Tackling Big Drivers of Unnecessary Healthcare Cost

The Alliance – Spring Symposium

Brian Klepper, PhD
Employers Clinic Commission

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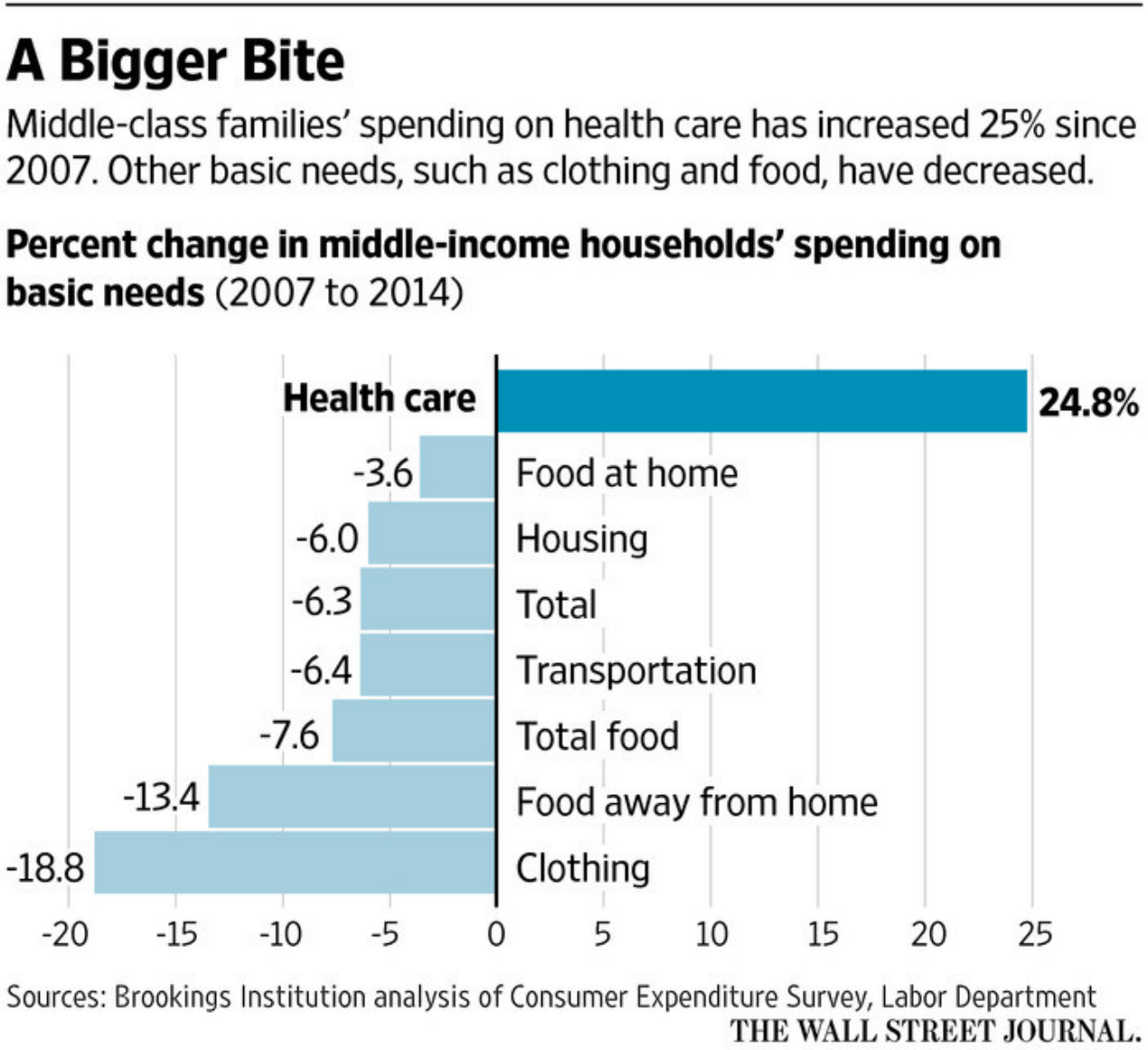
EMPLOYERS Clinic Commission
Optimizing Work-Site Clinic Performance

