



# The Healthcare Inflection Point: Navigation is Imperative

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## Healthcare is Now a Strategic Financial Risk

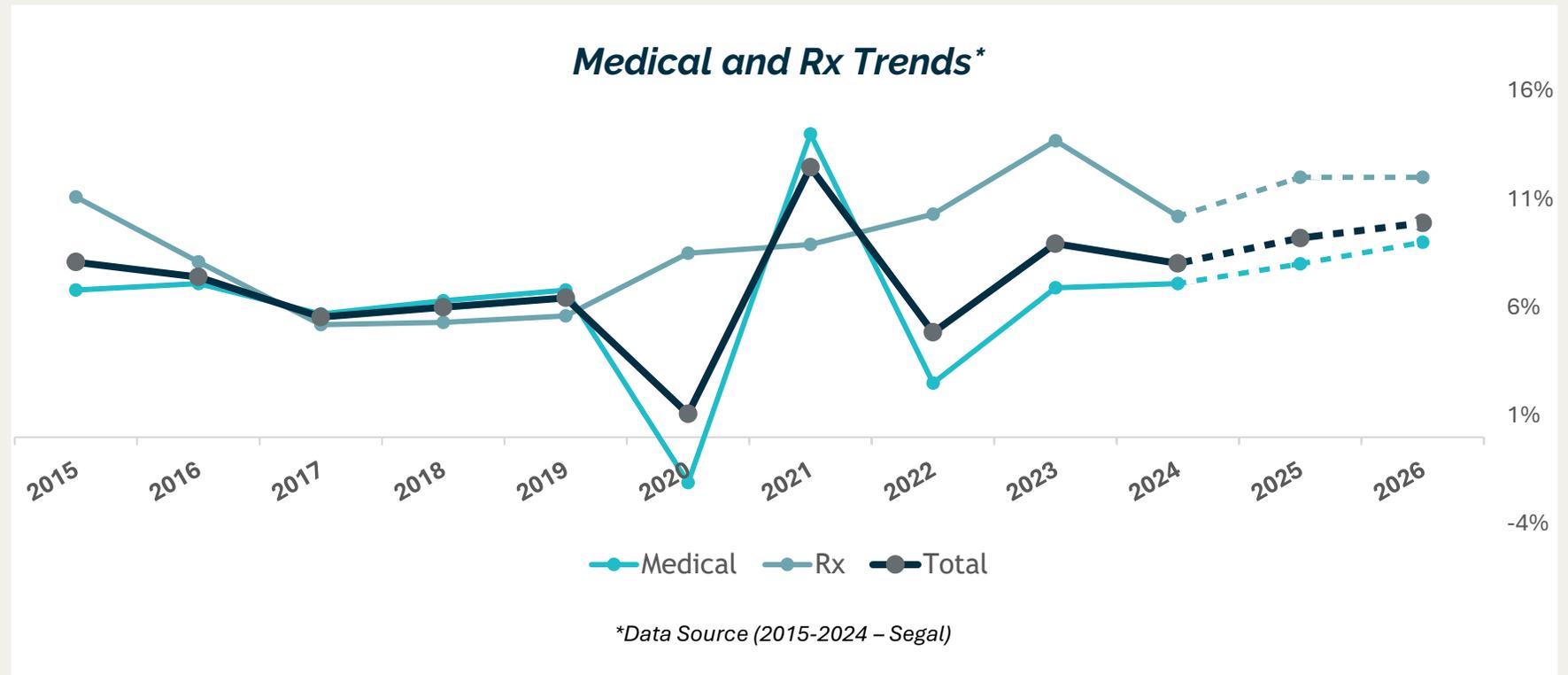
- \$5.3T U.S. health spend
  - Approximately 18% GDP
- 2nd or 3rd largest expense after payroll
- Outpacing wage growth
- +242% per capita since 2000
- ~3x general inflation

# Healthcare Cost Trend is Accelerating

Medical inflation has reached a 10-year high and is expected to continue through 2027.

*"The high cost of treating patients isn't going away. Now what?"*  
- PwC\*\*

*"minimizing noise" may turn out to be more "disruptive" to employees than making necessary changes would be"\*\*\**  
- BGH



## Macro Drivers of Inflation

### Core Medical Inflation (~2-3%)

### High-Cost Claimants (~1-2%)

- More cases/higher incidence
- Increased severity, including cancer

### Increased Utilization (~0-2%)

- Chronic issues from deferred care
- Aging population/worsening health

### Provider Challenges (~1%)

- Provider staffing & wage pressure
- High-cost/Low quality
- Consolidation/investment

### Upcoding (~2%)

- AI revenue maximization
- Scope-of-practice billing

### Pharmacy (~1-2%)

- Drug pipeline
- GLP-1s

### Regulatory Impact (?)

- OBBA
- Tariffs

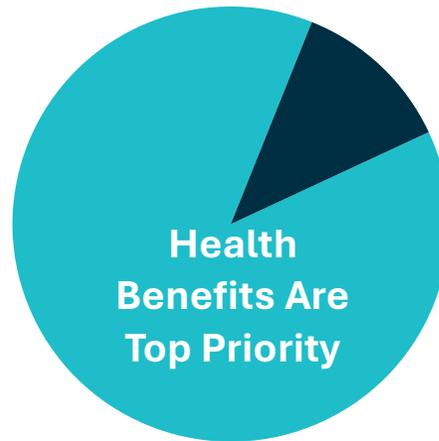
# Average Employer Spend on Employee Compensation

