

# The US Health Insurers Customer Experience Index, 2018

How US Health Insurers Earn Loyalty With The Quality Of Their Experience

by Faith Adams and William Willsea

June 19, 2018

## Why Read This Report

How well do leading health insurance brands earn loyalty with the quality of their customer experience (CX)? This year, we reveal the complete rankings of 17 health insurance brands that were analyzed as part of the US CX Index. We also unveil surprising trends in CX quality and the role that emotion plays in CX. Customer experience professionals can use this report to inform their ongoing improvement efforts.

## Key Takeaways

### **Kaiser Permanente Is The No. 1 Health Insurer**

For the fourth year in a row, Kaiser Permanente tops the US health insurers CX Index ranking. It had the highest percentage of customers having effective and emotionally positive experiences of all the health insurers we measured in the US CX Index and tied for ease.

### **Health Insurers As A Whole Stagnated**

The health insurers' average CX Index score remained flat in 2018, with only four brands seeing a statistically significant change in score: One improved; three declined.

### **Feeling Appreciated, Confident, And Valued Increases Customer Loyalty At Health Insurers**

Eighty-seven percent of a health insurer's customers who feel valued will advocate for the brand, and 74% plan to stay with the brand.

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[Answers To Common Questions About Forrester's Customer Experience Index](#)

[Improving CX Through Business Discipline Drives Growth](#)

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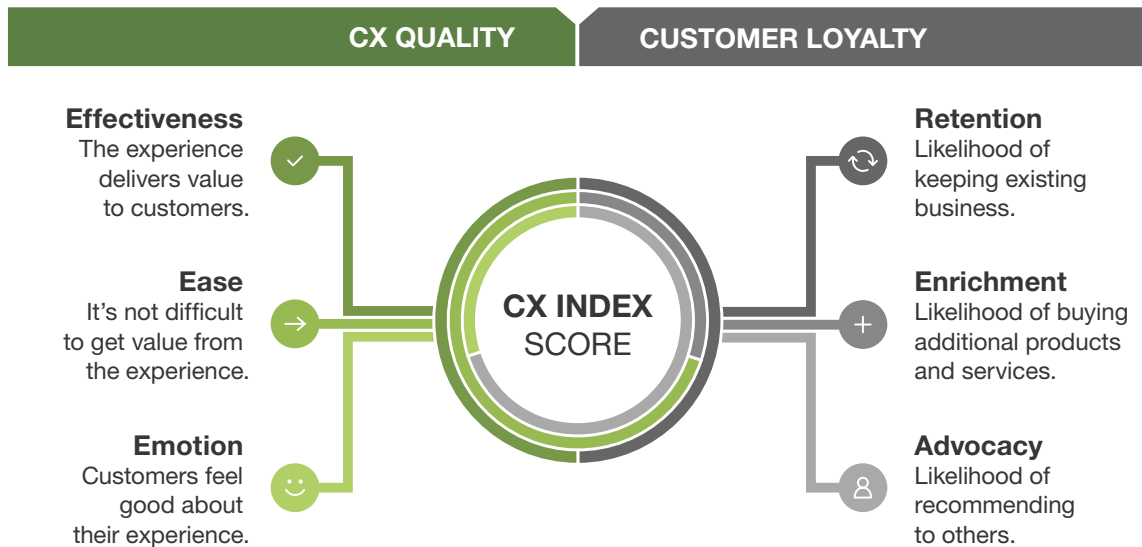
## Forrester’s Customer Experience Index Methodology

Customer experience leaders grow revenue faster than CX laggards, drive higher brand preference, and can charge more for their products.<sup>1</sup> Based on a survey of more than 110,000 US adult customers in 2018, Forrester’s Customer Experience Index (CX Index™) methodology measures how well a brand’s customer experience strengthens the loyalty of its customers so it can reap these benefits (see Figure 1).<sup>2</sup> We use this methodology to benchmark CX quality at 287 US brands, including 17 of the largest and most important health insurers (see Figure 2).

**FIGURE 1** Forrester’s CX Index Is A Measure Of A Brand’s Ability To Drive Loyalty With Its Customers



Forrester’s CX Index score measures how successfully a company delivers customer experiences that create and sustain loyalty.



