

The Consumerization of Healthcare



And How it is Reshaping Patient Expectations





In the not-so-distant past,
healthcare was typically assigned,
prescribed and financed by others.

Choices in care were limited.
The patient had very little power.



Fast forward to today.
Patients are more
empowered than ever.

The Consumerization of Healthcare

Introduction

Date of filing _____

Doctor _____



Patient Power

Patients are more involved in key decisions about their care; they choose providers, select the right coverage and collaborate on their own treatment plans. Modern consumers also advocate on behalf of themselves and others more often, utilizing ever-present social media and networking channels.

Enabled by increased access to information and more choices, **patients are actively driving a shift in the healthcare industry—discriminating on price, quality, and service.** Healthcare service providers must shift, too.





PEAK

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The Consumerization of Healthcare

The Customer Snapshot

The Good

Patients actively embrace participation.

Consumers overwhelmingly believe that taking a greater and more active role in their own healthcare is a positive thing.

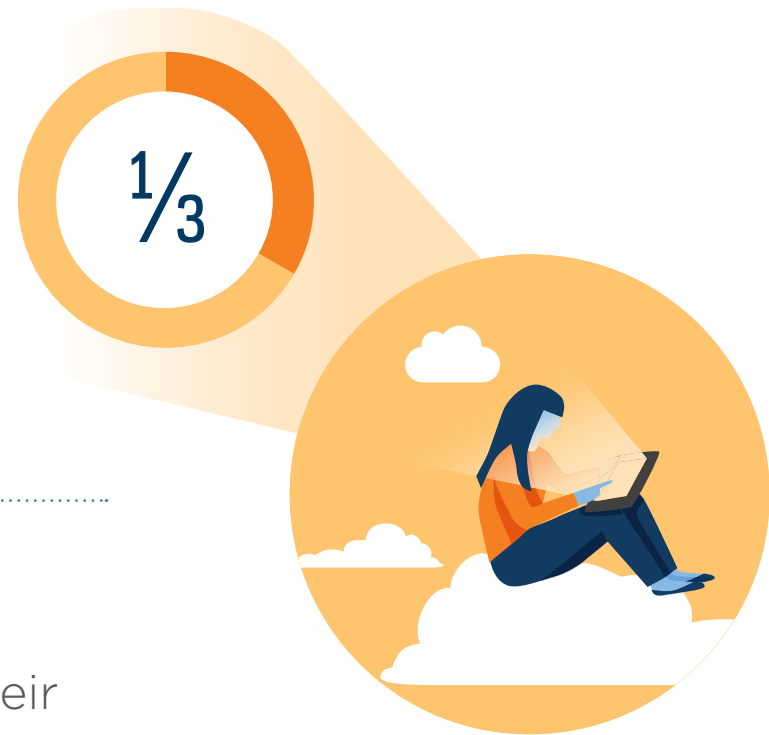
In a survey on the consumerization of healthcare, a full 80% of participants felt the trend toward greater consumer control was a positive thing. Another 46% of respondents agreed that, “taking control of my own healthcare makes me feel empowered and good about my quality of care.”



The Good

Patients actively embrace participation.

Moreover, 30% of adults said they want their patient experience to be the same as any other customer experience they have—retail, restaurants, travel experiences—complete with choices and control.ⁱ



1/3 of US consumers use social media to offer opinions about doctors, treatments, drugs, and health plans.ⁱⁱ

The Bad

Patients Aren't Afraid to Express Dissatisfaction.

Alongside consumers' desire for more control, there is also an increased ability to express dissatisfaction when expectations go unmet. And thanks to social media, unhappy consumers can spread bad news farther and faster than ever before.



54% of consumers share their poor experiences with five or more people, while only 33% share their good experiences.ⁱⁱⁱ

The Bad

A propensity to share expressions of dissatisfaction.

Expressed dissatisfaction numbers have steadily increased each year since 2010, and healthcare is no longer immune to the trend.

In fact, a full 1/3 of U.S. consumers use YouTube, Facebook and Twitter to find medical information, research and share their symptoms, and offer opinions about doctors, treatments, drugs and health plans.^{iv}



45% share negative feedback online through social media or a review website, compared with 38% who share positive information.

