

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

INSURTECH, HEALTH AND WELLNESS - NORTH AMERICA

Customer Value Leadership 2019



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BEST
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2019

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Background and Company Performance

Industry Challenges

Frost & Sullivan monitors how rising healthcare costs and new regulations have triggered disruptive changes in the United States (US) health insurance industry, seeking to transform care delivery and payment from a fee-for-service to a value-based system. Enacted in 2010, the Affordable Care Act (ACA) widens health insurance coverage to protect people from high healthcare costs. Health insurers' collaboration with interconnected health plan stakeholders—to evaluate all aspects of business models, policyholder engagement, and plan structures—is quite critical to increasing access to high-quality healthcare at lower overall costs to meet the evolving healthcare demands. Against this backdrop, employment-based health plans form the framework of the US healthcare system, covering over 150 million Americans and their dependents—in total purchasing 34% of overall healthcare insurance in the US.¹

Employer-sponsored health plans and employee wellness programs have become increasingly important—a survey by America's Health Insurance Plan (AHIP), a trade association for health insurers, shows that 56% of employees cite employer-sponsored health benefits as a primary job retention factor, while 46% of respondents characterize these benefits as decisive job selection criteria.² From an employer's perspective, rising healthcare costs (medical cost inflation rate rose from 3.6% in 2015 to 4.3% in 2016 in North America)³ and growing non-communicable diseases (cardiovascular, cancer, gastrointestinal, and diabetes) receive the top responses for adverse claims experiences. Increasing healthcare costs and complexity of coverage exacerbate the administrative and cost burdens on employers. Seen as a differentiated benefit by employees, Frost & Sullivan points out that employer-sponsored health coverage is a key initiative to retain talent.⁴

While the ACA ensures that employer-sponsored health plans have broad employee coverage, the actual value to the employee in the cost-care mix remains low. A 2016 survey of the American public by Commonwealth Fund report shows 28% underinsured adults (41 million people) with employer-based health plan coverage, as the number of employees with deductibles exceeding 5% of income grew six times—from 2% to 13% in the period 2003 to 2016.⁵ The underinsurance risk is higher for people with chronic health problems and low-income; 61% of the 41 million underinsured people in 2016 were in the low-income group.⁶ Underinsurance affecting employer-sponsored health plan stems from rising healthcare costs with a less-than-proportionate rise in the salary. Thus, relative to pay, an escalating deductible burden for employees can lead to costly medical bill payments and corresponding debt—while at the same time reducing or deferring appropriate clinical care.

¹ Blumenthal, D., Gustafsson, L., & Bishop, S. (2018, November 2). To Control Health Care Costs, U.S. Employers Should Form Purchasing Alliances. Retrieved March 8, 2019, from Harvard Business Review: <https://hbr.org/2018/11/to-control-health-care-costs-u-s-employers-should-form-purchasing-alliances>

² The Value of Employer-Provided Coverage. (2018, February 6). Retrieved March 8, 2019, from AHIP: <https://www.ahip.org/esi-survey/>

³ Transformations in Global Private Health Insurance Models, (Frost & Sullivan, June 2016)

⁴ US Employer-Sponsored Private Health Insurance Exchange, Forecast to 2020, (Frost & Sullivan, February 2017)

⁵ Collins, S. R., Gunja, M. Z., & Doty, M. M. (2016, October 18). How Well Does Insurance Coverage Protect Consumers from Health Care Costs? Retrieved March 8, 2019, from The Commonwealth Fund: <https://www.commonwealthfund.org/publications/issue-briefs/2017/oct/how-well-does-insurance-coverage-protect-consumers-health-care>

⁶ Ibid

Adding to this concern is the lack of employer's adeptness in managing its place in the healthcare market proficiently. Employers exercise comparatively little bargaining power against insurers to structure and provide the most suitable personalized health plans to their employees, resulting in high-cost, low-value plans, which correspond to lower access to healthcare.

Frost & Sullivan believes that the most disruptive changes occurring in employer-based private health insurance and wellness include consumerization, Big Data analytics, chronic disease prevention and management, mHealth, and the transition to value-based payments.

The 2018 AHIP survey mentions wellness programs and flexible saving accounts as a favorable value-added offering.⁷ Education programs, wellness interventions, and health assessments establish a wellness culture to drive employee productivity. To increase tech-enabled employee engagement, virtual health coaching, and support services to select the best plans, and manage cost through spending accounts, employers must harness a tech-enabled platform that assists health plan management and smooth access to wellness programs and benefits for employees. Platform vendors must harness Big Data analytics and eliminate inefficiencies to enable employees to make insight-backed decisions and select value-based products and services.

Frost & Sullivan research concludes that those platform vendors offering consulting and financial analysis and next-generation digital support, e.g., payroll integration, billing consolidation, and turnkey solutions for ACA reporting, transparency tools, enrollment and eligibility automation, are exceptionally well-poised to grow.⁸

Customer Impact and Business Impact of League

Based in Ontario, Canada, League Inc. (League) started with the vision to empower the consumer to take control of their health every day. League's end-to-end services enable employers to design customized health insurance plans, either complete group insurance or a la carte products, then deliver them as part of a compelling total rewards package to their employees through League's proprietary platform. League's platform, advisory services, and benefits administration capabilities provide tremendous cost savings for employers while making it easier for their employees to engage with their benefits and health. League operates in 50 US states and Canada and began operations in the United Kingdom and Europe in 2019.

