

I don't know any Insurance Advisor, CEO or CFO that can afford not to read this.

A Note from the Desk of Keith Lemer, CEO of WellNet Healthcare

Stay with me // [3-minute read](#).

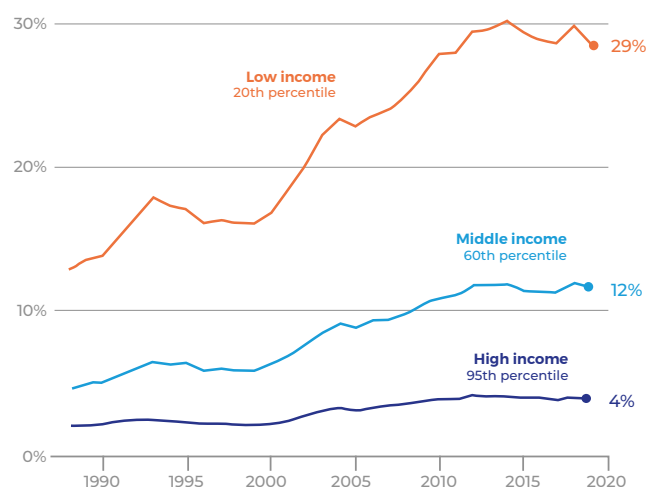
In the fast-paced realm of healthcare and finance, I aim to shed light on the growth of healthcare costs – the impact it has on you, your people, and the role that you can take to solve these challenges with an alternative lens.

Consider This:

- We know that the **rising cost of healthcare** is impacting families across the nation and eating into the profitability of companies that provide healthcare coverage to their employees.
- **By the Numbers:** In 1988, healthcare premiums on average accounted for 7.9% of a worker's total compensation, which includes wages and premiums. By 2019, that had increased to an average of 17.7%, with that figure approaching 22% in 2024.
- **No Surprise Here:** Employer health insurance has become **more expensive** as healthcare itself has become more expensive. According to the Kaiser Family Foundation, the average workplace health plan last year costs \$24,000 for family coverage, with employers covering 75% of that expense.

Share of compensation going to health care premiums, by income level

Estimated among U.S. families with employer-sponsored health insurance; Annually, 1988-2019



Source: JAMA Network Open

This Brings Us to Our First Question:

- **What is driving all this growth**, and where is the money going?

The Driving Force: \$4.3 Trillion & The Network Effect

- **Think of healthcare like credit card processing.**
- **When financial intermediaries are at the helm**, similar to credit card processing, and the same within the healthcare system, the ultimate holders of the money and the risk are the government and employers.
- **The providers of care are doctors and hospitals.** The current middlemen are merely facilitating the transaction and being a middleman is highly profitable.



- **'Healthcare Services Companies'** - facilitate the financial transactions for the \$4.3 trillion dollars that is spent on healthcare every year in America. But let's look and see what's really going on here.

- **These 'Healthcare Services Companies' can leverage their position** as the financial middlemen because of something called the **network effect**. The power of the network increases as more doctors, hospitals, governments, and employers jump in.



- **Historically, other networks held tremendous power and resulted in major exploitation.** Think of the Railway Robber Barons in the 19th century or cable television in the 1980s, 90's and early 2000s - with their high prices and terrible service.



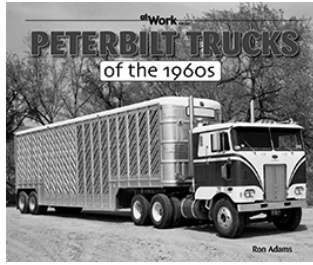
- **The healthcare system today operates in a very similar manner.** Charging exorbitant fees while providing generally subpar service. Have you ever been on hold and spoken with today's version of customer service?
- **But all businesses have an Achilles heel, a weakness,** and that's when they become too expensive, or the service gets so bad that people start looking around for a better way to do things. This eventually leads to **disintermediation**, or disruption.

What Does This Mean for You?

- **Think of how streaming services like Netflix, Hulu, and Apple+ are enabling millions of Americans to cut the cord and stop paying for basic cable.**



- **Or how long ago, people in business started using planes, cars, and trucks** to go around the railroads. This is exactly what is beginning to happen in healthcare.



- **Disintermediation, or disruption, becomes possible through innovation** be it regulatory, technological, or otherwise. In healthcare, this innovation is challenging the traditional healthcare system, as smart minds seek alternative ways to navigate the system.

WellNet's Role

- **'Health Services Companies' have gotten far too expensive** and are far too often providing poor quality services. As a result, some of the smartest minds are looking for ways to lead that disintermediation.
- **WellNet, as a leading Independent Third-Party Administrator (TPA), has embraced innovation** within the existing framework. By rebuilding efficient health plans, WellNet offers the same access to doctors, hospitals, and pharmacies (that you know and trust), while delivering bespoke self-funded health plans that focus on controlling the cost of the claim - *before it's paid*.

WellNet plans are tailored for your unique culture and pace for savings - running at 26% below the cost of those "Health Service Companies," in addition to an overall trend of 3.96% year-over-year.

The Way Forward

In the face of economic headwinds, it's crucial to consider stepping away from the traditional insurance carrier approach. As your renewal season approaches, I urge you and your advisor to contact us for a proposal. Alternatively, you can schedule a 15-minute joint meeting to learn more using this [link](#).

The landscape of health services is evolving, and WellNet is at the forefront of providing efficient and cost-effective alternatives. We invite you to join us on this transformative journey.

Best regards,

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