

NPS Benchmark Analysis for the Health Insurance Industry

In a complex market, drivers of NPS reveal
consumer concerns



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Introduction

NPS Benchmark Industry Analysis

The annual US Consumer NPS Benchmarks created by NICE Satmetrix deliver the most comprehensive such data on the market. The study surveys US adults over 18 about their interactions with companies in 23 industries, asking about various aspects of customer experience and producing rich insights about the attitudes of consumers. This analysis, one in a series, explores insights revealed by the data for the health insurance industry.

The data for the health insurance industry includes responses from 2,404 adults in the US to an online survey fielded in March 2020. Respondents were asked about eight companies.

The entire set of NPS Benchmarks is available in full via subscription from NICE Satmetrix Academy & Research. By design, this public report masks the names of some companies. The analysis is based on access to the full data set.

OCX Cognition™ + NICE Satmetrix

Created annually, the US Consumer NPS Benchmarks from NICE Satmetrix lead the market in quality. The latest reports include data on 185 brands in 23 industries and draw on responses from 65,000 consumers. The benchmarks, available by subscription, include eight years of historical data. Sort by age, tenure, spend, and other factors to explore current and former NPS scores and factors driving satisfaction.

OCX Cognition analyzed the data in the NICE Satmetrix reports to expose insights in various industries. This report, one in a series, offers findings and conclusions that exemplify the kinds of analysis a strong NPS program should undertake to understand its competitive position.

A Complex Market

The US health insurance market has many players, a wide range of purchase models, and a great deal of competition. Most Americans under 65 with private health insurance have employer sponsored plans; others buy their private plans through regulated exchanges. A single health insurer may offer a large number of insurance plans that vary in cost and benefits.

Despite the complexities of the industry, the NICE Satmetrix NPS Benchmarks for health insurance have revealed a reliable leader and a fair amount of stability in the relative positions of other players.

The 2020 benchmarks are based on a study conducted in March, just as the Covid-19 pandemic was reaching the US, but it's too soon to tell whether the pandemic influenced customer perception by the time of the study.