The State of U.S. Health Care Today

Our Healthcare System Has Been Catastrophic for Mainstream Americans

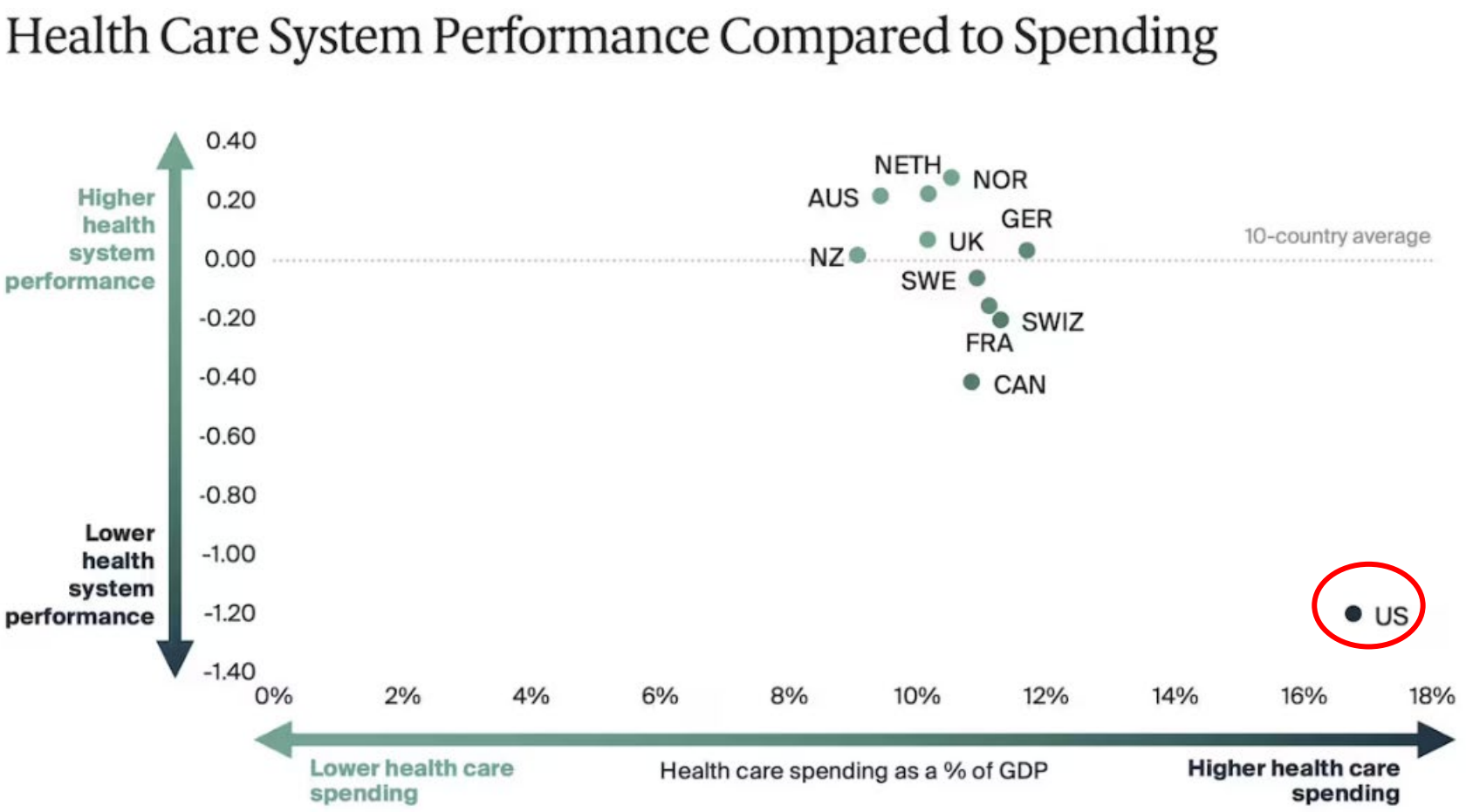
- Virtually all healthcare firms are profit-driven, independent of legal status (e.g., for-profit, not-for-profit), prioritizing profitability above patient health outcomes. Success demands performing unnecessary care and pursuing excessive pricing and margin.
- Since 1952, U.S. healthcare inflation has risen 3.7 times faster than general inflation.
- More than 40% of Americans have healthcare debt. 12% of Americans owe more than $10,000 in healthcare debt. 1 in 5 young adults 18-29 needed to borrow to pay healthcare bills in 2024.
- Two-thirds of personal bankruptcies in the U.S. are at least partially associated with medical debt. More than half of us with hospital debt have insurance.
- About 7% of Americans could not afford or qualify for health coverage in 2023.

