

INTRODUCTION

How often do you change the oil in your car? Most of us gladly pay for standard vehicle maintenance to keep our cars from breaking down and stranding us on the side of the road. A \$30 oil change is much better than a full engine overhaul.

Now, consider how often you or your employees visit a primary care physician or receive preventive care screenings. While most employees with health insurance visit a doctor when they're sick, far fewer receive standard preventive screenings in accordance with age and gender recommendations. Why? Americans as a whole are conditioned to seek medical care in response to illness symptoms. Even when health plans cover preventive screenings, many companies find that their employees fail to take full advantage of these benefits. We're missing those "engine tune-ups" we give our cars. Consequently, underlying conditions go undiagnosed until a major health crisis occurs.

We Are At A Tipping Point— And The Change Starts With Employers Like You.

America's health insurance system is based on a model of reactive rather than proactive care. Chronic disease treatment costs billions each year, driving up employer healthcare premiums. By 2030, the **Economic Burden Of Chronic Disease** could surpass \$42 trillion. Workplace wellness initiatives, while well intentioned, cannot turn the tide on their own. Employers - working together with health care professionals - have an opportunity to move from a system that emphasizes treatment to one that emphasizes prevention with high value care.

Economic Burden Of Chronic Disease



ABOUT

The High Value Care Revolution: What Employers Need to Know

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Chapter 1

The Problem: Why the 15-Minute Office Visit Is Not Enough

Understanding America's Chronic Disease Crisis and Skyrocketing Health Care Costs

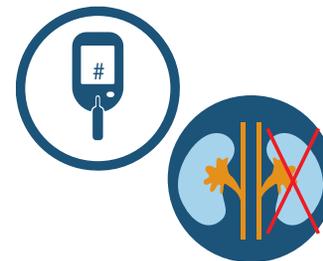
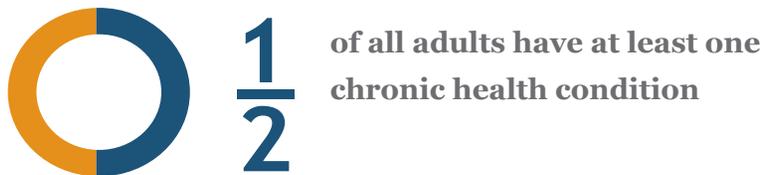
Half Of All Adults In The Us Have At Least One Chronic Condition,

such as diabetes or heart disease, according to a report by the Centers for Disease Control and Prevention (CDC) published in *The Lancet*.

The paper - part of a new series in the journal, “The Health of Americans” - found that a staggering 25 percent of adult Americans now have two or more chronic conditions.

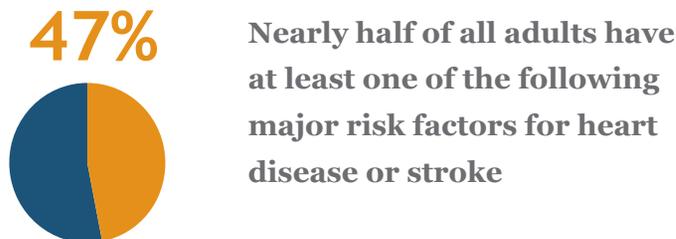
America Is Facing A Health Crisis.

The CDC reports that chronic diseases and conditions, such as heart disease, stroke, cancer, type 2 diabetes, and arthritis, are among the most common, costly, and preventable of all health problems.



Diabetes is the leading cause of kidney failure, lower-limb amputations and new cases of blindness in adults

The warning signs for these chronic conditions are staring us right in the face:

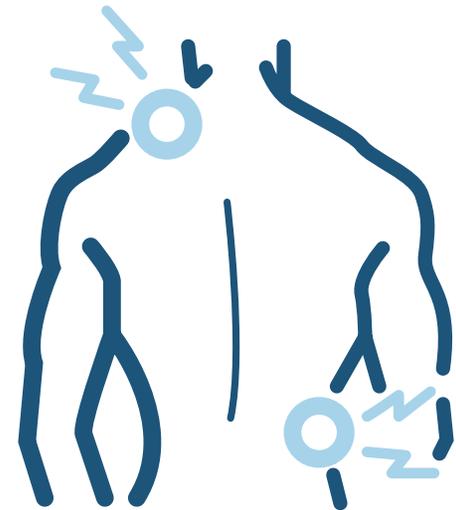
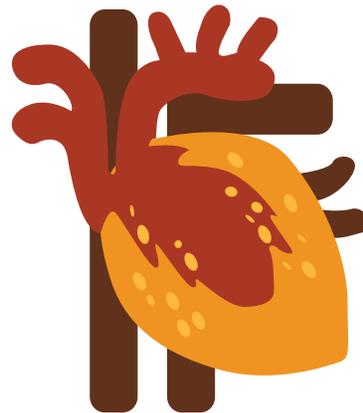


