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Strategic IT and Operations

POINT OF VIEW

CRUSHING DEMAND PRESENTS OPPORTUNITY TO REWIRE MEMBER EXPERIENCE

HOW ARE PAYERS GOING TO MANAGE THE 10x WAVE OF CUSTOMER RESPONSE COMING THEIR WAY?

AUTHORS

Narayan Nallicheri, Partner

John Coyle, Partner

Umut Aytekin, Principal

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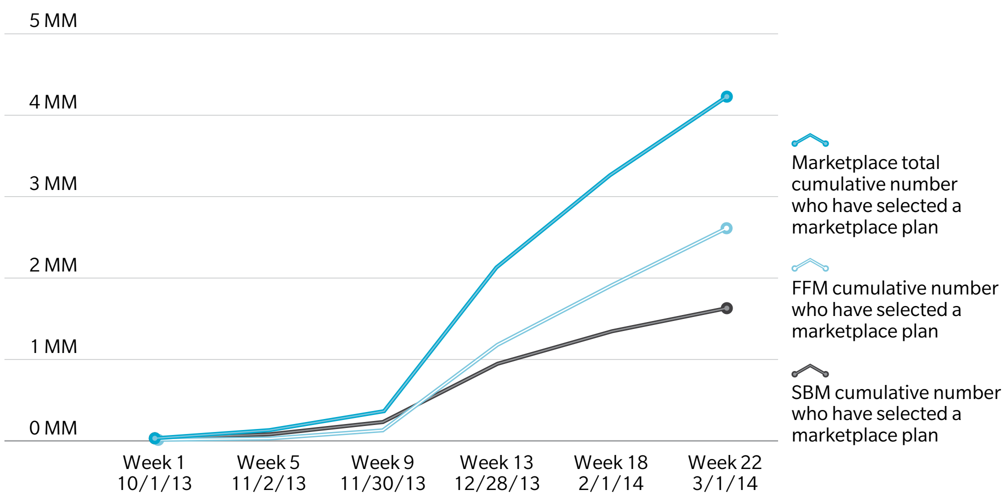
Crushing volume and call surges have overwhelmed both health-plan exchanges and customer-service channels of major payers. With 5+ million new members signed up by March 31 (Exhibit 1), call volume was 10x more than pre-ACA levels. Many callers who were first-time members had a range of questions; existing members with policies that didn't meet federal standards were confused about choosing a new policy. Response delays (40-plus minute call-handle times were common) left many consumers fuming (see sidebar, "Customer Feedback to Call Center Experience").

How can payers reconstitute their centers to provide a better experience?

Even before the problematic ACA rollout, healthcare payer services were rated near the bottom of all industries in customer experience – including traditionally poor performers such as airlines, rental cars and TV service providers. Now that consumers are more engaged in and responsible for choosing health plans, their overall experience and the role of service will be increasingly important. In addition, state and federal exchanges are likely to provide NCQA (quality) ratings for health plans, so customer service could well be a factor in member sign-ups.

EXHIBIT 1: ENROLLMENT TRENDS IN MARKETPLACE PLANS

TOTAL NUMBER OF ENROLLMENTS
OCTOBER 2013–MARCH 2014*



Source: US Dept. of Health and Human Services
*The data is as of March 1, 2014 and 7.1 million people have signed up for health insurance in the Health Insurance Marketplace through March 31

Payers should not relax because the current-year enrollment period is over – problems with call-center logistics represent a trend, not an event. How can payers reconstitute their centers to provide a better experience? Payers can take the following steps now to relieve the current pain at call centers – while addressing future changes to provide a better member experience during the next enrollment period.

CONSUMER FEEDBACK ON SOCIAL MEDIA TO CALL CENTER EXPERIENCE

CUSTOMER 1

I am going to cry. BlueCross Blue Shield keeps deducting money from our account, even though the policy is cancelled and we have called about this multiple times to try and clear this up. I am now owed $600+ and can't get any help or resolution at all. Wait times, holds, dropped calls, no one fixing it. Furious and frustrated. Please help!!!!!!

CUSTOMER 2

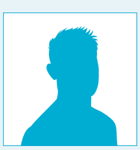
Hi! I cancelled back in December when you were doing courtesy calls. I am still getting bills and phone calls (from a robot). When I try to call to clear it up it makes me wait on hold forever. I don't have that kind of time to wait just to fix YOUR mistake. So, get a hold of me if you want details but I am done. Sincerely, ANNOYED.

CUSTOMER 3

I've been on hold for one hour and fifteen minutes to fix a problem that was supposedly not a problem! Seriously?!