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**FIGURE 2** Forrester’s US CX Index, 2018: Rankings Of Health Insurers



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## Kaiser Permanente Continues To Lead

Forrester surveyed the customers of 17 health insurers in the US to determine how they perceive their experiences and how CX drives loyalty. Overall, we found that:

- › **Kaiser Permanente maintains its position at the top.** For the fourth year in a row, Kaiser Permanente tops the US health insurers ranking. It had the highest percentage of customers having effective and emotionally positive experiences of all the health insurers we measured in the US CX Index and tied for easiest experience with No. 2 Humana. This isn't surprising considering Kaiser Permanente cares about where customer experience starts: with its employees. It was named No. 1 on the Indeed.com "Best Healthcare Companies to Work for in 2018" list — where culture was one of the many factors that Kaiser Permanente employees cited for remaining there.<sup>3</sup> What's more, Kaiser Permanente is an integrated delivery network (IDN) that provides both healthcare services and a health insurance plan. This gives it an advantage over most of its competitors — allowing for more control throughout the entire customer life cycle and for increased transparency with customers and employees.
- › **Humana still holds second place.** Humana remains in second place, also for the fourth year in a row. However, neither Humana nor the third- and fourth-place brands achieved a statistically significant score increase that would have brought them appreciably closer to the frontrunner. Humana remains invested in member experience and engagement. In late 2017, it announced a partnership with GymFarm, a health and wellness software automation company, to enhance its reward-based wellness program. This partnership removes a cumbersome paper-based process where the health club administrator, not the member, was in control of the submission. It also reduces the wait time for members to receive their earned points — whittling it down to one day from up to 45 days — and offers members faster rewards through automated check-ins at partner health and fitness centers.<sup>4</sup>
- › **Highmark Blue Cross Blue Shield sprang back to fifth place.** With the only statistically significant increase across the industry, Highmark returned to fifth place after falling 10 places in last year's rankings. Although Highmark is a health plan, its parent company, Highmark Health, is the third largest IDN.<sup>5</sup> That means they, like Kaiser Permanente, own more of the customer life cycle and therefore have more influence over the customer experience. What's more, in 2016, Highmark invested in a newly created role — chief strategy and transformation officer — which may be paying off now: The payer has since refreshed its mission, vision, values, and behaviors — and put them front and center.<sup>6</sup> And although the battle between Highmark and competing IDN UPMC in western Pennsylvania hasn't fully settled down, it has diminished. Highmark members will maintain access to many UPMC facilities, with expiration dates ranging from 2021 to 2025 depending on the facility.<sup>7</sup>
- › **Health Net plummeted 10 spots in the rankings.** Last year, the health insurer moved up in our standings only as a result of other brands' decline; its score had been stagnant for years.<sup>8</sup> This year, Health Net's statistically significant decline kicked the brand down to 14th place. It performed worse

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than every other insurer in four areas, most notably in making it easy to get routine healthcare. Based on the negative customer ratings and reviews on ConsumerAffairs.com — Health Net receives just one out of five stars — many customers seem both confused and frustrated.<sup>9</sup>

**Average CX Quality Remained Flat Year Over Year**

Health insurers' CX quality remains among the lowest of the industries we track — it ranks 15th of the 19 industries we cover in the US. And the industry average score has not changed since 2016. The top six health insurers' scores put them into the OK category; the other 11 brands fell into the poor category. Most brands didn't see any change at all or else declined. Only one health insurer improved significantly. When we examined the details of the rankings and the underlying scores, we saw that:

- › **Five health insurers rose in our rankings, while six fell.** The top three brands in our study have held their positions for four consecutive years despite the fact that their scores have changed slightly or not at all. That's because the other brands in our study followed a similar pattern, with all but four brands showing no statistically significant change. The result was mostly trivial movement in the rankings with two notable exceptions. Highmark Blue Cross Blue Shield had a moderate but statistically significant score increase that propelled it up 11 places to land at No. 5. In contrast, Health Net plummeted 10 places due to a slightly smaller but still significant score decrease.
- › **Success among health insurers still means being the best of the worst.** As a group, the health insurance industry has one of the lowest average scores for CX quality, just above airlines, the government, and cable companies. Even the top performers fall into the mid to low end of the OK category. This stagnant performance reflects the fact that the small improvements that the best insurers have made are not good enough to win, serve, and retain their customers in the long run. That's a problem because insurers can no longer rely on members being trapped. And even these tiny incremental improvements are not a forgone conclusion for all players in the industry. Although the performance of BCBS of Michigan — like the entire group — remains mediocre, it is seeing ROI on its investments in CX; it jumped up five spots from 2017.<sup>10</sup>

