Relationship between Net Promoter Score and customer loyalty in the context of cashless claims in health insurance.

Dissertation Submitted to

The IIHMR University, Jaipur

for the partial fulfillment for the award of the degree

of Master of Business Administration (MBA)

in

Hospital and Health Management

by

Dr. Shalini Kumari

Under the Supervision and Guidance of

Prof. Arindam Das

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Appendix D: Declaration by Student

DECLARATION BY STUDENT

I hereby declare that this dissertation titled “Relationship between Net Promoter Score and customer loyalty in the context of cashless claims in health insurance.”. is the Bonafede record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma. Information derived from the published or unpublished work of others has been duly acknowledged in the text.

Name of student: Dr Shalini Kumari

Date: 2023

CERTIFICATE

This is to certify that **Dr**. **Shalini Kumari** in partial fulfilment of the requirement for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur has successfully completed her internship at **Aditya Birla Health Insurance** during February 22- May 19, 2023.

Place:
Date:

Preceptor/Head of the Organization
Name of the organization

Certificate from Faculty Guide and School Dean

CERTIFICATE

This is to certify that dissertation titled “Relationship between Net Promoter Score and customer loyalty in the context of cashless claims in health insurance. “is record of the research work undertaken by Dr Shalini Kumari in partial fulfillment of the requirement for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur under my guidance and supervision and her approach to the research study has been sincere, scientific and analytical.

Faculty Guide
IIHMR University, Jaipur

Date

School Dean
IIHMR University, Jaipur

Date

Acknowledgement

It is my honorable opportunity to pursue my summer internship at Aditya Birla Health Insurance, Thane, Mumbai. For this, I am indebted to Dr Abhijeet Ghosh, Head- Claims, FWA, Retail underwriting. I want to express reverence towards Dr Jagruti Samant, Deputy senior manager- Cashless Claims of the organization for her mentorship, guidance, constant supervision, and her keen interest in help me learn and develop new skills.

I am in awe of all the professionals at Aditya Birla Health Insurance, Thane, for being an example of grit, perseverance, and dedication and offering their best services to the public.

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Lastly, I would thank the entire system of IIHMR, for providing me with education even in the time of the pandemic.

Sincere thanks to my mentor Prof. Arindam Das, Dean Research and Professor, IIHMR University, Jaipur for his valuable lessons and constant superintendency. Without him, I would not have been able to recognize my true spirit and how to manage this true self to get the most of everything.

Dr·Shalini Kumari

MBA - Hospital and Healthcare Management.

Abstract

Insurance companies offer the option of cashless claims which allows policyholders to obtain medical care or make purchase without having to pay cash up front. By the terms and circumstances of the policy the insurance company settles the payment directly with the health care provider or vendor. Net promoter score is used to gauge customer loyalty and satisfaction the foundation of NPS is the idea that every organization has both promoters' loyal customers who are inclined to suggest the business to others and detractors dissatisfied customers who are inclined to dissuade others from using the form.

This study emphasis the correlation between Net promoter score and customer satisfaction in cashless claims by examining the factors of Detractors, Passive and active Promoters, which will provide the factors that are beneficial, and which aren't effective for the cashless claims department, which can further affect the loyalty of customers.

Study Objectives:

- To evaluate NPS performance as metric for evaluating customer satisfaction with health insurance cashless claims.
- To identify the factors that influences detractors with cashless claims in health insurance.

Methodology:

The study is descriptive in nature with secondary research. The study was undertaken from 1st March to 15th May 2023. The timing set for data collection was on daily basis. The retrospective data was gathered from various MIS systems. The sample size collected was 2689 customers under the inhouse Cashless claims. The study follows a cross sectional study design and a purposive sampling technique.

Operational definitions used in the Insurance company:

1. **Net Promoter Score (NPS) –**
   A metric called Net Promoter Score (NPS) is used to gauge customer loyalty and satisfaction. NPS is based on the concept that every business has both **"Promoter"** (loyal customers who are likely to recommend the business to others) and **"Detractors"** (unhappy customers who are likely to discourage others from using the business.
   Based on the responses, customers are grouped into the three categories:
   - **Promoters- (9-10)** customers who are extremely satisfied and recommend the business to others.
   - **Passive- (7-8)** customers who are satisfied but may not be loyal or enthusiastic enough to recommend the business to others.
   - **Detractors- (0- 6)** customers who are unhappy and may actively discourage others from using the business.
2. **Cashless Claims-**
   Cashless claims refer to a type of insurance claim where the policy holder can get their medical treatment at a network hospital without having to pay for it upfront. Instead, the insurance company settles the payment directly with the hospital claims refer to a type of insurance claim where the policy can get their medical treatment at a network hospital without having to pay for it upfront. Instead, the insurance company settles the payment with the hospital.

