

LOYALTY IN HEALTHCARE

Creating Connected Membership

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Creating Connected Membership

An industry already being redefined by insurgent competitors and changing payment models has endured the pressure test of the pandemic and seen disruption and digital adoption accelerate as never before. We see a once-in-a-generation opportunity to make loyalty central to its mission.

From earning consumer trust to establishing brand relevance, technology and care models are evolving to create patient experiences that increase retention and belonging. Providers and payers are re-engineering how they connect with their customers to earn their loyalty through this time of change.

Between the challenges of episodic care, patient allegiance to individual doctors over networks, and consumer disengagement towards insurance companies, “loyalty” in healthcare might appear aspirational. But these shifts in the industry and in the expectations of its consumers are making it a must-win battle.

Healthcare organizations, once relatively insulated from disruption and competition, face stark new realities. Retailers, tech titans, and digital insurgents are looking to remake parts of healthcare. To drive loyalty and reduce the risk of customer attrition to companies like Walmart, Amazon, and Teladoc, traditional healthcare payers and providers must raise their game, making consumer engagement the high ground of this emerging landscape.

Concentrix’s survey of 1,016 consumers addressed shifting preferences for healthcare. Our research indicates some significant obstacles in the path of healthcare organizations seeking to deepen the relationship with their customers:

Nearly half of all consumers said the healthcare industry does not communicate with them in a way that makes it easy for them to manage their care.



An increase in care outside the doctor’s office, including 74% of Gen Z who rely on health and wellness services at retail pharmacies.



47% of all consumers lack access to clear cost breakdowns and disclosures.



Only 42% of consumers say that the changes made in the healthcare system over the past few years have made it work better.

These findings illustrate an industry-wide challenge in gaining and keeping consumer trust. While many indicators are pointing in the wrong direction, **we see a once-in-a-generation opportunity to address its rate of low consumer loyalty.** As patients shift to a more consumer-focused mindset, healthcare companies that leverage best practices and frameworks in loyalty from other industries will better position themselves to address changes in the marketplace.

Other companies have employed a consumer model which involves membership to better engage and retain their customers. Membership in healthcare can be both a concept and a model. By encouraging loyalty through repeated interactions with the brand, membership offers both a sense of belonging to a community of like-experienced individuals, as well as a strengthened bond between brand and consumer. We see an opportunity for healthcare organizations to turn the dial up on membership, creating relevant value, improved health outcomes and resonance between points of intermittent care.

Our framework for “Connected Membership” brings personalized, omnichannel engagement into the ongoing conversation between brand and consumer. It reimagines loyalty in healthcare as deliberate and curated journeys that scale and deepen this highly personal professional relationship. By aligning to evolving customer journeys, healthcare can become more relevant and influential in the lives of those it seeks to help.

Loyalty’s impact on the healthcare bottom line should be obvious. The erosion of loyalty is costly, both in the decline of stars ratings and HEDIS scores which are tied to payment, but also to the loss of consumers and the cost of acquiring new customers to take their place. Yet, most healthcare organizations continue to rely on transactional models that focus on marginal contribution over customer lifetime value.

To improve the patient experience and engender greater loyalty, payers will need to focus on increasing the value of these relationships. Through our model of connected membership, they can create products and interactions that engage customers before, during, and after care episodes to earn increased engagement and consumer loyalty.



Loyalty for Insurers

Does anybody love their health insurance company? Or recognize the positive role a payer plays? From improving members' health outcomes to driving down costs, payers play an instrumental role for consumers, yet their contributions are often overlooked.

While consumer loyalty in health insurance may appear to be fraught with complications, including employer health plans, a complex regulatory environment, and incentivization models that don't always translate to a better customer experience, the potential far outweighs the risks of not doing anything. To realize loyalty's benefits, the industry will need to rethink the member-payer relationship and find ways to deepen connection with members.