**The Three E's Of CX Quality Differ By Channel**

Companies race to create entirely digital experiences to entice customers away from physical channels like call centers and brick-and-mortar locations. That's a mistake. When we examined how 12 channels performed in the three E's of customer experience for health insurers, we found the following:

- › **Effectiveness: Four channels tie for best at meeting customers' needs.** An equal percentage of customers were positive about health insurers meeting their needs via email; desktop web; talking with a live person over the phone; and talking in person. This even split between two digital and two physical channels signals the need to provide a range of options for various customer segments and types of issues. Interestingly, we see a close two-way tie for the second most effective channels, one physical and one digital. Unfortunately, many health insurers are heavily invested in digital — forgetting the need for balance between both physical and digital channels.

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- › **Ease: Email, mobile web, and talking in person are equally convenient.** Two digital channels tied with a physical channel for low customer effort. There was also an extremely close tie for the second most positively rated channels, which also included one digital and one physical channel. Health insurers still struggle to take an outside-in perspective. To make sustainable CX gains, insurers must become more rigorous in identifying where customers struggle, by leveraging data and insights.
- › **Emotion: Social media and talking in person evoked the most positive emotions.** Considering it was also one of the easiest and most effective channels, it's no surprise that customers felt most positively about talking with someone in person. What might be surprising is that social media tied with in-person conversation for evoking the greatest amount of positive sentiment. That's good news for health insurers, which struggle to serve customers outside of normal business hours; social media can help fill some of the gap when offices are closed. But payers shouldn't get too excited: Customers judged insurers slightly worse on evoking positive emotions than on delivering effective and easy experiences. That's cause for concern given how emotional the healthcare customer experience can be.

## The Keys To Achieving CX Leadership For Health Insurers

To understand and ultimately improve the quality of their customer experience, health insurers need to understand *why* the industry ranks the way it does. Fifty-two underlying drivers combine to determine the overall perception of CX quality by health insurance customers. These drivers fall into six broad categories: customer service; communication; respects me as a customer; healthcare plan and related services; premiums, rates, and fees; and website and mobile app (see Figure 3). What's more, the three dimensions of CX quality — effectiveness, ease, and emotion — are not equally important. As it turns out, emotion is key to differentiation (see Figure 4). We found that:

- › **Customer service is the most important driver category for health insurer CX.** Drivers relating to good customer service have the most impact on a health insurer's overall CX Index score. Health insurers currently perform best in this driver category, but that's hardly good news. Only 56% of customers feel they can get help when they need it and that employees know how to solve their issues quickly. Health insurers should take this into consideration when evaluating and adopting new digital customer service technologies like chatbots or real-time conversational guidance and analytics tools like Cogito.<sup>11</sup>
- › **Website and mobile app is the least important driver category.** In contrast, website and mobile app drivers have relatively little influence on a brand's overall CX Index score. And yet with 56% of customers reporting a good experience with their insurer's website and mobile app, the industry ties for its best performance in the least important category. In fact, less than half expect their health insurers to have a mobile app. And when it comes to health insurers providing a one-stop shop, the majority of consumers do not want one.<sup>12</sup>

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- › **The top emotions that increase loyalty are feeling appreciated, confident, and valued.**  
 Contrary to conventional wisdom, making customers happy is not most effective at making them loyal. The top three emotions that lead to customer loyalty for health insurers are making customers feel appreciated, confident, and valued. Among customers who felt valued, 87% will advocate for the brand and 74% plan to stay with the brand.
- › **Annoyance, disappointment, and frustration decrease customer loyalty.** Making your customers feel annoyed, disappointed, or frustrated is most harmful to their loyalty. Out of customers who feel annoyed, just 11% will advocate for the brand. When it comes to customer retention for annoyed customers, only 28% say they will stay with the brand and a meager 8% will sign up for additional benefits or programs.

