

WHAT HEALTHCARE CEOS MUST MEASURE FOR **BETTER CUSTOMER EXPERIENCES**





NET PROMOTER SCORE (NPS) HAS EMERGED AS THE SENTINEL INDICATOR OF CUSTOMER EXPERIENCE SUCCESS IN A HEALTH INSURANCE MARKETPLACE THAT HAS BECOME INCREASINGLY COMPETITIVE, CONSUMER-DRIVEN AND DIGITAL.

There is a long-held belief that the predominantly business-to-business health insurance marketplace insulates insurers from the implications of delivering a poor customer experience. After all, a significant portion of insurers' business is being sold directly to employer groups or through brokers.

Yet today, employer groups of all sizes emphasize the customer experience when evaluating insurance carriers. This creates both a challenge and an opportunity for insurers as employees, who obtain employer sponsored health insurance, are more likely than ever to shop around when given a choice or to use social channels to amplify their discontent with a poor experience.

The steady growth and competitiveness of the Medicare Advantage marketplace, also reinforces that health insurers will not be immune to the impacts of consumer experience and loyalty. Medicare Advantage, which is primarily sold directly to consumers, represents the "retailization" of health insurance. The retail industry has demonstrated that focusing on the customer experience is essential for success.

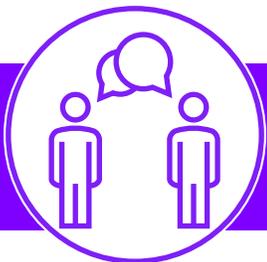
However, whether insurers today are competing in a business-to-business or business-to-consumer market, they must continuously improve the customer experience to win and retain business. But how can they measure success of these efforts?



A MEASURE OF SUCCESS

Health insurers have traditionally focused on financial and operational metrics when measuring enterprise performance, especially at the most senior levels of the organizations. Yet as customer experience efforts become more of an enterprise priority, customer perception metrics are critical. There are four metrics to consider when measuring customer perception: customer satisfaction, likelihood to stay/purchase again, ease of doing business, and willingness to recommend measured as a Net Promoter Score (NPS)¹. There are also new metrics, such as emotion or even customized perception measures.

Leading health insurers are starting to use NPS as their overall measure of customer experience success. It is easy to measure and understand, comparable across industries, and correlated with growth. Accenture analysis of these four customer metrics shows a positive correlation between NPS for health insurers and the other three metrics. The key for insurers is to select an overall measure of success—a “North Star” that will drive organizational clarity and alignment and accommodate operational and financial metrics.



MORE THAN JUST BUZZ

Competitive consumer industries have used NPS to measure the customer experience and loyalty for years. Market dynamics are driving new interest in NPS for health insurers. The momentum is real. Industry leaders are discussing NPS on earnings calls and setting goals around it. One large plan wants an NPS of 70 in seven years—an ambitious goal considering that only the world’s most beloved companies have NPS ratings this high.

NPS for health insurers brings insurers an important customer perspective at the right time. Millennials and

digital-savvy consumers are becoming a large portion of the customer base. They are the most likely to be dissatisfied and switch insurance providers, and are willing to share their discontent. NPS ratings will suffer if these customers’ expectations go unmet. This has negative implications for insurers’ relevance to tomorrow’s most critical customer segments—and to their own growth potential.

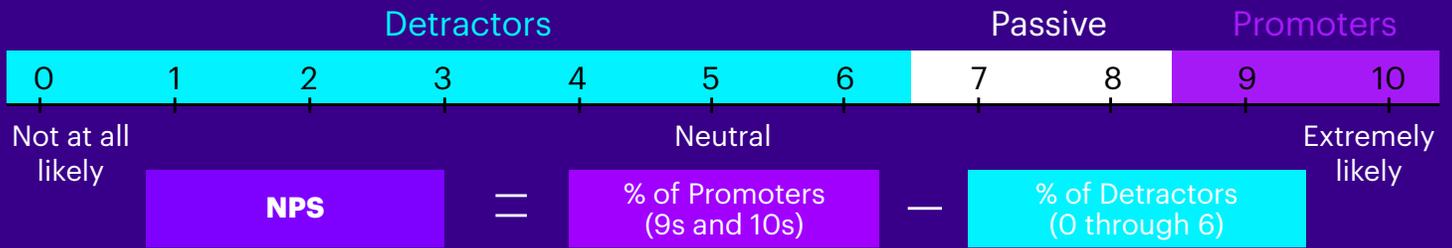
¹ Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

WHAT IS NET PROMOTER SCORE?