Why Insurers Need Loyalty

Loyalty strategy is about motivating and modifying behaviors in a way that provides mutual benefit to both the company doing the motivation and the person being motivated. Consumer-centric businesses have been doing this for decades. Retailers use rewards and enhanced experiences to drive increased spend. Credit card issuers embrace rewards to encourage cardholders to pick their card over others. Quick service restaurants leverage experiences and apps to make purchases more convenient, thus encouraging repeat visits. These are all examples of how other industries foster loyalty, brand allegiance, and if done properly, emotive bonds. Insurers' specific strategies will and should be different, but if anything, insurers are supporting what is inherently an emotionally driven decision—improving and maintaining the health of the person and their family.



CONCENTRIX



We see three areas where loyalty can have a major impact—personalization, resource allocation, and behavior modification—not only on insurer's business but also on their members' health outcomes. **Because loyalty by design calibrates the benefits of a brand to the needs of the consumer, the outcomes include improved consumer experience, as well as increased lifetime member value.**



Personalization and Context

Our work with hundreds of customer-obsessed brands has evidenced that best practices deployed by loyalty experts across industries are equally relevant to healthcare payers.

Loyalty can help address insurance's persistent customer experience shortcomings. Through adopting loyalty fundamentals, insurers can improve Net Promoter Score (NPS), customer satisfaction, and business and health outcomes.

By tapping into loyalty learnings, healthcare payers can better leverage their existing capabilities, including member insights, data analytics, call centers, digital tools, healthcare professionals, marketing, and provider networks. The tools are all there. It is just a matter of making them work in concert to achieve common goals: improved member experiences, better member health outcomes, and a healthy bottom line.

Relevant Personalization

One of the core principles of successful loyalty strategies is a relentless focus on the end user. The end user, the member, is not a member ID or even a type. She does not view herself as defined by what type of insurance she carries nor what illnesses she may have. Who is she? What does she need? What does she want? What is the best way of engaging her? How does that tie into your brand and what the brand wants her to do?

Personalization in healthcare will look different than other industries, but the intent should be the same—a curation of the member experience uniquely tailored to the individual. By examining best practices from loyalty leaders across industries, insurers can layer innovative approaches to personalization into their own member experience.

Consider two women, Kate and Jane

Jane and Kate are both 35 years old. They live in the same city. They both purchased insurance directly. But there the resemblances end.



Kate

Kate visits the doctor largely for preventive care only as she doesn't have any chronic conditions. Her two young children tend to catch every cold that comes along. Kate doesn't think about her insurance except when she's paying her monthly premiums.



Jane

Jane has chronic conditions that require her to engage more often with primary care and specialists. At times, she has difficulty visiting doctors in person due to limited mobility. Although she frequents the healthcare system, she regards her insurance more as an obstacle than as an enabler.

How can an insurer be relevant to both Kate and Jane?

There are some elements that are applicable to both: access to care, ongoing knowledge of the network, quick turnaround on claims processing and clear communication in the explanation of benefits. Both could benefit from telehealth.

Content and a care hotline could be better targeted to Jane to help her cope, as well as transportation services for when mobility is an issue. Kate may want to receive a push notification for when her pediatrician is running late so that she can gauge her arrival accordingly.

These examples just scratch the surface of how an insurer can tailor what are likely existing solutions, content, communications, and services to meet the differing needs of two of their members. Understanding those needs and continuously leveraging feedback, both derived and member-shared, to improve relevance is important. Determining how best to make both Jane and Kate aware that their insurer is an active partner in meeting their unique health needs and aspirations can create member value and loyalty.

**LEARNINGS FROM OTHER INDUSTRIES:
TAILORING CONTENT AND
SERVICES TO CREATE VALUE
FOR MEMBERSHIP HAS BEEN
KEY TO THE RELEVANCE OF
THE NEW YORK TIMES IN THE
DIGITAL AGE**

Like many other newspapers, The Times has a digital subscription service that expands access to individuals outside of its traditional geographic and news-focused footprint. By initially offering online recipes for free, they were able to cultivate a deeper understanding of their target audience, eventually turning it into a paid service that generated over 100,000 subscriptions within the first year.

