

The Critical Condition of Health Insurance Customer Service



By Erika Morphy
CRM Buyer

When it comes to providing customer service, health insurance companies are not just ailing -- they're in a prolonged coma. That may change if a new presidential administration in the U.S. results in policy shifts that require companies to be nicer in order to protect their own bottom lines.

Most health insurance companies have plowed resources into self-service Web sites for their policyholders -- Web site portals that display page after page of details on coverage. A handful even provide systems for maintaining electronic health records.

Yet the general perception, even among many industry insiders, is that health insurance providers are not customer-friendly. That's not because there is too much paperwork or too many maddening regulator-driven processes surrounding just about every interaction between providers and their insured.

Rather, it is due to the fact that health insurance companies, by and large, are notorious for neglecting the most crucial element in their customer service operations: delivering straightforward, legalese-free explanations of their underwriting decisions.

The situation is not changing, despite predictable rhetoric from Congress and the occasional public outcry over an egregious misstep on the part of some insurer. "In fact, I would say they are worse than they have ever been in keeping communication lines open with their customers," Chris Stiehl told CRM Buyer.

Stiehl would know. On a professional level, he's the coauthor of the newly released book *Pain Killer Marketing*, which focuses on linking marketing campaigns to solutions for customers' pain points. On a personal level, he is a diabetic of many years, and he's on waiting lists for both a kidney and a pancreas transplant. Recently, his insurer sent his hospital, not Stiehl himself, a letter stating that the pancreas transplant would not be covered.

Stiehl -- who has not yet been able to get through to the appropriate people in the insurance office despite placing numerous phone calls -- questions not only the decision, but also the manner of communication.

Stiehl is not the first person to have been struck by an insurance company's short-sighted financial rationale for a particular decision, and the illogical reasoning that's at the foundation of many of these cases baffles him.

"I need the kidney to live," he said, "but with a new pancreas, the insurance company would save all the money it spends on drugs and doctors and hospitalizations for my diabetes." He can only wonder about it until he manages to get someone on the phone -- but even if he does, he's not holding out much hope for enlightenment.

You're Fired

Why are health insurance companies so lacking in the customer service department?

Essentially, it's because customer satisfaction really doesn't matter to them, suggests Rob Panepinto, principal with Connexions, a business process outsourcer that works with health plans on their consumer strategies.

"I think there has been a mindset in the industry that the member can't fire them," he told CRM Buyer.

Indeed, health insurance is such a distinct, unique product that it may not even make sense to compare its customer service outreach to that of, say, the telecom industry -- which also has a reputation for low marks.

For starters, health insurance doesn't compare with other goods or services; for most consumers, the money spent on a health plan is vital to maintaining good health -- or getting it back when illness strikes. However, bureaucracies are ill-equipped to handle visceral emotional issues with any degree of delicacy.

Most health insurance customers cannot simply pick up and move to another provider if they feel mistreated, Panepinto pointed out. Simply put, no matter how an individual gets health insurance -- through a job, through a spouse or as a private individual -- the choices are severely limited for anyone over 25. Anyone who has a pre-existing condition, especially a serious one, is for all intents and purposes a hostage to the insurance company.

The situation is further complicated by the fact that health insurance customer service is intertwined with another business process: underwriting. The runarounds most policyholders get when trying to find out whether particular medical procedures or drugs are covered -- and the difficulties they experience in attempting to dispute decisions when they are not -- are at the crux of most health insurance horror stories.

The Push Forward

It is difficult to imagine that health insurance customer service will ever improve unless the industry itself is radically realigned. That could well happen; both political and economic trends are slowly forcing the issue.

Current health insurance economies are unsustainable, given the huge number of uninsured in the U.S. and the escalating costs of medical care. Certainly, the subject of universal healthcare is being taken more seriously on the presidential campaign trail now than ever before. If a Democrat is elected president this November, some level of change in the industry will almost surely be forthcoming. Even if the Republican nominee wins, there are likely to be some changes ahead, albeit not as comprehensive.

Either way, health insurance industry insiders know that a shift toward more consumer choice is on the horizon, Panepinto said. It's not likely that legally mandated changes will result in a friendly and sympathetic voice on the phone explaining the ins and outs of a policy. However, the changes that are adopted could subject insurance companies to the same economic forces that pushed telecom providers to treat their customers better.

"When it starts to hit the bottom line in terms of customer retention -- then we will see massive change," Panepinto predicted.

Insurance companies' poor investments in customer service are already hurting their bottom lines, he continued.

"Very few offer 24-7 coverage in call centers -- you can't call your health plan on a Sunday morning for example." Few health insurance Web sites offer online chat -- which ought to be a no-brainer, Panepinto added. "It is a tool that can be used to educate the user."

It could also be used to salvage a sale -- a concept familiar to retailers and vendors in every other industry.

Donny Simkin, an account representative in San Francisco, told CRM Buyer about the time he signed up for coverage through an online agent, got accepted -- and then decided he wanted to increase his coverage.

"I tried to get in touch with their customer support telephone center," he recalled. "Oh boy. I have never in my experience come across a more iron-clad automated system intent on keeping me from speaking to a human being. Not only were there no options relevant to my needs, but when I insisted that I needed real-live thinking assistance, the system circumnavigated me back to the beginning, saying something like, 'Before I transfer you, I want to make sure we get you to the right place. Will you please enter ...' and then it asked for some information which I didn't have as yet, because I only just enrolled.

"Their system kept me on hold, chasing my tail, and fuming at my own impotency," Simkin concluded.

He's hardly alone in experiencing frustration over an intractable customer service system -- but there's one major difference in this case.

Simkin wasn't trying to discuss an underwriting decision, he emphasized. "I wanted to give them more money." 