

Sharing the benefits
of healthy living

Vitality

CLAIMS INSIGHTS REPORT 2022.

The changing face of healthcare.



“In our first ever Health Claims Insights Report, we explore how PMI is evolving and demonstrate how our model is playing a key role in transforming the health insurance market.”

Foreword
Dr Keith Klintworth,
Managing Director,
VitalityHealth



The pandemic has touched us all - not just as a nation, but as a market and industry too. As a business, Vitality has continued to innovate in the face of these new and unforeseen challenges.

As the disruption of Covid-19 dies down and we continue to learn to live with the virus, we are now in a better position to look forward and build for the next decade, taking stock of improvements that we've seen over the past two years.

People today want much more than just access to onward treatment from their healthcare provider. With health and wellbeing in the spotlight alongside the rapid rise of digital pathways, we've seen the reassessment of what can - and should - be delivered by health insurers as a result.

Prevention is better than claim

As this report will show, correlations between lifestyle behaviour and healthcare costs cannot be refuted - a trend reflected strongly in our own data.

Supporting our members to be healthier is at the core of Vitality's Shared Value Insurance Model. This not only benefits customers, but us as an insurer and society as a whole. In the current environment, incentivising healthier lifestyles, generating greater health awareness, and providing access to the right screening tests is more important than ever.

The digital revolution

As a result of the pandemic, we've witnessed widespread innovation within telemedicine which is speeding up and improving the member experience. There is increasing demand for care requests, claims journeys and appointment bookings to take place online.

The way patients are accessing and navigating the healthcare system has radically changed. In the past, customer journeys relied almost exclusively on NHS GP referrals and phone calls to insurers. Vitality led the market in launching virtual GP in 2015, and since then we've seen demand for private virtual GPs, self-referrals and directional care pathways increase significantly.

In this - our first ever VitalityHealth Claims Insights Report - we explore these and other cutting-edge industry trends based on Vitality data during 2021. Through these insights we see how the PMI market is evolving and demonstrate how our model is playing a key role in transforming health insurance.

2021 AT A GLANCE

KEY INSIGHTS.

Prevention is better than claim.

88% of the UK's preventable disease burden is lifestyle-related¹.

Claims costs up to **46% lower** for members who are highly engaged in the Vitality Programme.

Even incremental levels of engagement with the Vitality Programme are linked to a reduction in healthcare costs.



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Engagement with digital healthcare journeys is at record levels.

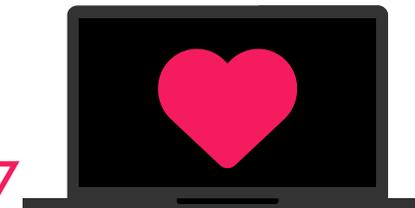
Over 100,000 digital consultations conducted in 2021.



Use of primary care services has grown exponentially.

43% of Vitality's claims activity is for primary care.

Vitality GP usage up **70%** from 2019 to 2021.



Approximately **80%** of Talking Therapy consultations are now digital.

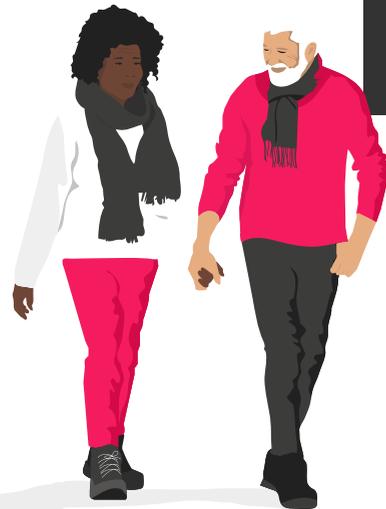
60% of physiotherapy care is via a digital triage journey.

The UK is facing a growing mental health challenge.

Five-fold increase
in Talking Therapy usage per-member
from 2015 to 2021.

In 2021, Talking Therapies accounted for
over 80% of all Vitality
mental health care.

99%
of members
undergoing Talking
Therapies require no
further treatment for
at least 3 months.



1. Global Burden of Disease database; Williamson, E., Walker, A. J., Bhaskaran, K. J., Bacon, S., Bates, C., Morton, C. E., ... & Cockburn, J. (2020)

Cancer care is advancing.

Advanced chemotherapy treatments are increasing at
3x the rate of traditional treatments.

More people are opting for
home-based cancer treatment.

Physical activity increases the likelihood of cancer survival -
**by 53% for prostate cancer and
by 43% for breast cancer.**



The demand for physiotherapy is increasing.

26% increase
in physiotherapy claimants in 2021.

87%
of members demonstrating improved
clinical outcomes following treatment.

Consultant-led pathways are driving the market forward.

80%
of members make a selection
from the list of appropriate
consultants presented, rather
than searching for another
consultant by name.

1. PREVENTION IS BETTER THAN CLAIM.

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With health and wellbeing in the public eye more than ever, incentivising healthy lifestyle choices in a way that positively impacts lives and helps to prevent claims carries significant benefits.



People are more aware than ever of the importance of good health. Public Health England's Better Health Campaign showed that seven in 10 adults were motivated to get healthier in 2021 due to Covid-19 and eight in 10 adults said they had actively decided to make changes to their lifestyle last year².

Research shows that there are significant benefits to doing so. Almost half (43%) of the disease burden in the UK in 2019 could have been avoided, with 88% of this being associated with lifestyle behaviour. This includes physical inactivity or poor diet – and the associated metabolic risks such as high cholesterol or high blood pressure³.

This provides the health insurance industry - in the past focused almost purely on access to treatment - with an obvious opportunity to incentivise and initiate behaviour change in a way that improves health and wellbeing and positively impacts society.

2. Better Health Campaign, Public Health England, 2021.

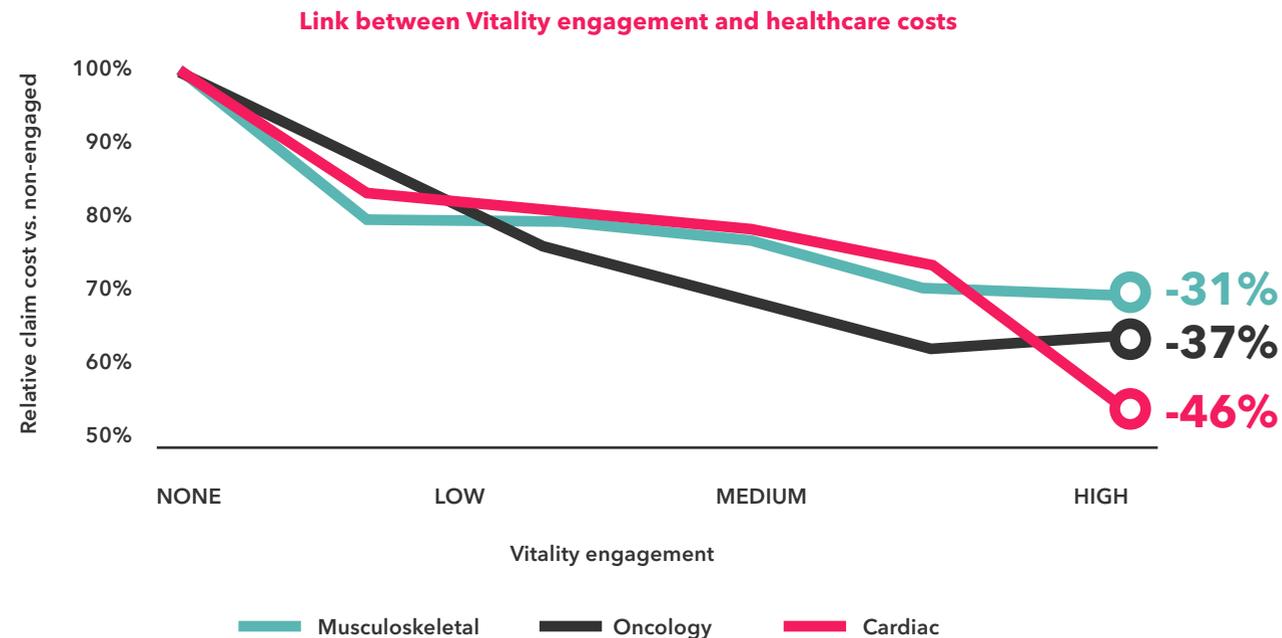
3. Global Burden of Disease database; Williamson, E., Walker, A. J., Bhaskaran, K. J., Bacon, S., Bates, C., Morton, C. E., ... & Cockburn, J. (2020).

Promoting better lifestyle choices reduces healthcare costs

There is growing evidence that promoting healthier lifestyles can improve long-term health outcomes, and ultimately reduce healthcare costs.

Analysis of VitalityHealth claims between 2017 and 2021 revealed significantly reduced healthcare costs for more highly engaged Vitality members across all major claim categories, including musculoskeletal (-31%), oncology (-37%) and cardiovascular (-46%).

This points to a significant opportunity for both public and private health to prioritise prevention.



Across all three categories, claims costs were up to **46% lower for highly engaged members**, with even small levels of engagement being linked to a reduction in costs.

88%
of the UK's
preventable
disease burden is
lifestyle-related³.



Up to
**46%
lower**

claim costs for highly
engaged members.

Incentives bring about sustained changes in behaviour.

It's no secret that making healthy choices can be difficult. However, Vitality's experience has shown that the right nudges and incentives can promote healthier behaviours across risk factors, and sustain these changes over time.