Implications of research:

The study is anticipated to shed light on how customer satisfaction with cashless claims for health insurance and NPS are related. It will assist insurance companies in determining areas for services enhancement and customer happiness, which will promote customer loyalty and result.

List of Abbreviation:

1. ABHI- Aditya birla health insurance

2. DRM- Disease Risk Management

3. FWA- Fraud, Waste and Abuse

4. MIS- Management information system

5. NPS- Net promoter Score

6. TAT- Turnaround time

7. TPA- Third party administration

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Chapter 1: Introduction

In the insurance industry, an in- house cashless claims refer to a process where an insurance company directly settles the payment with the healthcare provider expenses incurred by the policy holder. At the same time NPS helps insurance companies identify customers who are promoters i.e., highly satisfied, and likely to recommend the company as promoters are likely to renew their policies and remain loyal thus by focusing on improving the NPS score and addressing any issue raised by detractors or passive, insurers can increase customer retention rates.

There is a difference between customer care services and the NPS team, who keep an eye on the target of the maintenance of the target NPS score for the department as it plays a crucial role in identifying the factors which are affecting the NPS and work on the improvement for the factors which will help in getting the score up for the company or the respective department.

NPS provides insurance companies with insights into customer satisfaction levels. By conducting NPS survey, insurers can gauge how satisfied their policyholder are with their services, claims handling, customer support, and overall experience. This feedback helps them identify areas for improvement and enhance customer satisfaction.

1.1 Health Insurance

In the event of a medical emergency, a health insurance policy is a guarantee that provides quick financial assistance. The insurance company and the policyholder have an agreement that covers any potential medical expenses related to an illness, injury, or accident.

For individuals and families, it offers security and protection financially in case of unforeseen medical costs. Without health insurance, people might have to pay out of pocket for costly medical procedures, which could put them in a difficult financial situation. Additionally, health insurance promotes routine checkups and preventative care, which can help identify and treat health issues early on and possibly save lives. In general, having health insurance is necessary to maintain sound financial and physical health.

1.2 In- house Cashless Claims

An in- house cashless claim, as used in the insurance industry is one in which the insurance provider pays the healthcare provider directly for any medical costs incurred by the policyholder. This is how generally it states:

Network of healthcare Providers: Insurance companies build a network of healthcare providers such as hospitals, clinics and healthcare facilities. these providers agree to offer cashless services to the policyholders of the insurance company.

Pre- Authorization: Before undergoing any medical treatment or procedure, the policyholder contacts the insurance company to obtain pre- authorization. This involves providing details of the treatment, including the estimated cost, and seeking approval from the insurance company.

Verification and Approval: The insurance company verifies the policy coverage, including the available sum insured and any applicable deductibles or co-pays. If the treatment is covered under the policy, the insurance company approves the request and provides an authorization letter to the policyholder.

Cashless Treatment: With the pre- authorization letter, the policyholder can avail of the treatment at network hospital or healthcare provider without making any upfront payment. The insurance company directly settles the medical bills with the provider, subject to the term and conditions of the policy.

1.2.1 Importance of Net Promoter Score:

NPS is a measurement that estimates the probability it is for customers to recommend a business or item to others, while NPS plays a crucial role in insurance industry in the following ways:

- Customer satisfaction
- Customer Retention
- Referrals and New business

NPS can serve as a benchmark for insurers to compare their performance against industry competitors. By tracking and analyzing NPS score within the insurance domain, companies can assess their relative position in the market. This information enables insurer to identify areas where they excel or lag, helping them develop strategies to gain a competitive advantage.

1.2.2 Brand reputation

Maintaining positive relationships with customers who benefit the company and the services provided necessitates fulfilment. Thus, provides brand loyalty as well.