of all adults meet seven cost-effective health measures, according to a [scoring resource](#) by the American Heart Association measures

Just 20 Conditions Make Up More Than Half Of All Spending On Health Care In The United States,

according to a study that tracked personal health care spending over an 18-year period from 1996-2013. The top three most expensive conditions are diabetes, heart disease, and back and neck pain. Yet just a fraction of health care dollars are spent on preventing these conditions. While no single factor can be blamed for the current health crisis, it's clear that a pattern of reactive rather than proactive care is part of the problem. High copays and high deductibles have conditioned many employees to wait until they are sick to use their coverage.

The Top 3 Most Expensive Conditions

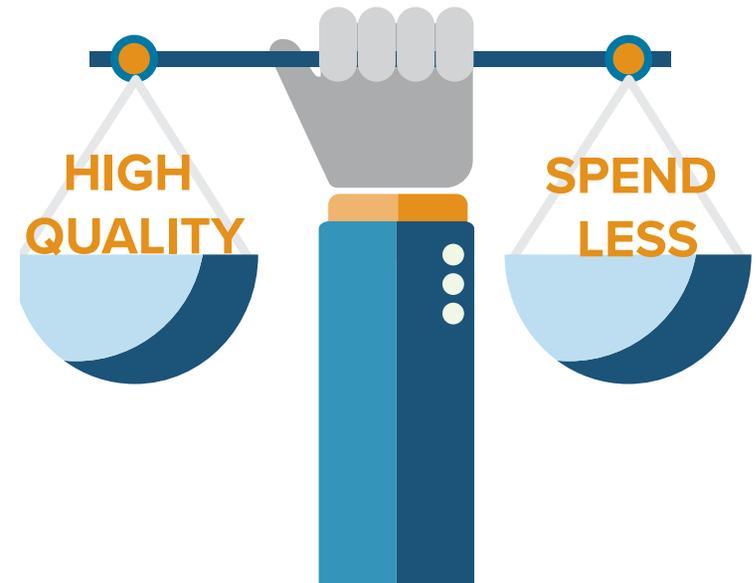


Employers Don't Need To Spend Thousands More On Health Care Per Employee– They Just Need To Spend Differently.

The bulk of chronic disease risk factors fall squarely within an individual's control, according to [CDC research](#). In fact, eight preventable risks and behaviors drive 15 chronic conditions that account for 80 percent of total costs for all chronic illness worldwide, according to [Aon Hewitt 2014 Health Care Survey](#).

If employers and health care professionals emphasized preventive care rather than reactive care, the bulk of chronic disease could be prevented. A healthier workforce means reduced absenteeism and presenteeism, increased employee engagement and productivity, improved employee recruitment and retention, and more positive healthcare outcomes. The U.S. Preventive Services task force has reported high-priority [evidence gaps](#) for and the American Academy of Family Physicians has identified [recommendations](#) for clinical preventive services.

Over time, employers could ultimately spend less on higher quality care for their employees.



High Deductible Health Plans Are A Mixed Blessing.

With insurance costs skyrocketing, many businesses have embraced high-deductible health plans (HDHPs) as a way to lower overall insurance costs. HDHPs are also a favorite offering through the current Healthcare.gov insurance marketplace since these plans meet the minimum essential requirements for insurance coverage at a more affordable monthly premium than higher value plans.

When implemented correctly, HDHPs can actually provide employers and employees with more accountability and agility to control their care, such as the ability to choose more cost-effective services or price shop. All too often, however, HDHPs are used as cost-shifting tools- pushing the cost of care onto employees with higher deductibles without building back in the component for more effective care.



Approximately 40 Percent Of Privately Insured Americans Under Age 65 Have Hdhps.

