- Retail Banking
- Wireless

The chart to the right (see **Figure 1: Net Promoter Score**) shows that health insurance earns the lowest overall Net Promoter Score (NPS). In fact, it scores below that of traditionally low performing industries such

FIGURE 1

Net Promoter Score (NPS)

Comparisons of Net Promoter Score by industry.



WHAT IS THE NET PROMOTER SCORE (NPS)?

NPS is a metric developed by Fred Reichheld, author of *The Ultimate Question*. It's based on one simple question: "On a scale of 0 to 10, how likely are you to refer to a friend or colleague?" This metric has been successfully linked to revenue growth and is used by companies including Intuit, Apple, and Southwest.

as wireless and cable & satellite TV. More than 2 in 5 health insurance customers are detractors of the brand – giving a 0 to 6 rating across an 11-point likelihood to recommend scale.

While customers who had positive experiences in health insurance were likely to agree that they were left feeling secure and confident, the strength of these emotions was not as great as in other industries and fewer customers in this sector said they left with a positive emotional memory compared to other sectors studied.

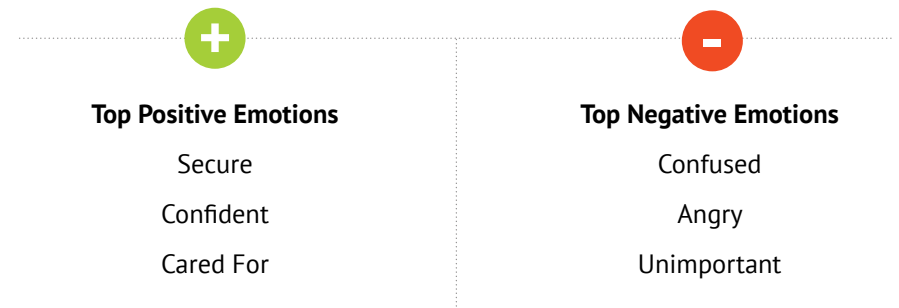
The most common negative emotion was confusion (see **Figure 2: Most Differentiating Emotions in Health Insurance**). In fact, health insurance delivers one of the most baffling customer experiences to its customers. Fifty percent of all insured customers do not agree that everything is simple and easy to understand.

Perhaps this is simply the way things are in the world of health insurance. As the stories at the beginning of this paper illustrate, health insurance customers tend to be worried, distracted, and fearful - a state of mind that causes them to enter the experience with their provider with the expectation that it will be painful. Perhaps this is an emotional state that leaves health insurers doomed from the get go.

FIGURE 2

Most Differentiating Emotions in Health Insurance

Top positive and negative emotions experienced by health insurance customers.



IS THERE HOPE FOR HEALTH INSURANCE?

If the customer experience in health insurance is doomed, then it stands to reason that all brands in our study within this one sector would fail to create many customer advocates. We would expect every one of the insurers to have the same low NPS and we would also expect negative emotional memories would exist in roughly equal measure across the five companies assessed.

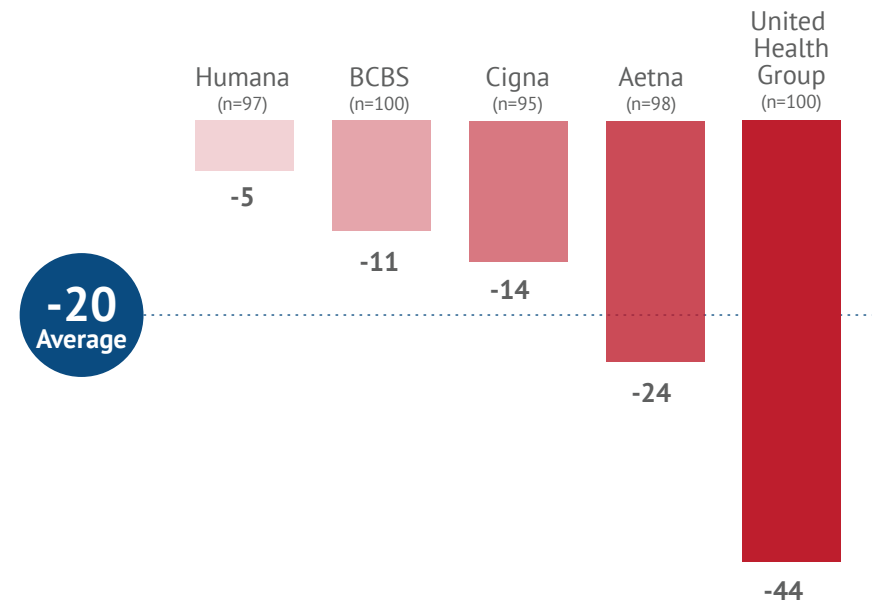
The wide variability in scores and negative emotions indicate that there is, in fact, a way to deliver positive customer experiences in this industry.

