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**Cognizant**

# Health consumers want digital: It's time for health plans to deliver

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Optimizing member experience to convert transactions into sustainable engagement has been a leading theme for health plans over the last decade. Despite significant investments in telehealth, mobility, and digital self-service tools, health plans remain challenged to achieve meaningful adoption and optimum returns with their digital investments.

Cognizant Healthcare conducted biennial digital consumer adoption studies to help health plans better understand what digital tools and experiences their members expect from them. In early 2021, HFS Research

partnered with Cognizant to survey more than 2,400 US health plan members across employer-sponsored plans, individual plans, Medicare, and Medicaid to gather insights to help health plans understand members' use of digital applications and technologies in their interactions with health plans.

This study reveals the types of digital interactions health consumers want, the impact of COVID-19 on digital adoption, and indicators to help health plans set priorities for continued investments to build sustainable member engagement this year and into the future.

# Key Highlights

The key highlights of the study are:

- Members have embraced using digital channels to shop for plans, enroll, search for providers, claims, and more. Members' digital interactions in 2020 (via a website or mobile app) with health plans **more than doubled traditional interactions** (phone, mail, or in-person) across demographics and coverage type. The use of digital tools has grown almost 25% since Cognizant's 2018 findings.
- Despite the increased use of digital, the **adoption rates remain inconsistent**. It is low among healthy users and users 50 years old and higher among the younger age groups.
- The gap between members' needs and the **available digital tools and features impacts adoption**. When the available digital tools do not meet members' needs, satisfaction levels are lower.
- The ability to compute **out-of-pocket expenses has become more important** since the 2018 study, suggesting investments in digital tools that deliver transparency, cost estimates, and wellness information should be key priorities for health plans.
- Overall satisfaction with health plans **increased 23% (net)**. However, digital adoption has several barriers, including demographics, economic condition, technology awareness, and health status, creating a digital divide.
- COVID-19 established telehealth as a permanent healthcare delivery channel with a **net increase of 24% in usage**. Convenience and cost are the primary reasons for the increase in telehealth usage. While telehealth adoption increased during the pandemic, member awareness of telehealth services remains low.
- While **digital adoption is on the rise** and interaction volumes have increased, member interactions with health plans remain transactional, a significant opportunity area.
- Members expect their health plans to play a larger role in their overall health and well-being, and a **plurality of members want to use health plan-provided apps** to manage their wellness goals.

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*Digital health” is a buzzword these days. Some treat it as a “talking point.” It sounds good to say it out loud, but we’re all supposed to be focused on it. However, the public is savvier than we typically give them credit for. They want the benefits that digital health can offer.*

— **Director of Digital Health, large CDO**

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# Digital channels have become primary for member interactions

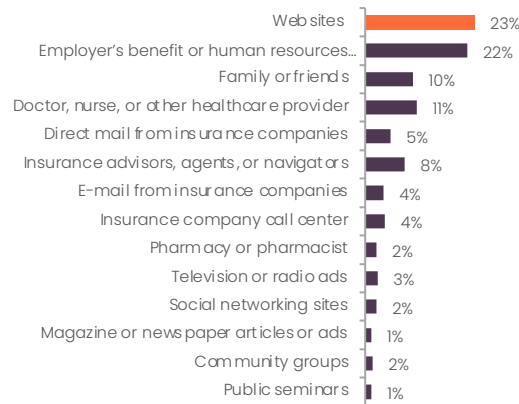
The growth of member interactions with health plans reflects the proliferation of digital channels (mobility, apps, websites) in our daily lives. Member adoption of digital channels ranks highest for shopping for and purchasing plans (see Exhibit 1). Members across demographics and coverage types prefer digital

channels over phone and email channels when interacting with health plans (see Exhibit 2). Overall digital adoption shows a 24% increase since Cognizant's 2018 study as members continue to choose digital channels as their primary mode of interaction.

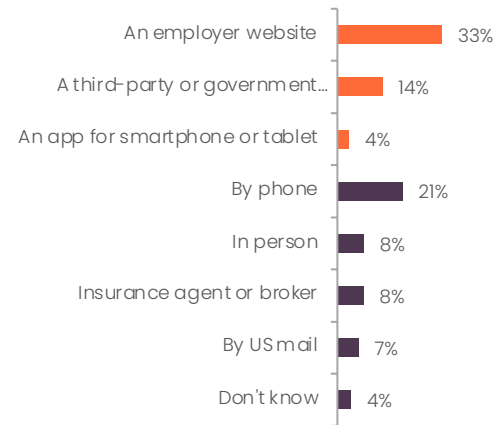
## Exhibit 1

### Adoption ranks highest across purchasing

**Please select the preferred source you use to gather information when selecting or shopping for healthcare insurance?**  
Percentage of respondents



**What method of communication did you use when purchasing your current healthcare insurance?**  
Percentage of respondents

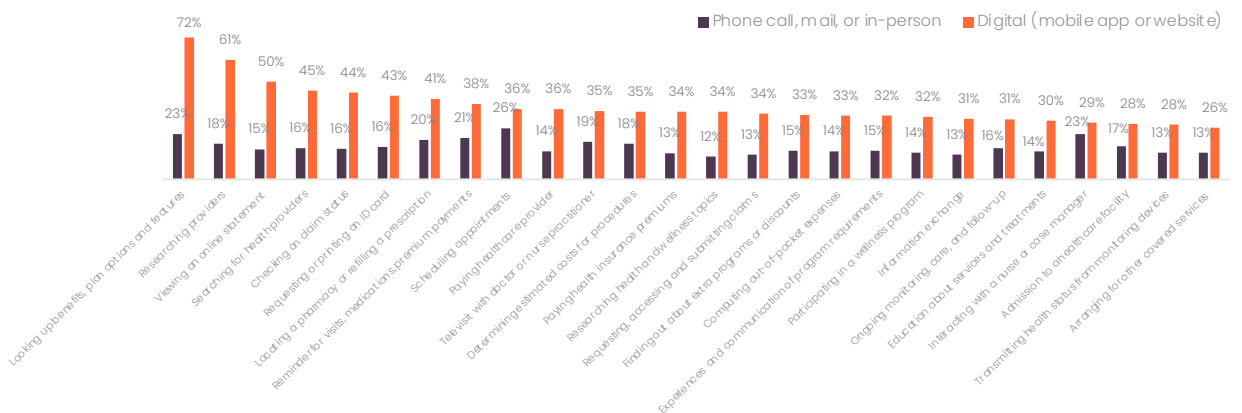


Sample: 2,411 US healthcare consumers  
Source: HFS Research in partnership with Cognizant, 2021

## Exhibit 2

### Members prefer digital across activities

**For all the activities listed, tell us the method you used to contact or interact with your healthcare insurer in the last year?**  
Percentage of respondents



Sample: 2,411 US healthcare consumers  
Source: HFS Research in partnership with Cognizant, 2021

# The “digital divide” matters more than age when it comes to adoption

Older cohorts have adopted digital channels across industries to a fair extent. However, in healthcare, seniors (age 65 and over) and those over 50 have a bias toward legacy channels, such as phone and email (see Exhibit 3). But the bigger story is that there is room across age cohorts to expand the adoption of digital tools. The low volume of health plan app downloads is a clarion call for health plans to step up efforts to improve the adoption of digital through targeted campaigns to realize value from their investments.

