



The Digital Mandate for Health Plans

Consumers want digital tools and mobile-first options to manage their plan, and they exhibit varying levels of satisfaction with existing capabilities. Our exclusive study reveals 10 key findings that will help health plans set the course for their digital member experience strategies in 2016 and beyond.

Executive Summary

Health plan buying power is steadily shifting toward individual consumers. Plan providers increasingly recognize the need to retool processes and offerings to attract, onboard, retain and engage customers in their direct-to-consumer individual lines of business. (For more on this trend, read "[The Rise of the Empowered Consumer](#).") This holds true in the group market as well, where private exchanges (both single- and multi-carrier) and the expansion of defined contribution strategies require members within the small and large group lines of business to be increasingly treated like individual consumers.

As this trend evolves, the key payer challenge will be to identify which services consumers want delivered digitally, as well as when and how to deliver them while balancing competing priorities for technology investments.



To help answer these critical questions, our Healthcare Business Consulting Practice recently surveyed a cross-section of current health plan members about which healthcare administrative and business capabilities they would like to access via digital channels (mobile, Web, social). The survey focused on uncovering the features, functionality and delivery methods that are important to members when shopping for commercial health insurance products – as well as after they purchase coverage and need to manage their interactions with their health plan.

Our findings substantiate the notion that the digital capability needs of members covered by employer-group sponsored plans are increasingly aligned with those who purchase individual insurance via direct-to-consumer channels.

We interviewed 1,600 respondents aged 18 to 65 across 47 states in the U.S. (see Appendix, page 15). About 86% were from employer-sponsored group plans; the rest were members of individual plans. Four national plans, 10 Blue plans and 154 regional plans were represented in the findings. (Medicare and Medicaid plan members were excluded for the purposes of this study.)

The survey reveals which digital channels are preferred by consumers and members, as well as their general satisfaction levels with each. The results indicate the types of information, functionality and decision-support that consumers and members want to access via digital channels provided by their health insurer. The findings suggest which digital channels are generally less effective, as well as the digital services and features that payers need to improve. Furthermore, they substantiate the notion that the digital capability needs of members covered by employer-group sponsored plans are increasingly aligned with those who purchase individual insurance via direct-to-consumer channels.

The top 10 key survey findings summarized in the pages that follow should help guide healthcare payers as they set the course for their digital consumer and member experience investment priorities for 2016 and beyond.



Voice of the Digital Member Survey: Key Findings

KEY FINDING 1: Members Prefer to Interact Digitally with Insurers

With 84% of respondents signaling this preference, the survey reveals, incontrovertibly, that plan members prefer to interact digitally with their healthcare payer. Health plan members routinely rely on digital channel offerings across industries (banking, retail, consumer goods, travel, etc.), and health insurance is no different. However, healthcare payers are lagging in the availability and adoption of mobile offerings (see Figure 1).

Further, the quality, maturity and effectiveness of digital customer service capabilities are clearly important influencers on members as they shop for plans and interact with payers:

- Nearly 70% of respondents feel strongly that health plans should request and track a member's preferred communication channels (mail, text, phone, chat) – and then use those channels accordingly.
- Approximately 40% of respondents report less than total satisfaction with health plans' website, mobile and digital self-service features, indicating room for improvement with those health plan aspects.
- Similarly, approximately one-third of respondents were somewhat or not at all satisfied with their plans' communications, claims handling operations and customer support. Throughout the survey, respondents noted the importance of digital features that are complementary to these areas, such as apps for digitally submitting claims and estimating costs for procedures.

Health Plans Play Catchup in Self-Service Digital Channels

Cross-industry digital experiences are shaping consumer expectations for digital interactions with health plans.

