



Driving Change Together

2023

LARGE EMPLOYERS'
HEALTH CARE
STRATEGY AND
PLAN DESIGN
SURVEY

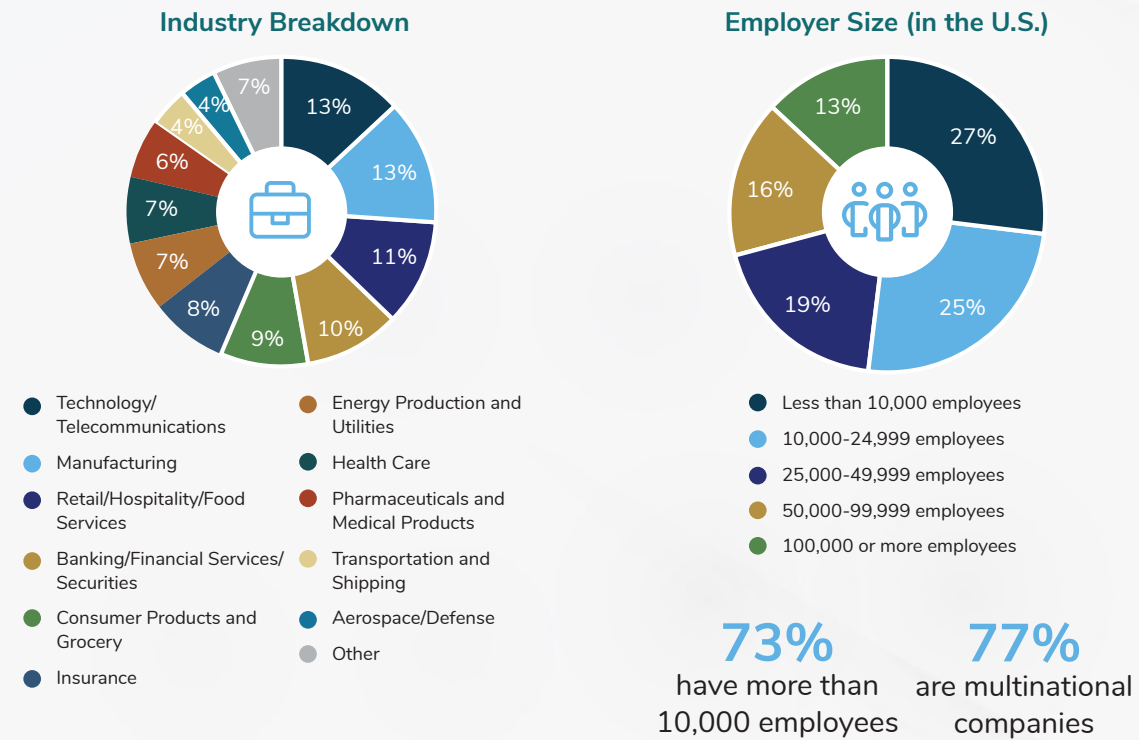
Introduction

The 2023 Large Employers' Health Care Strategy and Plan Design Survey asked large employers a series of questions to gauge their perspectives on critical health care topics, such as the lasting impacts of COVID-19 and the role that health and well-being play in overall workforce strategy. As in years past, the survey gathered key plan design and health care cost data to create aggregate findings on how employer-sponsored health care will shift in the coming year.

Fielded between May 31, 2022, and July 13, 2022, the survey was completed by 135 large employers that cover more than 18 million lives in the United States. The industries and employer sizes represented in the survey are detailed in Figure 1 below.

To complement this year's survey and to add qualitative data to the quantitative information being collected, the Business Group conducted interviews with several employers on topics germane to the survey.

Figure 1: Respondent Profile, 2022



Note: Percentages may not total 100% due to rounding.

The report is divided into the following sections:

- Executive Summary
- Part 1: Employers' Views on the Evolving Health Care Landscape
- Part 2: Health Equity
- Part 3: Health Care Delivery System
- Part 4: Health and Pharmacy Plan Design
- Part 5: Health Care Costs and 2023 Priorities

Ellen Kelsay, President and CEO of Business Group on Health, and the Business Group team thank the members for their participation in this project. Your support provided us with rich data and thoughtful insights into the future of employer-sponsored health care.