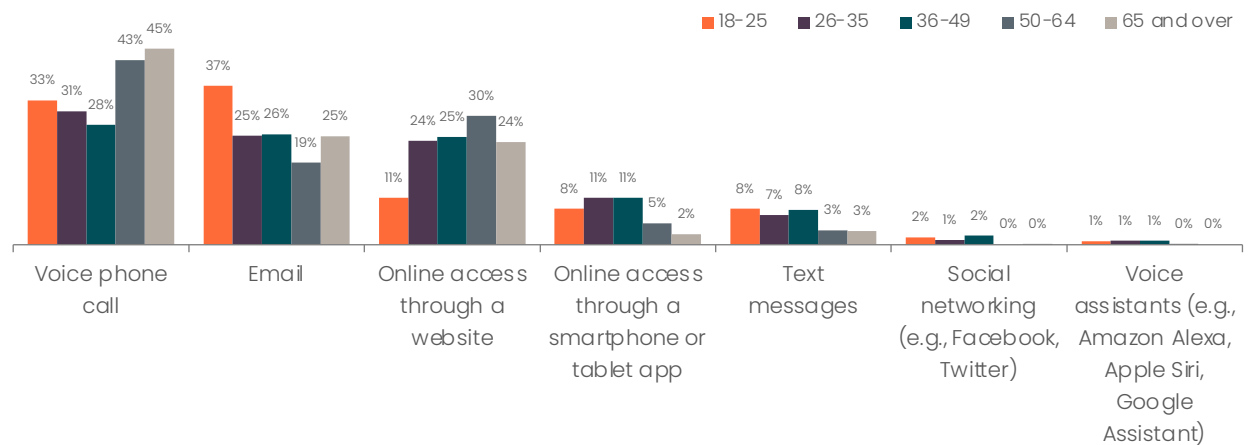
The phone channel remains the most popular for older cohorts (50 and 65-plus), while nearly one-third of the younger cohort members (18 to 49) also have an affinity to the phone. Across all age cohorts, the use of social media and voice assistants is currently minimal to none, while websites appear to be the go-to option for many members.

## Exhibit 3

### Digital adoption is uneven across all age groups

#### How do you prefer to interact with your current healthcare insurer?

Percentage of respondents, Rank 1 only



Sample: 2,411 US healthcare consumers  
 Source: HFS Research in partnership with Cognizant, 2021

# There is plenty of room to improve digital adoption and enhance member engagement

Despite the general overall preference for digital channels, there is significant underutilization of mobile apps, social media, and even health plan websites (see Exhibit 4). Approximately 70% of

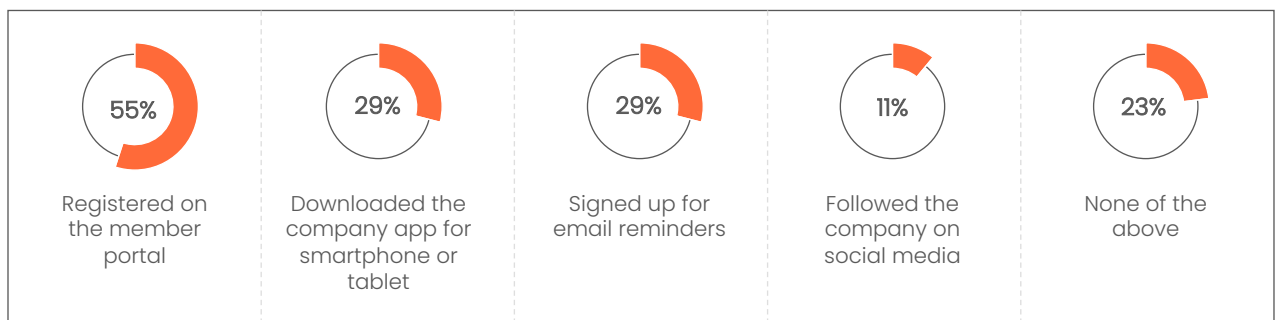
members have not downloaded the health plan mobile app, 90% are not following their health plan on social media, and 45% have not registered on their member portal.

## Exhibit 4

### Two-thirds of members have not fully adopted health plan digital tools

#### Which of the following interactions have you completed with your current healthcare insurer?

Percentage of respondents



Sample: 2,411 US healthcare consumers  
Source: HFS Research in partnership with Cognizant, 2021

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*“In order to not leave any populations behind, organizations need to be more creative in outreach, making sure that everyone has access to new digital tools.*

**- Executive, major health provider**

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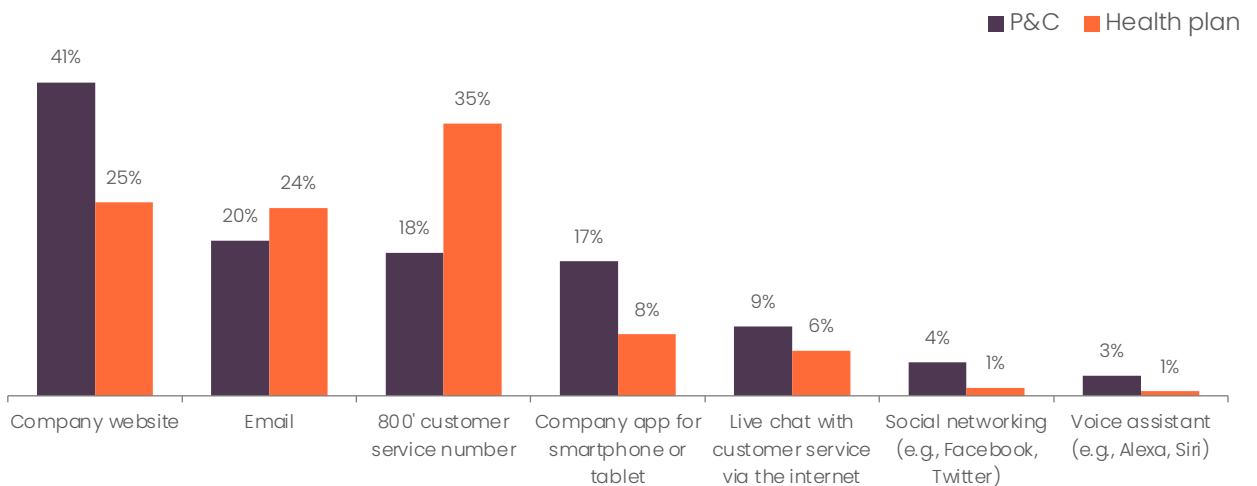
Compared to a relatively analogous market, adoption campaigns driven by property and casualty (P&C) insurers have led to a significantly higher digital adoption rate than health plans (see Exhibit 5). In fact, digital adoption rates in P&C significantly exceed those with health plans, despite health plan members making more doctor visits and generating more provider claims than accident claims. Yet, the digital adoption rates in P&C significantly exceed those with health plans. A correlation between targeted P&C campaigns and overall digital adoption rates suggests that health plans can mirror such campaigns with their members.

retailers, media, financial services companies, and others to deliver compelling experiences to their members. Consumers expect seamless, simple, and elegant transactions that anticipate and meet their needs. Those that fall short of these standards are likely to go unused. One tangible sign of success is when digital features, such as looking up benefits and checking claims status, move traffic from higher-cost channels such as the contact center to self-service-based digital channels. Health plans need to correlate their call center data with their digital capabilities to understand why members call the contact center instead of using self-service channels.

