Segmentation Pilot

Board of Trustees Meeting

August 1, 2014

Current IHM Communication Efforts

- **Member Focus Newsletter**
  - 250,085 members currently subscribe to this newsletter, with an average open rate of 17%.

- **Health Benefit Representative (HBR) Update Newsletter**
  - 1,705 HBRs currently subscribe with an average open rate of 43%.

- **Mailers and Fliers**
  - 8 direct mailers (postcards), touching all or segments of the population
  - Various fliers used to promote benefits and programs

Currently we are unable to correlate any outcome to these methods of communication (fluctuations in call volume seem random).

Opportunity for Improvement

- We have the opportunity through ActiveHealth Management (AHM) to pilot a segmentation and communication initiative among the Active and Non-Medicare Retiree membership.

- This opportunity will result in information that can assist the Plan in the development of a communication and marketing strategy that aims to elicit a higher response and participation by our members.

Segmentation Pilot

August 1, 2014

Kim Wiese

SVP Product Marketing and Strategy

One size does not fit all

Importance of segmentation

What it does:

- Classifies members into **groups** with common needs, desires and behaviors
- Identifies a manageable number of homogenous member **segments**
- Allows the entire member population to be broken down into **smaller** and more **relevant segments**
- Enables **prediction** of likely responses and behaviors
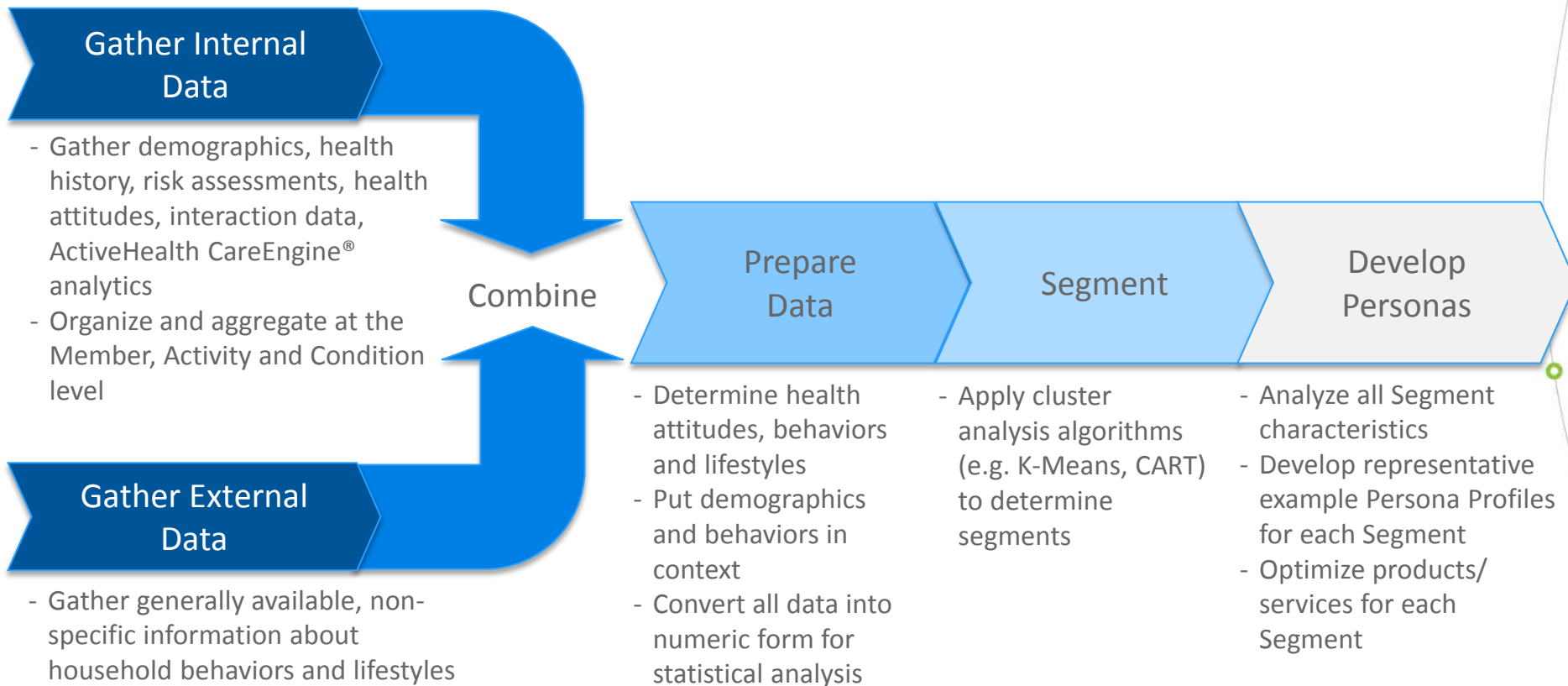- Enables **communication** and product **testing** to optimize results for a particular segment

Why it matters…

- Provides deeper **understanding** of member **needs** and **behaviors** for each member segment, which enables personalization
- Allows more appropriate **resources**, using techniques aligned to specific member segments, to drive behavior change and **improved results**

