JAN 07
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Most employees don't use their health benefits—but a new wave of M&A deals could boost engagement for employers

Article

The news: Primary care provider **Vera Whole Health** is merging with healthcare pricing transparency and navigation company **Castlight Health** in a **$370 million** all-cash deal, per a joint press release.

More on Vera Whole Health and Castlight Health:

- Vera contracts directly with employers to build onsite primary care clinics and reduce the cost of care for employees in 10 US states.
- Castlight Health's navigation solution helps employers increase awareness and utilization of their benefits.

What this means for the duo: A navigation platform like Castlight Health's should make it easier for Vera Health's employer clients to understand their health benefits.

- Most (76%) employees don't understand their health benefits, and **only a minority (10%) of employees actually use their benefits**, per Castlight Health data.

A navigation platform like Castlight Health's could fit neatly into provider network Vera's offerings:

- Castlight Health could offer personalized recommendations to Vera Health's employer clients, encouraging workers to actually engage with their health benefits.

Ensuring employees understand which health benefits are available to them is key to boosting chronic disease management and reducing long-term employer costs:

- **About 87% of employers believe the rising cost of providing health benefits to their employees is unsustainable in the next 5 to 10 years**, per a 2021 KFF survey.

Zooming out: The Vera-Castlight Health merger is likely a sign that the digital health IPO boom is slowing down. Instead, companies like it could increase consolidation this year to remain attractive to clients.

For context, in 2014, Castlight Health was one of the first digital health companies to take the public leap. Since then, the pandemic-induced demand for virtual care services has convinced companies like **Amwell** and **Oak Street Health** to go public in order to rapidly scale, too.

However, now that there are far more digital health solutions on the market this year, employers and insurers have more options to wade through, and it'll likely only get more difficult to nab employers' attention.

- As a result, benefits navigation entrants are merging with primary care companies to offer a more comprehensive care package to clients, taking the burden of choice off of employers.
- In 2021, Benefits navigation platform **Accolade** acquired telehealth vendor **PlushCare** for **$450 million,** for example.
- And during the same year, navigation platform **Grand Rounds** merged with virtual care company **Doctor on Demand** to form **Included Health**, a multi-billion dollar company.