



REACH ANALYTICS



HEALTHCARE CASE STUDY

## Increase of 40% ROI for a Major Healthcare Provider

APRIL 2013

Reach Analytics improves direct mail response and expands prospect universe while reducing overall acquisition cost for a large individual health insurance provider. **Net result: an increase of 40% ROI.**

## Client Challenges

Reach Analytics works with a national direct marketing agency that specializes in and serves a number of health insurance providers.

One of this agency’s clients employs regular direct mail campaigns to drive call-center inquiries for individual health insurance products. This client had begun to see a decline in response rates to their Medicare Advantage and Supplement mailings, and required immediate corrective action.

In addition, the agency was unable to secure mailing lists via traditional list rental/broker channels that provided their client with full coverage of their geographical market prospects.

Reach Analytics was engaged to reverse the decreasing response rates through the development and application of predictive analytics, and to provide a more comprehensive and accurate universe of mail-able prospects.

Desired outcomes for the project included:

- Delivering more prospects to mail
- Targeted list selection capability to produce desired lift in response
- Reduced in-the-mail cost garnered by the elimination of mail being sent to prospects who were least likely to respond
- Increased ROI as a function of more prospects, higher response, and reduced expenses

## Results

- ^ An 80% larger prospect pool
- ^ Acquisition cost reduced 7%
- ^ Response rate increased 28%
- ^ ROI increased a total of 40%

## Pre-Existing Client Practices

The agency was well-versed in traditional direct marketing techniques and rented its client’s mailing list from a single, well-regarded national list compiler. As “everyone” age 65 and over is eligible for Medicare, the agency applied only age and geography as its list selection criteria, and no further targeting was done before mailing all available prospects.

## Solution

Reach Analytics was able to address the client's first need for a larger prospect universe by pooling multiple data sources it licenses in-house to produce a comprehensive prospect universe that was 80% larger than the single-source file used by the client in the previous year.

Second, by applying proprietary algorithms and leveraging the power of our compiled data warehouse, we identified the portion of the prospect pool likely to be "ghosts"—or persons not actually living at the recorded address. At Reach Analytics, we know from hundreds of in-market tests that "ghost" prospects significantly underperform compared to average, if they generate any measurable results at all.

Next, utilizing our QeS<sup>SM</sup> analytics and modeling engine, we built predictive response models on the client's prior-year mailings—to provide a scoring mechanism that the client could apply to the prospect universe. The model scoring ranked prospects from most likely to least likely to respond, thus providing the client with a clear and intuitive method to target their mailings and achieve their desired response rate.

## Success

Reach Analytics' combined solutions were applied to the client's subsequent mailing and proved successful at meeting all of the desired outcomes:

- An 80% larger prospect pool
- Proprietary prospect validation identified and eliminated poor-performing "ghosts," which alone produced a 5% lift in response rate while reducing acquisition costs by 7%.
- Sophisticated and robust modeling allowed the client to mail only to those prospects that met their response criteria, resulting in a 28% lift in response among the top-half of the scored mailing.
- ROI increased a total of 40%.

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## About Reach Analytics

For three decades, Reach Analytics has been providing industry-leading predictive analytics solutions to Fortune 500 clients. Over thousands of projects, our QeS<sup>SM</sup> predictive engine combined with our deep domain expertise in Insurance, Financial Services, Retail and E-Commerce, Health Care and Services have led to exceptional outcomes for our clients. Our senior team members have held a variety of industry leadership positions in the Direct Marketing Association, among others, and are widely considered to be among the top direct marketing and predictive analytics practitioners in the world. To find out more about how Reach Analytics can assist your organization, please contact us at [info@reachanalytics.com](mailto:info@reachanalytics.com).