- ✓ Attract and retain
- ✓ Employee satisfaction
- ✓ Increased productivity
- ✓ Increased engagement
- ✓ Competitive advantage
- ✓ Workforce sustainability
- ✓ Legally required



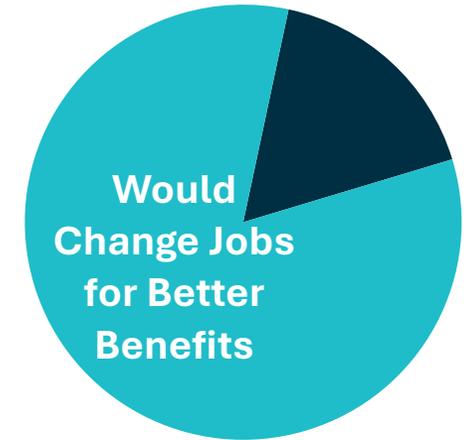
## Benefits are ~30% of Total Comp\*

- **Insurance** –
  - Medical – Average cost for family coverage of \$27K\*\*
  - Dental, Vision, Life, Short-term & Long-term Disability
- **Paid Leave** - Vacation, Holiday, Sick, Personal
- **Retirement and Savings**
- **Supplemental Pay**
- **Legally Required**



**88%** of employees rank health-related benefits as their top priority\*\*\*

Employee Surveys



**83%** would look for a new role if their benefits package were inadequate\*\*\*\*



## Site of Care Impacts Cost & Quality

- Approximately 1.5 million hip and knee replacements were conducted in the U.S. in 2025.
- Average costs of knee replacement based on setting:
  - Hospital: \$38,000 in 2023
  - Hospital owned Outpatient Center: \$28,000
  - Ambulatory Surgery Center: \$21,800
- Significant savings with shifting site of care for these types of common surgeries.
- Many surgeries are 2-4x more expensive in the U.S. and not always better quality