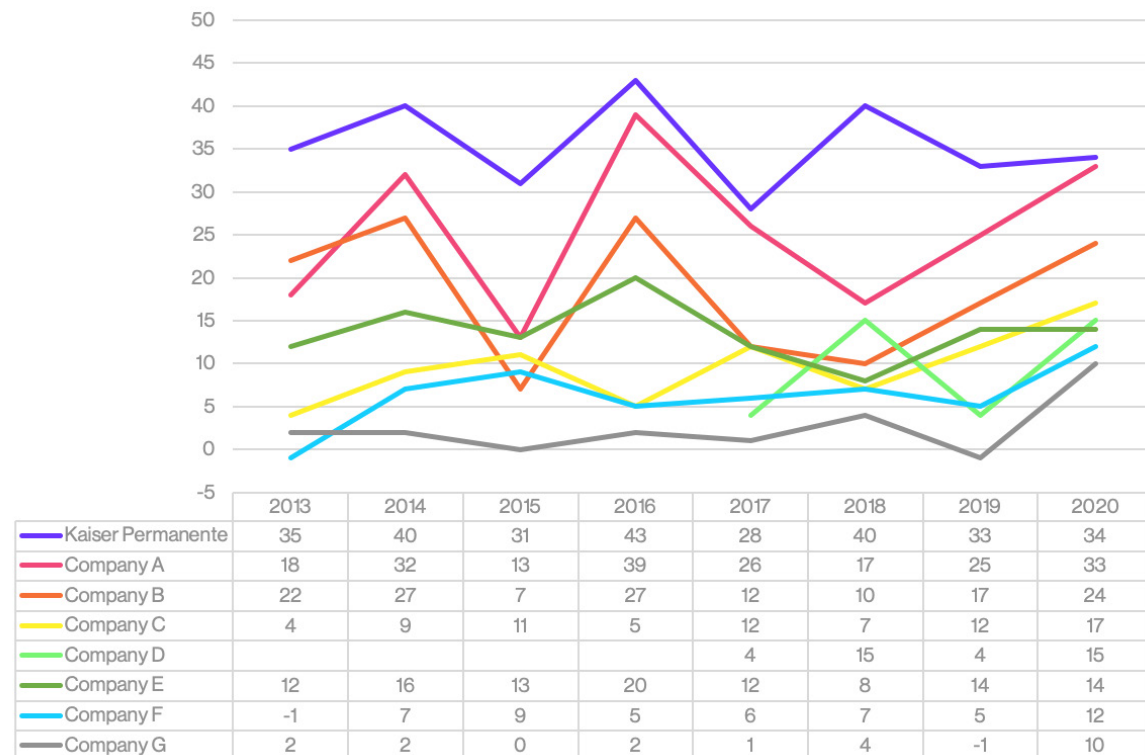


Key Insights

- **Kaiser Permanente continues its long-time leadership in NPS rankings.** The company's NPS leadership stretches back as long as the NICE Satmetrix study exists, but Kaiser Permanente has been second in market share during that period. Small shifts in market share are likely due to non-NPS factors.
- **The second-ranked company is closing in on Kaiser Permanente.** The company in second place for NPS has seen many ups and downs in customer ratings over the years. This year, it's as close as it's ever been to knocking Kaiser Permanente out of the top spot.
- **Drivers of NPS show the importance of company reputation and behavior.** Factors having to do with company reputation and acting in the interest of the insured are both big drivers of NPS, but insurers don't always deliver as consumers hope.

NPS trends for major US health insurance companies

EXHIBIT 1




Kaiser Permanente Continues NPS Leadership

Kaiser Permanente has led the NICE Satmetrix NPS Benchmarks in the health insurance category for more than seven years. On the market share front, however, it's currently second to UnitedHealth Group, according to data from the National Association of Insurance Commissioners.¹ Kaiser Permanente has seen a small gain in market share in the past seven years, from 7.87% in 2012 to 8.42% in 2019. With an overall market size of 1.1 trillion dollars annually, that small percentage gain corresponds to a \$6.4 billion improvement for 2019 alone. It must be noted that the extensive list of acquisitions and occasional divestments managed by the largest insurance providers makes market share comparisons somewhat challenging.

NPS trends explain between 20% and 60% of market share trends, depending on the industry. In the health insurance industry, NPS variances are substantial, with a 24-point difference in 2020 between best and worst. In 2019, the difference was 34 points. However, the majority of Americans get their health insurance via their employers and usually have limited choices of provider. This means that health insurance is probably at the low end of the 20–60% range. On the whole, Kaiser Permanente's modest market share gain is likely attributable to factors other than NPS, as its NPS trend has actually been slightly downwards, compared to the sector average.

¹ The NAIC market share reports for health insurance for 2012 and 2019 can be found at these two addresses: https://www.naic.org/prod_serv/MSR-HB-13.pdf and https://www.naic.org/prod_serv/MSR-HB-19.pdf



"Great service and care, been with them for 30 years, never had a problem."