Additionally, by leveraging strategies and tactics that enable a deeper understanding of the customer, insurance companies can create targeted initiatives in an increasingly relevant way over time. These learnings can uncover unmet needs, which may result in differentiated solution development that can be packaged and sold as a new source of revenue.

While novel membership structures like a paid subscription service may not fit the bill for insurance companies, there are elements of the services that insurers provide (beyond access to and payment for care) that can be sold to targeted audiences, even those who are not current subscribers. As companies like Amazon make forays into the insurance sector, they will undoubtedly seek to bundle their benefits into unique offerings. Imagine insurance coupled with your Amazon Prime subscription. **The new frontier of health insurance will need to focus on the creation of both differentiation and a more diverse revenue stream to compete.**



Resource Allocation

Loyalty is also a resource allocation tool. By understanding an individual's needs and potential consumption of services, payers can allocate efforts to devote resources where they are most likely to yield positive outcomes for both the member and the brand. All members should receive the access to care, tools, and products to which they are entitled; however, the effort spent on trying to engage them further can be varied based on anticipated returns.

For insurers, the ability to target individuals with additional resources and attention can pay dividends. The program could encourage targeted individuals to behave in ways that improve health outcomes and, ultimately, the insurer's business outcomes. For example, people with a chronic condition who are not engaging in the appropriate preventive care may be encouraged to do so, resulting in fewer hospital stays and improved prognosis. The members benefit because they are healthier, while the insurer benefits from not having to outlay large funds to address largely preventable acute occurrences.

LEARNINGS FROM OTHER INDUSTRIES: AIRLINES DEPLOY A RESOURCE ALLOCATION STRATEGY WITH CUSTOMERS

Frequent flyer programs generally include both rewards (miles earned by flying) and benefits (free luggage allowance, boarding privileges, and seat upgrades, to name a few). Although flyers who are in the top tier traditionally receive the best benefits, occasionally the airline will target individuals in a lower tier for a highly coveted benefit such as a seat upgrade. By doing so they are hoping to entice a flyer who they believe can shift spend in their direction.



Behavior Modification

Loyalty, at its core, is a behavior modification methodology. As leading sportswear manufacturer and retailer Nike knows, behavior modification can foster improved outcomes for brand and consumer. Which is why its Nike Membership program nudges members toward personal fitness. In a win-win for brand and consumer, running more unlocks more loyalty benefits, such as access to exclusive products and partner offerings. Not only are there rewards associated with Nike purchases, but there's also content, expert guidance, and community to support members in reaching their fitness goals.

Healthcare organizations can look to Nike as a model for how to leverage benefits to promote wellness. By reinforcing healthy behaviors in targeted populations, payers and providers can produce positive health outcomes as well as reduce costs.

Medication non-adherence contributes to \$100 to \$300 billion in annual

healthcare costs. If a simple, app-based loyalty program that incentivized taking prescriptions could reduce that waste and prevent the approximately 125,000 deaths each year caused by medical non-adherence, patient loyalty and long-term health would become synonymous, just as Nike and fitness have become a fixture in retail.

Ultimately, by understanding the member, turning those insights into relevant strategy, and modifying behaviors in a cost-efficient manner, insurers can use loyalty learnings to provide a roadmap to increased member engagement which support higher NPS scores and also improve member health outcomes and better business outcomes.



Stars ratings have 5 basic categories:

- Staying healthy
- Managing chronic conditions
- Member experience with the health plan
- Member complaints and changes in the health plan's performance
- Health plan customer service
- Health outcomes

Medicare Advantage Imperative

To see how loyalty can directly impact insurers, we can look to Medicare Advantage, which has the potential to be turned into a major driver of outcomes for payers. Loyalty strategy not only influences existing member outcomes and retention, but it also improves plan ratings, which drives both new member acquisition and revenue.