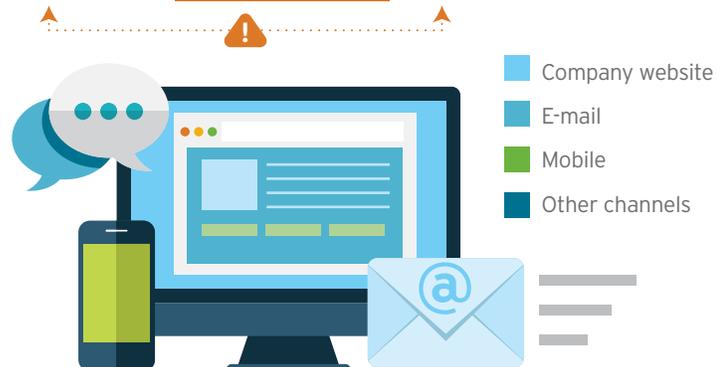
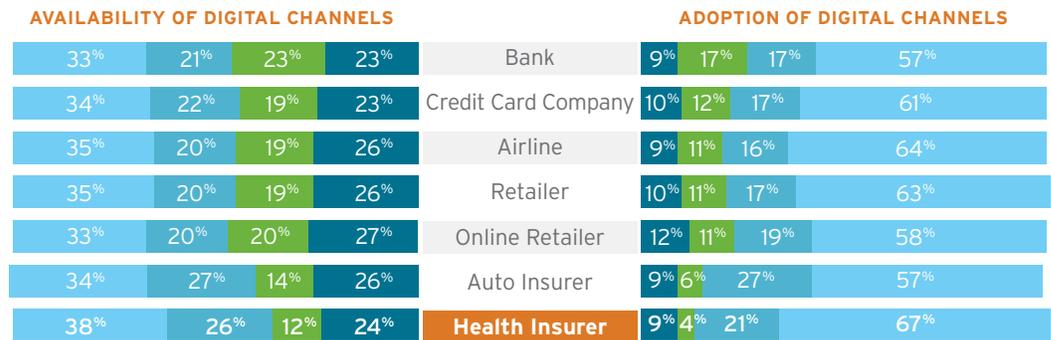


Figure 1

Our Perspective

Members who are less than satisfied with digital features and related services (40%) could prove difficult to retain. This finding sends a clear signal that payers still have room to improve service and operations. Further, payers need to develop capabilities to capture members' digital communication preferences by hierarchy (group preferences, member preferences and subscriber preferences), taking into account personal health information (PHI) regulations. Many plans not only fail to gather preferences but also do not even request a member's e-mail address during registration; respondents indicated their lack of appreciation for such paucity in digital capabilities. Hence, payers must recognize and respond when benchmarks for great service are being set and raised by digitally-adept service providers outside of the healthcare industry – from Amazon to Uber.

Payers need to develop capabilities to capture members' digital communication preferences, taking into account personal health information (PHI) regulations.

KEY FINDING 2:

Members Expect Advanced Digital Shopping Capabilities



Respondents indicated the following digital capabilities were important to them when shopping for health plans:

- Ability to shop via online channels vs. interacting with agents, brokers or navigators (80%).
- Guided selling tools that help them sort and narrow various plan options and make appropriate choices (40%).
- Online tools to compare and evaluate providers on various quality ratings and reviews (58%).
- Utilization-based recommendations for an appropriate plan, i.e., being offered plans based on their past usage, family life stage, existing health conditions, etc. (40%).
- Transparency in plan premiums, co-pays, co-insurance and out-of-pocket cost estimations (67%).

Our Perspective

Payers must prioritize their ability to deliver an engaging digital shopping experience because a website visit may be a prospective member's initial interaction with the plan. Imagining this process from the member perspective is a critical step toward designing workflows and tools that meet expectations while also streamlining behind-the-scenes processes (see Figure 2, next page).

In general, payers limit their shopping experience capability development to commercial plans purchased by individuals. But as the survey indicates, group members are also interested in a shopping experience similar to that of individual members. Payers need to either invest in or communicate the availability of such capabilities for their group members. Investments in shopping capabilities for group members can be made by establishing a carrier-owned private exchange or through broker channels.

