

FILTERING THROUGH THE NOISE:

WHAT EMPLOYERS WANT FROM A CHRONIC CONDITION MANAGEMENT SOLUTION

A SAGE GROWTH PARTNERS STUDY
DECEMBER 2020

A study of large, self-insured
employers on the barriers
and benefits of managing
employees' chronic conditions.



Employers face burgeoning challenges in managing the health of employees with chronic conditions and in controlling the cost of these diseases.



The CDC reports that the cost in lost productivity alone for five chronic diseases or risk factors—high blood pressure, diabetes, physical inactivity, obesity, and smoking—is over \$36 billion each year,¹ while The Milken Institute estimates chronic conditions as a whole cost the U.S. economy more than \$1 trillion.²

The healthcare utilization costs are equally staggering: Some 90% of America's \$3.5 trillion annual healthcare costs are spent on people with chronic physical and mental health conditions.³ COVID-19 is taking an emotional toll on U.S. adults and making mental health issues more widespread.

A July 2020 Kaiser Family Foundation survey found that slightly more than half of U.S. adults (53%) say their mental health had deteriorated due to COVID-related worry and stress, up from 39% in May.⁴ In the face of this chronic condition crisis, the number of digital technologies promising to help people better manage their conditions in the comfort of their own homes has exploded. From connected devices for glucose and blood pressure readings and weight management, to self-guided cognitive behavioral therapy, employers are bombarded with solutions that promise reduced medical spending and improved outcomes.

To understand the perspectives of large, self-insured employers in managing chronic conditions—as well as how to navigate the growing number of potential chronic condition management solutions—healthcare consultancy Sage Growth Partners interviewed 12 industry leaders and conducted a quantitative survey that received 230 responses in the summer of 2020. Over half of respondents were from companies with more than 4,000 employees, while slightly less than half had 1,001 to 4,000 employees (the final page of this report contains details). The research was conducted after the COVID-19 pandemic had struck and employers were settling into a routine of a largely remote workforce.

KEY FINDINGS:



Solutions that manage chronic conditions play a growing role in employee benefit offerings and contribute to reducing medical and pharmacy spend.



The top three reasons for purchasing these solutions are to control medical and pharmacy spend, to improve employee wellness, and to attract top talent and keep employees satisfied—each rated by over 70% of employers as important/very important.



Respondents also value chronic condition management vendors that can demonstrate a track record of success over many years, including a proven return on investment.



Slightly more than two-thirds of large, self-insured employers offer employees chronic condition management solutions. Digital and non-digital (telephony and in-person visits) solutions are about equally used today (68% and 67%, respectively). However, given that 72% say digital solutions are very important and that they enjoy widespread consumer acceptance, they are likely to win out going forward.



Large employers prefer having a single solution to manage multiple conditions because it is easier to manage and is preferred by employees.



C-Suite executives (especially CEOs and CFOs) play a growing role in evaluating and purchasing chronic condition management solutions.



Nearly all (91%) respondents use claims analysis to help determine benefit offerings, and more than a third (39%) rely on consultants to help.



Benefits consultants/brokers are used by many large employers (63%) to help evaluate appropriate solutions.



Solutions that address the top barrier—engaging employees—with easy-to-use digital tools will have an advantage.

1. KEY DRIVERS OF CHRONIC CONDITION MANAGEMENT SOLUTIONS

The key drivers of chronic conditions management solutions for large, self-insured companies are the ability to control medical and pharmacy spend (61% and 53% consider these very important) and to promote employee wellness and satisfaction (54% and 50% consider these very important, as shown in Figure 1).



Employee benefits are seen as a key differentiator for recruiting and retaining top talent by 81% of respondents (Figure 2); Chronic condition management is one component of health benefits that can create that differentiation.



