

Informatics, Innovation and Ingenuity

How data-driven strategies can transform
your company's health plan spend

As Healthcare Costs Spiral Out of Control, How Can Organizations Cope?

Every year, the same news greets employers: As the price of healthcare — for both medical and pharmaceuticals — increases, benefit costs will follow. Consider expected medical cost increases in 2024:

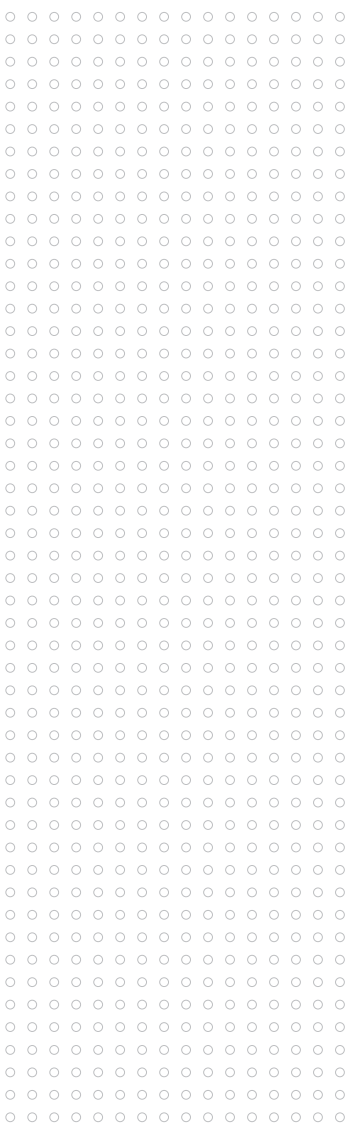
Medical costs (the projected cost to treat patients from one year to the next) will increase 7% in 2024, up from 6% in 2023.¹

Prescription drug prices alone will increase more than 10%, largely due to an expected rise of 14.5% for specialty drugs and biologics, which account for nearly 60% of drug spending.²

What’s frustrating for employers is that they can’t stop the trend at its source. Medical inflation and provider price increases, along with cost-shifting as federal reimbursements are reduced, result in higher costs. That doesn’t include the price of treatment for an aging population and healthcare staffing challenges as additional burdens that fall beyond employers’ purview.

The overall expense of already-pricey specialty drugs will prove to be an even greater burden with the roll out of new gene therapies and large-molecule drugs, such as a \$2.2 million treatment for sickle cell disease.³

Another pressure is GLP-1 drugs like Ozempic™ and Wegovy™. Originally developed to treat diabetes, these drugs are often covered by health plans to treat obesity, with a cost of around \$1,000 a month. The massive popularity of GLP-1 drugs has proven to be a major burden to health plans.



¹PwC, “Medical cost trend: Behind the numbers 2024,” July 7, 2023
²The Segal Group Inc., “What Are the Projected Health Plan Cost Trends for 2024?” September 14, 2023.
³PharmaNews Intelligence, “Breaking Down the Cost of Sickle Cell Disease Gene Therapies,” February 2, 2024.



WHO IS PAYING THE PRICE?

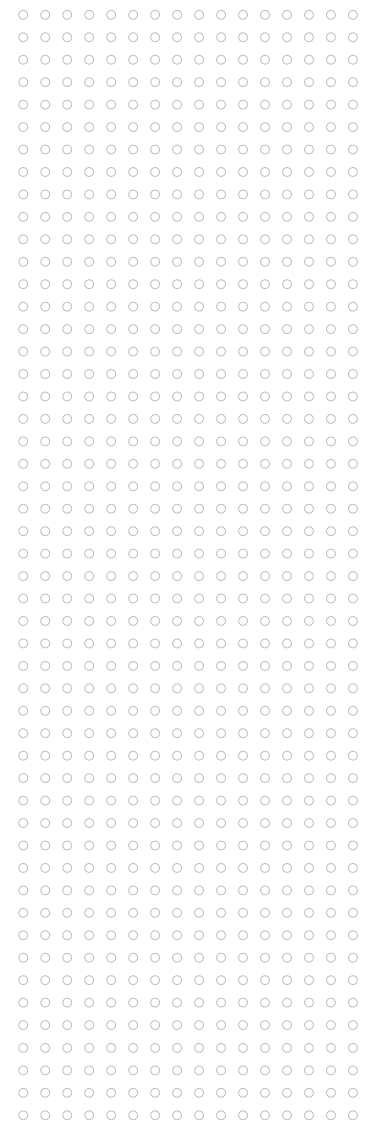
Employers and HR executives are seeing firsthand the impact on health insurance and benefits, with the average family premium skyrocketing 47% since 2013 to \$23,968 in 2023.⁴

