

Pulse of the Purchaser

Fall 2022 Survey

Survey Summary

Pulse of the Purchaser, a national survey of employers, was conducted in August and September 2022

The survey gauged concerns and views of employers around the following:

- Workforce environment
- Hospital price and quality transparency
- Health and wellbeing benefit strategies, including reproductive benefits
- Health equity
- Pharmacy drug strategies
- High-cost claims
- Impact of potential health reforms

The survey included 152 responses from private and public employers across the country

- Wide range of sizes 33% <1,000 employees, 36% 1,000-9,999 employees, and 31% over 10,000 employees
- Representing numerous industries – Manufacturing (26%), Education (12%), Healthcare (12%), Construction and Transportation (10%), Public Administration (9%), Wholesale Trade (7%), and Finance and Insurance (5%)

Key Findings

Employer/Purchaser Perspectives on the Current Workforce Environment

- Attracting and retaining employees is an even higher priority post-pandemic (78% strongly agree)
- Health and wellbeing benefits are critical to attracting and retaining employees (61% strongly agree)
- Rising healthcare costs are a significant challenge for employers trying to attract and retain talent
 - 7 out of 10 employers agree that costs directly or indirectly crowd out salary or wage increases and impact ability to remain competitive
- 2 out of 3 employers are permitting remote work
 - 93% of employers agree that there is complexity with accommodating hybrid work
 - Nearly 7 out of 10 employers recognize employee desire for hybrid work by accommodating more flexibility and adapting/modifying health and wellbeing benefit strategies
 - Employee eligibility for remote, hybrid, or on-site work varies significantly by industry

Key Findings

Employer/Purchaser Healthcare Perspective

- Rising healthcare costs impact employers' ability to remain competitive and increase wages
 - Rising costs directly or indirectly crowd out salary or wage increases (73% agree)
 - Rising costs impact our organization's ability to remain competitive (82% agree)
- Nearly 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to the affordability of employer-provided health coverage for employees and their families
- Top healthcare strategies employers are currently or considering integrating:
 - High-cost claims management (94%)
 - Mental health and substance use access and quality (94%)
 - Hospital quality transparency (93%)
 - Hospital price transparency (91%)
 - Whole person health (90%)
- 95% of employers agree on their responsibilities as plan sponsor fiduciary
- Employers are more open to policy options such as drug price regulation (82%), surprise billing regulation (79%), hospital price transparency (76%), hospital rate regulation (72%)

Key Findings

Employer/Purchaser Perspectives on Hospital Pricing

- 97% of plan sponsors believe hospital prices are unreasonable/undefensible
- 93% of plan sponsors believe that hospital consolidation has not improved the cost or quality of services
- Over 2/3 of employers had familiarity with RAND and The Leapfrog Group data while less than 1/3 had familiarity with NASHP Hospital Cost Tool and Sage Transparency
- Transparency increases awareness as employers familiar with RAND strongly disagree nearly 10 times more than those unfamiliar with RAND that hospital pricing practices are both reasonable and defensible
 - 1 in 4 employers familiar with both Sage Transparency and RAND data strongly disagree that hospitals generally operate efficiently
 - 1 in 3 employers familiar with both Sage Transparency and RAND data strongly disagree that hospital prices are justified by uncompensated care and negative margins on public programs
- In light of hospital pricing there will likely be an increase in strategies being used within the next 1-3 years such as tiered networks (46%), site of care (43%), and centers of excellence (41%)

Key Findings

Employer/Purchaser Perspectives on Drug Pricing and Management

- Employers are prioritizing strategies for high-cost claims, mental health, and hospital transparency in 2022
- The most cited pharmacy drug strategies employers have continued to implement are:
 - Medical therapy management (64%)
 - Pharmaceutical drug transparency/pass-through pricing (56%)
 - Copay maximizer program (52%)
- Highest areas of new focus for employers in the next couple of years include:
 - Medical benefit drug transparency (43%)
 - Drug reference-based pricing (34%)
- Over 3/4 of employers have implemented or are considering biosimilar pharmacy drug strategies in the next 1-3 years

Key Findings

Employer/Purchaser Perspectives on High-Cost Claims

- Most cited strategies employers have continued to implement are for mitigating high-cost claims are:
 - Managing complex cases (65%)
 - Addressing the cost of specialty drugs (64%)
- Highest areas of new focus in the next couple of years include:
 - Offering precision medicine for cancer treatment (45%)
 - Implementing centers of excellence (39%)
 - Negotiating and auditing hospital prices (34%)
 - Auditing of intermediaries (30%)
 - Mitigating costs and coverage of rare diseases (30%)
- Most employers believe they are effectively managing high-cost claims through their intermediaries and the most cited were carrier/TPA (94%) and PBM (69%)
- Less common but increasingly being considered by employers to manage high-cost claims:
 - Reinsurers (30%)
 - Internal management (27%)
 - Specialty vendors (23%)

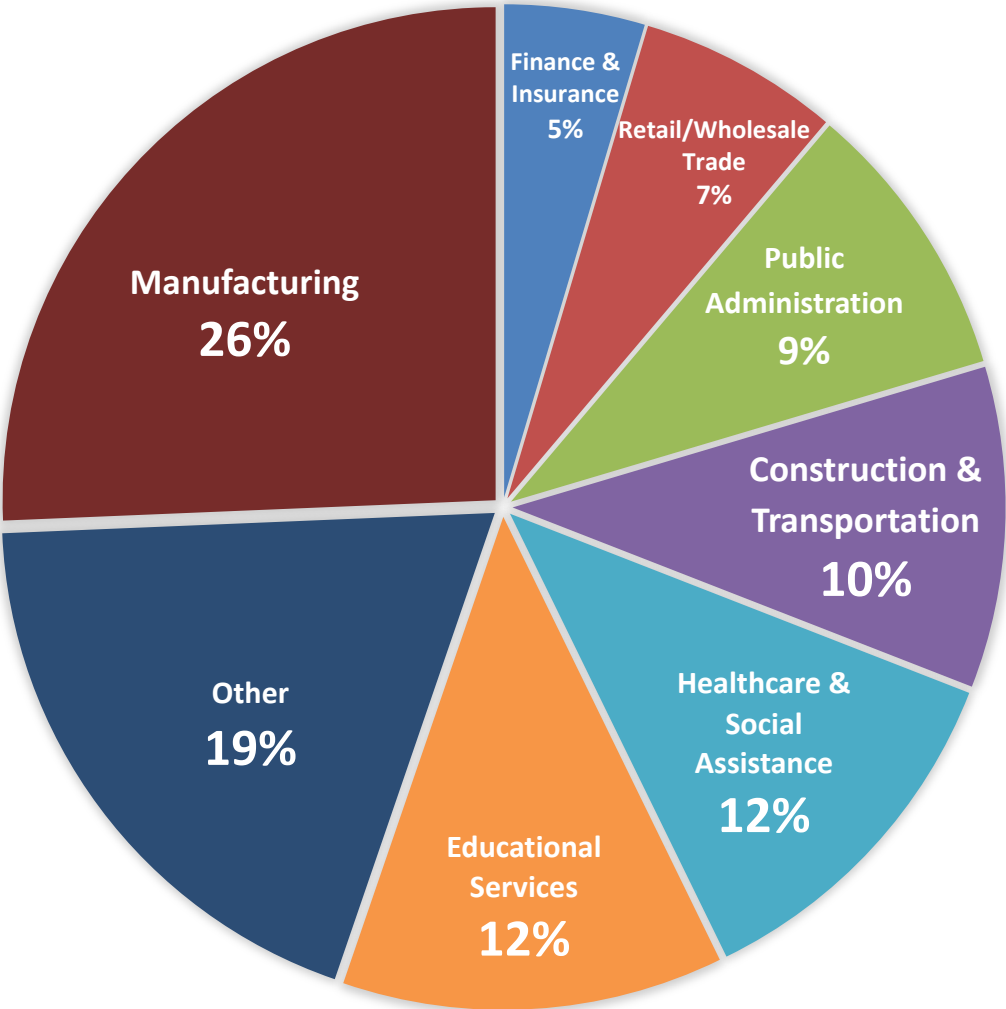
Key Findings

Employer/Purchaser Perspectives on Whole Person Health

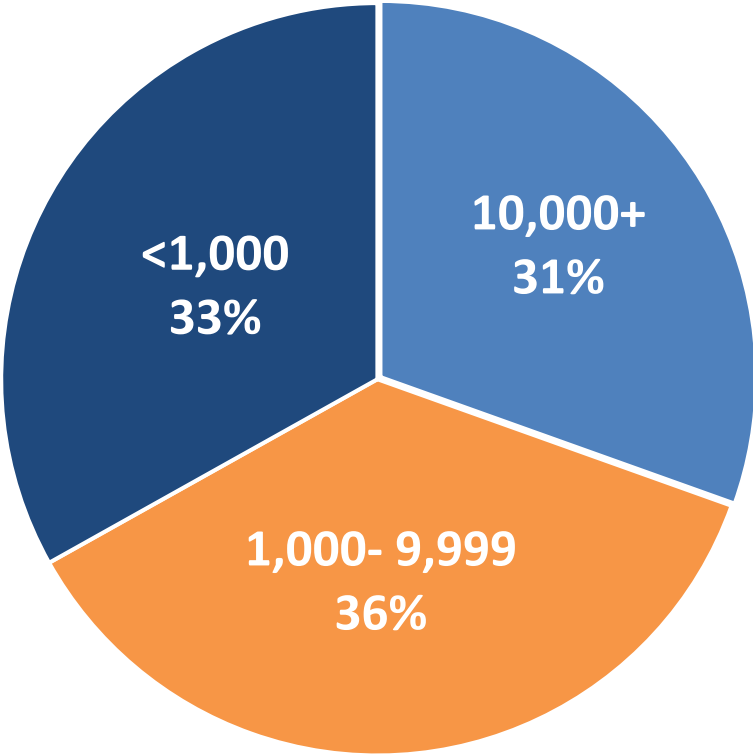
- 90% of employers are currently integrating whole person health strategies or will be in the next few years
- High-value care (54%) is an important area of focus for employers and individuals with multiple chronic conditions (60%) are also currently at the top of employers' radar
- Employers have already started implementing strategies to get organized on health equity
 - Over half of employers are engaging various departments to discuss company strategy (52%)
 - Over 2 in 5 employers are reviewing/addressing the role of workplace policies (41%)
- After getting organized on health equity company strategy and workplace policies, employers plan to move towards building data analytics for health equity strategies
- 1 in 3 employers are working to build accountability of health equity strategies in the next 1-3 years
- Very few employers are considering eliminating reproductive benefits in light of Roe decision
- 82% of employers provide coverage of abortion services under the medical benefit, and few are considering changing that
- 4 in 10 employers currently offer or are considering travel benefits, but few would offer them for abortion services only

152 Total Respondents

Industry Breakdown

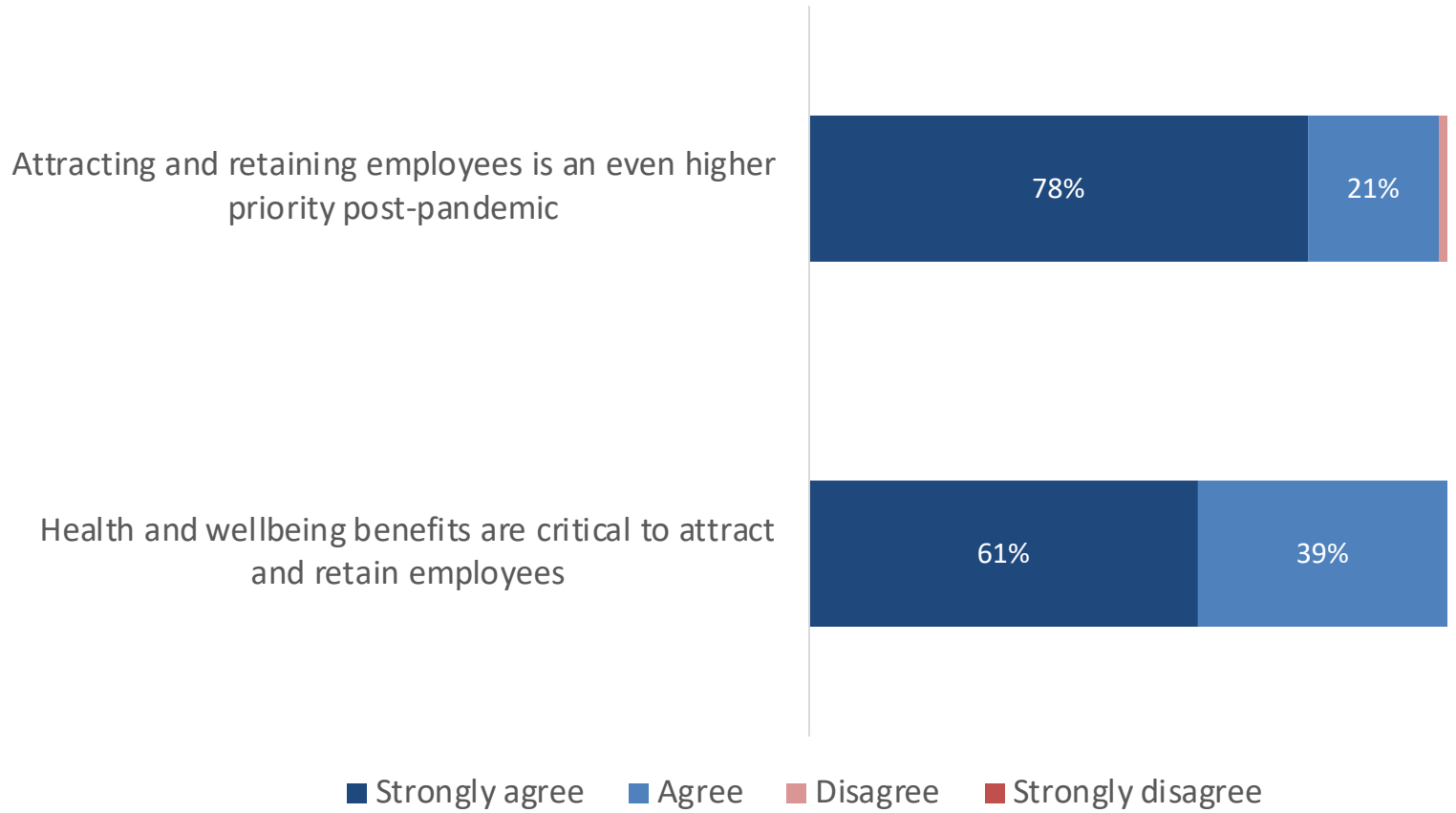


Organization Size Breakdown Number of Employees



Employers are highly focused on attracting and retaining employees

“Attracting and retaining employees has become a ‘street fight’”



Employers most strongly agree that:

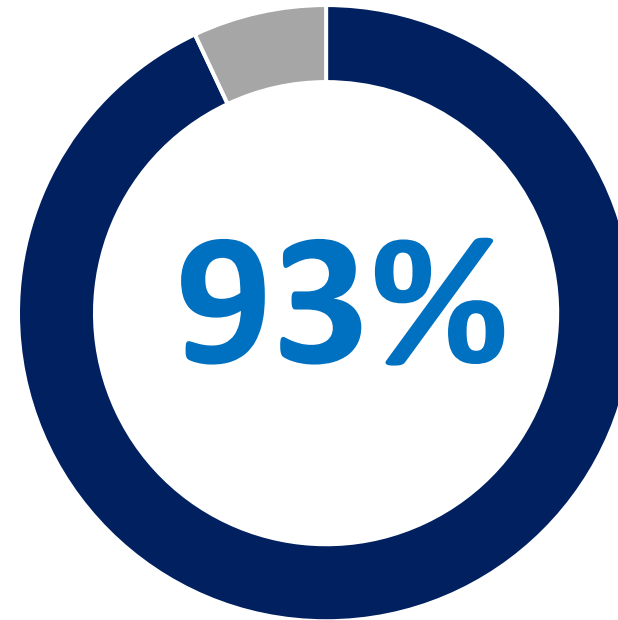
- Attracting and retaining employees is an even higher priority post-pandemic (**78%** strongly agree)
- Health and wellbeing benefits are critical to attracting and retaining employees (**61%** strongly agree)

2 out of 3 employers are permitting remote work



66% of employees are permitted to work either part-time (hybrid) or fully remote

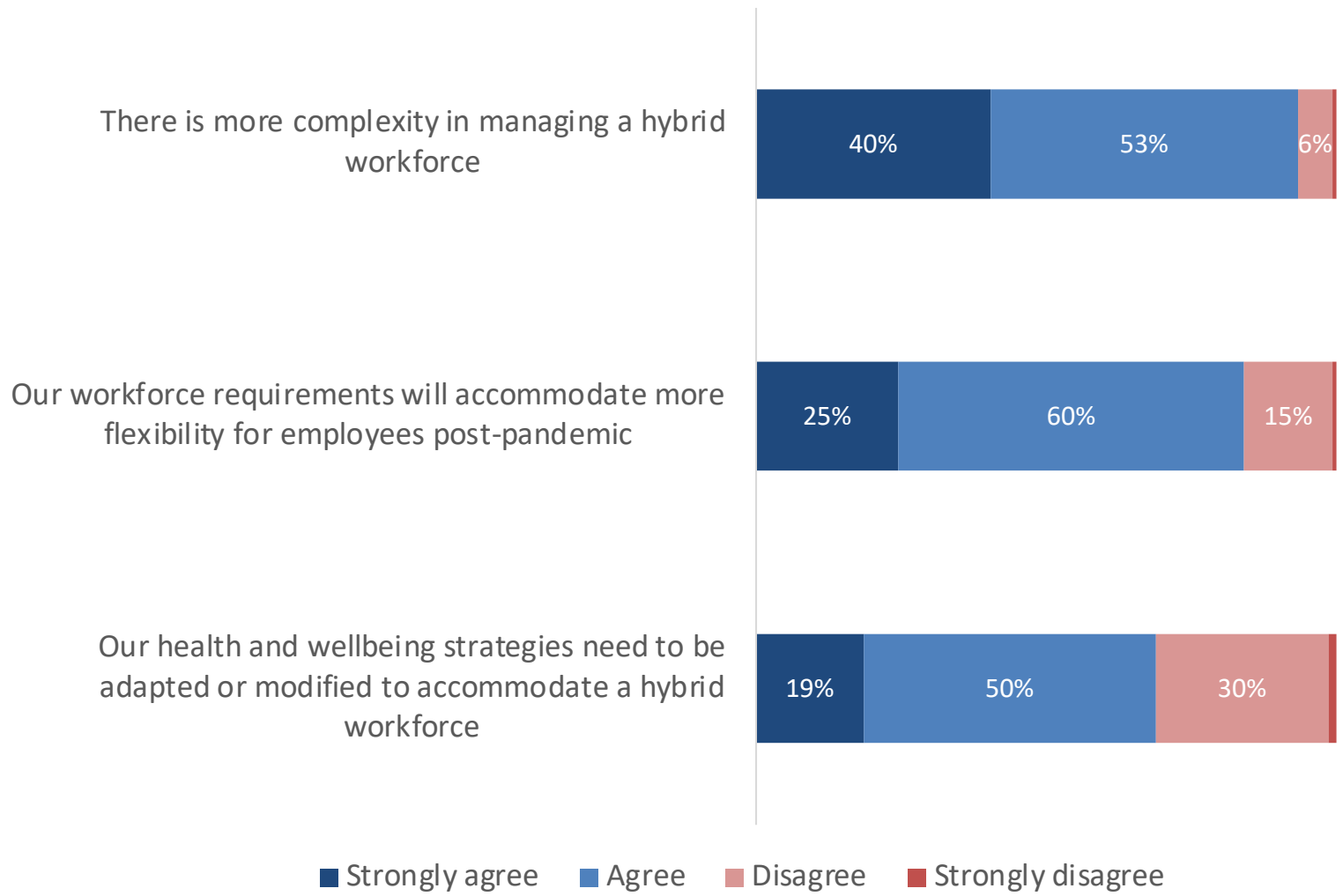
Yet, managing a post-pandemic workforce environment creates additional challenges for many employers...



of employers agree there is complexity that comes with accommodating hybrid work

“Effective communication and support of team members has been difficult in a remote environment.”

Nearly 7 out of 10 of employers recognize employee desire for hybrid work despite increased management challenges

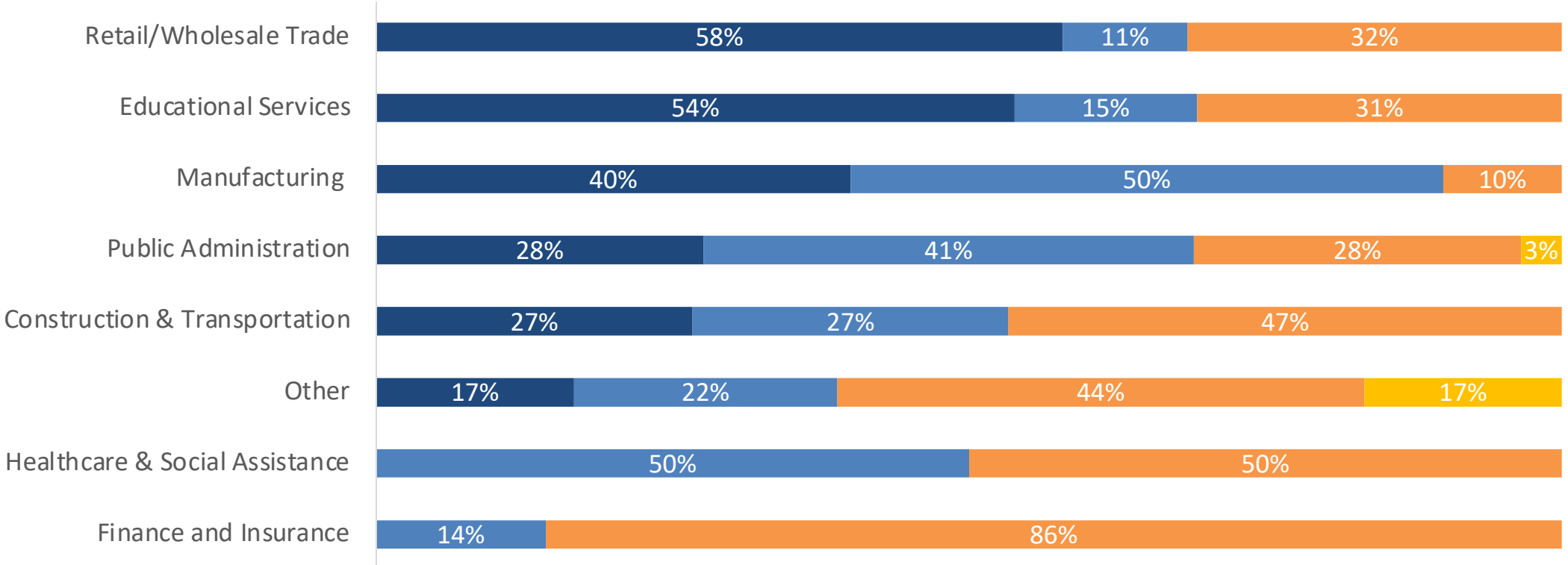


While 2 out of 3 employers permit some form of remote work, the complexity that comes with accommodating hybrid work creates challenges according to 93% of the respondents.

8 out of 10 employers agree on accommodating more flexibility for employee workforce requirements (85% agree)

Yet, many employers are still grappling with the need to adapt or modify health and wellbeing strategies to accommodate more flexibility (31% disagree)

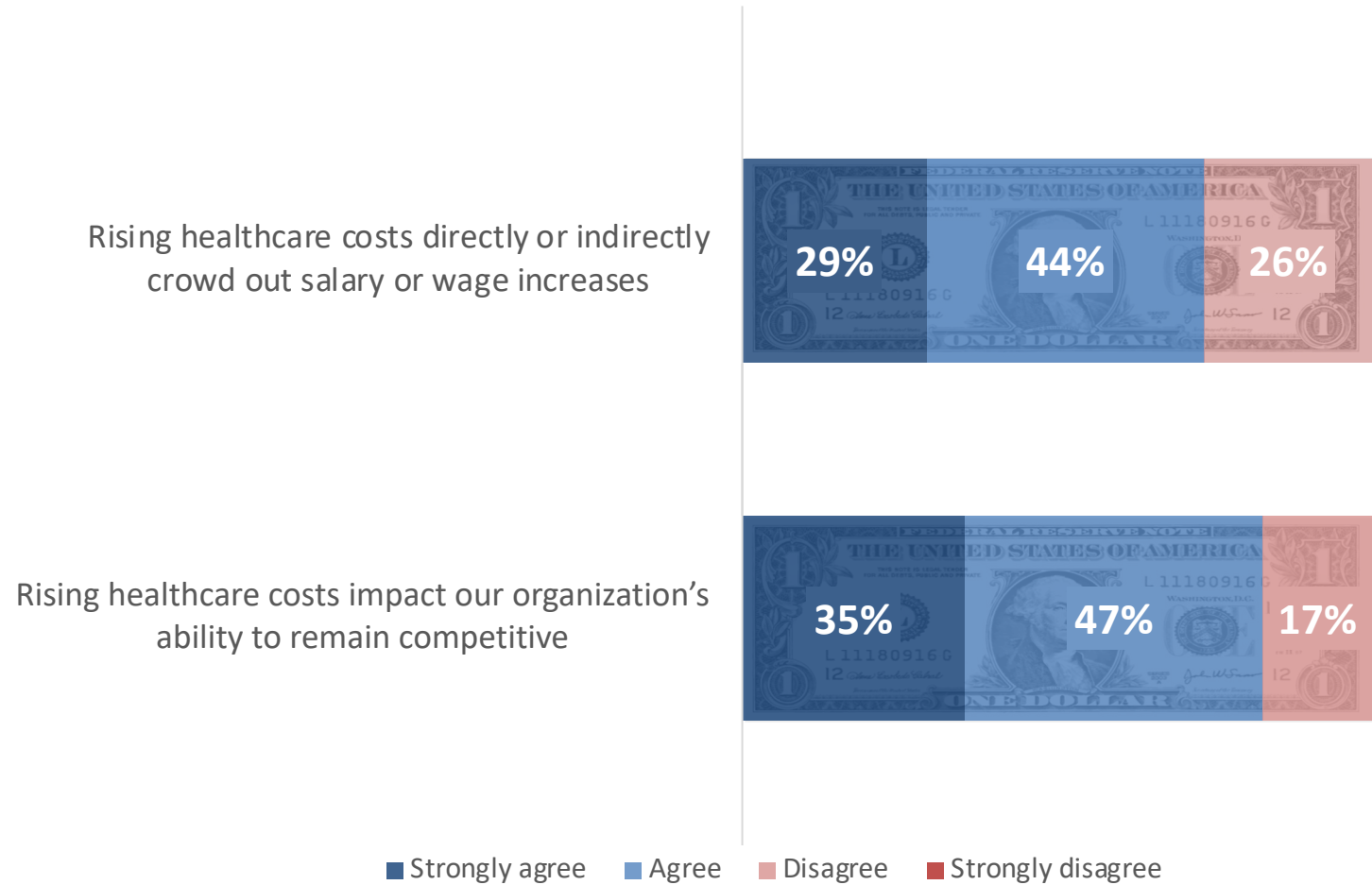
Employee eligibility for remote, hybrid, or on-site work varies significantly by industry



- Employees are required to be onsite for work
- Employees are expected to work part-time in the office and part-time at home (hybrid) if their job function permits
- Employees are permitted to work from home if their job function permits
- All Employees Work Remotely

“People are looking for flexibility post-pandemic, and because of our industry, we cannot provide this to our employees”

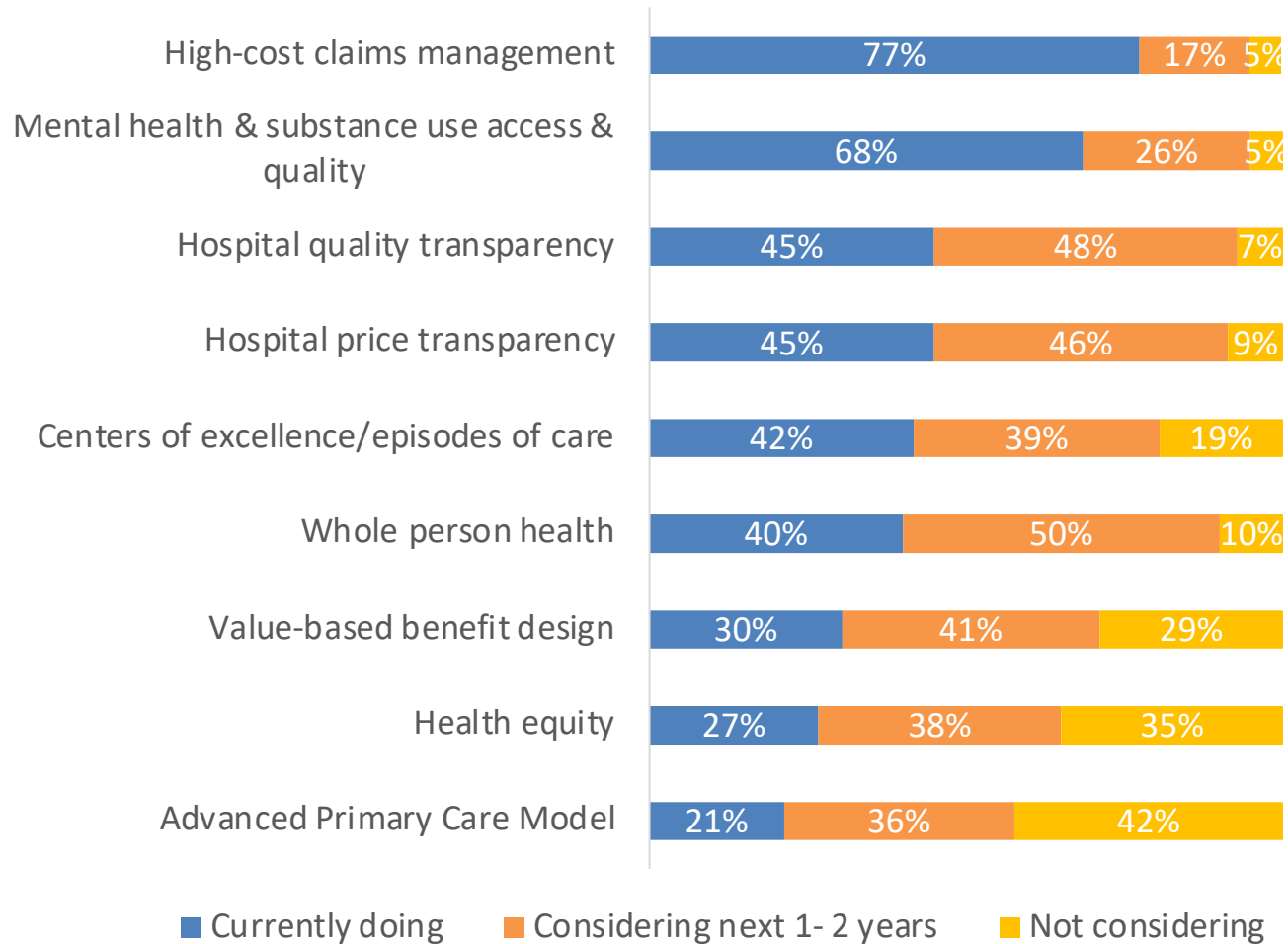
Rising healthcare costs impact employers' ability to remain competitive and increase wages for retention



