



strategic marketing for healthcare

# Reform has a silver lining.

## What the end of medical underwriting means for health insurers.

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In just a few years, we will look back on this time, shake our heads and try to remember why we were okay with the health insurance system we had.

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Fifty million uninsured. People with gold-plated insurance plans that covered multiple courses of fertility drugs and in-vitro fertilizations costing hundreds of thousands of dollars, while their next-door neighbor couldn't get insurance because they were born with asthma? Insurance companies actually turning away 20 to 35 percent of applicants based on a medical questionnaire?

I believe we have crossed the tipping point in the conversation about healthcare and health insurance, and there is no turning back. I am not sure where this will lead, or exactly what all the different reforms will look like—or even how we are going to pay for it. But one thing seems absolutely clear to me: medical underwriting is going away.

If you work for a health-insurance company or managed-care organization and are responsible for marketing, you had better start planning for a world where there is no medical underwriting. This will be the first outpost to fall in the re-engineering of the American healthcare system simply because it is the hardest practice to defend and has come to symbolize what's wrong with the private health-insurance system.

Those calling for sweeping changes will win the battle to eliminate medical underwriting, and with it the concepts of pre-existing conditions and waiting periods will fall as well. AHIP and the Blue Cross Association have already offered to drop these aspects of health insurance if the Feds mandate that all Americans must have health insurance. They reserve the right to rate based on age, sex and location.

If these two organizations, both extremely conservative in their outlook and pace of change, can read the writing on the wall and see that defending medical underwriting is a losing battle, then you know something significant is happening.

Some pundits believe that this is the end of private health insurance, but I believe this is actually a tremendous opportunity to bring a new wave of marketing to health insurance. As long as medical underwriting is used as the basis for individual sales, marketing can target everyone and let the medical questionnaire sort out the target customers.

But a bold new world without medical underwriting doesn't mean you can't do everything in your power to attract healthy customers. It just means you have to find different ways of doing it. You won't be able to eliminate the unhealthy. You will have to find ways to attract and close your target customers, and they may not be who you think they are now.

Dig into your data and talk with your customer-service folks and your medical directors. Figure out who your target customers really are or who you want them to be. Then figure out what messages appeal to them, how they evaluate you and your competitors, and how they are making decisions. Find out who they go to for advice.

With the medical questionnaire gone, you can be proactive, develop profiles of your target customers, and create and test messaging and approaches to appeal to them. Where are they? What do they value? What do they want from health insurance? You know, real strategic marketing.

The government supplies clean, cold water for free in pretty much every building in America, but that didn't stop a host of companies from figuring out how to market one dollar bottles of water in machines that sometimes stand right next to drinking fountains. A good marketer isn't afraid of the government getting into their business.

Will you or your competitors be faster to adapt to the new order of things?

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**Want to continue this discussion? Get in touch with TOM RILEY at [triley@closerlook.com](mailto:triley@closerlook.com).**