Consumer Experience with Digital Healthcare

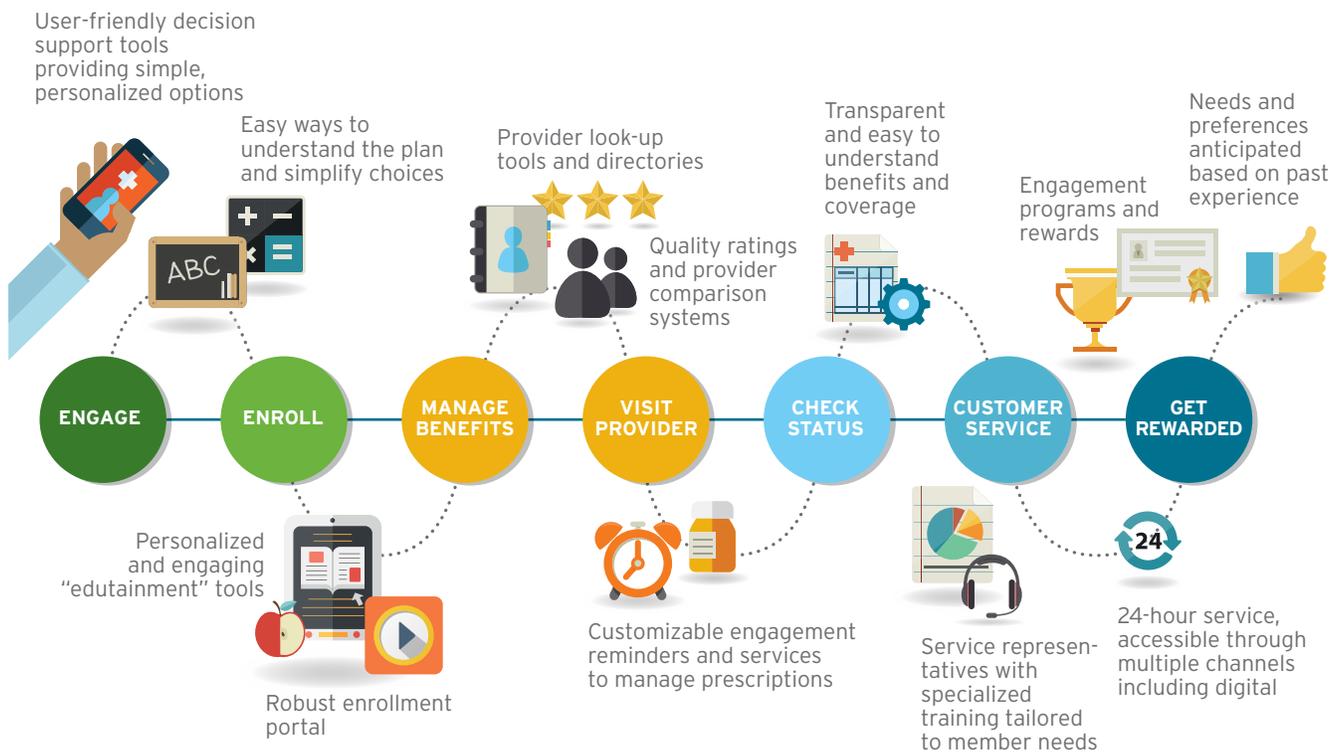


Figure 2



KEY FINDING 3: Members Want Robust Digital Capabilities to Manage Payer Relationships

Plan members want digital tools, features and information to help them manage their plan. From a payer perspective, these features are focused on engaging and retaining members throughout their journey with rich, satisfying experiences.