78% of employers strongly agree that attracting and retaining talent is a top priority, but rising healthcare costs prove to be a significant challenge

- Costs directly or indirectly crowd out salary or wage increases (**73%** agree)
- Costs impact our organization's ability to remain competitive (**82%** agree)

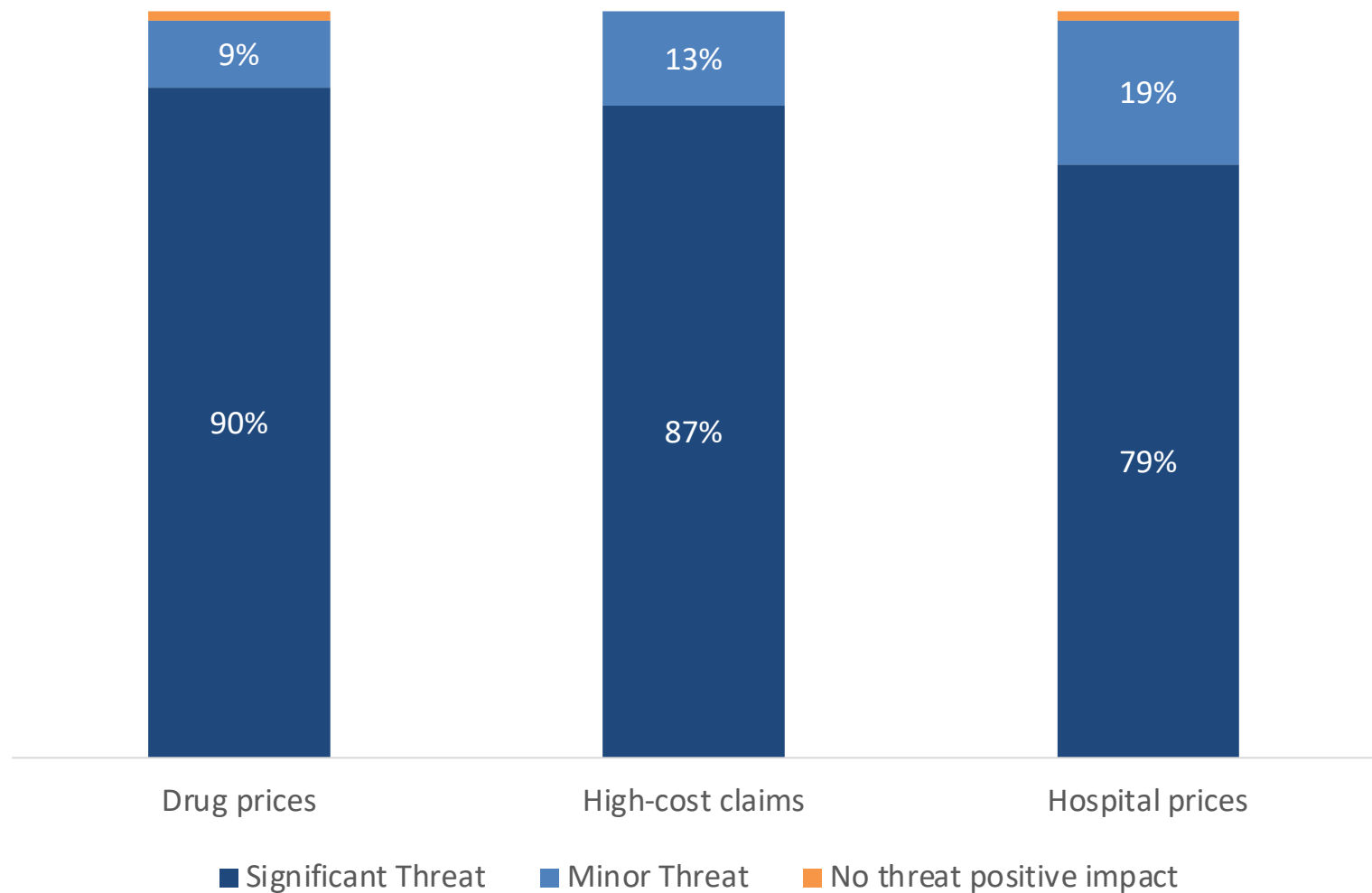
Leading health strategies



9 out of 10 employers are currently or considering integrating the following strategies into their healthcare approach:

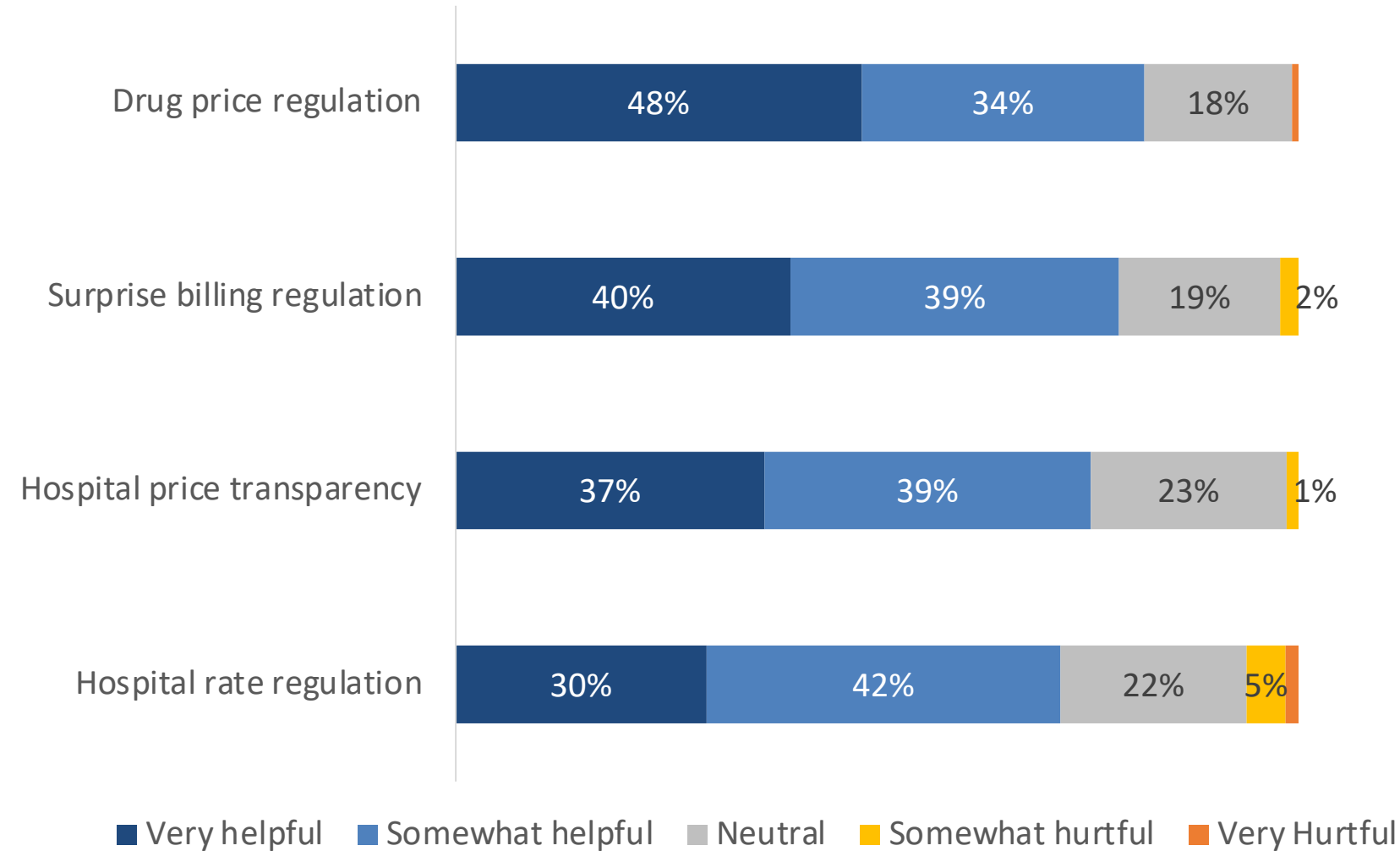
- High-cost claims management (94%)
- Mental health and substance use access and quality (94%)
- Hospital quality transparency (93%)
- Hospital price transparency (91%)
- Whole person health (90%)

Three biggest threats to affordability are drug prices, high-cost claims, and hospital prices



Nearly 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to affordability of employer-provided health coverage for employees and their families

