

WHY HASN'T THE HEALTH INSURANCE MARKETPLACE INNOVATED?

By John Kelly
CEO, Nexben
Minneapolis, Minnesota



There's no denying it: We live in an increasingly digital-focused and reliant world. As new technologies, devices and companies bring innovation into our living rooms, hands and cars, we continue to evolve and integrate these modern amenities into our daily lives, personally and professionally. Upgrading to the newest smartphone when your current one underperforms usually isn't given a second thought. Retailers of

today are also moving to upgrade their systems to stay competitive at lightning speed.

However, when we look at the world of health insurance, one thing is abundantly clear: It lags behind when it comes to keeping up with the technology of today. For many, it's incredibly frustrating; for others, it's looked at as "just the way it is."

To understand why the health insurance industry is hesitant to move forward with

technology newness, we need to first look to the past to understand what's been holding the industry back to adopting new ways of doing business.

HISTORY OF CHANGE

There are four key milestones that have ignited a need for change within the health insurance industry:

- ✓ 1965: The introduction of Medicare and Medicaid
- ✓ 1996: COBRA and HIPAA are introduced
- ✓ 2010: The Patient Protection and Affordable Care Act debuted
- ✓ 2020: The Individual Coverage HRA goes into effect

These changes helped Americans gain access to the insurance coverage they needed. While this opened new doors and

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new forms of coverage, it added layers to an already confusing marketplace.

However, when you're starting with something that's already complex, embracing and implementing change are often two major roadblocks. The addition of needing to invest time and money creates additional layers. Looking at the road ahead of them, it's no wonder that carriers and brokers hesitate to integrate technological solutions into their established processes, which only contributes to keeping a slow-moving industry slow.

EMBRACING INNOVATION AND TECHNOLOGY

Over the past 20 years, the growth of technology has created a significant shift in the insurance industry. Frustrated with outdated legacy systems and a lack of innovation, new companies are emerging to create innovative solutions that are designed to fix an outdated system.

According to Willis Towers Watsons Quarterly InsurTech briefing, global investments in InsurTech reached a high of \$7.1 billion (up from \$5.48 billion in 2019) and are expected to reach \$10.14 billion by 2025.

Those numbers are proof that change is happening and we're on the cusp of a major shift in how we manage, buy, sell and work with health insurance. This needs to happen. The face of the health insurance consumer is changing and they're accustomed to a certain way of doing things.

Consumers of today expect the technology they engage with to keep pace, and the health insurance industry can't continue to operate as though it's not impacted. Never has there been such a strong connection and reliance to information and data. Having information on demand—when we want it, how we want it—is now the rule, not the exception. With that, consumerism is changing and that includes the health insurance consumer. The industry should be looking to solutions to help it keep pace with its consumer.

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In other industries, consumers can easily access comparison features, benefits, costs and product reviews to guide their purchasing decisions. In contrast, the way the healthcare industry presents information is confusing. The volume of options and check points, and how information flows, is a perplex maze. It doesn't have to be.

The rise of technological advances and the impact on the health insurance industry should be looked at as an incredible opportunity to modernize versus being comfortable with the status quo.

CHALLENGING THE STATUS QUO

There is a stigma that if the industry embraces technology, brokers will be obsolete. In fact, it's quite the opposite. Brokers can use technology to position themselves as innovative, solutions-oriented partners who are finding ways to eliminate a very manual and mundane process.

Here are three examples of how brokers can use technology to grow their business:

- **Improved customer relations**—A broker's client wants the reassurance they are working with someone who is on top of the industry advances, and understands the benefits technology brings to the table. Technology allows a broker to communicate more effectively and faster, ultimately providing much improved service.
- **Time saving**—Technology is a primary driver for improved efficiency. The manual processes can get greatly reduced, if not eliminated, by the adoption of technology.

- **Transparency**—By embracing technology, brokers are able to display all options available to a client. Being able to show a broader view of available plans and rates can lead a client to make more informed decisions and lead to potential, and often tremendous, costs savings. Ultimately, the broker provides better service and increases trust level with the client.

BROKERS OF THE FUTURE

In the world of on-demand innovation, we've seen what happens to those companies that don't adapt and embrace change.

Like the retailers who have been able to rise above the challenges of online shopping via technology modernization and adaptation, brokers will need to modernize their own way of operating to stay relevant.

Technology should be embraced and seen as a resource to enhance a broker's value, not as a cumbersome roadblock. Billions of dollars are being invested into InsurTech and we're going to continue to see new solutions and ideas that are designed to improve the health insurance industry.

It's time to modernize and embrace the digital transformation happening within our industry. 



John Kelly's singular passion is to finally and permanently fix the entire health benefit experience—bringing it into the 21st Century and leading it beyond as the industry

evolves. Prior to his work at Nexben, John was founder and CEO of the BrocorXchange. He earned his BA at the College of Charleston in South Carolina.