Audience Segmentation for the Emerging Health Insurance Marketplace

Office of Communications
Centers for Medicare &
Medicaid Services

Note: The statements expressed here are those of the authors and do not necessarily reflect the views or policies of CMS.

This presentation provides an overview of CMS Consumer Research related to Audience Segmentation for the emerging health insurance marketplace. It builds on prior and ongoing segmentation research that has been underway and reported in various forums.

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Demographics to Psychographics

- Audiences can be usefully segmented in multiple ways.
- Census data
  - Demographically (age, income, gender, race, language)
  - Geographically
- Lifestyle or Psychographics
  - How they use information
  - How they behave around financial or health issues
  - Larger issues that are important to certain groups

Slide text:
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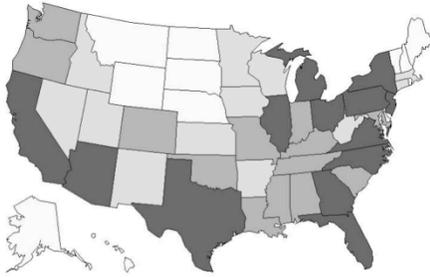•Geographically

Lifestyle or Psychographics
•How they use information
•How they behave around financial or health issues
•Larger issues that are important to certain groups

Notes:

Slide text:
Map of the geographic diversity of the uninsured based on CMS/ASPE analysis of 2010 Census Data.

Census Data Can Provide Some Insight: Demographics, Part 1

Characteristic	Data	
Number uninsured	48.4 million, 18% of population	
Age distribution	0 – 18	13.9%
	19 – 25	20.4%
	26 – 34	21.1%
	35 – 54	35.0%
	55 – 64	9.7%
Income (Percent of Poverty Level)	≤ 138%	54.5%
	139 – 400%	38.2%
	> 400%	7.3%
Gender	Male	55.4%
	Female	44.6%
Race/Ethnicity	Latino	32.4%
	White (non-Latino)	44.8%
	Black (non-Latino)	14.9%
	Asian (non-Latino)	4.5%

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➤400%, 7.3%

Gender
Male, 55.4%
Female, 44.6%

Race/Ethnicity
Latino, 32.4%
White (non-Latino), 44.8%
Black (non-Latino), 14.9%
Asian (non-Latino), 4.5%

Notes:
Data from 2010 Census, posted by ASPE/CMS. Note that these figures include uninsured children under the age of 18 as well as adult consumers that are uninsured.

Census Data Can Provide Some Insight: Demographics, Part 2

Characteristic	Data	
Disabled		8.2%
Full –time worker in family		75.0%
Educational attainment	Less than High School Completed High School College Graduate	24.9% 64.0% 11.2%
Language Preference	English Spanish Chinese Korean Vietnamese	78.8% 17.1% 0.6% 0.4% 0.4%
No English-Speaking Adult in household		15.7%

Slide text:
Census data can provide some insight: Demographics, Part 2

Characteristics and Data
Disabled, 8.2%
Full –time worker in family, 75.0%

Educational attainment
Less than High School, 24.9%
Completed High School, 64.0%
College Graduate, 11.2%

Language Preference
English, 78.8%
Spanish, 17.1%
Chinese, 0.6%
Korean, 0.4%
Vietnamese, 0.4%

No English-Speaking Adult in household, 15.7%

Notes:

Drilling Down to Local Level:

- A user friendly resource based on the 2010 Census data has been developed and posted to help identify where uninsured individuals with specific characteristic can be found.
- Data are available at the sub-state level.
- Uninsured Counts and Percents.
- Can be sorted by individual characteristics
- https://data.cms.gov/dataset/The-Percent-of-Uninsured-People-for-Outreach-Targe/9hxb-n5xb?
- https://data.cms.gov/dataset/The-Number-of-Uninsured-People-for-Outreach-Target/pc88-ec56?

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Notes:
Additional data derived from Census and shared with partners, such as those developed through our collaboration with ASPE, are also available to help understand characteristics of the uninsured at the state level.

CMS Six Lifestyle and Psychographic Segments

- CMS 6 Segments focus on lifestyle and psychographic issues
  - The uninsured are overwhelmingly comprised of three of CMS' 6 Segments
- Created through CMS segmentation surveys
- CMS segments can be linked to commercial data bases.
  - Allows local targeting
  - Expands audience understanding
  - Including Experian Mosaic and Claritas PRIZM

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•Allows local targeting.
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•Including Experian Mosaic and Claritas PRIZM.