88% of consumers are influenced by online feedback when selecting a service provider.ⁱⁱⁱ

The Awesome

Increasing consumer choice drives higher customer satisfaction.

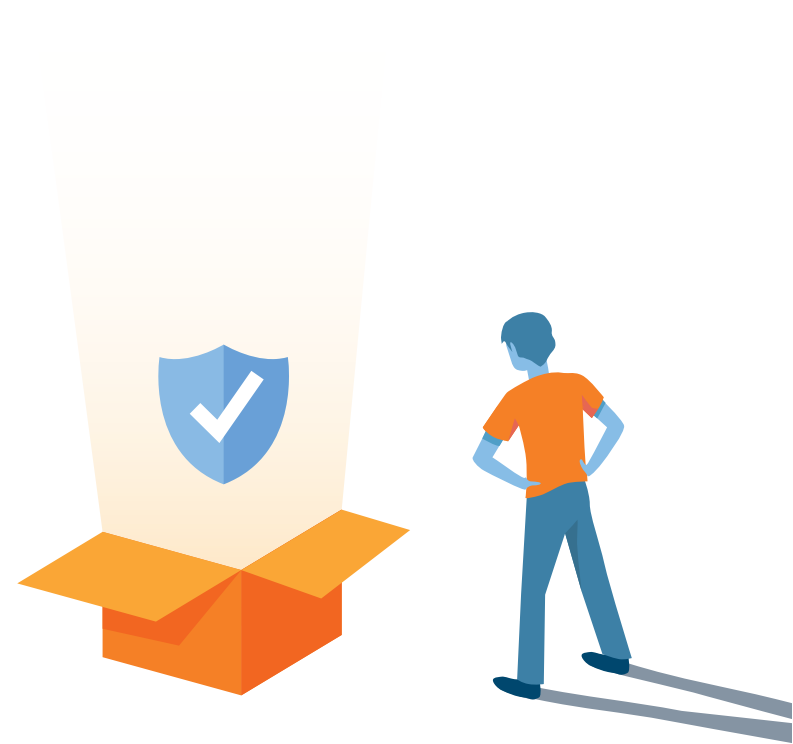
In a business-to-consumer (B2C) environment, the consumer typically has a wide range of choices. That availability of choice is what emboldens consumers and propels companies to differentiate their brands through exceptional customer service. Companies such as Amazon, Nordstrom and Southwest are prime examples of how an exceptional customer service experience can help drive a company's success.



The Awesome

Increasing consumer choice drives higher customer satisfaction.

In the healthcare industry, however, consumer choice is a relatively new concept. Yet, as consumers continue to gain more choices in and control over their healthcare, the need for better customer experiences will intensify for providers who wish to remain competitive.



2/3 of consumers say it is very important for insurers to provide clear and easy-to-understand information on their policies. Only ...

27% say they were very satisfied with their insurers' efforts to do so.⁹

The Outlook

Increasing consumer choice drives higher customer satisfaction.

A 2015 Temkin Group study examined experience ratings from more than 292 companies, across 20 industries, and included 15 major health insurance plan providers. It showed a direct link between customer empowerment and customer satisfaction.



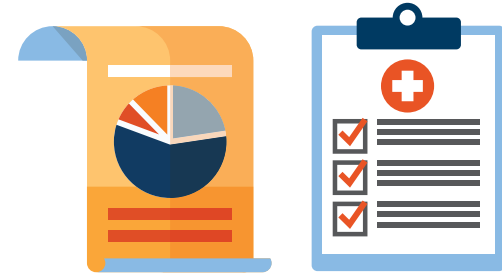
The study measured three key aspects of customer service effectiveness:

- 1. Success/Resolution**
Did I get what I needed?
- 2. Effort**
How difficult was it to get what I needed?
- 3. Emotion**
How did the interaction make me feel?

The Outlook

Increasing consumer choice drives higher customer satisfaction.

Results from the study reinforced that delivery of these key attributes in healthcare, as in all consumer service industries, influences people's opinions of their interactions with a provider or insurer. The study also found that the healthcare industry still has a long way to go to meet consumer expectations—nine of the major insurance plans ranked in the bottom 49 of customer experience ratings.^{vi}



9 out of 15 *major health insurance plans ranked in the bottom 49 of more than 292 customer experience ratings, while none ranked in the top 50.^{vi} ...*
... Tells you something, doesn't it!