For example, Vitality members using Vitality's Active Rewards with Apple Watch benefit were seen to be 34%⁴ more active than those using Active Rewards alone, and members enrolling in Vitality's Waitrose Healthy Food benefit purchased 65% more healthy food as a result⁵.

With growing attention on the potential of behavioural economics to improve lifestyle health, the Vitality Programme continues to represent a powerful source of data and evidence on this subject.

4. Incentives and physical activity: An assessment of the association between Vitality's Active Rewards with Apple Watch benefit and sustained physical activity improvements. Vitality and RAND Europe, 2018.

5. Waitrose data December 2020

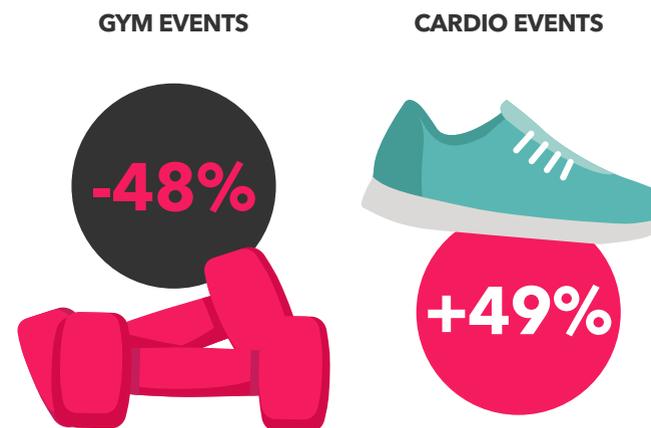
Engagement in the Vitality Programme has been resilient during the Covid-19 pandemic

Our data shows that the Vitality Programme supported members in sustaining similar levels of activity to before the pandemic despite social restrictions, with strong recovery following lockdown periods.

In 2021, our members recorded 57 million physical activity events.

However the types of activities we've seen members engaging with have changed over the past three years. Cardio workouts now account for a larger proportion of point-earning activities, with a 49% increase in their relative volume in 2021 compared to 2019. While the end of lockdown restrictions has allowed gyms to re-open, there are signs that outdoor exercise and cardio workouts are now many people's preferred way to get active.

Changes in activities recorded by Vitality members 2019-2021



Delivering Shared Value for all stakeholders.

When members engage in healthier behaviours, they benefit from improved health, tangible value through Vitality's incentives and rewards, as well as lower premiums (through ABC pricing) and better benefits (Premier Consultant Cashback, status-linked excess and employer cashback).

Some highlights from 2021.



4.1 million
Caffè Nero vouchers



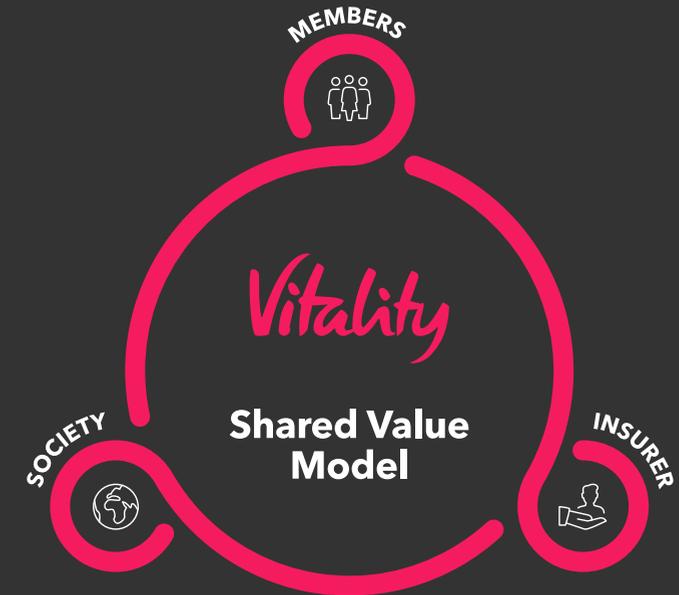
1.2 million
Healthy Food purchases from Waitrose & Partners



1.2 million
movies at home with Rakuten TV



65,000
pairs of sports shoes



"Our Shared-Value Model is more relevant now than ever before."

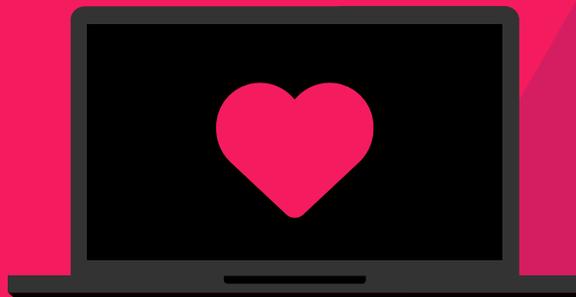
Given the many health challenges we face as a nation, the incentivisation of better health and wellbeing - as part of a structured behaviour change programme - is more vital today than it has ever been. The role of prevention and evidencing the benefits of healthier lifestyle choices in our everyday lives is only going to become more important".

Dr Ali Hasan, Chief Medical and Healthcare Officer, Vitality

2. USE OF PRIMARY CARE SERVICES HAS GROWN EXPONENTIALLY.

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Given the immense pressure on NHS primary care services in recent times, private primary care has never been more needed.



Key Insights:

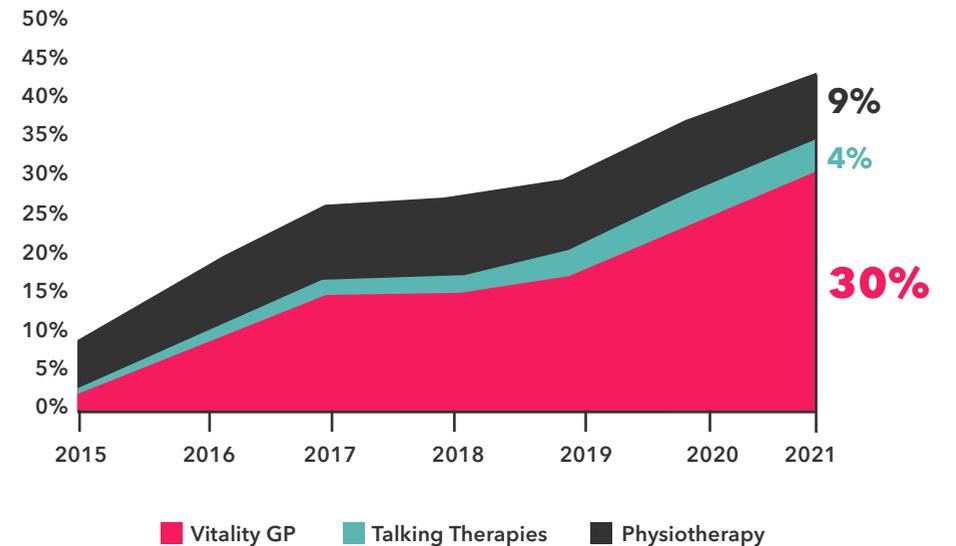
Significant increase in usage

As we've increased investment in digital primary care pathways, our members have increasingly embraced these new services. In 2015, primary care accounted for just 10% of our claims. In 2021, this had grown to more than 40%.

More than just GP consultations

Our primary care services go beyond GP access. They now include commonly used treatments that don't need a GP referral, such as physiotherapy and Talking Therapies - including cognitive behavioural therapy. This has also made access to treatment quicker and easier for members.

Percentage of claims that are primary care



Broad usage across member profiles

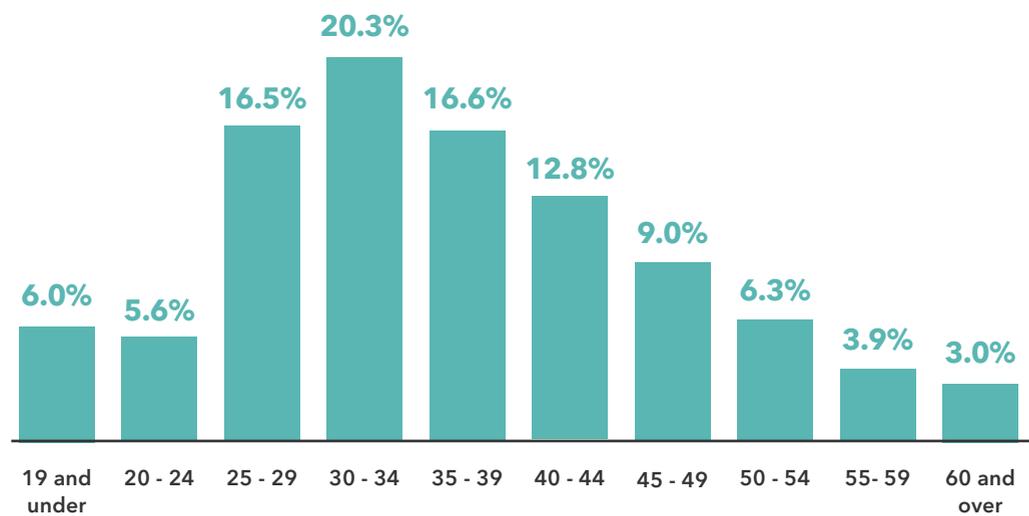
Vitality GP has been embraced by members, with significant growth in recent years. Since 2019, the number of consultations being completed through the app has increased by 38%.

Engagement with Vitality GP in 2021 was very similar between men and women, and highest for members between the ages of 25 and 40. However, we saw high numbers of consultations across all age groups, suggesting growing familiarity with, and openness to, digital care.