Employers are open to Policy Options

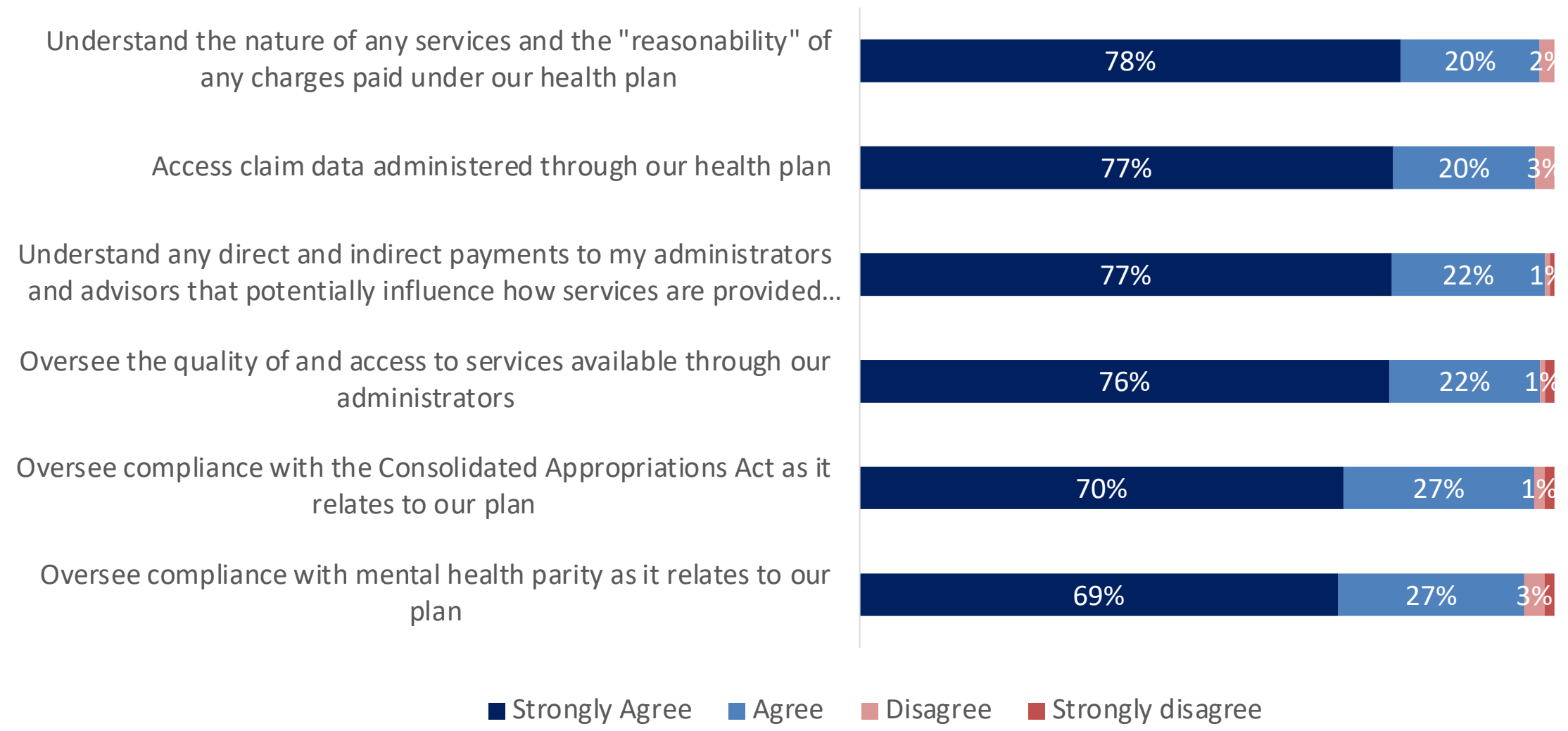


Nearly 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to affordability

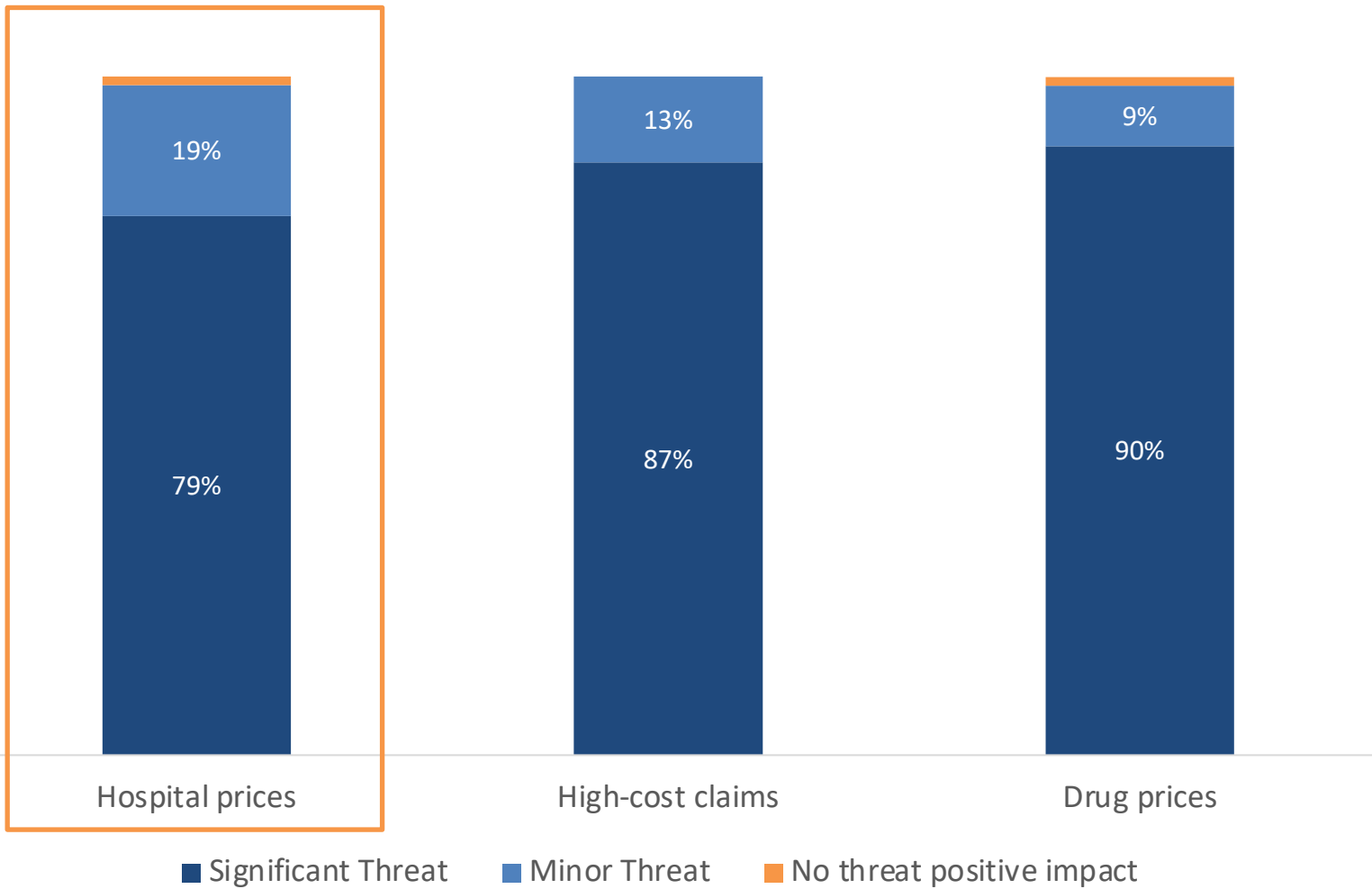
As a result, employers are more open to policy options

- Drug price regulation (82% helpful)
- Surprise billing regulation (79% helpful)
- Hospital price transparency (76% helpful)
- Hospital rate regulation (72% helpful)

As a plan sponsor fiduciary, over 95% of employers agree they have a right and a responsibility to:



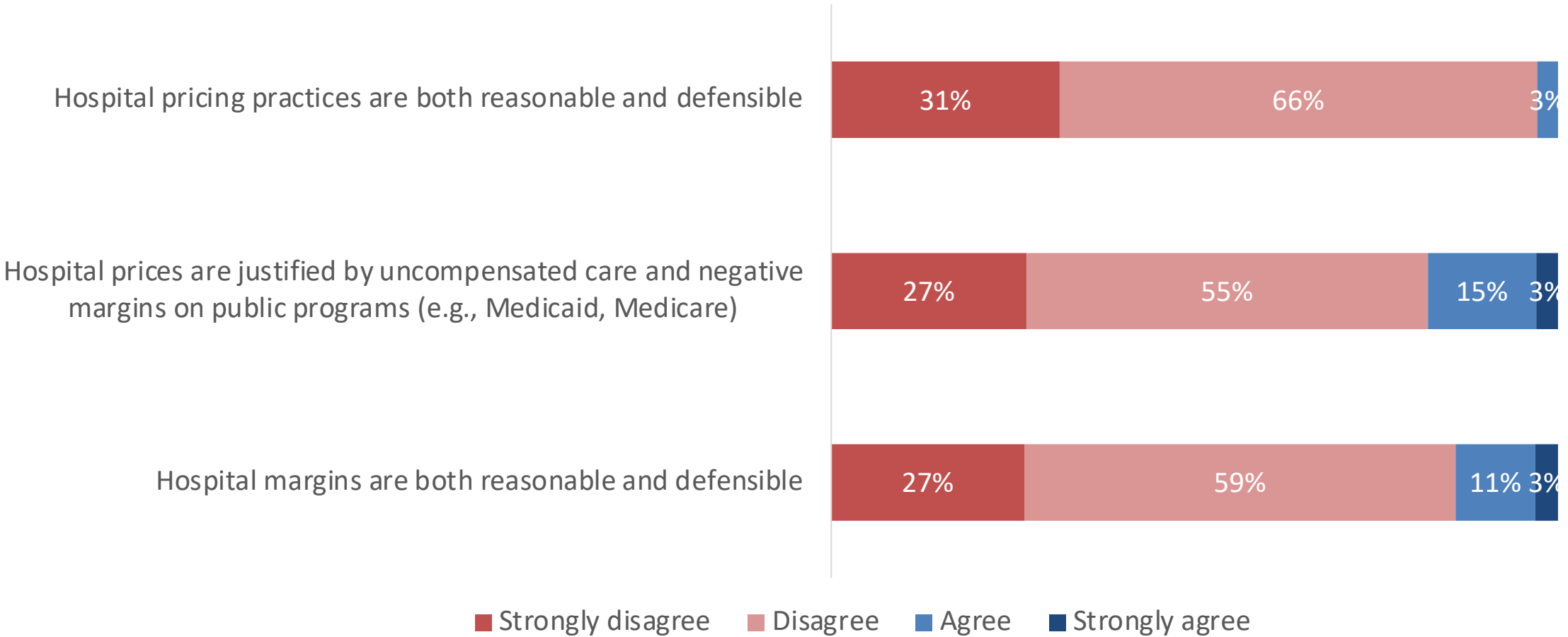
Three biggest threats to affordability are drug prices, high-cost claims, and hospital prices



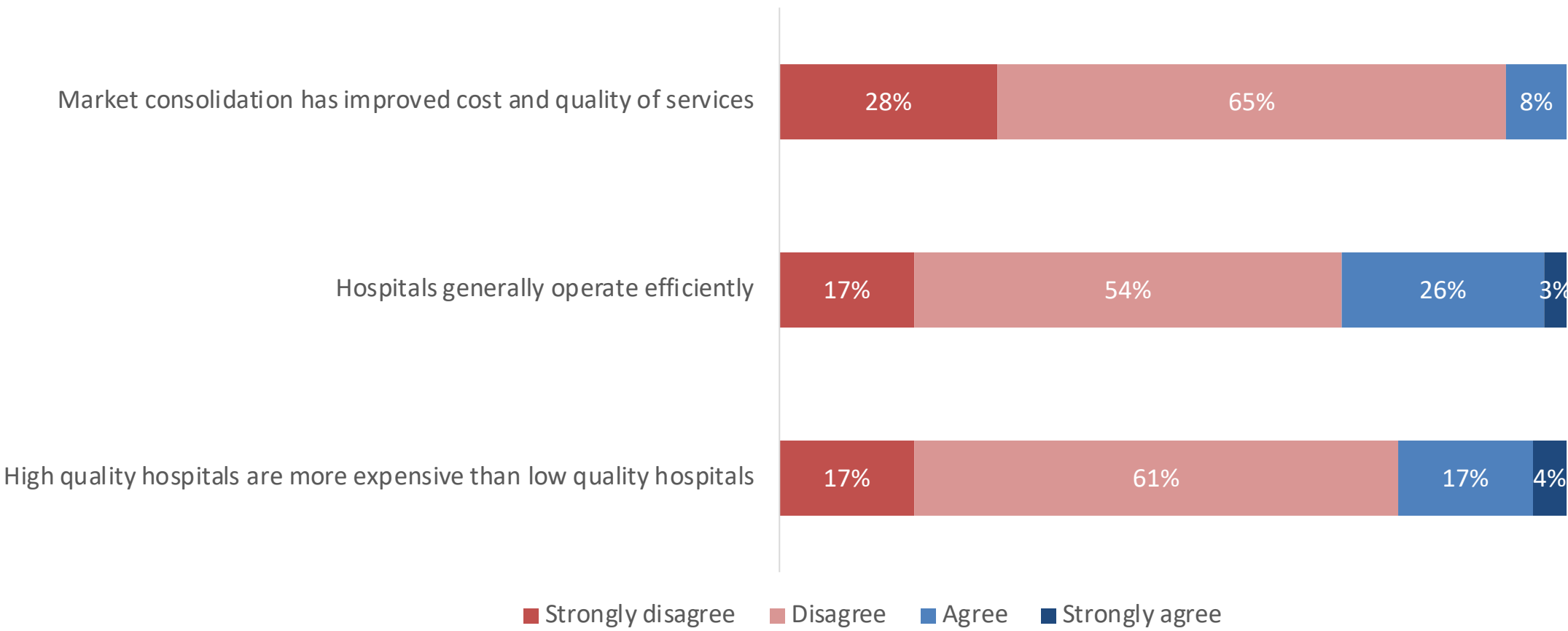
Nearly 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to affordability of employer-provided health coverage for employees and their families

97% of plan sponsors believe hospital prices are unreasonable/indefensible

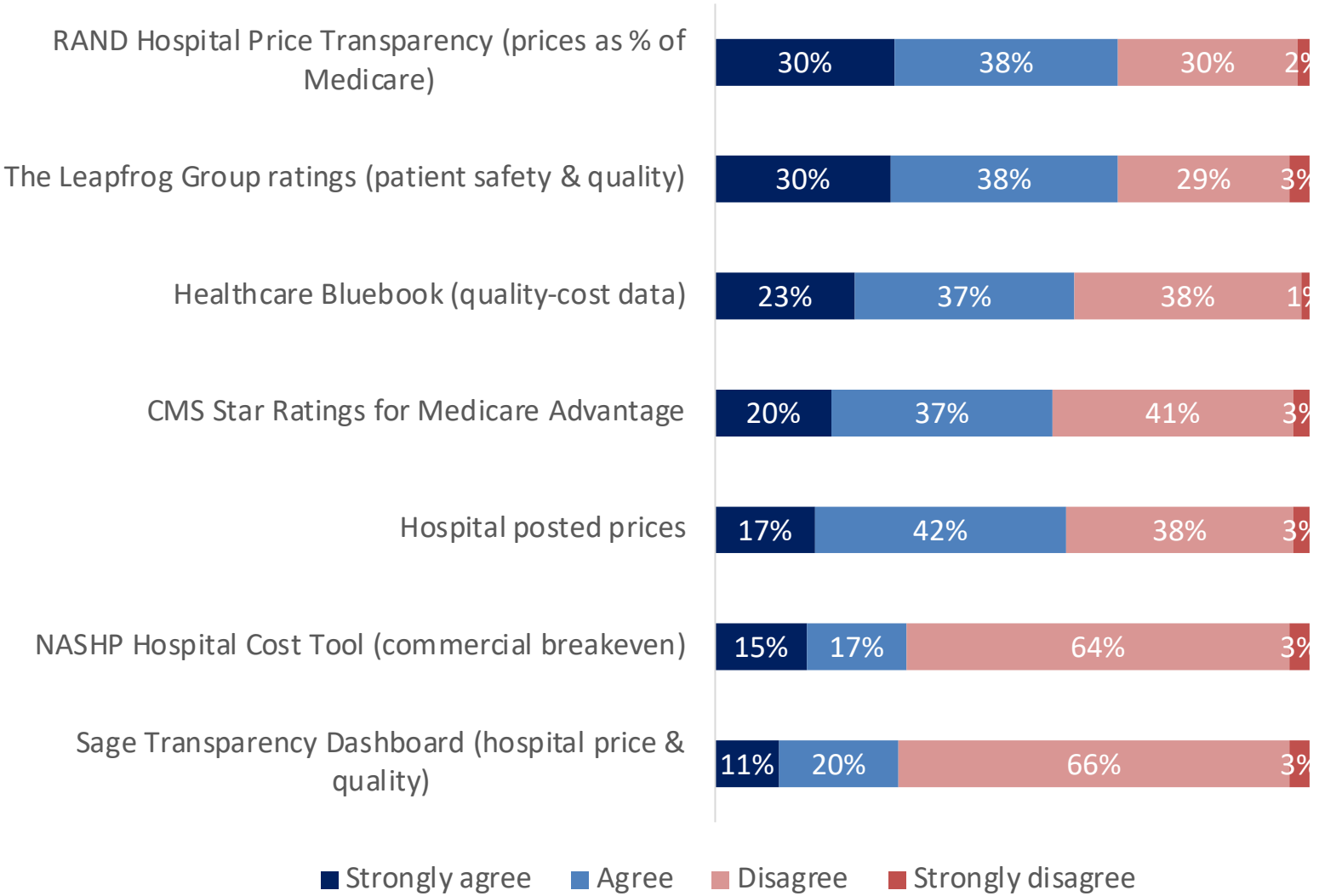
Margins not justified by uncompensated care or support of public programs



93% of plan sponsors believe that hospital consolidation has **not** improved cost or quality of services

