

TOP 10 HEALTH CARE & COVERAGE TRENDS

Their Impact on You
and Your Employees



Western and Northeast PA, West Virginia and Delaware

Select counties in Central PA

Changes that matter to you

As you know, the world of health care is constantly changing. And it can be hard to keep up and identify the changes that matter most.

But looking at the current industry landscape, we found 10 trends reshaping health care and coverage.

You should be aware of these developments and their potential impacts. Review these trends with an eye toward how they may affect your employees' wallets and your bottom line.

Top 10 Trends

And how they're affecting you and your employees

No.	Trend	Description
1	Wellness Programs	More employers are offering wellness programs, but less than half of employees utilize them. Get to know how these programs can boost your bottom line.
2	Employee Health Costs	Out-of-pocket spending on health care is the highest it has ever been. Check out how health insurance plans can help avoid these rising costs.
3	Big Data	Patient data is stored and shared digitally more often than ever. And health care providers are putting this data to use. See how big data is changing care.
4	Prescription Drug Costs	Extreme price increases for some prescriptions have made many new drugs unaffordable to consumers. Find out why picking the right prescription benefits plan is important to your employees.
5	Outpatient Facilities	Consumer demand for quality care beyond the hospital or doctor's office has increased the number of new outpatient facilities. Take a look at how your employees' evolving needs are changing the face, and costs, of health care.

Top 10 Trends

And how they're affecting you and your employees

No.	Trend	Description
6	Consumer Experience	A better consumer experience leads to higher satisfaction. Check out how health systems are trying to create happier patients.
7	Telehealth	Telehealth is making access to health care faster and easier for patients. See how the growing use of Telehealth can benefit your employees.
8	Opioid Epidemic	Opioid-related substance problems have increased 3,203% since 2007. Find out why this matters to providers and you.
9	Value-Based Programs	Some providers are moving from a traditional fee-for-service model for payments to a value-based model. As the industry looks to reduce costs while maintaining quality, value-based models have the potential to revolutionize health care.
10	High-Performance Networks	Health insurers are turning to smaller, more selective provider networks to improve patient outcomes and to make care more affordable. See why bigger isn't always better when it comes to your network.

Wellness Programs

Employee wellness programs are growing in popularity. Yet less than half of employees participate.

By creating awareness and adding a range of offerings, you can increase employee involvement. This can increase productivity, attract employees, and boost your bottom line.

Wellness Programs



Increase in Wellness Programs

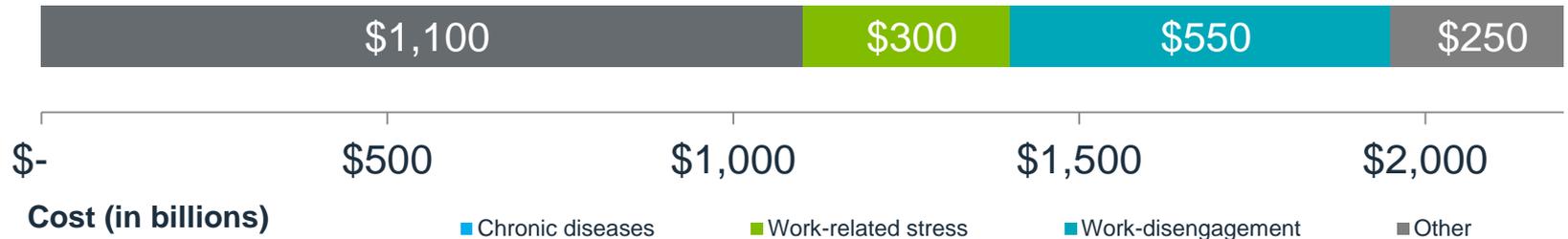
The cost of avoidable diseases and other illnesses is driving the increase in companies offering wellness programs.

There was a **12%** increase in employers offering wellness benefits since 2008.

About **70%** of employers offered general wellness programs in 2015. This is expected to be even higher for 2016.



“Unwellness” at Work Costs for US Economy



Sources: Increase of Wellness Benefits: [Forbes](#), [Valet, V.](#), [Forbes](#), [Kohli, A.](#); “Unwellness” figure: [Forbes](#), [Kohli, A.](#); Employers’ Offerings figure: [Becker’s Hospital Review](#); Effect on Employees: [Humana](#), [Plan Sponsor](#); Additions to Wellness: [Employee Benefit Adviser](#), [Shutan, B.](#), [Employee Benefit Adviser](#), [Olsen, C.](#), [Benefits News](#), [BusinessWire](#).