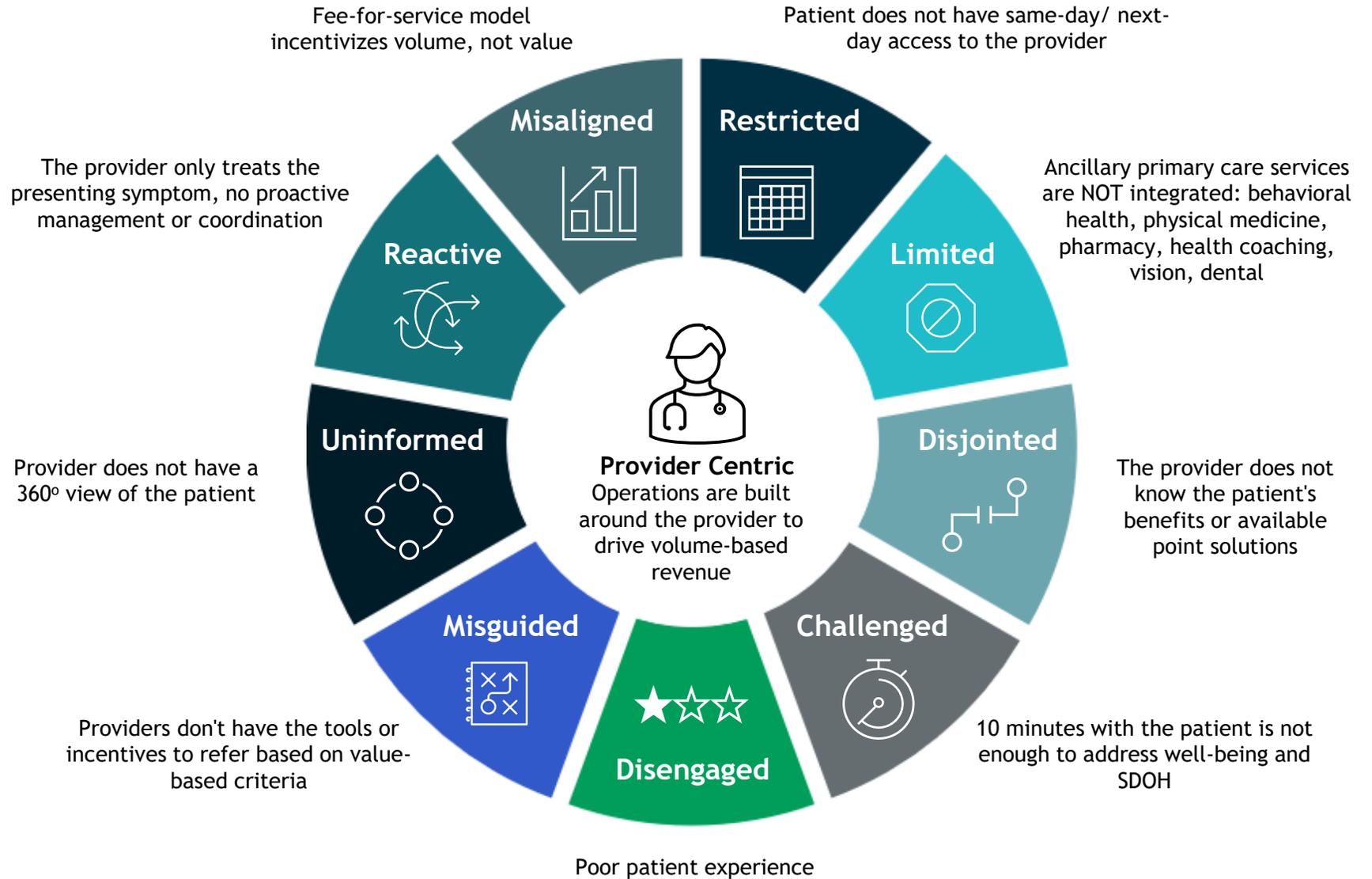
## Specialty Drug Acceleration

- Drug spend +269% since 2000
- Specialty drugs: ~\$18K → ~\$52K (10 yrs)
- U.S. pays ~3x other countries
- Consumers are also consistently paying more for their medications, with out-of-pocket costs rising about 25% since 2020



