



# A message from David Biel

Dear Reader,

We are in an especially interesting and volatile time in our industry – the number of disruptive forces impacting our business has created an incredible challenge for many health plan leaders. In the wake of the ACA our health care system finds itself with a major affordability and quality challenge. A challenge that continues to thrust itself into our lives through the front pages of our newspapers and trade journals. With the consumer becoming a central figure in the health care value chain, these issues have become magnified. However, with challenge, comes incredible opportunity. It is important for us to come together as health plan leaders to discuss these forces and how we are approaching them.

The following pages describe our recent ground-breaking research that highlights the shift toward customer centricity. Included are perspectives and pieces of research that we have conducted such as, *Deloitte 2016 Consumer Priorities in Health Care Survey*, *Deloitte's Center for Health Solutions 2016 Survey of US Health Care Consumers*, and *Consumer Transformation: 5 Trends Health Plans Can't Ignore*. These are just some of the research and analysis that Deloitte has undertaken to better understand and anticipate the emerging trends that will shape the future of health care and how consumers interact within it.

At the end of these pages you will find my contact information – I welcome you to contact me and share your thoughts and questions about the topics presented to you.

Warm regards,



David Biel  
Principal  
US Health Plans Consulting Leader  
Deloitte Consulting LLP



# Today's health care consumers

To meet consumer desires, health plans first need to understand them. Enter the *Deloitte 2016 Consumer Priorities in Health Care Survey*, a study based on an online survey of 1,787 consumers. To gain insight into the collective consumer psyche, the survey asked respondents to compare 64 statements about consumers' interactions with the health care ecosystem and choose the most important items.

Not surprisingly, typical health care consumers wanted the basics: providers with a good "bedside manner" and a bill that is easy to understand and pay.

Surprisingly, digital interactions didn't resonate with consumers – even as the world seems to be more technology-crazed than ever before. In fact, consumers who participated in the study generally reported not using the digital tools and resources available to them, and ranked these types of interactions significantly lower than any other type of interaction.

**Are digital tools/apps important to consumers' experience when managing their health?**



Instead of walking away from digital technologies, however, health plan leaders might do well to explore this disconnect. "Health care organizations are investing millions of dollars in digitally enabling their consumer experiences in their systems," said Leslie Read, Principal, US Health Plans Consumer & Digital Transformation Leader, Deloitte Consulting LLP.

"So, what these survey results are telling us is that the value of the digital tools currently being offered is not being recognized by consumers."

To create this value, health plans should consider developing tools that directly relate to what is important to consumers. "Our big takeaway here is that health plans' digital investments should center on helping to optimize provider experiences and on optimizing affordability as well as the understanding of economic choices," Read said.



**Deloitte 2016 Consumer  
Priorities in Health  
Care Survey**

**Click here to read more.**



# The ins-and-outs of engagement

With the health care industry moving toward consumer-centric models, consumers are more motivated than ever before to become truly involved in all aspects of their care. The proposition, however, is a complicated one. Indeed, the health care consumer's journey involves ongoing engagement with multiple parties, a complex payment system and multiple options for disparate and different services.

As such, consumers need to get involved on many fronts. Engaged health care consumers are proactive about the overall process and, therefore, care about their health and well being, make an effort to understand the health care ecosystem as it applies to them, and are empowered to take action to monitor and control their health.

**The good news:** Health plans can help consumers reach high-level engagement. To do so, plans need to collaborate with providers, pharmacies and technology players; simplify communications and plan design; and offer more advanced capabilities and digital engagement tools. The challenge rests in doing it right.

"You can potentially rub members the wrong way by engaging them the wrong way," Read noted. "By better understanding their preferences, you have a better chance for decreasing churn and retaining members for longer. If you're not meeting consumers where they want to be met, then getting them to change behaviors is an uphill battle, period. But if you are meeting them in the channels or in the times and places that they want to be engaged, you have a much better chance of influencing and changing behaviors."



