The International Business Times ran an Op-Ed this past weekend penned by WellNet: “How Employers Can Build More Efficient Health Plans”

Here is a snapshot of the piece, pasted below in its entirety for easy access:

The pandemic has radically changed how businesses operate. Once they realize how much money their self-insured peers have saved through the crisis with a better member experience by now partnering with an independent administrator, it will change the way they procure their health benefits, too.

How Employers Can Build More Efficient Health Plans

By Keith Lemer - 08/22/20

Health insurers are profiting handsomely off the coronavirus pandemic. UnitedHealth Group, the country's largest insurer, just announced that its profits doubled to $6.6 billion in the second quarter of this year. Anthem, which runs Blue Cross Blue Shield health plans in more than a dozen states, saw its net income more than double over the same period, to $2.3 billion.

They're raking in cash because people are holding off on elective surgeries and routine care in response to the pandemic. Insurers don't have to pay for care that patients forego. So the premiums they charge have become pure profit.

The decline in elective procedures has paid off for another group -- organizations that self-insure, or cover their employees' health costs directly. These firms are socking away the money they would've spent on health care for other purposes -- like keeping their businesses afloat as the recession drags on, or providing other benefits that help their employees adjust to our new work-from-home norm.

Post-pandemic, many employers that watched insurers get rich at their expense are going to follow the example of their self-insured brethren -- and opt out of the traditional insurance market, too.

Most small and mid-size firms were struggling to afford health insurance before the coronavirus struck. The annual cost of the average employer-sponsored family health plan now exceeds $20,000. That figure is up more than 50% over the last decade.

Premiums have marched upward because insurers have little incentive to reduce the underlying cost of care. Higher costs are no problem, as long as insurers can raise premiums accordingly. And if claims come in lower than expected, as they have during the pandemic, then insurers realize outsized profits.

In other words, insurers do just fine whether health costs go up or down. Healthcare providers, meanwhile, typically want health costs to go up in order to make more money. Because insurers make money regardless, they're generally happy to accommodate them.

Self-insuring offers a way out of this rigged marketplace. Their healthcare dollars actually go to pay for their workers' care -- not insurers' profits or overhead.

The savings can be substantial. Self-insured plans managed by independent third-party administrators, which process claims and manage the plan's operations, can cost 20 to 30% less than the typical offering from a national insurance carrier. That's equivalent to nearly $3,000 per employee in yearly savings.

It's no wonder about 94 million people, or 60% of the nation's workforce, are covered by self-insured health plans.

Further, because they're financially responsible for their employees' health and well-being, employers who self-insure have an incentive to provide benefits that are comparable, if not better than, those offered by traditional insurers.

For example, self-insured employers routinely steer their employees to best-in-class hospitals and doctors for things like knee surgery because a successful procedure is far cheaper in the long run than one with painful post-surgical complications. Getting things right the first time is obviously in the best interests of the patient, too.

Employers that self-insure can identify the care that delivers the most value for their employees because they have control of their medical claims data. That data can offer insights into what's driving health costs.

One common problem is medication non-adherence. As many as 50% of patients with chronic conditions do not take their medicines as directed by their doctors. As a result, small health problems that could be managed with medication turn into big problems that require emergency surgery and the like. It's no wonder that non-adherence costs the U.S. healthcare system nearly $300 billion a year, according to research published in the Annals of Internal Medicine.

Because they control the inner workings of their health plans, employers that self-insure can boost adherence by incentivizing people to fill their prescriptions -- say, by eliminating co-pays for medication.

Of course, paying workers' health claims directly can be risky. Medical expenses could be high one month and low the next. A catastrophic claim -- say, cancer treatment, or complications from COVID-19 -- could wipe out an employer's savings.

Stop-loss insurance can protect them from that kind of financial calamity. Stop-loss policies advance funds when necessary or reimburse employers for claims that exceed predetermined thresholds.

The pandemic has radically changed how organizations operate. Once they realize how much money their self-insured peers have saved through the crisis, it'll change the way they procure their health benefits, too.

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