CITATIONS

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Executive Summary

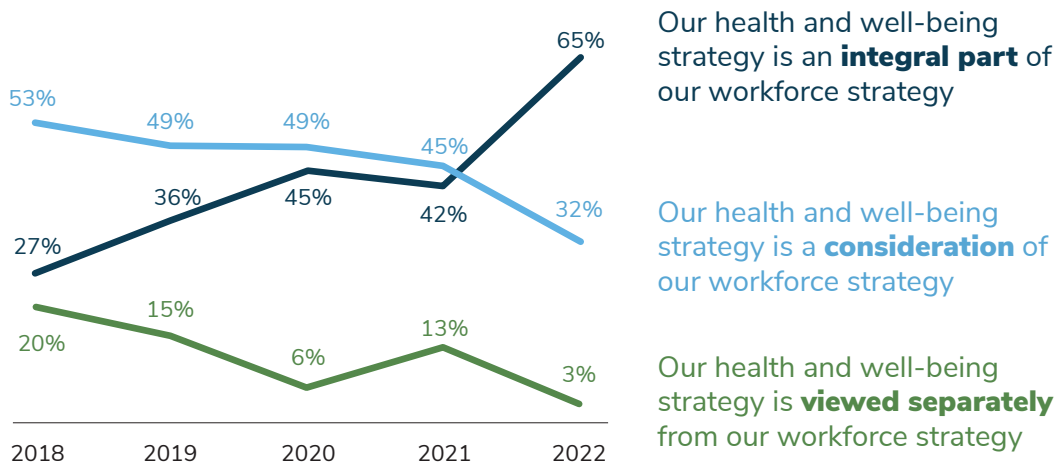
Based on the findings from the 2023 survey, the following emerged as top focus areas among employers.

1.

Dramatic increase in the importance of health and well-being to workforce strategy due to many factors.

While COVID-19 emphasized the importance of the role of health and well-being in the workplace, the rising number of employers asserting that their health and well-being strategy plays an integral role in workforce strategy—increasing from 42% to 65%—is the culmination of many factors that have been building for several years. These include the need to attract and retain talent through benefits and offerings, as well as supporting employees’ overall health and well-being and its impact on business performance and culture.

Figure 1: The Role of Health and Well-being in Large Employers’ Workforce Strategy, 2018-2022



Our health and well-being strategy is an **integral part** of our workforce strategy

Our health and well-being strategy is a **consideration** of our workforce strategy

Our health and well-being strategy is **viewed separately** from our workforce strategy

2.

The time to assess and improve virtual health has come.

Virtual health has permeated many aspects of employer health and well-being offerings. In fact, 74% believe that virtual health will have a significant impact on how care is delivered in the future. Yet virtual health is approaching a critical crossroads. To have influence on the quality of care, 84% of employers believe that integrating virtual health and in-person care delivery is essential and the most important action their partners can take. Otherwise, the virtual health experience may lead to duplication of services, unnecessary care, wasteful spending and a fragmented care experience. Despite existing integration challenges, employers believe virtual health holds promise. This is evidenced by the anticipated growth of virtual primary care offerings, increasing from 32% in 2022 to 69% in 2025, and plans by 57% of employers to add even more virtual health solutions in 2023. In sum, virtual health is here to stay, but improvements in quality, integration and marketplace rationalization are needed before it can realize its full potential.

Figure 2: Large Employer Views of Virtual Health, 2019-2022

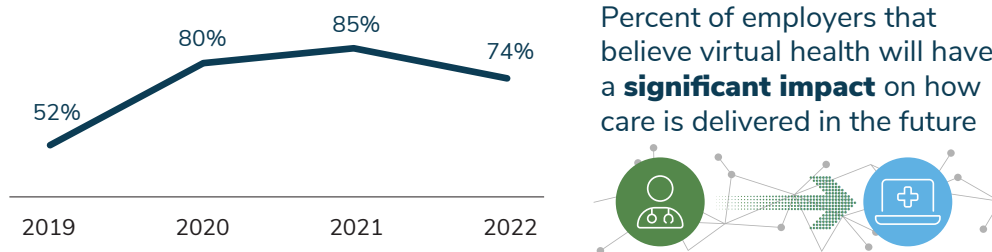
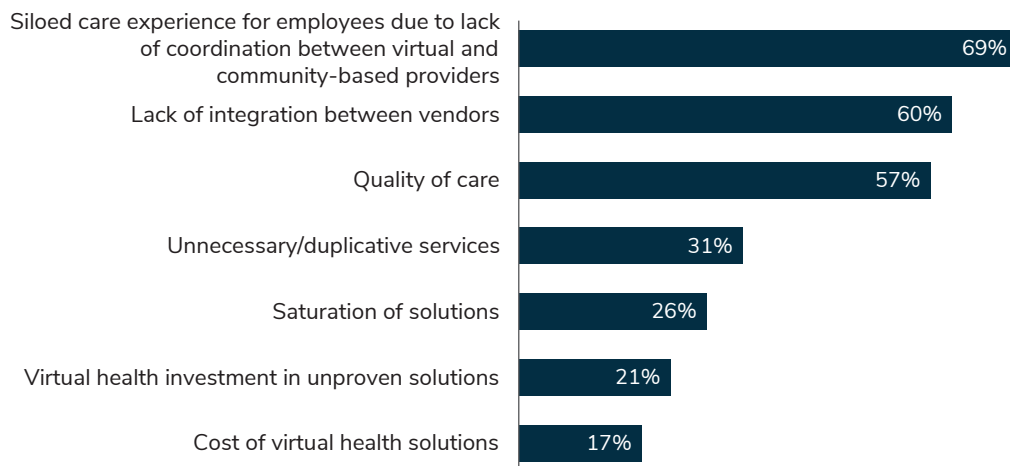


