Alegeus Healthcare
‘Moments of Truth’ Research Report

Unique insights into the critical “moments of truth” that consumers face along their healthcare journey
The healthcare market is shifting toward individual responsibility for healthcare costs

It’s clear that consumers are beginning to really feel the impact of this shift – as evidenced by rising deductibles, growing out-of-pocket costs, and accelerating adoption of consumer directed benefit designs.

This report seeks to:

- Shed new light on consumer attitudes, behaviors and preferences with respect to managing different aspects of their healthcare
- Provide unique insights into how the industry can better engage and empower consumers to improve their confidence and make better decisions
Alegeus conducted a survey of more than 4,000 U.S. healthcare consumers in order to:

- Identify and categorize the various moments of truth consumers face
- Assess the degree of perceived importance, confidence and stress for each moment of truth
- Evaluate specific challenges and obstacles that impede decision-making
- Assess preferences for various types of enhanced support
- Analyze key differences by consumer segment

Methodology

Research commissioned by Alegeus, performed by a third-party research firm

Online survey, data collected April 2016

Margin of error for this sample size is +/-3.1% at a 95% confidence level
What is a moment of truth?

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- a moment when a person or thing is put to the test
- the moment at which one’s character, courage, skill, etc., is put to an extreme test; critical moment
- a moment of crisis in which much or everything depends

Choosing healthcare benefits
Planning for out-of-pocket costs
Managing healthcare finances

Maintaining health & wellness
Accessing healthcare
Shopping for “best value”
Scrutinizing & paying medical bills
Moments of Truth

Financial decisions are rising in importance

Consumers now rate ‘planning for out-of-pocket costs’ as the most challenging and stressful aspect of managing their healthcare.

Percent of consumers rating these decisions as “challenging” or “extremely challenging”
Consumers expressed universally low levels of confidence in making these decisions.

It is evident that consumers will need significant support in order to take a more active role in their healthcare.

**Consumer Confidence Levels**

*Importance* Percent of consumers rating each decision point “very important” or “important”

*Confidence* Percent of consumers indicating they are “very confident” or “confident”

Stress = Degree of difference between level of importance and level of confidence. The greater the difference, the greater the stress.
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After years of health coverage paying the majority of healthcare costs, many consumers have been conditioned to be disengaged from their healthcare.

With their own dollars on the line, they must now take a more active role in a wider array of healthcare decisions. It’s no longer just about picking a health plan.

Consumers today are struggling to manage these new responsibilities. The following pages illuminate some of the specific tasks they find most challenging:
Choosing healthcare benefits

Moments of Truth

Consumers are still struggling to understand the basics of health benefit terminology, to distinguish the important differences between different benefit designs, and to interpret the cost/value implications of different options.

Challenges with choosing benefits (percent that perceive these tasks to be “challenging” or “extremely challenging”)

- Understanding the difference between benefit options: 59%
- Determining which benefit offers the best value for me: 50%
- Deciphering healthcare jargon (such as copays, deductibles, etc.): 48%
- Understanding cost implications of different choices: 45%
Planning for out-of-pocket costs

Consumers currently lack the knowledge and the tools to predict out-of-pocket costs – for this current year, or into the future. Given that their financial responsibility is growing, this represents a significant cause of stress for consumers.

Challenges with managing out-of-pocket costs (percent that perceive these tasks to be “challenging” or “extremely challenging”)

- Predicting my out-of-pocket healthcare costs this year: 58%
- Predicting my out-of-pocket healthcare into the future: 51%
- Determining an appropriate savings rate/goal: 50%
- Determining the best savings vehicle: 44%
The concept of managing their financial health is new for many consumers – the various types of savings and investment account options, rules of eligibility, and payment vehicles are still unfamiliar.

**Challenges with managing healthcare finances**
(percent that perceive these tasks to be “challenging” or “extremely challenging”)

- Making savings and investment decisions (which account, which investments, how much) 44%
- Understanding & managing my benefit accounts 41%
- Knowing what type of expenses are eligible for my benefit account 36%
- Using payment and reimbursement tools 34%
Moments of Truth

Maintaining health & lifestyle

A significant percent of chronic health issues are preventable, arising from bad behaviors and lifestyle choices. It is imperative that consumers start to understand the long term impacts of their choices – both in terms of health and costs.

