

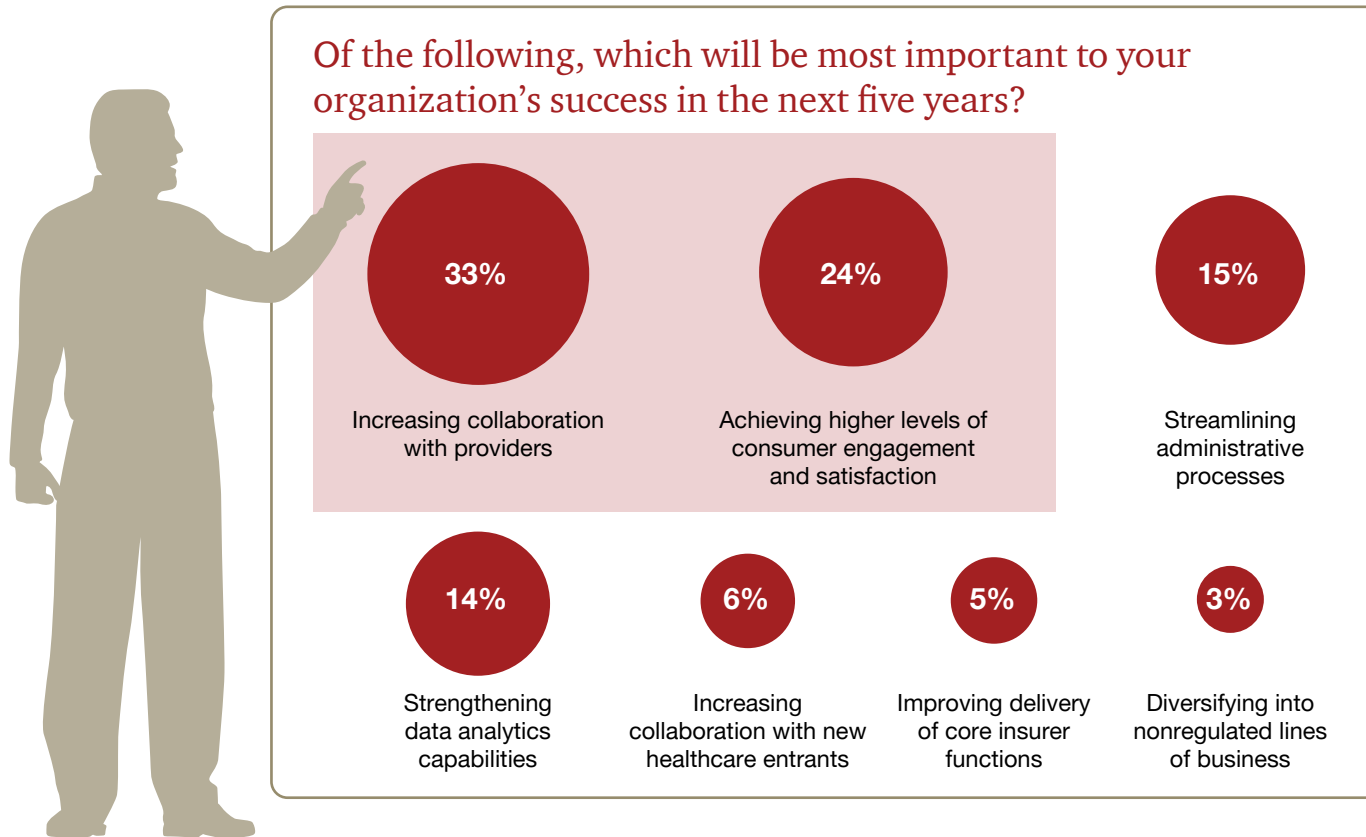
---

# *The health insurer of the future:*

Consumers' advocate, providers' partner



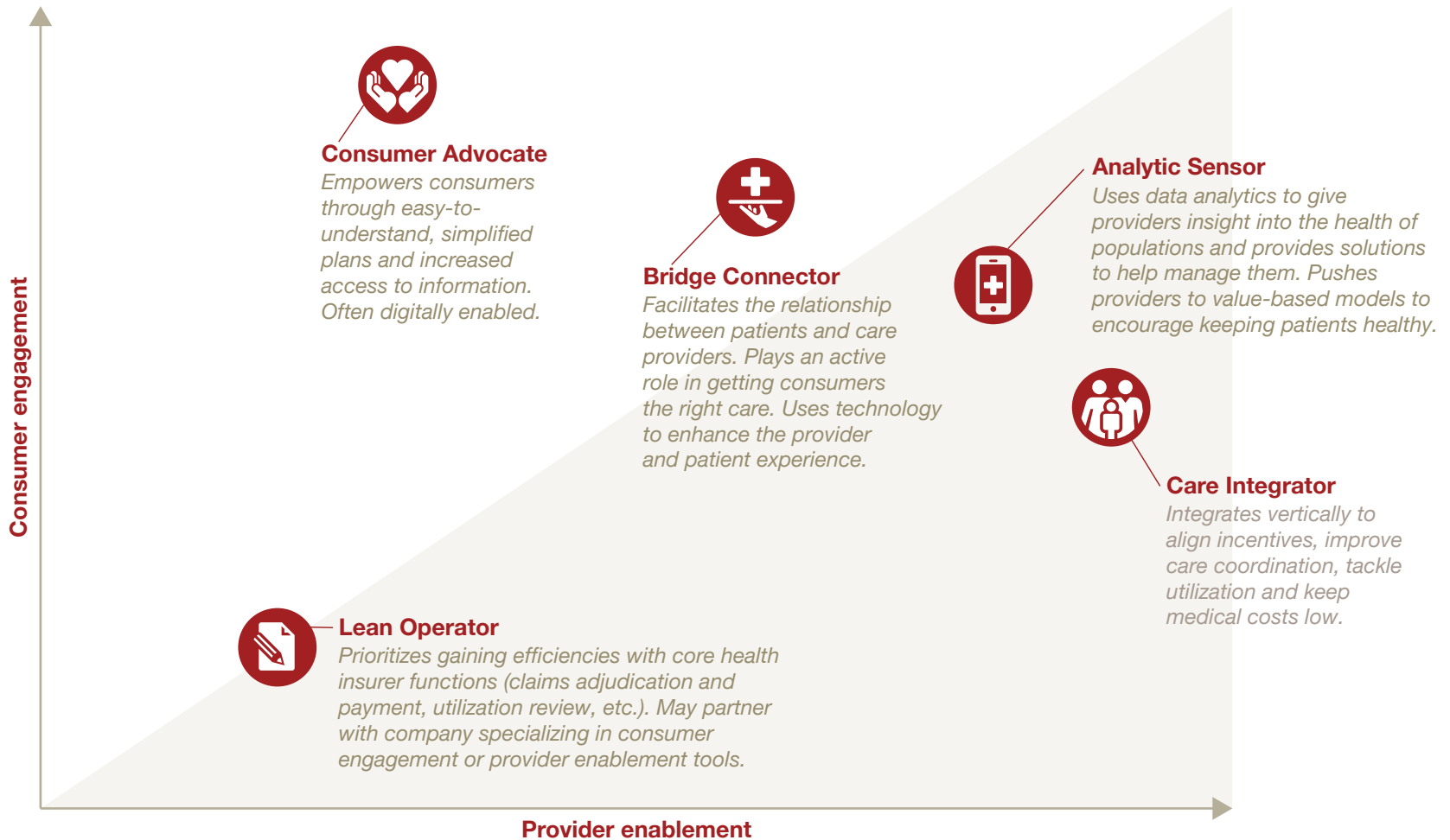
# Health insurers recognize they will need to increase collaboration with providers and better engage consumers to succeed moving forward



