

# NPS AND CONSUMER EXPERIENCE IN THE HEALTHCARE INSURANCE INDUSTRY

*Why NPS is important and what can be done to improve it.*

Apple, Nordstrom and Amazon - what do these companies have in common? Many would say that they are successful companies, sell high-quality products and are leaders in their respective industries. While those reactions are right, they also have one other key similarity that makes their success possible: exceptional brand loyalty which is reflected in their Net Promoter Score (NPS)<sup>®</sup>. Despite being in competitive industries, they have found a way to differentiate themselves, enabling them to attract and retain customers over time.

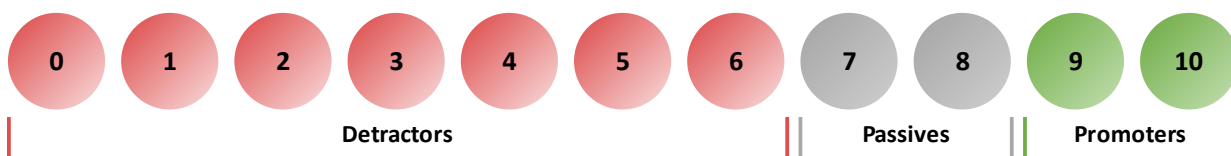
Now, think about your health insurance provider. Do you feel the same loyalty or excitement for it as you do for the companies noted above? While a few may say yes, I bet that the majority say no and likely laugh at the thought of the comparison. In all fairness, the health insurance industry faces unique challenges: healthcare can be expensive, costs are often unknown until after the care has already taken place, and many find the terminology and process very complicated. In addition to those challenges, consumers must deal with the impact and/or stress that their specific experience is having on their life.

Those in the industry have an opportunity and a responsibility to change the consumer experience and perception of health insurance. While there is a long way to go, we have an opportunity to impact over 300 million people that use the American healthcare system. So, where do we start?

## WHAT IS NPS?

The Net Promoter Score is a single, easy-to-understand metric used to measure a company's success with customer experience, satisfaction and loyalty. It asks one simple question: "How likely are you to recommend this company/product/experience to your friends, family or business associates?" The customers answer the question on a scale of 0-10. Based on the score, customers are divided into three categories: detractors, passives, and promoters.

- **Detractors (0-6)** - Least satisfied; May not purchase again and could spread negative word of mouth regarding experience
- **Passives (7-8)** - Typically satisfied, but not loyal; Open to competitors' offers, but likely won't spread negative or positive word of mouth
- **Promoters (9-10)** - Loyal and enthusiastic customers; Will likely spread good word of mouth and potentially advocate for your company



To calculate the company's Net Promoter Score, subtract the percentage of detractors from the percentage of promoters. The score will be between -100 and 100. If the NPS is 100, the company has all promoters. If the NPS is -100, the company has all detractors. Most companies, however, will find themselves somewhere in between.

$$\text{\% of Promoters} - \text{\% of Detractors} = \text{NPS}$$

For example, assume Company X had 100 survey results. Out of those 100, 25 were promoters, 40 were passives and 35 were detractors. The NPS would be -10, which indicates very weak customer satisfaction/loyalty.

$$25 - 35 = -10$$

You may have noticed that passives have neither a positive nor negative impact on NPS. For that reason, a key goal would likely be to convert detractors in the 4-6 range to passives. Another key goal may be to focus on converting passives to promoters, as they are already satisfied. While not impossible, it is very difficult to convert detractors in the 0-3 range to passives or promoters.

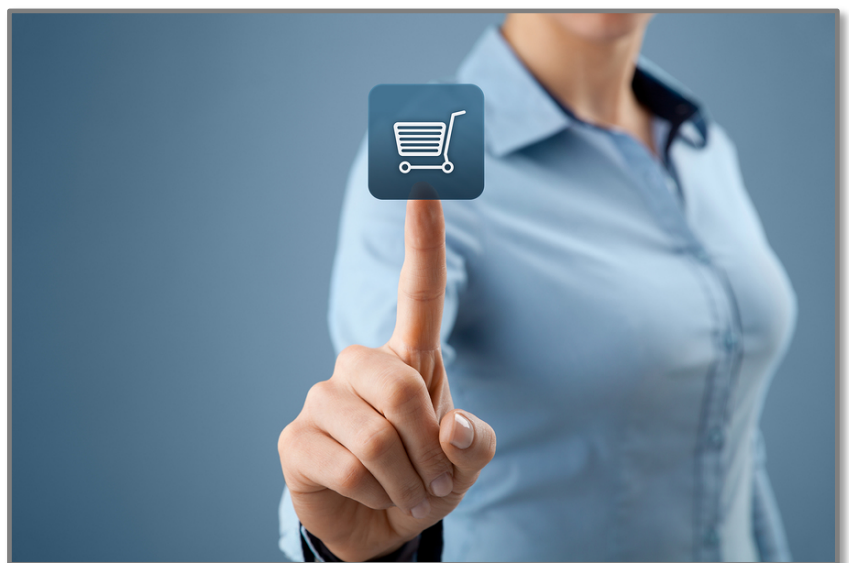
### WHY IS NPS IMPORTANT TO THE HEALTH INSURANCE INDUSTRY?

NPS is important – or *should be* important – to nearly all companies, regardless of industry. Ultimately, if the consumer can choose whether to use your company/product/experience, NPS is a valuable metric. The health insurance industry is no exception.

Like any industry, health insurance companies are in fierce **competition** for business. When competing, they rely on **trust** with the consumer, which is derived from their satisfaction with the **product and support** the company offers. While simple in concept, I believe this "formula" is the backbone of NPS.