**Deloitte 2016 Consumer  
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**Leslie Read**  
**Principal**  
**US Health Plans Consumer &  
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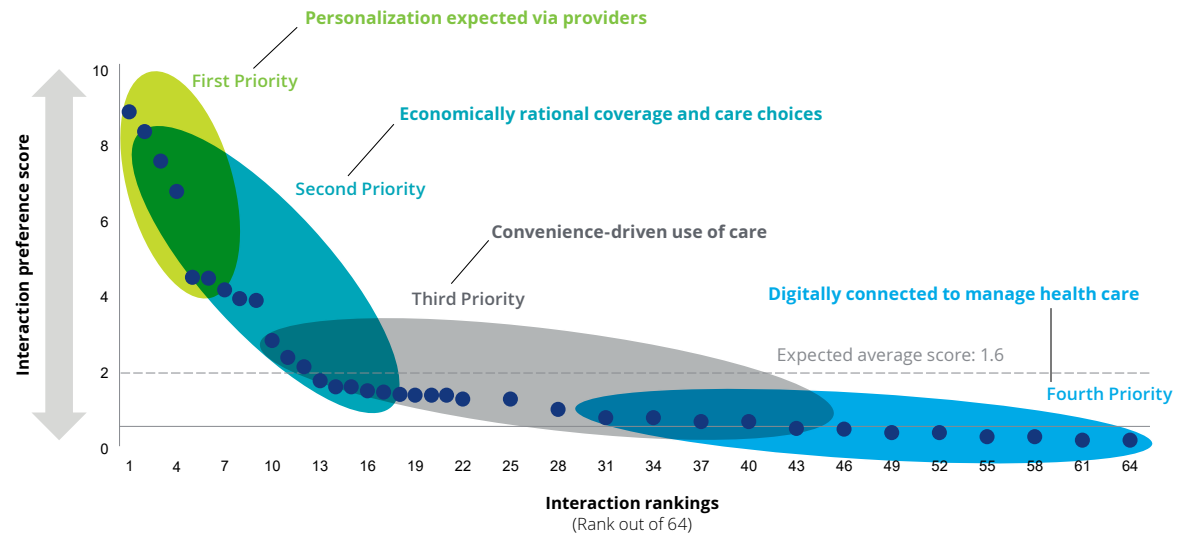
# Consumers attitudes and preferences

Strategies that worked yesterday are vulnerable today – and may not stand a chance tomorrow. As such, health plans need to stay on top of evolving consumer sentiments. Indeed, organizations that do not monitor evolving consumer trends risk being left behind.

To truly gain insight into these preferences, the *Deloitte 2016 Consumer Priorities in Health Care Survey* dug deep. Using a bracket method, the survey pitted 64 random sets of statements about consumer's interactions with the health care ecosystem against one another.

"When you ask a consumer how important an element of care or service is on a scale of one of 10, they're typically going to rate everything at the top of the scale. With the typical research, it's difficult to make heads or tails of what's most important to consumers. Our survey used a bracket methodology. As such, the most important interactions would win, and the less important ones would fall off," said Matthew Kaye, Senior Manager, US Health Plans Consumer & Digital Strategy, Deloitte Consulting LLP.

## Rankings across the general population of consumers



[View the complete infographic here.](#)

With this method in place, consumers rated the relative importance of clusters of interactions as follows:

**1. Personalization expected via providers** – 6 interactions, scoring on average 2.9x above the expected average.

**2. Economically rational coverage and care choices** – 8 interactions, scoring on average 1.9x above the expected average.

**3. Convenience driven access and use of care** – 15 interactions, scoring on average 0.7x of the expected average.

**4. Digitally connected to manage health care** – 18 interactions, scoring on average 0.3x of the expected average.



# Millennials and Seniors - Not two of a kind

When designing digital programs to engage consumers, health plans need to understand the idiosyncrasies of various constituencies. For example, understanding what Millennials want versus what Seniors want could help plans develop specific strategies and digital tools for each consumer group.