The Consumerization of Healthcare

Building Customer Loyalty



Understanding Measures of Customer Loyalty

A *Net Promoter Score*[®] (*NPS*[®]) is a common industry measurement of customer loyalty; it's determined by how likely customers are to recommend the brand to a friend or family member on a scale of 0 to 10. The overall *NPS*[®] is a product of the “*Promoters*,” or folks highly likely to recommend based on a score of 9 or 10, minus the “*Detractors*,” typically scores 0 through 6. The “*Passive*” scores, 7 and 8, do not factor into the calculation.^{vii}

Average NPS[®] Results for Key Industries, 2015:

Industry	Avg. NPS [®]
Retail	30
Airline	26
Wireless Carrier	18
Health Plan	14
Utility	12
TV Service Providers	-1

Average Multi-Year NPS[®] Results for Health Plans:

Year	Avg. NPS [®]
2013	9
2014	12
2015	14

Distribution of NPS[®] in Health Insurance by Age of Respondent:

Age in Years	NPS [®]
18 - 24	4
25 - 34	14
35 - 44	7
45 - 54	10
55 - 64	10
65+	35

Understanding Measures of Customer Loyalty

In examining the Temkin Group data set for *Net Promoter Scores*[®], it is easy to see that those industries with the most choice also score highest in customer experience rankings.^{viii} For instance, high-choice industries like retail consistently outperformed low-choice industries such as utility and TV service providers. There are, of course, variations in execution and delivery that account for the range of scores seen within an industry vertical, but on average, greater choice forces companies to elevate their offering in order to meet increasing expectations.

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Understanding Measures of Customer Loyalty

When it comes to the healthcare industry, a similar correlation between consumer choice and *NPS*[®] also exists. Since the advent of the *Affordable Care Act* (ACA), over 11.2 million Americans have enrolled in healthcare through the individual marketplace—taking advantage of more options and the ability to choose their own coverage.^{ix} Not surprisingly, as consumers gain more autonomy over their health care, *Net Promoter Scores*[®] have also risen. This increase can be attributed to greater customer empowerment and an improved focus by some healthcare insurance plans on the experience of their members as a means of differentiating themselves from their competitors.



A person is holding a smartphone, displaying a photograph of a baby wrapped in a blanket. The entire image is overlaid with a semi-transparent blue filter. The text 'The Consumerization of Healthcare' is positioned above the main title, and 'Customers in the Digital Age' is the large, central title.

The Consumerization of Healthcare

Customers in the Digital Age

The Changing Face of Customer Demographics

Another factor shaping the healthcare industry is the changing demographic makeup of consumers. According to a 2015 CDC (Centers for Disease Control) survey, for the first time in 50 years, the number of uninsured dropped below 10%—thus, healthcare plans are seeing an influx of “first time” members.^x Many of these members have little experience navigating the system, and need assistance with the process



The Changing Face of Customer Demographics

To prevent poor customer experiences, insurance companies must redefine how they serve their members, with a strong focus on education. Small shifts in approaches that empower consumers and help clarify expectations at the outset can have a big impact on the overall experience. For example:

Selecting clear, customer-friendly language for website and enrollment materials, especially around terms like “copay” and “coinsurance,” **can prevent costly and emotionally charged contact escalations down the line.**

Providing self-help “cost calculators” can prevent calls driven by billing “surprises” and **enable customers to play an active role in planning their care and costs.** Educating representatives on how to explain complex terms related to billing and how to better relate to customers can prevent escalated and repeat calls.



The Changing Face of Customer Demographics

Everyone else is doing it—so we’re going to talk about Millennials too! Millennials—those born between the years of 1981-1997—are a highly empowered and well-informed group. And as this generation begins to enter the healthcare marketplace, the industry must move to meet their higher expectations.



