



FORRESTER®

Disjointed Experiences Cost Insurers Members And Money

The Bleak Reality Of Member Experience
With US Health Insurers

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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY SMART COMMUNICATIONS | MAY 2022

Disjointed Experiences Are Costly For Members And Insurers

Improving customer experience (CX) makes business sense. Customer-obsessed companies grow revenue, profitability, customer retention, and employee engagement faster than other firms.¹

Forrester's research shows that health insurance companies can grow their customer base by 220,000 customers annually for every one-point increase in Forrester's Customer Experience Index (CX Index™).² Yet, the percentage of customer-obsessed healthcare firms is lower than that found in other industries.³ Health insurers are creating digital experiences that are disjointed and rolled out with speed-to-market as a higher consideration than usability, leaving members with questions they have to field with the insurer's customer support team.

Smart Communications commissioned Forrester Consulting to explore the state of member experience at US health insurers today.

Key Findings



Due to unsatisfactory digital experiences, health insurance members choose offline channels for customer service. However, 51% are dissatisfied with their phone interactions.



Insurers admit shortfalls tracking members' experiences. They find it challenging to provide a seamless digital experience. Current approaches fail due to strategy, people, process, and tool issues.



Insurers recognize improving member experience improves cross-selling and retention. Yet their top priorities indicate a focus on acquisition rather than improving current members' experiences.

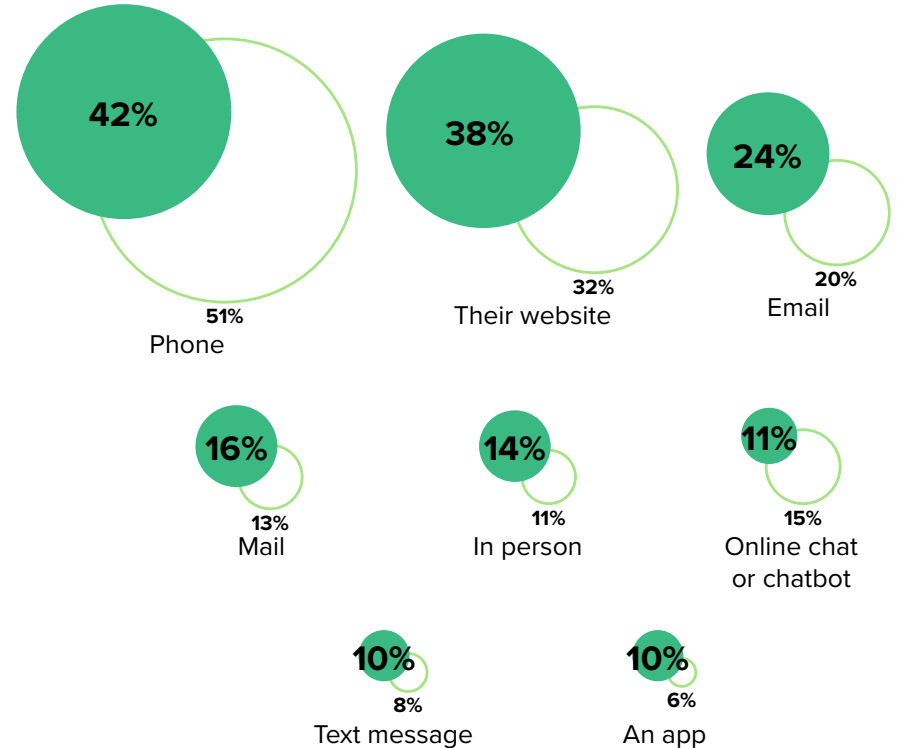
Members Rely On Offline Resources For Health Insurance Information

In today's online world, the ratio of digital-to-analog customer interactions will only continue to increase, making it difficult for health insurers to dismiss the importance of digital experience for their members. Despite this, health insurance leaders describe their digital experiences as basic and transactional in comparison to other industries.⁴ Their members agree and seek out offline channels instead: A phone call with a representative is the best-rated channel for completing tasks, the most used method for getting information, and the most typical way to receive customer service from insurers.⁵

Even with this reliance on offline channels, 51% of members are dissatisfied with their phone interactions.⁶ This means members are not getting what they need from digital channels and that no channel offers a great experience. For insurers, continued reliance on offline channels, especially the contact center, drives up costs.

How did you interact with your health insurer in the past 12 months?