Wellness Programs



Effects on Employees

The **40%** of employees who used wellness program benefits experienced:

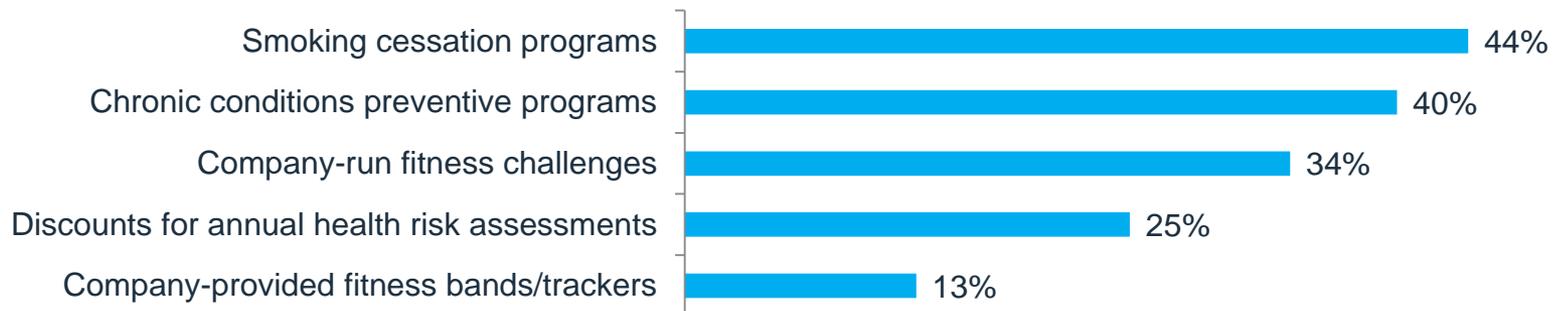
- Fewer unscheduled absences
- Lower health claim costs
- More preventive care

The **60%** of employees who did not use benefits cited reasons such as:

- Lack of information
- Lack of personalization
- Barriers to participation (inconvenience, employer's lack of support)



Wellness Benefits or Programs offered by Employers



Wellness Programs



Holistic Offerings

Employers are adding more **health benefits** and **wellness offerings** to improve employees' health.

- Hearing and vision
- Mental and social assistance
- Financial assistance
- Mindfulness
- Stress-reduction
- Sleep
- Personalized health recommendations

Employee Health Care Costs

Overall health care costs began to slow down in 2016. But consumers' out-of-pocket costs increased.

And higher out-of-pocket costs are stressful and hard to afford.

Employee Health Care Costs

U.S. Healthcare Spending in 2015



Rise in Out-of-Pocket Spending

Out-of-pocket (OOP) spending was **11%** of US healthcare spending in 2015 and grew by **3%** from the previous year

- Annual growth rate of OOP spending **exceeded** annual growth rate of overall healthcare spending from 2009 through 2013.
- Patients with high-deductible health plans are struggling to pay their OOP costs.
 - Over **50%** of patients owed more than **\$1,000** for medical bills.
 - **13%** increase in both deductible and OOP maximum costs between 2014 and 2015.



Effects on Consumers

Although consumers are burdened by high out-of-pocket costs, it's actually becoming less difficult to afford health care.

- **Working-age consumers** (ages 25-65) consider **health care costs** the **biggest financial burden** to the U.S. economy.
- Americans who experienced difficulty affording health care in the last 12 months were at a **record low** at the first quarter of 2016.
- Those without health insurance are **3 times** more likely to report not having enough money for health care over those with insurance.
- The increase in the number of Americans with insurance helps to close the gap.

Big Data

More providers than ever are collecting, sending, and storing patient data digitally.

Data tools put useful information at hospitals' fingertips to improve outcomes and the overall care experience. And this makes health history more sharable and accessible to doctors and patients — a big advance in convenience.

Big Data

Patient Health Data

The collecting, sending, and storing of patient data is becoming more popular for providers and consumers.



Electronic Health Records (EHRs):

- EHR adoption for hospitals increased about **60%** from 2011 to 2015.
- Amount of hospitals sending patient data electronically increased **7%** from 2014 to 2015.
- Hospitals receiving data electronically increased **9%**.

