

The future has arrived



Integrated Health Care Report
Edition 4

Anthem 

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Executive summary



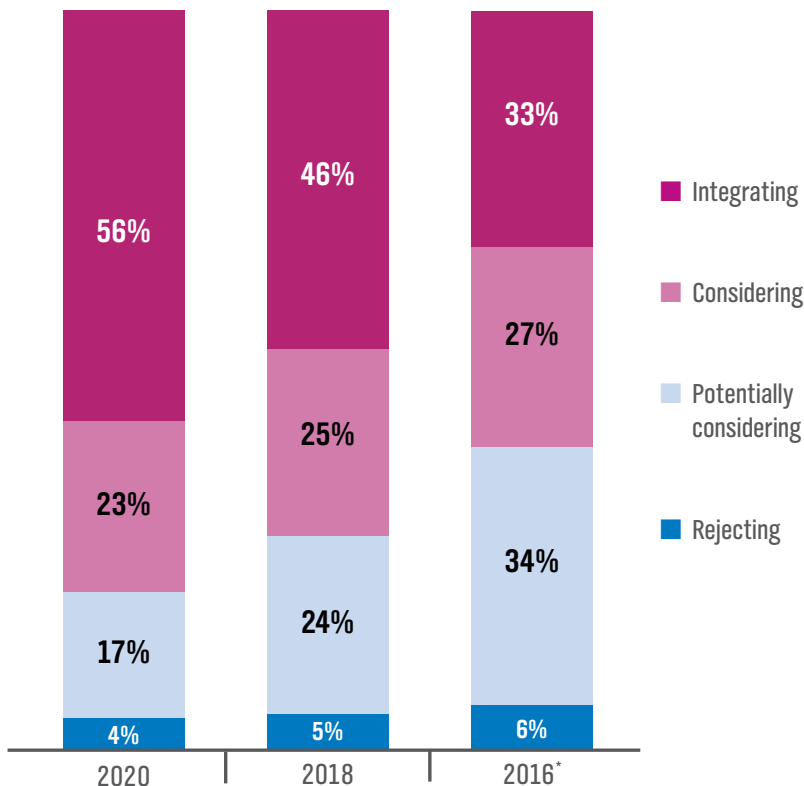
Integrated health care (IHC) has reached a tipping point

Anthem worked with an independent third-party research partner to **track employers' progress** integrating pharmacy and ancillary benefits with medical coverage. While **integrated health care (IHC)** has been on an **upward trajectory** since 2016, the 2020 findings demonstrate that the trends we have been tracking over the past six years have now become reality: IHC has effectively become the norm among our core employer segments.

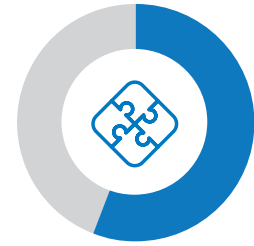
What is IHC?

IHC is an **employee benefits strategy** that connects pharmacy, ancillary (dental, vision, disability, absence management, Employee Assistance Program (EAP), and supplemental health) data to an employer's health plan. Actionable data is shared among doctors and other health care providers so they can **better diagnose and treat members**, detect coverage gaps, and guide employees toward prevention and care management. IHC programs have been shown to **increase employee engagement** in well-being programs, lower health care costs, improve health outcomes, simplify employers' benefits portfolio, and deliver a **better health care experience** for both employers and employees.

Current integration status



Response percentages may not add up to 100% due to rounding.
*Employers with 2-99 employees were not tracked in 2016.



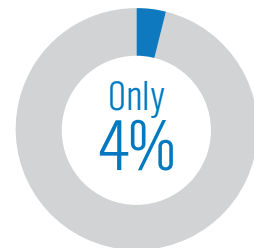
56% of employers

are now **integrating benefits**. This represents an **11% increase** since 2018 and a tipping point with the **majority of employers** now integrating.



