

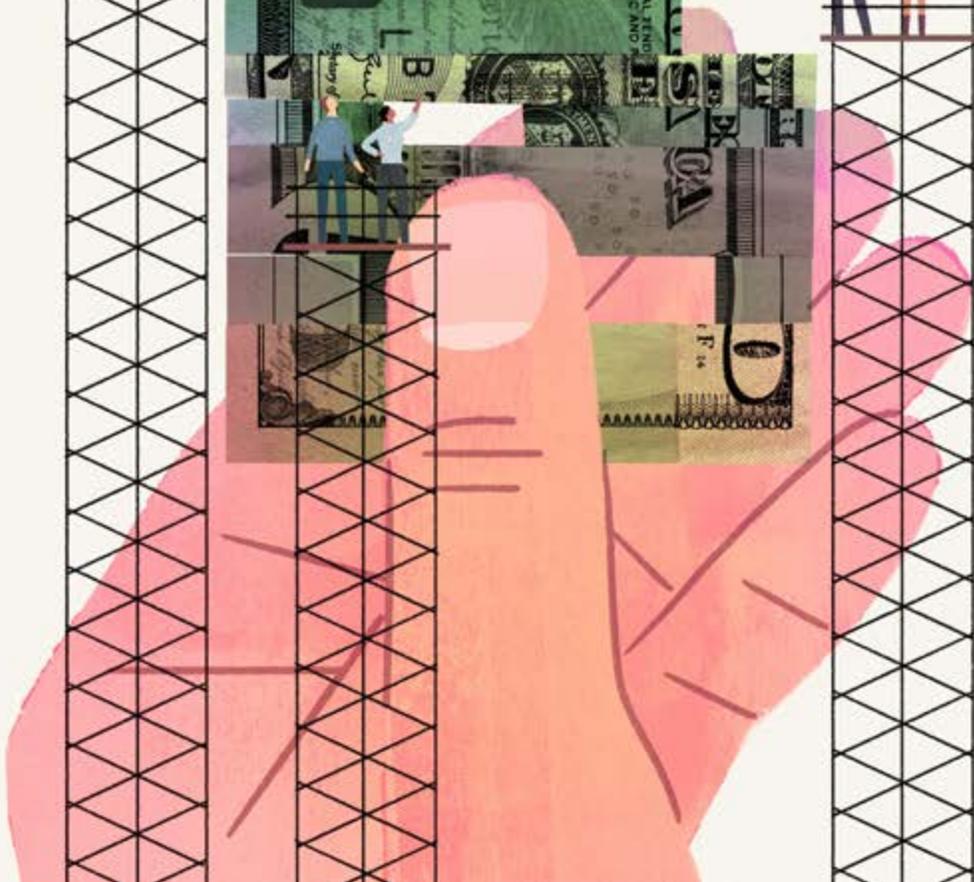
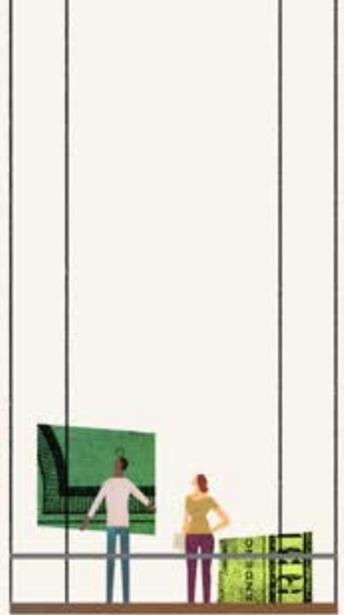
