

Pulse of the Purchaser 2023 Survey

Survey Summary

Pulse of the Purchaser, a national survey of employers, was conducted November-December 2023

The survey gauged concerns and views of employers around the following:

- Workforce environment
- Health strategies (e.g., whole person health, equity, women's health, mental health, and obesity management)
- Fiduciary perspectives
- Hospital price strategies
- Pharmaceutical drug strategies
- High-cost claims strategies
- Potential health reforms

The survey included 172 responses from private and public employers and purchasers across the country

- Wide range of sizes 26% <1,000 employees, 36% 1,000-4,999 employees, and 38% over 5,000
- Representing numerous industries – federal, state, or local government (18%), educational services (18%), manufacturing (14%), healthcare and social assistance (11%), retail/wholesale trade (8%), and finance and insurance (7%)

Key Findings

Employer/Purchaser Perspectives on Current Workforce Environment

- **100%** of employers agree (**81% strongly agree**) that attracting and retaining talent is a top priority, but rising healthcare costs prove to be a significant challenge
 - Rising healthcare costs impact organization's competitiveness (**91% agree**)
 - Costs impact our organization's ability to remain competitive (**82% agree**)
 - Costs directly or indirectly crowd out salary or wage increases (**73% agree**)
 - Costs will result in further cost-shifting to employees (**91% agree**)
- Employers agree that the most significant threats to affordability are **drug prices (93%), high-cost claims (88%),** and **hospital prices (83%)**

Key Findings

Employer/Purchaser Perspectives on Health Strategies

- Employer focus on ***whole person health*** continues to grow, strategies that saw significant growth from 2022 to 2023 include integration of mental health with physical health (**up 18%**), recognizing diversity within a population (**up 15%**), and meeting individuals on a more personalized basis (**up 10%**)
- Employer ***health equity strategies*** are gaining momentum, key growth areas from 2022 to 2023 include improving accountability in service provider contracts (**up 38%**), evaluating program participation by relevant sub-populations (**up 15%**), and analyzing access to and quality of services (**up 13%**)
- Most common ***women's health*** benefits today include mental health support (**90%**), parental leave (**76%**), maternity support services (**69%**); highest upcoming considerations in 1-3 years include menopause support (**43%**), caregiving assistance (**33%**), and reproductive health (**22%**)
- **Over 70%** provide ***mental health*** support resources, mitigate stigma, and discuss affordable access and quality issues with vendors; highest areas being considered in 1-3 years include promoting cultural competency (**37%**), establishing vendor accountability (**29%**), and integrating behavioral health into primary care (**27%**)
- Most common ***obesity*** benefits today include lifestyle programs (**79%**), bariatric surgery (**69%**), and obesity medications with conditions (**54%**); highest future considerations (next 1-3 years) are a phased approach to medication-assisted support (**45%**), obesity care through collaborative care model (**37%**), and coverage of obesity medications (**35%**)

Key Findings

Employer/Purchaser Perspectives on Fiduciary and Financial Strategies

- Most employers as *fiduciaries* are not confident in the *integrity of services and fees charged* under their plan for hospitals **(8-10%)**, PBMs **(22-26%)**, TPAs **(39%)**, and even brokers and consultants **(43-49%)**
- Most employers as *fiduciaries* are not confident in their *intermediary's compliance efforts* with the new mental health parity requirements **(33%)** and new transparency requirements **(39-43%)**
- **88%** of plan sponsors believe *hospital prices* are unreasonable/undefensible; the most common strategies to mitigate hospital prices are centers of excellence **(41%)** and site of care strategies **(37%)**; going forward, employers are considering the following strategies within the next 1-3 years are advanced primary care **(57%)** and tiered networks **(56%)**
- Employers are asserting greater financial control of their *PBM* relationships through data ownership **(63%)**, eliminating advisor conflicts **(57%)**, and full audit rights **(55%)**; key areas being considered in the next 1-3 years are full disclosure of all revenue streams **(63%)**, transparency regarding net cost by drug **(59%)**, and comprehensive definition of rebates **(49%)**
- Most employers believe their formulary promotes biosimilars **(69%)** and removes low-value drugs **(50%)**; key areas of focus being considered in the next 1-3 years are use of a value-based formulary **(49%)** and customized formularies **(43%)**

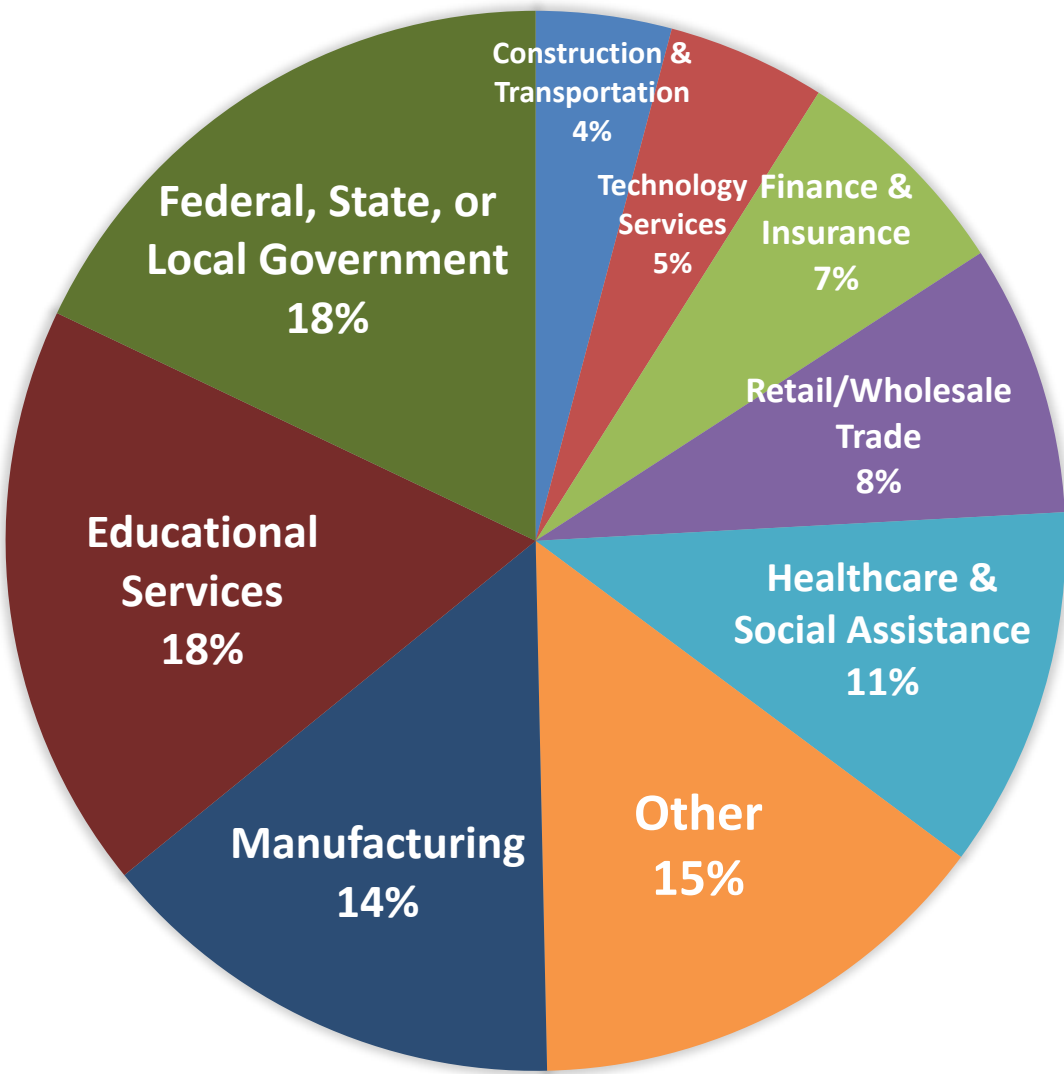
Key Findings

Employer/Purchaser Perspectives on High-Cost Claims and Policy Reform

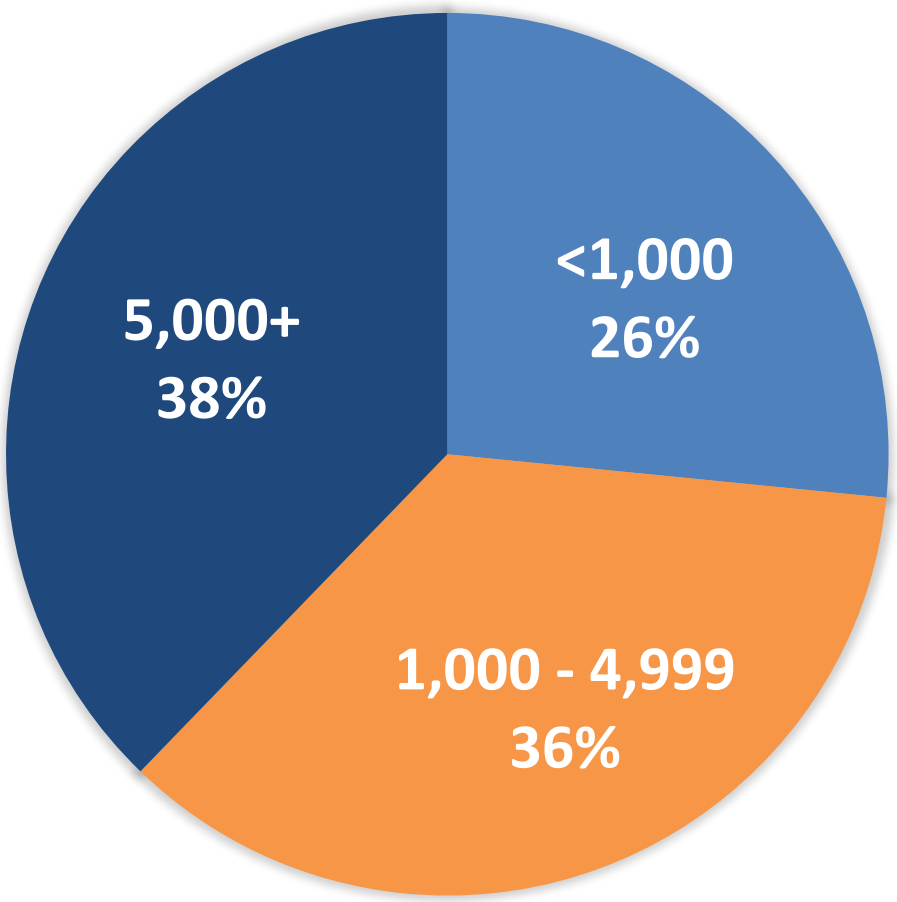
- Most common **high-cost claims** strategies include managing complex cases (**71%**), early intervention (**69%**), and running pharmacy claims through the medical benefit (**62%**); highest areas being considered in the next 1-3 years include precision medicine (**50%**), negotiating/auditing hospital prices (**46%**), and confirming sites of care (**45%**)
- Most employers who obtain coverage for **high-cost claims** do so through purchasing stop-loss (**69%**) or by using a captive reinsurer (**11%**); those considering coverage in the next 1-3 years are more likely to consider using a captive reinsurer (**26%**) versus purchasing stop-loss (**10%**)
- Employers support **policy reforms** such as hospital rate regulation (**50% very helpful**), hospital price transparency (**48% very helpful**), and anti-trust enforcement (**48% very helpful**). Interest in policy reform surged from 2022 to 2023, with hospital rate regulation (**up 20%**), hospital price transparency (**up 11%**) and surprise billing regulation (**up 7%**).