And health care providers are using all that data to make better decisions about treatment options and to improve outcomes.



Predictive Analytics:

- About **80%** of hospital executives plan to use predictive analytics technology in the future.
- **51%** of health care organizations consider analytics their #1 technology priority for 2017.
- **24%** are planning to introduce new analytics systems.
- **59%** are planning to upgrade their analytics.
- *Reasons to Use:* Predicting financials, predicting patient health outcomes and satisfaction, improving quality diagnoses, preventing negative patient outcomes

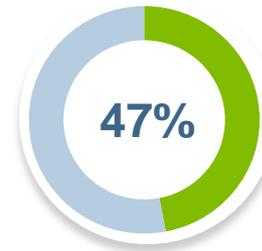
Patient Data Sharing:



Consumers who've shared medical information online with caregiver



Emailed or texted photo of medical issue to doctor



Have health or fitness app

Prescription Drug Costs

Prescription drug costs are going up, especially for brand-name and specialty drugs.

This makes finding ways to curb costs for your employees increasingly important.

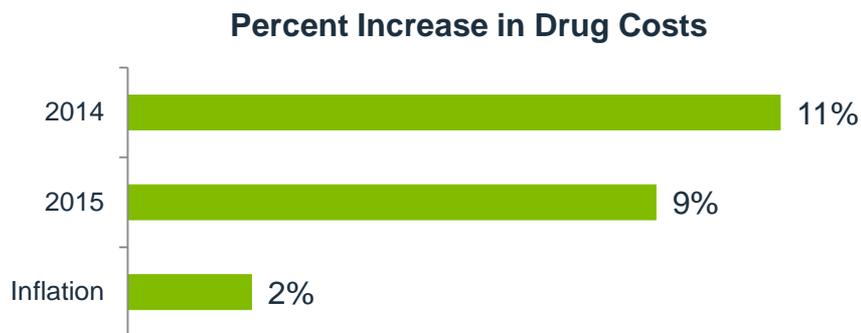
Prescription Drug Costs



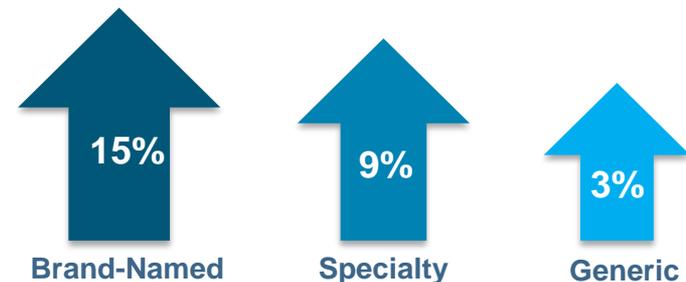
Rising Drug Costs

Prescription drug costs have seen **double digit increases** over the past several years.

- Prescription drug costs overall have increased about **10%** for the past three years in a row.
- Prescription drug spending was about **17%** of overall healthcare spending in 2015.
- Future spending is expected to continue growing faster than overall health care spending.



Price increases occurred in basically every drug category:



Prescription Drug Costs



Effects on Consumers

Almost **3 in 4** Americans believe the cost of prescription drugs is unreasonable.

- **20%** of Americans who take prescription drugs report they or a family member have skipped taking medications or cut them in half because of cost.
- **55%** of Americans ages 50+ said cost was one of the reasons for not refilling their prescription.



Consumers' Solutions to Rising Costs:

- Importing prescription drugs:
80% of Americans or a household member have imported drugs into the U.S.
- Seeking provider help through lower cost “generic” drug options.
- Getting discount coupons for a specific brand-named drug.

Outpatient Facilities

Outpatient facility construction doubled in 2016 in nearly all facility types. There was significant growth especially in urgent care and general medicine/family care.

Health care reform and evolving consumer demands are driving this change. And this is altering the face of care for your employees as they look for new, more convenient and value-based models for their health care needs.

Outpatient Facilities



Growth in Outpatient Construction

Construction of outpatient facilities is growing compared to 2015. The trend is expected to continue.

- **\$19.6 billion** in healthcare construction spending in 2016
- Expected to **double** in 2017
- Health systems, hospital chains, insurance companies, and joint ventures are acquiring facilities.