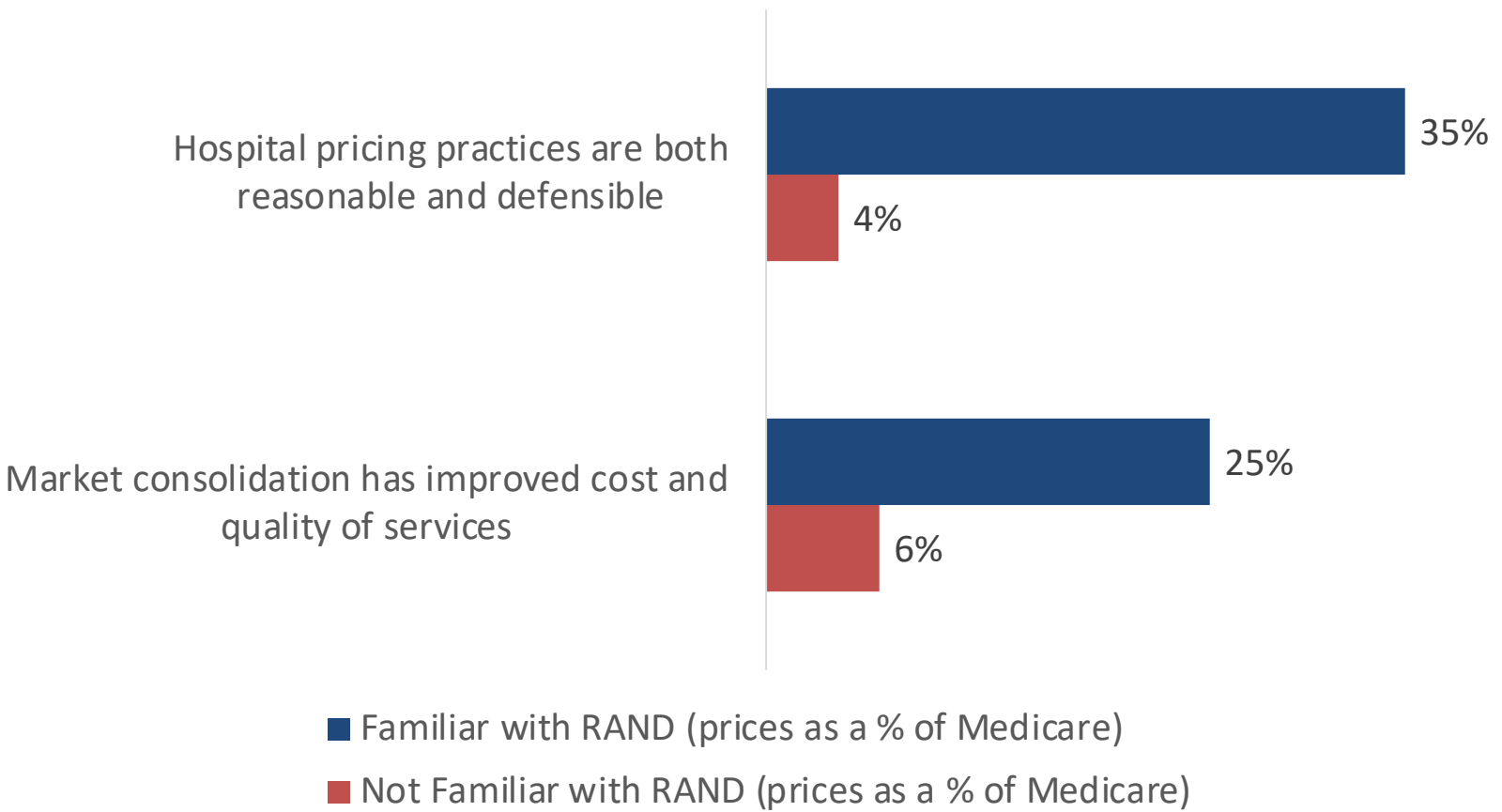


Employers are familiar with the following tools:



Over 2/3 of employers had familiarity with RAND and The Leapfrog Group while less than 1/3 had familiarity with NASHP Hospital Cost Tool and Sage Transparency

Employers familiar with RAND **strongly disagree** nearly 10 times more than those unfamiliar with RAND that hospital pricing practices are both reasonable and defensible



Employers with transparency tool familiarity strongly disagreed at a higher percentage than employers without familiarity

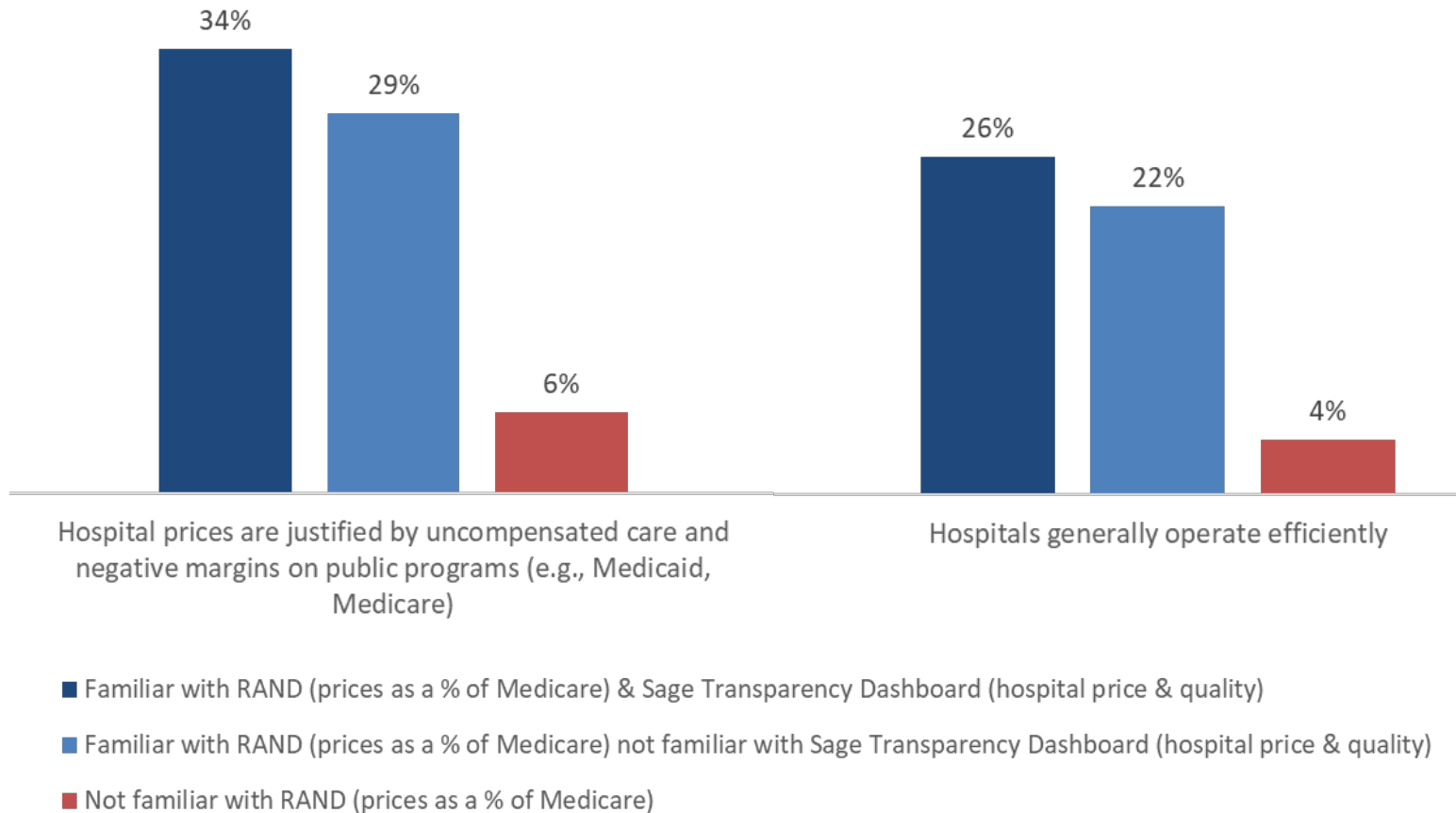
Hospital price practices are both reasonable and defensible:

- Familiarity with RAND: 31% increase

High quality hospitals are more expensive than low quality hospitals:

- Familiarity with RAND: 14% increase

Those familiar with RAND and Sage Transparency tools are almost 6 times as likely to **strongly disagree** that hospital prices can be justified by uncompensated care and subsidies

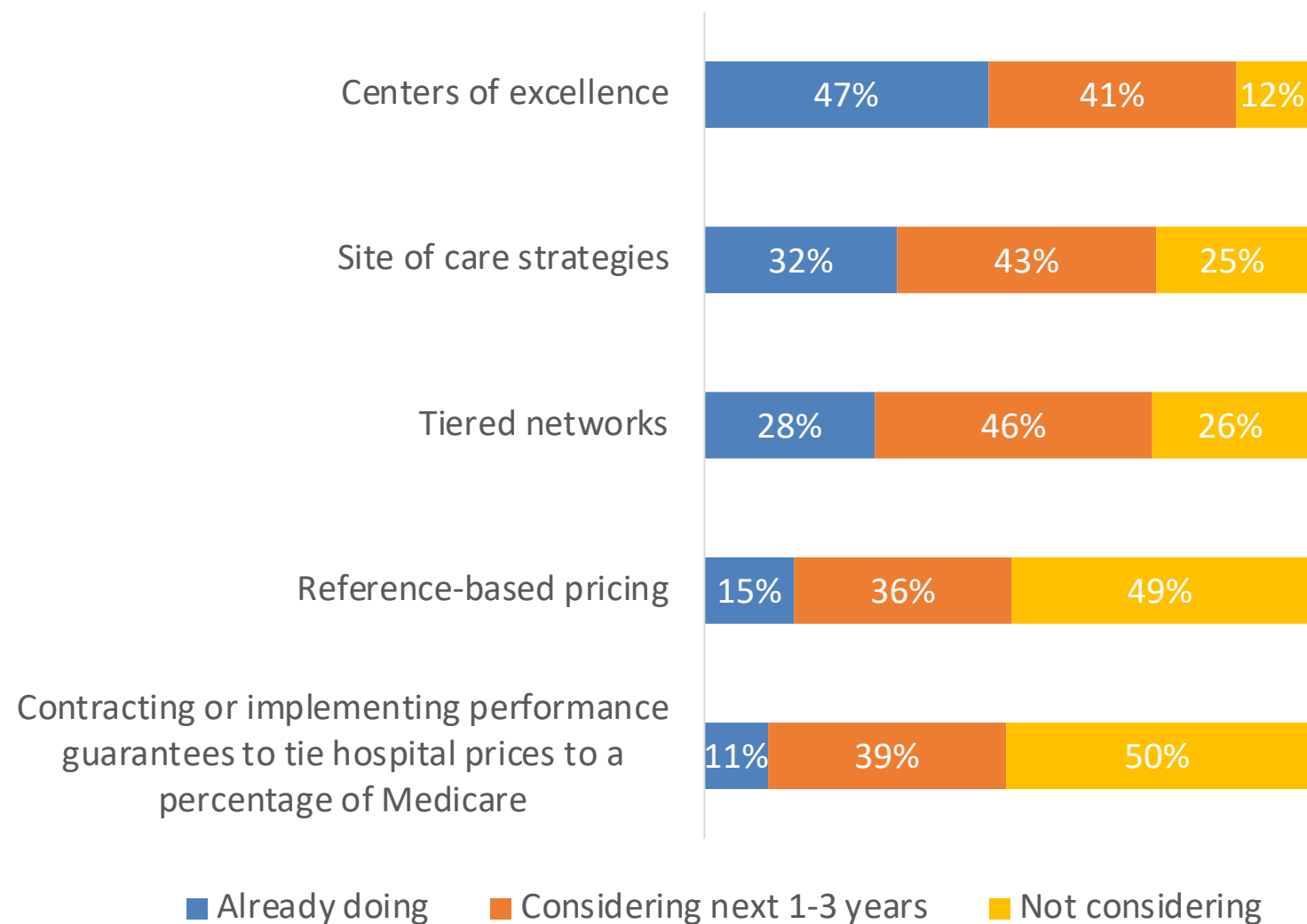


Those who were familiar with SAGE and RAND had the highest percentage of strongly disagree

1 in 4 employers familiar with both SAGE and RAND tools strongly disagree that hospitals generally operate efficiently

1 in 3 employers with familiar with both SAGE and RAND tools strongly disagree that hospital prices are justified by uncompensated care and negative margins on public programs

In light of hospital pricing practices, employers are considering the following:

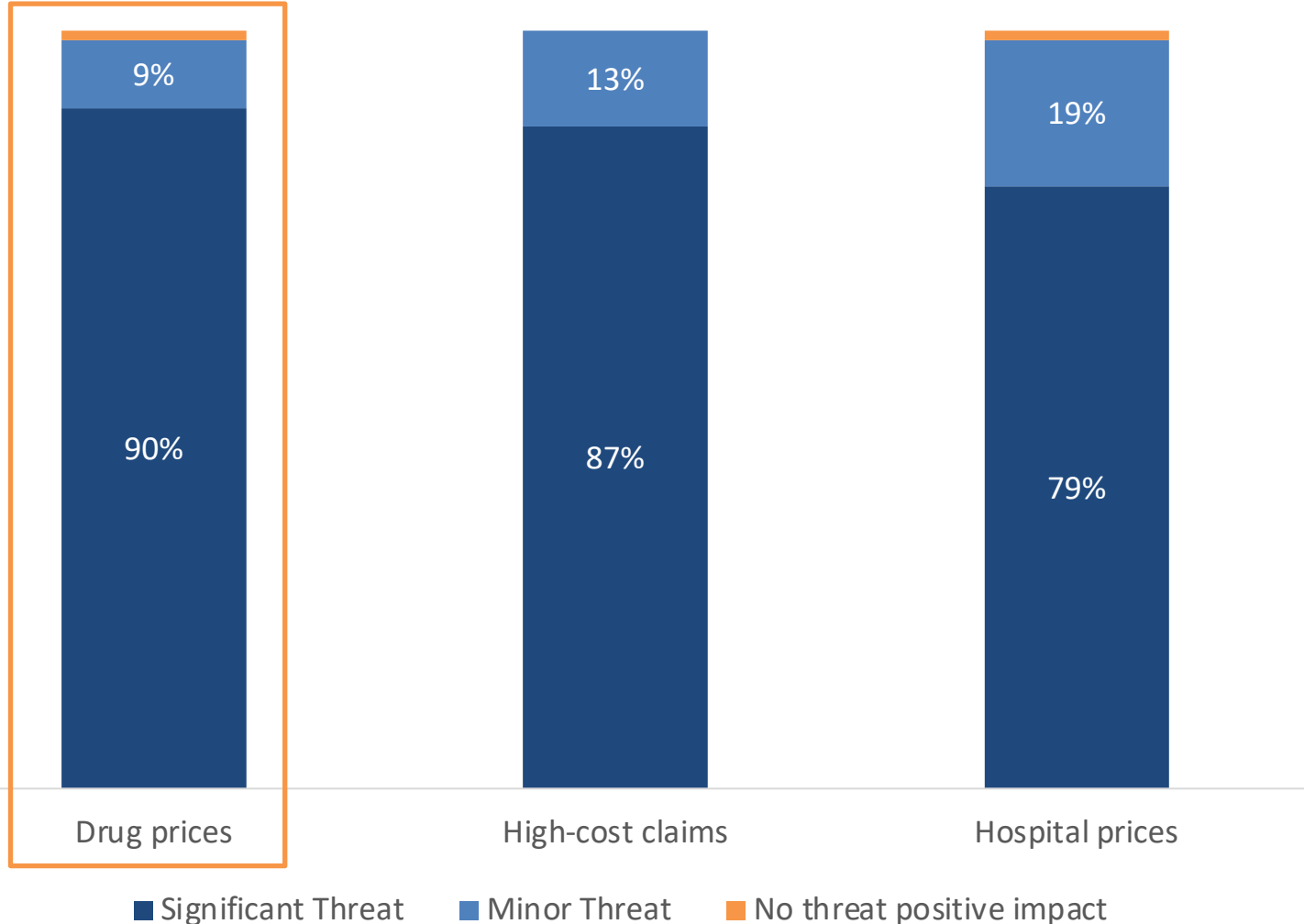


Almost half of the employers (47%) are already using centers of excellence

Within the next 1-3 years many employers are considering the following strategies:

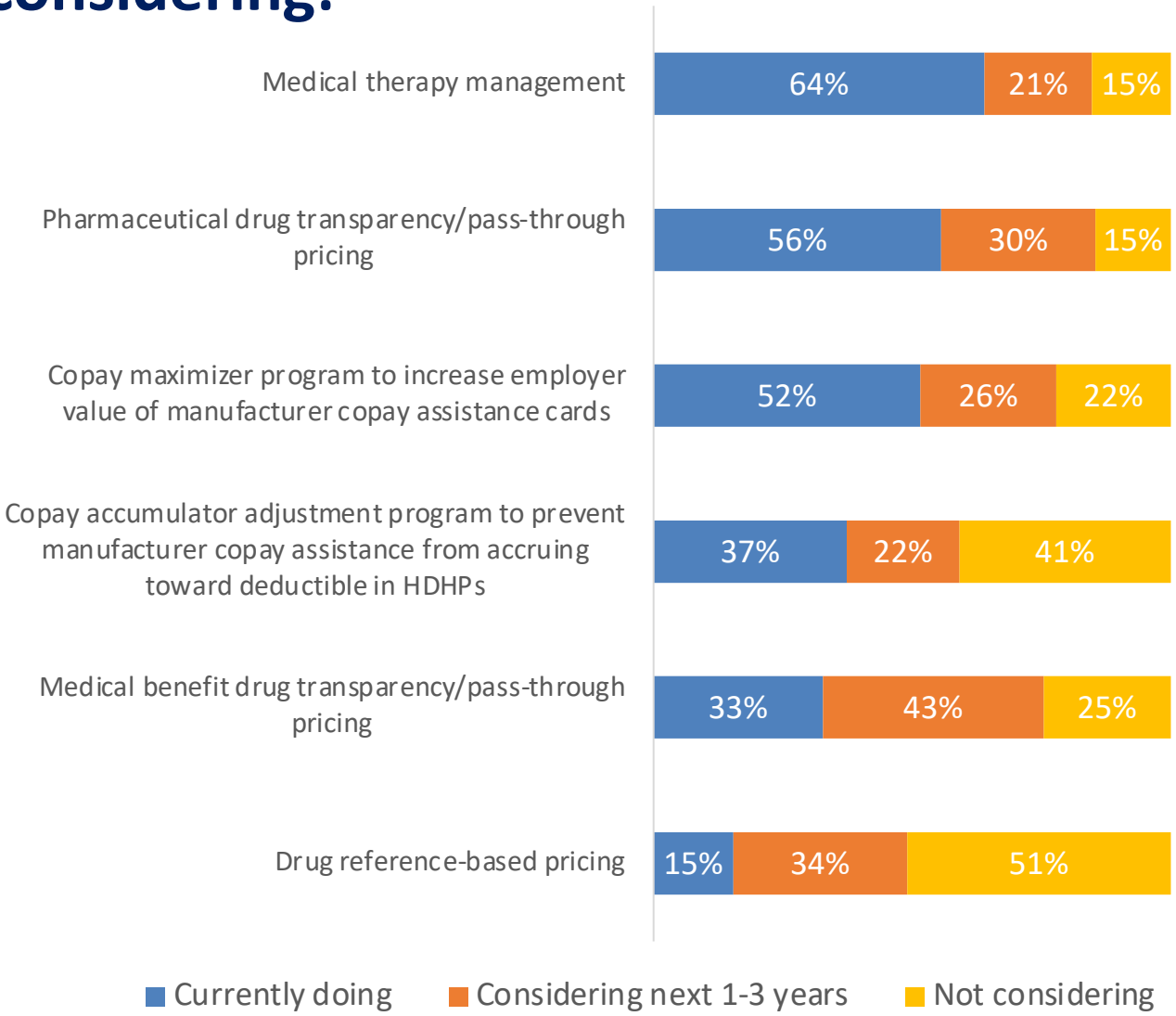
- Tiered networks (46%)
- Site of care (43%)
- Centers of excellence (41%)
- Contracting or implementing performance guarantees to tie hospital prices to Medicare (39%)
- Reference-based pricing (36%)

Three biggest threats to affordability are drug prices, high-cost claims, and hospital prices



Nearly 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to affordability of employer-provided health coverage for employees and their families

Pharmacy drug strategies employers are considering:



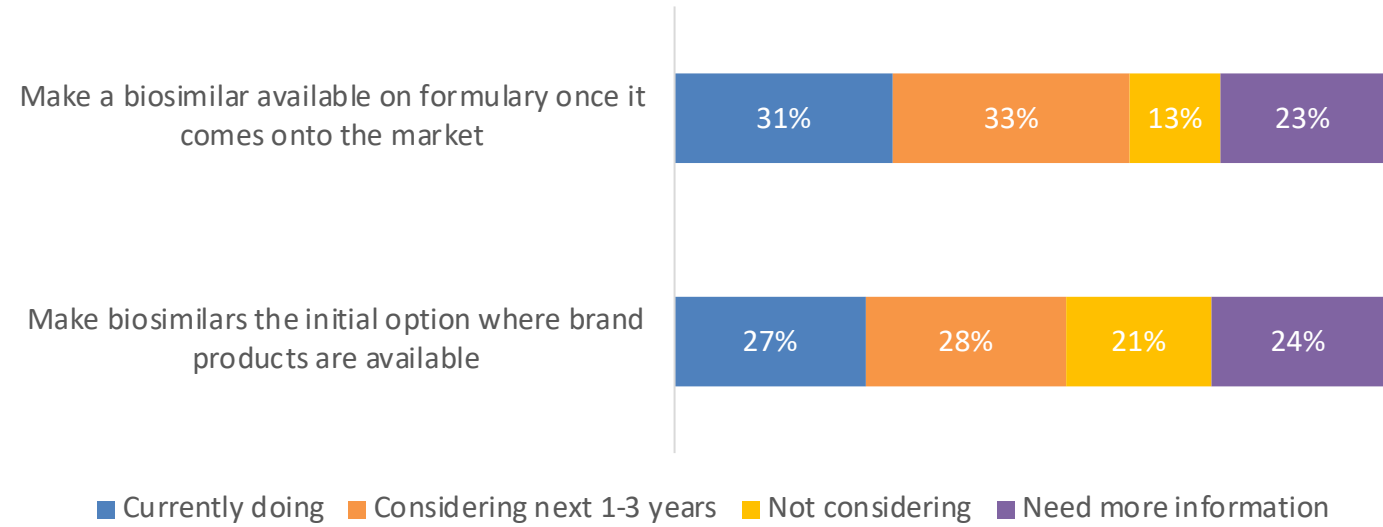
The most cited pharmacy drug strategies employers have continued to implement are:

- Medical therapy management (64%)
- Pharmaceutical drug transparency/pass-through pricing (56%)
- Copay maximizer program (52%)

Highest areas of new focus in the next couple of years include:

- Medical benefit drug transparency (43%)
- Drug reference-based pricing (34%)

Over 3/4 of employers have implemented or are considering biosimilar pharmacy drug strategies in the next 1-3 years



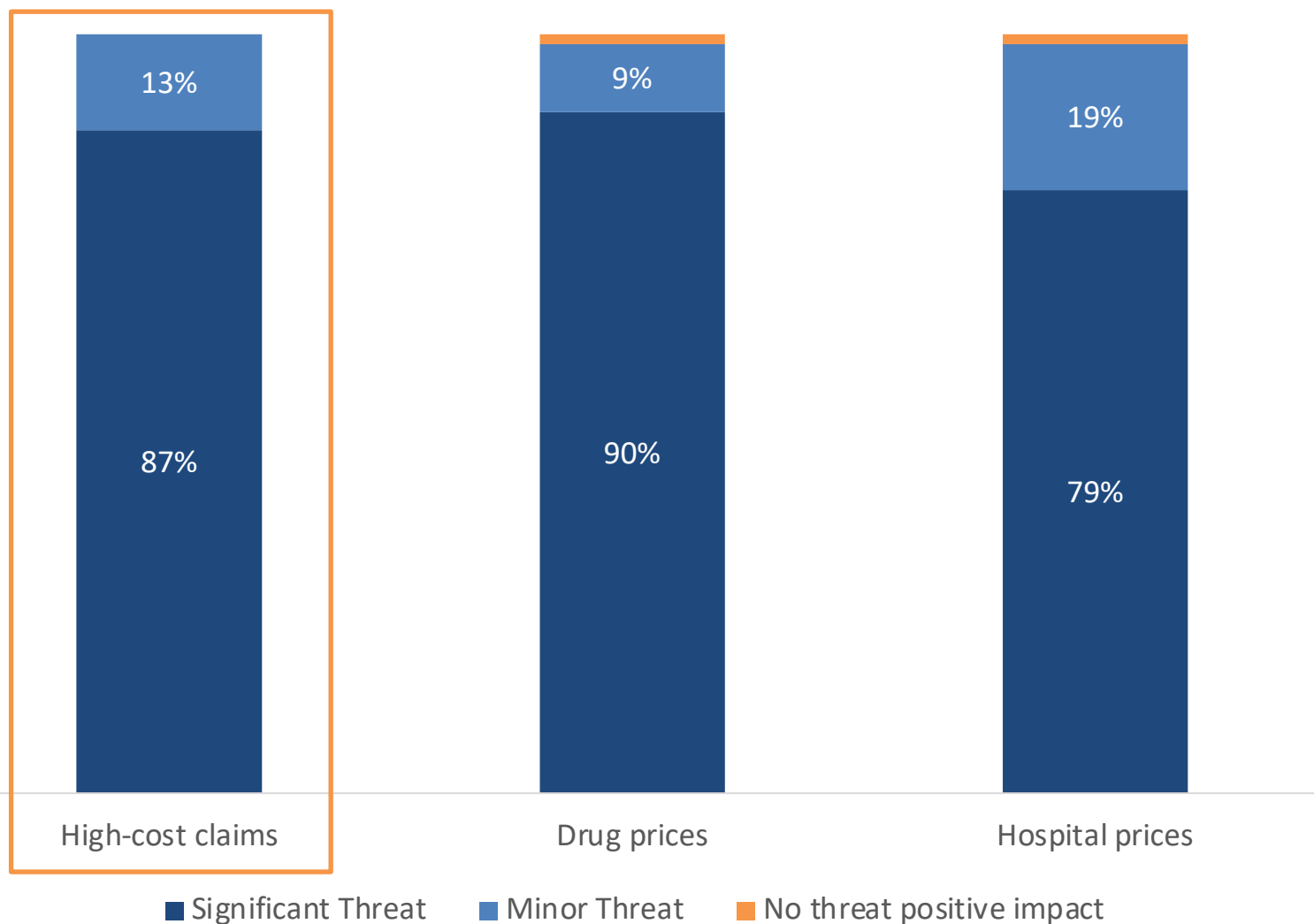
The uptake of biosimilars has greatly increased and is the highest emerging pharmacy drug strategy area for employers.

- Make biosimilars available on formulary once it comes to market (51%)
- Make biosimilars the initial option where brand products are available (45%)

There is still room for uptake with additional information:

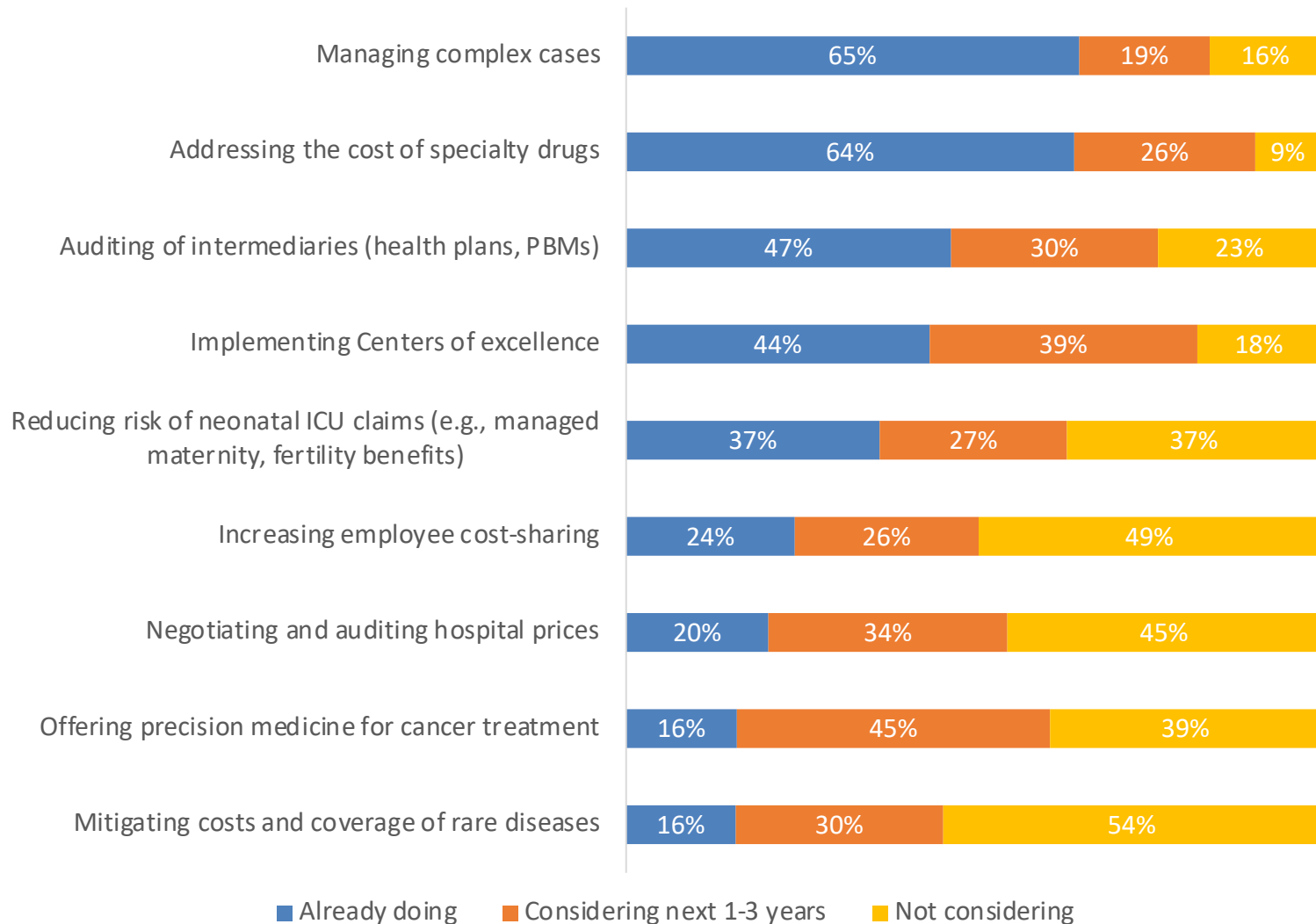
- 23% requested need more information on making biosimilars available on formulary
- 24% requested need more information on making biosimilars the initial options where brand products are available

