



Retail Reigns in Health Care: The rise of consumer power and its organization & workforce implications

What's at stake?

The health care industry is in the midst of a retail transformation, with the government pushing for greater enrollment, organizations having access to abundant consumer data and consumers demanding more health plan options and better service. Individuals want the ability to analyze different options and choose the health care coverage that best meets their needs and cost expectations. This has become especially important as previously uninsured individuals purchase insurance while a large contingent of currently insured individuals shift from employer-based coverage to government-based coverage and individual coverage.



Of health plans want to use systematic touch points to reinforce the customer experience, however



currently have the workforce and systems to do it⁷

As individual buyers become the focus of the health care industry, health plans are generally under-prepared to address the workforce and talent implications of these new demands:

- **Current processes and organizational structure support a transaction-focused environment:** Less than one-third of health plans currently use systematic touch points to reinforce the customer relationship, but 93% intend to do so in the next three years¹. Health plan customers are no longer just large organizations focusing on volume – they are individuals who demand speed, agility, and the ability to address their needs in a holistic manner. Furthermore, the health care industry requires stronger coordination, communication, and convergence between providers and pharmaceutical organizations to leverage network effects and provide quality care to patients. Health plan organizations should identify and address the changes needed in the systems, processes, and organization structures to support the new model.
- **The health plan workforce may lack the capabilities and skills to operate in the new model:** More than 90% of health plans want to redesign the customer experience strategy to transform customer engagement across all touch points in the next three years². But this overhaul in strategy will require employees with the right capabilities that nurture a consumer-focused environment across the

organization, from pricing and sales, to claims and service. Additionally, product innovation and personalization, as well as pricing competitiveness, will be important for success in the individual market, driving a need for people with product development, pricing, and data analytics capabilities. Health plans that successfully make this transition can create a strong talent strategy that recruits the right talent for the future model and builds new skills in the existing workforce.

- **A successful transformation is enabled and sustained by the organizational culture:** People and culture issues are most frequently cited as the key reasons contributing to the failure of a large transformation effort³. It is rare for an industry to experience a complete paradigm shift in the way it operates; what made health plans successful in the past will not necessarily prepare them for future success. The permanent shift to embedding these changes in health plans happens when having a customer-centric mindset goes from being a “transformation effort” to “the way we do things around here.”

93% of Health Care Carriers plan to use systematic touch points to reinforce the customer relationship in the next three years¹³.

Instant Insights

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Our take

As the industry transforms itself to address the above trends, organizations should be prepared to focus on the following talent challenges:

Business Decision Points	Considerations
Building New Capabilities	
 How should health plans build or acquire talent that supports the development of new consumer tools that can differentiate a health care company from its competitors?	The talent strategy should address the recruitment and retention of people who can develop the interactive and customized tools that customers demand, including disruptive and new technologies like social media and mobile applications, biomonitoring, and remote monitoring communications that enable telemedicine. They should be able to use data analytics to analyze opportunities for product development, cost reduction and negotiate with suppliers and partners to define deals that benefit consumers.
 How should health plans structure their business to best align to meet consumer needs?	The organizational structure should be aligned to account for integration among different departments. Inputs from customer service, sales, marketing and other departments should be combined to define new products, pricing and promotion strategies for individual consumers.
Interacting with Consumers in New Ways	
 How can health plans pivot in terms of strategy and infrastructure to provide the workforce with information and skills to support member emphasis on cost and quality?	Processes should be streamlined and communication channels with clients and network partners redefined to provide accurate cost details. Members also expect to compare providers directly to see what they will pay in advance of the services being performed ⁴ . To make cost information available, along with details of members' resulting cost sharing, organizations should build adequate infrastructure aligned with technology and processes.
 How should health plans adapt existing enrollment, renewal channels, and tools for the new retail reality?	Defining incentives is imperative for health plans, including sales channels and brokers. The new consumer market creates the need for new channels, and alignment is one key to avoid conflicts and cannibalization. In the meantime, developing new tools for enrollment and renewal will likely be necessary given the emerging trend scenario.
New Strategies for Business Partners	
 How can health plans effectively integrate with external partners, such as providers to share information and focus on providing quality care to the individual?	Internal processes and technologies should allow for integration with external partners to leverage network effects and provide quality care to patients. Cultural, training and communication factors with the external partners should be addressed to help increase the value.

The path forward

Emerging trends that emphasize the importance of a retail mindset have prompted health insurance organizations to explore organizational transformation as a means to effectively address the strategic, operational, and workforce questions mentioned above. An organizational transformation can help build critical people and organizational capabilities in an effort to develop a strong competitive position in the retail marketplace.

