![Sutherland logo]

TARGETING AND IMPROVING
ANNUAL RENEWALS FOR
HEALTH PLANS

Targeting Annual Renewals

Given the high cost of acquiring new customers, it's imperative for US health plans to develop an effective renewal strategy. Targeted renewal of members should take advantage of sophisticated analytics and the health plan data on their enrollees to create targeted outreach campaigns that optimize renewal spending and results. The analytics must be quickly performed because of the shorter 2018 open enrollment (OE) season. The ability to automate these processes for targeting members, prioritizing renewal efforts, and then executing these outreach strategies, will be critical.

Many enrollees will renew with carriers during the OE season. The dates of 2018's OE have shortened from 90 days to 45 days and will run from November 1, 2017 to December 15, 2017. Starting November 1, health plans should work backwards to the deadlines for their analytics and initial outreach efforts.[1]

Direct enrollees can be segmented based on:

- Past profitability
- Likelihood to pay premiums
- The price appeal of switching (to and from a health plan)

The following factors should be considered when analyzing their pool of existing customers:

- Whether the enrollment carries a broker commission or exchange user fee (if brokered, not only is the margin lower but direct outreach to the enrollee will probably be mediated by the broker)
- Next year's premium increases for the enrollee's current plan and for other plans available to enrollee from the same carrier
- Enrollee's level of monthly tax subsidies
- Enrollee's payment history with carrier and credit rating
- The household's underwriting profitability; with or without risk adjustment
- Next year's net premium increases (after advanced premium tax credits) from competing carriers

> " Targeted renewal of members should take advantage of sophisticated analytics and the health plan's data. "

The Solution for Targeting Annual Renewals

By incorporating the health plan's own data and external data sources, health plans can achieve a fast, sophisticated segmentation of the retail market, and execute on customized outreach and sales efforts. Based on the analysis of these data sets, enrollees would be segmented into various buckets for renewal strategies depending on such projections as the underwriting profitability and changes in total after-subsidy premiums. Health plans can simulate the shopping options that the enrollee faces at renewal time and customize the messages for the enrollee's situation. With this data, the health plan can see how much of an increase in net monthly premium the enrollee faces if the they renew the same plan versus enrolling in other options. Health plans can then provide customized advice as to which plans are best for enrollees.

In most US states, some of the data required to do this analysis will not be available until shortly before open enrollment begins (usually two to eight weeks). Sutherland can help set up a customized renewal campaign and then execute it. We do this in accordance with segmentation results, by choosing the appropriate outreach channels, content, interest, and targets to maximize the renewal of attractive segments and to minimize efforts to renew less attractive segments.

For enrollees who would experience a large premium increase to renew in the same plan, we create opportunities to engage with the enrollee and then offer cost-saving alternatives that look more attractive than simply renewing the same plan. Switching plans within the health plan's portfolio of options is made easy by the customer service representative who helps the enrollee better understand the overall plan's attributes and sets up the household in the health plan's system.

Those enrollees who are high priority are also aided in determining changes to their premium subsidies for the coming year. Especially for enrollees who are not being assisted by a broker or navigator, offering to help the enrollee through the subsidy determination process is an important service and should increase retention.

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Alternately, with attractive pricing health plans are more likely to renew existing members, can better attract new members who are looking to switch plans, and are more appealing to uninsured members. Targeted outreach to create engagement with uninsured and non-members lets health plans promote the advantages of their programs in a very concrete and customized way.

The Benefits of an Effective Targeted Renewal Strategy

Because of the high cost of new customer acquisition and the very large variance in underwriting profitability of individual enrollees, close analysis of the factors above can reduce the health plan's sales and renewal costs. Health plans can also improve retention rates among the more attractive enrollees and increase their profitability. Depending on their scores for profitability and likeliness to maintain premium payments for a year, most enrollees will generate close to average or even better scores. Those enrollees who do merit more effort will differ as to channel preferences, which is particularly important for generating second and third outreach efforts during the second month of OE.

Being able to execute the full repertoire of analytics and outreach gives health plans the flexibility to raise rates when necessary while minimizing membership loss, improving risk profiles, and maximizing growth opportunities through aggressive pricing.

For more information on how we can help you transform your processes, visit us at www.sutherlandglobal.com, email us at sales@sutherlandglobal.com, or call 1-800-388-4557 ext. 6123.