More employers join push for value-based healthcare

More employers are setting up value-based reimbursement and payment arrangements with health insurers and providers to encourage better employee health outcomes and reduce costs, survey data released Tuesday show.

This year, 45% of employers are giving employees access to centers of excellence, or COEs, organizations that have high quality ratings in specialties such as cardiac or orthopedic services and infertility, according to the survey data released Tuesday by risk management and employee benefit consulting firm Willis Towers Watson.

That's up from just 37% of employers in 2015 who provided access to COEs, the survey of 600 U.S. employers with more than 1,000 employees each showed. Collectively, the companies employ 12.2 million full-time workers in various industries.

Companies like General Electric Co., Wal-Mart Stores and Lowe's Cos. have partnered with hospitals to design COE programs as a way to control rising health benefit costs, which are expected to increase overall 6% in 2017, according to the National Business Group on Health.

An additional 32% of employers surveyed by Willis Towers Watson said they plan to provide access to COEs by 2018. Still, few employers give employees incentives to use the COE, with only 17% reducing employee cost-sharing for getting medical care at the center. Fifty-four percent of employers said they may start reducing cost-sharing by 2018, however.

Narrow networks designed to include high-quality doctors with lower costs for services are also gaining traction. Proponents say these “high-performance networks” differ from HMO networks of old, which were typically narrowed by cutting out the most expensive doctors instead of paying attention to quality ratings.

According to the survey, 20% of employers offer high-performance networks today, up from 11% in 2015, and 39% of those surveyed said they may add high-performance networks in the next three years. Of those employers that have implemented high-performance networks, about 50% reduce employee cost sharing for in-network care.

The survey also found that 16% of employers are considering contracting directly with medical service providers, such as COEs, accountable care organizations and patient-centered medical homes, for reduced prices on services. Only 8% do so today, the survey found. According to a survey released in August by the National Business Group on Health, 4% or fewer of very large employers surveyed contracted directly with COEs for various types of medical services. Most accessed the COE through the health plan rather than contracting directly, Washington-based NBGH said.

While employers are growing more interested in working with providers to move to value-based care, “the strategies are more common in geographies where employers have large concentrations of employees or where
cost-efficient providers are available and willing to engage in emerging reimbursement models,” Trevis Parson, chief actuary of health and benefits at Willis Towers Watson, said in a statement.

Insurance features that direct employees to high-value providers will also grow in the next few years. Though 11% of employers said they reduce point-of-care costs for high-value services, 47% may do so by 2018, according to the survey. Nine percent of employers increase such costs for commonly overused services, but 41% may do so by 2018. Finally, 31% of employers say they may require employees to pay a higher cost for certain medical procedures if they don't first get a second opinion, though only 4% do so this year.

Shelby Livingston is a general assignment reporter. Before joining Modern Healthcare in 2016, she covered employee benefits at Business Insurance magazine. She has a master’s degree in journalism from Northwestern University’s Medill School of Journalism and a bachelor’s in English from Clemson University.

###