

## Health Care Programs Add Value to Prepaid Services

By John Henry Seale

Are you looking for a value-added program to add to your prepaid product that will increase profitability and customer retention? You might want to consider adding a health discount solution. Buyers of prepaid products are among a group of people that may also be in need of affordable health care. Bundling a health discount program with prepaid calling cards, or prepaid wireless plans could make a difference in the appeal of your product, not to mention adding a new high-margin source of revenue.

### What a Program Must Offer

When considering value-added programs, organizations look for products that meet specific criteria. First, these add-on products must be scalable, so that they can be easily expanded as the acceptance of them grows. Secondly, the add-on products must be applicable to the current market for the prepaid product. In order to be attractive to a wide audience, they must also be priced below retail, or at least the public's perception of the retail value. Finally, add-on programs must be non-disruptive to the core business of the prepaid service provider, and not require the provider to re-tool his business, or negatively impact his existing revenues.

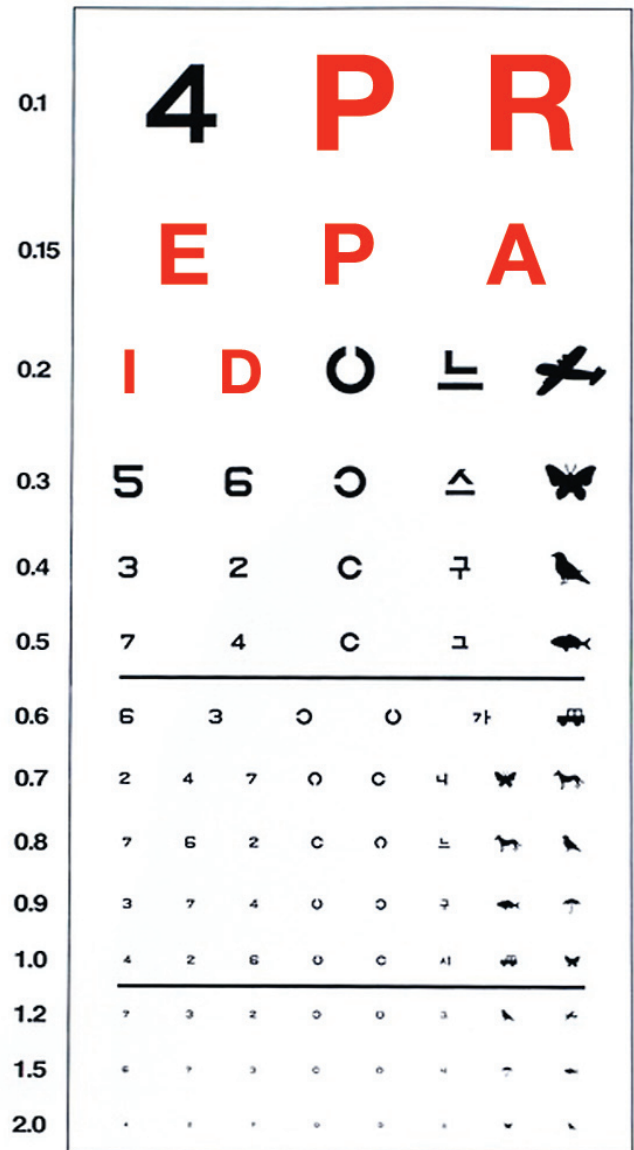
Unfortunately, the perception of many prepaid service providers who have looked into offering health benefits is that the programs are complicated, not scalable, and require a great deal of attention. While this perception may be true of health insurance, it is not necessarily true of affinity health benefits. There are non-insurance health care solutions that are scalable, applicable, non-disruptive, and, lest we forget, excellent revenue opportunities. The difference is that these prod-

ucts are health discount benefits, and not true insurance.

### What are Affinity Health Benefits?

For over a century, corporations and associations have been leveraging their members' and customers' collective buying power to provide products and services at discount rates. In addition to the thousands of trade associations, there are also other affinity groups, such as AAA (American Automobile Association), with benefits ranging from roadside assistance to dining and health discounts. Through these programs, called affinity solutions, organizations are able to offer their members/customers special discounts on products that are not necessarily a part of their core offering. Some common examples of these "fringe" benefits include Internet access, shipping services, travel assistance, and entertainment. The reason companies choose to implement affinity programs is to increase the value of their services, for differentiation, and to create new and unique revenue sources.

