As the U.S. Healthcare Industry Rapidly Evolves,
So Should Our Approach to Benefits

From the Perspective of Dr. Bernie Saks
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The Smarter Way to HSA.

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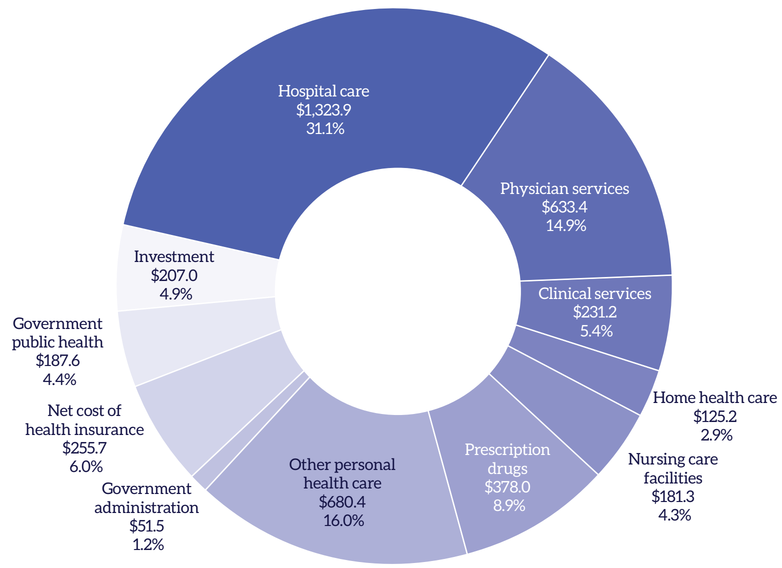
As the cost of health coverage continues to rise year-over-year, with health plans becoming more complex and offering less, the current state of the U.S. healthcare system is so bad, it's enough to make anyone sick.

How is it that we're spending so much but getting so little?

Let's start with the facts. Health spending in the U.S. increased by 2.7% in 2021 to $4.3 trillion—or $12,914 per person.[1] To put that in more perspective, the average cost of healthcare per person in most other wealthy countries is less than half that.[2]

I don't think anyone would argue that we're not spending enough. But where is all that money going?

Here's a breakdown:



AMA

Source: American Medical Association, https://www.ama-assn.org/about/research/trends-health-care-spending

It's probably not surprising to anyone that hospital care, physician/clinical services, and prescription drugs make up more than half of that annual spend. Prescription costs alone in the U.S. are skyrocketing at an alarming rate that's impacting each and every one of us at some level (perhaps a different discussion for another day).

But that said, let's talk waste—because it's staggering. Roughly 25 percent of annual healthcare spending in the U.S. is considered wasteful. We're talking as almost a trillion dollars each year. And unfortunately, it's healthcare consumers and their employers that are paying the price, faced with continuously rising premiums and more expensive, less accessible care.

25 percent of annual healthcare spend in the U.S. is waste.

That level of waste is bad enough, but perhaps one of the most disheartening things to me is just how little health plans today consider the needs of those that matter most—their members. As an industry, healthcare has become so hyper focused on profit, bottom lines, and one-upping the competition, it's largely lost sight of nurturing and providing for the individuals and families that depend on it every day with reliable care.

Overall member satisfaction with commercial health plans saw significant declines in that past year.[3]

As if we needed additional proof, J.D. Power's 2023 Commercial Member Health Plan Study found that satisfaction with commercial health plans declined in that past year by 13 points. Further, the 2023 study found declines in satisfaction with customer service (33 points), coverage and benefits (20 points), provider choice (16 points), and information and communication (16 points).[3]

Health plans are consistently delivering less for more, with no focus on the member. This is a grave error with far-reaching consequences.

So, where do we go from here?

With the requirements and implications of the Transparency in Coverage Rule and No Surprises Act now largely in place, healthcare consumers are empowered to look behind the proverbial curtain and easily locate quality care for the right price. Because let's be honest, higher quality care doesn't automatically demand a higher cost. In fact, evidence of the direction of association between healthcare cost and quality is inconsistent. Most studies have found that the association between cost and quality is small to moderate, regardless of whether the direction is positive or negative.[4]

While this is a huge step forward for the industry as a whole, we can't forget that employers are still struggling to keep up with rising costs and employee expectations of an affordable health plan that provides robust benefits and access to quality care.

But is there a way to right the ship? Can we shift the momentum and guide the industry as a whole in a better direction? The good news is yes. There absolutely is a solution—but it requires us to look back at how health insurance started and how it transformed over time to become the dysfunctional catastrophe that it is today.

For some time now the health insurance industry has been entrenched in a bit of an identity crisis—telling itself what it wants to hear. You see, as the industry has grown, operating under the guise of getting better and providing "Cadillac" health plans, it has actually turned into a system built on more and more waste. Or in other words, profit for the insurance companies.

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The modern healthcare industry demands something better.

It's time to think outside the box.

It's time to see the ful. picture.

