



+ SENIOR MARKET INTELLIGENCE SERVICE

National Senior Loyalty Study 2010 SAMPLER

It's not what you do, it's what your customers know you do.



Introduction and Overview

What the 2010 Loyalty Study provides

- ▶ National benchmark metrics for seniors' loyalty to health plans and their intention to switch.
- ▶ Analysis of the perspectives of MAPD, MedSupp & PDP customers.
- ▶ Profiles of large and regional MAPD, MedSupp & PDP insurers.
- ▶ Directional metrics for smaller insurers.
- ▶ Identification of market differentiators that drive customer loyalty.

This is the 5th annual National Senior Loyalty Study and with 4,378 participants it is the largest study of its kind, tracking loyalty, switch intention, and market differentiation of health insurers using a sample of persons aged 65 or more. The data was collected in September 2010.

The basic ideas for using this study's results are to measure, compare, and explain. First, this report measures and tracks loyalty and switch intention metrics; second, it provides comparisons across larger health insurance competitors for Medicare Advantage (MAPD), Supplemental Medicare (MedSupp), and Prescription Drug Plan (PDP) lines of business; and third, loyalty is explained in terms of consumer perceptions of relative performance.

The study suggests root causes of differences as well as best directions to pursue for improving customer loyalty and retention rate.



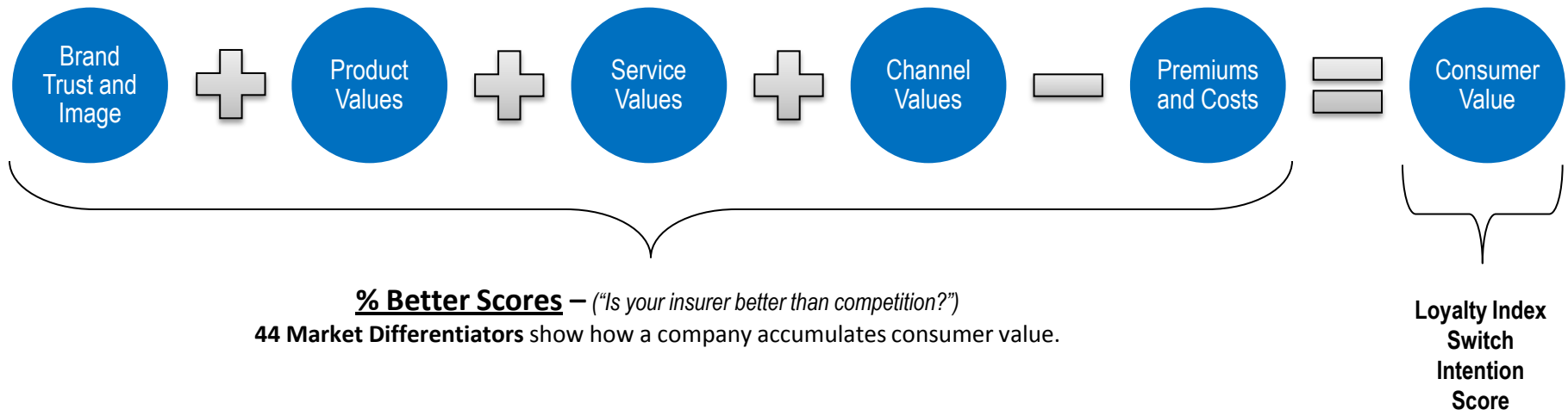
Brand and Loyalty

- ▶ When the positive value of a brand works on existing customers it yields higher loyalty.
- ▶ When it works on other consumers it makes them more likely to consider you.



