transcarent
SURGERY CARE

Employers' New and Different Approach to

# Enhancing the Surgery Care Experience for Employees

**With healthcare costs expected to rise in the coming year due to employees delaying surgical procedures and cancer screenings, innovative employers now have a better path for getting employees —and their families—the highest-quality and the most cost-effective surgical care experience.**

According to the Commonwealth Fund, the U.S. ranks last among high income countries in: access to care, administrative efficiency, equity, and healthcare outcomes. The U.S. continues to outspend other nations, devoting nearly twice as much of its gross domestic product (GDP) to healthcare in comparison, and still ranks the lowest in performance.[1] Yet, for all the expense, the U.S. population is sicker on average than the populations of other high-income countries, with the lowest life expectancy and a high prevalence of chronic conditions like obesity, diabetes, heart disease, and respiratory ailments.[2] It comes as no surprise that patient satisfaction reflects this discrepancy, with only 30% of surveyed individuals stating they were "very/fairly satisfied" with our nation's healthcare system.[3]

This cost burden weighs heavily on U.S. consumers, whose out-of-pocket healthcare costs are higher than all other high-income nations apart from Switzerland.[4] Employees' own costs will continue to grow as employers must shift more of the cost burden. The average annual insurance premiums for families covered by employer-sponsored plans increased 47% between 2011 and 2021, outpacing both inflation and wage growth.[5]

When it comes to healthcare costs—employers carry a burden that simultaneously continues to skyrocket. Recent surveys project employers can expect an increase of up to 5.2% on their premiums in 2022, up from 2.1% in 2020 and 4% in 2019.[6] By comparison, the average annual premiums in 2021 for family health coverage were $22,221, of which employees paid $5,969.[7]

# Misalignment of Stakeholders and Initiatives

Consequently, each stakeholder across the continuum of care has their own goals. Our current volume-based, fee-for-service reimbursement model keeps providers focused on treating sickness rather than embracing value-based care models that better serve employers paying for care and Members receiving care. If fee-for-service contracts continue as the status quo, patients (Members) will endure both financial and health burdens.

Insurers profit by negotiating the lowest possible rates with providers, denying coverage when possible, and passing costs along to Members and employers. To the detriment of patients, neither of these approaches consider their unique needs and preferences. Members want to receive the highest quality care, avoid unnecessary services, and spend less money out-of-pocket. And employers want to provide employees with the best care at the most reasonable costs.

The lack of transparency on cost and quality furthers this systemic misalignment of stakeholders. Employers have few resources to compare the cost and, more importantly, the quality of medical procedures. As higher costs do not lead to better outcomes, it's imperative for employers to consider both when recommending care for their employees.[8] This lack of transparency prevents misalignment from becoming truly resolved, perpetuating the same broken system forward.

# Fixing The System

The good news is there are ways for employers to make more informed, cost-effective choices about their employees' care. Surgery is of particular interest because it accounts for approximately half of employers' medical spend.[9] Self-insured employers spend approximately $250 billion on planned surgical procedures.[10]

**U.S. employers spent approximately $100 billion in 2019 on just five elective surgical procedures: hip, knee, back, bariatric surgery, and hysterectomies.[11] Of those, 30% were deemed "potentially unnecessary" and resulted in more than $30 billion in costs.**

Employers need to recognize the inflection point healthcare has come to and prepare for a tsunami of cancer diagnoses and backlog of subsequent surgeries. COVID-19 exacerbated this challenge by reducing cancer screenings 60-90% at the peak, leaving many cancer cases undiagnosed.[12] For employers and employees, this can pose a significant problem as cancer detected and treated at later stages is associated with worse outcomes and higher costs.[13]

Which means fixing a longstanding, dysfunctional system is crucial for employers to effectively fund the high-quality care their employees deserve. Fixing the system begins by thoroughly understanding the challenges faced by each stakeholder and building a solution to benefit everyone in the care ecosystem.