What we actually learned is that there is a wide variation in NPS and negative associations across the five brands in the study. As depicted in the chart to the right (see **Figure 3: Net Promoter Score**), we found a 39-point spread in NPS from the highest and lowest performing brand. In fact, the top brand has an NPS that is nine times higher than the lowest performing brand.

FIGURE 3

Net Promoter Score (NPS)

Comparisons of Net Promoter Score by top health insurance providers.



This same pattern exists in the spread of negative emotional associations. Again, we see the top performing brand with less than half the occurrences of negative emotional memories as the bottom performer (see **Figure 4: % with Negative Emotional Memory**). Together, the wide variability in scores and negative emotions indicate that there is, in fact, something that can be done to create better customer experiences in this industry.

By focusing on what matters most to customers – and managing the common negative emotions associated with interacting with the insurance provider – there’s an opportunity to improve NPS.

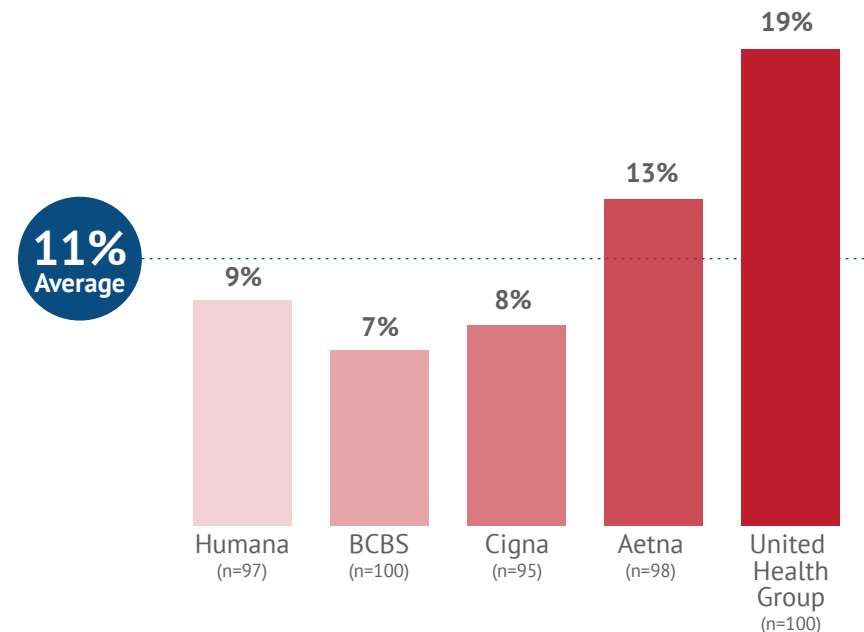
This is good news for insurers who are focusing on becoming more customer or member-centric. By focusing on what matters most to customers – and managing the common negative emotions associated with interacting with the insurance provider – there’s an opportunity to improve NPS.

The question is how?

FIGURE 4

% with Negative Emotional Memory

Comparisons of negative emotions by top health insurance providers.



TRUST, PEOPLE, AND THE POWER OF A CUSTOMER-CENTRIC CULTURE

Statistical analysis revealed four essential elements of NPS in the health insurance space:

- Meets Needs
- Easy
- Enjoyable
- Trust

Three of these overlap with the *Forrester Customer Experience Pyramid*: meets needs, easy to do business with, and enjoyable interactions. However, a fourth element comes out of this research and that is 'having the customers' best interests in mind' – the basis of trusting relationships.

