



Health Care & Benefits

Transparency leads to market solutions

In this week's Thought Leadership Roundtable, the president of the Indiana Hospital Association and a benefits consultant from the NFP insurance brokerage discuss a variety of topics, including recent movement toward price transparency and the need for more transparency throughout the health care system.

Q: Health care costs are a major concern of Indiana lawmakers, employers and Hoosiers. What should be done to make care more affordable?

BRANDON COLLINS: Transparency is key in adding pressure to all phases of the health care supply chain. New federal regulatory requirements now mandate public access to negotiated health care pricing. This allows us to spotlight cost differences when analyzing what our clients are paying. There is added cost built in at the medical provider, pharmacy, insurance

carrier and broker levels that needs to be transparent to employers and members to drive change.

BRIAN TABOR: Indiana is one of only four states identified by Change Healthcare as not having a statewide strategy to move to value-based care models. Instead of passing laws that pick winners and losers, set prices, and create unintended consequences, we need policymakers to use their voice to educate employers and consumers.

For employers, our hospitals are hungry to work with them directly and take the risk for keeping their employees

healthy. Under this approach, there are immediate savings realized from eliminating the profits normally extracted by big insurance companies. And with the hospital negotiating to manage the workforce's health care costs within a limited growth target, it eliminates the unpredictable annual increases that are all too common.

Q: One goal that is often discussed is greater price transparency. What role do you think price transparency is playing in managing health care costs?

BRIAN TABOR: Transparency is driving rapid change in the market—it's impacting negotiations with providers and insurers and also leading more businesses to seek direct contracting with hospitals. We are proud that the Indiana Hospital Association created a website in 2015 to make health care charge and quality information publicly available to consumers. But now that Indiana has become the fourth most transparent state in the nation for hospital pricing, we are providing links to the actual, negotiated prices along with price estimator tools and more.

Unfortunately, some of the most vocal proponents of transparency are ignoring this progress and pushing for government price-setting over market solutions. Using RAND reports as justification for these policies doesn't make sense, as even the most recent version uses data from as far back as 2018. What we really need is to expand transparency into drug pricing and how insurance companies set their premium increases.

BRANDON COLLINS: Transparency will play a significant role in managing health care costs over the next five years. We have already seen requirements put in place with certain stakeholders to release pricing, cost, and fee information publicly. As more information becomes readily available, it will put pressure on organizations to meet market demands.

Q: What can employers do to help keep benefits costs in check?

BRANDON COLLINS: Employers should focus on two areas to keep costs in check for 2023. The first is benefits literacy and education for members. We continue to see

overspending in the health care system when more affordable options are available. Our highest-performing clients focus on year-round benefits education through multi-channel employee communications campaigns that measure member utilization. Employers should also challenge traditional strategies by examining funding, plan design, network arrangements, and pharmacy strategy within the health plan. Our clients have experienced significant cost reduction to the health care budget by only pulling a few of these key levers.

Q: Turning to health itself, what can government and the private sector do to improve the health of Hoosiers?

BRIAN TABOR: We can start by fueling more funding into public health, a laudable goal of the Governor's Public Health Commission. The Commission's in-depth review of Indiana's public health system provides an opportunity to address a decades-old problem—we can no longer tolerate being 45th in the nation in terms of per capita funding. Investing in public health would help improve the overall health of Hoosiers, and ultimately reduce health care costs. It's time to really invest.

BRANDON COLLINS: Federal and state funding for health care assistance must remain a top priority. Without financial support for low-income Hoosiers, maintaining optimal health becomes a significant challenge for them and their employers. Education and access to resources are critical to improving health. We see employers investing in data resources to identify chronic conditions such as diabetes, high blood pressure, high cholesterol, and obesity, which are all drivers of poor health and increased spending. Once identified, employers can invest in solutions to guide individual members to manage and even reverse those conditions.

Q: How is the pandemic trend of people delaying check-ups still affecting public health and the health care system?

BRANDON COLLINS: We are still seeing underutilization of preventive and maintenance exams when reviewing 2022 data. Chronic conditions and specialty medications



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will become more prevalent in the coming years due to a lack of early identification and health maintenance that come from annual provider visits. Those drive positive outcomes.

BRIAN TABOR: Our hospitals are struggling with capacity, and a big reason is delayed care. We are treating patients with later-stage diseases and more co-morbidities because of deferred care. Behavioral health issues have also dramatically increased. Nationally, overall patient acuity, as measured by the average length of stay, rose nearly 10% from 2019 to 2021. This means more resources required for the average patients and fewer available beds.

