

# The Crisis in Cost-Sharing

Shifting the focus from Payment Design to Plan Innovation

June 26, 2023

# Agenda

**01**

Industry Trends

**02**

Plan Design Innovation

**03**

Innovative Plans Work:  
the Proof is in the Data

# Problems with traditional health benefits



## Out-of-control costs

Costs are increasing 4x faster than overall GDP



## Few benefit

90% of employers' healthcare expenditure benefits less than 10% of employees



## Low perceived value

The average deductible has increased by 212% over the past 10 years



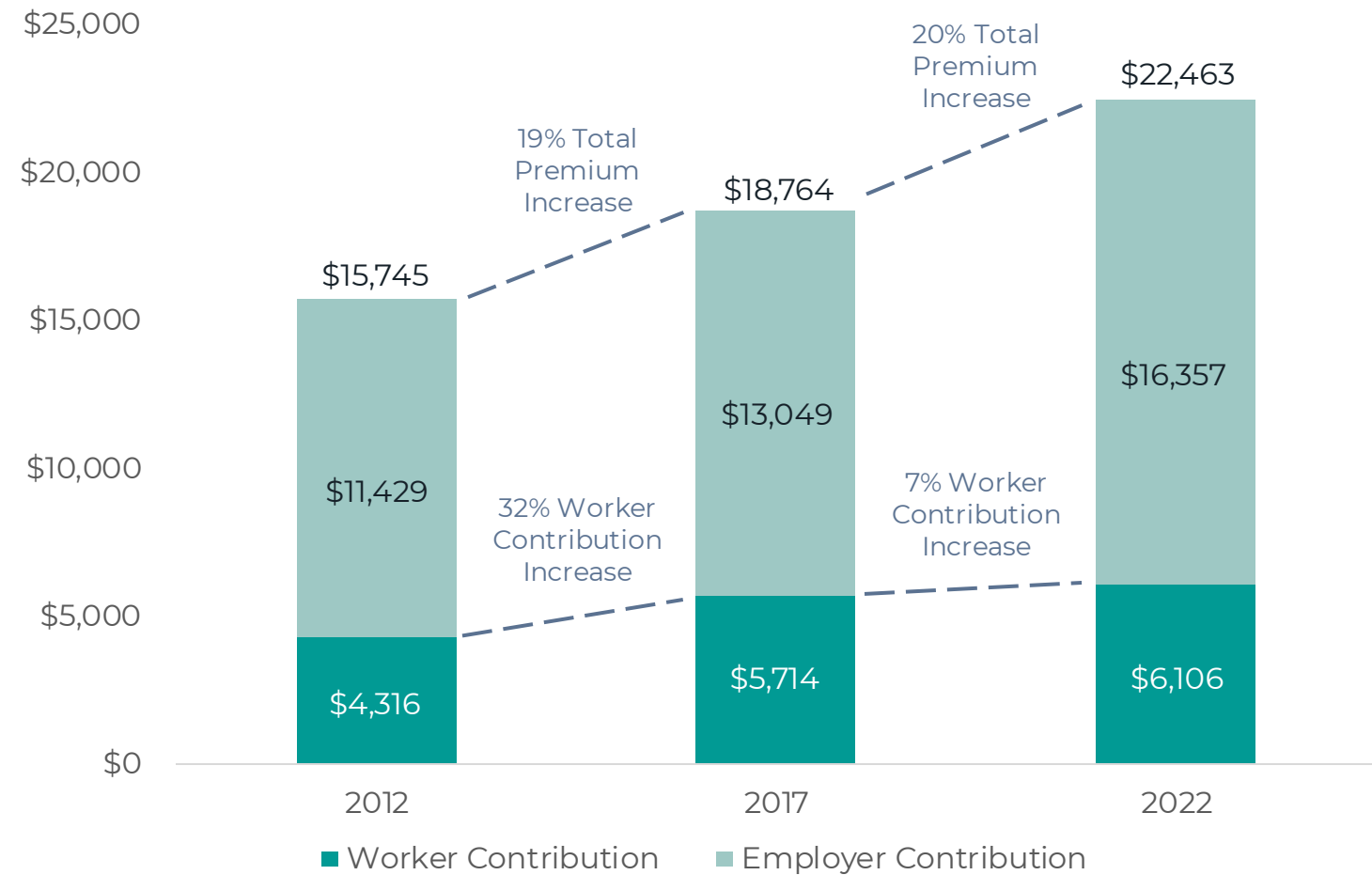
## Low satisfaction

Health insurance companies consistently rank at the bottom of consumer satisfaction

