

2016 Integrated Health Care Report:

Using data to add value for employers

This paper summarizes extensive research to date on integrated health care (IHC). IHC is an emerging employee benefits strategy that connects pharmacy, dental, vision, disability and absence management data to an employer's population health program to reduce costs and improve health outcomes.

These studies clearly show that employers are starting to integrate their health care solutions, early adopters are experiencing tangible success and the implementation journey requires direct guidance from benefit consultants and insurance carriers.

Summary of Key Findings: Employers recognize the benefits of an IHC solution

Among employers who are implementing or considering moving to an IHC, the top program outcomes measured include:¹

- 52% see benefits relating to medical costs/claims-based savings
- 45% see positive financial outcomes (e.g., ROI)
- 44% see improved enrollment/participation
- 41% see improved employee engagement/program enrollment
- 31% see improved health outcomes (e.g., weight loss, smoking reduction)

The top-ranked program objectives for employers were (in order):

1. Health cost savings/discounts/cost avoidance
2. Employee retention
3. Improved health and wellness

Employers who have integrated health care report the advantages to be:

- Improved member health
- Simplicity and efficiency
- Customer service
- Single carrier

The top ancillary benefits integrated with health care – also ranked highest for importance – are (in order):

1. Pharmacy
2. Dental
3. Vision

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Integrated Health Care: What it is and why it's trending

IHC is a trend in population health management that connects pharmacy, dental, vision and disability data to population health data. This connection delivers more data, more insights and more member engagement in an employer's wellness and clinical programs.

Population Health Management

"Population health" for the purposes of this report refers to providing the right care at the right time to a patient. Most population health programs consist of clinical and wellness programs to impact the near- and long-term health care costs.

The Need for IHC

Connecting ancillary and health data may lead to early detection and management of at-risk and chronic condition individuals:

- **Pharmacy:** Specialty drug usage and identification of opportunities for alignment can be better tracked by tightly integrating and coordinating pharmacy and medical benefits.²
- **Dental:** Screening for chronic conditions in dental offices could reduce U.S. health care costs by up to \$102.6 million per year or up to \$32.72 per person screened.³
- **Vision:** Eye doctors can detect early signs of some conditions and diseases by looking at your eye's blood vessels, retina and so forth.⁴
- **Disability:** 90% of disabilities are caused by illnesses rather than accidents.⁵

The Role of Data Analytics

Population health requires seamless data sharing between primary care physicians, ancillary providers, insurance companies and other stakeholders. Once consolidated and aligned, analytics are applied to the data to develop health profiles and actionable insights per member. This data allows for evidence-based decision support, a holistic and collaborative approach to health care, and safer diagnoses and treatment.

Adding an IHC Component

Enhancing an employer's population health management program with an Integrated Health Care component can add value in the following ways:

- Ancillary data (pharmacy, dental, vision, disability and absence management) is added to the consolidated data.
- Analytics are run on the consolidated data delivering more actionable insights and a bigger picture of the patient's health.

Key Facts

- **Clinical Programs** (also known as care management or disease management programs) help at-risk and chronic to critically ill patients receive the extra support they need to manage their health.

Consider:

50%

of the population has a chronic condition⁶

86%

of health care costs are driven by chronic conditions⁶

A proactive approach can impact chronic condition management, which is the largest driver of health care costs.

- **Wellness Programs** provide preventive care and tools designed to keep healthy individuals healthy.
- **Dental Screenings** for chronic conditions in dental offices could reduce U.S. health care costs.

Here is how much:



OR UP TO
\$32.72
per person screened³

The Implementation Journey for Integrated Health Care

There are three main stages of the implementation journey:

1. Development Stage

- Nearly half of employers who have integrated health care or are considering it have completed the following phases:
 - Develop goals (completed): 48%
 - Assess costs (completed): 43%
 - Create a formal operating plan (completed): 40%
 - More than one-third more are planning to complete the develop goals phase in the next 12 months.
- Assessing costs and risks is most challenging in this stage.

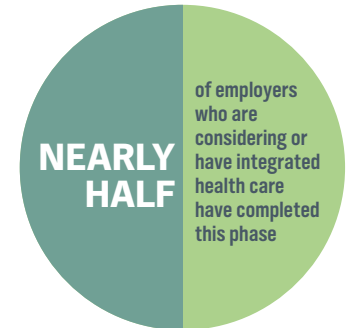
2. Implementation Stage

- Nearly 40% of employers have selected a carrier and are implementing their integrated program.
- Nearly one-third of employers find the employee notification step very challenging.
- Only half of employers have purchased or plan to purchase software and other tools, with one-third finding this activity very challenging.

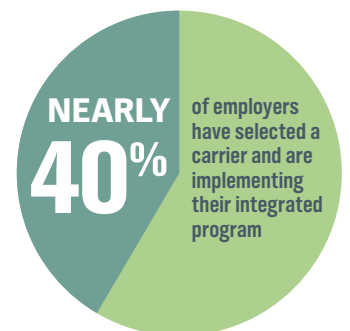
3. Post-Implementation Stage

- Less than a quarter of employers have completed reported outcomes, evaluated their program and established success metrics (nearly half plan to complete each of these steps in the next 12 months).
- Establishing success metrics is most likely to challenge employers due to difficulties in prioritizing metrics and interpreting results.