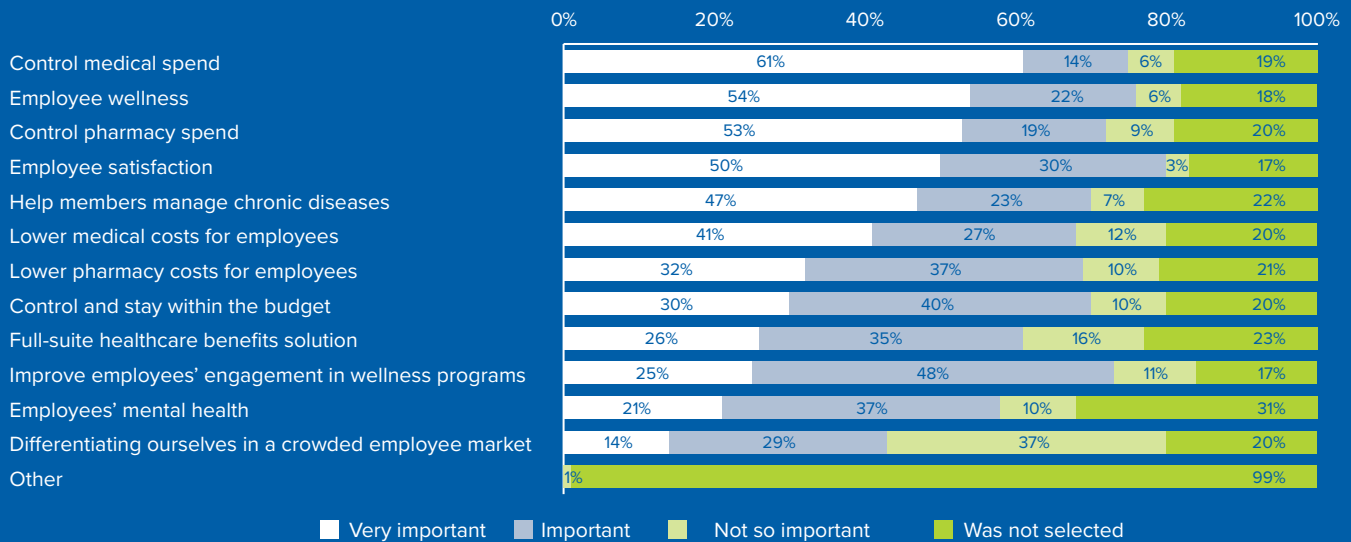
Respondents believe employees are chiefly concerned about core benefit levels, low deductibles, and low out-of-pocket costs (these are ranked #1 by 13%, 12% and 10% of respondents, respectively).



The **top three benefits** respondents offer beyond core medical and dental benefits are **telemedicine** (59%), **gym memberships** (49%), and **patient navigation services** (37%) (graph not shown).

Figure 1

What are your priorities relative to health benefits? (Pick all applicable priorities—at least 3 total) (n=230)



Due to rounding, lines may not add to exactly 100%

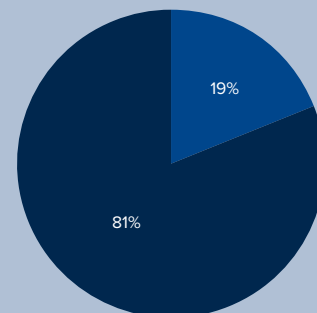
“You need to find interventions, especially for those 5-10% that are 80% of the cost. For example, making sure your diabetic employees get their medicine and regular checkups, and helping them coordinate the care between primary and specialists.”

– Mid-Atlantic Healthcare System

Figure 2

Do you leverage health benefits as a differentiator to attract and retain employees? (n=230)

■ No
■ Yes



2. IMPORTANCE OF MANAGING VARIOUS CHRONIC CONDITIONS

Large employers view managing chronic conditions as important/very important, especially for six common and costly conditions (Figure 3).