Health plans compete with digitally savvy

**Exhibit 5**

**P&C Insurers are more successful in driving digital adoption compared to health plans**



Sample: 2,411 US healthcare consumers  
 Source: HFS Research in partnership with Cognizant, 2021

# Significant gaps in digital tools and features compared to member needs and expectations

Members indicated that the tools and features they rank as important to them are not always available, and when they are, they do not meet expectations. Measuring the tools and features across availability, importance, and satisfaction highlights significant gaps (see Exhibit 6). For example, members rated the importance of a consolidated billing function (paying provider bills) as greater than 50%, but the function ranked lowest in availability (18%) and satisfaction (12%).

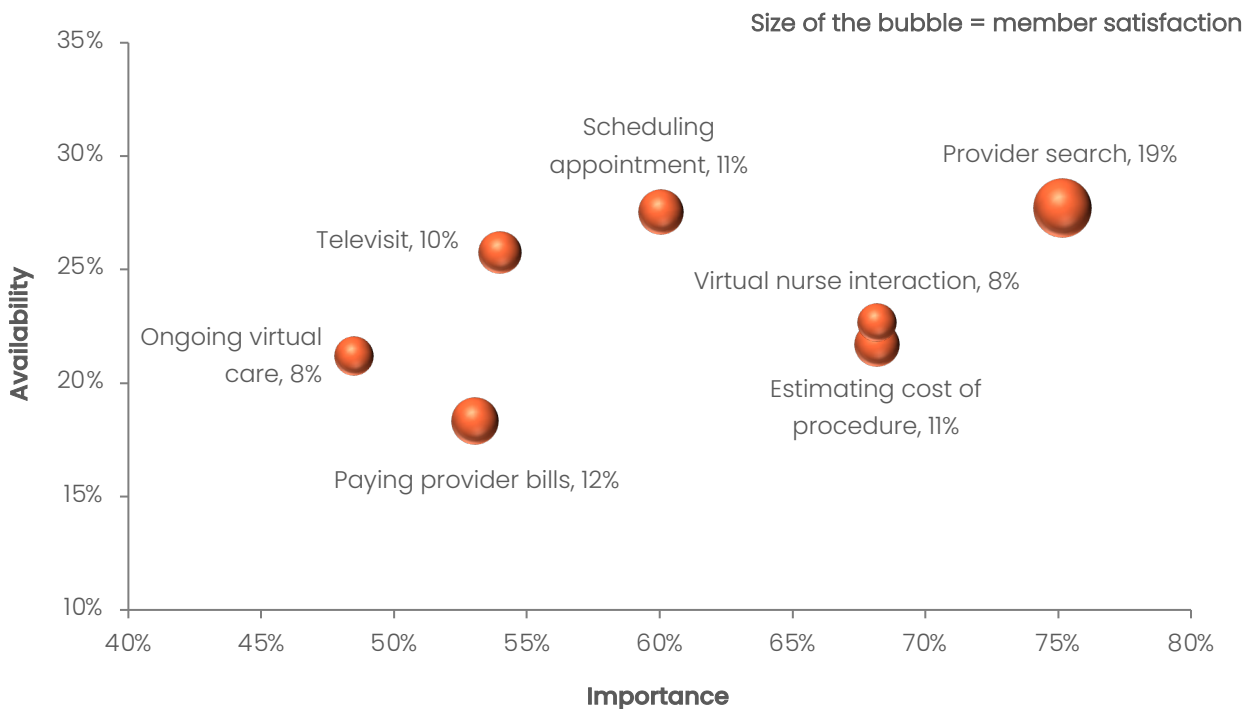
Members ranked “provider search” highest in importance, and most indicated that their health plans had this feature.

However, only 19% said they were satisfied with their search experience.

Other digital features have high importance but low satisfaction, such as searching for health providers; determining estimated costs for procedures; looking up benefits; accessing plan options, reviews, and features; requesting, accessing, and submitting claims; and computing out-of-pocket expenses. The sample list of features reflects those that would allow members to self-serve and increase the use of digital. It is clear health plans have an opportunity to address these areas.

## Exhibit 6

### A significant gap exists between tools and functions of importance vs. availability and levels of member satisfaction



Sample: 2,411 US healthcare consumers  
Source: HFS Research in partnership with Cognizant, 2021



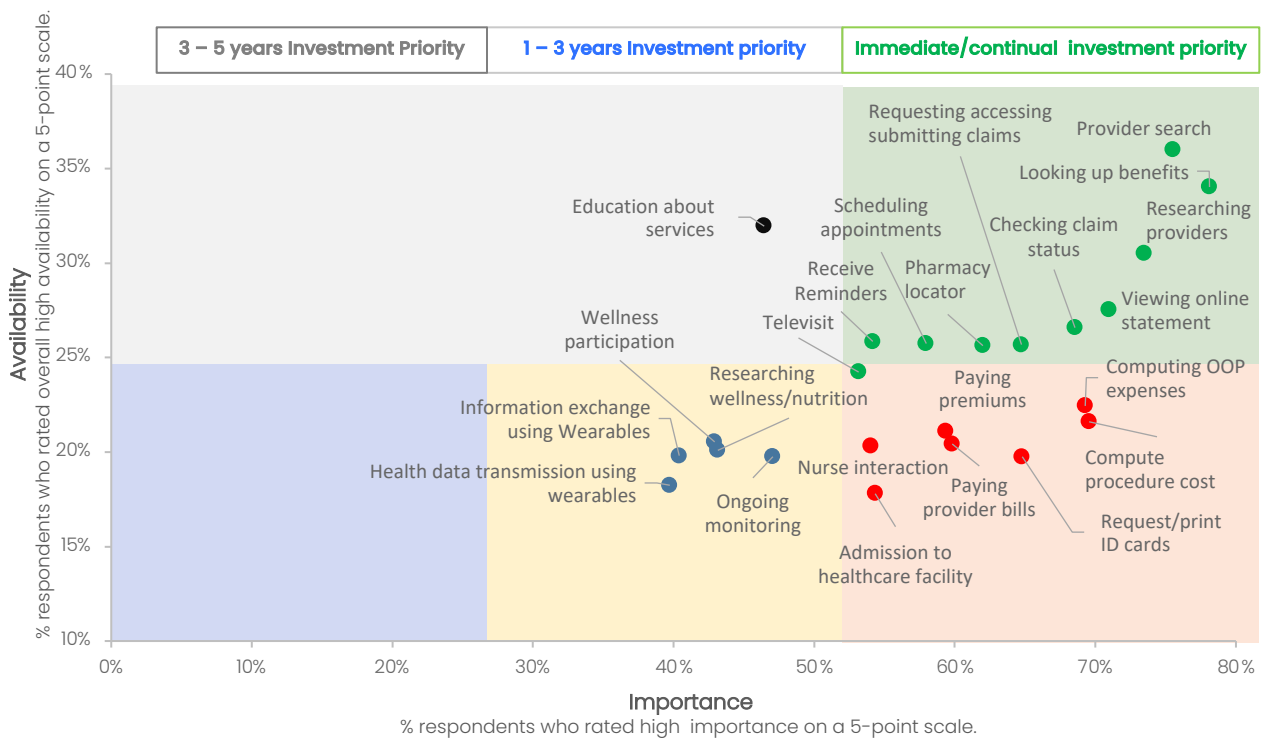
# Health plans must listen to their members and prioritize their digital investments

