



# 7 Ways Organizations Can Reduce the Cost of Healthcare

# Healthcare is a critical component of any benefits package.

But with rising healthcare costs, it has become a significant expense for organizations and workers alike. According to a 2019 Kaiser Family Foundation and Los Angeles Times survey, 2 in 5 adults covered by an employer-sponsored insurance (a.k.a ESI) reported difficulty affording medical care, prescription drugs, or premiums.<sup>i</sup> As for organizations, health plan costs increased 3.7% in 2022 and are expected to increase by 6.5% in 2023, adding up to approximately \$13,800 per employee.<sup>ii</sup>

These increases can be attributed to a number of factors including rising prescription costs, an aging work population, poor chronic condition management, and high administration costs. As these costs continue to rise, organizations are in need of new approaches that help reduce costs while maintaining worker health and satisfaction.

Providing a high level of care and coverage for workers is imperative to productivity, job satisfaction, and retention. However, these costs must be sustainable for your organization to succeed. That's why we're sharing 7 cost-saving strategies that organizations can implement to help reduce the impact of their health-related costs.

*Let's get into it!*



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increase in health plan costs for organizations in 2022.

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# 1. Provide Preventive Wellness Programs & Screenings

One of the most effective ways to reduce the cost of healthcare is to offer preventive wellness programs and screenings. For example, providing blood pressure or cholesterol tests, breast or colon cancer screenings, and/or regular vaccinations, can all be a part of a preventive care program. By encouraging workers to take advantage of these offerings, organizations can help reduce the number of serious, undiagnosed health problems or unmanaged chronic conditions that may eventually require expensive medical treatment.

However, launching and managing these programs, whether it be a one-off flu shot event for your workers or a 6-month fitness challenge, can be time consuming for your benefits team.

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# 2. Offer High Deductible Health Plans

High deductible health plans (HDHPs) have become an increasingly popular choice for organizations, as they distribute more of a worker's healthcare costs to the individual, instead of the organization. These plans can be great options for a younger or healthier workforce as their risk of needing expensive medical treatment is low, therefore they don't need to worry as much about using their insurance and meeting a high deductible. In fact, according to the Bureau of Labor Statistics, the number of organizations offering HDHPs jumped 21% between 2010 and 2018, from 24% to 45%, demonstrating just how many places are choosing this approach.<sup>iii</sup>

While increasing a workers' cost responsibility can ultimately lower your organization's spend, that choice isn't without liability, especially if your worker population is older, more prone to chronic conditions, or at higher risk. HDHPs are not as attractive insurance plans for some and may impact your ability to recruit and/or retain certain workers. Additionally, if a worker requires more medical intervention but can't afford it because of their insurance plan, organizations can be burdened with a workforce that is delinquent on care they need. This can range from not taking prescribed medication to avoiding necessary surgery, all of which can impact productivity, and, more importantly, affect overall well-being.

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### 3. Negotiate Reduced Costs for Prescription Plans

According to the U.S. Department of Health and Human Services, the average price increase for approximately 1,200 prescription drugs was 31.6% in 2022 alone. Some drugs saw an increase of 500%.<sup>iv</sup> To reduce the cost of these drugs, organizations can negotiate reduced costs for their prescription plans. You can do this by working directly with pharmaceutical companies, or by using a pharmacy benefit manager (PBM) to negotiate lower prices.

Given the continued increases in drug pricing, this is one of the most effective ways to reduce your healthcare costs as an organization. It is, unfortunately, also one of the most painstaking. The process requires:

- **Leverage** – Some organizations can achieve this through their size alone. The bigger your organization is, the easier this process will be.
- **Time** – Drug companies are not inclined to reduce their prices, so you'll need to be able to dedicate significant resources to get the reduction you need.

That said, it is time and effort well spent, especially since prices are expected to continue to rise for the foreseeable future.