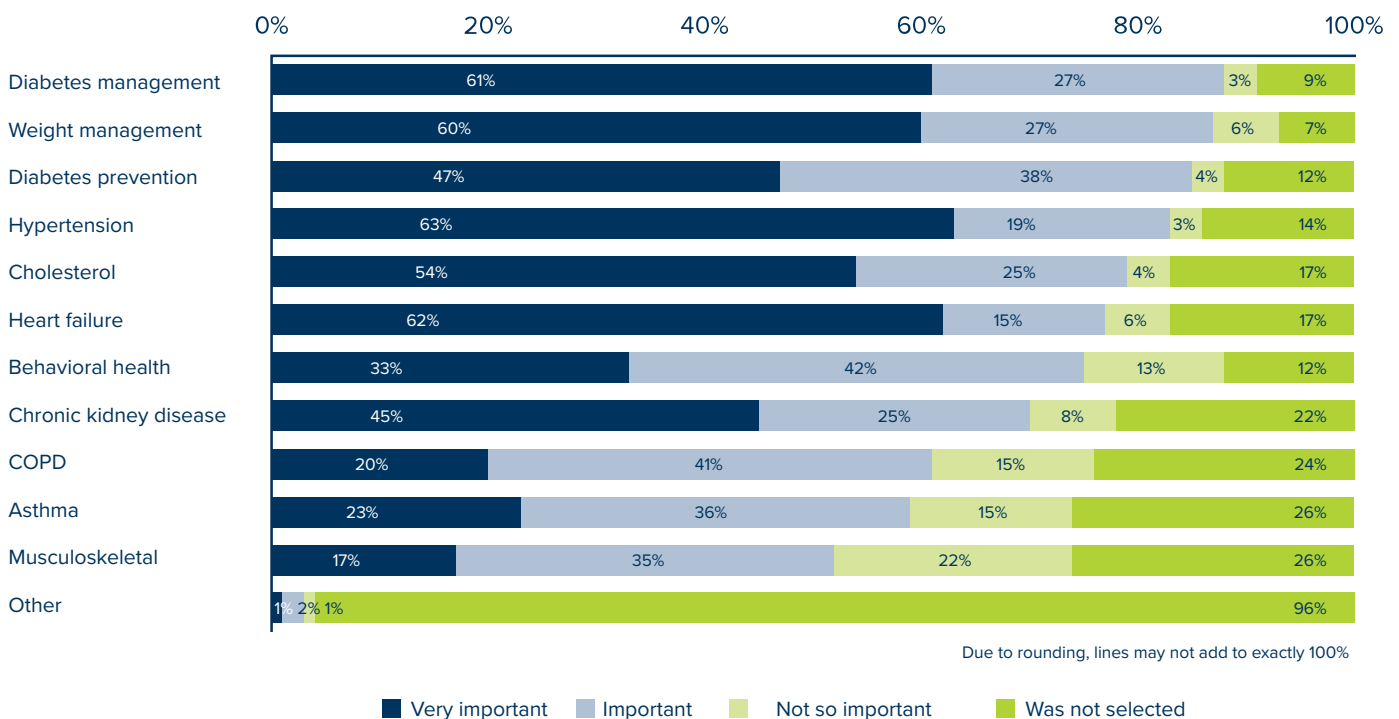
Diabetes management (88%), weight management (87%), diabetes prevention (85%), hypertension (82%), cholesterol management (79%), and behavioral health (75%) are viewed as the top conditions to manage. As the pandemic resurges, behavioral health issues are highly likely to rise in importance.

Over half of U.S. adults (53%) said their mental health had worsened due to COVID-related worry and stress

– Kaiser Family Foundation survey⁵

Figure 3

Select chronic conditions in terms of importance to help your employees and their families manage the chronic condition? (Pick all applicable priorities) (n=230)



3. USE OF DIGITAL AND NON-DIGITAL CHRONIC CONDITION MANAGEMENT SOLUTIONS

Similar percentages of large employers today offer digital (68%) and non-digital (67%) chronic condition management solutions. However, several interviewees note the limitations of non-digital solutions (such as telephony and visits to brick and mortar locations), and more than three-quarters of respondents say digital approaches are very to extremely important.

Given the largely remote nature of the workforce for an unknown period of time, brick and mortar options leave employees with nowhere to safely go.



68% of respondents currently offer digital solutions to their employees



72% see digital health solutions as very to extremely important for addressing top conditions (Figure 4) and **73%** are somewhat or very satisfied (Figure 5).



