



Leading Forward in Health Insurance

The new mandate for industry leaders

By Anna Gill, Executive Director/Business Advisory Services, Aetna Inc.
with Debra Walker, VP/ Health Care, DDI

How do we get there from here? This is the primary consideration for health care insurers now that the legality of the Affordable Care Act (ACA) has been definitely decided by the Supreme Court. Also settled are some of the questions existing prior to the Act's passage. In the last few years, insurers have gained some experience with the public exchanges and accumulated important data on buyer demographics and product performance. But looming large, as the massive transformation of health care kicks into high gear, is the question of leadership. Do organizational decision-makers have the necessary skills to meet strategic objectives and move ahead of the competition?

Transactions are increasingly "human2human."

Let's consider the magnitude of the changes observed so far. Life before the ACA consisted mainly of B2B transactions in which insurers negotiated primarily with corporate benefit managers. Now, with the introduction of public and private exchanges, transactions are increasingly "human2human"—conducted between service representatives and individual consumers. With 8 million people enrolled in the Marketplaces during 2014, and an estimated 11.7 million (includes 4.5 million who re-enrolled) in 2015, insurance leaders have new-to-the-market buyers to engage. These less-savvy consumers are struggling to determine the level of coverage best-suited for their lifestyles, and distinguish between plans based on cost, access to providers, and service. And they're shopping at home, in a virtual store, with retail-like expectations of a tailored and "effortless" experience.

With the rate of change accelerating, the current leadership is challenged to manage many of the new industry imperatives. In our dealings with colleagues and clients, we hear all the time that new leadership skills are needed, but few can put their fingers on exactly *which* skills. And, while some senior executive teams make talent initiatives a top priority, HR is often in reactive mode: updating processes and services, creating new positions, staffing to counter turnover, ensuring regulatory compliance, sorting through copious analytics, etc.

For HR to operate with greatest impact, it needs to do what it can do best: create a steady stream of *ready* leaders who can help translate the emerging business landscape. It must break down the WHATs of change and ensure the leadership in place has the skills and know-HOWs to manage that change. To help with this formidable challenge, we'll look closer at pressing industry imperatives and explore what leaders need to do differently to achieve organizational goals.

Imperative #1: Cultivate Commitment to a Shifting Paradigm

Health insurers must respond to the shift in the organizational paradigm. The growing influence of individual buyers and new competition created by provider-based health plans has transformed insurers' go-to-market strategy. Plans purchased through the exchanges (either public or private) cannot be underwritten; risk must be mitigated via high-quality, coordinated care that delivers the best value for the premium dollar. Simply stated: True north is now wellness. Benefit plans now offer health and wellness incentives that seek to reduce the number of ER visits, keep patients out of the hospital, lower re-admissions rates, etc. It's the leader's job, therefore, to embrace this brave new world and, more importantly, cultivate commitment to this colossal course correction.

Leaders need to sell it—to communicate a compelling view of the strategy shift. They’ve got to energize the workforce—get people excited—by clearly summarizing the benefits for the organization, their teams, and individual employees. Needed are adept influencers—leaders who can engage those around them on both an emotional and rational level to accept the new paradigm.

To secure critical buy-in, they must help others (especially long-skeptical providers) overcome resistance to change. By building the conversation around the customer, leaders can frame the rationale for business-as-different in a way that resonates. Few can credibly argue that a focus on quality outcomes is anything but a win-win proposition. In addition to reimbursement policies that reward proactive providers, the shared mission also gives hospitals and physicians access to insurers’ health care data—so critical to satisfying new standards of care. For insurers, these quality outcomes improve member satisfaction and retention and strengthen risk mitigation. Because they can potentially offer members a higher value for their premium dollars, insurers can avoid competing *solely* on price and, as a result, bolster their profit margins. Again, leaders must illuminate this good-for-the-gander connection, while providing support, resources, and recognition for employees on the frontlines of change.

The recent rash of industry mergers and acquisitions has created a whole host of strange bedfellows, including former competitors. The result? A population of new associates struggling with uncertainty and ambiguity that leaders must reassure and refocus on the customer. To foster the cooperation necessary, leaders require the skills not only to drive change and facilitate transitions, but also to build networks that will work across the aisles.

Imperative #2: Drive Process Innovation

The post-ACA landscape necessitates an intensified focus on innovation. New, high-impact processes and products with simplified designs are essential to meeting sales and customer retention targets. Organizations understand this; they know improvements are needed, but are unclear just what the leader’s role should be in making innovation happen.

Let’s dispense with a common misconception: leaders, themselves, need not be creative to drive innovation. Instead, they must be capable of creating a culture that inspires those they influence to generate novel solutions and experiment with problem-solving techniques. They need to craft an environment in which people feel empowered and supported to initiate efficiency-enhancing processes. Leaders also need to spark a heightened responsiveness to stakeholders (members, providers, C-suite, board members)—one that recognizes unfulfilled needs and frustrations, and seizes opportunities for beyond-the-box resolutions.