Net Promoter Score (NPS) is a commonly used customer metric. It is based on the premise that consumers' willingness to recommend an organization indicates future consumer behaviors that drive future revenue growth and value for the organization. To calculate NPS, organizations

subtract the percentage of detractors (consumers who are least likely to make positive referrals) from the percentage of promoters (consumers who are most likely to make positive referrals) (Figure 1).

FIGURE 1: **NPS is a simple calculation based on customers' willingness to recommend.**



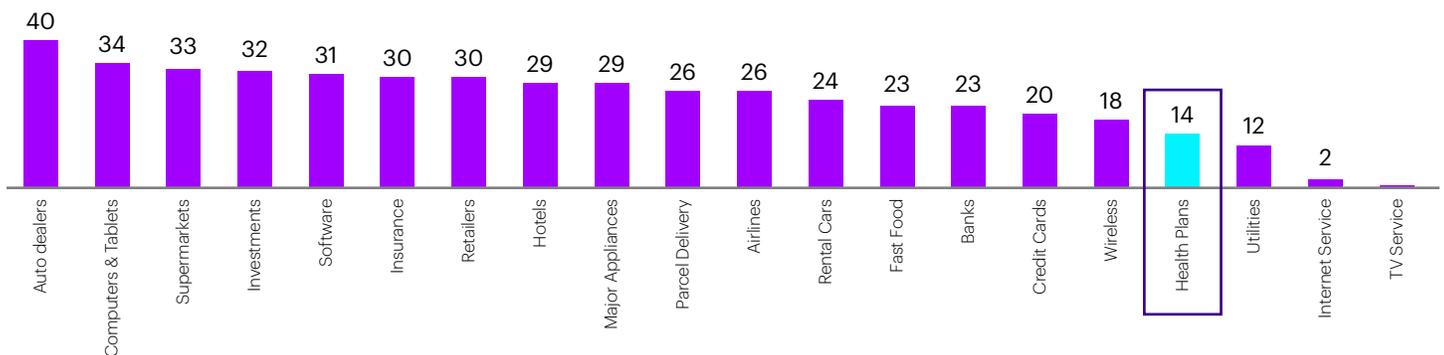
NOWHERE TO GO BUT UP

Health insurers have improved their customer experiences, however not relative to other industries. Insurers' current NPS ratings are among the lowest of all industries. Unlike industries first impacted several years ago by digital disruption and always-on consumers, the majority of health insurers have not paid significant attention to this metric, yet.

Five-year NPS trend data shows health plans in the bottom quartile, ranking either 17 or 18 out of 20

industries.² Only utilities and internet and television service providers—both notorious for bad customer experiences—rank this consistently low. Consumers are less apt to advocate for their health plans than for airlines, fast food companies, banks and credit card companies among other surprises (Figure 2). This presents insurers who take a leadership position a tremendous opportunity to differentiate and grow.

FIGURE 2: **Health plans trail most other industries in average NPS rankings**



Source: Temkin Group

² Temkin Group

A CONNECTION TO GROWTH

While views of the true value of NPS differ, companies that track it do so for an important reason. Studies demonstrate a correlation between high NPS and future revenue growth. Ten years of data indicate that, across industries, organizations with the highest promoter to detractor ratios generally have both solid profits and strong growth. Companies that lead in NPS typically grow at more than two times the rate of the competition.³

Accenture analysis of eight commercial and nonprofit health plans from 2012 through 2015 reveals that positive changes in NPS often correspond to positive changes in member enrollment. This suggests that those who prioritize the experience and improve NPS scores will be positioned for future revenue growth.