Figure 3: Large Employers' Concerns Regarding Virtual Health, 2022



3.

Long-term impacts of COVID-19 are becoming apparent, with others anticipated in the coming years.

Long-term mental health issues are the top impact resulting from the pandemic, both observed and anticipated. Increases in medical services due to delayed care is a close second - 43% are already seeing this and another 39% anticipate that these increases will occur. Twenty-one percent have witnessed increased disability claims due to long COVID, and 24% expect to see an increase at some point. While an increase in late-stage cancers has been observed by just 13% of employers, 44% expect to see these increases in the near-term. Knowing that these impacts are happening now and are expected to continue, employers are keeping many pandemic-related health and well-being offerings in place for the foreseeable future. Ninety-four percent will continue offering expanded telehealth and virtual health, and 85% will do so for mental health.

Figure 4: Impact of COVID-19 on Health and Well-being, 2022

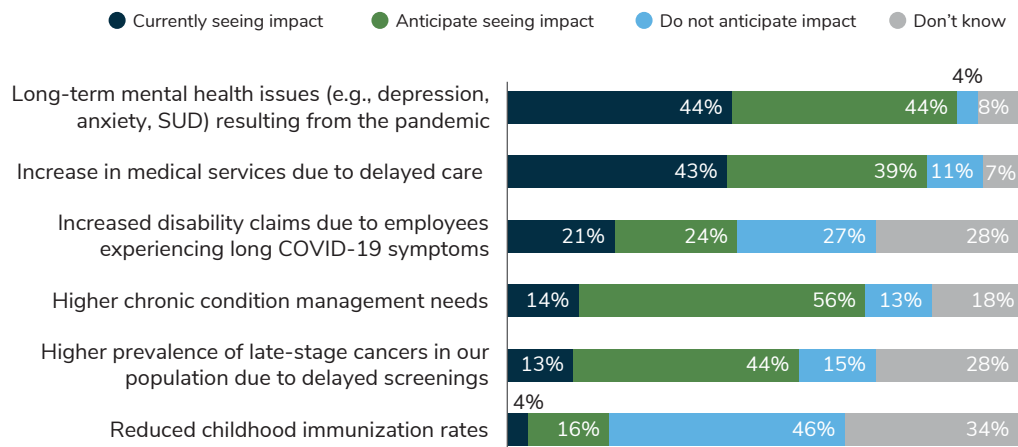
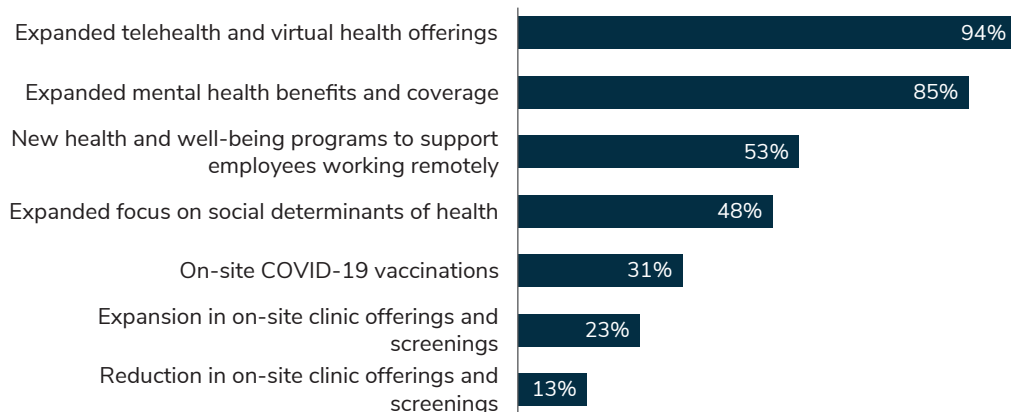


Figure 5: Pandemic Changes that Will Continue, 2022



4.

