

This Is Health | Point of View Series

## 02 Driving Quality Healthcare Through Smart Benefit Design





Healthcare systems and benefit plans have traditionally paid health providers on a fee-for-service basis. This has led to extensive dialogue about shifting the payment focus from volume of care to quality of care to better align incentives and user experience. Meanwhile, employers are asking, “What can I do to make sure I’m paying for healthcare that helps — not harms — my employees?”

Beyond expressing frustration around how providers are paid, employers are revisiting what types of care their plans pay for. Rather than relying on market practice as a guide, leading employers today are asking whether their benefit plans align with essential healthcare needs and standards to support the diverse workforce for the future — and whether those standards are clinically sound. By promoting quality in healthcare, these employers are seizing the tremendous opportunity available today to drive more value from their plans and improve the delivery of healthcare and health benefits for employees.



**9.1%**  
2018 projected  
global medical  
spend trend rate

**13%** of total payroll  
2016 medical  
benefit spend  
in Asia

## Why should employers care about quality healthcare?

Employers are spending a lot on healthcare — and will likely be spending even more in the future. While the global medical trend rate is projected to be 9.1% — or close to three times that of economic inflation — in 2018,<sup>1</sup> one-third of employers participating in our Asia Benefits Under the Lens 2016 Survey reported spending on average 13% of total payroll on medical related benefits.<sup>2</sup>

If medical dollars aren’t laser-focused on supporting quality healthcare, both employers and employees are losing out. Misdiagnoses, complications and hospital-borne infections are just some of the possible consequences of poor initial care that both add unnecessary cost and degrade the patient experience and patient outcomes. Not only is the employer paying for wastage, but employees are left worse off, potentially decreasing their quality of life or even longevity and dampening productivity. Many benefit designs have counterproductive exclusions that are remnants of a former time, rather than managing inflation or value — for example, plans that focus on expensive hospital reimbursement but ignore outpatient preventive or maintenance care.

<sup>1</sup> Mercer Marsh Benefits. *Medical Trends Around the World 2018*, available at <https://www.mercer.com/our-thinking/health/mercer-marsh-benefits-medical-trends-survey-2018.html>.

<sup>2</sup> Mercer Marsh Benefits. *Benefits Under the Lens 2016 Survey Report*, available at <https://www.asean.mercer.com/our-thinking/benefits-under-the-lens.html>.



Employer sponsorship of quality care, on the other hand, can not only reduce costs but improve productivity, as well as boost an employer's reputation. This is a significant advantage as talent shortages worsen in some markets and industries and as more applicants and investors assess employers on dimensions such as their commitment to social responsibility and the health and well-being of their workforce.

## What do we mean by quality healthcare?

Healthcare quality cannot be measured by the amount of care provided; longer hospital stays, more doctor visits and the number of medications prescribed are not indicators of quality. Nor is quality synonymous with more expensive care — top-brand hospitals and expensive diagnostics do not automatically translate into better care. Quality is about delivering the right care at the right time in the right setting to achieve the best possible result.

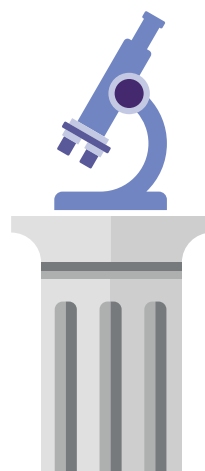
**THREE CRITICAL DIMENSIONS OF A QUALITY HEALTHCARE RESULT INCLUDE IMPROVED OUTCOMES, AN IMPROVED PATIENT EXPERIENCE AND IMPROVED ACCESS.<sup>3</sup>**

### QUALITY OUTCOMES

The key components of quality outcomes are<sup>4</sup>:



**SAFETY**  
or not harming  
patients through  
the provision  
of care



**EFFECTIVENESS**  
or providing care based on  
scientific evidence, ensuring the  
provision of care that can help  
and avoiding care that doesn't help



**EFFICIENCY**  
or avoiding  
waste in  
healthcare

<sup>3</sup> Institute for Healthcare Improvement. "The IHI Triple Aim," available at [www.ihl.org/Engage/Initiatives/TripleAim/Pages/default.aspx](http://www.ihl.org/Engage/Initiatives/TripleAim/Pages/default.aspx).

<sup>4</sup> Agency for Healthcare Research and Quality. "The Six Domains of Health Care Quality," available at <https://www.ahrq.gov/professionals/quality-patient-safety/talkingquality/create/sixdomains.html>.

