

## 4 Health Reform Readiness Success Factors

By Lindsay Resnick, November 2011

While the future of the Patient Protection Affordable Care Act (PPACA) is filled with uncertainty, the health benefits landscape is certainly set to undergo massive transformation over the next several years.

From risk selection, to market exits/entrants, to online exchange consumer shopping (public or private), health plans must anticipate and prepare for fast-paced change.

Health care reform makes 2014 an important milestone for every health plan, market leaders that want to protect their turf and opportunists looking at a land grab. What's coming is a "retailization of healthcare," where consumers are given control over their health benefit purchase decisions.

What was once an industry anchored in employer-based coverage is morphing into an individually accessed marketplace relying on a fragmented, multi-channel network of field agent, online, telephone, mobile and retail selling outlets. Over the next 24-months, winning health plans will take time to optimize their market position and articulate value proposition that resonates with consumers.

With product standardization and price transparency leveling the retail playing field, smart healthcare marketers need to refresh their arsenal of customer acquisition and retention tactics. Just to stay ahead, plans need to define core strategic imperatives. This means protecting and expanding relationships with their existing customer base across product-lines and market segments. And in terms of continued growth, it means strengthening direct-to-consumer marketing tactics and bolstering sales distribution to facilitate (and influence) customer choice.

Following are four areas of focus that construct tomorrow's marketing framework:

### **1. Know your prospects and customers.**

Quantify the demographic make-up, profitability, and health-insurance attitudes of your existing member base (by employer group, direct-to-consumer segments, and distribution outlet).

Back this up by deploying data-driven marketing analytics and predictive modeling to strategically connect with those non-members most likely to contribute positively to a plan's bottom-line (i.e., disciplined expansion prior to 2014 within prescribed medical loss ratio and pricing requirements).

### **2. Adapt to new marketing.**

Design marketing communications, both brand and direct response, to speak to a health plan's diverse customer set with a unified, consistent voice; always delivering a well-articulated, differentiated value proposition to combat the noise created by Health Care Reform, the rivalry of new competitors, and intense consumer cynicism.

This demands a move to high engagement tactics that cut across the marketing continuum and extends customer relationships (offline and online member acquisition campaigns tied to strict return-on-investment (ROI) metrics and LifeTime Value).

### 3. Create a loyal following.

Manage an end-to-end member experience across all functional business areas with customer-facing “touchpoint” accountability: Every interaction a customer has with an organization; every visual encounter, every telephone call, every written word, every online exchange, every transaction...every promise made.

In an environment of product parity and commoditization, customer experience becomes a point of earned distinction. Combined with an optimized member communication stream, health plans can leverage a customer-centric approach to deepen satisfaction and build brand loyalty.

### 4. Be the go-to resource

Whether you're an agent in the field or a community health plan, establish yourself as a steward of healthcare and benefits knowledge among your constituents. In an environment of increased regulation and bureaucratic obstacles, carving-out a position as a trusted resource has huge payoff.

Consumers are hungry for practical, credible information to navigate today's health care and financing maze. The challenge is to fight through their apathy with an approach that focuses on the customers' pain points, and connects with them logically and emotionally with personalized solutions.

In a retail healthcare marketplace it's the consumer's responsibility to deal with intimidating, complex benefit decisions.

Whether driven by PPACA or natural marketplace competition, if you're asking consumers to step-up and shop for their benefits they need to be educated and supported in order to make smart, individualized choices. The obligation falls squarely on the shoulders of health plans and their agents to guide customers with relevant, understandable decision support.

By removing the frustration and confusion that usually greets healthcare consumers, retailization can be the market structure that breaks-down barriers, boosts consumer confidence, and results in value-based purchasing.

As the blindfold comes off, a new age of consumer independence will emerge.

But beware: Don't sell consumers short about managing a healthcare budget and comparison-shopping benefits when the impact is directly tied to their own wallet.

Retail healthcare means customers are in control. They'll talk about you, review you, price check you and determine your comparative value. It also means they'll have an open-market choice to exercise their option to take their money and shop elsewhere. Based on customer segment and product niche, health plans need to be playing both offense and defense in the new healthcare retail game.

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#### ***About the Author***

Lindsay Resnick is chief marketing officer of *KBM Group: Health Services*, a national marketing services provider of online/offline direct-to-consumer acquisition and retention solutions in healthcare, insurance and financial services sectors. He can be reached at [lindsay.resnick@kbgm.com](mailto:lindsay.resnick@kbgm.com).