Need for Facilities

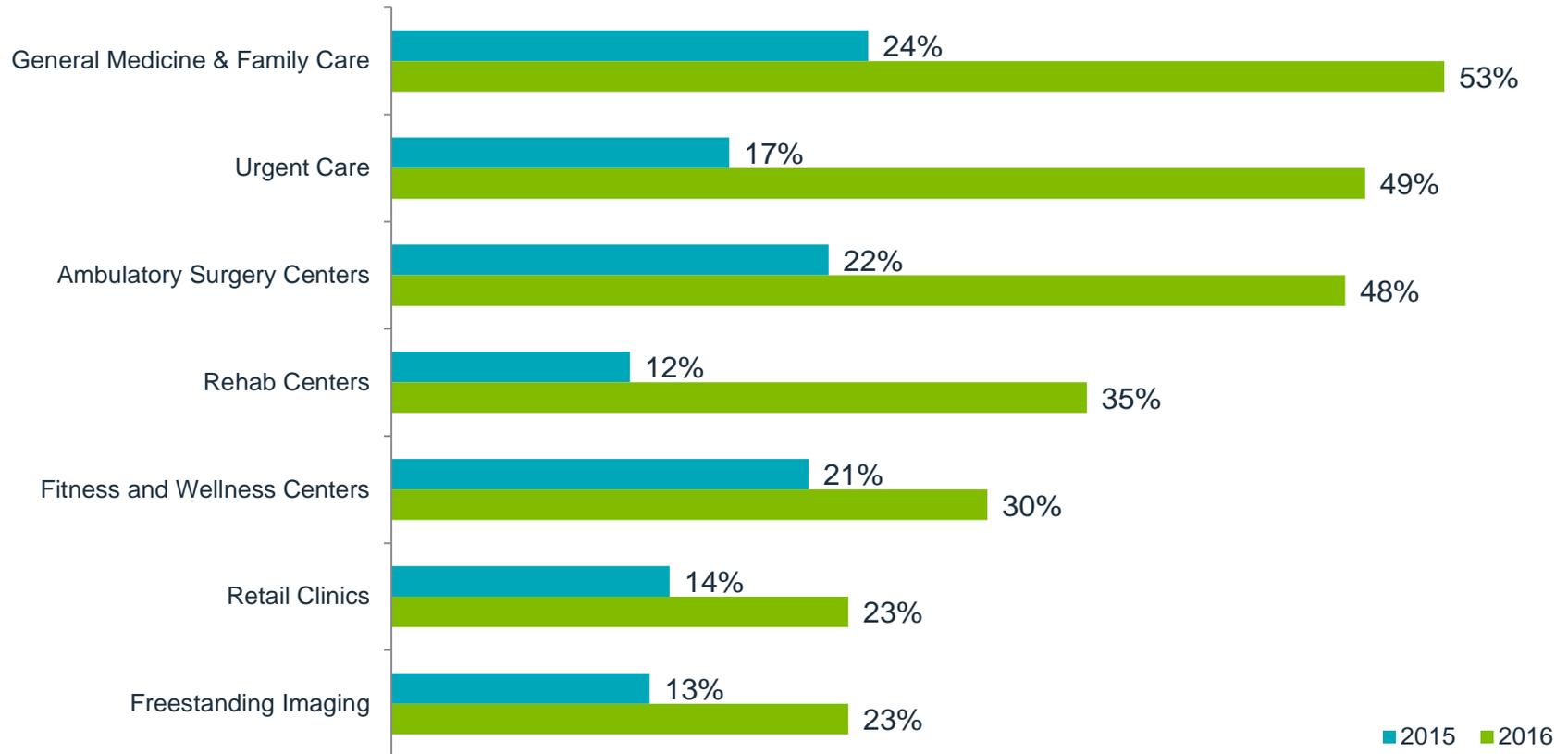
Although value-based care is driving the need for high-quality, cost-efficient outpatient facilities, consumer needs are also affecting the shift.

Consumer demands driving increase in outpatient facilities:

- Shorter wait times
- Extended and weekend hours
- Lower costs for care
- Convenient immediate care

Outpatient Facilities

Outpatient Facility Construction By Hospitals and Health Systems



Sources: Growth in Construction: [Becker's Hospital Review, Wall Street Journal](#); Facility Construction Figure: [Health Facilities Management](#); Need for Facilities: [Harvard Business Review, Wall Street Journal](#); Provider Facility Changes: [Advisory Board, UPMC, Kaiser Health News](#).