Notes:

CMS Six Segments Overview

Segment	Age	Health Status	Importance of Healthcare Information	Prevention	Worry
Informed, Healthy & Educated [17.2%]		Better	Important	Uses	
Sick, Active & Worried [23.2%]		Worse	Important		Worried
Mature & Secure [11.7%]	Older	A little Better	Important	Uses	Not
Healthy & Young [19.6%]	Younger	Better	Not imp		Not
Passive & Unengaged [20.4%]		A little Better	Not imp	Does Not	Not
Vulnerable & Unengaged [7.9%]		Worse	Not imp		Worried

Slide text:
CMS Six Segments Overview
Informed, Healthy & Educated [17.2%]
The informed, health and educated population have a better health status, feel that Healthcare information is important and use prevention.

Sick, Active & Worried [23.2%]
The sick, active and worried population have a worse helath status, feel that healthcare information is important and are worried.

Mature & Secure [11.7%]
The mature and secure population are of older age, a little better health status, feel that healthcare information is important, uses prevention and are not worried.

Healthy & Young [19.6%]
The healthy and young population are of younger age, better health care status, feel that healthcare information is not important, and is not worried.

Passive & Unengaged [20.4%]
The passive and skeptical audience has a little better health care status, do not feel that healthcare information is important, does not use prevention and is not worried.
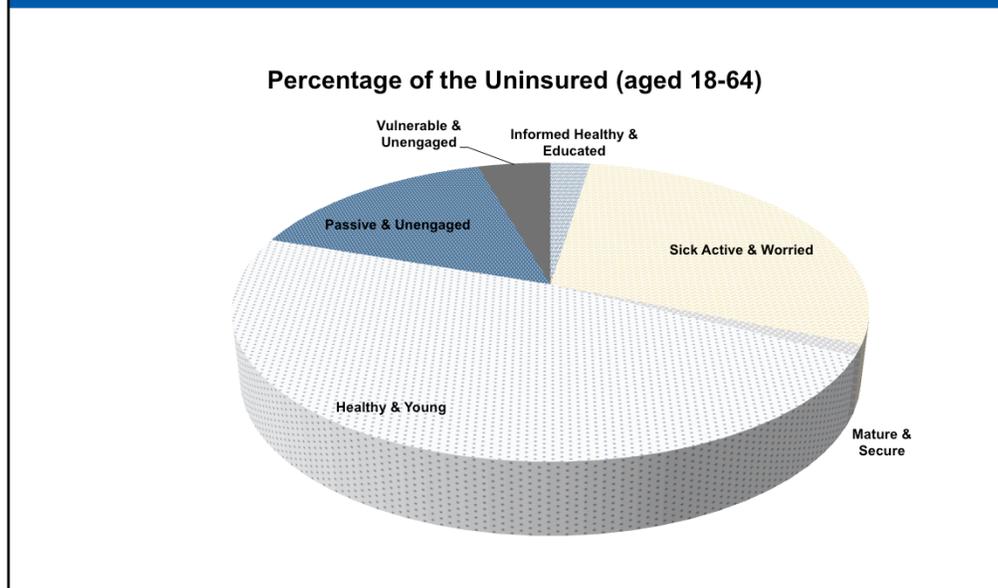
Vulnerable & Unengaged [7.9%]
The vulnerable and unengaged population has a worse health status, feels that healthcare information is not important and is worried.

Notes:
This table highlights some of the key dimensions along which the Segments differ.

Slide text:
CMS Segments and the Uninsured.

Notes:
Data are based on a nationally-representative survey of approximately 1,400 adults under the age of 65. Data shown are percent uninsured within each of the 6 primary CMS audience segments. Over 92% of the uninsured respondents in our study fall into one of three CMS Segments: 29% are Sick Active & Worried, 48% are Healthy & Young, and 15% are Passive & Unengaged. It is likely that the uninsured in these groups will share some common behavioral and attitudinal characteristics that relate to being uninsured, but they may also differ in important aspects that will be essential to consider in our outreach, education, and social marketing efforts. For example, those in the Sick Active & Worried segment are likely to have a chronic disease or pre-existing medical condition that makes it more difficult for them to qualify for affordable coverage in the current market. Those in the Healthy & Young segment may be less likely to perceive the value of health insurance. Those in the Passive & Unengaged segment may lack the skills or motivation (or both) to investigate their options. Clearly, each of these segments presents a distinct outreach challenge. We are currently exploring media and marketing responsiveness for these audiences.

