

## Credit Unions and Healthcare:

How Digital Health Technology Can Ensure Members' Financial Health And Boost Your Non-Interest Revenue.

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# Learning Objectives

- ✓ Why are Older Adults facing Bankruptcy?
- ✓ Addressing the Underlying Issues
- ✓ The Costs of Healthcare for Members on Medicare
- ✓ Digital Solutions To Engage Today's Modern Older Adult
- ✓ Increasing Non-interest Revenue with Medicare Commissions

Medicare is ~~Complicated.~~  
Personal.

**67%**

of bankruptcies among older adults  
are a result of **healthcare costs**.

**\$315,000**

is what a healthy 65 year old woman  
will spend on average for healthcare  
costs until end of life.

**Exposure to**  
healthcare costs  
as an older adult  
is your biggest  
financial risk.

**How** do you know  
if you are making  
the right choices?

# Medicare Only Pays about Half of a Typical Older Adults' Health Care Costs.

60m people—17% of the U.S.  
population—rely on Medicare.

Yet its benefits exclude dental,  
vision, hearing, and long term  
services.

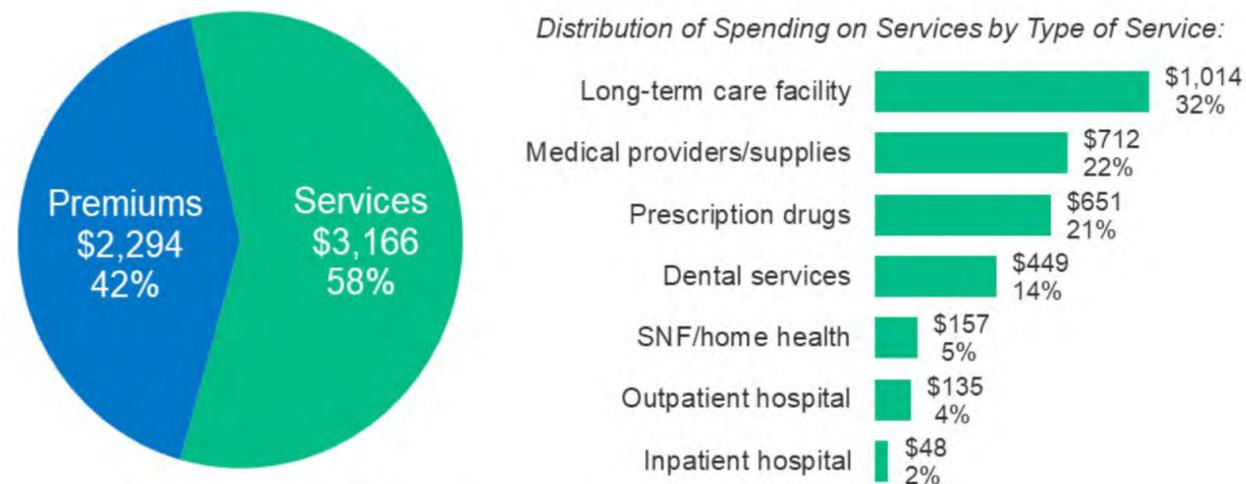
15m people—one in four people with  
Medicare—spend 20% or more of their  
incomes on premiums + medical care,  
including cost-sharing and uncovered  
services.

People with incomes below 200% of the  
poverty level (just under \$24,000 for a  
single person), and who do not qualify for  
Medicaid, are at significant financial risk.

# Medicare Beneficiaries' High Out-of-Pocket Costs:

Figure 1

Average Out-of-Pocket Spending on Services and Premiums Among Traditional Medicare Beneficiaries in 2016



Average Total Out-of-Pocket Spending, 2016: \$5,460

NOTES: SNF is skilled nursing facility. Analysis includes beneficiaries living in the community and long-term care facility residents, and excludes beneficiaries with Part A only or Part B only for most of the year or Medicare as a Secondary Payer, and beneficiaries in Medicare Advantage.  
 SOURCE: KFF analysis of Centers for Medicare & Medicaid Services 2016 Medicare Current Beneficiary Survey.