More than half of all plan members want digital tools and capabilities, including the following:

- Digital submission of claims (63%) and the ability to support real-time digital inquiries about claim status (71%).
- The ability to print out ID cards and/or request them online (61%).
- Delivery of statements and policy documents via digital channels (70%).
- The ability to pay provider bills and health insurance premiums via digital channels. (Among younger respondents, 18- to 25-year-olds, 69% say this is important or very important.)
- The ability to pay via digital channels, including mobile (51%). This finding suggests members could be open to using options such as Apple Pay, Google Wallet and other electronic wallet features.

Members also look favorably on payers offering health and wellness tools via digital channels:

- Approximately 60% like the idea of payers providing incentives for healthy behavior that could be tracked, monitored and reported on digital channels, and choosing their own rewards, such as gift vouchers and monetary benefits.
- More than half want their insurer to provide an online or mobile personal health record (PHR), a possible reflection of the fact that most online PHRs have not met consumers' needs. However, respondents said they still like the idea of having their medical information readily available to them via the Web or mobile channel.

Our Perspective

Members have a strong appetite for digital features that enable them to carry out transactions or access information anytime, anywhere. Satisfying this need will help payers reduce costs; for example, print costs can be reduced by enabling members to print an ID card at home, or ROI could be boosted on process improvement initiatives by supplying an electronic mobile ID. Similarly, tying payment options to electronic payments that members already use could improve billing and renewal rates.

With members' increasing preference for digital channels, payers need to deploy a holistic digital communication strategy.

We observe many payers using paper-based approaches to conduct the majority of their member communications, without an established strategy or governance plan. With members' increasing preference for digital channels, payers need to deploy a holistic digital communication strategy. This strategy should address channel strategy, governance and operating models, communication process, foundational technology and an adoption plan to steer members to digital channels.

KEY FINDING 4:

Members Want Mobility First



Respondents said they prefer to receive their digital shopping and engagement features via their mobile devices (see Figure 3, next page). Overall satisfaction (75%) is greater for shopping features delivered via mobile. Similarly, while respondents show a high Web adoption rate for features such as researching peer experiences, finding a pharmacy and filling a prescription, they are more satisfied with these services when accessing them via mobile devices.

Apparently, many digital services that are highly important to members are not widely available via mobile. The capabilities that top respondents' mobile wish lists include:

- Looking up benefits/confirming coverage. (78% rated this as an "important" mobile service; 46% reported having this feature available via mobile.)
- Checking claim status (71% rated as important; 39% had it available).
- Researching healthcare providers (70% rated as important; 17% had it available).
- Viewing statement/explanation of benefits (70% rated as important; 42% had it available).
- Determining estimated cost per procedure (67% rated as important; 24% had it available).

Mobile: Consumers' Preferred Channel

~30% of respondents **are aware** of mobile capabilities for **shopping, care delivery and payment** for health insurance

72% **are satisfied** using digital healthcare capabilities **over mobile**

55% **expect** health insurers to provide online or **mobile personal health records**

Adoption rates are higher for mobile compared with the Web for capabilities like: **nurse interaction, ID card generation, and provider bill payment**

64% **want mobile access** to online documents like **explanation of benefits, policy, claims, etc.**

Satisfaction rates are higher for mobile compared with the Web for capabilities like: **appointment scheduling, prescription refills, data transmission through wearable, nurse interaction, and ID card generation**

Figure 3

While respondents show a high Web adoption rate for certain features, they are more satisfied with these services when accessing them via mobile devices.

Our Perspective

This “mobile first” finding varies significantly from how payers have so far approached the development of digital capabilities. Most payers today offer Web-based self-service capabilities first and then extend a limited set of those capabilities to mobile. Our findings suggest that members want the opposite approach. Payers, therefore, need to consider developing a mobile-first design that offers a consistent set of capabilities and experiences across Web and mobile channels, and works seamlessly on all devices – tablets, phones, laptops and PCs.

KEY FINDING 5:

Payers Must Promote Digital Features Aggressively and Make them Worthwhile



Respondents were generally more aware of the availability of Web-based digital features but noted the same features were less available via mobile channels. Adoption rates are low for the digital services currently offered by health insurers, even for those that respondents rated as very important. At the same time, satisfaction rates were generally high among respondents who used these services.