Hospitals are working hard to catch up, but it will take years. Recent surges in COVID-19 and last autumn's spike in respiratory illnesses keep delaying the recovery of our entire health system. Some estimate it will take five years to get back to 75% of the true capacity we had before the pandemic given the retirements of so many experienced providers and the current workforce shortages.

Q: How have recent surges in COVID and other illnesses affected hospital access and the health of hospitals themselves?

BRIAN TABOR: As we rebuild from a pandemic that stretched our resources beyond belief, hospitals face significant financial challenges: an unprecedented workforce crisis; the skyrocketing costs of drugs, labor and equipment; lingering supply shortages; and more. A recent Health Affairs article noted "Hospitals in the U.S. are on track for their worst financial year in decades." Indiana's hospitals and health systems lost billions in 2022, and many community hospitals are operating in the red. This is concerning given that Indiana was recently ranked by the Center for Healthcare Quality

and Payment Reform as having the highest risk of hospital closures among our surrounding states. According to CHQPR, 22% of Indiana's rural hospitals are at immediate risk of closing due to continuing financial losses and lack of financial reserves to sustain operations.

Q: How important are good health care benefits in the retention of employees, including hospital staff?

BRANDON COLLINS: A competitive benefits package is vital to employee recruitment and retention. It's critical to ensure a benefits package is effectively communicating its value to employees. When communication is effective, 76% of employees report being satisfied with benefits. When communication is ineffective, 6% of employees are satisfied. The power of a robust employee communications strategy is equally important to the strength of the benefit offering itself.

BRIAN TABOR: Benefits are very important, but just as important is educating employees on how to access them. With so many Americans experiencing anxiety, substance use, and other mental health issues right now, we need to encourage the use of employee assistance programs. Studies show that EAP services are underutilized, despite their great potential to keep Hoosiers healthy and productive. In health care, the strain over the last three years has driven far too many valuable employees to retire early or seek a change in setting or career. We are redoubling our efforts to not only make employees aware of EAPs, but to make mindfulness and wellness activities part of the everyday routine. Health care benefits need to be reimaged as not just coverage when one is sick, but as a holistic, preventative model that is woven into the fabric of every workday.

Q: What are your organization's health-care related goals in 2023?

BRIAN TABOR: We will be advocating for further investments in public health, mental health, and solutions to our workforce crisis. We also will ask for legal protections for our dedicated health care workers, as violence in health care facilities is increasing at an alarming rate. While hospitals and health systems have protocols to detect and deter violence, we are seeing great incidence of verbal and physical abuse of our front-line staff.

Currently, there is no federal law that protects hospital employees from assault and intimidation. However, Indiana's own Congressman, Larry Bucshon, has championed the Safety From Violence for Healthcare Employees (SAVE) Act.

At the state level, IHA is supporting House Bill (HB) 1059, which would increase criminal penalties for those convicted of assault against individuals working in hospital emergency rooms. The increased penalties would match the penalties applied to individuals who assault police officers.

Q: What do you think will be the biggest health care story of the next 12 months?

BRANDON COLLINS: As hospitals, health systems, insurers and other key stakeholders are required to release pricing information, analytics organizations are working to aggregate this data. This will create meaningful transparency and apply pressure to margins within the industry. We will see more competitive pricing demanded by consumers moving forward.

BRIAN TABOR: An increase in the uninsured rate will mean more rough waters ahead for hospitals.

Even though astronomical labor and supply cost increases may begin to level off, hospitals' expense structures have permanently changed. Government payments are essentially flat, and cuts may even be on the horizon. And while we are all understandably worried about affordability, the anti-provider tactics being used by insurance companies to ostensibly reduce premiums seem to be padding their profits instead of flowing down to the employers and consumers who pay the bills.

But the newest story will be that as many as 15 million Americans may be disenrolled from Medicaid (and HIP here in Indiana) as the public health emergency winds down. Faced with all these headwinds, I fear that we will see more closures of rural and urban safety net facilities.●

Report: "Hospitals in the U.S. are on track for their worst financial year in decades."

- HEALTH AFFAIRS, OCTOBER 2022

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Brandon Collins has a dynamic approach to advising his clients. He brings strategy to benefits consulting, using analytics to provide financial reasoning to a people-focused approach. As a former college athlete, he can't help but work collaboratively with clients to accomplish a common goal.



Brian Tabor serves as president of the Indiana Hospital Association, which represents the interests of approximately 170 Indiana hospitals. Prior to joining IHA in 2008 as vice president, Tabor worked in various policy roles for the Indiana General Assembly and in government relations for the Indiana Association of REALTORS®.