172 Total Respondents

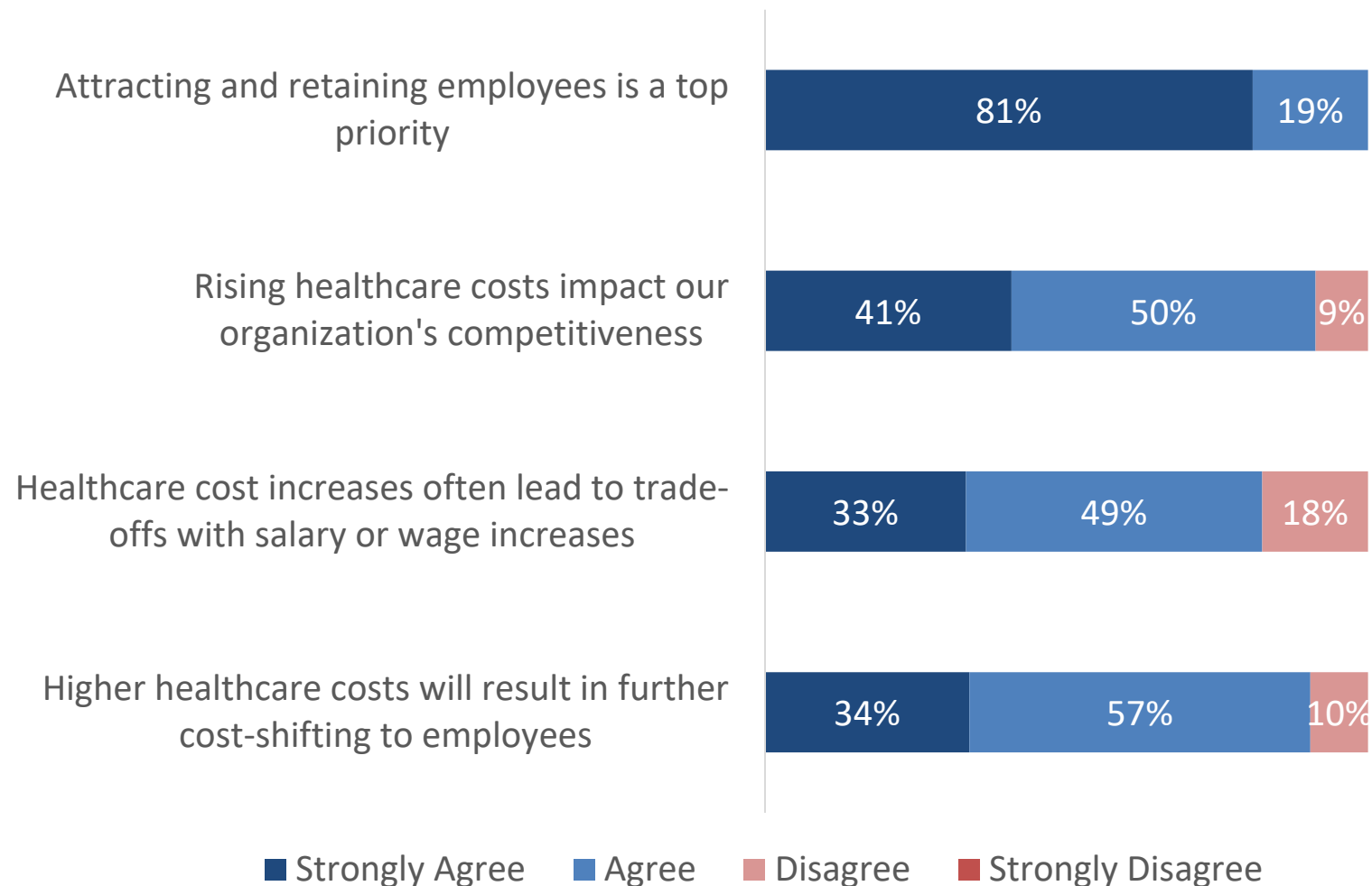
Industry Breakdown



Organization Size Breakdown Number of Employees



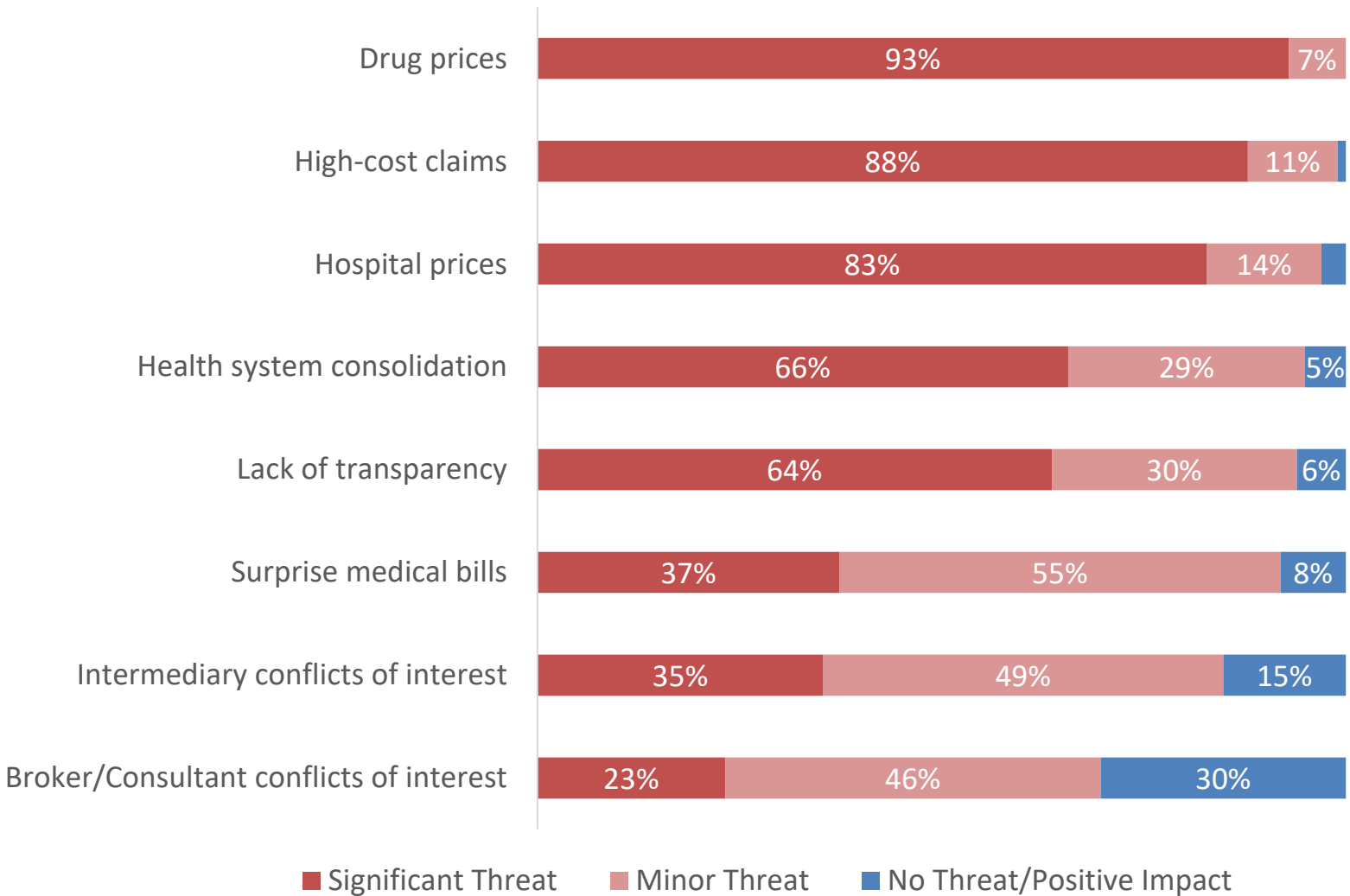
Employers agree that attracting and retaining is a top priority, but healthcare costs are hindering their efforts



81% of employers strongly agree that attracting and retaining talent is a top priority, but rising healthcare costs prove to be a significant challenge

- Rising healthcare costs impact organization's competitiveness (**91% agree**)
- Costs impact our organization's ability to remain competitive (**82% agree**)
- Costs directly or indirectly crowd out salary or wage increases (**73% agree**)
- Costs will result in further cost-shifting to employees (**91% agree**)