Source: PwC Health Research Institute health insurer executive survey, 2016-2017



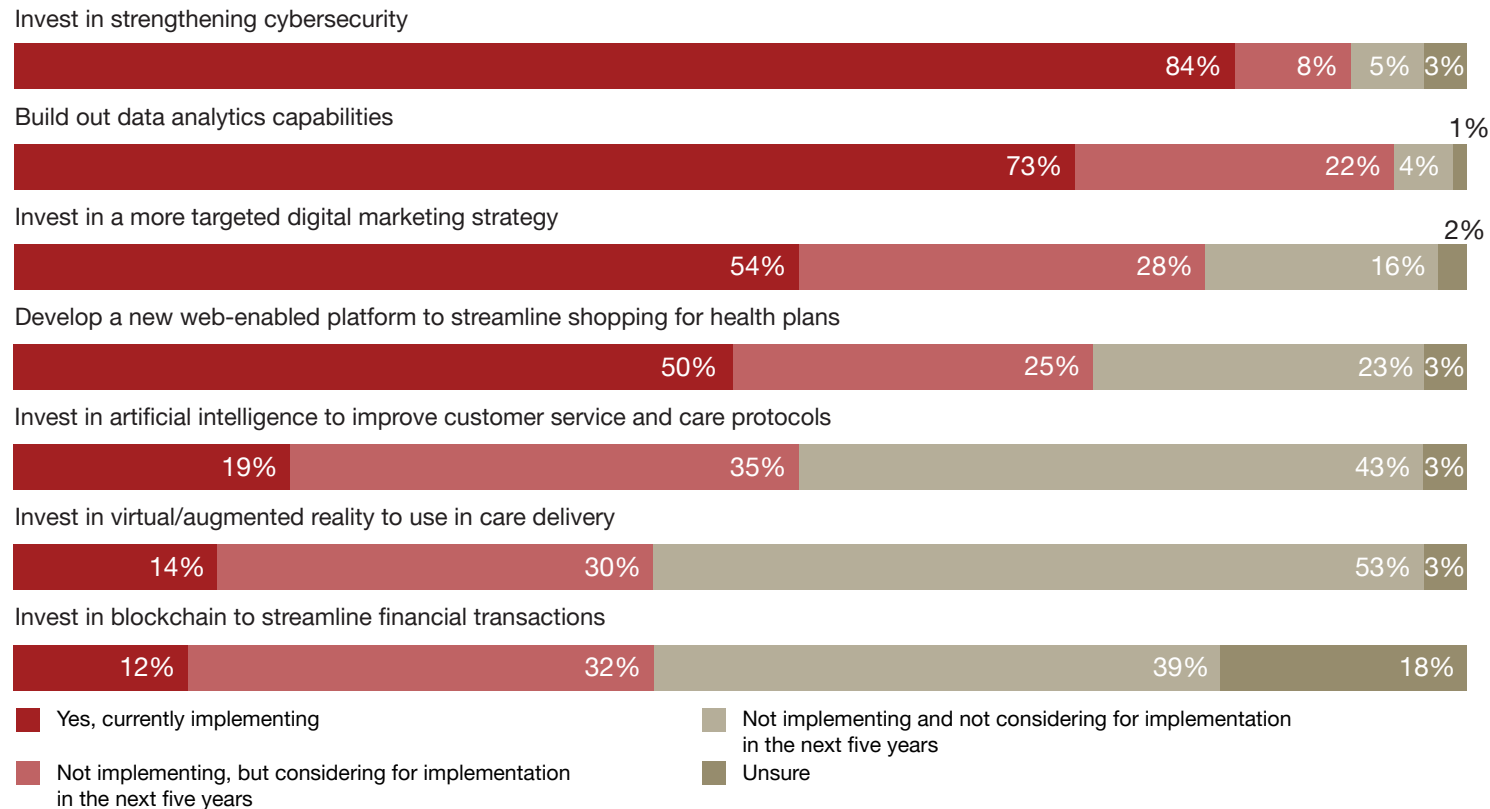
# HRI's five models of the health insurer of the future



Source: PwC Health Research Institute analysis

# While insurers to date have largely invested in more traditional technology capabilities such as cybersecurity and data analytics, they are considering investments in some emerging technologies in the next five years

What plans does your organization have to implement each of the following over the next five years?