While non-digital solutions are also prevalent (offered by 67% of respondents), the growth in digital solutions, ubiquity of cell phones, and high satisfaction with digital solutions (73% are somewhat/very satisfied) makes it likely that digital solutions will prevail over time, especially given the need for greater adoption and efficacy.

Figure 4

How important is it for you to offer digital health solutions for chronic condition management to your employees and their families? (n=230)

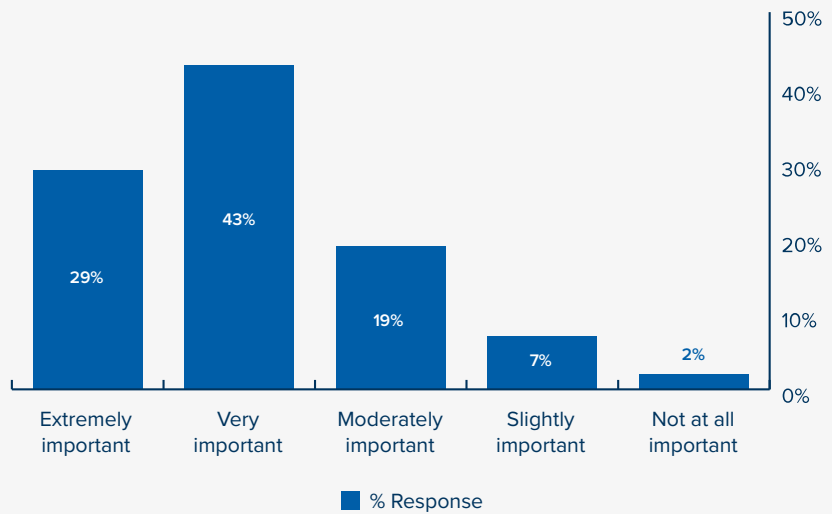
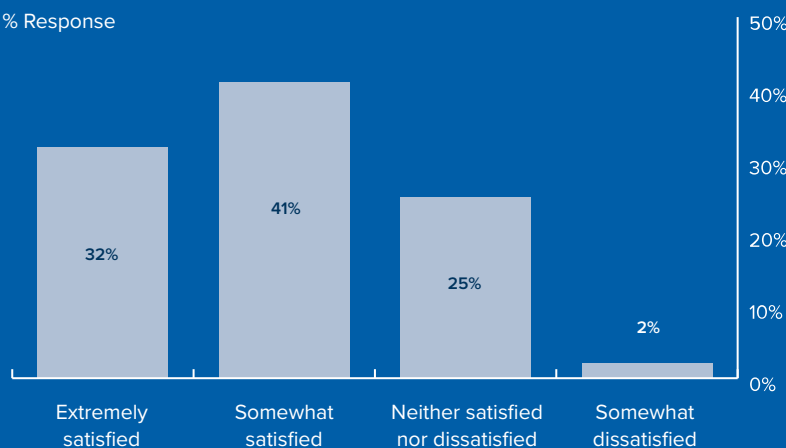


Figure 5

How satisfied are you with your non-digital chronic condition management solution? (n=155)

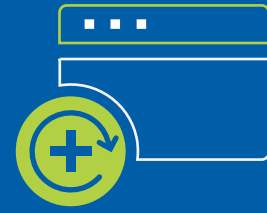
■ % Response



“The traditional model has been to try to telephonically reach somebody and make sure they are doing what they need to be doing to manage their chronic condition(s). And it’s not been effective.”

– Gallagher Benefits Services

4. KEY BARRIERS TO ADOPTION CREATE OPPORTUNITY FOR DIGITAL HEALTH VENDORS



Respondents say there are three key barriers to using digital solutions to address health conditions: Lack of employee engagement (47%), lack of budget (37%), and dealing with multiple chronic condition management vendors (36%), as shown in Figure 6.