KAISER PERMANENTE CUSTOMER

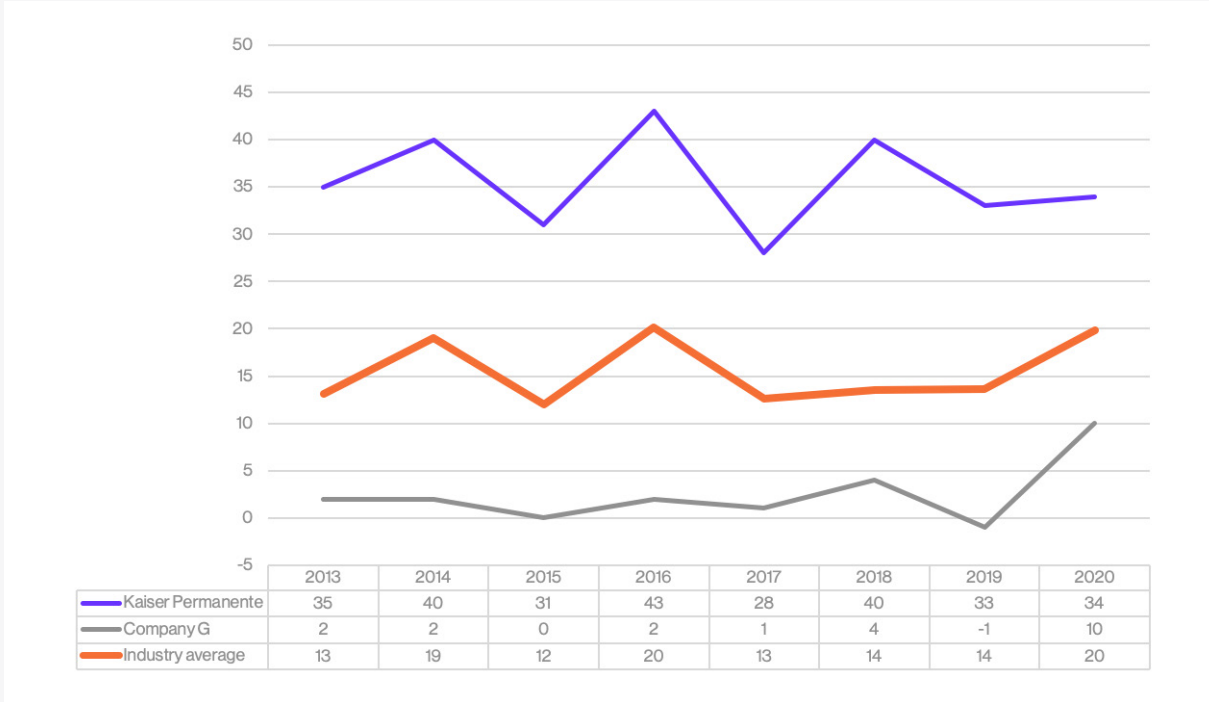
NPS Top and Bottom Companies

“They’re very difficult to deal with if you have anything more complicated than an office visit and trying to find complete claim information online is next to impossible.”

COMPANY G CUSTOMER

The graph below shows the lead Kaiser Permanente has over the industry average and over the bottom-placed provider.

EXHIBIT 2



The Second Place Company Narrowed the Gap

Company A's performance has been erratic over the years, as can be seen below. Nonetheless, it finished just one point behind Kaiser Permanente in the 2020 benchmarks. The company is also considered to be a powerhouse in the Medicare Advantage market. Intense focus on specific sub-markets is usually perceived positively by customers in those segments as companies with such focus tend to come across as more competent and empathetic than generalist companies.

Company A's market share was 4.98% in 2012 and 5.06% in 2019, a small gain that nevertheless corresponds to an \$880 million difference in revenue in 2019 alone. Company A's biggest business jump probably came in 2016 when it won a Department of Defense contract that took its coverage of military personnel and retirees in one US region from three million to six million people.

Company A improved most.

EXHIBIT 3

“Company A is very dependable and my coverage is very comprehensive...great value for the money...with minimal copays and great service”

COMPANY A CUSTOMER



What Drives NPS in the Health Insurance Industry

In addition to answering the Likelihood to Recommend Question question, survey respondents rated their overall satisfaction with a series of factors. Some questions were asked about companies in all industries; others were specific to the health insurance industry. Correlation analysis shows which factors correlate most highly with NPS. Correlation analysis shows which factors correlate most highly with NPS.