Source: PwC Health Research Institute health insurer executive survey, 2016-2017



# *In the next five years, most health insurers will focus on supplying providers with data insights to manage the health of populations*

Which best describes the work your organization is primarily doing with providers today? Which will best describe the work your organization expects to primarily be doing with providers in five years?

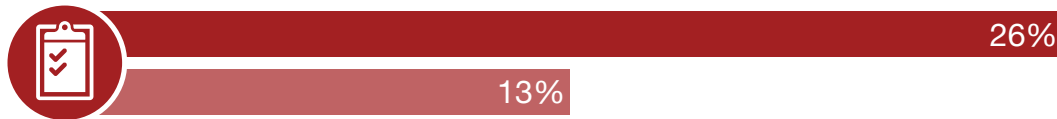
Providing data insights to help better manage care for targeted sub-populations



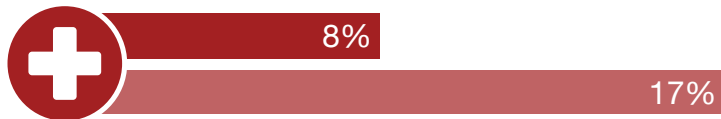
Designing and enabling care team collaboration and coordination



Streamlining administrative processes



Fully integrating payer and provider functions into a single organization










Source: PwC Health Research Institute health insurer executive survey, 2016-2017



© 2017 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved. PwC refers to the US member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. 284306-2017

# Comparing consumer groups: What consumer groups want from their health insurer and healthcare

| Consumer group  | US population in category | Insurers that appeal to them  | Health insurer of the future model that fits best   |
|---|---------------------------|---|---|
|  <p><b>Frail elderly</b><br/>Over the age of 75, living at home, facing health issues related to falls or dementia and suffering generally poor health.</p>  | 5.9M                      | Cost managing plans will appeal most. They are likely to switch insurers to save money. They are willing to try new locations for care such as retail clinics.  | <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>                           |
|  <p><b>Complex chronic</b><br/>Have one or more chronic diseases affecting multiple body systems and often requiring complicated disease management (e.g. CHF, COPD, DM with end-stage renal disease).</p> | 24.8M                     | Plans providing the coverage of services and medications needed will draw these consumers. They are more resistant to change, and seem to be most loyal to their carriers.  | <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>                           |
|  <p><b>Chronic</b><br/>Have problems affecting a single body system such as hypertension and require uncomplicated disease management.</p>   | 175.1M                    | Plans providing the coverage of services and medications needed will draw these consumers. While loyal to their carriers, they seem reluctant to use retail clinics or telemedicine services.   | <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>                           |
|  <p><b>Mental health</b><br/>Mental illness is primary health issue versus comorbid condition. Face depression and mood disorders, post-traumatic stress disorder, addictions and suicidal ideations.</p>  | 9.4M                      | Managing healthcare costs is difficult for them. A high percentage would switch insurers to save money. Coverage of mental health services is most important.   | <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>                           |
|  <p><b>Healthy families</b><br/>Households with healthy dependent children under the age of 18.</p>  | 65.4M                     | Cost conscious but also one of the most adventurous groups. Willing to use retail clinics for their own and their families' care. Generally amenable to alternatives to traditional care, like sending a photo of a rash for diagnosis. | <ul style="list-style-type: none"> <li>• Consumer Advocate</li> <li>• Care Integrator</li> <li>• Lean Operator</li> </ul> |
|  <p><b>Healthy enthusiast</b><br/>Value a regular physical, wellness/coaching services, and get recommended screenings.</p>   | 22.6M                     | Generally do not find it difficult to manage healthcare costs but are still concerned over the cost of their monthly premium. They are most satisfied with their insurance plans' coverage of services and medications.                 | <ul style="list-style-type: none"> <li>• Consumer Advocate</li> <li>• Analytic Sensor</li> <li>• Lean Operator</li> </ul> |
|  <p><b>Healthy skeptic</b><br/>Generally avoid interacting with the health system and are less likely to have health insurance than other consumer groups.</p>   | 12.5M                     | The least likely to say they are satisfied with their insurance. They think they are healthy enough that they don't need health insurance. Plans with first-dollar coverage will appeal most.   | <ul style="list-style-type: none"> <li>• Consumer Advocate</li> <li>• Analytic Sensor</li> <li>• Lean Operator</li> </ul> |