**FIGURE 3** The Six Driver Categories Of The Quality Of US Health Insurer Customer Experience

	<b>CX driver categories, ranked by impact on CX Index™ scores for health insurers</b>	Percentage of customers who indicated that health insurers performed well in the category
1	<b>Customer service</b>	56%
2	<b>Communication</b>	49%
3	<b>Respects me as a customer</b>	45%
4	<b>Healthcare plan and related services</b>	55%
5	<b>Premiums, rates, and fees</b>	50%
6	<b>Website and mobile app</b>	56%

Base: 110,828 US online consumers (18+) who interacted with a specific brand within the past 12 months  
 Source: Forrester Analytics Customer Experience Index Online Survey, US Consumers 2018



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**FIGURE 4** The Top Three Positive And Negative Emotions That Affect Health Insurer Customer Loyalty**Positive emotions**

Appreciated

Confident

Valued

**Negative emotions**

Annoyed

Disappointed

Frustrated

Base: 110,828 US online consumers (18+) who interacted with a specific brand within the past 12 months

Source: Forrester Analytics Customer Experience Index Online Survey, US Consumers 2018

**Recommendations****Chart Your Course To CX Transformation**

Data from Forrester's CX Index proves that when customers have a better experience, their intentions to stay with a brand longer, buy more from that brand, and recommend that brand all increase. But great CX with health insurers is still rare. That means that there is huge financial upside for health insurers that transform their CX. To start down the path to CX transformation:

- › **Craft a CX vision that aligns with your brand.** A company's CX vision provides a North Star for the organization's efforts. It aligns employees and partners to design and deliver not just a positive experience but the *right* positive experience — one that fulfills the promise of the brand.<sup>13</sup> Customer experience professionals should start crafting their vision by developing a thorough understanding of the brand promise that they will translate into the vision. The end result should be authentic (accurately represent brand values), inspiring (galvanize customers and employees to act), and mobilizing (prescriptive and actionable). Southwest Airlines checks all three boxes, with its CX vision of “dedication to the highest quality of customer service delivered with a sense of warmth, friendliness, individual pride, and company spirit.”
- › **Track your organization's progress toward CX management maturity.** To achieve exceptional CX, a health insurer must master six specific CX competencies in service of its CX vision: research, prioritization, design, enablement, measurement, and culture.<sup>14</sup> You can determine the level of your company's CX management maturity by taking Forrester's free [online self-assessment](#). CX pros should target a level of CX management maturity based on their company's mission, vision, and values and how vital CX is to the brand's ability to compete for customers.<sup>15</sup> Maturing beyond that

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level wastes resources and reduces the ROI of CX investments. When assessing your progress, be sure to survey a wide range of stakeholders and then look for both trends and gaps across business units, roles, and levels of seniority.<sup>16</sup>

- › **Create your road map from current state to CX transformation.** The results of the self-assessment will guide you to the Forrester [CX transformation playbook](#) reports that are appropriate for your starting point on the path to CX maturity. Each of these reports will give you insight into the tasks ahead so that you can estimate how much time it will take you to accomplish those tasks. Your estimates will vary significantly by competency depending on its level of difficulty, your starting point, and your target endpoint. For example, if you already conduct some form of customer-centric measurement and you make a determined effort, you can establish a baseline CX measurement program in as few as nine months. At the other end of the spectrum, simply establishing a culture transformation program will probably take a year — just so you can begin the task of systematically transforming your culture.
- › **Build a business case and ROI model.** When you have a good grasp of your level of effort and timeline, you'll come face to face with the gritty details of something you no doubt suspected: Your CX transformation will be a huge commitment for your company. How can you estimate the economic benefits of your transformation? What will achieving those benefits cost? In the end, will the transformation be worth it? We've found very few organizations that know how to answer those questions in a systematic, repeatable, highly defensible way. If you want or need help in running the numbers for your company, read [The ROI Of CX Transformation](#).

## How Forrester Can Help

Even a minor improvement to a brand's customer experience quality can add tens of millions of dollars of revenue by reducing customer churn and increasing share of wallet.<sup>17</sup> What's more, happier customers are more willing to pay a premium price for the same products and services.<sup>18</sup> When you add in other benefits of superior CX — like reduced service costs and low-cost customer acquisition through word of mouth — the ROI of even small-scale CX transformations can be jaw-dropping.<sup>19</sup> CX pros can earn these benefits for their brands via a disciplined approach to envisioning, designing, and delivering a consistently high-quality experience. Forrester can help you:

- › **Understand the drivers of great CX for your brand with CX Index data.** Forrester collects CX Index data from over 200,000 consumers on almost 600 brands in 20 industries across seven markets: Australia, Canada, France, India, Singapore, the UK, and the US. Underlying data behind the CX Index can help brands identify the key drivers of a great CX for their customers. This allows you to focus on improving the aspects of experiences that matter most for driving revenue and avoid wasting time and money on those that don't move the needle.