71% of those employers

are integrating with **a single insurance** carrier versus multiple carriers.



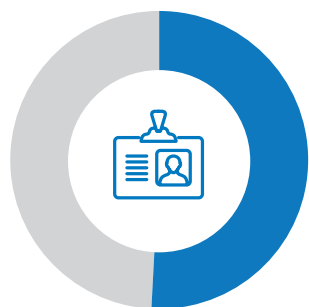
of employers **reject integration**. Of the remaining portion of nonintegrated employers, **40% are actively considering** and **potentially considering** integration.

Integration strongly influences ancillary purchases

When it comes to purchasing ancillary plans – pharmacy, dental, vision, disability, absence management, Employee Assistance Program (EAP), and supplemental health – **price is the primary purchasing factor**. This is followed by service, the ability to integrate administration, clinical programs, and network access.

How success is measured

The majority of employers measure success by **employee engagement** versus a traditional **return on investment** (ROI) approach:



51% of employers

measure success via
employee engagement

VS.



29% of employers

measure success by **ROI**

Top objectives and successes of IHC, as reported by employers:

- Healthier and more satisfied employees
- Company and employee cost savings

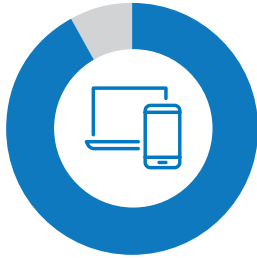
Employers strongly agree:

- IHC results in happier employees who are more productive.
- Benefits should be personalized.
- Emotional health is a top benefits priority.

COVID-19 reinforces and negatively disrupts the status quo

While some employers mention IHC changes have been put on hold or cancelled due to the coronavirus (COVID-19), others assert that **maintaining the health** of their workforce during the pandemic is important.

Digital and personalization trends



92% of employers

agree **digital capabilities** are an important step in engaging employees in their health



79% of employers

agree a mobile app powered by **digital technology and AI** to deliver a personalized benefits experience is vital

Role of provider collaboration and electronic medical record

Employers agree that the role of **provider collaboration** and electronic medical record (EMR) is an **essential foundation** of an IHC program. Top attributes ranked:

1



Connecting all doctors, including eye doctors and dentists, via an EMR

2



Automatically identifying and notifying employees of an extra dental cleaning

3



Sending health reminders to engage employees in their health plan and overall health

Recommended actions

Even though employers are **working toward IHC**, there are three main areas they need to focus on to **ensure success** and continued momentum:

- 1 Employee involvement.** Digital tools are key to engagement.
- 2 Focused preparation.** While momentum is headed the right way, it is even more essential than ever to develop a formal plan for integrating their employee benefits portfolio.
- 3 Precise evaluation and execution.** The research clearly shows that employers embrace the concept of IHC. It is now time for employers to ensure that data is actually shared across all benefit lines to improve member health, costs, and experience.