A Brand Value Model

Identifies How Health Insurers Create or Destroy Consumer Value



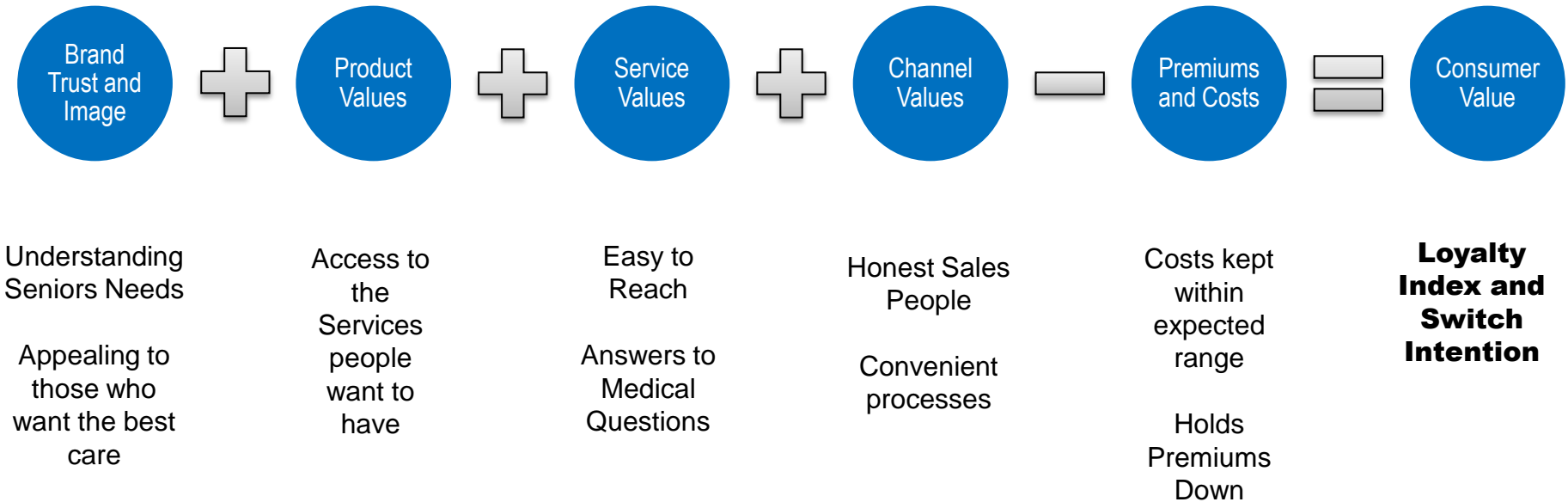
Study Concept:

- ▶ Interactions between customers and insurers cause brand value to be created or destroyed; the values of the **Loyalty Index** and **Switch Intention** measure customer’s perceptions of brand value.
- ▶ **% Better Scores** reflect accumulated consumer value. They are used to explain the Loyalty Index and Switch Intention values.



Examples of Market Differentiators in The Brand Value Model

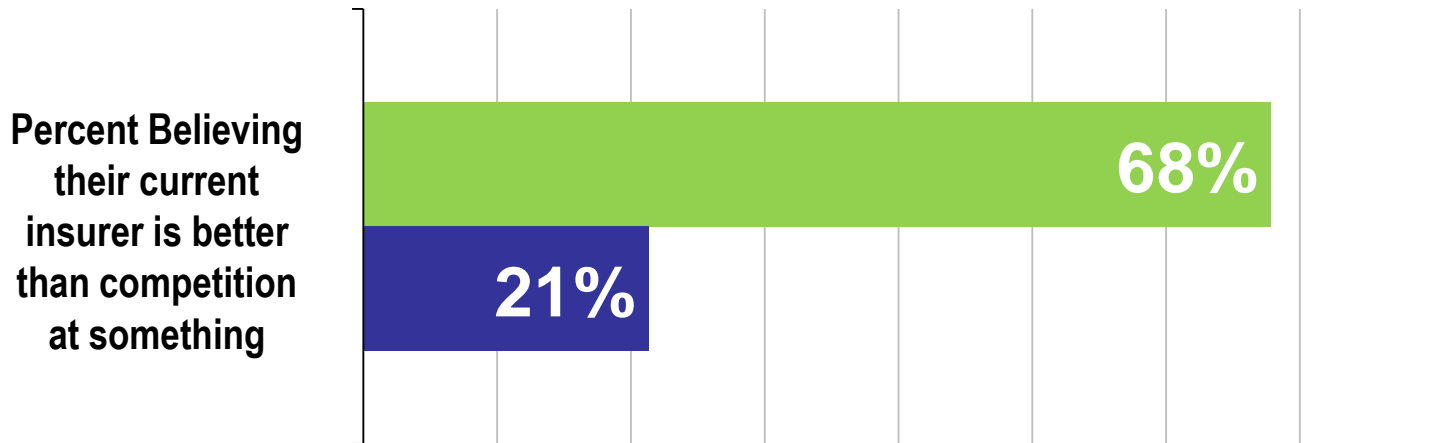
We asked, "do you think your insurer is better, the same, or worse..." at each of 44 differentiators