Health equity remains a concern for most employers.

Health equity continues to be on the minds of employers; in fact, three in four employers share concern about inequities in their company's health and well-being initiatives. Employers are also setting their sights on 2024 and 2025 to have an impact on social determinants of health, especially racism, childcare, transportation and food access/insecurity. Health care and finances/income will be addressed by 80% and 75% of employers, respectively, by 2023.

In 2023, employers will address health inequities in a multitude of ways, including by offering or expanding coverage of transgender health care benefits (82%) and by expanding benefits to support a neurodiverse population (78%). Reproductive health continues to be an aspect of health equity employers are actively addressing. Over the next 2 years, employers are doubling down on their efforts to improve access and quality of reproductive care, including expanding fertility benefits to cover all types of families and promoting/covering group-based prenatal care and doula services. All in all, 85% of large employers will implement at least one tactic to address inequities in women's and reproductive health.

While the survey was in the field, the Supreme Court issued its decision to overturn *Roe v. Wade*. Forty-four percent of employers have made changes to improve access to abortions or are planning to do so. The most cited change was providing financial assistance for travel and accommodations to receive services.

Figure 6: Concern About Health Equity



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Figure 7: Social Determinants of Health, 2022-2025

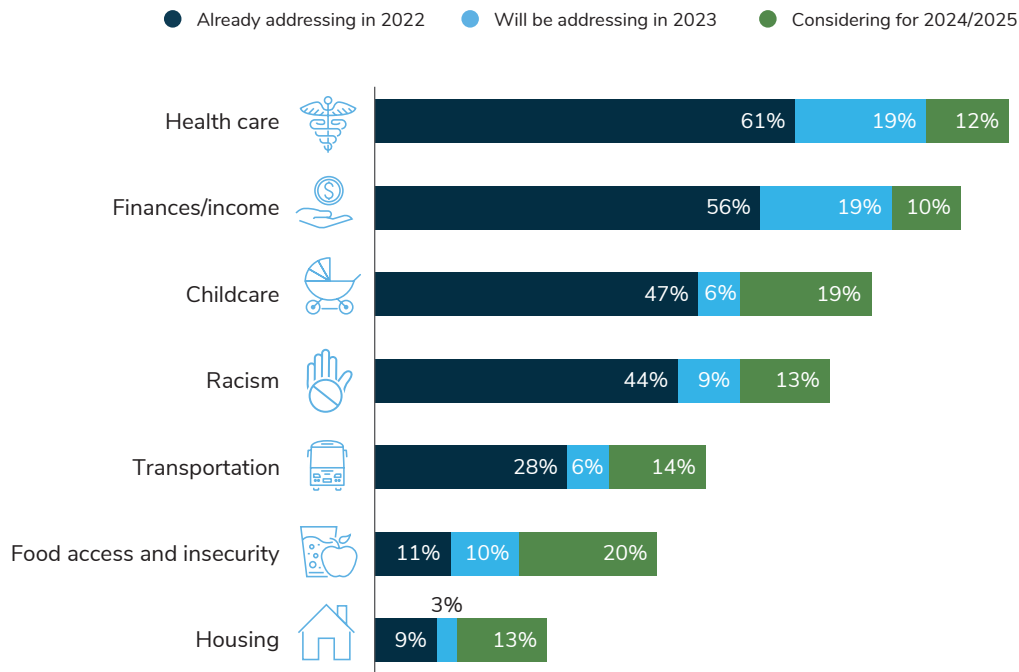
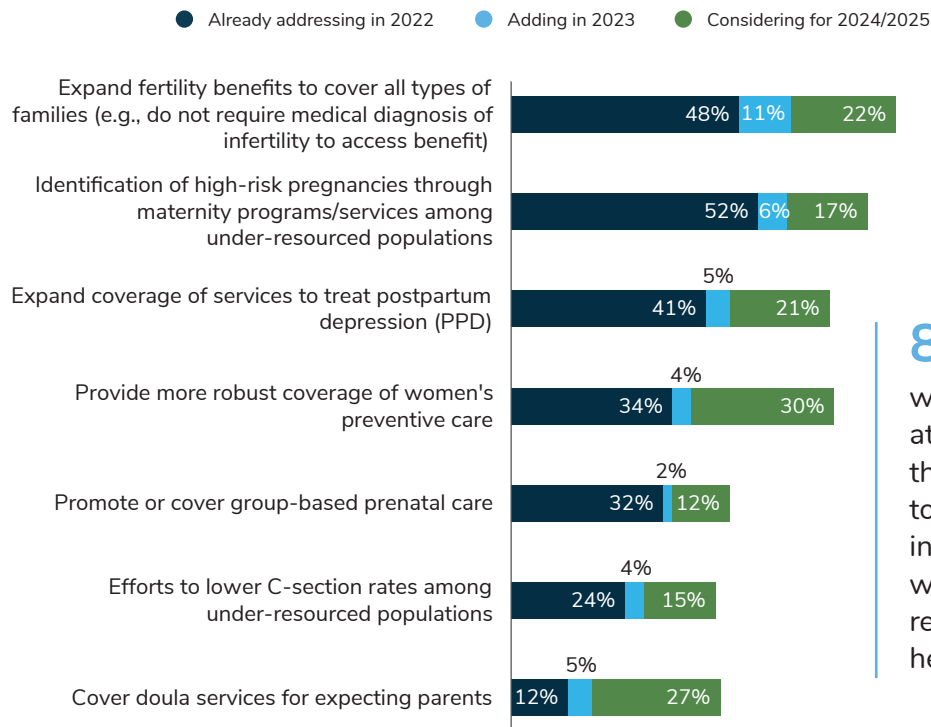


