



**THE NEW
LAWS OF
CONSUMER
ATTRACTION
FOR HEALTH INSURERS**

INSURERS AND HEALTH INSURANCE EXCHANGES MUST CHANGE THEIR STRATEGIES TO ATTRACT AND RETAIN THE MOST DESIRABLE CONSUMERS IN TODAY'S VOLATILE HEALTHCARE ENVIRONMENT.

Highly desirable consumers (HDCs) are the most in demand—and often the hardest to acquire. Yet private insurers need to enroll as many of them as possible to maintain a healthy risk pool and maximize profitability. Public health insurance exchanges (HIX) are also eager to sign up these consumers so they can keep insurers participating.

A recent Accenture survey shows that HDCs have distinct attitudes and buying behaviors that require new acquisition and retention strategies. The more adept that insurers and public exchanges become at designing products, prices, outreach and customer experiences attractive to this group, the better off they will be. No matter what the future holds.

For the purpose of this analysis, **highly desirable consumers in the healthcare marketplace are people younger than 45** with no severe or pervasive health conditions who never use their health coverage or use it only for routine services.

YOUNG, HEALTHY, DIGITAL

Young and healthy, HDCs are also more digitally savvy than others. Consider their **digital intensity**, a measure of the extent that people use or are impacted by online, mobile and social channels in customer interactions.¹ Forty-eight percent of HDCs scored in the top two categories for digital intensity compared to 43 percent of others, signaling the importance of digital interactions from enrollment through claims processing.

These consumers are also “stickier” than other segments. This is good news considering how valued they are to insurers. Our survey results reveal that while HDCs (23 percent) are only slightly less likely to switch plans with their existing insurer than all others (26 percent), they are 35 percent more likely to take no action at all during open enrollment (not even shop for new plans) and let their coverage passively renew.

The bad news is that this consumer stickiness is mostly about inertia, not enthusiasm. In fact, HDCs are 50 percent more likely to indicate that the reason they passively renewed is a perception that switching was a hassle. Willingness to recommend is

a common measure of customer loyalty and satisfaction. Net Promoter Score® (NPS®) correlates it with consumer behaviors that drive future growth.² Only 17 percent of HDCs would recommend their insurer. The NPS (-27) they give health insurers is 10 points lower than the score from other consumers (-17). So with this group, “stickiness” is not necessarily synonymous with satisfaction.

48% of HDCs scored in the top two categories for digital intensity compared to **43%** of others, signaling the importance of digital interactions from enrollment through claims processing.

¹ Accenture, “As Digital Health Intensity Increases, Loyalty Suffers,” <https://www.accenture.com/us-en/insight-digital-intensity>

² 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.

FIRST OUT THE DOOR

HDCs are the most likely to drop their coverage now that the individual mandate has been revoked. The reality is that these young and healthy consumers often have health coverage because they have to, not because they want to. For many, this is about both the invincibility of youth, and the practicality of avoiding paying for something that they do not use.

The threat of a tax penalty for being uninsured is the top factor influencing non-HIX HDCs to shop for coverage. Among non-HIX shoppers, 69 percent of the highly desirable population is influenced to shop by a tax penalty, compared to just 43 percent of all others. The trend is similar for HIX shoppers. Sixty-eight percent of the highly desirable population in this group is influenced to shop by the tax penalty, while just 51 percent of all other consumers are (Figure 1).

With the federal mandate eliminated, it will be more important than ever to make strategic changes to acquire HDCs and keep them engaged and satisfied. The healthcare landscape in this country may change, but insurers' need for healthy, low-utilizers will not.

Among **non-HIX shoppers**, **69%** of HDCs are influenced to shop by a tax penalty, compared to just **43%** of all others.

