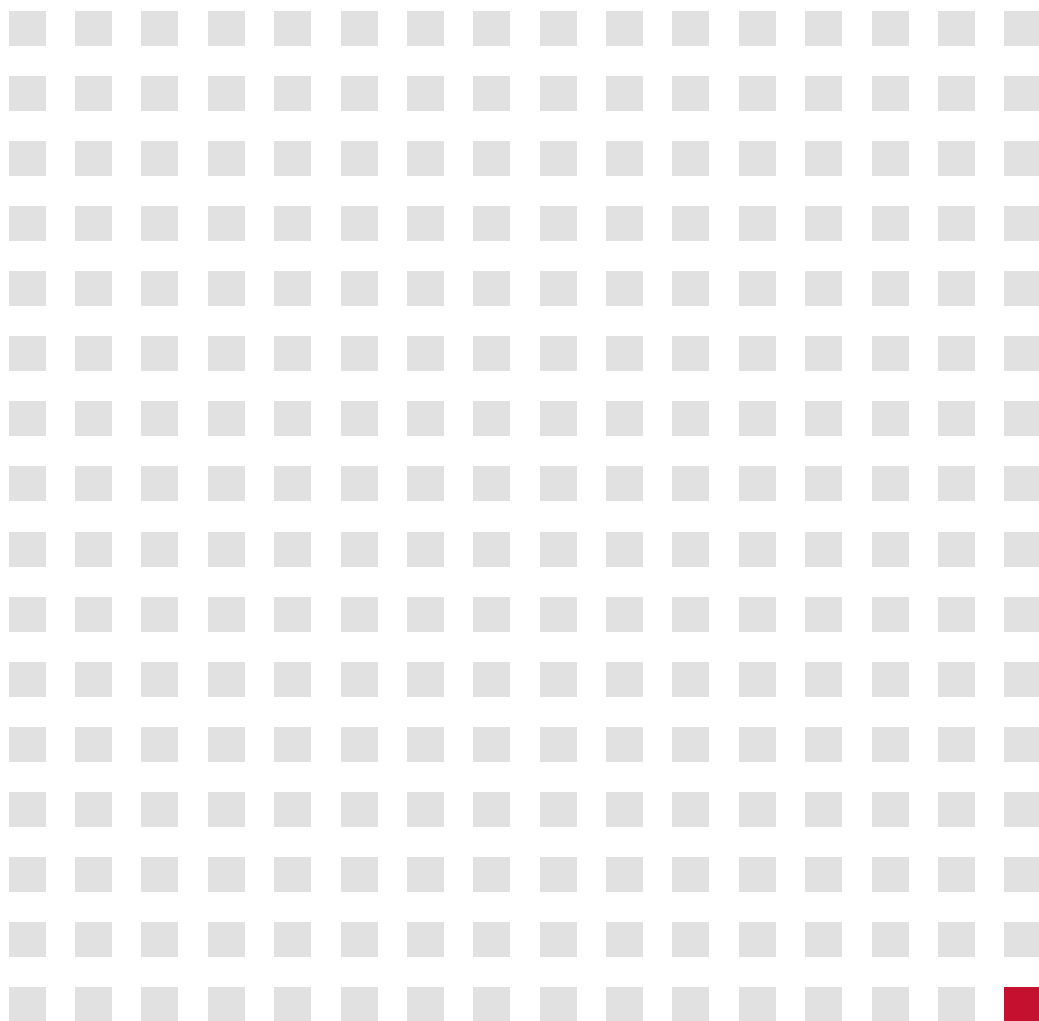




July 2009

Guiding Health Plans Through Health Reform

Providing a Flexible Platform to Support the Next Generation of Health Insurance



The Need for Reform

In 2007, more than 45 million Americans lacked health insurance. With the current recession and the rising unemployment figures, this number is only going to increase.

The state of the current economy is directly reflected in the number of people with health insurance. According to a Kaiser Commission on Medicaid, a one percent increase in unemployment leads to a 1.1 million increase of uninsured Americans. Since the unemployment rate in the United States has increased nearly four percentage points since the recession began in 2007, the estimated increase of uninsured Americans between 2007 and 2009 is around four million people.

Not only is the growing number of uninsured Americans proving to be a concern, but health care premiums are also increasing. Health care spending continues to rise at a rapid rate and is forcing businesses and families to make major cut backs in their spending. The National Coalition on Health Care found that the national health expenditures and employer health insurance premiums in 2008 both increased at two times the rate of inflation.

