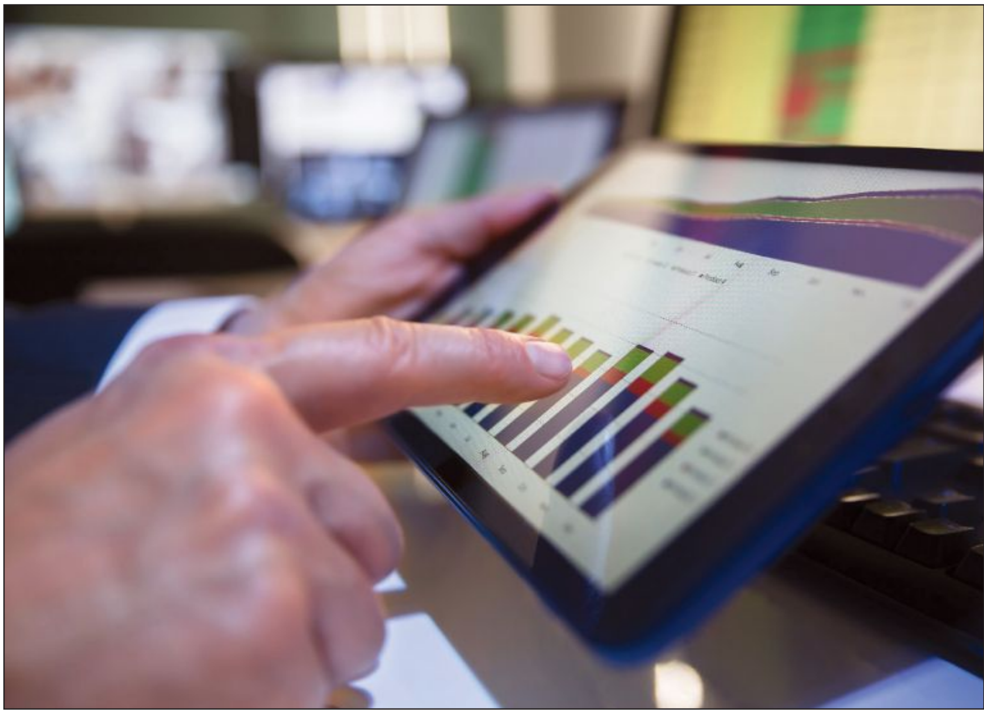
DEMONSTRATING THE VALUE OF INVESTING IN EMPLOYEE HEALTH BENEFITS



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It's a question every health insurance broker dreads because it's one that has traditionally been difficult to answer: What is the ROI am I getting on my employee health benefits spend?

Since the post-World War II era, health benefits have been viewed by employers as an important tool for attracting and retaining top talent. It's become such an ingrained part of the culture that a survey by the *Harvard Business Review*[1] showed that health, dental and vision benefits carry the greatest weight in the choice between higher pay and more perks.

Of course, employers also like health benefits for productivity reasons. Until they can replace their entire workforce with robots, employers believe that keeping employees (and their families) healthy helps eliminate lost man-hours due to illness or distractions.

But by how much? That's the question employers are asking, especially as the cost of those benefits continues to rise. Employers' contributions to their sponsored health plans were $5,306 for individual coverage and $12,865 for families[2] according to the Kaiser Family Foundation 2016 Employer Health Benefits Survey. That makes it one of the highest-cost compensation line items[3] after wages and salary for employers.

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Employers are looking for hard evidence that they are setting the proper spend and reserve levels. They also are interested to see from brokers ways to lower the amount they and their employees are spending on healthcare while achieving the outcomes they desire.

FRAGMENTED INFORMATION

The challenge is the data required to deliver accurate answers is fragmented across claims systems, electronic health records (EHRs), population health management (PHM), finance and other siloed systems. Other pieces are dependent on plan details such as eligibility, co-pays, co-insurance and overall plan design.

Then there's the issue of the sheer volume and variety of all that disparate data. It is so massive that it is difficult to manage. Even if brokers can overcome all of those obstacles, the output they get is typically retrospective rather than being something employers can act on to change the future.

