



# THE IMPACT OF HEALTHCARE WASTE **ON FINANCIAL PERFORMANCE**

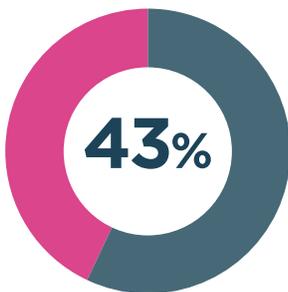
**REDUCING LOW-VALUE CARE CAN IMPROVE  
THE BOTTOM LINE**

**Key takeaways from this webcast:**

- ✓ Healthcare waste is a problem that impacts the physical, emotional, and financial well-being of individual consumers and organizations. Reducing wasteful spending on ineffective procedures, tests, and medications can go a long way toward providing quality, affordable healthcare.
- ✓ CFOs play a key role in creating a culture where employees don't pay more than is necessary for quality healthcare. Transparency, data, and education are key components of identifying and reducing waste.
- ✓ Empowering employees to make better healthcare decisions can help reduce costly services, such as unnecessary ER visits and hospital stays, and can boost employee satisfaction and provide significant cost savings.

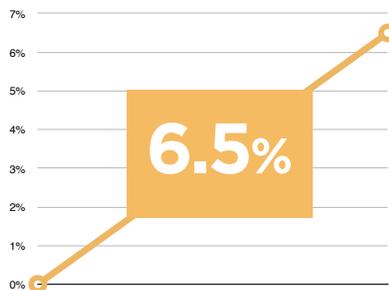
SKYROCKETING HEALTHCARE COSTS AND SOARING DEDUCTIBLES represent a mounting financial threat to individuals, families, and businesses. Many organizations are seeing increases of 6.5% or higher for employee healthcare, according to PwC's *Behind the Numbers 2018* report. Deductibles in today's health plans can range from \$500 to \$6,000 annually.

**HEALTHCARE WASTE HARMS EMPLOYERS, EMPLOYEES AND FAMILIES**



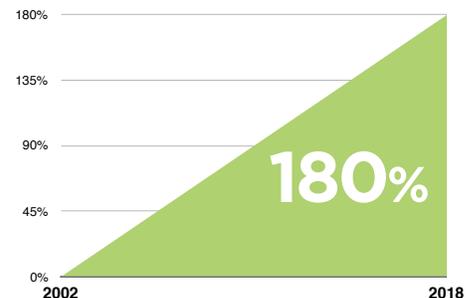
employee share of healthcare expense

Source: 2017 Milliman Medical Index, May 2017



medical cost trend for employers

Source: PwC Behind the Numbers 2018



increase in costs for family of four since 2002

Source: Borodovsky, L. (2017, April), WSJ Daily Shot

Accolade sponsored a recent CFO webcast in which Susie Dade, Deputy Director of the Washington Health Alliance, outlined key areas of healthcare waste and the role CFOs can play in improving the quality and affordability of healthcare. Washington Health Alliance defines healthcare waste as medical tests, treatments, and procedures that provide little or no benefit to patients in particular scenarios and, in many cases, can potentially cause harm.

Dade shared the results of Washington Health Alliance's recent report, [\*First, Do No Harm\*](#), which measured the healthcare services that unnecessarily drive up costs. The Washington Health Alliance ran a portion of its all-payer claims database through a new tool called the Health Waste Calculator, including claims data for approximately 2.4 million commercially insured people in the state of Washington.

The report examined 47 common treatment approaches known by the medical community to be overused, amounting to an estimated \$282 million in wasteful spending in Washington State alone.

#### **Some critical statistics from the report:**

- Approximately 1.3 million individuals received one of these 47 services; among these individuals, almost one-half (47.9%) received a low-value service
- More than 45% of the healthcare services examined were determined to be low value (likely wasteful or wasteful)
- More than one-third (36%) of spending on the healthcare services examined went to low-value treatments and procedures

Dade noted: “We perform far too many unnecessary procedures on patients, and we are harming people in multiple ways. It doesn't matter that the harm is not intentional, and it won't stop until we understand the problem and collectively address it.”

