



# Maxwell | Health™

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## Taking Consumerism to the Next Level

**con·sum·er·ism** (kənˈsoʊməˈrɪzəm)

*noun:* The protection or promotion of the rights or interests of consumers

- We cannot expect people to sit in the driver's seat in healthcare as it exists today.
- We're relying on patients to be the free labor of the healthcare system.
- We cannot ask people to choose how they'll die

**We must push complexity under the surface, and help people think about their benefits through a holistic, financial lens.**

### Taking Consumerism to the next level

**con·sum·er·ism**

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*Noun:* the protection or promotion of the interests of consumers.

As it stands today, we have failed to both protect and promote the interests of consumers.

We need to move away from solely providing a HDHP / HSA combination and assuming that people will be able to understand their benefits, and shop for care, and schedule doctor visits and procedures on their own.

We need a radically different approach.

First of all, **we need to take this idea of consumerism to the next level. We cannot expect consumers to be in the driver's seat.**

The industry is just too complicated. Even highly-qualified healthcare experts struggle to navigate this system. We've seen the evidence across the board - consumers do not shop for care, even if we give them the tools.

In fact, a study just came out of Harvard, published in JAMA a few weeks ago that indicated that cost transparency tools actually *increase* healthcare spending.

[We're relying on patients to be the free labor of the healthcare system.](#)

We're not just shifting costs onto them, we're shifting work. Rather than taking on the burden of helping them schedule doctors visits, or pay their bills, or figure out whether their doctor is in their network, we're pushing that work onto them. Those ideal patients that spend the time to figure this out are the healthcare industry's dream, but often, it means that people skip doctors visits, or MRIs, or paying their bills.

**We are still asking people to do too much:** we cannot expect them to insure different parts of their bodies, and choose how they'll die in order to be covered - and make no mistake - that's exactly what we ask people to do today with Disability insurance, hospital indemnity, cancer insurance, or accidental death and dismemberment insurance. By the time all is said and done, people are either underinsured or overinsured, and they have no money left to save for retirement.

**We need to push a lot of this complexity under the surface, and help people think about their benefits through a more holistic, financial lens.**

Whether it's actually a HDHP and an HSA and a bunch of voluntary products and life insurance and wellness programs behind the scenes, is irrelevant. It needs to feel like one experience and one

We need to protect them for their whole lives - not just reactively, through insurance, but proactively. We need to help people become healthier, and protect their lives and their livelihoods. We need to bring these experiences together. Whether those are separate medical / dental / vision / life insurance / HSA / 401k products under the surface of that experience is irrelevant, it is the experience around those products - in enrollment, and in using and paying for those products - that matters. We need to rise to the standard that the Uber's and Amazon's and Netflixes of the world have set for us.



**The Subscription Economy has Arrived**

Look at every other industry: there’s been a massive shift from engaging on the terms of the companies selling products to the terms of the consumer buying it.

**Netflix** means I don’t have to buy a movie or return it anywhere, or even think about which movie I want. They do all the work for me, down to the recommendations. I’m paying for the outcome of entertainment

**Uber** makes it so that I don’t need to own a car, or pay for insurance, or worry about watching the road when I’d rather use that time to get work done. I’m paying for the outcome of transportation

**Venmo** and **Apple Pay** make it so that I don’t have to carry cash, or even a wallet to pay for anything - even when I owe money to my friends. I’m paying for the outcome of convenient money transferring.

**Blue Apron** lets me eat healthy and avoid the grocery store altogether. I’m paying for the outcome of healthy meals.

**Trunk Club** and **Stitchfix** mean we never have to pick out our own clothes at a store. I’m paying for the outcome of fashion.

**ClassPass** lets me work out wherever and whenever I want at the best gyms in any city. I pay for the outcome of fitness, however and wherever and whenever I want it.

## Underlying Trends of the Subscription Economy

- Outsourcing basic human needs for a desired outcome
- Unbundling companies for convenience & quality
- Curation to push complexity under the surface
- Seamless Payment
- Intuitive Experiences

### Underlying trends

People are outsourcing their basic human needs to brands they trust. They're trading their personal information and their dollars for incredible convenience. As an industry struggling with some of the lowest NPS scores across the board, insurance companies have too much ground to cover in terms of building consumer trust. You won't be able to cover that on your own.

Unbundling for convenience & quality - We can no longer expect our local bank to be the best at everything. Money transferring is easier on venmo, investing is more straightforward with betterment, budgeting is easier with mint. Apple recently announced that the reason they developed the Apple watch was to enter the health space. I think we need to assume that these consumer brands will generally win and disrupt the spaces they're in. We shouldn't try to reinvent the wheel and compete, we should embrace the disruption and bring it to employee benefits.

Pushing decision complexity under the surface through curation: Netflix simultaneously gives me more choices than I could possibly want, while curating recommendations for me so I'm never overwhelmed. I know my options, and feel empowered to make the best choice on my terms.

