



The 24th Annual Willis Towers Watson  
Best Practices in Health  
Care Employer Survey

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# Executive summary

In today's full-employment economy, employers are under pressure to offer competitive health care benefits even as health care costs continue to rise. According to the 24th Annual Willis Towers Watson Best Practices in Health Care Employer Survey, health care costs are projected to climb 4.9% in 2020 compared with 4.0% in 2019. Despite this cost increase, employers believe they will continue to sponsor health benefits over the next decade. Nearly all employers (95%) are very confident their organization will continue to sponsor health care benefits in five years.<sup>1</sup>

Looking at the longer term, employers' confidence in sponsoring these benefits in 10 years grew to 74% – up from 69% in 2018 – reaching the highest level in the past decade.<sup>2</sup> These employers plan to continue to provide health care benefits to support employees to be physically and mentally healthy, and thrive on the job.

As cost pressures continue, employers recognize the challenges employees face in covering both their payroll deductions and out-of-pocket costs for health care benefits. In fact, 89% of employers believe rising health care costs are a significant source of financial stress for their employees. Consequently,

increasing health care affordability for employees while controlling costs for the organization is the top priority for almost all employers (93%) and the most challenging priority for almost two-thirds of employers (63%) over the next three years.

Employers are increasingly putting employees at the center of their health and wellbeing strategies. They're focusing on understanding employee needs and expectations in order to shape health and wellbeing programs that will give them a competitive edge in a tight labor market. In addition, employers recognize the financial struggles some employees face. Consequently, they are adding choice and customizing benefits in order to more efficiently deliver value to employees. With a focus on what employees value, companies are also better positioned to engage employees in programs that promote healthy behaviors and support employees in their health care decision making. **Their three key priorities are:**

1. Improving access to cost-efficient quality care
2. Enhancing wellbeing
3. Delivering an employee experience that blends high tech with high touch

## Improving access to cost-efficient quality care.

Although two-thirds of employers say they've made progress in containing health care costs and improving affordability over the past three years, work remains to be done. To tackle the cost and affordability issue, companies are focusing on the following levers:

- Implementing value-based designs to steer employees toward proven services that produce positive health outcomes at a lower price tag (U.S. health care costs are largely reflective of high unit prices, and there is often little correlation between unit price and quality)
- Focusing on clinical conditions – including mental/behavioral health, metabolic syndrome/diabetes, musculoskeletal and cancer to improve outcomes and reduce costs through such interventions as vendor point solutions, steerage to high-quality providers and centers of excellence (COEs), and programs aimed at reducing wasteful or harmful care
- Expanding use of onsite and near-site health clinics to gain greater control over costs
- Encouraging greater use of virtual care models, telebehavioral health services, COEs, high-performance networks and expert medical opinion programs to help ensure cost-effective, appropriate, quality care
- Influencing site of care for specialty drugs and promoting use of biosimilars, when available, to manage specialty drug costs

<sup>1</sup> Sample: Companies with at least 1,000 employees

<sup>2</sup> Ibid., 1.

**Enhancing wellbeing.** Employers remain committed to wellbeing programs and are pivoting toward more holistic programs that address physical as well as financial, emotional and social wellbeing. They recognize that employees who are physically thriving, financially secure, emotionally balanced and socially connected are more engaged and drive better business outcomes.

However, wellbeing remains a challenging priority given traditional low engagement levels. Because the use of financial incentives in wellbeing programs is leveling off, employers are placing a greater emphasis on health culture as a way to boost engagement. They are shaping a healthy work environment and building wellbeing programs into their employee value proposition. This involves emphasizing workplace dignity, which is key to building trust with employees and successfully engaging employees in their wellbeing. Some of the initiatives employers are using to support a healthy work environment include: paid parental leave beyond what is required by law, programs that focus on stress and resiliency, financial management tools and the use of human-centered design in wellbeing programs.

A growing number of employers are measuring the impact of wellbeing programs using a variety of financial and nonfinancial metrics. Known as value on investment, this approach enables employers to move beyond ROI metrics and evaluate such factors as employee satisfaction, participation, productivity and mitigation of health risks. Such an approach provides a more complete assessment of program impact.

**Delivering an employee experience that blends high tech with high touch.** Facing many competing priorities, employers have often overlooked the need for a strategic approach to designing their employee experience. But, in the next few years, more companies expect to create an employee experience strategy that is differentiated from that of their competitors and customized to meet the needs of critical employee segments. And they plan to use organizational analytics to assess the effectiveness of their strategy.

**To improve the employee experience, employers will focus on several key priorities:**

- Enhancing the enrollment experience
- Integrating wellbeing vendors to provide a more unified experience across physical, financial, emotional and social dimensions
- Adding more choice in all benefits
- Offering care advocacy/navigation services

To understand their employees' perspective regarding these issues and better meet their needs, employers plan to use a range of feedback channels, including surveys, focus groups and town hall meetings. And they will focus on technology solutions to address these issues and deliver an improved employee experience throughout the health care journey. These solutions include decision support tools to provide enrollment recommendations and to support treatment decisions. In this way, companies provide a high-tech, high-touch employee experience.

Companies understand that in order to put employees at the center of their health care strategy, they will need to sharpen their understanding of employees' diverse needs and use the resulting insights to craft solutions that drive greater engagement and improved health care decision making. By refining program design and delivery solutions, and offering wellbeing programs and a more relevant, personalized employee experience, employers will unlock opportunities to improve affordability for employees while controlling costs for the organization.



# Identifying the best performers

Our research identified 44 companies that qualify as best performers based on their ability to manage cost trends and efficiency (see page 16). Best-performing companies exhibited the following two characteristics:

- **Efficiency:** efficiency in 2019 that is 5% or greater (roughly 60th percentile and above)
- **Cost trend:** two-year average trend after plan changes (2017/2018 and 2018/2019) that is at or below the national norm (4%) and two-year average trend before plan changes (2017/2018 and 2018/2019) that is at or below the national norm (5%)

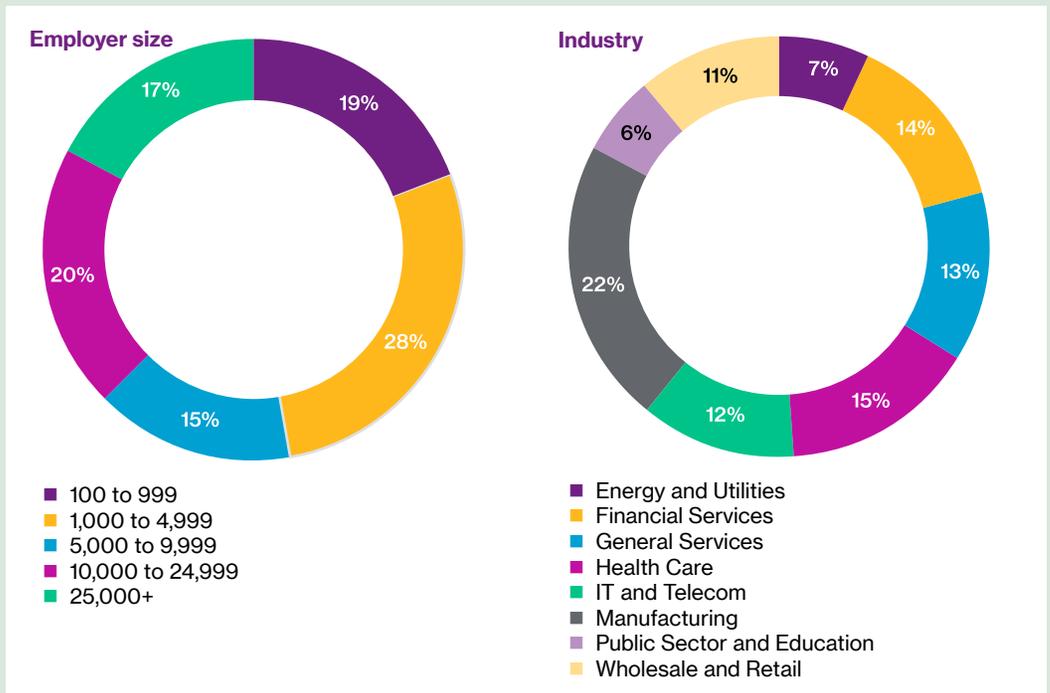
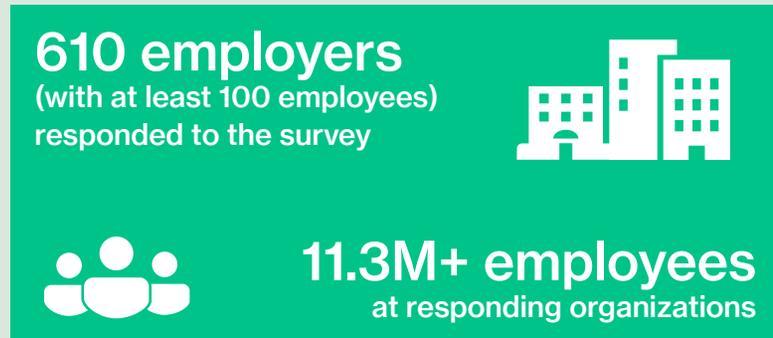
We selected best performers from the 454 companies that completed the 2019 Willis Towers Watson Financial Benchmarks Survey and the 2019 Willis Towers Watson Best Practices in Health Care Employer Survey with sufficient health care cost trend and efficiency information. These best performers gain significant competitive advantage by creating and leveraging best practices that improve access to cost-efficient quality care, enhance wellbeing and improve the employee experience.



# About the survey

The 24th Annual Willis Towers Watson Best Practices in Health Care Employer Survey was completed by U.S. employers between June and July 2019, and reflects respondents' 2019 health program decisions and strategies, and expected changes for 2020 and 2021. Respondents collectively employ 11.3 million employees and operate in all major industry sectors. Results provided are based on 610 employers with at least 100 employees (Figure 1).

Figure 1. About the 24th Annual Best Practices in Health Care Employer Survey



Note: Percentages may not add up to 100% due to rounding.

# Findings at a glance

## Confidence rising

**74%**  
are confident



that the organization will continue to sponsor health care benefits in 10 years, **an increase of 5% over 2018<sup>3</sup>**

## Capture the potential of telebehavioral health

**89%**

are expected to offer coverage for telebehavioral health services by 2021, **up from 72% today**



## Top clinical condition



**66%**  
will emphasize **mental/behavioral health** over the next three years



**65%**  
will enhance **navigation to services** to improve mental/behavioral health during this period



## Focus on wellbeing

**50%**

have made progress on enhancing **employees' total wellbeing** over the past three years

**83%**

think it's important to **enhance employees' total wellbeing** in the next three years, but...

Only **41%**

agree that their wellbeing programs **meet employees' needs**

Only **30%**

say their programs **inspire employees to achieve** their personal goals

## Tackling affordability and costs

Cost increases remain steady at 5% before plan changes



**68%**

have made progress over the past three years

**93%**

say affordability and costs for the business and members is a top priority over the next three years, but...

**63%**

indicate that continued progress will be their biggest difficulty over the next three years

<sup>3</sup> Ibid, 1

# Findings at a glance

## Top wellbeing actions by 2021

### Physical

**85%**

sponsor programs or pilots that **target specific conditions** or high-cost cases



### Financial

**44%**

**track metrics and objectives** for use of programs at pivotal decision points and segments most at risk



### Social

**68%**

use workforce data and analytics to **develop a strategy for improving diversity and inclusion**



### Emotional

**74%**

redesign employee assistance program to **better address emotional and financial wellbeing**



## Prioritize technology to support employee wellbeing

### Actions by 2021



**55%**

have a formal technology strategy to support wellbeing programs and goals

**70%**

offer apps and connected devices for condition management or reducing health risks

**78%**

integrate wellbeing vendors and employee experience across physical, financial, social and emotional wellbeing

# Highlights

## Access, quality and affordability

### Strong interest in plan design and value-based designs

Almost 90% of employers (87%) are making it a priority to align plan design with the organization's business and workforce strategies over the next three years.

Organizations are also focusing on value-based designs to reduce out-of-pocket costs for the use of high-value services and increase out-of-pocket costs for specific overused services.

### Rethinking ABHPs but expanding HSAs

Account-based health plan (ABHP) sponsorship has leveled off, with the number of employers offering ABHPs expected to grow a mere 1%, from 84% today to 85% by 2020.<sup>4</sup> About 20% of employers eliminated a total replacement strategy in recent years in favor of providing more options. Of those still offering ABHPs as a total replacement, 25% plan to eliminate this strategy by 2021.<sup>4</sup>

While there is still a compelling rationale for ABHPs, concerns around affordability at the point of service have led more companies to diversify plan design options. New plan options, many with value-based designs, offer other alternatives.

Health savings account (HSA) offerings continue to expand significantly. Ninety-seven percent of ABHP sponsors<sup>4</sup> are expected to offer HSA-based plans by 2021. Today, most companies that offer an HSA<sup>4</sup> also contribute funds to the accounts (87%); the majority do so by simply seeding the account (84%), while 25% link contributions to wellbeing participation and 7% use matching designs. With rising concerns about affordability, employers are providing choices to meet the needs of a diverse workforce, and HSA-eligible plans continue to be an important option.

### Focus on vendor and network strategies

Evaluating vendors best positioned to help deliver on their organization's strategy is a top priority for 79% of employers over the next three years. As part of this effort, organizations are looking to improve specific high-cost clinical conditions.

To encourage use of high-performance networks, employers are reducing employees' share of premiums or point-of-care costs for high-performance network plans. As part of this effort, organizations are looking to improve the delivery of health care for employees with specific clinical conditions prevalent among their population.

### Controlling pharmacy costs

Over the next three years, companies will prioritize pursuing cost-effective options to manage overall pharmacy spend and, specifically, specialty drug costs. But pharmacy costs rank among the most difficult areas to improve.

Among the top strategies planned or under consideration to address rising pharmacy spend are evaluating and addressing specialty drug costs and utilization performance, promoting use of lower-cost biosimilars and adopting point-of-sale rebates.



<sup>4</sup> Ibid, 1

# Integrated wellbeing

## Strong commitment to wellbeing – with more work to do

Employer commitment to and prioritization of wellbeing are stronger than ever. As organizations continue to focus on total wellbeing, looking beyond the physical to include financial, emotional and social aspects, they also recognize that enhancing wellbeing requires an integrated approach focused on moments that matter to the individual employee.

## Health culture becomes a top priority

Employers are placing a greater emphasis on health culture, creating a workplace environment supported by managers/leaders that encourages employees to live healthier lives and, therefore, to thrive at work.

While only 35% of employers reported making progress in health culture in the past few years, 73% say they will make health culture a top priority over the next three years. Yet companies rank health culture as among the most difficult areas to improve.

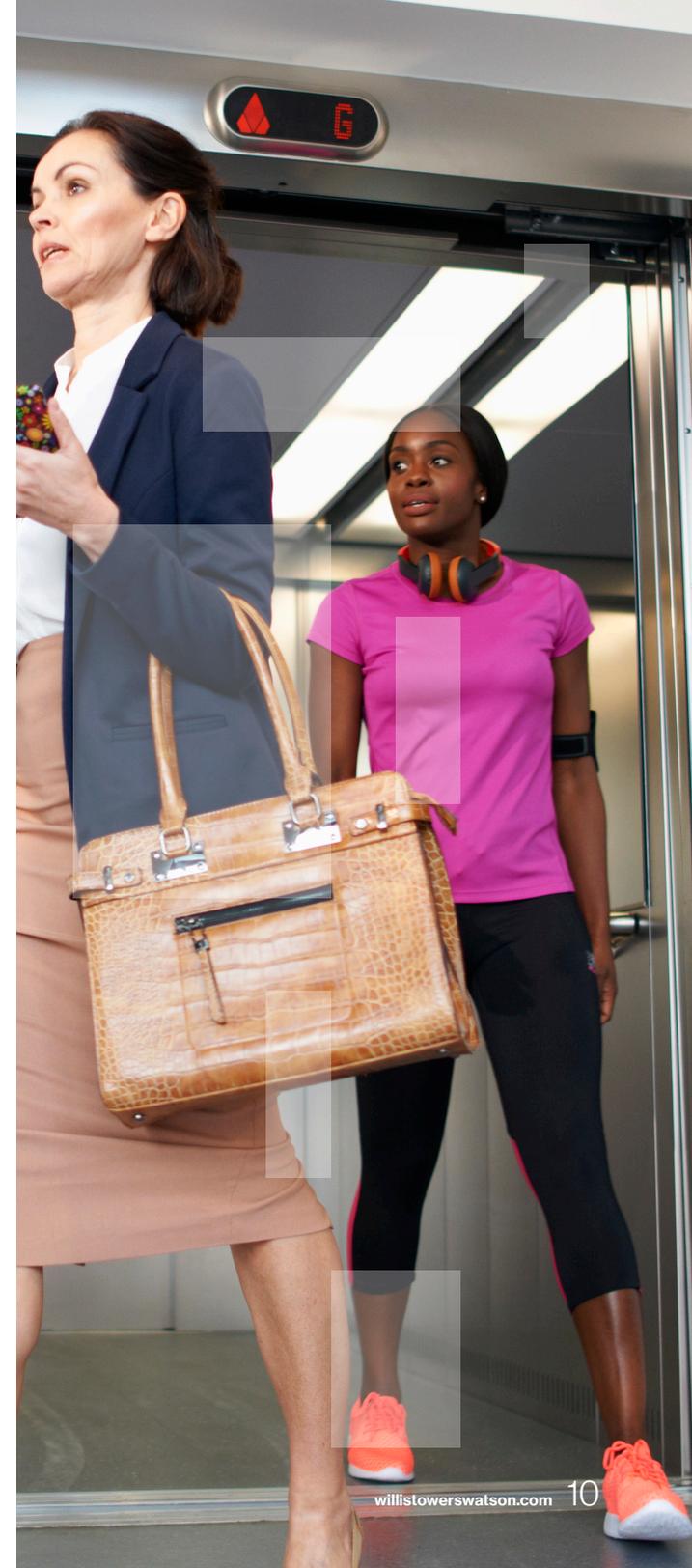
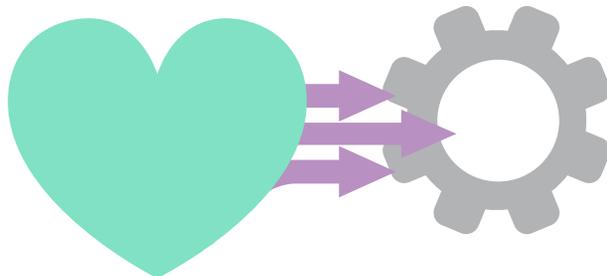
## Incorporating inclusion and diversity

More employers are incorporating inclusion and diversity priorities into their wellbeing program design with an expected 62% planning to take action by 2021. And while more employers are highlighting or plan to highlight for employees the benefit changes addressing inclusion and diversity, over half (52%) have not done so.