The Implications of Measuring and Explaining Loyalty

- Loyal Customers
- Not Loyal



- ▶ There are stark contrasts between loyal and not-loyal perceptions.
- ▶ Certain market differentiators are most associated with loyalty.
- ▶ Knowing what drives loyalty helps us prioritize messages and capacities ...
- ▶ ... and avoid the strengths of our competitors.



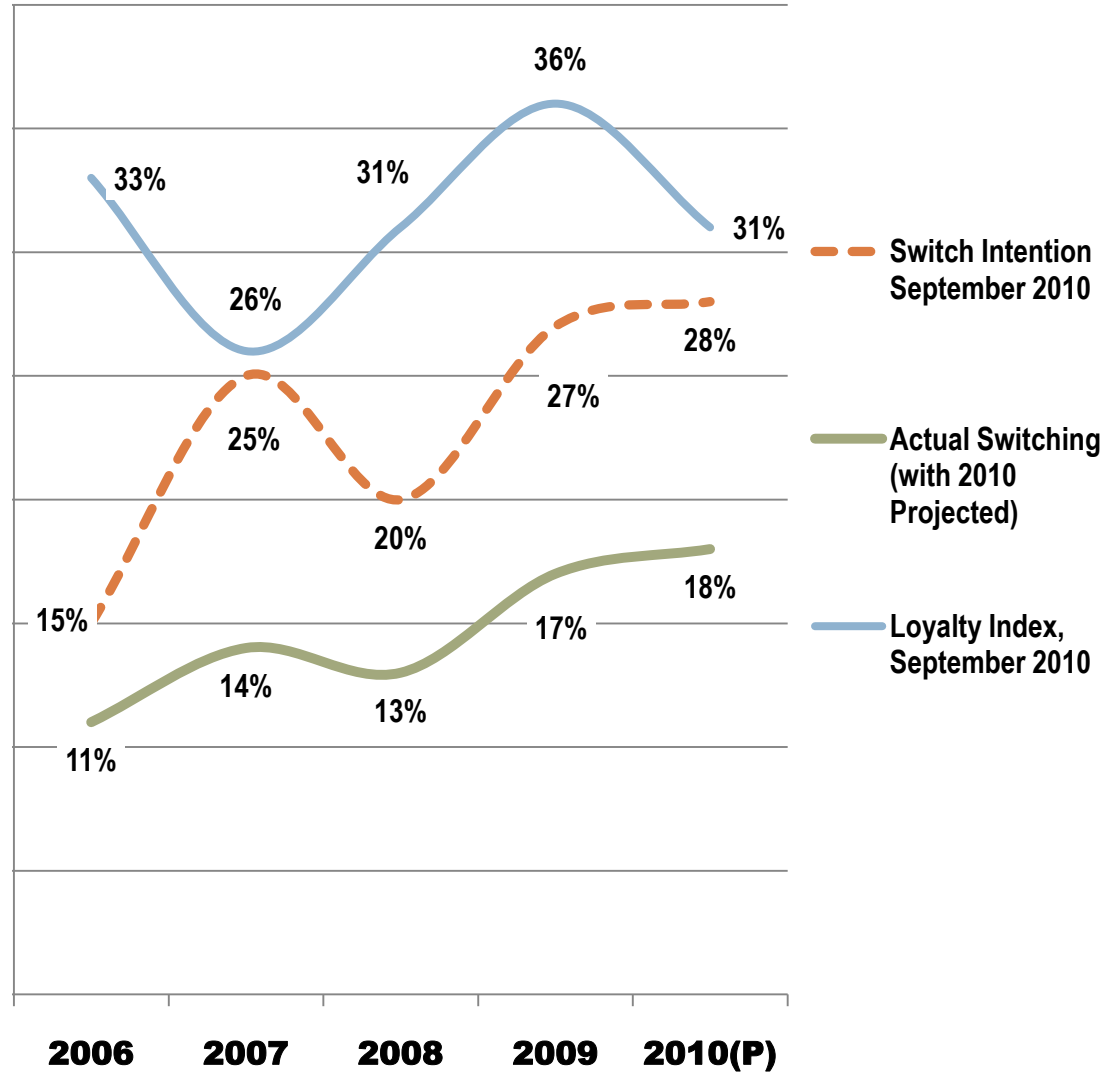
Senior Health Insurance Consumer Loyalty and Switching Get Ready for Some Churn