Challenges with managing health & lifestyle (percent that perceive these tasks to be “challenging” or “extremely challenging”)

46% 41% 35% 30%

Maintaining healthy exercise regimen  Eating a nutritious & balanced diet  Quitting bad behaviors (such as smoking)  Understanding my potential health risks
Moments of Truth

Accessing healthcare

Consumers are definitely feeling the lack of transparency of information relating to outcomes and quality. It is also evident, particularly from the open ended comments – that finding the right provider can be a frustrating and emotional process for many consumers.

Challenges with accessing care (percent that perceive these tasks to be “challenging” or “extremely challenging”)

- Assessing the quality of a physician: 38%
- Locating trustworthy data about outcomes: 34%
- Finding a provider (in network, right location, right speciality, available): 28%
- Determining where to go for necessary care: 26%
Moments of Truth

Shopping for “best value”

The concept of shopping for healthcare services is foreign to most consumers. With more of the cost of care coming out of their own pockets, this will become even more important in the future – however, most consumers don’t know where to start.

Challenges with shopping for savings/value (percent that perceive these tasks to be “challenging” or “extremely challenging”)

- Comparing costs of different providers: 58%
- Predicting coverage/out-of-pocket costs for large purchases: 48%
- Determining if I’m getting the best value for my healthcare: 47%
- Identifying timely discounts & savings opportunities: 40%
Moments of Truth

Scrupinizing & paying medical bills

Dealing with confusing medical bills is one of the most emotional and frustrating issues for consumers. Bills are confusing, often contain errors and are received long after service, making it difficult to know how much, when and where to pay.

Challenges with managing medical bills (percent that perceive these tasks to be “challenging” or “extremely challenging”)

- Assessing whether I am paying the right amount: 52%
- Understanding my medical bill: 48%
- Negotiating savings or correcting errors: 38%
- Making payments (on time, best method): 19%
A Need for Enhanced Support

Consumers want simple explanations in human language

69% of consumers claimed deciphering healthcare jargon to be a significant barrier to decision-making.

The top desire of every consumer segment was to receive healthcare information in more simple human language. This was true across all age, gender, health, economic, and attitudinal audience segments vs. classifications.

Speak in plain language vs. healthcare jargon

<table>
<thead>
<tr>
<th>FROM Healthcare</th>
<th>TO Plain English</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coinsurance</strong></td>
<td><strong>Your Percentage of Costs</strong></td>
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TRANSLATE
Consumers value human interaction above all other types of support

This is true across all consumer segments – even millennials. However, as consumers build confidence, their interest in human support declines and their interest in digital tools and self-service support grows.
Consumer directed healthcare participants are more engaged than their peers

It's clear that consumers have a ways to go in order to effectively manage their new healthcare responsibilities. The good news – those enrolled in consumer directed health plans (which are intended to shift financial accountability and empower consumers) seem to be stepping up to the plate. They are more cost/value conscious, are more informed/thoughtful in their decision-making, and are making savvier choices.

- More likely to research & compare costs for healthcare purchases (50%)
- More fluent in healthcare terminology & billing (35%)
- More likely to engage with their benefit service providers (33%)
- More interested in transparency tools (3x)
Conclusion

The 2016 Alegeus Healthcare ‘Moments of Truth’ Research Report:

Affirms that consumers feel the impact of the consumerism movement in healthcare and they are struggling to manage their increased financial responsibility.

Clearly signals the need for significant education, tools and support that engages and empowers consumers to take ownership and make savvier healthcare decisions.

For more information, visit alegeus.com/consumerism
About Alegeus

Alegeus is the market leader in consumer directed healthcare, offering the industry’s most powerful financial accountability and engagement solutions to help consumers maximize savings and optimize spending for their healthcare. With more than 300 clients, Alegeus:

- Engages more than 29 million consumers
- Supports more than 215,000 employer groups
-Processes more than $8.9 billion consumer healthcare transactions
- Powers more than 40% of the benefit accounts in the market

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