## Opportunity to improve data and metrics

While only 37% of employers say they've made progress over the past three years in using data and metrics to evaluate the performance of their health care and wellbeing programs, 78% are making it a priority over the next three years.

The resulting 41% gap indicates that much work remains to be done.





# Employee experience

## Understanding employees' wants and needs

Employers are increasingly using surveys, focus groups or town hall meetings to identify employees' wants and needs when designing programs or making changes. To develop a sharper focus on employees' desires and requirements, organizations are also applying human-centered design to wellbeing programs.

The number of employers using human-centered design as well as tools such as surveys and focus groups to understand employee wants and needs is anticipated to grow to 61% by 2021.

## Building an employee experience strategy

While nearly half of employers don't have an employee experience strategy today, they expect to catch up quickly. Over the next three years, 73% will make it a priority to develop a differentiated employee experience customized for different workforce segments.

## Growing use of decision support tools

More employers plan to offer recommendation tools that support enrollment decisions. While 46% say they use these tools today, this percentage is expected to grow to 77% by 2021. In addition, 36% of organizations are offering treatment decision support tools, a number anticipated to increase to 65% by 2021.

## Improving advocacy and navigation

Employers are enhancing the employee experience by improving health care advocacy and navigation services, with 69% expecting to do so by 2021. Increasingly organizations are offering services to guide employees and their families to providers based on high-quality data.



# Health benefit strategy: focus on controlling health care costs and making health care affordable

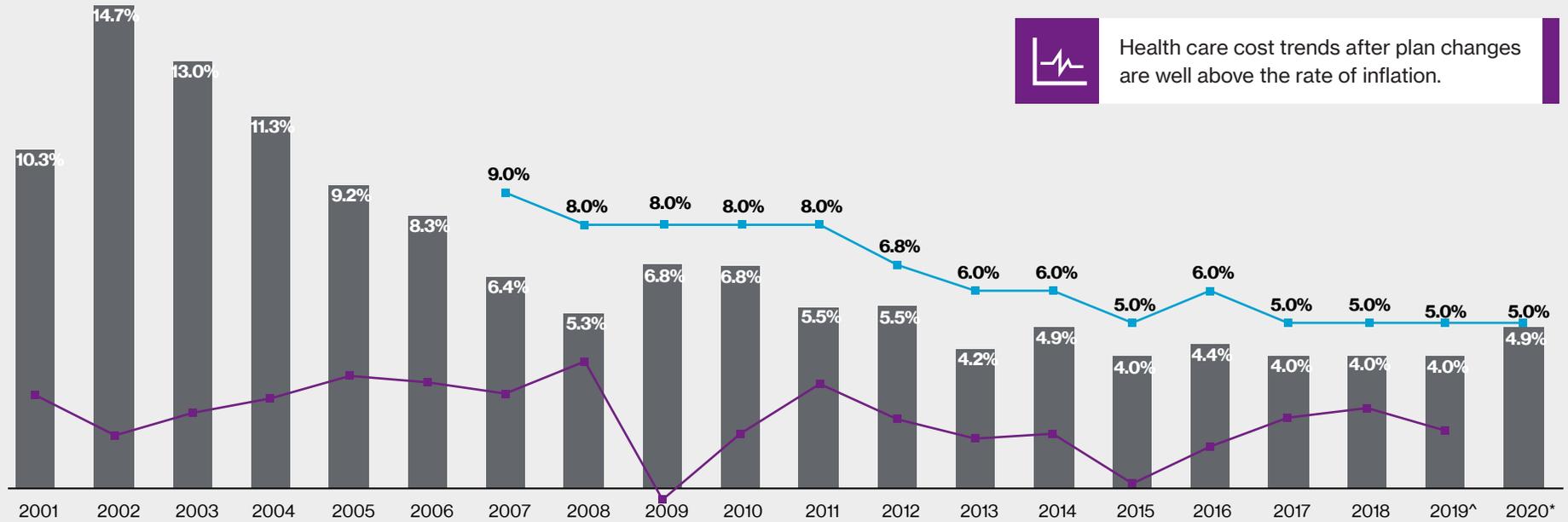
## Cost and risk

Health care cost trends after plan changes continue to be well above the rate of inflation. With no end in sight to the persistent rise in health care costs, U.S. employers are focused on controlling costs while also making health care more affordable for employees.

Respondents to our annual survey expect total health care costs (employer and employee) to rise 4.9% in 2020 after plan design changes, up nearly a full point from 4.0% in 2019 (Figure 2).<sup>5</sup> According to findings from our Financial Benchmarks Survey, the average cost of health care is \$13,087 per employee per year (PEPY) in 2019 and is expected to rise to \$13,728 in 2020. By point of comparison, the U.S. inflation rate is expected to average 1.8% in 2019 and to increase to 2.0% in 2020. Without plan changes, cost trend would be 5.0% in both 2019 and 2020.<sup>6</sup>

The relentless increases in health care costs along with the sustained cost shifting to employees over the past 14 years make affordability a challenge for many employees, particularly low-wage workers. Employees paid, on average, 23% of total premium costs in 2019. In paycheck deductions, this translates into an average annual employee contribution of \$3,031 in 2019, which would rise to nearly \$3,180 in 2020 under current plan designs.

Figure 2. Health care costs before and after plan changes



 Health care cost trends after plan changes are well above the rate of inflation.

Note: Percentages of health care trend are median numbers.  
 Sample: Companies with at least 1,000 employees  
 Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

<sup>5</sup> Ibid., 1.  
<sup>6</sup> Ibid., 1.

Facing their own rising costs, employers will continue to look for ways to mitigate the impact of cost increases. While many employers have implemented account-based health plans (ABHPs), a quarter of companies that offered ABHPs exclusively in 2019 intend to reintroduce plans with lower point-of-care costs by 2021.<sup>7</sup> With the maturation of ABHPs along with the greater emphasis on affordability, and the need to attract and retain talent in a competitive environment, employers are more focused on implementing a range of strategies that improve plan efficiency and offer a better employee experience.

These include:

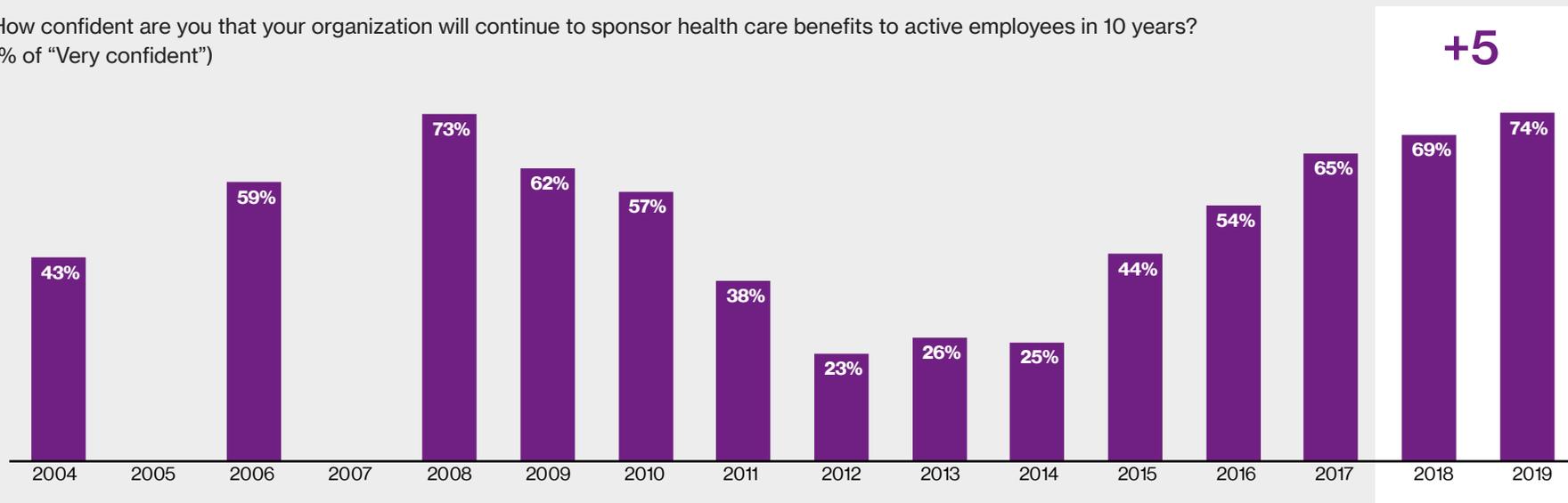
- Encouraging use of network and delivery solutions, such as telebehavioral health services, centers of excellence (COEs) within health plans, onsite/ worksite health promotion activities, onsite and near-site health clinics, and high-performance networks (HPNs)
- Proactively managing pharmacy benefit costs with a particular emphasis on specialty drug costs and utilization
- Evaluating vendors best positioned to help deliver on their organization's strategy

### Confidence continues to rise

In a tight labor market, employers report they are highly likely to continue to sponsor health care benefits over the next decade. In fact, nearly all employers (95%) are confident that they will offer health care benefits in five years, up one point over 2018. This confidence extends over the longer term, with 74% of employers indicating that they are confident they will offer health care benefits in 10 years, an increase of five percentage points over 2018 and a new 10-year high (Figure 3).<sup>8</sup> Offering health care benefits is an important part of the reward package for employees of all ages, and it drives improved health, wellbeing and productivity – the keys to business success. However, the cost of health care has become so high that if an alternative source of coverage were to become available, it's quite possible for some employers to move in that direction.

Figure 3. **Employer confidence in sponsoring health care benefits over the next 10 years continues to grow**

How confident are you that your organization will continue to sponsor health care benefits to active employees in 10 years?  
(% of "Very confident")



Sample: Companies with at least 1,000 employees  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

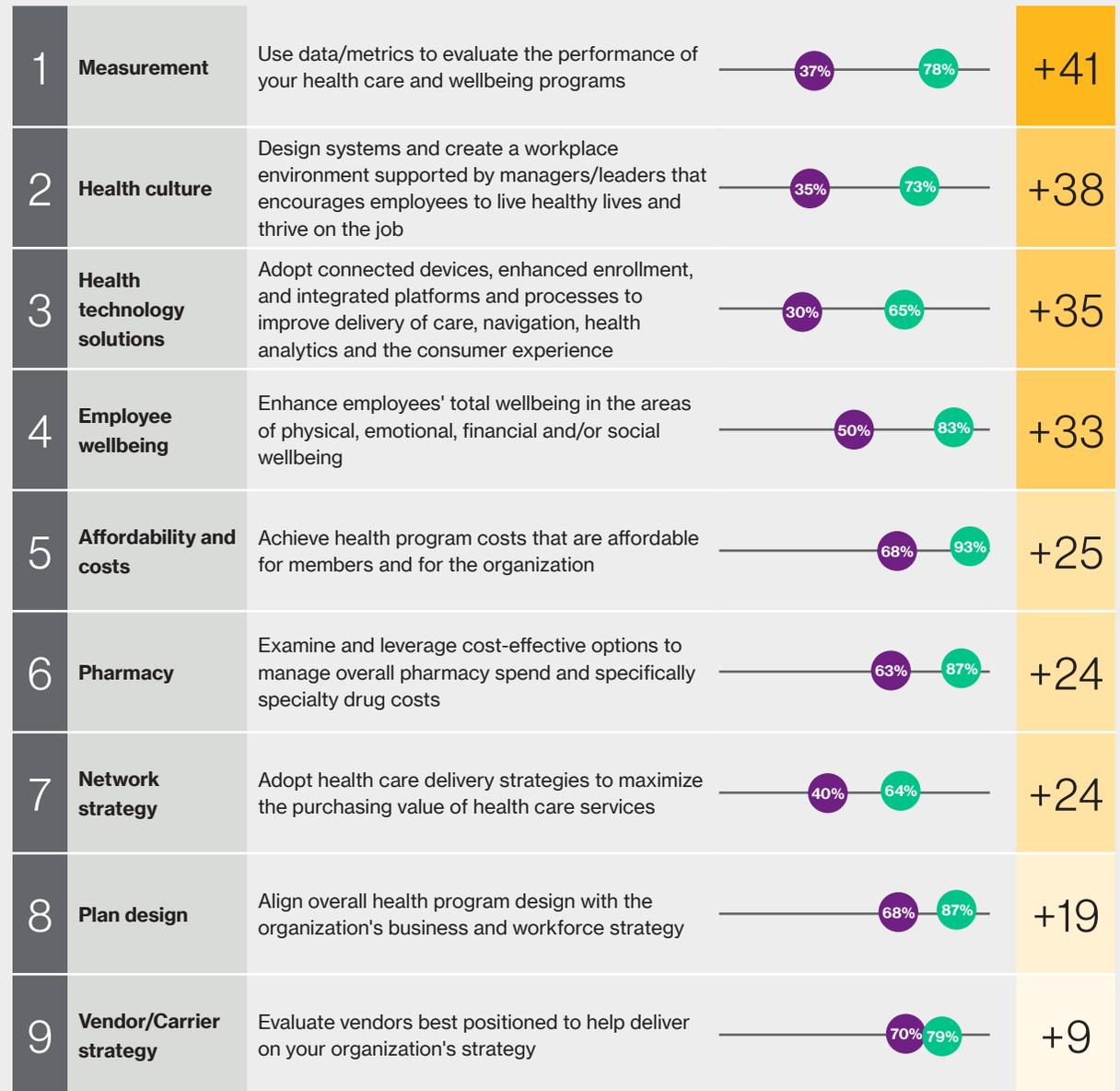
<sup>7</sup> Ibid., 1.  
<sup>8</sup> Ibid., 1.

## Identifying the key priorities

As employers look to improve the health experience and health outcomes, they are focused on the following key priorities (Figure 4):

- Measurement.** Employers indicate a strong interest in using data and metrics to evaluate their health and wellbeing programs, with 78% reporting they will prioritize measurement in the next three years. In particular, there's growing interest in using a value-on-investment approach, which involves leveraging a variety of financial and nonfinancial metrics to assess program impact. However, employers have much work to do in the measurement area, reflected in the 41-point gap between progress made in the past three years and priority.

Figure 4. **Employers value measurement and health culture over the next three years**



Note: Percentage indicates "To a very great extent" or "To a great extent".  
Sample: Companies with at least 100 employees

Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

● Progress made over the past three years  
● Priority over the next three years

- **Health culture.** Employers are committed to creating a workplace environment that encourages employees to live healthy lives and thrive at work. Even though they are using various means to promote a healthy workplace environment, such as wellbeing programs, employers find it challenging to make progress in this area. In fact, 45% indicate that health culture will be most difficult to improve over the next three years, second only to affordability and costs (Figure 5).
- **Health technology solutions.** Over the next three years, almost two-thirds of companies (65%) will prioritize health technology solutions. Employers are especially interested in helping employees make optimal decisions during enrollment and throughout their health care journey using a range of tools for decision support, health management, treatment decisions and price transparency. In turn, these tools will improve the overall employee experience. But slightly less than a third of employers (30%) report making progress in this area in the past three years.

- **Employee wellbeing.** Employers recognize the importance of enhancing employee wellbeing, which drives productivity and performance. Wellbeing is a top priority for over four-fifths of organizations (83%), and half report making progress in their wellbeing programs in the past three years, yet fewer than half (41%) think their programs meet employees' needs. Employers also ranked wellbeing as one of the most difficult priorities to address, perhaps reflecting the challenge of addressing all aspects of wellbeing: physical, financial, emotional and social. It is critical for employers to recognize the scope of this challenge as only 40% of employees think that the initiatives and resources offered by their employer to support their health and wellbeing meet their needs, according to 2019/2020 Global Benefits Attitude Survey.