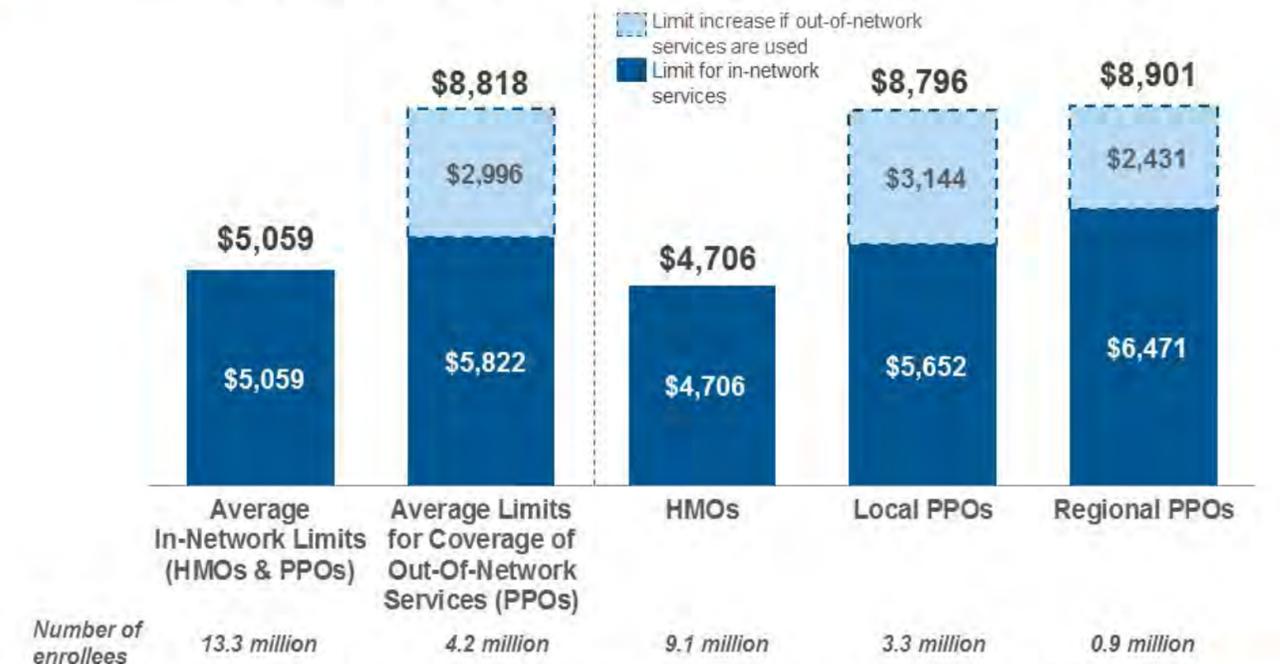


Figure 1: Average Out-of-Pocket Spending on Services and Premiums Among Traditional Medicare Beneficiaries in 2016

Figure 7

Medicare Advantage enrollees' out-of-pocket costs for in-network services are capped at \$5,059 on average, in 2019

Total limit for Part A and B services received in-network and/or out-of-network:



NOTE: Excludes SNPs, EGHPs, PACE plans, and POS plans. POS plans include about 1 million enrollees; about 40% do not have an out-of-network out-of-pocket limit, about 30% have a combined out-of-pocket limit, and about 30% have separate in-network and out-of-network out-of-pocket limits. About 1% of local PPO enrollees have separate in-network and out-of-network out-of-pocket limits.  
 SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage Enrollment and Landscape Files, 2019.



# Healthcare Costs Eclipse Senior Member Savings.

\$4,250

Median liquid savings of CU-only and CU-primary households

\$5,460

Total yearly healthcare costs

\$190

Total yearly CU Member benefits

# The Impact of Wrong Choices.

## 1. John is getting older

John works hard and saves for retirement and has a financial planner helping him.

When he turns 65 he purchases a Medicare Advantage plan with a \$1000 deductible with the help of a broker.

## 2. John hurts his back

He goes to get a MRI and X-ray. He ends up getting checked out and finds out that he needs a specialized medication.

