



Millennials in Health: The Case for Personalized Healthcare

Millennials' influence on hospitality, travel, wellness, food delivery, transportation, fitness classes and retail has created a paradigm shift in how organizations do business with their consumers. Comparatively, millennials' impact on healthcare has lagged other industries as youth generally correlates with lower medical cost spend and utilization. We are now at a crucial tipping point for commercial insurers as millennials begin to spend more on healthcare and have more options for care, particularly as baby boomers' transition to Medicare.

Over the next 5 years, millennial members will likely require a new, evolved suite of products and capabilities along with an integrated member engagement model to better attract, serve and retain this cohort. This new model will be built on personalized engagement with omnichannel interaction to meet the demands of a highly diverse generation. In this Executive Brief, we take account of millennial attitudes and qualities and their impact on the healthcare system. Finally, we detail specific changes health plans will need to make to their business model to activate and optimize millennial membership.

Health plans need to act now to compete with new entrants focused on millennials (e.g., [Oscar Health](#)), to retain healthier members and better prepare for an influx of middle-aged consumers at a higher risk for developing costlier conditions.

WHO ARE MILLENNIALS AND WHAT DO THEY REPRESENT?

Millennials are now the majority of the American workforce and represent a diverse and unique set of preferences compared to previous generations.

Much has been written about millennials—those born between approximately 1981 and 1996—and their avid use of technology, increasing digital presence, disposition towards perpetual renting, continual cycle of job hopping, etc. However, healthcare organizations must seek to understand millennials beyond surface-level generalizations, as they have quickly become a large and powerful consumer base.

Millennials will be the most prominent generation, recently surpassing baby boomers as the [nation's largest living adult generation](#), now numbering at over 72 million. This population continues to grow as young immigrants come to the U.S. and is expected to peak in the early 2030s as the oldest millennials reach 50 years old. In addition, this generation is [highly educated](#) based on the increasing share of adults with at least an undergraduate degree. Catering to a large, diverse and highly-educated consumer base will require healthcare organizations to reconsider age-old attraction and retention strategies.

1. MILLENNIALS ARE CURRENTLY FINANCIALLY DISADVANTAGED

Hampered by the effects of the Great Recession and the COVID-19 economic downturn along with increasing costs of living, healthcare and education, [millennials are less well off than earlier generations](#) with lower earnings, fewer assets and less wealth. This has translated to a [more risk-averse generation with practical spending habits](#) (despite what pundits may say about millennials buying too much avocado toast) that may have ripple effects on healthcare spending.

2. MILLENNIALS HAVE DISTINCT SPENDING HABITS

[Millennials are projected to spend \\$1.4 trillion in shopping](#) in 2020, accounting for roughly 30% of total retail sales. With this amount of buying power, unique millennial habits have emerged, including [increased brand loyalty and focus on social responsibility](#) compared to older generations. This generation also [spends the most on health, wellness and fitness](#), signaling the importance of wellness despite lower earnings.

3. MILLENNIALS ARE DIGITALLY-ENABLED CONSUMERS

Millennials are more likely than any other generation to both [research](#) and make purchasing decisions via online channels and are inclined to trust social media recommendations. Once purchasing decisions have been made, [over half of millennials buy online or through mobile phone](#). Healthcare organizations have tended to lag behind other industries in digital integration and development, and slow technology adoption could alienate millennials who seek the convenience of these capabilities.