1.2.3 Providing Service Quality

This acts as a tool to measure the services provided to a customer while satisfying their needs and demands.

1.3 Present Industry

The global health insurance market worldwide is valued at $1.98 trillion and has a projection to reach $4.15 in 2028. The market has a value of USD 12.86 billion (2020) in India.

2. Need for study.

To understand the relationship between Net Promoter Score and customer satisfaction in context of cashless claim as it helps in understanding the domains of the different problems in the cashless claim processing and keeping the check of the mistakes which are made and the way it can be solved to maintain the customer loyalty and faith in cashless claim and understanding the market.

Literature review

Study Title	Author	Key learnings
1. “Investigating relationship between Net Promoter Score and Company Performance: A Longitudinal Study”	Muhammad Farooq, Faisal Khalil &Waqar Younas (2019). • Location- Pakistan • Name of publication- Global Journal of emerging sciences	Performance of the Net Promoter Score (NPS) in comparison to other customer metric and identifying loyal customers.
2. “Net Promoter Score as Measuring Instrument of Customer Brand”	Matus Barath (2022) • Location- Slovakia • Name of publication/Book- Developments in Information & Knowledge Management for Business	Loyalty marketing provides depending on market preferences and leads to customer satisfaction measurement and higher loyalty. Customer loyalty also provides the base of Net Promoter Score.
3. “Statistical validation of critical aspects of the Net Promoter Score”	Manuela Cazzaro (2023) • Location- Italy • Name of publication/Book- TQM Journal	It puts light on the importance of Net Promoter score (NPS) and how it helps in better decision making.
4. “The impact of health insurance claim settlement procedures on customer satisfaction in Delhi”	Dr. Vikas Madhukar (2020) • Location- India • Name of publication/Book- Insurance Markets and Companies	The impact of proper settlement of claims during the needful time customer believes in the company”

Chapter 3: Methodology

The study is descriptive in nature with secondary research. The study was undertaken from 1st March to 15th May 2023. The timing set for data collection was on daily basis. The retrospective data was gathered from various MIS systems. The sample size collected was 2689 customers under cashless claims. The study follows a cross sectional study design and a Purposive sampling technique.

The following criteria was followed to include study participant:

i. Only In-house cashless claims.
ii. Individuals who enrolled for the policy under the Aditya Birla Health Insurance cashless claims program have the claim status of authorized discharge, settlement, and denied.

The following criteria was followed to include study participant:

i. Reimbursement
ii. TPA cashless claims

- Calculation of NPS:

I. **Total feedback received** = Promoters +Detractors + Passive

II. **Promoter %** = No. of promoters / Total no. of feedbacks received

III. **Detractor %** = No. of promoters / Total no. of feedbacks received

IV. **NPS Score** = Promoter % - Detractor %

Study tools – The study tools used during the research will be structured in departmental MIS system that was collaborative of data received from various databases of different departments.

- The Study's data was gathered from the "Jarvis" system, which contains all customer information as well as information on people who have signed up f or the cashless claim plan.
- Thus, the retrospective data, a purposive sampling technique was used.
- The data was then analyzed over an Excel spreadsheet. With the help of graphical presentations in the form of pivot tables and inferences were drawn, and results were portrayed and further suggestions for improvement were presented.

Duration of study – The duration of the study was for 2 month and 15 days, dated 1st March to 15th May.

Sample size – The sample size was 2689 Chronic condition customers.

Operational definition – Cashless claim is convenient payment method for insurance claims. It allows policyholders to receive medical treatment at network hospital without having to pay upfront. The insurance company settles the payment directly with the hospital.

NPS in cashless claim is concept that has become popular in the insurance industry. Customer satisfaction is measured using a business indicator called the net promoter score (NPS) system. The idea behind it is to identify loyal customers who are likely to promote the brand and detractors who may be unhappy with their experience. This type of policyholder feedback help improves the overall quality of service provided by the insurance companies.

Data analysis plan –

The tools used for data analysis are graphs with the help of Microsoft Excel and spreadsheet.
Quantitative data would be analyzed with the help of MS Excel. To analyze qualitative data, analysis of the data is used.

Implications of research –

The study is anticipated to shed light on the relationship between NPS and consumer satisfaction with health insurance in cashless claims. It will assist insurance providers in the determining areas where their services may be improved, increase customer happiness, and boost NPS ranking.

