

Headspace Care Cost Impact Report

The impact of Headspace Care on a large pharmaceutical company's employee healthcare costs in 2022

powered by  **Accorded**

Executive Summary

Headspace partnered with a large pharmaceutical company (Company X) to conduct a cost impact study on Company X's full year 2022 medical claims data. To conduct the study, Headspace worked with Accorded, a third party actuarial intelligence company.

To measure Headspace's impact on total medical spend, Accorded compared Headspace member claims data to benchmark data from the Merative™ MarketScan® commercial claims database (2021). Each Headspace member was compared to a MarketScan benchmark (member) with similar age, gender, geography, core condition, and comorbidities.

Overall, the cost impact study found:

Lower healthcare costs for engaged members

The study demonstrated up to 15% savings for those who meaningfully engaged in team-based care.

Higher engagement was associated with higher savings

Meaningfully engaged members spent \$37.48 below the \$412.66 PMPM benchmark (9% savings).

Higher savings for team-based care and coaching

The team-based cohort had 15% savings vs benchmark and coaching-only cohort had 7% savings vs benchmark.

Savings for members with comorbidities

Consistently lower spend across Cancer, Maternity, Musculoskeletal, and Metabolic Health compared to benchmark.

Employees who did not enroll had higher spending than benchmark

While healthcare costs were lower than benchmark for all engaged employee segments, non-enrolled employees had slight overspend (0.4% above benchmark).

BACKGROUND:

In 2019, a large pharmaceutical company (Company X) decided to increase their investment in mental health resources to address their employee population's growing need for mental healthcare. As part of the initiative, Company X partnered with Headspace to launch mental health coaching and self-guided content to their full population. After two years of partnership and strong engagement and clinical outcomes, Company X decided to expand the partnership to launch therapy and psychiatry services through Headspace.

To promote the mental health benefits to employees, Company X worked closely with the Headspace team to deliver approachable marketing communications that encouraged members to take the first step to care. They also engaged leadership across company to champion the offering and promote it to their teams.

Seeing the engagement and outcomes results of Headspace, Company X wanted to learn more about how those results were impacting healthcare claims spend. In 2023, Headspace partnered with Company X to analyze claims for the 2022 plan year.

STUDY OBJECTIVE:

Headspace partnered with Accorded, a third party actuarial intelligence company, to conduct a detailed cost impact study on Company X's medical claims data. The study aimed to measure:

- Total spending by engagement type
- Total spending by top diagnoses

DATA SOURCES:

- Full year 2022 medical claims data (with 2 months of claims runout) for employees enrolled in Headspace Care.
- Headspace coaching and clinical utilization data
- Headspace outcomes assessment data

STUDY POPULATION DEMOGRAPHICS:

- 68% female
- Relatively even distribution between the ages of 26 and 64
- Employees located primarily in Northeast

METHODOLOGY:

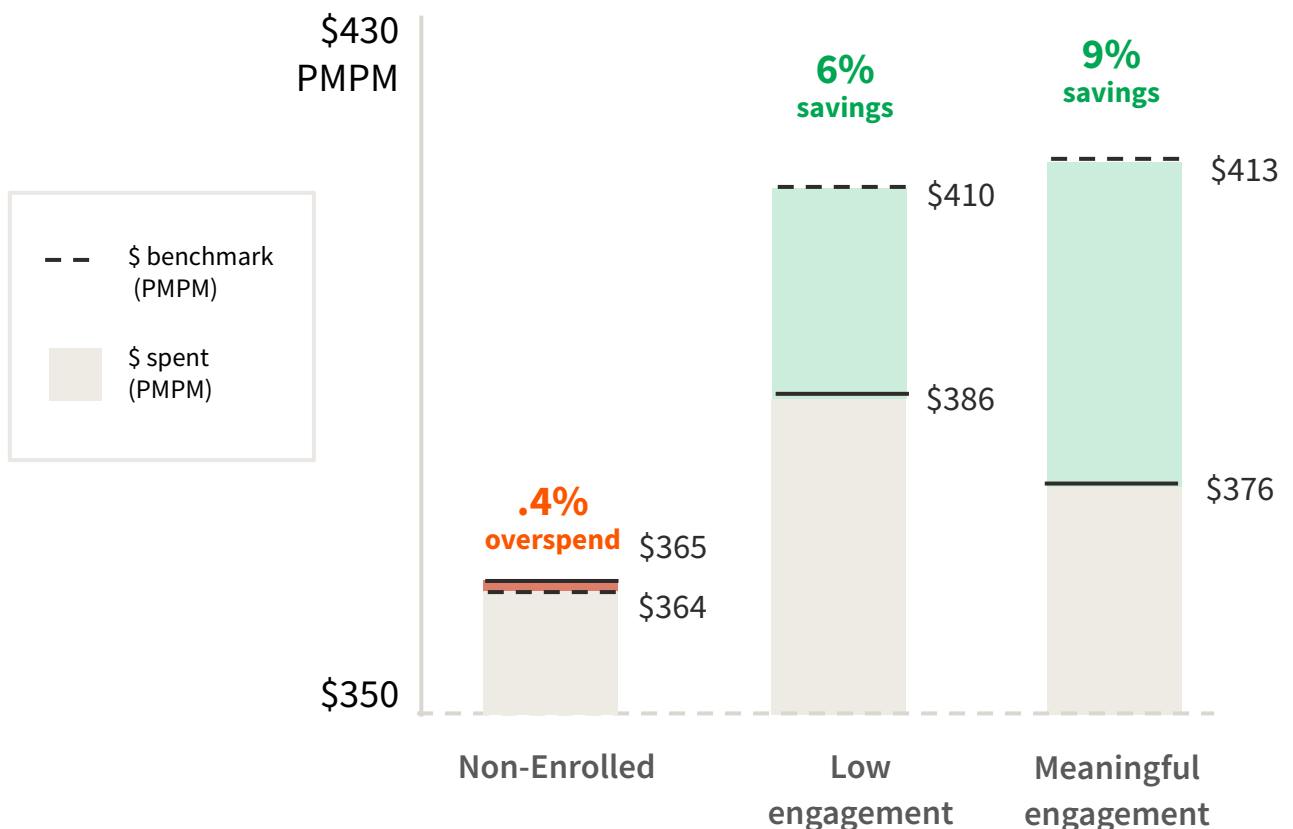
To measure Headspace's impact on total medical spend, Accorded compared Company X's Headspace member claims data to benchmark data from the Merative MarketScan commercial claims database (2021).

To conduct this benchmark comparison, Accorded relied on condition-based propensity matching, which involved:

- Assigning each member a core condition based on their claims' primary diagnosis and claims costs
- Generating a person-level benchmark for each engaged member from the Merative MarketScan commercial database based on age, gender, geography, core condition, and comorbidities)
- Comparing each Headspace member against their matched benchmark to calculate savings or overspend

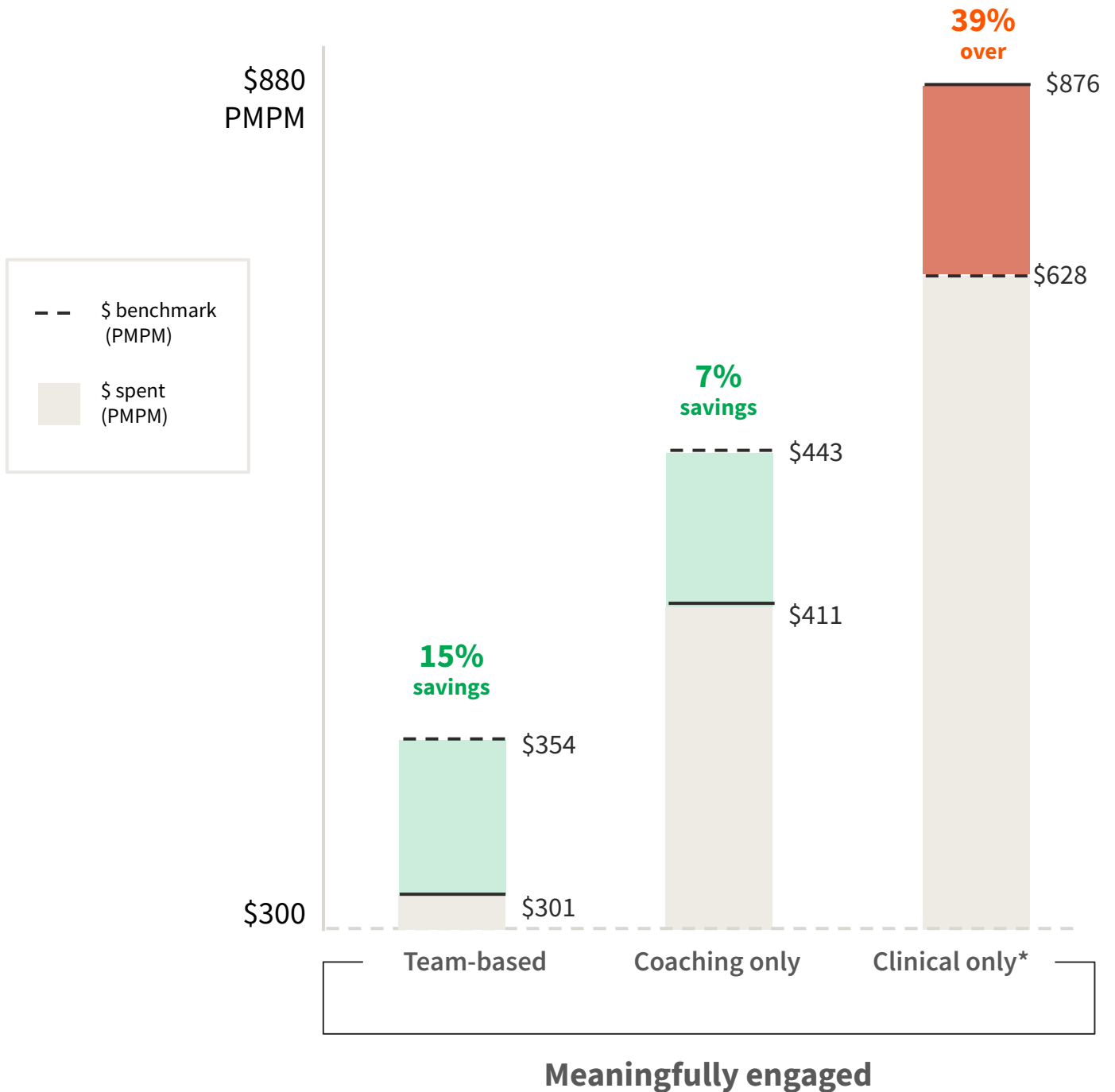
RESULTS:

While all member segments who engaged with Headspace showed savings, members who engaged meaningfully with Headspace Care performed the best. Employees who did not enroll in Headspace saw overspend vs. benchmark.



RESULTS (CONT.)

Within those meaningfully engaged, team-based and coaching only members saw the greatest impact.



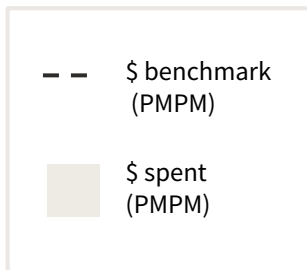
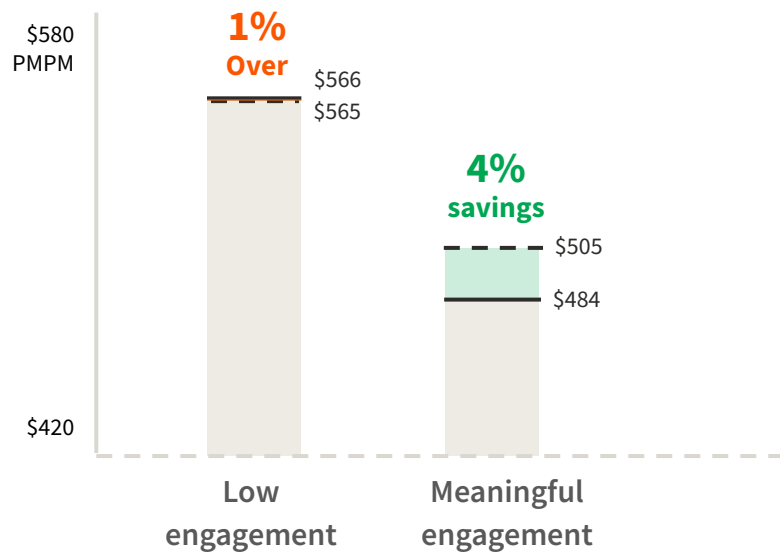
*Data reflects one member with complex health conditions

RESULTS (CONT.)

When we examined specific Diagnosis Chapters among Company X members, those who meaningfully engaged with Headspace Care had lower spend compared to benchmark for mental health, cancer, maternity, musculoskeletal, and metabolic health.