# Community Primary Care Is Broken

Providers operating  
in a fee-for-service  
environment

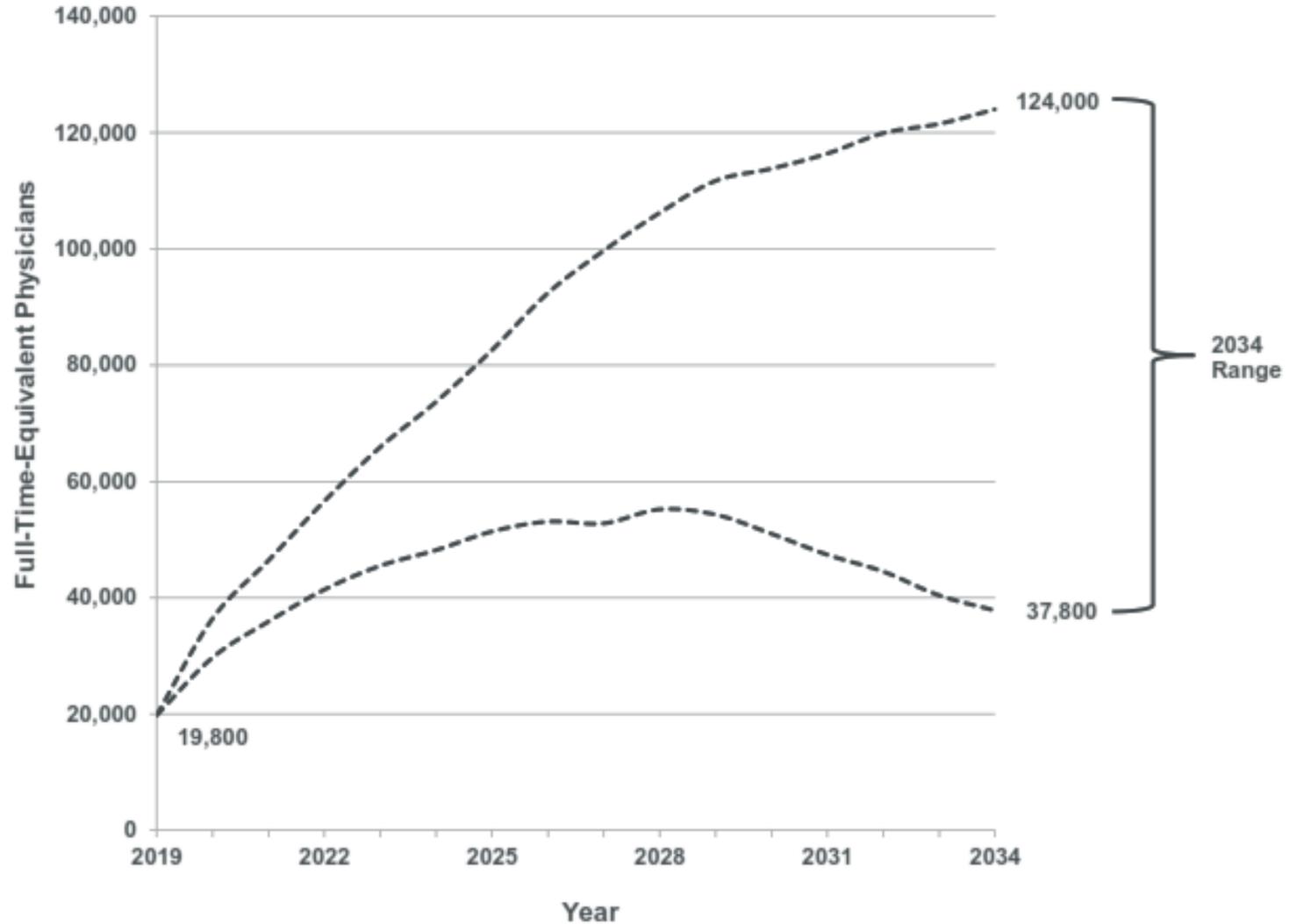




# There Is a Growing Shortage of Primary Care Physicians

The AAMC projects a shortage of primary care physicians of up to 48,000 by 2034

## Total Projected Physician Shortage Range, 2019-2034

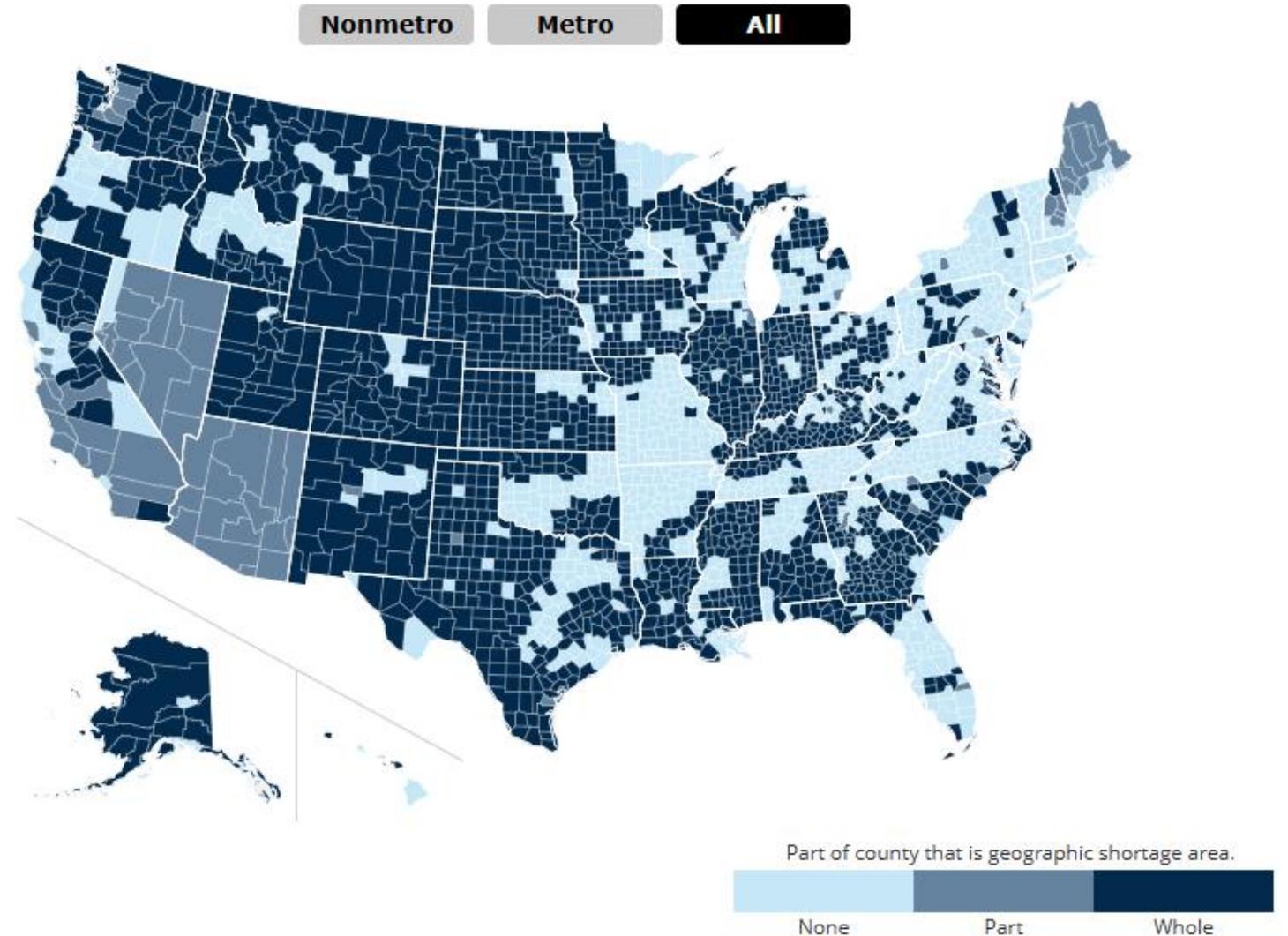




# Health Professional Shortage Map

Note: Use the [link](#) and you can click on an area and see an illustration of the provider shortage.

## Health Professional Shortage Areas: Mental Health, Geographic, by County, January 2026



# Chronic Disease: The Spend Driver



- 6 in 10 adults have  $\geq 1$  chronic condition
- Earlier onset
- Longer duration
- Approximately 90% of U.S. spend tied to chronic disease

# The Growing Burden of Chronic Diseases

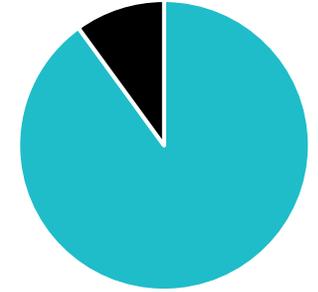


Chronic diseases are the leading cause of illness, death and disability in the U.S., with approximately **6 in 10 Americans** living with at least 1 chronic condition.



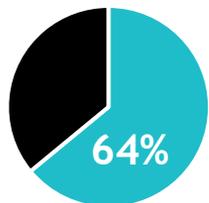
## 90%

Of the **\$4.5 trillion** spend on health care in 2022 was for individuals with **chronic physical and mental health conditions**.

