

# Castlight Health Business Case

Developed for:  
ACME Corporation  
September 24, 2016



castlight<sup>™</sup>  
HEALTH

# Introduction

- Castlight has a multi-level business case methodology
  - Based on our experience
- The following is a brief overview of the potential healthcare savings opportunities for Acme Corp.
  - Based on various assumptions
- Castlight invites a collaborative discussion on the savings opportunity

# Executive Summary

Based on our assumptions, experience and data we anticipate a three-year savings opportunity of **\$7.0M**

**On your healthcare spend**

*With Increased Engagement, the opportunity can be \$7.9M*

*(see General Assumptions<sup>1</sup> and Increasing Engagement<sup>2</sup>, below)*

## Key Drivers:

- **Changing** your workforce **behavior** to be better **healthcare consumers/shoppers**
- Improving **adoption** and **utilization** of your **wellness** and other programs
- Expanding impact with **Behavioral Health**, Rx and Dental

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### 1: General Assumptions

Total No. Employees / Members:	18,000 / 40,000
Industry:	Healthcare
Average Annual Medical Spend Per Member:	\$3,995
Total Annual Medical/Dental/Rx Spend:	\$186,020,000
Y1/Y2/Y3 Registered and Return Users:	5.0% / 15.0% / 18.0%

### 2: Increasing Engagement

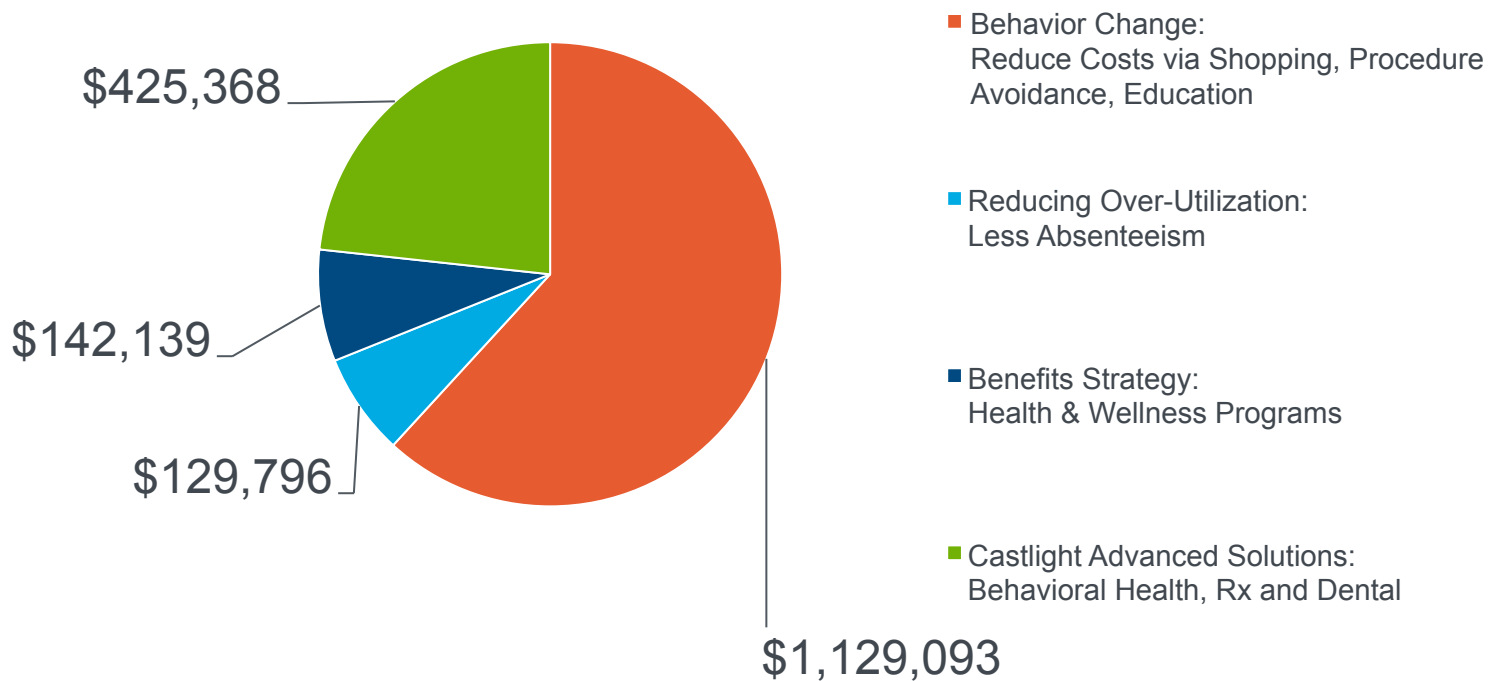
Increasing Annual Engagemnt by 1% each year can result in a 6.1% increase in 3-year savings.