These priorities are essential to building a sustainable health benefit strategy and putting employees at the center of that strategy. Approaching wellbeing from a more holistic perspective helps employers address the needs and preferences of today's diverse, multigenerational workforce that can vary across physical, financial, emotional and social dimensions. Technology solutions supporting improved navigation and delivery of care along with a culture that prioritizes health and wellbeing contribute to an enhanced employee experience. And ongoing measurement helps ensure the continuous improvement of health and wellbeing programs essential to an engaged and productive workforce.

Figure 5. **Most challenging priorities to address cover the span of wellbeing, pharmacy and affordability**



*Which areas do you expect to be the most difficult to improve over the next three years?*



Sample: Companies with at least 100 employees  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

## Best performers create their own financial advantage

Employers continue to show dramatic differences in their ability to manage their health care cost trends. Our research identified 44 companies that qualify as best performers based on their ability to manage cost trends and efficiency. Best-performing companies must exhibit the following two characteristics:

- **Efficiency:** efficiency in 2019 that is 5% or greater (roughly 60th percentile and above) (Read “About efficiency” at right.)
- **Cost trend:** two-year average trend after plan changes (2017/2018 and 2018/2019) that is at or below the national norm (4%) and two-year average trend before plan changes (2017/2018 and 2018/2019) that is at or below the national norm (5%)

We selected best performers from the 454 companies that completed the 2019 Willis Towers Watson Financial Benchmarks Survey and the 2019 Willis Towers Watson Best Practices in Health Care Employer Survey. The 44 best performers represent 10% of eligible companies reporting both favorable efficiency and cost trends before and after plan changes at or below the national average. We estimate best performers will pay \$1,373 PEPY less than the typical company in our national survey (\$11,887 in 2019 compared with the national average of \$13,260 – an annual savings of more than \$6.8 million at a company of 5,000 employees). They also maintain a two-year average cost trend after plan changes of 0.9% – 3.1 percentage points lower than the national average (4.0%). While plan design changes have helped to mitigate their cost increases, best performers also maintain a two-year average gross trend (before plan design changes) that is 3.1 percentage points lower than the national norm (1.9% versus 5.0%).

## About efficiency

Willis Towers Watson adjusts the national benchmark to reflect differences between the PEPY costs of an organization and the database for each of these four key criteria:

- **Age/Gender:** The age/gender profile of the population (Cost is directly correlated with age. The impact of gender on expected cost varies with age.)
- **Family size:** The estimated number of members covered per employee, expressed in terms of adult cost equivalent (Larger-than-average family size usually increases costs per employee.)
- **Geography:** The underlying cost for basic health care services in an area (Provider competition and more prevalent managed care plans may reduce costs in some areas. More enrollments in higher-cost areas usually increase costs.)
- **Plan value:** The level of benefits covered under the medical plan (Plans reimbursing a higher percentage of medical expenses than the database average usually increase costs.)

The result of these adjustments is a benchmark that is customized to each company's population. The custom benchmark is the database cost if the database looked like that company's population with its plan designs. Efficiency represents the percentage that a company's PEPY costs are above or below the custom benchmark with the most efficient plans reporting costs significantly below the adjusted national norm.



### *What can we learn from best performers?*

Best-performing companies lead the way in developing high-performing health programs that manage costs and add value, in part by implementing superior network and provider strategies. Throughout the rest of this report, we identify specific strategies and tactics that best-performing companies use much more than the national average or other organizations – best practices focused on three core areas:

- Participation
  - Employee and dependent
- Subsidization
  - Program design value and subsidy level
- Efficiency
  - Vendor partner strategies
  - Health care delivery
  - Pharmacy management
  - Workforce health
  - Engagement and consumerism

While many factors can explain the reasons for best performers holding the line on costs, these activities are likely an important part of their recent success, and many are emerging trends that could position them – and those that emulate them – for success in the future. While best performers are leading the way, there is significant opportunity for all companies to take actions to rein in costs and improve the performance of their health care programs.



### Measuring total plan costs: Where do we get our data?



Total plan costs for this study are based on Willis Towers Watson's annual Financial Benchmarks Survey, which includes detailed medical plan cost values on 2,168 companies with more than 10.4 million enrollees and total costs of over \$132.3 billion. By incorporating the use of this deep and broad database in our annual Willis Towers Watson Best Practices in Health Care Employer Survey, we enhance our ability to provide detailed annual plan costs for over 20 industry groups.

For fully insured medical and pharmacy plans, the costs presented reflect premium rates. For self-insured plans, the costs reflect premium equivalencies, which include company contributions to medical accounts such as health reimbursement arrangements (HRAs) and health savings accounts (HSAs), health management program costs and program participation incentives paid by the plan, and administration costs. In total, nearly 75% of respondents to the Willis Towers Watson Best Practices in Health Care Employer Survey participated in the Willis Towers Watson Financial Benchmarks Survey.

# Improve access to quality, affordable health care: plan design, network and delivery solutions, and pharmacy cost management

## Subsidization and plan design

### *Value-based design: steering employees toward highest-quality affordable care*

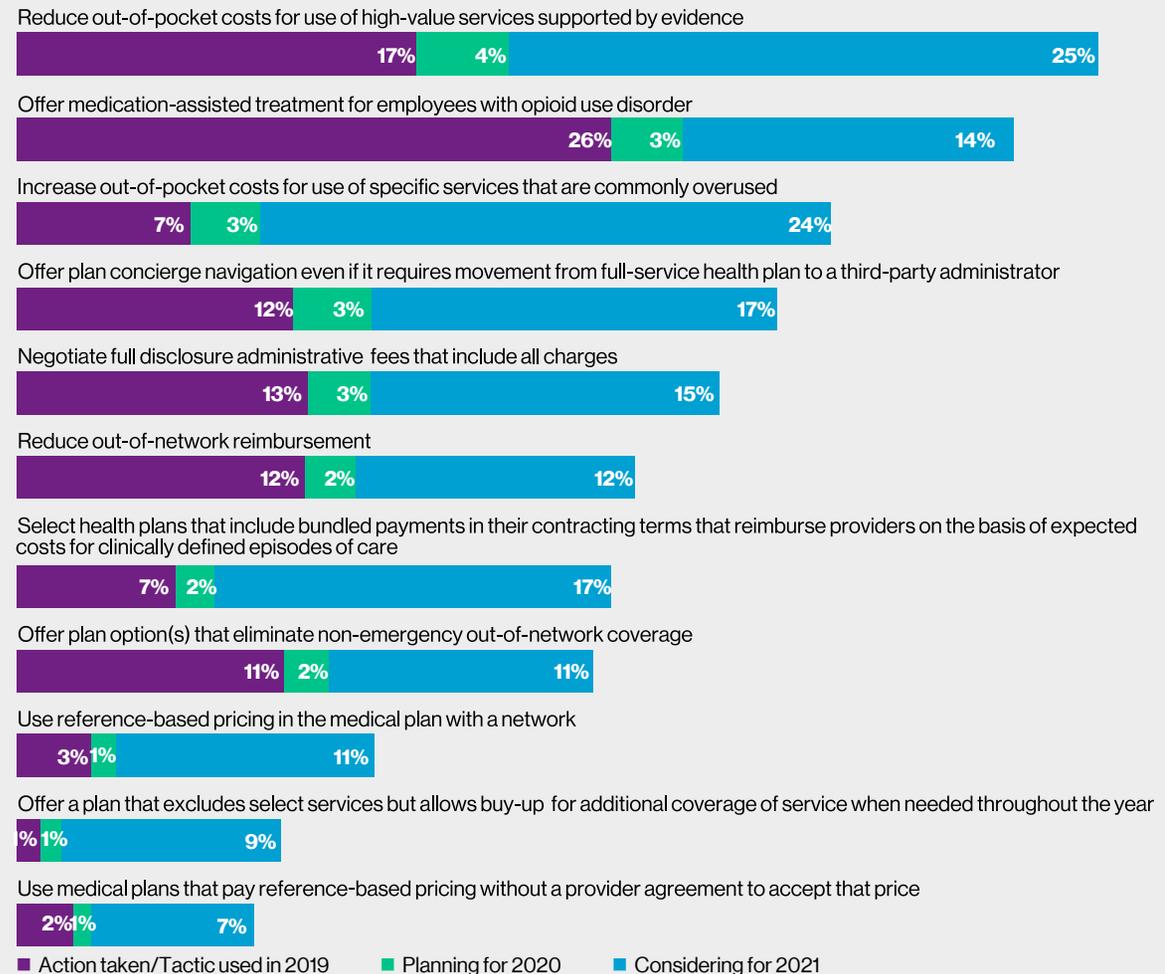
As health care costs continue to rise at a faster pace than wages or inflation, employers face the challenge of changing plan design to control company costs while keeping health care premiums and out-of-pocket costs affordable for employees.

More employers continue to make stepwise changes in implementing value-based designs. By applying design features or incentives, employers are striving to nudge their employees toward higher value and efficient care, and away from potentially wasteful services.

- Today while 17% of employers reduce out-of-pocket costs for the use of high-value services supported by evidence, they expect this figure to nearly triple (growing to 46%) by 2021 (Figure 6). At the same time, only 7% currently increase out-of-pocket costs for use of low-value services that are commonly overused, but in the next two years 34% plan to adopt such penalties.
- Employers are also actively reviewing out-of-network coverage and costs. The number of companies reducing out-of-network reimbursements or eliminating non-emergency out-of-network coverage could more than double by 2021.

Figure 6. **Employers are considering a variety of value-based designs**

Which specific value-based designs or activities does your organization have in place or plan to have in the next few years?



Sample: Companies with at least 100 employees  
 Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey



### Best practices: value-based design



- Lower out-of-pocket costs for proven high-value services and raise out-of-pocket costs for low-value or wasteful services.
- Proactively address workplace opioid abuse by offering medication-assisted treatment to employees with opioid use disorder.
- Reduce out-of-network reimbursements.

### Account-based health plans

#### Adoption of ABHPs matures

Following the steady rise in the use of ABHPs in the past decade, sponsorship rates appear to be peaking. Over four-fifths of employers (84%) currently offer an ABHP, up from 54% in 2010 (Figure 7)<sup>9</sup> with only a few more companies planning to add ABHPs for the first time in 2020 (1%), which suggests we have reached a mature state of ABHP adoption after about 20 years since their inception. However, many companies are still migrating employees into these programs.

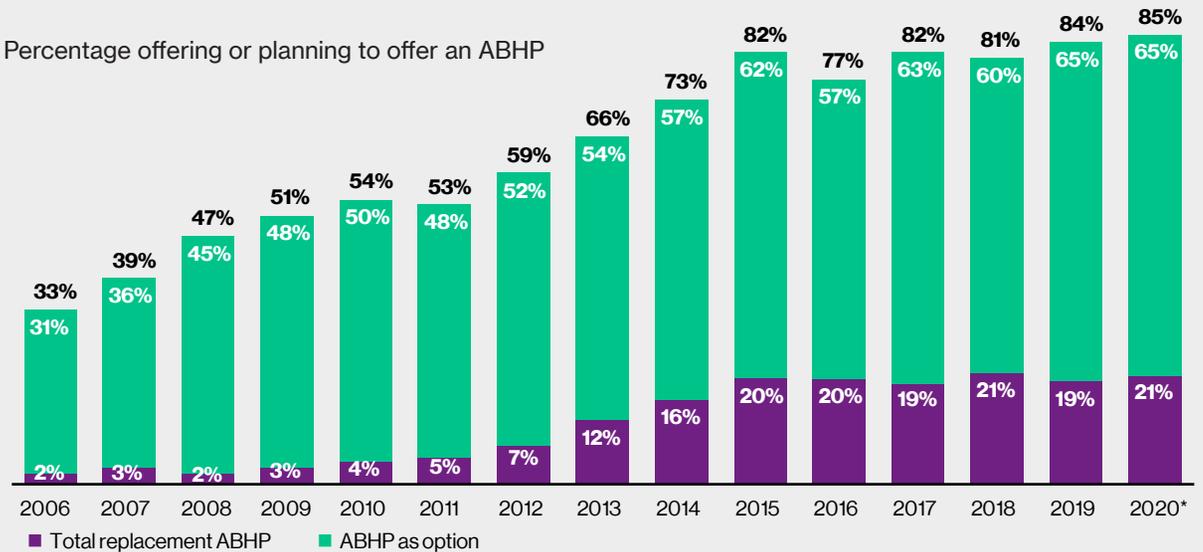
<sup>9</sup> Ibid., 1.

Figure 7. Has ABHP sponsorship peaked?



One-fifth of companies are expected to only offer employees ABHPs by 2020, compared with 3% a decade ago.

Percentage offering or planning to offer an ABHP



Note: Based on companies with at least 1,000 employees with or without an ABHP. Years 2007 – 2014 are based on prior years of the Towers Watson survey.  
\*Includes companies indicating "Planned for 2020."

Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

### Rethinking total replacement

At the same time, employers are stepping back from total replacement. Currently, 19% of employers offer their employees only ABHPs, a figure that is expected to increase a modest two percentage points in 2020.<sup>10</sup> In fact, the percentage of employers exclusively offering ABHPs has hovered in the 20% range since 2015. Employers are proceeding cautiously and rethinking their ABHP strategies. Over a third of employers (37%) that had intended to move to full replacement have decided to continue offering plans with low point-of-care costs (Figure 8). Among employers that were offering only ABHPs in 2019, a quarter plan to reintroduce plans with low point-of-care costs in 2020 to 2021.<sup>11</sup>

Overall this reassessment of total replacement suggests employers are attempting to address affordability issues for workers who may be struggling to afford high deductibles. In doing so, they are putting employee needs and preferences at the center of their health care strategy. Employers are also recognizing that a tight labor market imposes limits on cost shifting.

### HSAs continue to grow

Ninety-five percent of employers offered an HSA with their ABHP in 2019 (including 21% that offered both an HSA and HRA), an increase of 2% over the prior year (Figure 9).<sup>12</sup> By comparison, 26% of employers with ABHPs offered HRAs in 2019, down from 29% in 2018.<sup>13</sup> HRA use may change in the future with the new individual coverage HRA (ICHRA) that employers will be able to offer starting in 2020.

Figure 8. Over one-quarter of employers that intended to move to full replacement have decided to maintain plans with low point-of-care costs

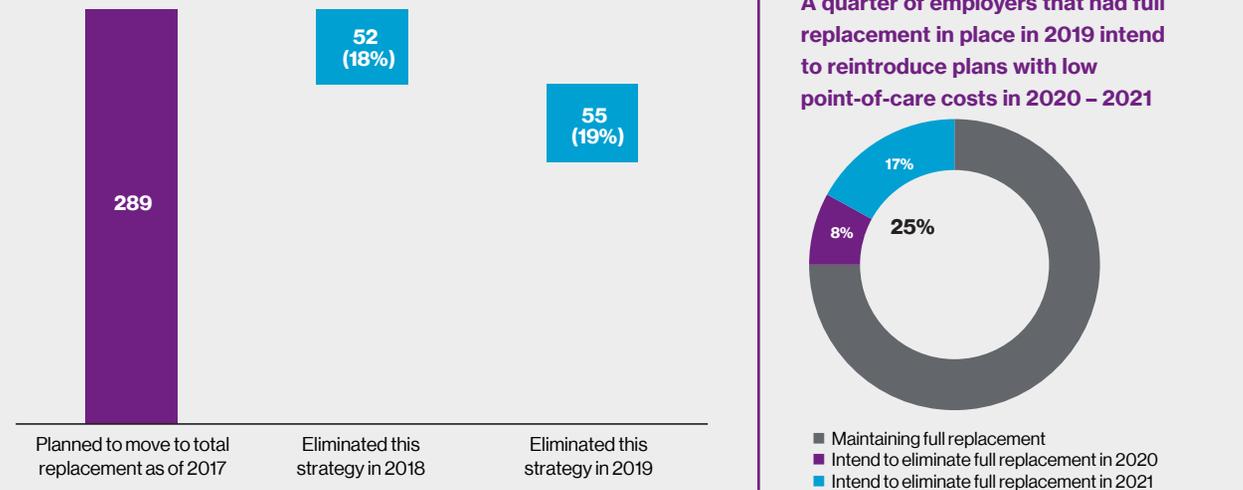
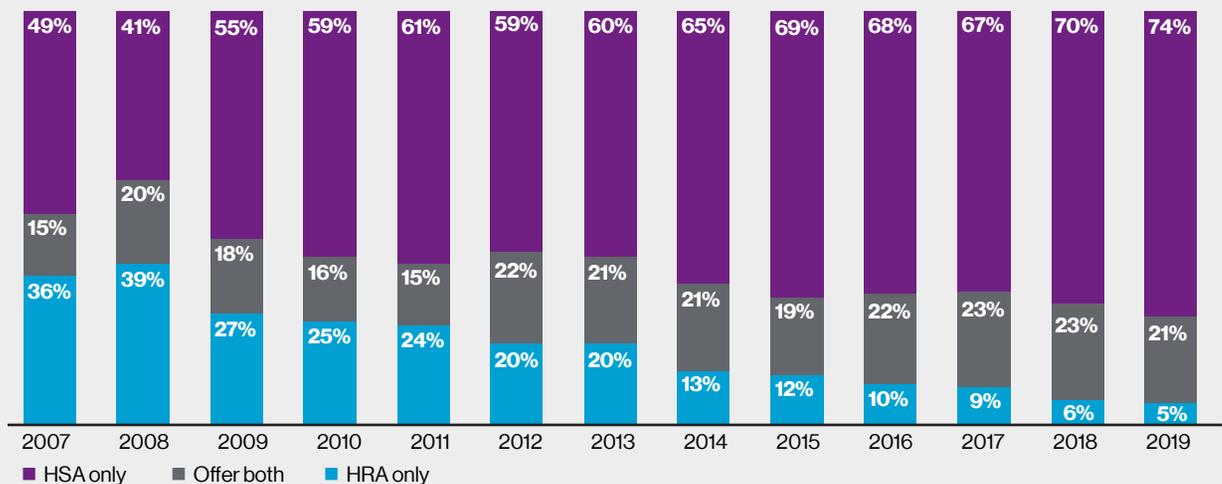


Figure 9. HSA offerings continue to expand, and most companies offering HRAs today plan to continue

Does your organization have an ABHP with an HRA or an ABHP with an HSA?