Distribution of NPS® in Health Insurance by Age of Respondent:

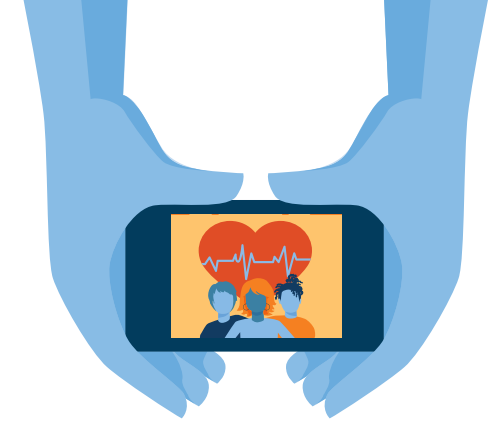
Age in Years	NPS®
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27% of the US population, Millennials not only exceed the Baby-boomer population, they represent a rising tide of health care customers.^{xi}

The Changing Face of Customer Demographics

The influence of Millennials on healthcare not only applies to customers brought on through ACA exchange sites, but also to employers who wish to reevaluate group plans and services in response to growing feedback and advocacy from their employee—many of whom are Millennials. Growing up in the digital age has predisposed this generation to expect easy access, faster resolution, and answers at the push of a button. However, as NPS[®]-by-age-of-respondent illustrates, meeting these kinds of customer expectations has not traditionally been the hallmark of the healthcare industry.



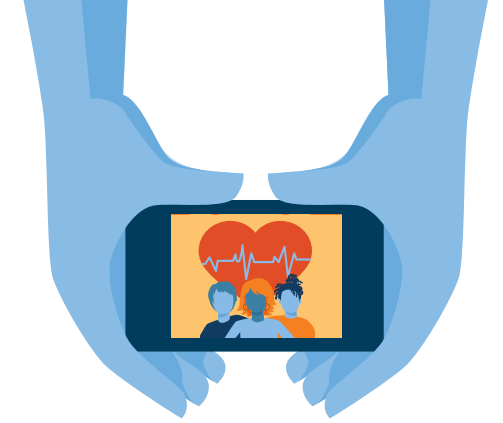


Thriving in the 'Age of the Customer'

The “*Age of the Customer*”—a reality faced years earlier by retail and consumer product industries—has finally come to the healthcare industry. These other markets saw the shift begin more than a decade ago, when companies like Amazon burst onto the scene and helped mold customer expectations for consumers of digital content. Since then, technology, communications and other industries have made shifts in their customer service approach to better navigate this new digital landscape.

So how does this inform the healthcare industry's own transformation?

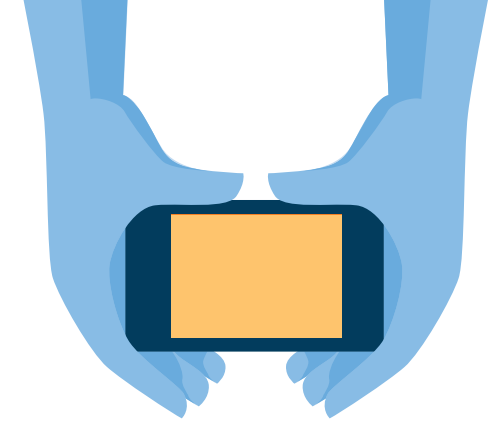
By looking at other industries and exploring how they adapted to consumer demands, the healthcare field can begin to understand what informs modern customer expectations and what can cause an experience to break down.



Thriving in the 'Age of the Customer'

As an industry accustomed to providing value by reducing costs of coverage, healthcare providers and insurers must now weigh costs against the consumer experience in order to remain competitive. Additionally, the industry must also balance privacy and security against ease of access and patient empowerment.

As demonstrated by other industries, the most successful products of the modern age are more *“experience ecosystems”* than they are products, allowing customers to interact with the provider in new ways. To create these types of experience ecosystems, providers and payers are making investments in building patient portals and apps that provide easy access to patient information, claims processing, and options for providers and even virtual diagnosis.



