MILLENIALS: A MISSED OPPORTUNITY FOR PAYERS

WHAT WILL IT TAKE TO SATISFY THE FASTEST-GROWING CONSUMER SEGMENT IN HEALTHCARE?
THE FASTEST-GROWING SEGMENT OF HEALTHCARE CONSUMERS IS DISSATISFIED

Tech-savvy, digitally enabled and discerning millennials have now surpassed baby boomers as the largest living generation in the United States, well on their way to comprising the biggest group in the healthcare market (see Figure 1).

Millennials want to use digital channels for familiar experiences, such as scheduling a doctor’s appointment. But when they are confused and overwhelmed by complex decisions, such as choosing a health plan, they expect knowledgeable live assistance right away to have their questions resolved on first contact. Insurers that deliver inconvenient experiences or poor customer service fall short on meeting millennial expectations.

Unmet millennial expectations have negatively impacted brand loyalty. Millennials have a low Net Promoter Score® (NPS) for insurers (-18 compared to +11 of baby boomers), and the millennial generation shows the highest rates (38 percent) of brand detraction. Willingness to recommend, translated into an NPS, is a measure of consumer loyalty and is correlated with revenue growth. If healthcare organizations don’t change to meet millennial expectations, they risk losing the opportunity to engage this large and growing segment of healthcare consumers.


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**MILLENNIALS**

<table>
<thead>
<tr>
<th>Ages 18 to 34 as of 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technologically savvy</td>
</tr>
<tr>
<td>Entrepreneurial and innovative thinkers</td>
</tr>
<tr>
<td>Independent learners</td>
</tr>
</tbody>
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**BABY BOOMERS**

<table>
<thead>
<tr>
<th>Ages 51-69</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use traditional technology methods*</td>
</tr>
<tr>
<td>Driven, competitive**</td>
</tr>
<tr>
<td>Prefer traditional, more formal trainings***</td>
</tr>
</tbody>
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* http://www.pewinternet.org/2011/02/03/generations-and-their-gadgets/

** http://guides.wsj.com/management/managing-your-people/how-to-manage-different-generations/

*** http://www.wsj.com/articles/SB10001424052748703651904577632724703628754?mod=wsj_subscribe_HomePage_table_1 column1_20110112_JessicaBaran_i_2 explode-20111031

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Figure 1. Millennials are an expanding market segment

Projected Population by Generation (in millions)

Source: Pew Research Center tabulations of U.S. Census Bureau population projections released April 2015, Pew Research Center

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SHOPPING FOR HEALTH INSURANCE

Although millennials are generally more digital, only 59 percent use online tools and information when first shopping for a health insurance plan, compared to 71 percent of boomers. Among public health insurance exchange (HIX) consumers, only 27 percent of millennials used these tools as their initial source, and more than half of the baby boomers consulted the HIX first (see Figure 2).

More millennial public HIX consumers (61 percent) require live help than baby boomers (43 percent) to finalize complex health decisions, such as shopping for and buying a health insurance plan. Millennials (61 percent), compared to baby boomers (39 percent) are overwhelmed by the many plan options and cannot distinguish one plan from another.

Source: Accenture 2016 Consumer Survey for Public Health Insurance Exchanges

FIGURE 2. YOUNGER GENERATIONS WERE LESS LIKELY TO VISIT THE PUBLIC HIX FIRST WHEN SHOPPING FOR HEALTH INSURANCE

<table>
<thead>
<tr>
<th>MILLENNIAL ADULTS</th>
<th>BABY BOOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>27%</td>
<td>51%</td>
</tr>
</tbody>
</table>

- Online tools and information provided by the health insurance exchange
- Online tools and information on a health insurer website
- Online tools on a website that offers health plans from multiple companies (e.g., ehealthinsurance, GoHealth, or GetInsured)
- Online information from social media sites
- Guidance from an assister, navigator, or community program that was helping people sign up on The Health Insurance Exchange
- Advice and recommendations from my friends or family
- Advice and recommendations from a call center representative from The Health Insurance Exchange
- Guidance from my doctor or other health care professional
- Print materials, advice in person, or on the phone from an insurance broker who offers health plans from multiple health insurers
- Print materials, advice in person, or on the phone directly from a health insurance company

Source: Accenture 2016 Consumer Survey for Public Health Insurance Exchanges
As both groups explore health insurance options, the factors most important to each generation differ. Baby boomers (79 percent), perhaps on a fixed income, said price was an important factor compared to 48 percent of millennials (see Figure 3).

The generations also differ on factors that would influence a decision to switch insurance companies.

Only 22 percent of millennials cited value for money as a key reason for switching insurance companies compared to 46 percent of baby boomers. And less than a quarter of millennials who switched issuers said insurers could have “offered me better pricing” to keep them as a customer. In contrast, nearly three quarters of baby boomers (74 percent) would be wooed by better pricing.
Millennials want to use digital channels when they are more comfortable with the health interaction. For example, 66 percent of millennials value scheduling appointments virtually as “somewhat” or “very important” compared to 42 percent of baby boomers. Millennials (47 percent) similarly value seeing a doctor virtually, whereas only 34 percent of baby boomers do.

Low numbers of millennials (19 percent) believe that it is convenient to get the care you need, if and when you need it. This compares to 33 percent of baby boomers who found care convenient (see Figure 4).