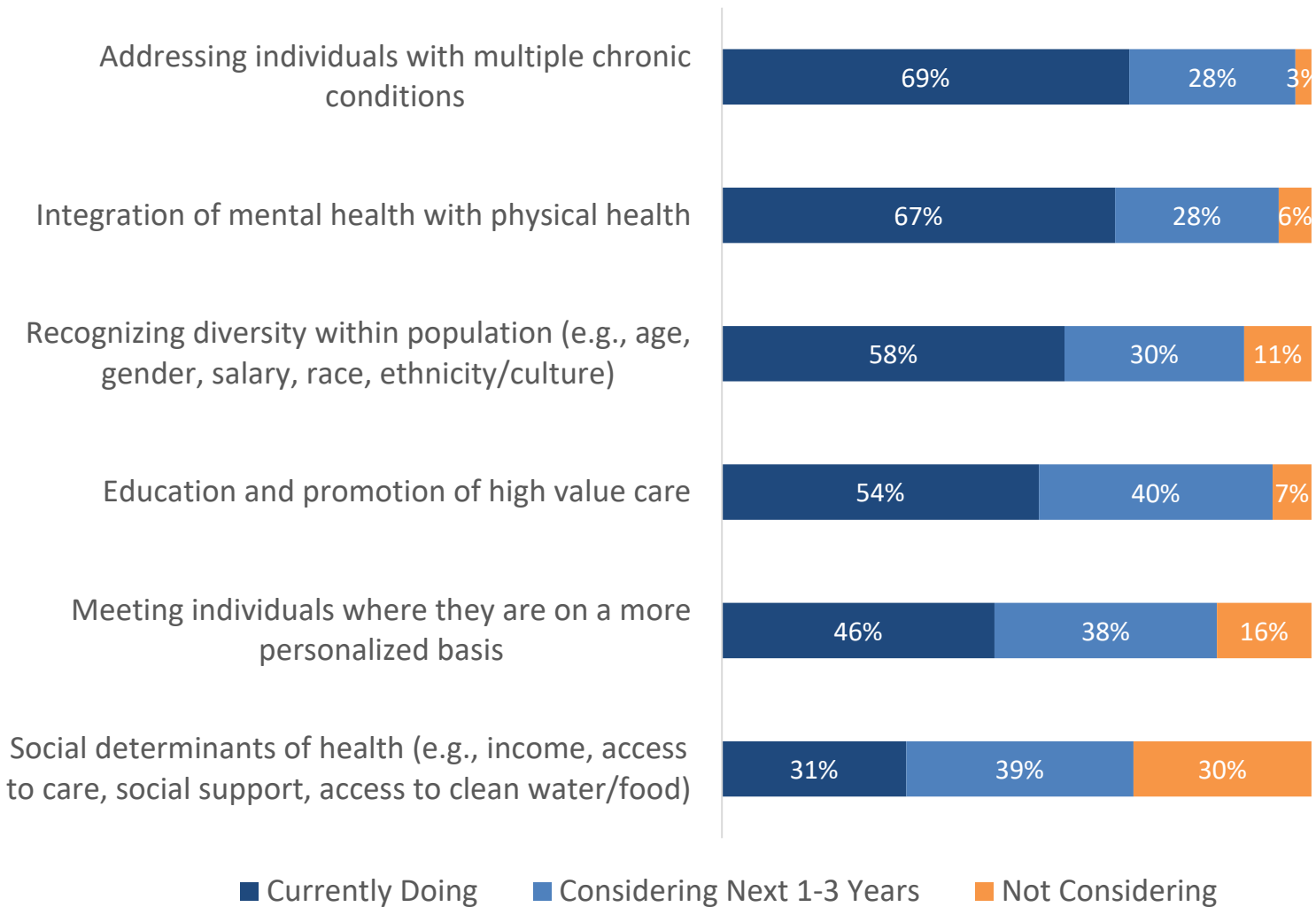
Three biggest threats to affordability are drug prices, high-cost claims, and hospital prices



Consistent with the past 3 years, over 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to affordability



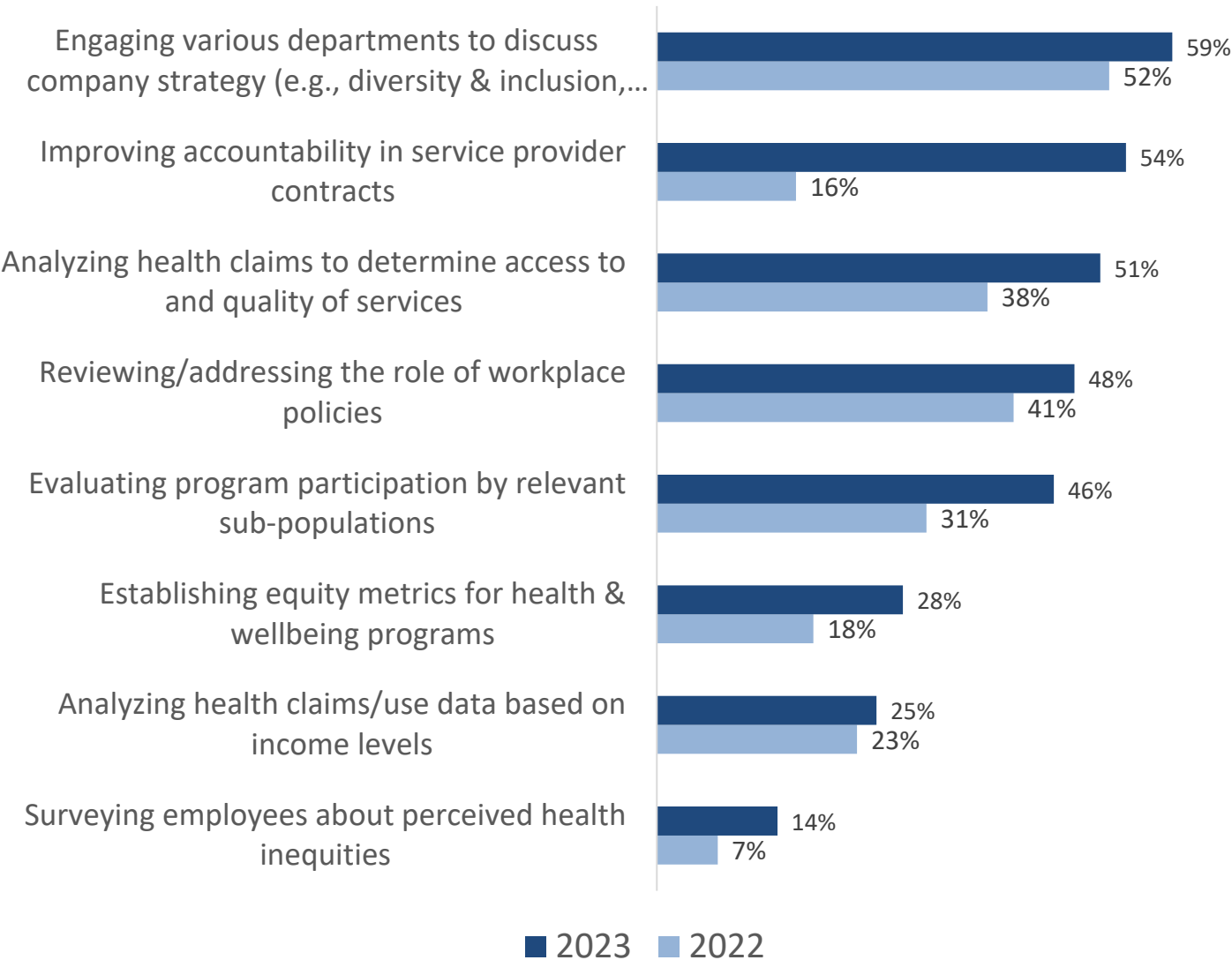
Employer focus on whole person health continues to grow



Whole person health strategies that have increased the most from 2022 to 2023

- Integration of mental health with physical health (up 18%)
- Recognizing diversity within population (up 15%)
- Meeting individuals on a more personalized basis (up 10%)
- Addressing multiple chronic conditions (up 9%)
- Considering social determinants of health (up 7%)

Employer health equity strategies are continuing to build momentum



Employer health equity strategies that have grown the greatest from 2022 to 2023:

- Improving accountability in service provider contracts **(up 38%)**
- Evaluating program participation by relevant sub-populations **(up 15%)**
- Analyzing access to and quality of services **(up 13%)**
- Establishing equity metrics for health and wellbeing programs **(up 10%)**
- Surveying employees about perceived health inequities **(up 7%)**
- Reviewing/addressing the role of workplace policies **(up 7%)**
- Engaging various departments to discuss company strategy **(up 7%)**

Employer/Purchaser Perspectives on Women's Health

Current look into the environment:
Women's health benefits employers are currently offering:



90% offer mental health support



76% offer parental leave



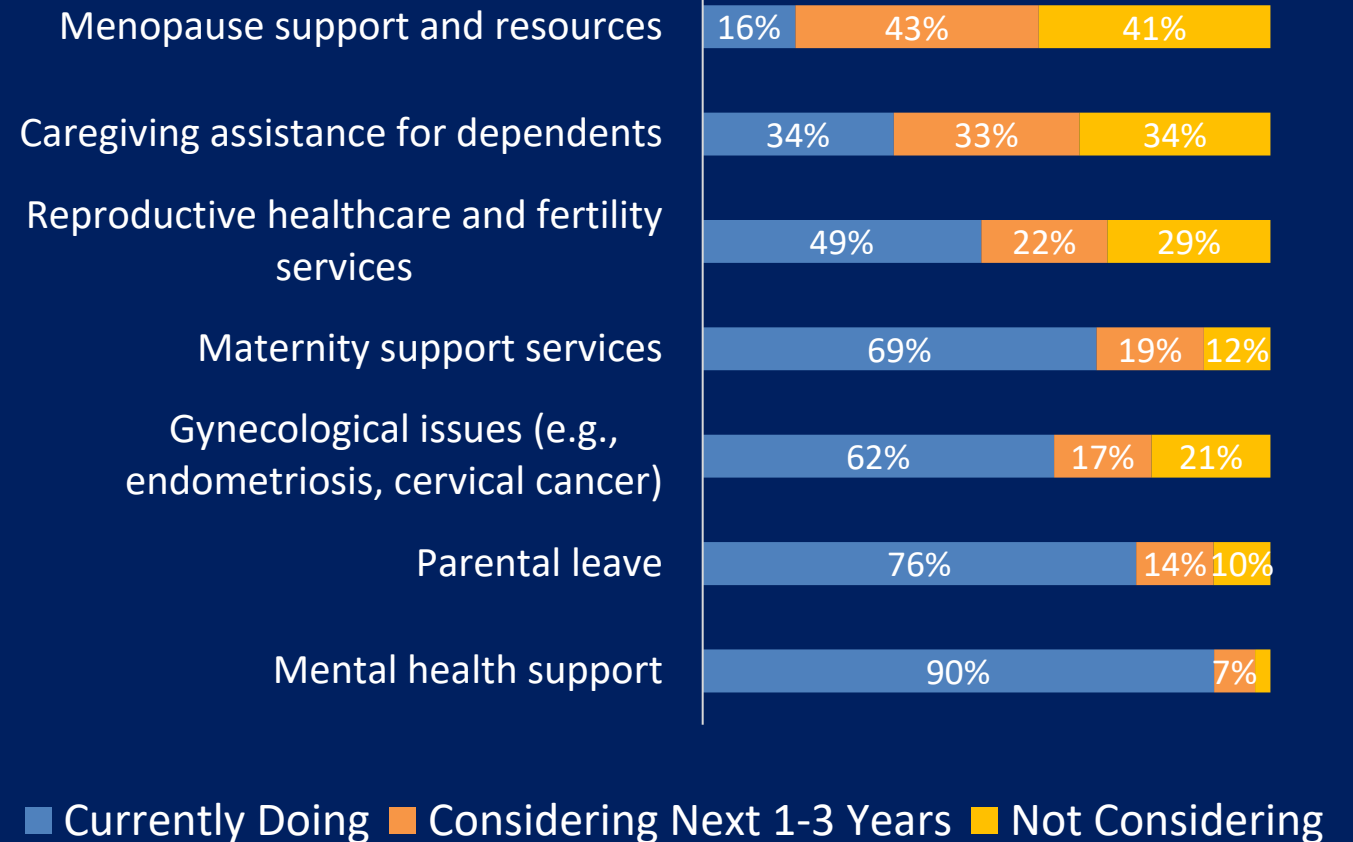
69% offer maternity support services



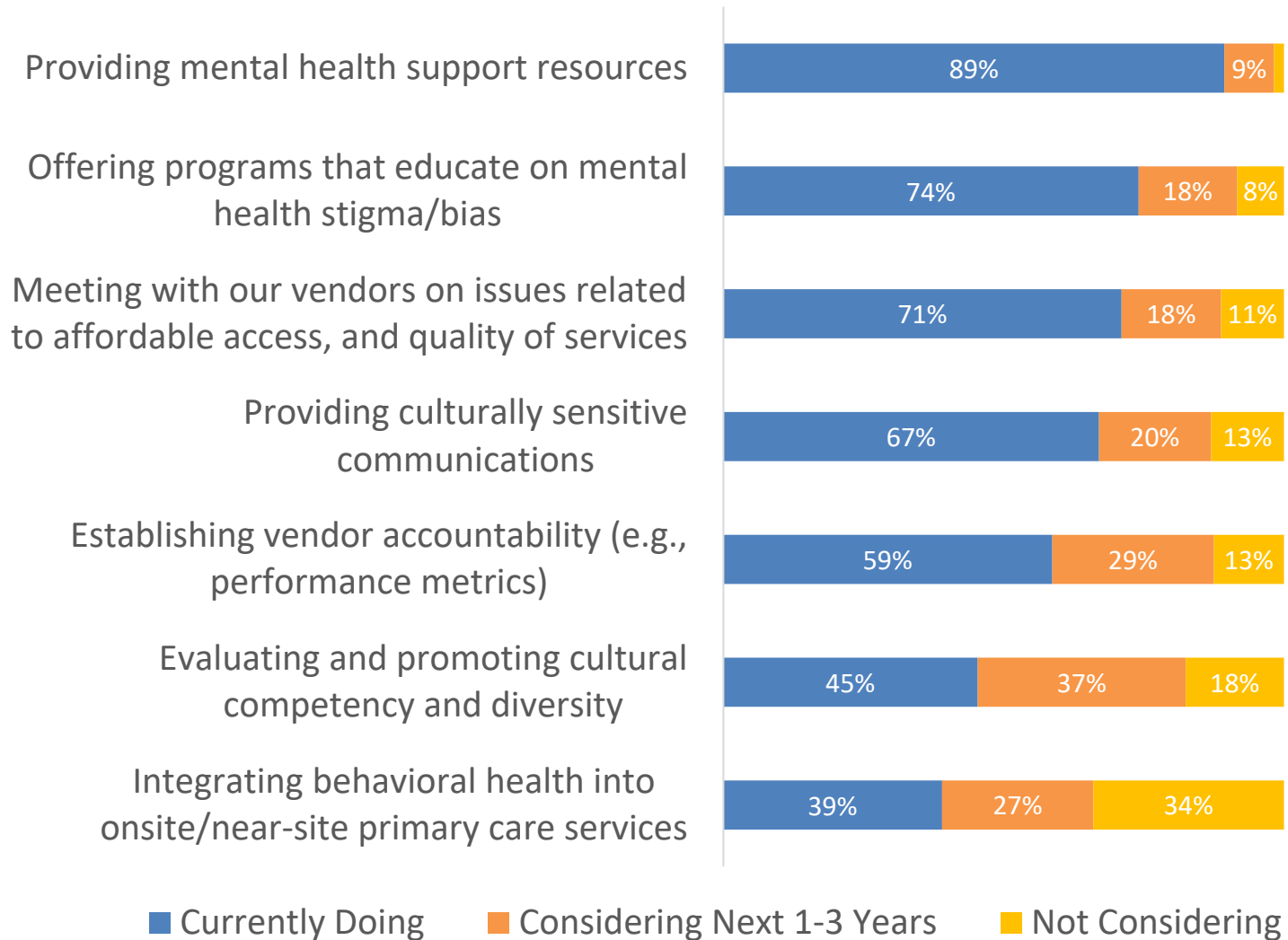
62% offer coverage on gynecological issues (e.g., endometriosis, cervical cancer)

Glimpse into the future:

The fastest-growing women's health areas include menopause support, caregiving assistance, and reproductive health



Mental health shifts from increasing support to addressing diversity and improving accountability



At least **7 in 10 employers** provide mental health support resources, offer programs that mitigate stigma, and meet with their vendors on issues related to affordable access and quality of services



The highest areas being considered in the next 1-3 years include:

- Evaluating and promoting cultural competency (**37%**)
- Establishing vendor accountability (**29%**)
- Integrating behavioral health into onsite/near-site primary care (**27%**)
- Providing culturally sensitive communications (**20%**)

Employer/Purchaser Perspectives on Obesity

Current look into the environment:

Obesity benefits employers are **currently offering**:



79% Lifestyle programs (e.g., exercise and nutrition programs)



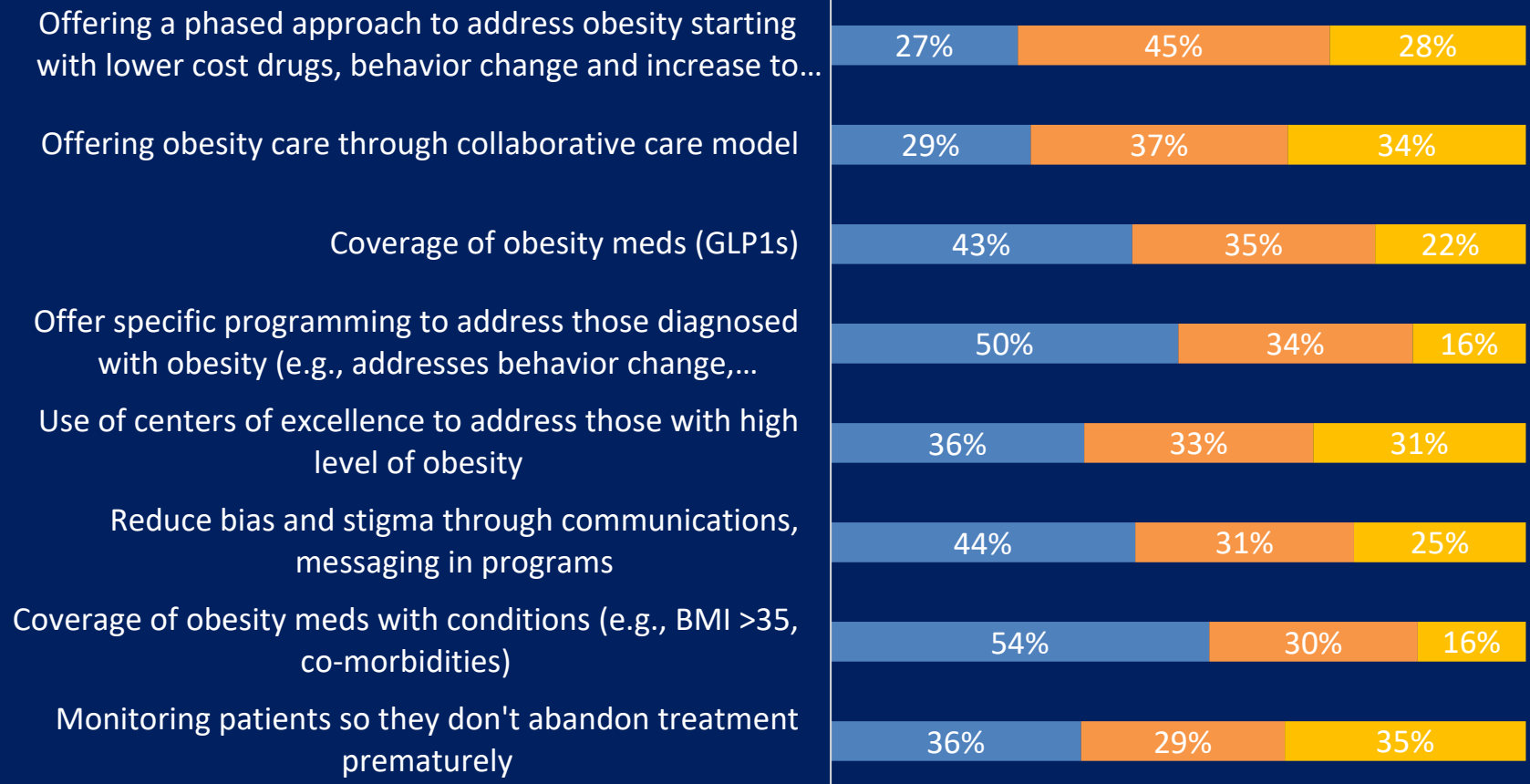
69% Coverage of bariatric surgery



54% Coverage of obesity meds with conditions

Glimpse into the future:

The fastest-growing obesity strategies are offering a phased approach to medication-assisted support, offering obesity care through a collaborative care model, and coverage of obesity medications