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Market segmentation overview

The following process allowed ActiveHealth to segment its population into groups with uniform behaviors, attitudes and lifestyles to optimize product/service effectiveness

Gather Internal Data

- Gather demographics, health history, risk assessments, health attitudes, interaction data, ActiveHealth CareEngine® analytics
- Organize and aggregate at the Member, Activity and Condition level

Gather External Data

- Gather generally available, non-specific information about household behaviors and lifestyles

Combine

Prepare Data

- Determine health attitudes, behaviors and lifestyles
- Put demographics and behaviors in context
- Convert all data into numeric form for statistical analysis

Segment

- Apply cluster analysis algorithms (e.g. K-Means, CART) to determine segments

Develop Personas

- Analyze all Segment characteristics
- Develop representative example Persona Profiles for each Segment
- Optimize products/ services for each Segment

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Segmentation will enable enhanced support

Growing opportunity to support **Self-Directed** as we optimize products

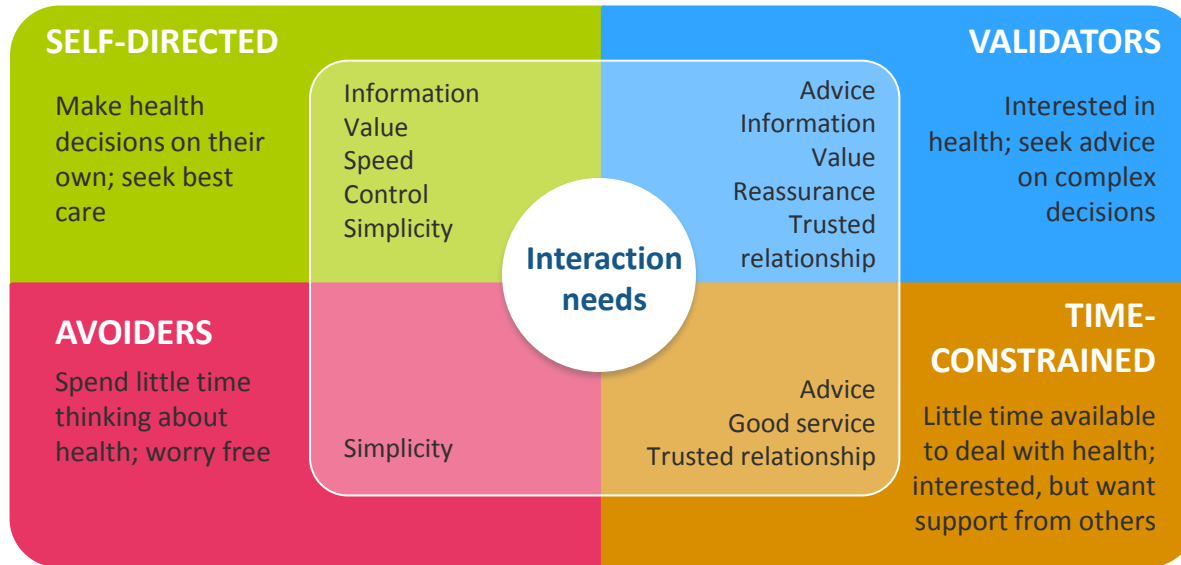**High opportunity** to support **Validators**

RESPONSIVENESS TO CARE MANAGERS

Ignoring outreach | Engaging

PARTICIPATION WITH OUR PRODUCTS / SERVICES

Actively participating

SELF-DIRECTED

Make health decisions on their own; seek best care

Information
Value
Speed
Control
Simplicity

Advice
Information
Value
Reassurance
Trusted relationship

VALIDATORS

Interested in health; seek advice on complex decisions

Interaction needs

AVOIDERS

Spend little time thinking about health; worry free

Not actively participating

Simplicity

Advice
Good service
Trusted relationship

TIME-CONSTRAINED

Little time available to deal with health; interested, but want support from others

Lower opportunity to support **Avoiders**; knowing helps us refine and re-allocate efforts

Source: Knowledgent Cross-Industry Framework Applied To ActiveHealth's Business

Growing opportunity to support **Time-Constrained** as we optimize products

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Successful pilot test results!

Member Engagement

- Significant lift in member engagement

87%

in engagement

Ongoing Impact:

- Identified areas of operational efficiency, which will fund care management redesign and engagement initiatives (more personalized outreach with higher satisfaction)

High tech   High touch

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2014 roll out plan

After completion of a **highly successful segmentation test,** we will continue to test and then roll out segmentation and a new communication engine later this year

- Internal, **cross-functional team** established for roll out
- Bridged approach for **roll out and support**
- Working with **third party data** provider on information purchase
- Finalizing launch **business requirements**
- Preparing to launch the **Communication Engine,** which is a major inter-dependency