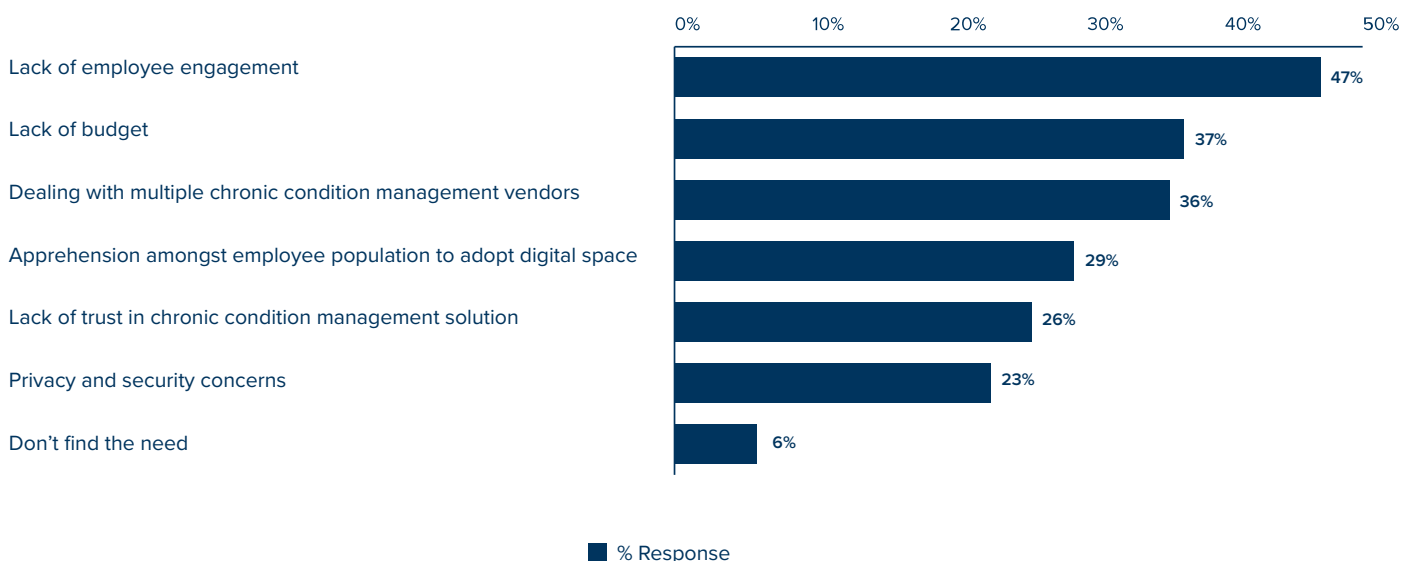
This data indicates that, to be successful, digital vendors must differentiate on ability to drive engagement, prove ROI, and offer a suite of solutions.

"We want solutions that have an incentive to engage our employees holistically across multiple health issues."

– Major global manufacturing company

Figure 6

What are some of the barriers in adopting or offering a digital health solution for chronic condition management to your employees today? (n=230)



5. THE BUYING PROCESS

The buying process for chronic condition management solutions usually starts months before the new benefit year and often involves outside consultants and the C-Suite.



Some **88% of large employers** start the buying process at least five to eight months in advance of the new benefit year.



Nearly all (**91%**) say they analyze claims data to assess health utilization trends and opportunities to address needs. Over a third (39%) use their consultants to analyze this data while the remainder analyze it themselves.