## 3. John gets unanticipated bills

John's prescription at his local pharmacy is \$700 so he decides not to purchase it. Two weeks later he gets a bill for the MRI and other procedures for \$15k since he unknowingly went out of network.

## 4. John develops a chronic condition

As John avoids treatment his health declines.

Unfortunately once he seeks treatment again the costs have become unmanageable.

**Like hundreds of thousands of Americans every year, John's finances and health are eroded because he made a series of poor decisions based on limited data.**

# There are Many Missed Opportunities to Intervene.

**1. John is getting older**  
He needs to understand and plan for his risk of health costs during retirement.

- Retirement planners
- Life insurance brokers
  - Financial advisors
- Health insurance brokers

**2. John hurts his back**

He needs to go to the right providers to stay in-network, who prescribe meds that are in formulary and he should choose a pharmacy with the lowest costs.

- Health insurance navigators
- Health providers
- Social workers

**3. John gets unanticipated bills**

He should make sure he is getting all benefits he is eligible for, locate financial interventions, change care plan.

- Pharmacists
- Health insurance managers
- Medical lenders
- Health navigators
- Non-profits

**4. John's develops a chronic condition.**

He gets affordable care and enrolls in Medicaid.

- Social workers
- Health providers
- Charities & non-profits
- Pharma assistance programs

**At each of these steps, professionals could have directed John, but lack personalized tools that could help him make better decisions.**

# Move Beyond Generic Benefits to Benefits Specific to An Individual Person.



Current solutions only provide general benefits picture

50% of benefits go unused  
25% of older adults can't afford their meds.

**Precision Benefits** are specific to the individual.

# How Does Today's Modern Older Adult Approach Medicare?

## New Medicare Enrollees

- Independent and want choices but find health plan options overwhelming.
- Confused by our complex government-run Medicare system,
- Seek a guided approach in choosing the right plan.
- They have experience with health insurance, having used group or individual insurance in the past, and want to recreate the same medical and drug coverage experience in Medicare.

## Already Enrolled in Medicare

- Older populations, 66 and over, have similar motivations to the younger seniors in that they want to keep their current provider, worry about drug costs and don't want to over-pay for the "right" coverage.
- Hesitant to change plans and prefer to stick with what works. Older seniors spend more time shopping for the right Medicare plan and will talk with friends and compare experiences with people they know.