Consider the following: Health plans might want to consider offering digital technologies that track fitness and health improvement to Millennials, as their use of technologies to measure fitness and health improvement grew from just 25 percent in 2013 to 45 percent in 2015, according to the *Deloitte 2016 Consumer Priorities in Health Care Survey*. These tools, however, are not as likely to hit a chord with Seniors, as the survey showed that Seniors' use of digital technologies to track fitness and health grew from 10 percent in 2013 to just 13 percent in 2015.

Surprisingly, however, while Millennials are using tools to monitor their fitness, they – like Seniors – are not showing a great desire to use digital connectivity tools to connect with the health care system.

“Millennials are digitally connected in all other parts of their lives, yet for health care, digital connectivity isn't important to them right now. You'd think that when it came time to scheduling, they'd want to be doing it all online, they'd want to be getting automated requests and reminders, but if they're only having a health care interaction one time a year, all the digital tools might not be important to them,” Kaye said.

What's important for health plan leaders is understanding that these preferences are likely to evolve. As Millennial's age they will start to interact with the health system more – and, therefore, want more digital connectivity tools. And, as people who have used digital technologies for a great portion of their lives age and move into the senior demographic, they might also expect to use such technologies in health care.



**Deloitte 2016 Consumer  
Priorities in Health  
Care Survey**

**Click here to read more.**



**“Millennials are digitally connected in all other parts of their lives, yet for health care, digital connectivity isn't important to them right now.”**

**Matthew Kaye**  
**Senior Manager**  
**US Health Plans**  
**Consumer & Digital Strategy**  
**Deloitte Consulting LLP**



# What exchange consumers' focus on

With the public health insurance exchanges (HIX) in operation for several years now, it's time to get into the mind of the HIX consumer. Deloitte's *2016 Survey of US Health Care Consumers* sheds light on exchange consumers' satisfaction with coverage, knowledge of costs, confidence in handling future health care costs, use of online services, and how they shop for coverage.

Not surprisingly, our survey found that these consumers, many of whom are "new" to the health care system, are acutely interested in both navigating the system and understanding their costs. In fact, the survey reveals that many exchange consumers shop around for coverage and evaluate the total costs before making decisions. What's more, only six percent of exchange consumers surveyed based their enrollment decisions solely on the premium. All others considered additional factors such as deductibles, copays, coinsurance, and benefits.



 [Click here to watch the video.](#)

This increased sophistication should prompt health plans to focus keenly on consumer engagement efforts. "Exchange consumers appear to be increasingly knowledgeable about making health insurance purchases and using their coverage," said Gregory Scott, Principal, US Health Plans Industry Leader, Deloitte Consulting LLP. "Many exchange enrollees routinely use tools and technologies to examine aspects of the health plan's value beyond cost. As a result, health plans may need

to adapt and shift their exchange strategies to meet evolving consumer demands."

Perhaps most important, because exchange consumers are apt to demand the connectivity that supports their shopping experience, health plans should continually review consumer-engagement techniques and consider the adoption of digital tools to enhance

touchpoints. By addressing such preferences, health plans can meet consumers' needs both today and well into the future.

 [Deloitte's Center for Health Solutions 2016 Survey of US Health Care Consumers](#)