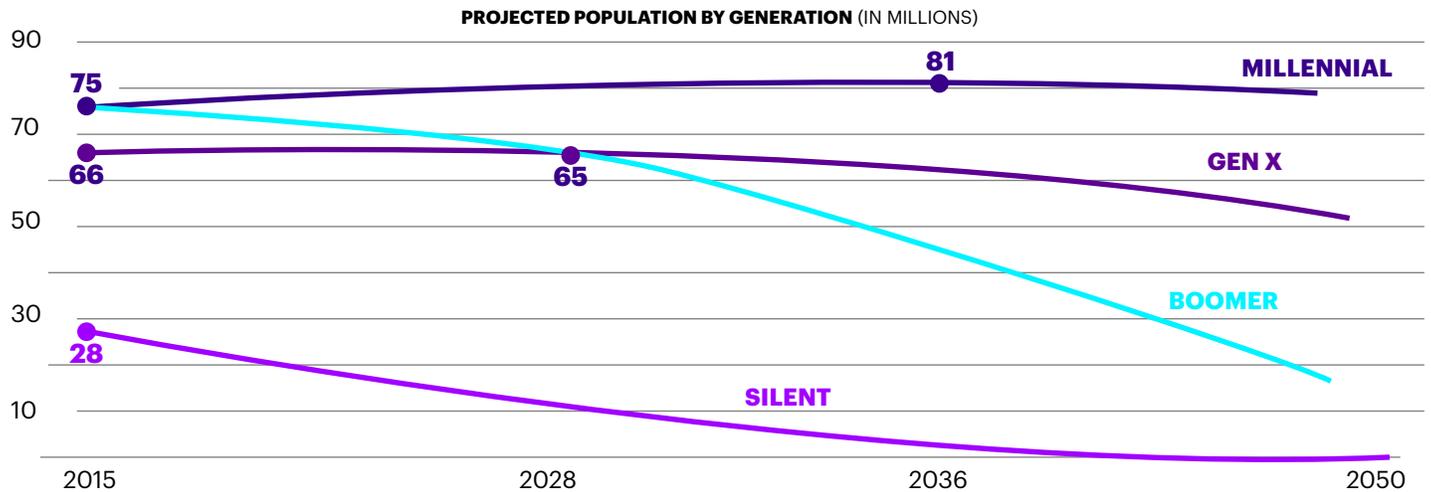


³ The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer-Driven World, Revised and Expanded Edition by Fred Reichheld and Rob Markey, 2011.

FUTURE CUSTOMERS, DIFFERENT CUSTOMERS

Understanding the next generation of health consumers is key for insurers to improve NPS ratings and harness new growth potential. Millennials and digital-savvy consumers are tomorrow’s customers. **Millennials are the fastest growing healthcare segment** (Figure 3).⁴ Digitally intense consumers grew by 9 percent over the past two years, while the traditional segment shrank by 9 percent.⁵

FIGURE 3: **Millennials are the fastest expanding market segment of healthcare consumers**



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

Not only will there be more of these customers, but Accenture analysis reveals that both groups have more detractors than promoters. They give health insurers significantly lower NPS ratings. Case in point: Millennials give insurers an average NPS score of -18, compared to +11 from baby boomers.⁶ **The average NPS from digital-savvy consumers is -24 for insurers**, compared to -1 from traditional consumers.⁷

These low ratings are at risk of dropping even further if health insurers cannot evolve to meet these customers’ needs and expectations. Millennials crave digitally enabled, convenient and high quality customer experiences.⁸ Digital-savvy consumers expect to communicate with health insurers through digital channels and are constantly evaluating them.⁹ Higher churn rates among both

customer segments suggest that neither group is afraid to leave their health insurer if their experience expectations are unmet.¹⁰

These groups also exhibit behaviors that will make the detractors among them more powerful by amplifying their discontent. As frequent users of social media, millennials and digital-savvy consumers share their voices and trust others’ voices. For example, **55 percent of millennials, versus 32 percent of baby boomers, post online reviews**.¹¹ Eighty-six percent of millennials consider online reviews when purchasing health insurance on a public exchange, while just 66 percent of baby boomers do.¹² If these groups’ needs go unmet, the vital—and viral—role of social media in their lives is a threat to future NPS ratings.

