

OUTSIDE **THE** LINES

OFFICE HOURS AND THE "WHO PAYS" OF HEALTHCARE

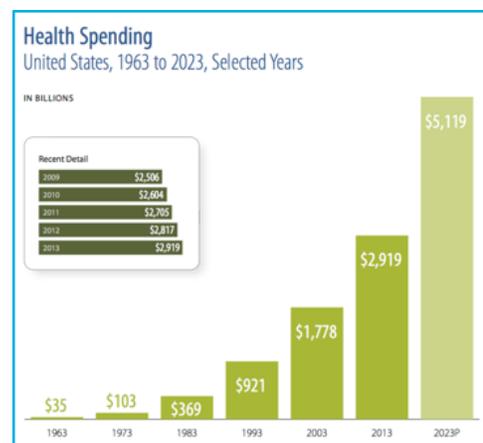
For as long as I've been a strategic planner in healthcare – for more than 25 years now, including my earlier "client-side" days at Cedars-Sinai in Los Angeles – I have been tracking the trends related to who pays for healthcare. It's hard to believe that 50 years ago, Medicare and Medicaid did not exist. Or that in 1960, nearly 100% of prescription drugs was paid for out-of-pocket, directly by consumers.

To see more about health spending trends from 1960-2014, check out [this very cool data visualization](#)

What hasn't changed is the approximate portion of healthcare paid for by private health insurance. According to a recent [California Healthcare Foundation \(CHCF\) report](#), large and small employers are the answer to the "who pays" question. They make up 33% of all health spending, compared to 39% paid for by Medicare, Medicaid, and other public healthcare payers



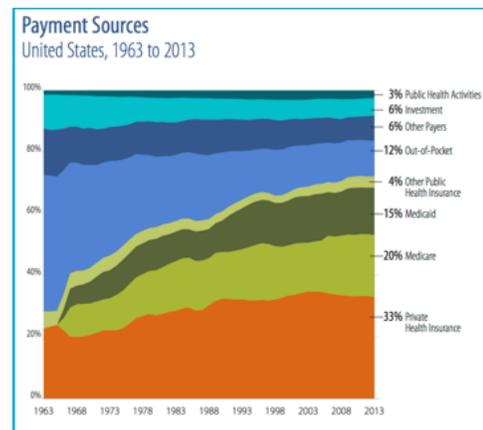
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combined. Considering that healthcare spending continues to skyrocket – it is projected to increase to \$5.1 trillion by 2023 (now that is unbelievable) – and assuming that employers will continue to bear 33% of these costs, it's no wonder that employers are pulling out all the stops to take healthcare matters into their own hands. Most recently, we have seen swift movement by many of these companies to lead the healthcare reform movement, provide medical clinics and healthcare services for employees at the office and via newfangled virtual and home-based models, and dig in deeper – and with greater fury – to make a mark on costs and quality via employer-led coalitions and alliances.

As we continue with Part 6 of our Innovation Series, this week we are featuring new ideas and innovations in employer-based healthcare, a category we call “Office Hours” and one of eight innovator topics included in our [ZIGZAG Healthcare](#) library.

More than 20 years ago, employers formed the National Business Coalition on Health (NBCH) making a statement about the critical importance of employer-based healthcare. Today, this group represents some 7,000 employers and approximately 35 million employees / dependents. State by state, business coalitions comprised of mostly mid-and-large-sized employers in both the private and public sectors represent particular cities, counties, or regions. You may have heard of some of these – the Pacific Business Group on Health (in California), the Minnesota Health Action Group, Texas Business Group on



Health, Northeast Business Group on Health, and many others. Also in February of this year, 20 major companies across the nation announced a new alliance – the Health Transformation Alliance (see more details below) – to hold down healthcare costs and change how they contract for care. While at ACHE Congress meetings in Chicago a couple of weeks ago, one CEO panelist from Providence Health noted: “Let’s not kid ourselves. There is always somebody out there chasing our revenue.” I think this is one of those cases. Already, employers can’t – and certainly won’t be able to in the future – sustain the increasing costs for our inpatient, outpatient, physician, and other services specifically amidst these crazy health spending projections.