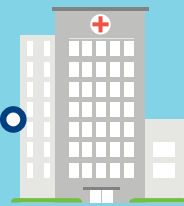
# 8%–12%

Medical errors and healthcare-related adverse events (European data)



# 200,000

Estimated number of annual preventable hospital-associated deaths (US data)

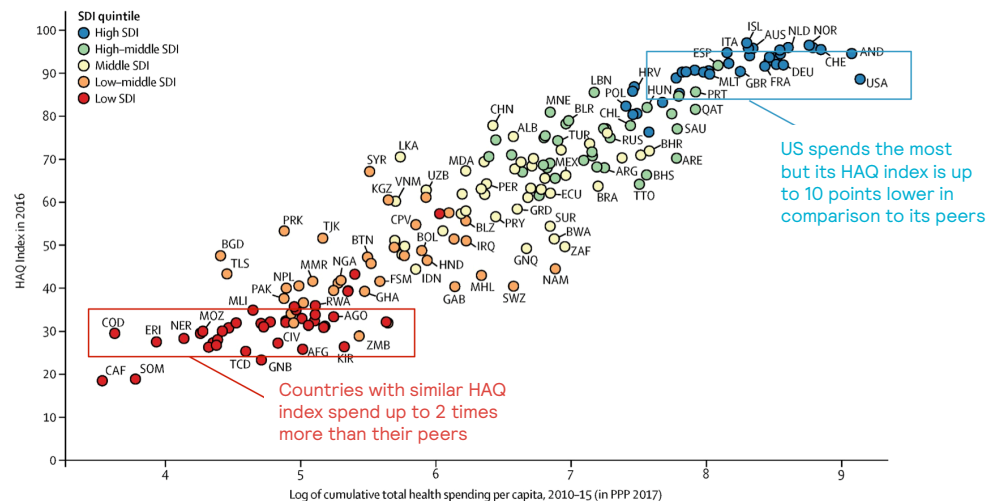


By defining and measuring these components of quality, the goal is both to refrain from delivering the wrong care or wasteful care and to ensure the provision of the right care. Today, even as quality measurement is improving, errors continue to undermine outcomes. For example, European data show that medical errors and healthcare-related adverse events occur in 8%–12% of hospitalizations, while the number of preventable hospital-associated deaths in the US is estimated to be over 200,000 annually.<sup>5</sup>

Crucially, variability in healthcare quality around the world cannot be fully explained by dollars spent. Countries with similar outcomes spend widely different amounts to achieve those results.<sup>6</sup>

## LARGE VARIATION EXISTS WHEN COMPARING COUNTRIES' HEALTH EXPENDITURE TO QUALITY OF CARE

Comparing Countries' Health Access and Quality (HAQ) Index in 2016 to the Total Health Spend per Capita.



Source: GBD 2016 Healthcare Access and Quality Collaborators. "Measuring Performance on the Healthcare Access and Quality Index for 195 Countries and Territories and Selected Subnational Locations: A Systematic Analysis From the Global Burden Study 2016," *The Lancet*, Volume 391, Number 10136 (June 2, 2018), pp. 2236–2271.

The answer clearly is not simply spending more but investing wisely in those things that offer the highest value while reducing harmful or wasteful action.

<sup>5</sup> Dzau V.J. "Global Patient Safety 2017: A Call to Action," presented at Second Global Ministerial Summit on Patient Safety, March 30, 2017, available at [https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3\\_Downloads/P/Patientensicherheit/Keynote\\_Dzau.pdf](https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/P/Patientensicherheit/Keynote_Dzau.pdf)

<sup>6</sup> GBD 2016 Healthcare Access and Quality Collaborators. "Measuring Performance on the Healthcare Access and Quality Index for 195 Countries and Territories and Selected Subnational Locations: A Systematic Analysis From the Global Burden Study 2016," *The Lancet*, Volume 391, Number 10136 (June 2, 2018), pp. 2236–2271.

## Net Promoter Score® one factor to consider.

Net Promoter Score (NPS) is a measure of consumer likeliness to recommend a product or service.

Patient experience is an important and too long ignored factor in health delivery. However, it should not be the only measure of quality, as aspects the patient may value (like prescribing additional tests or treatments) could be inconsistent with sound clinical practice and actual outcomes.

