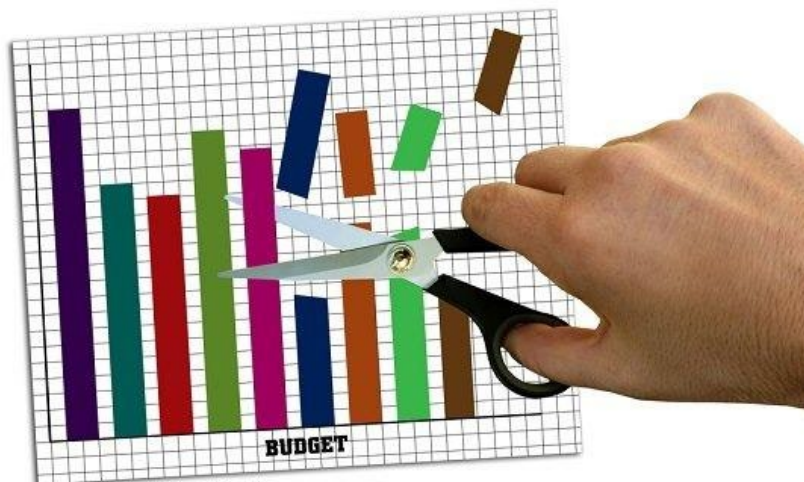


JPMorgan partners with Centivo to cut workers' health care expenses

JP Morgan upstarts a health plan devoted to making care more affordable by investing \$30 million in Centivo.

By John Tozzi | July 20, 2022 at 10:28 AM

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JPMorgan Chase & Co.'s Morgan Health business, a successor to its failed joint venture with [Amazon.com](https://www.amazon.com) Inc. and Berkshire Hathaway Inc., is backing a health startup trying to slash workers' out-of-pocket medical expenses.

Morgan Health is investing \$30 million in Centivo, a three-year-old Buffalo, New York-based health-plan administrator that says it's holding members' average annual out-of-pocket expenses to less than \$350. That compares to a national average of [about \\$800](#).

Morgan Health is JPMorgan's successor to Haven, a joint venture with Amazon and Berkshire Hathaway that disbanded after failing to produce meaningful change for the companies in health benefits. Morgan Health aims to develop better offerings for 150 million Americans who get coverage through employers, and Centivo offers an uncommon devotion to lowering costs, says Dan Mendelson, chief executive officer of Morgan Health.

"They're very focused on the affordability challenge facing consumers and American business jointly," he says in an interview.

Private businesses pay about \$700 billion for health care in the US each year. As medical expenses soared over the past two decades, employers shifted costs to workers by raising premiums and deductibles. The typical [family health plan](#) now costs about [\\$22,000 a year](#) with workers paying \$6,000 of that out of pocket, data from the Kaiser Family Foundation show. On top of that, most workers face deductibles that average close to \$1,700.

Predictable costs

Rather than shifting costs to employees in hopes they'll become more discerning health-care consumers, Centivo tries to lower costs and steer members to clinicians with track records of providing better quality care, Centivo CEO Ashok Subramanian said in an interview.

Centivo contracts with select doctors and health systems on behalf of large employers. It offers plans with free primary care, no deductibles and what it

considers more predictable costs. Centivo also focuses on boosting access to primary care, including through virtual options.

“Most employers are aware that there are inefficiencies in the system, there’s a lack of transparency around where the dollars go, there’s wild variations in the cost of health care from provider to provider,” Subramanian says.

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By contracting with a smaller group of top-rated medical providers and tying payments to patient outcomes, Centivo says it can save employers 15% to 30% compared to traditional health plans that offer wider networks.

Morgan Health has invested \$85 million over the past year, including the Centivo deal. Other investments include Vera Whole Health, a primary-care company, and Embold Health, which provides data on physicians.

JPMorgan spends about \$2 billion a year on health expenses, Mendelson said, and subsidizes benefits heavily for employees making less than \$75,000 a year. He says workers want “more meaningful choice” in benefits.

JPMorgan Vice Chairman Peter Scher will join Centivo’s board. Centivo raised \$118 million prior to the Morgan Health investment.

The bank is not a Centivo client and has no immediate plans to offer Centivo to its workers