Development:



Implementation:



Post-Implementation:



Further research findings show that interest in IHC is on the upswing – but employers need more knowledge

Employers need – and value – increased education about what integrated health care is and how it's able to enhance their total population health management program.

- Two out of five employers are currently considering or have already implemented an integrated health care program.
- The majority of employers who are considering/have integrated health care started thinking about it within the past four years.
- When an Integrated Health Care concept is presented to employers, their response to it is receptive or neutral (vs. negative).
- Similar to population health, Integrated Health Care lacks a common definition. Employers have varying opinions on IHC's definition.

Those doing IHC are seeing a variety of benefits

As noted earlier, the top program outcomes measured include:¹

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- 45% see positive financial outcomes (e.g., ROI)
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Among employers who have not implemented IHC, perceptions include:

- The top reason stated for not implement it is “haven't thought about it.”
- When asked, objections are either passive (haven't thought about it) or cluster around convincing others, committing to just one provider or the complexity of adoption.

Industry Reports of IHC Results

- **Pharmacy:** Up to \$3 PMPM in medical cost savings by connecting medical and pharmacy data.⁷
- **Dental:** Patients with chronic disease or pregnancy who treat their periodontal disease have 6%-74% lower medical costs and hospitalizations.⁸
- **Vision:** Disease management programs report an ROI of at least 2:1 or better.⁹
- **Disability:** The average allowed medical cost associated with a disability claim was 25%, or \$8,000, less for members who engaged with a medical nurse care manager.¹⁰



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Vision: Disease management programs report:
ROI of AT LEAST 2-1 OR BETTER⁹

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THIS TRANSLATES TO \$8000 IN SAVINGS¹⁰

Summary and Actionable Insights

The goal of this research was to uncover and share insights that help employers and benefit consultants make informed decisions regarding IHC.

Recommendations for Employers:

- 1. Consider adding an IHC component** as one approach to enhance your total population health management strategy.
- 2. Investigate a single insurance carrier for both your health and ancillary (pharmacy, dental, vision, disability and absence management) benefits** as a way for simplifying an IHC implementation. A single carrier eliminates the need to coordinate software and vendor feeds to consolidate health and ancillary data.
- 3. Consider a phased approach** to minimize the IHC adoption work.
- 4. Talk to your benefits consultant or representative** for guidance on maximizing your population health strategy.

Recommendations for Benefits Consultants:

- 1. Talk to employers about the benefits of a consolidated, integrated health management plan** – reduced costs, improved health and meaningful outcomes.
- 2. Understand where your clients are on their implementation journey** – whether it's the Development, Implementation or Post-Implementation phase. The help, advice and solutions you can provide will differ by stage.



About the Study

Employee Benefit News and SourceMedia Research conducted three employer IHC surveys to gauge employer perceptions, adoption and key trends

IHC Segmentation and Perceptions Study:

- **OBJECTIVE:** Compare employers' perceptions, behaviors, drivers, needs and attitudes about integrated health care benefits.
- **METHODOLOGY:** Online survey conducted in July/August 2015 among 297 large group employers. Respondents were HR/benefits/finance professionals screened for involvement with their organization's health benefits.

IHC Buyer Journey Study:

- **OBJECTIVE:** Understand employers' decision journey when purchasing integrated health care, including their completion rate of each stage, key decision makers and resources, and challenges.
- **METHODOLOGY:** Online survey conducted in October/November 2015 among 293 large group employers. Respondents were HR/benefits/finance professionals screened for involvement with their organization's health benefits.

IHC Integrated Health Care Trends:

- **OBJECTIVE:** Establish a snapshot of integrated health care trends.
- **METHODOLOGY:** Online survey conducted in December 2015 among 316 large group employers. Respondents were HR/benefits/finance professionals screened for involvement with their organization's health benefits.

All studies utilized samples from the *Employee Benefit News* subscribers.

Sources:

¹"Integrated Health Care Benefits Study," August 2015. Conducted by Employee Benefit News and SourceMedia Research for Anthem.

²"Specialty Drugs: Issues and Challenges", AHIP Issue Brief, July 2015

³"The effect of chairside chronic disease screenings by oral health professionals on health care dollars." Am J Public Health Feb. 13, 2014

⁴All About Vision; American Optometric Association, Clinical Practice Guidelines, Comprehensive Adult Eye and Vision Examination 2005; Hypertensive Retinopathy, New England Journal of Medicine 2004; Retinal Vein Occlusion and Traditional Risk Factors for Atherosclerosis, Archives of Ophthalmology 2008

⁵Council for Disability Awareness, Chances of a Disability, 2012

⁶CDC 2016

⁷Anthem data study and Actuarial validation, 2014

⁸American Journal of Preventive Medicine's Impact of Periodontal Therapy on General Health Study, June 2014

⁹Anthem data study and Actuarial validation, 2009

¹⁰Anthem Productivity Solutions data study and Actuarial validation, 2015

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