Improving the Consumer Experience

Many health systems are prioritizing the overall patient experience. And improvements in the consumer experience, both online and off, have positive effects on patient satisfaction rates.

As you're making provider decisions for your employees, you may want to consider these recent moves in the industry to make care more customer-focused.

Improving the Consumer Experience

Innovations in Customer Service

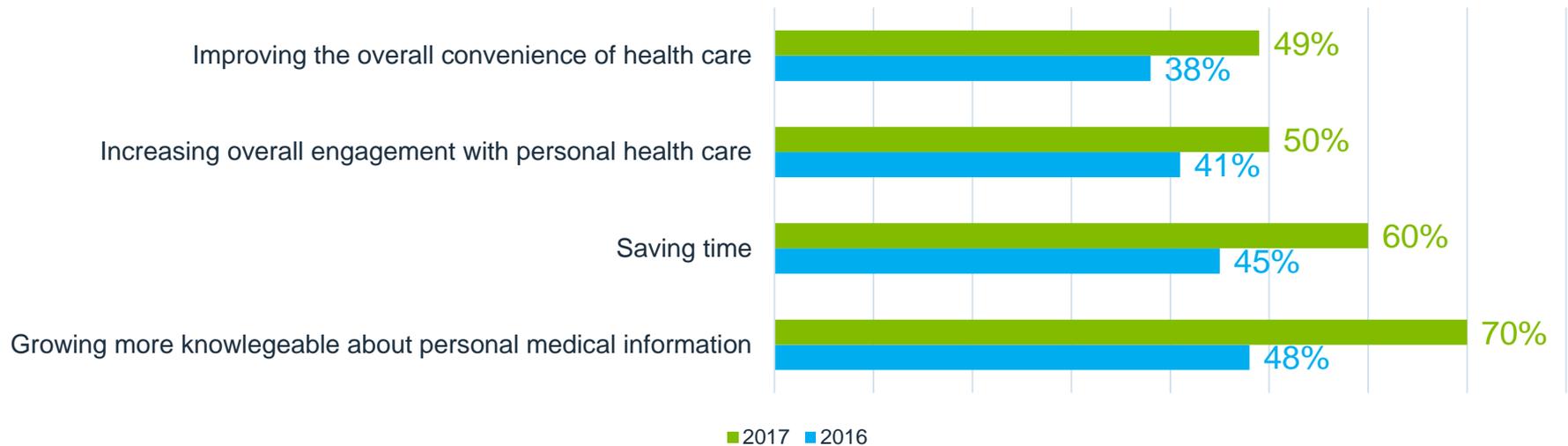
- 1** Enhanced doctor-patient relationships
Through expanded office hours, same-day appointments, longer visit times and on-going communication
- 2** Simplified billing
- 3** Streamlined assistance and customer service
- 4** Cost estimators for tests and procedures
- 5** Video chat to reinforce empathy and clearer communication (non-verbal)
- 6** Yearly cost summaries to help members plan for HSA/HRA contributions
- 7** Mobile friendly access to:
 - Prescription Information
 - Claims information
 - Appointment scheduling
 - Member ID card
 - Cost estimator

Improving the Consumer Experience

Improving the Online Experience

Providers are investing in easy-to-use online portals to boost patients' engagement with their own care. And more patients in the last year found these portals useful.

Perceived Benefits of Online Health Care Portals



Telehealth

Telehealth technologies are increasingly popular, and there is growing interest from employers and consumers. This trend represents an advance in both convenience and access to health care.

Telehealth services put your health care provider only a click, call, or video chat away.