Loyalty Index ranging from -100 to +100 where higher means greater loyalty.

Switch Intent: Percent with some intention to switch their health plan.

Actual Switching: Percent reporting switching during fall enrollment.

(source: Deft Research 2006-2009 Market Dynamics Studies)

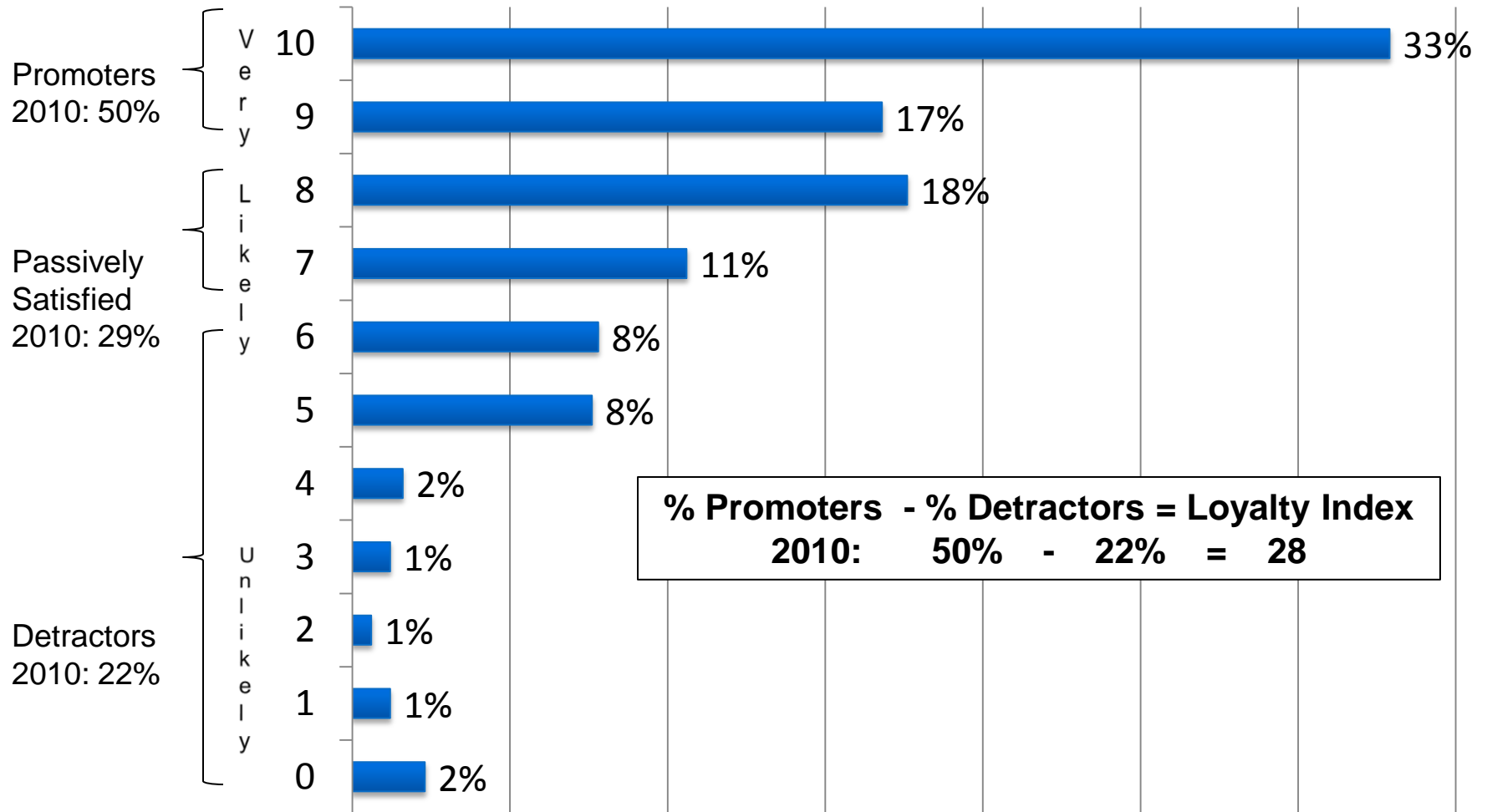