Three biggest threats to affordability are drug prices, high-cost claims, and hospital prices



Nearly 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to affordability of employer-provided health coverage for employees and their families

Strategies for mitigating high-cost claims that employers are considering:



How employers are focusing their high-cost claim mitigation strategies:

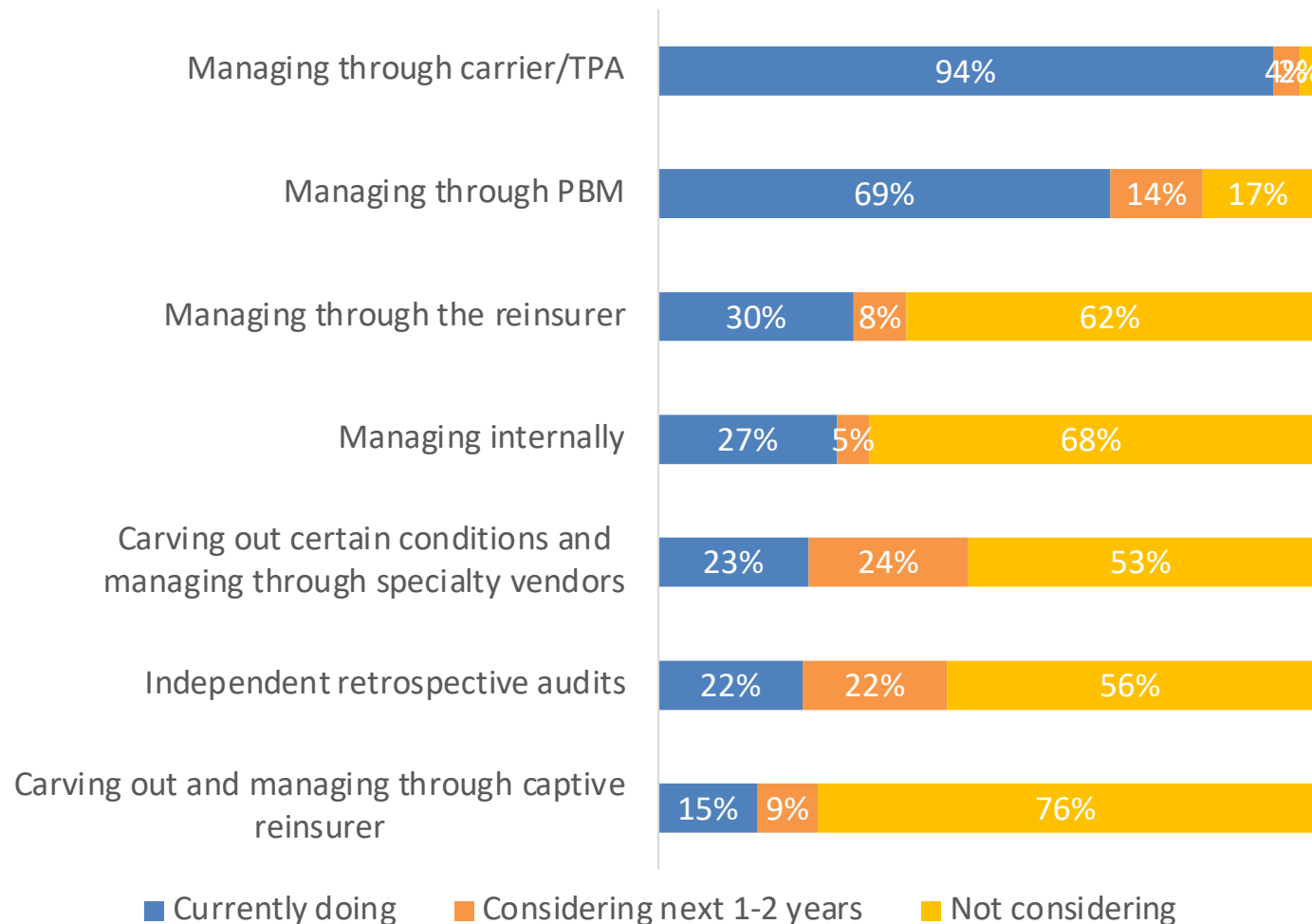
Most cited strategies employers have implementing:

- Managing complex cases (65%)
- Addressing the cost of specialty drugs (64%)

Highest areas of focus in the next couple of years include:

- Offering precision medicine for cancer treatment (45%)
- Implementing centers of excellence (39%)
- Negotiating and auditing hospital prices (34%)
- Auditing of intermediaries (30%)
- Mitigating costs and coverage of rare diseases (30%)

How are employers managing high-cost claims in benefit plans:



Most employers believe they are effectively managing high-cost claims through their intermediaries

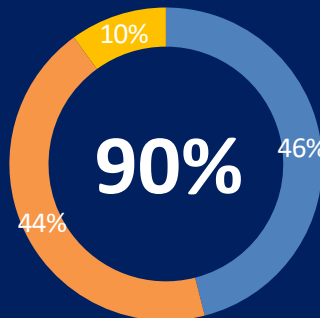
Those most often cited in currently doing so included:

- Carrier/TPA (94%)
- PBM (69%)

Currently less common but increasingly being considered are those considering managing high-cost claims through:

- Reinsurers (30%)
- Internal management (27%)
- Specialty vendors (23%)
- Retrospective audits (22%)
- Captives (15%)

Employer/Purchaser Perspectives on Whole Person Health



90% of employers are currently integrating whole person health strategies or will be in the next few years

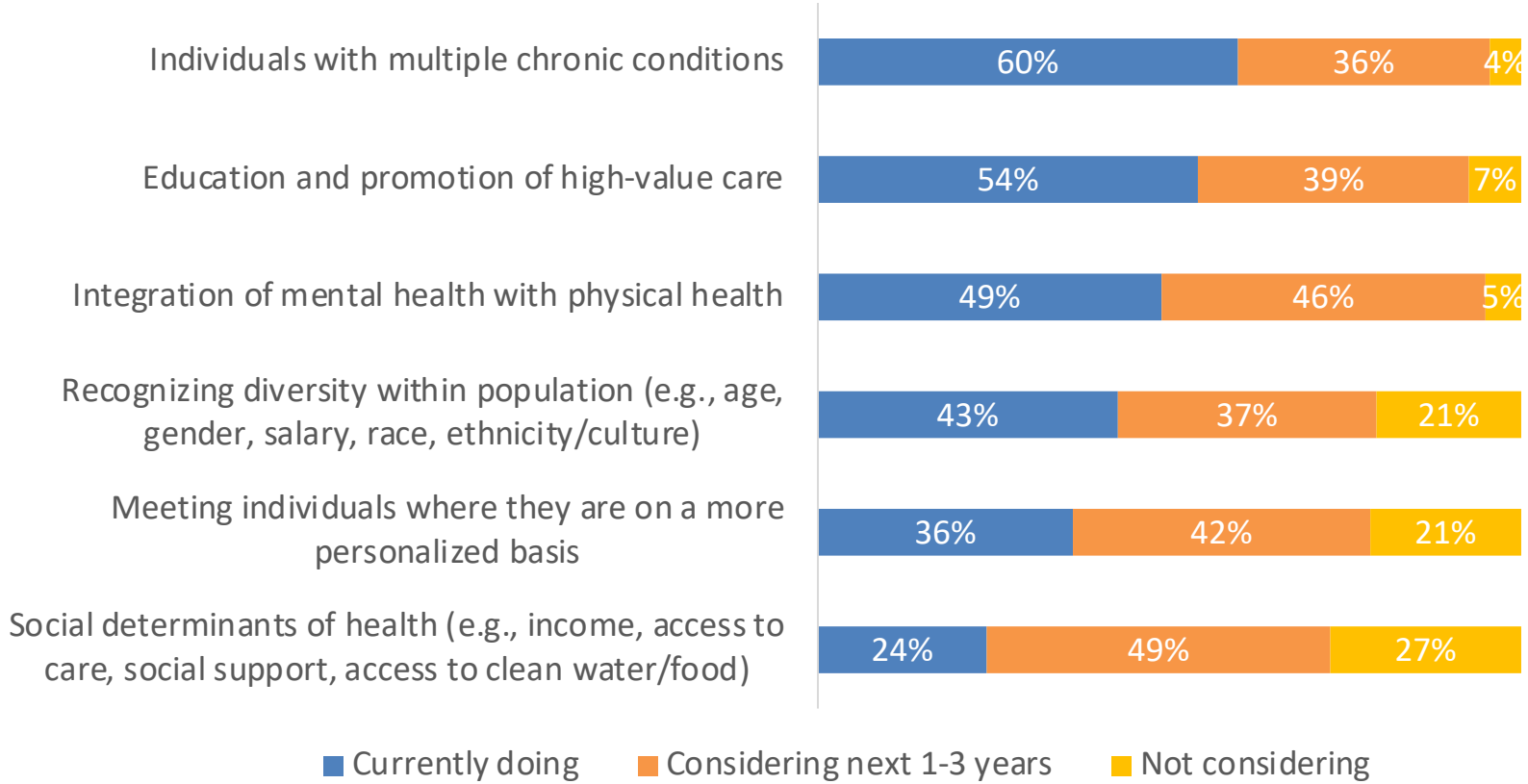
■ currently doing ■ considering next 1-2 years ■ not considering

Employers are focusing their whole person health strategies on:

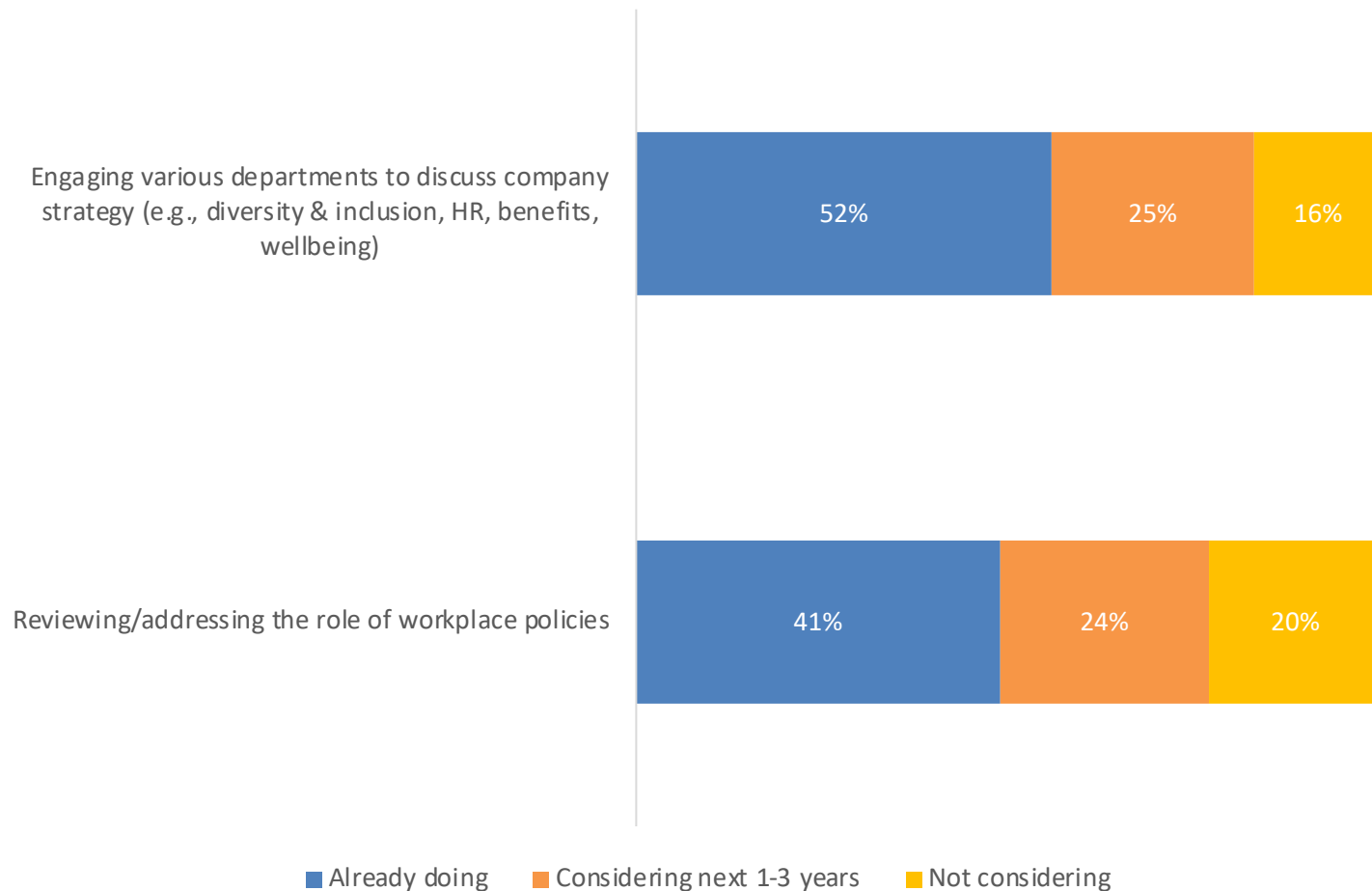
High value care (54%) and individuals with multiple chronic conditions (60%)

Focus in the next couple of years include social determinants of health (49%) and integration of mental health and physical health (46%)

