

## Amid Continuing Cost Increases, More Employers Look at Healthcare Delivery

As healthcare costs continue to rise, employers are increasingly examining how their employees are getting their health care, rather than simply trying to shift costs to them, according to a survey by the National Business Group on Health (NBGH).



Large employers continue to pursue traditional strategies like cost-sharing and plan design changes, but as health benefit costs are projected to top \$14,000 per employee in 2018, there is a growing focus on how this health care is delivered and paid for, according to the *Large Employers' 2018 Health Care Strategy and Plan Design Survey*, the latest edition of a study NBGH performs annually. For example, more employees will have access to healthcare services such as telemedicine, Centers of Excellence, and onsite health centers in the coming plan year without experiencing major increases in their costs.

“Employers are recognizing that traditional cost control techniques alone aren’t able to reduce costs to the point where they are no longer a drain on the bottom line,” said Brian Marcotte, NBGH president and CEO, in an August 8 statement announcing the survey results. “While employers continue to address costs through healthcare management and plan design efforts, they are also ramping up efforts to positively affect the supply side of the healthcare system by pursuing healthcare payment and delivery reform initiatives,” he said.

Employers project the total cost of providing [medical and pharmacy benefits](#) to rise 5% for the fifth consecutive year in 2018, according to the survey. Including premiums and out-of-pocket costs for employees and dependents, the total cost of health care is estimated to be \$13,482 per employee this year, and projected to rise to \$14,156 in 2018. Employers expect to cover nearly 70% of those costs. For the second consecutive year, employers ranked specialty



pharmacy (26%) as the top driver of rising costs, and it is likely to remain a top concern as new high-priced drugs come on the market.

According to the survey, an increasing number of employers plan to adopt the following strategies:

- **Telehealth.** Virtually all employers surveyed (96%) will make telehealth services available next year in states where it is allowed. More than half (56%) plan to offer telehealth for behavioral health services, more than double the percentage this year. Telehealth utilization is on the rise, with nearly 20% of employers experiencing employee utilization rates of 8% or higher.
- **Accountable Care Organizations (ACOs).** Twenty-one percent of employers plan to promote ACOs in 2018, but that number could double by 2020 as another 26% are considering offering them. Employers are slightly more confident about the ability of ACOs to improve healthcare quality beyond what the system does today, compared to reducing costs.
- **Employer health centers.** More than half of employers (54%) will offer on-site or near-site health centers in 2018, and that number could increase to nearly two-thirds by 2020. These centers have a positive impact on business performance metrics, because they often result in reduced absenteeism and presenteeism.
- **Centers of Excellence (COEs).** Almost nine in 10 employers (88%) expect to use COEs in 2018 for certain procedures such as transplants or orthopedic surgery. Bundled payments or other types of alternative payment arrangements will be used in between 21% and 48% of COE contracts, depending on the medical procedure or condition.
- **Value-based benefit design.** Nearly 40% of employers have incorporated some type of value-based benefit design in which employees can reduce their cost sharing or premiums by taking steps to manage chronic conditions or obtain higher-quality or more efficient care.

“One of the most interesting findings from the survey is that employers are focused on enhancing the employee experience. For example, there is a big increase in the number of employers offering decision support, concierge services and tools to help employees navigate the healthcare system,” Marcotte said. “The complexity of the system and proliferation of new entrants has made it difficult for employees to fully understand their benefit programs, treatment options and where to go for care.”

Of the companies surveyed, 66% will offer medical decision support and second opinion services in 2018, an increase of 47% from this year. Additionally, the number of companies offering high-touch concierge services will jump from 28% this year to 36% in 2018

Among other survey findings:

- Nine in 10 employers will offer at least one Consumer Directed Health Plan (CDHP) in 2018. In addition, nearly 40% of employers will offer a CDHP as the only plan option in 2018, compared with 35% this year.
- The most common CDHP design is a high-deductible health plan (HDHP) paired with a health savings account, offered by 80% of employers with any type of CDHP. About a quarter of employers (28%) pair an HDHP with a health reimbursement arrangement.



- To help control surging specialty pharmacy costs, 44% of employers will have site-of-care management tactics in place in 2018, a 47% increase over this year. Seven in 10 employers will use more aggressive utilization management protocols.

NBGH conducted the survey in May and June, and a total of 148 large employers participated. Collectively, the respondents represent a wide range of industry sectors and offer coverage to more than 15 million employees and their dependents.