Chapter 4: Results and Discussion

Results:

The goal of the research, which included evaluation NPS as a metric for evaluating customer satisfaction and identifying the factors driving detractors for inhouse cashless claims, are covered along with the study findings. As a result, there was variation in the NPS score over a three-month period.

Below Table shows NPS fluctuation over three months:

Table 1- NPS score during March to 15^{th} May.

Claims	**Inhouse Cashless**		
Promoter %	76%	75%	71%
Passive %	12%	12%	12%
Detractor %	12%	14%	17%
NPS Score	**65%**	**61%**	**54%**

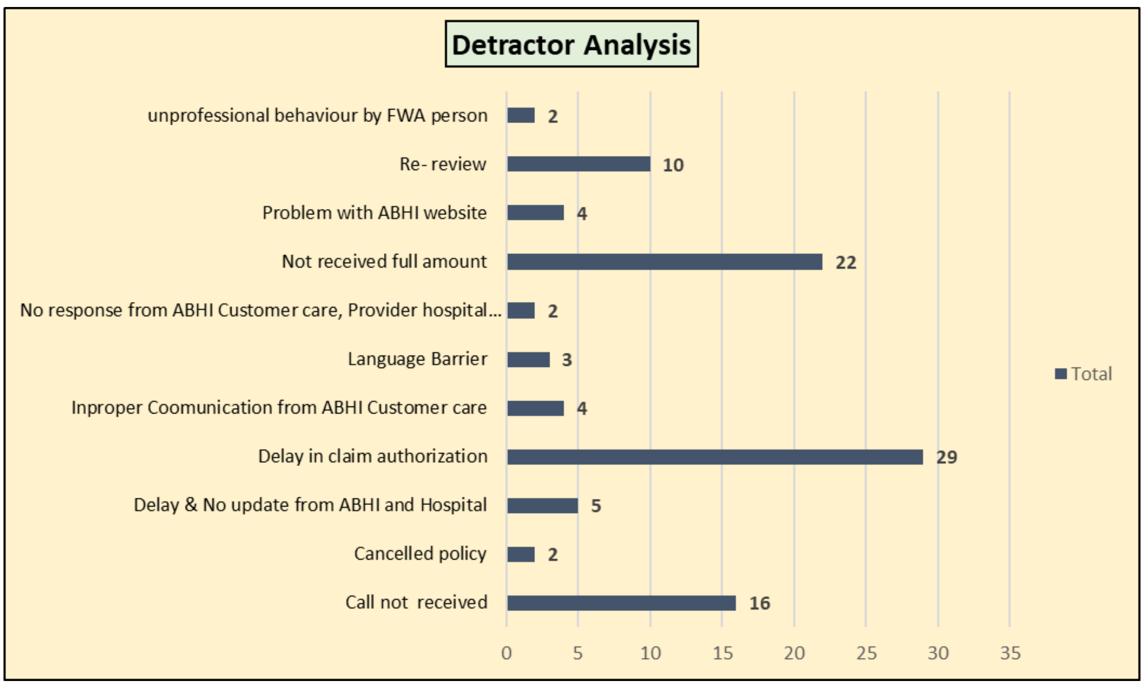
The NPS score is notable given the issues that were experienced by the customers from March through May 15^{th}, according to the above statistics.

As detractors should be identified for the purpose of determining the cause of the decline, customer with detractor scoring were called again from the Cashless department to understand the problem clearly and work on it for improvement. The graph below shows the elements that contributed to each month's decline for better understanding:

1) **Detractor Analysis**

- March Analysis

  For the month of march, the NPS score was 65%. There were 971 NPS feedback in all, including 740 promoters, 119 passive and 112 detractors. When computing the NPS score, the promoter count was important, but so were the passive and detractor counts. Data showed that only 99 of the 112-detractor customer were available to reconnect, therefore those 99 customers were called questioned about the issues they had so that the cashless claim procedure could fully comprehend and address them.