For Example:

Add 2% Each Year: 7.0% / 17.0% / 20.0% and the Three-Savings Opportunity Can be \$7.9M

# Understanding the 3-Year Savings Opportunity

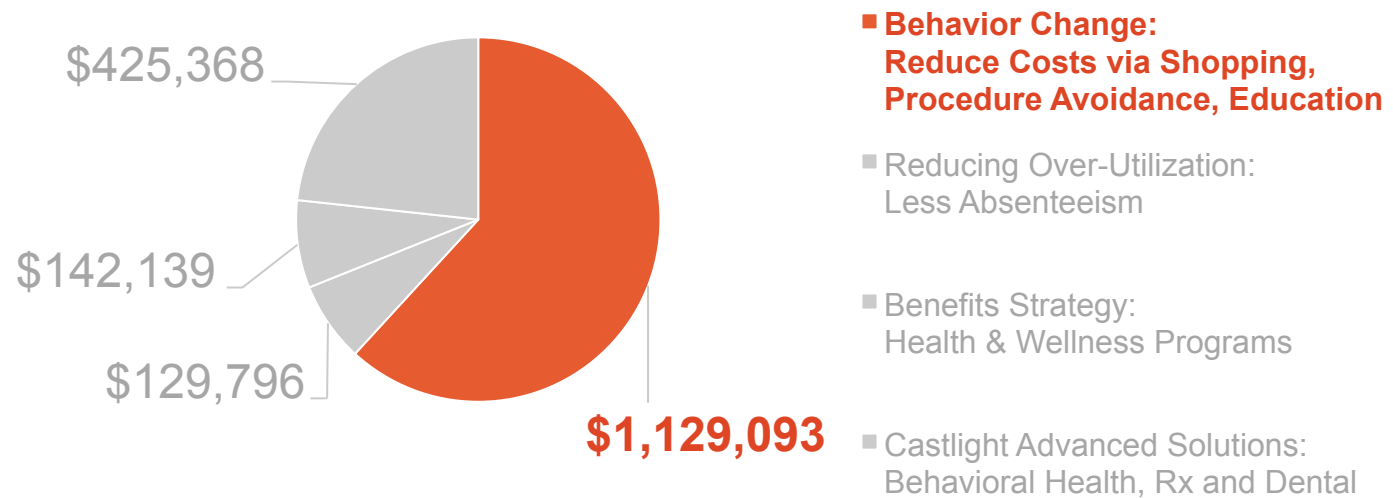
**Breakdown of Three-Year Savings**  
Three Year Total = \$1,826,396



# Behavior Change: Reduce Costs via Shopping

**Breakdown of Three-Year Savings**  
**Three Year Total = \$1,826,396**

*Castlight makes it clear for users what healthcare options they have and which provide the best value*



By enabling a better medical shopping experience on common procedures (labs, imaging, outpatient and elective inpatient) and providing a centralized hub for all of ACME's health benefits programs available 24/7, employees can make smarter decisions based on cost, quality, satisfaction and convenience and become **empowered healthcare consumers**.