4. MILLENNIALS ARE CHANGING THE WORKFORCE

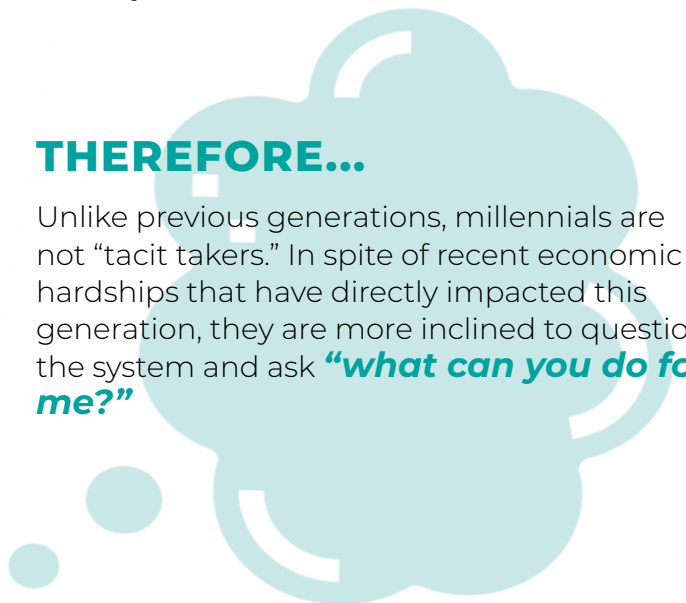
Not only do millennials [represent close to 50% of the American workforce](#) but they also approach careers differently than their more seasoned counterparts. A [tendency to job hop](#)—with 3x the number of millennials changing jobs than non-millennials—and an expectation to work longer careers to recoup lost earnings from the 2010s may necessitate a different approach from healthcare organizations. Employers offering health plan coverage need to remain attuned to their millennial employees' preferences, despite their predominantly favorable health status.

5. MILLENNIALS ARE ETHNICALLY AND RACIALLY DIVERSE

Millennials represent one of the most ethnically and racially diverse generations, an attribute that underscores their impact across socio-economic, cultural and political lines. As the bridge between an older, whiter generation and a younger, even more diverse generation, millennials foreshadow the changes towards a majority diverse nation. With [44%](#) belonging to a minority group, healthcare organizations will require a differentiated approach that is identity-inclusive.

THEREFORE...

Unlike previous generations, millennials are not “tacit takers.” In spite of recent economic hardships that have directly impacted this generation, they are more inclined to question the system and ask **“what can you do for me?”**



Healthcare in the Age of Millennials

Born between 1981 and 1996

72M
in U.S.

WHO ARE MILLENNIALS?

IMPLICATIONS

The most prominent and largest living adult generation in the nation



Interact with the healthcare system differently than previous generations

Financially disadvantaged
Practical spending habits

Distinct spending habits
Focus on health, wellness, and fitness

Digitally-enabled consumers
Trust in online platforms

Changing the workforce
Tendency to job hop

Highly ethnically and racially diverse
Embrace racial diversity

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Prefer to act as their own advocate
Empowered to self-diagnose

Embrace mental health options
Integration of mental and physical health

Co-mingle technology with healthcare
Preference for digital delivery

Wellness investors
Invest in wellness despite earnings deficits

Seek alternative types of care
Require diverse healthcare options

HOW DO MILLENNIALS INTERACT WITH THE HEALTHCARE SYSTEM DIFFERENTLY?

Millennials' interactions with healthcare mirror their behavior with other industries, with increased need for choice, convenience and digital.

The “**what can you do for me**” attitude is not limited to the consumer economy but rather bleeds into the healthcare economy. Millennials are dissatisfied with the status quo and are arguably among the key drivers of healthcare innovation. Millennials hold a negative perception of the current health insurance landscape.

These widespread beliefs shape millennials' behaviors toward the traditional healthcare delivery model, as millennials prefer to take control of their care. They are increasingly less reliant on traditional structures and systems to solve issues and instead prefer to act as their own advocates.

1

Empowered to Self-Diagnose

Given their trust in online options, [37%](#) of millennials self-diagnose a health issue that they did not have and [55%](#) of millennials say the info they find within resources online are “as reliable” as their doctor.

4

Wellness Investors

Despite earnings deficits compared to older generations, millennials also [spend more](#) on wellness, notably [nutrition and fitness](#). Combined, millennials and their Gen Z predecessors pour over [\\$158 billion](#) on wellness.

2

Mental Health Openness

As we discuss in our [2020 Healthcare Trends Executive Brief](#), millennials have overcome the stigma associated with seeking professional help for mental health that previous generations held. They are not only more likely to identify behavioral health issues but also seek treatment.

