

WHITE PAPER

# How better data and incentives can enrich benefits and combat rising healthcare costs

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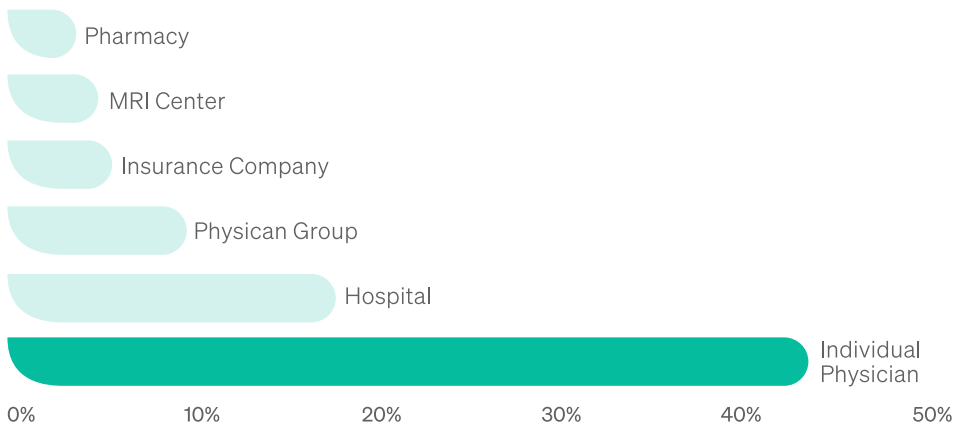
By Nick Reber  
CEO, Garner Health

## Actionable Insights From the Largest Claims Database in the Country

Employers' traditional methods of healthcare cost containment, such as increasing deductibles, have been exhausted as the average family budget is maxed out and employers strive to remain competitive in recruiting and retaining talent. What can employers do to curb ever-rising healthcare costs without shifting the burden to employees, particularly when the economy is weakening and employers look to cut costs across the board?

To solve this crunch, Garner has compiled the largest claims database in the country and analyzed the care journeys of more than 310 million patients. The results were clear: **The key to delivering higher-quality care at a lower cost is getting patients to see high-performing individual doctors.** In this paper, we describe the cost wave coming to employers, show why the existing healthcare system has not yet offered a solution and describe Garner's innovative approach that creates **guaranteed cost savings while enriching benefits for employees.**

### Impact on the Total Cost of Care (Best vs. Average)



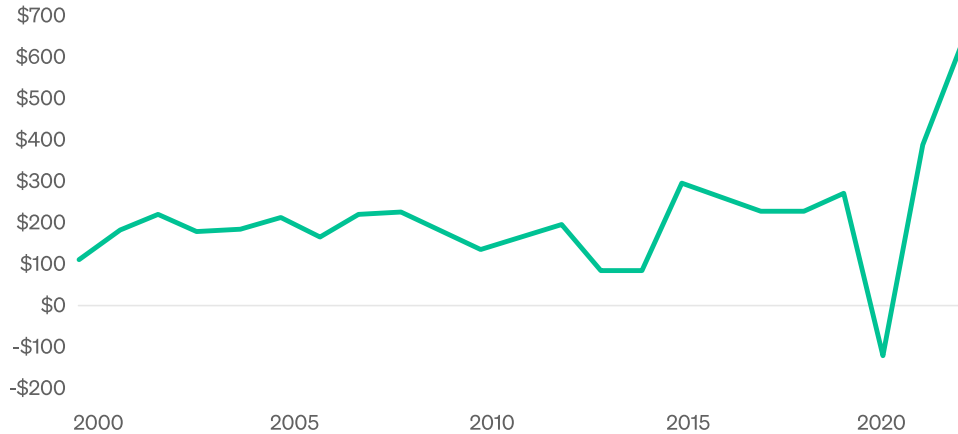
### Why the next two years will be the most acute ever for benefit costs

In 2023, we expect the highest rate of healthcare inflation over the past 30 years with the national medical trend above 7% and with many employers seeing increases of 15% or more. This increase is due to a combination of the return of care that was delayed during COVID-19, as well as the impact of economic inflation on healthcare. Because healthcare prices are now a significantly larger percentage of the average employer's budget as compared to previous decades, the impact of these price increases will be significant. According to our estimates, we expect healthcare costs to increase by more than \$600 per employee. This dramatic cost increase is coming at a time of weakening sales for most businesses.