○ Dissatisfaction with the interaction*



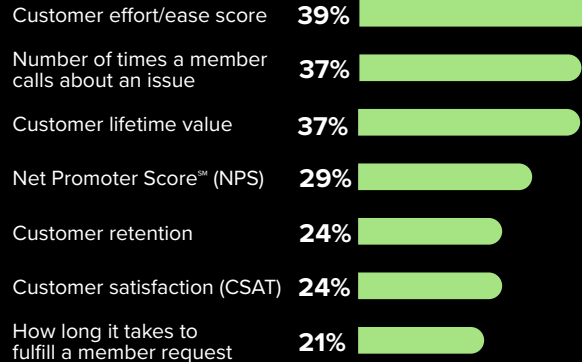
Insurers Admit Shortfalls With Tracking Members' Experiences Throughout Their Journeys

Member experience decision-makers agree that their digital experiences create more questions than answers, leading to an increase in customer support calls. These experiences are replicated from in-person or telephonic delivery and focus on speed-to-market instead of member usability.

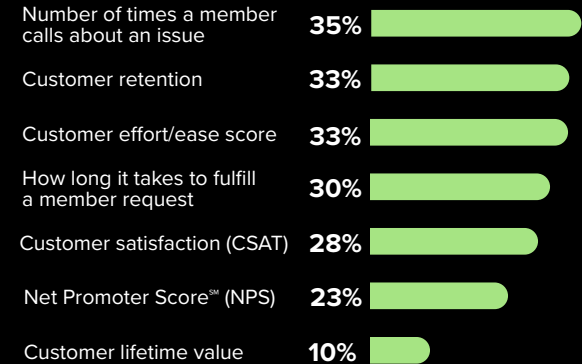
To add insult to injury, less than 40% of insurers track in-journey and end-of-journey metrics, and therefore don't understand the customer journey or what members believe success looks like. During the journey, insurers said they primarily track customer effort score, the number of times members call about an issue, and customer lifetime value. At the end of the journey, about one-third of insurers reported tracking the number of times members call about an issue, customer effort score, and retention. Insurers' metrics selection shows they are unclear how to measure moments within experiences vs. end-of-journey success.

“Which metrics does your organization track for each of the following situations?”

IN-JOURNEY



END-OF-JOURNEY



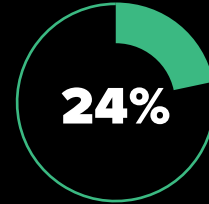
A Lack Of Visibility On Member Journeys Impacts Insurers' Business Metrics

With most insurers not tracking journeys at all (or tracking the wrong metrics at the wrong time), it's clear that they are not considering the predictive capabilities of the data they have. They are being reactive as member situations arise. As a result, insurers perpetuate the issues that exist in their disjointed member experiences, miss out on opportunities to create a holistic view of a member's experience, and don't understand how to serve members in that journey. Nearly half of surveyed insurers admitted to this, noting they don't understand the impact of digital experiences on their organizations' key business metrics and don't track or can't react to their members' emotions as they engage with them.

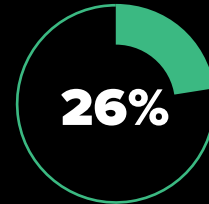
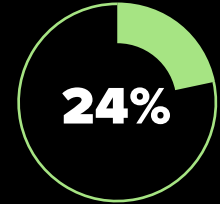
This lack of insight into the ease or effectiveness of the current state of digital member experiences is preventing insurers from identifying and addressing pain points and prioritizing improvements.

“To what extent do you agree with the following statements about your organization’s approach with digital member experiences?”

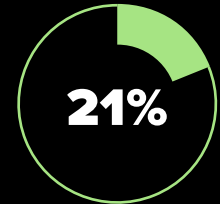
● Agree ● Strongly agree



We don't understand how the digital experiences in each customer journey impacts key business metrics (e.g., revenue, cost to serve, retention).



We aren't tracking member sentiment enough to understand member emotions as they engage in digital experiences.



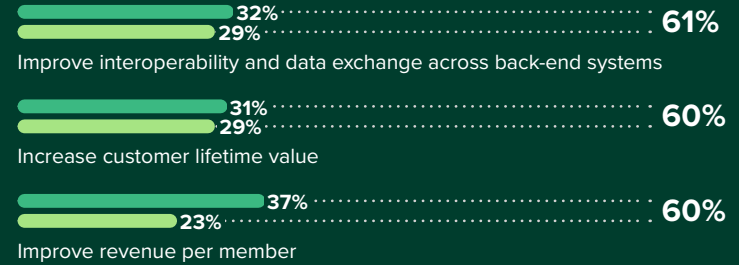
Insurers Align Business, Member Priorities

Insurers' highest ranking business and member priorities align with their organizations' key objectives. Surveyed insurers noted their top member-focused priority is to better connect journey touchpoints to improve the member experience (63%). They plan to do so by improving interoperability across back-end systems, which is their highest business priority (61%). Improving relevance and personalization is another top member priority (60%), one that will increase the likelihood of retaining members and bring upselling and cross-selling opportunities to support their other top business priorities, which are to increase customer lifetime value (60%) and improve revenue per member (60%).