Figure 8: Efforts to Address Health Inequities Within Women's and Reproductive Health



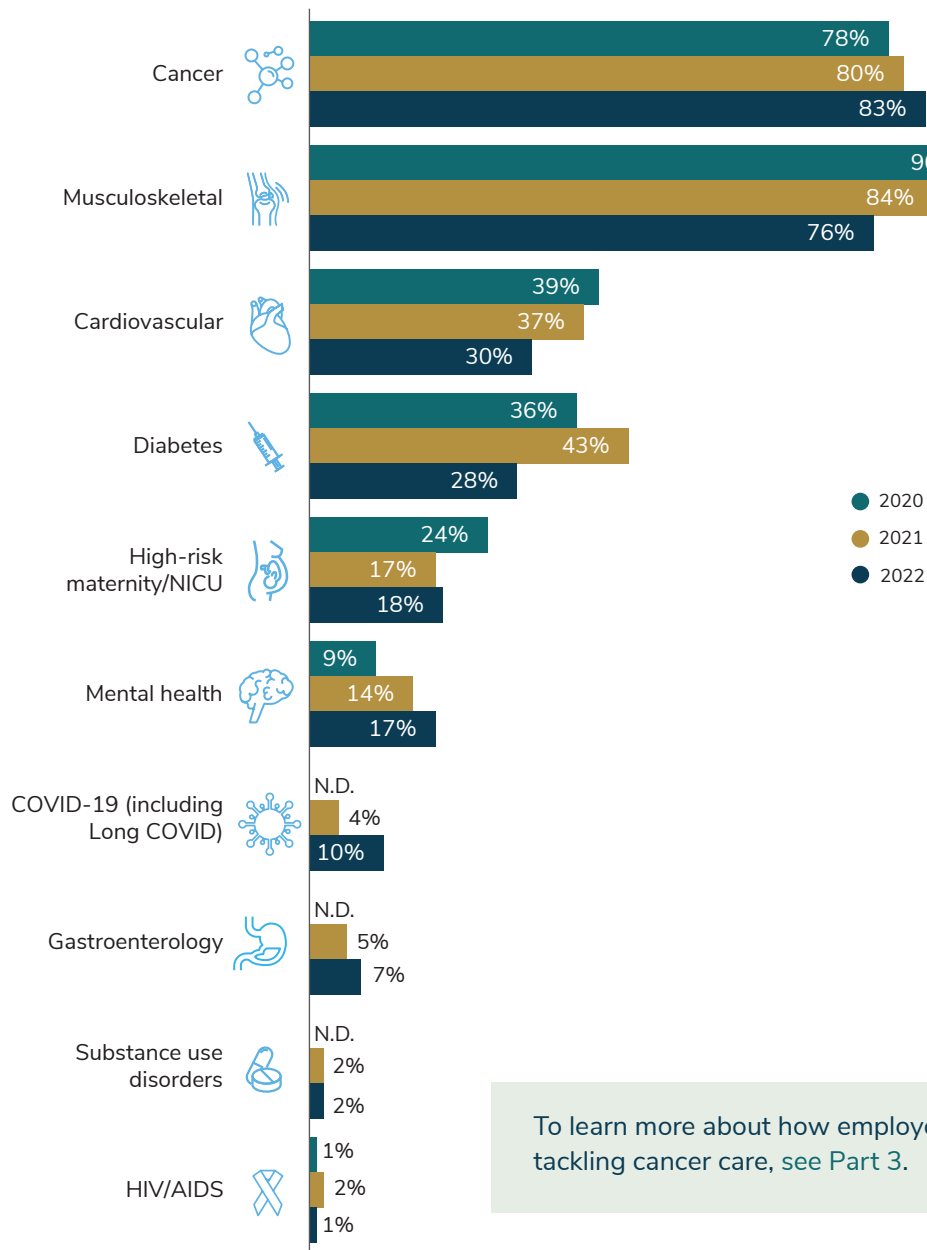
85% will implement at least one of these strategies to address health inequities within women's and reproductive health by 2023.

