

finalight.

Health Insurance

State-of-the-State

SHIFT HAPPENS

invert prompt push stimulate sway touch turn tug urge energize mobilize rouse trigger
steer interest educate enlighten transform astound electrify shock stun invigorate
connect captivate engage impact activate elevate change affect drive stir propel astound
solve lead persuade convert prompt push stimulate sway **move people™** touch turn tug
urge direct guide support steer interest educate enlighten transform astound elect
e rally spark spur reach connect captivate engage impact activate elevate change a

This is an excerpt from Mr. Resnick's presentation. For more details he can be reached at 312.419.1973

Shift Happens

TRENDS – Macro to Micro

CUSTOMERS – Health Squeeze

COMPETITION – Consolidating Expansion

MARKET FORCES – Impact Zones

MANAGING SHIFT – Defined Aspirations

New Media

Times they are a-changin...

3 billion searches on Google every month

55 million blogs

1 in 8 couples married last year met online

100 million iPods / 1 million iPhones (2½ mo)

3.7 million books available on Amazon

(100,000 in largest retail bookstores)

\$6 billion was eBay's 2006 revenue

Your company's brand isn't what you say it is...

...it's what Google says it is!

The People's Priorities 2007

Gallup's Top 10

1. Iraq
2. Terrorism/National Security
3. The Economy
4. Energy
5. Illegal Immigration
6. Healthcare
7. Education
8. Morality
9. Fixing Government
10. The Environment

Healthcare's Top Ten

- 1. Rising costs**
- 2. Uninsured**
- 3. Government reforms**
- 4. Aging population**
- 5. Pharmaceuticals**
- 6. Technology**
- 7. Transparency**
- 8. Consumerism**
- 9. Unsustainable Entitlement**
- 10. Dysfunctional waste**

Other BIG Issues

Ethics

Pandemics

Genomics

Alternative Therapies

Presenteeism

Biosensors

Cosmeceuticals

Nutraceuticals

Theragnostics

Globalization

Cyberchondria

State-of-the-State

5000 Hospitals

Improving quality of care – too much variation, 98,000 deaths


Increasing costs – cost sharing, thinner benefits, CDH

Uninsured – uncompensated care (charity + bad debt) = \$30 billion

Increasing demand for care – inpatient, outpatient, ER

Workforce shortages – RNs, PCs, caregivers

Technology – it works, people want it...*it's expensive*



CUSTOMERS
Health Squeeze

Health Squeeze

Changing health insurance benefits

Where, when and how care is delivered

Intergenerational family decision-making

Concierge Medicine

Home Health

Medical Tourism

Retail Clinics

Benefit Options

Medicare

Lifestyle & Wellness

Long Term Care

Hospice Care

Pharmaceuticals

GAO estimates that a third of the 78 million Boomers will have no retirement assets.

CDHP Crossroads

Benefit Manager Focus Group Results

Positive

- Lower premiums
- Healthier employees
- Shared responsibility

Negative

- Unpopular image; too new
- More work
- Complex to communicate
- Punitive vs. paternalistic (\$\$\$ OOP)

