

Customer Service Leadership Award Early Intervention and Wellness North America, 2013

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2013 North American Customer Service Leadership Award in Early Intervention and Wellness to Preventure.

Significance of the Customer Service Leadership Award

Key Industry Challenges Addressed by Superior Health Solutions

Disease management services have been traditionally offered to large employers and health plans as a means of relieving overall coverage costs for those employees or members that suffer from chronic conditions that are treatable outside the more expensive physician care environment.

Frost & Sullivan independent analysis indicates that the market is slowly being eroded by several factors listed below.

1. The savings associated with disease management care services are coming under increased scrutiny, as most service contracts lack uniformity in baseline to outcomes improvement measurements. Also, many services are benchmarked against hypothetically higher care cost scenarios, such as visit frequency and outpatient claims costs. Most research studies show minimal savings at best and, not surprisingly, have been at odds with vendor ROI claims. Most large employers are starting to shift their care investments into wellness or wellness related programs, as these solutions do not carry the setup burden and the questionable return on investment.
2. Industry innovation is now shifting toward much more interactive, multi-approach toolsets that allow patients to partially self-monitor and to improve overall wellness outcomes through a variety of online and offline methods. While traditional disease management focused on higher structural cost areas (the most expensive being

outbound nurse call and monitoring services), improvements in communication technology allow outcome improvement through areas such as wireless monitoring and drug alerts. Studies show that the largest impact area for DM, medication adherence, is already addressed by a host of technology tools.

3. The traditional disease management model has relied on well understood clinical step guidelines, such as evidence based medicine. However, this frequently underreports for co-morbidities that may be impacting health. Co-morbidities are usually only managed well enough under a physician supervised program.

As a result of the above internal market factors, Frost & Sullivan notes that there has been a broad shift in the market within the last five years to address lower cost care methods. The larger external impact factors involve many of the changes brought on through the Accountable Care Act, which aims to lower both employer exposure for care costs and the overall cost of service. ACA also places an onus on managed care to lower differential rates between risk pools for self-insured patients.

Perhaps the single largest challenge faced through any form of offered “out of physician” services is the expected transition of employer benefit models, from defined benefit to defined contribution (more resembling a typical 401k package). This transition is expected to move much more care management responsibility and cost onto employees, who are not likely to be as proactive in seeking out intervention. It is expected that some forms of programmatic intervention - such as smoking cessation and diabetes testing - are likely to fall under protected health spending accounts. Frost & Sullivan firmly believes that next generation early intervention must embrace a multi-approach model.

Early intervention is the new hybrid that incorporates the basic elements of outbound monitoring common to traditional disease management with tools that attempt to engage members and patients before they become chronically ill. This market is becoming quite competitive and is also exhibiting lowered overall cost structures through more efficient communication and monitoring technologies.

In this highly competitive market, customer service has been the critical key that separates successful and growing entities from others, not only in new customer acquisition but also in the maintenance of enrollment and active participation. Intervention services have historically suffered sub 60% active enrollment and participation due to several factors. First of all, the programs are simply not tailored appropriately to the member base. There is a high degree of single program options that are offered to employers, based largely on the company size, without regard to specific individual needs. Second, the programmatic structure of the program itself lends poorly to long-term adherence, especially for conditions that rely on a large degree of behavior modification, such as for diabetes and smoking cessation. There are few participants that have been able to properly capture a smart approach to interventional care. Frost & Sullivan is of the

opinion that Preventure leads the pack with its intuitive PATH (People Achieving Total Health) model.

Key Benchmarking Criteria for Customer Service Leadership Award

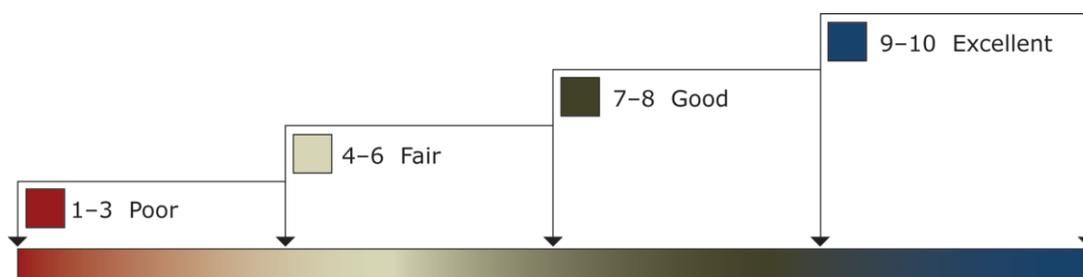
For the Customer Service Leadership Award, the following criteria were used to benchmark Preventure's performance against key competitors:

- **Quality of Service**
- **Timeliness of Service**
- **Impact of Service on Customer Value**
- **Cost of Service to Customers**

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 2.