HDHP plans require an individual to pay at least \$1,300 - and a family the first \$2,600 - of their health costs before their benefits kick in. Many plans have substantially higher deductibles. These plans are a flashpoint in the current health care debate because they offer the illusion of providing care without actually covering anything beyond the most basic preventive services.



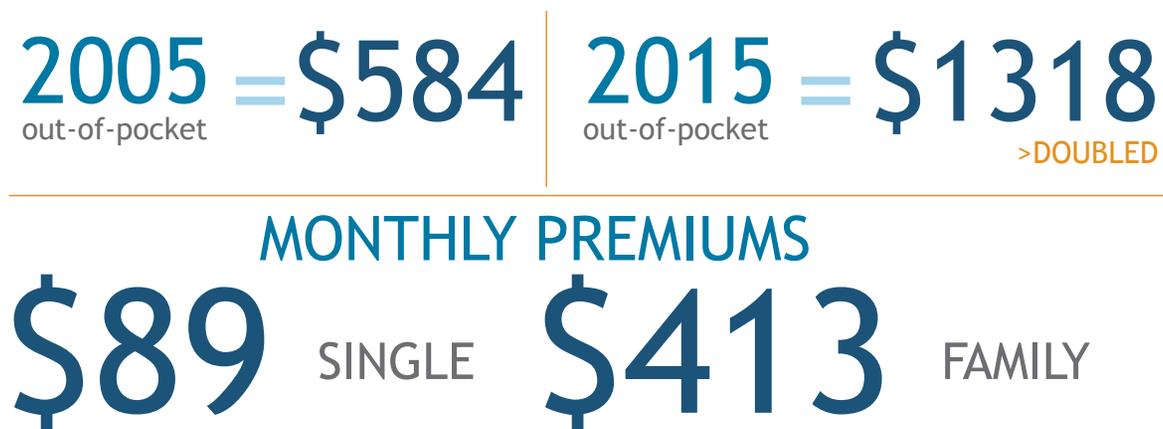
“Patients with chronic illnesses such as diabetes, depression, or heart disease must still pay the entire cost of their tests, appointments, and prescriptions until they meet their plan’s deductible. Many of these services are proven to keep their condition from getting worse, and in some cases have been found to lower total health care spending.”

According to the University of Michigan’s Institute for Healthcare Policy and Innovation

In 2015, employees paid an average of \$1,318 out-of-pocket before their health insurance coverage kicked in to cover the cost, reports the Kaiser Family Foundation.

That's more than double the \$584 out-of-pocket costs employees paid a decade ago. That's on top of the average \$89 monthly premium for single employees and \$413 for employees with a family.

Employees and employers spend millions on health care each year, but less than 5 percent of these health care dollars are spent on prevention. Instead, we spend billions each year treating diseases after the fact. It's time for employers and health care providers alike to move away from this reactive model of care to a preventive one. This starts by aligning cost with high value care priorities, rather than spending on care that delivers little or not value. Rather than making cost a barrier to receiving high value care, it's time to make cost an incentive.



Chapter 2

The Solution: High Value Care

How to Lower the Cost of Employee Health Care and Improve Care Outcomes

High Value Care Is The Next Generation Of Health Care.

The goal of high value care is simple: create a health plan that provides higher quality coverage at a more affordable price by covering essential health care and better engaging consumers in their health care decisions.

High value care combines the consumer-driven, market-based concepts of high deductible health plans linked to health savings accounts, with exemptions that enhance coverage for the clinical services that have been proven to benefit patients the most. Currently, all HDHPs must cover certain preventive services without asking patients to pay for them out of their deductible. This would remain the same with high value care. The difference? High value care would also cover services to manage chronic disease, paying the entire cost of tests, appointments, and prescriptions.



Manage Chronic
Disease



Pay Entire
Cost of Tests



Appointments



Prescriptions

While these plans would have a modestly higher deductible than the current HDHPs, the deductible would still be much lower than traditional health plans, according to plan proponents.

Most importantly, high value care plans are completely flexible and can be fully customized to a company’s needs. This includes adding implementation options such as measuring avoidable health conditions through a proven employee health risk assessment and supporting healthy lifestyles through corporate policies, environment and education. In short: as an employer, you can design the program that works best for your company, rather than selecting from limited options that don’t meet your employee’s needs.