Digital opens a world of exciting possibilities; however, to further expand members' digital adoption, health plans must shift paradigms from transaction-based to engagement-based. A key component of that is to listen to and address the needs members have

identified as important. Our study did that exactly, plotting members' needs across importance and availability (see Exhibit 7). Health plans can prioritize features ranked high in importance and low in availability for immediate investments.

Exhibit 7

## Prioritizing investments to address member needs and feature availability



Sample: 2,411 US healthcare consumers  
 Source: HFS Research in partnership with Cognizant, 2021

Key digital features (lookup benefits, out of pocket, provider search) synthesized into five categories (find care, virtual care and wellness, digital self-service, transparency tools, payments) share a view on investment priorities across commercial, Medicare, and Medicaid business lines (see Exhibit 8).

Digital features and functions designed for specific lines of business (LoB) can be important value accelerators. “Find care” features (search provider or pharmacy, look up benefits) are very important across all LoBs and age groups. Telehealth is another focus area, with 39% of members in commercial plans using third-party telehealth providers over their current health insurer’s services. Thirty percent (30%) of Medicaid members reported an increase of more than 25% in the adoption of telehealth post-COVID-19, the highest among all LoBs. These two

groups represent significant telehealth volume for health plans to capture and incorporate into their member experience.

Health plans could also drive digital adoption through campaigns for Medicare Advantage members. It is important to note here that the cohort of 50-to-64-year-olds uses many digital tools at rates similar to those of younger cohorts. The oldest members of this group will soon be Medicare beneficiaries and will expect the availability of digital tools and experiences as they transition into those plans.

Commercial and Medicare plan members report only 37% satisfaction with the payments and claims experiences. Addressing out-of-pocket (OOP) calculations and streamlining claims will have wide-ranging benefits across all LoB and should be prioritized.

**Exhibit 8**

**Commercial and Medicare share top investment opportunities**

Digital features	Lines of business		
	Commercial	Medicare	Medicaid
Find care	Continue to invest	Continue to invest	Continue to invest
Virtual care and wellness	Immediate invest opportunity	1-3 years investment priority	Immediate invest opportunity
Digital self-service	Continue to invest	Immediate invest opportunity	Continue to invest
Transparency tools	Immediate invest opportunity	Immediate invest opportunity	Continue to invest
Payments	Immediate invest opportunity	Immediate invest opportunity	N/A

Immediate invest opportunity
  1-3 years investment priority
  Continue to invest

Sample: 2,411 US healthcare consumers  
 Source: HFS Research in partnership with Cognizant, 2021

# Digital tools influence member retention

Digital has a growing influence on member retention. It plays a significant role in health plan selection compared to past studies when between 4% and 8% of members factored digital options into their decision making. Now, 18% of members indicate that better or more self-service capabilities would contribute

to their decision to switch health plans (see Exhibit 9).

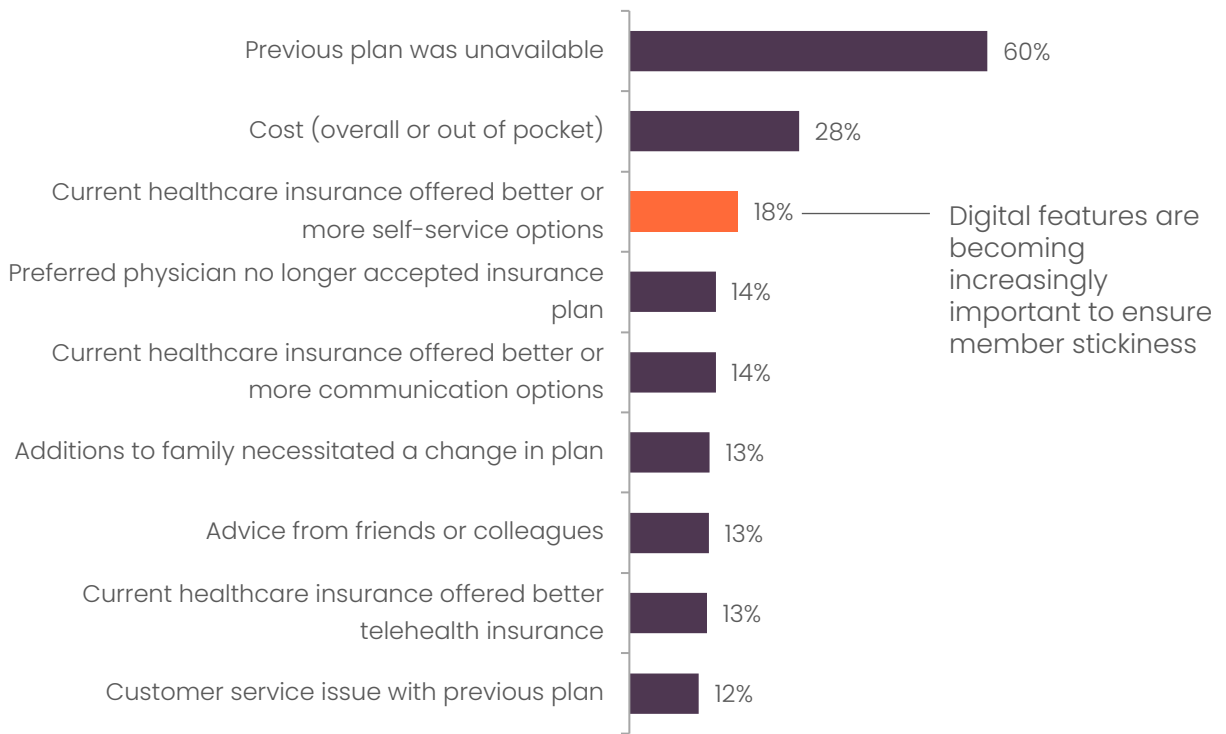
Digital transactions increase stickiness, and engagement through digital will likely cement the members' affiliation with the health plan and be a differentiator.