The cost of insurance has led some employees to forego insurance or care as a result: In 2022, 38% of Americans delayed medical care due to costs,⁵ while in 2023, 21% left prescriptions unfilled due to costs.⁶

Small- and mid-sized businesses count health insurance costs as some of their largest monthly expenses. When costs are unsustainable, employers are most likely to reduce benefits or shift more of the care-burden to members in the form of larger deductibles, with employees paying a higher share of premiums.⁷

But these tried-and-true strategies to tame health insurance costs have reached the end of their effectiveness. Fewer health benefits can result in sick employees, lower productivity and greater turnover. Catastrophic health plans or cost-shifting to employees have the same result: underutilization and a workforce that has to choose between healthcare and other expenses.

However, hope is on the horizon. Forward-thinking employers now have tools at their disposal that can make a real dent in health plan costs, even if they can't control the costs of specialty drugs or hospital stays.



⁴Kaiser Family Foundation, "[2023 Employer Health Benefits Survey](#)," October 18, 2023.

⁵Gallup, "[Record High in U.S. Put Off Medical Care Due to Cost in 2022](#)," January 17, 2023.

⁶Kaiser Family Foundation, "[Americans' Challenges with Healthcare Costs](#)," March 1, 2024.

⁷McKinsey and Co., "[The gathering storm: The transformative impact of inflation on the healthcare sector](#)," September 19, 2022.

A Holistic Strategy to Help Lower Healthcare Plan Costs

The old playbook for managing healthcare premiums and costs has been played out: Simply raising deductibles, dealing with premium increases or denying expensive claims won't get to the root of the problem. In fact, doing so defeats the purpose of the healthcare benefits investment when the stress of paying their share of these costs affects the physical and mental health of nine out of 10 Americans.⁸

Instead, a holistic strategy that incorporates **data analytics** and **clinical informatics**, revisits and reworks **insurance contracts** and reimagines **health insurance itself** will help employers develop sustainable health insurance strategies that can deliver lower costs and a healthier workforce.

Here's how each one of these keys will unlock the full potential of your health benefits:

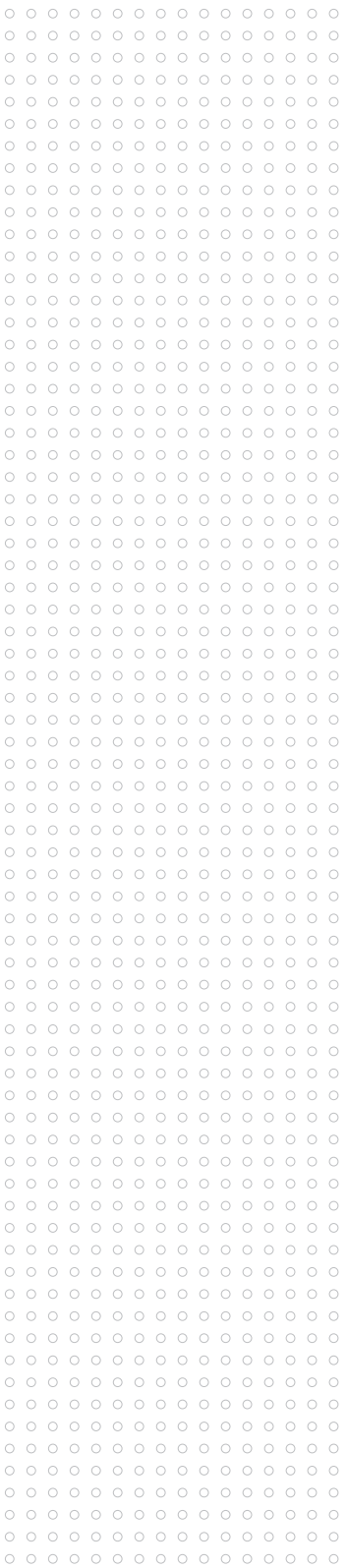
DATA ANALYTICS AND CLINICAL INFORMATICS: A POTENTIAL GAME-CHANGER

Thanks to groundbreaking legislation like the Transparency Act, small and mid-sized organizations now have access to the same health claims data as large organizations. Using that data, employers can get a fundamental picture of utilization, what conditions are prevalent among their employees and the basic reasons why costs are increasing.

But fully leveraging data takes more than data analytics. Employers need to apply the medical lens of clinical informatics to understand the manifestation of those conditions, the extent of their risk and ascertain which treatments align with the medical policy. Doing so can produce startling insights that can transform health plan costs.