A Personal Health Journey

Currently, many individuals make uninformed decisions regarding their health benefits, opting for ill-suited or 'one-size-fits-none' insurance plans rather than data-driven plans that best suit their needs. Frost & Sullivan recognizes the way that League properly addresses these universal issues and transforms the customer experience, unlocking tremendous value for the end users as well as plan sponsors (employers). This generates savings by helping employees select and use more appropriate plans, and offloading an employer's administrative responsibilities. League also helps employers proactively hone their HR strategies with a data-driven and holistic

⁷ The Value of Employer-Provided Coverage. (2018, February 6). Retrieved March 8, 2019, from AHIP: <https://www.ahip.org/esi-survey/>

⁸ US Employer-Sponsored Private Health Insurance Exchange, Forecast to 2020, (Frost & Sullivan, February 2017)

approach to plan renewal and ongoing benefits portfolio management.

The company's end-to-end platform guides members through their initial enrollment and encourages them to engage daily, empowering them to manage their health more intuitively and proactively. League strives to save and optimize overall costs by matching the right consumer to the right plan, automating day-to-day administration, increasing efficiency and utilization of available programs, and making it easy for employees to find the information they need. For example, League members receive answers to their benefits-related questions in an average of 10 seconds, providing immediacy and personalization to their employee experience. In addition, the company adjudicates and reimburses claims in a few hours, versus weeks, in order to dramatically enhance the overall service experience.

Frost & Sullivan concurs that the League platform is quite instrumental in personalizing an employee's healthcare journey, providing exceptional customer experience and driving better results for all healthcare stakeholders—all while maximizing the investment for employers and employees.

The company works with employers to structure a set of plans, or a cafeteria-style flexi-program, with more flexibility for personalization for the employees. It presents end users with simple benefits communication and a mobile or web enrollment process that typically takes five to 10 minutes to complete. Employees can provide additional personal information, add dependents, and use guided decision support to enroll in the plan that is most relevant for them and their family. For daily use, end users can leverage the company's app with a digital wallet and support services, such as health guidance by medical professionals, and a benefits concierge who responds within seconds and helps with any decision or question about their plan. Additionally, League provides a range of embedded services, like a marketplace of curated and reviewed health and wellness products, services, and experiences, and health programs based on users' interests, e.g., mental health programs.

Frost & Sullivan believes that the impact of such platform technologies on insurance processes will lead to improved decision-making, more efficient administration, and an enhanced customer experience in selecting relevant plans and support.

Integrating Benefits, Concierge, Telehealth, and Lifestyle Services in One Platform

League's platform provides a spectrum of ancillary services in an integrated fashion, allowing users to engage with all of their benefits through the platform's digital wallet.

The digital wallet presents specific coverage details and available programs and is unique to each member. In addition to integrating with a company's insurance carriers, League also provides a range of proprietary defined contribution-style spending accounts: healthcare, medical, lifestyle, education, and training. All told, the digital wallet provides a single place of access for all of the most necessary information.

Employers benefit by optimizing their investment in a single solution, rather than buying multiple point solutions with low engagement in each. A high employee engagement (around 80% of monthly active users access the services between two to 30 times per month) proves the platform's unparalleled ease of use to drive savings and an unrivaled customer experience; League's Net Promoter Score (NPS) in customer satisfaction is in the mid-80s.

League's health concierge service employs seasoned medical professionals to help members with their health-related concerns, directing people to the most appropriate care path. The company witnesses a high return rate on its services. For instance, in the mental health category, the health concierge reduces the access time for mental health services, thereby allowing faster access to care, and potentially lowering prescription drugs intake.

For Big Data analysis, unlike traditional health plans (which depend only on claims data), Frost & Sullivan appreciates how League provides an array of data-driven options for an enhanced user experience that bundle benefits, health, and lifestyle. For example, League's platform makes it easy for users to participate in health programs and rewards challenges, access curated health and wellness content, services, products, and experiences, and engage in other customized wellness programs. League's machine learning (ML) team uses ML to take utilization and engagement, along with claims and prescription drug information, to build personalized decision support systems and algorithms for customers.

Acquiring New Accounts through Personalized and Consistent Engagement

League has moved up in the market to serve large accounts, covering the entire healthcare spectrum. The company has an account-based marketing strategy with a pool of hundreds or thousands of customer accounts, depending on the business region. League's branding strategies include direct mail, regular webinars, content, and conference participation. The company also hosts events across the US and Canada and is currently building awareness in Europe. League engages with its accounts and prospects through a personalized data-driven approach, which translates to account acquisition. The company's services clearly differentiate by organizing quarterly business reviews for clients and providing access to unique data with more regular insights compared to traditional plans, where brokers or consultants deliver presentations only at annual meetings, leading to a lower understanding of the health insurance market or specific employer population needs.