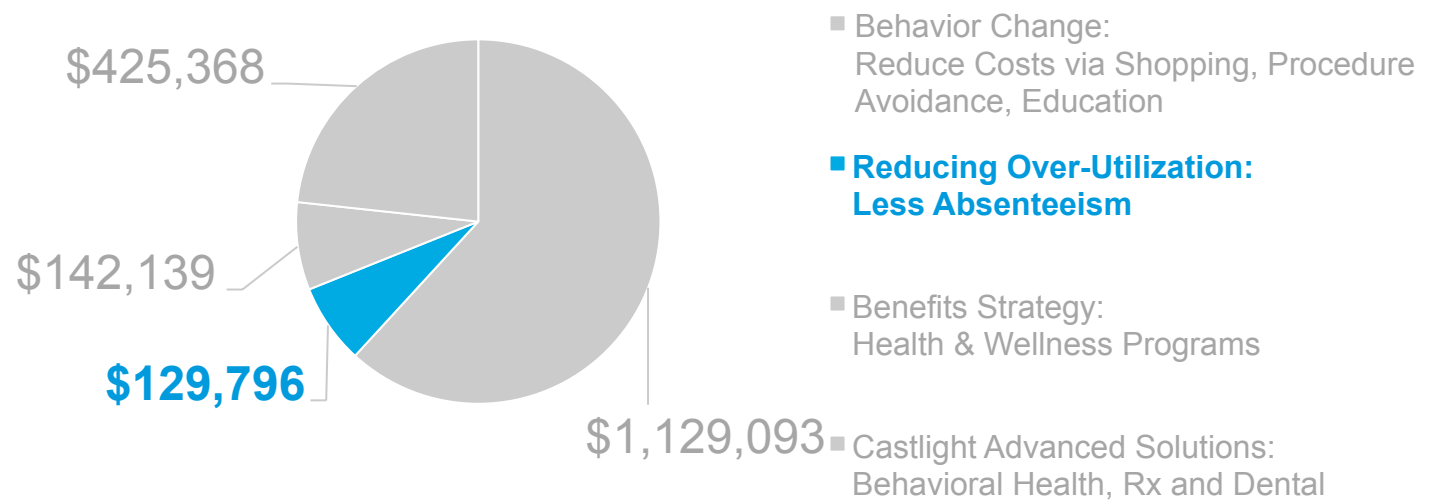
**Our data shows that Castlight Users save 7% by shopping for the best options**

# Reduce Over-Utilization: Less Absenteeism

27% of ER visits are unnecessary\*

Castlight has identified several procedures which are avoidable

Breakdown of Three-Year Savings  
Three Year Total = \$1,826,396



By helping to reduce the lost time (recovery, etc) for avoidable procedures such as back surgeries, MRI's, ER visits, there is an opportunity of \$108,163 based on work-loss studies\*\*

\*: The insured population averages 210.4 ER visits per 1,000 members (AHRQ), of which 27.1% are deemed unnecessary (Annals of Internal Medicine, 2009).

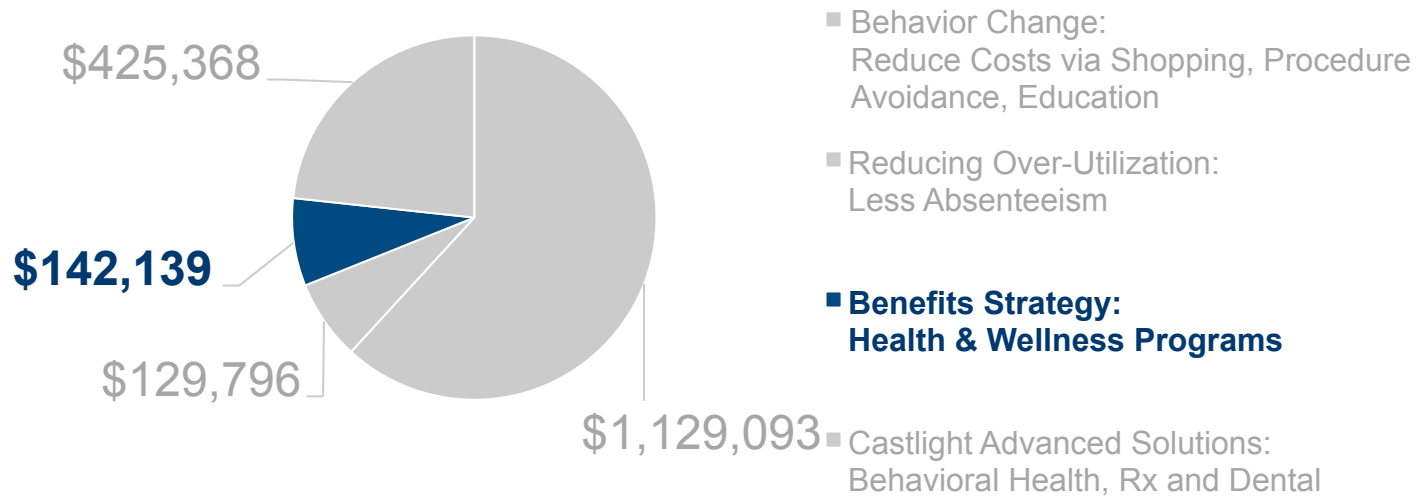
\*\* : Absence Cost Estimator from the Integrated Benefits Institute

# Benefit Strategy: Health and Wellness Programs

**Breakdown of Three-Year Savings**  
Three Year Total = \$1,826,396

*Second opinion programs can save \$3.06 PMPM\**

*Maternity programs can reduce pre-term pregnancies by 35%\*\**



By increasing the use of health and wellness programs, ACME can realize an additional \$118,449 of value, just from these two examples