For example, 78% of respondents said “looking up benefits/confirming coverage” via a digital channel was important. Roughly 46% of respondents said their plans offered a mobile version of this feature; approximately 80% said the service was available via the Web. In each case, just about half of the members who were aware of the feature had used it. On the positive side, more than three-quarters of those who used the feature reported a satisfying experience.

Our Perspective

Members want a relatively small set of digital capabilities when shopping or engaging in plan management, and they want these features to be easy to use and work well, whether they use them via the Web or a smart device. The challenge is that many members may access services such as “confirm coverage” only a few times a year; contrast this with checking a banking or retail app, which could happen daily. To counter less frequent use, health insurers must continually promote and drive members to their digital channels.

Success requires promotion of the right digital tools and making them easy to use and find, whether on a website or via an app. It also requires helping members to clearly understand the cost benefit of using them. Incentives for using digital channels can include reducing co-pays and/or premiums on plans that deliver all policy documents and transaction data in electronic form. Adoption efforts and incentives will not be “one and done” efforts but rather sustained campaigns to promote digital capabilities and their benefits.

To counter less frequent use, health insurers must continually promote and drive members to their digital channels.

KEY FINDING 6:

Digital: It's Not Just for Millennials



Our findings refute the idea that only younger users care about and use digital features and channels. Adoption rates are similar across all age groups when payers offer digital features that members want, our analysis revealed. This is even true for mobile, which is often considered a millennial-oriented device. To cite one example, among respondents whose insurers offered a mobile app for locating a pharmacy or refilling a prescription, the adoption rate was approximately 25% across all age groups. Further, more than 80% of all the members in each age group said they were satisfied with the experience.

Members of different ages clearly have different priorities for the digital features they want (see Figure 4). This may have to do with life stages. Younger members may choose lower cost, higher deductible plans, so knowing claims status and estimating costs are more important to them than, say, an older member receiving employer group family coverage.

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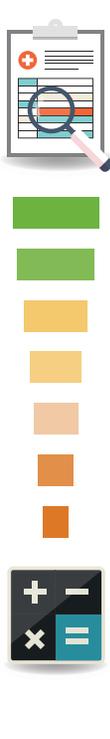
Our Perspective

Payers need to approach digital services with all ages in mind. Practical issues to address include avoiding age bias and conducting user experience testing across multiple age groups, offering a sufficiently broad range of services, and adjusting adoption campaign messages to promote the key features each age group wants most.

Although our study only looked at commercial members, these results are indicative of digital investments required in Medicare, as well.

Importance of Web or Mobile Features by Age Group

Younger respondents place slightly more value on finance-related features, such as checking claim status, determining estimated costs and paying provider and premium bills.



Rank (High to low)	18-25 years old	26-35 years old	36-49 years old	50-65 years old
1	Looking up benefits/confirming coverage			
2	Researching healthcare providers			
3	Checking on claim status		Comparing key features of products	
4	Determining estimated costs for procedures		Checking on claim status	
5	Locating a pharmacy or refilling a prescription	Requesting/accessing claim forms	Determining estimated costs for procedures	
6	Viewing an online statement (e.g., EOBs)		Requesting/accessing claim forms	
7	Paying bills for insurance premiums	Requesting or printing an ID card	Locating a pharmacy or refilling a prescription	
8	Submitting claims	Paying bills for insurance premiums	Viewing an online statement (e.g., EOBs)	
9	Paying healthcare provider (e.g., doctor) bills	Submitting claims	Requesting or printing an ID card	
10	Paying health insurance premium or initial binder payment	Paying healthcare provider bills	Submitting claims	
11	Searching for providers contracted for the plan			
12	Computing out-of-pocket expenses			

Figure 4

KEY FINDING 7:

Members of Both Group and Individual Plans Share Key Expectations



Payers drawn to the private exchange market should take note that 76% of employer group plan members want the same digital shopping features delivered via online and mobile channels as individual plan members. Individual and group/ employer-sponsored plan members alike also show a clear preference for digital channels, with about 60% in each group using digital channels to purchase plans.