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### Increase in Commercial Claims Cost (\$PEPM Annual Change)

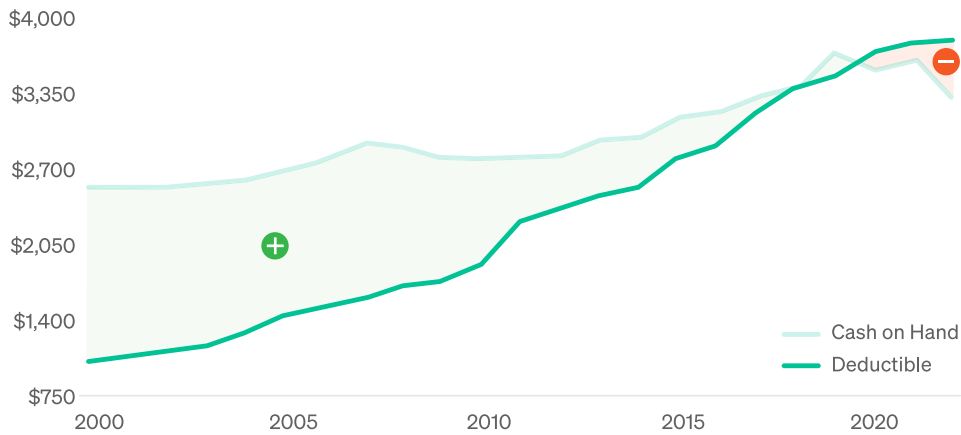


Source: St. Louis Federal Reserve and Garner data

### Why traditional methods of cost-containment are no longer tenable

For the past 30 years, employers have offset rising healthcare costs by shifting costs to employees through increases in cost-sharing of premiums, deductibles, copays and more. These traditional methods of cost-containment are becoming less and less tenable. In fact, the average deductible on a family health plan is now greater than the savings they have on hand. This means most employers will not be able to simply shift rising costs on to employees as they have done over the past two decades.

### Average Family Health Plan (Deductible vs. Cash in the Bank)



Data from US Federal Reserve and AHRQ

### There is a large opportunity with your community doctor

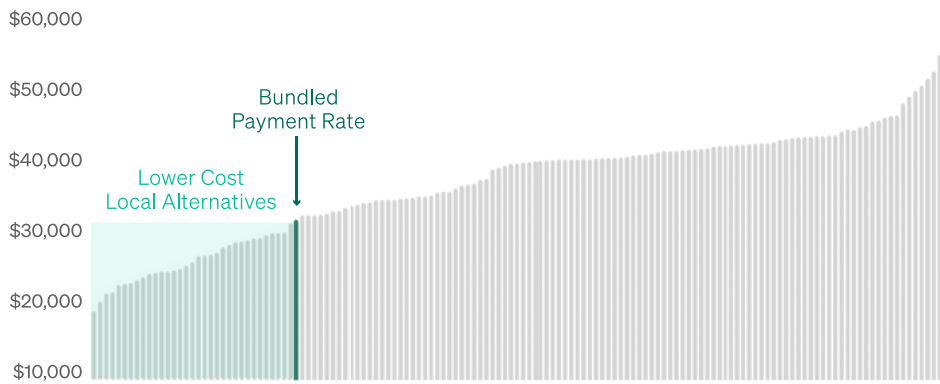
We believe the data is clear: To improve quality and reduce costs, the key is understanding the performance of individual doctors in the local community. By analyzing over 532 metrics of clinical and financial performance, we have found that **patients tend to follow the recommendation of their doctor, and different doctors have drastically different practice patterns.**