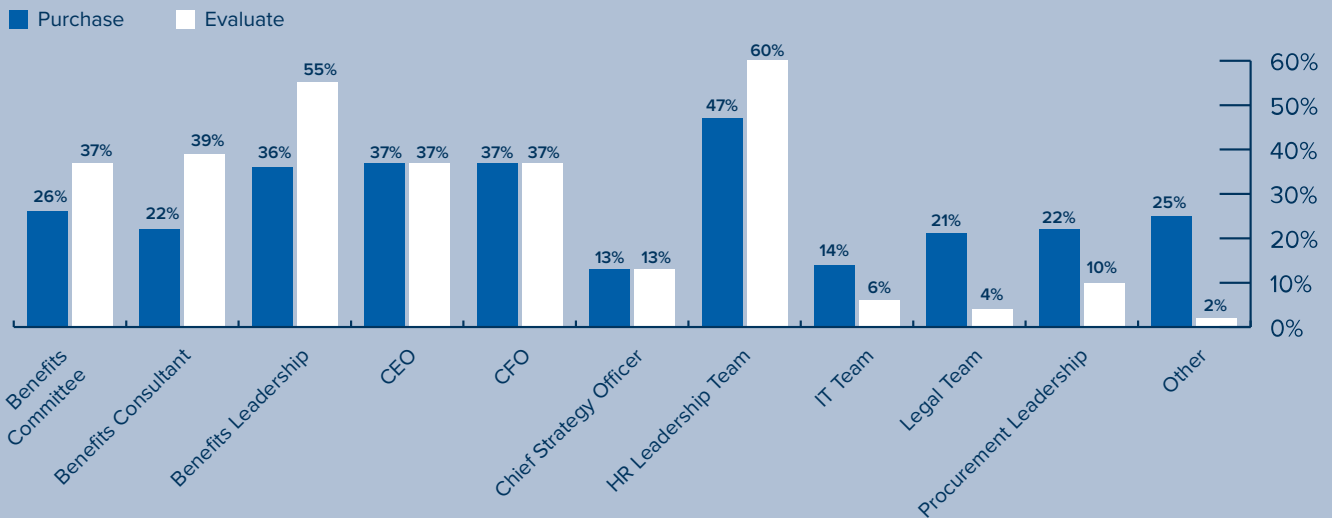
Key buyers/influencers include HR leadership and benefits leadership, plus CEOs and CFOs. HR and benefits leaders are viewed as among the top three stakeholders in evaluating chronic condition management solutions by 60% and 55% of respondents, respectively. Over one-third (36-37%) say CFOs and CEOs are among the top three stakeholders in both the evaluation and purchase process for these solutions (Figure 7).



Brokers/consultants play a key role. Nearly two-thirds (63%) use a benefits consultant/broker when selecting one of these solutions and nearly all of these respondents (94%) indicate they are moderately to extremely influential (Figure 8).

Figure 7

Who are the key stakeholders (top 3) in the evaluating and purchasing decision of a digital health solution? (n=230)



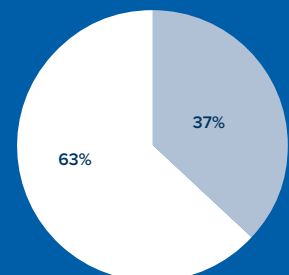
“Our consultant provides a formal update on companies they think that we might be interested in once a year, based on our needs. They also help us a lot with the heavy lifting in terms of figuring out the actuarial values.”

– Large global financial services company

Figure 8

Do you use a benefits consultant/broker when selecting a solution for chronic condition management? (n=230)

■ No ■ Yes



6. KEY FACTORS IN VENDOR SELECTION

Key factors that influence vendor selection include ROI, price, understanding the value proposition, and the ability for a single vendor to manage multiple conditions (Figure 9).



Price, ROI, and a clear value proposition are the top three most important decision factors, with each rated as extremely important by 60% or more of respondents.