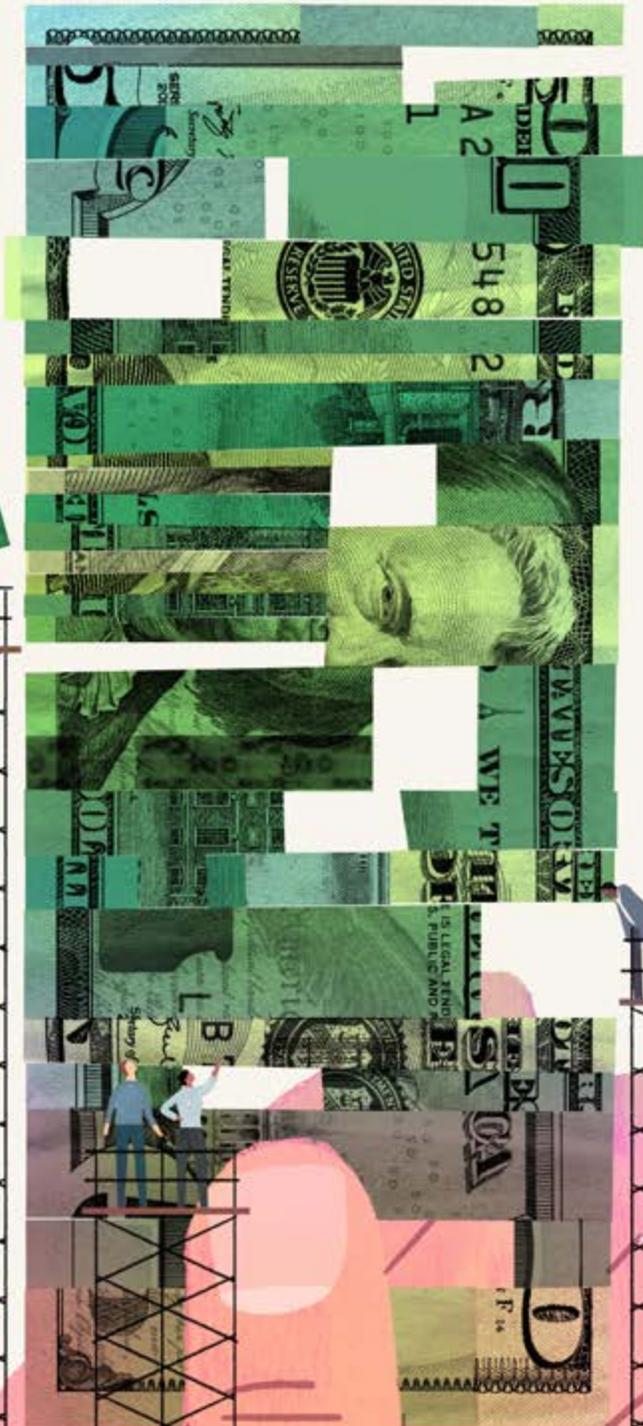
Data-Driven Cost Containment

