



# Mapping the Route to Differentiation in the Health Insurance Market



## Introduction

As a health plan, how do you differentiate yourself in the industry to win and retain business?

It's not through price or product. That ship has sailed with the Affordable Care Act (ACA) defining plan design requirements to level the playing field. Even if your health plan offered new programs, a competitor could match those stand-out offerings almost instantly.

**The route to differentiation isn't about price or product — it's about customer experience.** And for health plans, it's about providing superior experiences for each of the main stakeholders in the value chain: brokers, employers and members.

But first, we need to address the elephant in the room.



## The Health Care Industry Has a Trust Problem

At one time, health professionals were among the most trusted people in the country. However, after years of cost increases without providing more advanced transparency tools, this can no longer be said. According to the Edelman Trust Barometer, almost a third of Americans lack trust in hospitals and health clinics...and that's the good news.<sup>1</sup>

In 2021, consumer trust in health insurance is at an all-time low — below pharmaceutical companies.

So why so little trust? Aside from the cost, it comes down to one thing: the experience a member has with a health plan.

According to the American Customer Satisfaction Index (ACSI), the few entities that score lower than health insurance providers are internet service providers and cable companies.<sup>2</sup>

Today, consumers have far higher expectations for customer experience than they did a few decades ago, due in part to the higher cost of health insurance premiums and increase in out-of-pocket services. With satisfaction scores so low and consumer expectations at an all-time high, creating better customer experiences is a huge opportunity for health plans to win and retain business.

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## What Do Brokers Need?

The next link in the chain for health plans is the broker. Brokers play a crucial role in distribution for health plans and serve as trusted advisors for employers.

Top areas of importance for brokers include:



**B2B and B2C selling**



**Customer focus**



**Relationship management**

For a broker, the ability to understand and build relationships with their employer customers is of paramount importance. Brokers also need to provide employers with clear, differentiated value propositions, which they can only do with help from health plans. Without this, brokers can't maintain strong, trust-based relationships with their customers. However, they're often relying on disparate systems to support customers through sales, renewals and administration, which ultimately leads to unnecessary delays in service and disjointed experience.

Data is crucial to brokers. Bringing insights to employers about their benefit offerings, industry trends and health care providers in their area can be a huge differentiator, demonstrating the broker's expertise and value as a partner. Smart brokers are using more and more data during the sale and throughout the partnership, helping them stand out from their competitors.

Brokers can only bring this data if health plans empower them. Health plans that can offer an end-to-end technology platform that supports the collection and use of health insights is an attractive proposition for brokers, as they directly support the broker's business model.

3. Bankrate's August 2021 Job Seeker Survey

## What Do Employers Need?

The health benefits landscape has changed. Today, six major challenges are being discussed in employers' boardrooms across the country:

- 1. Mental health** has been an issue for years but has now reached critical importance.
- 2. Child and elder care** that requires employees to juggle between returning to the office or while working remotely.
- 3. The "Great Resignation"** — 55 percent of the workforce will job search in the next 12 months.<sup>3</sup>
- 4. Financial planning solutions** to help employees manage their income and finances.
- 5. Lifestyle and wellness initiatives** to support better health outcomes for employees and their families.
- 6. Benefit technology tools**, which are needed to support educated enrollment decisions and health care utilization.

Notice how these challenges reflect a reimagining of health benefits to support a much wider range of needs. Beyond covering health-related costs, employees are relying on employers to help them make better decisions, support flexible working arrangements and live healthier lives.

With expectations higher than ever, employers need health plans to provide the tools and flexibility needed to attract and retain top talent. Health plans can stand out to employers by delivering a benefits experience that includes:



**High-quality user experience**



**Decision support tools**



**Financial planning capabilities**



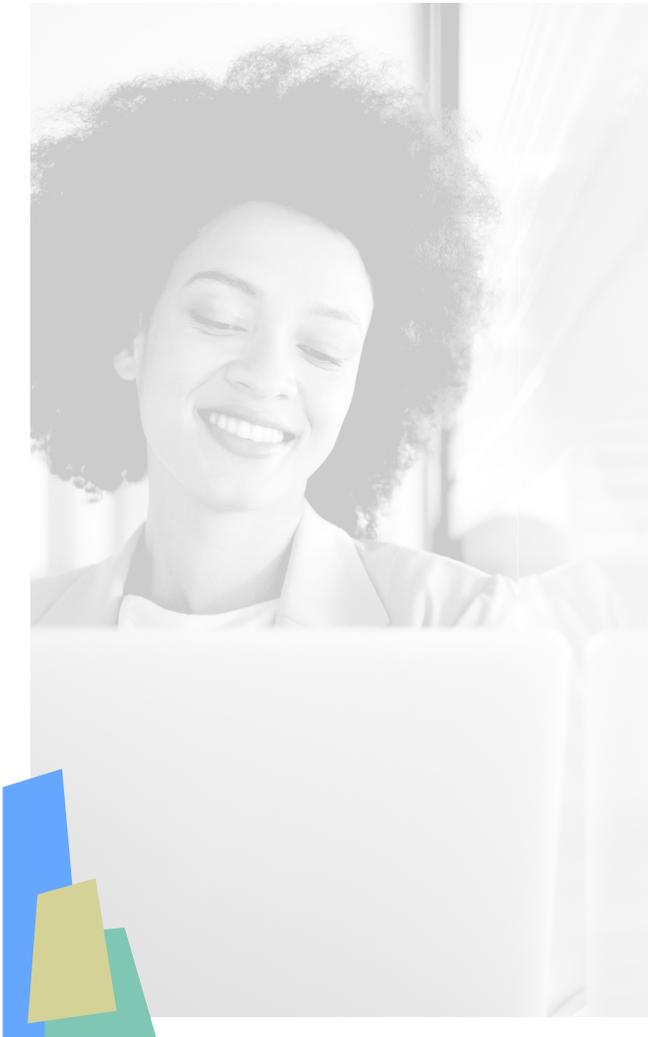
**Lifestyle and wellness tools**



**Improved communication and educational content**

Moreover, employers face another challenge: too many point solutions. Procuring, managing and maintaining multiple technology solutions for benefits is a drain on time and resources, and often leads to suboptimal employee user experience.

Lastly, in addition to everything mentioned above, employers have a strong need for a single, plug-and-play benefits administration solution to manage all health benefits and population health management – delivered by a reliable, trusted and innovative health plan partner.



## What Do Consumers Need?



Health care decisions impact consumer financial wellness now more than ever before, from selecting the best-fit coverage to choosing in-network providers. To protect their financial wellbeing, consumers need help from their employers and health plan providers to make the right decisions for the needs of their families. The consumer paradigm today has two sides: what consumers want and what they need.

Consumers expect a far higher level of customer experience and service than ever before. Streaming video platforms, next-day delivery and high-end personal technology have taught consumers to expect an outstanding customer journey no matter what they are buying – and health insurance should be no exception.

At the same time, consumers are overwhelmed. As we stated earlier, they don't necessarily trust health care and insurance providers, but they do need their support in several key areas:

 **Information**

 **Motivation**

 **Personalization**

Combined, the needs and wants of consumers give us a landscape where consumers want highly personalized benefit experiences that help them choose and use benefits that enable them to live happier, healthier lives. Not only do consumers want support from their health plans, they need it in order to make the best choice for their families and themselves; a high percentage of consumers will make poor financial and/or health decisions without outside help. This is clearly seen in consumers with chronic conditions. **According to research by Wunderman Thompson Health, 56 percent of people with a chronic condition believe they're healthy and don't need to change their lifestyle.** However, as we all know, poorly managed chronic conditions can become exponentially more expensive and have profoundly adverse effects on health outcomes.

# What Does This Mean for Health Plans?

Health plans must engage and empower consumers to:



**Face personal health challenges**



**Seek and adhere to a plan of action from a health care provider**



**Stay motivated about their health**



**Proactively deal with health conditions**

For this to be possible, health plans must provide a mix of informative and motivational content, and flexible plan designs that support various needs. Most importantly, all of this must be tailored to the individual consumer's needs.

Once again, this comes back to data and technology. Without data — and the tools needed to collect and act on it — there is no way to provide a personalized experience that educates, encourages, reminds and empowers consumers to make informed decisions for their health and financial wellness.



# Deliver Value Throughout the Journey



Health plans face a tougher challenge than other industries when it comes to delivering strong customer experiences. While their customers are mainly employer groups, in practice, they have to serve brokers, employers and members — and it's that last group who is calling the shots right now.

In a job market where current and prospective employees have the upper hand, it's employers who must stand out. To do that, they need support from brokers and health plans to deliver valuable (and competitive) health benefit programs. And because brokers also rely on health plans to help them stand out, it ultimately falls on health plans to provide the end-to-end customer experiences that each stakeholder in the value chain demands, needs and deserves.

That connected experience is the secret to differentiation in the health insurance market over the next decade. While previously it was all about differentiating on product or price, it is now about engaging with every customer wherever they are in their health care journey, and providing the tools each player in the ecosystem needs to achieve their objectives, whether that's:



**Brokers securing a trusted relationship with employers**



**Employers attracting and retaining top talent**



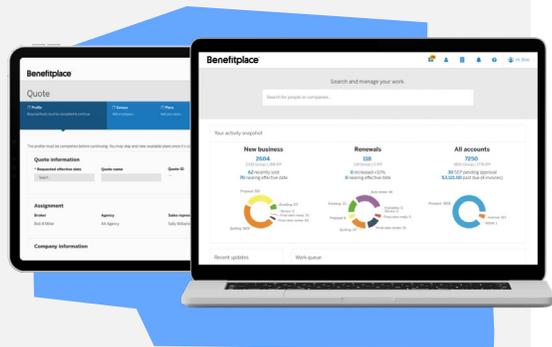
**Consumers making better health and financial decisions**



# Take the Next Steps

To find out how Benefitfocus can help your health plan deliver seamless customer experiences and differentiate in a commoditized market, **connect with our team today for a guided tour.**

**Request a demo**



## About Benefitfocus

Benefitfocus (NASDAQ: BNFT) unifies the entire benefits industry through innovative technology solutions that bring efficiency, cost savings and simplicity to employee benefits administration. Our powerful cloud-based software, data-driven insights and thoughtfully designed services help employers, insurance brokers, health plans and suppliers address the complexity of benefits enrollment and engagement, while bringing easier access to health, wealth and lifestyle products through a world-class benefits experience.

**Our mission is simple: to improve lives with benefits. Learn more at [www.benefitfocus.com](http://www.benefitfocus.com).**

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