# Wages vs. premiums and deductibles

- Median full-time salary in the U.S. in 2022: **\$55,068 per year**
- Average annual premiums for employer-sponsored health insurance in 2022: **\$7,911 for single coverage and \$22,463 for family coverage**

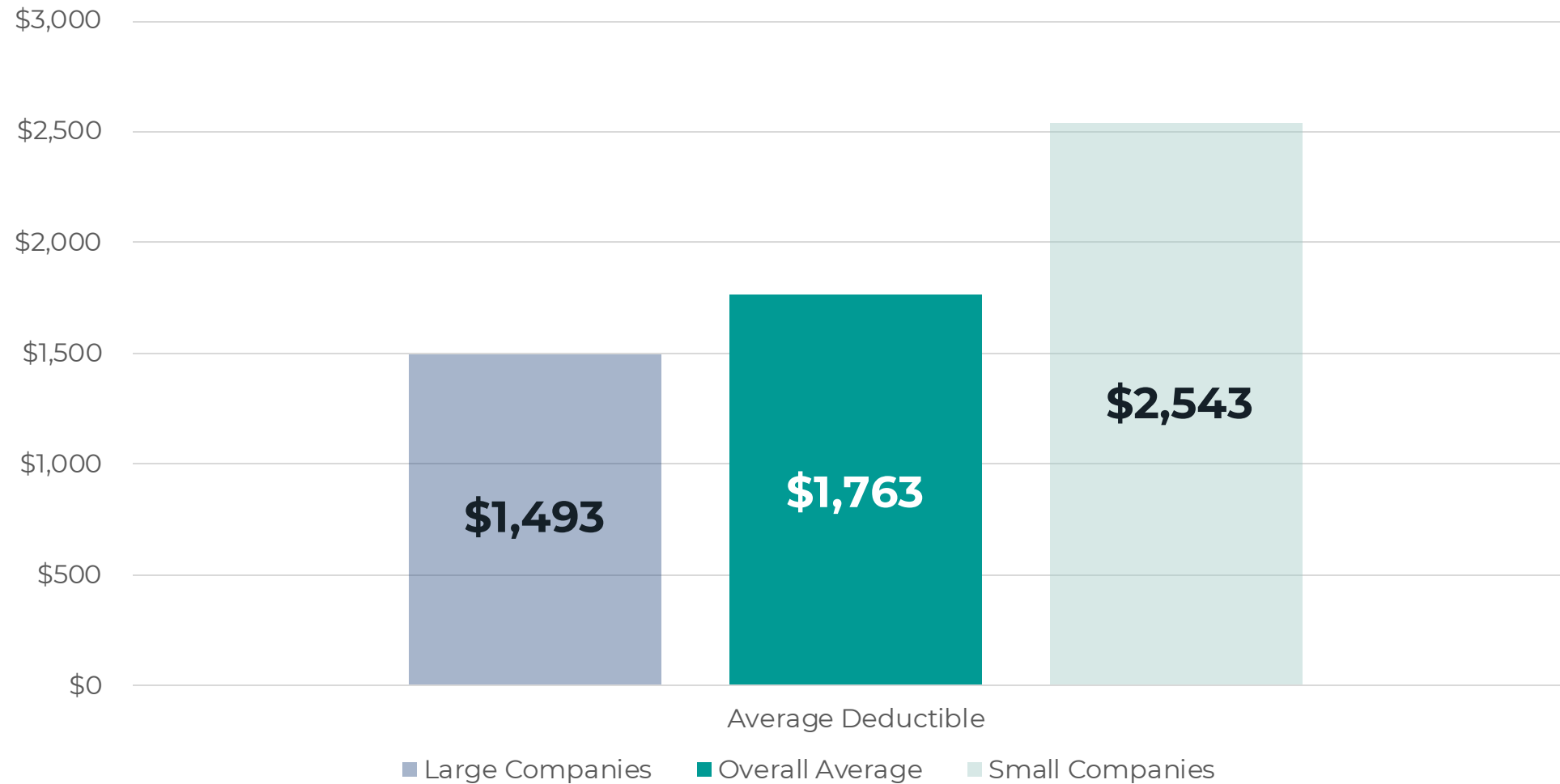
Average Annual Worker and Employer Premium Contributions for Family Coverage, 2012, 2017, and 2022