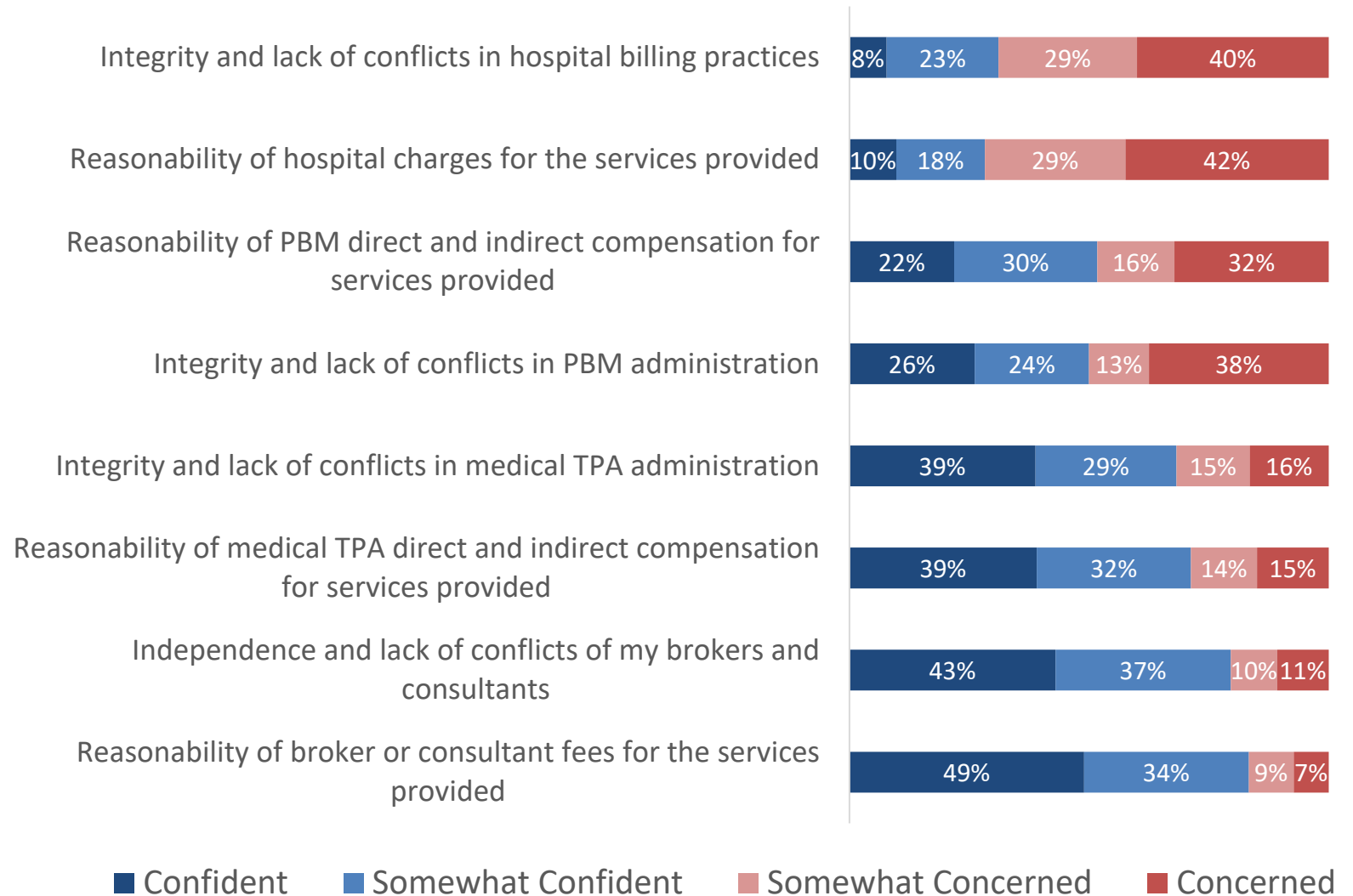
■ Currently Doing ■ Considering Next 1-3 Years ■ Not Considering

Less than half of employers are confident in the practices and financials for hospitals, PBMs, TPAs, and even brokers and consultants

Areas of highest concern include:

- Hospital charges for the services provided (**71% concerned**)
- Integrity and conflicts in hospital billing practices (**69% concerned**)
- Integrity and conflicts in PBM administration (**51% concerned**)
- PBM direct and indirect compensation (**48% concerned**)

Most employers as fiduciaries are not confident in the integrity of services and fees charged under their plan

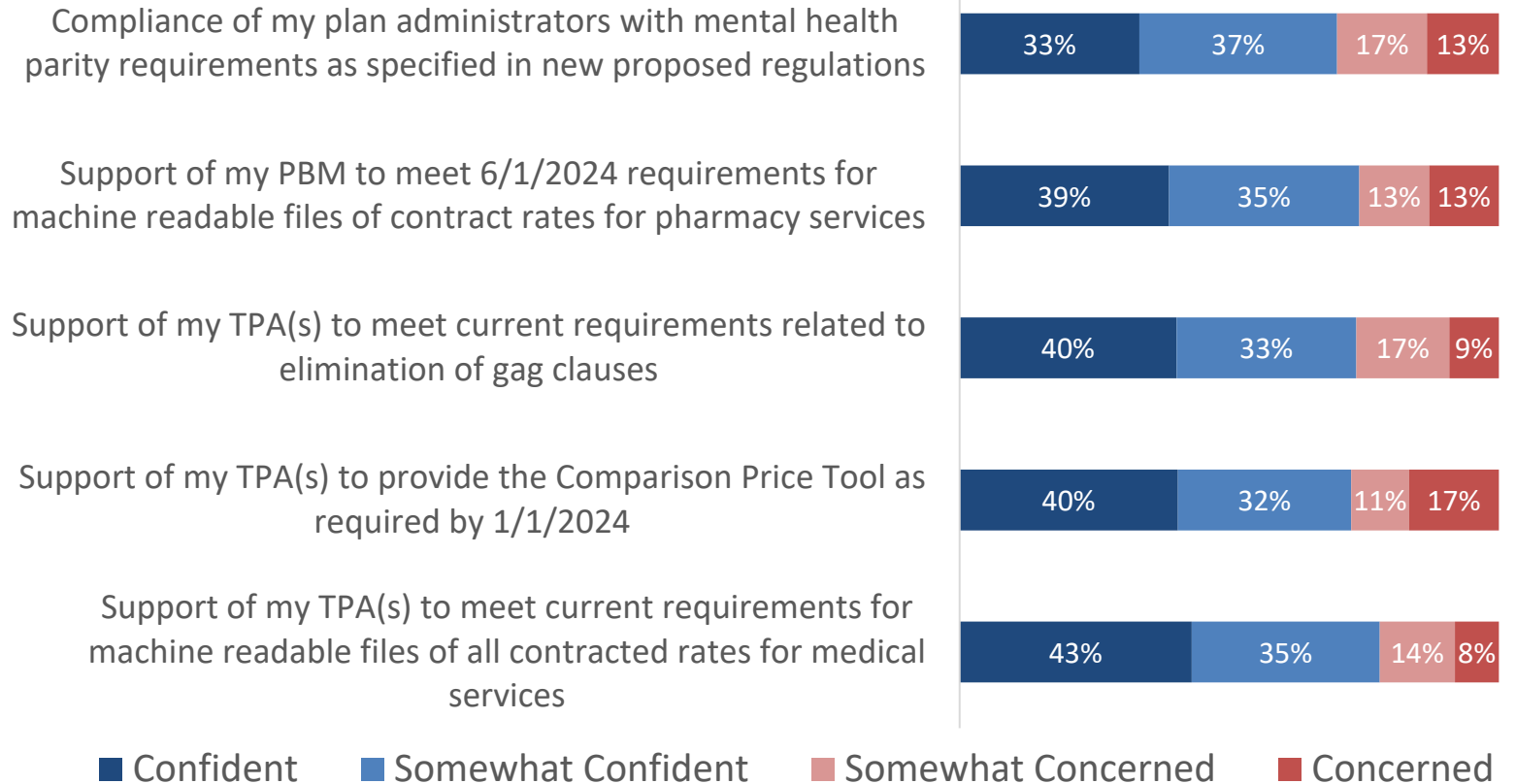


Only a third of employers are confident in their TPA's compliance with the new mental health parity requirements

About 4 in 10 employers are confident that their intermediaries will help them meet transparency requirements related to:

- **Machine-readable files of all contracted rates for medical services**
- **Comparison Price Tool as required by 1/1/2024**
- **Elimination of gag clauses**
- **Machine readable files of contract rates for pharmacy services by 6/1/2024**

Most employers as fiduciaries are not confident in their intermediary's efforts to keep them in compliance

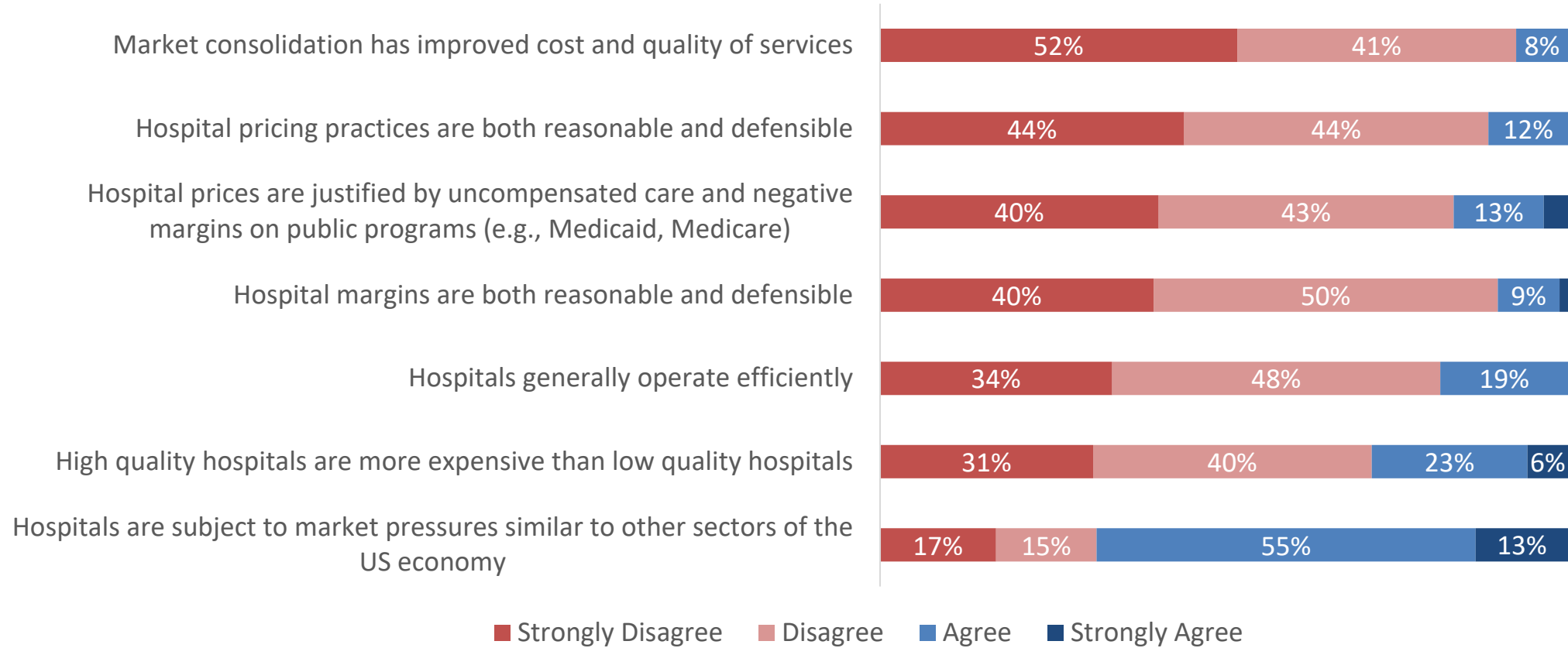


“I'm disappointed at these laws and the level of work and liability that is placed on employers. This has created a lot more work and to date, little value...”

