

WHITEPAPER

How ERISA Supports Health System and Employer Partnerships





Overview

The Employment Retirement Income Security Act of 1974, also known as ERISA, is a federal law that mandates minimum standards for retirement and health plans offered by private employers. ERISA governs employer-sponsored health plans, also called welfare benefit plans, and prevents states from regulating these plans.

While states still have the authority to govern insurance carriers and HMOs, they do not have the authority to enforce state insurance laws for plans that are self-funded by employers. There are federal-mandates that self-funded plans must comply with, such as breast reconstruction following a mastectomy and a 48-hour hospital stay after childbirth, but they do not have to comply with state-mandated benefits.¹ Almost half of all employees who are insured through an employee-sponsored health plan are covered by a self-funded plan.²

While self-funded health plans are protected from certain mandates, they still must comply with regulations regarding

discrimination. Employers cannot discriminate against certain employees because of health status or disability. However, employers who offer a self-funded health plan can customize plan offerings and tailor benefits to address individuals or groups with certain conditions such as diabetes or high blood pressure.

This customized approach allows for self-funded employers to meet the specific healthcare needs of their employees rather than offering a one-size-fits-all health plan.

Welfare Benefit Plans

Under ERISA, employers with self-funded plans can offer their employees traditional health benefit plans but can add on additional health benefits that are customized for certain people or groups with chronic conditions. For example, a self-funded employer could create a benefit plan for employees with diabetes. The plan could cover medical visits without copays and all generic medications. The benefits of the diabetes-specific plan would only be available to employees with diabetes while other employees would receive traditional benefits or benefits of other condition-specific plans.

Below are examples of what welfare benefits plans could look like:

- **Plan for Employees with Diabetes:** Plan covers 100% of diabetes-related provider visits. Employee has no deductibles or copays. All insulin and generic medications prescribed for the treatment of diabetes are covered at 100%.
- **On-site Health Clinic:** An on-site clinic staffed with healthcare providers from the local health system is available to all employees, even if they don't participate in the employer's health plan. There is no charge for clinic visits and prescribed generic medications are free.
- **Health Coach:** A nurse or nurse practitioner from the community hospital will be available certain days of the week to counsel employees, regardless of health plan participation, and address health concerns. The nurse can suggest behavior modifications for conditions such as obesity and refer employees for advanced treatment. The health coach is available by telephone, on-site or virtually.



The Opportunity for Health Systems

Hospitals and health systems can establish direct contracting relationships with self-funded employers in their local community. They can utilize their resources, services and providers to offer employers a primary and preventive care narrow network within the benefit plan that will improve employee health outcomes and reduce healthcare costs. A direct contracting relationship affords

the opportunity for the employer and the health system to share savings that result from tailored welfare benefit plans. This will allow hospitals and health systems to grow patient volume while simultaneously pivoting to a value-based care model. Employers will benefit from having local resources and expertise, and the ability to choose their network of providers.

How Employers Can Benefit

By offering tailored health plans, self-funded employers can work closely with health systems to more effectively address chronic conditions and deploy early interventions before employees move to a higher risk level. By having the ability to offer flexible benefits that address specific chronic conditions, the employer is able to decrease absenteeism, enhance productivity and avoid costs that are associated with hospitalization, short-term and long-term disability.

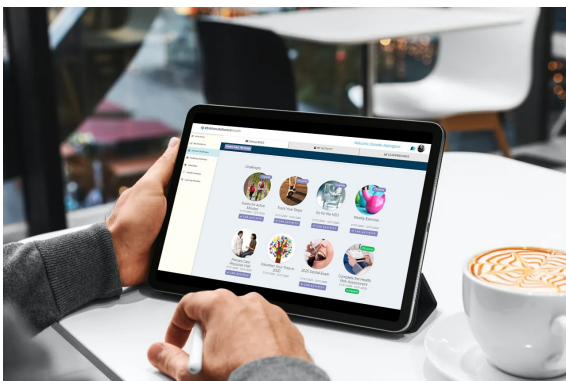
The average tenure for employed professionals is five years and 23% of professional workers have tenures of 10 years or more.³ For this reason, it makes sense for employers to invest in the long-term health of their employees. Not only will it result in better health outcomes for the employee, it will also lower healthcare costs for the employer as they invest in early interventions and specialized care that will keep employees out of the hospital.

How Applied Health Analytics Can Help

Employers who work directly with a hospital or health system will better understand the health of their employees using technology and predictive analytics. Applied Health Analytics understands the population health needs of employers and links proprietary risk analytics and engagement technology with health system resources to offer employers a complete array of evidence-based, early detection and prevention initiatives. Utilizing Applied Health Analytics' technology, employers can identify high-risk conditions that are prevalent in their employee population and create tailored welfare benefit plans to address these health needs.

Applied Health Analytics can help employers identify, develop and execute successful welfare benefit plans by deploying the following tactics:

- A Risk-Stratification Engine:** Applied Health Analytics' risk-stratification engine identifies individuals by health risks, behavior change needs, health history or gaps in care and targets these individuals to promote health system services, products, partnerships and PCPs. Key to any successful strategy is the ability to mitigate health risk by aligning such risk with the resources of community-based physicians and hospitals. These preventative health benefits result in high-value care and reduced healthcare spending for employers.
- Behavior Modification:** Once a health condition is identified, the individual should be provided with recommendations and resources for addressing the issue. This may include weight loss tips, referrals to smoking cessation programs or a recommendation to schedule an appointment with a physician. Applied Health Analytics launches customized health portals that can be implemented as an easy way for an individual to establish health-related goals and track progress.
- Early Detection:** Two of the easiest ways to uncover underlying health conditions are through biometric screenings and health risk assessments (HRAs). These methods provide test results, uncover family histories and identify behaviors that are indicative of a chronic condition. There are tools that can help in the assessment of this data, including bMetrix™, a screening application that allows for the seamless collection and recording of biometric data. Screenings can detect the presence and onset of chronic conditions such as diabetes, heart disease and other issues that have a significant impact on employee health and employer healthcare costs. These tactics allow employers to identify high-risk individuals and their conditions.
- Health Coaching:** Many individuals don't know where to start when they've been diagnosed with a health condition. It can be helpful to appoint a health coach to serve as an accountability partner and help keep the individual on track. A health coach can monitor and track the progress of an individual's condition and provide corrective guidance along the way. An online health portal can be beneficial in allowing the coach to document sessions and also conduct phone or virtual meetings when in-person interactions are not an option. Health coach documentation and virtual coaching are features that are included in the bIQ™ Population Health Management platform.



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Conclusion

Under ERISA, employers can design multiple medical plans that are best suited to address the health needs of specific populations within their workforce. Designing plans that address specific health concerns serves to improve employee health, increase productivity, reduce absenteeism and reduce overall healthcare costs. Self-funded plans have the benefit of being protected from state insurance laws, opening the door to customize health plans and choose provider networks by direct contracting with hospitals and health systems. Welfare benefit plans under ERISA create an abundance of opportunity for employers, hospitals and health systems to partner and achieve outcomes that benefit both.

To learn more about ERISA from a health system perspective, watch Dr. William Satterwhite, III, JD, MD, Chief Wellness Officer at Wake Forest Baptist Health, discuss the beneficial partnership opportunities for employers and health systems that can result from a well-planned ERISA initiative.

Watch the video: <https://bit.ly/ERISAVideo>



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. Applied Health Analytics, a joint-venture partner with Vanderbilt University Medical Center and Charlotte, North Carolina-based Atrium Health, 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

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