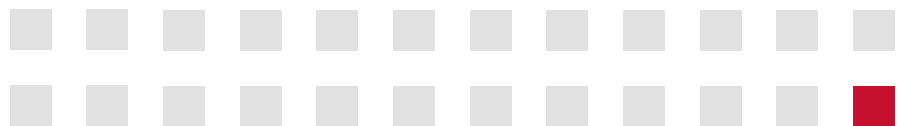
As health care costs rise, being uninsured can have significant financial consequences for families, leading to medical debt and even bankruptcy.

Along with financial consequences, the lack of insurance carries obvious health risks. Uninsured people are more likely to postpone necessary health treatment with serious repercussions. In January of 2008, the Urban Institute released a study estimating that at least 22,000 people die every year due to lack of health insurance.

What is the Solution?

Policymakers and government officials agree that the health care system is in need of a reform. Health care costs must be controlled, and the uninsured and underinsured need to have their health issues covered. However, officials disagree on the best ways to address rapidly escalating health spending and health insurance premiums. Some favor tax credits, subsidies or changes in regulations. Others believe the government should expand eligibility for public coverage by building upon Medicare and/or Medicaid.

A one percent increase in unemployment leads to a 1.1 million increase of uninsured Americans. In under two years, unemployment has increased by nearly four percent.



No matter the solution, it's certain that the health insurance industry will be impacted by any government health reform.

Change is coming to healthcare, and it is critical for health plans to be prepared. New policy requirements, new restrictions, and new regulations will require health plans to be flexible and adaptable. Potential new enrollees will be shopping for health insurance while insurance carriers work to retain current enrollees.

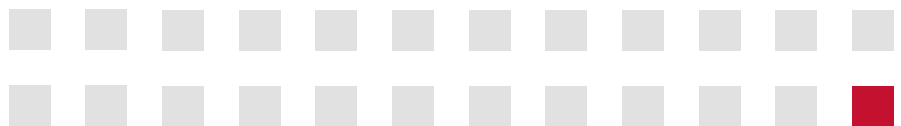
A change to the health care system means more opportunities for well prepared insurance carriers to dominate the market. In order to secure potential enrollees and conversion opportunities, insurance carriers need to be prepared. To make the transition easier for health plans, technology will help to address everything from developing new products, to lead management, to quoting and enrollment, and even to the retention process. This paper will demonstrate how implementing an innovative sales technology will not only help health plans face today's challenges, but enable them to thrive under the opportunities of tomorrow.

Easy & Flexible Product Configuration

To migrate successfully through health reform, a primary, necessary attribute for insurance carriers is flexibility. New regulations and new customers will require new products to be available in the marketplace. Innovative product design will be imperative.

Technology will create a fundamental platform to allow for flexible reach. Utilizing technology, insurance carriers can assemble products for all market segments. The technology will also provide a single point of configuration for product information, availability, and packaging rules for rating, display and plan selection.

Another important condition for creating successful new products, aided by a strong technology platform, is the ability to test and release the product into the marketplace. By supplying the public with new and innovative products as soon as the regulations have been set, the health plan will be set up for success.



Multiple Avenues for Targeted Reach

According to a recent report by Consumer Union, consumers find purchasing insurance to be overwhelming and confusing. They find it difficult to determine what their costs will be and have trouble navigating through the health-risk assessments.

By providing micro-sites aligned with marketing campaigns, insurers can target specific groups such as the young and uninsured market, also known as the young invincibles, and the senior market

The young invincibles do not require as much assistance navigating websites, nor do they require an in-depth health-risk assessment. However, that group does require the ability to get through the insurance enrolling process quickly and with less assistance.

The senior market has very different needs some of which are regulated by Centers for Medicare and Medicaid Services. When approaching the online senior population, there are unique considerations such as a site with a user interface that is compatible with screen-reading applications, high-contrast view and the ability to choose a desired font size. Seniors also might require additional support and a more in-depth health-risk assessment.

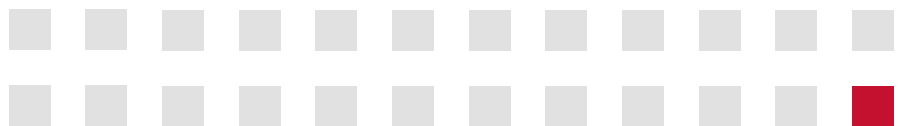
Technology can assist companies in meeting the needs of different consumer demographics without having to create complex, costly and completely separate outreach vehicles.

Another important aspect of sales and distribution is the need to reach many potential customers through multiple channels. There are multiple approaches and avenues to delivering your message which are appropriate depending on the customer interested in enrolling in insurance. For example, a small group typically works with a broker while an individual might prefer the Internet, a call center or even a retail store.