Seamless payment: Part of the appeal of Uber and Netflix is not having to use a credit card at every interaction. It is the ultimate in simplicity, and makes it that much easier for me to use their service. Paying for benefits is another story entirely. Payroll deductions, copays, deductibles, co-insurance...we need simple products within one interface, handled in one payment

Intuitive Interfaces: Apple sets the standard in design and user experiences today. We expect real-time feedback, iterative updates, and responsive mobile experiences so that we can access what we need wherever and whenever. Paper-based, fax machine-powered transactions are the status quo in insurance, and that's unacceptable.

## Millennials Aren't Real

- 25 year-olds exist, “Millennials” are a myth
  - Most diverse generation ever
  - Generational segmentation is unproductive
  - Analytics render generational segmentation irrelevant
- Future generations define the terms of engagement for everyone else.

### **This isn't just about Millennials:**

Millennials aren't real. - Sure, 25-35 year olds exist. But you are as likely to come upon an archetypal millennial as you are to run into Joe Sixpack or be invited to a barbecue at the median American household.

The only generalization you can make about this generation is that there are no generalizations you can make - they are the most diverse, interconnected generation the world has ever seen

Every single generation enters the work force and feels like they're a unique generation, and the generation that's one or two ahead of them looks back and says, 'Who are these weird, strange kids coming into the work force with their attitudes of entitlement and not wanting to fit in?'

**“We measure this sort of thing closely, and if you look at what their underlying needs and aspirations are, there's no difference at all between this new generation of workers and my generation and my father's generation,” he said. “Every single human being wants the same thing in the workplace — we want to be treated with respect, we want to have a sense of meaning and agency and impact, and we want our boss to just leave us alone so we can get our work done.”**

### **Google People Operations**

what's most bizarre about efforts to describe young people as a broad collective is that technology has rendered such generalizations mostly unnecessary. Thanks to social media, smartphones and reams of searchable data, companies can now track their customers and workers in far more precise ways than simply noting their age cohort. They have your purchase and employment histories, your social media musings, your educational history, your credit report. Companies can break you down analytically, psychographically, financially and in just about every other way short of physically. And they SHOULD.



## Insurance is Foreign and Irrelevant

By definition, nobody wants to buy insurance

- Impossible Complexity, Impenetrable Jargon
- Pick your Demise
- Outdated Buying & Engagement Experiences
- Lack of Transparency
- Lack of Context

### Insurance is foreign and irrelevant

By definition, nobody wants to buy insurance. The human brain is pretty bad at predicting the future and balancing risk for the future / predicting our own demise. We buy insurance because we need to, not because we want to, and we approach the decision making process through a very emotional lens.

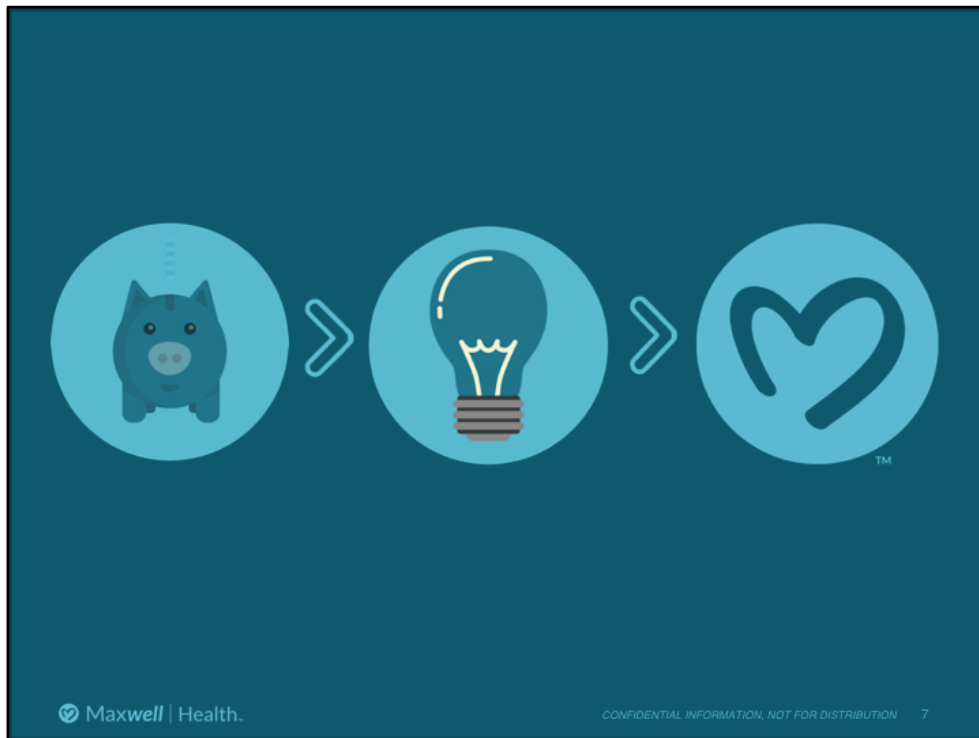
#### Impossible Complexity, Impenetrable Jargon

The insurance word is opaque, complex, and outrageously confusing. People don't know how to muddle through the descriptions and plan designs in enrollment, never mind throughout the year.