Thriving in the 'Age of the Customer'

Here's a brief case study: *Kaiser Permanente*[®] is consistently one of the top-rated healthcare organizations in the United States. By leveraging *Oracle* technology to provide “*Web Self-Service* and *Nurse Chat*” functionality, Kaiser empowers patients while controlling costs. In an online video discussing the “*KP OnCall*” portal, it is reported that 94% of users would use the *Nurse Chat* platform again rather than wait to speak to a nurse over the phone.^{xii}

These types of investments can pay dividends as companies aspire to serve their customers in ways that resonate, but they can also be costly to implement and maintain. Where will the money for those investments come from? The marketplace has little tolerance for rate increases and fees. At the same time, there is little appetite for businesses to take a profitability hit to sustain investments in technology and service. **So what is the answer?**



The Consumerization of Healthcare

Streamlining the Service Model

Reduce Costs and Improve Experience

The answer to the cost-versus-experience conundrum lies in streamlining the support model for customers by eliminating the friction and waste that drives both cost and poor customer experience. In short, the more effort a customer must expend to resolve an issue, the more dissatisfied he or she will become and the more it then costs to support them.



Reduce Costs and Improve Experience

Drawing on our healthcare industry and customer experience management knowledge, Alorica has developed a useful approach to control costs while still delivering superior service. The first step of this process is to analyze what is driving contact volume, repeat activity and delayed or missed resolution for customers across all interaction channels in order to quickly determine what they expect, how they behave and the business impacts of failing to meet their expectations.



Step 1: Analyze

- Contact volume
- Repeat activity, and
- Delayed or missed resolution

Reduce Costs and Improve Experience

By following common customer journeys through the healthcare system, Alorica gains insight into what people, processes and technologies are critical to delivering a consistent and differentiated experience, one that instills loyalty and prompts members to advocate positively and publicly for a service or product. With breakpoints identified, the appropriate process changes can be put in place to help reduce consumer effort, and thereby decrease cost.



Step 1: Analyze

- Contact volume
- Repeat activity, and
- Delayed or missed resolution

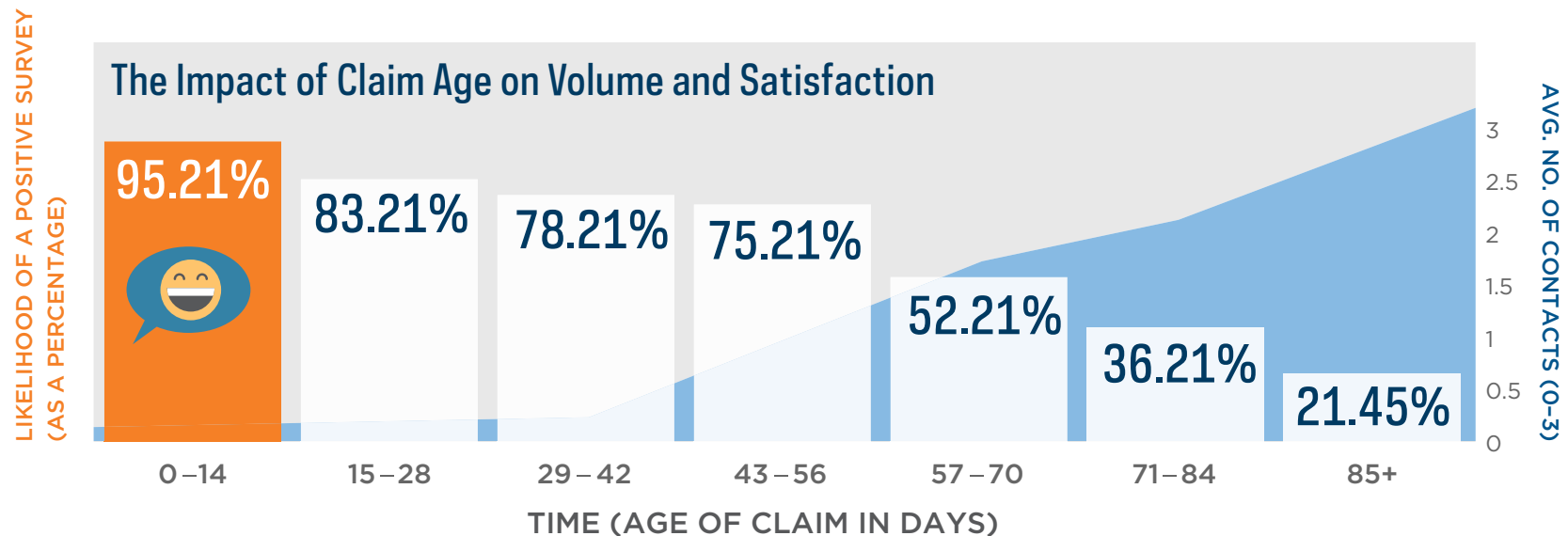


Step 2: Focus on gaining insights

- Identify loyalty and preferences
- Identify breakpoints
- Create processes that reduce customer effort and cost