Playing an effective role in the onward care journey

As well as enabling members to benefit from timely advice and support from a GP, Vitality GP has played an important role in providing members with pre-authorised referrals for onward treatment.

Number of Vitality GP consultations by age in 2021



43%
of claims activity
is for primary care.

Vitality GP usage up
70%
from 2019 to 2021.

3. CANCER CARE IS ADVANCING.

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As one of the most common cause of claims, it's no surprise that cover for cancer continues to be one of the main reasons why consumers consider private medical insurance.



Given its prevalence and the complicated pathways often involved with a cancer diagnosis, the role of private medical insurance should not just start and stop at treatment.

On top of access to the latest forms of therapy and surgery, a priority for us is ensuring your clients get the best possible end-to-end access to cancer treatment and support - from prevention right through to palliative care.

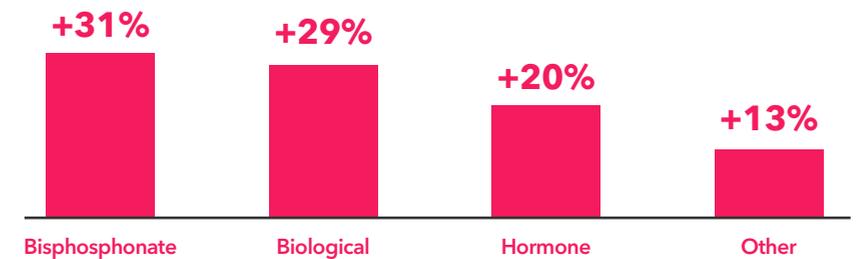
Here are some of the key trends and insights we've gathered from over the past 12 months.

The rise in cutting-edge treatments

The growth of advanced biological, bisphosphonate and hormone treatments has outpaced other traditional forms of treatment.

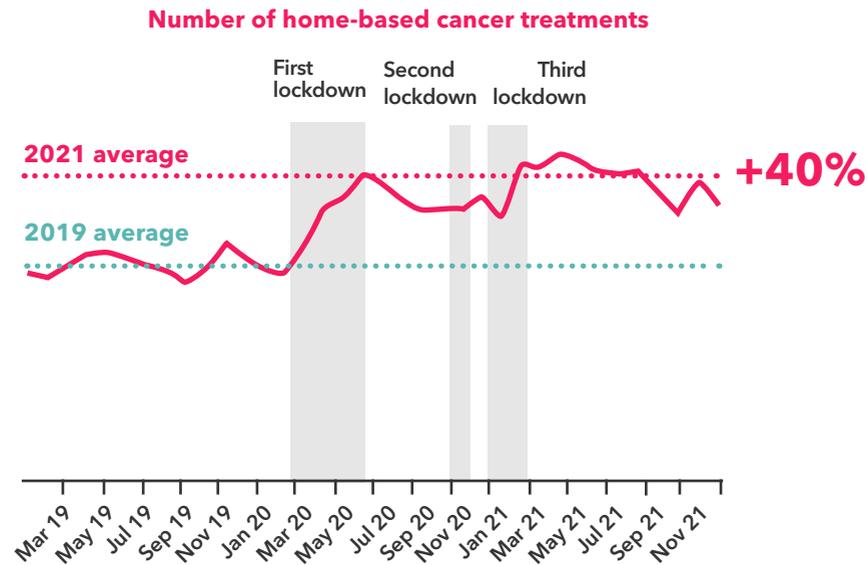
When a member is diagnosed with cancer, Vitality Advanced Cancer Cover provides access to an array of treatments. This will extend to treatments such as surgery, chemotherapy, and radiotherapy, biological and hormone therapy, bisphosphonate treatments, as well as the latest cutting-edge treatments where clinically appropriate.

Number of chemotherapy treatments by type
2021 vs 2019



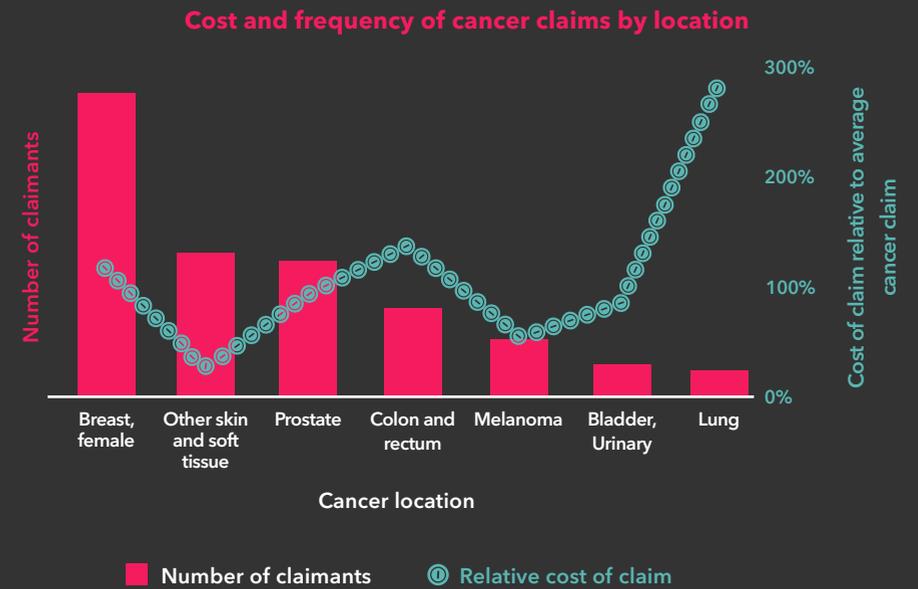
More people are opting for the convenience of being treated at home.

We've seen cancer treatments at home develop and become more prevalent throughout the pandemic to the present day. We expect this trend to continue as more people choose the convenience of having care at home by our specialist team of clinically trained, patient-centred professionals and care consultants.



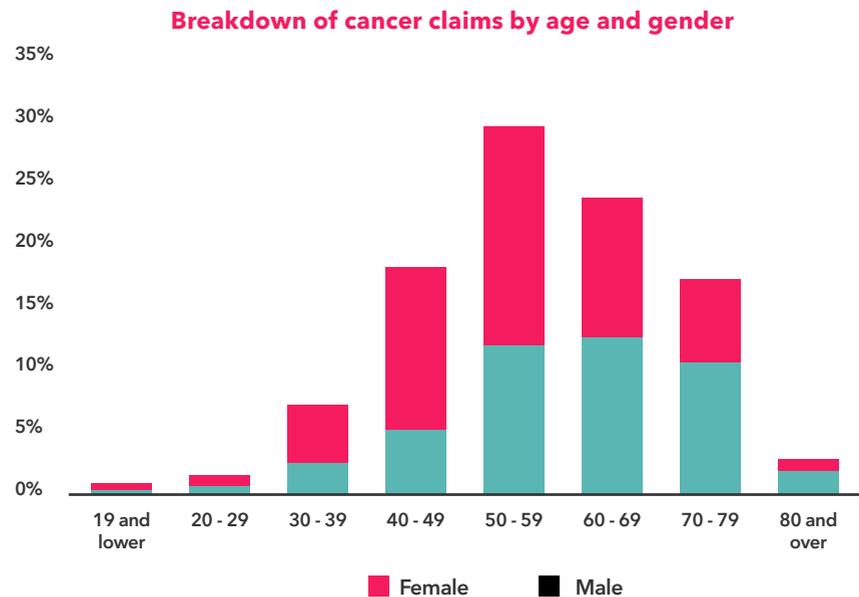
The often-complex nature of cancer makes health insurance even more important

Most people are aware that not all cancers are the same and can vary widely in severity and complexity. This is something reflected within our claims data. Most notably, lung cancers form the most expensive cancer claims – almost three times the average cancer claim, according to our data. Yet these only account for a small proportion of the total number of claims. Soft tissue and other skin cancer claims are the least expensive to treat – at around a quarter of the average cancer claim – however, as this graph shows, they account for a larger proportion of total claims.



Breakdown of cancer claims in 2021

Cancer claims were made across all ages highlighting the need for private medical insurance cover at all ages. Female members have the highest incidence at younger ages, with men being more likely to claim at older ages.



1 in 4
cancer claimants were
under 50 in 2021.

GEORGIE'S STORY

Ability to select home-based treatment.

Georgie Round was just 29 when she was diagnosed with breast cancer. Private medical insurance with Vitality helped her get diagnosed even at such a young age.

As well as being given enough flexibility to take part in show-jumping competitions around her treatment, she also took advantage of the option to receive chemotherapy from home - a pathway she preferred to having it in hospital. Georgie has also been able to get access to gene testing also through her PMI which did reveal the existence of the CHEK2 gene, meaning she has a 40% risk of her cancer returning. Knowing this has allowed her to take preventative action and arrange a mastectomy at the appropriate time.



