# Alternative healthcare delivery

## New cost-saving solutions that yield a healthier workforce

Why are employers focusing on alternative healthcare delivery? Cost savings is the usual answer, but they also want to provide their workers with the high-quality, cost-effective care they need when they need it, in turn improving employee health and reducing costs for the organization.

As healthcare costs continue to rise, a growing number of employers plan to focus more on how healthcare is delivered and paid for while still pursuing traditional methods of controlling costs such as cost sharing and plan design changes.

Ultimately, alternative healthcare delivery systems should work with primary care to produce a healthier workforce, better health services and cost savings for both employers and employees. Employees should receive the support they need to lead healthy lifestyles and manage chronic conditions. A focus on total cost of care should drive better care management, lower overall costs and generate a greater return on investment from a company's healthcare program.

Our clients, as well as other innovative employers nationwide, are implementing new solutions to improve healthcare and control costs.

### Accountable Care Organizations (ACOs)

With these "one-stop-shop" networks, employers contract with a single delivery system based on a promise of a reduced cost trend. An ACO is a group of healthcare providers that come together to provide high-quality coordinated care to a population of consumers and agree to receive payment based on providing value, instead of the traditional transaction-based payment models. There are a variety of ways an employer can participate in an ACO.

1. **An ACO can be designed and developed by the health plan provider.** Employers can gain access to an ACO through their health plan. This is the most common method used by employers today.
2. **An ACO can be developed jointly between the health plan provider and employer.** A self-funded employer can work with its health plan provider to design and develop the ACO. This allows the employer to have influence in the network, help develop the key performance measures for healthcare outcomes, and receive shared savings.
3. **Employers can contract directly with an ACO.** This would often involve bypassing the health plan provider.

Accountable care models are designed to provide an integrated team approach to assure health and well-being across the continuum. It is an opportunity to focus on creating a culture of health for your employees by linking your wellness programs, primary care and specialty services to potentially decrease your healthcare costs.

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*Please see final page for important disclosure information >>*

If you are considering adding an ACO option, there are a number of issues to consider. These are just a few:

- Your employee population's health profile
- How each insurance carrier is defining and deploying an ACO
- How you would be involved in the ACO as the employer
- The network and clinics contained within
- How the different healthcare groups are performing
- The measures of success
- Transparency of outcomes is crucial — what is the ACO's transparency level?

## Specialized contracting

Self-insured employers are reducing costs significantly by contracting directly with hospitals and other healthcare providers. Some employers contract directly with providers to form their own provider networks while others use it to expand their networks. Some focus on contracting with specific types of care providers with high utilization or costs.

Bundling healthcare services — paying the doctor, the anesthesiologist, the hospital and others involved, one flat rate for a procedure — is another way employers can save money on healthcare costs through specialized contracting.

Before deciding if specialized contract is right for your organization, you'll need to understand what's driving your cost. Taking a holistic look at your claims data (financials and clinical data) and your employee population will help you determine what type of specialized contract would be most beneficial for you and your employees. For example, if you have a lot of young employees, you might focus more on maternity services than on cardiology.

## Telemedicine

Most major health insurance carriers cover some type of remote healthcare technology because of the potential for significant savings. Telemedicine provides doctors and patients flexibility to communicate by phone, email or video chat, saving the time and expense of an in-person office visit. Some health concerns still need an in-person visit, but many can be taken care of remotely.

Telemedicine is most often used to provide affordable quality care outside of regular office hours. Members visiting an emergency department or urgent care clinic for medical care incur enormous expenses. Telemedicine gives them a low-cost alternative for non-emergency medical care, reducing the employer's and employee's healthcare spend while adding 24/7 access.

Every year, telemedicine receives strong utilization among employers and employees as providers improve technology.

## Employee clinics

Some of our clients have started partnering with each other to share the costs of near-site clinics and ultimately reduce their healthcare spending significantly. According to the *Large Employer's 2018 Health Care Strategy and Plan Design Survey* by the National Business Group on Health, 54% of large employers will offer on-site or near-site employee clinics. Employee clinics often promote preventative care and enhance supervision of chronic health conditions while managing and maintaining the cost of services.

The proactive approach to healthcare reduces expenses, but employers have also seen decreases in absenteeism, boosts in productivity and reductions in workers' compensation claims.

Employers that decide to offer a clinic will need to choose from a variety of options when determining how to structure the clinic. For instance:

- Will the clinic be located on the employer's worksite or nearby?
- Should the clinic be sponsored by a single employer or multiple employers?
- What types of services will the clinic offer?
- Who is eligible to receive the clinic's services?

These considerations must be evaluated carefully, as an employer's decisions will have practical and legal compliance implications.

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## Direct primary care

Direct primary care is a popular and growing alternative healthcare delivery. Instead of primary care being covered through your health plan, you or your employees pay a monthly fee to a provider. As members of a direct primary care clinic, employees and their family members receive unlimited access to the provider's services. This approach is designed to produce better care and lower costs since doctors and patients avoid the often complex and costly claims processing.

As of 2017, nearly 3% of family physicians operated direct primary care practices, according to survey data from the American Academy of Family Physicians (AAFP). This number should grow as many related trends are converging to give primary care delivery a major boost, such as the ever-present rising healthcare costs, the increase in high-deductible health plans (HDHPs) and the popularity of telemedicine.

You can use direct primary care by itself or pair it with a low-cost insurance policy, such as an HDHP, to provide coverage for large medical expenses not typically considered primary care. This gives your employees quality medical care for routine doctor visits and coverage they need for larger medical expenses.

Like specialty contracting, you will want to examine your claims data and employee population to determine if direct primary contracting is right for your organization

Employers, healthcare providers and other stakeholders see the current healthcare environment as being in flux. Therefore, there is a strong interest in figuring out how best to provide healthcare to their employees in the current environment and which alternative approaches will work best in the emerging new world of healthcare.

**For more information, contact us.**

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