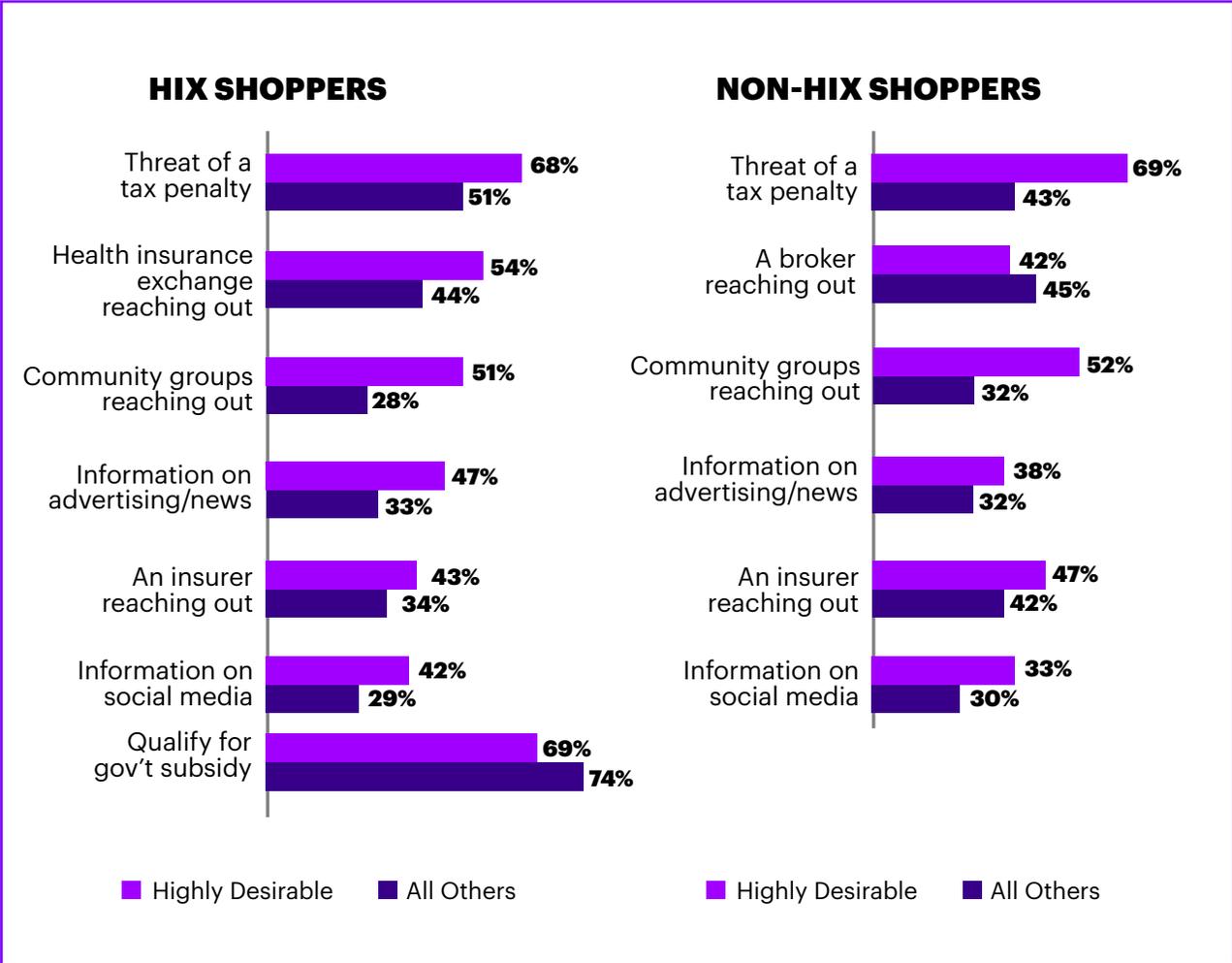
Similarly, among **HIX shoppers**, **68%** of HDCs are influenced to shop by a tax penalty, compared to just **51%** of all others.

OPEN TO SUGGESTION

Other factors also influence HDCs to shop for health insurance. This group is much easier to influence to shop than other consumers are.

In both private insurance and HIX markets, HDCs are more likely than other consumers to shop because of direct outreach from an insurance exchange, insurer or community group (Figure 1). Community groups and advertising have a greater impact on this group than on other consumers. Social media is also more of an influence for them, which is not surprising considering their digital acuity.

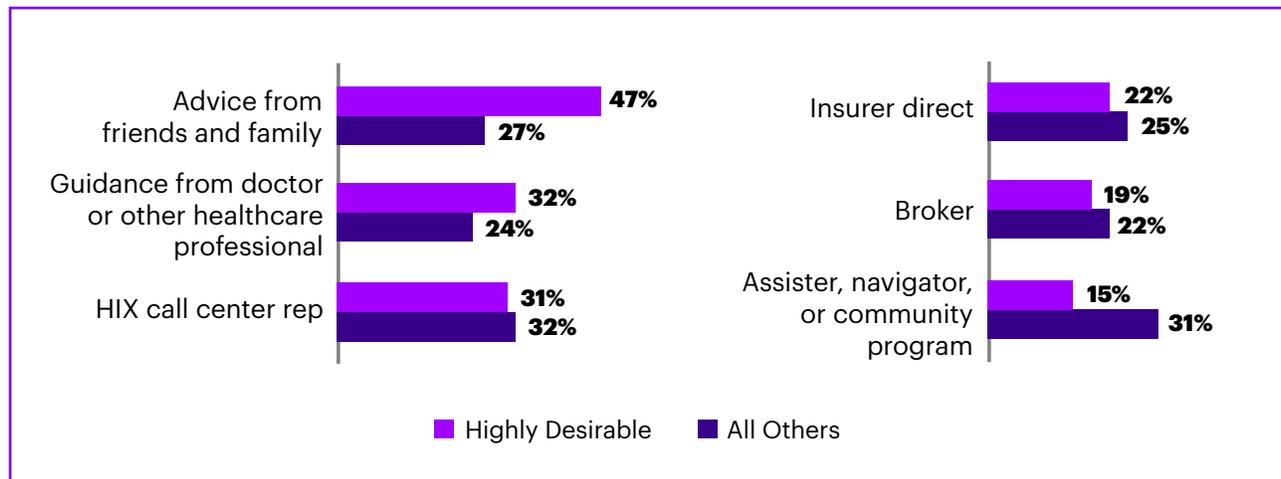
Figure 1:
Factors that influence highly desirable consumers to shop