### QUALITY PATIENT EXPERIENCE

Quality healthcare also depends on the patient's medical experience, one in which the patient is at the center and receives timely and efficient care reflective of his or her needs and preferences. Each interaction with the healthcare system — from the scheduling of appointments to the receipt of information and communication with providers and insurers — impacts the patient experience and thus quality. Evidence indicates that when the patient experience is better, patients are more likely to follow medical advice and safety practices and less likely to make use of unnecessary healthcare services.<sup>7</sup>

### ACCESS

The third component of quality healthcare relates to its accessibility, including patient access to:

- **Basic physical infrastructure** that supports health, such as clean air and water, or makes it possible to access providers, such as transportation infrastructure
- **Skilled health professionals**, of which there continue to be too few in low- and middle-income countries, constraining the achievement of quality healthcare outcomes<sup>8</sup>; employees living outside major cities in Mexico, for example, may have to drive hours to reach specialists or in Brazil where people may need to take four buses to reach the emergency room<sup>9</sup>

- **Quality specialist health services** — for example, too often, mental health professionals are in even shorter supply than medical personnel or do not have sufficiently robust training to provide quality care. A recent article outlined that although the number of mental health professionals has increased in China, a comparative shortage in human resources remains; furthermore, these resources are mostly located in urban psychiatric hospitals, making services far less accessible for at least half of China's 1.39 billion people living in rural areas; moreover, the lack of qualified community mental health professionals, which applies to many urban areas even today, remains a major barrier<sup>10</sup>
- **Good primary care**, which can be provided by less-skilled but well-trained healthcare workers, particularly in regions lacking educated clinicians, who can provide health education, test for illnesses and administer vaccinations<sup>11</sup>
- **Timely care** — in the Commonwealth Fund International Health Policy survey (2016),<sup>12</sup> patients reported over 18% of Canadian patients waited four months or longer for elective surgery in the last two years, compared to 0% in Germany, 4% in the US, 8% in Australia and 12% in the UK; long wait times impact quality of life and productivity, and make employer-driven early interventions even more important

OECD data are current to 2017 and are a good comparative indicator of access to care across many markets.

<sup>7</sup> Agency for Healthcare Research and Quality. "What Is Patient Experience," available at <https://www.ahrq.gov/cahps/about-cahps/patient-experience/index.html>.

<sup>8</sup> Liu JX, Goryakin Y, Maeda A, et al. "Global Health Workforce Labor Market Projections for 2030," *Human Resources for Health*, Volume 15, Number 11 (February 3, 2017), available at <https://human-resources-health.biomedcentral.com/articles/10.1186/s12960-017-0187-2>.

<sup>9</sup> Khazan, Olga. "What the U.S. Can Learn From Brazil's Healthcare System." *The Atlantic*, 8 May 2014, available at [www.theatlantic.com/health/archive/2014/05/the-struggle-for-universal-healthcare/361854/](http://www.theatlantic.com/health/archive/2014/05/the-struggle-for-universal-healthcare/361854/).

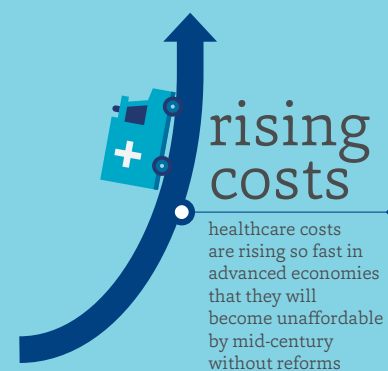
<sup>10</sup> Xiang YT, Ng CH, Yu X, Wang G. "Rethinking progress and challenges of mental health care in China." *World Psychiatry*, Volume 17, Issue 2 (May, 24 2018), available at <https://onlinelibrary.wiley.com/doi/full/10.1002/wps.20500>

<sup>11</sup> The Economist Intelligence Unit. *Global Access to Healthcare: Building Sustainable Health Systems*, 2017, available at <https://perspectives.eiu.com/sites/default/files/Globalaccesstohealthcare-3.pdf>

<sup>12</sup> Canadian Institute for Health Information. *Commonwealth Fund Survey 2016*, available at <https://www.cihi.ca/en/commonwealth-fund-survey-2016>.