The way the products are structured today, people essentially have to pick their demise, choosing cancer insurance over disability, or vice-versa. These types of decisions prey on fear rather than rationality.

People are used to having choice in everything else they buy, as well as resources to help them narrow down their decisions. That type of transparency isn't available in insurance to the extent it is buying a TV, and though that's starting to change, we're not at the point where those tools work. In fact, a recent JAMA study actually indicated that people spent MORE on their care when provided with transparency tools.

Terrible Experiences - The complexity of the process, the perceived irrelevance of the products and the terrible user experiences combined mean that consumers want to spend as little time as possible interacting with our world. People dedicate only 15 minutes to choosing their benefits. They spend more time deciding on a new TV.



Every person goes through open enrollment and spends a lot of money. They don't spend a lot of time there, but it's an opportunity to change the conversation. To shift the language. To change the language. To turn this experience into something people care about.

Too often, we think of open enrollment as just enrollment, but that downplays a giant opportunity.

Share of Heart > Share of Mind > Share of Wallet: There are 2 times a year when a person is required to spend a significant portion of their income: Taxes and Open Enrollment. We already have share of wallet.

## Capitalize on your 15 minutes

- Focus on outcomes and work backwards
- We need a new language, not more education
- Eliminate decision exhaustion
- Decision support must be intuitive & invisible
- Know when to engage vs. when to be invisible
- Beware of crutches for innovation, think long-term

### Capitalize on your 15 minutes

We must focus on the outcome we want to deliver first and foremost, and work backwards.

We need new language in insurance - not more education. We need to address consumers on their terms, not teach them about ours.

The Insurance industry has some of the lowest NPS scores of any industry in the country - beat out only by cable companies. When it comes to trusted brands, companies in this space have a lot of ground to cover, and that's not going to happen overnight.

Don't assume consumers are looking for more choice.

Decision exhaustion, especially in a world where the average person allocates just 15 minutes to making these choices, can paralyze people. I think we need to take a more curated approach. They need a trusted brand that they can outsource these decisions to for a customized benefits package for each person.

Decision support should feel invisible and intuitive.

We need to think about products that drive value every day- not just the ones that protect you when you get hurt or die. It's about year-round engagement.

When it comes to insurance, we need to figure out ways to help people interact as little as possible, but when it comes to health and

wealth and wellness, we need them to engage as much as possible. They need to be connected. We should be thinking about telemedicine, and concierge services that take the legwork out of navigating healthcare. We need services like bloom and Kashable that protect retirement accounts. We need services remove barriers to being healthy. There is so much innovation happening around wellness, and fitness, and diet, and mental health and exercise. WE should integrate those solutions into benefits strategies going forward.

#### Beware of Crutches for Innovation

Be careful of tools that solve today's problems with a "Bandaid" solution. Things like avatars, call centers, etc. can act as a crutch, impeding innovation and a truly intuitive experience. Innovate for the future.

The rules of engagement will completely change. I'm not sure it's worth my time to teach my kids how to drive, because in 20 years, living where we do, it just won't be a thing that people do. In the same way, in 10 years, hopefully sooner, Copays will not be a part of my helathcare experience.

The cool thing about insurance companies is that you have the luxury, and in fact, the opportunity to think long term.

## Drive Relevancy Year-Round

- How do you win real estate on your iPhone home screen?
- Integrate products people actually want to use
- Integrate resources that empower people to use their benefits where they are
- Leverage data to drive behavior change

### Drive Relevance Year-Round

Your goal has to be to win real estate on the home page of the iPhone screen. This process can't stop at enrollment. We have a giant opportunity to change behaviors here, but people will only change their behaviors if they want to.

Share of Heart > Share of Mind > Share of Wallet: There are 2 times a year when a person is required to spend a significant portion of their income: Taxes and Open Enrollment. We already have share of wallet.

**We need to think about products that drive value every day-** not just the ones that protect you when you get hurt or die. We should be thinking about telemedicine, and concierge services that take the legwork out of navigating healthcare. We need services like bloom and Kashable that protect retirement accounts. We need services remove barriers to being healthy. There is so much innovation happening around wellness, and fitness, and diet, and mental health and exercise. WE should integrate those solutions into benefits strategies going forward.

It makes sense to partner with brands that have mastered the consumer trust and experiences. It's why we partner with people like teladoc and health advocate rather than building those services ourselves, and it's why carriers partner with us rather than building out systems of their own.