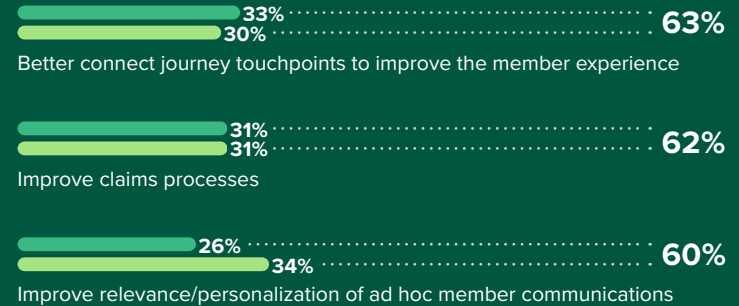
While the intent to improve member experiences is reflected in business priorities, many insurers struggle to turn this intent into action and results. Challenges with strategy and execution hinder efforts to transform member experiences.

● High priority ● Critical priority

Top 3 Business-Focused Priorities



Top 3 Member-Focused Priorities



Insurers Fail At Member Experience

Insurers' current approaches to member experience fail across:

Strategy. Few surveyed insurers have critical inputs for a successful CX strategy, a CX vision to guide their work, a prioritized list of which experiences matter most, and metrics to assess member experience.

People. Only 22% of insurers have a single owner for overall member experience, and fewer than one-third have journey owners responsible for managing key experiences.

Processes. Fewer than 30% of surveyed insurers are focusing on member-facing process improvements, such as ease of website use and connected touchpoints. Worse still, only one-quarter of respondents are testing the usability of member-facing systems before deployment.

Tools. Few have core capabilities in place, including a single system/data source for a complete picture of the member, data exchange across systems, and journey analysis. Without visibility into the paths members take to accomplish goals, insurers are working blindly to improve CX.

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“Which of the following are part of your organization’s approach to member experience today?”

STRATEGY

26%

Prioritization of which journeys are most important

24%

A CX vision that provides clear goals for improving all member experiences, including journeys