Telehealth

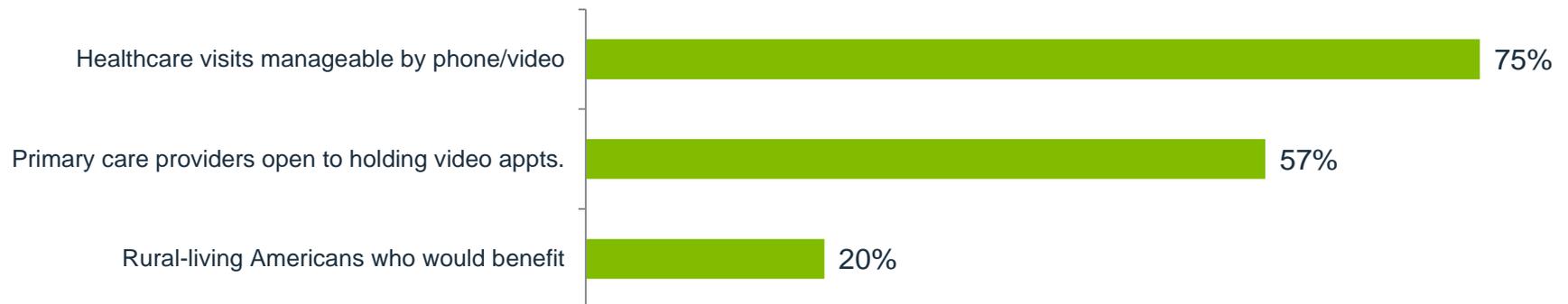


Growing Interest

The future of telehealth is bright due to growing interest among employers, providers, and consumers.

- Global telehealth market is expected to increase **14%** from 2014 to 2020.
- **70%** of employers plan to implement telehealth in employee benefits by 2017.
- Expected **7 million** patient users of telehealth by 2018.

Need for Telehealth



Telehealth



Benefits for Consumers

- Convenience and access
 - Reaches rural patients
 - Less time spent waiting/traveling for in-person doctor visit
- Potential cost savings
- Ability to communicate with health professionals
- Similar quality of care as in-person visits
- Increase in patient education
- Home monitoring
- Easy access for primary care



Interest, but Lack of Consumer Use

- Telehealth has yet to catch on with consumers. The gap between consumer interest and utilization is about **45%**.
- **48%** of consumers are not familiar with the term “telemedicine”
 - **61%** are willing to receive non-urgent healthcare advice, exams, or counselling virtually
 - **16%** have used telehealth services
 - *Reasons cited not to use:* Belief that it provides lower-quality care; security or privacy concerns; too impersonal

