The Collective

The Oklahoma Business Collective on Health

At the intersection of business and health

The Collective

These Alabama Workers Were Swamped by Medical Debt. Their Employer Stepped In and Pays for All Their Healthcare.

A new way to think about employer-sponsored health plans...

Like most medical offices, the small suite of exam rooms at the PhiferCares Clinic fills daily with patients seeking help. But there's an important difference about this clinic in central Alabama: No one gets a bill, including for prescriptions. That's because the clinic is owned by a manufacturing company with a specific agenda.

Phifer, a global manufacturer of window screens, opened the clinic five years ago in a bid to control its health care costs and stop big medical bills from driving its workers into debt. The strategy has paid big dividends. Phifer has saved so much on health care that the company was able to open a free summer camp for the children of employees. Workers have dramatically boosted retirement savings, and Phifer is now adding chiropractic care and orthotics, all at no cost to workers.

Phifer landed on a deceptively simple idea: Make it easier — and cheaper — for workers to see a doctor and fill a prescription. Phifer is reaping rewards. Despite years of high inflation nationally, the company's net spending on health care was lower in 2023 than in 2019, declining from $15.8 million to $14.9 million in constant dollars. Read more below from KFF Health News.

Phifer's Health Strategy

News You Can Use

The Incursion Of Profit-Enhancing Middlemen In U.S. Healthcare

The U.S. healthcare system, by and large, does not regulate the prices providers charge in the commercial market, nor oversee private insurer claims decisions, or denials. This regulatory vacuum has fostered an ever-growing market for intermediary businesses to help clinicians navigate the processes of filing claims and maximizing reimbursements. At the same time, insurers increasingly contract with intermediary businesses in an effort to manage utilization and up their own margins.

These are for-profit businesses 'in the middle'. They charge overhead fees or percentages on the services they provide. Some of these middlemen receive a lot of public attention, (like pharmacy benefit managers (PBMs) and third-party administrators (TPAs), but there are three other lesser known but equally concerning profit-enhancing industries: revenue cycle management, claims management, and claims repricing.

Over the last 15 years, healthcare consolidation and corporate players like private equity have broadened their involvement, seeking large and fast returns on investment. These developments have catalyzed a complex web of profit-enhancing middlemen, which in turn create demand for more counter-balancing middlemen. It is reasonable to assume that these entities, and the healthcare systems and insurers employing them, are having cost-increasing effects. The lack of oversight in private sector health care prices, insurance denials, and payment practices in general has left a large opening for abuse. *Source: Health Affairs Forefront*

Note: The attached article reviews complicated revenue streams for players embroiled in claims processing and payment. It's a long article with many good links and should open your eyes to these additional players and potential impacts on commercial health plans. You won't see them coming...well informed is well armed.

Profit Enhancing Middlemen

Medical Minute

November is Diabetes Awareness Month

Diabetics are probably always aware, but the rest of us need to tune in. With early detection and awareness, you can take steps to prevent or delay the onset of type 2 diabetes. 1 in 3 U.S. adults has prediabetes and without intervention, the American Diabetes Association estimates up to 70% of prediabetics could develop type 2 diabetes. This diagnosis will increase risk of heart attack, stroke, kidney failure, blindness or loss of toes, feet, or legs up to 4-fold.

In 2022, the total cost of care for people with diagnosed diabetes was $413

billion. About 1 in 4 healthcare dollars is spent on people with diagnosed diabetes. The majority of expenses are from hospitalizations and medications used to treat diabetes complications.

People diagnosed with diabetes incur on average about $19,700 in annual medical expenses. That's about 2.6 times the medical expenses of a person without diabetes.

Diabetes is a serious workforce issue, but you can educate employees in how to help prevent type 2 diabetes, the most common type. It's typically much cheaper to prevent than to treat the consequences of this disease. Read more from the CDC guidelines below.

According to the National Institutes of Health, a 1% reduction in A1C was associated with a 13% reduction in diabetes-related total healthcare costs.

Chronic Kidney Disease (CKD)

Courtesy of Midwest Business Group on Health, our sister coalition in Chicago

One in three people with diabetes and one in five with hypertension will go on to develop chronic kidney disease (CKD). As many as 9 in 10 adults with earlier stage (1-3) CKD, and 40% of those with more severe CKD (stage 4-5 or 6) do not know they have it. 360 more people will begin very costly dialysis treatments each day. Employers play a pivotal role in the early detection of CKD by covering and promoting preventive screenings and providing access to interventions to slow disease progression.

Depending upon insurance coverage and the type of dialysis being received, costs for the typical three dialysis treatments per week can be up to or over $90,000 annually. CKD becomes progressively debilitating with reduced worker productivity and eventual disability. When diagnosis and treatment of CKD occur during earlier stages (stages 1-3), the total cost of care can be dramatically reduced, and workers tend to be able to remain at work and be productive. The recommendations in the Action Brief (below) can serve as a starting point for employers to understand, develop and launch impactful initiatives to decrease the impact of CKD in their workforce. *(The action brief below is very comprehensive! Many thanks to MBGH!)*

CDC National Diabetes Prevention Program

American Diabetes Association

Employer Action Brief: Chronic Kidney Disease

Advocacy

If there's one topic capturing the attention of the health benefits world today, it's ERISA fiduciary risk—and for good reason.

ERISA, the Employee Retirement Income Security Act of 1974, sets federal standards to protect members in health and pension plans. More than 100 million Americans receive health benefits through self-insured ERISA plans, accounting for over $1 trillion in annual spending. Yet, too often, these plans are barely scrutinized, leading to excessive and avoidable costs, fraud, and

potential litigation.

Why This Matters:

- Untapped Opportunity for Reform: Organizations spend roughly double on ERISA health plans as they do on ERISA retirement plans. Health plans are frequently the single biggest procurement a corporation makes, however, health benefits may not even get as much scrutiny as office supplies -- a low priority, leading to massive, wasted spending, mismanagement, and legal exposure.
- Enormous Legal Risks: As regulatory scrutiny increases, so does the risk of litigation. Plan sponsors failing to manage their ERISA health plans properly could face even bigger financial penalties for breaches of fiduciary duty. (The average of settlements to-date is at $8.8 million).
- The Role of Plan Administrators: One solution - appointment plan administrators who have deep actuarial and health care expertise, something traditional HR departments aren't typically schooled in. These individuals should be responsible for optimizing plan performance and ensuring compliance with ERISA regulations.

The fallout from fiduciary mismanagement can be staggering. So, what should employers do? Focus on proven benefits-design solutions that reduce health benefits spending by 20% or more, while enhancing the quality of care. These savings aren't achieved by shifting costs to employees but by addressing the root causes of waste—pricing failures, fraud, overuse, misdiagnosis, and poor treatment. Effective fiduciary risk management is essential for legal compliance and financial health. By reducing costs and improving benefits, employers can safeguard their organization and improve care.

How bad can this get?
Jerry Schlichter, a prominent ERISA attorney, targets Fortune 500 companies (see map of corporate targeted employers) leveraging his track record of two unanimous ERISA fiduciary Supreme Court victories and over $1 billion in settlements. *(Source: Dave Chase - CEO, Health Rosetta)*

ERISA Sample Plan Document Checklist

Our mailing address is:

The Oklahoma Business Collective on Health
c/o OSU Center for Health Systems Innovation
1111 W 17th Street
Tulsa, OK 74104

Website: drivinghealthvalue.org

thecollective@okstate.edu