

# Your Consumer Mindset is Your Biggest Weapon in the War on Rising Health Care Cost

By: Dr. April Seifert

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## Data Scientist

# Dr. April Seifert

Dr. April Seifert is an expert in the field of data analysis for the healthcare industry, and has spent her career using measurement and analytics to inform decision-making from both the payer and the employer perspectives. Best known for her ability to convey complex analytical findings to very broad audiences, April's responsibilities include extracting value and insight from complex internal and external healthcare data to empower consumers to make the right decisions for themselves and their families. April has led the analytical teams at HealthCare.com, and Target Corporation. She also served part of her career as Lead Healthcare Analyst at Medica Health Plans.

Dr. Seifert holds both her Masters of Science and Ph.D. from the University of Nebraska-Lincoln, where she earned her doctoral degree in Social Psychology.

# Introduction

Many people are frustrated with the health care system. At some point, everyone will use health care, but unfortunately, it can be very confusing. Worse yet, it is expensive.<sup>1</sup> One of the goals of Outlook Gap Plans is to help you, the consumer, understand the healthcare industry so that you can make better choices for your family. The good news is that by making smart decisions, you can save money. We put this guide together to show you how.

Let's follow Christine, a busy wife and mother, through different healthcare situations. She wants to save as much money as she can to put toward her kids' college fund. In each case, her smart decision-making saves her family money, while still getting the healthcare they all need. We will show you how much money she saves and what those good decisions could be worth if she invests the savings over the course of 10 years. It really adds up!

<sup>1</sup> <http://www.npr.org/sections/health-shots/2016/02/29/467980734/health-quality-an-issue-for-poor-2-years-into-obamacare-poll-finds>

# The Consumer Mindset

Before we get started, imagine you are in the market to purchase a new car.



1. Would you ever buy a car without knowing how much it costs or without comparing prices?
2. If the bank offered you 20% off of the price of the car, would you take it?
3. If the dealership threw in some free upgrades, would you take them?

# The Consumer Mindset



These questions probably sound crazy! Of course you would want to know how much the car costs and you would compare prices to make sure you got the best deal. Of course you would take 20% off if it was offered to you. Who wouldn't take some free upgrades? You're a savvy consumer!

**Good news. This consumer mindset is your biggest weapon in the war against rising health care costs.** Even better, the health care industry is changing in your favor. Innovative companies like [Pivot Health](#) are arming consumers with the products and tools they need to make smart health care decisions and save money. Don't believe me?

Let's watch how Christine navigates different healthcare situations to save money for her family.



# DECISION 1: To Shop or Not to Shop?

As open enrollment drew near, Christine received a notice from her health insurance company that her family's premium was going to increase for the coming year. Lucky for her, gone are the days when people enroll in a health insurance plan and are stuck with it. Rather, she can, and should, shop annually for the right health insurance plan. Two times to reevaluate a health plan are when premium cost increases or your health situation changes.

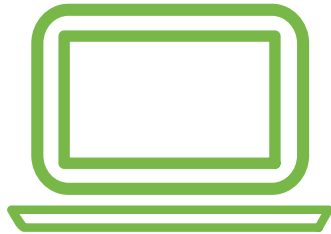
Premium increases are common,<sup>2</sup> but Christine doesn't have to passively accept those increases. When open enrollment began, she visited Healthcare.gov to see if she could find a lower cost plan with similar coverage to the plan her family was currently on. She was able to find a plan with a similar medical deductible and out of pocket maximum that **saved her \$703 over the year.**<sup>3</sup>

<sup>2</sup> <http://kff.org/health-reform/fact-sheet/analysis-of-2016-premium-changes-in-the-affordable-care-acts-health-insurance-marketplaces/>

<sup>3</sup> <https://www.healthcare.com/info/health-insurance/auto-renewal-ffm-quantifying-importance-active-plan-selection>

# DECISION 1: To Shop or Not to Shop?

Another time to shop for a new health plan is when your health situation has fundamentally changed. Your health situation can change, and your health plan should change with it. Imagine being newly diagnosed with diabetes. One year of diabetes care alone can cost \$7,900.<sup>4</sup> Switching from a high (\$5,000) to a low (\$500) deductible plan can **save you \$3,600** annually in out of pocket costs.<sup>5</sup>



<sup>4</sup> <http://www.diabetes.org/advocacy/news-events/cost-of-diabetes.html>  
referrer=https://www.google.com/

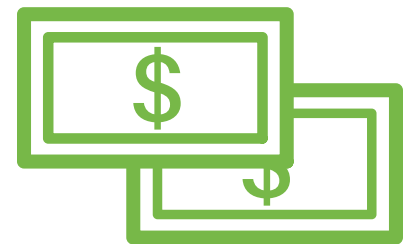
<sup>5</sup> Assumes 20% coinsurance

# DECISION 2: Health Savings Account

Christine knows that her family uses healthcare, and she knows she can save money by paying for some of that medical care in tax-free dollars. In 2016, families enrolled in a health plan with a deductible over \$2,600 can set aside up to \$6,750 in a health savings account, *without paying taxes on it*.<sup>6</sup> Unlike flexible savings accounts, Christine knows that “use it or lose it” does not apply; an HSA is a bank account in her name, and the money does not go away at the end of the year. The money grows and can be used tax-free, as long as she uses it for qualifying medical expenses. By putting that \$6,750 in an HSA versus a traditional bank account, **Christine saves \$1,688 in taxes.**<sup>7</sup>

<sup>6</sup> <https://www.irs.gov/pub/irs-drop/rp-15-30.pdf>

<sup>7</sup> Assumes a 25% tax rate.