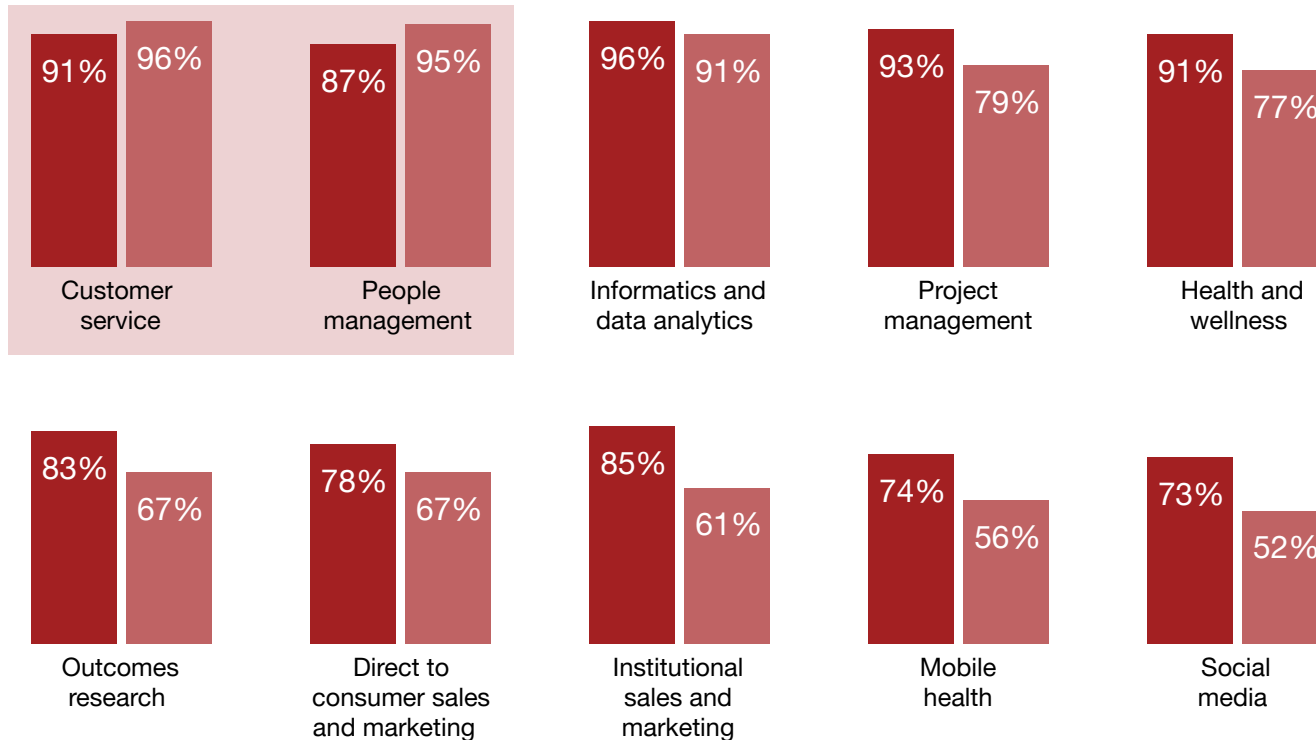
Source: PwC Health Research Institute analysis of 2013 Medical Expenditure Panel Survey and Health Research Institute consumer survey, 2016