Analyzing claims using a variety of techniques can reveal patterns and open opportunities to improve the quality of care and cut costs. For example, clinical informatics could suggest alternative regimens on the patient care side — or identify outdated, outmoded or unnecessarily expensive treatments or providers on the financial side. Further illuminating billing errors has saved six-digits and beyond for companies with a fiduciary duty to control for waste, fraud and abuse.

For instance, clinical informatics can highlight when medicines are administered at a hospital or other costly location and assist in navigating stop-loss lasers (specific limits applied to a defined high-risk member on the plan). In doing so, clinical informatics enhances control over plan management — whether optimizing the plan design, managing risk or devising new cost-containment strategies.



⁸Benefits Pro, "High cost of healthcare making consumers sick – in a literal way," November 30, 2023.



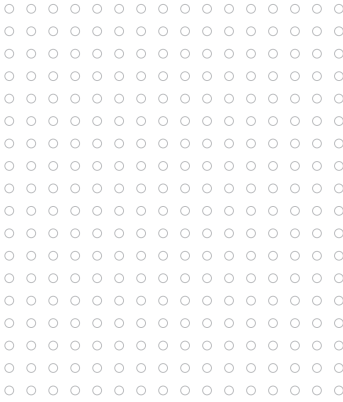
Clinical informatics can also do something even more revolutionary. Using predictive modeling and generative artificial intelligence, informatics can uncover potential issues before they cost the health plan millions of dollars. Pairing clinical informatics with the right underwriting and actuarial tools will result in a positive outcome for plan sponsors.

In one instance, clinical informatics uncovered the reason for a company’s uncontrolled mental health claims: a gap in provision of medications and therapy follow-ups. The company’s employee assistance plan (EAP) provided three visits annually per plan member, and in-network mental health professionals were overbooked and often unavailable. The company added resources that allowed greater access beyond what its carrier allowed, driving down costly medical claims and improving employee wellbeing.

LEVERAGING CONTRACT COMPLIANCE TO SAVE

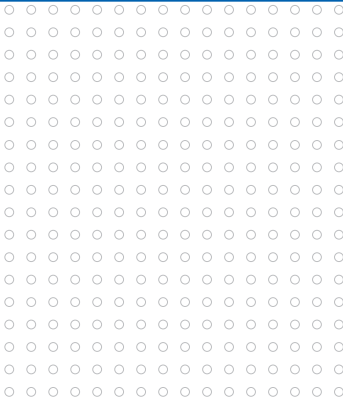
It’s too easy to overlook the details hidden in health insurance and pharmacy benefit manager (PBM) contracts. However, those details — part of a well-thought-out contract with insurers and PBMs — can reap major dividends.

A good contract plan type, co-pays, co-insurance and deductibles are determined to meet the needs of the employee population. Get it wrong, like charging too much out of pocket, and employees will skip care or taking their medications. Costs can add up, with little recourse after the fact.



Million-Dollar Savings

HUB’s recommended strategy for a very large client helped to save millions of dollars through ingredient cost discounts, improved rebates and clinical program enhancements. HUB also facilitated a detailed cost-benefit analysis coverage of GLP-1 drugs for weight loss to its plan to guide an informed decision.



The need for tight contract scrutiny is especially important in choosing a PBM. PBMs compete on price and savings, but employers need to understand the PBM's mechanism of action when it comes to cutting costs. For example, denying a claim because a drug is no longer covered will yield savings on the pharma side, but if doing so results in a suboptimal patient outcome, it will drive up total medical costs as a result.

Plan sponsors should consult with their brokers in analyzing and reviewing terms and compliance to generate maximum savings.

CREATIVE SOLUTIONS ARE SUSTAINABLE SOLUTIONS

Innovation doesn't stop at product design or service offerings — organizations need to consider innovative, creative solutions to their health plan that can improve care and costs.

Such creativity starts when plan sponsors realize a cheap healthcare plan is not necessarily a cost-effective one. Not covering an expensive but effective medical procedure in favor of less-aggressive treatment might save money up front, but often simply postpones the inevitable, costing more in the long run.