Note: Years 2007 – 2014 are based on prior years of the Towers Watson survey.  
 Sample: Companies with at least 1,000 employees  
 Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

<sup>10</sup> Ibid., 1.  
<sup>11</sup> Ibid., 1.  
<sup>12</sup> Ibid., 1.  
<sup>13</sup> Ibid., 1.

Employers cite two key reasons for offering an ABHP with an HRA: to cover specific pharmacy benefits (40%) and to better support their low-income population (38%). In addition, slightly over a third of employers (36%) indicate that they offer an ABHP with an HRA because this allows for lower deductibles.

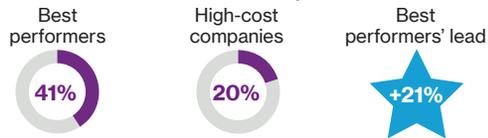
HSAs help employees save for health care expenses on a pretax basis. Employers provide HSA contributions to help defray point-of-care costs. Over four-fifths of employers (83%) provide these contributions by seeding money into the accounts. To help employees understand how HSAs work and to encourage them to contribute to an HSA, employers are providing year-round education on HSAs through seminars and counseling (49%), and they are educating employees on how HSA funds can serve as a source of emergency savings (49%) (Figure 10).

### Best practices: ABHPs

- Offer an HSA and provide ongoing education on the value of HSAs.
- Carefully evaluate HSA vendors.

### Best performer advantage:

Offer an ABHP as the default plan



### Best performer advantage:

Contribute funds to an HSA

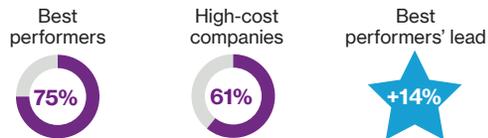
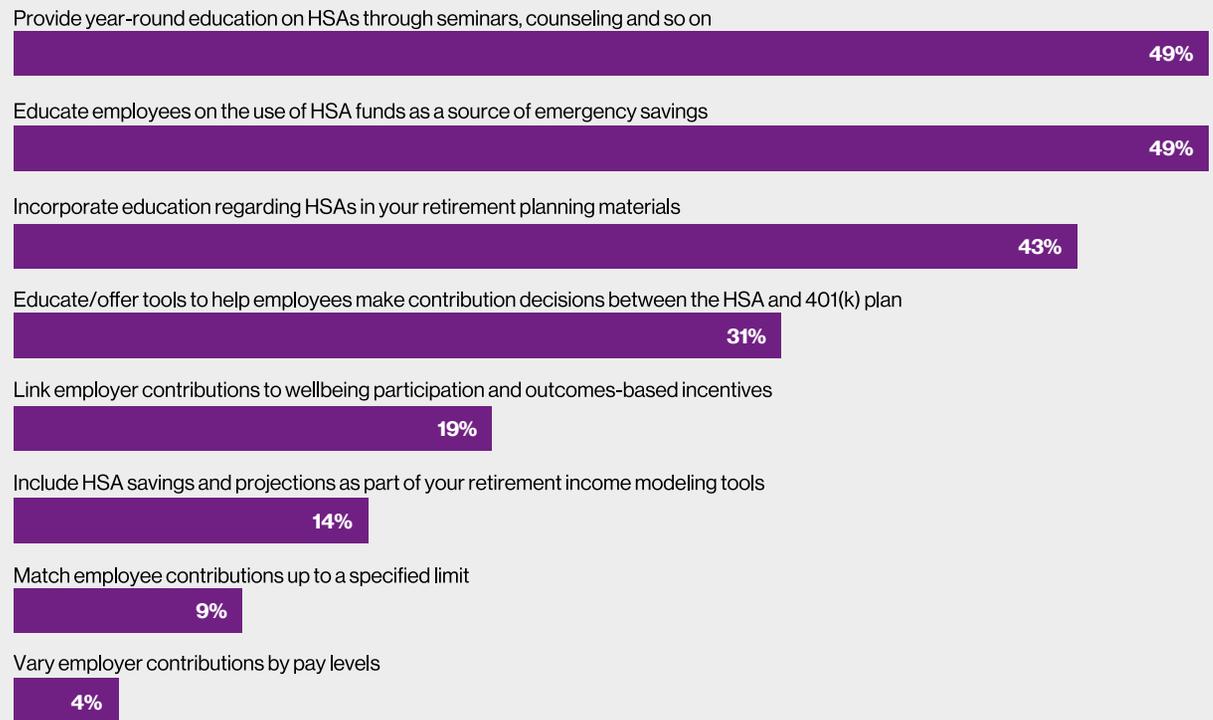


Figure 10. **Education is the primary way to encourage employee contributions**

What steps has your organization taken to encourage more employee contributions to the HSA?



Sample: Based on companies with at least 100 employees that offer total replacement ABHPs  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey



## Participation

Employees continue to focus on wellbeing participation requirements. Roughly a third of employers (34%) will require employees to participate in other health and wellbeing activities in order to receive reduced employee cost sharing, but by 2021 the prevalence of this practice is expected to jump to 52% (Figure 11).

To avert across-the-board increases, companies continue to pass the higher cost of family coverage on to employees. This is especially the case when spouses have coverage from their own jobs. Roughly a quarter of employers (27%) charge more to cover spouses when other employer coverage is available, with 43% planning to do so in two years.<sup>14</sup>

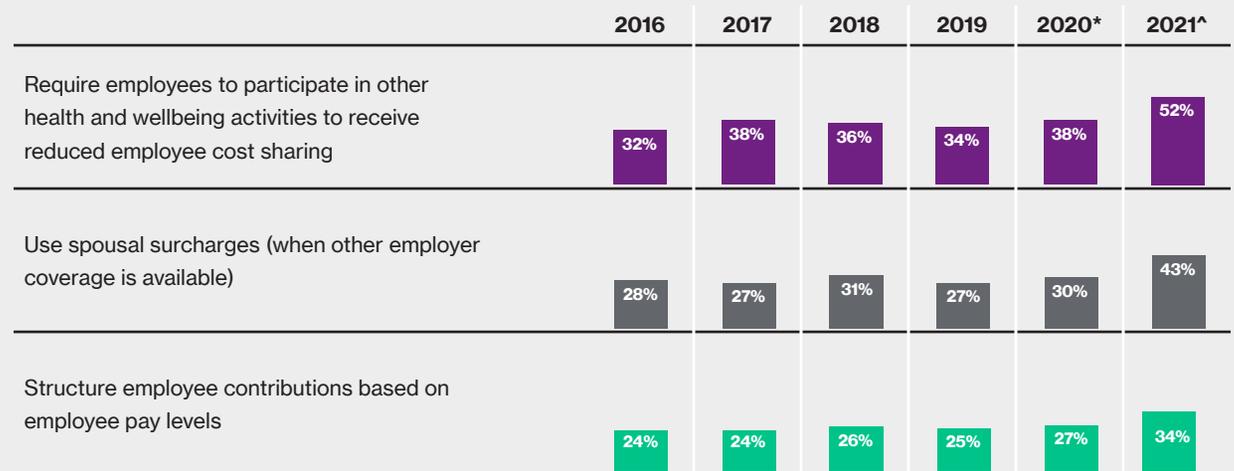
### Best practices: participation



- Use spousal surcharges when other employee coverage is available.
- Set contribution levels for employees with families higher than for single members.

Figure 11. **Trends in health care contributions, premiums and benefit designs**

Which specific actions/programs does your organization have in place or plan to have in place for health care contributions, premiums and benefit designs?



\*Planning for 2020    ^Considering in 2021

Sample: Companies with at least 1,000 employees  
Source: 2016, 2017, 2018 and 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

<sup>14</sup> Ibid., 1.

# Health care network and delivery solutions

## Encourage higher-value, lower-cost delivery options

As employers confront the challenge of lowering the cost of health care while improving quality, they increasingly embrace strategies that involve paying health care providers for outcomes or value rather than services. Groundbreaking developments across a range of areas from digital technology to analytics are creating opportunities to rethink how and where health care is delivered, in the process achieving improved results at a lower cost. But some employers are finding that competing organizational priorities (61%) and administrative challenges (50%) are hindering their efforts to shift to a value-based health care delivery model (Figure 12). Addressing these obstacles will help employers make progress toward improved network and provider strategies.

Companies plan to focus on specific clinical conditions – in particular, mental/behavioral health, metabolic syndrome/diabetes, musculoskeletal and cancer – to improve member health and cost savings. To target these conditions, they will focus on evaluating network strategy along with improving navigation and adopting vendor point solutions (Figure 13).

Figure 12. **Competing organizational priorities is the biggest barrier for network and provider strategies**



*What have been the biggest barriers to your organization acting upon the above network and provider strategies?*

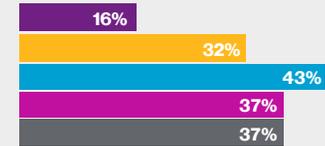


Sample: Companies with at least 100 employees  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

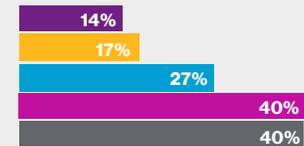
Figure 13. **Employers will focus on evaluating network strategy, enhancing navigation and adopting vendor point solutions**



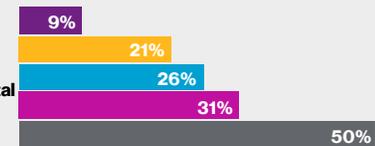
**Mental/Behavioral health**



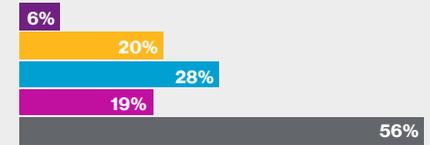
**Metabolic syndrome/Diabetes**



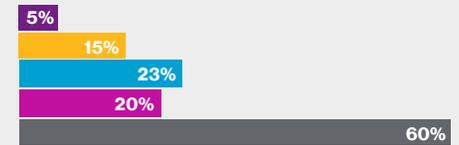
**Musculoskeletal**



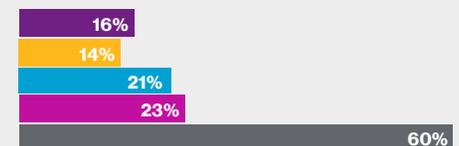
**Cancer/Oncology**



**Cardiovascular**



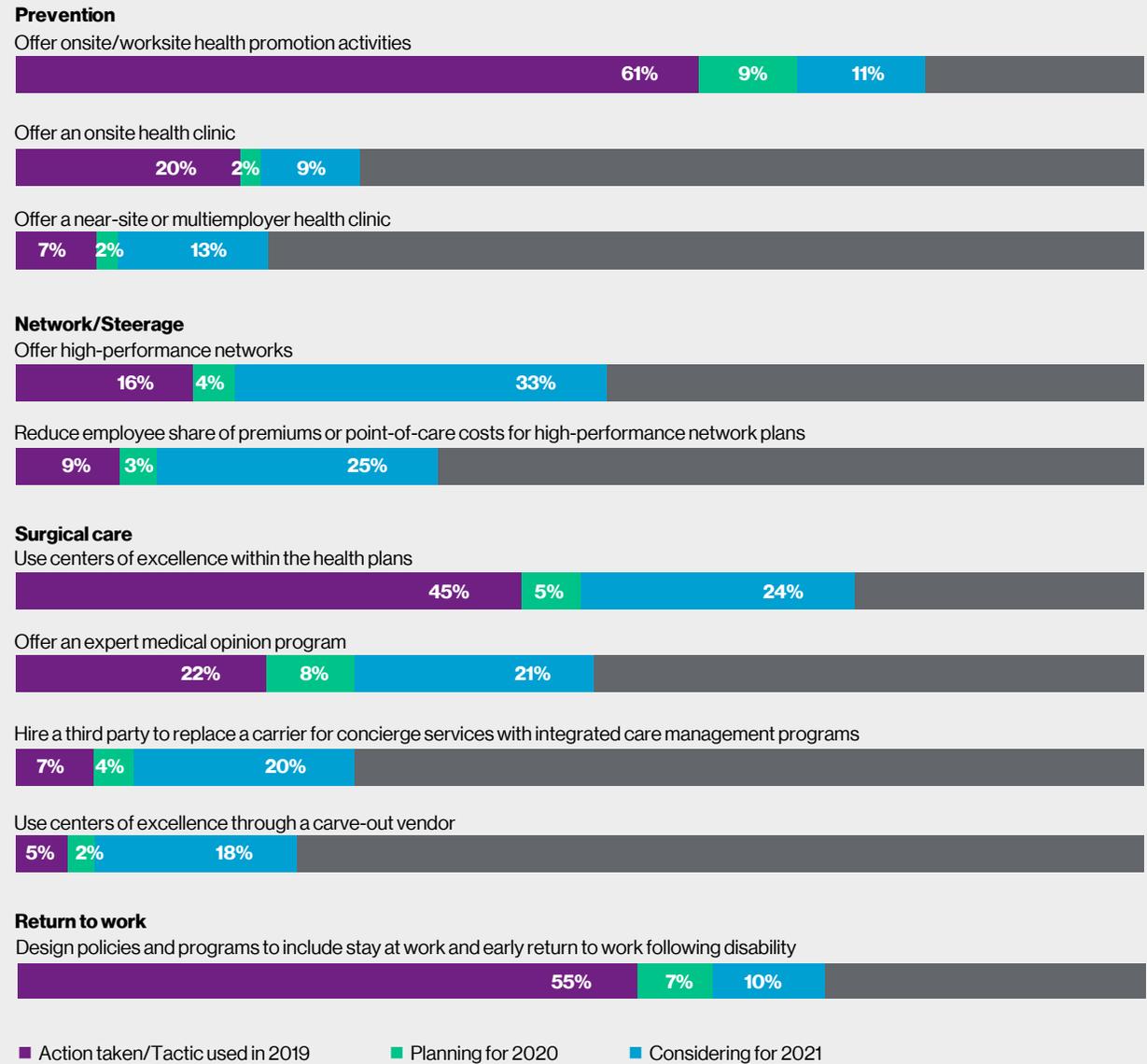
**Maternity/Infertility**



■ Revise medical benefits      ■ Evaluate network strategy  
■ Enhance navigation          ■ Adopt vendor point solutions  
■ None

Employers are focused on a range of value-based services across all stages of care delivery from prevention to return to work (Figure 14).

