Marketing Healthcare Exchanges to Meet the Individual Consumer

Four trends are shaping the power of exchange providers in the new insurance marketplace

By Steve Hansen

Today’s Environment
Across the country, the transition from employer-offered healthcare benefits to greater consumer choice through private healthcare exchanges is fundamentally changing the marketing of insurance. Employers are increasingly looking to exchange providers to reduce administrative costs, manage healthcare benefits more efficiently, and expand the choices available to their employees.

While private healthcare exchanges do well with groups, insurers must expand these offerings to the individual market in order to deliver the comprehensive solution many employers are seeking.

The individual market is new territory for employers, who must rethink how they provide benefits to their employees. The challenge is similar to the transition from traditional pension plans to 401(k) plans in the 1970s and ‘80s, when employers began giving their employees greater individual choice as plan “consumers”. The transition in healthcare is similar as employers move from defined benefits to defined contribution plans. But, in the case of healthcare, the change is occurring more rapidly, accelerated by Affordable Care Act (ACA)-related mandates as well as advances in technology and communication.

In short, healthcare exchanges have little time to lose in appealing to a broader individual consumer market.

Point B’s Perspective
Point B is helping our clients in their efforts to engage individuals. It is widely recognized that these marketing efforts need to focus on education, since the realm of mandatory insurance coverage is new. Consumers need easy access to on-demand information that will help them become better informed, and thus more comfortable making health coverage decisions. The challenge in the individual market lies in finding the most effective channel(s) to reach the consumer. It’s no longer enough to simply host a webinar; exchange providers must be able to meet the consumer anytime and anywhere.

A number of trends are affecting the migration to individual coverage that should also be taken into consideration as employers and exchanges engage the individual consumer.

1. Rising Healthcare Costs
In the effort to control their healthcare costs, many employers are seeking to reduce the number of participants covered. For many employers, this means reducing hours and transitioning employees to part-time jobs (i.e., under 30 hours per week) so that they are not required to provide healthcare coverage under ACA mandates. This shift to part-time employment moves an increasing number of employees off employer-provided plans and makes them responsible for finding their own healthcare insurance.
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Similarly, the ACA does not require that employers provide healthcare coverage for retirees. Some employers are beginning to transition retirees from employer-provided group plans into the individual marketplace. New to the individual insurance market, these retirees also need to be made aware of the individual marketplace and receive education about various healthcare plans in order to find the right coverage.

2. Increased Consumer Privacy Laws

In the group market, private exchanges can easily communicate with employees because there is a relationship between the employer and employee. In the individual market, this relationship is more tenuous and consumer privacy laws can make informed communications difficult. Restrictions imposed by the Health Insurance Portability and Accountability Act (HIPPA), together with insurance carriers and the state/federal exchanges, put private exchanges in the awkward position of not being allowed to tell employers who has—and has not—enrolled in an individual plan. This means employers must rely on exchange providers to assume the sole responsibility for communications and helping consumers in their decision-making process. Further complicating communications, enhancements to privacy laws make it more challenging for exchanges to communicate directly with the individuals now that they are no longer reaching out on behalf of the employer.

3. The Rapid Rise in Consumer Choice

The transition to individual insurance puts much more choice in the hands of the consumer. At the same time, the emergence of public and private exchanges gives consumers more plan options than ever. As consumers gain greater control over their buying decisions, they need simple tools to access useful information—from infographics and comparison charts to chat support and tailored decision-making tools. Will a plan let them keep their long-time doctor? What plan will best cover their prescription drugs? Are they over-insured and paying for more coverage than they need?

Many individuals have been over-insured by their employer plans and are only now scrutinizing need versus cost. We encourage our clients to share relevant research that helps employees “right-size” their coverage. It’s also wise to test decision-making tools on a small scale, and then build on what works.

4. The Role of Advanced Marketing Techniques

To engage individuals, exchange providers must employ advanced marketing tools and techniques. Initial employer communications may generate interest, but it takes follow-up campaigns using more sophisticated data analysis—combined with advanced marketing techniques such as retargeting—to ensure that individuals get the coverage best suited to them.

Customization is key. We know that different age groups use different media to access information and make purchasing decisions. Media channels have exploded to include email, postal mail, print media, television ads, text messages, social media, in-person consultations, phone calls, online videos and mobile apps. Exchange providers must be adept at targeting channels by age group and tailoring communications to the strengths of each channel.

The Bottom Line

Exchanges are doing business in an evolving space that is crucial to the nation’s healthcare. Today’s low enrollment in individual plans is both a challenge and an opportunity. In order to succeed in this emerging marketplace, exchange providers need to be extremely consumer focused. It pays to stay on top of what’s happening in the marketplace, and to experiment with multiple channels and customized campaigns to learn what works with the consumers you want to reach. The more targeted you can be, the better. Include professionals with direct consumer experience in your initiatives; they can shorten your learning curve and help make the most of your marketing efforts. Finally, never underestimate the value of staying close to the consumers on the receiving end of your marketing efforts. It’s all about building relationships.