Insatiable



Relentless healthcare cost growth has captured wage increases and forced reductions in spending on other household essentials.

Comparisons to Other Advanced Nations



Note: Health care spending as a percent of GDP. Performance scores are based on standard deviation calculated from the 10-country average that excludes the US. See How We Conducted This Study for more detail.
Data: Spending data are from OECD for the year 2019 (updated in July 2021).

Source: Eric C. Schneider et al., *Reflecting Poorly: Health Care in the U.S. Compared to Other High-Income Countries* (Commonwealth Fund, Aug. 2021).

Objectively, US healthcare provides the lowest value of all advanced nations.

The Commonwealth Fund

What Can We Do?

- The Healthcare Industry Can Invest Unlimited Funds to Dominate Policy/Regulation and the Marketplace.

- Are there Practical Pathways to Better Health Outcomes at More Reasonable Cost?

- What Would Be Required?
  - From Purchasers (Employers/Unions)
  - From Health Benefits Advisors/Brokers

- If So, What Are The Elements? How Would They Be Structured?

Healthcare's Foundational Challenges are Managing Clinical and Financial Risk

- Severely Complicated by Healthcare's Vastness, Complexity and Power Dynamics.
- Development of a Practical, Paradigm-Shifting Solution Will Require Resources, Innovation and a Firm Grip on the Transactional Principles that Govern Healthcare Now.

Needed: Purchasers Who Believe There's a Better Way

A critical mass of self-funded healthcare purchasers (employers and unions) who are sufficiently frustrated…

That they are willing to ditch the legacy cartel approaches for *proven* high value / performance.

Our 5 Major Challenges

1. Mobilizing Purchasers to Collaborate
2. Modern Analytics that Support Decision-Making
3. Empower Primary Care as Advocates, Guides, Managers of Clinical Complexity & Risk Management
4. Identify and Vet High Performing Specialty Managers in High Value Niches
5. Develop Service Integration and Risk Management Aggregation Platforms

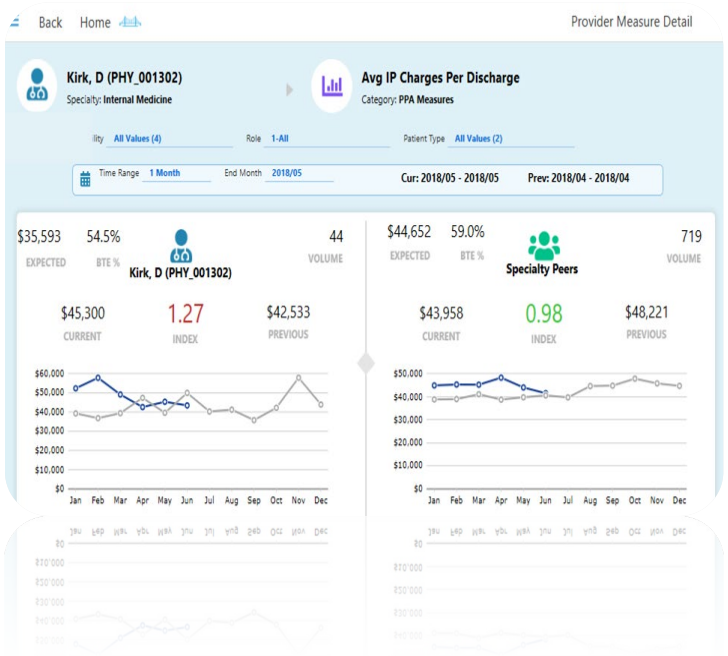
1. The Untapped Collaborative Market Power of Healthcare Purchasers (Employers/Unions)

- US Healthcare Finance's Mainstream is Organized Around Autonomous Groups, Which Have Been Difficult to Galvanize Into Activist Purchasing Alliances.

- As a Result, US Employers Have Not Yet Realized Their Collective Purchasing and Advocacy Strength.

- Coalescing Will Require Finding Common Practical Value In An Entity Aligned with their Interests.