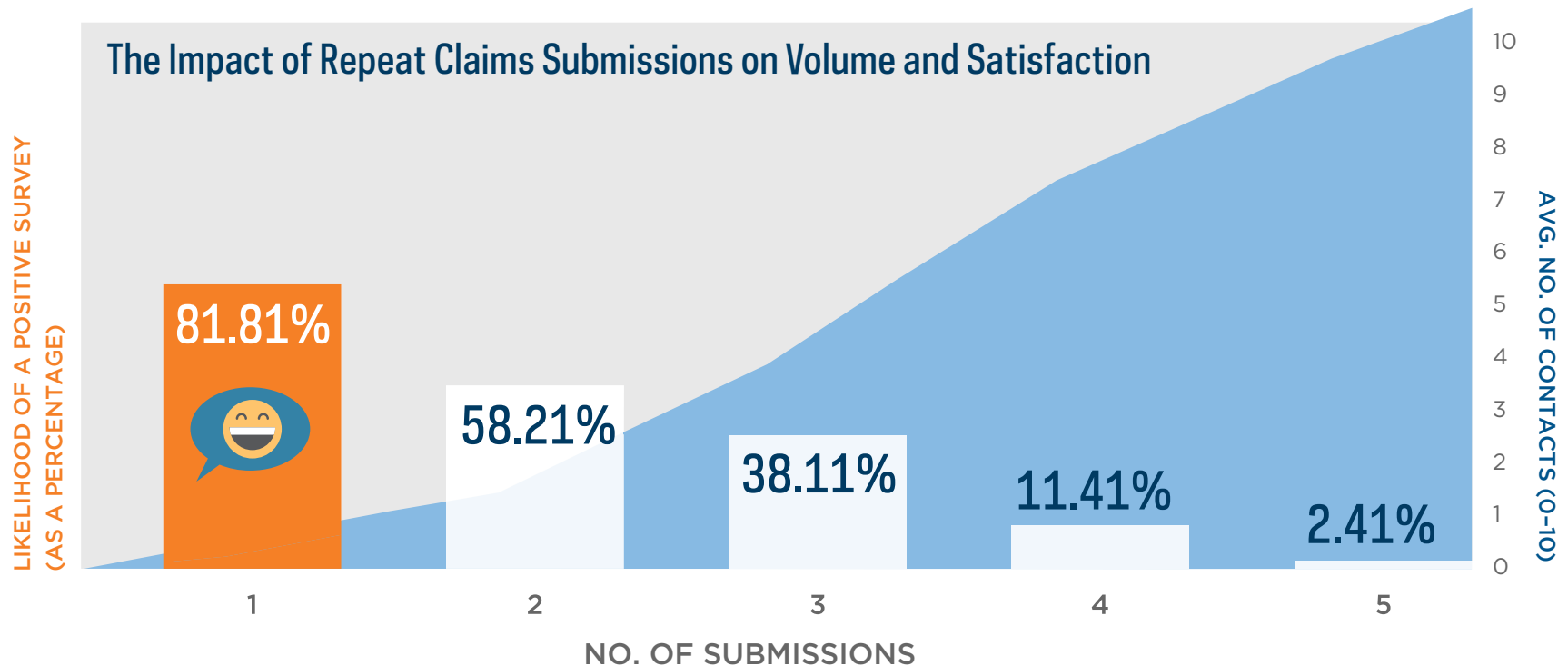
Reduce Costs and Improve Experience

In 2015, Alorica studied the impact of claims handling on contact center volumes and customer satisfaction. Not surprisingly, we found that the top drivers of contact activity and repeat contacts are processing delays, disputed claims and resubmitted claims. We also found that the longer a claim stays open, the higher the likelihood of a repeat contact, and the less likely the survey response is to be positive.



Reduce Costs and Improve Experience

Our analysis also found that likelihood of a positive survey outcome decreases in relation to the number of submissions/resubmissions required to close out a claim.