In the long run, high value care benefits include:



- Greater accountability to support the appropriate use of preventive care



- Increased transparency related to out-of-pocket cost



- Access to resources and health education to guide employees to the best care options for their unique needs



- Decisional support services to help employees make smart decisions about health care and increase their confidence to be their own best advocate



- Improved Electronic Medical Records for enhanced care coordination between providers

What Medical Care is Classified as “High Value”?

High-value Care	Low-value Care
Tobacco prevention & intervention	Spinal injection for low-back pain
Alcohol misuse screening & treatment	Imaging for uncomplicated headache
Cancer screening	Imaging for non-specific low-back pain
Heart disease screening & coaching (blood pressure, lipids, diabetes, aspirin therapy)	Uses of Emergency Room for non-emergencies
Depression screening	
Healthy lifestyle support	
Childhood health promotion and vaccinations	
Healthy pregnancy and sexual activity	
Motor-vehicle injury prevention	

Prevention Works: Health Care Costs Decline up to \$2,598 per Employee

High value care sound great in theory, but can a proactive approach to health care actually lower care costs or improve care outcomes? Absolutely.

A 2015 study measured the percent of health care costs associated with employees' modifiable health risks and found that these modifiable health risks were associated with a drop in care costs:



This study, coupled with past work, gives employers a sense of the magnitude that might be saved if modifiable health risks could be eliminated.

High Value Care: Good for Employees and Employers

More than 50 scientific, peer-reviewed studies underscore the correlation between investing in employer health and improved financial performance. Most recently, researchers found that companies with award-winning wellness programs also have award-winning stock prices, [outperforming the Standard and Poors \(S&P\) Index by 7-16% annually](#). Even if employee health initiatives did not directly cause a company's stock to rise, emphasizing these initiatives is associated with high-performing companies.

Employers are uniquely positioned to support and complement the care that their employees receive. For example, even modest changes in health behavior and care delivery, such as healthier lifestyle behaviors and improved treatment, could save [\\$116 billion per year](#).



Chapter 3

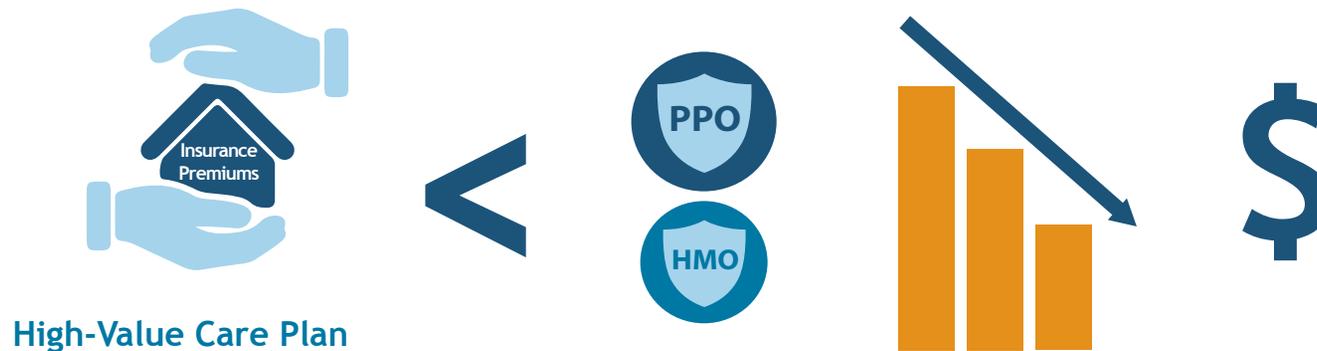
Next Steps: How to Bring High Value
Care to Your Business

Adopting a high value care model requires a change in behavior and thinking. It also requires a new approach to health insurance that incentivizes preventative care and empowers individuals with the education, resources, and support to actively maintain good health.

1. Improve high value care access.

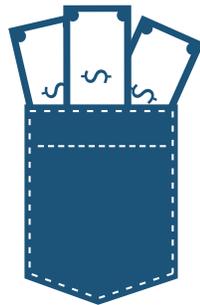
High value care will provide your employees with more coverage options that better meet their clinical and financial needs.

