Faculty Research

How Employers Are Piloting Innovative Strategies to Redesign Health Care Delivery

In the United States, working adults face significant barriers to accessing high-quality, well-coordinated, and affordable medical care. For example, because wage growth has not kept pace with the rising cost of employer-sponsored insurance(link is external and opens in a new window), it is increasingly difficult for workers to afford premiums and out-of-pocket payments. Diminished access to care is especially problematic given the growing prevalence of chronic conditions (e.g., hypertension, diabetes, chronic pain) and disease risk factors (e.g., obesity, smoking, physical inactivity) among working-age adults. This can ultimately lead to deleterious effects on worker productivity, workforce participation, and both mental and physical health.

Traditional health care delivery and payment models have proven ineffective in simultaneously improving quality of care, reducing resource use, and enhancing patient experience. In response, public and private employers are currently experimenting with a variety of innovative strategies to redesign the way that health care is delivered and paid for.

For example, employers are shifting where medical services are delivered away from traditional ambulatory care settings (such as physician offices) and toward more convenient, lower-cost settings (such as telehealth visits and retail clinics). Other employers are partnering with third-party vendors to offer on- or near-campus primary care clinics. The hope is that this improved and easier access to basic medical services will assist with chronic condition management, increase compliance with preventive services, reduce utilization of more expensive services and settings (such as urgent care clinics and emergency departments), and eventually generate downstream savings.

Another emerging strategy is to leverage insights from the analysis of large-scale datasets (such as insurance claims, pricing information(link is external and opens in a new window), and patient satisfaction surveys) to redesign provider networks and restructure contracts. For example, employers can identify high-value providers (i.e., hospitals and physicians that have been shown to deliver lower-cost and/or higher-quality care) and then introduce low-premium health plans that feature tiered or narrow networks, which utilize financial incentives (such as zero cost-sharing) to steer patients toward high-value providers and dissuade the use of lower-quality, higher-cost providers. Relatedly, some employers have directly contracted with high-performing health systems to provide bundled specialty care at a negotiated discount, in an attempt to facilitate workers' access

to high-quality, well-coordinated treatment and reduce wasteful variation in prices often observed across providers and markets.

Employers are rapidly adopting these and other novel delivery and payment models. However, many of these strategies have not been rigorously or independently evaluated, and it is unknown whether they are meeting their goals of effectively increasing workers' access to care, improving patient experience, or reducing costs. It is also unknown which specific models hold the greatest promise to achieve these outcomes, or how readily they can be adopted by different types of employers and providers. My research seeks to fill this gap in knowledge. In particular, I partner with public and private employers to quantitatively evaluate the effects of these models on patient health, quality of care, utilization, and spending outcomes; this work often leverages large-scale insurance claims and electronic health record datasets. I also collaborate with health care management scholars to qualitatively study the organizational characteristics of employers and health systems that succeed (or fail) under these models. With this research, my goal is to further our understanding of how to more efficiently and effectively deliver and finance care for the working population. Moreover, I hope to generate rigorous evidence that can inform industry initiatives and public policies aimed at improving health system design and increasing the value that is generated from health care expenditures.

Because employer-sponsored health insurance is the largest source of coverage in the United States, employers are uniquely and powerfully positioned to shape health care delivery. Curbing the rapid growth in employee health care costs and ensuring that workers and their families have access to high-quality, affordable medical care is not an easy task. However, in the coming years, it will be important to closely watch and carefully evaluate how the nation's employers are innovatively approaching this challenge.

– Dr. Julius Chen, June 2022