In the health insurance industry, “**company reputation**” has the highest level of satisfaction and the strongest correlation with NPS among the cross-industry factors studied. That means that a perceived decrease in company reputation could be expected to drive a decrease in NPS. The buying or sign-up practice scored the second highest marks for satisfaction but has the lowest correlation with NPS. A poor sign up experience, therefore, might be expected to have little effect on NPS.

At the other end of the satisfaction spectrum, health insurance customers are less happy with “**making a change**,” “**overall value for money**,” and “**getting help**.” Each factor has a middling correlation with NPS. But with the understanding that “**getting help**” is likely understood to include getting approval for treatment or understanding bills, the low satisfaction ratings for these inter-related factors indicate that health insurance companies struggle to justify their cost in the eyes of consumers.

Overall satisfaction with value for money declined with age. For the 18 to 24 age group, it had the second-highest satisfaction score, despite that age group’s relatively low income levels, but health insurance costs also tend to be significantly lower for this age group. For the 55 to 64 age group, value for money had the lowest satisfaction score of any factor tested, and this group also pays the highest premiums.

NPS correlation for generic satisfaction factors

EXHIBIT 4



The range of satisfaction scores seen here is fairly narrow. Customers are, on average, neither satisfied nor dissatisfied with any of the factors, providing satisfaction scores considered “**neutral**.” It will be interesting to see whether the Covid-19 pandemic causes substantial change to the satisfaction with various factors this year as business practices and consumers’ interaction with their health insurers change.

Satisfaction Areas Specific to Insurance

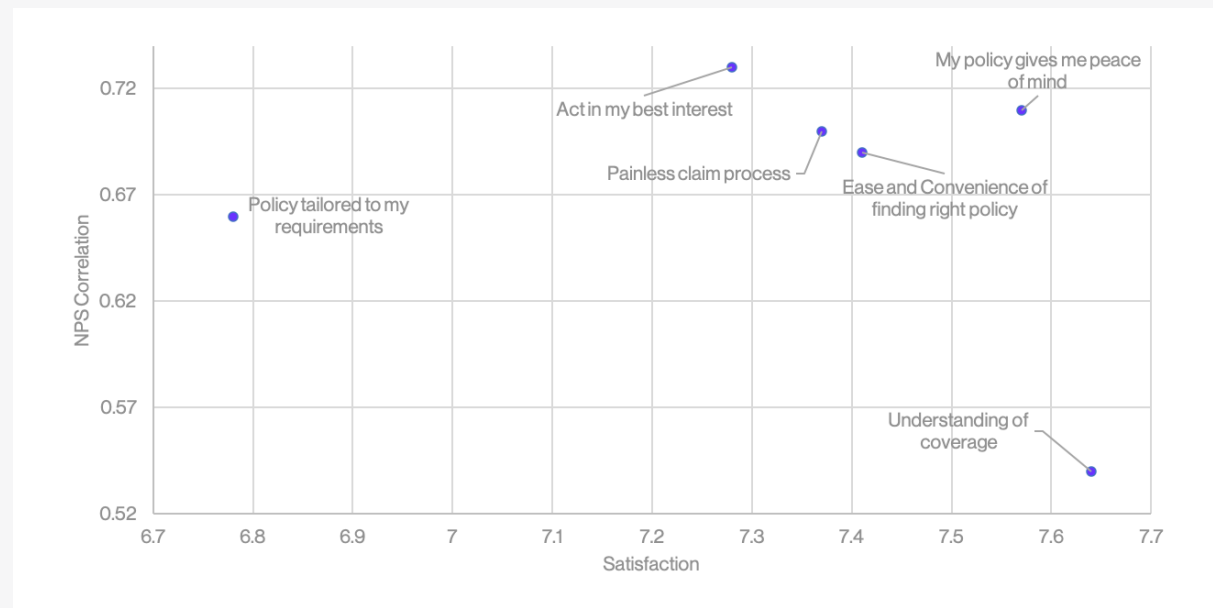
The satisfaction questions probing factors specific to the health insurance industry reveal an interesting pairing at the far ends of the satisfaction spectrum. Customers are most satisfied with “understanding of coverage,” but they are least satisfied with “Policy is tailored to my requirements.” In other words, they understand their coverage, but may not feel that it is appropriate for their individual situations. That’s an understandable outcome of limited options resulting from employer-provided plans. And in any case, having a policy tailored to requirements does not have a high correlation with NPS, so it may not be worth the effort and expense required to improve it.