Senior Loyalty to Medicare Advantage Plans

Measured by likelihood to recommend

Base: MAPD customers, n=1531



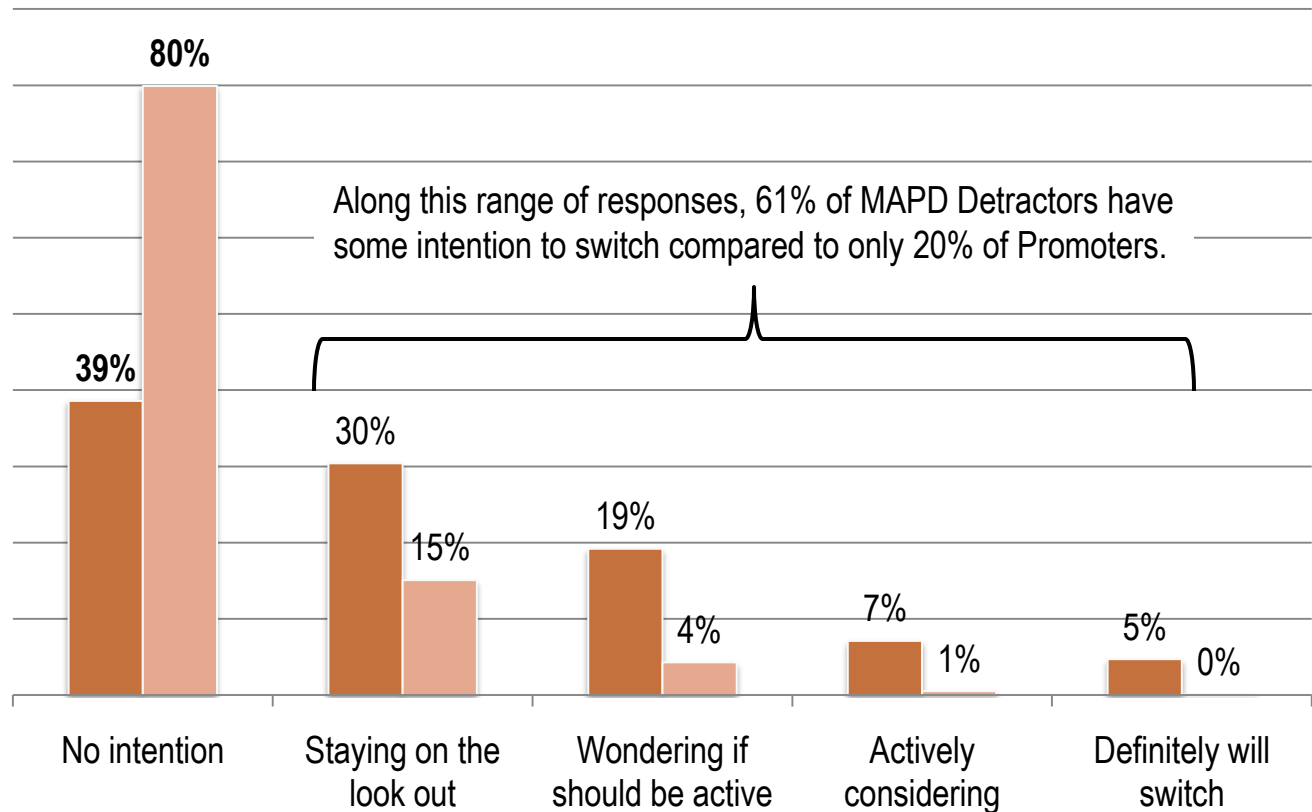


Less Loyal Detractors Are More Likely to Switch

Base: MAPD customers

■ Detractors - 339 ■ Promoters - 761

MAPD Detractors are three times as likely as Promoters to report switching behavior.