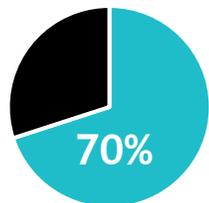


### Health Care System Impact

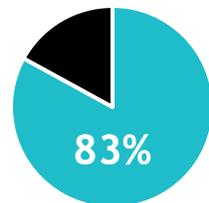
Recent estimates indicate that **people living with multiple chronic conditions** represent:



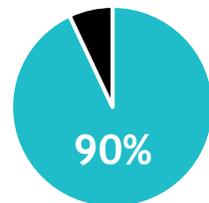
of all clinician visits



of all inpatient stays

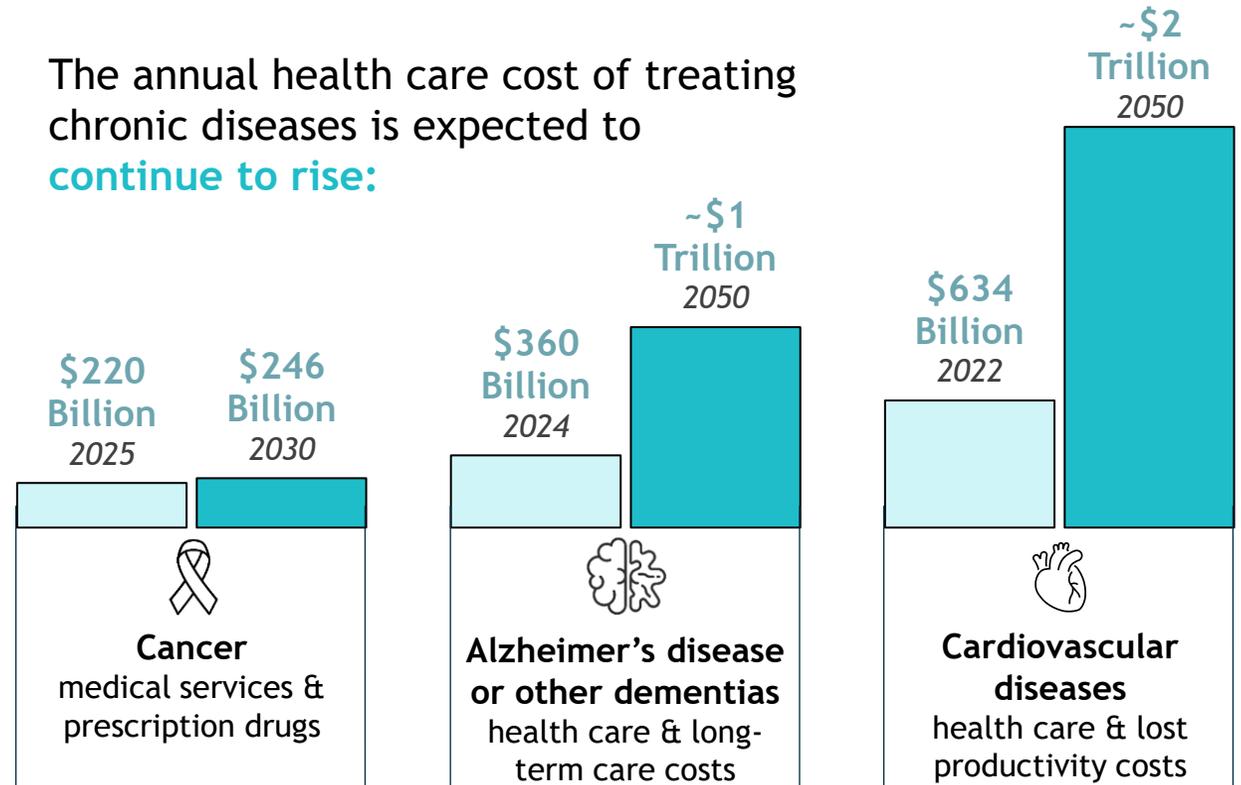


of all prescriptions



of Medicare spending

The annual health care cost of treating chronic diseases is expected to **continue to rise**:





## Fragmentation & Waste

### We Built a Payment System Not a Health System

- Up to ~30-40% of care is estimated to be low-value or duplicative in fragmented systems
- ~30% estimated waste
- Extreme price variation
- Patients lack clear pathways to the right care
- Duplication and low-value care are common



## The Problem is Real

The U.S. healthcare system is incredibly complicated, complex, and daunting to navigate. Which can become a barrier to healthcare accessibility. When individuals don't understand how to use their medical plans, many won't use them at all. Bend Financial reports that 59% of insured Americans have delayed making doctor's appointments due to confusion over their insurance plans<sup>1</sup>. And delaying care can have catastrophic effects on peoples' health.



## Employees are Confused<sup>2</sup>

46% don't know what a copayment is

45% can't define deductible

30% believe that not liking your coverage or a new diagnosis means you can change your plan