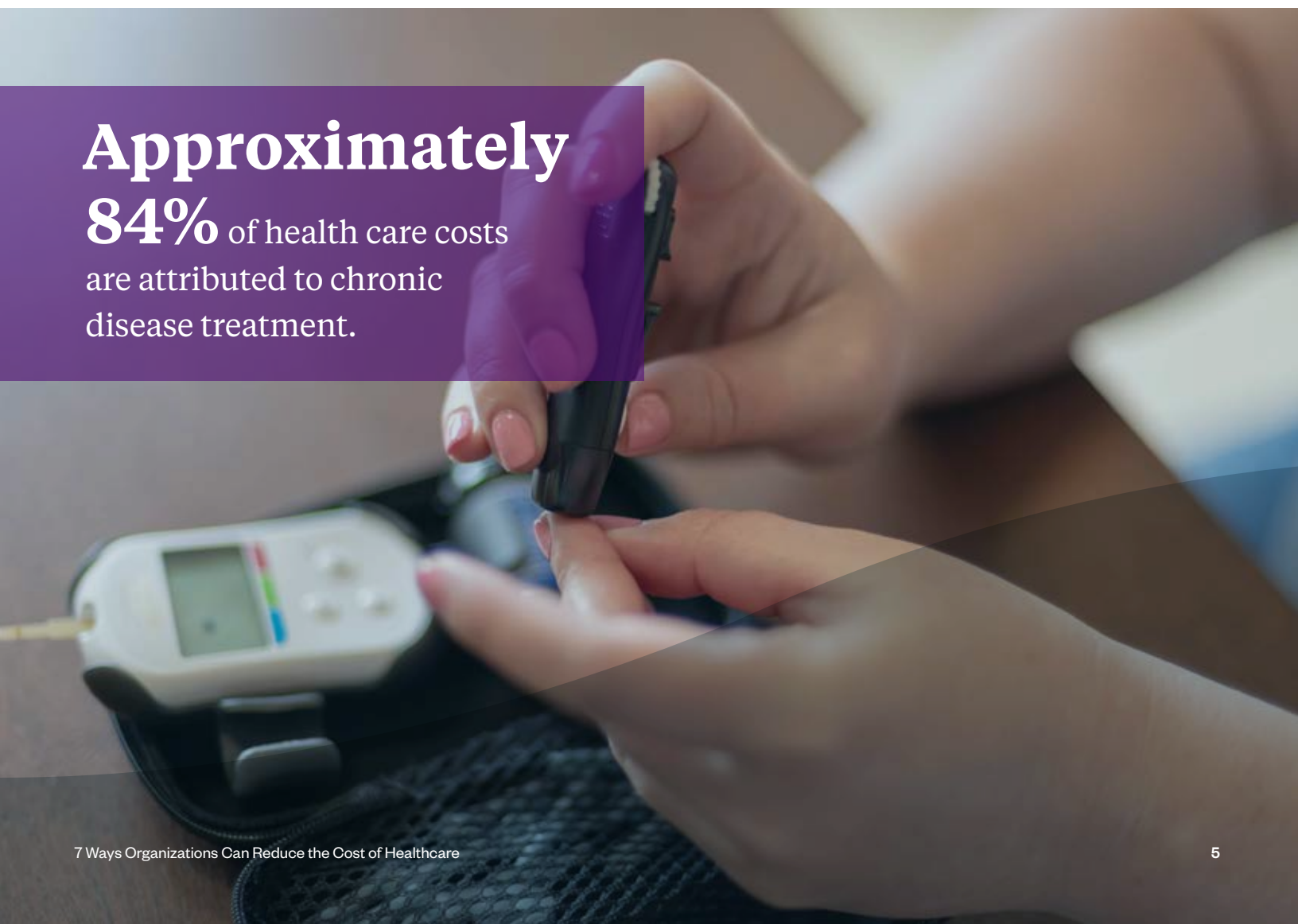
In 2022, the average price increase for approximately 1,200 prescription drugs was **31.6%**.