Working Smarter
on Big Challenges

When talking about a benefits program, words like “holistic” and “customized” sound great. But they also sound expensive, especially when you’re trying to meet the needs of a multigenerational workforce.

Fortunately, it’s possible to contain costs and deliver the value your employees want using the insight that data provides.

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Getting benefits right is hard. Employees in the modern workplace may span up to five generations. Addressing their diverse needs is a challenge, especially when your competitors are trying to poach your top talent with attractive benefits packages, and your CFO is encouraging you to deliver high quality, accessible benefits for less cost.

Seems impossible.

Metrics management is not a new concept. However, improving data and making it actionable can drive more intelligent and efficient decision-making. Companies that are serious about cost containment are finding that working smarter, instead of harder, is the key to success. Data helps to show that the need to contain costs is the symptom, not the disease, and sharpens the focus on where the problems are, making them easier to solve.

Back in the Day

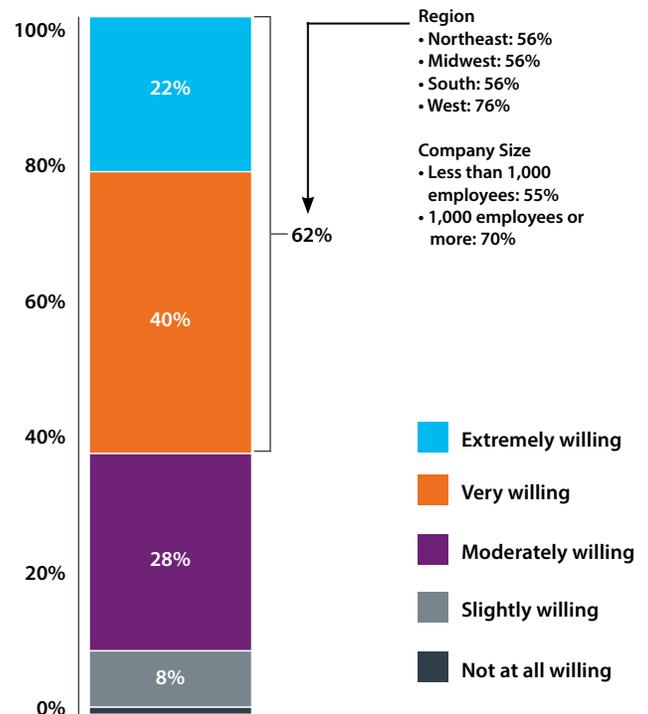
There was a time when member accountability was an employer's main avenue for lowering benefits expenses. This was intended to create prudent consumerism. Often, it meant reducing benefits, increasing cost share or both. The rationale was that although 100% of employees pay for their monthly premiums, not everyone utilizes their benefits in the same way. Introducing member accountability was one of the few options available to employers.

Employers have realized that "total price transparency" and holding the provider accountable is also prudent when considering modernizing their employee benefits. Employees are also astute consumers when it comes to the "total rewards" package of an employment offering, which includes the comprehensive suite of employee benefits. They choose who they work for based on the offerings, customization options and associated costs, so employers have to bring their A game with salary, culture and benefits.

Also gone are the days when an employer could just throw money at a benefits problem. Next-generation plan designs require simplifying the complexity of the healthcare ecosystem. Successful value-based structures empower the member through care navigation, helping to bridge the medical literacy gap by adding incentives that encourage prudent access, quality and cost decisions.

The answer? Use data to work smarter.

CC Figure 1:
Willingness to Implement
Cost Containment Solutions



Most employers are ready to look at cost containment measures — and almost two-thirds of them are urgently ready for a change, according to NFP's survey data.

Start with Objectives

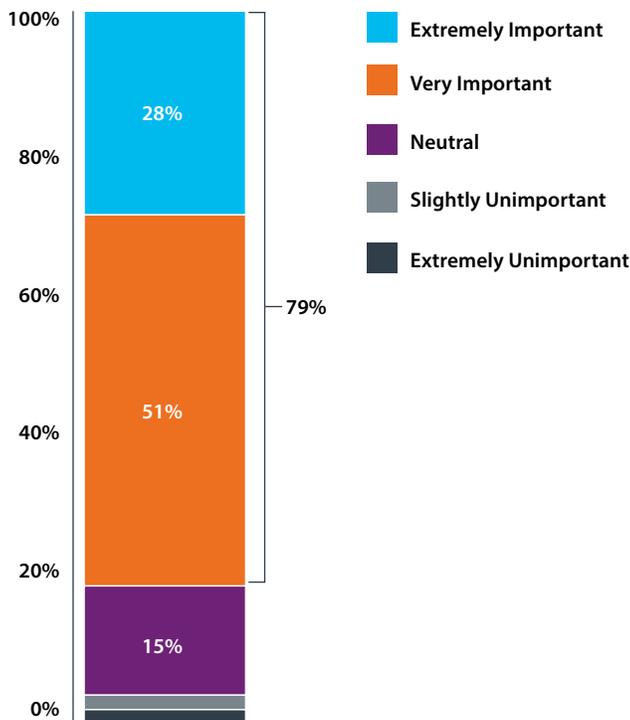
Cost containment is no longer a nice-to-have feature; it's becoming a necessity. Understanding and adopting clinical risk management strategies are essential components of a holistic approach in recruiting, retaining and rewarding employees, now and into the future.

This process begins by asking the right questions. Why do you have to embark on this endeavor in the first place? What does success look like? What specific factors are driving the bigger spend? Are there offerings you're paying for that few are using? Could pressure from a reactive approach to wellness (treatment/care) be relieved by incentivizing a preventative approach?