©2017 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved. PwC refers to the US member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. 284306-2017

# Today, health insurers are more focused on finding new hires with people management and customer services skills than they were in 2012

Over the next 5 years, how important will it be for your new hires to be skilled in the following areas?

■ 2016 - Very or somewhat important  
 ■ 2012 - Very or somewhat important



Source: PwC Health Research Institute human resources survey, 2012 and health insurer executive survey, 2016-2017



# Comparison of HRI's five health insurer of the future models

|   | Why should you pursue this model?  | What health insurer today should consider these models in the future?   | What are potential investments to be made?  | Which markets could be targeted?  |
|---|--|---|---|---|
|  <p><b>Consumer Advocate</b><br/>Empowers consumers through easy-to-understand, simplified plans and increased access to information. Often digitally enabled.</p>   | <p>Addresses the consumer's increasing role in healthcare.</p>   | <p>Focus in the individual market.</p> <p>New entrants in the market (i.e. health insurance start ups).</p> <p>Strong technology capabilities.</p> <p>Locally or regionally focused.</p>                        | <p>Simplified plan design.</p> <p>Price transparency tools.</p> <p>Artificial intelligence technology.</p> <p>Self-service solutions and other consumer-facing technologies.</p>        | <p>Tech-capable consumers to include healthy adults, seniors and families.</p>  |
|  <p><b>Bridge Connector</b><br/>Facilitates the relationship between patients and care providers. Plays an active role in getting consumers the right care. Uses technology to enhance the provider and patient experience.</p>                              | <p>Reduces medical costs for potentially expensive populations through increased communication between providers and patients.</p> <p>Meets providers' demand for deeper connection with patients.</p> | <p>Focus on Medicare and Medicaid.</p> <p>Strong presence in communities with access to community resources and strong provider relationships.</p> <p>Locally or regionally focused.</p>                        | <p>Data analytics.</p> <p>Non-clinician health professionals.</p> <p>Retail storefronts to create consumer touchpoint.</p> <p>Telehealth to connect consumer and provider.</p>          | <p>Consumers with complex chronic conditions or a desire for high-touch care, such as the frail elderly.</p>  |
|  <p><b>Lean Operator</b><br/>Prioritizes gaining efficiencies with core health insurer functions (claims adjudication and payment, utilization review, etc.). May partner with company specializing in consumer engagement or provider enablement tools.</p> | <p>Reduces costs by eliminating inefficiencies within core insurance and administrative functions.</p>   | <p>Focus on providing administrative services to self-insured.</p> <p>Strong leadership to reach administrative targets.</p> <p>Broad geographical reach with large market share.</p>                           | <p>Blockchain to streamline claims processing.</p> <p>Identifying points of inefficiency.</p> <p>Partnering with companies that specialize in provider or consumer relations.</p>       | <p>Self-insured employers looking to access core insurance functions and use other vendors to access additional services such as consumer engagement tools.</p> |
|  <p><b>Analytic Sensor</b><br/>Uses data analytics to give providers insight into the health of populations and provides solutions to help manage them. Pushes providers to value-based models to encourage keeping patients healthy.</p>                    | <p>Addresses demands for data analysis and increased focus on population health management.</p> <p>Provides opportunities for diversification into non-regulated lines of business.</p>                | <p>Strong relationships with providers.</p> <p>Strong technology platform and analytics, or capital to invest in them.</p> <p>Broad geographical reach with large market share.</p>                             | <p>Data integration and analytics.</p> <p>Relationships with community resources.</p>   | <p>Employers and providers looking to deploy population health strategies and individuals looking to reap benefits from leading a healthy life.</p>             |
|  <p><b>Care Integrator</b><br/>Integrates vertically to align incentives, improve care coordination, tackle utilization and keep medical costs low.</p>  | <p>Reduces medical costs due to lack of provider-payer alignment.</p> <p>Addresses providers' interest in provider-sponsored health plans and vertical integration.</p>                                | <p>Robust financial reserves and revenue sources.</p> <p>Strong leadership.</p> <p>Locally or regionally focused.</p> <p>Densely populated market with strong market share or a provider with strong brand.</p> | <p>Acquisition of providers (hospitals, clinics, physicians) to integrate along care continuum.</p> <p>Data integration.</p> <p>Technology focused on enhancing continuity of care.</p> | <p>Consumers with complex care needs or families where continuous care and convenience are highly valued.</p>   |

