strenuus.

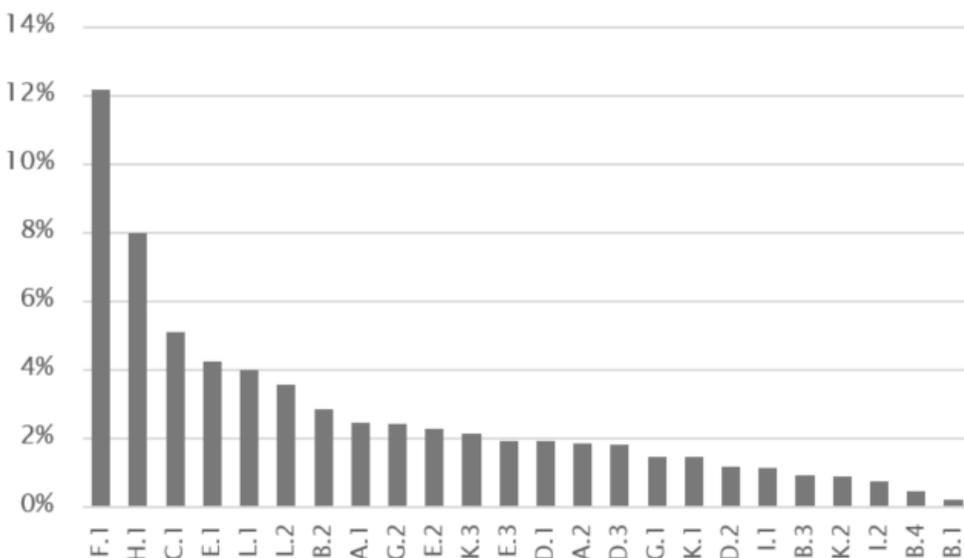# + Dental Network Volatility & the Advantage of Frequent Data

We are often asked what makes Strenuus the industry leader in provider network data and competitive analytics in the dental managed care industry. Our team is composed of provider data experts with decades of experience in the health industry and expertise in managing the complexities of provider-based data sets. Our ActiveMatch® intelligent matching algorithm considers all available data in an iterative matching process to deliver industry-leading accuracy. We understand that because provider networks are constantly changing, frequent updates are critical to our clients so that they can make intelligent, data-driven decisions based on the most current competitive data.

So, when we say Strenuus' Network360™ platform is the enterprise-grade solution, we mean that we offer more accurate data and analysis, more often, for you and your team. Strenuus has been the industry leader in managing provider data for over 15 years, and with this experience comes the ability to deliver national dental network data refreshes four times a year.

When I mention this differentiator to our customers, I usually get a split reaction. Roughly half of the people I speak with understand the value of frequently updated data. They see the benefit of staying ahead of what others in the industry are doing and keeping a more accurate eye on the competitive landscape. The other half will usually tell me that one or two updates per year is fine, as there just is not that much change over the course of six to twelve months.

> "[B]ecause provider networks are constantly changing, frequent updates are critical to our clients . . ."

1–Month Volatility of Dental Networks

Examples of Network Volatility

Where one lands on this spectrum depends on perspective. Consider this analysis of network volatility for 24 dental networks in California. You'll notice that the most volatile network (F.1) is **thirty-seven times** more volatile than the most static network (B.1), with an average monthly volatility of 12 percent. While this is an extreme example, there are other networks in the same market that also changed by a significantly larger margin than the average network. So, while there is some truth to the notion that many dental provider networks are relatively static over a six to twelve-month period, many are not. The error introduced into any network analysis involving volatile networks increases dramatically as the data ages.

Note also that even the median network in this example has monthly volatility of slightly less than 2%. That translates to semi-annual turnover of nearly one-eighth, or 12%, of the network, which significantly damages the value and credibility of any resulting network analysis in the period prior to the data update. You are already aware that evidence of aggressive network development by your competitors is valuable information, but so is the timing of that evidence. If it takes six months or a year for the data to catch up to reality, you've already missed out on the ability to respond quickly to changes in the marketplace.