Source: Accenture 2017 Individual Health Consumer Experience Survey

While they are easier to influence, HDCs are less likely to reach out directly to insurers on their own. Rather than approaching a carrier, assister or broker for help with shopping, these consumers typically seek out their friends, families or doctors for advice (Figure 2). In fact, survey respondents most often cited friends and family as their source of shopping assistance and information.

Figure 2:
Health insurance shopping information sources for highly desirable consumers



Source: Accenture 2017 Individual Health Consumer Experience Survey

THE PRICE IS RIGHT

When making a decision about health insurance options, HDCs are price shoppers. Our survey shows that price is the number one factor when these consumers choose a new plan, and that they are far less concerned with network coverage, customer experience or other carrier interactions.

Price influences retention of HDCs too. Forty-eight percent of those who switched plans would have stayed if their insurer had offered a better price. The desire to keep a preferred doctor, poor member experiences, and a lack of digital solutions barely rank as reasons to leave. When they do stay, HDCs want to be rewarded. They are more likely than other consumers to stay with an insurer when they are recognized for doing business with them and offered preferential treatment.

In many ways, HDCs are not sophisticated shoppers. They have been lucky enough and healthy enough that they have not had to be. In fact, 28 percent of HDCs in our sample were first-time buyers whose last coverage was their parents’ plan. To them, health insurance is a commodity; the cheaper the better.

FIRST MOVE WINS

In fact, 28 percent of HDCs indicated that there is little differentiation between health plans, even when price was included as a factor. They struggle with shopping and choosing the best plan. Fifty-nine percent say they cannot distinguish one plan option from another, and 68 percent think it is difficult to determine which plan is right for them. A full 82 percent of HDCs want more information to help find the best plan, compared to 74 percent of other consumers.

HDCs are price sensitive, do not reach out on their own, and are easily influenced. As such, the insurers and health insurance exchanges that win with this critical customer segment will be the ones who engage them first. Considering that HDCs made up 25 percent of the insured sample in our survey and 37 percent of the uninsured sample, insurers have a significant opportunity with HDCs who are not purchasing coverage today. There are some fundamentals to acquiring these consumers and keeping them satisfied:

BALANCE PRICE AND EXPERIENCE

Price clearly matters to these consumers, and insurers ignore this at their own risk. However, insurers cannot discount the importance of customer experience either. All else being equal in a commodity play, customer experience matters, especially in the digital world. Winners will create personal experiences through low cost channels, such as using artificial intelligence-powered bots when applicable in customer service interactions.

MEET PEOPLE WHERE THEY ARE

Considering how effective community groups can be in influencing HDCs, it is in insurers' best interest to partner with these groups to develop and implement creative, even unconventional, programs for these coveted consumers. Again, micro-segmentation approaches will be critical in targeting consumers, prioritizing investments, developing programs and measuring success.

MATCH MESSAGES AND CHANNELS

Insurers have an opportunity to connect with HDCs in new ways because they are easily influenced. There is a strong case for insurers and public exchanges to ramp up marketing and outreach efforts, with an emphasis on multichannel advertising and strengthening their social media presence. Insurers should use micro-segmentation techniques to align the right messages to the right channels at a granular level.

STAND OUT FROM THE PACK

Time is of the essence for insurers and health insurance exchanges to get HDCs to notice them. This rush-to-the-finish-line dynamic is real, and insurers must move first and fast. The hard truth is that if these consumers do not know an insurer before they shop—and the insurer has not successfully positioned the organization in consumers' minds to override the pure price play—it will be difficult to win in a multi-payer market.

Insurers that do these things well and acquire HDCs are in a good place. Unless they raise premiums, HDCs are likely to stay, which is exactly what insurers and public health insurance exchanges need in a volatile healthcare market.

FOR MORE INFORMATION



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ACCENTURE 2017 INDIVIDUAL HEALTH CONSUMER EXPERIENCE SURVEY

Accenture commissioned an online survey of 3,500 US HIX and non-HIX individual consumers who are decision makers for their health coverage. HIX consumers had coverage or received a subsidy from a health insurance exchange created by the Affordable Care Act. Non-HIX consumers purchased their coverage directly from an insurer or through a broker offering plans from multiple insurers. Respondents had individual coverage in 2016 or 2017, shopped for coverage in 2017 open enrollment, or were uninsured. The survey aimed to understand purchasing behaviors and experience with individual insurance. Highly desirable consumers make up 25 percent of the insured respondents in the survey sample. The survey was conducted by Research Now in May 2017.

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