⁴ Accenture, Millennials: A Missed Opportunity for Payers, <https://www.accenture.com/us-en/insight-millennials-missed-opportunity-for-payers>

⁵ Accenture 2016 Global Consumer Pulse Research, <https://www.accenture.com/us-en/insight-digital-disconnect-customer-engagement>

⁶ Accenture, Millennials: A Missed Opportunity for Payers

⁷ Accenture, As Digital Health Intensity Increases, Loyalty Suffers, <https://www.accenture.com/us-en/insight-digital-intensity>

⁸ Accenture, Millennials: A Missed Opportunity for Payers

⁹ Accenture, As Digital Health Intensity Increases, Loyalty Suffers

¹⁰ Accenture 2015 Health Consumer Survey

¹¹ Pew Research Center, Younger Adults More Likely to Discuss Companies or Products on Social Media, December 15, 2016, retrieved on May 3, 2017 at http://www.pewinternet.org/2016/12/19/online-shopping-and-e-commerce/pi_2016-12-19_online-shopping_2-04/

¹² Accenture 2016 Consumer Survey for Public Health Exchanges

SETTING THE NORTH STAR, GOING BEYOND MEASUREMENT

Health insurers have improved their customer experiences. However, health insurer customer experience efforts are significantly lagging other industries. So whether it is NPS for health insurers or another customer measure, it is important for insurers to set their North Star and go beyond measurement by establishing a customer experience management capability. This capability requires organizations to:

LEAD THE EFFORT FROM THE TOP

Pivoting to a North Star customer experience measure requires a top-down commitment. The transformation starts in the C-suite with senior leaders setting clear goals along with complementary communications and action plans so that the organization reorients around the new measure, and is positioned to act on it. As an example, leading customer experience organizations link employee compensation to this metric.

ACT ON CONTEXT, NOT A NUMBER

Measuring a North Star metric gives organizations a number, but not the why behind it. This is why insurers need an experience management capability with advanced analytics to capture, analyze and act on customer feedback—to understand their behaviors, preferences and

motivations (e.g., text analytics) to deliver on and ultimately predict the expectations of both detractors and promoters.

ENABLE AND LISTEN TO THE FRONT LINES

Customer experience leaders use systems for gathering and distributing customer feedback across the organization, so that employees can immediately act on feedback. This is critical to developing an effective customer experience management capability. So is using technology to capture employee suggestions for improving the customer experience.

DESIGNING EXPERIENCES THAT DELIGHT

Improving, protecting and leapfrogging NPS ratings into the future means designing and delivering experiences in different ways. [The Love Index](#) takes a design-led and scientific approach to measuring customer experience across both digital and physical touchpoints, decomposing a customers' needs and desires while even providing insight on how to delight customers in the process.

The decade-old debate around NPS will rage on. But with healthcare consumer profiles changing so rapidly, health insurers cannot afford to ignore customer metrics that provide a window into what customers think about them.



FOR MORE INFORMATION



Jean-Pierre Stephan

jean-pierre.stephan@accenture.com



Michael Shulof

michael.g.shulof@accenture.com



Richard Birhanzel

richard.f.birhanzel@accenture.com

CONTRIBUTORS



Lisa Branding

lisa.k.branding@accenture.com

METHODOLOGY

NPS was measured using Temkin Group data, supplemented by Satmetrix data for one insurer. After identifying eight US health plans with NPS data from 2012 to 2015, it was determined that 90 percent of the annual changes in NPS analyzed were statistically significant within an 80 to 99 percent confidence interval. Annual enrollment data from AIS Health was analyzed, excluding international membership and years where acquisitions of material membership volume occurred for each payer. Year-over-year organic growth was calculated for each payer. NPS and organic growth were compared to determine a positive relationship (NPS score and enrollment trend move in the same direction) or an inverse relationship (NPS score and enrollment trend move in opposite directions).

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