SOURCE: KFF Employer Health Benefits Survey, 2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012 and 2017

# Wages vs. premiums and deductibles

Average deductible for individual, employer-provided coverage in 2022:



# People are spending more of their income on healthcare expenses

- In a growing number of states, workers are at risk of spending **10% or more** of their earnings on health insurance premiums and deductibles.
- In nearly half of states, middle-income households faced average deductibles that left them underinsured and exposed to **high out-of-pocket costs**.
- **One in four employers (24%)** will shift costs to employees through higher premium contributions.
- The impact of cost shifting **would fall disproportionately** on vulnerable populations, specifically families under 200% of the federal poverty line.

## People are avoiding and delaying care

- 18% of Americans report they or a family member have **skipped prescribed medicines** to save money.
- 21% of Americans report a time within the previous year when they or a household member had a **health problem worsen after postponing care.**
- One out of 20 adults report a time in the past year when a friend or family member died after not receiving treatment for a condition due to their **inability to pay for it.**
- When they fall ill, 71% of Americans report being worried about the **cost of treatment.**
- For many Americans, the cost of care may **worsen their conditions** due to both care avoidance and added anxiety.

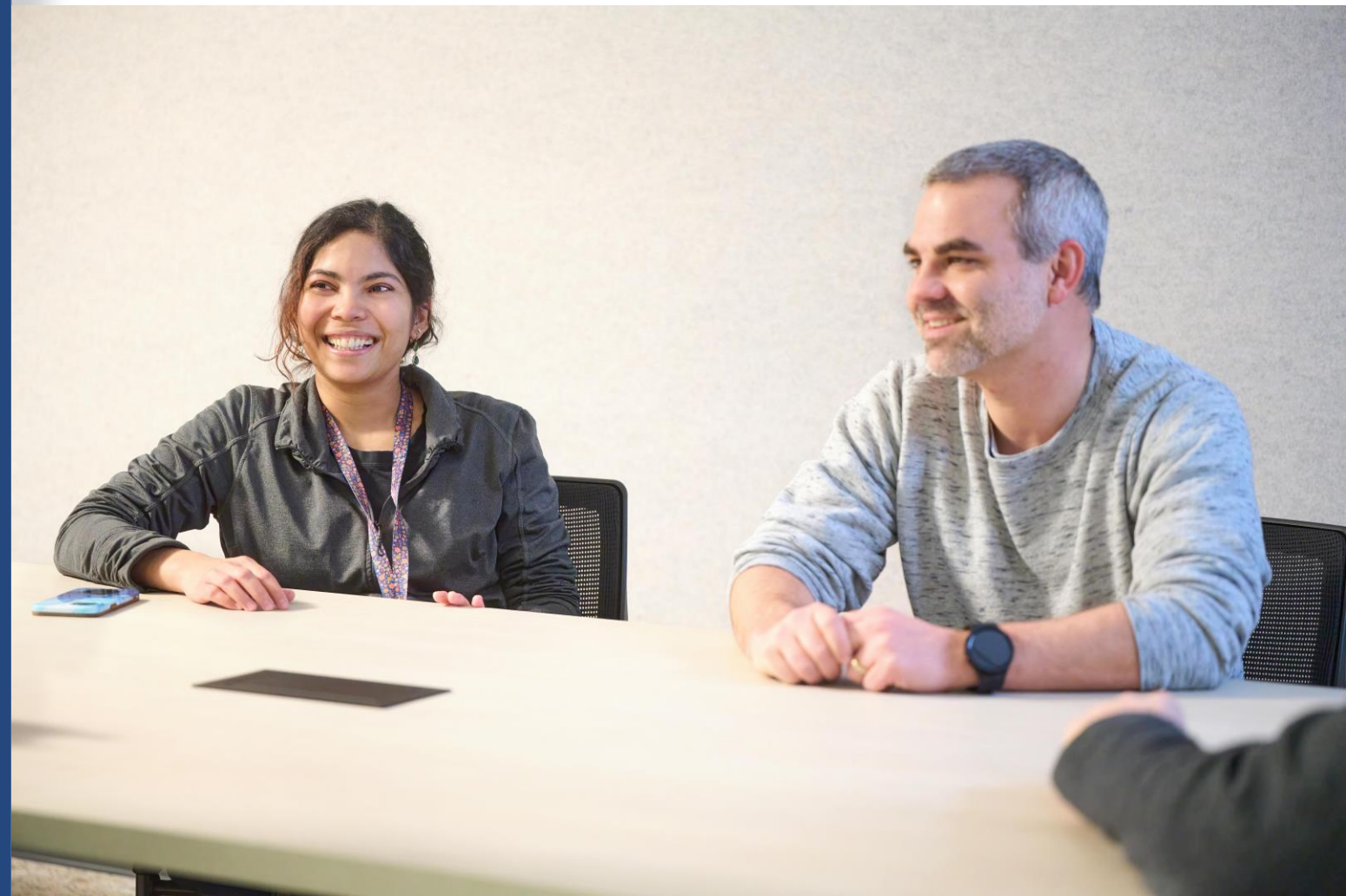
## The number of high claims is increasing

