



ValidationInstitute

2021 Validation Report

Review for: Med-A-Vision

Validation Achieved: Level 3 - Metrics

Valid through August 2022



Company Profile



Category:	Transparency Tools
Website:	https://www.medavision.com/
CEO:	Carl McNally
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Description:

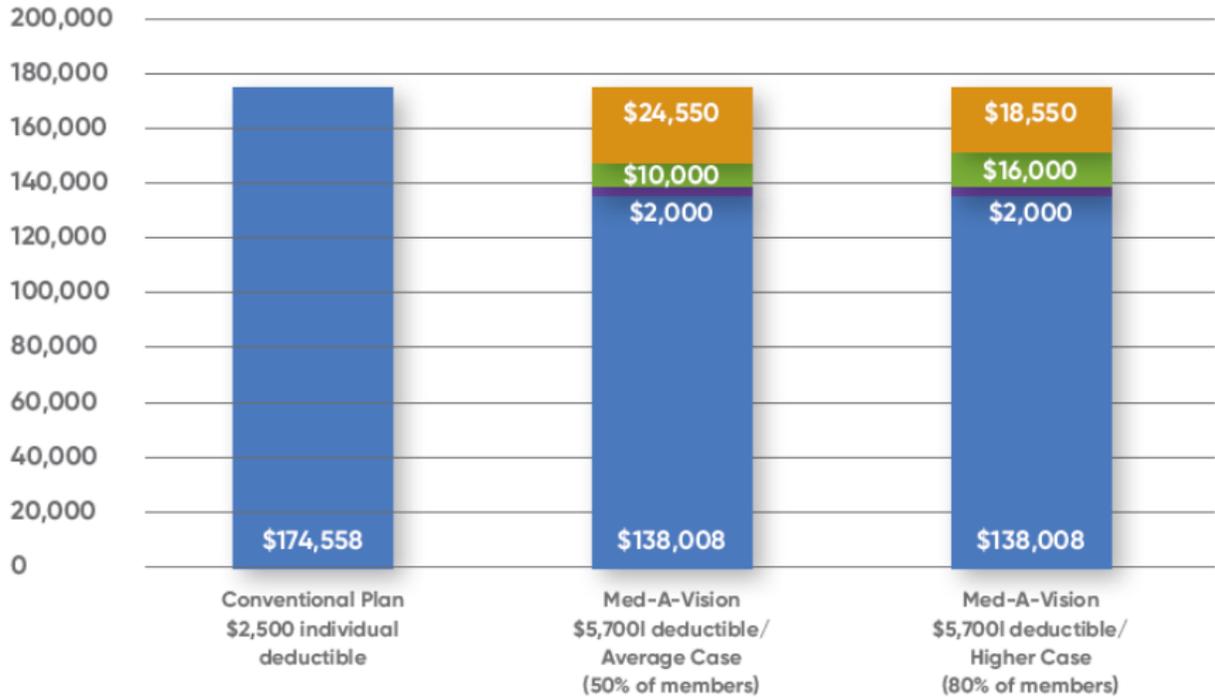
In 2005 **Med-A-Vision** introduced a health insurance model that lowered premiums and out-of-pocket cost maintaining first dollar benefits to employees. Today **Med-A-Vision** serves over 185 companies and 6,000 people in Maine. **Med-A-Vision** clients have learned it is more cost efficient to pay small claims than large premiums for lower deductibles. The data collected from the actual employee and dependent claims in 2014 -2015 against \$5,000 - \$6,000 deductible HSA compatible plans is the bases for this model.



Claim Assertion for Validation

By selecting a higher-deductible group health plan and reimbursing a portion of the employee's deductible, **Med-A-Vision** clients can reduce their total health benefit costs. The deductible reimbursement is handled through a Health Reimbursement Arrangement (HRA). Though the HRA's payments are variable depending upon the group's claims, the total of the HRA payments and the lower premiums to the insurer is generally less than the cost of a lower-deductible health plan.

The graph below illustrates the three components of the **Med-A-Vision** program for a 13-employee group: insurance premiums, third-party administrator fees, and deductible reimbursement (HRA benefits). The graph includes an estimate of what the same group would have paid for a \$2,500 deductible plan from an insurer. The **Med-A-Vision** program purchases a higher-deductible plan from the insurer (\$5,700 in this example); however, the effective deductible to the employee is 30% of \$5,700 because the HRA reimburses 70%.





