The Changing Healthcare Landscape

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CVS to Buy Aetna for $69 Billion in a Deal That May Reshape the Health Industry - The New York Times

Amazon, Berkshire Hathaway and JPMorgan Team Up to Try to Disrupt Healthcare - The New York Times

The changing healthcare landscape is dominating today’s headlines, making disruption seem like a new phenomenon. But the truth is that the tides of change have been coming for a long time. People are frustrated with the current system – employees and employers alike.

It may have struck you as outrageous that a national drugstore chain was stepping in to purchase America’s third largest health insurance company, but other organizations have been on this path for years. For example, United Healthcare has purchased physicians’ practices, healthcare centers and urgent care facilities to become both provider and payer. The CVS and Aetna deal is in the same vein – their goal is to verticalize the industry and own, deliver and pay for the product and every step of the process.

Amazon, Berkshire Hathaway and JPMorgan are teaming-up to from their own independent healthcare company, accessible to its U.S. based employees. It’s unclear exactly how this one will shake out, but larger businesses including USAA and Goldman Sachs have been trying out a similar model for years – purchasing their own clinics and hiring their own doctors to treat employees internally, and on site. This cuts costs and reduces downtime.

In both scenarios, the end game is owning the resources. The result of all of this, if successful, will be lower costs to employers and employees, as well as a shift to a larger variety of products offered.

What Now?

Across the board, lines are being blurred. So, how will all of this affect your own business? What new ideologies should you adopt? What do your employees really want? What is best for them?

Let’s touch on adoptable ideas first. When reviewing employee benefit plans, look at the list of in-network caregivers. In most networks there are thousands of providers available. Is that necessary? Perhaps not. The emergence of narrow network products gives employers new choices as they search for value in a complex system.
Another option many HR departments are already taking advantage of is direct primary care. This allows you to pursue a financial agreement with one exclusive physicians group. Employees can receive their primary care from the designated provider (and only the designated provider) at an incredibly low cost. This model breaks down financial obstacles for many consumers who don’t already manage their health effectively because of financial barriers.

Prescription drug spending continues to rise at a rate far ahead of core medical inflation. Many employers are taking a hard look at their utilization and the terms offered by their Prescription Benefit Manager (PBM). PBM’s remain uniquely profitable entities, and with the right expertise employers can experience a meaningful reduction in drug costs.

Employee benefits have always been complicated, but navigating today’s rapidly-evolving options in a complex regulatory environment is especially challenging. It’s also exciting and teeming with opportunities. If interested in taking advantage of new, innovative models and technologies, give us a call. We’re here to help you keep your employees happy and healthy.

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