

vitalsmartshopper<sup>®</sup>

# Book of Business Report 2017



Thanks to Vitals SmartShopper, over 1.2 million people make smarter, cost-effective medical decisions that reduce health care spending.

SmartShopper delivers a multi-channel health care shopping experience so consumers can shop for and choose better value medical care. What's more, the program pays people cash rewards when they select health-smart and wallet-wise providers.

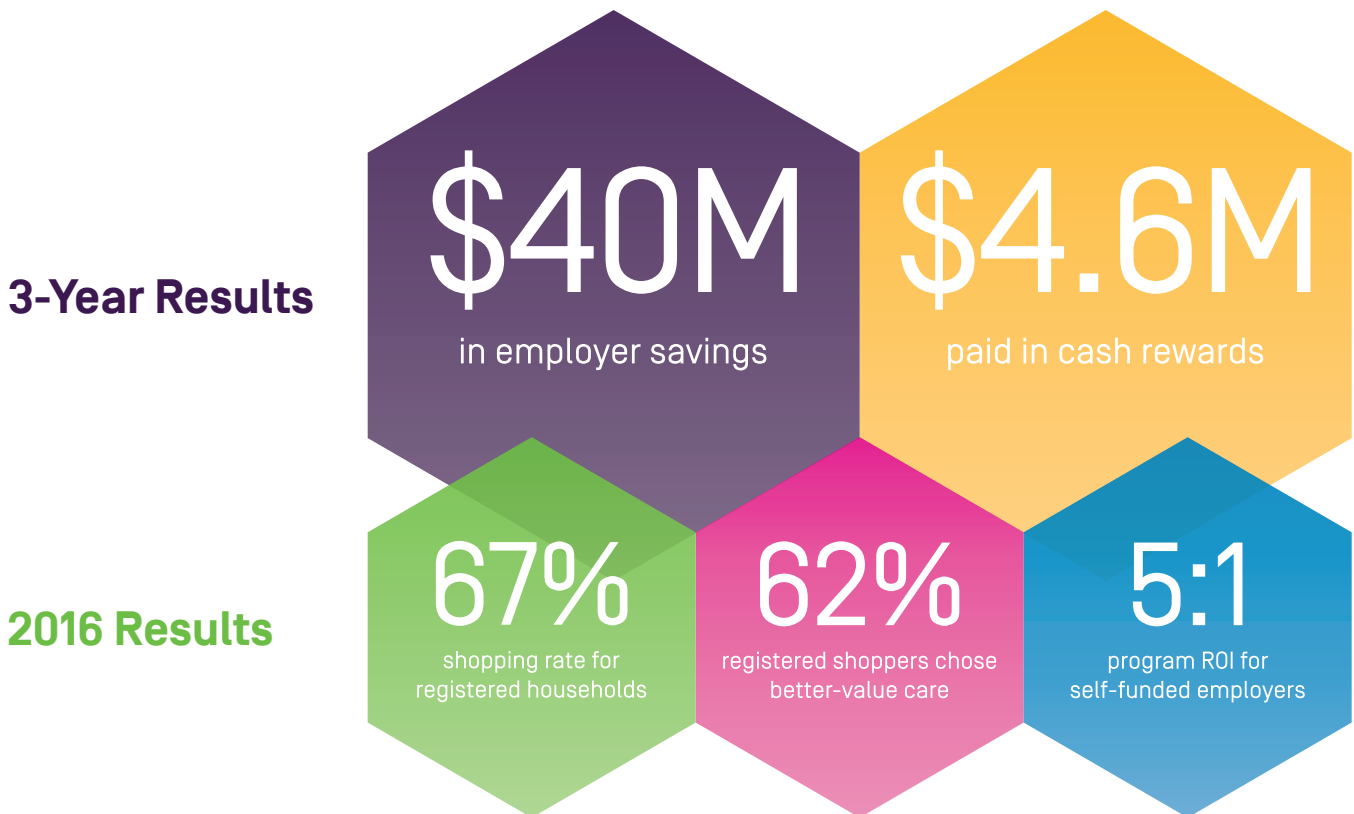
Since 2014, the program has reduced health care costs for employers by \$40 million, giving back \$4.6 million in cash rewards to employees. In 2016 alone, \$15 million was saved with SmartShopper. And the program's popularity keeps growing. In an April 2017

survey of SmartShopper users, 97 percent said they would recommend the program to their friends or colleagues.

The program is built for today's diverse workforce. Employees can shop and compare their health care choices either online or by phone. Our website is built with easy-to-use tools that explain provider quality and out-of-pocket costs. The Vitals Personal Assistant Team guides employees through the process, while minimizing the effort required on their part.

The result is a better health benefits experience that drives measureable and significant claims-verified savings for everyone.

## Key SmartShopper Program Results



## Fact: There is a medical pricing problem in the U.S.

Costs for the same procedure vary from one facility to the next, even in the same local area. An MRI can cost \$5,000 at a local hospital, but less than \$500 at a nearby imaging center. And because of the way health care prices are established, cost doesn't equal quality the same way it does for other goods and services.

