

WHITEPAPER

# Helping Employers Navigate Increased Healthcare Costs

# HEALTH INSURANCE

## The Challenge

### Health Care Costs Are Increasing for Employers

As businesses reopen and employees begin to seek medical treatment again, employers can expect to see an increase in healthcare costs. As 55% of the U.S. population said that they or someone in their household had delayed medical care due to the pandemic,<sup>1</sup> there will be a surge in medical treatment as people schedule wellness visits, revisit specialists after lapses in care for chronic conditions and reschedule elective surgeries that were put on-hold. This will be a challenge for employers as they attempt to navigate an increase in healthcare costs after seeing a dip earlier in the year.

## Expected Cost Increases for Employers

### Chronic Conditions

One employee group that will expect to see an increase in cost of care are those with chronic conditions such as hypertension, diabetes and heart disease. Employees with chronic conditions cost their employers more than eight times that of their healthy coworkers; an average cost of \$11,000 annually. A survey by the Healthcare Research Institute found that 22% of individuals with employer-based insurance indicated that they had delayed care since the start of the pandemic,<sup>2</sup> and assuming that a portion of that number have chronic conditions, we can expect to see an increase in costs due to a lack of care.

### COVID-19 Treatment and Vaccine

Remdesivir has been approved by the FDA for treating patients who are infected with COVID-19. The drug has shown to reduce hospitalization from 15 to 11 days and reduce mortality from 11.6% to 8%. It's currently the only drug that has been approved to treat patients with COVID-19. Gilead, the manufacturer of Remdesivir, will charge \$3,120 for a typical course of treatment for patients with private insurance. A typical course of treatment is five days of the drug being administered intravenously while the patient is in the hospital.<sup>3</sup> While there currently isn't a vaccine for COVID-19, there are over 150 clinical trials urgently underway. Though actual costs can't be accurately predicted, it can be expected that there will be widespread interest in getting vaccinated especially as the public returns to more communal settings, including the workplace.

## The Opportunity

# Employers are Seeking Partners to Help Manage Costs

A survey by the National Business Group on Health (NBGH)<sup>4</sup> has indicated a strong interest in physician lead ACOs and high-performance networks with 31% of employers planning to implement one or both strategies in 2020 and 66% planning to do so by 2022.<sup>4</sup> Seventy-one percent will pursue an advanced primary care strategy by 2020 and 24% intend to contract directly with advanced primary care models in their local area. As the pandemic has significantly changed the way that employers look at healthcare, direct to employer strategies will be the path forward for hospitals and health systems looking to replace revenue and increase patient volume.

Employers will be seeking health partners in their communities who can help them achieve the following:

- Cost control
- Quicker return to work
- Better outcomes
- Employee satisfaction
- Better access
- Ease of administration

This further opens the door for hospitals and health systems to enter the employer marketplace and leverage their risk reduction competencies, strategy expertise and service alignment to provide a higher level of intervention and achieve better outcomes.



## The Solution

# A Direct to Employer Strategy

Employers who work directly with a hospital or health system will better understand their employee populations through the use of technology and resources that can help identify those who are high-risk. Employers will be able to utilize analytics to determine which employees are delaying care and not taking medications, allowing them to deploy health system interventions earlier.

Hospitals and health systems choosing to compete for employer-centric population health initiatives must carefully assess their ability to deliver on the promise of enhanced employee and workforce health. System resources should be aligned and deployed to provide a total health initiative that addresses the needs of the “demand side” while increasing commercial market share for the sponsoring provider.

Applied Health Analytics positions hospitals and health systems as the leading providers of population health management services in the communities they serve. Applied Health Analytics partners with health systems across the United States to deliver evidence-based and risk-stratified member engagement technology developed to identify individual health risks and align these risks with client-provided services.

At the core of Applied Health Analytics’ capabilities is a proprietary suite of software applications that provide robust data analytics, member engagement, program management, care coordination, incentive management, outcome reporting and data interoperability, all within a single platform. Applied Health Analytics’ technology optimizes the collection and analysis of data to identify risk, manage wellbeing initiatives, optimize workflow and mitigate risk while driving health system revenue and enhancing payor mix.



# A Partnership With Applied Health Analytics

The experienced professionals at Applied Health Analytics work with hospital and health system leadership to define the strategy and tactics important to the successful launch of employer initiatives. This includes:

## Strategy Development

Applied Health Analytics personnel audit existing commercial market initiatives and provide a thorough internal and external review. The team provides system-specific recommendations for the structure, resources, budgets and tools needed to implement a strategy that fulfills the population health demands of local employers and supports the revenue interests of the hospital or health system.

## Interim Management

When new initiatives are launched, Applied Health Analytics provides interim, in-market leadership as the supporting team is identified, trained and deployed to execute the initiative. This important aspect offers leadership the confidence of a successful launch that positively reflects on the organization's image, personnel and service quality.

## Strategic Leadership

Applied Health Analytics provides full-time, professional management and execution of the commercial market strategy. The team recruits, trains and manages a senior executive who understands the role and optimizes the delivery of the commercial strategy. The senior executive is positioned to assess and communicate strategy progress, challenges, metrics and ongoing initiative development.

# About Applied Health Analytics

Founded in 2009, Nashville-based Applied Health Analytics, LLC provides a range of analytics, technology and services to hospitals and health systems that support population health, value-based care arrangements, employer-centric strategies and risk-based contracting. A joint-venture partner with Vanderbilt University Medical Center and Charlotte, North Carolina-based Atrium Health, Applied Health Analytics empowers hospitals and health systems to administer programs that influence a positive payer mix, reduce health benefit costs, improve quality outcomes and manage patient health.

## References

- 1 Public Opinion Strategies and Jarrard Inc., *Coronavirus and Its Impact on U.S. Healthcare Providers*, April 2020
- 2 Pwc Healthcare Research Institute, *Consumer Surveys*, June 2020
- 3 Matthew Harper, *Gilead announces long-awaited price for Covid-19 drug remdesivir*, STATNews, June 2020
- 4 National Business Group on Health, *Large U.S. employers Double Down on Efforts to Stem Rising U.S. Health Benefit Costs which are Expected to Top \$15,000 per Employee in 2020*, August 2019