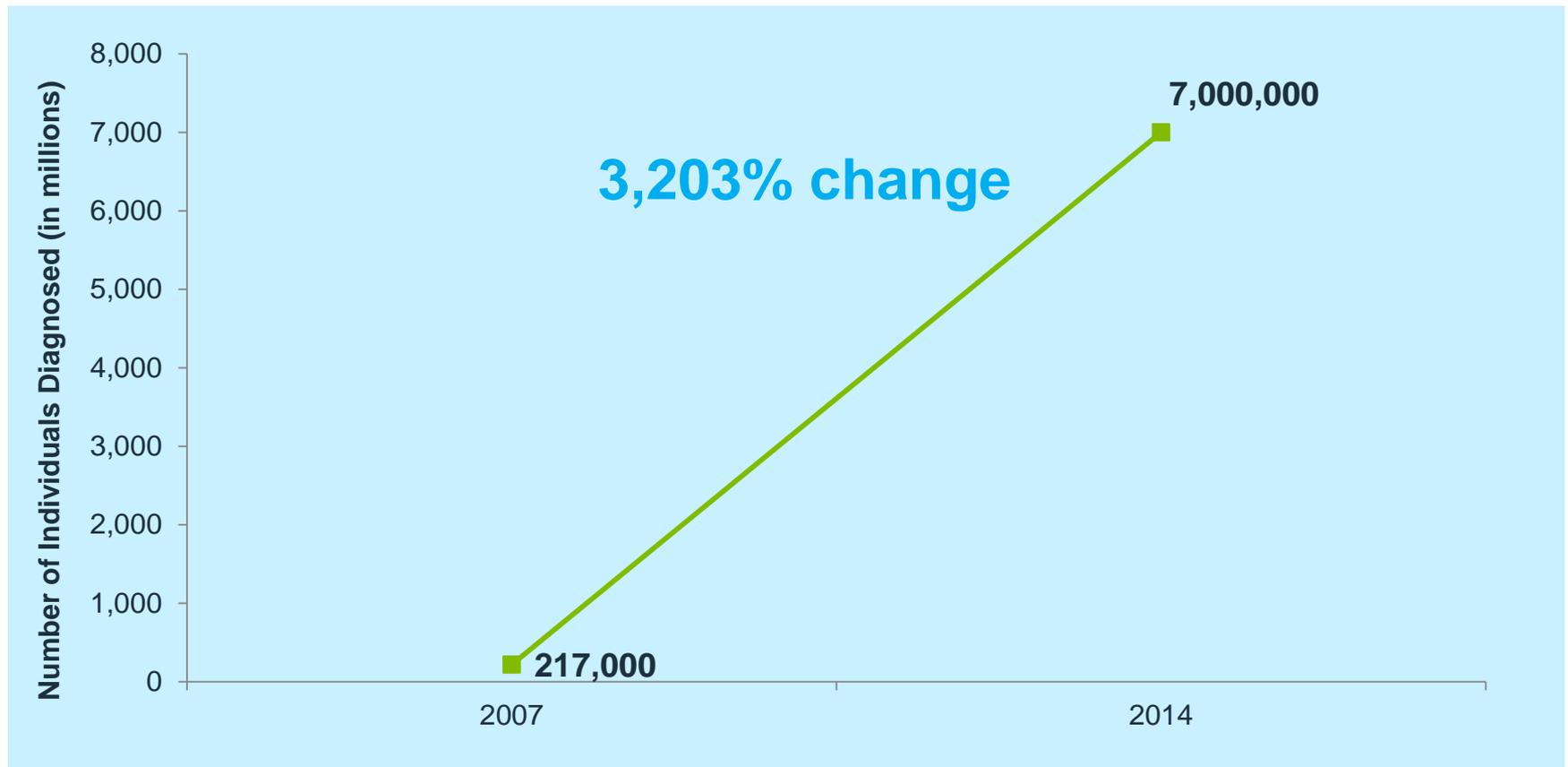
Opioid Epidemic

There has been a dramatic increase in the number of people diagnosed with opioid-related substance problems. But less than **1 in 5** people with an opioid addiction have received treatment.

The rising rate of opioid abuse results in significant costs to you and the health care industry. But many care providers are responding with new education programs and patient outreach.

Opioid Epidemic

Individuals Diagnosed With Opioid-Related Substance Problems



Opioid Epidemic



Consumer Opioid Usage Statistics

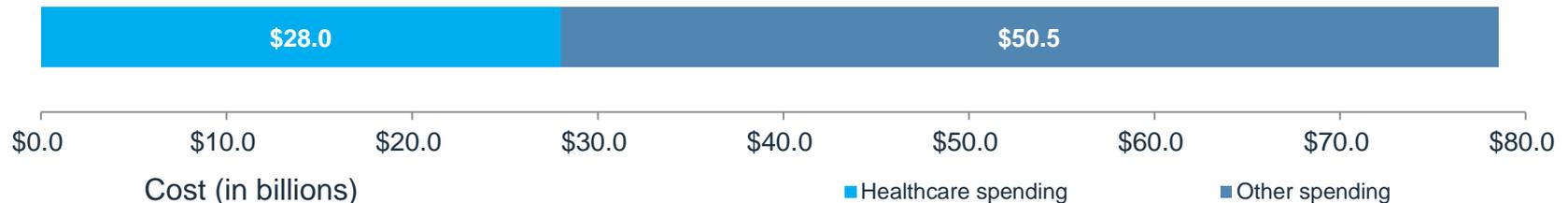
- **19,000** Americans died from opioid overdose in 2014.
- **33%** of opioid users believe they're physically dependent on the drugs.
- **60%** of opioid users stated their provider offered no advice on how or when to stop taking the drug.
- **17%** of those with an opioid addiction received treatment in 2013.



Cost of Opioid Epidemic

In 2013, about **30%** of opioid-related spending was for health care and substance abuse, most of which was covered by health insurance companies. About **25%** of costs were paid for by public sources, such as Medicare, Medicaid, and government-funded treatment programs.

Costs for Opioid Epidemic for U.S. Economy



Value-Based Programs

Many coverage providers are moving from traditional fee-for-service payments models to value-based models focused on both the overall cost and quality of care.

Value-based plan models have the potential to lower costs for your insurance provider, produce better health outcomes for patients, and decrease your employer contributions.

Value-Based Programs



Innovating the Costs of Care

Value-based payment models transform how payers (like insurers) reimburse providers for patient care.

Under value-based models, provider pay is partially determined by the **overall quality** and **value** of the care they provide.