In fig (1) Detractors for the month of March

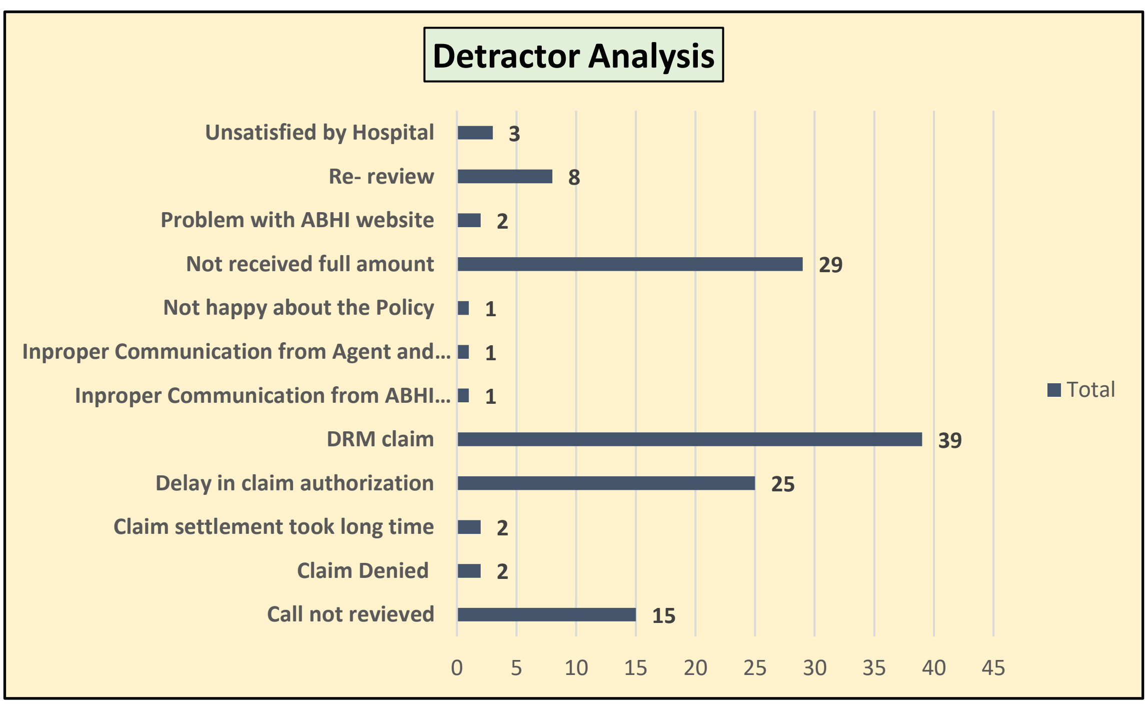
Major detractors were due to <u>Delay in claim authorization (29 customer)</u>, followed by <u>Not receiving the full amount (22 customer</u>) according to their claimed amount.

Least problem faced was due to Cancellation of the policy,

Language barrier and not happy with Customer care services and due to FWA person on duty.
About 10 customers wanted to give their review again as it was wrongly scored by them at first time, which is why Detractor calling helps in identifying the major problems and how to tackle them further.

- Detractors- April

  For the month of march NPS score was 61%There was total 960 NPS feedbacks in which Promoters (717), Passive (112) and detractors were 131. The count of promoters has decreased and at the time increase in the count of detractors were the point of concern as it has increased compared to the previous month detractor count, which affects the NPS score in total. According to the data all 131 detractor customers, out of 131 customers only 128 customers were available to reconnect thus they were called and asked about the problem which was faced by them for the Cashless claim process to properly understand and work on the same.