By using technology to create a web of connectivity between each of your sales channels, you are able to reach potential enrollees with the right product at the right time and at the right price.



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Make the Enrollment Process Easy and Immediate

As insurance carriers work on attracting new enrollees from the masses of uninsured or from the consumers who will be switching carriers due to the potential health reform, it is important to make the shopping and, ultimately, the enrollment process as easy as possible.

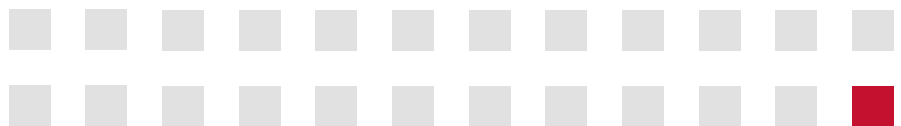
Through a real-time underwriting process, customers can enroll immediately while payers manage their risk. Although, most insurance products are medically underwritten today, the concept of universal coverage paired with community rating is taking form in many areas. In addition, an individual's health status can be used for more than just adjusting rates; health plans can use the information to recommend and design wellness programs specifically tailored to the customer.

Enrollment and underwriting is generally time consuming, Technology can reduce the time-in process, thereby, improving the customer experience and decreasing administrative costs. Technology speeds the underwriting process by providing all of the health status information in a central location, facilitating the underwriter's review of the case. In some cases, the consumer can be automatically approved online, make a payment if necessary, and even print out their insurance cards all in one session.

The sales technology used will need to have both medical underwriting and community rating capabilities in order to accommodate change as we move forward with health reform.

Analytics and Segmentation

In today's health plan marketplace, consumers are finding that they need and want to use the Internet in their health plan decisions. The increasing complexity of coverage options and the strengthened regulations of policies are guaranteed to cause confusion among the public. The public needs the Internet to research the right plan.



With the rising sophisticated tastes of the Internet consumer, companies are learning that their website must not only exist but stand out.

According to a study by Forrester, 15 percent of U.S. online consumers are individual purchasers of health insurance and 23 percent of those purchasers bought their insurance online, which is up from 14 percent only two years ago.

With the rising sophisticated tastes of the Internet consumer, companies are learning that their website must not only exist but stand out. By using trend and performance metrics, you can measure your system's performance, collect data of your consumers' experiences on your website, analyze what pages have the most impact, and determine which marketing campaigns are effective and where potential sales are being lost.

Another aspect to analytics measurement is the segmentation of the visitors to the site. Segmenting visitors is the best way to identify trends specific to a type of online visitor. The trends of individual consumers versus the trends of internal staff such as underwriters can be tracked and measured.

Analytics provides direct impact to your bottom line by capitalizing on what attracts and retains your targeted market.

Summary

The United States health care system is under scrutiny by the government, by the American people and by health care businesses. Change is imminent and essential.

Health care plans know that health reform will bring some big changes to the way they conduct business. Therefore, the best way to prepare is to put measures in place that are flexible but strong enough to handle everything from developing new products, to lead management, to quoting and enrollment, and even to the retention process.

InsureConnect technology assists carriers in acquiring new business, securing current client renewals, reducing operating costs, and preparing the organization for health reform. Connecture has taken the steps to build a solid and flexible technology platform for their customers that not only drives member growth and retention today but will also carry Connecture's customers through the next generation of health insurance.



About Connecture

Connecture is solely focused on delivering integrated Web-based sales, service and process automation solutions to the health insurance industry. Connecture has automated elements of the insurance sales and service process for more than 80 health plans and insurers, and its InsureConnect suite of solutions currently supports the sales and servicing of 11 of the 20 largest health plans and insurers in the country. Its industry-proven solutions encompass the entire spectrum of multi-channel insurance sales and services for small group, large group and individual markets. Connecture offers an end-to-end business process transaction platform consisting of focused modular applications that fully integrate with existing systems. Connecture's solutions have proven to deliver increased sales, enhanced broker loyalty, improved back-office efficiencies, lower customer-acquisition costs, and decrease overall operating expenses.

About the Author



Dan Maynard, President and Chief Executive Officer

Dan has 20 years of health and life insurance technology experience, including management roles in operations, software development, financial management and corporate business development. As President and CEO of Connecture, Dan determines the goals and objectives for the business and guides overall strategy. Along with his management staff, he ensures Connecture continues to provide premiere solutions to the health insurance industry that help clients improve sales, service, and process efficiencies to compete more effectively and meet growth objectives while improving profitability. Dan earned his Bachelor of Business Administration degree in management information systems from the University of Wisconsin-Milwaukee.



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