“My policy gives me peace of mind” received the second-highest satisfaction rating (after “Understanding of coverage”), and it’s also a strong driver of NPS, with the second highest correlation.

For health insurance, the factors that most powerfully influence NPS relate to the reputation of the insurer. Among the health-insurance specific factors, the perception that the company “acts in my best interest” has the highest correlation with NPS, a close parallel to the more general factor “company reputation.” But consumers aren’t highly satisfied with health insurers for action in their best interest, showing a key weakness in the industry.

NPS correlation for insurance industry satisfaction factors

EXHIBIT 5

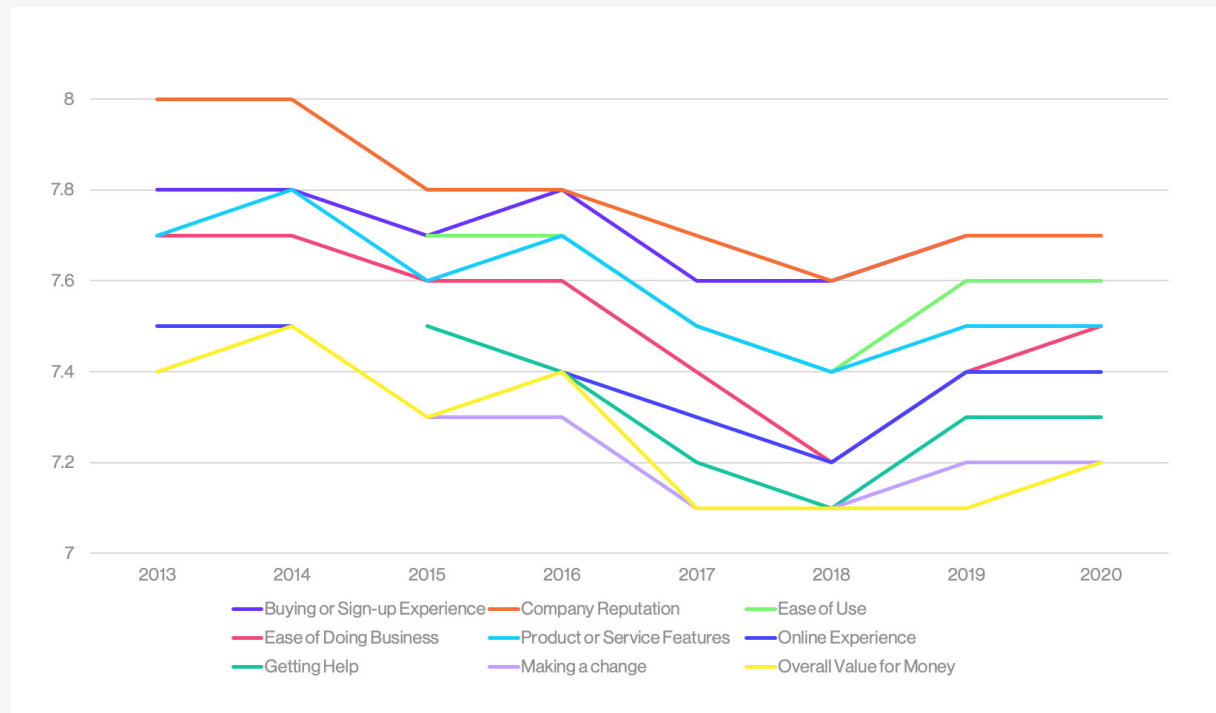


Satisfaction Trends Going in Similar Directions

Cross industry satisfaction driver trends

EXHIBIT 6

The cross-industry relationship satisfaction drivers have declined quite a bit since 2013 in the health insurance industry, though they improved somewhat in both 2019 and 2020. The rapid decline followed by improvement in the last two years is specific to the health insurance industry and is not a general cross-industry pattern.