Insurers and providers collaborate to evaluate quality based on national data and rigorous standards for:

- **Process**—Did doctors follow evidence-based best practices and encourage preventive care?
- **Outcomes**—When determining patients success rates, were a percentage of test results within the target range? Was there improvement?
- **Cost/Utilization**—Did doctors utilize only the necessary resources? Was the patient readmitted and is this common for the condition? Were drugs prescribed? What kind and in what quantity?
- **Patient Satisfaction**—Was the patient able to access the right care? Was it convenient to their location? Was it personalized?

Value-Based Programs



Benefits

Benefits to Employers and Patients:

- **Financial Savings**—Incentivizes achieving the best patient results with the most efficient use of resources. Savings are often reflected in premiums.
- **Physician Engagement**—Motivates doctors to work with insurers and patients to provide the highest quality service at the lowest possible price.
- **Better Care**—Requires a more holistic view of patient care, involving clinical outcomes, prevention, and improvement based on rigorous standards.



Need for Change

- **30%** of the nation's health care spending is estimated to be unnecessary.
- **11%** of employers offer value-based plan designs, but **43%** are considering it.
- Insurers estimate that **59%** of payments will be performance-based by 2021.

High-Performance Networks

Health insurers and employers are turning to narrower, high-performing provider networks to control costs while encouraging high quality patient care.

HPNs typically give plan members access to a smaller number of quality-rated providers. In exchange, members often pay lower premiums, have lower out-of-pocket costs, or both.

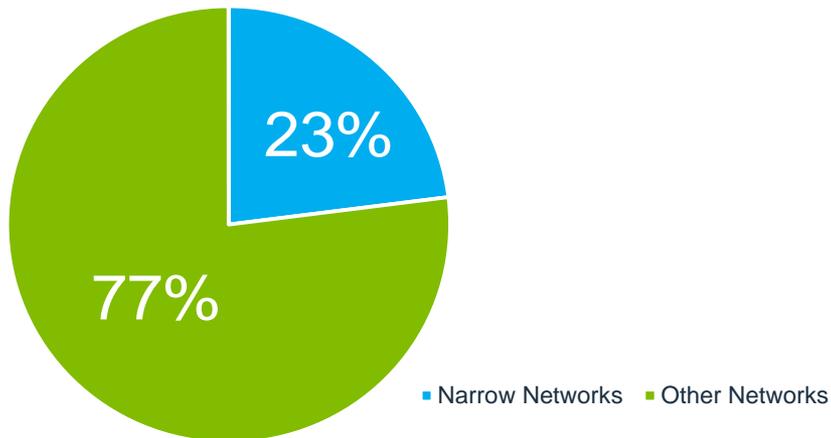
High-Performance Networks



Growth in Narrow/HPNs

HPNs are usually more narrow in their provider offerings than other network types. There was a **15% increase** in the number of narrow-network plans offered by employers between 2007 and 2012.

Employer-offered Provider Network Plans (2012)



- **11%** of small employers (3-199 workers) and **15 %** of larger employers (200+ workers) offered HPN or tiered provider network plans in 2016.
- **11%** of employers claim that their largest plan included a high-performance or tier-based network in 2016.
- **46%** of employers claim they would consider moving to HPN plans.

High-Performance Networks



Benefits

Benefits to Insurers, Providers, Employers, and Members:

- In a 2014 analysis, narrow-networks (including HPNNs) had **26%** lower premiums than broad networks with the same attributes.
- Features a select number of high-quality providers, with quality standards based on industry metrics.
- Plan managers and providers collaborate to coordinate care — especially for chronic conditions — to ensure value.
- Providers are paid less for services to ensure value for patients, but insurers offset this by referring a larger number of members.



Developing Issues

- Hospitals and other providers could lose revenues if decrease in payments is not properly balanced with increased volume.
- Narrow network enrollees could have serious financial issues if they seek medically necessary care out-of-network.
- Could limit access to care for some due to financial status, location, appointment wait times, and provider-to-patient ratios.

Stay Informed

See how you can offer cutting edge benefits for your employees — check out our other trends articles:

[Want to Attract Millennial Employees? Here's How](#)

[How New Tech Can Lead to Healthier and More Productive Employees](#)

© Highmark, Inc. All rights reserved.

Highmark Blue Cross Blue Shield, Highmark Blue Shield, Highmark Blue Cross Blue Shield West Virginia and Highmark Blue Cross Blue Shield Delaware are independent licensees of the Blue Cross and Blue Shield Association.



Western and Northeast PA, West Virginia and Delaware

Select counties in Central PA