Chart 2: Performance-Based Ratings for Decision Support Matrix



This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small

changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Chart 3: Frost & Sullivan’s 10-Step Process for Identifying Award Recipients



Best Practice Award Analysis for Preventure

Proving ROI in the crowded wellness space can be quite daunting, since most general wellness programs can be non-specific in nature. Preventure is made up of a dedicated group of specialists with deep experience in both employee engagement incentives and long-term maintenance by using its PATH (People Achieving Total Health) method. The company has a clear understanding of both the online and offline components behind effective wellness care.

From a technology perspective, Preventure’s Wellness Data Warehouse integrates all corporate wellness initiatives and resulting in one place; this includes a fairly robust client benefits integration dashboard that carries wellness data into other areas of corporate benefits planning, including general medical and dental. Frost & Sullivan feels that this integrated approach is well suited to moving wellness into an ROI-driven component of a broader medical benefits package. Based on an outside sample of HR benefit needs, Frost & Sullivan finds that coordination of actual employer care is coming under increased scrutiny for cost and results - meaning that top vendors will need to present ongoing metrics that can justify continued program investment.

However, what really separates Preventure from the other market participants is its relentless focus on program quality and member engagement. This has resulted in an average employee participation rate of over 70%, which is at the top end of most active management programs. By merging this focus with technology such as the SmartHealth Advisor, which actively individualizes programs by participant responses, Preventure is able to achieve impressive market growth.

Overall, Frost & Sullivan believes that vendors with superior ease of use, demonstrable user engagement and long-term maintenance, and a solid strategy toward benefits coordination will be the providers of choice for most mid-size and larger employers. Preventure is the best example of this integration.

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Customer Service Leadership Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

Chart 4: Decision Support Matrix for Customer Service Leadership Award

<i>Measurement of 1-10 (1 = lowest; 10 = highest)</i>	Award Criteria				
	Quality of Service	Timeliness of Service	Impact of Service on Customer Value	Cost of Service to Customers	Weighted Rating
Relative Weight (%)	25%	25%	25%	25%	100%
Preventure	10	8	9	10	9.25
Competitor 1	7	7	7	7	7.00
Competitor 2	6	6	7	5	6.00

Criterion 1: Quality of Service

The core premise of engagement within the new early intervention model, especially for corporate wellness initiatives, relies on an effective way to attract participants. The disease management model, which is the predecessor for early intervention, has historically suffered from subpar active participation over three months, which is especially crucial for step-wise behavior modification programs that experience very high rates of drop-off. Effective wellness programs must now embrace customization and demonstrate a keen sense of program delivery needs to remain relevant to employers and employees alike.

Criterion 2: Timeliness of Service

Timeliness of service is, in the metrics of wellness, a corollary to proper adherence. Adherence is the real measure of employee satisfaction and applicability and has a direct impact on cost savings for employers.

Preventure nicely separates itself from its competitors with a unique ground level account management model that places direct engagement and reporting responsibilities on Preventure managers on the ground in particular demographic areas. The focus is on managing the varying acceptance characteristics of a wellness program (i.e. improved response to different wellness approach methods.)

Criterion 3: Impact of Service on Customer Value

One of the larger issues within a national intervention program encompasses real time ROI. Unfortunately, most intervention programs report on cycles, which obscure the real impact value and hits the bottom line too late for most clients. Preventure is a pioneer in transparency through its Wellness Data Warehouse, which is a 360 degree reporting system integrating biometrics, stratified health risk (i.e. patients falling outside definable guidelines for a particular condition), direct engagement level with account managers, and outcomes vs. actual health costs.

Criterion 4: Cost of Service to Customers

The 2014 Accountable Care Act's guidelines encouraging the inclusion of appropriate wellness program incentives are expected to be a major driver of program participation and a yardstick for the industry's ability to continue intervention services. For example, ACA allows employers to tie incentives to improvements in "health status factors" known to significantly reduce costs. The financial incentive employers are allowed to offer will increase from the current Health Insurance Portability and Accountability Act (HIPAA) limit of 20 percent of the total cost of health coverage to 30 percent on Jan. 1, 2014.

Frost & Sullivan believes that increased incentive allowances will be attractive to general wellness programs if they can be tax sheltered and will likely increase competition among wellness providers for contracts. Preventure's superior customer service will help to deliver its solutions effectively into the market.

Conclusion

Employers and plans alike are shifting strategies to address changes in the post 2014 healthcare market in order to improve health outcomes and create more efficient processes. While this is likely to increase participation in employee self-management programs like wellness, it will have an adverse effect on pricing for vendors and increase pressure for ROI transparency. In this environment, a strong focus on customer service is

one of the most essential success factors for any early intervention solution to help these entities create efficiencies and engage members in a better, more proactive way. Preventure's service and solution set clearly answers both of these needs well in advance of the 2014 legislative changes.

Frost & Sullivan therefore believes that Preventure's unique focus on customer service and measurable member engagement programs gives it the competitive edge in competitive employer wellness and early intervention markets. Based on the aforementioned criteria as benchmarked through independent analysis, Preventure is the recipient of the 2013 Frost & Sullivan Customer Service Leadership Award.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best-practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.