55% know that children under 26 can stay on their parent's health plan

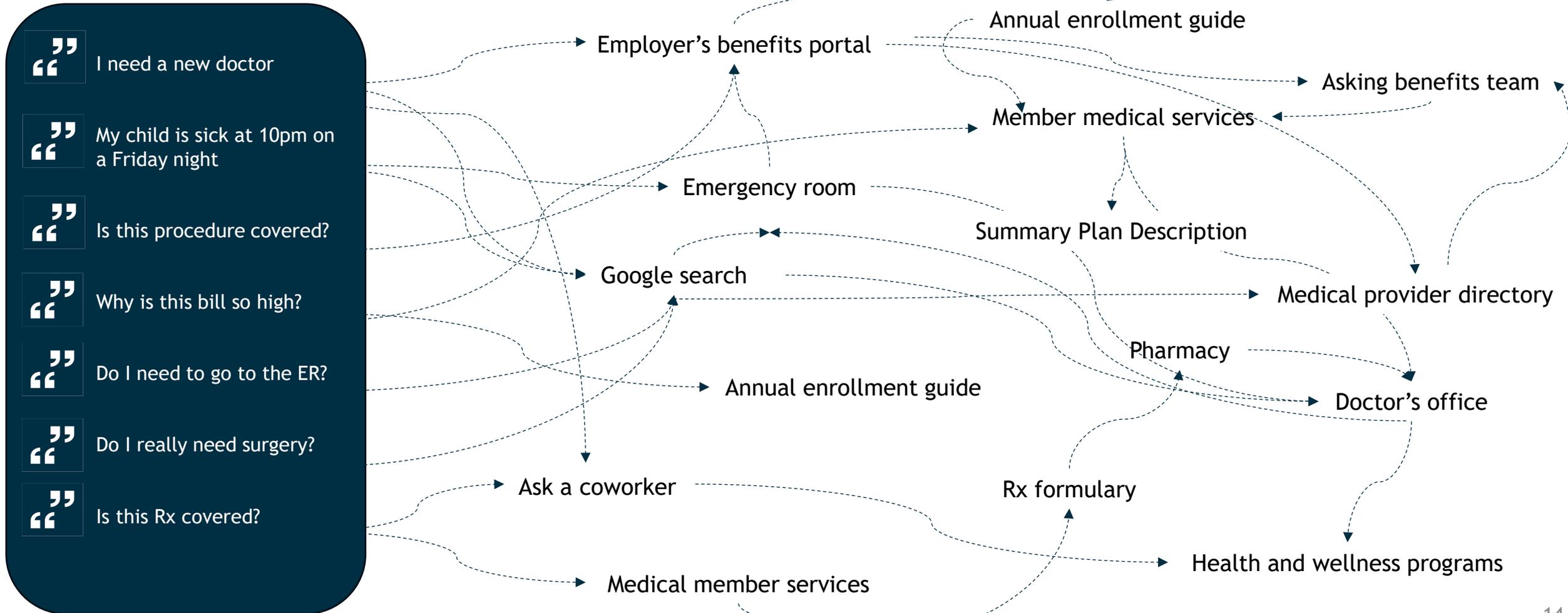
77% can't define coinsurance

40% know an HSA allows you to set aside pre-tax funds to use for medical care

21% have been confused about a medical bill



# The Employee Experience





## The Next Generation of Employer Health Benefits

*Data-Driven • Prevention-Focused • Value-Centered*





## Navigation Solutions Can Improve Health Care Decisions

- ▶ **Navigation vendors help employees**
  - Find the right care
  - Compare provider cost/quality
  - Manage health plan complexities
- ▶ **Advocacy vendors help employees**
  - Understand medical bills
  - Navigate a new diagnosis
  - Get second opinions about treatment
- ▶ **Many solutions offer both navigation and advocacy services**