It's certainly clear that there's plenty of money in the U.S. healthcare system. The problem is that the money flows through the system inefficiently to the benefit and profit of some at the expense of others (employers and members).

The structure of a traditional health insurance plan truly makes no sense! Members pay into the plan each month, with most of that money going directly into the pockets of the insurance companies. On top of that, traditional health insurance has no price transparency, onerous administration (with significant inherent administrative costs), and does not effectively control utilization. This leads to the obvious premium increases, year over year.

*At **ful.**, we're changing that.*

Group health coverage doesn't have to be mysterious, intimidating, or overpriced.

I created **ful**. as a smarter, richer benefit that costs less while delivering quality care, health and financial literacy that will make a difference for employers and their plan members. I built a solution from the ground up to directly combat skyrocketing healthcare costs, while keeping the focus firmly on the member.

A fully integrated high-deductible health plan (HDHP) paired with a prefunded heath savings account (HSA), **ful**. more effectively orchestrates the flow of members' hard-earned healthcare dollars while providing the same service and improved access to care compared to a traditional policy. Additionally, **ful**. delivers the added benefits of price transparency, less onerous and less costly administration, and finally, with well aligned dollars, a level playing field conducive to fixing utilization.

Essential to such a solution is creating and sustaining savvy healthcare consumers.

At **ful**., we recognize that empowering plan members is the first step toward reducing waste in the healthcare system, reducing costs for the member and the plan, and improving outcomes. The **ful**. system is designed to help members become more savvy consumers—and rewards them for doing so.

By simply completing short gamified monthly online quizzes, members are rewarded with tax-free distributions to their pre-funded HSA. Combined with a plan that delivers savings on top of savings, **ful**. members are also provided with the resources they need to make informed decisions about their own health and financial well-being.

Rethinking the HDHP

Let's be honest, not everyone thinks positive thoughts when they hear HDHP. But it's not something that has to be scary or intimidating. At **ful**., we've created a better way to transition to an HDHP, and a better way to leverage health savings accounts (HSAs) to benefit both plan members and the employer's bottom line.

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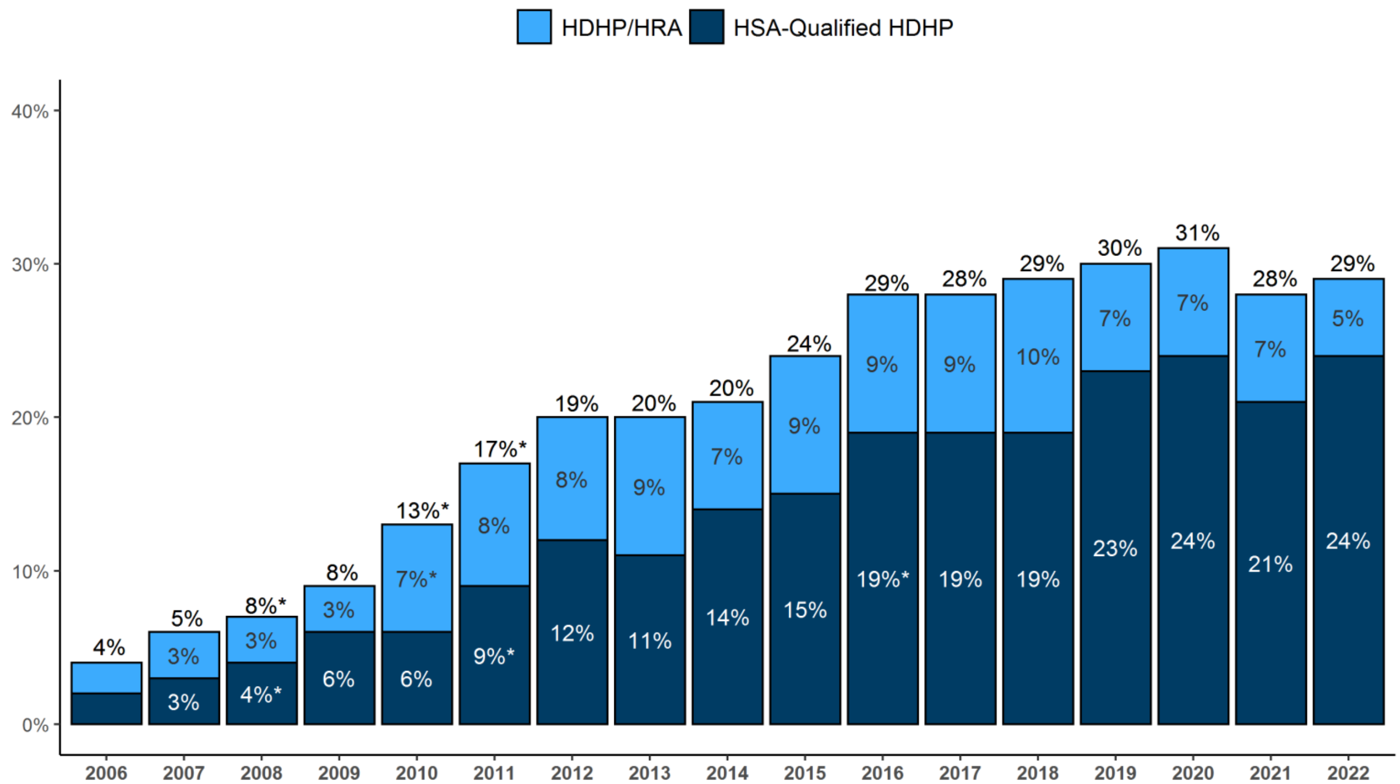
Enrollment in HDHPs has increased from 19% of covered workers in 2012 to 29% in 2022, with 24% of covered workers enrolled in HSA-qualified HDHPs.[5]