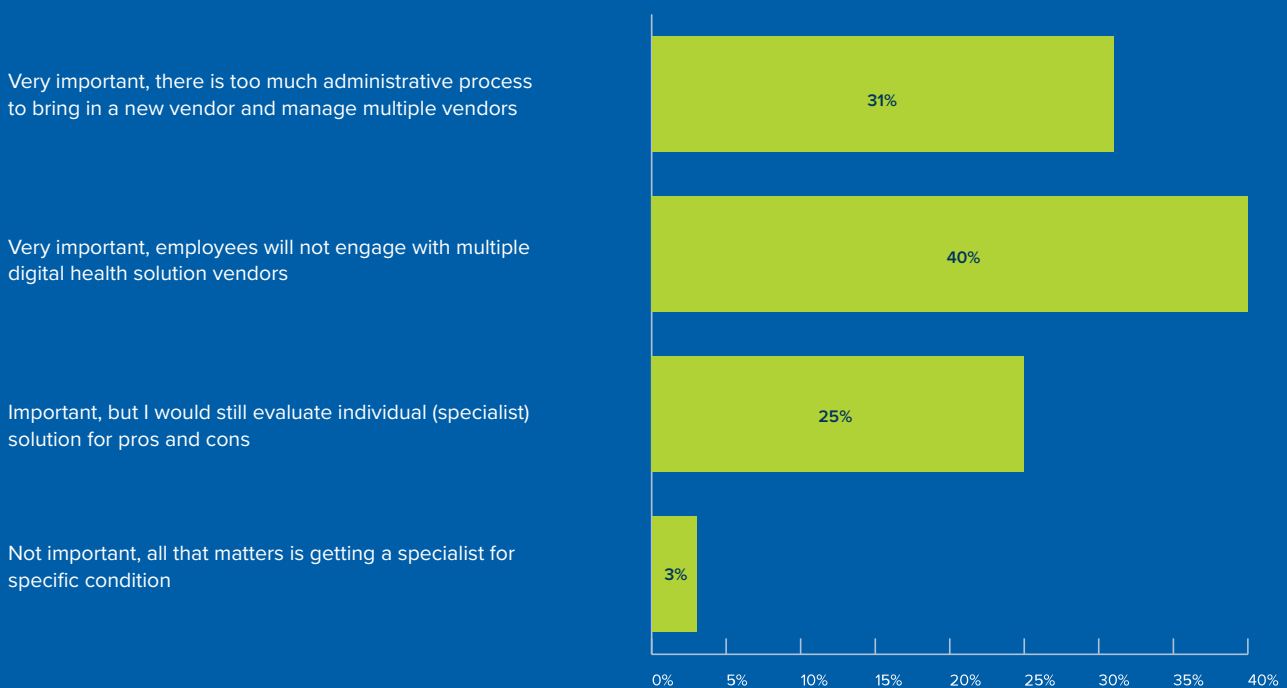
Nearly three-quarters (71%) of large companies would prefer to have a single vendor that can address multiple chronic conditions – but only one in five (21%) are aware of a vendor that offers a single solution to manage multiple conditions (Figure 9). Respondents say the key advantages of a single vendor solution are:

- **Better employee engagement:** 40% believe employees won't engage with multiple vendors
- **Easier to manage:** 31% believe there is too much administrative process with multiple vendors

Figure 9

Which of the following most closely matches your perspectives on having a single digital health solution vendor cover all chronic conditions? (n=230)

■ % Response



“An app that can consolidate four or five different conditions and they do it well would be very inviting.”

– New York Times

→ CONCLUSIONS

As the cost of providing medical and pharmacy benefits continues to skyrocket while serving to attract and retain employees, large employers are carefully evaluating healthcare claims and utilization trends to identify how they can better manage chronic health conditions and offer innovative digital solutions to their employees and their families.

Their greatest needs are for diabetes prevention and management, weight management, hypertension and cholesterol management, and behavioral health solutions. We believe that, the longer the pandemic persists, the more behavioral health issues will rise in importance.

Employers currently rely equally on digital and non-digital solutions, but we predict that the consumer demand for digital tools will soon shift the balance in their favor. While respondents are reasonably satisfied with existing digital solutions, there is clearly room to enhance their satisfaction as well as to increase employee engagement.

Vendors should be aware that the selection of chronic condition management solutions starts months in advance of the new benefit year, and that, along with HR and benefits leaders, brokers/consultants and the C-suite play an ever-larger role in their evaluation and selection. Key to vendors' success will be their ability to prove their ability to deliver ROI and demonstrate that the solution can effectively engage employees. Those that cover multiple chronic conditions with a single easy-to-use solution and that have a keen understanding of their value proposition will have a significant competitive advantage.