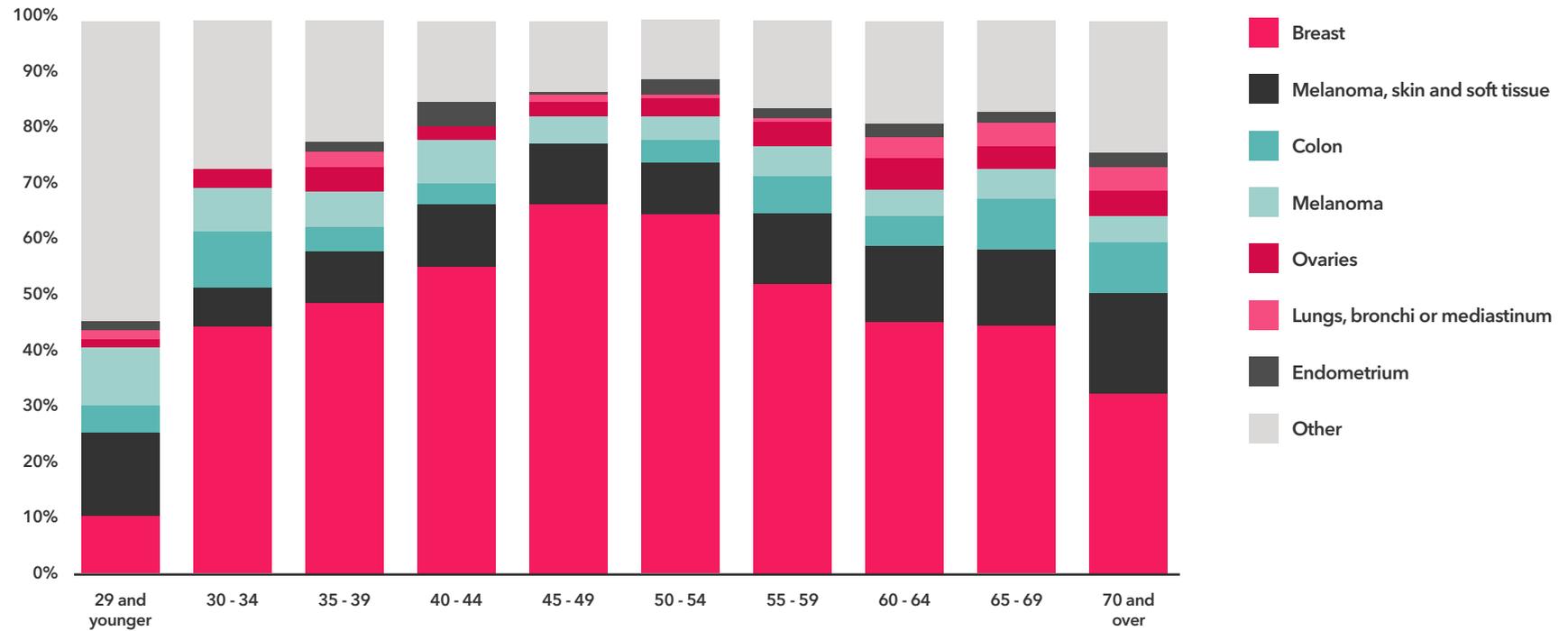
"The nurses are all lovely.

They visit to do blood tests at home and sit with you while they do the chemo and answer any questions you might have."

Breast cancer was the main cause of claim in women throughout last year, followed by skin cancer and colon cancer. The peak in breast cancer claims ages 45 to 55 highlight the important role that private medical insurance cover, together with appropriate awareness and screening can play for these members.



Cancer claims for women by age



ALLAN'S STORY

Importance of preventative screening.

If it wasn't for his annual health check, Allan Lamb, 67-year-old ex-England cricketer and Vitality member, would not have discovered his prostate cancer diagnosis.

After blood tests revealed his PSA levels were higher than usual, he underwent a biopsy and MRI scan. Through his private medical insurance he was able to see a consultant the day after his health check and he was able to get fast access to treatment.



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"Vitality were brilliant in helping me find all the right clinics.

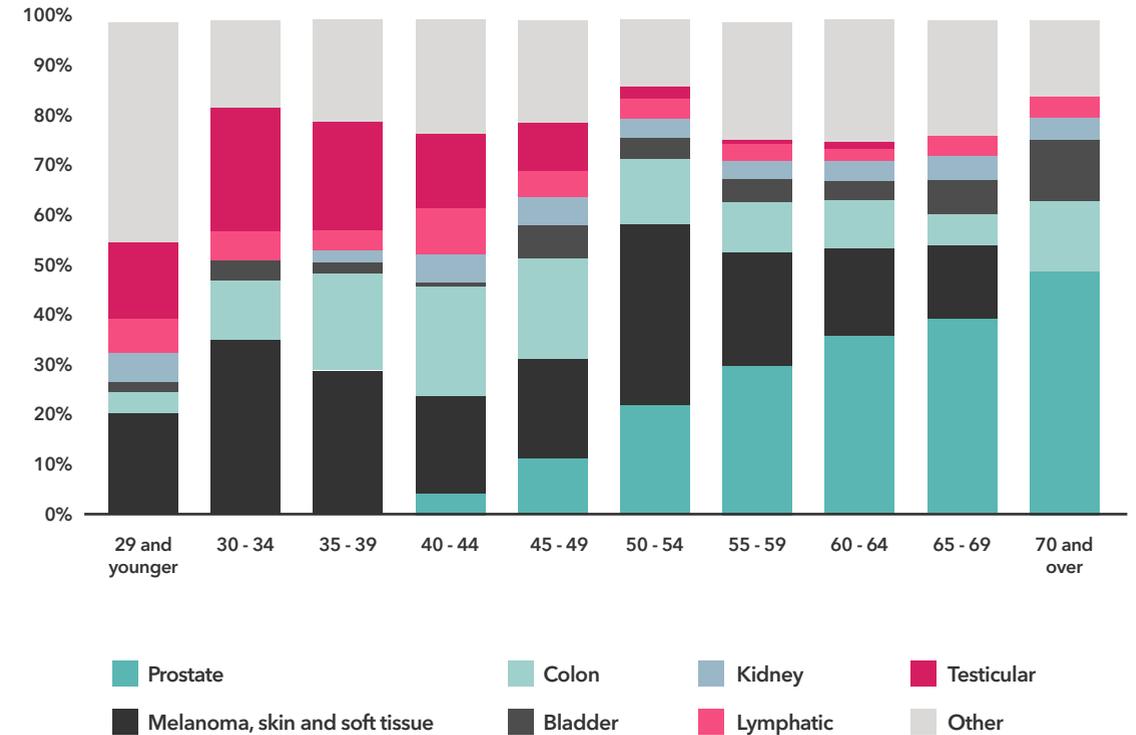
I was already aware of who the best doctors were, and I was lucky these were covered by my plan."

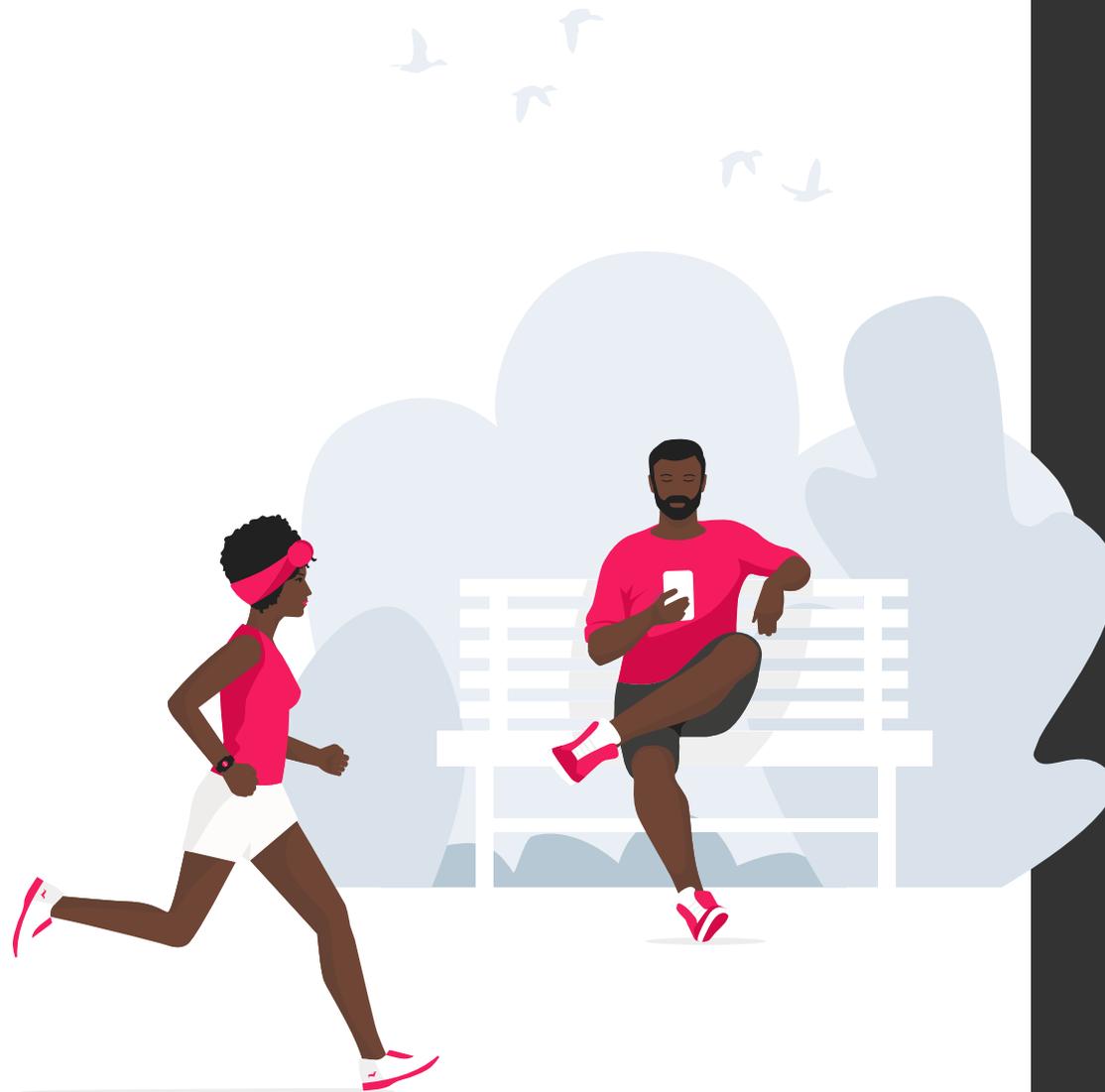
Allan completed his full course of radiotherapy just three months later. Allan has since been given the all-clear.

