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7 Employer Health Care Priorities to Watch in 2021

For many employers, the financial pressures created by COVID-19 are aggravating the already-enormous challenge of managing soaring health care costs. As a result, large private employers and public health care purchasers are embracing a range of strategies to control expenses, support quality improvement and gain greater visibility into care value and quality in 2021.

Seven priorities for large employers in the year ahead stand out, and will be areas of focus for the Pacific Business Group on Health (PBGH) and its members.

1. Addressing high costs: Rising health care costs crowd out core business investments, hold down wages, dampen business growth and squeeze family budgets – consequences that have only been made worse by the pandemic-driven recession. That’s why nearly 60% of employers who attended a post-election webinar held by PBGH said policies aimed at reducing health care costs were a top priority heading into 2021.

Many employers would welcome action that can accelerate the transition from volume-driven, fee-for-service payment to value-based care. This includes federal and state policy initiatives that introduce, test and spread value-based clinician payment and care models, particularly in primary care.

Purchasers likewise support emerging, private-sector tools and programs that can impose greater spending control. In the coming year, we expect to see more large employers seek to establish more direct partnerships with providers who meet rigorous clinical standards and outcomes and who are ready for prospective bundled payments. Employers have [already demonstrated](#) they can change how elective surgeries are performed and paid for in the U.S. and the profound impact those efforts can have on health outcomes, patient experience and total cost of care. In addition, large employers are seeking bundled and other innovative payment arrangements in partnership with health plans and regional provider organizations to address high-cost areas, such as maternity care and cancer care.

2. Measuring meaningful quality: It’s a given that healthy patients make healthy employees. But purchasers must be confident that the billions they spend on workforce health each year truly supports high-quality, high-value care. They understand the need to measure what matters when it comes to clinical care: [patient reported outcomes and patient experience](#).

Unfortunately, the reality is that outdated measures, siloed data systems and lack of alignment across payers means information about quality outcomes is

limited. To overcome this challenge, PBGH and its member organizations have made robust quality measurement a central priority and will expand efforts in 2021 to identify more effective ways to collect, harness and use data in pursuit of meaningful quality and better health outcomes.

One example of an initiative that took off in 2020 and is poised to expand throughout this new year is the PBGH [National Health Plan Playbook](#), a first-of-its-kind tool that enables health care purchasers to collectively share their priorities and influence the market about how to support higher-value care. The tool's performance indicators create actionable insights into a purchaser's health plan spending and incentivize both short- and long-term improvements in care for participating companies' employees. Data collected thus far will provide employers with new insights about plan performance – including relative spending on primary care – and will shape expectations going into the New Year and beyond.

3. Leveraging telehealth: One of the few positive outcomes of the pandemic has been the dramatic acceleration in the use of telehealth services by primary care practices nationwide. Employers support continued expansion of telehealth to provide employees with improved access, greater convenience and better continuity of care while managing total cost.

To enable the optimal and widespread use of telehealth, PBGH's [California Quality Collaborative](#) (CQC) developed technical assistance support for primary care practices needing to rapidly implement telehealth care during the pandemic. These efforts have highlighted the challenges providers can face in standing up telehealth capabilities, as well as lessons on how telehealth services can be enhanced for better patient experience and sustained once the pandemic abates.

4. Strengthening primary care: Employers realize a solid foundation of primary care is the key to a high-value health care system and were alarmed by the precarious situation many primary care practices faced during the COVID-19 pandemic as office visits ceased and reimbursement dried up. The need for fundamental payment reform that shifts to sustainable, flexible, prospective payment models became clear. And employers want to take action to make that happen. In a recent survey of PBGH members, 100% said it was very important to support payment reform to strengthen primary care, and they're looking to groups like PBGH for expert guidance on the best payment models to adopt and the technical elements needed to implement change.

5. Controlling pharmacy costs: Purchasers are looking for opportunities to reduce wasteful pharmacy spending. It's an area of major concern: A recent PBGH poll found that 71% of employers believe prescription drug pricing reform should be a top federal priority for 2021.

Beyond advocating for policy changes that will address the high cost of prescription drugs at the federal and state levels, employers want innovative solutions that will enable them to take charge of their pharmacy benefit spend. They will look for ways to lower costs, including disrupting the existing supply chain with direct contracting with pharmacies and pharmacy benefit managers, and to [remove](#) from their formularies drugs that do not provide greater clinical value when compared to similar, cheaper therapeutic alternatives.

6. Challenging market consolidation: Consolidation among provider organizations is likely to gain momentum as larger hospitals and health systems continue to acquire smaller entities weakened by the pandemic. It's a long-term trend that has already contributed to higher employer costs and reduced employee choice, as evidenced by the recent, much-publicized [anti-trust case against Sacramento-based Sutter Health](#). The landmark lawsuit, which was initiated by PBGH and its members, ultimately led to the health system's \$575 million settlement, along with changes to its business practices that are expected to help businesses and workers save even more over time. The success of this lawsuit, along with other legislative efforts to protect health care providers facing financial pain from the pandemic, will continue to act as models for future efforts by large purchasers to preserve health care markets from harmful consolidation.

7. Addressing inequities in health and care delivery: From access to outcomes, the health care experience in the U.S. for people of color is too often substandard, a fact underscored by the continuing effects of the pandemic. Employers realize the time has come to fundamentally address this historic injustice. Purchasers are interested in working on several fronts to develop long-term solutions that can help ensure truly accessible, quality care for every American.

We'll increasingly see large employers and other health care purchasers pursue initiatives that will address deficiencies in critical areas like maternity and cancer care and strategies for addressing critical, upstream social determinants of health, which depends largely on capturing the patient voice to support the delivery of culturally competent, equitable care.

Committing to a reinvention of health care

The pandemic has exposed festering problems in our health system, deficiencies that are increasingly compromising the financial and physical health of our nation. Yet from this crisis, an historic opportunity has emerged. Innovative employers and other health care purchasers are looking to capitalize on the growing consensus that care must be transformed and to pursue high-quality, cost-effective care for all. This year will see renewed commitment and a wave of strategic initiatives to meet that demand.