The Centers for Medicare and Medicaid Services (CMS) uses and publishes a Stars rating system to judge Medicare Advantage and Part D (Rx drugs) plans. The Stars ratings give an assessment of plan performance based on specific criteria which may be modified from year to year. Stars ratings help Medicare recipients distinguish between insurance plans when they wish to enroll either initially or during open enrollment. Recipients also have the option of dropping plans early if the plan in which they are enrolled performs below a certain threshold.

Medicare plans are a large source of enrollment and revenue for insurers. Driving initial enrollment and retaining members are critical business outcomes. Additionally, insurers that meet or exceed quality benchmarks can receive bonus payments and rebates which enable them to reduce prices or increase benefits, thus making them even more competitive. Below is a more detailed look at how loyalty strategy can impact three of these categories.



1 Wellness

In the staying healthy category, plans are measured based on their results of members getting appropriate preventive care, including mammograms, colorectal screenings, and annual flu shots. The managing chronic conditions category includes care for diabetes such as getting an annual A1C test, eye care, and kidney tests. So how can loyalty best practices help improve these results?

Loyalty is about creating engagement and behavior modification in target audiences, and it's generally the people who need the care the most who are the least likely to engage. Loyalty strategy best practices can leverage tools and approaches that help overcome this inertia and effectively encourage members to improve their health. This involves gaining insight into what is keeping individuals from engaging, as well as learning what strategies, tactics and nudges may improve that behavior. There is no silver bullet or one size fits all—but loyalty can provide a blueprint in how to approach the issue and gain the greatest traction.

2 Member Experience

The member experience category relies on member survey data to measure members' perception of how easy and quick it is to get appointments and care. This survey also asks questions about how well the plan provides information and help, and how the members rate the quality of care, and the plan itself.

Loyalty strategy in other industries focuses heavily on member experiences, considering ease, efficiency, and efficacy of those

experiences across relevant channels. These practices can also be applied to health plans.

Members expect a similar experience from their health plan as they do from their favorite retailer. Taking cues from consumer-focused industries will help improve scores. This could include improved digital tools, relevant care alternatives, and targeted follow up. Retailers have adopted a variety of new practices to enable easier and expedited access, such as curbside services and buy online, pick up in store. Starbucks uses its mobile app to enable individuals to place orders before they arrive, so they don't need to stand in line. Insurers could deploy similar technology to identify in-network doctors with the shortest wait time and to provide pre-appointment cost estimates.

3 Member Retention

Finally, in the category associated with member complaints, one measurement deployed is the percentage of members who chose to leave the plan. **Retention of members is a key success metric associated with loyalty strategy overall.** Members who feel “known” and valued, who recognize the value their insurance company is providing, and who believe that the insurer has their best interest in mind and is a partner in their overall wellness, tend to remain loyalty customers.

Loyalty best practices can improve plan results beyond just Stars. In fact, leveraging these can result in increases in Net Promoter Score, customer satisfaction, and overall business and health outcomes.

Connected Membership

Costco. Amazon Prime. REI. USAA.

For these brands, membership means something.

At Costco, membership gives access to goods, services, and experiences that go beyond just the transaction. At Amazon, members get benefits, including free expedited shipping and exclusive content. REI members have access to experiences that are not available to the larger population, such as members-only “garage” sales and dividends. And at USAA, membership is tied to a family member’s service in the military, giving them access to USAA’s products and exemplary services. Membership means something beyond just the transaction, and members connect beyond just the consumer experience. Individuals carrying health insurance are called members by their respective carriers. Members receive access to, and coverage for, healthcare. Important, yes. But members don’t see themselves as having a relationship with their insurance company. The focus is on the transaction. “Tell me what doctors are covered.” “Pay your share of the bill when I have a healthcare transaction.” “Don’t deny me care.”

Members pay hundreds of dollars (or more) a month, and most don’t see value unless they have a health event. Even then, the perceived value may be limited depending on how well the care is covered (copays, deductibles, and exclusions) and the difficulty associated with getting the care covered. Like membership in Costco, Amazon, REI, and USAA, members should be able to see the value of their loyalty even when they’re not making a purchase.

