Benefits and Pensions MONITOR Meetings & Events WEBINAR

2023 RESOLUTIONS: LOWER PLAN COSTS AND SUPPORT EMPLOYEE HEALTH NEEDS

Lowering the cost of a benefit plan is an ongoing activity, not just timed for year end, says Jason Kennedy, General Manager, Virtual Pharmacy, at Telus Health. In its '2023 Resolutions: Lower Plan Costs and Support Employee Health Needs' Benefits and Pensions Monitor Meetings & Events session, he said there are specific changes that can be made that might help address some of these costs, perhaps even lower them. However, it needs to be done in a manner that supports employees with all aspects of their health and wellness.

"We have a really difficult balancing act as employers face the difficult task of reining in rising health costs," he said, while trying to keep coverage affordable, all against the backdrop of an increasingly competitive job market.

The complicating factor is that budgets aren't increasing at the same pace as cost are rising, creating a shortfall at a time when they need to remain attractive to current and prospective employees.

Different Reasons

There are different reasons the increases. Some of the key drivers are specialty medications and chronic diseases, especially diabetes.

COVID is another driver as over the last two years patients have been unable to see a doctor or a specialist. This delay meant the opportunity for early intervention was lost resulting in more complicated chronic diseases and more late-stage cancer diagnoses.

This is playing out in the data. Where once someone might have started on front line therapy, patients now are going directly to more involved therapies.

The other thing in this bucket is that generalized stress and anxiety have resulted in increased mental health challenges and the need for support for employees.

There is also inflation which is omnipresent at the moment. This is blunted, in some cases, by long-term contracts that some employers have. "You might not immediately feel the cost increase caused by inflation this year, but if you are renewing next year, you might want to prepare proactively for an increase even though you're protected at the moment," said Kennedy.

TELUS Health

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Specialty medications are another consideration. Complex therapies can cost more than $10,000 per year. "From 2012 to 2022, we've seen almost a doubling in the cost. With only an incremental number of patients being addressed, this is placing increased pressure on drug budgets which is increasing pressure on the overall healthcare dollars," he said.

These medications are great. They are life-saving and life altering, but sponsors have to be aware of the challenges and make sure their plan is doing something to address these. "Otherwise, it can consume a disproportional amount of your spend very quickly," he said.

Becoming aware of the drivers that are important to the plan and the business can be done be achieved at the data to see where costs are coming from. Within this, there's potential solutions to optimize value while improving employee health.

An obvious area to explore is the drug spend, both in terms of working with brokers, consultants, and insurers, but also potentially pharmacy partners and other providers out there who can help in that area. However, doing this well is about selecting not only the right solution, but the right partner.

In terms of optimizing pharmacy benefits, the days of having a wide-open list are "behind us. There are more blunt instrument lists now and we are more sophisticated in the use of pharmacoeconomic analysis to ensure cost effectiveness," said Kennedy.

Member Friction

As well, historically, employers have been reticent about adding in plan design options as they were worried about the communication and the member friction that comes along with that. However, a partner can offset some of that. A pharmacy partner can look at optimizing the communication to members, as well as filling the gaps to complement the objective.

One clear objective is supporting hiring and retention. Employers are, for example, seeking to address the emerging needs of Generation Z who are going to be important contributors to the workforce.

Once pharmacy benefits are optimized, Kennedy said "you probably want to know the ROI, return on investment. What's clear to us is that the ROI can be greatly improved when the communication to employees is clear and consistent and there's an investment in creating a culture of wellness."

Simple ROI could be retention. "The stat that I like is that employees who believe their employer cares about their well-being are less likely to leave their jobs," he said.

"As decision makers, you have the opportunity to help your benefit program work better for your employees. A strong communication plan will help employees feel supported and strengthen the employer/employee bond." **BPM**

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