Align leadership to champion culture change across the organization

Based on the value that consumers generally place on the performance of the health care industry, leadership should champion and exemplify a culture of high performance and customer centricity that permeates across the organization. Determining attitudes and expectations towards change and developing a compelling vision are starting points to help drive a consistent culture across the organization. Leadership alignment might begin with:

- Communicating a vision across the organization to employees, customers, and key stakeholders (e.g., vendors and third parties) for responding to retail trends and help them understand, assimilate, and support the shift to a consumer-focused mindset.
- Assessing leadership's current level of support for the vision and develop a targeted culture and change management strategy in an effort to bring leaders to accept and own the transformation. Focus culture change efforts on the leaders who are responsible for critical functions and offices that drive value for the business. Walgreens, for example, provided additional support to district managers to focus on improving engagement with employees and customers⁵. Such programs can help to identify managers who are early adopters and quick to adapt to the new environment.
- Developing the leadership pipeline with managers who demonstrate an ongoing commitment to supporting employees and engaging with customers. For example, Cigna Corporation hired a Chief Customer Officer (CCO) with experience in top consumer companies, in order to

help enhance Cigna's efforts "to deliver more personalized products and services to customers and clients in a dynamic environment."⁶

Assess and redesign organizational structure and processes

Health plans should create more customized and competitive solutions that focus on improving cost effectiveness and services, as consumers gain more control over their health care priorities. Organizational structures, operations, and processes should be assessed and adjusted to align with the demand for a consumer-focused business strategy. Health care organizations can start to align their organizations to a consumer-focused strategy by:

- Addressing process and structural changes in critical customer-centric functions, such as sales, marketing, customer relationship management, and care management, to provide customers with an exceptional experience. Florida Blue, an insurance company serving the southeast region, recently opened 18 retail stores that invited customers to meet with agents to discuss their policies. To enhance this customer touch point, the stores also offered free health screenings, height, weight, and body fat measurements, free yoga classes, and health-related community events.⁷
- Redesigning operating models to enable the new consumer-focused business strategy. In particular, focus on areas where matrix or cross-functional operations come naturally, e.g. a sales organization that can be redesigned to adopt a cross-channel sales approach or a cross-functional leader who can own and elevate the customer experience. Blue Cross Blue Shield of Michigan, for instance, established a dedicated consumer experience team that launched an interactive program to empower employees with the tools to create a positive customer experience.⁸
- Strengthening and enhancing consumer-centric functions, such as specialty pharmacy and enrollment. For example, Aetna's Medicare Mobile Field Enrollment tool allows licensed agents and brokers access to a user-friendly portal to securely and efficiently enroll subscribers.⁹

Align talent strategy with new business strategy

Consumers are likely to want to engage with health plans directly and shop for options with the same energy and passion they use when shopping for cars and homes. To help satisfy consumer demands, health care organizations should focus on building a high-performance workforce by:

- Defining the employee capabilities that support a consumer-driven business and assess the current workforce's proficiency in those areas. Consider assessing for capabilities in product innovation, consumer acquisition and engagement, value-based competition, and digital and social media marketing.
- Addressing the priority skill gaps with an effective talent strategy. Some capabilities could be brought in externally, others can be developed with the existing workforce, and still others already exist and should be retained for the future.
- Developing key performance indicators (e.g., customer satisfaction versus other transactional metrics) that measure and reward performance based on the new business priorities. These metrics should apply not only to a health plan's employee base, but also to its wider network of providers. For example, Aetna's Pathways to Excellencesm program uses metrics, credible data, and evidence-based measurements to reward providers who focus on improving the quality, safety, and cost efficiency of health care for its members.¹⁰

Health plans will invest heavily in customer engagement and data analytics technologies in the next three years. However the skills and operating models to support these technologies are under-developed.¹¹

The bottom line

As the health care industry faces considerable change, health care organizations should refocus the lens through which they do business and align their people strategies and practices to the new propellers of business. Organizations should understand these new drivers, as well as be equipped to adapt and perform within an environment that is shifting rapidly to a retail-centric model.

This new scenario for the health care industry offers great opportunities and challenges. Individual buyers demand different products and services compared to corporate clients and brokers. Although there are specific offerings and tools that apply to each market segment, some of the demands from individual buyers may hold true for other market segments – product and pricing transparency, customized products and services, and technologically enhanced tools to provide quick and easy access to individual information. Health care companies should also integrate information among their partners, including providers and pharmacists, and define effective technologies and analytical tools to use the available member information.

It is important to drive the cultural change across the organization by aligning leadership with the new consumer-focused business strategy and defining the most effective communication tools targeted at employees, partners, clients, and key stakeholders.

Additionally, health care companies should redesign their organizational structure and processes to prioritize consumer-centric functions and new, enhanced analytics.

Finally, there should be alignment between the talent strategy and the new business imperatives. This includes defining the necessary set of skills and competencies essential to the new consumer-focused business strategy and preparing the workforce to succeed. It is also important to define new key performance indicators and align the training curriculum towards desired skills and behaviors.

How ready is your organization to succeed in the new retail centric environment? Ask yourself the following questions:		
Questions	No/Not Sure/Yes	Your Score:
Does our talent strategy support our consumer business strategy?		<input type="checkbox"/>
Has our organizational culture been aligned to foster the success of business objectives?		<input type="checkbox"/>
Is our organization structure designed to effectively target and support our new direction?		<input type="checkbox"/>
Are our leaders prepared to drive change in a shifting landscape?		<input type="checkbox"/>
Do we need to deploy new processes and tools to our people to improve the customer experience?		<input type="checkbox"/>
Do our employees have the right skills to efficiently and effectively do their jobs in the new model?		<input type="checkbox"/>
Have we aligned our metrics and incentives to support our new strategy?		<input type="checkbox"/>

If you scored less than 3 on three or more questions, there may be workforce and talent factors preventing your business from succeeding in the new environment.

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