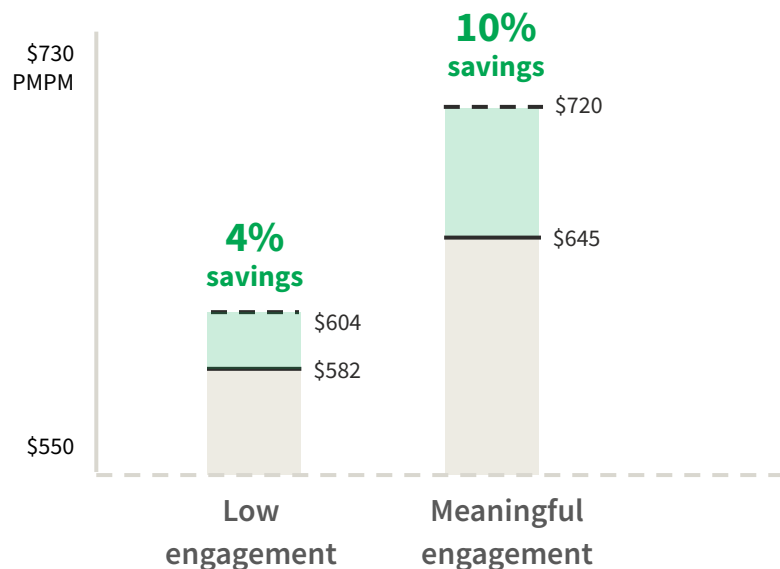
Mental Health

Mental, behavioral, and neurodevelopmental disorders



Cancer

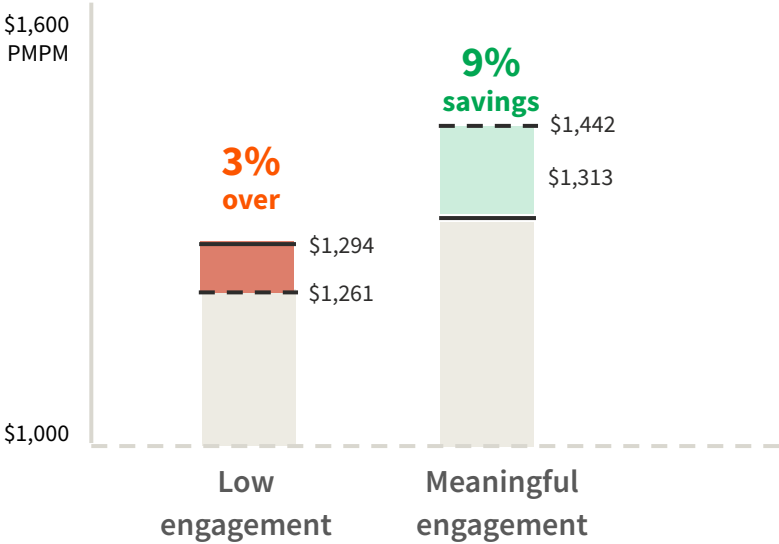
Neoplasms



RESULTS (CONT.)

Maternity

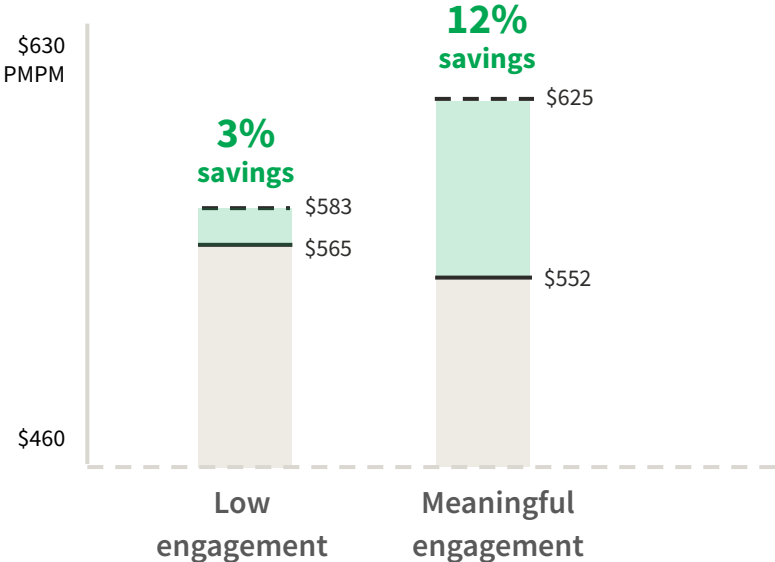
Pregnancy, childbirth and the puerperium