CUSTOMER 4

Called four times today. Hung up on twice. Waited an hour each of the other two times. Calls were never answered. The lack of decent customer service never ends.



CUSTOMER 5

Very disappointed in your customer service. I tried to call three times on 1/21/14 and was disconnected. I did post this on FB and was given an email address. I posted my concerns about my bill and one week later was contacted by someone in enrollment who could not help me. I now have currently been on hold for 36 minutes. You have billed me more than three times my rate and are threatening to cancel my policy. I have been a customer of yours for over 20 years.

PART I: IMPLEMENT CHANGES TO BETTER PREPARE FOR THE 2014 – 15 CYCLE (NOW THROUGH OCTOBER)

Conduct a post-mortem for the recent enrollment period

The first order of business is to conduct a post-mortem for the recent enrollment period. Review trends and shifts in key operational metrics, such as average handle times, wait times and first call resolution; and demand data, such as call volume, patterns and types. Examining internal and external benchmarks and mining operational data can spotlight operations that need the most attention (Exhibit 2). That data should inform payers' deployment of new operational measures, demand forecasting and management capabilities.

EXHIBIT 2: CALL CENTER BENCHMARKING

Call center lagging customer in metrics

	CALL CENTER 1	CALL CENTER 2	CALL CENTER 3	BENCHMARK (AVG. PERFORMANCE)	BENCHMARK (HIGH PERFORMANCE)
Average Speed to Answer (sec.)	29.1	~60	32	33.97	22.88
Average Call Handle Time (min.)	3.87	N/A	2.53	6.87	4.81
Average Abandon Rate (%)	7.42%	23.10%	8.21%	5.36%	4.07%
First Call Resolution (%)	85%	64%	75%	69%	79.44%
Annual Turnover for Full-Time Agent Staff (%)	6.2%	~100%	25%	23%	19.49%

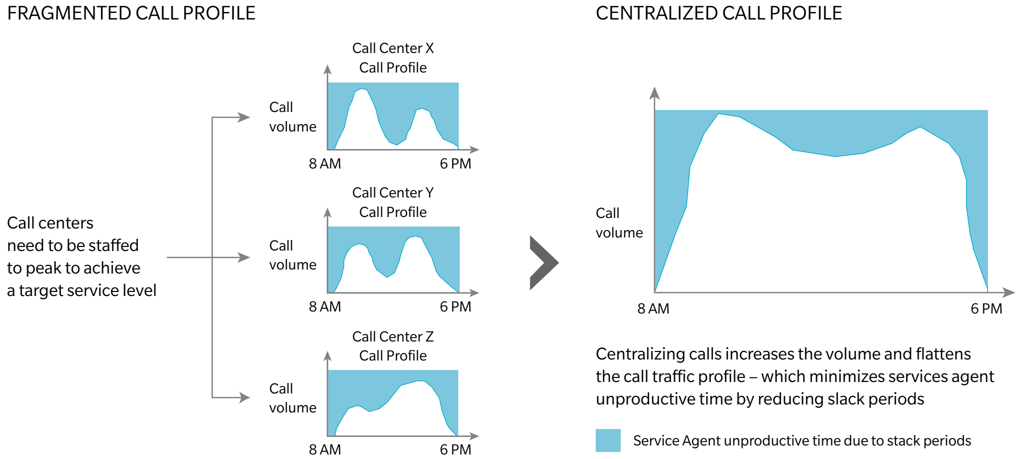
Source: Oliver Wyman analysis.

Manage demand. Develop flexible and scalable capacity models to meet the uncertain demand for customer service. Revise demand forecasts with the data available on new call traffic patterns, changes in types of questions and the root causes generating calls. Based on what you learn, develop and execute a member education and outreach plan.

Manage surge capacity and workforce needs. To handle capacity during call surges, identify options to flex capacity. Contract with external providers to increase surge capacity. Offer bonus incentives to minimize turnover during enrollment periods and offer sign-up bonuses to drive agent enrollment.

Optimize operations. Examine customer-service agent skill sets to better meet demand with cross-training, skill building and reassignments. Temporarily redeploy internal capacity (non-customer facing roles) to handle increase in volumes. To minimize unproductive time, consider consolidating call centers to "flatten" the traffic profile (Exhibit 3). Prioritize simpler tasks (level 1 support) to onboard contract agents with prior call center experience. Update scripts for new questions or revisions and incorporate the answers into computer/telephony integration for agents and FAQs for members to reduce average handle time.