# DECISION 3: Preventive Care - A Free Upgrade

Obamacare health plans on the federal and state exchanges are required to cover preventive care at 100%.<sup>8</sup> This means it is free to you, but many people don't take advantage of this valuable health care. Christine and her husband make sure to take advantage of these healthcare services. Her husband is eligible for a wellness visit and a colonoscopy, and she is eligible for a wellness visit, including a mammogram.<sup>9</sup> All together, this about **\$3,190 of free health care**. Don't leave money on the table!<sup>10</sup>

<sup>8</sup> <https://www.healthcare.gov/coverage/preventive-care-benefits/>

<sup>9</sup> <http://www.hopkinsmedicine.org>

<sup>10</sup> <http://www.guroo.com>



*Employer plans may vary.*

# DECISION 4: Timing is Everything



We can't always plan when we're going to need health care, but some things can be planned for, like elective surgeries. Christine's husband needed to repair a tendon in his shoulder from an old baseball injury. They decided to have his surgery performed after they hit their deductible, rather than waiting for their deductible to reset at the beginning of the next plan year. An elective shoulder surgery costs about \$10,700, on average.<sup>11</sup> By having this surgery after their high (\$5,000) deductible was met, **Christine's family saved \$4,000.**<sup>12</sup>

<sup>11</sup> <http://www.guroo.com>

<sup>12</sup> Assumes 20% coinsurance

# DECISION 5: Location, Location, Location

Many times, the things people go to the emergency room for can be treated in an urgent care setting, and consumers can save a lot of money by choosing wisely.<sup>13,14</sup> When her daughter needed to be seen for a suspected sinus infection, Christine did her research and learned that an average ER visit for a minor problem costs \$645, whereas an urgent care visit costs \$170. By using the urgent care instead of the ER, **Christine's family saved \$475.**



<sup>13</sup> <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3412873/>

<sup>14</sup> <https://www.hnfs.com/content/hnfs/home/company/company-information/news/er-vs-urgent-care.html>

# DECISION 6: Make Primary Care Your Primary Form of Care

Christine is aware of a little-known fact in the health care industry: the same service costs more when a specialist compared to a primary care physician performs it. A primary care visit costs about \$76, whereas a specialist visit costs \$164.<sup>15</sup> On average, consumers have 3.9 office visits per year.<sup>16</sup> **Christine saves \$343 each year** because she uses primary care physicians instead of specialists.

Even better, with her Pivot Health membership, she receives FREE telemedicine visits. By using telemedicine (\$0) in place of traditional office visits (\$76), **she saves \$296 per year.**

<sup>15</sup> <http://www.guroo.com>

<sup>16</sup> [https://www.census.gov/newsroom/releases/archives/health\\_care\\_insurance/cb12-185.html](https://www.census.gov/newsroom/releases/archives/health_care_insurance/cb12-185.html)

# DECISION 7: Make the Drug Companies Work For You

The use of expensive specialty drugs is on the rise, and unfortunately, so is the cost.<sup>17</sup> Christine takes a specialty drug to treat her rheumatoid arthritis, which costs \$2,900 per month!<sup>18</sup> After some savvy detective work, she learned that many drug companies offer programs that pay for some, or even all, of the drug copay or coinsurance. She enrolled in a program offered by Bristol-Myers Squibb to cover the cost of Orencia and **saved \$6,850 annually.**<sup>19</sup>



<sup>17</sup> <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2957735/>

<sup>18</sup> <http://lab.express-scripts.com/lab/drug-trend-report>

<sup>19</sup> [http://www.rxassist.org/search/prog-details?program\\_Id=782&PD\\_Id=782&Drug\\_Id=2196&Company\\_Id=11&search\\_type=2](http://www.rxassist.org/search/prog-details?program_Id=782&PD_Id=782&Drug_Id=2196&Company_Id=11&search_type=2) Add a little bit of body text

# DECISION 8: Supplement Your Insurance



One of the key pieces of Christine's Pivot Health membership, offered through Outlook Gap Plan, is supplemental health insurance coverage that can help her pay her family's medical bills if they haven't yet hit their deductible. Her son fell on the ice and sprained his ankle. The emergency room visit to treat it was \$1,051. **Her Pivot Health membership covered the entire cost.**

# The Math

Decision	Year 1 Value	Year 10 Value
Don't shop around	\$703	\$1,292
Enroll in wrong plan	\$3,600	\$6,618
HSA deposit & tax savings	\$1,688	\$3,102
Skip preventive care	\$3,190	N/A
Timing of care	\$4,000	\$7,354
Inappropriate care (place of service)	\$475	\$873
Inappropriate care (specialists)	\$343	\$630.96
Telemedicine	\$296	\$545
Specialty drugs	\$6,850	\$12,593
Supplemental plan	\$1,051	\$1,932
<b>TOTAL</b>	<b>\$22, 196</b>	<b>\$40,806</b>

# An Investment in Your Family

It may not feel like it, but you are a consumer when it comes to the health care industry. In the same way that you compare prices, shop around, and take advantage of coupons and discounts when you shop for other things, you should do the same when you shop for health care and health insurance.

Throughout these 8 scenarios, we have shown you how Christine's savvy decisions saved her family over \$22,000! **If she invested that money and let it grow, in 10 years it would be worth over \$40,000.**<sup>21</sup> That is a large deposit into her kids' college fund!

The health care industry is changing. One of the goals of Outlook Gap Plan is to arm consumers with products and tools to help you get the care your family needs while saving money. Health care is expensive, but by making savvy decisions and taking advantage of your HealthValues membership, you can save money and invest in your family's health and financial future.

<sup>21</sup>  
Assumes a 7% growth rate

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