
HEALTH PLAN WEEK

Health Plans That Target Customer Service Boost Value for Customers, Shareholders

Customer loyalty is taking on a new dynamic as health insurance becomes a consumer-driven product. And this market shift will mean health plans will spend more time under the customer-satisfaction microscope.

The national Committee for Quality Assurance (NCQA) includes some customer-satisfaction questions in its Consumer Assessment of Health Plans (CAHPS) surveys. And two years ago, J.D. Power & Associates, the company that rates satisfaction on automobiles, electronics and other goods and services, began rating health plan customer satisfaction. "Medicare Part D was coming online, 23 million consumers were entering the market to buy their health coverage, and this was accelerating the 'retailing' of health insurance," Jim Dougherty, J.D. Power healthcare practice leader, tells HPW. *The result:* Health insurance joined the ranks of other everyday products that would be put under the customer-satisfaction microscope.

The J.D. Power rankings for 2008, released last month, rate 107 health plans in 17 regions using seven measurement categories based on surveys of 37,000 consumers. "We interviewed these people to find out what customer-satisfaction issues were important to them," Dougherty says. Among the issues they identified: information and communications, and customer service.

The survey found that nationally, most health plan members rated their plans lowest for communications and information that could help them understand their coverage and benefits. Health plans generally performed worse in customer satisfaction than did hospitals and pharmacies.

Customer satisfaction can be used to strengthen a health plan's market position and profitability in an age when a plan's customers – members as well as employers – increasingly are talking with their feet and their pocketbooks.

"We went back and asked the 37,000 consumers we surveyed how long they had been with their last health plan, and found that the plans with the highest levels of involuntary turnover had the lowest levels of customer satisfaction," says Dougherty. In addition to helping retention rates, high satisfaction scores translate into more positive recommendations, more renewal business and additional sales of services to members.

J.D. Power also looked at companies across all industries that it surveyed in 2004 and went back to those companies it had rated in 1999 to see which companies had improved their customer-satisfaction ratings over that time period. The company then looked at what happened to shareholder value over that period. "We found that companies that increased their customer-satisfaction levels by 10% saw a 50% increase in shareholder value," Dougherty says. "So it's not just warm and fuzzy to be high on the satisfaction scale. It's good business." The increase cited by Dougherty took place in a time of generally increasing stock prices.

One of the best ways to build and sustain high customer satisfaction is to implement a communications strategy that encompasses both active listening and proactive outreach to members. Experiences of high-ranking plans and lessons from other industries provide insight into how this works to a health plan's advantage.

Health Plans Must Listen to Customers

Group Health Cooperative ranks highest in overall customer satisfaction in its region, according to J.D. Power, and says that listening to its customers has helped it achieve this distinction. "We've always focused on giving good customer service, but in the last five to six years we became steadily more focused and systematic with our improvement efforts," says Diana Elser, director of market research and analysis. Here's a look at strategies some health plans use to improve customer service.

- **Listen to member feedback:** This helps to ensure the plan is accurately gauging the members' needs and priorities, according to Group Health. "Listen to your customers and work on improving the things they tell you are important, no matter what you think," Elser says.

- **Proactively communicate with members:** “Surprises are a health plan’s enemy,” says Dougherty. “They happen when a member didn’t understand how to use a benefit or where to go for help before a question becomes a problem.” The J.D. Power survey found that more than half of all plan members do not understand their coverage and benefits. Plans that consistently scored high on customer satisfaction do a better job of communicating this information to their members. And they use outreach communication to make sure their members know the details of their coverage and how to get information when they need it.
- **Help to educate members about their coverage:** “Businesses have less and less tolerance for insurers that aren’t consistently engaging their employees and helping them to manage their own health care and associated costs,” says Dougherty.
CareFirst Blue Cross Blue Shield scored the highest overall rating for its region, and the plan says that it scored high because it places special emphasis on proactively reaching out to educate its members on their benefits and how to use them. The insurer uses a variety of mechanisms to educate members, including its Web site, member handbooks, telephone customer service support and a print and online newsletter. CareFirst members can access customer service via telephone from 8:30 a.m. to as late as 10 p.m., and can access policy information (e.g., members’ handbooks) and e-Vitality (member e-newsletter) 24-hours per day.
- **Tailor communications to create special relationships:** Many health plans use “low-impact” communications, which provide members with generic information that applies to everyone, according to Dougherty. “You see this when plans communicate using one-size-fits-all information on exercise, diet and other universal topics.” Health plans, he adds, know from their data that certain members have diabetes and other chronic conditions. That gives them the ability to segment those audiences and tailor their messages to the specific needs of those patients. This results in high-impact communication that creates a special relationship with these members. “Amazon does a great job at building section relationships with its customers by identifying their individual preferences and tailoring every message to those preferences. Travelocity and other travel Web sites also do this,” Dougherty observes.
- **Let members know their calls are important:** Health plan members typically contact their plans by telephone. And a single phone conversation with a customer services representative can create a lasting positive or negative impression in the mind of consumers. “When people call a health plan, it’s usually because of a problem like claims denials or delays,” Rob Panepinto, managing director of the client practice group at Connexions, tells *HPW*. “So the customer goes into the encounter believing that the plan is the problem rather than a problem solver.”
Some industries work hard to turn a negative telephone call into a positive experience for the customer, Panepinto says. “They empower their customer service representatives to become problem solvers and train them to make the caller believe that the conversation they’re having is the most important conversation in the world,” he adds.
Panepinto suggests that health plans take a tip from other industries and differentiate their customer interactions based on a member’s coverage. American Express differentiates its customer interactions based on whether the caller is a Platinum, Gold or Green card member, routing callers to customer service representatives specially trained in the benefits of a particular membership level. This can be an effective strategy for health plans, he says, because a member enrolled in a health savings account (HSA)-based plan will have different benefits and questions than someone enrolled in a more traditional plan.
- **Offer 24-7 customer service:** Panepinto also notes that many health plans operate their customer service centers on “extended bankers’ hours,” meaning that agents can’t be reached after 7 p.m. or on weekends. “We no longer live that way,” he notes. “Twenty years ago, the financial services industry began adopting a 24-7 approach because consumers started having more choice.” It may be more costly to operate customer service centers outside of the typical business hours but CareFirst and Blue Cross Blue Shield of Alabama say they have learned it goes a long way toward creating a positive customer experience.

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