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006-2022



* Estimate is statistically different from estimate for the previous year shown (p < .05).
NOTE: Covered workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. Values may not sum to totals due to rounding.
SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2017

For the price of a traditional health plan, an HDHP can be self-funded, and the "premium" difference (savings) can be used to prefund members' HSAs. In such a scenario, as with **ful**., the employee will have money earmarked for medical events at the beginning of the policy year while receiving additional monthly cash distributions for completing the monthly quizzes.

The bottom line—HDHP's have lower monthly premium costs, and HSA's create long-term health savings. And by using them together with gamified education, and pricing transparency that's intuitive, our focus on the members produces much better results for the payor.

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Now, we are well aware that this is, by no means, a new or groundbreaking approach to healthcare. HDHPs have been used for years to provide consumers with a lower-cost alternative to traditional health insurance plans. They both certainly have their pros and cons—but neither is designed with the needs of the member or employer in mind.

Traditional PPO Plan

- Higher monthly premiums (rising annually)
- Lower deductibles
- Higher out-of-pocket maximums
- Can't contribute to an HSA
- Lack of member focus
- Lack of transparency
- No return of unspent premium (waste)

Traditional HDHP

- Lower monthly premiums
- Higher deductibles
- Higher out-of-pocket maximums
- Eligible to contribute to an HSA
- Lack of member focus
- No return of unspent premium (waste)
- Potential for significant medical debt

So, all that said—how is ful. changing the game?

In the current reality that is the U.S. healthcare system, if we want to combat waste while providing both members and employers with a viable and affordable solution for ensuring access to quality healthcare, an HDHP is the obvious choice. That said, there are some important considerations to ensure a successful HDHP solution.

To truly work for the member, as intended, an HDHP must be paired with an HSA (which isn't even an option with a traditional plan). Because why not take the financial waste from a traditional plan and put it to work? After all, it's the members money to begin with! You're just "rerouting" it through the system.

A powerful, long-term savings tool for the member, backed by employer contributions and investment opportunities, an HSA ensures that members can pay for the qualified care they need, whenever they need it. Even better, that money rolls over from year to year and can never be touched by anyone but the member.

The second consideration is education. For an HDHP/HSA arrangement to work as intended, having an educational component in place is critical. By empowering members to be savvy, well-informed healthcare consumers that are equipped to make the best decisions for their own health and financial well-being, you create a system that can truly work for everyone.

Finally, rewards. By right sizing rewards for members when they engage with the savvy healthcare consumer education, they earn additional HSA contributions they can spend in healthcare as needed or save and invest. Members have an added incentive to be a true self-advocate, which benefits both the member and the plan.

ful. is the culmination of all the above components.
An easy to use, long-term solution designed to work FOR the member by leveraging all the advantages of today's technology, healthcare price transparency, and all the valuable data that comes with it.

Richer, affordable benefits that provide access to quality care isn't rocket science (at least you wouldn't think). It's just a matter of seeing the **ful**. picture.

Ready to open your eyes?

Let's discuss what ful. can deliver for your clients.

Learn more at ful-hsa.com

[1]https://www.ama-assn.org/about/research/trends-health-care-spending
[2]https://www.pgpf.org/blog/2023/04/almost-25-percent-of-healthcare-spending-is-considered-wasteful-heres-why
[3]https://www.jdpower.com/business/press-releases/2023-us-commercial-member-health-plan-study
[4]https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4863949/#:~:text=Evidence%20of%20the%20direction%20of,direction%20is%20positive%20or%20negative.
[5]https://www.kff.org/report-section/ehbs-2022-section-8-high-deductible-health-plans-with-savings-option/#:~:text=Enrollment%2in%2HDHP%2FSOs%20has,last%20year%20%5BFigure%208.4%5D.

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Dr. Saks graduated from UC San Diego with a degree in Bio-Engineering, completed Medical School at UCLA, Diagnostic Radiology Residency at Harvard Boston Children's Hospital, Walter Reed Armed Forces Institute of Pathology, and University of Vermont. Dr. Saks served as a Diagnostic Radiology Fellow and Assistant Professor of Radiology at UC San Francisco. A clinical radiologist approaching 40 years and involved with healthcare policy for several decades, Dr. Saks crafted a CA Gubernatorial Healthcare Platform for the previous Dean of the UC Berkeley Graduate School of Business. A small business owner, Dr. Saks can oftentimes be found at his restaurant or driving his food truck!