## Exhibit 9

### Choice of self-service offerings is no longer top reason for plan switching

Please select reason(s) for switching health insurance?

Percentage of respondents



Sample: 2,411 US healthcare consumers

Source: HFS Research in partnership with Cognizant, 2021

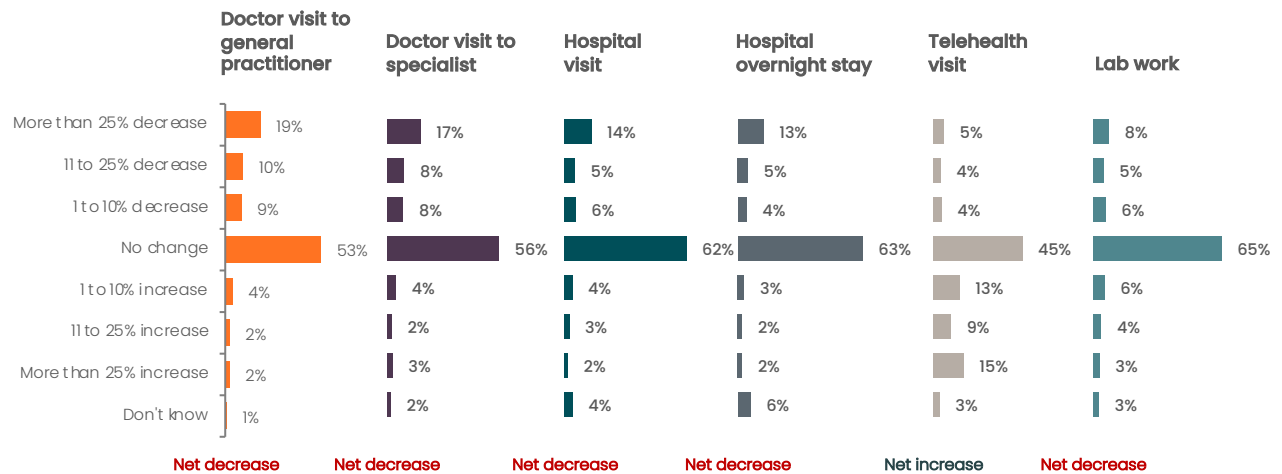
# COVID-19 has cemented telehealth as a care delivery channel

Telehealth as a care delivery channel has been around for decades, slowly but steadily expanding across specialty areas (dermatology, radiology). This evolution, combined with the digital proliferation in healthcare and COVID-19, changed the use of virtual healthcare services, adding telehealth ubiquitously to the healthcare delivery front door.

Telehealth visits increased by a net 24% over all other channels as digital proliferation and expansion into specialties increased (see Exhibit 10). While this leap in telehealth adoption was supercharged by COVID-19, we expect it to continue as an important post-pandemic care delivery channel.

Exhibit 10

## Telehealth visits increased and doctor and hospital visits decreased during COVID-19



Sample: 2,411 US healthcare consumers  
 Source: HFS Research in partnership with Cognizant, 2021

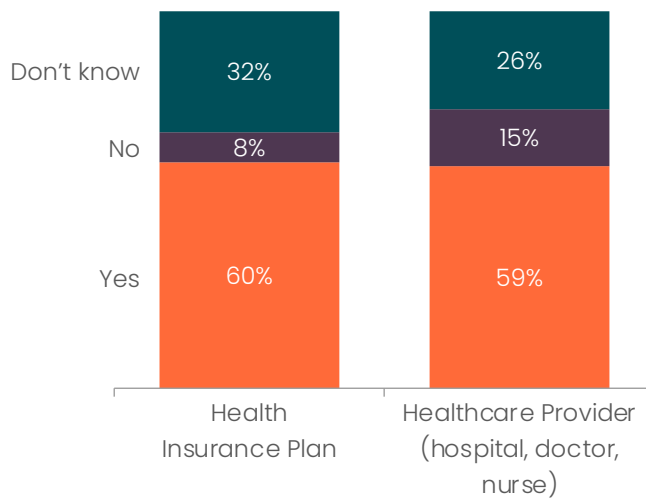
Yet, despite the growth in telehealth visits, member awareness of their health plans' telehealth options is surprisingly low. When we asked health plan members if their health plan and healthcare provider (hospital, doctor, nurse) offer telehealth services, about 40% were not aware of any (see Exhibit 11). Further, 40% of the

respondents used telehealth services from a third party vs. their health plan's offerings. While the visits increased, it has not translated into increased adoption requiring health plans to drive more awareness efforts.

**Exhibit 11**

**Despite the growth of telehealth visitations, member awareness of telehealth services remains low**

**Does your health insurance plan and health care provider (hospital, doctor, nurse) offer telehealth services? (e.g., meetings with doctor or physician by phone or Zoom vs. in-person visits)?**  
Percentage of respondents



Sample: 2,411 US healthcare consumers  
Source: HFS Research in partnership with Cognizant, 2021

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*By having apps to assist in behavioral health arena, patients are more in control and don't need to be so dependent on caregivers (typically RNs). The apps are less intrusive, they are more holistic, and they teach the member how to help themselves.*