20%

Defined metrics for measuring member experiences

PROCESS

29%

Ease of finding information/using website

26%

Connected member experience across touchpoints for key journeys

25%

Usability tests of member-facing systems before deploying

PEOPLE

29%

Journey owners assigned to and responsible for key journeys

23%

A shared services or similar group responsible for mapping member journeys

22%

A single senior manager who owns member experience

TOOLS

27%

A single system or data source that has a complete picture of a member

23%

Journey-mapping capabilities to document and orchestrate journeys

22%

Data exchange across systems

Base: 119 member experience decision-makers at US health insurers

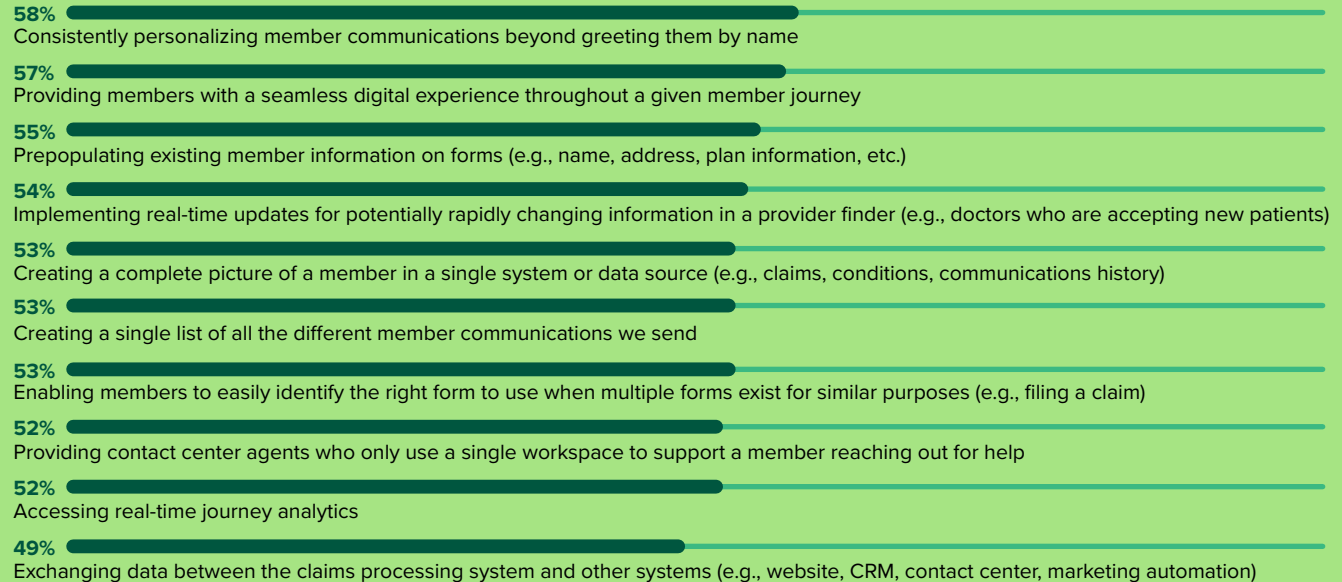
Note: Showing top 3 per category

Source: A commissioned study conducted by Forrester Consulting on behalf of Smart Communications, March 2022

Insurers Struggle To Connect Experiences

Insurers want to create more connected member experiences, but over half said it's "Challenging" or "Very challenging" to provide a seamless digital experience throughout a journey (57%), create a complete picture of a member in a single system or data source (53%), or access real-time journey analytics (52%). Advancing the member experience requires data, interoperability, and a collaborative operating model across teams, all of which are challenges for insurers right now.

"How challenging is each of the following activities for your organization?"



Despite Eagerness To Improve, Insurers Avoid The Hard Work

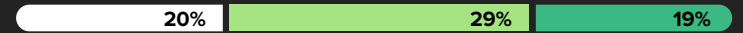
Surveyed insurers said they are actively trying to improve member experiences. Looking at their plans over the next three years and what they're upgrading currently, insurers are primarily working to improve member communications by consolidating apps and systems (68%), centralizing preference management to ensure members are reached at their channel of choice (65%), and improving language clarity in communications (59%). While communications matter to members, insurers are focusing on low-hanging fruit.⁷ The hard work — orchestrating customer journeys and improving the seamlessness of experiences — sits at the bottom of their list.

In addition, insurers' top three customer journey focus areas for the year are researching/selecting/buying a plan, finding an in-network provider, and researching plan benefits. This shows they're more concerned with attracting new members than making meaningful experience improvements for members they already serve.

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MAY 2022

“What are your organization’s plans to implement the following to improve member experiences?”

- Planning to implement within the next 12 months
- Planning to implement in the next one to three years
- Expanding or upgrading implementation



Consolidating similar applications and systems (e.g., customer communications management software and document generation systems)



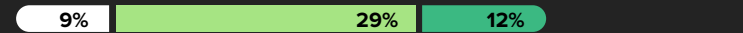
Centralizing preference management to ensure members receive communications through their channels of choice



Using plain language to improve readability and comprehension of member communication



Using intelligent questioning solutions to replace traditional forms (e.g., printed, PDF, HTML forms)



Orchestrating customer journeys (i.e., connecting the steps together, or at least providing easy access to the next likely step, providing channel failover)



Improving the seamlessness of experiences involving partners (e.g., pharmacy benefit management, claims administration, FSA/HSA partners)

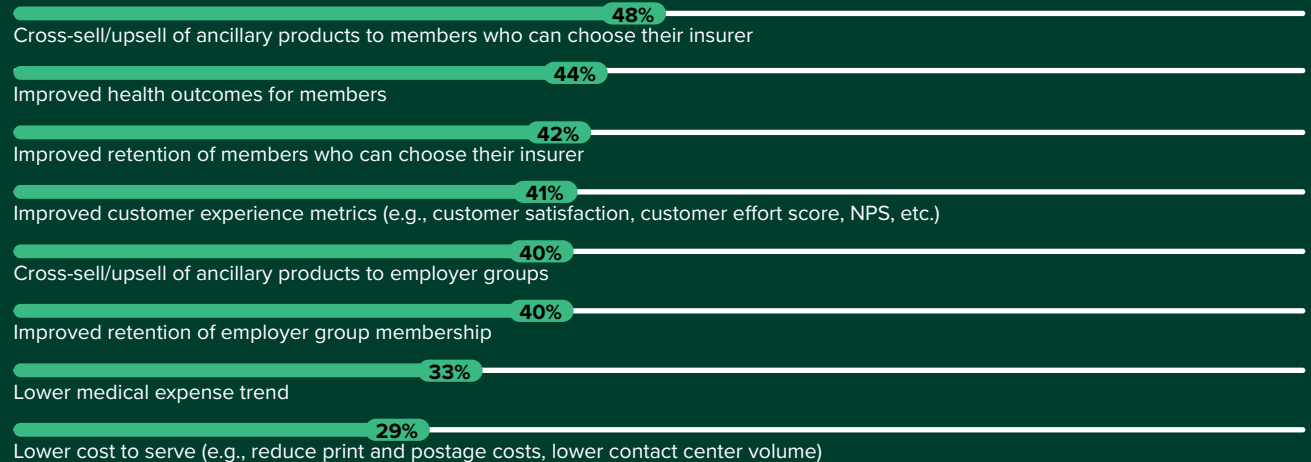
Base: 119 member experience decision-makers at US health insurers
Source: A commissioned study conducted by Forrester Consulting on behalf of Smart Communications, March 2022