To be successful, leaders need to engage and “bring along” employees (many of whom have been long-rewarded for repeatedly checking bureaucratic boxes and adhering to potentially obsolete processes). Waste-eliminating innovations based on Six Sigma and/or lean principles—and those that improve the customer experience and health outcomes—require re-examining of long-held assumptions about, well, almost everything.

And no matter how value-add and/or automated the innovation on the table, successful execution will depend on the leader’s ability to satisfy fundamental human needs. In “Humans are Underrated” (Fortune 2015), author Geoff Colvin identifies empathy—above all other human abilities—as the key to effective problem-solving. In terms of innovation, if leaders can establish meaningful connections with team mem-



Leaders must walk-the-talk of the shared service mission to gain providers’ trust.

bers, they will overcome resistance to change, knock down silo walls, open up cross-functional conversations, and, most importantly, spur ideation.

At the same time, however, while encouraging innovation and risk-taking, leaders cannot take their eyes off compliance. The stakes for failed experiments are higher here than in almost any other industry. What's important is finding the right balance—to recognize that innovation can actually facilitate adherence to regulatory requirements and, as a result, better the lives of individuals.

Imperative #3: Create a Customer-Centric Culture

We'll state it clearly: There's a new number-one stakeholder in town and leaders are responsible for seeing that this customer is served and his needs (guidance, better health, etc.) are met. As part of the royal treatment, leaders must ensure that "human first" drives all strategic priorities, business decisions, and workforce activities. This requires knowledge. Leaders must motivate those around them to get to know this stakeholder, walk in his shoes—to understand the two things this buyer really wants: an "elegant" experience (no muss, no fuss) and a trusted advisor.



There's a new number-one stakeholder in town.

Focusing on the consumer necessitates several vantage points. At the micro level, leaders must ensure that day-to-day service barriers are eliminated. Service issues that do occur must be addressed in a timely manner. There's also a mid-level view that looks for systemic problems with the potential of souring the customer experience. These are things that tend to occur repeatedly (e.g., excessive call wait times or clunky technology interfaces that cause frustration).

Atop the macro view, leaders are charged with staying on-message and consistently communicating the value of "customer first." In an industry long near the bottom of customer satisfaction, leaders must help others understand the importance of their individual contributions to serving the consumer—regardless of their roles. Repeating—and walking-the-talk of—the shared service mission is especially important if insurers are to gain the trust of health care providers. Until recently, negotiations between the two groups consisted of insurers working to obtain the best price for care. Today, transactions are becoming more collaborative and focused on delivering the best *value* in care.

To accommodate the consumer, all parties must be held accountable for their personal part of the collaboration: sharing information, establishing trust, putting the customer at the center of care, innovating, and remaining compliant.

Leader in a Nutshell

In the next ten years, health care will undergo greater transformation in care delivery and payment than at any time in history. A new kind of leader with a very different skill set is needed to navigate the unfamiliar landscape and achieve organizational objectives. It's up to HR to assess the relative strengths and skill gaps within current talent pools, paying particular attention to a handful of critical competencies and personality traits.

First, the new paradigm requires leaders who aren't wedded to what's worked in the past. For example, while diligence and attention to detail are still needed to ensure compliance, leaders must also demonstrate a tolerance for ambiguity and an ability to think conceptually. Those who've excelled as administrators and are uncomfortable with shaking things up will falter. Similarly, leaders who are more reticent and

lack social assertiveness will not be able to exert the influence necessary to gain commitment nor build the networks that bridge innovation-stifling silos. Low-energy leaders will also not succeed. To energize the masses, motivate change, and execute strategy requires an enormous amount of stamina and resilience. We're not talking about cheerleaders who simply yell "Let's go"; these leaders must also articulate where the organization is going and how it's going to get there—then take charge of delivery. What is needed is the "ambidextrous" leader who, with the same high level of skill, can foster engagement *and* drive execution.

Second, the industry needs leaders who can drive innovation. Not "big idea" creators who can push through their own ideas, but those that inspire others to consider the needs of all stakeholders and be bold in their efforts to satisfy those needs. They need to be willing to take risks without running afoul of regulators. Their decision-making process has to consider worse-case scenarios before moving forward.

Third, agility is key. For organizations, HR, and leaders to manage continuous change and not be overwhelmed by it, people and systems must be agile. Ideally, leaders should be walk-in-the-door ready for the challenges ahead. In the midst of radical transformation, HR should place special emphasis on assessment and selection for two reasons. One, to identify candidates with difficult-to-develop attributes (including agility and conceptual thinking) and two, to target specific development needs and reduce ramp-up time in a new role. Integrated assessment approaches that go beyond personality measurement to include day-in-the-life assessments can accurately diagnose cultural fit and readiness, and precisely prescribe development.

And finally, the new leadership mandate requires leaders to have bifocal vision—an ability to see not only what's in front of them, but also what's further off in the future. They must be able to execute today . . . and envision (and plan for) tomorrow.

+ LEARN MORE

[Health Care](#)

+ CONTACT US

World Headquarters: +1 412.257.0600 | info@ddiworld.com | www.ddiworld.com