Which of the following statements best describes you?

2021 Catalyst Healthcare Consumer Study

	Gen Z	Millenials	Gen X	Baby Boomers	Silent Gen
I regularly seek healthcare, including regular checkups and scheduled preventative care.	35.3%	50.2%	56.4%	29.7%	80.4%
I get some checkups and preventative care, but generally seek healthcare only.	55.9%	28.6%	28.6%	29.9%	15.2%
When I have an injury or illness that needs to be treated, I seek healthcare only when I have an emergency.	8.8%	14.4%	15%	11%	4.3%

Our research shows that almost 50% of people, across all generations, do not engage consistently in preventive care. And for Gen Z, only 35% get regular care. With that in mind, how do members perceive received value between reactive care moments?

For insurers and providers, there is an opportunity to turn the dial up on “membership,” creating buy-in, differential value, and resonance between the transactions.

What is connected membership?

Remember Jane. Her chronic conditions left her frequently scrambling to see the doctor. What if the burden of managing those conditions could be alleviated through repeated and guided engagement outside the doctor's office?

A recent flare up had Jane reaching for her phone to schedule an appointment with her doctor. Rather than sit on hold while her file is located and then being transferred to a different department, Jane instead taps into her app and selects a top-rated specialist that has immediate availability and is in-network.

Prior to arriving at the doctor's office, she receives a digital checklist via push notification on her phone that details what she needs to bring, as well as the necessary digital forms to e-sign. Instead of sitting in the waiting room for thirty minutes as the doctor finishes her rounds, Jane receives a text letting her know that the doctor is running late, allowing her to run an errand instead.



Once at the doctor's office, there's no need to have her license and insurance scanned, as she's already submitted it at home using her phone. She's also received estimates from her insurance on the potential out-of-pocket cost of her visit. **There's little in the way of unexpected surprises.**

Following her doctor's appointment, Jane's new prescription is delivered to her home along with her groceries—an added benefit of her insurance, pharmacy and market all being part of her membership. As she settles in for the night, she receives the first email in a series of periodic tips and recommendations to help her manage her condition. The content is served up in easy to digest formats like videos, infographics, and digital interactive experiences.

As her grocery shopping history is updated with recent purchases, so is the nutritional guidance she receives. She gets alerts when products and produce that uniquely benefit her condition go on sale. If she opts in, her remote monitoring of her biometrics using the app on her phone keeps her insurer aware of her progress toward a healthier lifestyle.

The Benefit

Connected membership, like Jane's experience above, enables easy omni-channel engagement based on what is relevant for each member, creating deliberate and curated journeys that build relationships and foster differentiated value. For insurers, it means a better motivated and healthier member, one who's able to make informed decisions to improve their well-being, yet also stay engaged with their provider to ensure preventative care works its magic.

If consumers had the sort of connected experience we described in Jane's unique journey, the frustrations and frictions of healthcare would be replaced with greater loyalty to the payers and providers that make great care possible. **The ever-present reminder of value that the consumer receives might make that monthly payment for membership something they're grateful for.**





Conclusion

While in the past consumers were often limited by choice and locked into employer plans, that is changing. Digital insurgents in the insurance space are gaining in popularity due to their improved transparency, efficiency, and digital accessibility. And the growing chorus of people advocating for a national health alternative is only getting louder. Traditional payers will need to up their game or else risk being squeezed out of the market.

Payers find themselves at a crossroads, lacking in the connected experiences consumers crave, pressured by digital natives, and seeking reinvention for a high-risk future. What should be clear by now is that the solutions to these problems don't just lie in better technology. Only through continuous consumer engagement can brands stay relevant.

Healthcare loyalty can't just be about great care. Payers must start considering the moments that matter in between doctor visits. **The lives of their consumers and the livelihood of their organizations depend on it.**

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