According to a recent QBE report, claims over \$200,000 **increased by 17%** from 2020 to 2021.



# What employers and employees want

- Comprehensive coverage
- Convenient ways to access care
- Fewer financial barriers to care



# Plan design innovation

## No-cost services

- Primary care
- Preventive care
- Specialist care
- Urgent Care visits
- Labs & imaging
- Generic prescriptions
- Online care
- Mental health care

## Services subject to copays and OOP costs

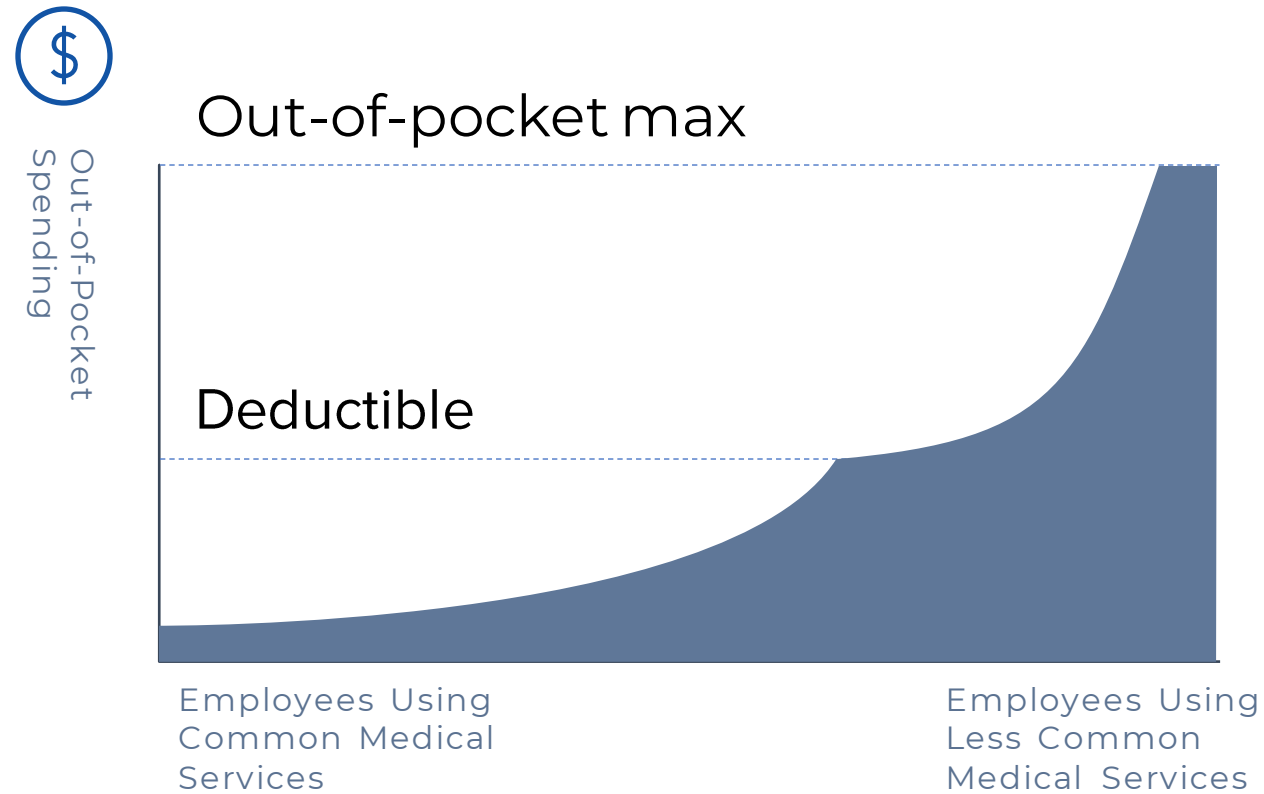
- Emergency room visits
- Brand name prescriptions
- Non-preferred brand name prescriptions
- Specialty prescriptions
- Hospital surgery/procedure