Source: PwC Health Research Institute analysis





# An in-depth comparison of health consumer markets

Medical, social, behavioral, lifestyle and consumer preference characteristics.



Frail elderly



Complex chronic



Chronic



Mental health



Healthy families



Healthy adult enthusiasts



Healthy adult skeptics

| Description  |  |   |  |   |   |   |
|--|--|---|--|---|---|---|
| Over the age of 75, living at home, facing health issues related to falls or dementia and suffering generally poor health.                                     | Have one or more chronic diseases affecting multiple body systems and often requiring complicated disease management (e.g. CHF, COPD, DM with end-stage renal disease).    | Have problems affecting a single body system such as hypertension and require uncomplicated disease management.   | Mental illness is primary health issue versus comorbid condition. Face depression and mood disorders, post-traumatic stress disorder, addictions and suicidal ideations. | Households with healthy dependent children under the age of 18.   | Value a regular physical, wellness/ coaching services, and get recommended screenings.  | Generally avoid interacting with the health system and are less likely to have health insurance than other consumer groups.   |
| Insurers that appeal to them   |  |   |  |   |   |   |
| Cost managing plans will appeal most. They are likely to switch insurers to save money. They are willing to try new locations for care such as retail clinics. | Plans providing the coverage of services and medications needed will draw these consumers. They are more resistant to change, and seem to be most loyal to their carriers. | Plans providing the coverage of services and medications needed will draw these consumers. While loyal to their carriers, they seem reluctant to use retail clinics or telemedicine services. | Managing healthcare costs is difficult for them. A high percentage would switch insurers to save money. Coverage of mental health services is most important.            | Cost conscious but also one of the most adventurous groups. Willing to use retail clinics for their own and their families' care. Generally amenable to alternatives to traditional care, like sending a photo of a rash for diagnosis. | Generally do not find it difficult to manage healthcare costs but are still concerned over the cost of their monthly premium. They are most satisfied with the coverage of services and medications of their insurance plans. | The least likely to say they are satisfied with their insurance. They think they are healthy enough that they don't need health insurance. Plans with first-dollar coverage will appeal most. |
| Health Insurer of the future models that fits best   |  |   |  |   |   |   |
| <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>  | <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>  | <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>   | <ul style="list-style-type: none"> <li>• Bridge Connector</li> <li>• Care Integrator</li> </ul>  | <ul style="list-style-type: none"> <li>• Consumer Advocate</li> <li>• Care Integrator</li> <li>• Lean Operator</li> </ul>   | <ul style="list-style-type: none"> <li>• Consumer Advocate</li> <li>• Analytic Sensor</li> <li>• Lean Operator</li> </ul>   | <ul style="list-style-type: none"> <li>• Consumer Advocate</li> <li>• Analytic Sensor</li> <li>• Lean Operator</li> </ul>   |
| Number of people in US population  |  |   |  |   |   |   |
| 5.9M   | 24.8M  | 175.1M  | 9.4M   | 65.4M   | 22.6M   | 12.5M   |