Carving Out a Specialty Pharmacy Cost Cure

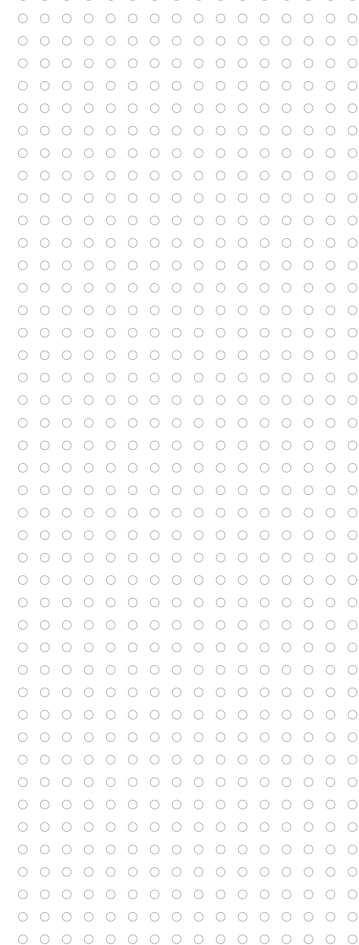
When a HUB client was hit with an expensive stop-loss laser, it needed to rethink how it handled high-cost specialty drug claims. Employees needed a high-cost specialty medication for a chronic condition — some for life — but in some cases, stop-loss protection could not help. The client adopted a solution that allowed for a specialty pharmacy carve out in which employees could tap into patient assistance funding, resulting in dramatically reduced plan costs.

Specialty medications, which account for more than half of total drug costs,⁹ increase stop-loss premiums. Claims may be covered for only a few months, and the drugs may be eliminated from contracts at renewal, leaving patients and employers in a worse spot. Employers can negotiate with stop-loss carriers to buy through a captive to cover that risk.



The \$750,000 Solution

In reviewing a PBM contract for a very large (10,000+ lives) self-funded client, HUB identified two component-level guarantee stipulations under which missing one guarantee would offset the other. HUB and the client adjusted the contract so that both had to be covered — and when one of the guarantees was subsequently missed, the client received a \$750,000 financial guarantee payout.



⁹The Segal Group Inc., "What Are the Projected Health Plan Cost Trends for 2024?" September 14, 2023.

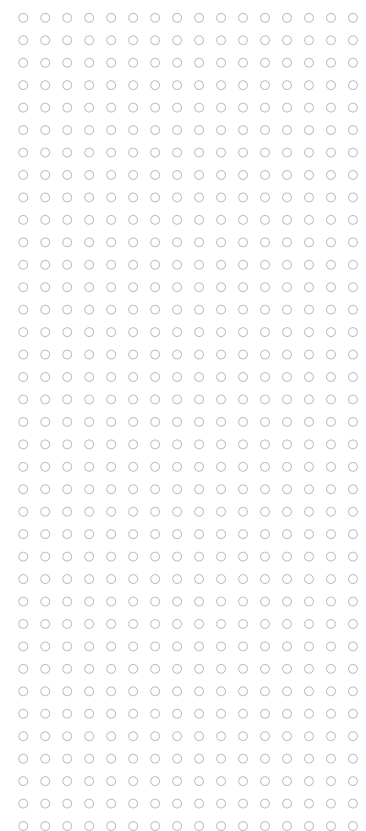


A Holistic Cure

The entire enterprise of healthcare simply is too big, too complicated and too entrenched for a single employer to change the upward trajectory of costs. But by leveraging the tools at their disposal, employers can affect their own plan costs.

Doing so requires a comprehensive approach to healthcare cost management centered on clinical informatics, contract optimization and creative approaches. For as effective as each of these tools may be — like the power of informatics to identify treatment patterns and poorly allocated resources — they're even more effective when integrated in a holistic manner, resulting in a comprehensive approach to managing health benefit costs. A strategy that employs clinical informatics, maximizes contract savings and considers novel solutions like captives will have the greatest financial impact.

Forward-looking organizations that take this holistic approach will be rewarded with a rare gift — a sustainable healthcare plan that provides a competitive advantage for recruiting talent and keeping employees healthy, productive and engaged for the long haul.



HUB Infused Analytics™ Data Suite

Sophisticated tools to make your healthcare plan sustainable, affordable and operating at peak efficiency.

HUB Fusion™ is a customized dashboard that combines carrier data and clinical information, delivering insights on health plan performance, as well as renewal projections and recommendations.

HUB Health Insights™ can put you in the driver's seat in planning benefits and managing costs through analyzing medical and prescription benchmark data of population health risks and large claims.

HUB EmpowerRx™ helps you get the best discounts, rebates and coverage terms from your PBM, by identifying trends and areas for cost savings.

HUB Snapshot 360™ delivers near real-time, automated experience reporting for self-funded and fully insured plans, providing insights into plan financial health and identifying risk/reward funding arrangements.

Strategic support that puts you in control.

Effectively engaging your multigenerational workforce means personalizing both benefits and communications — and looking beyond generations to individual needs so you can offer the solutions best suited to your employee population.

We can advise you on how to confidently navigate the changing demographics of your workforce by leveraging persona analysis insights to tailor a strategy for your total employee population — from core and voluntary benefits to retirement to their overall health and performance.

Contact a HUB advisor today at:

hubemployeebenefits.com



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