# Realigning to Healthcare's Essential Stakeholders

Deciding whether to have surgery—when there is a choice to be made—can be difficult. Once a decision is made, navigating the health system to appropriate care isn't any easier due to fragmented processes, a lack of health record transfer, and insufficient patient understanding of what a surgery entails. Patients often rely on their primary care provider for a referral to a surgeon or surgical group, or recommendations from family or friends. In many cases, surgery is recommended before more conservative, clinically effective options have been considered, leading patients to undergo clinically unnecessary care. Even if surgery is the most appropriate option, patients face the same lack of transparency regarding cost and quality as employers do. Without accurate quality data, patients are at a heightened risk of complications, readmissions, and other adverse events.

As an added burden to having surgery and figuring out how to pay for it, patients are faced with the complexity of managing logistics and paperwork, which can be daunting, time-consuming, and disruptive to daily work and life. Administrative burden is why a quarter of patients delay or avoid care and another quarter of patients delay care due to cost concerns.[14]

## Provider challenges

The reality is–providers operating under the current fee-for-service model aren't incentivized for practicing responsible medicine and as a result, patients aren't properly guided to less costly, non-invasive alternatives. The standardization of fee-for-service punishes the best surgeons by paying them the same as low-quality surgeons.

Another challenge to providers is the sheer amount of administrative work and extensive paperwork that's required for surgical patients. In 2019 alone, providers spent an estimated 125 million hours outside of office hours working on documentation.[15] With provider burnout and staffing shortages ever present, heavy administrative burdens can negatively impact provider satisfaction and increase turnover. Adding to this stress is the lack of standardization for insurer communications. In the end, noncompliance or incorrect information leads to denied claims, delayed reimbursement, and poor cash flow.

Most providers want to perform at their highest level, but they don't have a feedback loop through which to measure their performance against national benchmarks. For high-performing providers, this is a missed opportunity to gain a competitive advantage.

## Employer challenges

Some employers face unfair pricing practices at the hands of insurers. A study by the RAND Corporation found that private health plans pay hospitals 250% of what Medicare pays for the same services at the same healthcare facility.[16] Which means the cost of those unnecessarily high payments is passed along to employers by way of increased premiums. Employers, in turn, pass a portion of these increased costs to their employees. In other words, employers and their employees bear the brunt of unfair pricing and ineffective contracting practices.

Another significant employer challenge comes from the surgical backlog created by the COVID-19 pandemic. During the pandemic, all but the most essential procedures were put on hold. In 2021, monopolistic practices occurred in concentrated markets where some insurers were raising rates up to 70% due to fear about the ongoing impact of COVID-19 on utilization rates.[17]

**The bottom line is employers cannot continue to let the rising cost of providing healthcare for their employees eat into their bottom line.**

Employers and their employees need an effective solution that navigates our healthcare system to help employees achieve high-quality care at a lower cost.

Insurers have attempted to solve this problem through Centers of Excellence (COE). However, their main focus has been on cost, not clinical quality or the Member experience. Due to the complex nature of network contracting, carriers are simply unable to direct Members based on quality, driving them based upon cost instead. Even then, costs for services negotiated by carriers can vary wildly across and within markets. For example, a Blue Cross Blue Shield report found that prices for knee replacement surgeries in Dallas ranged from $16,772 to $61,585.[18] Even with significant price variability, insurers don't make it easy for Members to truly understand these price differences and make effective choices.

Several point solution vendors have entered the market to help address these issues and improve value-based contracting, but they are limited in their effectiveness. They support hospitals with quality in fixed geographies and only a finite number of procedures, or they offer lower cost procedures at ambulatory surgery centers (ASCs) without considering provider quality. In the end, it's not much different from the carrier COE model.

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# A Better Approach

Embracing new health models that include cost sharing welcomes an opportunity for employers to steer employees toward high-quality, virtual-first plan designs.[19] Employers should seek a model that includes shared value across stakeholders with the goal of improving quality, creating a better care experience, and aligning financial incentives across the entire continuum of care.

## Employers should look for four key elements in a shared value solution.

### 1 Appropriateness of care

The best solutions provide guidance to help employees make a clinically informed, cost-effective decision about whether to pursue surgery or try a more conservative path first. An employee should be matched with a high-quality expert medical provider to confirm the most appropriate care pathway. If surgery is deemed appropriate, unbiased case placement for care would ensure employees receive the highest quality of care with accountable providers within their network regardless of where they live. This model also enables providers to deliver improved clinical outcomes, an improved Member experience, and supports the industry-wide shift to value-based care.