5.

Cancer is the top cost driver for employers.

For the first time in the history of this survey, cancer has overtaken musculoskeletal (MSK) conditions as the top cost driver. Eighty-three percent of employers say that cancer is among their top three conditions that drive their health care costs and trend. And this situation may worsen as pandemic-driven delays in care come to bear. As shown in Figure 4, 13% of employers are seeing a higher prevalence of late-stage cancers, and another 44% anticipate seeing an increase down the road.

Figure 9: Top Conditions Driving Cost, 2020-2022



To learn more about how employers are tackling cancer care, see Part 3.

6.

Health care costs climbed sharply in 2021.

Costs increased in 2021, which to some extent can be seen as a correction due to the reduction in volume of care during the height of the pandemic in 2020. While employers anticipated only a median 6% increase in trend after recording flat costs in 2020, the actual 2021 trend came in at a median of 8.2%. Increases in health care cost trend can be driven by increased volume, longer hospital stays and a higher severity of conditions upon diagnosis due to missed screenings and preventive care.

With the increase in health care cost trend, many may be asking how these increased costs are borne by employers and employees. Employers are contributing more to the premium and more to health accounts than ever before. In large part, employers' appetite to shift costs to employees has waned—which may be in part due to the current job market—but is more likely due to concerted efforts over many years to address affordability in their health care offerings. While employers may be willing to absorb an increasing share of health care spending, how long they will be able to do so remains a concern. Many employers continue to look at fundamental delivery system reforms to address unsustainable health care expenses and prescription drug costs.

Figure 10: Median Health Care Increase in Trend, 2017-2023

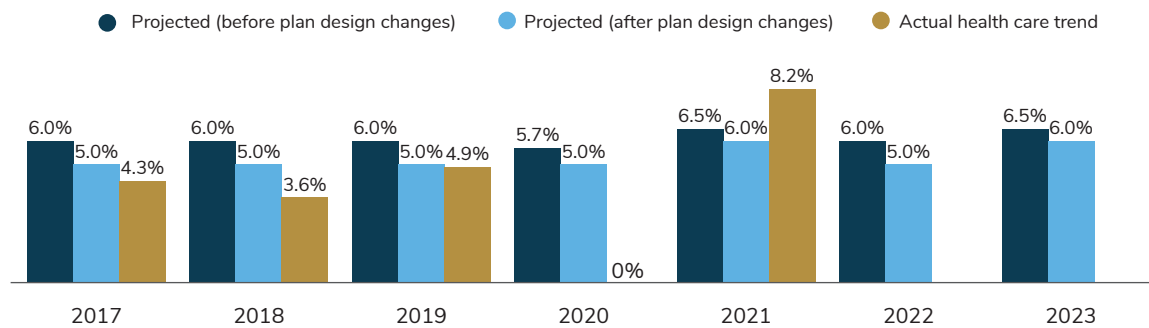
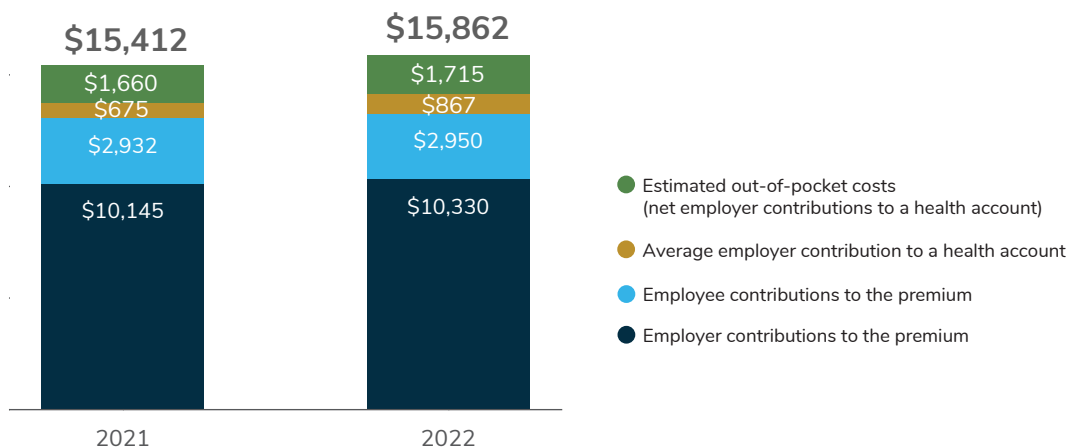