→ REFERENCES

1. <https://www.cdc.gov/chronicdisease/resources/publications/factsheets/workplace-health.htm>
2. <https://www.fightchronicdisease.org/latest-news/milken-institute-study-chronic-disease-costs-us-economy-more-1-trillion-annually>
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ABOUT SAGE GROWTH

Sage Growth Partners accelerates commercial success for B2B, B2B2C, and B2C healthcare organizations through a singular focus on growth. The company helps its clients thrive amid the complexities of a rapidly changing marketplace with deep domain expertise

and an integrated application of research, strategy, and marketing. Founded in 2005, Sage Growth Partners is located in Baltimore, MD, and serves clients such as Philips Healthcare, U.S. Renal Care, Quest Diagnostics, Vocera Communications, Olive, iN2L, and Aperture.

METHODOLOGY AND RESPONDENTS DATA

Sage Growth Partners conducted this independent survey of large, self-insured employers in the summer of 2020, and supplemented the quantitative research with in-depth interviews with 12 benefits leaders within the same target audience (large, self-insured employers).

Over half (58%) of the 230 survey respondents were leaders in companies with more than 4,000 U.S. employees, while slightly less than half (43%) had 1,001 to 4,000 U.S. employees (Figure 10).

All respondents represented benefits administration within the finance and human resources functions. Nearly three-quarters (72%) of respondents consider themselves to be decision makers in

determining/offering health benefits (Figure 11). Three quarters (75%) say they work in human resources or employee benefits. One in ten work in finance

Figure 10

How many employees do you have in the USA? (n=230)

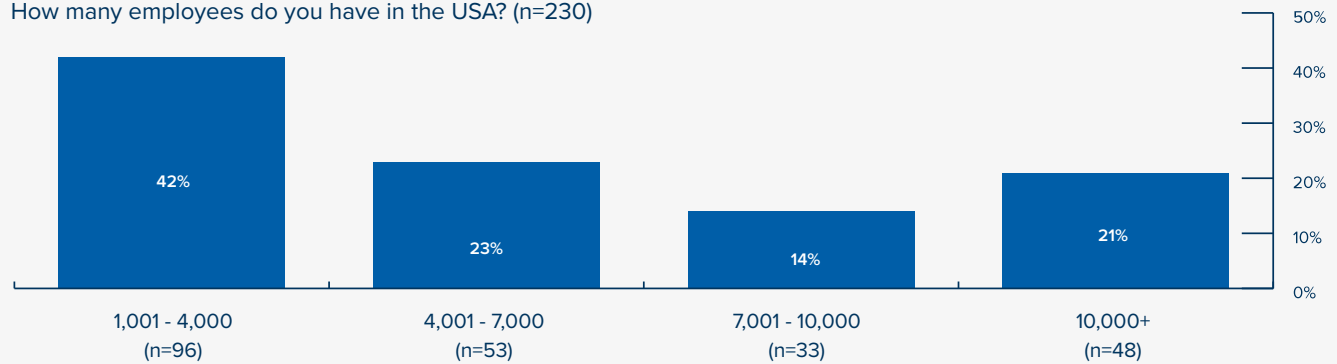


Figure 11

Which functional department do you closely associate yourself with? (n=230)

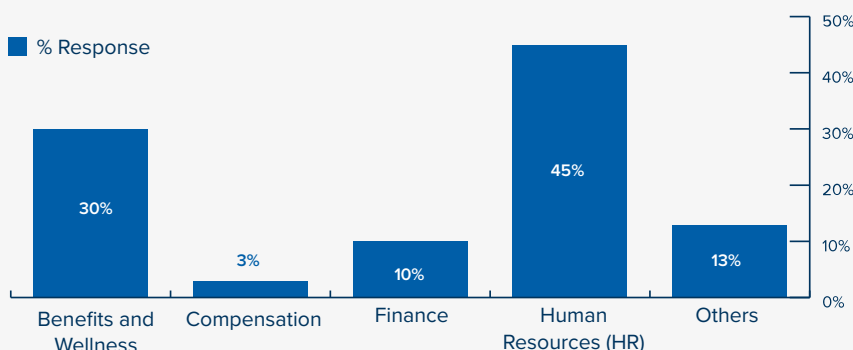


Figure 12

What would you consider your role to be in formulating health benefits offerings and services for your organization?