90% of Americans believe *GREED* is the major cause of rising health care costs

Employee Focus Group Results

67% satisfied with traditional benefit plans

Top Health Plan Negatives

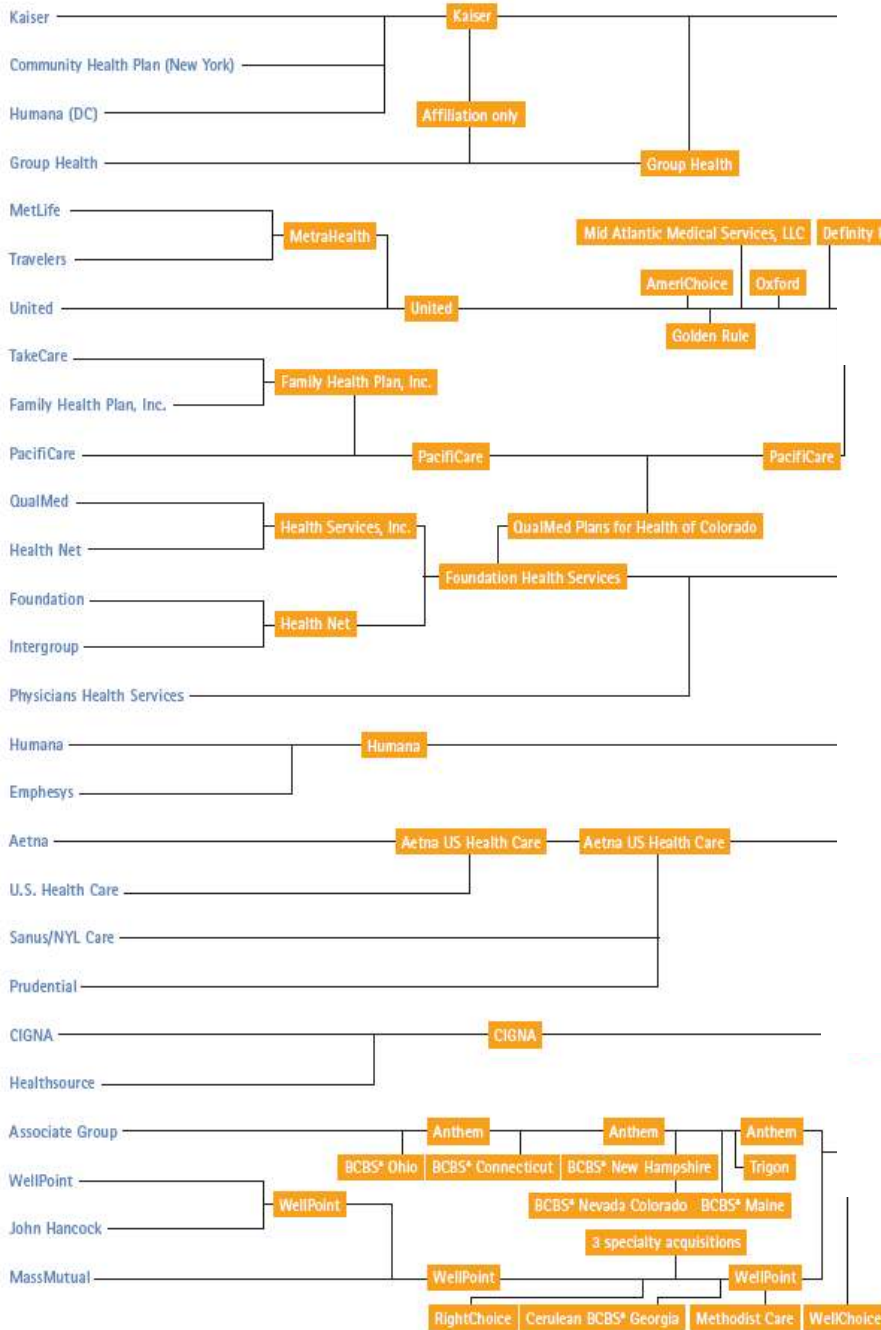
- Network
- Billing
- Customer Service
- Shrinking benefits

COMPETITION

Consolidating Expansion

1993

2006



Kaiser

Another 100 million

United

Health Net

Humana

Aetna

Cigna

Wellpoint

*Blue Cross Blue Shield
Source: Accenture.

