

Sesame launches low-cost health benefits for employers staring down the Great Resignation

Article

The news: Digital health startup **Sesame** is rolling out **Sesame For Employers**—a low-cost health benefits offering for small and medium-sized businesses. Before this, Sesame primarily

offered direct-to-consumer (D2C) health services where uninsured customers could pay upfront for care.

A key differentiator: Sesame for Employers allows employers to customize health benefits for their employees for as little as \$20/employee/month and claims to be 95% cheaper than the cost of insurance.

- Since the offering is customizable, employers can choose benefits packages that best fit their budgets and needs, as opposed to traditional insurer benefits packages that offer preset options.
- Sesame for Employers benefits can **include** same-day appointments, unlimited telehealth appointments, access to Sesame's network of specialists, mental health services, and digital prescriptions.
- Employers can set up their workers with Sesame's health benefits in a matter of days. This is very different from the traditional process with insurance, in which there are brief, static enrollment periods.

How does it keep its prices low? Sesame's cash-pay model sidesteps insurance altogether and it has its own network of 16,000+ healthcare providers.

Because of this, it can keep its operating margins low since it doesn't have to pour money into all the administrative functions traditional insurers do (like negotiating prices with providers and processing claims). Instead, it offers a model that's direct, transactional, and doesn't require navigating an administrative maze to determine costs of care and what's covered/not covered.

On top of care, last year, it launched its low-cost online pharmacy, where it's offering around 200+ FDA approved generic medications for \$5, free delivery across the US—no insurance required.

Why it could succeed: By targeting small and medium-sized employers, Sesame's hitting a market segment that's sometimes overlooked by larger employer-sponsored health plans.

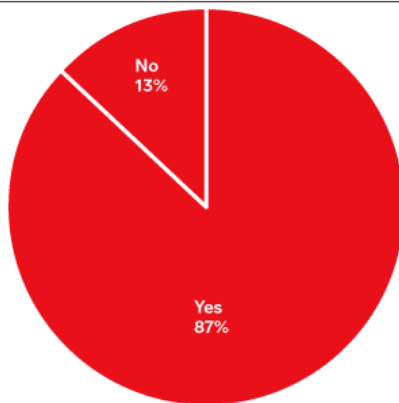
- **Most US employers (87%) believe the cost of providing health benefits to their employees is going to be unsustainable** in the next 5-10 years, **per** a 2021 KFF-PBGH survey—and smaller employers are worse off.

- That means the **60.6 million** US employees working for smaller businesses are at greater risk of losing their access to healthcare.

Smaller businesses also have to scramble to meet demands of employees and turnover rates spike amid the Great Resignation: **8 in 10 employees said that healthcare was in the top three most important benefits**, per Marathon Health's 2021 survey of 1,100 US employees. That means employees will weigh health benefits heavily when considering staying or leaving a job amid the competitive job market.

US Employers Who Believe the Cost of Providing Health Benefits to Their Employees Would Be Unsustainable, Jan 2021

% of respondents



Note: in the next 5-10 years
Source: Purchaser Business Group on Health (PBGH) and Kaiser Family Foundation (KFF), "How Corporate Executives View Rising Health Care Costs and the Role of Government" conducted by Beresford Research, April 29, 2021

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