## 4. Offer Clinical Care Management for Chronic Illness

Approximately 84% of health care costs are attributed to chronic disease treatment.<sup>v</sup> Because these conditions often go unmanaged, the cost to treat them can be significantly higher as patients age or their conditions worsen. Chronic conditions can also severely impact worker productivity. According to the CDC, chronic diseases or risk factors (e.g. diabetes, smoking, or high blood pressure) cost organizations approximately \$36.4 billion a year due to missed days of work.<sup>vi</sup>

A proper chronic condition care management program requires considerable coordination as these diseases often come with myriad symptoms, can fuel other conditions, and require regular check ins. Given the numerous areas of involvement, a successful care management program usually, depending on the size of your organization, requires full-time care coordination with someone who can work with various medical professionals (doctors, nurses, technicians, etc.). Given the intensity of managing these programs, we usually recommend hiring someone who can support the program full-time. Although the investment is significant, the payout can be huge for organizations.

By offering care management programs, organizations can help people manage their conditions, which can lead to fewer hospitalizations and other expensive medical treatments. It often helps with worker attendance and productivity as well. If left unmanaged, performance levels can be reduced 82.2% – 64.6% of normal productivity levels.<sup>vii</sup>

A close-up photograph of a person's hands using a glucometer. The person is holding a purple lancing device to prick their finger. In the background, a white glucometer with a digital display is visible. The image is partially obscured by a purple text box on the left side.

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## 5. Ensure Quality of Care Through Value-Based Programs

Value-based care programs focus on health outcomes, versus the more traditional fee-for-service model, which incentivizes higher patient quotas and costly referrals. That means providers aren't assessed by the care they give, but rather the number of patients they see. As organizations, you can implement value-based care programs through a variety of ways. A couple of examples are:

- **Custom health plans** – Partner with their insurers and health systems to understand which workers require more care and what their needs are. Organizations can then work with providers to create incentives or care programs that address those needs and track health outcomes.
- **General health screenings** – Partner with an outside source to provide annual health screenings that help educate workers about their risks and holds them accountable each year.

By implementing a value-based program, organizations are actively encouraging a healthier population.

Given the amount of coordination, data analysis, tracking, and implementation a value-based care program can require, this is often a strategy best executed on by an outside vendor.

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## 6. Promote a Healthy Culture Through Education Programs

An oft-overlooked strategy for many companies, education programs can be a great way to mitigate risk. Depending on the resources available, education programs can range in their inputs and outputs.

For example, an easier education program to implement would be selecting a theme every quarter or month about a specific health subject. The organization would provide educational materials (emails, flyers, Lunch and Learns, etc.) that focus on topics ranging from smoking cessation, creative ways to stay active, simple ways to reduce sugar intake, addiction, etc.

A more resource-intensive approach would be implementing policies that encourage a healthier culture. For example, adding 15 minute “activity” breaks for workers to use to take quick walks or stretch, or encouraging managers to host walking 1:1s.

By focusing on healthy lifestyle choices, from exercise to diet to annual health screenings, organizations can help their workers understand what health really looks like and become partners in that process.



## 7. Offer Advanced Primary Care

You've probably heard of the term direct primary care, or DPC. DPC is a cost-effective addition to solely offering traditional health insurance. DPC is an add-on benefit that works alongside your existing health insurance and provides access to primary care at low to no cost to workers. Many DPC providers offer some of the services above.

Advanced Primary Care, or APC, takes direct primary care to the next level. An APC partner, like Everside Health, offers all the services above and more, including claims analysis, advanced analytics, predictive patient care, and detailed monthly reporting. APC is an all-in-one solution that makes implementation much easier and more comprehensive for organizations.

Taking the time to analyze, assess, choose, and implement some or all these strategies can sometimes take years for organizations to do on their own. But that doesn't mean it isn't worth it. Whether it's selecting one at a time or opting for all at once, each of these strategies has proven its worth time and time again for employers, which is why partnering with a APC provider can be the most effective route.