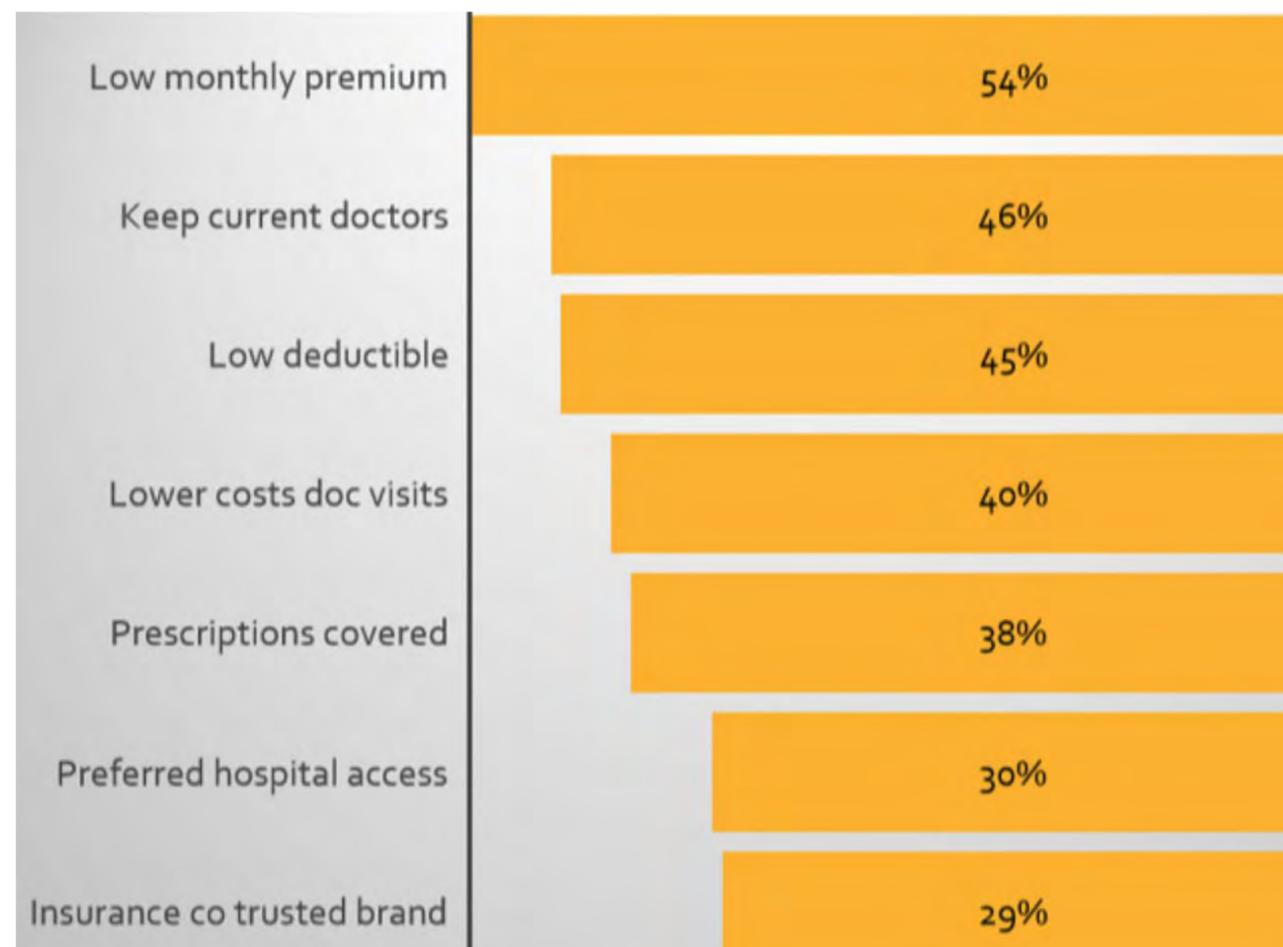
# Modern Older Adults Want Personalization and Trusted Advice.

80% of Medicare enrollments are completed with assistance from a call center agent or broker.



Source: 2018 Connecture Voice of the Healthcare Consumer Survey

# What Matters Most To Older Adults When Shopping For The Best Fit Medicare Plan? Total Out Of Pocket Costs.



Source: 2018 Connecticut Voice of the Healthcare Consumer Survey

# Solutions Through Digital Health Technology.

## Precision Benefits



### Credit Union

Retirement  
Medicare Savings  
Account  
(to be used in  
retirement)



### Digital Health Technology

Help retirees make  
informed healthcare  
decisions. Provide year-  
round monitoring for care  
navigation and cost  
savings (every dollar  
counts for members on  
fixed incomes).



### Benefits Screening

Leverage member  
financial data to  
personalize and  
automate federal, state,  
and city benefits  
screening for extra  
assistance for Medicare  
and other important bills.