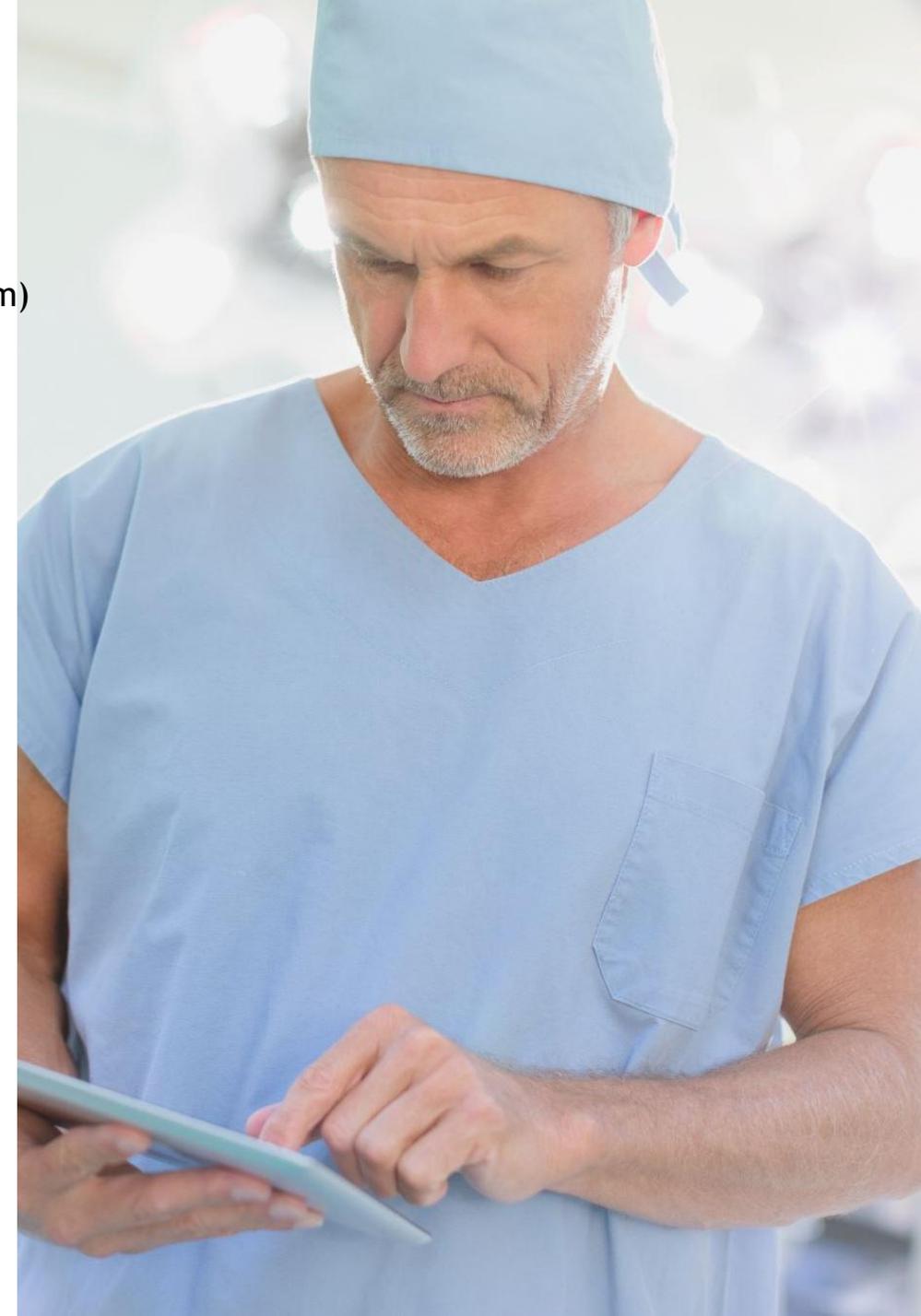
# Navigation in Action

## Unmanaged Navigation

- PCP referral (in-network but high-cost system)
- MRI at hospital outpatient
- Surgical consult
- Hospital-based replacement
- Variable PT follow-up
- Total cost: ~\$38K-\$45K
- Little price transparency

## Guided Experience

- Early navigation trigger
- Quality-vetted orthopedic consult
- Imaging at freestanding center
- ASC surgical setting
- Coordinated PT + follow-up
- Total cost: ~\$22K-\$26K
- Comparable or better outcomes