2. Modern Analytics That Support Decision-Making



- Live, Interactive Dashboards - Reflecting Key Performance Indicators and Outliers
- Population Health Strengths and Weaknesses
- Provider Quality and Performance
- Procedure Pricing Transparency - Regionally
- Program Element Cost Details and Forecasting

3. Worksite Advanced Primary Care (APC) Clinics

- The Foundation of Risk Management Integration
- APCs Functions
  - Provide Preventive Care
  - Tend to Minor Acute Care Problems
  - Chronic Disease Management
  - Manage Complexity

- As the Front Door to Healthcare, Primary Care is the Guide and Advocate for the Patient's Interests - Everywhere in the Care Continuum.
- The Second Function Requires an Investment in Technology, Infrastructure and Process
- Well Run APC Clinics Should Deliver Meaningful Returns on Investment.

4. High-Performance Specialty Solutions in High Value Niches

Clinical or financial risk management solutions that consistently deliver better health outcomes and/or lower cost than conventional approaches.

- Advanced Primary Care Clinics
- Cardiometabolic Care Management
- Complex Disease Management
- Musculoskeletal Disorder
- Surgical Management
- Maternity
- Drug Management
- Pharmacogenetic Profiling
- Nearshore Centers of Excellence
- Claims Review
- Imaging Management
- Large Claims Resolution
- 2nd Opinion

“High Performing” Requires Independent 3rd Party Vetting

What is High Performing?

- Demonstrable longitudinal data - Better health outcomes and/or lower costs
- At least 5 unquestionable testimonials - Personally and Privately Vetted
- Program Scalability
- Program Endurance - Target 3+ years
- Financial/Economics Model - Private, VC or PE Funded, Each Model is Unique

And Performance That is Financially Guaranteed

Founder Characteristics of High-Performing Organizations

- Mission-Driven, Passionate
- Data- & Evidence-Driven
- High Subject Matter Expertise In Their Niche
- Deconstructed A Problem And Devised, Then Refined, An Unconventional Solution
- Dedicated To Continuous Quality Improvement

Willing To Financially Guarantee Performance Targets Achievement

Chronic Disease Management

- **Cardiometabolic Diseases** – e.g., High Cholesterol, High Blood Pressure, Diabetes, Congestive Heart Failure, Chronic Kidney Disease – Consume About 40% of Total Health Spending.

- US Healthcare does a poor job controlling chronic diseases, because most physicians and healthcare providers do not follow **Optimal Medical Therapy (OMT)**, which incorporates "evidence-based care processes consistent with best practices."

- Diabetes patients on OMT:
  - Have one-fourth as many heart attacks.
  - Have one-fifth as many strokes compared with usual care.
  - If they suffer a heart attack, are ten times as likely to survive it.

This Vendor:

- Trains clinicians in OMT delivery,
- Measures clinical and financial performance at baseline and quarterly
- Provide nurse coaching to achieve further improvements.
- Systematized and automated to the extent possible. All supported by AI.

Vetted data demonstrates $5,000/pt/year savings, with a 5:1 Return on Investment

Complex Disease Management

Total Addressable Market for Target Diseases: Cancer, Rare and Complex (neurodegenerative, Autoimmune) Diseases

>33%

Of spend in the Commercial Market is driven by 6-10% of the population with Medzown Target diseases*

THE PROBLEM REQUIRES MORE PRECISION

>40%

Of spend of Medicare Advantage s driven by ~20% of the population with Medzown Target diseases*

THE MARKET IS AT A TIPPING POINT

>$1T

Will be required to treat complex and rare diseases alone[2], by 2030 3-5x more than other chronic conditions[1]
There are 1000's of specialty drugs in development.

1. Managing the Most Expensive patients. Harvard Business Review. February, 2020.
2. American Society of Cell and Gene Therapy, Gene, Cell, & RNA Therapy Landscape: Q2 2021 (2021).

Pharmacogenetic (PGx) Profiling

- Low Cost ($300), One-Time Genetic Profile That Identifies Drugs An Individual Can and Cannot Metabolize (Drug/Drug or Gene Drug Interactions). 15 YO Tech That Has Not Been Integrated into the US Clinic Workflow.
- Blue Genes' Tech Makes the Profile's Relevent Info Immediately Available to Clinicians and Organizations.
- Avoids Patients Taking Meds That Won't Be Helpful or That Conflict With Other Meds.
- Monthly Subscription Fee To Ensure That Data Are Current and Can Be Readily Provided to Physician, Pharmacist, PBM, Health Plan, Etc.
- 2022 30-Month Study of Almost 30,000 KY School District Retirees, All on Medicare Advantage Plans. 5,000 Patients Had Profile Available to Their Physicians. The Remaining 25,000 Did Not Have Profiles.
- Results Showed That Participants with PGx Profile Had Total Annual Costs $2,625/Pt. Lower Than Those Without the Profile.
- Generalizing that Figure to the US Medicare Population, if all Medicare enrollees had PGx Profiles Available to their Medical Teams, the US would save $171 **Billion**/Year.