# Benefit comparison

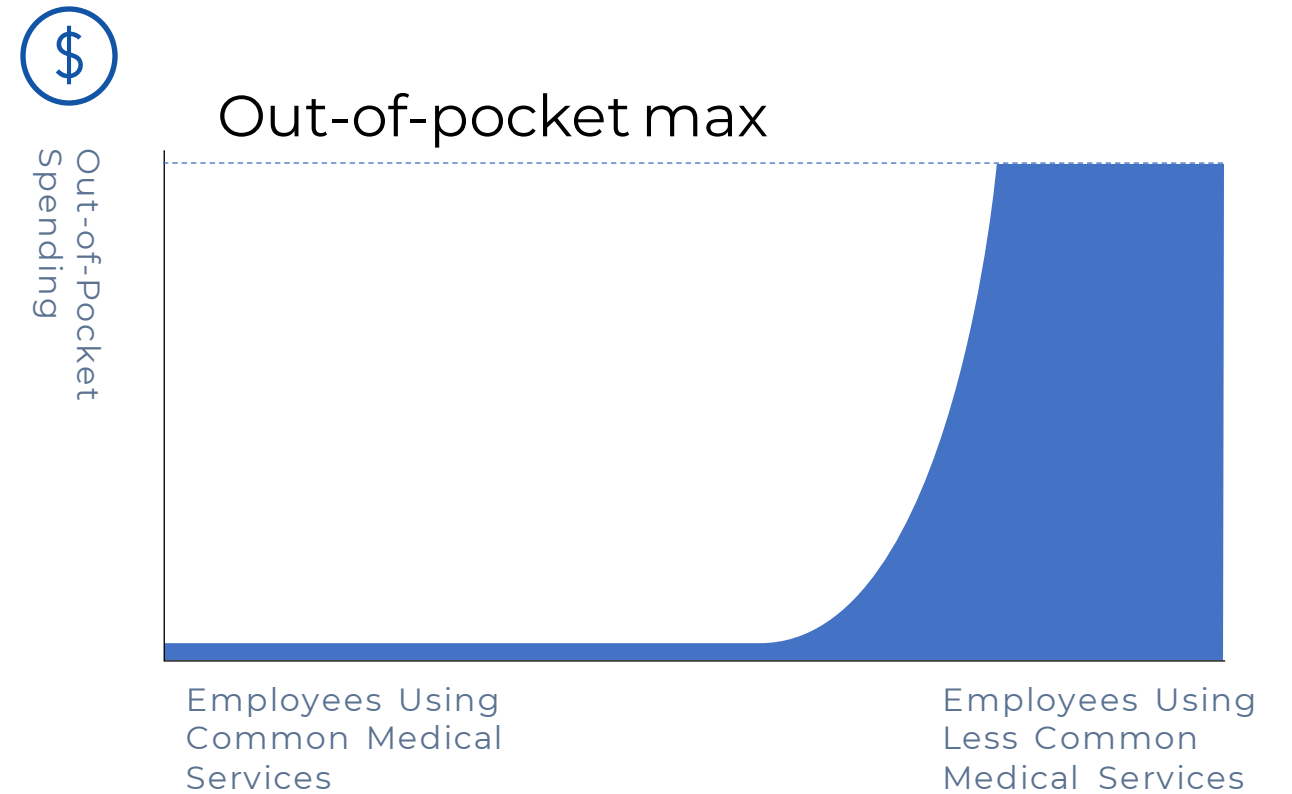
	Traditional Silver Plan	Plan Design Innovation
<b>Deductible</b>	\$3,000 Deductible / \$6,000 OOPM	\$6,000 OOPM/Deductible
<b>Coinsurance</b>	25% After deductible	No coinsurance
<b>Preventive Care</b>	No Cost	No Cost
<b>Primary Care</b>	\$30 Copay	No Cost
<b>Specialist Care</b>	\$30 Copay	No Cost
<b>Urgent Care</b>	\$30 Copay	No Cost
<b>Labs and Imaging</b>	25% Coinsurance after deductible	No Cost
<b>Generic Prescriptions</b>	\$25 Copay	No Cost
<b>Emergency Room</b>	25% Coinsurance after deductible	\$250 Copay
<b>Brand Name Prescriptions</b>	25% Coinsurance after deductible	\$75 Copay
<b>Non-Preferred Brand Name Prescriptions</b>	50% Coinsurance after deductible	\$100 Copay or no cost after OOPM**
<b>Specialty Prescriptions</b>	25% Coinsurance after deductible	\$125 Copay or no cost after OOPM**