Healthy & Young

- 47.8% of nonelderly uninsured adults.
- Take health for granted.
- Internet savvy, but don't search for health-related topics.
- Low motivation to enroll.
- Potential for sub-segmentation.
- 54% say cost is a main reason they are uninsured.
- 62% say they would be interested in shopping for insurance in the new marketplace.

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Healthy and Young
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Low motivation to enroll.
Potential for sub-segmentation.
54% say cost is a main reason they are uninsured.
62% say they would be interested in shopping for insurance in the new marketplace.

Notes:

Sick, Active & Worried

- 28.9% of uninsured.
- Mostly Gen X and Baby Boomers.
- Most likely to be in poor health, many are also caregivers.
- Actively seek information for health issues, but may need help interpreting it.
- 79% say cost is a major reason they are uninsured.
- 72% say they would be interested in shopping for insurance in the new marketplace.

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Sick, Active and Worried
28.9% of uninsured.
Mostly Gen X and Baby Boomers.
Most likely to be in poor health, many are also caregivers.
Actively seek information for health issues, but may need help interpreting it.
79% say cost is a major reason they are uninsured.
72% say they would be interested in shopping for insurance in the new marketplace.

Notes:

Passive & Unengaged

- 15.3% of the uninsured
- Spans the generations, but mostly 49 or older.
- Strong status quo bias.
- Lives for today.
- Lower health insurance literacy skills, low motivation to enroll.
- 73% say cost is a main reason they are uninsured.
- 50% say they would be interested in shopping for insurance in the new marketplace.

Slide text:

Passive and Unengaged

15.3% of the uninsured

Spans the generations, but mostly 49 or older.

Strong status quo bias.

Lives for today.

Lower health insurance literacy skills, low motivation to enroll.

73% say cost is a main reason they are uninsured.

50% say they would be interested in shopping for insurance in the new marketplace.

Notes:

Comparing the Uninsured Segments: Demographics

Sick, Active & Worried	Healthy & Young	Passive & Unengaged
59% female	43% female	46% female
58% High School or less	56% High School or less	63% High School or less
67% w chronic condition	4% w chronic condition	23% w chronic condition
53% married	41% married	56% married
42% employed	57% employed	56% employed
77% Caucasian 16% African American 15% Hispanic	62% Caucasian 16% African American 22% Hispanic	62% Caucasian 29% African American 15% Hispanic
90% likely to qualify for subsidy.	84% likely to qualify for subsidy.	82% likely to qualify for subsidy.

Slide text:
Comparing the Uninsured Segments: Demographics

Sick, Active & Worried
59% female.
58% High School or less.
67% with a chronic condition.
53% married.
42% employed.
77% Caucasian.
16% African American.
15% Hispanic.
90% likely to qualify for subsidy.

Healthy & Young
43% female.
56% High School or less.
4% with a chronic condition.
41% married.
57% employed.
62% Caucasian.
16% African American.
22% Hispanic.
84% likely to qualify for subsidy.

Passive & Skeptical
46% female.
63% High School or less.
23% with a chronic condition.
56% married.
56% employed.
62% Caucasian.
29% African American.
15% Hispanic.
82% likely to qualify for subsidy.

Notes:
These data reflect means obtained in two independent surveys that identified the uninsured audiences in these segments, and the percentages shown are generally consistent with the overall profiles for those segments in the general audience 18 – 64 years of age. Nevertheless, the sample sizes on which these percentages are based are small, so these estimates should not be considered exact.

Comparing the Uninsured Segments

Sick, Active , & Worried	Healthy & Young	Passive & Unengaged
Cost is cited as main reason for being uninsured by 79%; 60% have been noncompliant with medications due to cost.	Cost is cited as main reason for being uninsured by 54%; 33% have been noncompliant with medications due to cost.	Cost is cited as a main reason for being uninsured by 73%; 33% have been noncompliant with medications due to cost.
Health is fair to very poor; 67% have a chronic condition, 34% report a disability.	Health is excellent to very good; 4% have a chronic condition, 5% report a disability.	Health is fair to excellent; 23% have chronic condition; 12% report a disability.
79% use internet	91% use internet	62% use internet

Slide text:
Comparing the Uninsured Segments

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Cost is cited as main reason for being uninsured by 79%; 60% have been noncompliant with medications due to cost.
Health is fair to very poor; 67% have a chronic condition, 34% report a disability.
79% use internet.