Melanoma, other skin and colon cancers appear more frequently in men under 50, whereas from 50 and above we see the emergence of prostate cancer as the most dominant form of cancer in men. Again, this highlights the importance for private medical insurance cover and prostate screening at the relevant ages.



Cancer claims for men by age





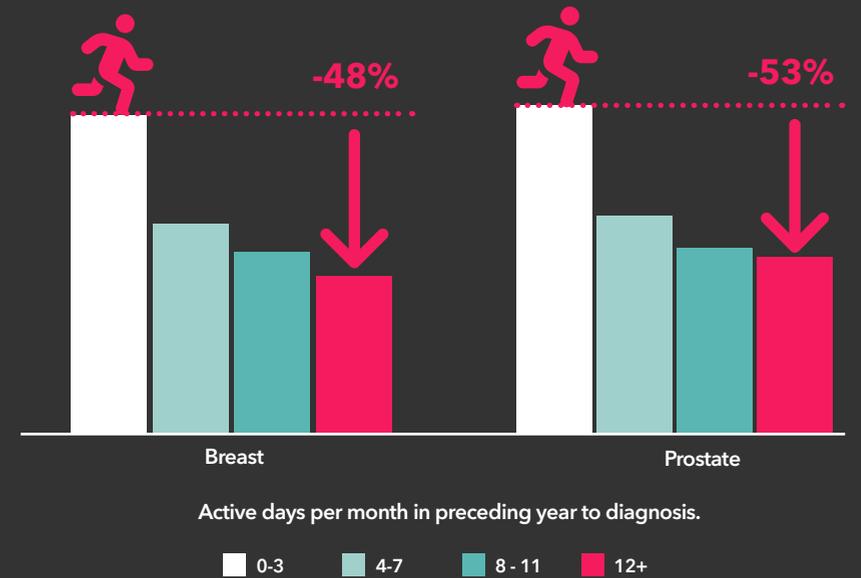
Engaging with the Vitality Programme significantly increases the likelihood of surviving a cancer.

Vitality data shows that physical activity levels connected to the Vitality Programme correlate to the likelihood of cancer survival.

Data from Vitality members in South Africa shows that those who were more active in the lead up to a cancer diagnosis had a significantly higher rate of survival.

Breast cancer survivors who had high levels of physical activity had 48% more chance of survival seven years following diagnosis. Those diagnosed with prostate cancer had 53% better odds if they were more active.

7-year mortality rates for prostate and breast cancer claimants by weekly activity



4. ENGAGEMENT WITH DIGITAL HEALTHCARE JOURNEYS IS AT RECORD LEVELS.

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The pandemic has brought with it widespread innovation within digital healthcare. As a result, we've seen new levels of efficiency, giving members faster and more seamless access to care.

Record growth in Care Hub engagement.

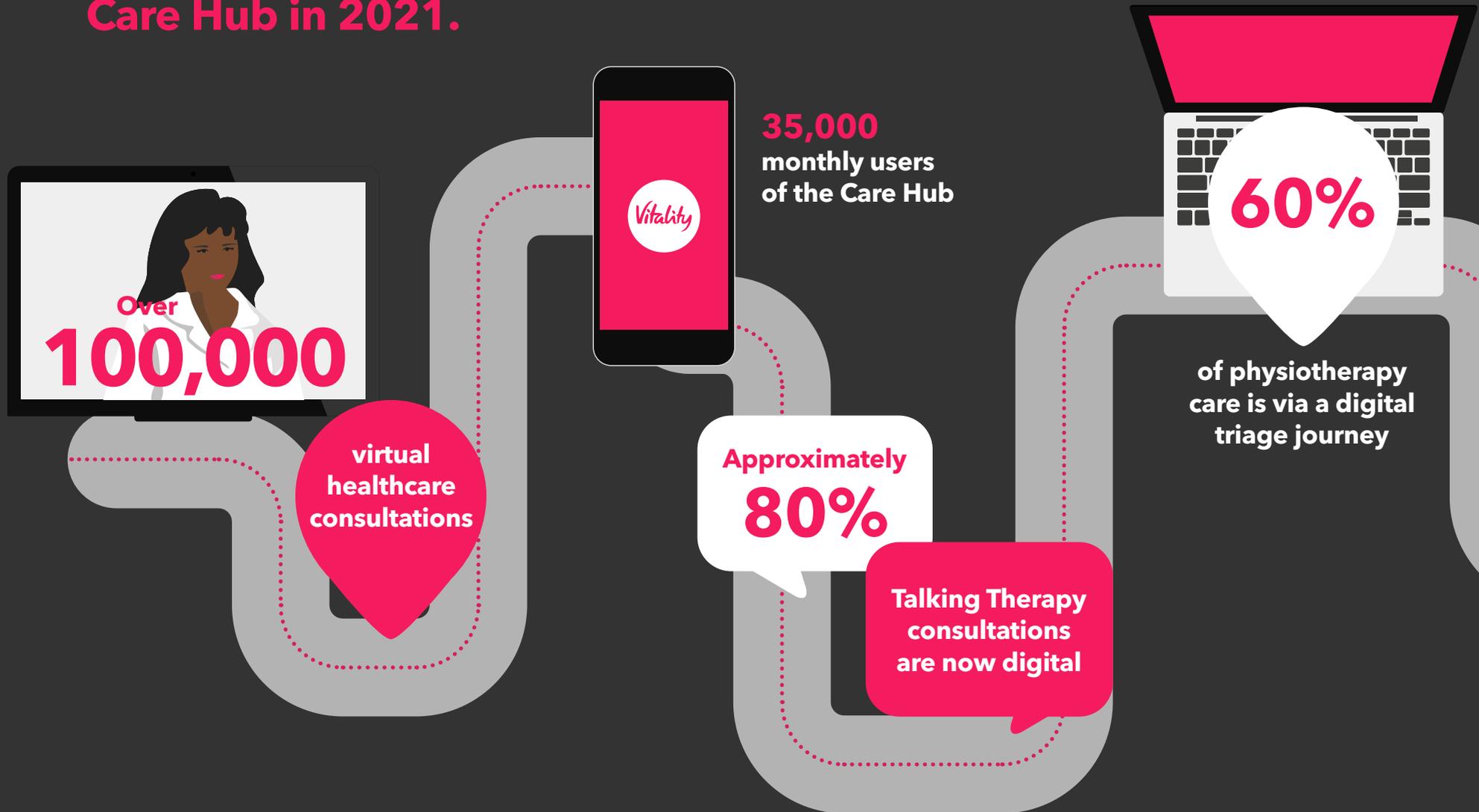
Following the launch of our digital claims service, Care Hub, member engagement has continued to grow.

Over the past 12 months there has been a significant increase in the number of users: it now sees over 35,000 unique visitors per month. Approximately 50% of members visiting Care Hub use it to request care, while others make use of other functionality including the ability to view their condition history, plan details and excess.

A large number of members are requesting claims and booking appointments with consultants through our new Premier Consultant panel. With superior performance measures across key quality and efficiency indicators, it provides greater transparency and peace of mind for members when choosing a consultant online.



Care Hub in 2021.

