

Leading Healthcare Insurance Company Maps Long-term Strategy for Profitable Growth

Industry & Client Situation

One of the nation's largest health care insurers needed to create a long-range (seven year) strategic plan that allowed it to continue rapid growth and remain an industry leader. Greater industry consolidation was restricting the company's continuing ability to grow through acquisition. In addition, the health insurance industry was facing double-digit growth in care costs, as well as rising consumer expectations and product commoditization.

Approach

Together with the client team, we began by assessing the health industry as a whole and dividing it into four sectors: core health insurance, specialty benefits, health care, and health improvement. We then conducted an environmental assessment in each of these four sectors, pulling data from industry publications, competitor reports, and client intelligence. This assessment led to a series of market observations for the client's consideration during strategy creation.

The next step evaluated the client's own assets and capabilities and resulting sources of competitive advantage. This process revealed strengths that the insurer could leverage for future growth and improvement opportunities worthy of additional investment and effort. We then completed a scenario planning exercise and cross-industry comparison. The scenario planning exercise sketched three possible future states—driven by most favorable, least favorable, or incremental change conditions—and assessed how each would impact critical health industry stakeholders. In the cross-industry comparison, we reviewed a set of industries that had faced challenges similar to those in the health industry and summarized the lessons learned by industry leaders.

We then synthesized the knowledge gained through the environmental assessment, scenario planning, and cross-industry comparison with the evaluation of the clients' assets and capabilities to develop a comprehensive set of strategic initiatives that would fuel growth and allow the client to meet its goals and shareholder commitments. Strategic initiatives were crafted both to address issues that threatened the healthcare insurance industry and to meet the demands of the market. Industry strategies addressed key issues using levers that ranged from product design to lobbying and political action. Market strategies presented business growth paths and profit improvement opportunities that would enable the client to maximize its market presence and competitive distinction.

Finally, we organized the recommended industry and market strategies into a series of execution programs and designed an implementation roadmap. As part of this effort, the client reframed its mission and strategic objectives.

Results

The strategy creation process revealed that the client was in a strong competitive position and could meet or exceed stated growth targets with operational improvement and limited additional acquisition. Our client is currently in the implementation phase of the strategy, constructing programs to realize market share growth, increase profitability, and address industry issues.