Meaningful and actionable data helps you pinpoint the problems and align your actions with specific target benchmarks. It informs your refinements and establishes a foundation for continuous improvement. Relevant data tells you why you are where you are so you can develop a

CC Figure 2:

Importance of Cost Transparency in Cost Containment Strategy



According to NFP data, cost transparency is now a priority for most employers looking to control costs.

plan to get where you need to be. The climate is changing. Regulatory and technological advancements are improving employer visibility into actual cost of care with supporting data analytics to forecast future expenses. Determining your organizational culture, risk appetite and goals becomes more achievable with the appropriate data tools.

Once you have a better understanding of the problems, you can establish some goals. Goals should be specific, achievable given other objectives and measurable (through more data).

What Is "Value" In Cost Containment?

NFP survey respondents focused on balancing supporting employees and lowering costs

"Something that is cost effective while still **doing the job properly.**"

"**Substantial** cost savings year in year out."

"We want to keep costs low but we also want **effective and helpful** benefits that make a difference in our employees' lives.

"It is **value for money**, the product brings a return that is in line with its value."

"**Improves outcomes** for employees and reduces costs for employer."

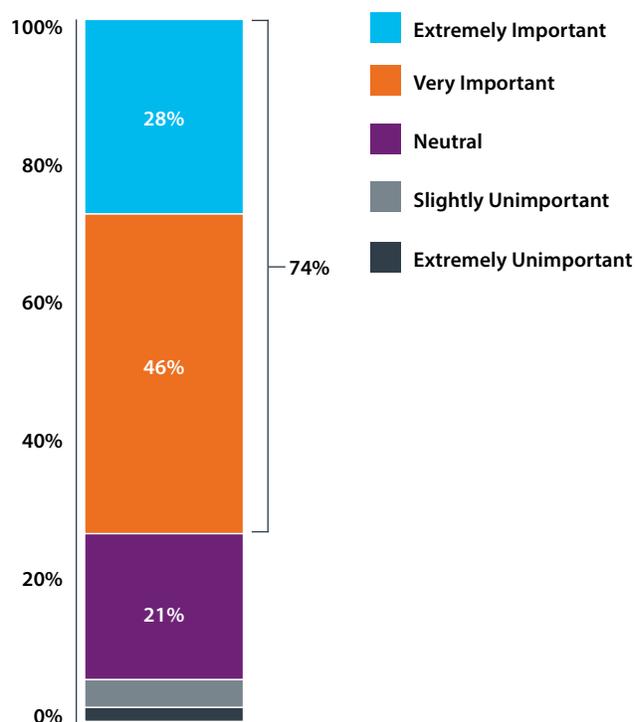
"**No disruption** to employees while providing a wider array of services that are more cost effective for both the employer and the employee."

Getting Started

Any organization facing cost containment challenges needs to decide how big of a bite they want to take. In general, it comes down to three options: crawl, walk or run. The option you choose should reflect the urgency of the issues you're facing, what the data has uncovered, and your team's ability to implement and manage the necessary changes.

- **Crawling** means making small adjustments. Things are good, but there's room for improvement.
- **Walking** takes it a step further. You don't need to tear it down and start over, but if the issues are left unaddressed, they could become unwieldy (*and even costlier to fix*).
- **Running** means big changes are critical. You are in crisis mode and the lift will be heavy.

CC Figure 3:
Importance of Minimizing Member Disruption



NFP data shows that nearly 3 in 4 employers see member disruption as an important consideration when looking at cost containment solutions.

Insights that emerge from analyzing your data are critical for each. Data will reveal the problems, their severity and perspective that will help you decide the best path forward. Navigating the complexity of the healthcare delivery system requires the skills of a seasoned advisor. They will be able to see the opportunity in the challenges given what you're trying to achieve and collaborate on solutions that will get you on the right path.

Survey results indicate the majority of employers want to reduce the impact or disruption of any benefit change for their members. Achieving this objective requires a comprehensive communication and integration plan, as well as time and patience. Proactive member communication campaigns are integral components of any value-based benefit strategies.