Healthy & Young
Cost is cited as main reason for being uninsured by 54%; 33% have been noncompliant with medications due to cost.
Health is excellent to very good; 4% have a chronic condition, 5% report a disability.
91% use internet.

Passive & Unengaged
Cost is cited as a main reason for being uninsured by 73%; 33% have been noncompliant with medications due to cost.
Health is fair to excellent; 23% have chronic condition; 12% report a disability.
62% use internet.

Notes:

Themes and Segments

	Sick, Active & Worried	Healthy & Young	Passive & Unengaged
Common Themes Across Segments	Cost-conscious and sensitive to motivational propositions emphasize high perceived value, getting a good deal, best deal for the dollar. Family centered lifestyles and obligations.	Cost-conscious and sensitive to motivational propositions emphasize high perceived value, getting a good deal, best deal for the dollar. Family centered lifestyles and obligations.	Cost-conscious and sensitive to motivational propositions emphasize high perceived value, getting a good deal, best deal for the dollar. Family centered lifestyles and obligations.
Distinct Themes Among Segments	Willingness to take a chance and do things their own way. Preferences for simple and straightforward with "no frills."	Image-conscious, interested in self-improvement. Open minded, interest in having the "latest and greatest."	Live for today. Preference for known brands ["the real thing"].

Slide text:
Themes and Segments

Common Themes Across Segments
Sick, Active & Worried
Cost-conscious and sensitive to motivational propositions emphasize high perceived value, getting a good deal, best deal for the dollar. Family centered lifestyles and obligations.

Healthy & Young
Cost-conscious and sensitive to motivational propositions emphasize high perceived value, getting a good deal, best deal for the dollar. Family centered lifestyles and obligations.

Passive & Unengaged
Cost-conscious and sensitive to motivational propositions emphasize high perceived value, getting a good deal, best deal for the dollar. Family centered lifestyles and obligations.

Distinct Themes Among Segments
Sick, Active & Worried
Willingness to take a chance and do things their own way. Preferences for simple and straightforward with "no frills."

Healthy & Young
Image-conscious, interested in self-improvement. Open minded, interest in having the "latest and greatest."

Passive & Unengaged
Live for today.
Preference for known brands ["the real thing"].

Notes:
This table shows that some themes emphasized in the Experian TrueTouch® Impact segmentation system are evident across CMS segments, which some are more closely associated with a particular CMS segment. The common impact groups suggest cost-consciousness and sensitivity to motivational propositions emphasize high perceived value, getting a good deal, best deal for the dollar. There is a theme of valuing and searching out cost-effective solutions for their family-centered lifestyles and obligations. The differentiation between CMS segments revolve around living for today and preference for known brands ["the real thing"] among Passive & Unengaged vs. Image-consciousness/self-improvement and open-minded interest in "latest and greatest" for the Healthy & Young vs. Willingness to take a chance and do things their own way – simple and straightforward with "no frills" among the Sick, Active & Worried segment. The PRIZM Super-Segments seemed to be somewhat broader in their coverage and emphasized characteristics common to the uninsured, reminding us that there is still diversity within the segments.

Experian TrueTouch® impact groups common to uninsured: Seekers, Sensibles, Conservatives.
Experian TrueTouch® impact groups more frequent in Sick Active & Worried segment: Savers (8.0%), Independents (5.8%).
Experian TrueTouch® impact groups more frequent in Healthy & Young segment: Hipsters (9.3%), Contempos (7.0%)
Experian TrueTouch® impact groups more frequent Passive & Unengaged segment: Blues (8.3%), Today (5.2%).

Key Barriers and Motivators

Sick, Active, & Worried	Healthy & Young	Passive & Unengaged
Barriers: dread of new burdens, worry about making "wrong" decisions, low information management skills.	**Barriers**: complacence from being healthy and free of medical problems, procrastination, lack of time – many competing priorities.	**Barriers**: denial, fear of the unknown, difficulty navigating health care system, fear of making bad decisions, prefer status quo.
Motivators: getting well, staying as healthy and independent as possible, enjoying life to the fullest, more time with loved ones, feeling in control, financial security.	**Motivators**: maintaining vigorous health, making smart decisions, achieving best potential, family.	**Motivators**: helping family by making good decisions, maintaining independence, feeling in control.
Highest predicted responsiveness to mass media ads.	Mid-level predicted responsiveness to mass media ads.	Lowest predicted responsiveness to mass media ads.