**FIGURE 4. MILLENNIALS FOUND IT LESS CONVENIENT TO GET CARE THAN BABY BOOMERS**

<table>
<thead>
<tr>
<th>MILLENNIAL ADULTS</th>
<th>BABY BOOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>59%</td>
<td>57%</td>
</tr>
<tr>
<td>19%</td>
<td>33%</td>
</tr>
</tbody>
</table>

- Never convenient
- Rarely convenient
- Mostly convenient
- Always convenient

Source: Accenture 2015 Health Consumer Survey
Millennials expect their questions to be answered, and they are frustrated when that is not the case.

In fact, “Member service representatives who aren’t knowledgeable” is a reason for 37 percent of millennials to switch insurers, compared to just 3 percent of baby boomers (see Figure 6). In general, millennials feel they aren’t getting the service they deserve. Only 32 percent of millennials feel they are treated well in the healthcare system, compared to 51 percent of baby boomers.
FIGURE 5. RETAINING POTENTIAL SWITCHERS

- **Offered me better pricing**: 24% (Millenials) vs 74% (Baby Boomers)
- **Resolved my issue(s) on first contact**: 15% (Millenials) vs 47% (Baby Boomers)
- **Offered me preferential treatment**: 13% (Millenials) vs 9% (Baby Boomers)
- **Recognized me for doing business with them**: 18% (Millenials) vs 6% (Baby Boomers)
- **Provided me better live or in-person customer service**: 5% (Millenials) vs 17% (Baby Boomers)
- **Contacted me proactively to let me know about ways to enhance my experience with them**: 13% (Millenials) vs 10% (Baby Boomers)
- **Offered me better digital/virtual service and support options**: 9% (Millenials) vs 2% (Baby Boomers)

Source: Accenture 2015 Health Consumer Survey
FIGURE 6. **TOP REASONS FOR SWITCHING INSURERS**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Millennials</th>
<th>Baby Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>I wasn’t getting good value for my money</td>
<td>22%</td>
<td>46%</td>
</tr>
<tr>
<td>Member service representatives weren’t knowledgeable</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>I wanted to stay with my preferred doctor/hospital</td>
<td>19%</td>
<td>28%</td>
</tr>
<tr>
<td>I didn’t like the range of plan options that were available to me</td>
<td>13%</td>
<td>24%</td>
</tr>
<tr>
<td>Insurance company was difficult to do business with</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Overall poor quality of the member experience</td>
<td>13%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Accenture 2015 Health Consumer Survey

*FIGURE 6.* Top Reasons for Switching Insurers
Creating digitally enabled, convenient and high quality customer experiences will help health plans to appeal to millennial desires, without sacrificing the needs of baby boomers. However, strides must be made across the entire customer journey to turn brand detractors into brand promoters (see Figure 7).
Improve the shopping experience by educating millennials, helping them to understand the options, prices and respective benefits of health plans. Provide responsive, live support to make it easier to get answers. Craft simple messages that matter and make sense to millennials, and provide that information via intuitive, user-friendly digital experiences that are seamlessly integrated with the live help channels.

Ensure consistency and seamlessness between on- and off-line sales channels. Hone your product portfolio to offer distinct, meaningful options. Clear and distinctive choices allow millennials to understand how one plan differs from another. Consider selling on convenience and service—not just price. Ideally, use an Amazon-like recommendation engine that synthesizes consumer preferences and buying habits to deliver “people like me” recommendations that help shoppers make buying decisions.

Provide convenient care options that make it easier for members to use their plan benefits, including choosing a healthcare facility, provider or treatment. Enable digital capabilities for common tasks, such as appointment scheduling. Actively promote and enable virtual health and make sure supporting tools are geared toward mobile use. Selectively offer millennial-friendly services, such as text messaging, for reminders and targeted outreach.

Give members the right answer the first time when it comes to claims, benefits and billing questions. Make it easy for members to use intuitive digital channels to get questions answered, but also offer easy access to a live person, when needed. Deliver outstanding customer service consistently across multiple touch points to build loyalty and relationships with millennials, who will be a key audience for years to come.

Millennials will rate or share their experience, whether it is good or bad. Allow them the means to provide that feedback within your solutions, or they will find other outlets. And use feedback to foster meaningful dialogue and make adjustments. Make every effort to improve all customer interactions so that millennials and baby boomers alike will have a positive story to share about your brand.

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ABOUT THE ACCENTURE 2015 HEALTH CONSUMER SURVEY

Accenture conducted an online survey of 6,178 healthcare consumers over 18 years of age in the United States. Respondents included insured (group, individual, Medicare, and Medicaid) and uninsured. The research aimed to understand healthcare consumer needs, expectations, and behaviors and was conducted between December 2015 and January 2016.

ABOUT ACCENTURE INSIGHT DRIVEN HEALTH

Insight driven health is the foundation of more effective, efficient and affordable healthcare. That's why the world's leading healthcare providers and health plans choose Accenture for a wide range of insight driven health services that help them use knowledge in new ways—from the back office to the doctor's office. Our committed professionals combine real-world experience, business and clinical insights and innovative technologies to deliver the power of insight driven health. For more information, visit www.accenture.com/insightdrivenhealth.