If you currently offer a High Deductible Plan, one option is to adopt a more flexible benefit design that offers coverage for certain medical services through a value-based insurance design (VBID) plan structure. Adoption of this high value care plan could mitigate cost-related non-adherence, enhance patient-centered outcomes, allow for premiums lower than most PPOs and HMOs, and substantially reduce aggregate health care expenditures, [according to plan proponents](#).



As a plan administrator, your business should seek to align out-of-pocket costs, like co-payments, with the value of services.

In essence, this means that high-value services with the greatest potential to impact a patient's health become more affordable while low-value services become more expensive. Consider this approach as it relates to the cost of prescription drugs: under a VBID model, the level of employee cost-sharing for higher medications would be aligned with the clinical value. This approach is especially beneficial for employees who are struggling to control a chronic condition like diabetes or heart disease and find that lower-cost alternative medications are unable to adequately control their health condition. The VBID model recognizes that the same prescription drug could be of high value to one patient and a lower value to another and aligns costs accordingly to these clinical nuances.



Out-of-pocket costs



Copayments



Value of Services

Finally, employers do not have to eliminate their HDHP altogether or think exclusively in an “either or” mindset. There are also opportunities for funding high value care outside of the plan, such as incentivizing use by altering the reimbursement structure (as detailed below), incorporating wellness into company policies and workplace culture, or even bringing wellness care onsite.

2. Improving Access To Care Is Not Enough

Employers can also incentivize their employees to proactively take advantage of these high value care offerings. Employers can help incentivize the use of high value care by being more precise with their benefit design and making it easier to receive care.



Incentivize



Benefit Design



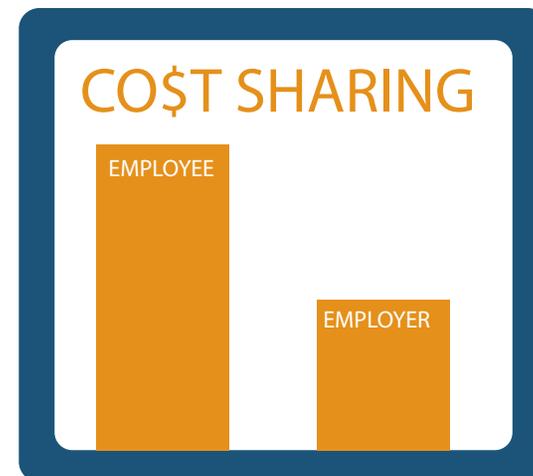
Receive Care

For example, employers could choose to cover a larger portion of the cost for high-value services and a much smaller portion of the cost for low-value services. Consider a patient who is suffering from back pain. Under the current health care system, employees are likely to opt for low-value care such as a spinal injection or imaging for non-specific lower back pain. These services [provide little value to patients](#), however. Under a cost sharing structure, employers could dis-incentivize the use of these services by forcing employees to pay a larger portion of the bill. Conversely, employers could choose to incentivize the use of more conservative treatments for back pain that tend to yield better, longer-lasting results by reducing the cost sharing for this care.

A more precise approach to benefit design will also help incentivize high-value services, including tobacco prevention, medication adherence, preventive screenings, health literacy and healthy lifestyle support and vaccinations.



Employees are forced to pay a larger portion of bill.



3. Address EEOC Compliance Concerns

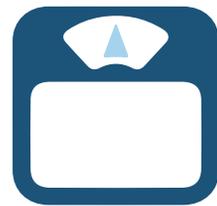


Outside of HVHP plans, many employers already offer workplace wellness programs that are designed to encourage healthier lifestyles or prevent disease. These programs sometimes use medical questionnaires or health risk assessments and biometric screenings to determine an employee's health risk factors, such as body weight and cholesterol, blood glucose, and blood pressure levels. Some of these programs offer financial and other incentives for employees to participate or to achieve certain health outcomes. Ensuring compliance with the [U.S. Equal Employment Opportunity Commission \(EEOC\)](#) is essential.

MEDICAL QUESTIONNAIRES



EMPLOYEE'S HEALTH RISK FACTORS



Body Weight



Cholesterol



Blood Glucose



Blood Pressure Levels

The Americans with Disabilities Act (ADA) and Title II of the Genetic Information Nondiscrimination Act (GINA) generally prohibit employers from obtaining and using information about employees' own health conditions or about the health conditions of their family members, including spouses.