Comprehensive and consistent engagement enables the company to build relationships, expand the conversation, cater to the ever-evolving health and wellness needs of end users, and materialize savings for employers. League regularly meets with customers and provides invaluable insights on the health and well-being of their employees, with reliable indicators of probable health issues.

Frost & Sullivan firmly believes that League's ability to provide data-driven evidence on employees' health properly enables clients to design proactive health and wellness, prevention, and therapeutic strategies to minimize potential medical issues for their employees. The company has great client loyalty and a retention rate as high as 99.4%.

Wellness and Benefits through Single Window Access

League offers the best value for the price by enabling clients to leverage the benefit of integration. The cost of purchasing and managing an entire wellness and benefits offering, including administration, enrollment, employee engagement, and virtual care services, from separate vendors can become prohibitive. The company's integrated service offerings cost 60% to 80% less than buying multiple stand-alone services and integrating them later. League's unified platform also reports higher engagement than other point solutions.

Moreover, the company provides unparalleled value for the price to customers, through its comprehensive advisory capabilities, currently operating in multiple jurisdictions and countries. Traditional advisory services bill 3% to 20% of plan costs, which grow as plan costs rise (due to the prescription drugs or medical trends), leading to an increased total dollar payment to the advisors. League negates this trend of rising costs by helping employers design optimal plan options and engaging their members year-round, helping them be smarter health care consumers — from selecting the best plan options for them and their families, to maximizing available health and benefit resources and even more effectively utilizing the health care system when they need care."

The company's platform engages with a client in 10 seconds and deflects 80% of HR-related inquiries about benefits while enabling access to the right care sooner—dramatically reducing average wait times for care and providing matchless operational efficiencies. For example, in the mental health category, the average wait time to find a provider is as high as nine months. League, in contrast, whittles the wait time to a few hours or days.

Frost & Sullivan points out that League's ability to provide near-24/7 service on claims reduces response time and, thus, lowers HR involvement around benefits. Directing users to enroll in the right health plans faster optimizes premium payments over time.

Market expansion and big account acquisitions (such as Unilever, Uber, Shopify, and consulting houses including KPMG and Lloyd) are driving League's growth. With more than two years since initiating sales, the company is on an accelerated upward trajectory, reporting an astonishing 30-fold increase from 2017 to 2018. League expects to triple its business in 2019, increasing its revenue roughly seven-fold over 2018. With a big public sector deal in 2019, the company will work with state-level entities and labor unions in addition to employers.

Frost & Sullivan concludes that as a true enabler of enterprise transformation strategies, League will take a market leadership position in the coming years.

Conclusion

There is an ongoing need to provide high-quality, cost-effective health plans and strategies to meet employees' evolving healthcare demands. Employer-sponsored health plans and wellness programs are quite critical to value-based care and serve as important criteria for employee retention. However, employers struggle to provide their employees with a competitively priced, tailor-made health plan without experiencing workflow efficiency issues and increasing administrative expenses.

League Inc. (League) offers an end-to-end platform that provides excellent value to both employees and employers by administering and personalizing the entire health benefits experience. It reduces operational inefficiencies and provides cost savings, while also enhancing the customer experience. With extraordinarily high user engagement, the platform lowers the cost of purchasing and managing wellness, benefits, and advisory services for employers. League also assists clients in designing strategies for managing employee wellness in the long run by leveraging insightful evidence from its data-driven approach. The health benefits experience platform provides a single point of access to benefits and coverage, telehealth, concierge services, lifestyle support, wellness, and virtual coaching. With its strong overall performance, League earns the 2019 Frost & Sullivan Customer Value Leadership Award.

Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. Delighting customers is, therefore the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Customer Value Leadership

Customer Value Leadership is defined and measured by two macro-level categories: Customer Impact and Business Impact. These two sides work together to make customers feel both valued and confident in their products' quality and long shelf life. This dual satisfaction translates into repeat purchases and a high lifetime of customer value.

Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Business Impact

Criterion 1: Financial Performance

Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition

Requirement: Customer-facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency

Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential

Requirements: Customer focus strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> Conduct in-depth industry research Identify emerging sectors Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> Interview thought leaders and industry practitioners Assess candidates' fit with best-practice criteria Rank all candidates 	Matrix positioning of all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> Confirm best-practice criteria Examine eligibility of all candidates Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> Brainstorm ranking options Invite multiple perspectives on candidates' performance Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> Share findings Strengthen cases for candidate eligibility Prioritize candidates 	Refined list of prioritized Award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> Hold global team meeting to review all candidates Pressure-test fit with criteria Confirm inclusion of all eligible candidates 	Final list of eligible Award candidates, representing success stories worldwide
7 Perform quality check	Develop official Award consideration materials	<ul style="list-style-type: none"> Perform final performance benchmarking activities Write nominations Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> Review analysis with panel Build consensus Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> Present Award to the CEO Inspire the organization for continued success Celebrate the recipient's performance 	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 Take strategic action	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> Coordinate media outreach Design a marketing plan Assess Award's role in future strategic planning 	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.



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 more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.