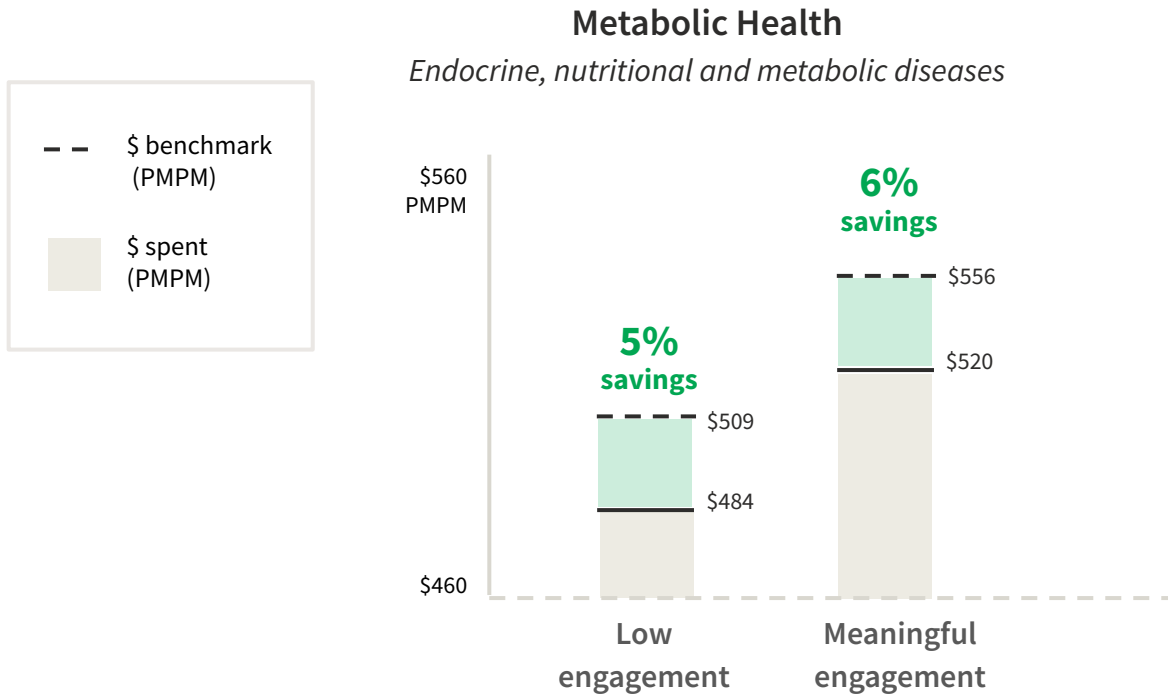
- \$ benchmark (PMPM)
- \$ spent (PMPM)

Musculoskeletal

Diseases of the musculoskeletal system and connective tissue



RESULTS (CONT.)



CONCLUSIONS

Headspace and Accorded's cost impact study for Company X found overall healthcare costs were 5% lower compared to benchmark, with higher savings for team-based care (15%) and consistently lower spend for members with cancer maternity, musculoskeletal, metabolic health conditions.

The study demonstrates the value of Headspace's differentiated team-based model, showing how meaningful engagement in the model not only leads to improved mental health but also lowers healthcare costs. Additionally, this study shows how improving access to mental healthcare for employees with complex health conditions can reduce overall spend, demonstrating the link between physical and mental health.

LIMITATIONS AND DISCLOSURES

The study is limited to employees enrolled in Headspace Care (i.e, no dependents are included) and includes members with zero claims.

Due to missing 'Allowed' amount data, we used an adjustment factor to calculate 'Allowed' amounts from 'Paid' amounts based on average ratios per claim type in 2021 MarketScan claims data.

DEFINITIONS

Merative™ MarketScan® Commercial Claims Database provides one of the longest-running and largest collections of proprietary de-identified claims data for privately insured individuals in the US. The Commercial Claims Database utilized in this study as benchmark contains eligibility and claims data from 2021 for over 16 million unique members across the US.

Meaningfully Engaged

Clinical only: ≤ 1 coaching sessions AND ≥ 4 clinical appointments

Coaching only: ≥ 4 coaching sessions AND 0 clinical appointments

Team-based: (≤ 4 coaching sessions AND ≥ 1 clinical appointments) OR (≥ 2 coaching sessions AND ≥ 4 clinical appointments)

Low Engagement

< 4 coaching sessions AND < 4 clinical appointments

OR 0 coaching sessions AND 0 clinical appointments AND ≥ 1 survey/content

Headspace Care Only (i.e. created a Headspace Care account)

Members who signed up but did not engage in the relevant engagement period

Diagnosis Chapter

ICD-10-CM diagnosis codes can be grouped into higher-level categories called diagnosis chapters.