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- › **Prove the ROI of CX transformation.** To get the benefits of improved CX, companies need to invest in areas like training, technology, and professional services. Do the benefits of CX transformation outweigh the costs and result in a positive ROI? And how can you determine that for your company? Forrester analysts working in concert with our Total Economic Impact (TEI™) group can calculate the benefits, costs, and ROI of an enterprisewide CX transformation. You can use the resulting ROI model to fuel a winning business case for CX transformation.
- › **Partner with us to develop breakaway CX.** Work with Forrester's experts to create your customized road map to CX that drives top-line growth. We tailor our data, frameworks, and best-practice research to accelerate your success.

To learn more about how Forrester can help, contact your account manager or email us at [forrestercx@forrester.com](mailto:forrestercx@forrester.com).

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## Supplemental Material

### Survey Methodology

For the Forrester Analytics Customer Experience Index Online Survey, US Consumers 2018, Forrester conducted an online survey fielded in February through May 2018 of 110,828 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 110,828), there is 95% confidence that the results have a statistical precision of plus or minus 0.01% of what they would be if the entire population of US adults who are online weekly or more often had been surveyed. The final data set was stacked by brand (287 US brands) and weighted by age, gender, region, income, and broadband adoption to represent 215,540 weighted respondents answering for all brands.

Bases: For each industry in 2018, the number of US online adults (18+) who interacted with a specific brand within the past 12 months is as follows: airlines: 8,450; auto and home insurers: 14,046; auto manufacturers (luxury): 5,493; auto manufacturers (mass market): 10,824; banks (direct): 7,421; banks (multichannel): 13,229; brokerages (direct): 9,088; brokerages (multichannel): 8,215; credit card issuers: 11,155; federal government agencies: 11,649; health insurers: 12,696; hotels: 26,218; internet service providers: 8,995; OTT providers: 4,605; rental cars: 7,701; retailers (digital): 8,148; retailers (multichannel): 31,620; TV service providers: 7,529; wireless service providers: 8,457.

For the Forrester Analytics Customer Experience Index Online Survey, US Consumers 2017, Forrester conducted an online survey fielded in February through May 2017 of 118,992 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 118,992), there is 95% confidence that the results have a statistical precision of plus or minus 0.01% of what they would be if the entire population of US adults who are online weekly or more often had been surveyed. The final data set was stacked by brand (314 US brands) and weighted by age, gender, region, income, and broadband adoption to represent 234,889 weighted respondents answering for all brands.

Bases: For each industry in 2017, the number of US online adults (18+) who interacted with a specific brand within the past 12 months is as follows: airlines: 9,123; auto and home insurance providers: 14,097; auto manufacturers: 16,118; credit card providers: 11,137; digital-only retailers: 10,275; direct banks: 7,367; direct or discount brokerages: 8,786; full-service investment firms: 7,915; health insurance providers: 12,598; hotels: 25,860; internet service providers: 10,439; mobile device manufacturers: 9,167; OTT providers: 4,529; parcel shipping/delivery providers: 2,394; PC manufacturers: 7,757; rental car providers: 7,396; traditional retail banks: 13,345; traditional retailers (stores and digital): 27,236; TV service providers: 9,014; US federal government agencies: 11,665; wireless service providers: 8,673.

(Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the internet and feel more comfortable transacting online.

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**How To Get Access To Forrester's CX Index Data Analysis And Insights**

Forrester's CX Index helps companies do three things. It: 1) arms you with a deep and actionable understanding of the quality of your customer experience; 2) provides competitive benchmark data so you know how you stack up against your peers; and 3) enables the ability to model which improvements will have the biggest impact on revenue and other key business metrics.

Forrester collects CX Index data on almost 600 brands in 20 industries across seven key markets (Australia, Canada, France, Germany, India, the UK, and the US). If you wish to find out more regarding Forrester's CX Index data and services or how you can leverage the methodology, please contact your account manager or email [data@forrester.com](mailto:data@forrester.com).

External citations, unauthorized reproduction, and distribution of any parts of this report are prohibited without prior written consent from Forrester.

