



# **INSIGHTS** **TO EFFECTIVELY** **MANAGE YOUR** **HEALTHCARE SPEND**

***YOUR HEALTHCARE STRATEGIC PLAN & ROADMAP >>>***

# INSIGHTS TO EFFECTIVELY MANAGE YOUR HEALTHCARE SPEND

## YOUR HEALTHCARE STRATEGIC PLAN & ROADMAP

For decades, employers have invested in employee health and wellness benefits. In fact, today more than 156 million Americans have employer-sponsored health insurance, with employers and individuals paying the lion's share of healthcare costs in the U.S. Despite this financial investment, there is no clear evidence that employees are healthier. In addition, medical price increases have far outpaced inflation and the consumer price index (CPI) and continue to rise.

To help effectively manage your healthcare spend, Health Action Council encourages organizations to use data to develop and act on a healthcare strategic plan. Remember, a strategic plan does not require massive change or employee disruption. It can simply mean that the organization's health goals have been identified and a road map developed on how it will get there.

1

**FOCUS ON THE LEADING INDICATORS**

2

**QUALITY MATTERS MORE THAN DISCOUNTS**

3

**LOCATION, LOCATION, LOCATION**

4

**FOCUS ON HEALTH LITERACY**

# 1 FOCUS ON THE LEADING INDICATORS

Common conditions (including asthma, back disorders, diabetes, hypertension, and mental health/substance abuse) can have a costly toll on a person's well-being and an employer's bottom line. Many of these conditions may be preventable or treatable with lifestyle modifications. Find their impact on your population utilizing the claims reports from your medical and pharmacy vendors. Identify any variainces in care or prescribing to help better understand differences by geography or population.



Thinking about these diagnoses and claims' leading indicators to understand how you can change their course. Also, ask your consultants and benefit plan administrators for their thoughts on the leading indicators and what can specifically mitigate them in the future.

## »» INSIGHT

Stop accepting the status quo. When you hear, "we have always done it that way," ask the question, "so how do we change that."

## »» INSIGHT

Evaluate your current benefits plan design for opportunities to implement a care program that evolves with the patient over time – for example, making chiropractic care or physical therapy mandatory for back disorders before moving to more aggressive treatments.

As employers, we frequently measure cost or unit price and discounts of a procedure. Consider looking beyond the cost and evaluate total cost of care to see the impact of quality. Paying \$7,000 versus \$7,500 for surgery. How many of the patients who received care have reoccurrences, revisions, infections or ER visits? If these scenarios arose from a treatment that cost \$7,000 the costs are in fact more much more than the \$7,500 procedure.

### » INSIGHT

Ask your medical plan administrator how they evaluate the quality of providers in their networks and what is done to get employees on your plan to use higher-quality providers.