5

Alternative Types of Care

Millennials want access to care just like they want access to media, entertainment, information—“on demand.” They see traditional physicians as a “last resort” rather than the first line of defense for non-critical healthcare needs. Their diversity and preference for on-demand access to care will require plans to prioritize inclusive healthcare options.

3

Digital First Healthcare

Millennials are inclined to co-mingle technology with healthcare delivery and tracking that culminates into a one-stop shop for information and personalized recommendations. Millennials prefer a digital delivery space for the entire healthcare continuum, from scheduling appointments on an app, to virtual visits, to accessing medical records online, to receiving post-care results virtually.



WHAT NEEDS TO CHANGE?

Health plans must shift their thinking of capabilities from a front, middle and back office lens to a member-centric, journey-based model to effectively personalize consumer needs.

Engaging the millennial generation is a transformational endeavor rather than a single point solution. Compared to their generational counterparts, millennials can largely be categorized as “high health IQ” consumers—those that are highly knowledgeable about their care plan and product, judicious in selecting and opting for care and aware of their healthcare consumption options and their respective costs. While health plans have long recognized the importance and value of these members, the reality is that few health plans have optimized their business models to reflect millennial members’ needs.

Historically, plans typically developed capabilities based on front, middle and back office functions. As plans move to a consumer centric environment, they require a personalized engagement HUB that re-orient data, processes, technology and people to the consumer journey as they enroll in care, find care and manage care. The personalized engagement HUB allows health plans to tie currently fragmented interactions into a cohesive care plan. It integrates across multiple systems and processes accessible to health plan marketers, operators, clinicians, care givers, providers and community partners. As payers continue to operate in a largely functional manner, the personalized engagement HUB allows these areas to orchestrate the delivery of an engagement model in an effective and efficient way. The personalization HUB is critical to earning the trust of millennials by offering actionable insights based on their unique needs. Activating the HUB also requires a set of investments to improve:



Consumer Understanding

Health plans need to acquire and enrich new data sets from multiple sources (e.g., social, behavioral, clinical, wellness) to inform a personalized engagement plan based on channel preference and opportunity type



Care Plan Development

Health plans need to leverage their enhanced consumer understanding to develop and prioritize personalized care plans for all members



Engagement Orchestration

Health plans need to deliver the actionable next steps of the care plan through a multi-channel delivery system that orchestrates the right channel via the right stakeholder at the right time with the right message



Value Measurement

Health plans need to continually develop and enhance their consumer personalization algorithms by measuring the value of engagement and learning new ways to create the right behavior change

Health plans’ engagement efforts must be revamped to directly address millennials’ negative perception of the healthcare landscape. To forge long-term relationships with this generation, health plans will need to apply a 21st century personalized approach to millennials through the consumer HUB. Given the power of influence, plans that develop wellness programs and brand loyalty programs targeted at employer groups designed for millennials will reap the greatest benefit. Specific capabilities will be required to better support members enrolling in care, finding care and managing care.

Member Care Journey

Focusing on providing the right product and enrollment opportunities to increase acquisition and retention of prospects

Navigating members to the right service through the right channel promotes better choice and transparent decision-making



Better engaging members in healthcare decisions to improve healthcare outcome and cost

ENROLLING IN CARE

Key changes are critical to ensuring a member is properly enrolled in the right care with the appropriate levers to engage the member in his or her care.

1. Virtual first models - Millennials are more likely to turn to digital resources first than any other generation. They trust the information presented to them and prefer the ability to use digital as a front door into physical or other interaction models.

2. A tailored product strategy - Product benefit design needs to be tailored to meet the digital desires and willingness to pay a premium for perceived value of millennials. The digital generation needs a digital product that enables self-service with convenient services and innovative, simplified benefits catered to their needs (e.g., direct-to-consumer / mail-in lab testing, genetic testing, wellness).

3. Evolved primary care coordination model - Plans need to reinvent the PCP to meet millennial member needs and desires. Central to the HUB is evolution of the singular physician-based PCP model to a population wellness / holistic care model. It is important to understand that this holistic care model is not a one size fits all and may require offering a personalized care plan that leverages the behavioral health team, diet and wellness initiatives, digital tools and nurse practitioners and doctors under a single model.