\*: Literature estimates

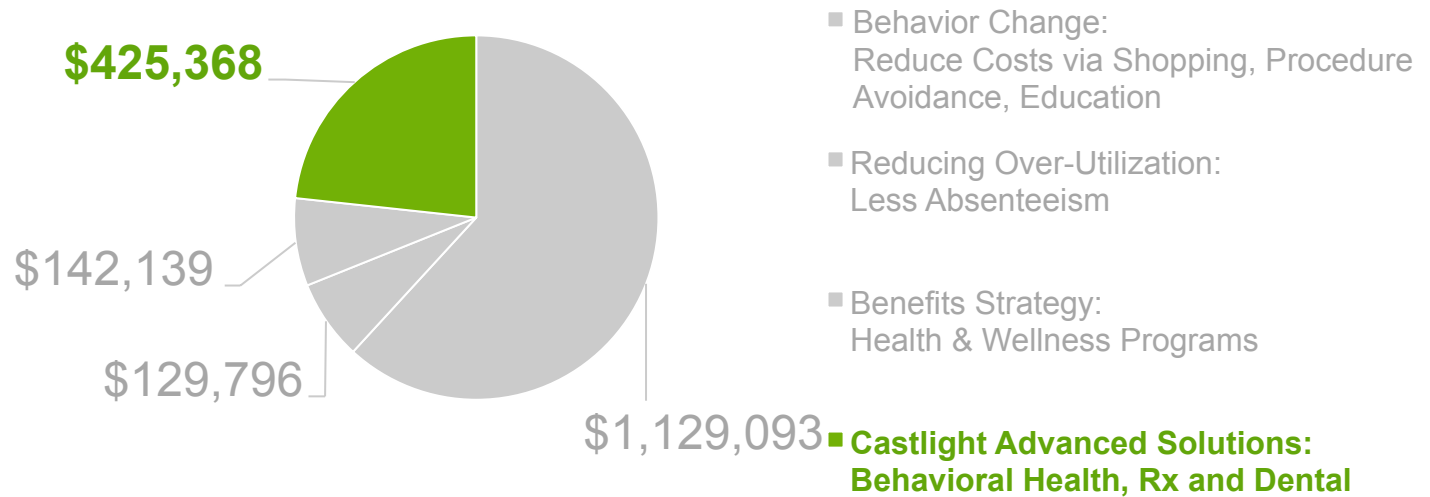
\*\*:[National Business Group on Health](#)

# Castlight Advanced Platform

*Behavioral Health is a large yet hidden opportunity for savings.*

*Castlight Rx and Dental solutions contribute to savings and reinforce behavior change.*