Figure 14. **Employers seek interventions across the delivery of care**



Sample: Companies with at least 100 employees  
 Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

**Onsite health promotion activities and health clinics.**

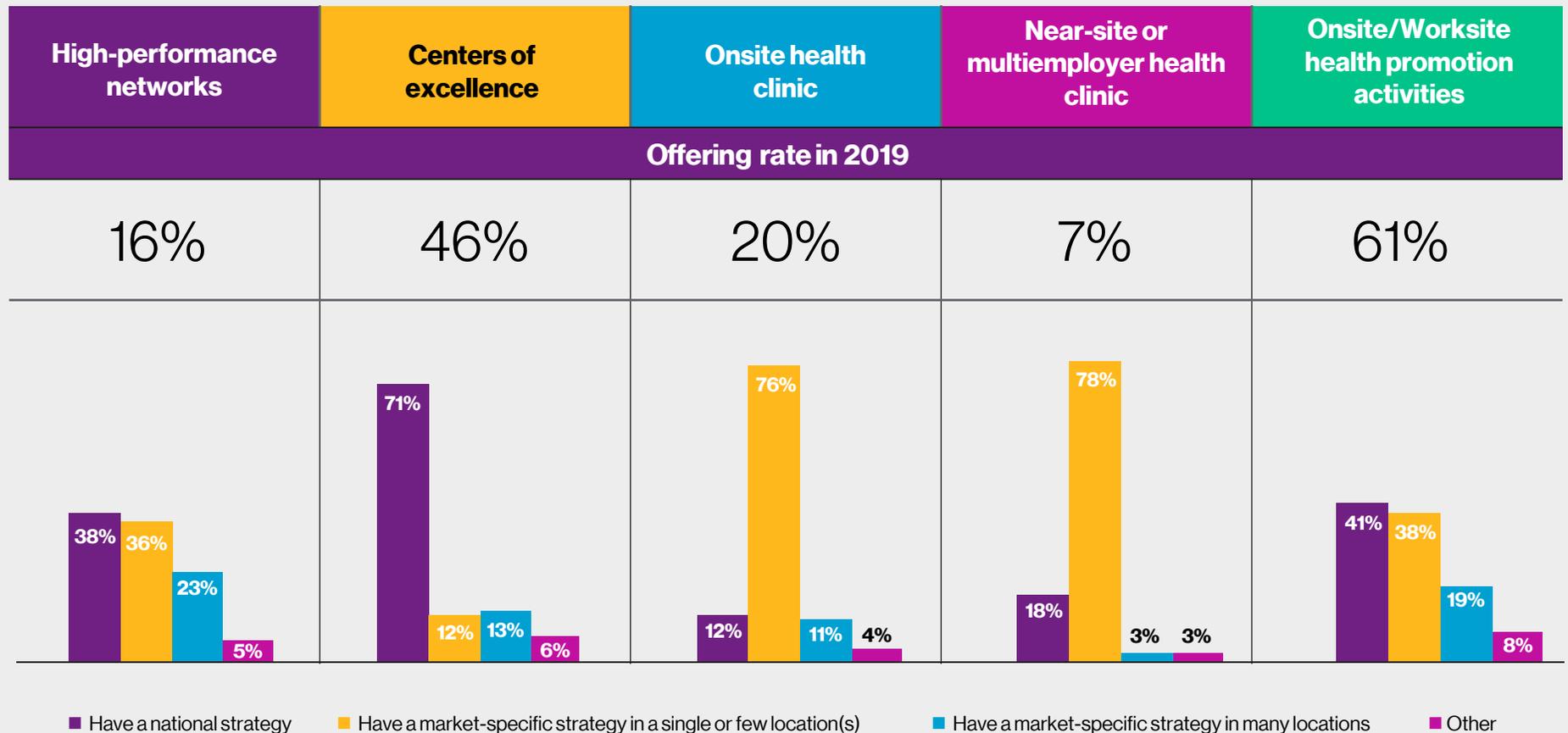
In an effort to encourage healthy behaviors, a majority of employers (61%) offer onsite health promotion activities, a number that could grow to over 80% by 2021. Over two-fifths of companies (41%) have a national strategy for these activities while 38% employ a narrower market-specific strategy in a single or a few locations (Figure 15). In addition, over half of employers (54%) provide onsite biometric screening and another 11% are considering adding it in the next two years.

Recognizing the growing ranks of employees who have to balance caregiving and work responsibilities, an increasing number of employers offer elder care support services (24% today growing to over 40% by 2021) and childcare support services (26% today growing to 39% by 2021).

Employers are expanding their use of health clinics both onsite (20% today growing to 31% by 2021) and near-site (7% today growing to 22% by 2021). Such clinics make it convenient for employees to get care, which can range from help managing

chronic conditions to preventive screenings, without having to take extensive time off from work. In a competitive labor market, onsite and near-site clinics give employers an edge in attracting and retaining top talent. These clinics benefit employers by giving them greater control over costs, and helping avoid unnecessary and costly emergency room visits. Onsite centers can also allow selective referral to higher-value specialists. The majority of companies make targeted use of onsite (76%) and near-site clinics (78%), employing a market-specific strategy in a single or few locations.

Figure 15. Employers report targeted use of onsite and near-site health clinics



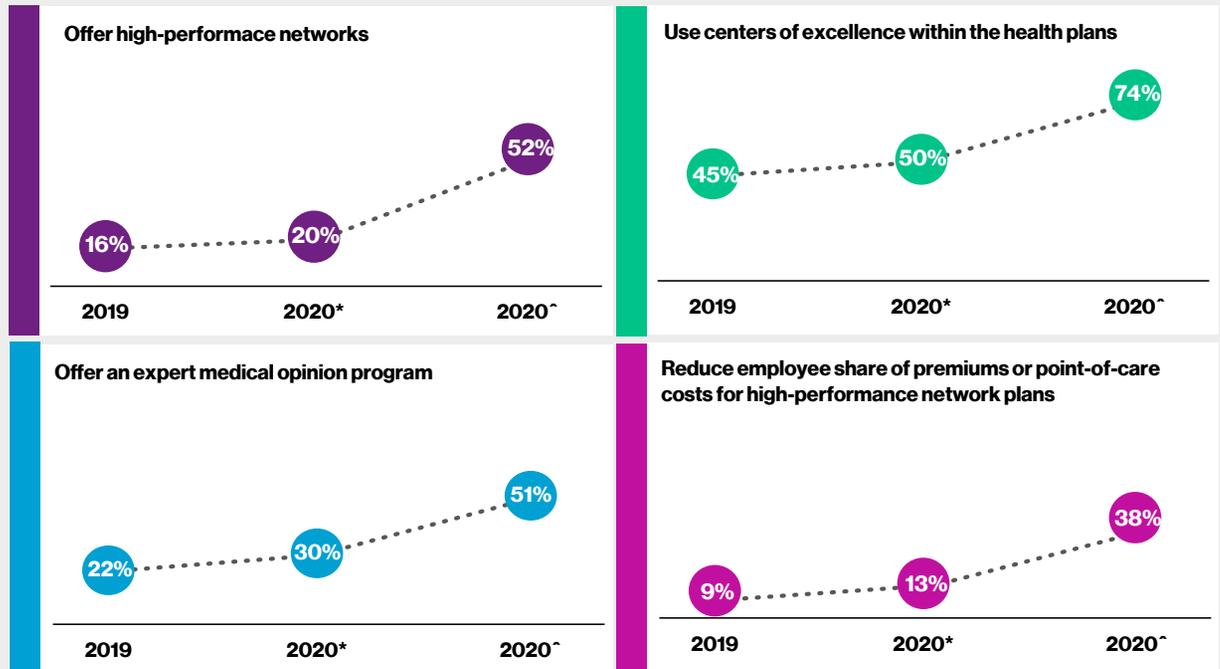
Sample: Companies with at least 100 employees Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

- Telebehavioral health services.** Employers are increasing their focus on mental health by offering coverage for telebehavioral health services. While slightly more than half of companies (54%) offered this coverage in 2018, almost three-quarters (73%) do so today, and this number is expected to rise to 89% by 2021.<sup>15</sup>
- Centers of excellence.** COEs (growing from 45% today to 74% by 2021) are reaching a critical mass of employees. Roughly three-quarters of employers (71%) employ a broad, national COE strategy. Most companies currently work with their health plans to establish COEs. While a small number of employers (5%) contract with a carve-out provider for COEs, the prevalence of this practice is expected to jump to 25% by 2021.
- High-performance networks.** Employers expect that their use of HPNs, which provide access to a narrow network of higher-value and lower-cost providers, will expand significantly from 16% today to 52% by 2021 (Figure 16). As the use of HPNs grows, more employers will reduce the employees' share of premiums or point-of-care costs. Currently, a mere 9% of companies that offer HPNs reduce these premiums and costs, but by 2021 that figure could rise to 38%.

No one approach to HPN strategy dominates, with 38% of companies employing a national strategy and 36% a market-specific strategy in a single or a few locations.

- Expert medical opinion programs.** Another growing trend is the use of expert medical opinion programs, which helps ensure best-in-class care and better health outcomes. Less than a quarter of employers (22%) offer this service today, but its prevalence is expected to more than double in two years.

Figure 16. Growing attention among employers to offering high-performance and expert medical opinion programs



Note: \*"Planning for 2020"; ^"Considering in 2021"  
 Sample: Companies with at least 100 employees  
 Source: 2018 and 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

<sup>15</sup> Ibid., 1.

- **Vendor/carrier strategy.** Employers continue to select vendor partners, including insurance carriers, based on a broad set of priorities (Figure 17). Almost all employers (95%) select carriers based on the competitiveness of their network access and of their negotiated provider discounts. Companies also value the effectiveness of the vendor's use of data, analytics and reporting as well as the integration of data, systems and/or customer service across medical, pharmacy and/or mental/behavioral health.

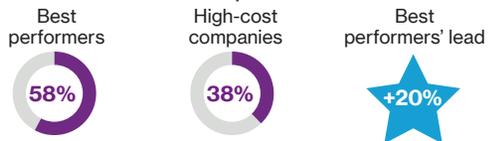
### Best practices: health care delivery



- Use high-performance networks to deliver higher value at lower cost.
- Offer onsite or near-site health clinics.
- Provide coverage for expert medical opinion programs.

#### Best performer advantage:

Use COEs within health plans



#### Best performer advantage:

Offer coverage for telebehavioral health service

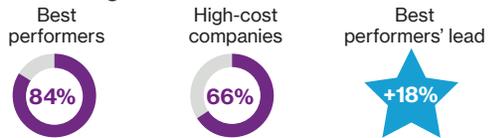
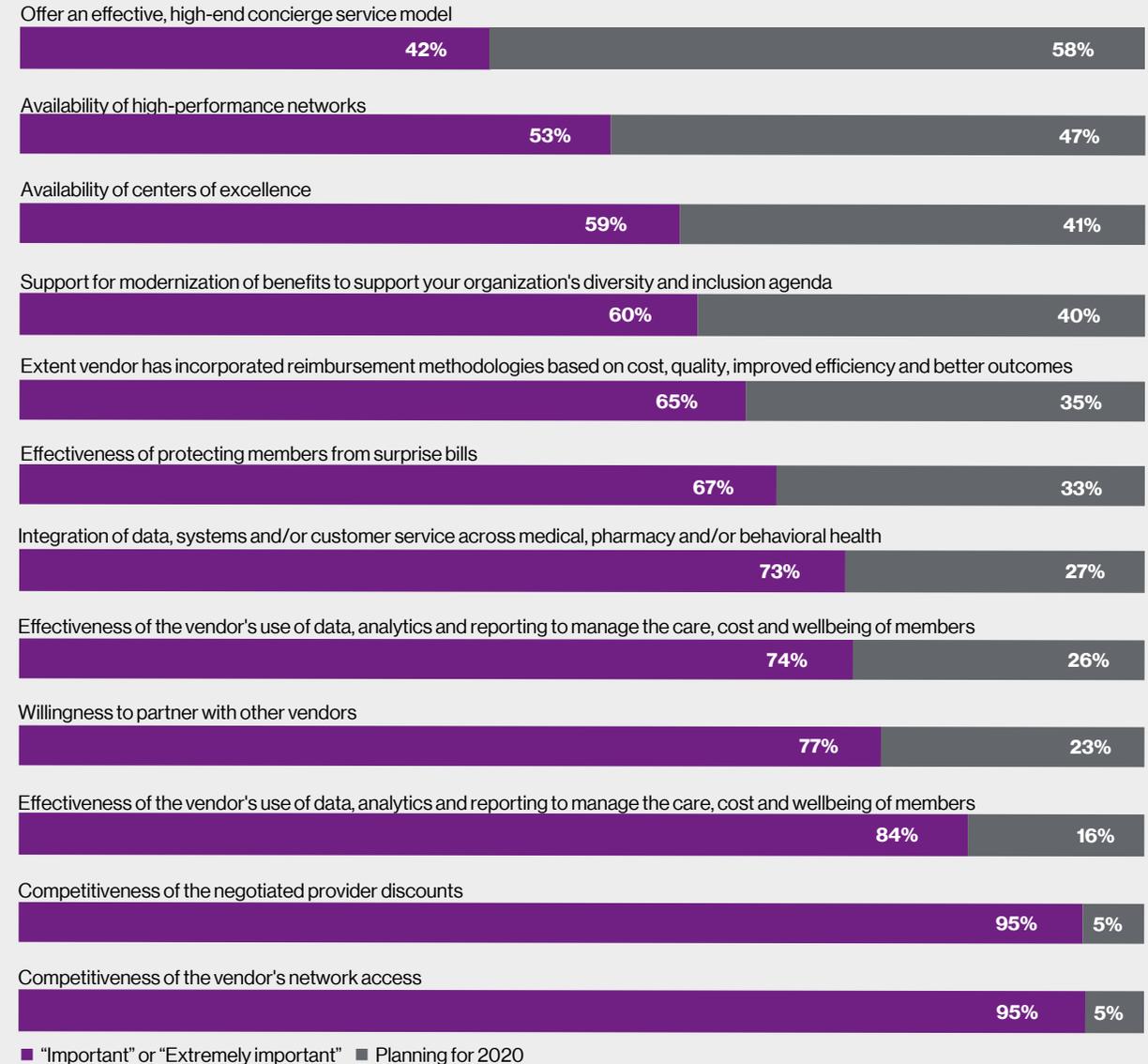


Figure 17. Companies examine a broad set of priorities when selecting health insurance carriers



Sample: Companies with at least 100 employees  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

# Pharmacy management

## Targeting specialty drug costs and utilization

Employers cite pharmacy costs as one of their most challenging priorities. Companies are proactively examining and leveraging a range of options to manage the relentless rise of pharmacy spend driven primarily by increased specialty drug costs.

The top strategies planned or under consideration to address rising specialty pharmacy spend include:

- **Adopting more comprehensive solutions.**

Companies are looking to adopt a comprehensive approach to address the high and rising costs of specialty drugs, which are paid for both by pharmacy benefit administrators and health plans. Almost half of employers (49%) report they are extending their evaluation and management of specialty drug costs and utilization performance to drugs covered under the medical benefit, a figure that is anticipated to increase to 85% by 2021 (Figure 18). It remains to be seen how future health care mergers that may combine a health insurance payer, pharmacy benefit manager (PBM) and national retail pharmacy network could impact specialty drug cost management in the future.

Figure 18. **Employers proactively manage pharmacy benefit costs**

Evaluate and address specialty drug costs and utilization performance through the medical benefit



Evaluate plan design incentives/requirements to promote use of lower-cost biosimilars in your formulary or plan design, when available



Implement coverage changes to influence site of care for specialty pharmacy instead of through your medical benefit



Require mandatory mail for maintenance medications



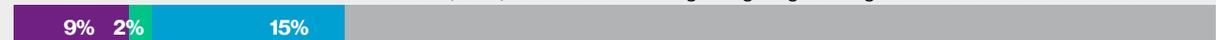
Adopt a high-performance formulary with very limited brand coverage across the therapy classes



Adopt point-of-sale rebates through the pharmacy benefit manager (PBM) and pass them through to individual members at the time of purchase



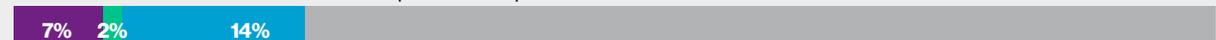
Follow Institute for Clinical and Economic Review (ICER) recommendation regarding drug coverage based on cost-effectiveness



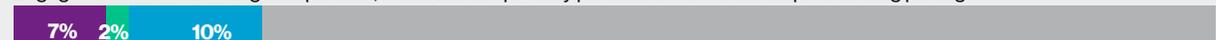
Implement a narrow retail network



Have a contract with a PBM based on an acquisition cost-plus model



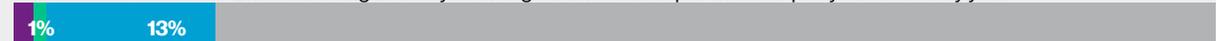
Engage in direct contracting with pharma, retail and/or specialty pharmacies to secure improved drug pricing



Carve out the utilization management review process to a third party other than the PBM



Consider a new form of PBM contracting that may include guaranteed fixed per-member per-year cost every year



2%

■ Action taken/Tactic used in 2019 ■ Planning for 2020 ■ Considering for 2021

Sample: Companies with at least 100 employees

Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

- **Promoting lower-cost biosimilars.** A fast-growing number of companies are exploring the possibility of offering biosimilars as a lower-cost option to patients requiring expensive specialty products. Almost a third of employers (30%) are evaluating plan design incentives/requirements to promote use of lower-cost biosimilars, and another 40% are considering doing so by 2021.
- **Influencing site of care.** The location where care is given can dramatically affect prices. Roughly a fifth of employers are implementing coverage changes to influence site of care for specialty pharmacy products under the medical benefit, possibly rising to 54% in two years.

Other affordability strategies include continuing to require mandatory mail delivery for maintenance medications (31% today growing to 52% by 2021) and adopting a high-performance formulary, similar in concept to HPNs, with very limited brand coverage across therapy classes (19% today growing to 42% by 2021).

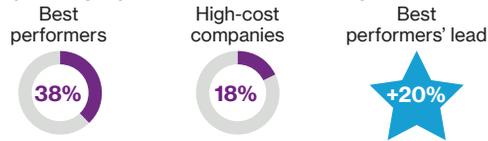
## Best practices: pharmacy management



- Require mandatory mail for maintenance medications.
- Evaluate and address specialty drug costs and utilization performance through both the pharmacy and medical benefit.