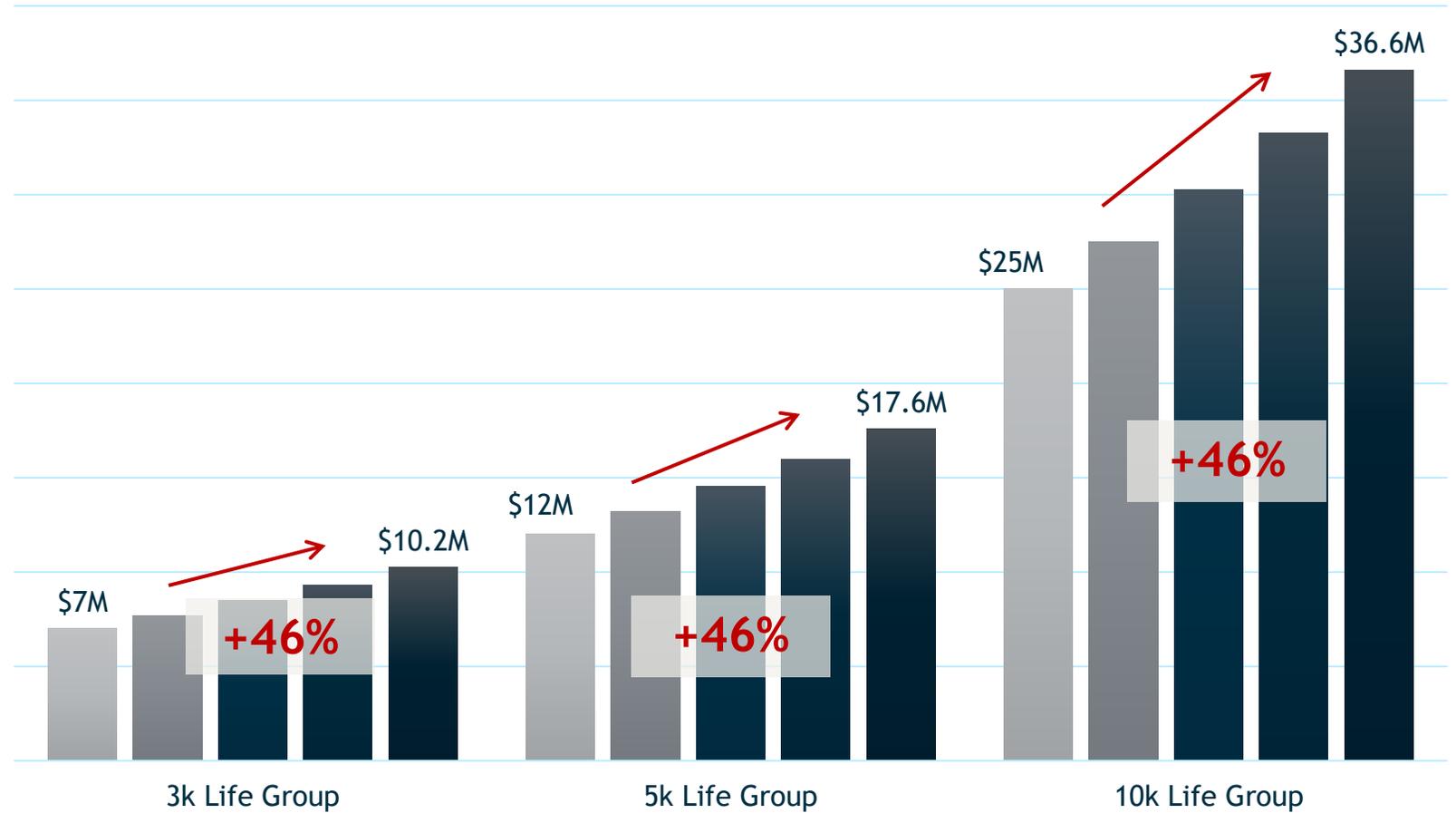
# Changing the System



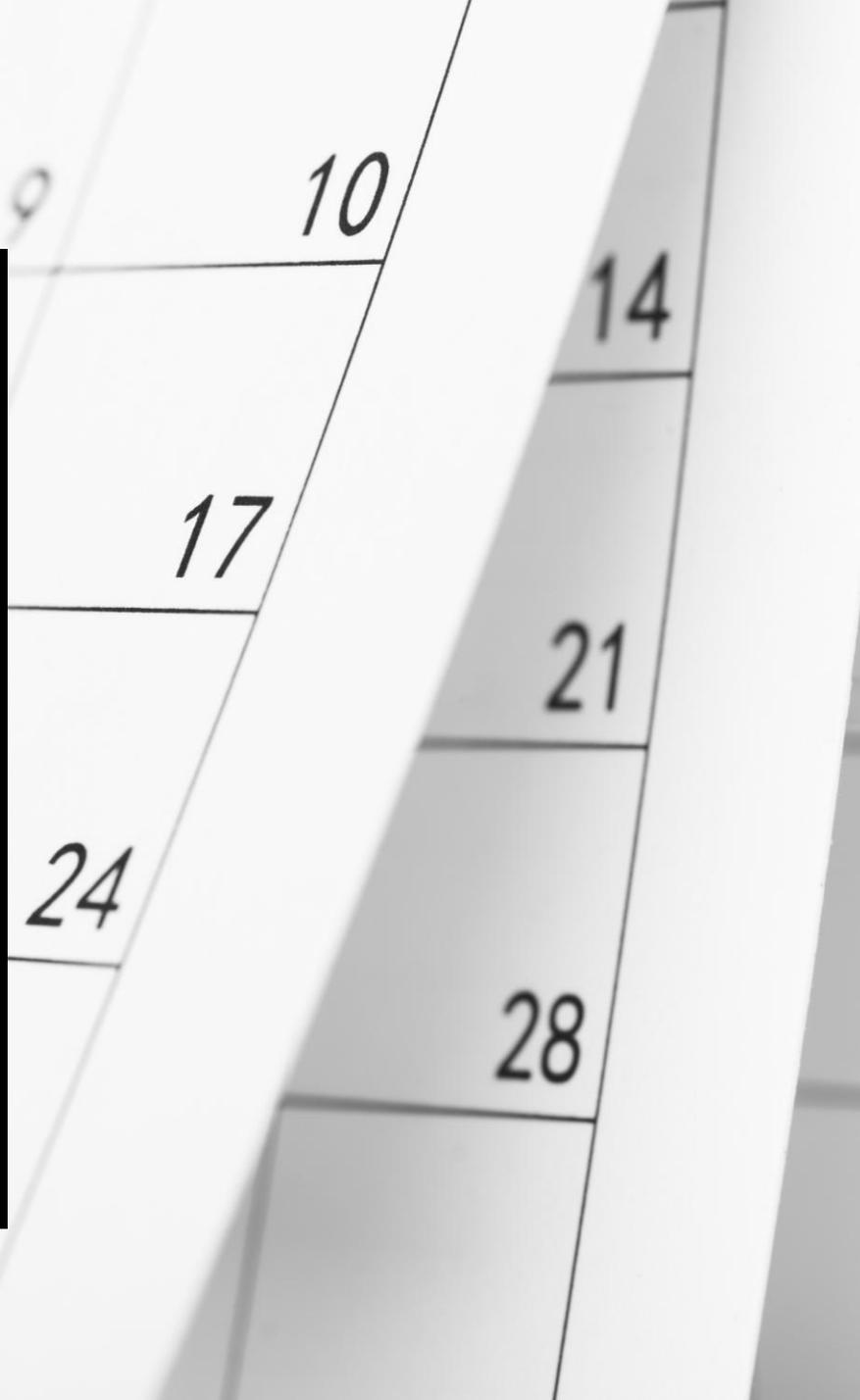
- Access to Decision Making Tools
- Reinvent Primary Care
- Optimize Networks
- Promote Site of Service based on cost and quality
- Align Incentives (Value-Based)
- Navigation & Data Intelligence Layer
- Reward Quality Choices



# What Other Expense Grows 47% without Intervention?



# Sequencing Matters



## How and When Matters: A Phased Structural Intervention

### Stabilize

- Claims deep dive
- Pharmacy governance
- Primary care redesign

### Optimize

- High-performance networks
- Navigation integration
- COEs

### Align

- Value-based contracts
- Bundles
- Incentive alignment

Thank you