– Survey respondent

9 out of 10 of plan sponsors believe hospital prices are unreasonable/indefensible

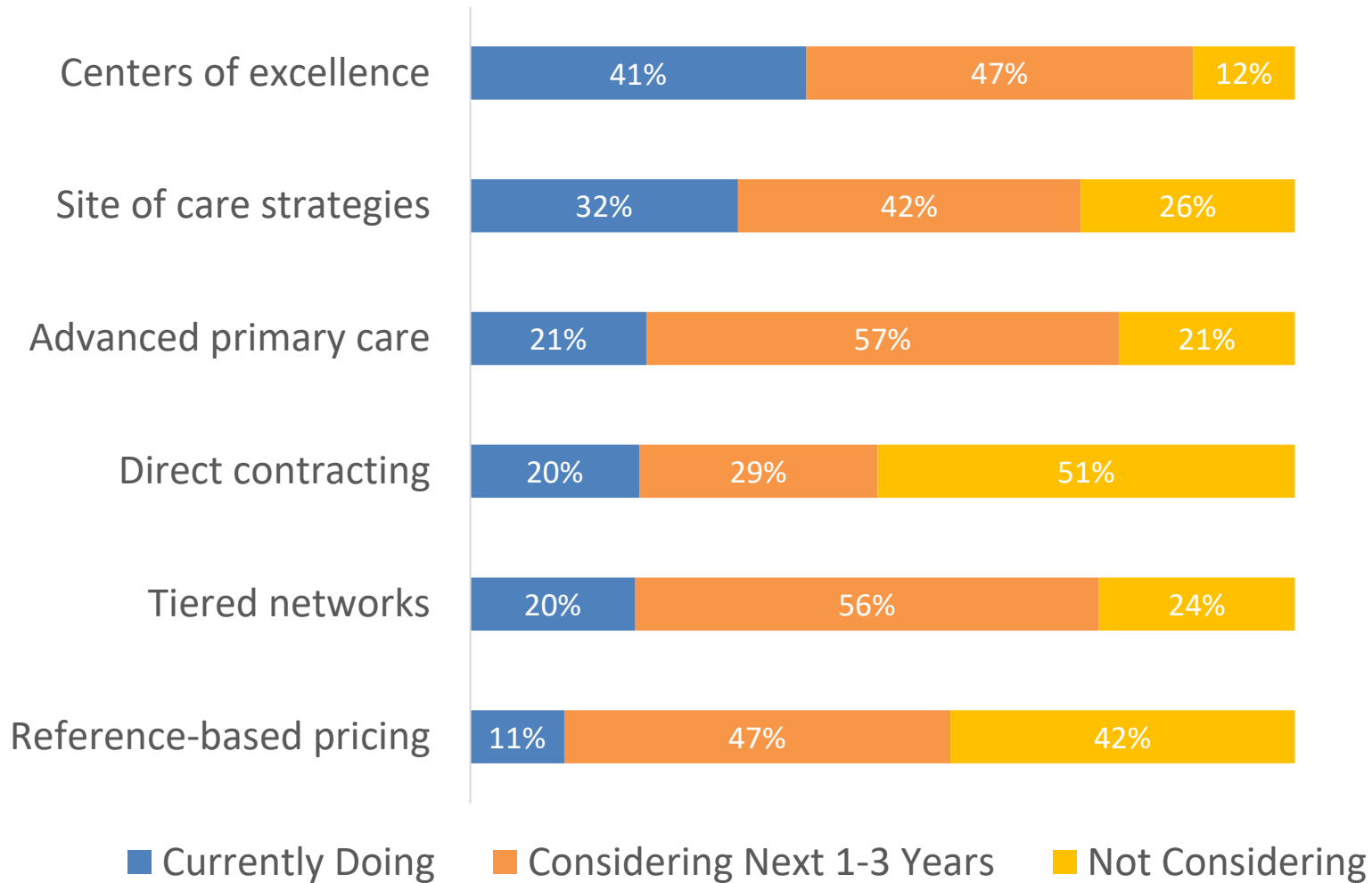
Market consolidation has not improved costs and quality of services



“Hospital pricing is killing us”

– Survey respondent

In light of hospital pricing practices, employers are getting increasingly selective in their benefits delivery strategies

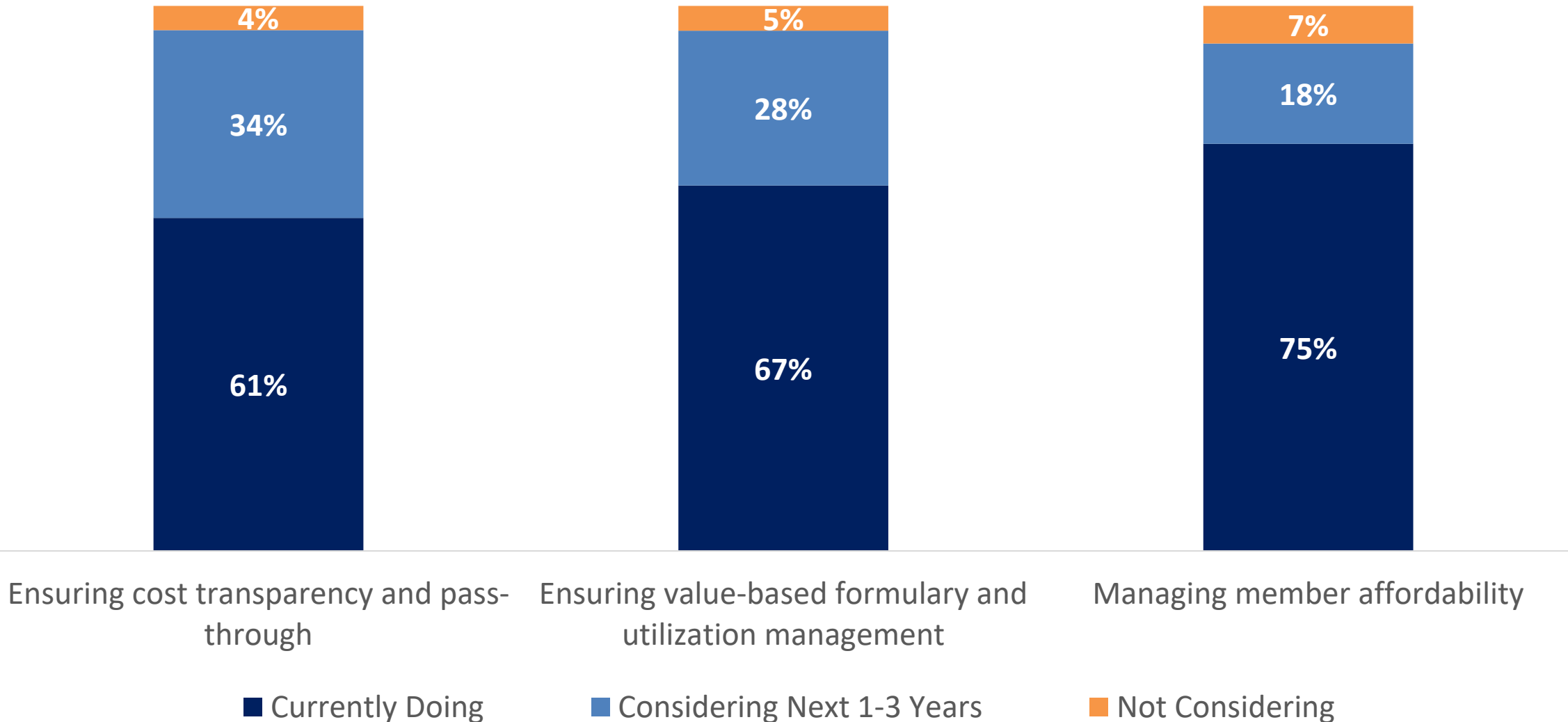


The most common strategies today are **centers of excellence (41%)** and **site of care strategies (37%)**

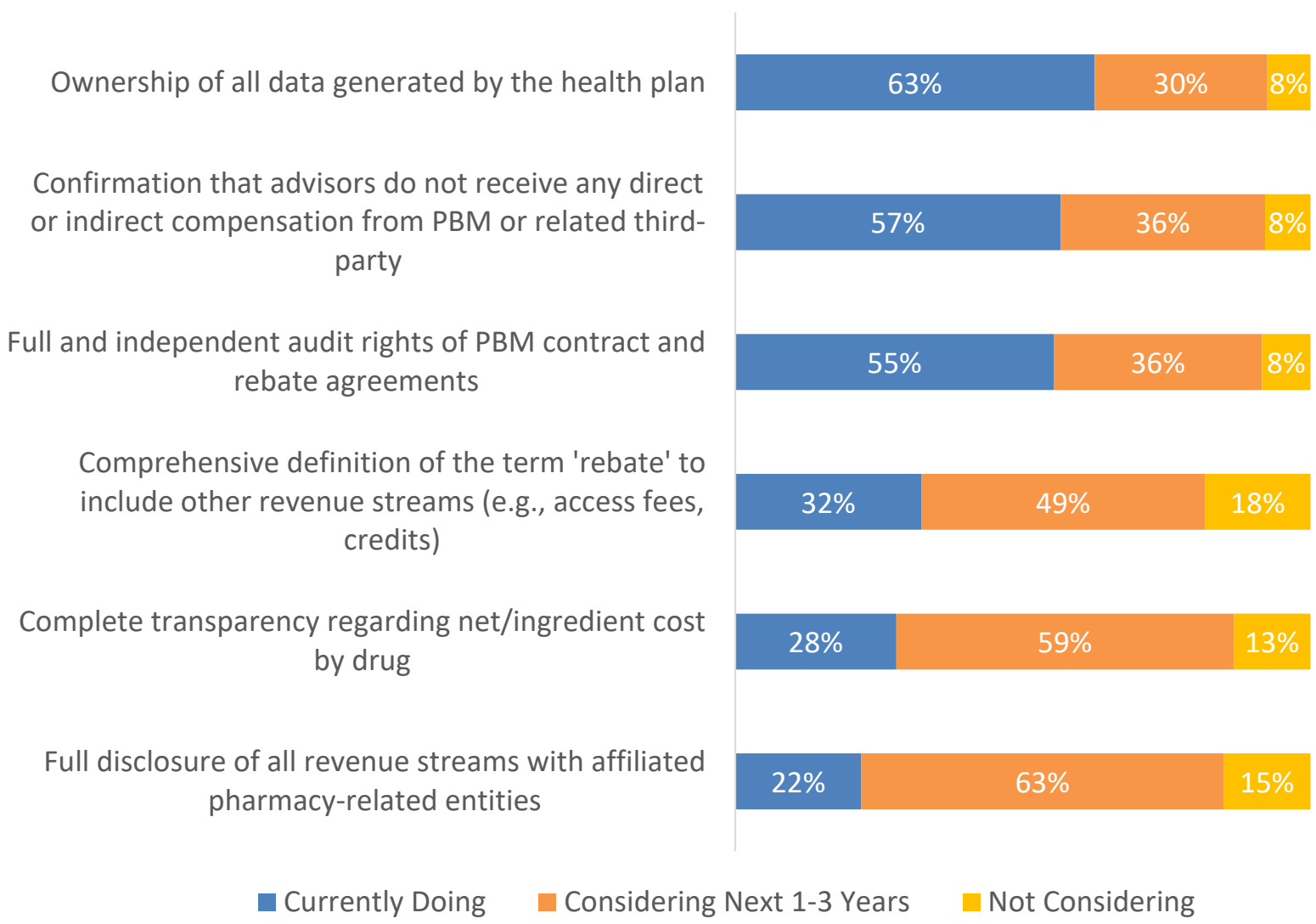
However, **over 40% of employers are considering the following strategies within the next 1-3 years:**

