



Perspective: Castlight — Next-Generation Healthcare Consumer Engagement

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IN THIS PERSPECTIVE

This IDC Health Insights Perspective assesses the Castlight (www.castlighthealth.com) consumer engagement model and identifies best practices for next-generation healthcare consumer engagement strategies.

Healthcare consumer engagement requires that consumers have access to information. Providing information to consumers in a context, format, and channel that is timely and meaningful has long been a challenge for the healthcare industry. The evolution of consumer-defined health plans created demands from consumers for better information to make cost, provider, and quality decisions. However, most of the early initiatives to extend cost and quality data to consumers experienced limited success. In the healthcare industry, these tools are legendary for contentious execution between health plans and providers and then for subsequent low adoption among consumers. Previous cost and quality tools suffered data and accuracy challenges, whether executed by health plans, third parties, or public entities. Most frequently, these initiatives were executed as independent, standalone tools unintegrated in the broader consumer healthcare process. Questionable data validity and limited functionality manifested in predictably low consumer adoption.

Castlight's stated mission is to engage consumers to reduce healthcare costs and improve quality. The Castlight solution focuses on providing consumers access to cost and quality information for physicians and procedures to enable better consumer medical and cost choices. However, Castlight brings a new and more sophisticated and targeted model to the market, taking best practices from retail and financial services models. Early execution suggests that best practices from other industries can markedly increase consumer adoption and engagement. Investors are impressed. In May 2012, Castlight secured \$100 million in Series D funding.

The Castlight Solution

Context

Castlight markets its solution against the following business context and market dynamics:

- Clinical and quality research has established no correlation between service cost and quality. (Source: "Quality Implications of Efficiency-Based Clinician Profiling," CareVariance LLC, 2004: http://carevariance.com/images/quality_Implications_Efficiency-Based_Clinician_Profiling.pdf)
- The range of costs for healthcare services varies remarkably within local markets.
- Employers continue to shift increasing costs of healthcare insurance and care to consumers. Consumers have little access to cost or quality data upon which to make care decisions.

Leadership Team

Castlight's exceptionally strong senior leadership team draws from vast experience in the healthcare, clinical, technology, consulting, and consumer markets. Giovanni Colella, cofounder and CEO of the company, previously served as CEO of RelayHealth. Cofounder Todd Park now serves as the U.S. Chief Technology Officer. Third cofounder Bryan Roberts is a successful HCIT investor and a partner at Venrock.

Solution Attributes and Differentiation

- **Data sources and reliability.** The Castlight solution integrates data from a number of sources, including an employer's past medical claims data, as well as quality and satisfaction data from private, state, and federal sources. It is a multi-provider, multi-insurance, multi-source solution. Data from multiple sources is then normalized, aligned, and tested using proprietary algorithms to produce an audited and reliable cost and quality data set. Castlight audits report that 95% of cost data provided is within 10% of the actual service cost.
- **Accessibility.** Mobile applications and evolution. Castlight offers multichannel access, including Web, mobile, and phone interactions. Deployment of a mobile option better integrates with general consumer access and decision-making actions. Within 30 days of the mobile application launch in the first quarter of 2012, Castlight reports that mobile interactions accounted for over 10% of total Castlight activity.

- **Usability and context.** Uniquely, the Castlight interface supports many features common to consumer retail and financial services Web experiences, including:
 - Simple and easy-to-use interface, with multiple context look-up features
 - Tracking and reporting of previous interactions and spend
 - Tracking and reporting of costs against specific metrics, health savings accounts, deductibles, coinsurance, and so forth
 - Integrated secondary transaction information, including provider demographics, graphical location and distance comparisons, interactive mapping capabilities, and related quality data
 - Integrated consumer information, including benefit plan, copays, deductibles, and incentives
 - Consumer satisfaction and commentary
 - Unique customizable sponsor messaging and information

Notably, Castlight also supports "push" information through embedded analytics capabilities. Consumers' past claims data is analyzed against Castlight cost and quality information. Consumers are advised when missed opportunities for cost savings may have occurred.

Implementation and Execution Focus

Castlight's initial implementations have focused on specific environments when consumer interest in cost and quality data is high. The company supports integration of implementation and engagement initiatives for changes in the employer benefit plan, such as consumer-defined health plans that increase consumer cost responsibilities. In addition, some implementations have focused on high-cost individuals, where specific engagement can produce strong results. These include those consumers with high-cost chronic diseases and/or those with a propensity to use high-cost providers or locations. The tool is used to educate consumers and demonstrate alternatives, such as using urgent care centers or primary care physicians rather than the emergency room.

Market Deployment

Castlight's initial deployment is focused on employers. Future deployment opportunities with health plans and channel partners will be assessed.

Results

The combination of a more retail look and feel, qualified and audited information, better information and process integration across the consumer healthcare experience, and focused education, engagement, and incentives have produced intriguing early results. Applying consumer engagement best practice models from other industries, including targeted engagement strategies where consumer interest is high or there is an opportunity for notable results with specific populations, Castlight has produced initial engagement and usage metrics far beyond most previous cost and quality tool initiatives.

Castlight provides a number of case studies. One employer, implementing in context of a CDHP replacement benefit strategy, obtained 50% voluntary employee registration, 230,000 searches, and 55% return usage. Another employer reported a 9% drop in annual spending after targeted engagement of high spenders.

Future Road Map

Notably, Castlight plans continued investment and extension of its solution to further integrate data and processes relevant to consumer cost and quality decisions. Additional investments in 2012 include:

- The addition of pharmacy data through a Medco partnership
- Additional employer reporting, savings, and adoption reporting
- Focused data and strategies for high-cost chronic conditions

Essential Guidance

In an IDC January 2012 survey of health plan consumer engagement strategies, over 70% of health plans reported planned additional investment in Web initiatives through 2013. The Castlight solution and focused deployment model offers an important industry best practice and benchmark for healthcare consumer adoption. Health plans should take note of consumer engagement successes when healthcare strategies are aligned with retail best practice models, provide audited and reliable comprehensive information and process integration, and are delivered to fit existing consumer patterns for information consumption and action.

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Related Research

- *Engaging the Consumer: Health Plan Business and Technology Investments, Opportunities and Disconnects* (IDC Health Insights #HI234842, May 2012)
- *U.S. Connected Health IT 2012 Top 10 Predictions* (IDC Health Insights #HI232666, January 2012)

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