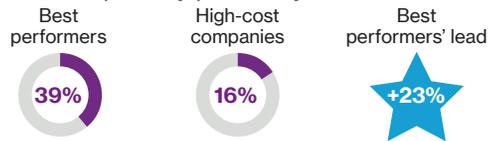
### Best performer advantage:

Adopt a high-performance formulary.



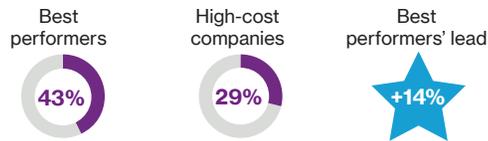
### Best performer advantage:

Implement coverage changes to influence site of care for specialty pharmacy



### Best performer advantage:

Evaluate plan design requirements to promote use of lower-cost biosimilars



# Enhance wellbeing

## Strong commitment to wellbeing

Employers remain committed to wellbeing programs, although they are reevaluating traditional programs that are focused only on physical wellbeing. They are moving to a more comprehensive approach focused on physical as well as financial, emotional and social wellbeing, thereby demonstrating their commitment to meeting diverse employee needs and providing a differentiated employee value proposition.

Employees who are physically thriving, financially secure, emotionally balanced and socially connected are more engaged and productive. Willis Towers Watson research reveals that organizations with higher levels of wellbeing achieve better business outcomes, including higher levels of employee engagement, improved revenue per employee, greater customer satisfaction and fewer safety incidents.

A culture of wellbeing can be a source of competitive advantage as employers compete for talent. Such a culture helps employees to thrive and be their best selves.

## Recognizing the challenge

Employers recognize that wellbeing has been one of their most challenging priorities. While 83% indicate that wellbeing will be a priority over the next three years, only half report making progress in this area over the past three years. Moreover, just 41% of employers agree that their wellbeing programs meet employees' needs, and only 30% report that these programs inspire employees to achieve their personal goals (30%).

To improve employee engagement in wellbeing programs overall, over half of employers plan to develop a formal technology strategy to support their wellbeing programs and goals (55%).

Additionally, employers are planning a wide range of actions in each wellbeing category (Figure 19). These key actions include:

- Sponsoring programs that target specific conditions or high-cost cases to promote physical wellbeing
- Redesigning employee assistance programs (EAPs) to better address emotional and financial wellbeing
- Using workforce analytics to develop an inclusion and diversity strategy to promote social wellbeing
- Using metrics and objectives in financial wellbeing programs at pivotal decision points and with at-risk segments

Figure 19. **Top two actions in each wellbeing category that employers are planning or considering in the next three years**

### Physical wellbeing

Sponsor programs or pilots that target specific conditions or high-cost cases



Offer apps/programs to support sleep/relaxation



### Emotional wellbeing

Redesign your current employee assistance program to better address emotional and financial wellbeing for employees and dependents



Have an organization-wide behavioral health strategy/action plan



### Social wellbeing

Compile workforce data and perform analytics to develop a strategy for improving diversity and inclusion



Incorporate diversity and inclusion priorities in benefit program design

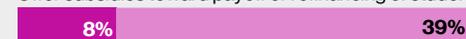


### Financial wellbeing

Set and track specific metrics and objectives for use of financial wellbeing programs at pivotal financial decision points and segments most at risk



Offer subsidies toward payoff or refinancing of student loans and/or first home



■ Action taken/Tactic used in 2019 ■ Planning for 2020

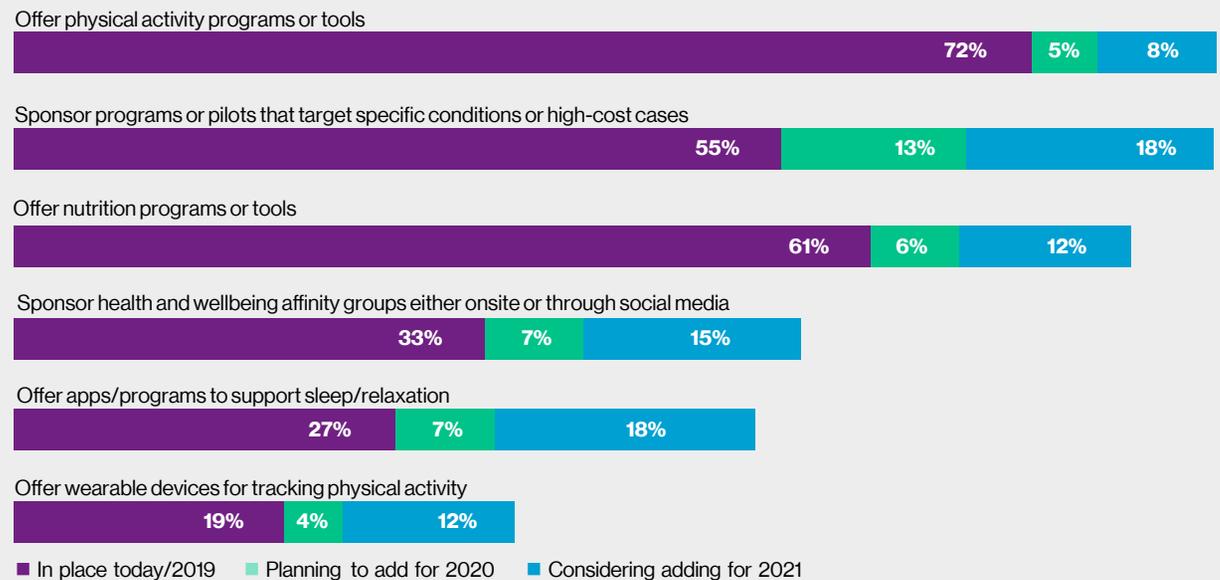
Sample: Companies with at least 100 employees  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey



## Physical wellbeing

Employers are moving beyond offering physical activity programs and tools that are reaching a saturation point (72% today growing to 85% by 2021) (Figure 20). Given the emphasis on key clinical conditions, including mental/behavioral health, metabolic syndrome/diabetes, musculoskeletal and cancer, more companies plan to sponsor programs or pilots that target specific conditions or high-cost cases (55% today growing to 86% by 2021). To encourage healthy eating habits, an increasing number of employers plan to offer nutrition programs and tools (61% today growing to 79% by 2021). In addition, employers are adding apps/programs to support sleep/relaxation (27% today growing to 52% by 2021), and health and wellbeing affinity groups either onsite or through social media (33% today growing to 55% by 2021).

Figure 20. **Employers expand their focus on physical wellbeing**



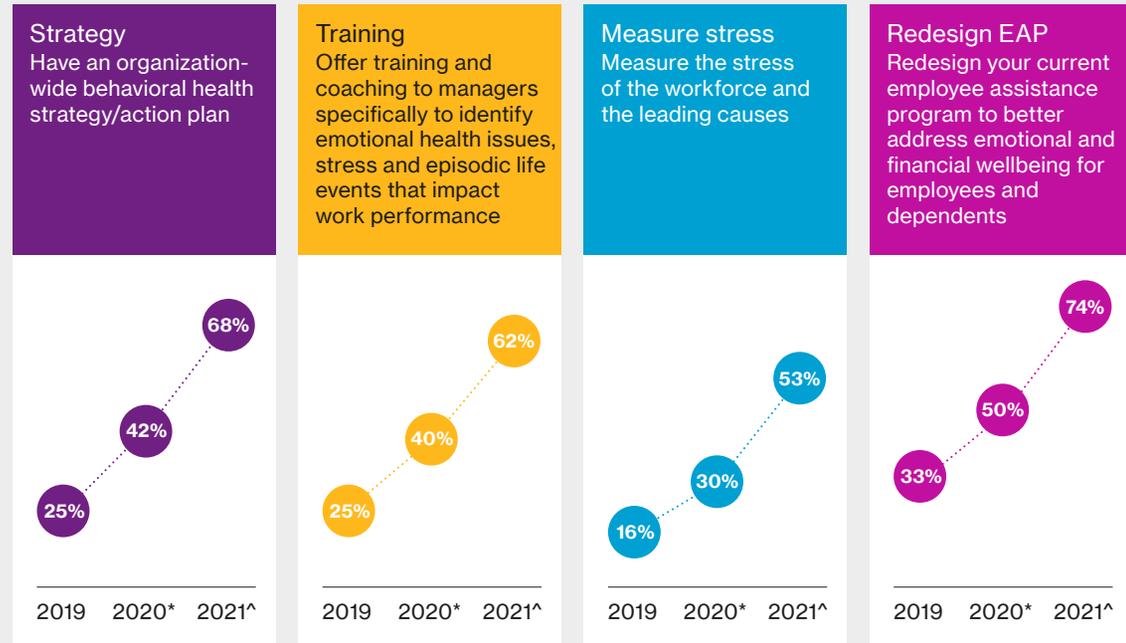
Sample: Companies with at least 100 employees  
 Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

## Emotional wellbeing

Mental/behavioral health is the top clinical area that employers plan to target; therefore, actions to improve emotional wellbeing are top of mind. Companies plan to focus on four key areas (Figure 21):

- Strategy.** Currently, only a quarter of employers have an organization-wide behavioral health strategy. But employers plan to make quick progress in this area as 68% expect to have such a strategy by 2021.
- Training.** Managers play a critical role in identifying issues in the workplace that can negatively affect an employee's emotional wellbeing; therefore, a growing number of employers are planning to provide training and coaching to managers to identify emotional health issues, stress and episodic life events that impact work performance (25% today growing to 62% by 2021).
- Stress.** By 2021, over half of employers will measure the stress of the workforce and its key causes, up from 16% today. Proactively addressing stress and anxiety will help prevent these issues from evolving into more costly clinical conditions.
- Redesign EAP.** In two years, nearly three-quarters of employers (74%) plan to redesign their EAPs to better address emotional and financial wellbeing for both employees and their dependents, up from 33% today.

Figure 21. Two-thirds of employers are expected to develop an emotional wellbeing strategy within the next 18 months

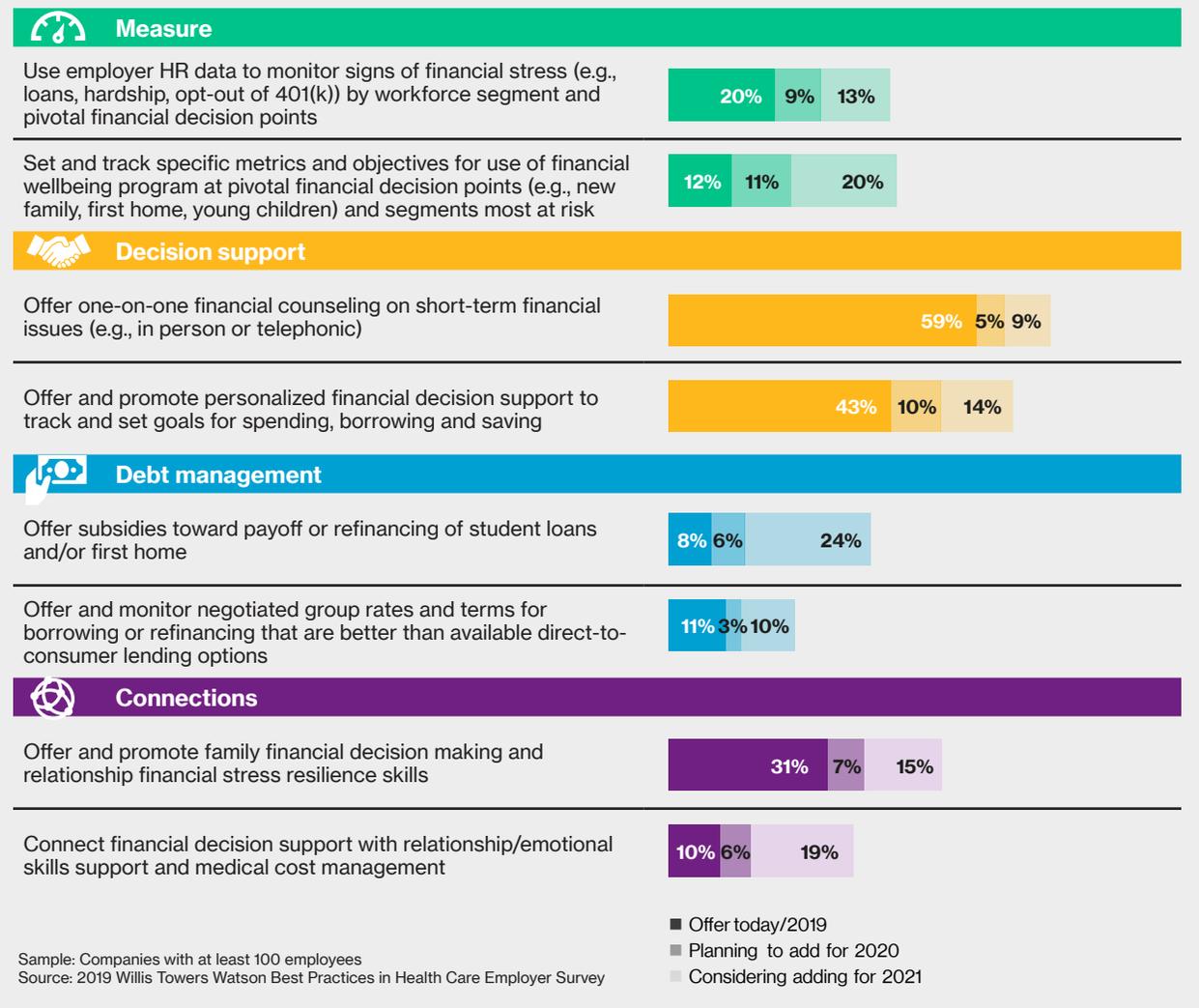


Sample: Companies with at least 100 employees  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

## Financial wellbeing

Many employees in today's workforce face financial stress caused by a range of issues, from escalating health care costs to student loan and consumer debt to retirement readiness. In response, employers are taking a broad set of actions (Figure 22). The number of companies planning to establish and track specific financial wellbeing metrics and objectives at pivotal financial decision points – “the moments that matter” (e.g., new family, first home, young children) – and within segments most at risk is set to jump from 12% today to 43% by 2021. Moreover, two-fifths of employers are focused on supporting employees with student loans. While 8% currently offer subsidies toward the payoff or refinancing of student loans and/or the purchase of a first home, the prevalence of this practice is expected to rise to 38% by 2021. More employers also expect to offer personalized financial decision support to help set and track goals for spending, borrowing and saving (43% today growing to 67% by 2021). In addition, companies expect to increase services promoting family financial decision making (31% today growing to 53% by 2021) to encourage good financial habits.

Figure 22. **Decision support has been the primary means of improving employees' financial wellbeing**



## Social wellbeing

Employers are also paying increasing attention to employees' social wellbeing, which involves being connected to the workplace and broader community, collaborating with others, accepting diversity and being inclusive. Companies are focusing on three key areas to support social wellbeing:

- **Corporate social responsibility.** By 2021, two-thirds of employers expect to integrate wellbeing in their organization's corporate social responsibility strategy and mission, up from 41% today.
- **Inclusion and diversity.** The number of companies set to incorporate inclusion and diversity priorities in their benefit program design is expected to almost double from 33% today to 62% by 2021.
- **Workforce data and analytics.** An increasing number of companies plan to use workforce analytics to inform a strategy to improve inclusion and diversity (41% today growing to 68% by 2021).

Inclusion and diversity initiatives promote a sense of belonging that enables employees to bring their full self to work and feel vested in a common purpose. These efforts also involve developing an inclusive environment for remote employees and enabling these workers to cultivate meaningful social connections.

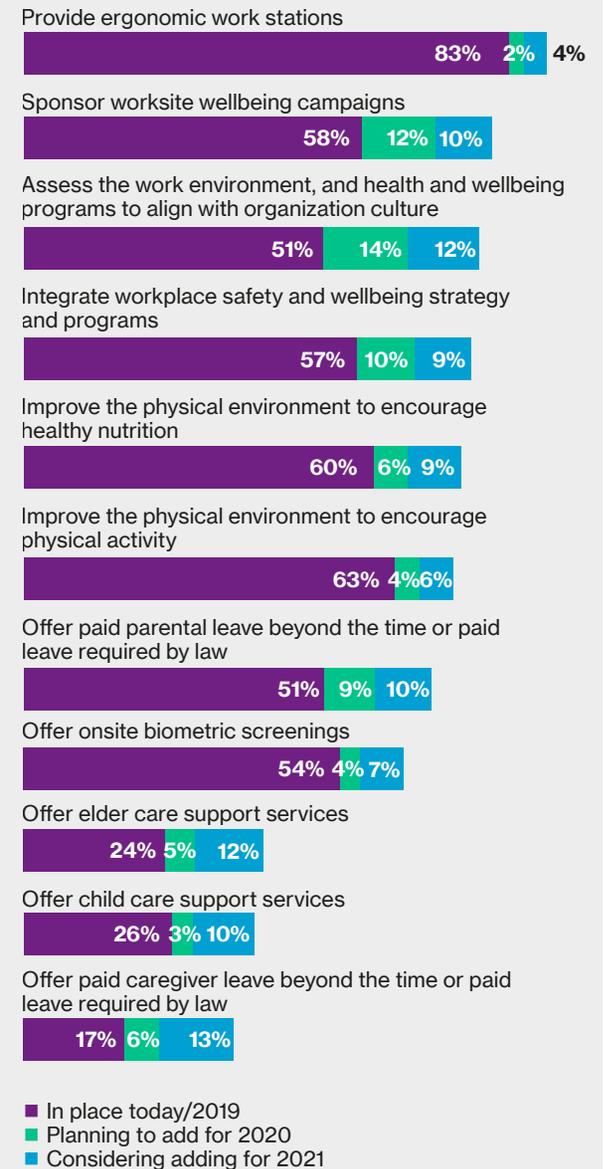
## A greater emphasis on health culture

Employers are focusing on improving health culture by building a workplace environment that encourages employees to live healthier lives and to thrive at work. While only 35% of employers report making progress in the area of health culture, almost three-quarters (73%) say they will make health culture a top priority over the next three years.