These services demonstrate a growing financial risk for individuals, families — and an employer's bottom line.

### LOW-VALUE SERVICES FOR CFOS TO MONITOR

ONE OF THE KEY WAYS TO OPTIMIZE HEALTHCARE SPENDING IS TO ELIMINATE WASTE. Some prime examples of low-value services that contribute to waste include too frequent cervical cancer screenings for women, annual EKGs, cardiac screenings for low-risk patients not exhibiting symptoms, and cardiac stress testing.

“We have a tendency to think more interventions are better, more scans are better, more surgeries are better, and more pills are better,” Dade said. “In healthcare, we have a cultural blind spot that says, ‘if I’m getting more and it’s costing more, then it must be better.’ That is, until we get the bill.”

The problem of overuse isn’t going away, Dade noted. “It’s likely to get much worse with time, further impacting your employees and your bottom line.”

HR managers can’t tackle healthcare costs and overuse alone. Senior executives, particularly CEOs and CFOs, need to show their support and get involved in decisions about healthcare spending in their organizations.

### 11 THINGS TO FOCUS ON:

- Too frequent cervical cancer screening for women
- Preoperative baseline laboratory studies prior to low-risk surgery
- Preoperative EKG, chest x-ray and pulmonary function testing prior to low risk surgery
- Annual EKGs, cardiac screening in low risk, asymptomatic people
- Cardiac stress testing
- Unnecessary eye imaging in people without significant eye disease
- Imaging for uncomplicated low back pain in the first six weeks
- Imaging for uncomplicated headache
- Prescribing antibiotics for acute upper respiratory, ear infections
- PSA screening for prostate cancer in all men regardless of age or symptoms
- Population-based screening for OH-Vitamin D deficiency

Dade shared a five-point action plan for the C-suite to help minimize healthcare waste, starting with their own employees:

**#1. Understand the problem from the supply and demand sides of the equation.**

Overtreatment occurs for many reasons, including financial incentives for physicians, patient demand, and the fear of malpractice. Low health literacy across socioeconomic groups, excessive information from unreliable sources, and inadequate communication all contribute to increased demand.

**#2. Make it a collective, community-wide effort.** Looking beyond the company's experiences is also essential. Being an active participant in a regional health improvement collaborative can provide a broader perspective on healthcare use and waste trends.

**#3. Dive into the data.** Understanding how employees use healthcare in aggregate, as well as your organization's primary drivers, are critical to optimizing value. For a full picture, analyze community or statewide data to compare your organization's experience to those of your peers.

**#4. Educate employees to think critically about their healthcare.** Expecting patients to behave as healthcare consumers is the right idea, but many don't have the necessary skills and information. Often, they trust a physician's recommendation rather than seeking a second opinion. Newsletters, employee intranets, and social media are some internal communications channels for teaching employees to ask the right questions before they agree to tests, procedures, and new medications they may not need.

**#5. Ensure that insurance carriers offer strategies to track and prevent overuse.**

Encourage employees to use patient-facing tools that highlight transparency on quality and price. For instance, your insurer may provide a cost calculator that helps patients understand costs before they receive services.



**PERSONALIZED ADVOCACY PROTECTS THE VALUE OF HEALTHCARE INVESTMENTS**

WHILE REDUCING OVERALL HEALTHCARE WASTE is a key component to improving the return on healthcare investments, leaders are looking for additional ways to ensure the company receives value and appropriate care for employees based on their healthcare spending.