Price variations put employers and consumers at risk of paying more than they should. With over half of workers enrolled in a health plan with a deductible of \$1,000 or more, that becomes a financial burden for most people. In fact, a 2016 Vitals Index survey found that 47 percent of people with high deductible health plans have delayed or skipped care due to the price at least once over the past two years.

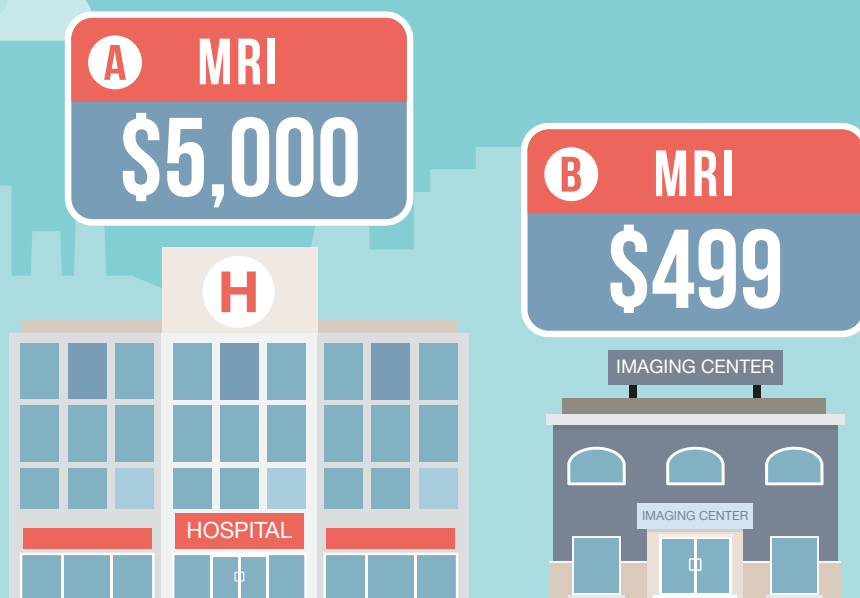
The fear is if I use my health insurance, I'm going to be billed – and I have no idea how little or how much,” says Rob Graybill, Vice President of SmartShopper Product & Sales Strategy. “There's

not only a penalty – but there's an element of surprise when consumers go to the doctor to take care of their health.”

To date, price elasticity has played a minor role in health care compared with other goods and services. But Vitals SmartShopper changes the economics of health care spending.

SmartShopper pays consumers cash rewards to shop for better-priced medical services. No program is as engaging and effective as SmartShopper in getting employees to choose cost-effective care and returning significant health care savings. Clients using the program have saved \$40 million dollars in health care costs over the past three years.

These savings are possible because SmartShopper creates active shoppers, not just “window browsers.” Over 62 percent of employees who've registered as SmartShopper members have chosen



a better value provider for their medical service. The program has paid those employees over \$4.6 million in cash rewards over the past three years.

Cash is a powerful and important incentive for employees. It not only helps cover services that may have out-of-pocket costs, reducing the burden of seeking care in the first place, but it also rewards employees for reducing overall costs. Incentive amounts range between 10 to 20 percent of the employer's savings, up to about \$750.

It turns out, though, that even modest amounts of cash motivate people to stop and consider their options, in turn opting for better value care. The average incentive an employee earned was \$85 in 2016. And over half of the incentive amounts were \$50 or less.

Nonetheless, cash rewards are popular because they pay people money for a medical service they would have had regardless. An April 2017 survey of SmartShopper users showed that 85 percent were satisfied with the program, and 97 percent would recommend SmartShopper to a friend or colleague.

## 3-Year Program Results



## Top 10 Procedures 3-Year Total Savings

Procedure	Totals
Colonoscopy	<b>\$6,592,719</b>
MRI	<b>\$5,382,440</b>
Physical Therapy	<b>\$4,545,758</b>
Remicade Therapy	<b>\$4,364,887</b>
Lab/Blood Work	<b>\$3,600,105</b>
CT Scan	<b>\$2,001,602</b>
Upper GI	<b>\$1,301,916</b>
Knee Surgery	<b>\$913,436</b>
Mammogram	<b>\$868,322</b>
Shoulder Surgery	<b>\$636,615</b>

# Health Care Is Shoppable

## The good news: a large portion of health care can be shopped.

According to the Health Care Cost Institute, about 47 percent of health care spending by commercially insured people are for shoppable services. These procedures include routine, non-life threatening procedures or services that a patient can plan.

No one expects a consumer to pull out his or her smartphone and compare prices in an emergency. But there are many procedures and medical services where consumers can evaluate one offering relative to another and, given choices with different prices, choose a better value provider without great risk or inconvenience.