For example, the illustration below shows the price of a knee replacement when performed by different doctors in New York City. For a long time, there has been a focus on lowering costs by contracting with facility-based bundled payment vendors for major surgeries such as knee replacement. However, [using the latest Transparency in Coverage data](#), we can see that without travel and without additional services, the average insurance network contains many doctors who have a total knee replacement cost less than the average rate in bundled payments. In fact, the average employer can save nearly \$20,000 per knee replacement by simply identifying top-performing providers.



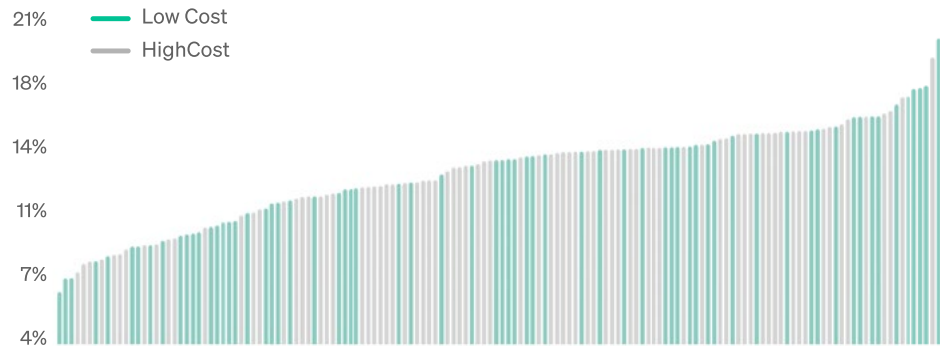
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### Price of Total Knee Replacement (TKR) Near New York City



This importance of doctor selection is not just true for the cost of healthcare but also the quality of care. Below we show the complication rate after knee replacement for doctors, the significant variation by individual physician and whether their total cost is higher or lower than average. As you can see, there are many great doctors with low complication rates **and** low costs available.

### Complication Rate After Knee Replacement



This is just one example of the variation in quality and cost by individual physician. Garner applies a similar process across 532 metrics, 82 subspecialties of medicine and over 1 million doctors.

### A new solution that is changing the economics of healthcare

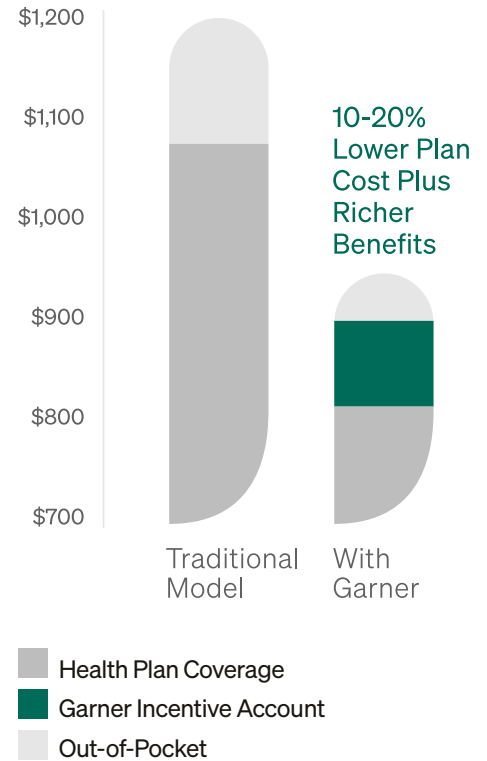
To date, there have been no great solutions to drive more care to top-performing doctors. Narrow networks and centers of excellence succeed in changing member behavior but [do not capture the variation in individual physician](#) and are very disruptive. On the other hand, care navigation tools are less disruptive but have gotten [very low engagement](#).