**- Executive, major health provider**

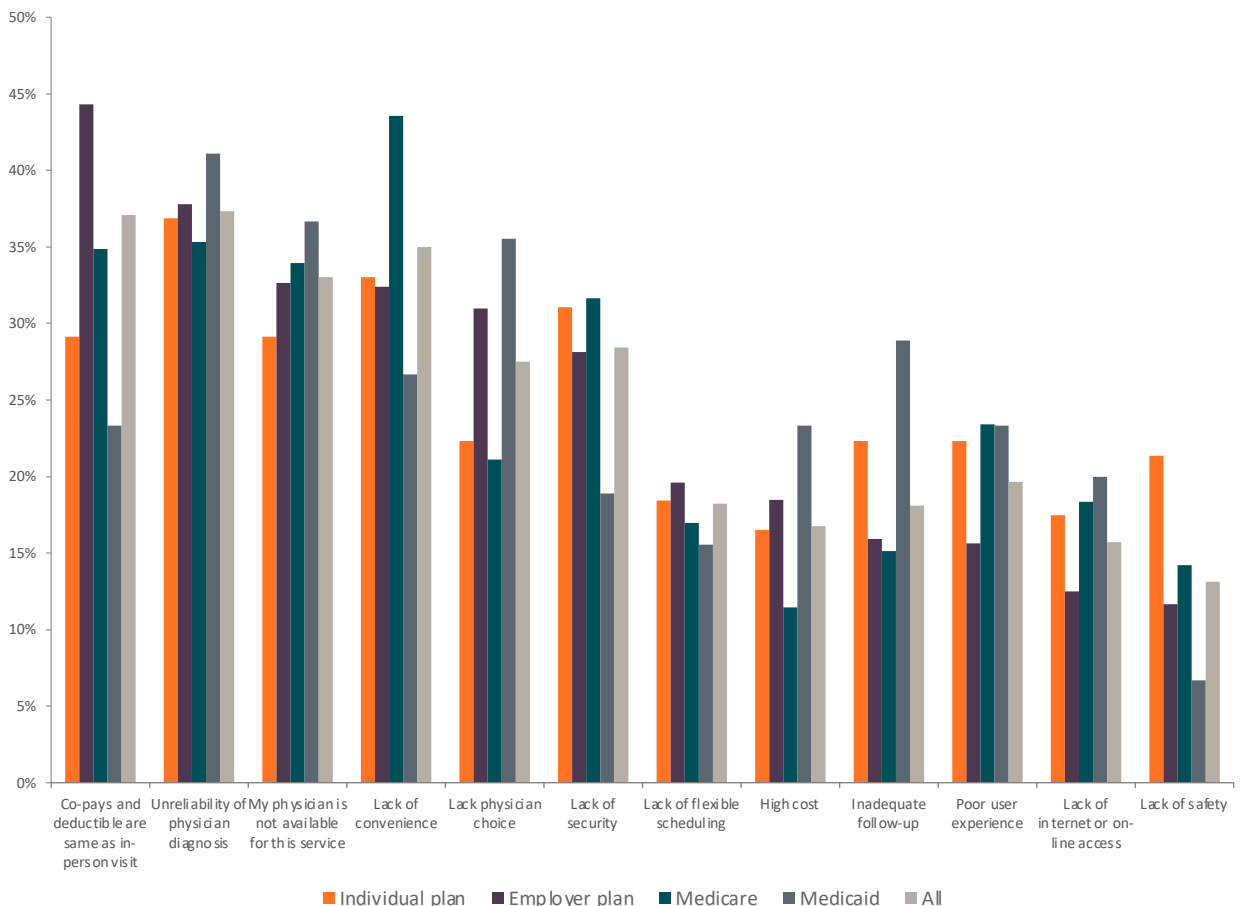
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Awareness challenges extend to not having all the details to optimize using telehealth. Members indicated across health insurance types that the inability to see their existing physicians plus having to pay the same co-pay amount for virtual care as for an in-person visit prevented them from using telehealth (see Exhibit 12). At the same time, these same awareness challenges were also key drivers for the increased use of telehealth. Health plans must address this contradiction urgently to educate members and translate hesitation into adoption.

To address these barriers, health plans should consider including their physician networks in telehealth options. In addition, health plans should consider reimbursement models that offer incentives for members to use this lower-cost virtual care channel. A health plan can improve member awareness of in-network telehealth options instead of giving third parties access to their members by ceding that traffic to them.

**Exhibit 12**

**Costs, diagnosis and lack of personal physician were top reasons for not using telehealth**



Sample: 2,411 US healthcare consumers  
 Source: HFS Research in partnership with Cognizant, 2021

# Health plans focus on wellness as members get comfortable sharing wearables' data

Over the last five to six years, there has been a steady increase in the number of members willing to share data with health plans from their wearables and remote monitoring devices in return for incentives. In a related finding, members think it is important for their health plan to play a

role in their health and well-being (see Exhibit 13). Members willing to share wearables data aligns with strategies many health plans execute to expand their footprint across the healthcare ecosystem to grow beyond insurance to being a health delivery agent.

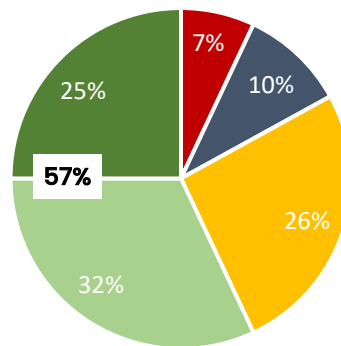
## Exhibit 13

### 57% of members want their health plan to play a part in their overall well-being

#### To what extent do you agree with the following statements

Percentage of respondents

It is important that my health insurer plays a part in my overall well-being



1 = Completely disagree   2   3   4   5 = Completely agree

Sample: 2,411 US healthcare consumers  
Source: HFS Research in partnership with Cognizant, 2021

“

...by providing clinicians with better information and data from the health plan, that the clinical experience will improve. Ultimately health plan members have better clinical experience...

- Chief Strategy Office of a regional health plan

”

We expect mobility and wearables to significantly impact transitioning health insurance from treatment support to overall health and wellness. More than 45% of members are willing to share information from their health tracking devices with their health plans and trust them to protect the information. Members are willing to share their health data in return for incentives (see Exhibit 14). Health plans have an opportunity to leverage members willing to share data from their health tracking devices to craft an engagement that drives real health

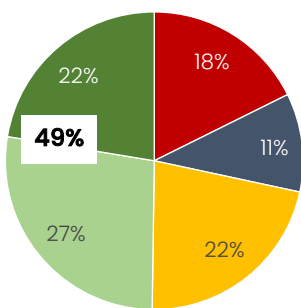
benefits.

While most age cohorts exhibited a willingness to share data, Medicare plan members showed limited enthusiasm in wanting to use wearables or share data, despite the opportunity to earn incentives. Awareness of tracking vitals via wearables grew more than 75% to reach 100% of Medicaid members compared to 57% in 2018.

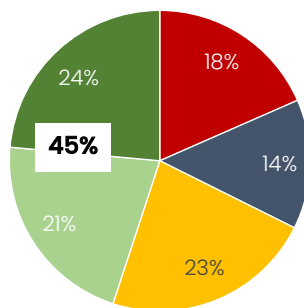
**Exhibit 14**

**Close to 50% of members are willing to be tracked by their apps to improve overall well-being**

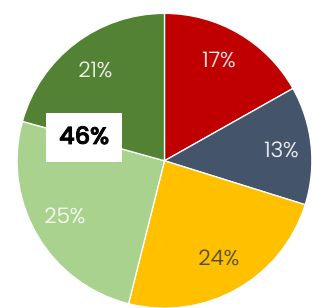
I would like to get incentives for healthy behavior based on data tracked on my wearable.



I am willing to use a health tracking device and would appreciate getting alerts or health reminders on my smartphone, including appointments, medications, etc.



I am willing to share information from my health tracking device with my healthcare insurer, and I trust my healthcare insurer to protect the information I provide online.