Health discount benefits were first brought to the market in the late 1980s to meet a growing demand in America for cost-ef-



보장료	
주최 부류	보장료
교직원	-0.12
노인	-0.12
학생	-0.25
가족	-0.37
기업	-0.50
단체	-0.50
개인	-0.62
지역	-0.75
국가	-0.87
연방	-1.00
110억	144억



보장료	
주최 부류	보장료
교직원	+0.12
노인	+0.12
학생	+0.25
가족	+0.37
기업	+0.50
단체	+0.50
개인	+0.62
지역	+0.75
국가	+0.87
연방	+1.00
110억	144억



card that has been created by the pharmaceutical industry to target those consumers who are avoiding pharmacies due to the ever rising costs associated with filling prescriptions.

This benefit is offered free to companies that have the capability of distributing it to 5,000 or more customers. The prescription discount card offers 10-60% discounts at over 48,000 pharmacy locations nationwide. The implementation of this prescription benefit requires a company to add the necessary artwork to an existing card or to distribute a separate card as an insert. Companies participating in this program are compensated for distributing the benefit through measuring the usage among their group. The retail pharmacies absorb the discounts to the customer and commissions paid to the distributor as a marketing cost to drive unique customers to their locations. This

effective alternatives to traditional health insurance. This trend has continued. Today, an estimated 45 million Americans are unable to maintain any type of health plan (US Census, 2004). Average health care insurance premiums represent 21% of the national median household income of \$42,409 (USA Today, 17 March 2004). The health discount benefit industry offers uninsured individuals and families low-cost health plans offering savings of 10-60% on health care products and services. While this is not health insurance, it does offer significantly lower monthly costs, enabling those who do not participate in the traditional health insurance system some health cost reductions.

Since a health discount benefit program offers discounts on health products and services, benefits can be offered to a nationwide audience, avoiding much of the red tape associated with state regulation.

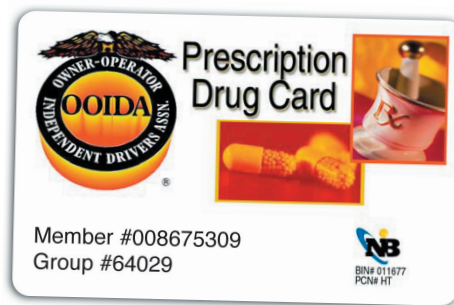
#### Nature of Health Benefits

Discounted health benefits can be offered "a la carte" (i.e. one or two benefits) or as a full health solution, with vision, dental, prescription, physician/hospital, and nurse hotlines all bundled together. Companies wishing to offer a health discount program can customize offerings to best suit the needs and price sensitivities of their consumer segment.

One discount benefit, in particular, getting a great deal of attention is the prescription discount

that are most relevant to the prepaid and stored value markets are travel assistance and a nurse hotline. The travel assistance benefit offers members access to a global network of practicing physicians, travel assistance personnel and emergency evacuation when traveling 100 miles from home and suffering a serious injury or illness. Other services include:

- Emergency medical evacuation
- Repatriation of mortal remains
- Transportation to join a hospitalized family member
- Return of dependent children
- Pre-travel information
- Monitoring of treatment worldwide
- Medical and dental referrals
- Facilitation of hospital payment
- Transfer of insurance information to medical providers
- Replacement of lost or stolen travel documents
- Legal referrals
- Medication, vaccine and blood transfers
- Translation services
- Real-time security intelligence



is a great example of how a value-added health discount benefit can be non-disruptive and profitable at the same time.

While many of the programs provide discounts at the time of service, there are other benefits included in these combinations that offer insurance-type coverage and access to toll-free advisory services and help lines. The two

gives members toll-free access to experienced registered nurses 24 hours a day 365 days a year, which is available for English and non-English speaking callers. This benefit can prevent unnecessary trips to the emergency room and provide immediate medical advice when a trip to the doctor is not an option. Many in the unbanked and underbanked market

segment are migrant workers, so travel assistance and the nurse hotline can offer peace of mind for them and their families back home.

#### What is Required?

We have seen that the scalability exists to allow for nationwide distribution and that prepaid service providers can form a suitable mix of benefits. But, what about the commitment of resources required in offering a value-added health program? We said that a value added program should not require extensive resources to implement. The good news is that distribution for health discount plans is acquired through relationship marketing. Administrators of affinity health care programs rely heavily on independent sales organizations, like prepaid service providers. For this reason, health discount companies assume all of the costs associated with private-label product fulfillment, billing, customer support, and compliance. For those who offer a health discount service to their customers/members the only cost is the communication of the availability of benefit(s) and the enrollment of members.

#### How to get started

When looking into these health discount plans as an affinity solution it is important to consider the demographic breakdown of those groups your company serves. If you identify a segment within your group that has a hard time maintaining partial or full health protection, a health discount solution might be the value added program that your company, and its customers need.

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