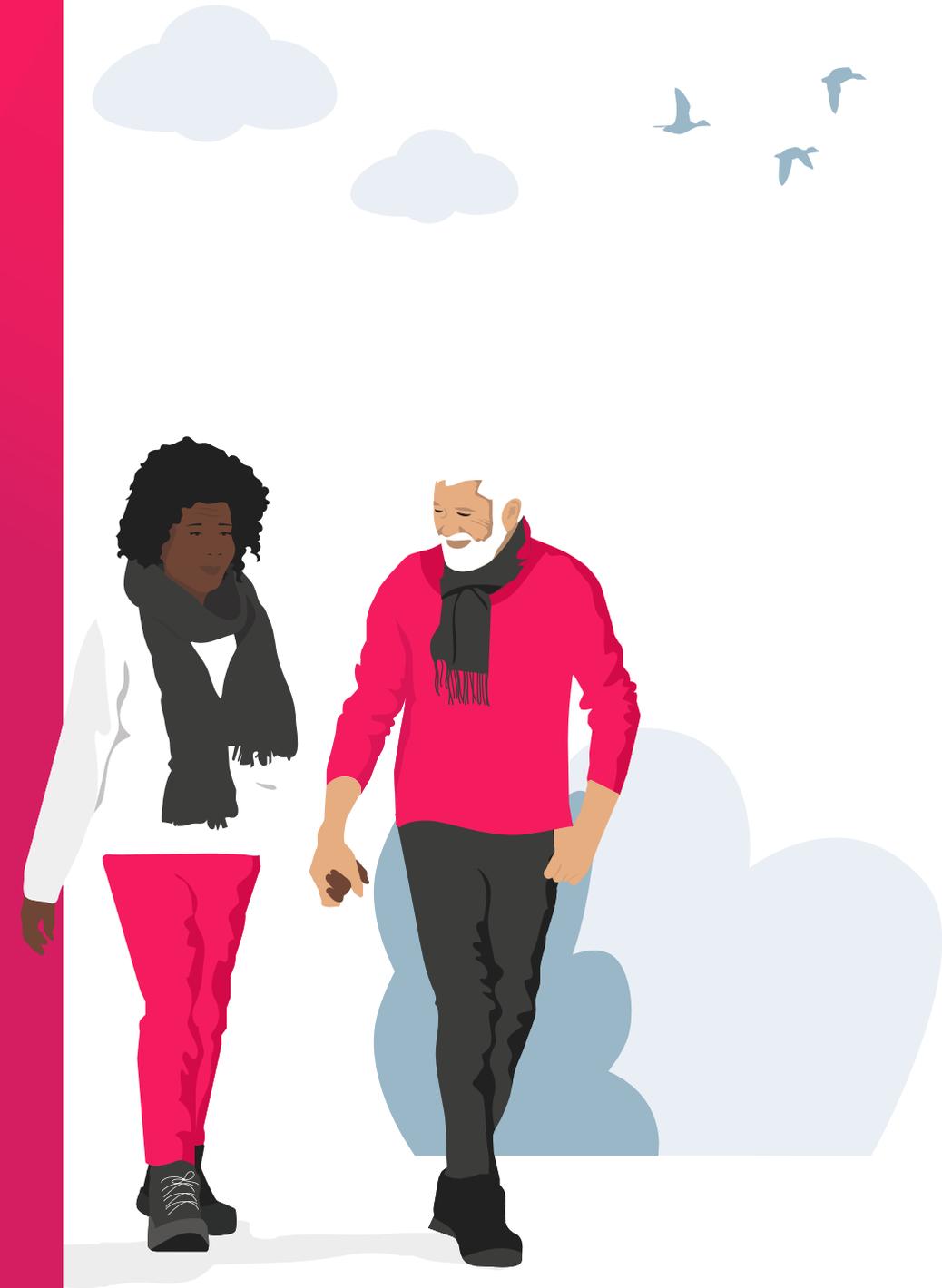


5. THE UK IS FACING A GROWING MENTAL HEALTH CHALLENGE.

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The mental health challenges of the pandemic only continued during 2021 and this was reflected within our member data. This is supported by findings of the NHS who reported a record high of over four million mental health referrals in 2021⁶.

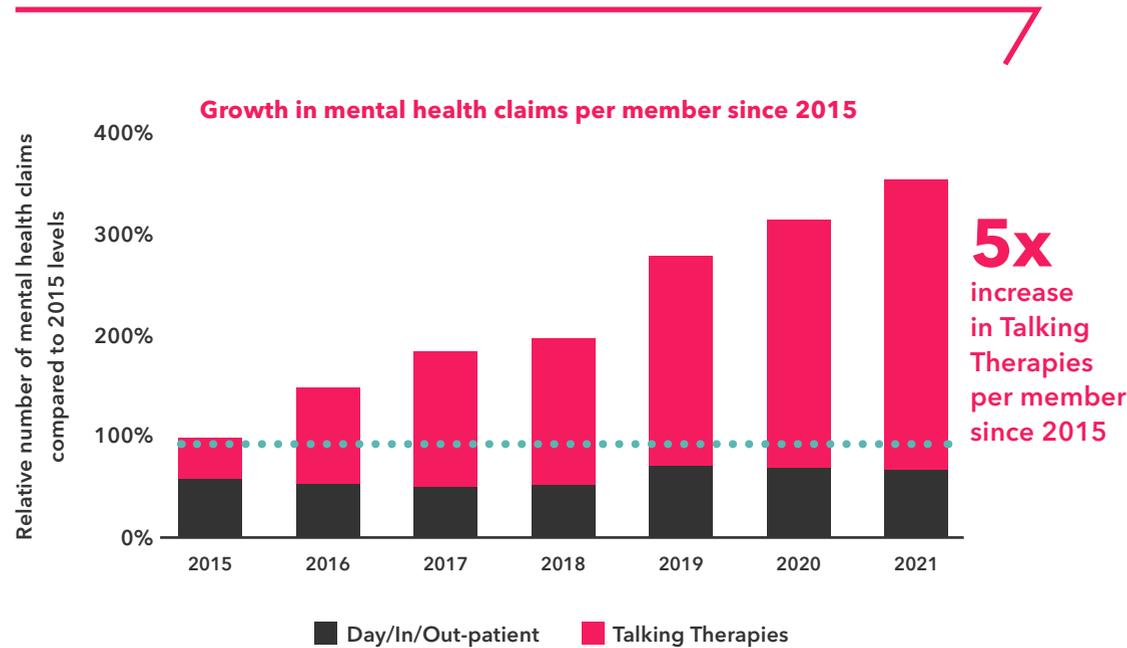
6. Record 4.3 million referrals to specialist mental health services in 2021, The Royal College of Psychiatrists, 2022





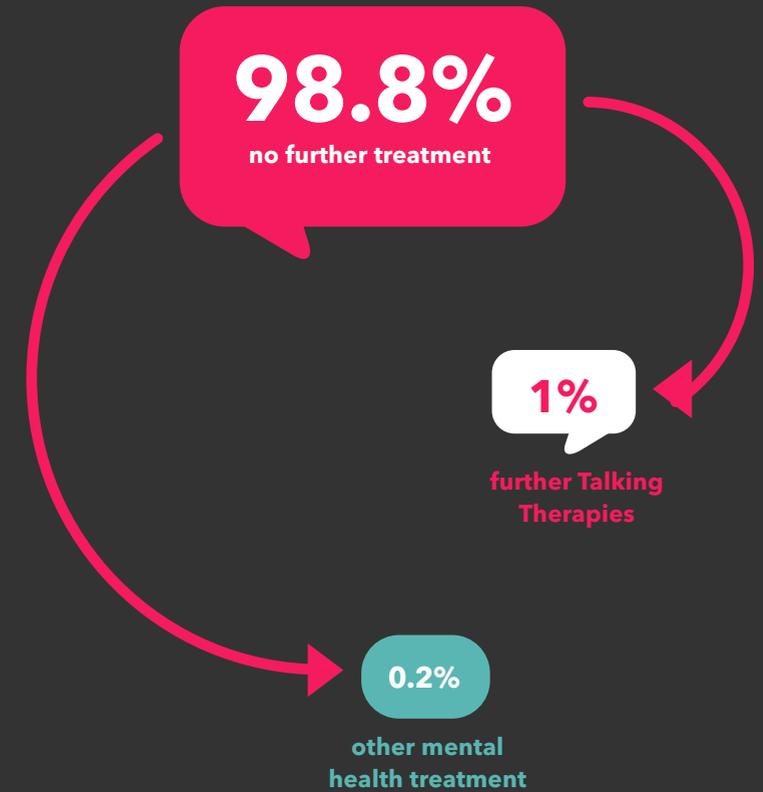
Talking Therapies has played a key role in supporting members

Between 2015 and 2021, Vitality has seen close to a three-fold increase in the number of mental health claims per member. This has been almost completely driven by Talking Therapies, which have increased five-fold per member over the same period whilst out-patient, day-patient and in-patient claims have remained relatively stable. In 2021, **Talking Therapies accounted for over 80% of all our mental health care, expanding access to key services at a crucial time.**



A highly effective way to avoid more intensive treatment

Aimed at helping members manage and recover from common mental health conditions, the increase in Talking Therapy appears to help prevent the need for more intensive treatment and hospitalisation. Data on nearly 1,500 Vitality members who used Talking Therapies between 2019 and 2021 shows that **just 1.2% required further treatment within 3 months of treatment⁷.**



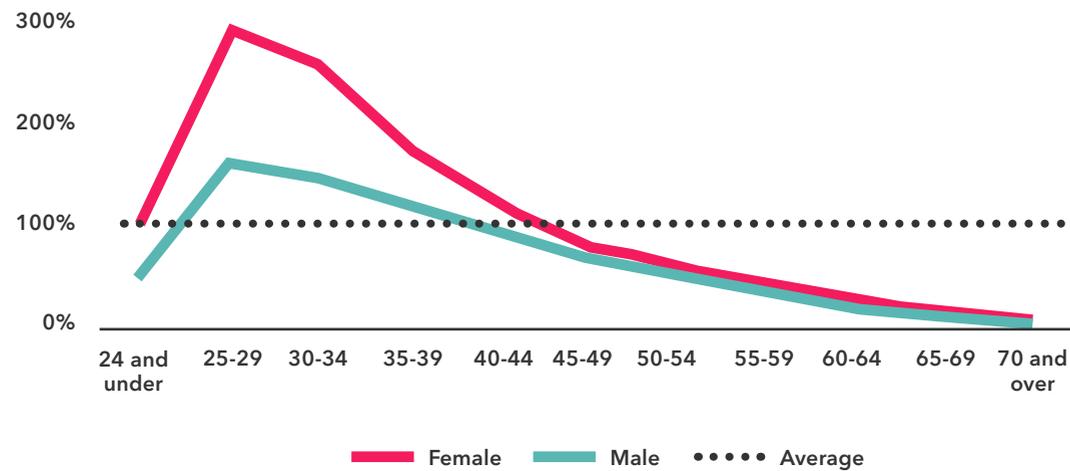
7. Members had access to the Mental Health Cover option so were eligible to onward treatment if needed.

Who uses Talking Therapies, and why?

Use of Talking Therapies was significantly higher in younger age groups, with the highest numbers of claims being made by younger women.