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Key Barriers and Motivators
Sick, Active, & Worried
Barriers: dread of new burdens, worry about making "wrong" decisions, low information management skills.
Motivators: getting well, staying as healthy and independent as possible, enjoying life to the fullest, more time with loved ones, feeling in control, financial security.
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Healthy & Young
Barriers: complacence from being healthy and free of medical problems, procrastination, lack of time – many competing priorities.
Motivators: maintaining vigorous health, making smart decisions, achieving best potential, family.
Mid-level predicted responsiveness to mass media ads.

Passive & Unengaged
Barriers: denial, fear of the unknown, difficulty navigating health care system, fear of making bad decisions, prefer status quo.
Motivators: helping family by making good decisions, maintaining

Slide text:
Key Communication Needs
Healthy & Young – Motivational messages with a focus on making a smart decision.

Sick Active & Worried - Awareness of new options will be critical, fewer motivational barriers, but may need help sharpening skills to make best use of information.

Passive & Unengaged -- Motivational messages with a focus on independence, control, testimonials.

In addition, **skill building and support** will be especially needed for those in the **Passive & Unengaged Segment.**

Notes:
This is very high level, but helps to provide a framework for moving forward.

Linking to Commercial Lifestyle Databases: Experian Mosaic Example

Sick, Active & Worried	Healthy & Young	Passive & Unengaged
Mosaic® Segment, Town Elders: Stable, minimalist seniors living in older residences and leading sedentary lifestyles. Home-centered, stable, comfort over style, traditionalists, patriotic, cautious money managers, family pride, community roots, spiritual.	**Mosaic® Segment, Hope for Tomorrow**: Young, lower income African American single parents in second-city apartments. Transient, trend conscious, striving for more, utilitarian consumerism, diligent, optimistic.	**Mosaic® Segment, Hispanic Harmony**: Middle-class Hispanic families living lively lifestyles in city-centric neighborhoods. Gen X Hispanics, aspirational consumers, bargain hunters, sports junkies, family-centered lifestyles, mid-sized cities, young families, investment-averse, middle class, healthy living.
Mosaic® Segment, Small Town Shallow Pockets: Older, downscale singles and empty nesters living in modest exurban small towns. Conservative, modest lifestyles, convenience, community active, bargain shoppers, unpretentious, domestic travels, traditional media tastes.	**Mosaic® Segment, Dare to Dream:** Young singles, couples and single parents with lower incomes starting out in city apartments. Mobile singles, active life style, optimistic, crowded households, internet savvy, online gaming.	**Mosaic® Segment, Gospel & Grits**: Lower middle-income African-American multigenerational families living in small towns. Active social lives, modest educations, aspirational, philanthropic streak, socially conservative, discriminating consumers, limited budgets, moderate digital use, fashionable, multigenerational households.
Mosaic® Segment, Rolling the Dice: Middle-aged, mid-scale income singles and divorced individuals in secondary cities. Un pretentious, individualists, opportunity seekers, TV addicts, meager means, open minded, credit cards, athletic activities, limited educations, online for entertainment.	**Mosaic® Segment, Digital Dependents**: Mix of Gen Y and Gen X singles who live digital-driven, urban lifestyles. Eco-minded, outdoor activities, gamers & bloggers, digital trendsetters, risk takers, ubiquitous internet use, active social lives, appearances are important, artistic.	**Mosaic® Segment, Work Hard Pray Hard**: Working-class, middle-aged couples and singles living in rural homes. Remote settings, church-based activities, unpretentious, limited digital use, socially conservative, bargain shoppers, outdoor sports, community involvement, frugal, self-reliant.

Slide text:
Linking to Commercial Lifestyle Databases: Experian Mosaic Example

Sick, Active & Worried

Mosaic® Segment, Town Elders: Stable, minimalist seniors living in older residences and leading sedentary lifestyles. Home-centered, stable, comfort over style, traditionalists, patriotic, cautious money managers, family pride, community roots, spiritual.

Mosaic® Segment, Small Town Shallow Pockets: Older, downscale singles and empty nesters living in modest exurban small towns. Conservative, modest lifestyles, convenience, community active, bargain shoppers, unpretentious, domestic travels, traditional media tastes.

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Healthy & Young

Mosaic® Segment, Hope for Tomorrow: Young, lower income African American single parents in second-city apartments. Transient, trend conscious, striving for more, utilitarian consumerism, diligent, optimistic.