# Out-of-pocket spending by employees

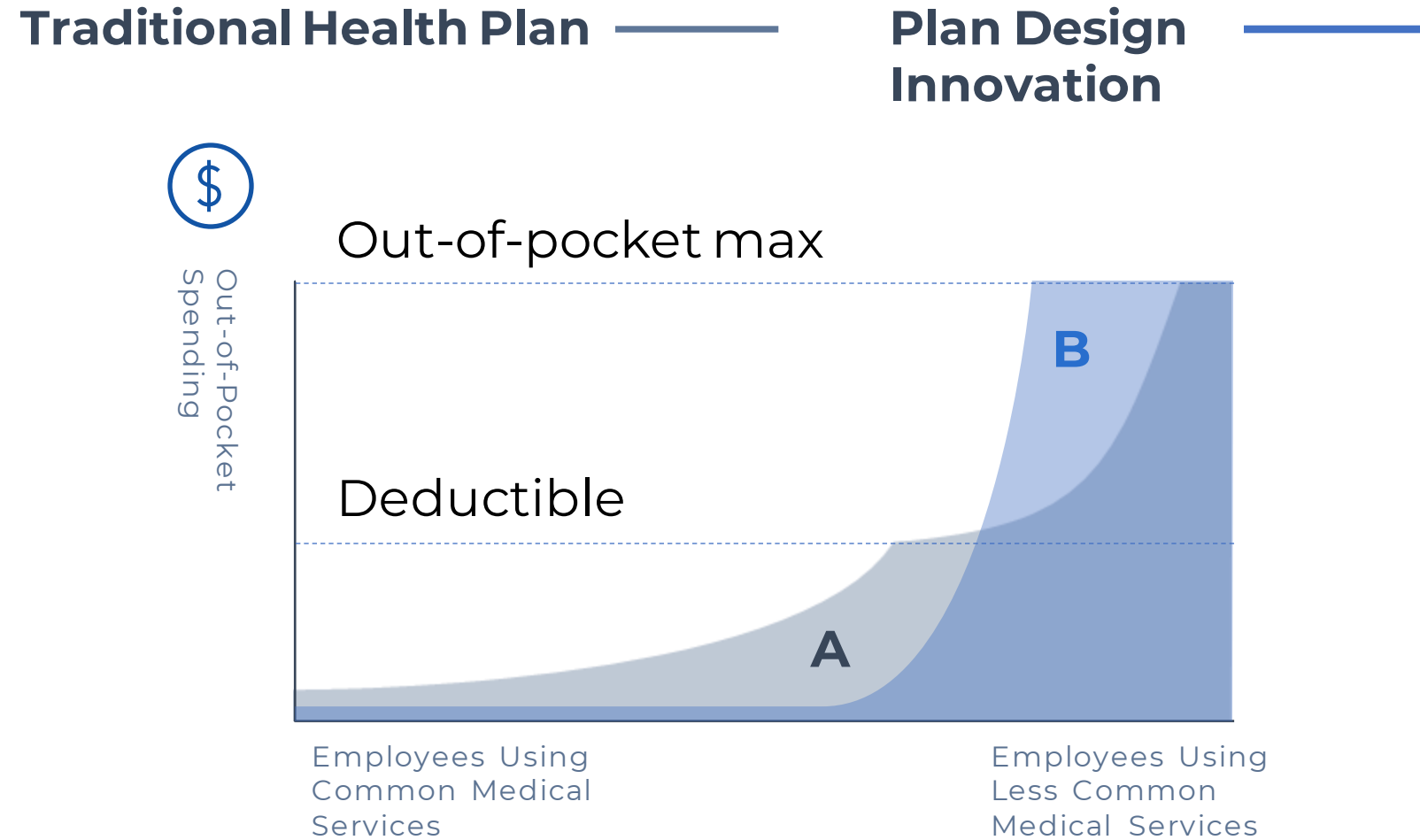
## Traditional Health Plan



## Plan Design Innovation



# How it works



# Why multifunctional virtual healthcare

Today's consumers want and expect access to virtual healthcare. **Why?**

- **Convenience** – saves time
  - **Cost savings** – saves money
  - **Promotes health & wellness** – encourages maintenance & adherence
- 

According to a recent survey, 69% of individuals said they **use telehealth because it's more convenient** and 78% said telehealth made it **easier to get health care when they needed it.**

- **46%** used it because they were unable to find an in-person appointment
- **24%** used it to save money associated with in-person visits
- **23%** used it when the doctors' offices were closed

# Multifunctional virtual healthcare

With **convenient access** to virtual care for **a broad range of everyday health issues**, individuals can avoid unnecessary trips to the doctor's office and costly visits to the ER, **helping employers reduce costs**.

## Services include:

- General medical
- Dermatology
- Mental health
- Physical therapy
- And more

## Effective results

**More than 75%** of members with depression or anxiety reported improvement after their third or fourth virtual care visit.

# Multifunctional virtual healthcare: physical therapy

**Musculoskeletal (MSK) disorders are the #1 issue in healthcare today, costing \$213 billion annually.**

Virtual physical therapy changes lives and saves money.

**62%** ↓

Reduction in pain

**60%** ↓

Reduction in surgery intent

**52%** ↓

Reduction in anxiety

**53%** ↓

Reduction in depression

**49%** ↓

Reduction in medication  
and opioid use

**42%** ↑

Increase in productivity

- Groups offering virtual physical therapy have seen upwards of a 34% reduction in MSK spend year over year.
- Employers can better manage overall health benefits costs.
- Members can access the treatment they need to live happier, healthier lives.



# People can't afford out-of-pocket expenses

**64%**

of employees avoid or delay care due to cost.

**55%**

of Americans live paycheck to paycheck regardless of income.