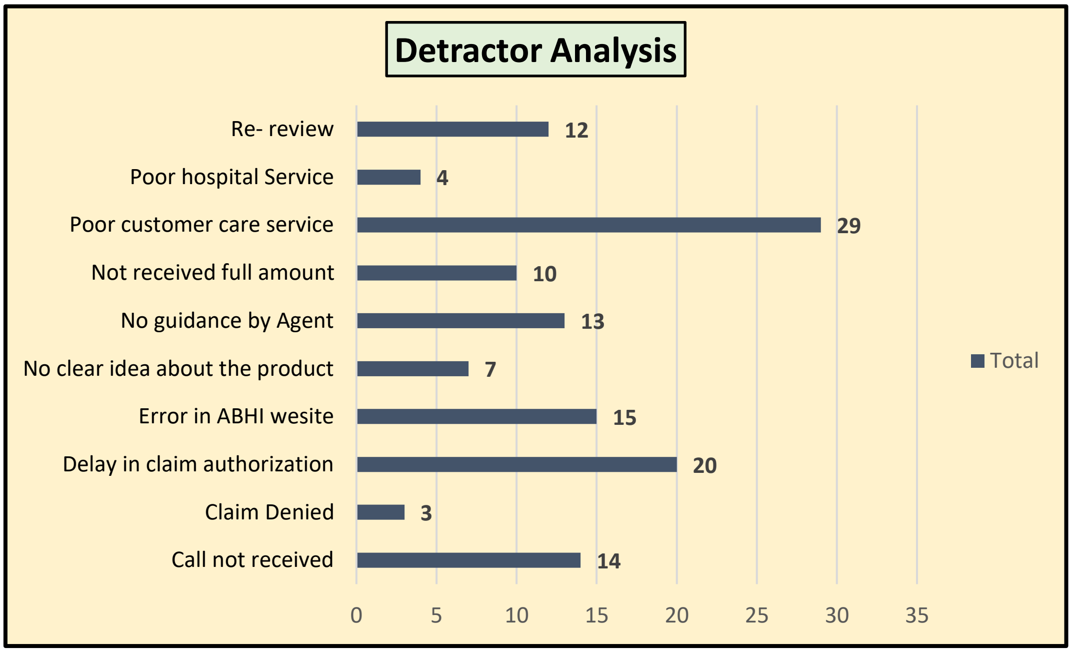


In fig (2) Detractors for the month April

According to the fig (2) major detractors were for Not receiving full amount (29), Delay in claim authorization (25) and the DRM claims (39) which were sanctioned to the vendor hospital. DRM claims are the amount which are paid to the vendor hospital on the name policyholder as bonus, but the customers were not aware about the claim they did receive an email about it before the sanction.
Due to which they were clueless about DRM claim and found it unprofessional thus they gave the detractor score.
Other problem which was noted with respect to the poor network hospital and improper communication with Customer care services and ABHI website which was very tiering process to connect at the time of need.

- Detractors- 15th May

Till 15th May the NPS score was 54%. There was total 758 NPS feedbacks in which Promoters (467), Passive (111) and detractors were 180. The count of promoters has decreased as compared to mid- month NPS count for previous two months and at the same time huge increase in the count of detractors were concerning as it has increased immensely compared to the previous month detractor count which were at the end of the month and being only mid- month, which affects the NPS score in total. According to the data all 180 detractor customers, out of 180 customers only 127 customers were available to reconnect thus they were called and asked about the problem which was faced by them for the Cashless claim process to properly understand and work on the same.



In fig (3) Detractors till 15th May

According to fig (3), the three main criticisms were Poor Customer Care Service (29), Agent's lack of guidelines (13) and Authorization Delay (20).
The customer encountered issues with the ABHI website because they were unable to follow the progress of their claims, and they also experienced claim denial and inadequate medical care.

2) **Policy Type:**

ABHI provides two types of policies: Family floater and Individual, out of 2689 customers.

Table 2- NPS of Policy type

Policy Type	Promoter	Passive	Detractor	NPS
Family Floater	1564	256	304	**60%**
Individual	360	86	119	**43%**

According to the above table most customers falls under category of Family floater(2124) which leads to1564 promoter's customer are there for Family floaters at the same time 304 detractors also falls under the same policy with NPS of 60% which is good score with large population under it, compared to the individual policy(565) holders with 360 promoters and 86 detractors and NPS score of 43% which marks as a poor performance.

4) Zone:

Out of 2689 customers most of the customer belong to north (934) and west (1268) zone and the least reside in the central zone (102) but at the same time Central has a poor NPS score of 49% and even with greater population west zone has a NPS of 58% which states for poor performance.

Table 3- NPS of Zone

ZONE	Promoter	Passive	Detractor	NPS
East	89	19	21	**53%**
North	689	116	129	**60%**
South	192	34	30	**63%**
West	884	161	223	**58%**
Central	70	12	20	**49%**

According to the below graph it is evident that West zone has good promoter score, and central zone has poor performance with 70 promoters and 20 detractors.