# Members Rely on an Advisor to Make Medicare Choices— Why Shouldn't That Advisor Be You?

**80M** beneficiaries by 2031, up from 60M beneficiaries today.

**1.5%** of Credit Union Members turn 65 every year.

**40%** of Credit Union Members are over the age of 65.

**\$510** National broker commission for Medicare Advantage.

**12% to 26%** Commission on premiums for Supplement Plans.

# Be Visionary – Utilize Data, Technology, and Collaborative Benefits Screening Tools.

## Be visionary.

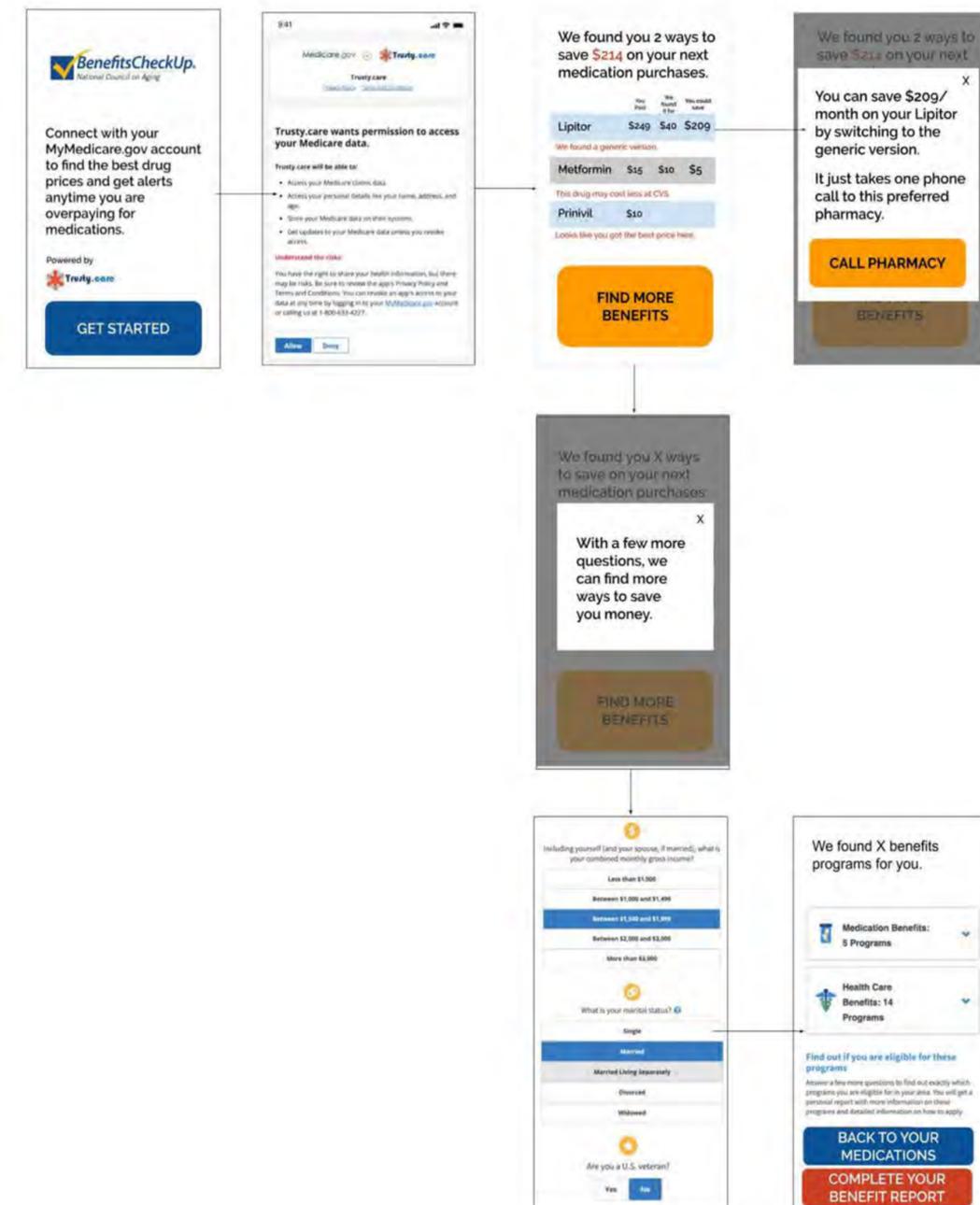
Adopt financial well-being and its connection to health as a strategic objective and differentiator for building member loyalty with your credit union. Make it the thing you do for members, not a thing. Don't focus solely on changing or influencing behaviors, but also focus on understanding the external conditions affecting behavior, the social determinants of health, and the importance of how members feel about and experience their daily lives.

## Build a collaborative screening tool.

A health system and credit union can collaborate to incorporate financial well-being and health questions into their respective screening tools to gauge where a patient/consumer member “is” versus where the provider would like him/her to be.

## Go beyond the simple collection of data.

Check out health and financial technology firms who are creating web- and mobile-based applications and platforms that analyze data to predict behaviors, risk levels, guide, coach and determine what products and services customers need (and when) to improve their health and financial well-being



<https://streamable.com/odtef>

Thank you.



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