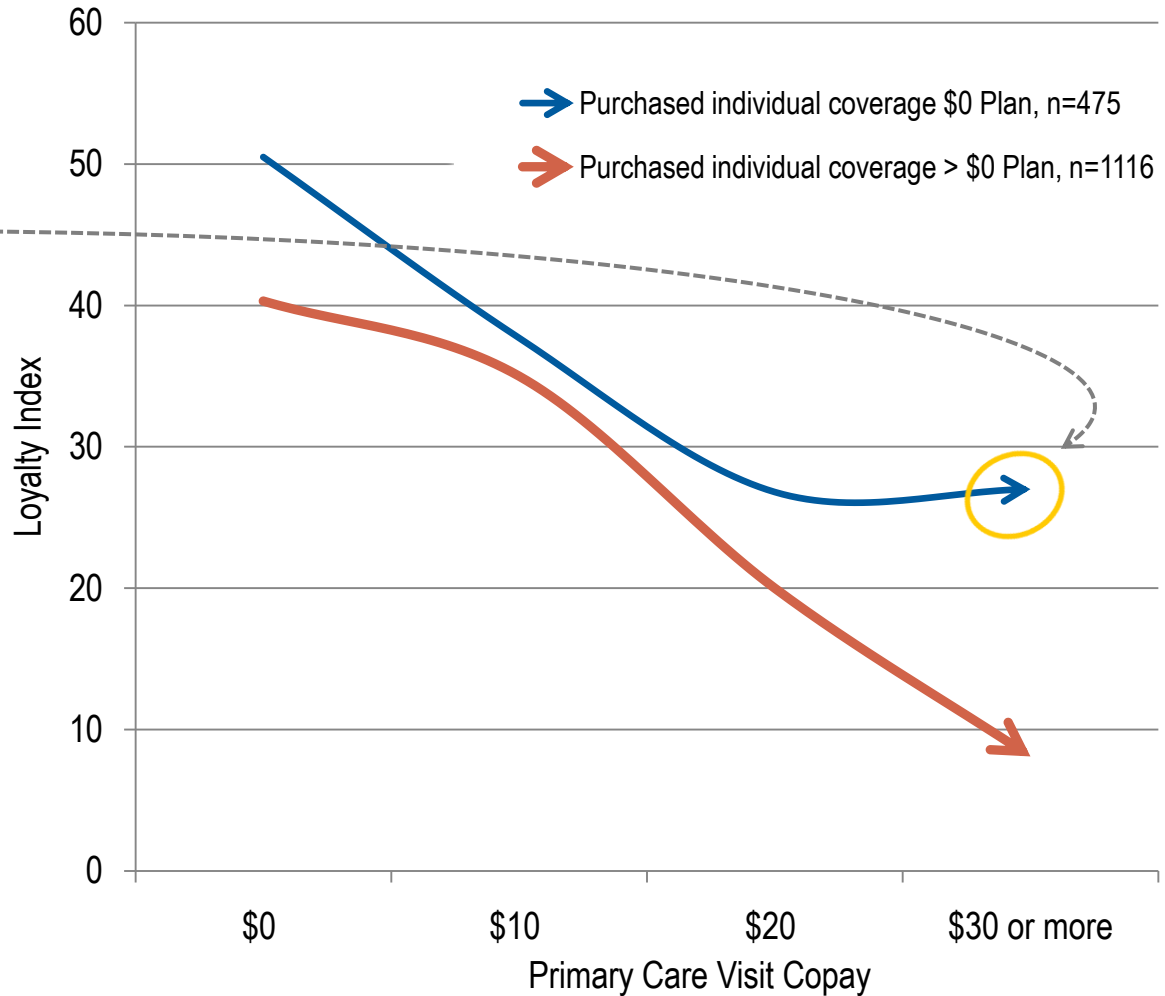


Medicare Advantage Plan **Loyalty Index** by Primary Care Visit Copay

“When you visit a primary care doctor’s office, what is your copayment?”

Some \$0 plan purchasers show a greater willingness to pay higher primary care visit copays; it’s an acceptable trade-off for them.

MAPD customers who pay a monthly premium find primary care visit copays to be a strong drag on their loyalty.





Categories of Differentiators

Category	Differentiator
Brand	Trustworthy
	Financial Strength
	Reliable service
	Assuring patient safety
	Understands needs of seniors
	Takes care of members when the worst happens
Product	Covers providers you want to see
	Covers services you want to have
	Assures quality of physician care
	Holds down cost of hospitalizations
	Dental coverage
	Vision coverage
	Makes sure health problems are caught early
	Special health programs for people with chronic ...
Nationwide coverage	
Service	Courteous customer service people
	Consistent communications with customers
	Access to people who can answer medical questions
	Customer service people easy to reach by phone
	Customer service people answer questions right away
	Forms and paperwork to fill out
	Provides information about hospital quality
	Provides information about quality of physicians
	Useful website

Category	Differentiator
Channels	Honest sales people
	Easy, convenient enrollment process
	Honest independent insurance agents work for them
	Online tool for comparing health plans
	Direct mail promotions
Costs	Low copayments
	Keeps out of pocket costs within the expected range
	Premiums are fair
Drug Coverage	Provides information on how to save money on prescription drugs
	Identifies pharmacies or mail-order pharmacies that are lower cost
	Covers drugs that you need
	Fair drug coverage deductible
	Low copayment charges for generic drugs
	Low copayment charges for branded drugs
	Keeps out of pocket drug costs within expected range
Brand Image	Appealing to people who just need basic health insurance
	Helping seniors watch their money
	Appealing to seniors who have active lives
	Serves many people in your area
	Appealing to people who demand the best care