Figure 11: Estimated Health Care Costs, 2021-2022

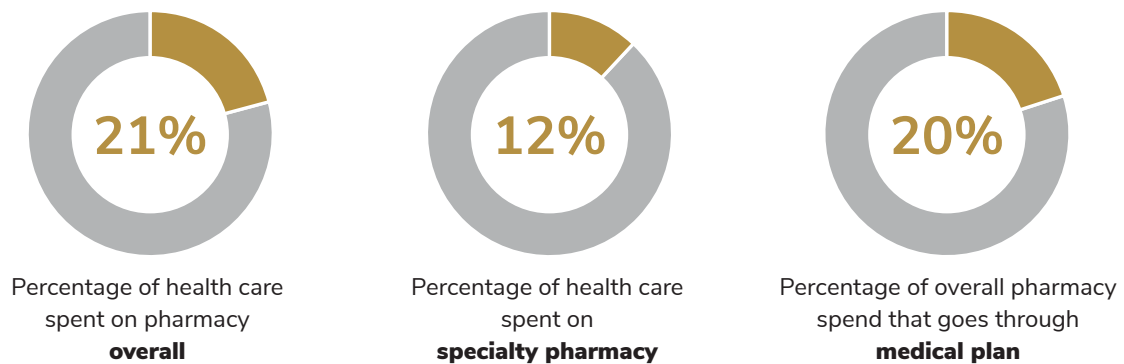


7.

Employers reevaluate fundamentals as prescription drug cost pressures continue.

Ninety-nine percent of employers say prescription drug costs are concerning. Specialty pharmacy trends continue at an alarming rate, and the pipeline is robust with new, costly treatments. In 2021, prescription drugs accounted for (a median of) 21% of employers' health care costs. Further, employers noted that specialty medication spend drove 12% of health care costs, meaning that over half of employers' pharmacy expenses were for specialty. While many employers have long focused on mitigation measures within their pharmacy benefit manager (PBM) programs, a growing number are also focused on prescription drug spending within their medical plans, where a median of 20% of pharmacy claims are adjudicated.