**37%**

of people pay for medical bills with credit cards.

**25%**

of adults with health care debt owe more than \$5,000.

Consumers want and need simple ways to pay for medical expenses at their own pace.  
Flexible payment options are available in nearly every other industry.

# The solution: flexible payment options

01

## Individual gets care

Individuals get the care they need, including medical procedures and prescriptions that are subject to their out-of-pocket responsibility.

02

## Individual accesses flexible payment option

Individuals access a flexible payment option through their health plan provider to pay their portion of medical bills.

03

## Repayment

Individuals select a monthly repayment plan that works for them, paying at their own pace without fees or interest.

Improving how people **purchase and access** healthcare.

**The proof is in  
the data.**

## **A Case Study**



# The innovative plan's performance stands out next to traditional group health plans

**38%** 

**More outpatient visits** shows the innovative health plan is driving members to lower cost of care.

**21%** 

**More prescription fills** means Comfort members have more access – and **87% of fills are for generics.**

**20%** 

Members have an average of **20% higher utilization** than traditional plan members on common health services.

**2.5x** 

With Comfort members get **2.5x more mental health visits** through in-person and virtual care.

## Saving money and utilizing new roads to care

- 1 **\$98** per month average savings
- 2 Members have accessed over **332,000** no-cost visits

## Controlling costs

**20%** ↓

Innovative plan design leads to **20% lower costs** compared to HRA & HSA plans.

On average, employers are **saving 15%** when switching to this innovative plan.

# Renewing business and trends

## Retention Rate:

**93%** of groups renew → **99%** of groups over 100 enrolled employees renew

Overall average renewal rate increase of **6.8%**  
(national average is 8 – 12%)



**Thank you!**

## Questions and Comments

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