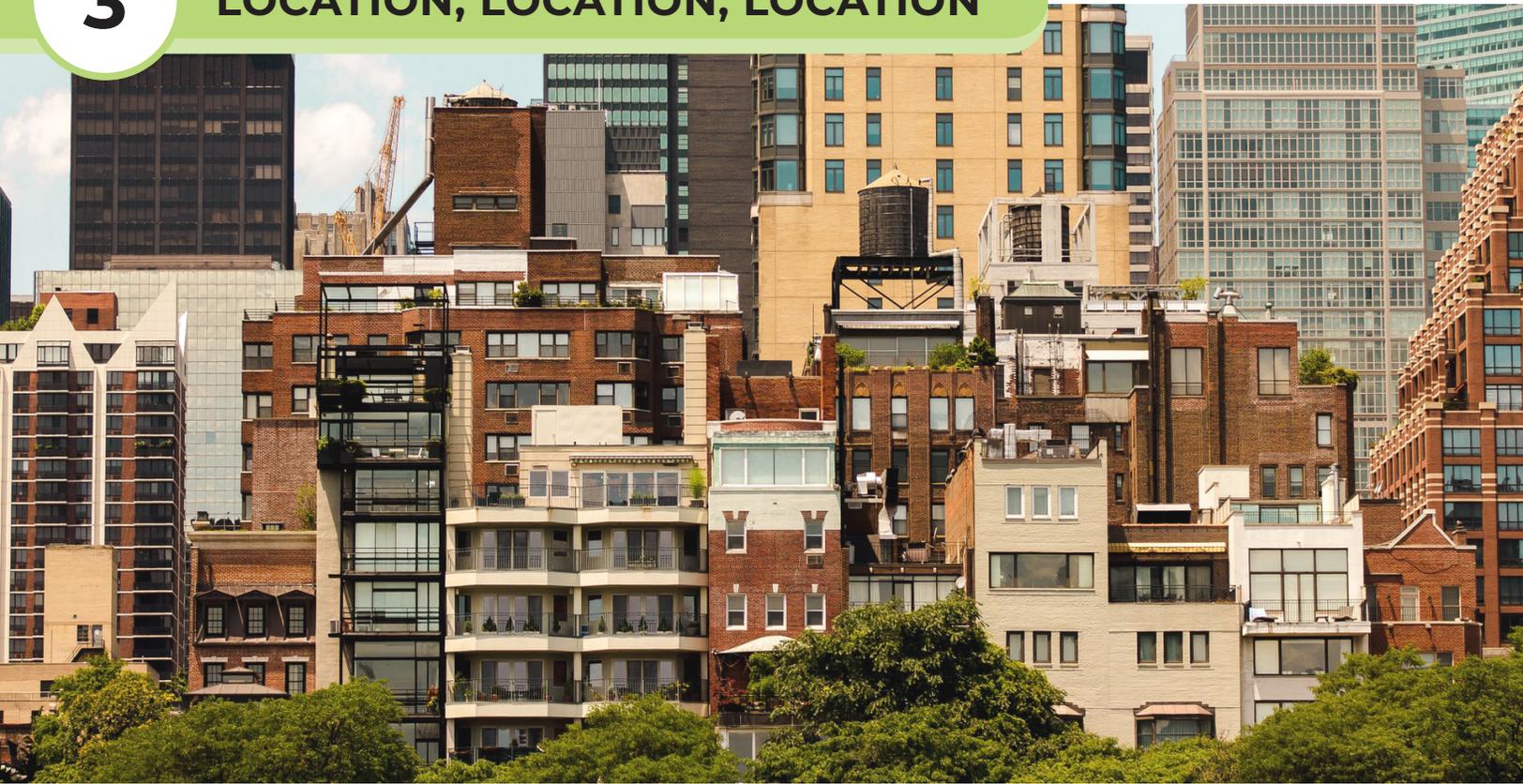
### » INSIGHT

Focus on net cost versus discounts. A provider network can efficiently deliver better value by allowing a provider to raise its list price without increasing the reimbursement. Work with your third-party administrator or medical expert(s) to identify provider outreach and education opportunities on best-in-class approaches.



# 3

## LOCATION, LOCATION, LOCATION



Where people live and access healthcare services has a significant impact on their healthcare spend.

### » INSIGHT

Utilization, practice patterns and cost vary by geographic region. Examples include: some communities have higher emergency department (ED) utilization rates, and others have higher C-Section rates. Understand these differences for communities where there company operations and develop a local plan to improve plan health outcomes.

### » INSIGHT

Most studies find that at least 30% of all ED visits in the United States are nonurgent. A recent study projected \$4.4 billion in annual savings if nonurgent ED visits were cared for in retail clinics or urgent care centers during the hours these facilities are open. The average emergency room cost is \$2,000, ten times higher than urgent care or virtual visit that costs \$50 to \$150. Give employees tools like [findtherightcare.org](https://www.findtherightcare.org) to check symptoms and understand care options.

According to the U.S. Department of Health and Human Services, nearly 9 out of 10 adults in America lack the skills needed to manage their health and prevent disease. A study published in the Journal of Medical Internet Research shows that when people read patient education material and communicate their understanding back to the doctor, they are 32% less likely to be hospitalized and 14% less likely to visit the emergency room.



## » INSIGHT

Many people don't think about their health insurance or care until they get sick. Find fun and unique ways to improve employee health literacy before an employee has to make a decision about their health or benefits. Health Action Council and FitBit offer free wellness challenges throughout the year. Sign up for a Step It Up Challenge at <https://healthactioncouncil.org/What-We-Do/Wellness-Challenge>.



## » INSIGHT

The inextricable connection between employee health and work is more evident today than at any other time in history. The connectivity is multiplied with the transition from structured employer-operated workspaces to virtual environments. Employers can connect employees with resources to address the gaps (e.g., housing, food, education, child care, and transportation).





Health Action Council is a not-for-profit 501(c)(6) organization representing mid and large-size employers that works to improve human and economic health through thought leadership, innovative services, and collaboration. It provides value to its members by facilitating projects that improve the quality and moderate the cost of healthcare purchased by its members for their employees, dependents, and retirees.

Health Action Council also collaborates with key stakeholders health plans, physicians, hospitals and the pharmaceutical industry to improve the quality and efficiency of healthcare in the community.

## **LET'S KEEP THE CONVERSATION GOING**

**healthactioncouncil.org | 216.328.2200**



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