Best Practices for the Healthcare Industry

Healthcare leaders share insights

By Jan Mueller

Healthcare benefits administration is an area of growing complexity, concern, and opportunity for employers. Persistently increasing costs, coupled with new complexities inherent in the Affordable Care Act, are driving many employers to re-evaluate how they structure their health coverage, and what they need from their provider and health plan partners.

We recently sat down with five healthcare executives across the country to talk about emerging trends, and how they are changing the role employers play in healthcare. Here, they offer employers five insights for offering benefits, working with benefit providers, and engaging employees in their own healthcare.

1. Get employees the health information they need.
Trends in benefits coverage, such as the rise in popularity of high-deductible health plans, means employees increasingly share the burden of their healthcare costs. However, right-sized information on health options, cost, and provider quality information can be hard to come by. When consumers have the information they need, including costs of care, they will, with few exceptions, make better decisions. Forward thinking healthcare organizations are working to provide not only more comprehensive health information, but also improved “perspectives” on the long term efficacy of various care options. For example, a provider may include information on long term success rates of physical therapy versus back surgery when discussing care alternatives with a patient.

Employers also benefit from better aggregate data on treatment, cost, and quality according to Mary McWilliams, Executive Director for Puget Sound Health Alliance, an employer-led consortium focused on healthcare. “When employers can compare intensity of treatment, institutional quality, and cost variations, they can more effectively structure their benefits and networks.”

2. Use data to optimize benefit offerings.
Progressive employers are using available data and demanding more of it to help plan their benefits structures. Aggregate employee healthcare data can educate employers on cost drivers that help inform better benefit design.

One example is Kaiser Permanente's growing use of predictive modeling to identify future costs and savings opportunities. According to Chuck Larsen, Vice President of Products at Kaiser Permanente in Oakland, Kaiser works with employers to understand their employee population and how certain medical statistics have improved. “Now we’re investing in additional data to model and forecast future expenses as well as health and clinical risks and take targeted action to address that.”

Employers can also find cost savings by benchmarking their population data. McWilliams cited a recent example of an employer who compared regional data against their own, and then took action to increase their usage of generic drugs. The potential savings they identified were significant enough to drive a change in benefit design. “They went to their labor management committee, and said, ‘We really need to change our benefit design. Look at this money on the table.’”

Employers should look for health care providers who fully support their goals to reduce costs and who will share data on their performance to do so. Without the data to optimize their benefit offerings, employers may be leaving potential savings on the table.
3. Focus on wellness. Data from early adopters support that wellness programs help create a culture of health by reducing healthcare costs and absenteeism while improving employees’ overall health. They’re especially effective when paired with ongoing aggregate health assessments that help employers understand the health challenges of their employee populations and adopt programs that address their unique needs. Such efforts take thoughtful planning and focus.

Consider the wellness plan in use today at Premera Blue Cross in Seattle. Five years ago, the company invested in a biometrics-based wellness program that provided financial incentives to reward healthy behavior. Early on, individual participants received a modest incentive to take an optional health risk assessment. Then overall corporate targets were gradually introduced for weight loss and teams worked together for additional incentives. Incentives were then incorporated into premium differentials.

“You take associates on the journey and you do the education,” said Brian Ancell, Executive Vice President of Health Care Services and Strategic Development at Premera. “People first were interested. Then they were excited about it. Now it is just part of who we are as an organization. As an employer we provide a built-in community that is critical to engaging consumers through camaraderie, motivation, awareness and support. We’ve seen a dramatic improvement in our healthcare costs trend over time.”

There’s tremendous growth in wellness. According to Larsen, Kaiser Permanente now has a dedicated wellness unit. Specialized wellness programs have grown from a handful of employers to well over 1,000 in the last three years.

In Chicago, Advocate Medical Group, Illinois largest physician’s network, has an employer-based initiative called Advocate at Work, which provides employers onsite clinics and services and even a network of fitness facilities. “There is a very measurable return for employers,” said James Farley, Advocate’s COO.

4. Raise awareness within your organization. Driving efficiency in health benefits delivery for the employee population requires new conversations with providers and engagement far beyond the traditional HR administrative function. McWilliams pointed to Boeing and their innovative bundled payment contract with the Cleveland Clinic, with whom employees receive a benefit incentive to secure cardiac care. “They’re a leader. I’d like to see other employers join with them for a similar program in Puget Sound.” Lori Mitchell, CFO of UW Medicine in Seattle, agrees that the employer provider relationship is changing. “We’re partnering with employers for the first time to deliver services as an accountable care organization, focused on improving the health of their employees.”

Larsen sees similar changes in employer-health plan partnerships in a joint effort to reduce costs. “Kaiser is beginning to partner more and more with employers to create health plans that incorporate health, wellness, and consumer engagement programs to drive employer cost efficiencies over the long term.” While employee productivity gains are measurable, the return on investment takes time. Advocate’s Farley added, “This is a long-term value proposition for employers because they are investing in a model of onsite care that will reduce absenteeism and improve productivity. These early sites require investments on both sides.”

5. Be in it for the long haul. Healthcare leaders we spoke with emphasized that the greatest cost savings and productivity gains will come from the cumulative and complementary effects of multiple initiatives. Employers need to be in this effort for the long haul, together with their benefit providers and employees as active partners.

“We’ve been making the infrastructure investments we need to do this right,” said UW’s Mitchell. “We’re well positioned. But we need engaged and willing employer partners.” Premera’s Ancell agreed and added that “Any employer can do this. It takes time, planning and rollout.”