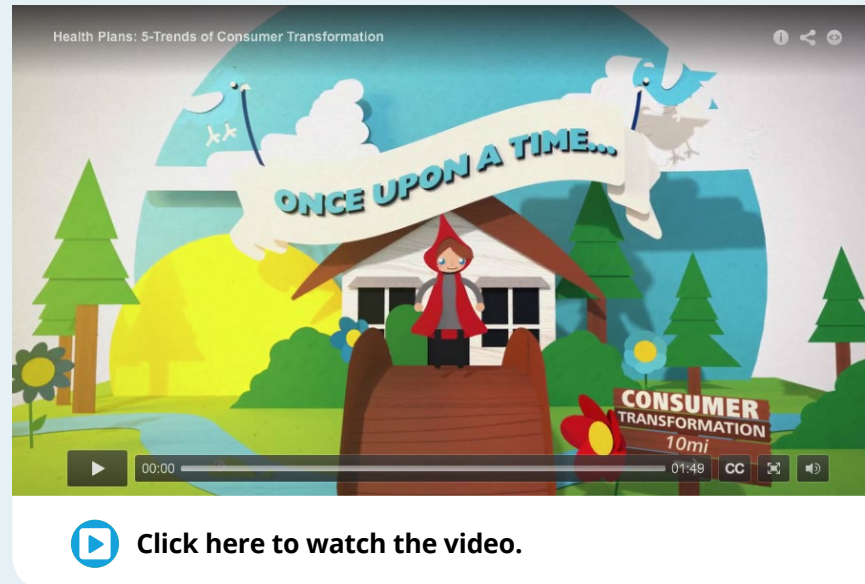
[Click here to learn more about the survey's key findings.](#)



# The consumer-centric business model

Many health plans are finding that they need to come out of their comfort zone – as the nature of their business is changing. Historically, health plans have operated as business-to-business companies, interacting primarily with human resource professionals at employer organizations. Now, however, as consumer-centric plans are becoming more common, they are working directly with consumers. As a result, health plans now have to engage people not only in the purchase but also in the management of their own care.

It's a challenging proposition. Emerging value-based care models, the continued evolution of health insurance exchanges combined with fast-moving digital developments and core administrative systems that are not consumer friendly all make for a frustrating journey toward consumerism.



To succeed, health plans need customization at the individual level to meet varied needs, diversification to attract and retain members for life, and development and execution of cutting-edge capabilities. According to Deloitte's *Consumer Transformation: 5 Trends Health Plans Can't Ignore*, health plans must address the following trends to succeed:

- 1. Private exchanges**, in an effort to gain access to new consumers and protect existing ones.
- 2. Omni-channels**, to provide the seamless and compelling experience that enables

consumers to choose where and when they interact with health plans.

**3. Consumer analytics**, which enables plans to ask all the right questions en route to developing effective customer strategies.

**4. Consumer engagement**, which will allow offering consumers the levels and types of service and experiences that they receive in other parts of their lives (travel/

hospitality, retail, e-commerce, etc.).

**5. Digital transparency** by offering the new tools, technologies and approaches needed to help accelerate consumer engagement and create a more connected health care ecosystem.

## 5-Trends Health Plans Can't Ignore

**Click here to read about each of the trends within their respective papers.**





# Anticipating the path ahead

Dear Reader,

With the information presented in this eBook, we have provided a primer designed to help health plan executives prepare for the consumer-centric world that has emerged, and is changing the fundamental precepts of our health care value chain. As such, the insights found in the pages of this eBook can help your organization strategize and plan for the year ahead and beyond.

The eBook and corresponding materials, however, are designed to help launch your journey. We understand that you may need additional guidance; reinvention often includes numerous unplanned twists and turns. Should you encounter any unexpected surprise, please do not hesitate to contact me or anyone in Deloitte's Health Plans practice if you have questions or if you would like to further discuss what's needed to succeed.

Best regards,



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## About Deloitte's Health Plans Practice:

At Deloitte, we focus on helping clients transform their strategic vision into innovative, practical health care solutions that support their business goals today and tomorrow. As market, political and legislative changes alter the industry, we help our clients develop innovative and practical solutions.

Achieving an organization's objectives means building on vital capabilities and embracing new value propositions. Deloitte's Health Plans specialists help our clients use analytics to gain insight; capture value in Medicare and Medicaid; understand consumerism within the health care marketplace; and transition to value-based care.

To learn more, visit us at:

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