Rivalries Heat Up

45% of 2006 enrollment went to four companies

B



U



C



A



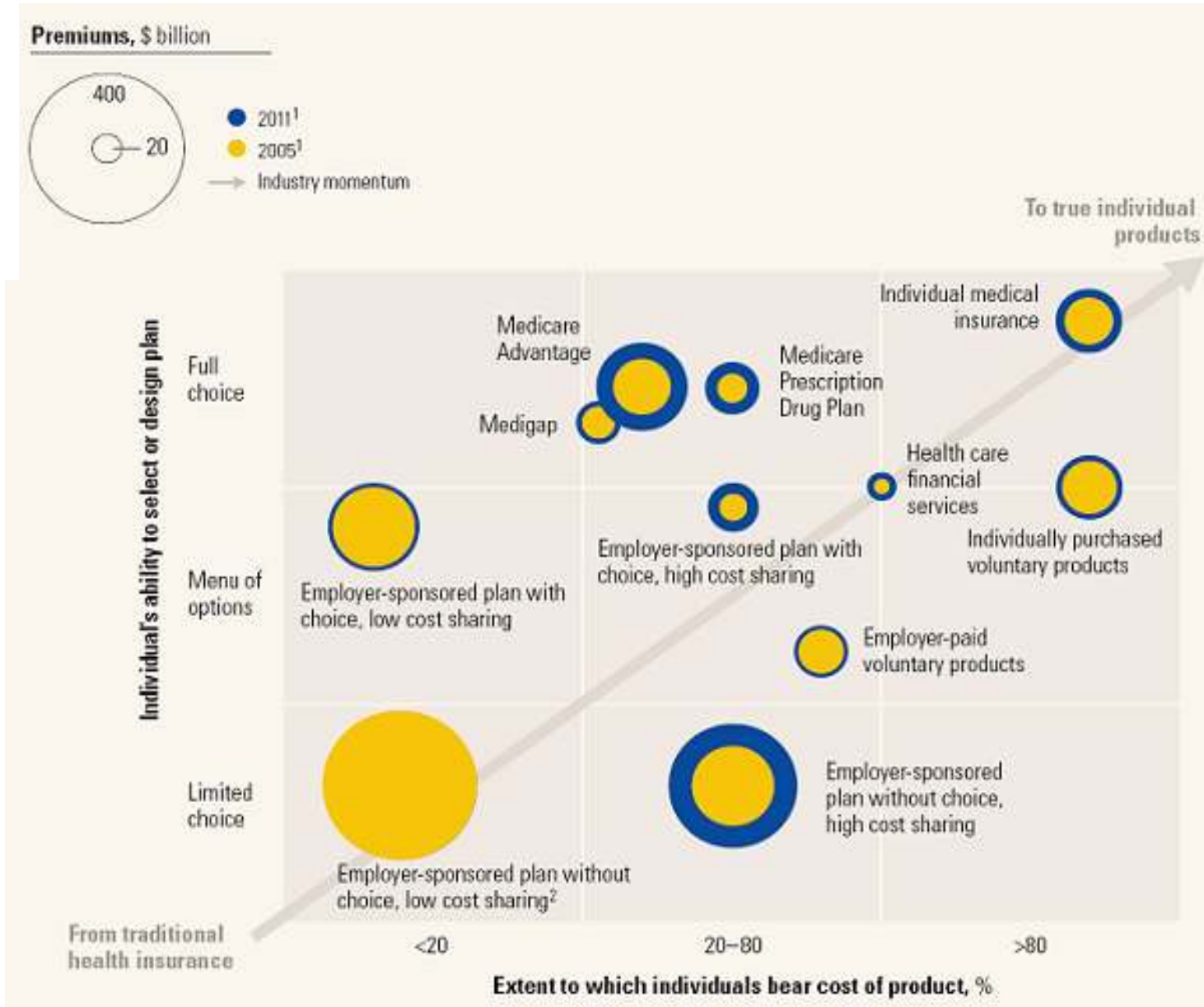
25% HSA Assets

**Exante
HSA Bank
Chase
Wells Fargo
Mellon**



Market Dynamics Impact Zones

Retail Health Insurance



ABHP

Employees in ABHPs are significantly less satisfied. A consumer product that scored as low would be pulled from the shelves.

- *lack competency & understanding*
- *don't appreciate long-term potential*
- *employers reluctant to upset or confuse workers*

Account-Based Plan Enrollment Estimates

	Jan 2006	Jul 2007	Jan 2008
HSAs	3.2	5.8	7.2
HRAs	2.9	4.3	5.0
TOTAL	6.0	10.1	12.2

Average Annual Group Premiums 2007

<u>HRA</u>		<u>HSA</u>		<u>All Other</u>	
Single	Family	Single	Family	Single	Family
\$3,894	\$11,492	\$3,826	\$9,666	\$4,514	\$12,183



Managing Shift Defined Aspirations

New Marketing

Times they are a-changin...

“Throw it up against the wall” marketing tactics are gone. Smart marketers are sorting through customer profiles to discover where the marketing dollar will be most effective.

TRADITIONAL SEGMENTATION

Demographic—Age, sex, income, occupation, education, ethnicity

Geographic—Regional, local, metro, rural

Behavioral—Brand loyalty, purchase decision-making

Psychographic—Lifestyles, values, attitudes

VALUE BASED SEGMENTATION

Assess segmented markets by value indicators:

- : **Revenues they generate** (lifetime value)
- : **Costs of establishing and maintaining a relationship**

Retention

What's your NPS?

Would you recommend us to a friend?

Net Promoter Score = % of promoters - % of detractors

On a scale of 1 to 10 segment your customer base:

10-9 = Promoters (brand advocates, speak on your behalf)

8-7 = Passives (neutral, would likely switch for better offer)

0-6 = Detractors (seeking to switch)

America's consumers have become much less forgiving of bad service. In a heartbeat, they will just take their wallet somewhere else!

BIG Strategic Takeaways

- 1. Consumerist benefit philosophies will continue to influence employer and individual purchasing decisions**
- 2. Holistic health care and ABHP financing will yield a more complete approach to improve outcomes and lower costs**
- 3.**
- 4.**
- 5.**
- 6.**

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