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Game-changing innovation in prepaid cards addresses critical healthcare **payment challenges**

The latest innovations in prepaid card solutions are changing the status quo and breaking exciting new ground in payment efficiency. Highly flexible card platforms have opened the door to new applications not previously explored in the past. In today's increasingly cost-conscious business environment, novel prepaid card applications

are reducing reliance on costly paper-based payment systems, diminishing the burden placed on valuable business resources and having a positive effect on the bottom line.

Citi Prepaid Services has led this charge, pushing conventional limits to find a multitude of innovative new applications for prepaid

cards that are solving modern business challenges. While the benefits of prepaid cards when used for payroll, consumer incentives, unemployment and pension disbursement, tax refunds, employee rewards, student tuition, and scholarship refunds are well documented, advanced solutions are now providing a wide range of unique public sector and private sector payment solutions.

These innovative new prepaid card solutions are proving to be highly attractive for both the organization and the recipient. By utilizing electronic payment methods such as prepaid cards, organizations can achieve significant efficiencies and cost savings, while providing an improved user experience through enhanced flexibility, accessibility, security and control. One of the latest and most exciting applications of prepaid cards can be found in the healthcare industry.

Innovative solution offers dramatic healthcare expenditure savings

This new breed of card solutions offers a valuable example of how dramatic efficiencies can be achieved. In September 2010, Citi Prepaid Services introduced the Citi® Flu Care card. It now helps organizations reduce employee healthcare spending by shifting the administration of flu shots from doctors' offices or on-site clinics to more cost-effective retail pharmacy locations.

This pioneering solution could not be timelier as the cost of healthcare continues to soar and employers face significant challenges in balancing attractive benefits for employees with maintaining control over operating expenses. A 2010 PricewaterhouseCoopers study estimates that employer medical costs will increase by more than 9% during 2011 alone.¹ As a result, healthcare inflation for corporations now outpaces overall inflation, and increases in worker earnings and employee benefits now rank at the top of employer cost-control concerns.

The Citi Flu Care card is a unique solution that addresses the vexing challenge of making flu shots more accessible and convenient for workers while it contains costs associated with this critical benefit. As recently as three years ago, employers in the US spent more than USD5 billion on flu vaccines for employees. According to research contributions by Mercer Consulting, Citi estimates the average claims payment for a flu shot administered in a doctor's office paid by a corporate payer in 2010 to be greater than USD80.

However, corporates, health plans, and government entities that use the Citi Flu Care card can substantially reduce the cost of their vaccination programs. This game-changing payment solution keeps costs under USD30 per vaccination, representing a savings of 63% compared to vaccinations disbursed at doctors' offices or on-site clinics. This means significant and immediate savings for the employer and a readily accessible, no-out-of-pocket-cost alternative for employees.

What's more, the Citi Flu Care card program also provides enhanced reporting that allows benefits administrators access to real-time metrics such as card utilization at the program level.

Breakthrough technology eliminates the need for prefunding

The Citi Flu Care card is unique among prepaid card solutions because no monetary value is initially loaded onto the card and payment is only triggered once the transaction is authenticated and authorized at the point of sale. Citi co-developed this breakthrough, patent-pending technology with Visa, restricting card spend to a specific stock-keeping unit (SKU) and specific merchant. ▶

¹ *Behind the Numbers: Medical Cost Trends for 2011*, PricewaterhouseCoopers LLP (Health Research Institute: 14 June 2010).

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When a participating pharmacy is presented with a Citi Flu Care card, the pharmacist swipes it through a point-of-sale terminal, which transmits the typical transaction authorization data, along with a special code that indicates the appropriate flu-shot SKU. The SKU is verified and the card is then immediately funded, allowing payment to be executed.

The Citi Flu Care card is the only card-based vaccination product that does not require prefunding and that restricts the spending to only the desired benefit, which in this case is a flu vaccination. By restricting use to flu vaccinations at the time they are administered and preventing spend on other purchases, this solution is highly attractive to large employers and healthcare providers because it effectively eliminates waste, creates greater control over total costs, and offers improved program visibility. The instant funding mechanism makes it possible to send out cards with no preloaded value, reducing the possibility of fraud and making for a safe and effective solution.