Segmentation and Personalization Approach

Channel Optimization

Message Optimization

# 2014 segment testing scope – North Carolina

| Timing	Details	Benefit
Phase 1 *Based on the size of the previous pilot phases ActiveHealth anticipates ~4,000-6,000 Plan members will partake*	• Conduct **channel & message testing** with newly identified DM and LC members **Channel Test:** • Control Group A: Automated calls • Test Group B: Emails • Test Group C: Live CSA calls **Message Test:** • Control Group A: Standard intro letters • Test Group B: Optimized intro letters	• Validates previous findings on pilot tests • Larger sample size will help validate assumptions across broader population
Phase 2 *Based on the size of the previous pilot phases ActiveHealth anticipates ~2,000-3,000 Plan members will partake*	• Conduct **segment specific message testing** with newly identified DM members **Intro Email/Call:** • Control Group A: Control intro Email (auto call when Email not available) • Test Group B: Segment specific Emails • Test Group C: Segment specific auto call **Intro Letter:** • Control Group A: Standard intro letters • Test Group B: **Segment specific** letters	• Validates findings on segment attributes and key messages • Will only focus on DM (those segments **with conditions**)

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Phase 2 segment specific creative test

Determine impact of **new, segment-specific letters (vs. control letter)**

"Control" – Standard Letter
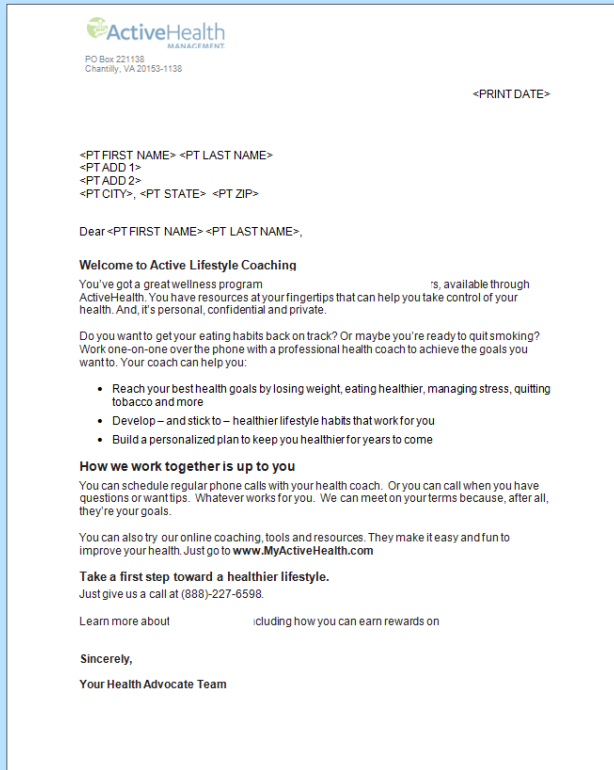
"Test" – Segment Optimized Letter
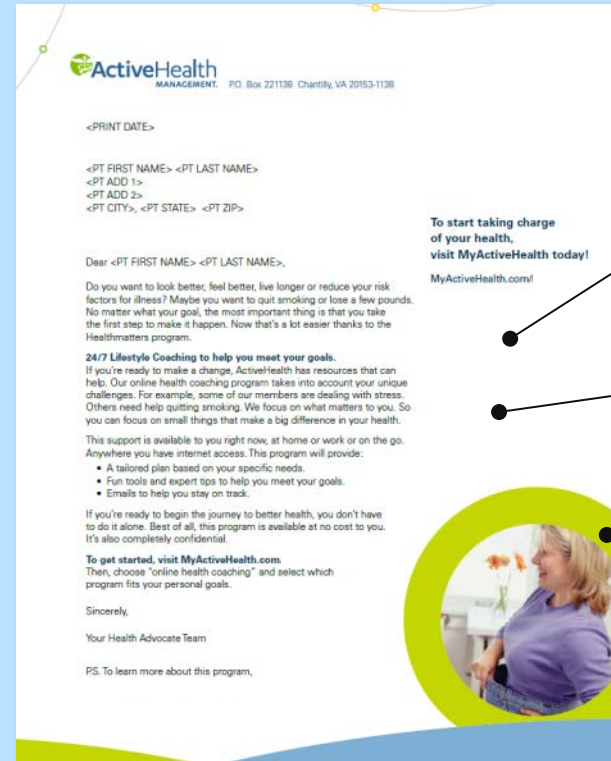
Messaging will be tailored in partnership with NC and based on segment insights

Segment appropriate language and tone

Work with NC to select segment appropriate image

2014 Proposed Schedule

	W 1	W 2	W 3	W 4	W 5	W 6	W 7	W 8	W 9	W 10	W 11	W 12	W 13	W 14	W 15	W 16	W 17	W 18	W 19	W 20
Pre-Requisites	Pre-Reqs																			
ID & Design Creative		ID	Design																	
Configure ActiveAdvice			Config																	
Manually Process Cycle							Manually Process Month_1 Cycle				Manually Process Month_2 Cycle									
Extract Cycle Results								Extract				Extract								
Produce Results By Segment								Results				Results								
Check-Point Re. Cycle y+2								Check-Point				Check-Point								

Channel & Message Testing

Segment Specific Message Testing