



WHAT EMPLOYERS ARE DOING TO IMPROVE AMERICA'S HEALTHCARE SYSTEM

Employers are highly motivated to stabilize and reduce their spending on healthcare, which amounts to a huge operating expense. Health coverage costs more than \$12,000 per employee on average – and in today's global economy, US employers must compete against companies whose governments pick up far more of the healthcare tab. Importantly, they are equally motivated to safeguard their employees' health. Studies suggest what employers have long believed – that the more they do to help employees thrive, the better their organizations perform.

Slowing healthcare spending while improving healthcare experience is a tall order. It requires thinking outside of the box – something for which US companies are renowned. There is a long history of employers innovating in healthcare to bring about positive change. The American Benefits Council and Mercer have collaborated on a paper to showcase innovation success stories from leading employers that have taken action to combat high cost and poor quality in the US healthcare system. Here, in a nutshell, is what these employers are doing differently – and what others can, too.



CHANGING THE WAY PROVIDERS ARE PAID TO ACHIEVE LOWER COST, BETTER VALUE

Intel contracted with health systems in key markets to create accountable care organizations in which payment reflects performance on cost, quality and patient experience measures. With an emphasis on care coordination, **the Connected Care program is achieving higher member satisfaction, lower cost trend and overall lower spending per member.**

ARLP is combating opaque pricing and inconsistent care by partnering with facilities that have proven track records in performing services for contracted prices. For example, **an outpatient facility will perform a knee replacement for \$27,000, whereas a local hospital might charge \$87,000.** ARLP pays members' travel expenses.

The Alliance (a not-for-profit employer-owned cooperative) steers members to centers of excellence and high-performance networks by offering an optional richer benefit and a patient experience manager to assist with the process. Providers meet quality criteria and are reimbursed using prospective payment bundles. **Savings have been significant – on average, \$12,000 for a joint replacement surgery and 20% for imaging.**



FINDING THE RIGHT SITE FOR CARE

NRECA stepped up management of high-cost specialty medications to prevent waste and improve the patient experience by moving all specialty drugs under the pharmacy benefit. Patients are connected with a specialty pharmacy team to improve adherence and ensure medications are dispensed in the most cost-effective setting – sometimes the patient's home. **The program saved \$1.3 million in 2016.**

A brokerage provides employees and family members with free 24/7 access to onsite or near-site clinics offering primary care services and generic drug dispensing. The clinic accepts a fixed per member per month payment averaging less than \$100 as payment in full. **The reduction in emergency room and urgent care utilization has produced significant savings – from 10%–30% in actual healthcare spend.**



SUPPORTING EMPLOYEES IN NAVIGATING THE HEALTH SYSTEM

Princeton University implemented an expert medical opinion (EMO) program when it learned that few employees sought second opinions, even when facing major surgery. Now over 20% of patients using the EMO program receive a different diagnosis, and two-thirds receive another treatment option to consider. One way this saves money: **The number of back, hip and knee surgeries has dropped for two years in a row.**

Walgreens shifted the burden of finding quality, cost-effective providers from plan members to care coordinators within the health plan. These coordinators discuss options and costs with members, who can earn cash incentives to choose lower-cost providers. The health plan is incentivized as well, with a percentage of savings relative to market trend. **The program expected to save 4% of total medical claims.**

Boeing is removing barriers to behavioral health care. Through an innovative program in several of Boeing's accountable care organizations, primary care doctors can consult directly with a psychiatrist's office during a patient's office visit – **a collaborative care model that produces better outcomes.** A new program will provide members with same-day telephone or video access to a psychiatrist or doctoral psychologist for free.



IMPROVING EMPLOYEE HEALTH WITH TARGETED PROGRAMS

A tech company found that users of infertility services incurred far higher maternity and newborn claims. By carving out infertility services to a specialty program, **the rate of multiple births from IVF has dropped to less than 3%, whereas the national average is 22%**. The cost for a multiple birth averages about \$145,000, compared to about \$17,000 for a single birth. User satisfaction is very high.

A Fortune 50 retailer used two targeted programs to provide the right support to members with diabetes and those identified as prediabetic. With strong engagement in the programs, **growth in claims related to diabetes, which had risen 20% in the two years prior to program implementation, slowed to just 5%**.

BorgWarner takes a holistic approach to wellness, with an array of programs including health assessments, coaching, clinical programs and access to a health advocate as members' first point of contact. **The company's medical claims are 5% lower than the health plan's book of business, which translates to savings of \$3.8 million per year.**



USING HIGH-TECH PLATFORMS TO TARGET SOLUTIONS AND BOOST ENGAGEMENT

PepsiCo implemented an integrated platform to make it easier for members to learn about and access programs and resources. Member claims data are used to help identify the services the member could most benefit from, and these services are highlighted in a customized view after log-in. **In the first six months, telemedicine visits increased 25%; transparency tool utilization rose 61%.**

AT&T had committed to consumerism by offering a range of high-deductible HSA-eligible plans. To help employees find the right level of coverage for their health needs and financial situation, their platform includes decision-making tools that use the employees' claims data as well as a questionnaire. **Enrollment has risen 30% in the lowest-cost plan, and medical trend is below average.**

How policymakers can help

Below are a handful of suggestions about ways to make it easier for employers to continue providing affordable, quality coverage to over half the country and drive innovation that improves the health care system as a whole.

1. Modernize health savings accounts (HSAs) by:
 - Updating the definition of “prevention” to include management of chronic conditions
 - Allowing employers to provide care at onsite and near-site medical clinics at low or no cost to employees enrolled in HSA-eligible high-deductible health plans
 - Allowing employers to use lower cost-sharing to incentivize employees enrolled in HSAs to use centers of excellence, telemedicine and expert medical opinion programs
2. Protect the longstanding tax treatment of employer-provided health coverage by fully repealing the so-called “Cadillac Tax” on employer-provided health coverage and rejecting new proposals to tax employees’ health benefits.
3. Support greater quality and price transparency in the healthcare system.
 - Start with adopting uniform quality measures for public and private healthcare purchasers, such as the measures defined by the Integrated Healthcare Association and the Pacific Business Group on Health pertaining to commercial accountable care associations.
4. Repeal the Affordable Care Act (ACA) employer mandate penalty. The employer mandate was intended to enable individuals to meet their legal obligation to have an established level of coverage – a legal obligation that no longer exists now that the individual mandate penalties have been repealed. The vast majority of large employers offered coverage to their employees before the ACA was enacted and would continue to do so in the absence of an employer mandate.
5. Preserve ERISA’s uniform standard for plan administration. Innovation in employer-sponsored health coverage thrives in an environment of regulatory certainty. This is due in large part to Congress’ wisdom more than 40 years ago, when it enacted the Employee Retirement Income Security Act (ERISA) to include a provision that ensures ERISA plans are free from most state and local regulation. Otherwise, employers would be forced to comply with a patchwork of different state and local regulations, resulting in overwhelming administrative burden.