AARP PDP Differentiation		n = 376							
PDP Differentiation		% Better	National	Variance From National	PDP Differentiation		% Better	National	Variance From National
Brand Trust	Trustworthy	34%	33%	1%	Channels	Honest sales people	23%	16%	7%
	Financial Strength	36%	32%	4%		Easy, convenient enrollment process	41%	31%	10%
	Reliable service	45%	43%	2%		Honest independent insurance agents work for them	16%	13%	3%
	Assuring patient safety	26%	24%	2%		Online tool for comparing health plans	22%	14%	8%
	Understands needs of seniors	38%	27%	11%		Direct mail promotions	23%	13%	10%
	Takes care of members when the worst happens	20%	15%	5%		Weighted Channel Score	25%	17%	8%
	Weighted Brand Trust Score	33%	30%	3%					
Product	Keeps out of pocket costs within the expected range	29%	29%	0%	Image	Serves many people in your area	34%	27%	7%
	Fair drug coverage premium	28%	29%	-1%		Appealing to people who just need basic drug coverage	29%	26%	3%
	Covers drugs you need	37%	38%	-1%		Appealing to people who demand the best care	28%	25%	3%
	Fair drug coverage deductible	27%	27%	0%		Appealing to seniors who have active lives	32%	25%	7%
	Low copays for generic drugs	37%	38%	-1%		Helping seniors watch their money	31%	24%	7%
	Low copays for branded drugs	23%	23%	0%		Weighted Brand Image Score	31%	25%	5%
	Special health programs for people with chronic illnesses	20%	19%	1%		Overall % Better	31%	27%	5%
Weighted Product Score	29%	29%	-1%	Key Metrics	Loyalty Score	7	5	2	
					% Some Intention to Switch	35%	28%	6%	
Service	Provides information on how to save money on prescription drugs	32%	27%	5%	Observations	Strong brand, sales channel and customer service numbers. No low marks.			
	Courteous customer service people	45%	39%	6%					
	Consistent communications with customers	36%	28%	8%					
	Access to people who can answer pharmaceutical questions	39%	31%	8%					
	Identifies lower cost pharmacies	32%	23%	9%					
	Customer service people easy to reach by phone	45%	37%	8%					
	Customer service people answer questions right away	42%	35%	7%					
	Forms and paperwork to fill out	41%	36%	5%					
	Useful website	30%	26%	4%					
Weighted Service Score	38%	31%	7%						