Garner is a new solution that is non-disruptive, works on every plan and network, and creates significantly better member engagement. The result is richer benefits, better health outcomes and fully guaranteed plan savings of 10-20% for most employers. Our solution combines [more accurate doctor analytics](#), a Concierge-based member experience and novel incentives to drive members to the best-performing doctors in their existing network.

To create greater savings and engagement without disruption, Garner creates an innovative incentive program that sits on top of any self-funded or fully insured plan. This incentive program is simple but powerful: If members use Garner to find a high-performing doctor in their existing network, Garner administers funds that cover the member's out-of-pocket expenses. This creates a powerful message to employees to seek higher-quality, lower-cost care. The result is a plan with lower employee out-of-pocket costs and lower employer health plan costs.

As an example, the case study below shows how this works for a fully insured employer. This employer was paying \$798 PEPM for an employee-only \$2,000 deductible fully insured plan. They were able to lower their fully insured premium to \$599 PEPM by offering a higher-deductible plan. The employer then funded the entire \$5,000 deductible with a Garner HRA incentive account. Garner guaranteed that the total spending on the incentive account would not exceed \$71 PEPM. Therefore, the employer offered zero-dollar benefits to employees while achieving a 16% lower plan cost.

Annual Plan Cost, \$PEPM



	Current Plan	Garner Plan	
		Base Insurance	Including Garner
Deductible	\$2,000	\$5,000	\$0
Plan Cost (\$PEPM)	\$798	\$599 + \$71 =	\$670

Garner has achieved similar results with large, self-funded groups of many thousands. Self-funded groups do not need to change their plan design and instead can overlay Garner on their existing plan to create meaningful steerage and savings in the first year.

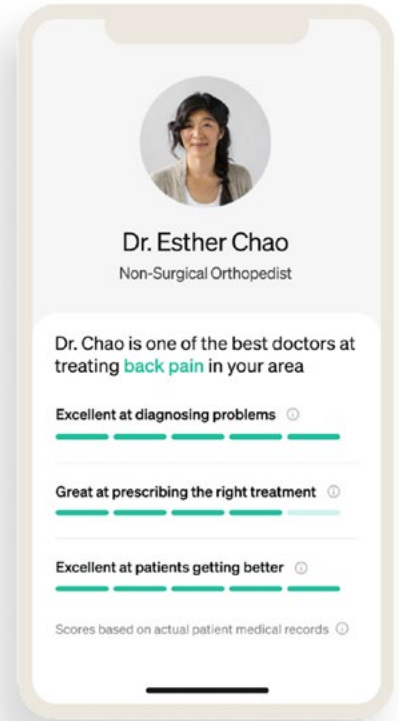
## A better consumer experience

Garner makes it significantly easier for employees to find the care they need. Through our Garner Health app, employees can easily find doctor quality information that they have never had access to before, such as the top-performing orthopedist in their area. Employees also have access to phone, chat and email support from a live Concierge team of experts to help them find care and navigate the healthcare system across the care journey. We verify in-network status and appointment availability to ensure members can always get in to see a great doctor. Providing this level of support on top of incentives is key to driving high engagement and satisfaction.

## Results

In summary, Garner brings together better data, innovative plan designs and incentives, and a superior consumer experience to deliver exceptional results.

- 10-20% average employer savings on total medical costs
- 27% average employee savings per episode of care
- 43% employees use Garner to find a doctor each year
- 98% of employees have a positive experience with Garner



## ABOUT GARNER

Garner Health is a health technology company that offers both a benefit program that helps employees find the best doctors in their community and an innovative tool to power data-driven provider referrals. Using a new approach to data science and novel financial incentives, Garner is able to lower out-of-pocket spending for employees, save employers 10% or more on overall health benefit costs and provide doctors with the tools to make more informed referrals for their patients.

[Contact us](#) to learn how a partnership with Garner can help your organization or clients lower healthcare spend while enriching benefits.

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