Individual plan members' preference for mobile services is 50% higher than that of employer/ group plan members. Individual members say they are twice as likely to switch plans when a new plan offers better communication, Web or mobile platforms, or self-service options.

Our Perspective

We expect group plan members buying from private exchanges to adopt behaviors similar to those of individual plan members. As more payers offer (or participate in) private exchanges, and group plan members must make their own buying decisions, they will increasingly need the same tools that individual plan members use – and may grow increasingly sensitive to how well a payer meets their digital demands. As noted above, payers can invest in building a private exchange or delivering these capabilities through broker channels

As more group plan members make their own buying decisions, they will increasingly need the same tools that individual plan members use – and may grow increasingly sensitive to how well a payer meets their digital demands.

KEY FINDING 8:

Digital Expectations Differ Among National Blue and Regional Plan Members

National plan members have higher Web and mobile adoption rates, at approximately 65% compared with regional and Blue plan members (54% to 55%). National plan members also give higher importance ratings to shopping and member experience capabilities than do Blue members.

In general, Blue plan members seem to consider digital channels and features less important than other plan members do. Yet along with national plan members, Blue members have better availability and adoption of features such as provider search, finding pharmacy/filling prescription, claims status checking and viewing online statements.

Regional members have the least available mobile shopping capabilities, but those who have used such services express high satisfaction with them.

To leverage economies of scale, Blue plans should collaborate among themselves to build shared digital capabilities.

Our Perspective

National plans have wider sets of digital capabilities and greater adoption rates because of economies of scale, as well as incentives for national accounts (e.g., large employers) to adopt digital channels. To leverage economies of scale, Blue plans should collaborate among themselves to build shared digital capabilities.

Regional plans may find it capital-intensive to invest significantly in digital capabilities. Such players can explore options to create innovative, as-a-service-based commercial contracts with digital vendors.



KEY FINDING 9: Members Are Not So Social

Only 3% of respondents selected social as their preferred channel of communications. While 17% visit their payers' social media page, only 16% agreed that social media influences their plan buying decisions.

This finding is markedly different from preferences observed in other consumer-facing industries (e.g., banking and retail). Although the same individual is likely to be a health plan member and retail consumer, the survey indicates that plan members' needs for social media capabilities are extremely low compared with their expectations of other service providers.

Our Perspective

Multiple factors may cause plan members to be uninterested in using health plans' social channels. These include privacy concerns, the availability of effective health plan dispute resolution mechanisms, a plan's less mature social capabilities and the fact that health claims are often paid or settled long after services are rendered.

The bottom line is that social is a relatively inexpensive channel that offers some opportunity to payers. That said, investing in social need not be the top digital priority for health plans.

Delivering prevention, wellness and patient education information is the most promising use of social for payers. In addition, it is likely that members will provide feedback on plans in social media. With the right social listening tools and analytics, payers can gain

insight into how their members react to new services, capabilities, etc. The bottom line is that social is a relatively inexpensive channel that offers some opportunity to payers. That said, investing in social need not be the top digital priority for health plans.



KEY FINDING 10: Members Worry about Privacy, Trust and Security

While 70% of all respondents said online data privacy and security are very important, just under 60% agreed they could trust their health insurer to protect the data they supply online. A sizable 40% said they did not agree with that statement.

Our Perspective

Cyber security and privacy protection are as important for payers as they are for any other service provider. These issues are not unique to digital initiatives; sound data security and HIPAA-compliant policies should be in place in any healthcare organization. Security measures must be addressed along with regulations while developing more engaging member tools.