Trust is ultimately built or lost at one key moment of truth - when a customer experiences a problem.

The graphic to the right (see **Figure 5: Top Drivers of the Health Insurance Experience**) shows that, while Humana outperforms United Health Group on all four elements, the greatest gap is for trust. Trust and enjoyment both seem the hardest to achieve, as evidenced by their lower scores. And for the lowest performing brand, distrust manifests itself in a feeling of anger. In fact, 84% of United Health customers say their over-arching negative emotion is anger.

FIGURE 5

Top Elements of the Health Insurance Experience

Trust is the biggest differentiator between top and bottom performers.









While trust can be built through policies and procedures that demonstrate a company has a customer's best interests in mind, trust is ultimately built or lost at one key moment of truth - when a customer experiences a problem. Few things are as important as a person's health and the health of their loved ones. When that health is threatened the customer is already experiencing a problem, and the addition of any delay, confusion, or issue can feel monumental.

It's no surprise then that there's no statistically significant difference between the top and bottom performers in the rate of customers contacting the company about a problem (see **Figure 6: The Human Advantage**). It's clear

FIGURE 6

The Human Advantage

How employees impact customer perceptions.

| | | Health Insurance Industry Average | Humana | United Health Group |
|---|---|-----------------------------------|---|---------------------|
|  | Had a problem | 23% | 29% | 28% |
|  | Spoke to someone about the problem | 84% | 89% | 89% |
|  | An employee went above and beyond | 25% | 31%  | 18% |
|  | "Strongly Agree" I love my insurance provider | 12% | 22%  | 5% |

Note: Arrow indicates statistically significant difference

that no health insurers are differentiating by eliminating problems and it could, very likely, be impossible to do so. Instead the difference becomes apparent when people enter the scene.

Front line employees are the secret to helping customers navigate the inherent complexity of health insurance.

When customers experience a problem they pick up the phone and for many, this may be their first interaction with their health insurer. This is the moment of truth and what we see is dramatic. Humana employees go above and beyond for customers at a rate significantly higher than the industry average. The result? Their customers are four times more likely to feel an emotional connection to the brand than the bottom performers. Twenty-two percent of Humana customers Strongly Agree with the statement, "I love my insurance provider."

Empowered employees with the resources needed to help customers, and a customer-centric culture supporting them, are able to cut through all the inherent negativity of the industry to create an experience that customers love. Front line employees are the secret to helping customers navigate the inherent complexity of health insurance and turn confusion into trust, loyalty, and love.

WHERE TO FOCUS NEXT

This is an industry that is crying out for disruption and change. As consumer-directed health becomes more the norm, providers will continue to shift some of their attention away from employers towards the end customer – the insured.

And as this occurs, health insurers are going to be flung deep into the center of the “Age of the Customer” – an era where the customer is in control and the experience is the route to differentiation and growth. Delivering exceptional customer experiences that leave a lasting positive memory after every interaction and every exposure to the brand will be the means to success.

Those that are able to make their customers feel important and trusting will have an even greater advantage.

The first providers to uncover innovative methods to turn confusion and complexity into clarity and ease will be the winners. And those that are able to make their customers feel important and trusting will have an even greater advantage.

RECOMMENDATIONS

Do you know your Guiding Principles?

Have you defined the experience you intend to deliver? Have you clarified how you will evaluate opportunities to reduce complexity?

Have you identified the Moments of Truth?

Are you seeking ways to build greater trust with customers at critical Moments of Truth (e.g., seeking care out-of-network, understanding the formulary rules, submitting a claim, changing providers)? What can you learn from the most trustable brands, like Amazon, Nordstrom and FedEx, that could apply to your company and the way you deliver experiences to your customers?

Are you listening to your employees?

Have you tapped your employees for insight on how you could help them create a better customer experience? Are you regularly assessing your employee experience? Do you know which employees are going above and beyond for customers?