## Beyond access: Is care affordable?

Where individuals bear the cost of their own healthcare we must recognize that access to care cannot be sustainable if it is not affordable. Care must be affordable to governments, employers and individuals. Unfortunately, half the world lacks coverage for essential health services and 100 million are still pushed into extreme poverty because of health expenses, according to a recent report by the World Bank and World Health Organization.<sup>13</sup> And a new report from the Organisation for Economic Co-operation and Development finds that healthcare costs are rising so fast in advanced economies that they will become unaffordable by mid-century without reforms.<sup>14</sup> Moreover, our research has found that insurers believe that the increased global prevalence of noncommunicable diseases, such as heart disease, cancer and diabetes, along with new medical technologies, will drive increased healthcare costs for employees over the next three years.<sup>15</sup> Perhaps not surprisingly, 43% of US healthcare consumers surveyed in a new report said they would like their doctors to become more cost-conscious in their treatment recommendations.<sup>16</sup>



<sup>13</sup> World Health Organization and The World Bank. *Tracking Universal Health Coverage: 2017 Global Monitoring Report*, available at <http://documents.worldbank.org/curated/en/640121513095868125/pdf/122029-WP-REVISEDPUBLIC.pdf>

<sup>14</sup> Organisation for Economic Co-operation and Development. "Healthcare Costs Unsustainable in Advanced Economies Without Reform," available at <http://www.oecd.org/health/healthcarecostsunsustainableinadvancedeconomieswithoutreform.htm>

<sup>15</sup> Mercer. *Global Talent Trends Study: Empowerment in a Disrupted World*, 2017, available at <https://www.mercer.com/our-thinking/career/global-talent-hr-trends.html>

<sup>16</sup> Oliver Wyman. *Waiting for Consumers: The Oliver Wyman 2018 Consumer Survey of US Healthcare*, available at <https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2018/october/Consumer-Survey-US-Healthcare.PDF>





## What can employers do to help ensure quality?

We recommend employers take the following steps both to help protect their employees and ensure the drive toward quality in healthcare:



### 1. UNDERSTAND AND ADDRESS EMPLOYEES' HEALTH PROFILES AND BARRIERS TO CARE

Employers cannot offer high-value plans that deliver better health outcomes if they don't understand the current and future health needs of their employees or the barriers to care that exist. To design plans tailored to needs, employers should:

- Combine employee demographic data with an analysis of historical claims and data on local public health trends to predict and address employees' needs, such as prevention to lessen the risk of developing specific chronic diseases or stronger care coordination for better managing those diseases
- Conduct research to uncover socioeconomic barriers to care, such as lack of transportation (including for caregivers), and ensure that benefits address those barriers; medical travel benefits for rural locations have been in place in some markets for decades and could be modernized in the future, even for urban populations plagued by unreliable transportation (for example, free transportation to medical appointments through ride services)
- Recognize bias in benefit design that may limit access to essential services for populations, such as limitations on HIV coverage, exclusions for mental health or women's health coverage based on marital status

Individual employers may not be expected to fix all gaps in access to comprehensive care. They can offer discounted options or highlight state-sponsored programs. For instance, employee-paid optional top-up plans in some markets (such as China) provide some relief for employees. Employers can also collaborate to impact market forces.

Patient harm is estimated to be the 14th leading cause of global disease burden, comparable to tuberculosis, malaria and some types of cancer.<sup>17</sup>



## 2. ELIMINATE FROM PLANS SERVICES THAT HAVE LITTLE CLINICAL VALUE – AND MAY CAUSE HARM

Employers must ensure that plans do not pay for any services that, while well-intentioned, cause harm. Although advancements in medical technology sometimes bring improvements in outcomes, they also contribute to higher costs and the potential to undermine health through injury, distress and additional unnecessary care. A 2017 study published in *The Lancet* found evidence of worldwide overuse of many types of medical services, with overuse defined as care more likely to cause harm than good. While best documented in high-income countries, the report finds evidence of increasing overuse in low- and middle-income countries – overuse that co-exists with significant unmet health needs.<sup>18</sup> The widely applauded Choosing Wisely campaign offers a template of tests and interventions that providers, consumers and plans should look carefully at to assure appropriate use.<sup>19</sup>

When designing plans, employers should develop core benefit design informed by public health recommendations and standards.

What does this mean in practice? For example, in recent years, many employers have wanted to add mammogram coverage as a preventative measure. Some with the best intentions wanted to promote this as a new benefit and make mammograms available to all women. However, evidence shows that excessive screening of low-risk populations can actually do more harm than good.<sup>20</sup> This demonstrates why when changing or evaluating your plan, it is important to consider evidence based clinical guidelines.



