

PricewaterhouseCoopers Health Research Institute What Employers Want From Health Insurers Now Highlights

PricewaterhouseCoopers' Health Research Institute surveyed the CEOs of 250 small US employers (those with fewer than 250 employees) and senior executives of 107 large US-based multinational companies (with an average of 8,000 employees) to identify what they want from health insurers now. PwC looked at 12 key areas in four categories, including Financial; Customer services and claims administration; Use of technology; and Wellness and population health management services. Key findings include:

Managing Costs

Employee cost-sharing plans continue to be the most prevalent healthcare coverage strategy used or planned for use with both active employees and retirees, but small employers are twice as likely as large employers to continue offering cost-sharing plans.

- Forty-four percent of small employers, and 21 percent of large employers, say they will continue to offer a healthcare plan which includes employee cost-sharing.
- Twenty-four percent of large companies are likely to adopt the use of employee cost-sharing plans for retirees over the next three to five years; 82 percent of small companies do not offer retiree benefits.

Employers are willing to forgo customization of health plans, i.e. reduce the number of different plans offered, in exchange for a reduction in costs.

- Sixty-nine percent of large employers and 63 percent of small employers surveyed said they would accept less customization of health plans for significant reduction in administrative fees.
- Of the employers willing to accept less customization for a reduction in fees:
 - The majority of large employers said they would accept less customization for a 3 percent to 10 percent reduction in fees.
 - The majority of small employers said they would accept less customization only if they saw a reduction of at least 10 percent.

Employers want more meaningful data from their health benefit programs. Employers see an increasing need to measure and manage their costs and value. This is bringing new opportunities to data warehouse managers that can effectively integrate employee utilization and outcome data.

- Thirty-seven percent of large companies are considering the use of data warehouse managers to collect, store and analyze data for all health benefits. Nine percent of small companies said they are interested in partnering with a data warehouse manager.

Satisfaction Levels

- Large employers report generally high overall satisfaction with insurer-provided services; more than 50 percent reported being satisfied with nearly all 12 key services offered.
- Small employers are less satisfied than large employers in every category studied.
- The biggest gap in satisfaction levels between large employers and small employers is in wellness programs, where there is a 24-point difference. .
- In all but one area, fewer than 80 percent of employers are satisfied. The exception is large employers’ satisfaction with the accuracy and timeliness of claims.
- Thirteen percent of large companies, and 17 percent of small companies, said they are not satisfied with the services related to administrative fees.

	Percent of Employers Satisfied	
	Small Employers	Large Employers
Financial		
1. Financial Administrative Fees	65%	78%
2. Performance Guarantees	54%	70%
3. Provider Discounts	55%	77%
Customer Services & Claims Administration		
4. Accuracy & timeliness of claims	76%	86%
5. Ability to View Payments/Eligibility Online	67%	69%
Use of Technology		
6. Offering Personal Health Records	44%	52%
7. Online Tools to Obtain Pricing/Quality Information About Doctors and Physicians	46%	57%
8. Debit Card Interfaces at Point of Sale with Providers, Hospitals & Pharmacies	47%	51%
Population Health Management		
9. Disease Management Programs	48%	59%
10. Wellness Programs	50%	74%
11. Reporting Capabilities	56%	59%
12. Preparation of Risk Profiles of Certain Populations	35%	37%

What’s Important

- Both large and small employers say that the accuracy and timeliness of claims administration is the most important and basic function provided by health insurers.
- Large employers place almost as much importance on wellness programs as they do the basic functions of claims administration.
- The biggest gap in the importance level between small and large employers is in wellness services. Nearly 80 percent of large employers say that wellness services are important, compared with only 50 percent of small employers.
- Employers placed the least importance on technology services provided by insurers. Fewer than half of employers said that personal health records are important service

offerings and only about half are satisfied with what they are getting, an indication that there is a lack of understanding of how online tools contribute to a wellness strategy, an area on which large employers place a great deal of importance.

	Importance Ratings	
	Small Employers	Large Employers
Financial		
1. Administrative Fees	56%	77%
2. Performance Guarantees	42%	64%
3. Provider Discounts	71%	82%
Customer Services & Claims Administration		
4. Accuracy & Timeliness of Claims	84%	93%
5. Ability to View Payments/Eligibility Online	56%	66%
Use of Technology		
6. Offering Personal Health Records	27%	39%
7. Online Tools to Obtain pricing/Quality Information About Doctors and Physicians	52%	52%
8. Debit Card Interfaces at Point of Sale with Providers, Hospitals & Pharmacies	33%	38%
Population Health Management		
9. Disease Management Programs	35%	61%
10. Wellness Programs	50%	78%
11. Reporting Capabilities	46%	66%
12. Preparation of Risk Profiles of Certain Populations	14%	27%

Increased Focus on Health, not on Health Benefits

Despite the importance employers place on wellness programs, and policymakers’ heavy reliance on wellness programs as a way to reduce costs, the findings indicate that there is lagging confidence that wellness programs are mitigating healthcare costs, enhancing loyalty and improving productivity.

- Only 37 percent of large employers, and 16 percent of small employers, are likely to offer health plans which focus on health rather than benefits (for example wellness, disease management) over the next three to five years.
- Fewer than half of small employers, and 58 percent of large employers, are satisfied with their current wellness service offerings, indicating an opportunity area for health insurers to improve on and differentiate themselves.
- Employers stated that only 15 percent of employees participate in the wellness programs currently being offered, and that they need better education tools and incentives.
- Employers are recognizing that wellness programs must be coupled with employee financial incentives.

- Two-thirds (63%) of employers surveyed said they see value in offering incentives to employees for participating in wellness or disease management programs, or for engaging in responsible health behavior.
 - Employers report that workers are two to four times more likely to enroll in wellness programs if they receive incentives such as gift cards or premium reductions. However, higher financial incentives don't necessarily correlate with higher participation.
 - Only 10 percent of employers currently offer incentives for participation in wellness or disease management programs, but nearly three-quarters (73 percent) said they are likely to offer these to active employees over the next 12 to 24 months.
- The ideal vendor management model is in the eye of the beholder. Most large employers prefer a partially integrated model of healthcare delivery in which different vendors manage health benefits (including medical, disease management, wellness, dental, vision, pharmacy) and welfare plans (including disability, occupational health, life, 401[k] plans). Small employers prefer an integrated model in which fewer vendors manage health and welfare benefits.

###

Contacts: Todd Hall
PricewaterhouseCoopers LLP
todd.w.hall@us.pwc.com
(617) 530-4185

Lisa Stearns
The Hubbell Group, Inc.
lstearns@hubbellgroup.com
(781) 878-8882