**Product plus support** - Health insurance products across competitors are typically very similar, aside from add-on programs and services. Unlike many other industries, the primary way to differentiate is not within the product itself, but in the support offered. With many finding the healthcare system and terminology confusing, consumer education is vital. The rise of consumer directed health plans, which place more responsibility in the hands of the consumer, makes it even more important for the insurer to support them on their healthcare journey.

**Trust** - The more satisfied consumers are with the company's products and their support system, the more trust they will have. In the health insurance industry, we can start to build trust through transparency, education and support. For instance, are the items not covered with the



plan in fine print or front and center? Do we make it easy for consumers to contact us through various communication channels? Are we helping our members understand how much a prescription or procedure may cost and what their options are? While insurance companies must comply with many laws and regulations regarding communication, it is our responsibility to meet consumers on their journey and use them as a guardrail, not an excuse.

**Competition** - Whether it is an individual Medicare Advantage plan or a large employer offering group coverage, a choice is being made to buy the health insurance product from the specified company. While cost is always a key decision factor, the satisfaction that comes from cost-savings cannot withstand poor service and support. If we want to start increasing NPS scores, we need to determine what is negatively impacting the consumer experience and test solutions that may earn their trust.

### HOW DO WE DETERMINE WHAT IS IMPACTING NPS?

There are different approaches you can take as a company to determine what is impacting NPS, both negatively and positively. For direct feedback, many companies turn to data acquired throughout different areas of the company. This includes, but is not limited to: calls to customer service, website surveys, emails and user experience results. As with any data aggregation, it is important to understand the context of the feedback and demographics of the consumer to draw effective conclusions. For instance, was there a natural disaster impacting call centers in one area of the country? Was the mobile experience feedback only coming from users with Android devices? You may find that the "issues" are not global, but rather specific to a certain population, which could impact the strategy implemented to fix the issue.

If you would like to supplement data analysis, customer journey mapping is an eye-opening exercise that allows you to experience what it is like to be a consumer of your company/product/experience. It requires time, resources and commitment, but is a great way to look at the various touch points from their standpoint. Ideally, the journey mapping would include phone calls, emails, direct mail, online experiences and more. From there, gather as much feedback as possible from coworkers or other individuals. If you have an opportunity to solicit feedback from external sources, they can provide valuable third-party opinions. The customer journey feedback will help to answer questions such as:

- How often are we contacting the consumer? Is it too much/too little?
- Do we have a consistent brand experience and terminology?
- Was this touch point necessary? Could it have been combined with a different touch point?

After you have compiled the data and consumer journey feedback, make sure the information is documented as a reference. To make it more manageable and actionable in the future, divide the feedback into high-level categories such as: call center script/flow, web portal, provider network, prior authorization, etc. If possible, add notes or data on how often the feedback was given and any potential contextual or demographic impacts.

### WHAT ACTION CAN WE TAKE TO POSITIVELY IMPACT NPS?

In an industry like health insurance, which has one of the lowest average NPS scores, the analysis and findings may seem overwhelming. Instead of letting 'analysis paralysis' set in, look to those high-level categories and each piece of feedback as an opportunity – recognizing that you do not need to boil the ocean. Taking action to positively impact NPS can be done two ways: creating a project to address a specific finding(s) or incorporating customer experience considerations into existing/future projects.

I'll start with the latter - incorporating into existing/future projects. I am a firm believer that customer experience should be a consideration for every project within the organization - not just those within the marketing and consumer experience departments. Whether it is related to operations, IT or another function, it's important to know how these changes could impact customer experience or perception of the company, both positively and negatively.

I have found that often, departments within a health insurance company work independently or do not foresee the impact their touch point will have on the complete customer journey. It is not done intentionally or maliciously, but rather because the company is large and complex, contacts are unknown, resources are limited, time is of the essence, etc. Integrating customer experience into each project requires those at the leadership level to make NPS a priority across the organization. Then, it becomes a bilateral approach, with success coming from the top-down *and* bottom-up. Everyone in the organization plays a role in keeping customers top-of-mind, challenging the status quo and bridging gaps.

One way to incorporate user experience into projects is to include time (and potentially budget) for user testing to validate the approach and the project team's assumptions. It is easy to get drawn in to "inside-out" thinking when the project team works for the same company and has the same objective. While hiring an external agency allows for true "outside-in" thinking, project resources can often be limited. If that is the case, run the idea/project/solution by various individuals in different departments to get their perspective.

Now, onto the other option - creating a project to address a specific finding(s). You will start by referencing the documentation or data that was compiled during the analysis phase. Then, determine a way you would like to measure its priority or weighting. For instance, assign each item a high/medium/low customer impact and a high/medium/low effort. Cost may also be a criteria. From there, determine the resources (time, staff and budget) available immediately, in 3 months, in 6 months, etc. That will help to determine which items you may want to tackle first. If there are few resources available at this point, you will likely want to tackle items requiring low effort rather than over-committing - it's all about chipping away.

After you have assigned prioritization criteria to the findings and evaluated resource availability, it is time to begin drafting a NPS roadmap. Using your standard roadmapping process, outline what can realistically be accomplished throughout the given time periods. Like other programs, regularly review and update based upon changes in resources to keep the initiatives top of mind and moving forward. If roadmapping is often forgotten, schedule recurring monthly (or bi-monthly) meetings to ensure that the conversations take place. You never know if the change you implement, small or large, may convert someone to a promoter!



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