Improving Member Experience Pays Off

Forrester's CX Index proves that customer-obsessed firms across all industries have the highest revenue, profitability, customer retention, and employee engagement growth rates.⁸ Virtually all insurers in this study acknowledged the value of improving member experience and expected benefits as a result, including improved cross-selling opportunities, member health outcomes, and member retention.

Even making incremental improvements to journeys (e.g., increasing personalization, prepopulating information on forms) or individual stages/touchpoints can positively impact CX. Those improving the claim-related journey (62%) and relevance, personalization, and readability (60%) can expect to increase their CX Index scores.⁹

“What benefits, if any, would you expect your organization to achieve by improving member experiences?”



Conclusion

While US health insurers' immaturity in CX is clear, their aspiration for improved member experiences continues to exceed their appetite for investing in the work needed to make it happen.

- **Inside-out thinking misaligns priorities.** While respondents said members want connected journeys and personalized communications, they admitted their firms instead prioritize increasing customer lifetime value and revenue per member.
- **Seamless experiences are just outside insurers' grasp.** Health insurers focusing on system consolidation are building a useful foundation, but a lack of focus on journey orchestration artificially hampers real progress.
- **Insurers know they're leaving money on the table.** Respondents expect better member experience to lead to improved revenue, health outcomes, and retention—but these will be unrealized without commensurate investment.

Project Director:

Andia Tonner,
Principal Market Impact Consultant

Contributing Research:

Forrester's Customer Experience research group

Methodology

This Opportunity Snapshot was commissioned by Smart Communications. To create this profile, Forrester Consulting supplemented existing research with custom survey questions asked of member decision-makers at US health insurers. The custom survey began in February 2022 and was completed in March 2022.

ENDNOTES

¹ Source: "The State Of Customer Obsession In Healthcare," Forrester Research, Inc., January 18, 2022.

² Source: "How Customer Experience Drives Business Growth, 2020," Forrester Research, Inc., December 3, 2020.

³ Source: "The State Of Customer Obsession In Healthcare," Forrester Research, Inc., January 18, 2022.

⁴ Source: "Optimize Your Digital Experience To Compete For Customers," Forrester Research Inc., August 5, 2021; "The State Of Digital Experience," Forrester Research, Inc., April 1, 2021.

⁵ Source: "The US Health Insurers Customer Experience Index, 2021," Forrester Research, Inc., September 16, 2021; Forrester Analytics Consumer Technographics® Healthcare Consumer Buyer Journey Survey, 2021; Ibid.

⁶ Source: Forrester Analytics Consumer Technographics® Healthcare Consumer Buyer Journey Survey, 2021.

⁷ Source: "The US Health Insurers Customer Experience Index, 2021," Forrester Research, Inc., September 16, 2021.

⁸ Source: "The State Of Customer Obsession In Healthcare," Forrester Research, Inc., January 18, 2022.

⁹ Source: Harley Manning, "How The 'Most Improved' Companies Raised Their Customer Experience Game Last Year," Forrester Blogs (https://www.forrester.com/blogs/11-04-25-how_the_most_improved_companies_raised_their_customer_experience_game_last_year/).

Demographics

REVENUE MODEL	
Nonprofit	51%
For profit	49%

RESPONSIBILITY	
Member comms: Final decision-maker	44%
Member comms: Part of team making decisions	33%
Member experience: Final decision-maker	39%
Member experience: Part of team making decisions	31%

HEALTH PLANS OFFERED	
International	52%
Large group commercial	44%
Medicare	38%
Small group commercial	26%

DEPARTMENTS	
Communications	33%
Marketing	31%
Customer experience	23%
Customer service/ support	13%

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A person wearing a white shirt is shown from the chest down, holding a smartphone in their left hand and pointing at the screen with their right index finger. The image is dimly lit and has a dark overlay. The word "FORRESTER" is written in a white, serif font across the center of the image, with a registered trademark symbol (®) to its upper right.

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