Whole person health focus areas



Getting organized on health equity strategies

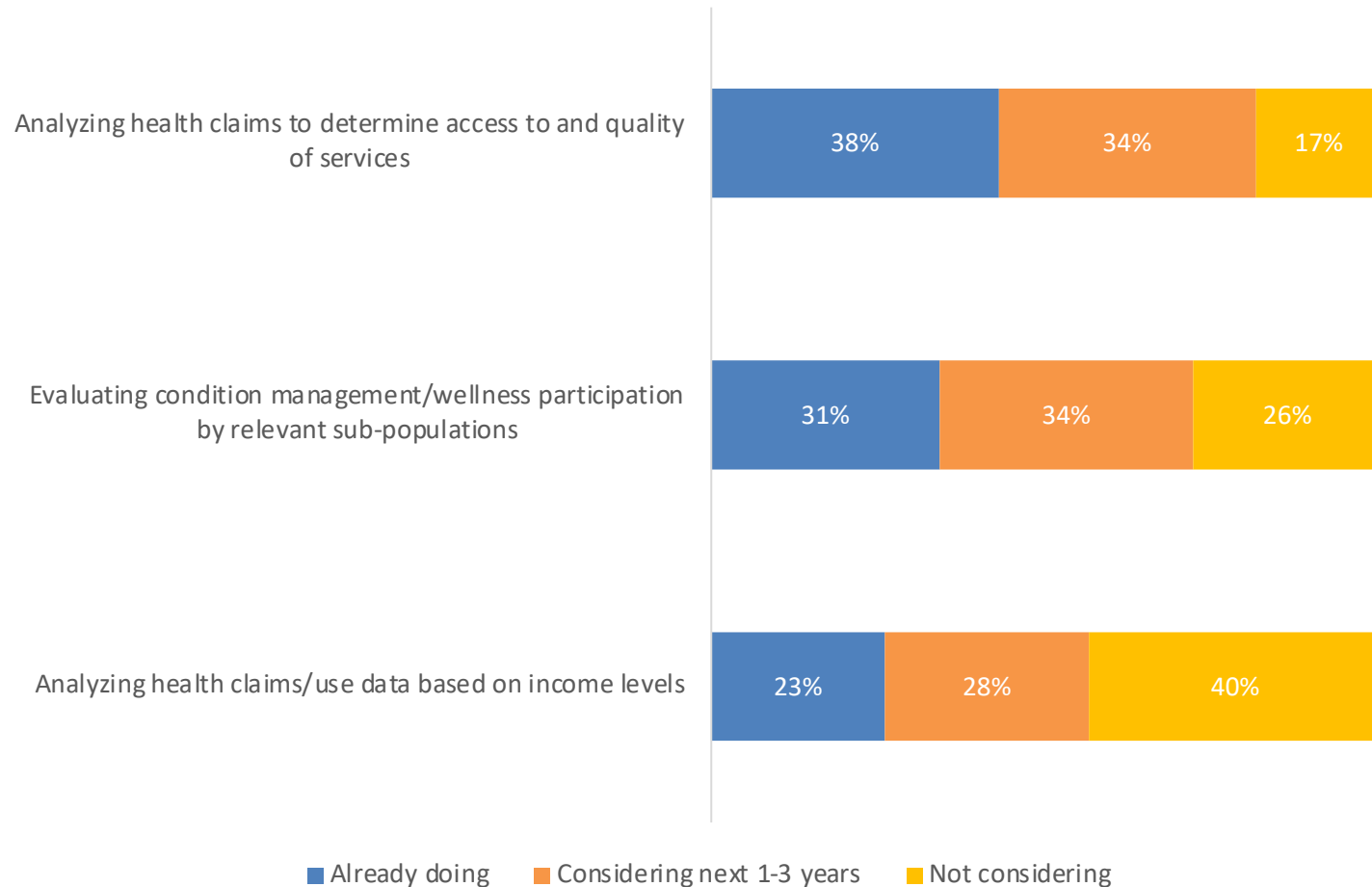


Employers have started getting organized and implementing health equity strategies

Over half of employers are currently engaging various departments to discuss company strategy (52%)

Over 2 in 5 employers are currently reviewing/addressing the role of workplace policies (41%)

Incorporating data analytics for health equity strategies

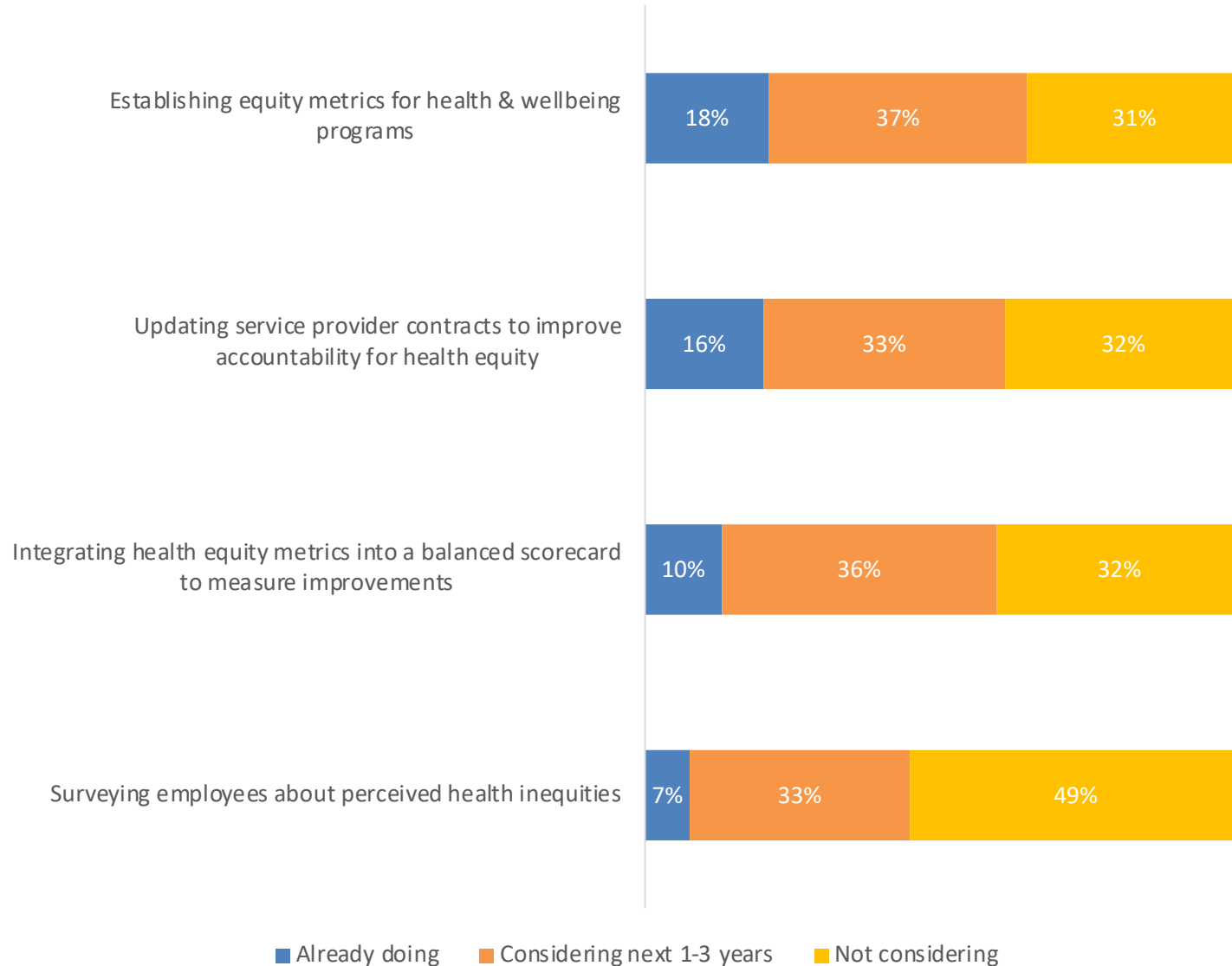


After getting organized on health equity company strategy and workplace policies, employers are moving towards building data analytics for health equity strategies

In the next 1-3 years nearly 1 in 3 employers are looking to:

- **Analyze health claims (34%)**
- **Evaluate condition management/wellness participation by relevant sub-populations (34%)**
- **Analyze health claims and income level-based data (28%)**

Building accountability health equity strategies



1 in 3 employers are working towards building accountability of health equity strategies in the next 1-3 years:

- Establishing equity metrics (37%)
- Updating service provider contracts (33%)
- Integrating health equity metrics in a balanced scorecard (36%)
- Surveying employees about perceived health inequities (33%)

A current look into the environment: Reproductive benefits employers are currently offering:



93% offer birth control benefits covered under the medical plan



57% offer maternal assistance programs



50% offer fertility treatment covered under the medical plan



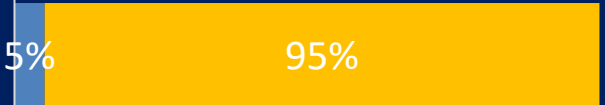
52% offer abortion services covered under the medical plan under any circumstances

A glimpse into the future: Very few employers are considering eliminating reproductive benefits in light of Roe decision

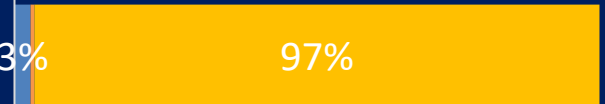
Eliminated coverage of fertility treatment under the medical plan



Eliminated abortion services as a covered benefit under the medical plan

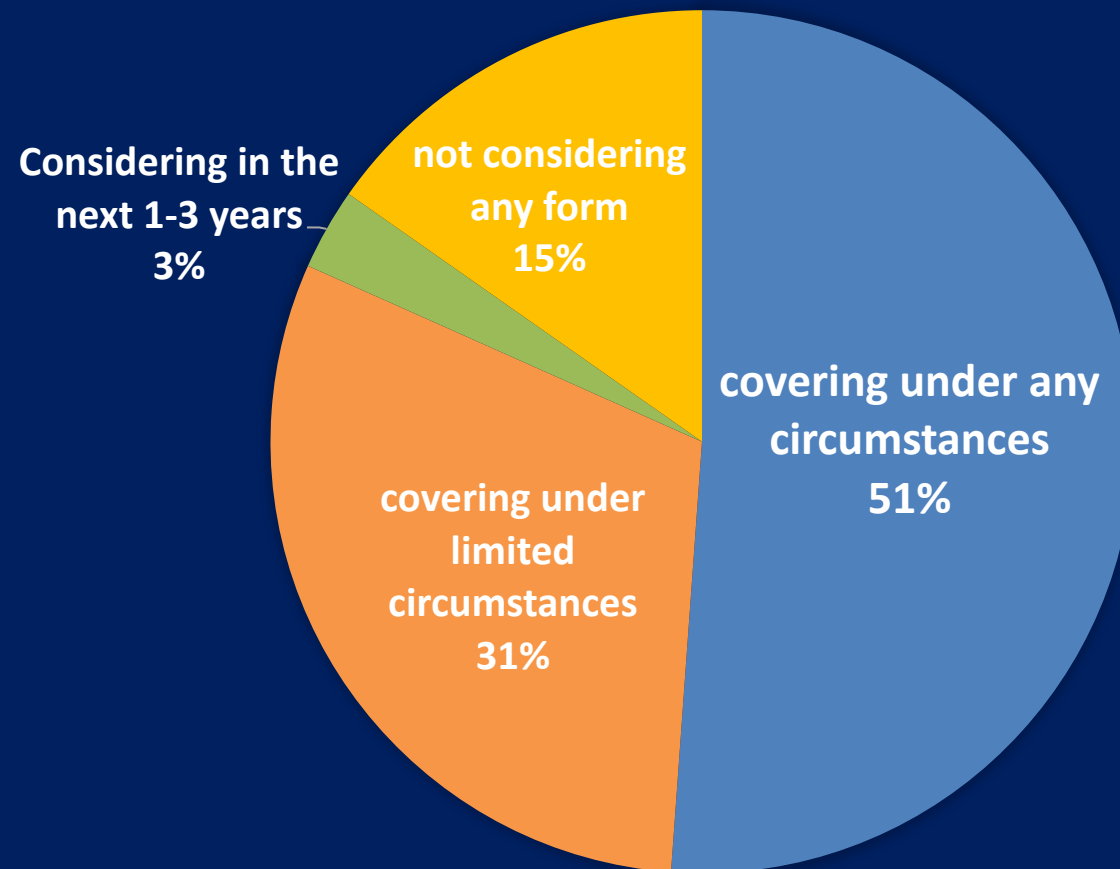


Eliminated coverage of birth control benefits under the medical plan



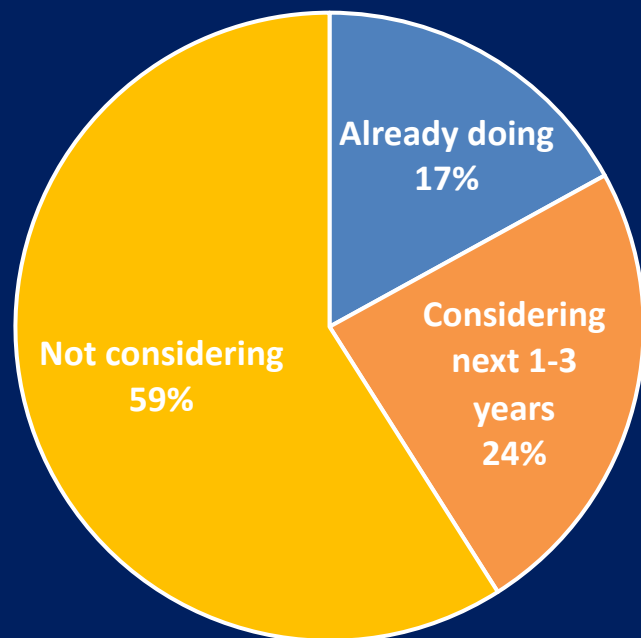
■ Already doing ■ Considering next 1-3 years ■ Not considering

82% of employers provide coverage of abortion services under the medical benefit, and few are considering changing that

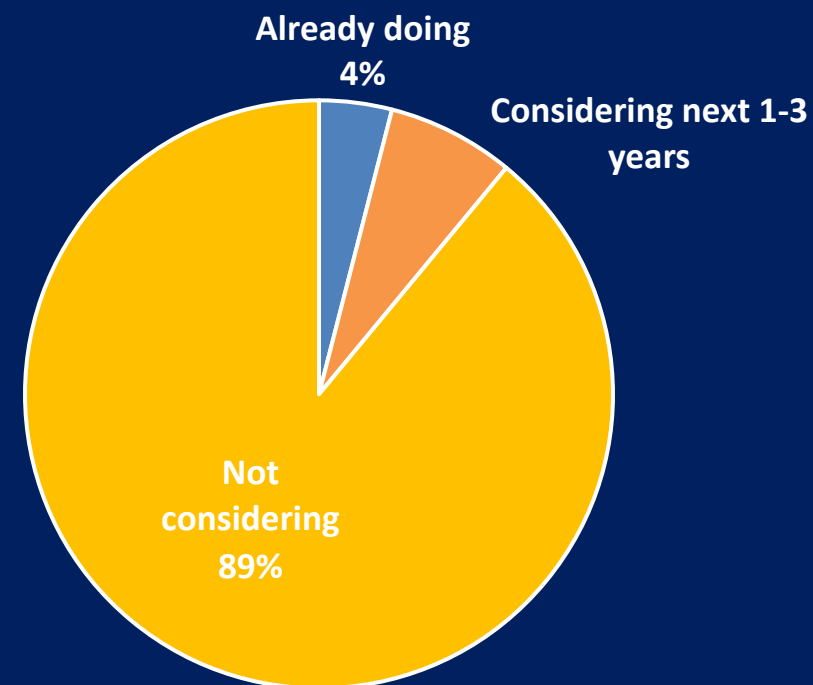


4 in 10 employers currently offer or are considering travel benefits, but few would offer them for abortion services only

Offer a travel benefit that includes but is not limited to abortion services



Offer a travel benefit that exclusively for abortion services



About the National Alliance Purchaser Coalitions

The National Alliance of Healthcare Purchaser Coalitions (National Alliance) is the only nonprofit, purchaser-aligned organization with a national and regional structure dedicated to driving health and healthcare value across the country. Its members represent private and public sector, nonprofit, and Taft-Hartley organizations, and more than 45 million Americans, spending over \$300 billion annually on healthcare. To learn more, visit nationalalliancehealth.org and connect with us on [Twitter](#) and [LinkedIn](#).

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