EXHIBIT 3: CALL CENTER CONSOLIDATION



Source Oliver Wyman analysis.

PART II: DEFINE THE NEXT-GENERATION CONSUMER EXPERIENCE AND ALIGN THE OPERATING MODEL TO THAT STRATEGY (NOW THROUGH 2015)

Identify consumer needs, the value propositions that respond to those needs, and the operational capabilities needed to deliver

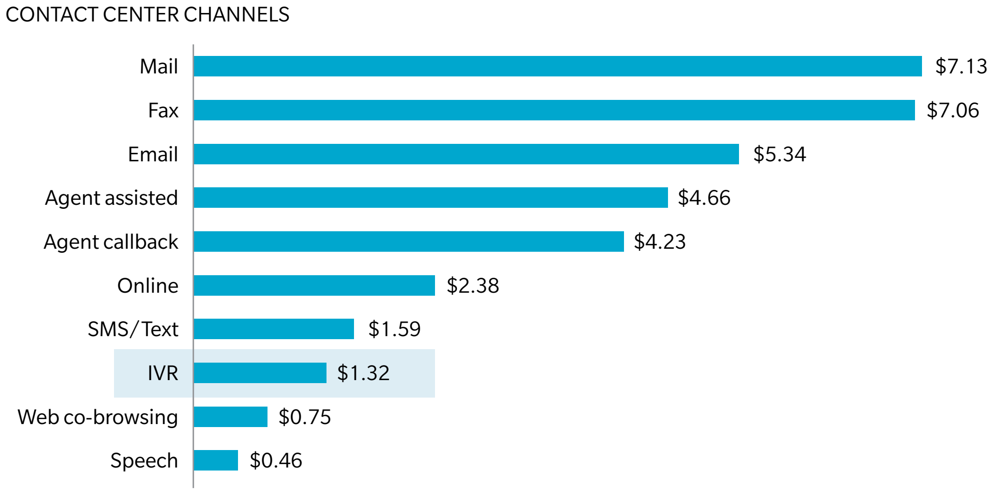
To build a future customer-service vision, payers need to understand what consumers really want by segment and channel. Identify consumer needs, the value propositions that respond to those needs, and the operational capabilities needed to deliver. Ideally, you can focus on value propositions that are most consistent with your brand and mission, and that you are best positioned to deliver against.

Segmentation. Segment members based on needs and value. Segmentation translates the sources of value in the customer relationship into segment-specific business objectives. Translate those business needs into identifiable and measurable customer characteristics – such as low value/high usage, low value/low usage, high value/high potential and high potential/low share of wallet. Then assign segment specific objectives – such as retain/minimize cost to serve and delight/cross-sell.

Multi-modal channel. Provide seamless multi-channel service, so that it serves all segments. Customers will prefer different channels based on a variety of factors (e.g. segment, demographics, technical capability). Serving them requires payers to align their customer support functions across channels (brick and mortar, call center, mail/fax, email, web and mobile, social media).

Build awareness for members to use existing self-service options, and introduce new ones. Serving customers through a phone call is up to four times more expensive than resolving an issue with Interactive Voice Response (IVR) (Exhibit 4). Average penetration rate for calls completed in the IVR without the need for CSR is 12-15% – that number could be increased significantly.

EXHIBIT 4: COMPARATIVE COST PER CONTACT



Source Oliver Wyman analysis.

Proactively manage demand. Implement a "let us call you back" feature to help with the timing of the peak demand. Prepare and send communications via email and make proactive welcome calls at non-peak times to new members to preempt questions.

This is the time – between enrollment periods, even while handling fallout from the last enrollment – to transform your member experience. Neither the exchanges nor payer call centers can afford another debacle starting next November, when the new enrollment starts. Payers need to ask themselves...

- What are the root causes for your member experience challenges?
- Do you have a well-defined member experience vision?
- Do you have the right capabilities to realize your vision?

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For more information please contact the marketing department by email at info-FS@oliverwyman.com or by phone at one of the following locations:

AMERICAS
+1 212 541 8100

EMEA
+44 20 7333 8333

ASIA PACIFIC
+65 6510 9700

ABOUT THE AUTHORS

Narayan Nallicheri and John Coyle are Partners and Umut Aytekin is a Principal in Oliver Wyman's Strategic IT and Operations practice.

Oliver Wyman's Strategic IT and Operations practice addresses challenges that confront senior business executives, COOs and CIOs. Through our unique combination of deep understanding of the microeconomics of financial services companies and intimate knowledge of IT and Operations, we help clients translate business strategy into action, optimize the operational support for their business and improve performance.

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