## 3. PREPARE EMPLOYEES TO BE EDUCATED HEALTHCARE CONSUMERS

Preparing employees to be educated healthcare consumers is another important element in driving quality healthcare given the ubiquity of unnecessary or harmful patient care. For example, a 2017 survey found that 69% of US physicians say the average physician orders unnecessary medical tests and procedures at least once a week.<sup>21</sup>

At a minimum, employers should consider how they or their providers could help consumers by:

- Educating employees on the risks of antibiotic overuse
- Understand the value of prevention and how to interpret basic lab tests
- Offer independent advice or treatment decision support to help employees to better understand the risks and alternatives to procedures like invasive back surgery or cesarean section

<sup>17</sup> Organisation for Economic Co-operation and Development. "The Economics of Patient Safety," available at [www.oecd.org/els/health-systems/economics-of-patient-safety.htm](http://www.oecd.org/els/health-systems/economics-of-patient-safety.htm).

<sup>18</sup> Brownlee S, Chakidou K, Doust J, et al. "Evidence for Overuse of Medical Services Around the World," *The Lancet*, Volume 390, Number 10090 (July 8, 2017), pp. 156–168.

<sup>19</sup> ABIM Foundation. *Choosing Wisely – A Special Report on the First Five Years*, available at [www.choosingwisely.org/wp-content/uploads/2017/10/Choosing-Wisely-at-Five.pdf](http://www.choosingwisely.org/wp-content/uploads/2017/10/Choosing-Wisely-at-Five.pdf).

<sup>20</sup> National Cancer Institute. "Breast Cancer Screening (PDQ®) – Health Professional Version," available at <https://www.cancer.gov/types/breast/hp/breast-screening-pdq>.

<sup>21</sup> ABIM Foundation. *Choosing Wisely – A Special Report on the First Five Years*, available at [www.choosingwisely.org/wp-content/uploads/2017/10/Choosing-Wisely-at-Five.pdf](http://www.choosingwisely.org/wp-content/uploads/2017/10/Choosing-Wisely-at-Five.pdf).





#### 4. INVEST IN BASIC CARE

Ensuring healthcare quality also means investing in the type of low-cost healthcare services that have proven long-term value — and can prevent an escalation to crisis care. Employers should:

- Incent prevention, health maintenance and outpatient care, where appropriate
- Make sure employees have access to good preventative services — including immunizations and screenings — either through their covered medical benefit, onsite clinics, well-being programs or through the local health system
- Offer health awareness and education to employees and encourage them to make use of prevention services
- Fill any coverage gaps that delay treatment, including often-overlooked care such as counseling for mental health conditions, outpatient treatment and pre- and post-natal care; recent Mercer Marsh Benefits research found that more employers, especially in Asia and Europe, are including access to case and disease management programs as part of their coverage for employees.<sup>22</sup>



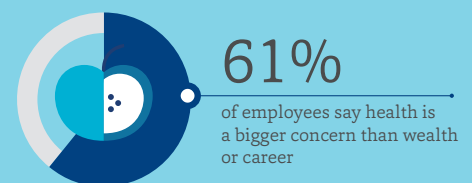
#### 5. OFFER ACCESS TO HIGH-STANDARD CARE THROUGH PREFERRED PROVIDERS

Employers have many options for helping to steer employees toward higher-quality providers — although they cannot do it alone. Instead, employers need to work closely with their insurers and other stakeholders globally to promote quality and should ask them:

- How are you using measures of quality to make decisions about which providers are in network?
- How are you driving patient utilization of centers of excellence with established higher quality outcomes?

While insurers sometimes try to manage cost by eliminating high-cost providers from their networks, it is important to recognize that sometimes high-cost providers offer higher-quality care, which not only improves outcomes but actually lowers employer and insurer costs in the long run.

Improved access to quality care also helps drive employee engagement, as research has confirmed the high value employees place on employer support for health. according to our recent research, 61% of employees rate health as a bigger concern than wealth or health.<sup>23</sup>



<sup>22</sup> Mercer Marsh Benefits. *Medical Trends Around the World 2018*, available at <https://www.mercer.com/our-thinking/health/mercer-marsh-benefits-medical-trends-survey-2018.html>.

<sup>23</sup> Mercer. *Global Talent Trends Study: Empowerment in a Disrupted World, 2017*, available at <https://www.mercer.com/our-thinking/career/global-talent-hr-trends.html>.