LOOKING AHEAD

The introduction of next-generation predictive and prescriptive analytics is changing that equation. By aggregating all of that disparate data, along with demographic, sociographic, psychographic and other data, the analytics show not only what's happened in the past but predict where risks and opportunities exist and what changes are likely to create better outcomes in the future. Which means brokers can work with employers and health plans to develop plan options that are a better fit for the organization's health and financial needs.

Having this information may also lead health plans or employers to bring in additional vendors, such as care-management companies, to encourage lifestyle changes that improve the health of employees and/or their families while driving down costs. The analytics can then be used to design, inform and measure the effectiveness of program participation in order to demonstrate the ROI and make further refinements.

CONCRETE EXAMPLES

Next-generation analytics can deliver and document quantifiable ROI in a number of ways:

Managing chronic conditions: Employees (or their family members) with chronic conditions such as diabetes typically cost significantly more[4] as a result of medications to manage their conditions and a greater likelihood of using more expensive care settings such as the emergency department and hospital in-patient visits. Using de-identified data from health plans and other sources, personas that account for factors such as where employees live (ZIP+4 data), income and education levels, co-morbid conditions, ethnicity, lifestyle considerations and other factors can be created, and risk scores assigned. The risk scores help organizations prioritize care based on impactability (the likelihood of a positive outcome from closing care gaps) and intervenability (the likelihood the member will become engaged in and follow a care plan). When put into action, more effective, personalized care plans and programs can be designed and implemented for far greater employee engagement and improved outcomes. When care managers can view a profile of a member that includes income, education and other social determinants, they can design realistic care plans that are achievable by members. Once programs are implemented, brokers can share reports that detail current progress as well as overall impact the program delivered, and use prescriptive analytics to create additional improvements.

Keeping services in-network: Another way of controlling costs is by using next-generation analytics to determine how often employees use out-of-network care, including specialists for services such as diabetic eye exams. Looking at network utilization from a provider view is also instrumental to seeing the full picture. Using analytics to track, manage and optimize provider network performance can significantly impact overall network performance.

Enabling pricing transparency: When patients are referred to a specialist, they rarely ask about the cost or whether there is a less expensive option. Employees who choose high-deductible health plan options may be shocked to learn that rather than owing a $25 co-pay, their responsibility is hundreds or even thousands of dollars as a result of using an out-of-network provider. They may also be shocked to discover there is a huge cost discrepancy between having an outpatient procedure such as a colonoscopy performed in a hospital setting versus a clinic or physician's office. By demonstrating these differences and educating employers and employees about their options, brokers can add tremendous value—and significantly impact costs for both.

BETTER ANSWERS

Brokers are increasingly being asked to demonstrate the value of their programs—and their own contributions. It's an opportunity that promises to grow larger as costs continue to skyrocket.

Next-generation analytics can help brokers deliver transparency while steering employers to optimized plans that best suit their specific employee populations -- all of which helps support employers' goals of attracting high-talent employees who maintain healthy and productive life styles in order to have a happy workforce at a lower cost.

[1] https://hbr.org/2017/02/the-most-desirable-employee-benefits
[2] https://www.kff.org/report-section/ehbs-2016-summary-of-findings/
[3] https://www.bls.gov/news.release/pdf/ecec.pdf
[4] http://www.ajmc.com/journals/issue/2015/2015-vol21-n4/persistent-high-utilization-in-a-privately-insured-population?p=2

In his role as the chief evangelist for SCIO, David Hom interacts with strategic audiences with precise messaging of the value proposition of SCIO's products and services, and engages clients to solve their impending issues. He enables strategic relationships with key partner companies by understanding their needs based on the changing healthcare landscape. Dave is an internationally recognized expert in the field of consumer engagement through programs such as value-based benefits and employee wellness. He joined SCIO Health Analytics in 2009 after more than 25 years with Pitney-Bowes Corporation, where he was responsible for introducing their programs in value-based wellness and responsible for reducing medical trend by 50% of the industry average each year for 15 years. Dave has co-authored two books on value-based designs that have been read by over 250,000 benefit and health plan executives.