Standard vaccines delivered conveniently

The Citi Flu Care card solution is designed to help organizations keep their employees healthy by offering them an easy and convenient way to get a flu shot. This card solution helps reinforce the Center for Disease Control's (CDC's) message that yearly flu vaccines are recommended as the first and most important step in protecting against influenza viruses.

While reducing costs for the employer, the Citi Flu Care card also provides tremendous convenience for employees who can choose to receive their flu shot at any of the 17,000 participating pharmacies and clinics nationwide. These trusted retail outlets include CVS/ pharmacy, Rite Aid, Target, MinuteClinic, The Little Clinic and any of the Kroger Family of pharmacies. Cardholders receive the same quality of vaccination they would be given at their doctor's office, but without the cost,

time commitment and tedious claim forms, paperwork submission process, receipts, or reimbursement. The process of paying for and receiving a vaccination is so seamless that it can be performed during a routine shopping trip.

Citi Flu Care cards can be delivered via low cost US mail on behalf of an employer or distributed in bulk directly to employees at work. Cards are distributed with helpful information on their use, a reminder about the importance of the flu vaccine, and the locations of participating retail facilities. Once in the employees' hands, the cards are ready for use with no requirement for additional authorization.

Use of this innovative prepaid card solution enables a more effective outreach to employees, providing the same quality of vaccinations offered by doctors, yet at a discounted rate. The Citi Flu Care card promotes employee wellbeing; as a result, organizations benefit through lower illness-related expenses caused by absenteeism. The average reduction in absenteeism due to illness can be three to five days per employee. This payment solution also has the added benefit of providing a more diverse vendor supply chain for vaccines when supplies are tight.

Corporates and government entities can experience productivity improvements as well, since employees typically get their flu shots administered on their own time rather than during business hours.

An award-winning solution

The Citi Flu Care card solution, a recent winner of the 2011 Paybefore Most Innovative Prepaid Program award, has demonstrated how prepaid cards can be used in unique new ways.

The Citi Flu Care card solution is already making an impact on organizations and their employees. This highly effective card program is reducing waste by requiring payment only for the vaccines that are actually administered while simplifying billing using a single



electronic arrangement that eliminates third-party adjudication and burdensome paper-based claims. Even with more vaccinations being administered, overall program costs for organizations have fallen using the Citi Flu Care card solution.

This innovative Citi card solution is improving access to quality vaccines for employees, providing greater control over healthcare choices – all with no out-of-pocket cost or the need to file an insurance claim, make a co-payment, or wait for a reimbursement. For employers, the Citi Flu Care card offers reduced costs and simplified billing and reporting while it safeguards employee benefits and total compensation.

The potential future applications for prepaid cards are numerous

Citi's prepaid cards and the patent-pending technology behind the innovative Citi Flu Care card solution are already opening doors to numerous other health applications. The flexibility of this new solution is seen as a promising way to drive efficiency in areas where traditional healthcare and retail health services converge. The same technology that is applied to the Citi Flu Care card can lower costs for

other routine medical procedures, preventative health procedures, and various diagnostic tests. Patients gain greater control over where procedures are performed while they benefit from minimized costs and the elimination of frustrating claim and reimbursement processes. At the same time, employers are able to dramatically contain healthcare costs without compromising quality of care.

The Citi platform is literally changing the way public and private organizations view their benefits offerings. And the breakthrough technology behind the Citi Flu Care program offers tremendous promise for non-health-related retail payments as well. Citi's proprietary solution allows organizations to cut through traditional claims payment processes, harnessing proven technology to eliminate costs in a new and transparent way while enhancing control and providing valuable reporting capabilities.

The Citi Flu Care card is a perfect example of how Citi Prepaid is revolutionizing the industry. The unique, innovative technology that drives this solution offers a multitude of possibilities for widespread application across the public and private sectors, addressing contemporary business challenges in the US and abroad. ■