**Endnotes**

- <sup>1</sup> See the Forrester report "[Improving CX Through Business Discipline Drives Growth.](#)"
- <sup>2</sup> See the Forrester report "[The US Customer Experience Index, 2018.](#)"
- <sup>3</sup> Source: "Kaiser Permanente Named No. 1 Best Place to Work in Health Care by Indeed," Kaiser Permanente, April 4, 2018 (<https://share.kaiserpermanente.org/article/kaiser-permanente-named-no-1-best-place-work-health-care-indeed/>).  
 "Kaiser Permanente was named No. 1 on Indeed's list of The Best Healthcare Companies to Work for in 2018. Indeed developed the rankings based on the employee experience of health care companies with at least 100 reviews between January 2016 and January 2018, looking at a broad range of industries that impact health care, including biotech, research, pharmaceuticals and medical equipment, in addition to hospitals and health plans.  
 "Employee reviews of Kaiser Permanente determined that they are drawn to work here due to many factors including: culture; work/life balance; job security and advancement; benefits and compensation; and management."
- <sup>4</sup> Source: "Humana Partners with Gym Farm to Enhance Customer Experience Offered to Members of Reward-based Wellness Program," Humana press release, December 14, 2017 (<http://press.humana.com/press-release/current-releases/humana-partners-gym-farm-enhance-customer-experience-offered-members->).
- <sup>5</sup> Source: "About Us: At-A-Glance," Highmark Health (<https://www.highmarkhealth.org/annualreport/about/glance.shtml>).  
 "The Highmark Health enterprise is the third largest integrated health care delivery and financing system in the nation. Highmark Health is the parent company of Highmark Inc., Allegheny Health Network and HM Health Solutions."
- <sup>6</sup> Source: "About Us," Highmark (<https://www.highmark.com/hmk2/about/vision/index.shtml>).
- <sup>7</sup> Source: Kris B. Mamula, "Under new pact, Highmark members will have in-network access to some UPMC facilities," Pittsburgh Post-Gazette, January 5, 2018 (<http://www.post-gazette.com/business/2018/01/04/upmc-highmark-hospital-access-tom-wolf-consent-decree-expiration-new-agreement/stories/201801040167>).
- <sup>8</sup> See the Forrester report "[The US Health Insurance Customer Experience Index, 2017.](#)"
- <sup>9</sup> Source: "Health Net," ConsumerAffairs ([https://www.consumeraffairs.com/insurance/health\\_net.html](https://www.consumeraffairs.com/insurance/health_net.html)).
- <sup>10</sup> Source: Karen Bouffard, "Detroit-based Blues post first income gain in 3 years," The Detroit News, March 1, 2018 (<https://www.detroitnews.com/story/business/2018/03/01/blue-cross-blue-shield-michigan-income-gain/110980340/>).

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“Blue Cross Blue Shield of Michigan experienced positive health insurance underwriting results for the first time in three years in 2017, according to year-end results announced Thursday.

“Michigan’s largest health insurer expects to post a positive operating margin of \$385 million on revenue of \$26.9 billion, company officials said in a call with the media.

“The Detroit-based Blues increased membership for the seventh consecutive year, adding 54,862 customers across all of its products — which include Blue Cross Blue Shield of Michigan health plans, Blue Care Network of Michigan health maintenance plans, and Blue Cross Complete of Michigan. Year-end membership included 5.4 million people nationally, with 4.62 million in Michigan.”

<sup>11</sup> See the Forrester report “[The Future Of CX Measurement.](#)”

<sup>12</sup> Source: Forrester Analytics Consumer Technographics® North American Healthcare And Government Survey, Q2 2017 (US).

<sup>13</sup> See the Forrester report “[Root Your CX Vision In Your Brand.](#)”

<sup>14</sup> We identified these six competencies — and specific activities required within them — by interviewing thousands of organizations across industries, analyzing the brands in the CX Index, and deriving best practices from our work helping clients improve their CX.

<sup>15</sup> For more details on planning the extent of a CX transformation, see the Forrester report “[The Five Essential Steps To Plan Your CX Transformation.](#)”

<sup>16</sup> See the Forrester report “[Avoid These 14 CX Misconceptions.](#)”

<sup>17</sup> See the Forrester report “[Drive Revenue With Great Customer Experience, 2017.](#)”

<sup>18</sup> Our models showed that improving CX indirectly drives willingness to pay by increasing brand preference and trust. Other factors like elements of the price experience, exceeding customers’ expectations, membership in a loyalty program, and willingness to forgive also influence willingness to pay a premium. See the Forrester report “[The Price Premium Of Customer Experience.](#)”

<sup>19</sup> See the Forrester report “[The ROI Of CX Transformation.](#)”

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