Women were 69% more likely to use Talking Therapies services than men, with almost half (49%) of all Talking Therapies claims from women under the age of 40. Men under 40 accounted for 31% of all claims. Despite being less likely than women to use these services, the numbers of men seeking support has increased in recent years, with a 41% increase from 2019 to 2021.

Relative usage per claimant of Talking Therapies in 2021

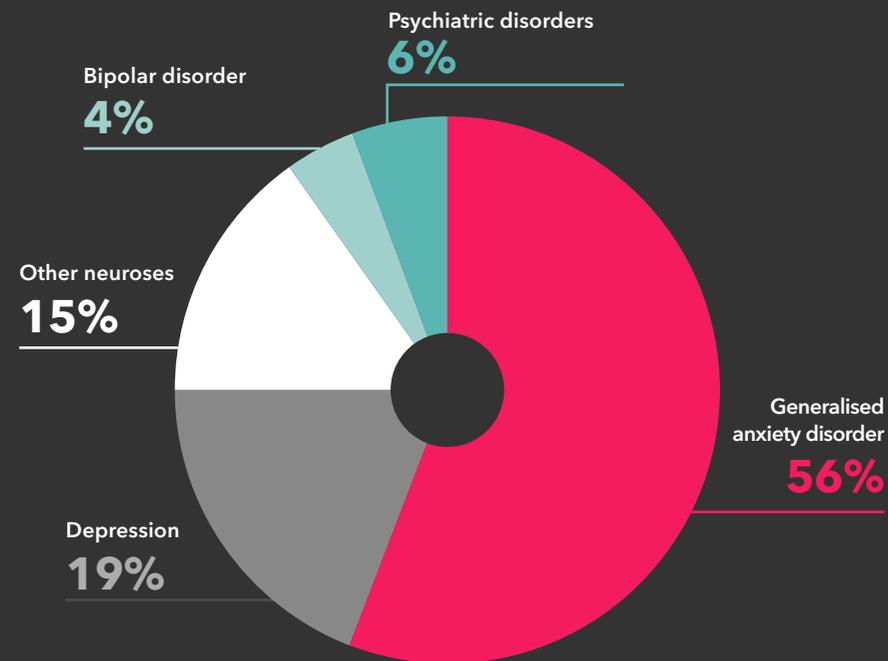


Talking Therapy usage has **increased five-fold** since 2015

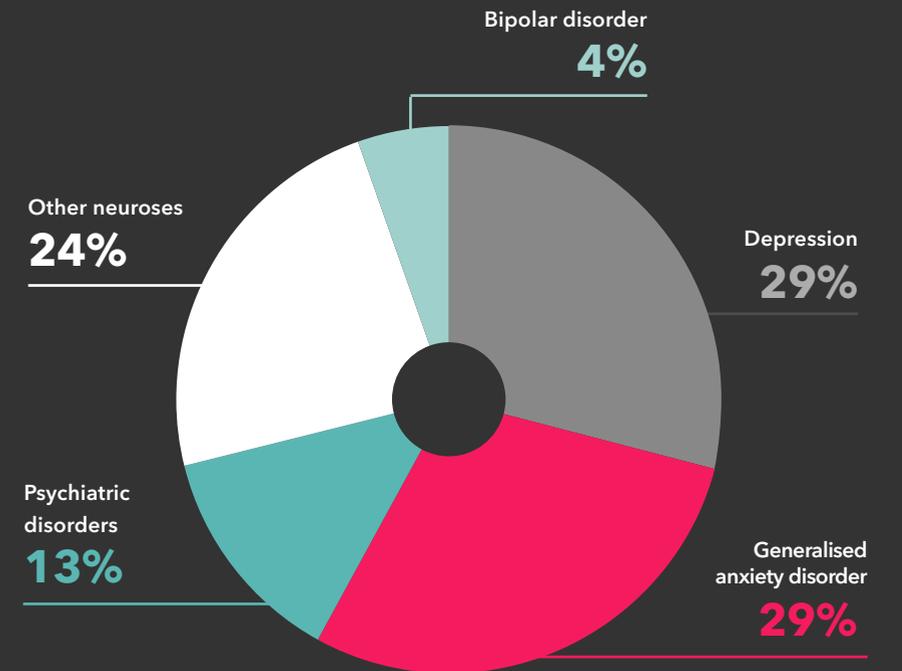
Nearly **99%** of Talking Therapy users need no further treatment

The comparison between Talking Therapy and in-patient claims

Breakdown of Talking Therapy claims



Breakdown of in-patient claims



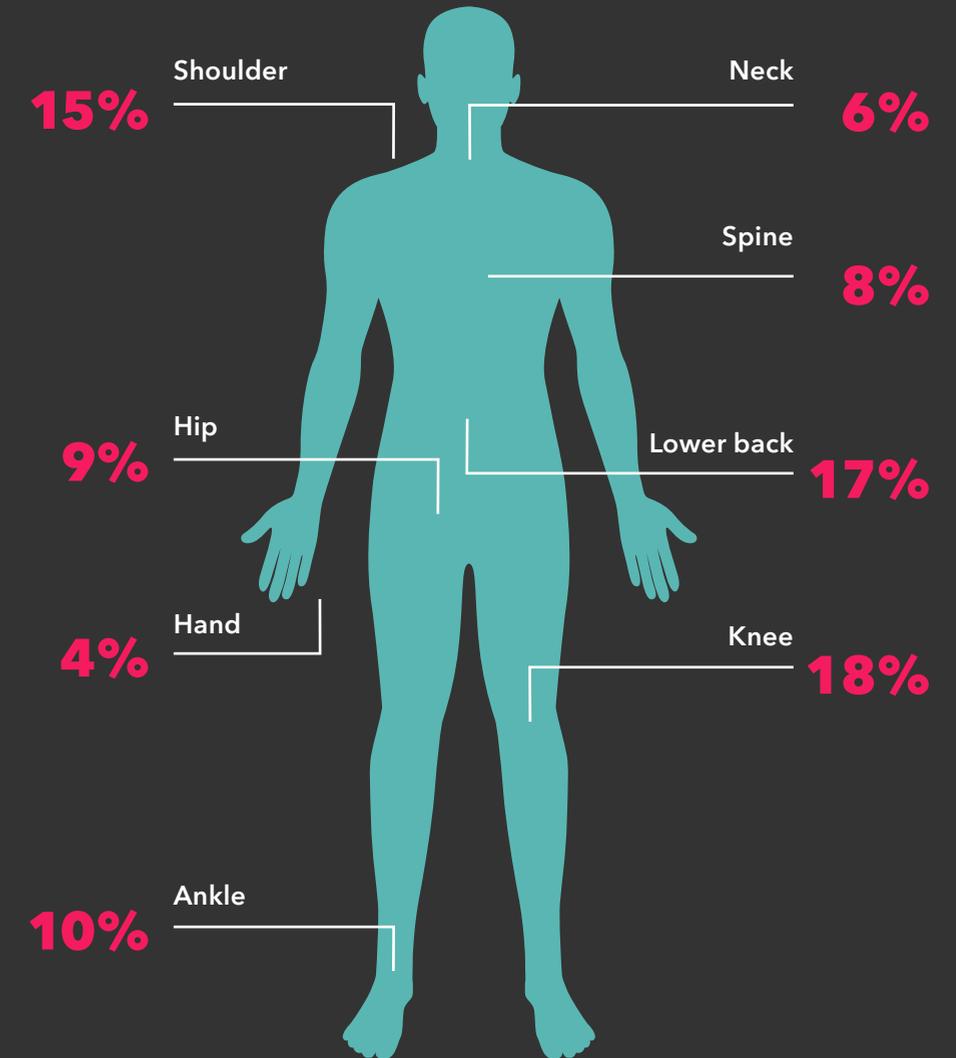
The profile of conditions treated by **Talking Therapies**, and in-patient facilities varies quite substantially which reflects the different roles they play in supporting members. Talking Therapies were typically used to treat generalised anxiety disorder and depression. Meanwhile, significantly higher proportions of in-patient care were to treat eating disorders, bipolar disorder, major depressive episodes, and other neuroses.

6. DEMAND FOR PHYSIOTHERAPY IS INCREASING.

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Physiotherapy claims have, in line with other primary care services, continued to increase, with a 26% rise in 2021. This growth has been supported by the option of requesting care online, with 60% of physiotherapy claims now going through a digital triage journey.

Most common reasons for physiotherapy claims in 2021



Other areas not shown accounted for a further 13% of claims.

Delivering a seamless experience.

Easy access to care means more members are likely to use the service, and this, combined with the fact that early intervention prevents less severe conditions from deteriorating, means claims for more serious conditions should be reduced longer term.

BETTER ACCESS.

90%

of claimants are seen face-to-face within two working days of asking for treatment. This increases to 98% in London.

MORE CONVENIENT.

Claimants travel on average just four miles for a face-to-face appointment.

SUPERIOR OUTCOMES.