### 2 Seamless member experience

Look for a solution that empowers employees to receive the care they need, when, where, and how it's most convenient for them—24/7/365. The best solutions provide concierge-level support through surgery care coordinators who act as a single point of contact for employees. The entire care journey should offer convenience based on employee preferences, including phone, email, or a digital app. Further, to increase utilization, reduce access barriers, and drive ROI, the solution should be offered at low or no cost to employees.

### 3 Hard and soft dollar savings

Research shows more effectively bundled payment rates and the shift to appropriate sites of care result in significant cost savings for employers and reduced out-of-pocket costs compared to a traditional health plan.[20] This can provide an average overall net savings of 50% per procedure. Savings can compound through post-surgery needs like access to low-cost medications and affordable behavioral health options. Additional value can be achieved through soft savings from reduced complications, and lower absenteeism and presenteeism.

### 4 Comprehensive care

One of the biggest challenges is providing patients with convenient access to quality care. A chosen solution must enable easy access to care for patients, regardless of their location. By including ASCs and hospitals into a provider network and enabling white-glove concierge travel support, patients are empowered to make appropriate site-of-care decisions for their unique circumstances.

# The Transcarent Difference

Transcarent connects employers and their employees to the highest-quality providers and health solutions across a broad range of procedure categories through a single, unified experience. The result is higher employee satisfaction, improved employee health, and lower costs with less administrative burden. Our surgical COE program has a track record of delivering exceptional Member experience and has been in place for more than 15 years, the longest in the country.

## The Transcarent health and care experience is anchored by four foundational elements:

- A **dedicated Surgery Care Coordinator** manages the entire surgical journey and provides guidance to appropriate care, acting as a single point of concierge care for your employees. Our Surgery Care Coordinators handle all logistics, records collections, travel and hotel arrangements, and reimbursement for meals and incidentals

"It [Transcarent Surgery Care] completely changed my perspective on what it means to be people-centered."

Chakir, Transcarent Member

- Our **digital app** enables a seamless experience for employees and their families to track the entire surgical process, from digitally managing their documents to tracking the progress of their case.

- Our **national network** of more than 200 facilities in 37 states is one of the largest footprints in the industry and ensures access to high-quality providers within 100 miles for 80% of the U.S. population. Our quality methodology draws on data from over 500 million encounters including physician and facility level data, experience data, and appropriateness measures. Transcarent shares quality data transparently with providers to ensure the highest standards of care for more than 300 procedures across nine surgical categories: bariatric, cardiac, general, orthopedic, spine, women's health, vascular, neurological, and oncology.

  By coupling our expansive network of high-quality providers with the guidance of a Surgery Care Coordinator, Members and their beneficiaries can experience a new peace of mind about receiving comprehensive care both pre- and post-surgery.

- We offer **cost-competitive, risk-based prospective bundles** that provide hard and soft dollar savings for both employers and their employees. Thanks to shared savings pricing, employers can get started with Transcarent at little to no costs to them and little to no out-of-pocket costs for their employees.

## Transcarent Surgery Care gets results

**90**
Net Promoter Score (versus an industry average of 20)

**30-50%**
rate of inpatient site of care vs national average

**80%+**
reduction in readmissions and complications

**$1.7M**
cost savings for every 100 surgeries

**"We are committed to focusing on quality health benefits. Transcarent delivers an 'everyday, for everybody' health service and builds on the medical plan we already offer to employees and their families."**

Marcos DeLeon, Rush University System for Health

# About Transcarent

Transcarent is a health and care experience company that makes it easy to get the high-quality, affordable health and care everyone deserves–where and when they want it, on their terms. Transcarent puts consumers back in charge by directly connecting them with an integrated ecosystem of high-value providers and health solutions, transparent information, and trusted guidance–in as little as 60 seconds, 24/7/365, from the palm of their hand, often at no cost to Members and at a lower cost to their employer. Transcarent takes accountability for results–offering at-risk pricing models and transparent impact reporting to align incentives towards measurably better experience, better health, and lower costs.

Join us in building the future of health and care.

**For more information, visit us at www.transcarent.com**

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