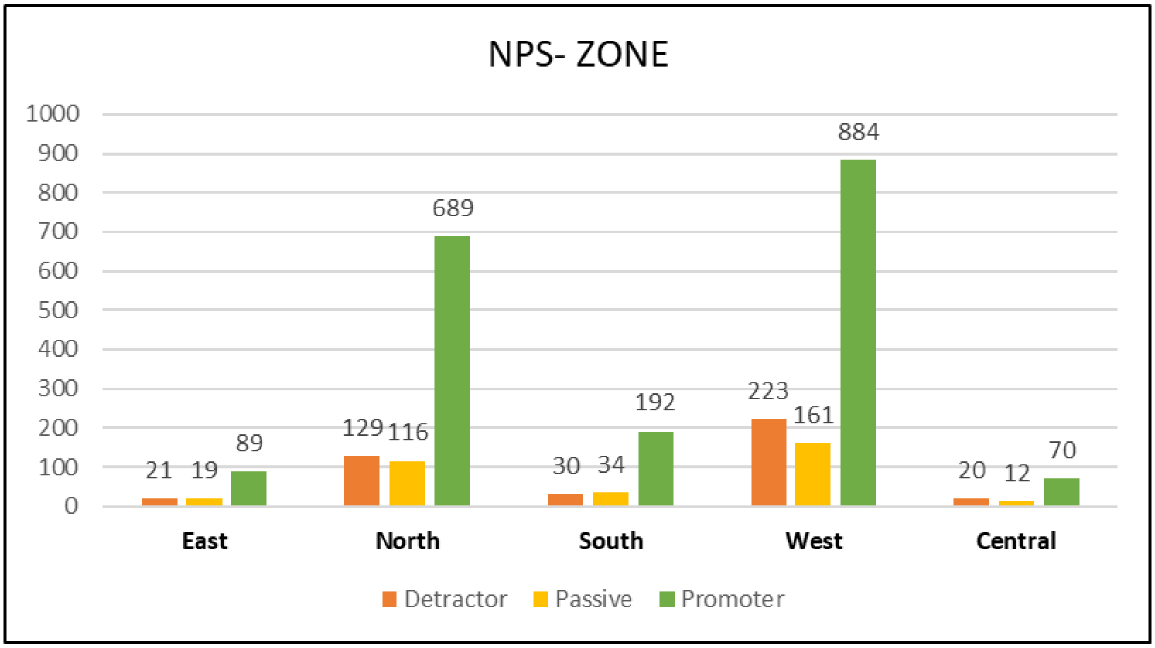


Fig (4) - NPS of Zones

Conclusion

As a result of this study, it can be stated that NPS is crucial in determining the degree of consumer satisfaction with cashless claims because it fosters interest in transforming into a policyholder among new customer and identifies the errors that are driving away potential customer.

The existing gaps can be addressed and improved by considering all the factors once the detractor calls are made, and the policyholder's loyalty can be preserved given that they are pleased with the services.

Additionally, NPS facilitates improved communication with policyholders so that issues can be rectified and questions about claims can be cleared out, ensuring customers are happy that they invested in the correct company.

Chapter 5: Suggestions

- **Upgrading the Software**: As ABHI software Jarvis is new and has been recently launched there are errors which occurs due to which the processing of the claims slow down or at times stops which eventually causes delay in the claim authorization.

- **Maintenance of TAT**: It is very crucial to maintain the TAT which is of 90 minutes as if the processing is done within the TAT time the boost in claim processing can be achieved and the authorization can be done on time which will decrease the detractors for delay in claim authorization.

- **Improving Customer Care Services**: Improvising the customer care will play major role in enhancing the services as it is the only way the customer can ask help when in doubt as customer plays a very important role for the organization as mode of communication. Thus, availability of the customer care officials is very important and should revert to the customer as soon as possible.
- **Training ABHI Agents:** Proper training for the agents should done as they are the people who are delivering the policy to the customer to invest in them thus, they should provide proper guidance and knowledge to the customer so that policyholder can be aware of all the terms and condition and proper knowledge about their policy.

- **Efficient product services:** This could support the impacts of new customers' experiences also an attempt can be made to improve and add new services and better performances by Cashless claim department.

- **Brand loyalty:** By focusing on customer needs and demands the business can ensure brand loyalty.

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