Figure 12: Employers' Pharmacy Spend (Median), 2021

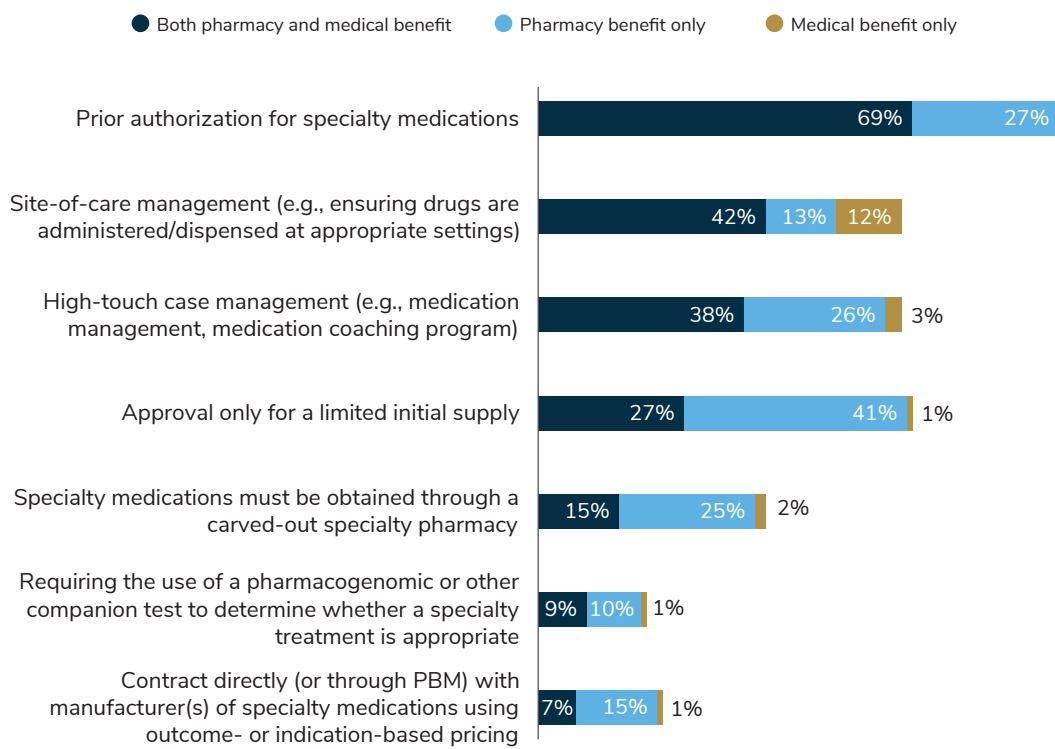


While there is much that is not directly within employers' control, there are opportunities in the future for them to bring down costs. As detailed in Part 4, there are a number of pharmacy management tactics—including biosimilar coverage, requiring companion tests and digital therapeutics offerings—that employers could take advantage of to bring down prescription drug costs.

Prior authorization has been the main tactic to manage specialty pharmacy costs for a number of years, followed by site-of-care management. However, there are a few proven tactics to control costs that a vast majority of employers aren't adopting, including the use of pharmacogenomic tests to determine treatment appropriateness and outcome- and indication-based pricing.

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Figure 13: Tactics to Manage Specialty Pharmacy, 2023

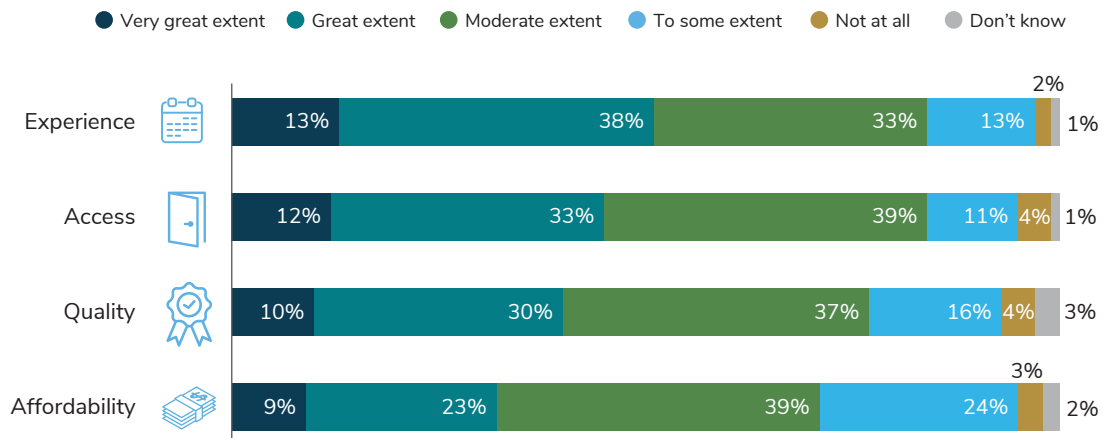


8.

Affordability of health care and medications is top of mind.

Affordability remains a top concern for employers. It is one they haven't been as successful in addressing via remediation and negotiation efforts when compared to other areas of patient engagement, including experience, access and quality (Figure 14). Employers will continue to assert market influence in addressing affordability with their partners. However, they are also keenly focused on policy efforts regarding affordability. For this reason, lowering health care costs and prescription drug expenses and making more affordable coverage possible are among employers' top future health care reform priorities (Figure 15). Employers are particularly concerned about both the affordability of maintenance medications and newer gene therapies. A majority of employers believe that both market- and government-based interventions are the solution to escalating prescription drug costs. Affordability of mental health services ranks among the top areas of focus for 24% of employers, with many looking to low- to no-cost virtual health as the answer.

Figure 14: Improvement in Health Care and Vendor Offerings, 2022



2023 LARGE EMPLOYERS' HEALTH CARE STRATEGY AND PLAN DESIGN SURVEY**Figure 15: Top Objectives for Health Reform, 2022**