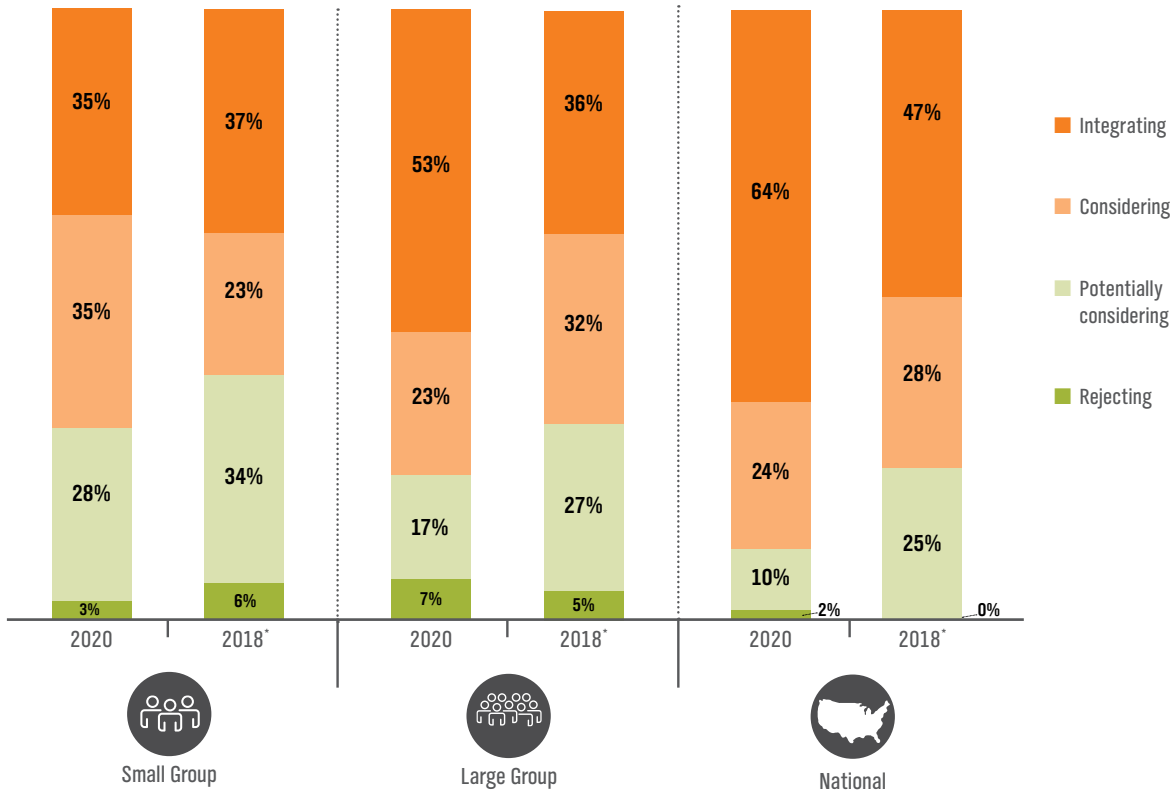
State of the benefits



Group size is a driver

National and **Large Group** employers are the **leaders of integrated health care** (IHC) and will continue to be for the near future. **Small Group** employers are also part of this **momentum**, but are moving at a slower pace.

Current integration status by group size



*The research was expanded in 2018 to track by group size.