Are you listening to your customers?

Do you truly understand the experience you currently deliver? Have you uncovered the impediments and opportunities to creating something uniquely different and emotionally engaging? By defining your guiding

principles to support the emotional reactions you wish to create and then systematically redesigning your touchpoints to reinforce these guiding principles, you will create a positively different company that is beloved by its customers in an industry that, today, is merely tolerated.

ABOUT THE AUTHOR

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Kate Feather leads the customer experience transformation group at PeopleMetrics. In this role she acts as strategic consultant on many key accounts, is responsible for the firm's Research & Development projects and is a frequent speaker and contributor to publications on topics related to customer experience.

ABOUT THE STUDY

About the 2013 MECx

From 2008 to 2010 PeopleMetrics conducted the Most Engaged Customers (MEC) study. This was a project that examined the unique drivers of Customer Engagement in multiple industries. In 2013, we brought the project back under the new name of Most Engaging Customer Experiences (MECx) and with a greater emphasis on the emotional components of an engaging customer experience.

Industries Included In the Study

Business-to-Consumer

- Auto Parts and Service (Retail)
- Cable and Satellite TV
- Insurance (Auto & Home and Health Insurance)
- Internet TV
- Restaurants
- Retail Banking
- Wireless

Business-to-Business

- Accounting and Tax
- Telecommunications
- Office and Business Supply Services

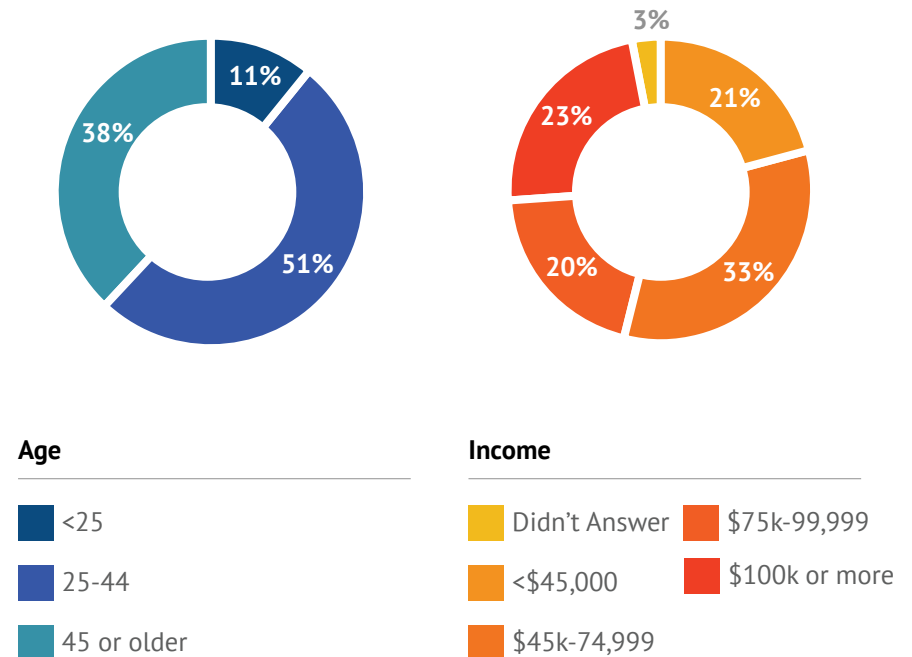
MECx: Health Insurance

The health insurance portion of the study was fielded in Q2 of 2013. We gathered feedback from 490 customers evenly distributed across the top five health insurance companies: Humana, BlueCross BlueShield, Cigna, Aetna, and United Health Group.

FIGURE 7

About Our Research

Demographic breakdown of study participants.



*Numbers may not add up to 100% due to rounding

FURTHER INFORMATION

If you are interested in MECx research from other industries in this study, please email us at info@peoplemetrics.com



About PeopleMetrics

PeopleMetrics empowers marketers to create better customer experiences by providing them with the software to take real-time action on customer feedback, and insight into the systemic actions having the greatest impact on customer loyalty.

Are you ready to transform your customer experience?
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