

# LARGE EMPLOYERS' HEALTH CARE STRATEGY AND PLAN DESIGN SURVEY

A National Business Group on Health® Publication

## Employer Perspectives on the Changing Health Care System

This year's survey was redesigned to not only capture plan design changes that large employers are implementing, but also to gain insight into their views on the rapidly changing health care environment. Health care costs continue to rise at a stable—but unsustainable—rate of 5% a year for the sixth year in a row, driving many employers to look at the system to see how changes are affecting the long-term affordability of health care—and what they can do to reduce costs.

### The Role of Health Care Strategy

- 27%** Our health care strategy is an integral part of our workforce strategy (e.g., investments in health and well-being are considered key to deploying the most engaged, productive and competitive workforce possible to boost business performance)
- 54%** Our health care strategy is a consideration in our workforce strategy (e.g., impact on health care costs, employee engagement and productivity are key considerations for our health care and well-being initiatives)
- 19%** Our health care strategy is viewed separately from our workforce strategy (e.g., impact on health care cost is the key consideration for our health care and well-being initiatives)

*More companies view investment in health and well-being as an important element of their workforce strategy.*

### The Role of Employers in a Changing System

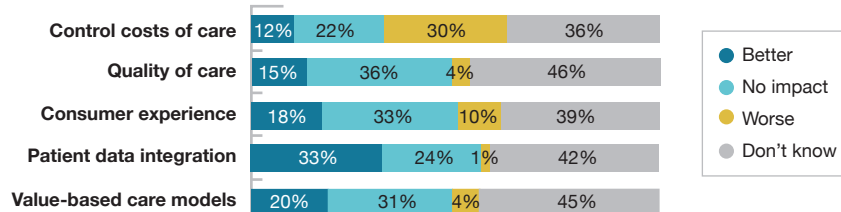
*More employers are playing an activist role in driving delivery system change.*

**49%**

- 19%** **A. Wait and See Approach**  
Implement only once proven results can be seen and solutions are mature
- 32%** **B. Defer to Partners Approach**  
Make adjustments as the market changes and implement what my health plan(s) and PBM present as the latest developments
- 16%** **C. Drive Delivery System Change Approach**  
By pursuing the implementation of alternative payment and delivery models such as ACOs, performance networks and COEs directly or through my health plans
- 6%** **D. Won't Wait for Delivery System to Change Approach**  
Circumvent the delivery system to improve access, convenience, experience and efficiency by deploying virtual and digital care point solutions, navigation and concierge services
- 27%** **E. Both C & D**

To get more involved in delivery reform, employers want the highest-quality providers and market-specific data on performance from their health plans.

### Employer Experience with Provider Consolidation



*Provider consolidation has not lowered health care costs and has often caused them to increase.*

### The Impact of Health Plan/PBM Mergers

- Most employers are skeptical that proposed health plan/PBM mergers will improve the Triple Aim.*
- 26%** Optimistic they will lower cost, improve quality and consumer experience
- 56%** Skeptical they will lower cost, improve quality and consumer experience
- 18%** A defensive move; expect this type of integration to lead to increased cost

## The Pharmaceutical Supply Chain

Nearly all employers believe the pharmaceutical supply chain model needs to change

- 14%** believe it needs to be more transparent
  - 35%** believe rebates need to be reduced
  - 49%** believe the model needs to be overhauled and simplified
- 75%** Do not believe drug manufacturer rebates are an effective tool for helping to drive down pharmaceutical costs
- 91%** Would welcome an alternative to the rebate-driven approach to managing drug costs

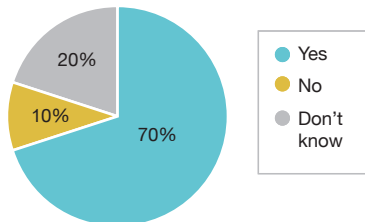
One word descriptions of how employers would describe the pharmaceutical supply chain



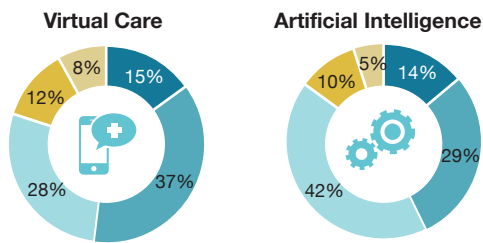
Source: NBGH, Employer Forum on Pharmacy Management, February 2018

## Necessity for New Entrants (e.g., Silicon Valley, Employer Coalitions)

Most employers believe new entrants are necessary to disrupt the market in a positive way.



## The Impact of Virtual Care and Artificial Intelligence

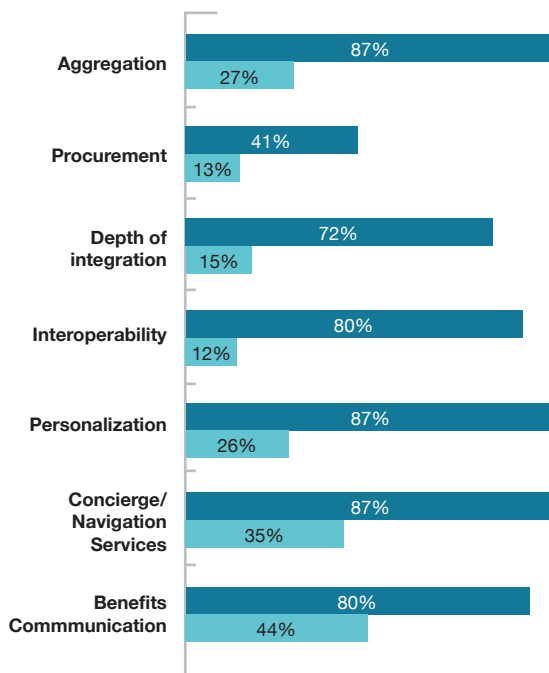


- Very significant impact - will revolutionize how care is delivered in the future
- Significant impact
- Some impact
- Slight impact
- No significant impact

The majority of large employers believe virtual care will play a significant role in how health care is delivered in the future, and nearly as many believe A.I. will have a similar impact.

## The Potential of Engagement Platforms

Emerging engagement platforms show promise to deliver significant value, but have a long way to go to fulfill that promise.



- Valuable/Very Valuable
- Capable/Very Capable

### About the Survey

Fielded in May/June 2018 to corporate members of the National Business Group on Health, the survey captured insights into large employers' views on the rapidly changing health care environment and critical benchmarking information on health care cost, plan design trends and employer initiatives.



**57%**  
Response Rate



**170**  
Large Employers



**19m**  
Covered Lives