Advanced Primary Care  
takes direct primary care  
**to the next level.**



# What is Advanced Primary Care and How Does It Work?

The Advanced Primary Care model works by paying a flat monthly or annual fee to an APC partner, and in return organizations can offer a wide range of primary care services as part of their benefits package that help with preventive care, chronic condition management, and overall wellbeing. Often, these services are provided via onsite or nearsite health centers, meaning workers, and oftentimes dependents, can quickly and easily access their providers, with minimal disruption to their job. Because these health centers are dedicated to organizations, patients can always get same or next day appointments for urgent issues, and they have access to virtual care as well. This type of accessible care means health concerns or risks are managed quickly.

Everside Health clients typical gross average savings after 3 years is **17%**, and is **31%** after 5 years.

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Everside internal analysis of gross savings across 80 clients and 170K lives against average 6.5% trend.

Easy and affordable access to primary care often results in workers who are more engaged in their health, which ultimately means a healthier workforce and reduced healthcare costs. In fact, at Everside Health, we typically see gross average savings of 17% after 3 years and 31% after 5 years with minimal involvement from the organization itself.<sup>viii</sup> When you partner with an APC provider, they handle the care, the data, the tracking, and the analysis, all so organizations can rest easy knowing their teams are being taken care of.

## What To Look for in an Advanced Primary Care Partner

- **Patients First** – The most important thing to look for when selecting a DPC and APC partner is how they treat their patients. Make sure your partner doesn't just talk the talk and ask about their clinical standards and outcomes.
- **Cost** – When assessing different primary care partners, you want to know how quickly you'll see a return on your investment.
- **Technology** – Your DPC or APC partner should be using best-in-class technology to enhance the care they can provide. Advanced tools and data can improve patient care, outcomes, and costs.
- **Adaptability** – Every organization, and every worker, needs and deserves custom care. Look for a partner that pays attention to what your population needs and ensures they can create an environment where those needs are met.
- **Accessibility** – Find a DPC and APC partner that understands what accessible means for you and your organization. For some, that may mean building an onsite health center for your workers only. For others, it may mean sharing a near-site center with other organizations. Your partner should understand those needs and come prepared to meet them.



## A Final Word

Of course, organizations need to balance worker health needs with budgets and total cost of care. And as you can see, there are several ways for organizations to improve their population health while reducing the cost of healthcare. The key is to think proactively and creatively. This can be done by offering health plans with higher deductibles or by offering plans that include preventive care and wellness programs. Unfortunately, setting up these programs can consume a lot of time and/or may not have the full impact an organization is looking for. By partnering with an Advanced Primary Care group and taking a proactive approach to worker wellness, organizations can actually reduce the cost of healthcare for their businesses and improve the health and wellbeing of their teams.

## About Everside Health

Everside Health is one of the largest advanced primary care providers in the U.S., operating 385+ health centers in 34 states located at or near the facilities of its employer, union and other benefit sponsor clients, along with virtual services offered in all 50 states. Everside's patient-focused, care-obsessed, technology-driven approach – which integrates primary, mental and occupational healthcare into one holistic solution – aligns incentives to benefit the patient, the physician and the benefit provider, all while reducing the total cost of care. Patients receive convenient, low- or no-cost in-person and virtual access to their clinical care team, reducing the need for costly ER visits. Everside Health was named the #1 Employer Sponsored Healthcare Services Provider by KLAS for 2022 and is based in Denver, Colorado.

## Interested in learning more about Advanced Primary Care for your organization?

Our customizable healthcare benefit that works alongside existing insurance and other benefits. Reach out today to discuss how we can partner to makes healthcare more accessible, and workforces healthier.

Visit [eversidehealth.com/letstalk](https://eversidehealth.com/letstalk)  
or call **844-205-6403**



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