This is especially true for medical services and products that have little to no difference between them. For example, an MRI is the same procedure, regardless of where it is performed. In fact, the bulk of savings generated from Vitals SmartShopper over the past three years is for routine procedures performed in a facility outside the patient's primary care doctor, such as blood work and imaging services. Specialty

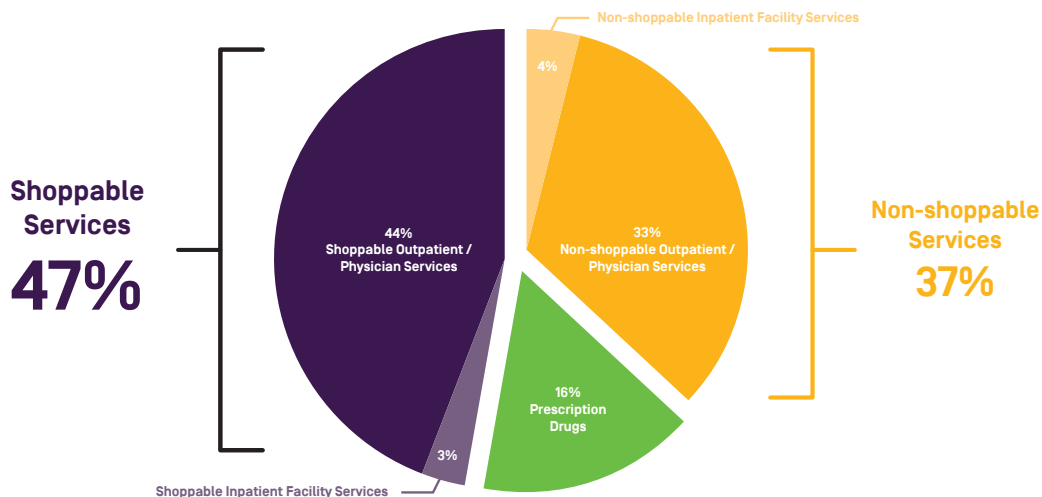
pharmaceutical drugs, physical therapy and elective surgeries are also large areas for savings.

What's more, SmartShopper incentivizes people to do what's best for their health. Employee shopping for colonoscopies saved employers over \$6.6 million, and shopping for mammograms saved employers nearly \$1 million over the past three years. Rewarding employees to have these screenings can improve employee health and save lives.

Vitals SmartShopper has a configurable list of over 200 medical procedures and services – the largest in the industry. SmartShopper's Account Managers use claims data and collaborate with clients to develop the right mix of services to maximize savings.

"We don't have to boil the ocean to produce a sizeable reduction in health care costs for our employer clients," said Heyward Donigan, CEO & President of Vitals. "Focusing on routine, shoppable procedures that are relevant to the demographics of a client's workforce generates significant savings."

## Distribution of Shoppable vs. Non-shoppable Services



## Setting Employees Up for Success

### SmartShopper's success is supported by consistent, relevant multi-channel outreach.

Unlike other transparency tools and programs that can only be accessed online, SmartShopper provides a full service, multi-channel shopping experience for employees.

Technology powering the program combs through claims data to identify shoppable opportunities for employees. Messages are sent via email and traditional mail to alert consumers about upcoming or missed rewards opportunities. Direct mail campaigns also remind consumers it's time to shop for a preventative exam.

SmartShopper Account Managers provide in-person support to client organizations, educating employees about the benefits of health care shopping at wellness fairs and during open-enrollment periods. We even have an educational library of medical conditions that helps employees understand treatment options for specific conditions.

When employees are ready to shop, they can access SmartShopper's easy-to-use website through their desktop computer or mobile phone. Members also have the option to call our Personal Assistant Team. Trained, friendly Personal Assistants can explain options and reward opportunities to members. They can also assist in scheduling appointments and changing a prior doctor authorization, arrange transportation to a facility or provide directions. In fact, 74 percent of people who call the Personal Assistant Team convert to cost-effective care.

"People have questions about their health care decisions. We strive to educate and delight our members by removing barriers and making shopping for health care easy," Graybill said. "The end result is more savings for our clients and their employees."

## Dialing for Dollars



## Lessons Learned

Vitals SmartShopper reduces health care spending, while supporting employee financial and personal well-being. The cash reward program promotes health care consumerism among workers, driving costs down and usage up year-over year.

### The components driving verifiable savings for Vitals SmartShopper clients include:



**EDUCATE** - People can't use a program if they don't know it exists in the first place. SmartShopper utilizes everything from in-person, onsite demos, smart and targeted digital emails and print campaigns that can educate, remind and target to build awareness around health care shopping.



**ACCOMMODATE** - Not everyone lives online. Or is tied to a desktop. SmartShopper is available via the web, mobile device or by phone. Personal Assistants explain choices, help schedule appointments and can change a prior doctor authorization. They'll even provide directions or arrange transportation to a better value facility.



**REWARD** - Give consumers a reason to care. Shared savings. Incentives. Cash back. Whatever you call it, motivate employees to reduce health care costs by giving them something relevant and valuable.



**ANALYZE** - Detailed analysis of claims data identifies savings opportunities for your unique workforce. Monthly reporting and insights on key metrics drive program outcomes and maximize savings.

## 2016 Snapshot





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