1 = Completely disagree   2   3   4   5 = Completely agree

Sample: 2,411 US healthcare consumers  
Source: HFS Research in partnership with Cognizant, 2021



# Health plans have an opportunity to embrace the disengaged healthy members with wellness

Among our respondents, 23% said they have never interacted digitally with their health plan. Of those, 88% of members said that they were in excellent or in good health, while 52% of them were over 50 years old (see Exhibit 15). These facts represent the challenge and opportunity for health plans.

While new market entrants seek to interweave their products and services in health consumers' lives, most health plans typically only interact with members when they are enrolling, paying premiums, or managing claims. Being competitive in the evolving healthcare industry requires health plans to develop relationships with all members. As the data indicates, healthy members are digitally disengaged, so it is imperative for health

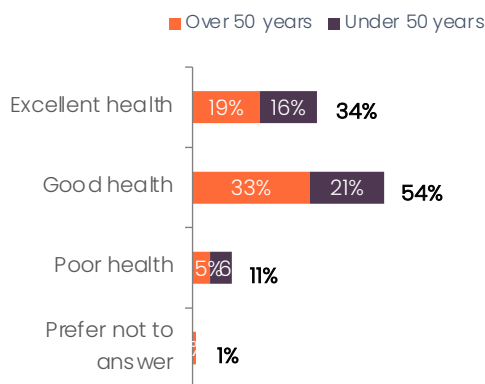
plans to engage them and help them stay healthy. The key to engaging healthy members is through digitally-powered wellness programs.

Offering wellness features tied to wearables could create ongoing collaboration and engagement with healthy members, building on their willingness to share wearables data when incented and rewarded for doing so. Health plans must build consumer-grade tools and solutions to succeed here. They must deliver the intelligent personalization and seamless execution consumers have been trained to expect by digital powerhouses in various industries.

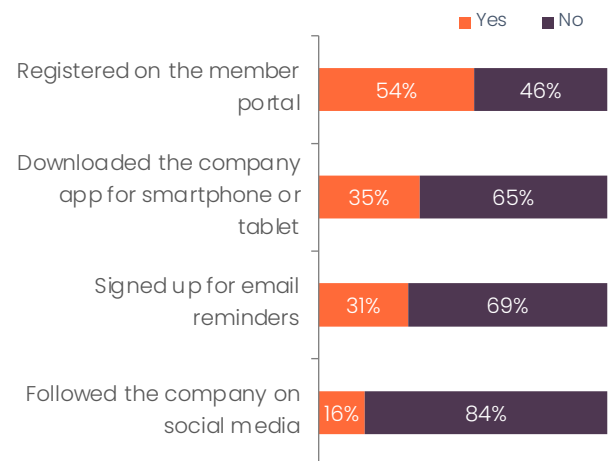
## Exhibit 15

### Healthy members' unhealthy disengagement with health plans

Disengaged members by health status



Stages of digital adoption by members of excellent health



Sample: 2,411 US healthcare consumers  
 Source: HFS Research in partnership with Cognizant, 2021

## **The Bottom Line: Digital is the influential thread running through attracting consumers, driving enrollment, supporting transactions, engaging members, and retaining members. It necessitates a continuous learning, digital engagement strategy optimizing selection, deployment, and targeting of channels at the member level.**

Health plan members want to interact digitally with health plans. Health plans are at different stages of digital maturity. For those still making initial investments in digital, this study provides the start of an investment roadmap. Health plans with mature digital capabilities need to drive campaigns to increase digital adoption across their members while investing in new and emerging digital capabilities as the healthcare industry evolves.

While digital has changed the cost elements of the member–health plan interaction, it has yet to craft an engagement paradigm and materially influence members’ health outcomes or experiences. And while member responses indicate a preference for digital, current interactions suggest a preference for transactional behavior vs. wanting to engage more fully with their health plan. Health plans have an opportunity to convert transactional relationships into engagements with

member wellness interests, helping change and redefine the relationship paradigm for health plans with their members for years to come.

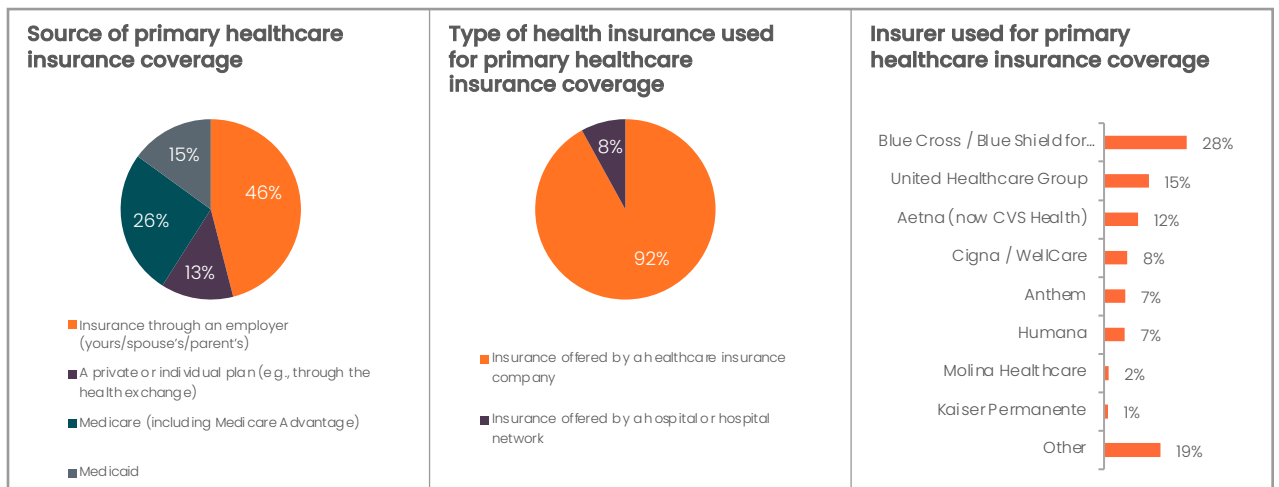
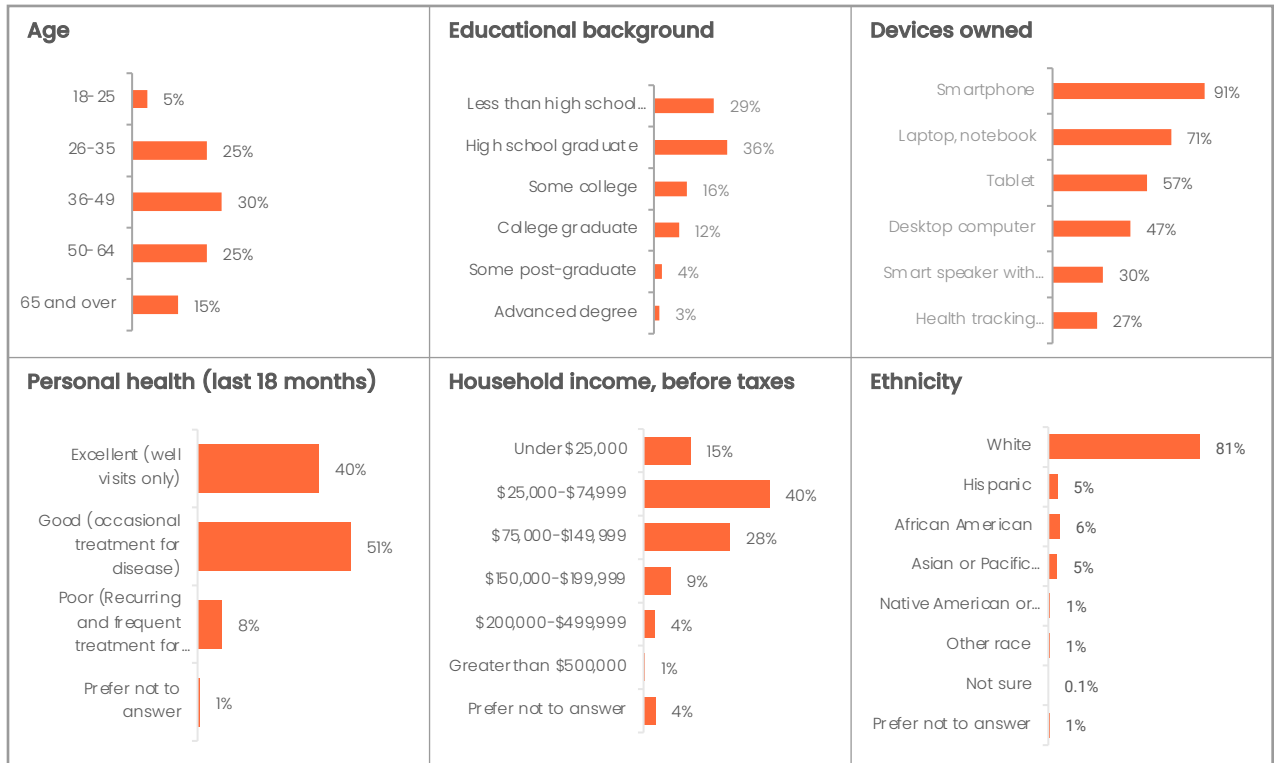
The healthcare industry’s competitive boundaries are widening to encompass technology and retail players, all of which want to own the health consumer. Interoperability and price transparency regulations are dismantling proprietary data silos and changing how health plans must calculate their value propositions. Health plans still have an opportunity to use their industry expertise and experience to build loyalty, retention, and value across member lifetimes. Accomplishing this likely involves streamlining administrative transactions and continually engaging members with meaningful, personalized health insights based on data they are willing to share. The winners will increasingly execute and innovate more like software and technology companies than traditional insurers.