Reduce Costs and Improve Experience

With this knowledge, we qualitatively mapped out the customer journey, helping shed light on the emotions and the perception of effort experienced along the way. These insights helped pinpoint the root cause of delayed and resubmitted claims, and led to the discovery of downstream impacts on members and providers.



Reduce Costs and Improve Experience

Insights of downstream impacts on members and providers:

Members:

- Call repeatedly, and with increased frequency, because they are pressured to pay bills every thirty days.
- Bounce between the payer and provider with no resolution.
- Must pay out of pocket, in some cases until the claim is resolved; getting reimbursed is difficult and often results in an increase in calling effort.
- With fewer options, they perceive less value for price, poorly affecting the health plan company's marketability and renewal rates.
- Complain online, to employers, etc., influencing future renewals along the way.

Providers:

- Call because they need claims paid, and call volume increases if they can verify benefits in advance.
- Become frustrated, and their desire to advocate for the member wanes, resulting in the member having to expend more effort to resolve claims.
- View dealing with the insurance company as too much effort, with some opting to no longer accept patients covered by the insurance company.

Reduce Costs and Improve Experience

As with the other industries Alorica has studied, cost and experience were heavily impacted by resolution, effort, and emotion. Once the root causes were uncovered, however, and it was clear how delayed or resubmitted claims were impacting the entire customer journey. **Alorica could recommend the appropriate actions to fix the breakpoints—such as:**

- Automation of processes and electronic submissions to speed claim submission and processing.
- Education for providers on avoiding common filing errors that cause delays, reducing the need for resubmission.
- Scalable staffing for claims adjusters to meet variable demands in volume.
- Education for customers on standard processing timelines to reduce the likelihood of calls occurring before claims could reasonably be processed.
- Real-time communication with providers on current averages in order to set appropriate expectations.
- Visibility for front-line agents into pending claims and average time frames to reduce call transfers.

Reduce Costs and Improve Experience

The solutions focus on intervening to prevent calls and contacts from occurring and reoccurring along the chain, speeding the resolution cycle and improving both cost and experience.



The Consumerization of Healthcare

Conclusion



Applying Insights to Deliver a Better Customer Experience

The current trend of a more customer-centric delivery of healthcare services shows no signs of stopping or slowing down. Customers will continue to expect fast and accurate resolution, easy access to information and services, more choice and increased transparency.

The companies that are able to deliver on these expectations are set up to...





...WIN in the
‘Age of the Customer.’

For more information—and to get started on transforming your company—call 866-ALORICA or email sales@alorica.com.



The Consumerization of Healthcare

About Alorica

Alorica



Alorica is a leading provider of Business Process Outsourcing solutions that span the entire customer lifecycle. Good, glad we got that out of the way. Here's the deal—we think serving customers is awesome. And that's why, when it comes down to it, we really only do one thing—we make lives better...one interaction at a time.

PASSION • PERFORMANCE • POSSIBILITIES

These are the principles that guide us in helping others make better choices and informed decisions. They're more than words. They're our rally cry.

PASSION

Everything starts with conviction. A desire to obliterate the status quo, and the audacity to believe that we will. We're problem solvers. Question answerers.

Strategic dreamers. We see every interaction as an opportunity to create opportunities—for our customers, our clients, our colleagues and our communities.

PERFORMANCE

We're 110% committed to the end result. Onward and upward, it's all about taking our clients to the next level. We stay engaged. We mine new sources of inspiration. And we give it our all, no matter the challenge. They say go big or go home. We don't believe in the latter.

POSSIBILITIES

100,000 employees. Operations in 15 countries. Over 70% of our clients are Fortune 500 companies. So where do we go from here? Anywhere. Everywhere. We're always innovating, evolving, imagining new ways to continuously improve. Some

see the sky as the limit. We see the sky as a stepping stone.

WHAT'S IN OUR SECRET SAUCE?

A spoonful of customer care. A dash of technical support. A pinch of revenue generation. Equal parts receivables management, customer retention and reverse logistics. Fulfillment and B2B solutions, for sweetness. And finally, hosted contact center solutions, direct response and back office processing for that added kick.

Guess it's not so secret anymore, huh...



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