Source: PwC Health Research Institute analysis of 2013 Medical Expenditure Panel Survey and Health Research Institute consumer survey, 2016

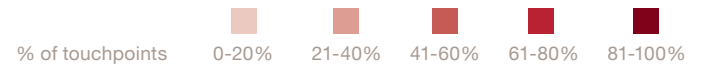
©2017 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved. PwC refers to the US member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. 284306-2017

# An in-depth comparison of health consumer markets

Medical, social, behavioral, lifestyle and consumer preference characteristics.



|   | Frail elderly | Complex chronic | Chronic | Mental health | Healthy families | Healthy adult enthusiasts | Healthy adult skeptics |
|---|---------------|-----------------|---------|---------------|------------------|---------------------------|------------------------|
| <b>Paying for healthcare</b>  |               |                 |         |               |                  |                           |                        |
| Indicate that they are healthy enough not to have insurance.  | 0-20%         | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 81-100%                |
| Report difficulty in paying health insurance bills.   | 21-40%        | 41-60%          | 41-60%  | 41-60%        | 21-40%           | 21-40%                    | 21-40%                 |
| Report difficulty in managing healthcare expenses.  | 21-40%        | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 21-40%                 |
| Would be willing to pay more for best-in-field care.  | 21-40%        | 21-40%          | 21-40%  | 21-40%        | 41-60%           | 21-40%                    | 21-40%                 |
| <b>Factors in choosing a health plan</b>  |               |                 |         |               |                  |                           |                        |
| Indicate brand name as being important when choosing a health plan.                                     | 21-40%        | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 21-40%                 |
| Would be willing to switch insurer if they could save on premium.                                       | 41-60%        | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 41-60%                 |
| Would be likely to buy a health plan offered by a health insurance startup.                             | 41-60%        | 21-40%          | 21-40%  | 21-40%        | 41-60%           | 21-40%                    | 21-40%                 |
| Would prefer to research and purchase insurance on a smartphone.  | 21-40%        | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 21-40%                 |
| Would prefer to research and purchase insurance in-person.  | 21-40%        | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 21-40%                 |
| <b>Care preferences and new technology adoption</b>   |               |                 |         |               |                  |                           |                        |
| Would be willing to use virtual consultations for follow-up appointments if they could save on premium. | 41-60%        | 21-40%          | 21-40%  | 41-60%        | 41-60%           | 21-40%                    | 21-40%                 |
| Would be willing to use a wearable device to track physical activity if they could save on premium.     | 21-40%        | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 21-40%                 |
| Indicated never or rarely using insurance-provided technologies.  | 41-60%        | 81-100%         | 81-100% | 81-100%       | 81-100%          | 81-100%                   | 81-100%                |
| Indicate being likely to use a retail medical clinic in the future.                                     | 81-100%       | 81-100%         | 81-100% | 81-100%       | 81-100%          | 81-100%                   | 81-100%                |
| Would check vital signs at home with a medical device attached to a phone, if it reduces cost of care.  | 41-60%        | 41-60%          | 41-60%  | 41-60%        | 21-40%           | 21-40%                    | 41-60%                 |
| Would like help making sure they are getting the nutrition they need to better manage their care.       | 21-40%        | 21-40%          | 21-40%  | 21-40%        | 21-40%           | 21-40%                    | 21-40%                 |



Source: PwC Health Research Institute analysis of 2013 Medical Expenditure Panel Survey and Health Research Institute consumer survey, 2016

©2017 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved. PwC refers to the US member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. 284306-2017

For more information, please visit:  
[www.pwc.com/us/healthinsurerofthefuture](http://www.pwc.com/us/healthinsurerofthefuture)  
[www.pwc.com/us/healthindustries](http://www.pwc.com/us/healthindustries)  
[www.pwc.com/hri](http://www.pwc.com/hri)  
[twitter.com/PwCHealth](https://twitter.com/PwCHealth)