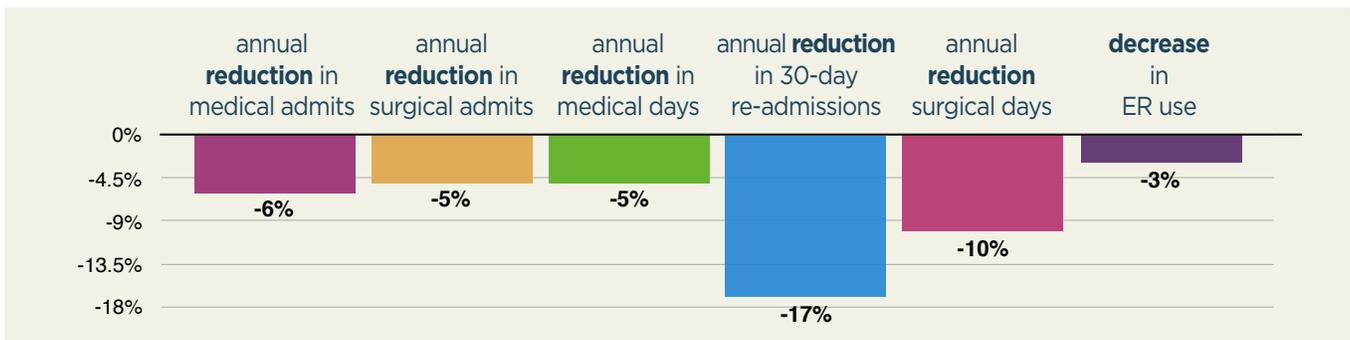
One way CFOs can ensure that their organizations maximize their healthcare investments is through personalized advocacy programs. These programs help employees weigh their options and make choices about the types and timing of tests and procedures.

Patients seek a single, trusted person to answer their questions about benefits, insurance issues, and other health-related concerns. Elizabeth Napolitano, Executive Vice President of People and Culture at Accolade, shared that a majority (80%) of consumers say they need help navigating their healthcare options, but only 16% of healthcare consumers say their providers provide the necessary support.

Physicians are not necessarily equipped to act as a trusted resource to help employees and their families navigate the complexity of healthcare. With their limited time, doctors cannot completely understand the social, emotional, financial, and other concerns of their patients beyond their immediate medical needs.

**EFFICIENCY DRIVES DOWN MEDICAL COST TREND**

**<1%** Accolade customers' annual medical cost trends



**70%** of total healthcare spend addressed

**66%** assisted while deciding care

“Physicians are not focused on the broader life context of their patients — they just can’t be — and, as a result, there is misuse and overuse of healthcare due to a lack of consideration of these larger contextual factors,” Napolitano said. Errors based on a lack of contextual understanding of the patient’s broader life circumstances cost seven times more, on average, than biomedical errors, she noted.

A personalized advocate can help consumers, employees, and their families navigate healthcare by partnering more effectively with their providers and empowering them to make better healthcare decisions. “They’re truly the first line of support for anything and everything healthcare,” Napolitano said.

Personalized advocates support patients on a variety of decisions and prepare them to ask providers questions that will ensure proper care while minimizing wasteful tests and treatments.

Successful advocacy can result in significant savings. Temple University Health System turned to Accolade to provide a personalized healthcare experience for its diverse workforce of unionized workers, service professionals, and clinicians. In the first year using Accolade’s personalized advocacy solution, Temple achieved more than \$2 million in savings. In year two, savings grew to \$9.8 million.

AmeriGas significantly reduced ER visits in its first year, thanks to Accolade Health Assistants recommending primary care physicians more often or urgent care options near home or work. Other achievements included increased use of telemedicine and near-perfect employee satisfaction — all while driving more than 14% savings in healthcare costs.



CONCLUSION: **HEALTHCARE WASTE DOES HARM TO EMPLOYERS, INDIVIDUALS AND FAMILIES**

Every day, patients undergo medical tests, treatments, and procedures that provide little or no value and may even cause harm to their emotional, physical, or financial well-being. The high cost of these low-value healthcare services represents a growing risk to individuals, their families, and — ultimately — their employers.

CFOs and business leaders want the best affordable healthcare for their workforce. Addressing the problem of rising healthcare costs means investing in programs that reduce waste and improve the value of the services employees and their families receive.