Deft's Senior Mark



Deft Research provides focused, applicable information to health product and marketing teams for more confident and productive project implementations.

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Deft's Senior Market Intelligence Service fits your work flow to assure your team is on top of Medicare market opportunities.



Executive Research Briefs quickly present the most meaningful and actionable ideas from each study.



Three Detailed Reports analyze and model health consumer behavior so you can better predict the market's reaction to your product offers.



Guided Discussions presented through teleconference are an option many clients choose to make sure the most is gained from the research.



On-going Assistance. Need help with interpretation? Got an idea for further analysis? We stay with you until the job is done.

Deft Research provides focused, applicable information to product developers and marketing teams for more confident and productive project implementations.



Deft Research's 2009 National Senior Loyalty Study found that Medicare Advantage plans could reduce switch intention 11% by getting more customers to believe they are better than the competition at understanding the needs of seniors.



Focused, applicable information
for confident implementations.

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+ SENIOR MARKET INTELLIGENCE SERVICE

+ ANNUAL SERVICE (beginning at any time):

- National Senior Loyalty Study - October
 - Senior Market Dynamics - First Quarter
 - Age-in Study - June
 - 3 Complete Reports (*beginning with whichever you choose*)
 - 3 Optional Tele-presentations
 - 12 Executive Research Briefs
 - On-Going Support and Assistance
- Future studies' content will be determined through consultation with clients.*

ANNUAL SERVICE DELIVERABLES:

- Deft Senior Market Intelligence Service — Annual: \$10,500.



Executive Research Briefs



Detailed Reports



Guided Discussions



On-Going Assistance

+ INDIVIDUAL STUDIES:

- National Senior Loyalty Study 2009: \$3,900 (November 2009)
- Senior Market Dynamics 2010: \$3,900 (March 2010)
- Age-in Study 2010: \$3,900 (June 2010)
- National Senior Loyalty Study 2010: \$3,900 (October 2010)
- Senior Market Dynamics 2011: \$3,900 (First Quarter 2011)

PACKAGES — Any two studies (CHECK TWO ABOVE): \$4,950 two studies (current and past); \$7,000 two studies (current & future).

+ DEFT SENIOR MARKET INTELLIGENCE SERVICE:

- We guarantee your satisfaction. If you can't use the study, you can have your money back if you ask for it within one month of purchase.
- We will deliver a data and graphic rich set of analytical information, key findings, and conclusions. All deliverables will be electronic for your convenience and re-use.
- Clients are eligible for special request data analyses. Deft reserves the right to limit the scope of additional analyses to that appropriate for the fees paid.
- All studies demonstrate possible custom local service area research. Clients may add service area respondents for custom research based on these Deft Senior Market Intelligence Service studies.

Please signify your intention to purchase with your signature below. Then fax to **612/436-8320**.

We would like to purchase the Deft Senior Market Intelligence Service as indicated above. Please invoice us for the fee indicated above.

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TITLE: _____ TELEPHONE: _____

COMPANY: _____ EMAIL: _____

Thank You!



Thank you!

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