



TAKING CONTROL OF MEDICAL AND PRESCRIPTION CLAIM COSTS WITH PERSONALIZED ADVOCACY

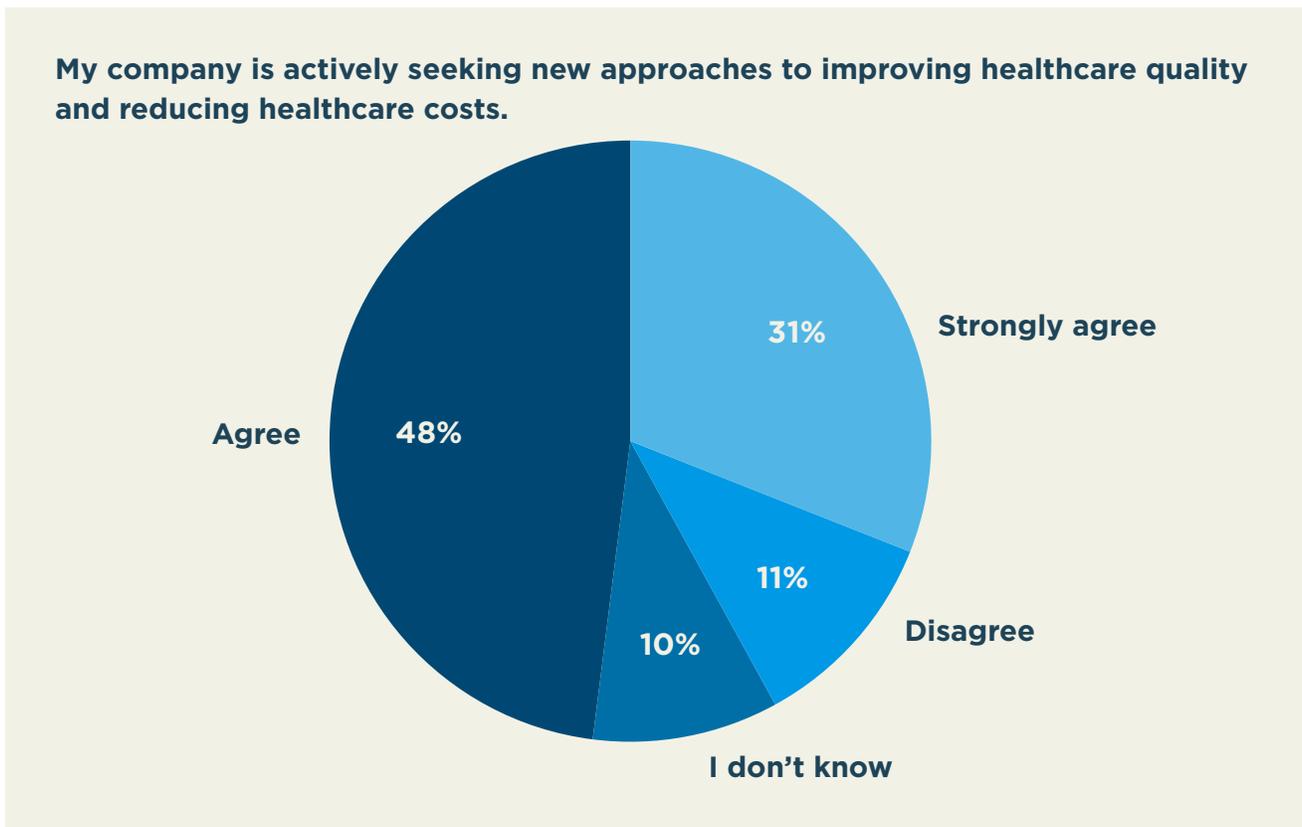
HOW TWO COMPANIES LOWERED HEALTHCARE COSTS
ACROSS THEIR ENTIRE EMPLOYEE POPULATIONS

MANY EMPLOYERS ARE EXPLORING INNOVATIVE STRATEGIES designed to rein in unsustainable healthcare costs while improving the employee experience. An emerging alternative to high-deductible plans is healthcare advocacy, which is designed to help individuals and families navigate and optimize their use of healthcare.

“The traditional levers and strategies aren’t working to mitigate healthcare costs,” said Matt Eurey, senior vice president of business development for Accolade, a personalized health and benefits solution for employers, health plans and their members. “At the core of every employer’s benefit program are individuals who are asked to overcome the complexity of navigating that healthcare system, and we’re asking them to make wise decisions.”