## 6. CONSIDER PROVIDING ONSITE CLINICS

In many parts of the world, larger employers can significantly improve healthcare quality by providing onsite clinics for employees with primary care as a priority. Originally conceived as occupational and event-driven, onsite clinics today are being transformed into real centers of health that provide quality primary care — sometimes not only to employees but to their families and the supplier community as well. By offering such clinics, employers can drive better outcomes by:

- Improving the quality of providers available to employees
- Ensuring integrated care pathways and medical records are used
- Encouraging high-quality care protocols are followed
- Steering people to high-quality care
- Implementing case management and disease management programs for employees at higher risk who require more personalized human support



## 7. EMBRACE DISRUPTION

Finally, disruptive digital solutions are emerging as a cost-effective means of enabling quality healthcare — and will only grow in importance as smartphone use and the expectation of a digital experience continue to rise. Digital applications hold tremendous promise for enhancing outcomes and improving the patient experience by placing information and certain types of evidence-based care at the disposal of patients, when they need it and where they need it.

Into the future, employers should embrace digital solutions for:

- Remote patient monitoring for chronic conditions. A care team is now able to track all their patients' vitals and health stats to help individuals manage their health from the comfort of their own home, avoiding emergency room visits and hospital admissions.<sup>24</sup>
- First and second medical opinions through teleconsultation. Given high variability in practice patterns, digital solutions give patients the ability to get opinions on treatment options — a critical component of quality healthcare. By making second opinions easier and faster to access, digital second-opinion programs can help ensure employees are getting the right treatment while avoiding wasteful or harmful procedures. This is particularly valuable for women, who continue to confront biases in care, allowing them to reach beyond their immediate community to access other providers and other views on how best to manage basic health issues.
- E-health solutions. From helping patients better manage chronic disease (for example, telemonitoring services offered to diabetic or cardiac patients) to helping them better access mental healthcare, digital solutions are yielding outcomes equivalent to those of more expensive and difficult-to-access traditional care.<sup>25</sup>

<sup>24</sup> Barrett M, Combs V, Su JG, et al. "AIR Louisville: Addressing Asthma With Technology, Crowdsourcing, Cross-Sector Collaboration, And Policy," *Health Affairs*, Volume 37, Number 4 (April 2018), pp. 525–534.

<sup>25</sup> IVQIA. *The Growing Value of Digital Health*, November 7, 2017, available at <https://www.iqvia.com/institute/reports/the-growing-value-of-digital-health>.

Employers are starting to take the lead in incorporating selected offerings, such as wearables and health apps, into their traditional benefit plans. Given the explosion in the marketplace and the high level of failure among vendors, employers will have to be diligent in evaluating and choosing among options and would benefit from curating a crowded marketplace.



As many as 571 published studies, including randomized controlled trials and meta-analysis studies, offer robust clinical evidence on app efficacy and help identify a list of top apps to aid in consumer healthcare.

Particularly compelling evidence now exists for use of apps in diabetes, depression and anxiety. Additional evidence-building efforts continue with 860 clinical trials worldwide.<sup>26</sup>



<sup>26</sup> 22 IVQIA. The Growing Value of Digital Health, November 7, 2017, available at <https://www.iqvia.com/institute/reports/the-growing-value-of-digital-health>.





## Conclusion

Employers are in a strong position to drive quality healthcare.

By working together, employers, insurers and governments can determine how best to improve health markets.

Employers can be successful advocates for transparency when they aim to engage employees with data on quality and cost so they can make better healthcare purchasing decisions for themselves and their families.

By designing benefit plans that incent better care, employers can help ensure that their employees are getting the timely service and evidence-based care they need to maintain health, avoid disease and manage chronic illness. The payoff for the business — and the individuals who keep that business performing — is enormous. And the value to individuals and their loved ones is priceless. From reducing costs for employers and employees to boosting health and preventing patient harm, quality healthcare is strengthening the businesses and the workforce of the future.

For further information, please contact your local Mercer Marsh Benefits office.

### **About Mercer Marsh Benefits**

Mercer Marsh Benefits provides clients with a single source for managing the costs, people risks and complexities of employee benefits. The network is a combination of Mercer and Marsh local offices around the world, plus country correspondents who have been selected based on specific criteria. Our benefits professionals, located in 135 countries and servicing clients in more than 150 countries, are deeply knowledgeable about their local markets. Through our locally established businesses, we have a unique common platform that allows us to serve clients with global consistency and locally unique solutions.

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