Standalone Point Solutions Have Drawbacks

- When Directly Contracted, They Must Be Managed Independently from the Health Plan, Usually by an Employee Benefits Manager who may not have experience and has limited bandwidth.

- To be Effective the Point Solution should generally be the Default Initial Provider for Patients with Specific Diagnoses. Providing Access to High Performers is the Point.

- Hard to Gain Momentum. Because its Focus is Limited to one Niche, a Single Point Solution's Impact May Seem Small as a Percentage of Total HC Spend.

Aggregate Solutions with Guarantees to drive Efficiencies and Cumulative Savings.
This is Foundational to Displacing Legacy Health Plans.

Integration

Integrating Multiple Risk Management Capabilities Optimizes Solution Performance While Simplifying Administrative Complexity & Coordination.

Integrated Point Solutions Example Impacts

Specialty Program	Percentage of Total Health Care Spend	Savings Within Niche	Total Health Care Spend Impact	PEPY Savings
Chronic Care Management	40.0%	30.0%	12.0%	$1,980
Cancers and Other Complex Diseases	30.0%	25.0%	7.5%	$1,238
Direct Contracting	18.0%	35.0%	6.3%	$1,040
Musculoskeletal Disorder Management	17.0%	35.0%	6.0%	$982
Imaging	15.0%	30.0%	4.5%	$743
Primary Care	10.0%	30.0%	3.0%	$495
Specialty Rx Management	10.0%	35.0%	3.5%	$578
Rx Pricing Optimization	10.0%	15.0%	1.5%	$248
Rx Formulary Optimization	10.0%	15.0%	1.5%	$248
Across Offerings			45.8%	$7,549

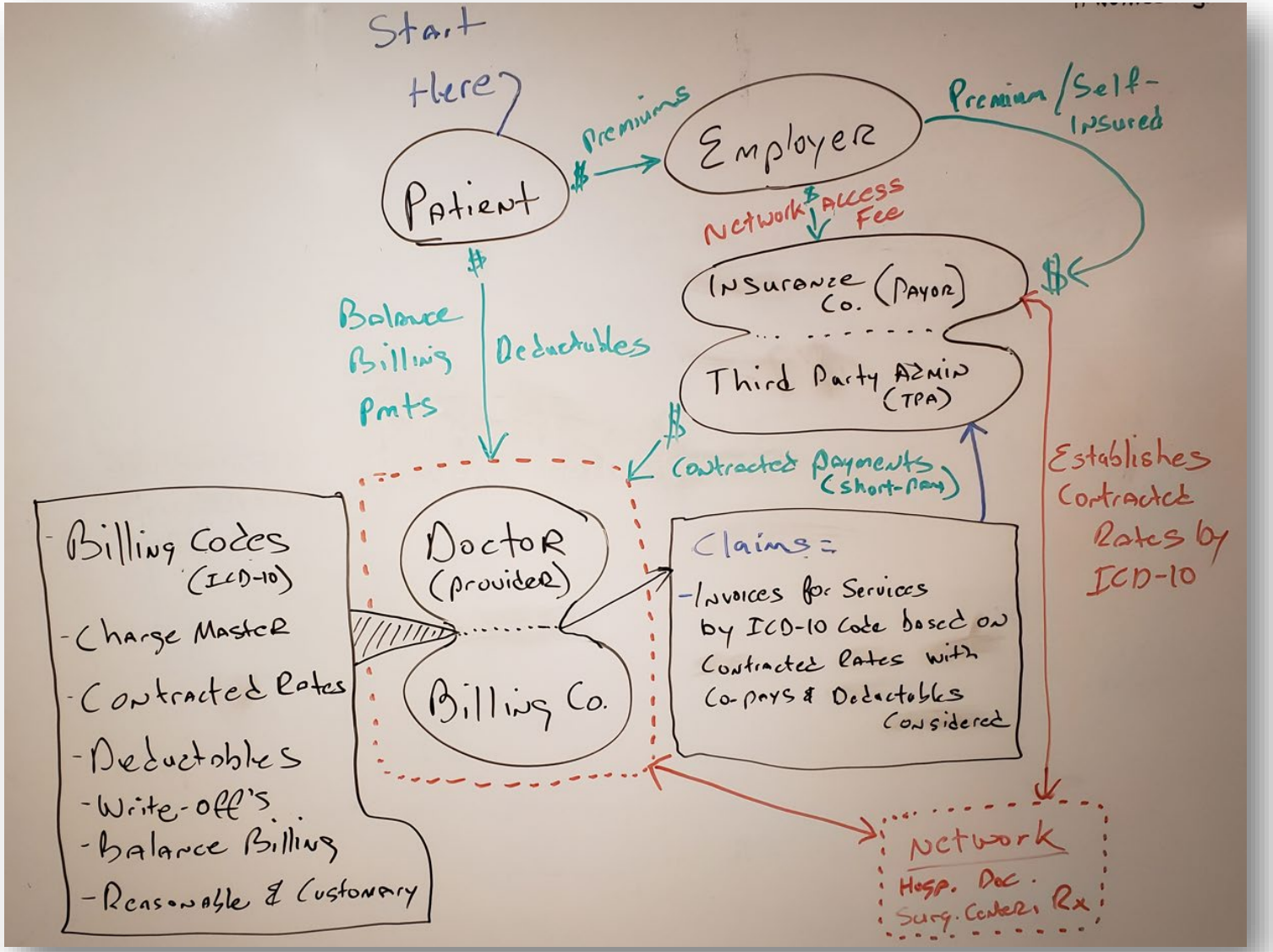
[1] Savings Net of Services Fees. Values Are Estimates, Intended to be Illustrative Rather Than Precise. [2] Solution Results May Interact & Not Be Cumulative. [3] Assumes 2019 Blended Rate of $14,800 Per Employee Per Year (PEPY) Health Plan Costs Per NBGH 2018 [4] Primary care typically consumes about 10% of total health care spend, but influences care and cost throughout the care continuum, driving appropriate and disrupting inappropriate treatment practices. [5] Included Reference-based Pricing, Bundled Pricing and Centers of Excellence [6] Included Diabetes, Coronary Artery Disease, Hypertension, Chronic Kidney Disease and Obesity

