

# Don't accept a passive role in health care delivery

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## *You have the power to demand more from your healthcare providers*

With health care costs now poised to consume nearly twenty percent of our nation's GDP, today's employers find themselves at a crossroads.

Job-based health insurance is the largest source of health coverage in the U.S., funding half of the estimated \$3.5 trillion health expenditure in 2017.<sup>1</sup> But the value of this coverage has eroded as premiums and out-of-pocket costs have steadily increased. And Fidelity's research has found that unpaid medical debt is the top cause of financial stress and the highest predictor of incremental absence.<sup>2</sup>

Meanwhile, spending on health care continues to eat away at employers' ability to deliver wage increases and other valuable benefits and rewards.

### What's Inside

- ⊙ The status quo may no longer be working for you
- ⊙ Employers acting as change agents
- ⊙ Considering new "disruptor" models
- ⊙ Wield the power you may not realize you have

## The status quo may no longer be working for you

So what now? We believe it's time for employers to think differently about their approach to health care on behalf of their employees. It's becoming clear that the old model of relying on insurance providers to create meaningful change in cost management and quality of care is not working.

Is it time to transition from a passive plan sponsor role, one that accepts the status quo, to more of a change enabler? The traditional approach of "nibbling around the edges" and relying on innovation from traditional payers may no longer be enough. And implementing consumer health plan models alone may not be turning employees into consumers, as employees have shown little willingness or aptitude to shop for medical services, especially when their health is involved.

## Employers acting as change agents

Employers are uniquely positioned to drive change in the U.S. health care system -- workplace-sponsored insurance covers more than 150 million workers and their dependents.<sup>3</sup> Yet there are limits to the impact of strategies being deployed by the major health plans, as they are beholden to other stakeholders (such as Medicare relationships), and hamstrung by existing systems and processes. And they are fighting the headwinds of provider consolidation – in just one example, research shows that hospital mergers can increase the average price of hospital services by 6%–18%.<sup>4</sup>

Employers have the opportunity to be part of the solution through a willingness to take bold action and test new models of delivery. But it will require new thinking, investments in benefits administration and a careful change management exercise to transition to new models.

## Considering new "disruptor" models

That's why Fidelity Benefits Consulting is working with employers and discussing two market forces they can tap for potential gains – essentially "demand" and "supply". We believe that newly emerging disruptor models will produce greater dividends for employers through a balanced approach to **patient activation** (representing the demand side of the equation) and **provider alignment** (representing the supply side).

**Patient Activation** – Patient activation is about more than offering employees a consumer driven health plan. It's about pushing this approach for maximum impact by arming your employees with all the tools and resources they need to make good health care decisions. Examples include: offering your employees strong health care navigation support, a consumer-grade digital experience, and access to affordable options for care that don't sacrifice quality.

**Provider Alignment** – Managing supply through provider alignment means engaging with your health care suppliers with the same rigor that you apply to other elements of your business. Working directly with your vendor partners and requiring their alignment from a quality and payment perspective is critical. This may include, among other approaches, thinking beyond fee-for-service discounts, and moving away from the typical broad access nationwide PPO network your provider offers you to a narrower but more efficient network, with higher levels of accountability for care coordination.

### Key takeaways:

- Meaningful improvements in health care value and delivery are within reach if employers take a more active role in health care delivery.
- Fidelity can help you explore and implement newly emerging strategies to better manage your health plan.

## Health care quality and value

"Managing Demand"  
Patient activation



&

"Managing Supply"  
Provider alignment



## Wield the power you may not realize you have

Maintaining the status quo when it comes to health care delivery may be riskier than taking action. You can use your buying power to take action and shape new solutions. Here are some considerations as you contemplate your next moves:

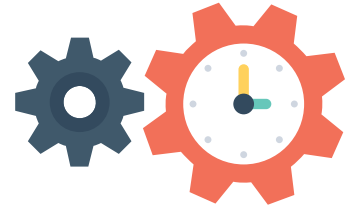
- **Think differently.** Your purchasing department uses its buying power to achieve cost efficiencies for your organization's products in every other segment of the company. Why settle for high cost, low value health care services for your employees?
- **Set the bar higher** for your suppliers, your vendor partners, and the providers delivering care to your employees and their families. Engage directly with health systems in your largest markets to understand how they are transforming their care delivery.
- **Use the power of your next RFP** (request for proposal) to create more urgency. Show the health plans you mean business by demanding more transparency and accountability (including fees at risk) around innovative reimbursement methodologies and patient steering strategies.
- **Pilot a new approach** in a limited fashion, learn from the results, and consider implementing company-wide.

## We'll help you explore options that make sense for your workplace

At Fidelity Benefits Consulting, we offer an unbiased perspective and experience in newly emerging health care delivery models. We'll help you evaluate your needs, present you with new ideas, develop strategies and manage the vendors that deliver your benefits.

In our next article, we'll explore some of these themes in greater detail. In the meantime, let us know what questions we can answer for you or if you would like to learn more.

For more information on this topic, please contact your Fidelity relationship manager, or email Fidelity Benefits Consulting at [fidelitybenefitsconsulting@fmr.com](mailto:fidelitybenefitsconsulting@fmr.com).



**"Your company's purchasing department routinely uses its buying power to ensure you are getting the highest quality products at a fair price. You can apply the same mindset to the health care services provided to your employees."**

- Erin Tatar, Senior Vice President, Fidelity Benefits Consulting

<sup>1</sup>Fidelity Investments, Press Release, FIDELITY® RESEARCH FINDS THE TOP TWO SOURCES OF STRESS FOR AMERICAN WORKERS ARE THEIR JOB AND FINANCES, August 9, 2018

<sup>2</sup>Fidelity Total Well-Being Survey, August 9, 2018

<sup>3</sup>"The Decline of Employer-Sponsored Health Insurance", Commonwealth Fund, December 5, 2017

<sup>4</sup>"The Impact of Hospital Consolidation on Medical Costs", NCCI, July 11, 2018