- Advanced primary care (**57%**)
- Tiered networks (**56%**)
- Centers of excellence (**47%**)
- Reference-based pricing (**47%**)
- Site of care strategies (**42%**)

To what extent are you doing the following regarding your organization's pharmacy benefit management strategy:



Employers are seeking to assert greater financial control of their PBM relationships



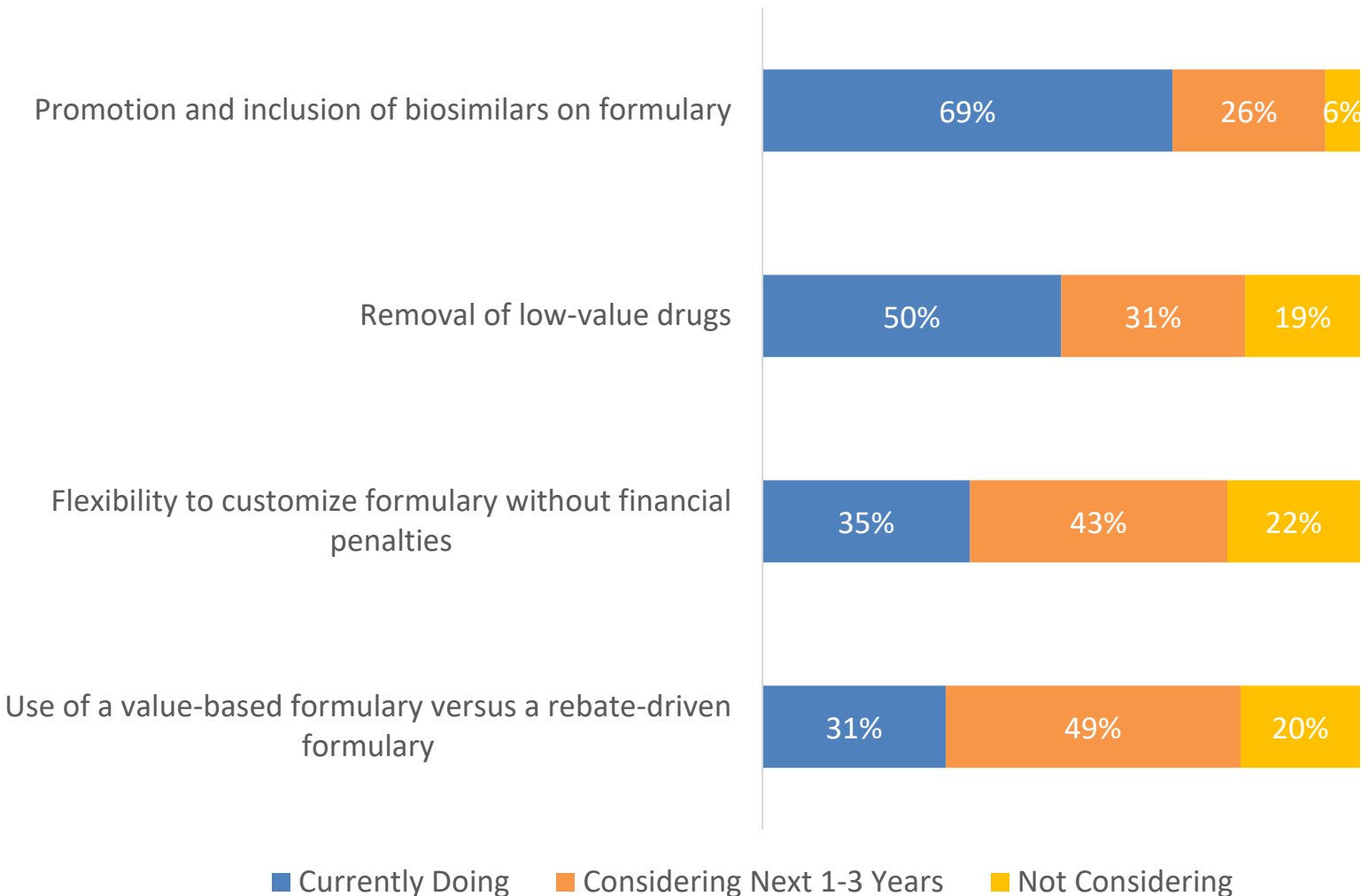
Most employers already believe that:

- They have ownership of all data generated by the health plan **(63%)**
- Advisors do not receive any direct or indirect compensation from PBM **(57%)**
- Full and independent audit rights **(55%)**

Key areas of focus being considered in the next 1-3 years are:

- Full disclosure of all revenue streams with affiliated entities **(63%)**
- Complete transparency regarding net/ingredient cost by drug **(59%)**
- Comprehensive definition of the term 'rebate' **(49%)**

Employers are seeking to assert greater control of their formulary management



Most employers already believe that their formulary:

- Promotes and includes biosimilars (**69%**)
- Removes low-value drugs (**50%**)

Key areas of focus being considered in the next 1-3 years are:

- Use of a value-based formulary versus a rebate-driven formulary (**49%**)
- Flexibility to customize formulary without financial penalties (**43%**)

Employer/Purchaser Perspectives on High-Cost Claims

Current look into the environment:
High-cost claims strategies employers are currently doing:



71% proactively managing complex cases



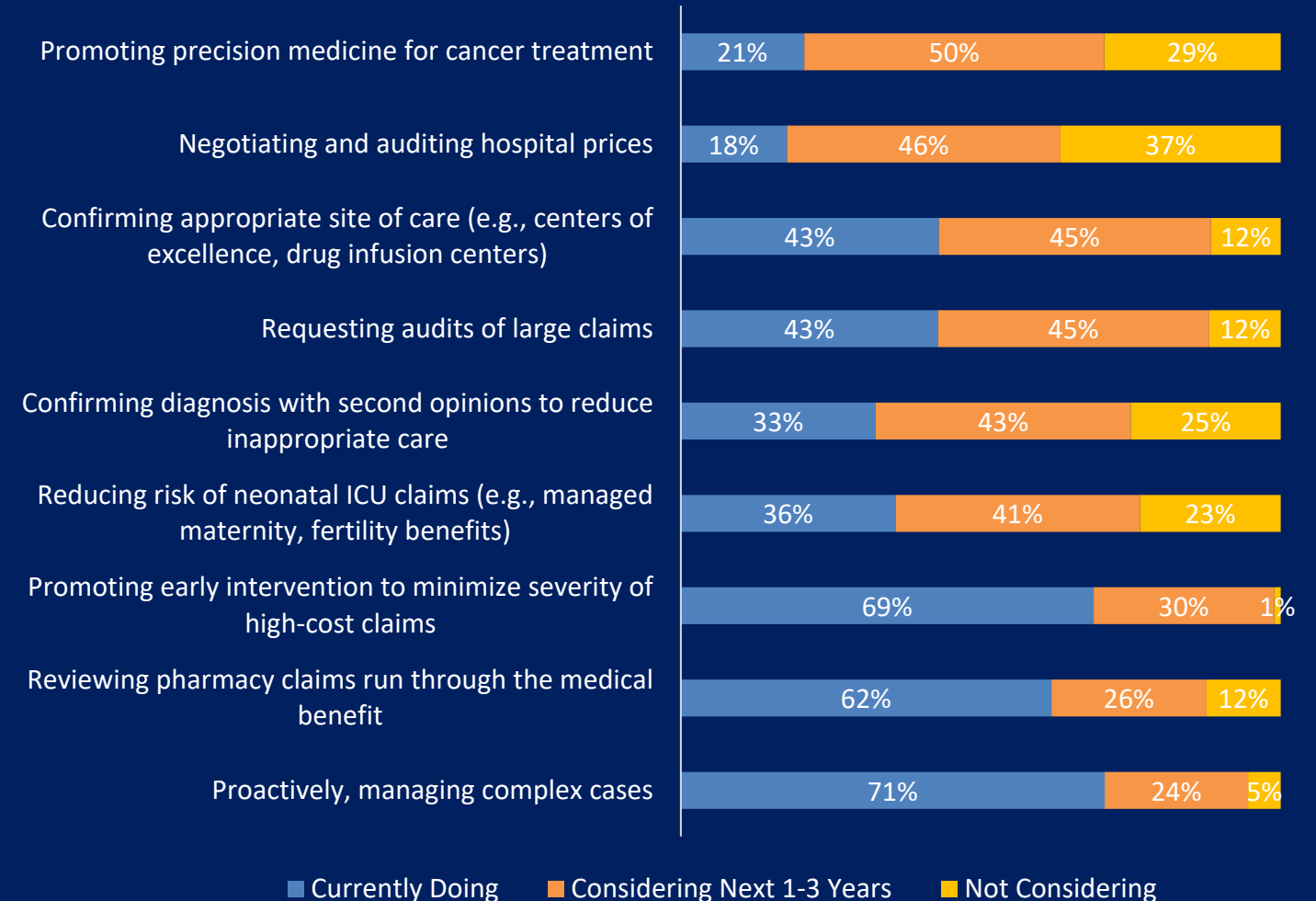
69% promoting early intervention



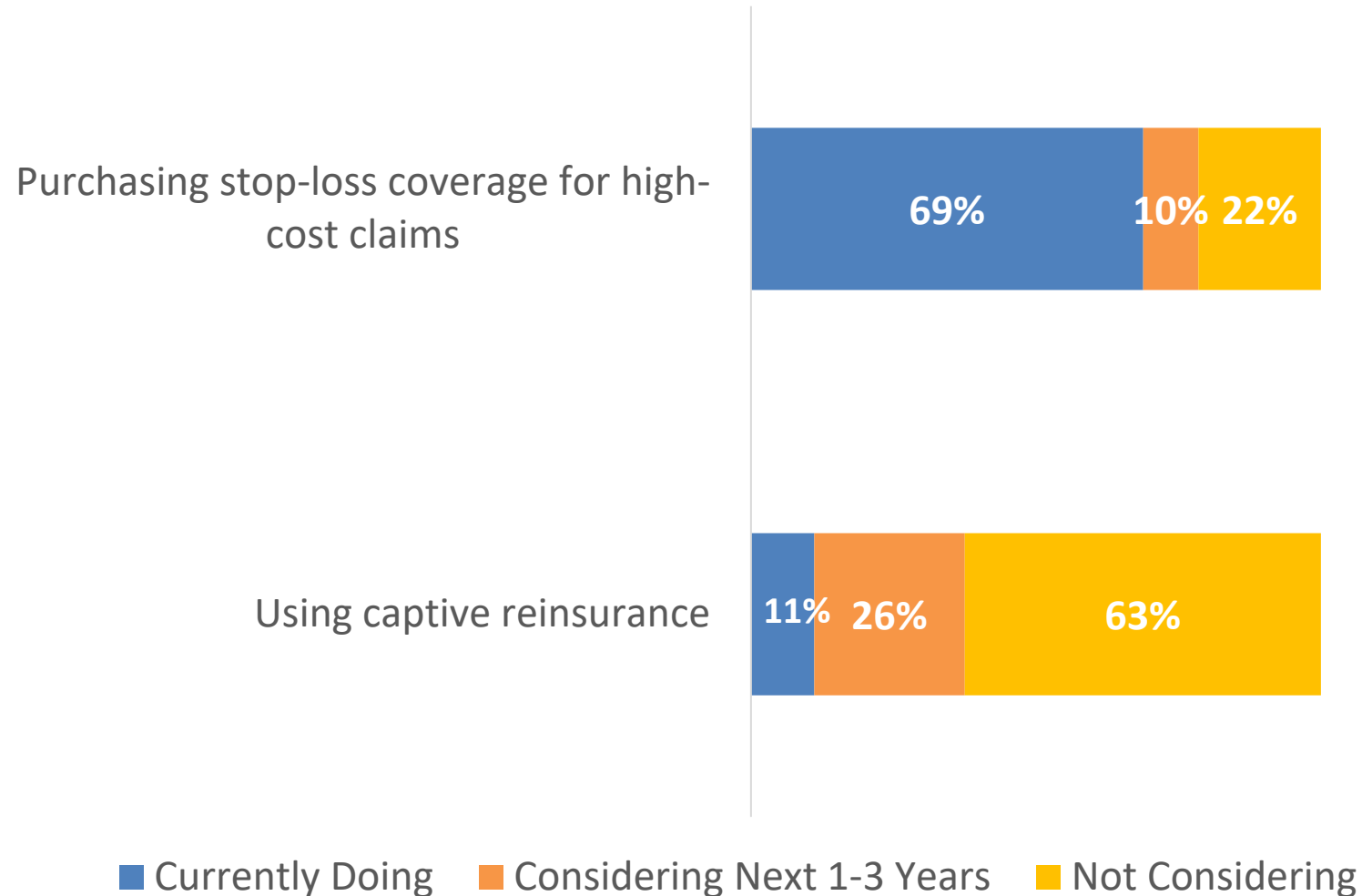
62% reviewing pharmacy claims run through medical benefit

Glimpse into the future:

The fastest-growing areas of health include promoting precision medicine, negotiating and auditing hospital prices, and confirming appropriate sites of care



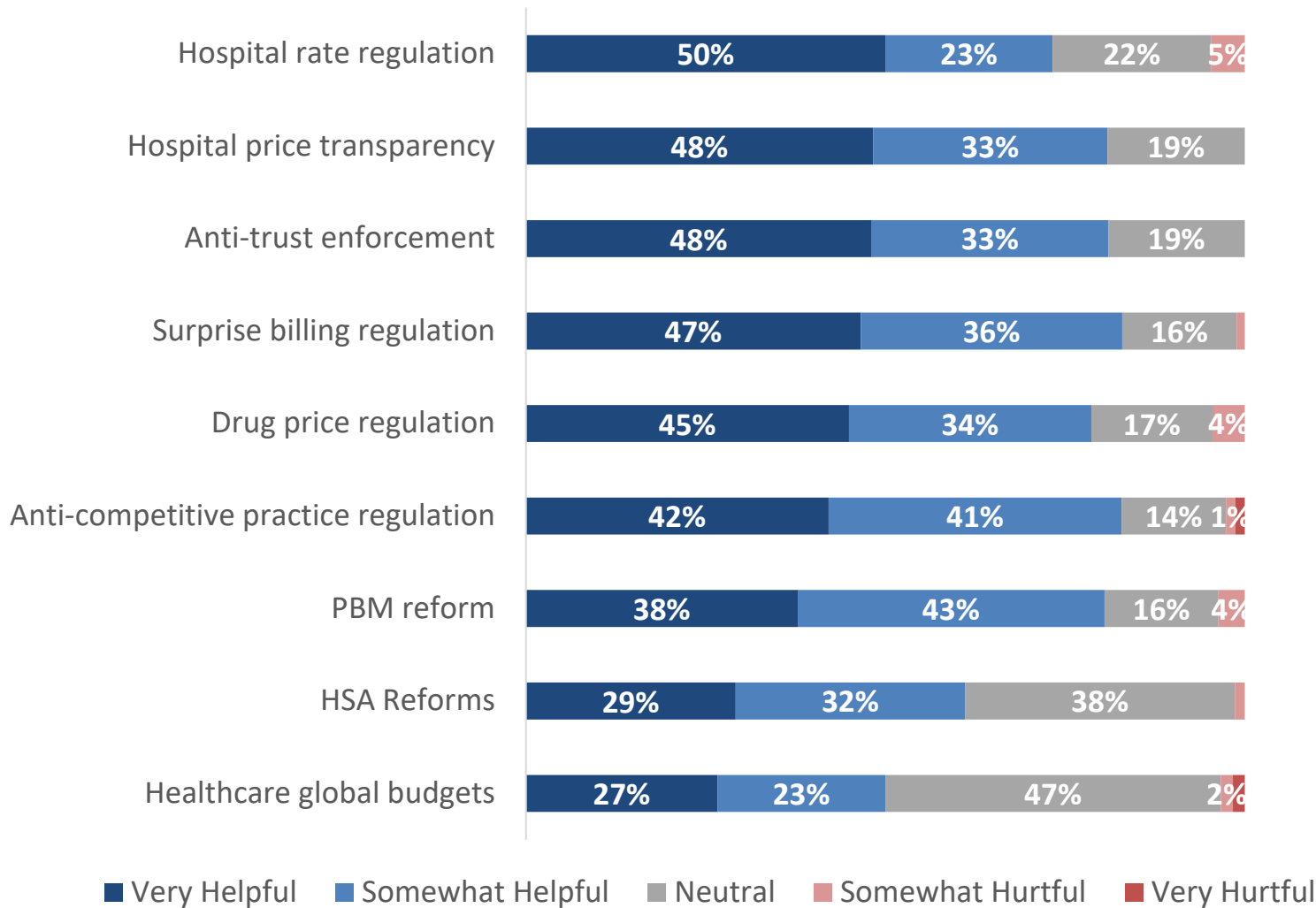
Most employers purchase stop-loss or use a captive reinsurer to limit financial exposure to high-cost claims



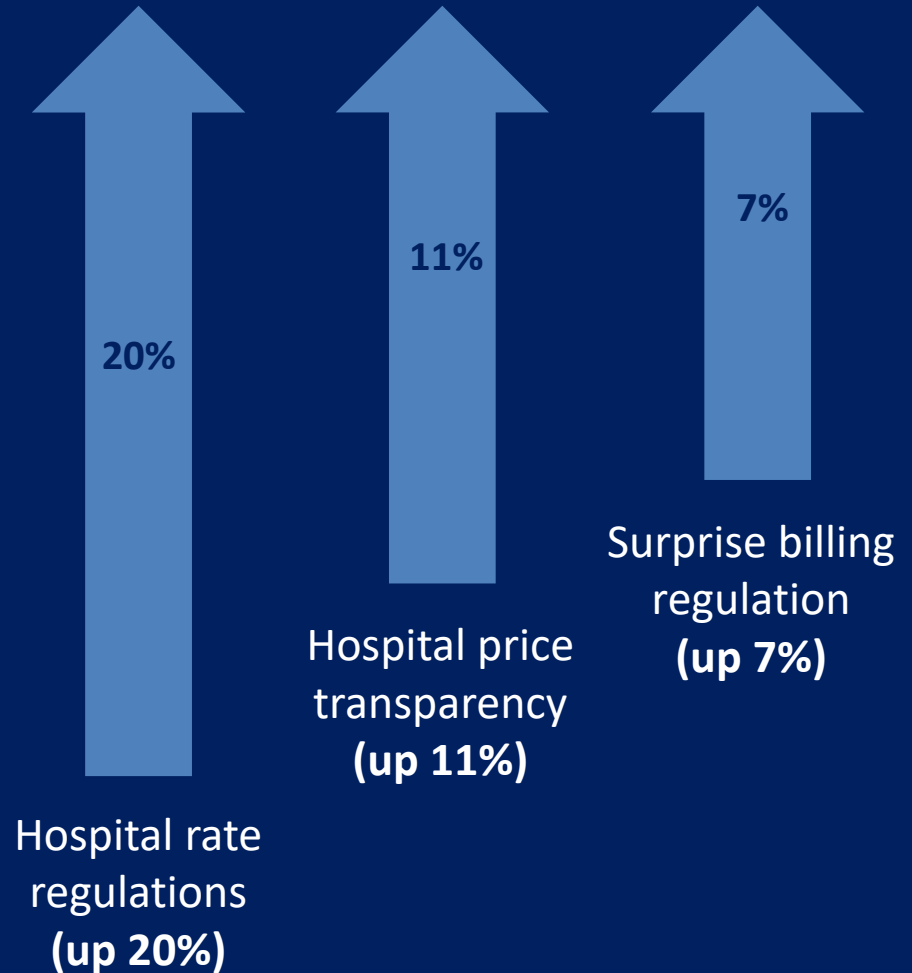
Currently, **most employers who obtain coverage for high-cost claims** do so through **purchasing stop-loss (69%)** versus using a **captive reinsurer (11%)**

However, those considering coverage in the next 1-3 years are **more likely to consider using a captive reinsurer (26%)** versus **purchasing stop-loss (10%)**

Employers are increasingly supportive of policy reforms that can improve affordability and value



Interest in hospital policy reforms has increased substantially from 2022 to 2023:



About the National Alliance Purchaser Coalitions

The National Alliance of Healthcare Purchaser Coalitions (National Alliance) is the only nonprofit, purchaser-aligned organization with a national and regional structure dedicated to driving health and healthcare value across the country. Its members represent private and public sector, nonprofit, and union and Taft-Hartley organizations, and more than 45 million Americans, spending over \$400 billion annually on healthcare. To learn more, visit nationalalliancehealth.org and connect on [LinkedIn](#) and [X \(formerly Twitter\)](#).

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