Method / Calculation / Examples

Under the **Med-A-Vision** program, the HRA payments are a variable expense and thus determine whether and how much the employer saves. Therefore, the analysis focused on these payments.

The analysis calculated what percentage of covered members received an HRA payment, indicating that they had had an expense to which the deductible applied. The analysis included 18,421 person years from 206 different employers. Company size ranged from one to 217 employees.

This was calculated for the entire group of 206 employers for the three-year period; for employers with 30 or more employees; and for employers with fewer than 30 employees. These were also calculated for each of the three years (2016, 2017, and 2018) separately.

The average HRA payment per claimant was calculated for the entire group for each of the three years. In addition, the average HRA payment per eligible member was calculated.





Findings & Validation

Over the three-year period, the percentage of covered members who had a claim paid by the HRA varied from 7% to 100% for companies with fewer than 30 employees. It ranged from 16% to 84% for companies with 30 or more employees. Overall, across the entire 18,421 person years and all company sizes, approximately 50% of the covered members received payment from the HRA. The rate was nearly the same for each of the three years.

The percentage of members who had a claim is lower than the national average among privately insured people age 18 – 64 of 80.7% [1]. Two-sample tests indicated that the Med-A-Vision's rate was significantly different from the national average. The gap between the actual and expected rates cannot be fully explained, though two factors likely contribute to it:

- The percentage of members who had a claim is understated by an unknown amount because members who had claims not subject to the deductible are not included. For example, plans cannot impose a copay or deductible on preventive care.
- In addition, the presence of the deductible, even though it is subsidized, has a dampening effect on the frequency of claims. It is well-documented that people enrolled in higher-deductible health plans use fewer medical services.





The average per claimant HRA payment was \$1,039 in 2016, \$1,019 in 2017, and \$1,017 in 2018. Assuming that the HRA payments are 20% of the total medical bill, then claimants had an average of \$5,196 (2016), \$5,096 (2017), and \$5,087 (2018). The estimated average total medical cost per claimant is 16% lower than the national average of \$5,908 (2016) [1]. The span between actual and the national average likely reflects that group's members' rural location in a single state.

The average HRA payment per eligible member was \$546 in 2016, \$516 in 2017, and \$480 in 2018. The average HRA payment per eligible member includes approximately members who claimed zero HRA benefits (approximately half of total members in each year). Of members who did have an HRA benefit paid, approximately half claimed less than \$500.

Works Cited

1. Medical Expenditure Panel Survey Household Components 2016

https://meps.ahrq.gov/mepstrends/hc_use/





Limitations

New employers adopting the program will have different experience than the group's average experience in any one particular year. Savings cannot be guaranteed.





Validation and Credibility Guarantee

Med-A-Vision achieved level 3 validation for Metrics. Validation Institute is willing to provide up to a \$10,000 guarantee as part of their Credibility Guarantee Program. To learn more, visit

<https://validationinstitute.com/credibility-guarantee/>.

Level 1 – Savings

Can reduce health care spending per patient/participant or for the plan/purchaser overall.

Level 2 – Outcomes

Product/solution has measurably moved the needle on an outcome (risk, hba1c, events, employee retention, etc.) of importance.

Level 3 – Metrics

Claims is made that - with sourced, overridable assumptions linked to peer-reviewed or government sources.

Level 4 - Contractual Integrity

No outcomes or savings has been shown, but vendor is willing to put a part of their fees "at risk" as a guarantee.





Validation Expiration: August 2022

CERTIFICATE OF VALIDATION

Applicant:

Med-A-Vision

41 Acme Road, Suite 2

Brewer, Maine, 4412

Product:

Med-A-Vision HRA

Claim:

By selecting a higher-deductible group health plan and reimbursing a portion of the employee's deductible, Med-A-Vision clients can reduce their total health benefit costs.

Validation Achieved:

Level 3 - Validated for Metrics

Linda K. Riddell, MS
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Validation Institute

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About Validation Institute

Validation Institute is a professional community that advocates for organizations and approaches that deliver better health value - stronger health outcomes at lower cost. We connect, train, and certify health care purchasers, and we validate and connect providers delivering superior results. Founded in 2014, the mission of the organization has consistently been to help provide transparency to buyers of healthcare.

