

A DIGITAL BIT

FROM DIAMOND'S
INSURANCE, ASSET MANAGEMENT
AND HEALTH CARE PRACTICE

Internet Slackers

When it comes to taking advantage of the Internet, health care insurers have a whole lot of catching up to do. A growing number of their customers are already going online to do just about anything these days, whether it's trading stocks, bidding for cars, buying books, or ordering up long distance service. So they're not likely to be impressed when they pay an online visit to a health insurance carrier and find they can't do much of anything.

We've been keeping tabs on the Web sites of nine of the biggest insurers to see just where things stand. And what we've found so far is that the vast majority of them haven't even come close to capitalizing on the medium's interactive capabilities. (see chart)

For starters, they're missing out on huge opportunities to lower costs and reduce errors by turning over data collection and other tasks directly to their customers. To make matters worse, they're likely to alienate customers whose expectations have been set by their

customer who opts for the self-service approach over the Internet costs the company just a nickel. That's much less than the \$2.00 it would spend otherwise. What's more, customers extract plenty of their own value when they can save time and gain more control over the process.

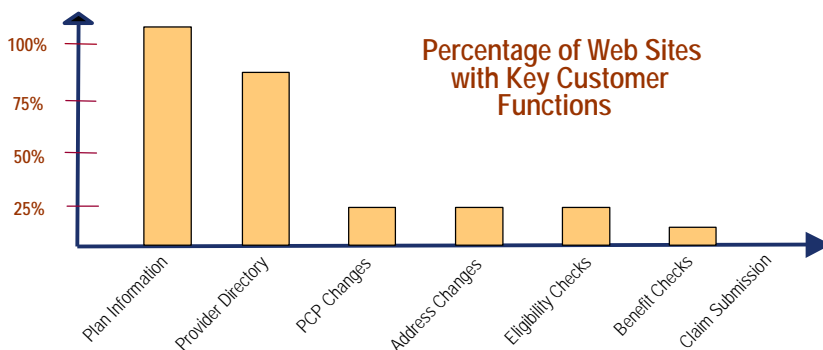
Internet-savvy consumers expect a lot more from a Web site than what health care insurers have offered so far.

experiences with other industries – industries that have moved far more quickly to embrace the Internet.

Consumers and businesses alike have flocked to sites that empower them to act as their own customer service representatives. Federal Express, for instance, found that customers were more than willing to go online to track and send their own packages. Dealing with a

But there have been only tentative steps by most health care insurers to get involved in electronic commerce. Some insurers describe their sites as "a work in progress." The era of super-fast filing and payment of claims over the Internet still looks to be a long way off. But there's no good reason why that should be so. The technology is available – it can even be linked up to their existing systems. And their customers are clearly ready for the change. It's the industry that needs to get into the act

The technology is ready . . . and so are the customers.



The following Web sites were reviewed: Aetna US HealthCare, CIGNA Healthcare, Foundation Health Systems, Kaiser Permanent, Oxford Health Plans, PacifiCare, Prudential, United Healthcare, and Wellpoint

The bulk of the health care insurers' sites we checked out do offer members a directory of providers. But few plans offer their members the ability to monitor the status of claims or, for instance, to notify the insurer of a birth in the family. Only 22 percent of those surveyed even allow members to enroll online. They do no better when it comes to offering members the option of submitting simple information like requests for replacement ID cards.

Consumers are eager to act as their own customer service reps because it typically saves them time and money.

When we contacted the sites by email to get more information, only one of the companies even bothered to respond to us at all. They aren't even close to building potentially profitable online communities – where their customers can get together to swap information or get advice.

Most insurers are dragging their feet because they've already made a huge investment in electronic data interchange (EDI) technology. But those systems have become an anachronism – not to mention a liability – now that the Internet has leapfrogged them.

With all the unfavorable publicity heaped on the health care industry nowadays, can insurers really afford to keep offering their customers a frustrating online experience?

The industry is missing out on a big opportunity to lower costs and reduce errors by outsourcing many tasks directly to plan members

COMING NEXT MONTH: Are property & casualty insurers, life companies and mutual fund firms offering anything better on the Web?

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The “Digital Bit” series is designed to offer our clients a monthly snapshot of what the insurance, health care and asset management industries are doing to take advantage of digital technology. If you'd like to add the name of a colleague to the mailing list or obtain additional copies, please call Lisa Castro at 312.255.5041 or send an email to digitalbit@diamtech.com

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