Evaluating the Options

The specific actions you should ultimately take will vary by employer, both in terms of company size and industry. Just as data is essential to identifying the problems, it is extremely helpful in understanding the most appropriate solutions for your goals. Benchmarking data that provides insight on what companies like yours are doing provides another layer of clarity.

One thing to keep in mind — there is no silver bullet for the problems behind your cost containment efforts. Progress takes listening, execution, patience, engagement and more data. Clear and consistent communication will help you manage expectations within your organization.

With that as a foundation, here is a high level overview of actions employers are taking to achieve their objectives without compromising the positive impact their benefit programs have for employees.

- **Transitioning to a holistic and customizable benefits ecosystem** that recognizes that a one-size-fits-all plan doesn't align with multigenerational needs, and moving away from siloed benefits
- **Implementing a virtual enrollment system** that enhances the experience for employees (and HR teams) and establishes a path for ongoing education/communication that drives value through better understanding, utilization and appreciation
- **Integrated care navigation**, as a concierge member support, bridges the medical literacy challenge and is a common denominator for successful implementation



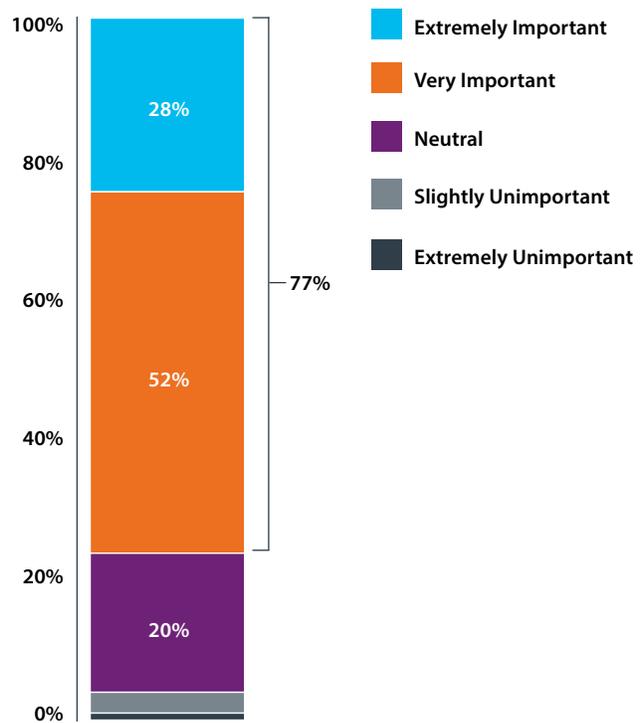
- **Including employee personalization with supplemental options** for health and lifestyle benefits that empower your workforce to invest in protection they want and need, versus a cookie cutter plan that tries to be all things to all people (but typically has lower utilization and satisfaction among employees)
- **Recognizing the gravity of mental health and well-being challenges** and providing diverse resources (that go far beyond the EAP) to help employees address them, improve their overall health and build resilience (while improving loyalty and productivity in the process)
- **Supporting a “return on value” strategy** requires communication and education that enhances how employees utilize their benefits, from encouraging preventative behaviors to navigating care options to filing claims
- **Conducting a claims audit** to determine if there is abuse or fraud, which are big drivers of higher benefits costs
- **Embracing the data** and encouraging others in the organization to do the same — analyzing the data, building the architecture, validating the design, measuring the impact, adjusting/refining

Cost containment is a journey driven by data that when done well can exceed expectations. In fact, actions a company takes through the lens of containing costs often produce collateral benefits: you emerge with better benefits that employees want, driving growth and success.

Data, appropriate value/cost considerations and the right partners are the essential ingredients and can make all the difference.

According to the Centers for Medicare and Medicaid Services (CMS), **20% of claims spend** can be remediated by engaging a fraud, waste and abuse audit.

CC Figure 4:
Importance of ROV



NFP’s data shows that almost 8 in 10 employers see return on value as a priority.