Per guidance issued in 2016 from EEOC, employers may ask health-related questions and conduct medical examinations, such as biometric screenings to determine risk factors, if the employer is providing health or genetic services as part of a voluntary wellness program. Wellness programs that are part of a group health plan and that ask questions about employees' health or include medical examinations may offer incentives of up to 30 percent of the total cost of self-only coverage. This same 30 percent threshold applies to an employee's spouse.



Volunteer



Wellness Program



Medical Exams

4. Empower a healthy workplace.

Health care professionals need support motivating patients to adopt healthy lifestyles- and employers are natural partners to reinforce these lifestyle changes. Together, employers and health care professionals must proactively reach out to patients and employees, monitor health between visits or episodes of care so interventions can be proactive, provide employees with appropriate support, and engage employees in their own care.

For example, an employee health risk assessment could measure the risk for avoidable health conditions and then offer disease management programs to at-risk employees. Behavioral health programs could address depression and anxiety, as well as other mental health issues common in today's high-stress modern workplace.



Employer



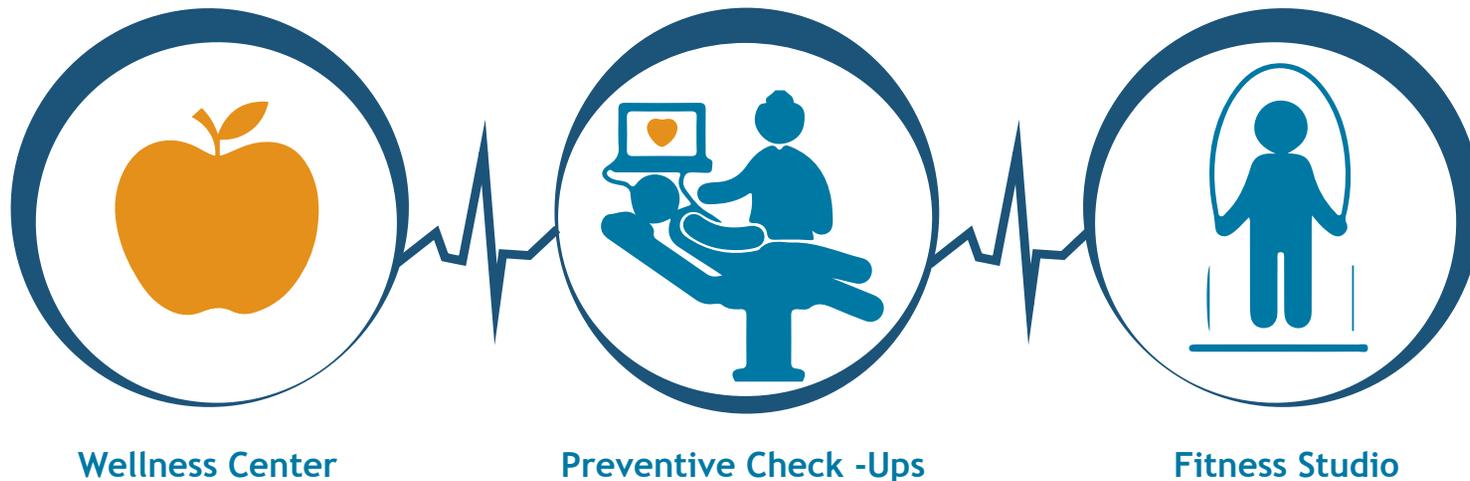
Health Care Professionals



Proactively Reaching out to patients/employees

Companies can also consider options like leasing workspace that includes access to on-site wellness clinics.

[Irvine Company Office](#) is piloting one such program in Newport Beach, California. Thanks to a unique partnership with St. Joseph Hoag Health, companies that lease office space from Irvine Company Office will receive access to a wellness center that includes a medical office for preventive care check-ups and a private fitness studio. This innovative approach uses evidence-based care and lifestyle enhancement programs to empower employees to become good partners in their own health care. Providing access to excellent care on site eliminates barriers to care, such as leaving the office for a mid-day appointment, and fosters a workplace focused on health and wellness.





Bring **High Value Care** to Your Business

For more information on the benefits of High Value Care, including how to take the first step designing the right strategy for your company.

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 248-549-4247 Call Today!

 www.wellcocorp.com