WHAT EVERY EMPLOYER MUST DO NOW
to drive down health care costs.

Know your numbers. Three key metrics can make a big difference—and you have plenty of power to improve them.

If you had to spend an extra $4,000 on every person covered by your company's health plan, what would that do to your bottom line? Based on current trends, that's the question employers will be facing in ten years. Fortunately, the decisions you make around plan design and contracting can go a long way toward bending that curve down.

The stakes

According to our research, health care costs for the private sector will increase by $1 trillion over the next decade—an average of $4,000 for every employee and dependent. To compensate, companies will have to generate major gains in productivity or revenue, or watch as profit-per-employee ratios are eroded or erased.

What employers can do

First, understand the forces that are driving up your costs. Then use your decision-making power to fight back in a targeted and sustained manner. Start by focusing on three key metrics, and holding yourself, your employees, and your plans accountable for improving them.

METRIC #1

How much are you spending on potentially avoidable complications (PACs)? *According to studies, these care defects may consume about $2 of every $10 you spend today.*

HOW TO IMPROVE IT

Work with your plans to implement programs that tie incentives to reductions in PACs. Become more aggressive about reducing payments for readmissions and patient safety problems in hospitals. Encourage episode of care payment models, rather than fee-for-service.

METRIC #2

How much are you paying for results? *In other words, what percentage are you spending on incentives designed to improve quality and reduce costs—as opposed to simply paying for the volume of services performed?*

HOW TO IMPROVE IT

Start paying for quality. Lean on your plans to implement robust pay-for-performance initiatives for physicians and hospitals. Tier your co-pays to encourage more patients to use top-performing physicians. Promote concepts like the "medical home" care model and (again) episode of care payment.

METRIC #3

How many employees with chronic conditions choose physicians based on quality and cost ratings? *For example, physicians recognized by Bridges to Excellence can reduce annual costs of care for these employees by at least 6% on average.*

HOW TO IMPROVE IT

Introduce lower co-pays or co-insurance for recognized physicians and hospitals. Promote those providers aggressively, and give employees information on physician and hospital quality. Help them understand how poor care drives up costs, and encourage them to make value-based purchasing decisions.

Bottom line

Employers need to play a major role in driving down costs. In fact, the future of your business may depend on it. Let's work together to design a strategy around these three key metrics. We know what it takes to improve them. And we offer many programs and tools to help you do the same.

Contact us at info@HCI3.org or visit www.HCI3.org, www.BridgesToExcellence.org, or www.PrometheusPayment.org.

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