Volume 4, Issue 5 May 2017

Population Health NEWS

The Challenges of Delivering a 'Name Your Price' Strategy

by Brian Kim

While Washington continues to create heat but little light about the future of healthcare, customers are living the pain. Groups find the healthcare benefit an expensive albatross, and individual consumers are confused, angry and unable to afford what is available.

Although workers' earnings have grown 60% since 1999, their contributions to premiums have grown by 242% during that same time period.[1] The good news for 2017 is that group rate increases are averaging about 6% across the board.[2]

But this relatively modest rate hike comes as a result of reduced benefits, new restrictions and an increased cost burden for employees. Strategies for keeping premium increases at a minimum include significantly higher deductibles, copayments and coinsurance; limited plan options; and aggressive pharmacy management strategies. The end result is coverage that feels less and less like an actual benefit.

Employees, however, are lucky compared to individuals and families purchasing insurance through the Affordable Care Act. These consumers are often experiencing rate increases up to 75%, with decreasing and uncertain government subsidies to bridge the gap in the future.[3,4] Complicating this scenario is the steady departure of insurers from multiple marketplaces due to profitability issues. Remaining insurers are offering more complex and less generous plan options

This broad trend towards personalization is changing the way customers want to buy health plan products. Each expects to be considered an individual market that requires:

- Offering a new level of customer experience.
- Flexibility to select from a menu of benefits, coverage and price points.
- On-demand customization as needs change.
- Simplicity and transparency.

Unfortunately, healthcare lags markedly behind other industries in realizing the value of self-service and mass customization to drive profitability, market growth, customer satisfaction and long-term loyalty. Health plans are simply not equipped to successfully address the biggest pain points needed to deliver a "name-your-price" capability. To improve the consumer's buying experience, health plans will need to rethink three key areas of service delivery and figure out how to:

1. Simplify and modify required plan benefit options at point of sale.
2. Provide on-demand pricing of customized benefits.
3. Immediately generate necessary documentation and communication.

Solving these challenges will provide sales teams with a tremendous opportunity to close new business and renew existing business more quickly. In addition, by opening a door to self-service selling, plans can realize efficiencies while taking advantage of quantitative analyses to target customers directly.

While the market has access to partial solutions that address one or two of these capabilities individually, health plans have yet to figure out how to integrate all three. Moreover, delivering a name-your-price capability requires health plans to acknowledge that existing methods of product development and management are impeding their ability to innovate and meet evolving customer needs.

Most health plans today rely on a product creation and management process hampered by:

- A lack of an enterprise source of product 'truth'.
- Processes managed by documents and memory vs. accurate data.
- A lack of a product repository that supports deep-level, multi-network benefit management.
- Inefficiencies due to manual hand-offs, one-off documents and cumbersome review practices.
- A laborious and error-prone, iteration process.
- Misguided communications resulting from inaccurate information.

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There is growing recognition by health plans that a fundamental restructuring of how new products are built and sold is needed to deliver a name-your-price capability to consumers. The market is experiencing a rapid influx of companies offering solutions that purport to address the gaps. Among them are well-established customer relationship management (CRM) companies attempting to repurpose their sales relationship management platforms to meet this need.

While CRM technology is extremely useful in tracking sales activity at the ground level, it is incredibly risky to depend on the results from a hammer doing a screwdriver's job. These solutions are often general purpose systems that do not and cannot appreciate the complexities unique to healthcare and health plans. They are not configured to support health plan-wide integration, a requirement for reducing costs by automating processes across multiple stakeholders. CRMs simply cannot deliver health plan product tracking, much less innovation, because their systems are not built with this goal in mind.

To avoid significant risk, cost and time required to configure a repurposed technology platform, plans should focus on partnering with organizations that offer solutions specifically designed for health plan mastery of the product development process. The best options will drive profitability by delivering single source of truth capabilities that seamlessly interface with enterprise-wide stakeholders. This will facilitate rapid innovation and new product speed to market. It will also support sales in delivering self-service products and plan documentation at the point of sale.

Health plans can no longer lump their customers together as a homogenous market. Driven by trends dominating other industries, consumers increasingly expect a personalized buying experience in healthcare. Historically bogged down by cumbersome and outdated internal processes that impede innovation, health plans will need to restrategize product lifecycle management. The sooner plans realize this inevitability, the sooner they will avoid being left behind in a death spiral of non-innovation. Investing in transformative capabilities that deliver what customers want is the surest path to creating lasting value and ensuring long-term profitability.

[1] "Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2016." Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2016; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2016, (April to April).

[2] Miller S. "Employers Project Health Premium Hike of 6% in 2017." Society of Resource Management. Aug. 10, 2016.

[3] Norris L. "The 'Trump Effect' On Your Obamacare Coverage." *HealthInsurance.org.* Nov. 12, 2016.

[4] Tuttle B. "8 States Where Obamacare Rates Are Rising by at Least 30%." *Money*. Oct. 18, 2016

Brian Kim is president/CEO of Highroads, which provides benefits plan optimization and compliance solutions. He may be reached at bkim@highroads.com.