Employers are utilizing different measures to build a healthy workplace environment (Figure 23):

- Almost three-fifths of companies (58%) sponsor worksite wellbeing campaigns to promote healthy behaviors, a number that is expected to rise to 80% by 2021.
- More employers expect to align health and wellbeing programs with an organization's culture (51% today growing to 77% by 2021).
- By 2021, more than two-thirds of companies (70%) expect to offer paid parental leave that exceeds the time or paid leave mandated by law, up from 51% today.

Figure 23. **Employers are using various ways to build a healthy workplace environment**



Sample: Companies with at least 100 employees  
 Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

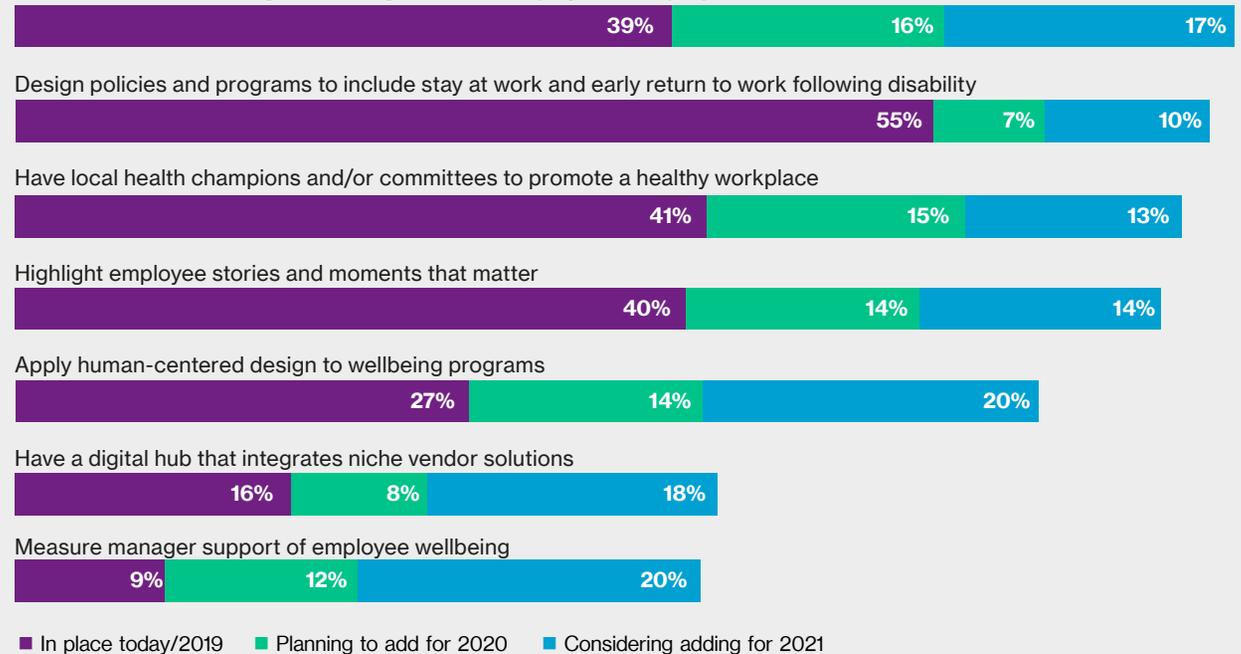
The number of employers committed to building health and wellbeing into their employee value propositions (EVPs) is expected to rise steadily from slightly under two-fifths (39%) today to almost three-quarters (72%) by 2021 (Figure 24). To achieve this objective, employers plan to take various actions, including designing policies and programs to include stay at work and early return to work following disability (55% growing to 72%), enlisting local health champions and/or committees to promote a healthy workplace (41% growing to 69%), and highlighting employee stories and moments that matter (40% growing to 68%).

An area that employers have not sufficiently prioritized is assessing manager support of wellbeing programs. Managers play a vital role in ensuring the success of wellbeing initiatives, yet only 9% of companies are measuring manager support of these programs – although this figure could rise to 41% by 2021.

### Incentives to support building a health culture

As employers focus on building a culture of health and wellbeing, their use of incentives for individuals who participate in health management programs/activities is leveling off. Although financial rewards remain the most widely used incentives to encourage healthy behavior, with slightly more than half of employers (52%) offering such incentives today, this number is expected to increase by only a modest 15% by 2021. While still important, incentives to reward or penalize tobacco use also appear to be plateauing. Almost two-fifths (39%) of employers use these incentives with tobacco users today, but only another 9% are planning to do so by 2021. The median annual tobacco surcharge (reward or penalty) per employee is \$600.

Figure 24. **Employers take actions to support a healthy workplace culture**  
Build health and wellbeing into the organization's employee value proposition



Sample: Companies with at least 100 employees  
Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

*Although financial rewards remain the most widely used incentives to encourage healthy behavior, with slightly more than half of employers (52%) offering such incentives today, this number is expected to increase by only a modest 15% by 2021.*

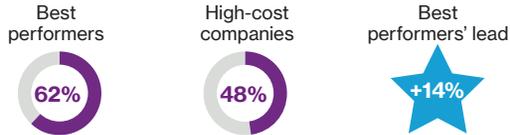
## Best practices: integrated wellbeing



- Offer one-on-one financial counseling on short-term financial issues.

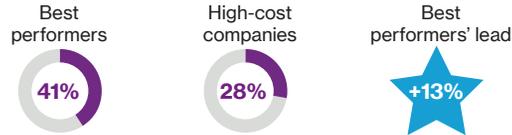
### Best performer advantage:

Sponsor programs that target specific conditions or high-cost cases



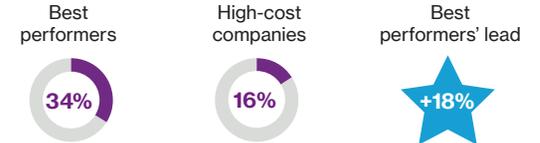
### Best performer advantage:

Enlist local health champions/committees to promote a healthy workplace



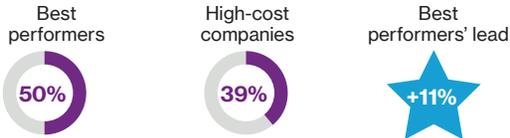
### Best performer advantage:

Offer training and coaching to managers specifically to identify emotional health issues, stress and episodic life events that impact work performance



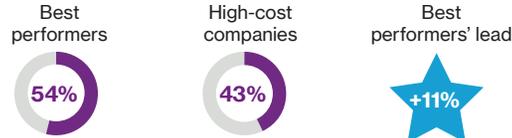
### Best performer advantage:

Assess policies and procedures for response to workplace behavioral health emergencies



### Best performer advantage:

Offer paid parental leave beyond the time or paid leave required by law



# Delivering a high-tech, high-touch employee experience

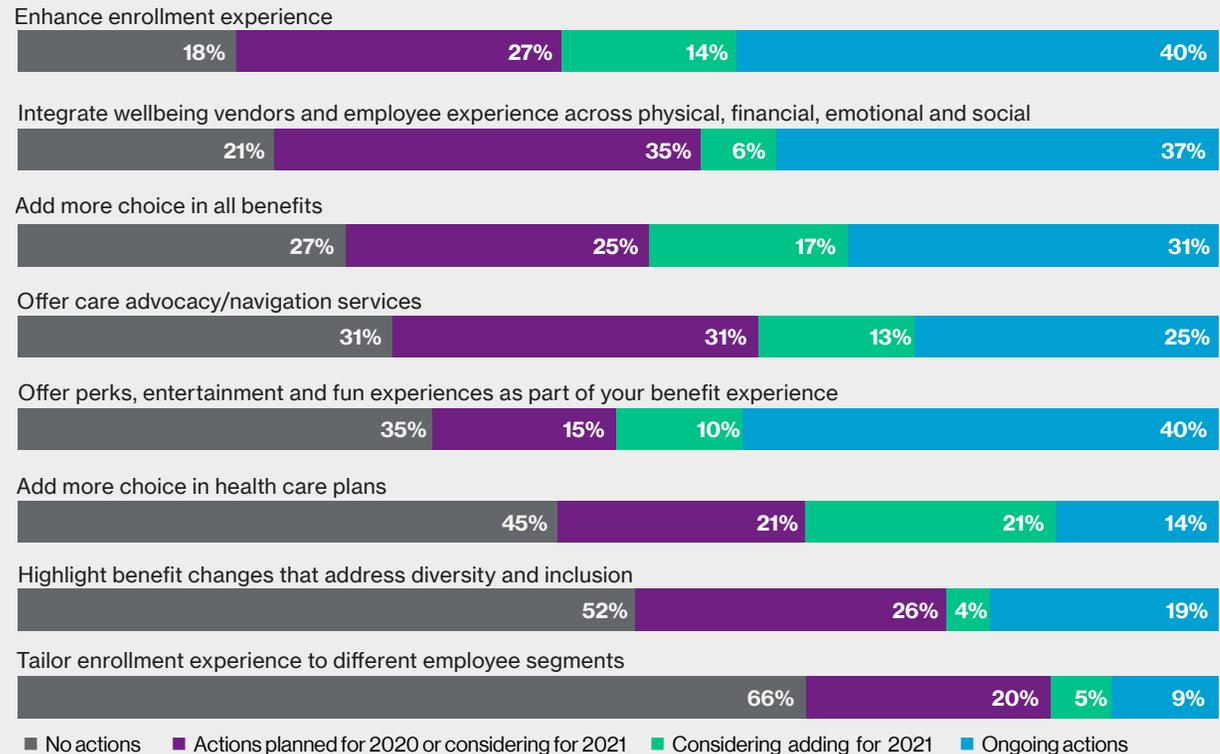
As employers strive to integrate health and wellbeing initiatives in their EVP, they are recognizing the importance of improving the employee experience. Consequently, companies are looking to develop a deeper understanding of employee needs and expectations to guide their decision making. Additionally they're placing a greater emphasis on identifying the health technology solutions that will enable them to address employee expectations through an engaging employee experience that combines high tech and high touch.

## Prioritizing an enhanced enrollment experience and integration of wellbeing vendors

To meet employees where they are and help them make confident benefit decisions, employers plan to focus on enhancing the enrollment experience (Figure 25). While only 14% of employers plan to take measures to improve the enrollment experience in 2019, another 27% expect to do so by 2021, and 40% report ongoing actions in this area.

A growing number of employers also plan to integrate wellbeing vendors (6% in 2019 and another 35% by 2021, with 37% reporting ongoing actions). Moreover, to respond to the needs of an increasingly diverse, multigenerational employee population, employers expect to add more choice in all benefits. And to help employees select high-quality, low-cost providers and facilities, more companies plan to offer care advocacy and navigation services.

Figure 25. **Enhancing the enrollment experience and integrating wellbeing vendors become more important over the next few years**



Note: Percentages may not add up to 100% due to rounding.

Sample: Companies with at least 100 employees

Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

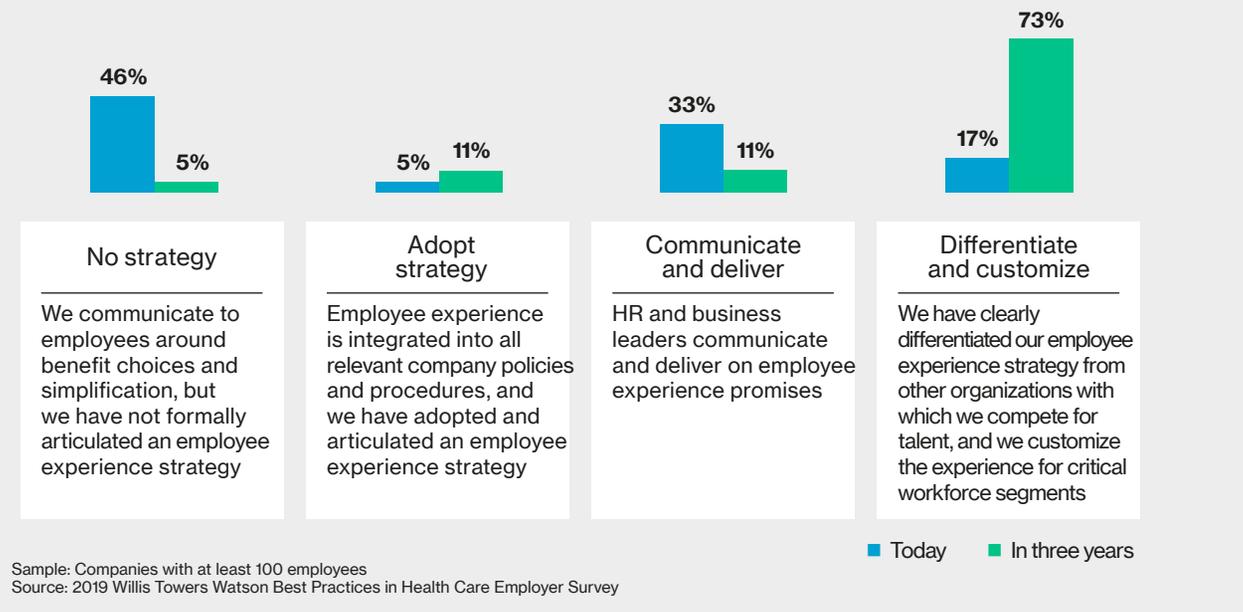


## Taking a strategic approach

Creating an enhanced employee experience across all of an organization's health and wellbeing programs requires a strategic approach, yet nearly half of employers (46%) have not formally articulated an employee experience strategy (Figure 26). And less than a fifth (17%) have an employee experience strategy that is clearly differentiated from those of their competitors and customized for critical employee groups. But companies understand the value of a differentiated and customized employee experience, and they expect to make substantial progress in this area over the short term. Almost three-quarters of employers (73%) plan to differentiate and customize their employee experience in the next three years.

An increasing number of employers also plan to assess the effectiveness of their employee experience strategy using organizational analytics. Those that spend the time and effort differentiating and customizing their employee experience are more likely to test its effectiveness. While 37% of companies in this group currently test the effectiveness of their employee experience using organizational analytics, this number is expected jump to 75% in three years.

Figure 26. Nearly half of employers have no strategy for improving the employee experience today



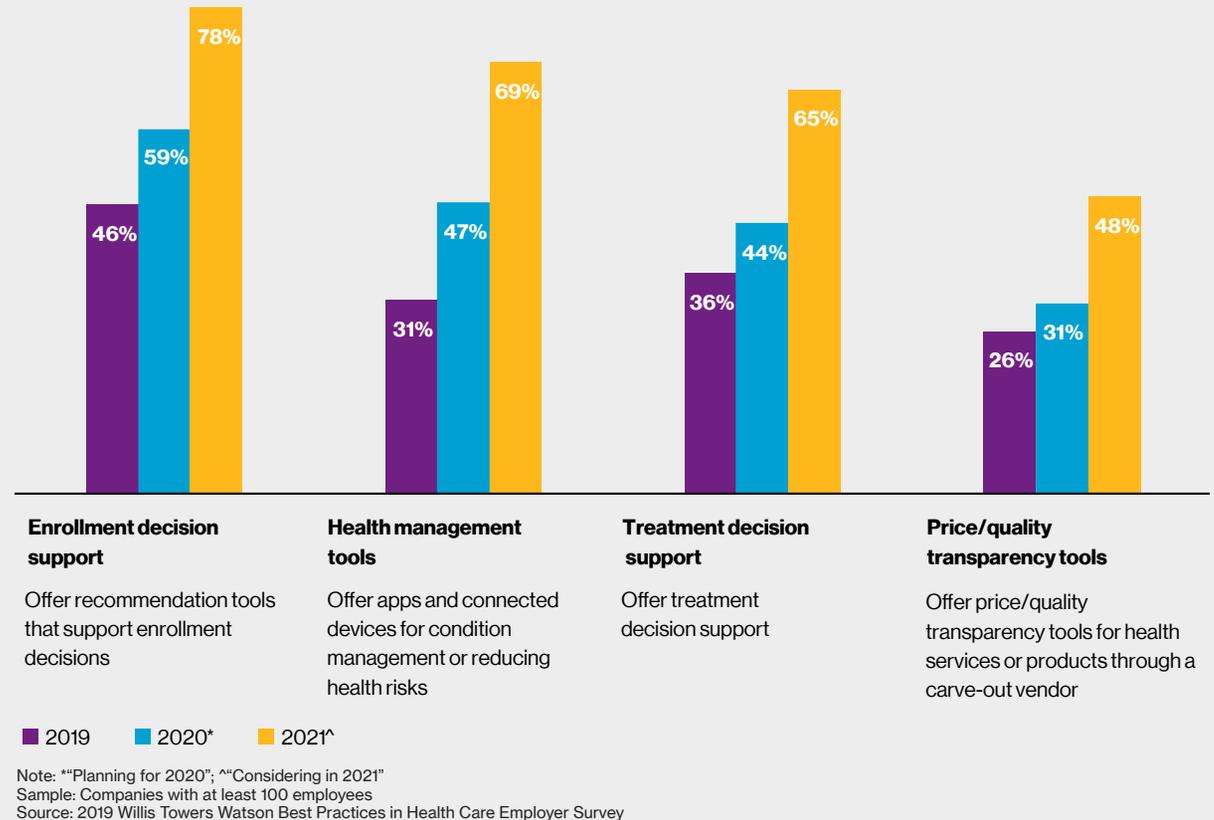
## Combining high tech and high touch

An understanding of employee needs and preferences serves as the foundation of a tech-enabled but human-centric experience. While currently slightly more than a quarter of companies (28%) use surveys, focus groups or town hall meetings to identify employees' wants and needs when designing or making changes to their programs, this number is expected to rise to 62% by 2021. A smaller but nonetheless growing group of employers is also using Net Promoter Scores to assess employee satisfaction with different components of their benefit programs. Currently, 13% of employers use Net Promoter Scores in this way, but this figure is expected to nearly triple by 2021.