Success 1st Requires: 1) Clinic Program 2) Engagement Platform 3) Active Analytics

To Overcome the Entrenched Structure, High Performing Vendors Must Bring Offers Purchasers Can’t Refuse

Much is Taken From The Healthcare Ecosystem by Those Who Contribute Very Little

$$\text{Value} = \frac{\text{Outcomes}}{\text{Cost}}$$



Healthcare Benefits Hackers Listserve

- A **Free** Professional Discussion Forum Focused on Healthcare Value and High Performance
- Active Since October 2024. 1,150 Participants Now.
- Participants Include Healthcare Benefits Managers, Benefits Advisors, Value-Focused Vendors, Physicians, Healthcare Attorneys, Journalists, Policy Experts, Content Developers.
- Many Nationally Prominent Subject Matter Experts
- We Adhere to Strict Guidelines on Credible Information Sources, Courtesy.
- A Strong Resource for Networking, Access to Deep Expertise, Opportunities

Thanks for always being a forum for respectful exchange and passionate viewpoints.

Jennifer Brian, President & CEO
International Consortium for Health Outcomes Measurement (ICHOM)

To join, hand me a card or contact Brian at bklepper@employersclinic commission.com with your name and the email address you want to use with this service.

Brian Klepper, PhD

bklepper@employerscliniccommission.com

(904) 343.2921

is a health care analyst and commentator, active nationally. He is a Co-Founder and Chief Strategy Officer of The Employers' Clinic Commission, which helps employers and worksite clinic vendors achieve high performance. He speaks and writes extensively on primary care clinics, high performance healthcare and the management of clinical and financial risk.

He is a regular contributor to the health care trade press and an advisor to several health care firms and foundations. A patient- and purchaser-advocate, he has focused on the market and policy dynamics of the health care cost crisis, and readily available solutions to purchasers willing to approach the problem laterally. The George Washington University Masters in Health Administration Program ranked Brian's Care & Cost, the top 2016 blog by a health care professional. Feedspot named it a 2017 top 100 health care blog. Brian also founded and moderates The Healthcare Benefits Hackers listserv, a professional discussion forum on healthcare value and high performance, with 1,150 participants.

In his spare time Brian is an offshore sailor.

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