Eurey and his colleague, Accolade Chief Actuary Carolyn Young, recently spoke on a CFO.com webcast about the many ways personalized advocacy can improve health and financial outcomes.

A poll of webcast attendees confirmed that new approaches to managing healthcare costs and quality are key concerns for most organizations, with 79 percent strongly agreeing or agreeing.



The webcast covered:

- The impact of personalized advocacy on employer costs — how much can be saved and where cost savings occur across the employee population.
- How personalized advocacy affects employer medical and prescription claims costs over time.
- Why a whole-population, whole-person approach to employee healthcare is critical to controlling costs and bending the medical cost trend.
- How employers can avoid placing more cost burdens on employees and improve their healthcare experience.



HOW PERSONALIZED ADVOCACY CAN MAKE A DIFFERENCE

The Impact of Personalized Advocacy

Lower costs across the entire population:
all ages, conditions and spend categories



RX Benefit Costs



High-Cost Claimants



Medical Costs

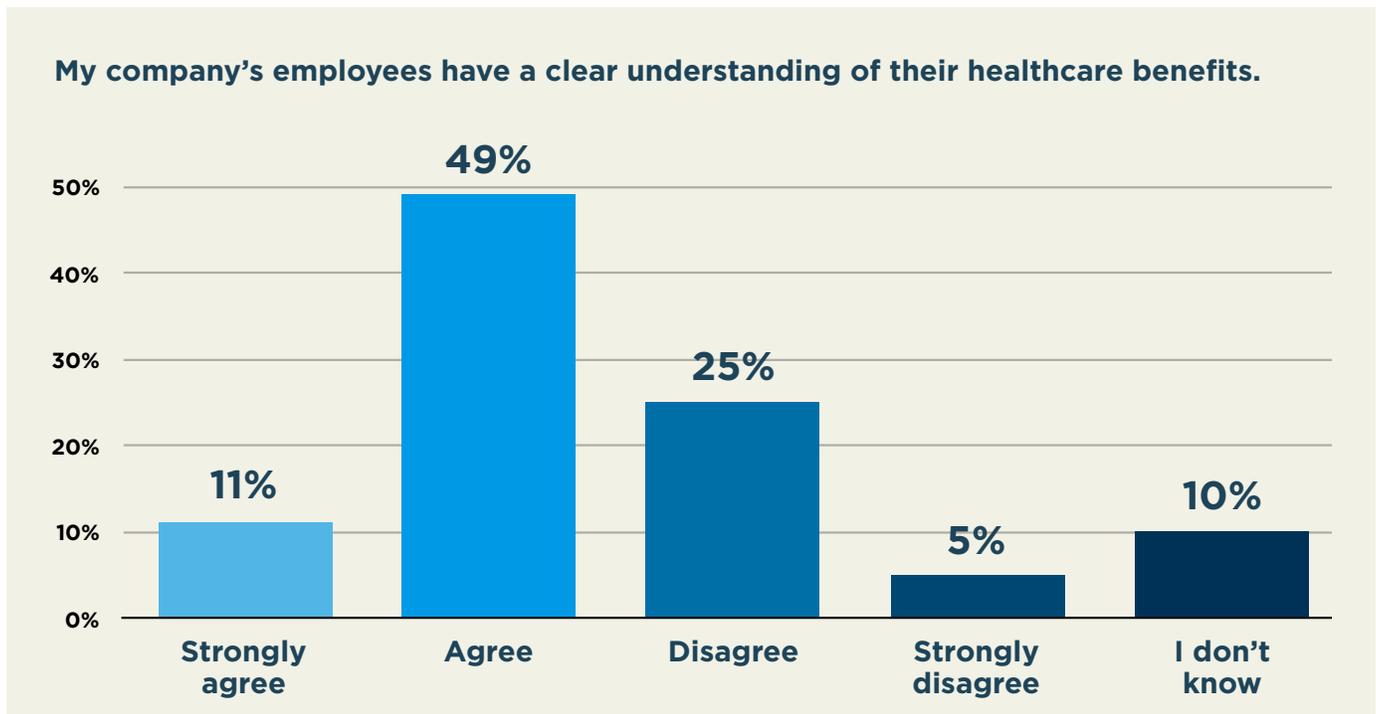


The reality is that employers continue to face unsustainable increases in healthcare spending. Healthcare costs can rise five percent or more even when companies put numerous cost-containment measures in place.

One primary reason for rising costs is employees' lack of knowledge when it comes to making smart healthcare choices.

“When you’re asking employees to make those decisions, and you haven’t prepared them to be good consumers of care, it increases the likelihood of creating waste in the system through misuse, underuse and overuse of healthcare resources,” Eurey said.