# Appendix: Survey Methodology

During Q1 2021, HFS conducted a survey among 2400 US consumers on their attitudes and usage of health insurance and health delivery. A key focus was on the evolving use of digital channels and telemedicine.

Gender: Female: 53%; Male: 47%

Primary language spoken: English: 98%; Spanish: 2%; Others: 0.3%



## About the HFS Research authors



### **Saurabh Gupta | President, Research**

Saurabh Gupta is the President of Research and Business Operations at HFS. He oversees HFS' global research function managing the international team of analysts and operations across the US, Europe, and Asia-Pac. He works closely with the CEO to set the HFS vision and ensure we deliver unmatched insights, impact, and inspiration to our clients. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the industry's needs and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research. Saurabh is also HFS' lead analyst for business services such as F&A, procurement, supply chain, horizon three emerging technologies such as blockchain, and energy and utilities.



### **Don Ryan | Senior Vice President, Research**

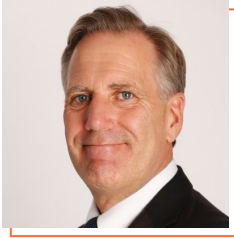
Don Ryan joined HFS Research in August 2020 as Senior Vice President of Research and Consulting. His recent role was as Director for global research and thought leadership for business and outsourcing services, digital technology, and AI deployment at KPMG LLC. Don brings a broad background in forecasting technology trends, quantifying the market impact of brand experience and customer loyalty, and analyzing the changing nature of business operating models. At HFS, Don leads large research-based advisory engagements and continues his longstanding coverage of the technology, media, and telecom vertical as well as enterprise application platforms and ecosystems.



### **Rohan Kulkarni | Vice President, Research**

Rohan Kulkarni leads the Healthcare and Life Sciences practice at HFS, bringing to bear his vast experience across the healthcare ecosystem. His experience includes being the Head of Healthcare Strategy at multiple Fortune 500 companies such as Xerox, Conduent, and Concentrix; Product Management executive at Highmark Health; and CIO at Versant Health. He is passionate about the Triple Aim (improving health outcomes, reducing the cost of care, and enhancing the care experience) and believes that health and healthcare is a polymathic opportunity that intersects with every industry and facet of our lives. His well-rounded experience and passion bring a practical approach to his analyst role at HFS.

## About the Cognizant authors



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William “Bill” Shea is a Vice President within Cognizant Business Consulting’s Healthcare Practice. He has over 20 years of experience in management consulting, practice development, and project management in the health industry across the health plan, purchaser, and provider markets. Bill has significant experience in health plan strategy and operations in the areas of digital transformation, integrated health management, and product development.



### **Jagan Ramachandran | Assistant Vice President, Cognizant Technology Solutions**

Jagan Ramachandran is an Assistant Vice President and Partner in Cognizant’s Healthcare advisory practice. He leads Cognizant’s stakeholder experience management service line with over 20 years of experience at the intersection of healthcare business and technology. Jagan has executed a wide range of management consulting projects in the health plans space in the areas of digital strategy, member experience, broker experience, provider experience, establishing new lines of business, platform selection, M&A, and automation advisory. Jagan is a speaker on emerging trends in healthcare in several industry forums.

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### About Cognizant

Cognizant (Nasdaq-100: CTSI) is one of the world's leading professional services companies, transforming clients' business, operating, and technology models for the digital era. Its unique industry-based, consultative approach helps clients envision, build, and run more innovative and efficient businesses. Headquartered in the US, Cognizant is ranked 194 on the Fortune 500 and is consistently listed among the most admired companies in the world.

### About Cognizant Healthcare

Cognizant's Healthcare Business Unit 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. A global leader in healthcare, its industry-specific services and solutions support leading health plans, providers, and pharmacy benefit managers worldwide.

For more information, visit [www.cognizant.com/healthcare](https://www.cognizant.com/healthcare).



## About HFS Research: Insight, Inspiration, Impact

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

Read more about HFS and our initiatives on [www.HFSresearch.com](http://www.HFSresearch.com) or follow [@HFSResearch](https://twitter.com/HFSResearch).