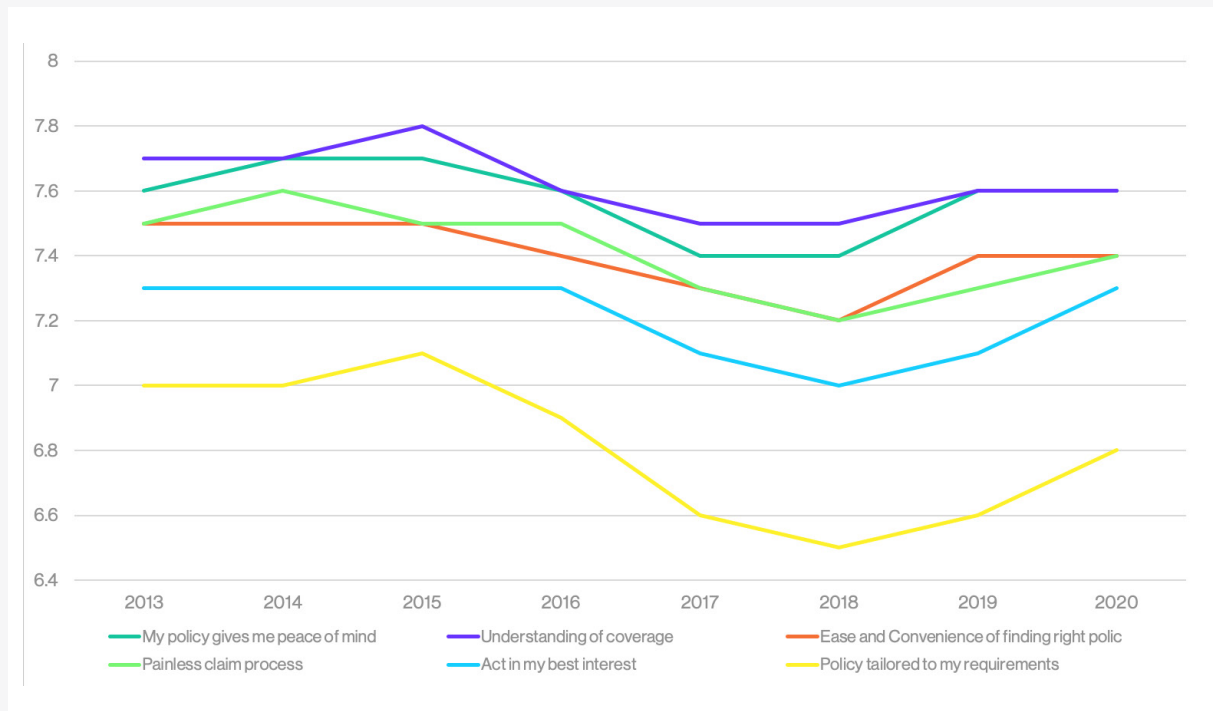


Satisfaction Trends Going in Similar Directions

Health insurance satisfaction driver trends

EXHIBIT 7

The trend has not been as negative for factors that are specific to health insurance as shown below. Will the more positive recent trend continue into 2021? Difficult to say, as it is not directly possible to determine the extent to which the Covid-19 pandemic contributed to this year's improvement.





Conclusion

Health insurance has a unique place in the turmoil and uncertainty of the Covid-19 pandemic, so next year's benchmarks may reveal shifts in perception and experience. The narrow range of satisfaction scores indicate that insurers may have a chance to distinguish themselves from their competitors.

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