Regulation is a key area that health plans need to address when developing new digital capabilities. Some regulatory requirements are unique to health plans (e.g., PHI) and need to be assessed thoroughly before embarking on building digital capabilities.

Looking Forward: Setting Digital Transformation Priorities

Members clearly want specific digital shopping and plan management capabilities delivered via digital channels, preferably mobile. By first understanding what members want and will adopt, payers can set their priorities among competing digital initiatives. Our Digital Transformation Framework (see Figure 5) can then be applied to help payers define the digital experience of the future and prioritize the investments that will deliver it.

A Framework for Digital Transformation

Our Digital Transformation Framework helps organizations align their vision of the future with market forces, such as availability of target capabilities, to create a realistic strategy for achieving the desired future state.

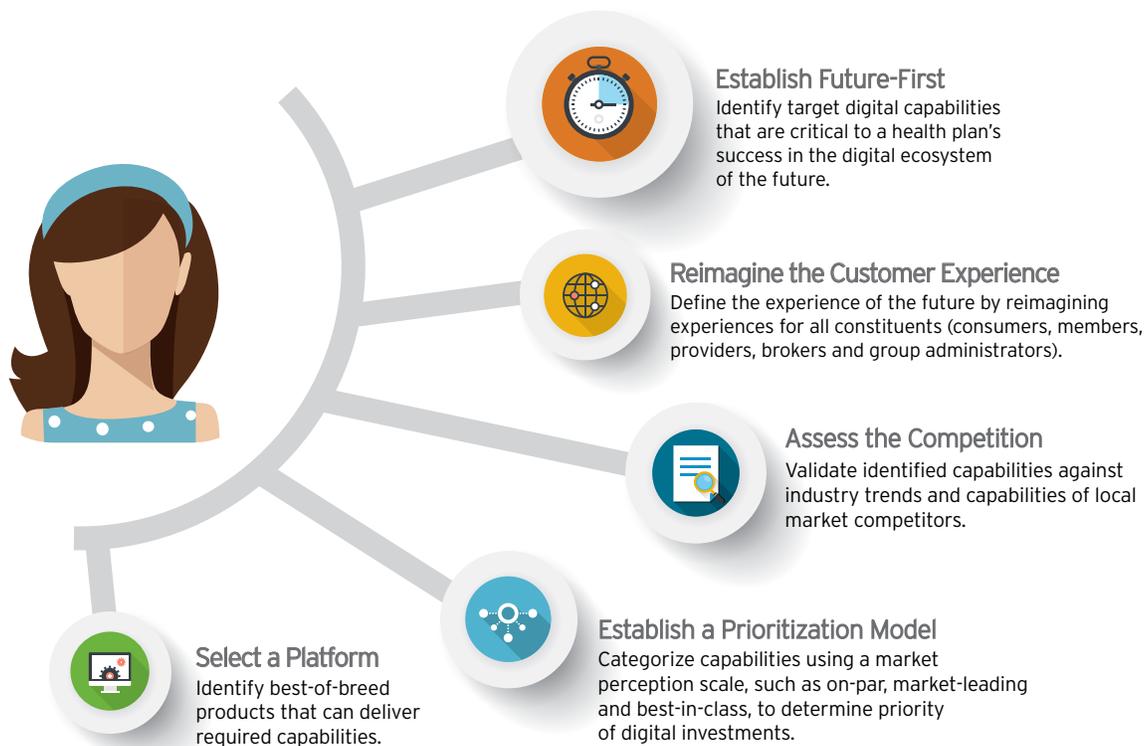


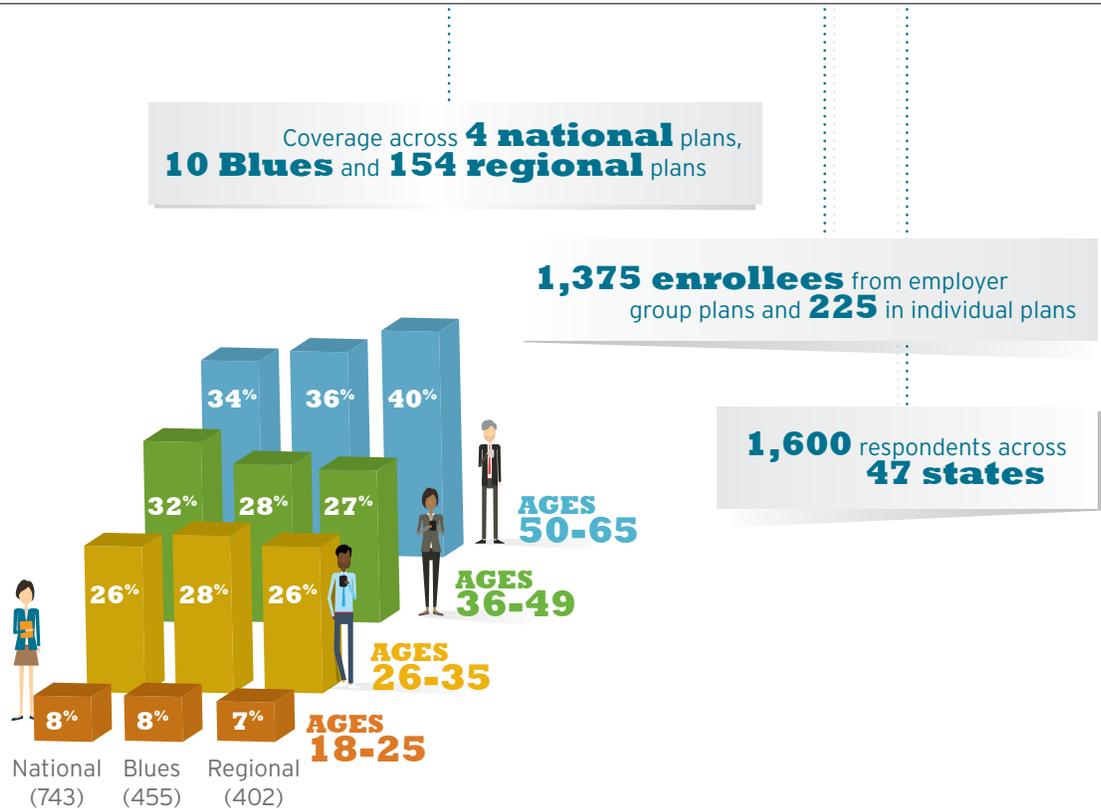
Figure 5

For payers, our survey results are a call to transformation by investing in digital customer engagement that also creates efficient, cost-effective processes, such as reducing physical document production and delivery costs.

Another development for payers to monitor is the emergence of healthcare platforms that enable faster, cost-effective delivery of the features and channels members want. These best-of-breed partner ecosystems combine vetted digital “point solutions” and platform-native apps into a common digital consumer engagement layer. Payers can quickly launch so-called tablestakes features and functions, while the platform engagement layer ensures a consistent experience across all stakeholder touchpoints. Such platforms should also support foundational digital capabilities, such as powerful predictive analytics and intelligent process automation.

Health consumers know which digital services they want from payers. For payers, our survey results are a call to transformation by investing in digital customer engagement that also creates efficient, cost-effective processes, such as reducing physical document production and delivery costs. Further, payers must make their members aware of the new capabilities they deliver and encourage greater adoption. Rising to this challenge is critical: Our findings also suggest consumers will steadily channel their health dollars to plans – or new industry entrants – that deliver high-quality digital tools and services. Plan members essentially have pointed to the goals; now payers must set their course to achieve them.

Appendix: Health Plan Survey Demographics



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Cognizant's Healthcare Business Consulting works with healthcare organizations to provide collaborative, innovative solutions that address the industry's most pressing IT and business challenges – from rethinking new business models, to optimizing operations and enabling technology innovation.

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