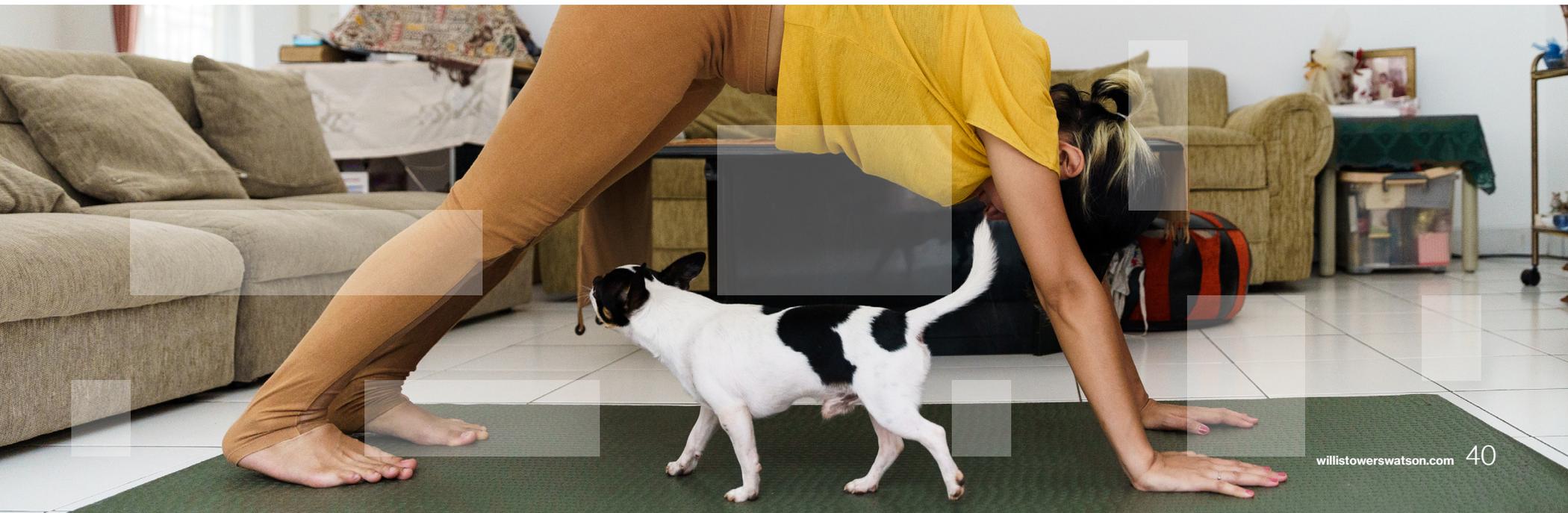
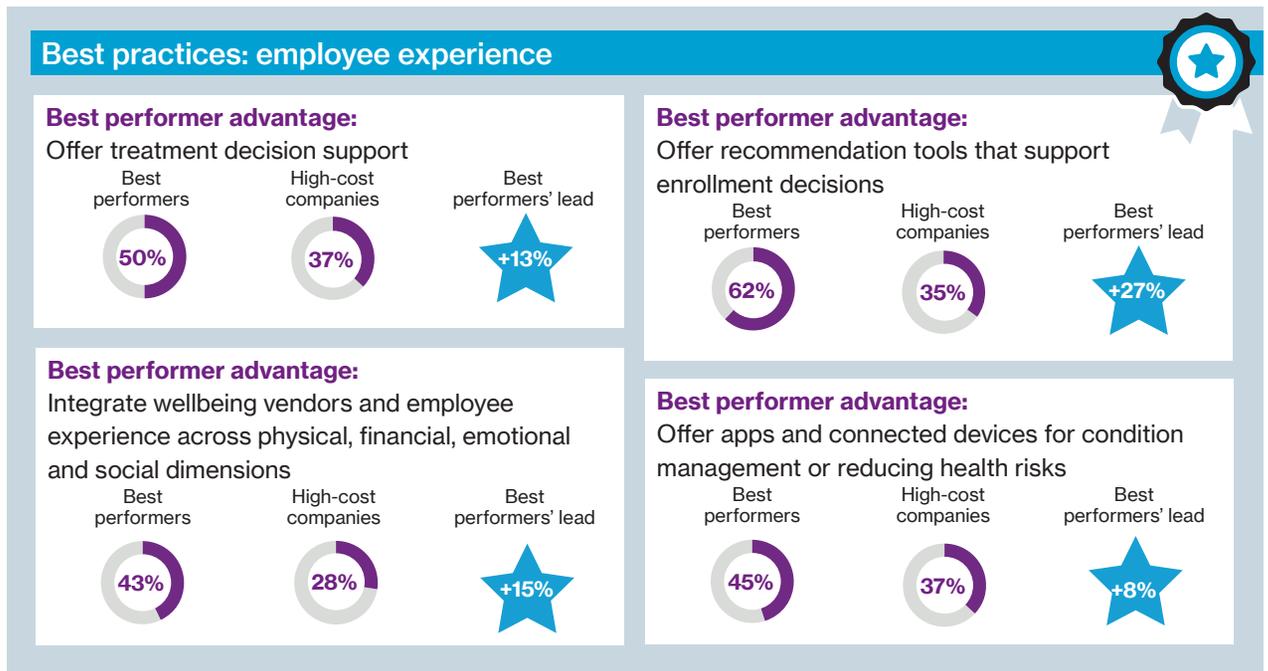
Technology plays a critical role in helping employers shape an employee experience that meets employee expectations and drives desired behaviors. For that reason, over the next three years, more than half of companies (65%) will prioritize health technology solutions. They are focused on the following categories of technology tools (Figure 27):

- Enrollment decision support.** Employers are looking to enhance the enrollment experience through the use of decision support tools that will help employees make more informed decisions with a better understanding of their increasing choices. The number of employers using enrollment decision support tools is expected to jump from 46% to 78% by 2021.

Figure 27. Employers want to help employees make optimal decisions during enrollment and throughout their health care journey



- Health management tools.** Chronic conditions in the workplace exert a heavy toll in the form of absenteeism, lost productivity and higher health care costs. As a result, employers are focused on providing employees with apps and connected devices to help manage different health conditions or reduce health risks. The number of companies offering these types of tools is expected to increase in the next two years from 31% today to 69% in 2021.
- Treatment decision support.** These tools help employees weigh the benefits, risks and costs of different treatment options, providing them with the support they need to make an informed decision. Currently, 36% of employers offer these tools, and this figure is expected to increase to 65% in the next two years.
- Price/quality transparency tools.** To help employees make better decisions about where they receive care, employers are also focusing on providing price/quality tools for health services or products through carve-out vendors. Nearly half of employers (48%) expect to provide these tools by 2021, up from 26% today.

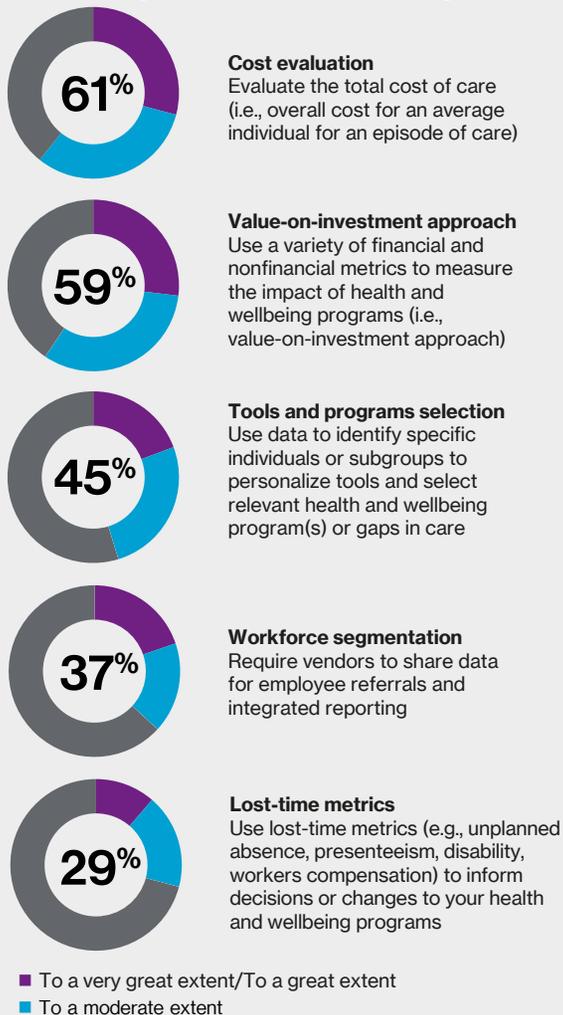


## Data analytics: measuring impact

Measurement and data analytics help employers assess whether a program is working and whether it's delivering a good return on their investment. Analytics also enable companies to better identify employee needs and target programs to different individuals or employee groups. Not only is measurement a key priority for employers, but it is also the area with the biggest gap (41%) between progress made in the past three years (37%) and the priority over the next three years (78%).

Employers use a range of metrics and data to evaluate the impact of health and wellbeing programs. Opportunities still remain to use organizational analytics despite the attention analytics has received in the recent past. Roughly two-thirds of employers (66%) plan to use organizational analytics to test the effectiveness of their strategy in the next three years, up from 21% today. Approximately three-fifths of companies (61%) measure the total cost of care (Figure 28). To target and customize programs, roughly half of employers (45%) use tools and programs to identify specific individuals or subgroups, and 37% use workforce segmentation. Data can also be used to measure different aspects of wellbeing. For example, by 2021, 42% of employers expect to use employer HR data to monitor signs of financial stress by workforce segment and pivotal financial decision points, up from 20% today.

Figure 28. **Opportunities to use organizational analytics still exist despite increased focus in recent years**

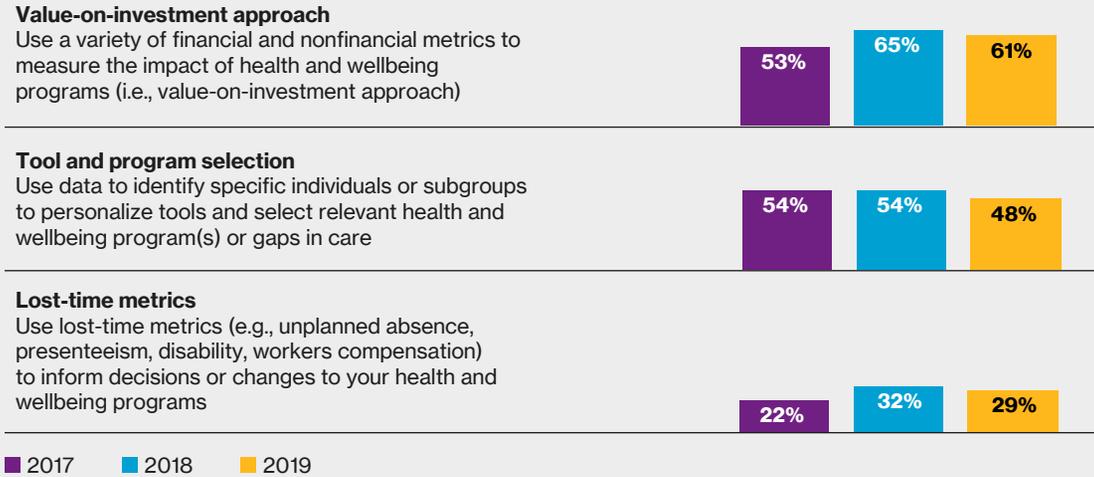


Sample: Companies with at least 100 employees  
 Source: 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

**66%**  
 of employers will use  
**organizational  
 analytics to test  
 the effectiveness  
 of their strategy**  
 in the next three years,  
 increasing from 21% today.

**Value on investment.** Instead of relying exclusively on ROI, employers are now using a broader set of financial and nonfinancial measures to assess the value of a program. Known as value on investment, this approach enables employers to move beyond simply measuring costs and evaluate, for example, employee satisfaction, participation, productivity and mitigation of health risks. This approach is especially useful in assessing the impact of wellbeing programs. Approximately three-fifths of employers currently use the value-on-investment approach (Figure 29).<sup>16</sup>

Figure 29. Value-on-investment approach is a focus area in the past three years



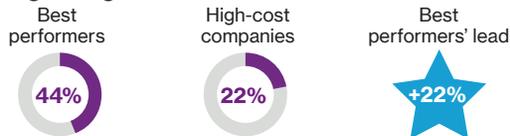
Note: Percentage indicates "To a very great extent," "To a great extent" and "To a moderate extent"  
 Sample: Companies with at least 1,000 employees  
 Source: 2017, 2018 and 2019 Willis Towers Watson Best Practices in Health Care Employer Survey

## Best practices: data analytics

- Use a variety of financial and nonfinancial metrics to measure the impact of programs.

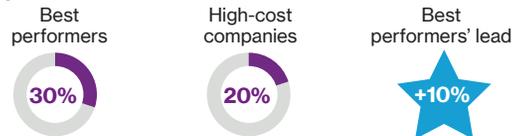
### Best performer advantage:

Use surveys to identify employees' wants and needs when designing programs or making changes



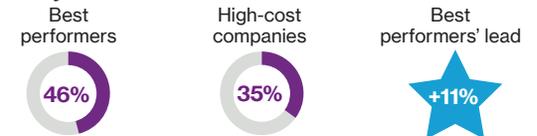
### Best performer advantage:

Use data to identify specific individuals or subgroups to personalize tools and select relevant programs



### Best performer advantage:

Compile workforce data and perform analytics to develop a strategy for improving inclusion and diversity



<sup>16</sup> Ibid., 1.

# How your organization can become a best performer



## Strategy

- Examine your benefits in the context of your organizational purpose, brand and employee value proposition.
- Analyze your health care data to better understand your population health, and develop strategies and programs to support your health care goals. Measure effectiveness using financial and nonfinancial metrics.
- Adopt an agile mindset and be prepared to adjust your benefit strategy as workforce and business strategies change.



## Cost and value improvement

- Emphasize value-based arrangements that encourage employees to choose higher-value, efficient care, thus lowering out-of-pocket costs for high-value services supported by evidence.
- Make changes to plan design and account contributions that consider affordability for low-wage employees.
- Provide value-based services such as telebehavioral health and onsite/near-site clinics that enhance employee access to efficient, quality care.
- Take action to curb the cost of specialty pharmacy by adopting a comprehensive approach that's integrated with the medical plan, promoting use of lower-cost biosimilars and influencing site of care.



## Integrated wellbeing

- Develop an integrated strategy that addresses the physical, financial, emotional and social dimensions of wellbeing and prioritizes continuous improvement. Measure the ongoing performance of your health and wellbeing programs to drive sustainable improvements.
- Focus on health culture by building a workplace environment supported by managers/leaders that encourages employees to live healthy lives and thrive at work.
- Prioritize behavioral health by developing an organization-wide behavioral health strategy, training managers to identify emotional health issues and ensuring EAPs address emotional wellbeing.
- Expand use of decision support tools to improve financial wellbeing. These include tools for supporting day-to-day expense management, saving for emergencies and planning for retirement.



## Employee experience

- Put employees at the center of your health care strategy. Analyze data and metrics from a range of feedback channels, such as surveys, focus groups and town hall meetings, to better understand employee wants and needs.
- Use organizational analytics to measure the effectiveness of your employee experience strategy.
- Assess your current benefit offerings to determine if they offer enough choice and personalization to meet employee needs and expectations.
- To address the needs of a multigenerational workforce, provide more choice in all benefits and offer care navigation services.
- Use technology solutions and data to create a tech-enabled human-centric experience. Start by providing decision support tools to enhance the enrollment experience. Also offer treatment decision support tools as well as apps and connected devices for condition management or reducing health risks.



## About Willis Towers Watson

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