FINDING CARE

Plans can promote stickiness and augment member engagement through a variety of approaches, including evolving medical management strategies and programs, expanding the provider network and advancing behavioral health and wellness initiatives.

1. Recalibrated network strategy - Health plans need to modify their network strategy, to focus on alternative sites of care to increase engagement with millennials. To help members efficiently and expediently access care, plans may need to offer retail care to ensure convenience and accessibility. Furthermore, new age PCP models may materialize into strategic partnerships that prioritize access for the members of the health plan and personalized health interactions through interactive applications / wearables geared towards the younger population.

2. Adapting for “wellness” investors - Whole health and wellness programs are perceived investments. Whole health and wellness programs that allow members to participate in their wellness are an opportunity to exploit millennials’ willingness to spend heavily in areas they feel are directly enhancing their health and wellness.

3. Capitalizing on price transparency - Millennials are highly engaged consumers and are more likely than previous generations to review and request up front cost estimates. Price transparency platforms and tools designed specifically for millennials will allow for successful interactions with health plans and improve millennials’ distrust in health insurers.

MANAGING CARE

Enhancements to supporting capabilities that allow members to ultimately manage their care on the back end focus on developing the infrastructure to activate member-driven healthcare decision-making.

1. Investment in customer service platforms - Health plans need to invest in customer service platforms that meet millennials’ desire for optionality with a focus on digital engagement. These platforms provide choice across engagement channels, limited wait times, chat features on mobile devices and easily digestible, consumer-friendly self-service solutions (e.g., FAQs).

2. Reinvigoration of medical management - Medical management engagement strategies need to be re-built from the ground up to address millennials’ traits and characteristics. These strategies may require enhanced member engagement solutions (e.g., flexibility in time of day, channel of engagement, and stakeholder of engagement) and a digitally enabled condition management program for higher acuity members.

3. Criticality of behavioral health - A focus on an integrated behavioral health program is critical to engage a generation which prioritizes its mental health. Such programs offer member education services and preventive measures as a care management tactic to control acute mental episodes and psychopharmaceutical costs.

HOW TO GET STARTED

While market shifts will certainly impact health plan readiness to respond and adapt, health plans that are thoughtful in developing, designing and investing in tailored solutions, including the HUB, stand to gain lasting value, particularly as millennials represent the largest slice of the adult population. Given the magnitude of the changes, many health plans may struggle to translate the “**what can you do for me**” attitude into a tangible starting point. We recommend the following steps to develop millennial-centric solutions that account for the unique attributes of this generation.

1. Understand and model the impact millennials will have on your organization

Plans should understand current engagement trends of membership age by “generational” cohort to project trends over the next 5 – 10 years. This is especially pertinent as millennials become a larger portion of insured lives, further informing the magnitude of the impact. Plans should then consider the anticipated “cost of doing nothing” to investments in strategic capabilities and programs geared directly towards millennials.

2. Define a personalized engagement approach

An effective engagement approach brings together data, processes, people and technology from siloed functional areas. It will also require initial investments in a journey centric approach across behavioral, clinical and social needs.

3. Assess alignment of capabilities to help members enroll, find and manage care with engagement approach

A capability assessment and identification of key gaps will allow a subsequent build / buy / partner analysis to determine the most efficient and effective approach to fill those gaps. The capability assessment will serve as a baseline and help illuminate the changes for the path forward. Plans should look to assess priority investments in:

- Behavioral Health
- Advanced Primary Care
- Price Transparency
- Consumer Engagement
- Engagement Analytics
- Virtual Care and Digital Enablement

4. Commit to timely implementation and execute through effective program management

Effective program management is critical, irrespective of whether capabilities are built in-house or outsourced.



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HEALTHSCAPE CAN HELP.

Engaging the millennial cohort requires a differentiated strategic approach with unique capabilities that have not always been at the forefront of health plan priorities. HealthScape has a broad experience helping plans develop and deploy millennial-centric solutions to help drive a competitive advantage.

Contact [Jesse Owdom](#) for more information.