A webcast poll highlighted the lack of understanding of employee benefits. Almost one-third (30 percent) of attendees acknowledged that work must be done to help employees navigate their healthcare options.



Rising costs have sparked a refreshed sense of activism among employers to find innovative solutions that drive change in the healthcare system. “They’re looking to deliver not only a better employee experience, but they are also seeking a much higher quality of care,” Eurey said.

Young added: “Employers are really doing their research to understand how these new solutions, like personalized advocacy, are making an impact on healthcare costs.”

To illustrate the benefits of personalized advocacy, the panelists highlighted results from an independent study of two employer groups that successfully adopted the solution.

Designed and conducted by global professional services firm Aon, [the study](#) analyzed the healthcare claim costs of two employers using Accolade personalized advocacy over one-year and three-year periods, respectively, compared to the results of typical employers during the same period. Each individual in the Accolade population was matched to three members from the IBM Truven Health MarketScan control group according to 20 geographic and demographic variables and comorbid conditions.

Some key findings of the Aon study:

- Employer A, with approximately 10,000 members, lowered inpatient, outpatient and professional medical spend by 6.5 percent — \$782 per employee per year — compared to a matched control group.
- Employer B, with 100,000-plus members, realized multi-year savings, concentrated in lower outpatient facility spend, outpatient professional spend, and pharmacy spend for brand and specialty drugs. In 2016, the savings was 4.7 percent, a reduction of \$527 per employee per year, compared to the control group. Employer B’s annualized trend rate for this three-year time period was 1.3 percent, as compared to 3.8 percent for the control group, and the cumulative cost growth for the same time period for that employer was 2.7 percent, versus 7.8 percent for the control group.

Unique populations, plans and sources of savings

Employer A

10,000 Members, 2016

Aon found Accolade **lowered inpatient, outpatient and professional medical spend** compared to control.



Employer B

100,000 Members, 2014-2016

Aon found Accolade **lowered outpatient facility spend, outpatient professional spend, and pharmacy spend** for brand and specialty drugs.



The study demonstrated that personalized advocacy can drive savings across the whole employee population. “We saw savings across all ages, all health profiles for people with no chronic conditions, one chronic condition, two or more chronic conditions, and we also saw savings, not only for high-cost claimants, but also for low-cost, low-spending members,” Young said.

MORE EFFECTIVELY MANAGING CHRONIC CONDITIONS WITH ADVOCACY

Populations with chronic diseases, such as diabetes, are likely to benefit from personalized advocacy programs that focus on their total healthcare needs, rather than just the costs of their condition.

Using this example, Young noted that the majority of spend for diabetic members is unrelated to their diabetes: “For diabetics, only about one-third of their spend is actually related to either the maintenance cost of their diabetic drugs or issues with their diabetic condition.”

People with diabetes and other chronic conditions also need to manage all health issues. “People with diabetes don’t just have diabetes,” Young said. “They can have diabetes and depression. They can have diabetes and coronary artery disease. They can have diabetes and back pain problems. If you only focus only on their diabetes, you’re going to miss two-thirds of their spend, and you’re going to miss their contextual issues.”

Young said the majority of diabetics are actually low-spend members when dealing with their chronic condition. “Eighty percent of diabetics have an average cost that is less than the population’s average cost,” she noted.



CONCLUSION

Unpredictable healthcare costs definitely keep CFOs up at night. But high-deductible plans are not necessarily the best approach to reining in healthcare spending — they often result in more long-term issues for employees, who require support as they navigate the often-confusing landscape of healthcare.

An environment that focuses on the entire population — all ages, conditions and health profiles — is vital to taking control of medical and prescription claim costs.

Key takeaways from this webcast:

- Healthcare advocacy programs can generate a return on investment by reducing waste and providing savings that are sustainable over time.
- Personalized advocacy helps employees understand all the benefits available to them and their dependents and influences them to make healthcare decisions that are most beneficial to the member and the employer.
- When employees are better informed about their healthcare options, inpatient, outpatient and professional medical spend are reduced, as are pharmacy costs.

ABOUT THE SPONSOR

Accolade is a personalized health and benefits solution that can dramatically improve the experience, outcomes and cost of healthcare for employers, health plans and their members. With a unique blend of compassionate advisors, clinical experts and intelligent technologies, we engage individuals and families in their health, establish trust, and influence their decisions at every stage of care. Accolade connects the widest array of personal health data and programs to present a single point of entry to the most effective health and benefits resources, while coordinating with providers at every step. For more information, visit www.accolade.com.

