

## 10 moving health market objects A Watchlist

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How important is health care? In 2013, the national health care debate shutdown the U.S. government. As 2014 strategic action plans are formulated, what's on the radar screen of leading health care and health insurance companies? Here are 10 trends that ought to be on your tracking screen in 2014.

1. *PPACA 2.0*: Much of the next 12 to 18 months will be spent stress testing the Patient Protection and Affordable Care Act (PPACA). There are improvements to be made and glitches to be fixed: public/private integration, technological and administrative repairs, product mix refinements, and user experience streamlining. Health plans will need a robust post-enrollment learning agenda to understand the 80 new competitors that entered "marketplaces," or exchanges, and which customers came into the market, who stayed out, how they shopped, and what their mix of risk looks like.



2. *Risky business*: We will see millions of underserved, high-risk health care consumers with unmanaged illness enter the insurance and medical delivery systems. For insurers, elimination of pre-existing condition exclusions and tight pricing parameters threatens profitability and has pricing actuaries in panic mode. For providers, who last year doled out \$41 billion in uncompensated care, post reform means serving millions of ailing patients with shiny new health insurance ID cards and pent-up demand.

3. *Quality*: Providers of health care are putting skin in the game. Pay-for-performance reimbursement, from basic risk sharing to episode of care and bundled payments are rapidly moving health care toward outcomes-based financing system – incentives and disincentives based on quality of care delivered and patient clinical results. Expect growth of accountable care organizations (ACOs) and medical home patient care models as well as hospital systems becoming licensed as insurers to sell directly to consumers.

4. *Chronic America*: In the next five years, 17 million baby boomers will turn 65. Today, chronic medical conditions account for \$3 out of every \$4 of the country's \$2.8 trillion health care bill. Next-generation care management will be built around recognition that health care is local and relies on integrated data that gives the patients' front-line providers information to effectively collaborate and manage an individual's care based on evidence-based clinical practices and new patient engagement techniques.

5. *Behaving healthy*: It's time for consumers to change their health attitudes and behavior. More than half of employers with 50 or more workers offer a health improvement program because they know that healthier employees not only reduce health care costs, but lower absenteeism, result in more energetic employees and create better workforce retention. And, with health care costs rising faster than wages, employees are searching for ways to reduce personal health expenditures.

6. *Big good data*: Health insurers' ability to gather, analyze and interpret consumer data is a game changer. It allows them to understand variations among audience segments to develop a complete snapshot or "360 degree view" of their most valuable (and most vulnerable) customers. All too often the health insurance consumer lifecycle is viewed as series of disconnected events or siloed transactions. An integrated cross-functional data strategy can yield a lower cost customer relationship and achieve true member engagement.

7. *Retailization*: Benefit standardization, regulatory constraints and price transparency are commoditizing markets and neutralizing brands. Millions of individuals are now on their own shopping for coverage and migrating between market segments – On/Off Exchange, In/Out Medicaid, Uninsured/Insured. As a result, health insurers need to refresh their approach to customer acquisition and retention. In a new age of customer personalization, "bespoke marketing" will rule the day.

8. *Mobile health*: The health care industries, like most industries, recognizes that today's consumer has a mobile mindset – an expectation that any desired information or service is available on any device at a person's moment of need. Mobile is rapidly growing as the most important channel throughout the customer journey. It's a lifestyle...it's the customer's way of connecting. Communication between patient, payer and provider is no longer a one-way monologue, but rather a data-driven, personalized interactive dialogue – that's portable.

9. *Socialnomics*: Social media cuts across every consumer segment and every aspect of the customer relationship, from brand awareness to acquisition to activation to loyalty. Socialnomics for health care companies means using social media to generate new business leads, and for others it's establishing a more intimate customer service relationship. Smart insurance companies are creating consumer communities for collaboration and communication.

10. *Customer centricity*: It's the new selling: engaging health insurance consumers with a superior, loyalty-based user experience. Best practices will be driven by customer insights, relevant content/relevant channels, cross-functional metrics, and most importantly, championed by the C-Suite. Every customer "touchpoint" throughout the lifecycle must be managed to drive an integrated communication stream that deepens engagement and improves loyalty.

Everyone agrees that next year will see fast-paced action and no doubt, unforeseen market driven surprises. Keep a close watch on big trends impacting your business and take a proactive approach to managing change.

Welcome to 2014!

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