

# Maintaining Your Membership Base: Factors Impacting Member Retention

## PROBLEM

In order to best provide the high-quality, ongoing, and comprehensive care inherent to the DPC model, physician’s and practice leaders need to maximize their abilities to retain their existing customers. Not only is it difficult to fully realize the health benefits, but lower retention rates are also costly to the actual business. In an analysis looking at thousands of lives across numerous DPC practices (excluding employer members), KPI Ninja identified an average churn rate (inverse of retention rate) of 18.3%. If a physician’s panel is 600 and the membership costs are \$82.86 per adult per month ([Hint, 2017](#)), that means 110 members will not renew their memberships and the practice must replace over \$109,000 in lost renewals each year. Although existing literature identifies lack of member engagement, a service not seen as valuable, and high costs as the primary predictors of subscription churn, no such analysis has been performed specific to the DPC service model. Therefore, KPI Ninja sought to identify what predictors, if any, predicted retention among DPC members.

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## METHOD

KPI Ninja analyzed data from EMRs and Membership sources for multiple practices and employed numerous statistical tests (regression, Chi Square, t-tests) to best identify what variables significantly predicted whether members renewed their membership after their first 12 months with a practice. The baseline for the dependent variable, which was whether a member renewed their Direct Care Membership after their first 12 months, was 83.4%, indicating that, on average, 83.4% of members renewed their membership after their first year.

### Predictors Tested (significant predictors marked with an asterisk)

● AGE*	● NUMBER OF PHYSICAL VISITS*
● GENDER	● NUMBER OF VIRTUAL VISITS
● MEMBERSHIP COST	● NUMBER OF CHRONIC CONDITIONS*
	● DAYS BETWEEN MEMBERSHIP START DATE AND FIRST VISIT

## RESULTS

Gender, membership cost, and days between one's membership start date and their first visit were non-significant predictors of member retention. The number of virtual visits, alone, significantly predicted renewal rate, but when included in the same statistical regression model as the number of physical visits, it was no longer a significant predictor.

Age did significantly predict renewal rate; older members were more likely to renew than younger members. Both 19-30 and 31-40 age groups renewed at a lower percent than the baseline.

The number of chronic conditions also significantly predict renewal rate; those with more chronic conditions were more likely to renew than those with fewer chronic conditions. Only those with no chronic condition renewed at a rate lower than the baseline of 83.4%.

The number of physical visits was the final significant predictor of renewal rate; as the number of physical visits increased, the percent of members who renewed their memberships also increased. Those with no visit only renewed 55.4% of the time, whereas those with one visit had a renewal rate of 75.6%.

When analyzing the 3-way interaction between age, number of chronic conditions, and count of physical visits, it was found that those with multiple visits (2 or more) were much more likely to renew their membership regardless of age or number of chronic conditions. The least likely group to renew included those younger members with fewer chronic conditions, especially those with zero or one visit(s). In fact, there was a 49% difference in renewal rate among young members with few chronic conditions who had low visits and those with high visits.

## KEY TAKEAWAYS

- For baseline/comparison purposes, KPI Ninja found an average churn rate of 18.3%. Practices can compare this to their own organization to see where they stand.
- Getting members in the door is the best predictor of retention rate. Ensuring all members have at least one physical visit in their first year can increase retention rate significantly and can avoid nearly \$119,000 in lost renewal revenue (assuming a panel of 600 members).
- Practices and physicians should target and engage their younger and healthier populations, as these are those who are the least likely to renew. If all members aged 19-40 have two visits in their first year, practices can reduce their overall churn rate by over 5%, saving nearly \$30,000 per physician per year.

This project is part of an ongoing study put forth by KPI Ninja in an effort to provide ongoing resources and data-based research within, about, and for the Direct Care community. For more information on this project or about how KPI Ninja can help you better leverage your data, contact us at [info@kpininja.com](mailto:info@kpininja.com), or visit our website at [www.kpininja.com](http://www.kpininja.com)