**Breakdown of Three-Year Savings**  
**Three Year Total = \$1,826,396**

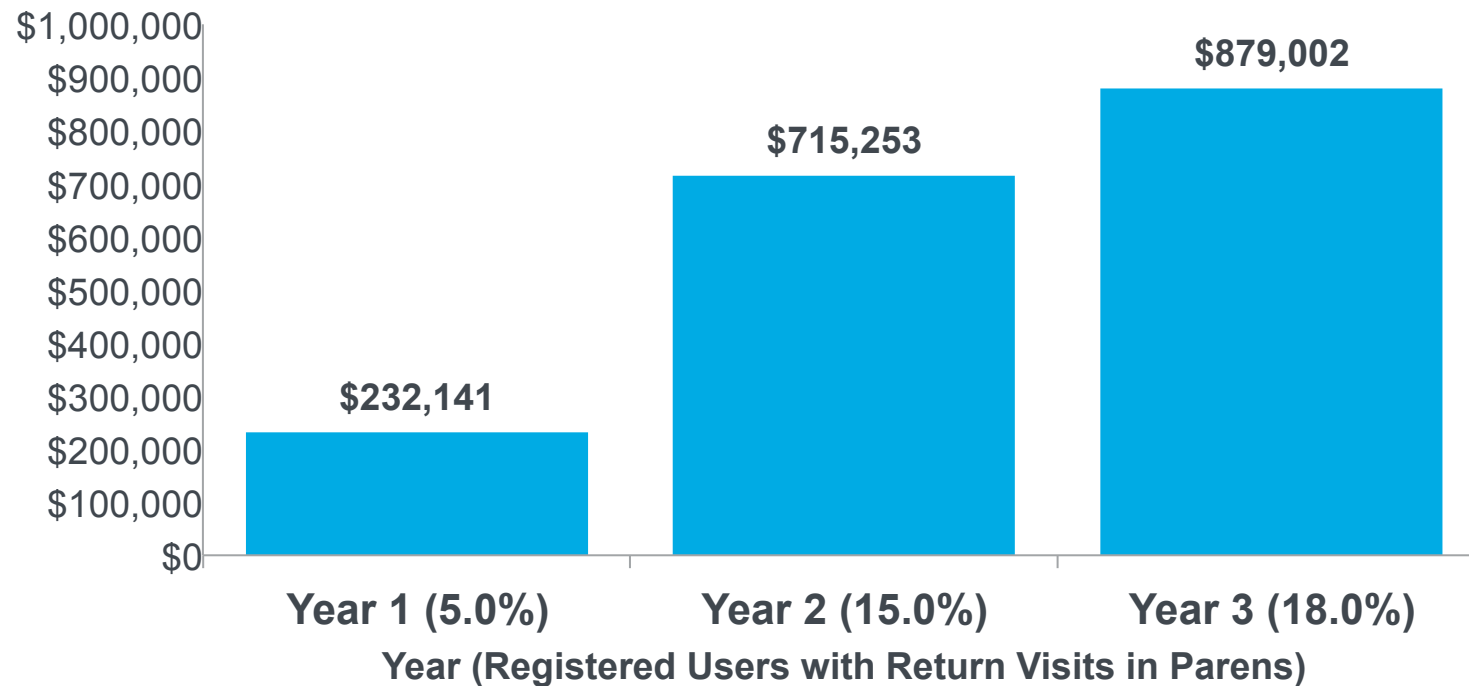


By taking a proactive approach to addressing behavior health issues as well as providing alternate care, reducing related issues (comorbidity) and transparency, the savings potential is another \$352,029.



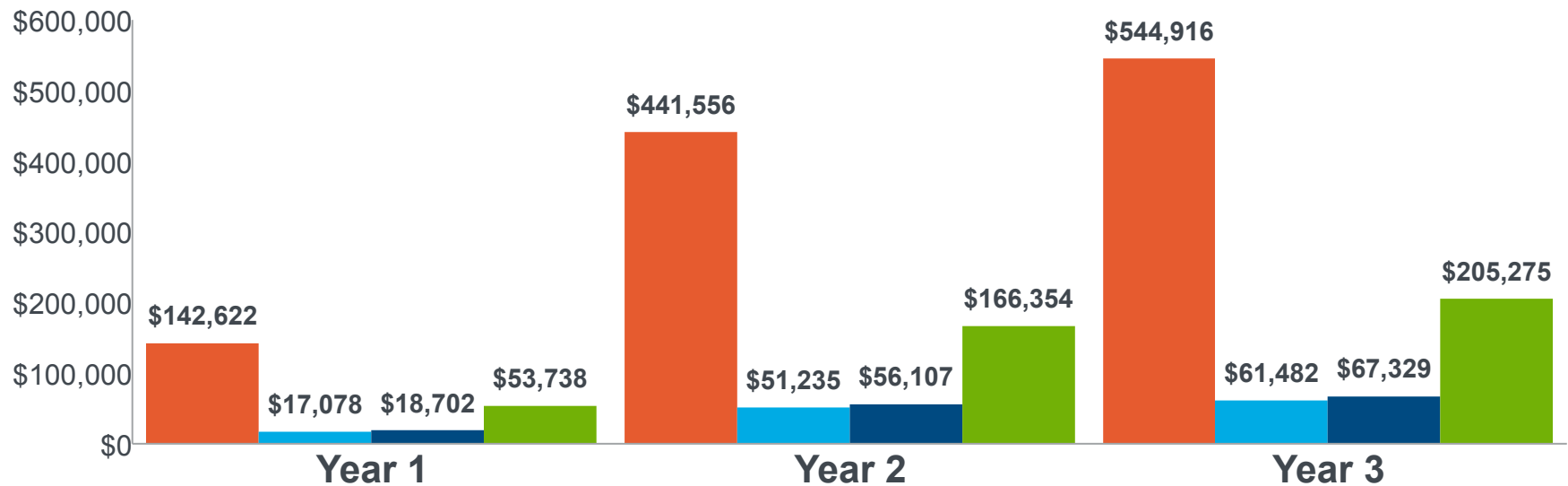
# Annual Breakdown of Savings

**Estimated Annual Savings  
Three Year Total = \$1,826,396**



# Annual Breakdown by Value Pillar

Annual Breakdown of Savings  
Three Year Total = \$1,826,396



■ Behavior Change:  
Reduce Costs via Shopping, Procedure Avoidance, Education

■ Reducing Over-Utilization:  
Less Absenteeism

■ Benefits Strategy:  
Health & Wellness Programs

■ Castlight Advanced Solutions:  
Behavioral Health, Rx and Dental

# Spotlight on Over-Utilization

## Example: Back Surgeries

- ✓ 30% are avoidable
- ✓ Recovery time/lost work: 6 weeks – 6 months

Eliminating ONE avoidable back surgery can save:

Cost of Procedure	\$68,000
<u>Lost time/Absence Cost</u>	<u>\$14,592</u>

**Total** **\$82,592**

Note: The above value is not included your assessment. Please consider this upside potential.

\*Total cost of absence and lost productivity per 1 worker per day = \$242.20 \* 60 days lost due to back surgery. Source: Absence Cost Estimator from the Integrated Benefits Institute

# Spotlight on Two Categories: Labs and Imaging

On average, Castlight searchers spent...



labs

Search 

**14% less** on labs



MRIs

Search 

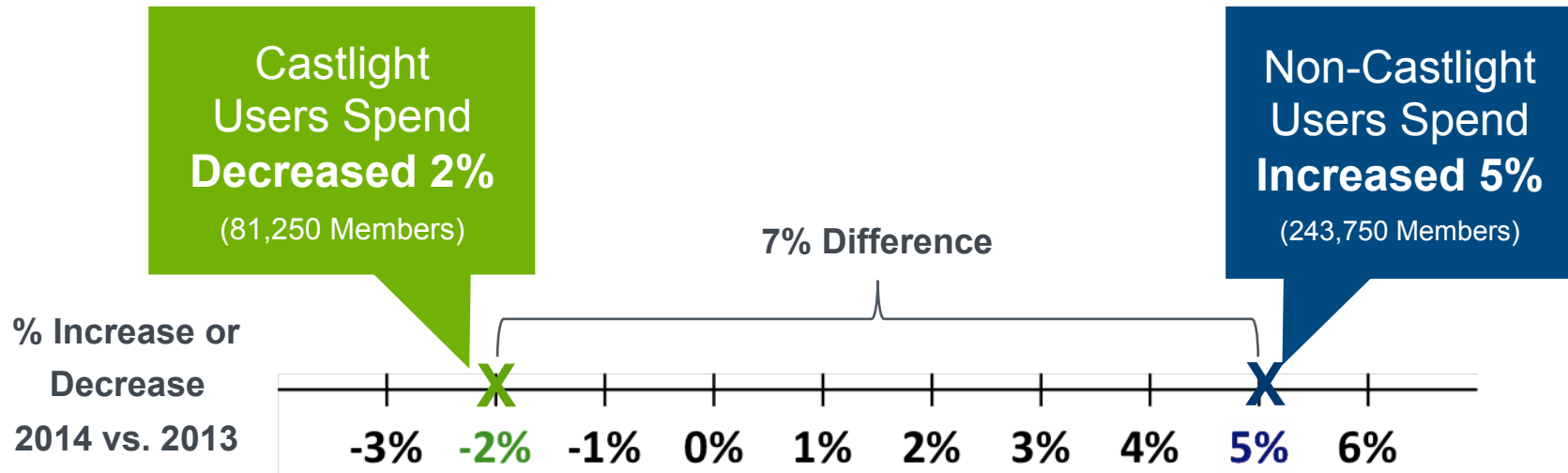
**13% less** on advanced imaging

JAMA October 22/29, 2014 Volume 312, Number 16 Association Between Availability of Health Service Prices and Payments for These Services 502,949 Employees / 18 Employers

**JAMA**<sup>®</sup>  
The Journal of the American Medical Association

# Castlight Users: 7% lower trend

2 Year comparison of Castlight customers: 2013 and 2014



Includes all members who used Castlight vs. all who did not  
Includes all Castlight users who logged in with the 1<sup>st</sup> year  
Outliers removed: individuals of \$50k+ spend and \$0 spend eliminated  
Multiple industries; member population: 2k to 90k, most are 15k+

# Summary and Next Steps

- There is a \$7M+ savings opportunity over three years, and significant additional value
- It will take effort and hard work and a commitment to partnership to realize these opportunities
- How can we further explore the savings opportunity and align this to your investment process?

## Q&A and Next Steps

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