So yes, employers – including hospital and health system employers – are taking matters into their hands to address costs while also increasing quality, and many are doing this via interesting collaborations with innovator companies. Specifically, employers adopted workplace-based health clinics years ago, with the intention to reduce time away from the office for their employees’ primary and preventive healthcare. According to a December 2015 [Modern Healthcare story](#), nearly 30% of companies with 5,000+ workers now have on-site or near-site clinics offering some type of primary care, up from 24% in 2013. Health systems are also in this game, including Advocate Health in Chicago and its Advocate at Work program that operates worksite clinics for about 120 companies around Chicagoland. This is how hospitals can stay in this game and “chase”

that revenue in return.

More recently, other companies like [Healthiest You](#) – based in Scottsdale, Arizona – and [Vera Whole Health](#) – based in Seattle, Washington – are very interesting health, wellness, and integrated care innovators focused on reducing medical claims and saving public and private employer-based dollars (with results to prove it). The results tell the story:

- Healthiest You’s bundle of 24/7 tools “handles up to 70% of routine medical issues” and saves time, money, worry, and hassle for companies and employees. Formed in 2012, in August 2015 Healthiest You was listed #846 on the “2015 Inc. 5000” ranking of the nation’s fastest-growing companies. The company has grown exponentially in only a couple of years, doubling its membership and tripling its employer group clients in the fourth quarter of 2014 alone.
- Vera Whole Health partners with hospitals and other private / public employers to save on employee medical and coverage costs. According to the company, the Vera model saves 10% to 25% in net savings for employers after the first year, 7% to 13% reductions in premium costs, a 100% to 268% return on investment, and up to 60% savings in worker’s compensation payouts.

To get more information on either Healthiest You or Vera Whole Health, inquire about [ZIGZAG Healthcare](#) for quick-read executive summaries and other resources available for you.

I'll leave you with this, fifty 50 years ago, Medicare and Medicaid did not exist. Five years ago, Obamacare did not exist. What will happen in the next 5 years or even 10 years? How will we protect employer-based health insurance coverage as a part of our healthcare spending schematic that is imperative to our system? How can we – how *should we* – work with employers to help them transform the care models, provide great benefits for their employees, and keep the costs in check?

Let's not forget the "Office Hours" part of the "who pays" for healthcare. This may, in fact, be one of your highest priority focus areas for today and your future as a healthcare leader.

Always looking ahead,



Kim Athmann King, MBA, FACHE

NEWS ALERT! WHAT'S HAPPENED THIS WEEK

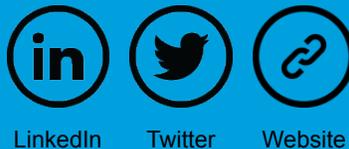
Speaking of Vera Whole Health, just two months ago, [Forbes reported](#) on a "big results" case study involving Vera, the City of Kirkland (in Washington), and Seattle Children's Hospital. Called the Healthy Kirkland Initiative, the City of Kirkland (with the help of Vera) was able to reduce its cost per employee per month by \$211 compared to the previous year—including all the costs to implement the program. Also, Seattle Children's (again, in coordination with Vera) saved more than \$3.5 million in 28 months (net of all costs) for a 57% ROI. There is something going on here that you may want to know about.

WHO WE'RE WATCHING

I mentioned the [Health Transformation Alliance \(HTA\)](#) above. This, too, is something you might want to know about. [HTA was announced in February 2016](#) to Beckers and includes 20 major companies (with others being added) across the country. Why? Because according to HTA, for employers and employees, the price of premiums, copayments and deductibles is rising at a rate that is making health care unaffordable to millions of workers, and to their employers as well. Therefore, to transform the system and create a better way of delivering health care benefits to workers, 20 of America's most successful corporations have joined together in an effort to find a lasting solution. According to HTA: "The companies have done as much as they can to improve the system individually. By banding together, they can make a bigger difference."

WHAT'S TRENDING

While the HTA is new, the [National Business Coalition on Health \(NBCH\)](#) has been around for more than 20 years. Yet, their stature and their influence continues to grow. In fact, in late February, [NBCH announced](#) the hire of its new CEO Michael Thompson, formerly a principal at PricewaterhouseCoopers (PWC). NBCH represents thousands of employers and millions of employees across the country. It also represents 51 state-by-state or regional [coalition members](#). Take and look and know who the employer-led, purchaser-led coalitions are in your market areas.



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