CALIFORNIA

24 DENTAL NETWORKS

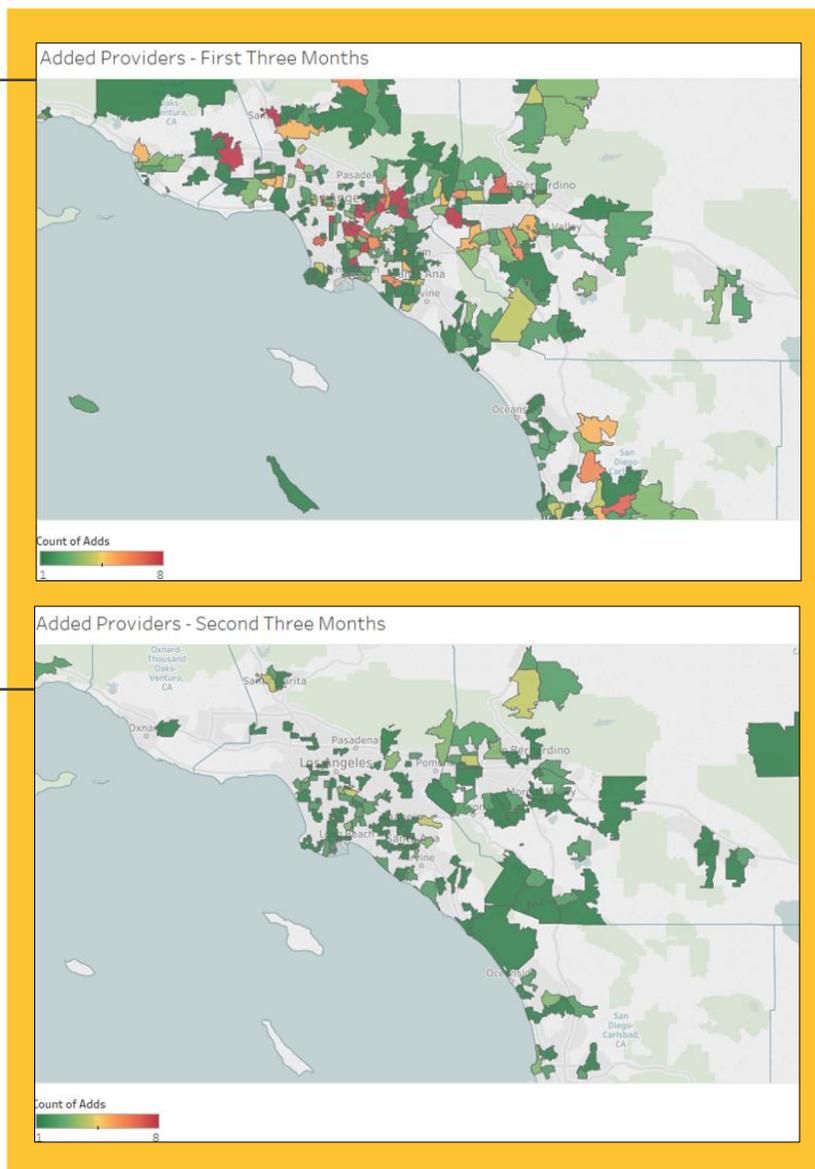| Networks	Unique Providers	Unique Adds	Unique Drops	VOLATILITY* 3 Month	VOLATILITY* 1 Month
F.1	6658	2359	119	37%	12%
H.1	8820	587	2002	24%	8%
C.1	16654	1757	926	15%	5%
E.1	4657	349	280	13%	4%
L.1	4276	161	396	12%	4%
L.2	14282	978	603	11%	4%
B.2	11252	419	591	9%	3%
A.1	4933	220	156	7%	2%
G.2	2748	137	66	7%	2%
E.2	15483	579	517	7%	2%
K.3	666	30	13	6%	2%
E.3	22283	634	676	6%	2%
D.1	4861	101	187	6%	2%
A.2	14077	354	453	6%	2%
D.3	19594	301	812	5%	2%
G.1	18127	338	478	4%	1%
K.1	13647	418	186	4%	1%
D.2	17523	338	282	3%	1%
I.1	2823	37	59	3%	1%
B.3	3019	33	50	3%	1%
K.2	16240	209	230	3%	1%
I.2	15388	172	173	2%	1%
B.4	11974	43	123	1%	0%
B.1	3678	5	16	1%	0%
AVERAGE	**10569**	**440**	**391**	**8%**	**3%**

*Volatility = (Adds + Drops) / (Current + Drops)

Volatility Over Time

Consider these two maps.

- **The first** shows the frequency of network changes for the analyzed network over the first three months of a six-month period.
- **The second** shows the changes over the last three months.

If this network data were updated near the beginning of the six-month period, with semi-annual updates, evidence of aggressive network development by this competitor would not be available until at least three months after it was completed. Quarterly updates would have provided that evidence much sooner. Furthermore, because the six-month volatility is averaged over a longer period, semi-annual updates would not even offer evidence of the timing of the network development after the fact. The bottom line is this: dental provider networks change over time. In order to maximize the value of network analysis, we believe that the availability of more frequent data updates is vital.