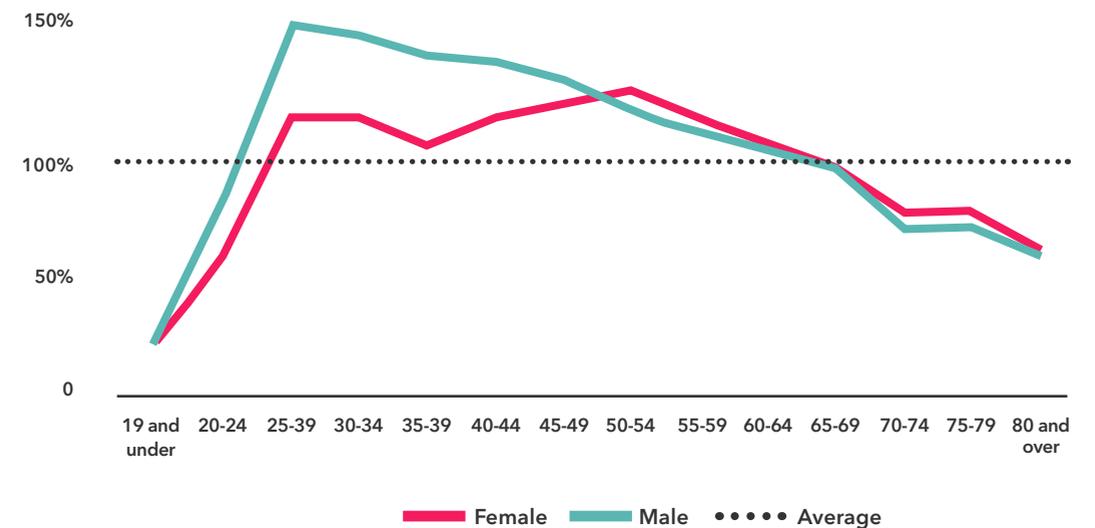
87%

of claimants demonstrate improved clinical outcomes following treatment.

Who uses physiotherapy benefits?

Demand for physiotherapy in 2021 was highest among the 25-50 age group, with very low numbers of claims in the under 25s, and a steady decline in claims for older age groups. This trend was most pronounced in men, with those between the ages of 25 and 50 being the most likely to use the service, and significantly lower use in older men. Rates of physiotherapy claims were generally lower for women, however older women (over 50) were more likely to use these services than men of the same age.

Relative usage per member of physio benefits in 2021



7. CONSULTANT-LED PATHWAYS ARE DRIVING THE MARKET FORWARD.

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As guided care plans become increasingly popular, enhanced digital services and greater focus on better performing consultants are revolutionising the market.

Directional care has become a prominent feature of the health insurance market.

Just last year, for example, top health insurance brokers were estimating that guided care plans would account for between a quarter and a third of all new individual business in 2021. Some even predicted that these plans will eventually surpass traditional hospital list PMI plans and become the norm in the health insurance market one day⁸.

For directional care to be delivered effectively, it must be combined with a genuine emphasis on quality and transparency and powered by consultant data that ensures that clients are equipped with the information they need to choose the consultant that's right for them.

The launch of Vitality's Premier Consultant Panel - available to members on all plans, and accessed through the Vitality Care Hub - has harnessed these principles by providing members with access to a panel of consultants with a proven track-record of superior outcomes through a seamless digital process.

Since its launch, members being treated by Premier Consultants have experienced better outcomes, more seamless user experience, and benefited from greater value through the Premier Consultant Cashback.

This is what we saw in 2021.

8. Brian Walters: Directional care comes of age, Health and Protection, 23 March, 2021

9. <https://www.milliman.com/en/insight/peer-review-performance-metrics-for-premier-specialist-consultants-relative-to-nonpremier>

Members are empowered to select better performing consultants.

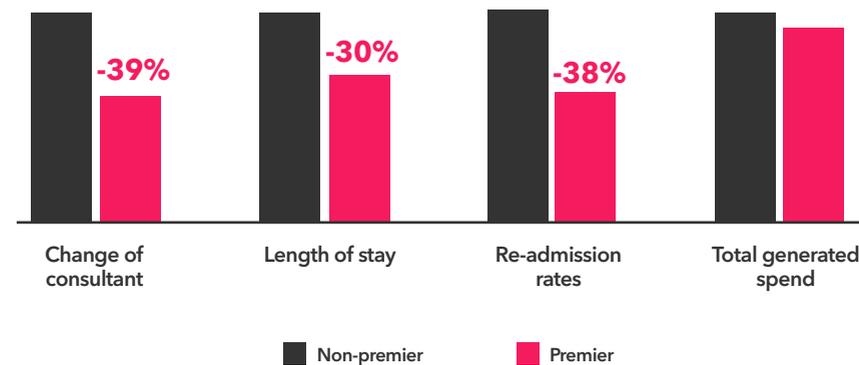
More members than ever are choosing to see Premier Consultants through Vitality's digital booking journey. Aided by the Vitality Consultant Finder, members are presented with a choice of relevant consultants, clearly signposting those with Premier Consultant status. In 2022, there has been a 270% increase in the number of consultant referrals via Care Hub.

Members' confidence in the choice of consultants is high, with 80% of members selecting from the list of appropriate consultants presented, rather than searching for another consultant by name.

Premier Consultants continue to deliver value as well as better outcomes

Most importantly, the Vitality Premier Consultant panel is continuing to deliver excellent member and client outcomes. When it was launched last year, Vitality published an analysis of consultant performance across key measures of quality and efficiency - such as length of stay, hospital re-admissions, and total generated spend - based on an externally validated methodology². This analysis has been extended to now cover the whole of 2021, with the Premier Consultant panel continuing to deliver excellent outcomes.

Premier Consultant performance in 2021



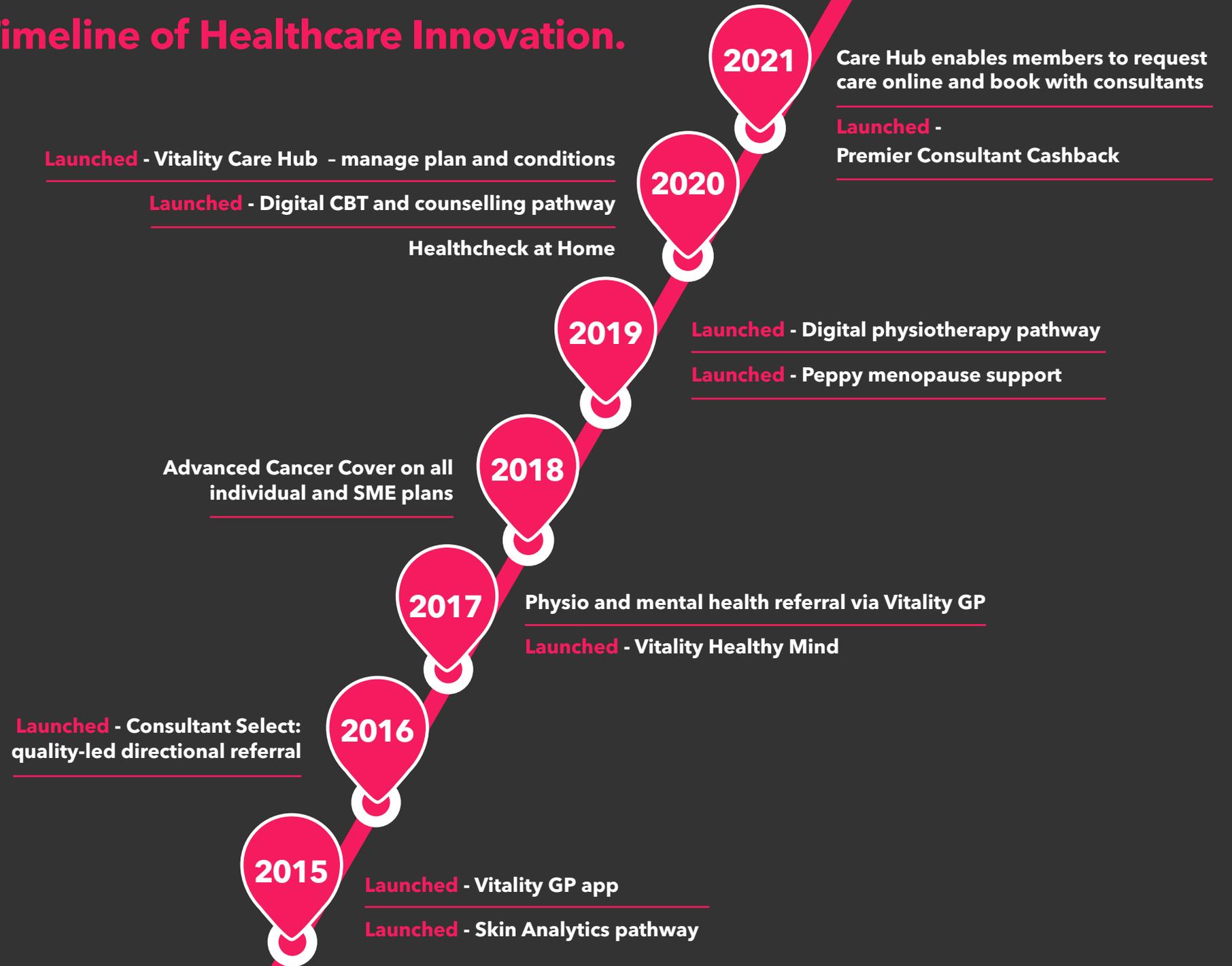
Premier Consultant Cashback - the next evolution of Shared Value Health Insurance

Premier Consultant Cashback

When clients see a Premier Consultant, not only do they have the reassurance that they are seeing a consultant who is part of a panel with superior performance outcomes, they also receive a tangible financial benefit. Clients on Vitality's Countrywide or London Care hospital lists receive a cash back of between £20 and £ 50 depending on their Vitality status. This shares the benefits of healthy living, and a more efficient treatment journey, with our members.



Vitality Timeline of Healthcare Innovation.



**Find
out
more.**

**For more information please
speak to your Vitality Business
Consultant or visit our adviser website.**