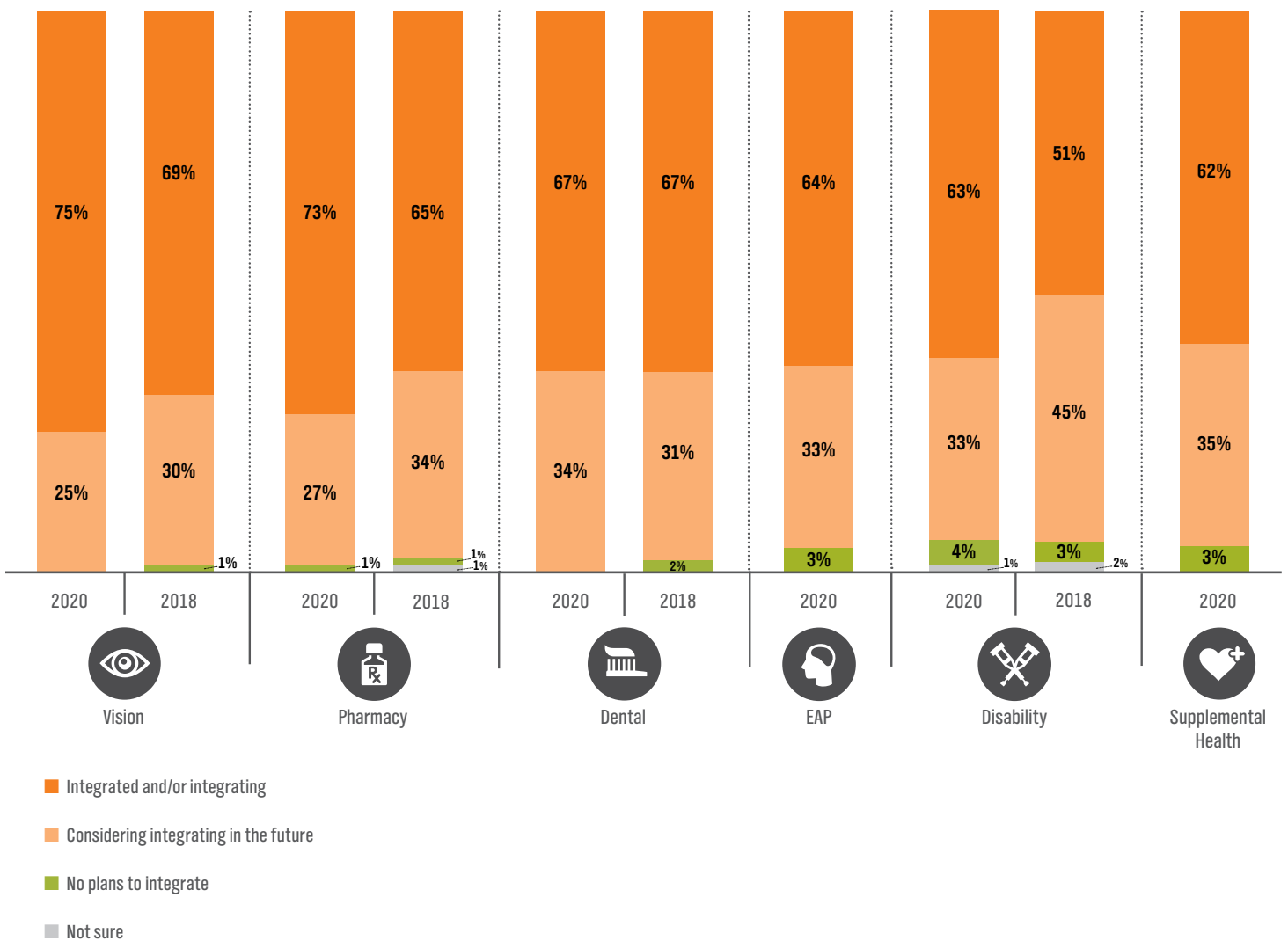
The move to integration

Vision and **pharmacy** are the top products employers are focused on integrating in 2020, followed by **dental** and **disability**.

Additional choices are finding favor

Two additional ancillary products — Employee Assistance Program (EAP) and supplemental health — are measured for the first time in this wave of research, and both already demonstrate significant importance — **with 64% and 62% of employers**, respectively, stating that those products are either integrated or being integrated.

Product integration — by order of importance to employers



Employers continue to follow a three-phase approach to implementation

- Development
- Implementation
- Post-implementation

This process identifies both **key action steps** to be taken, as well as areas where employers see a gap between what is important and how successful they are in achieving integration. In 2020, the **three main areas** where employers see potential gaps and **opportunities** for optimization are:



Assessing costs and potential risks






Creating a formal operating plan



Notifying/educating employees

Importance of tasks vs. performance on tasks – among those considering implementing IHC

| | Task | Importance | Performance |
|--|-----------------------|------------|-------------|
|  Development | Developing objectives | 88% | 86% |
| | Assessing costs/risks | 93% | 83% |
| | Operating plan | 85% | 79% |
|  Implementation | Carrier selection | 87% | 88% |
| | Technology selection | 75% | 76% |
| | Implementation | 86% | 88% |
| | Educating employees | 91% | 82% |
| | Engaging employees | 90% | 85% |
|  Post-implementation | Reporting outcomes | 90% | 88% |
| | Evaluating program | 90% | 88% |
| | Success metrics | 90% | 82% |

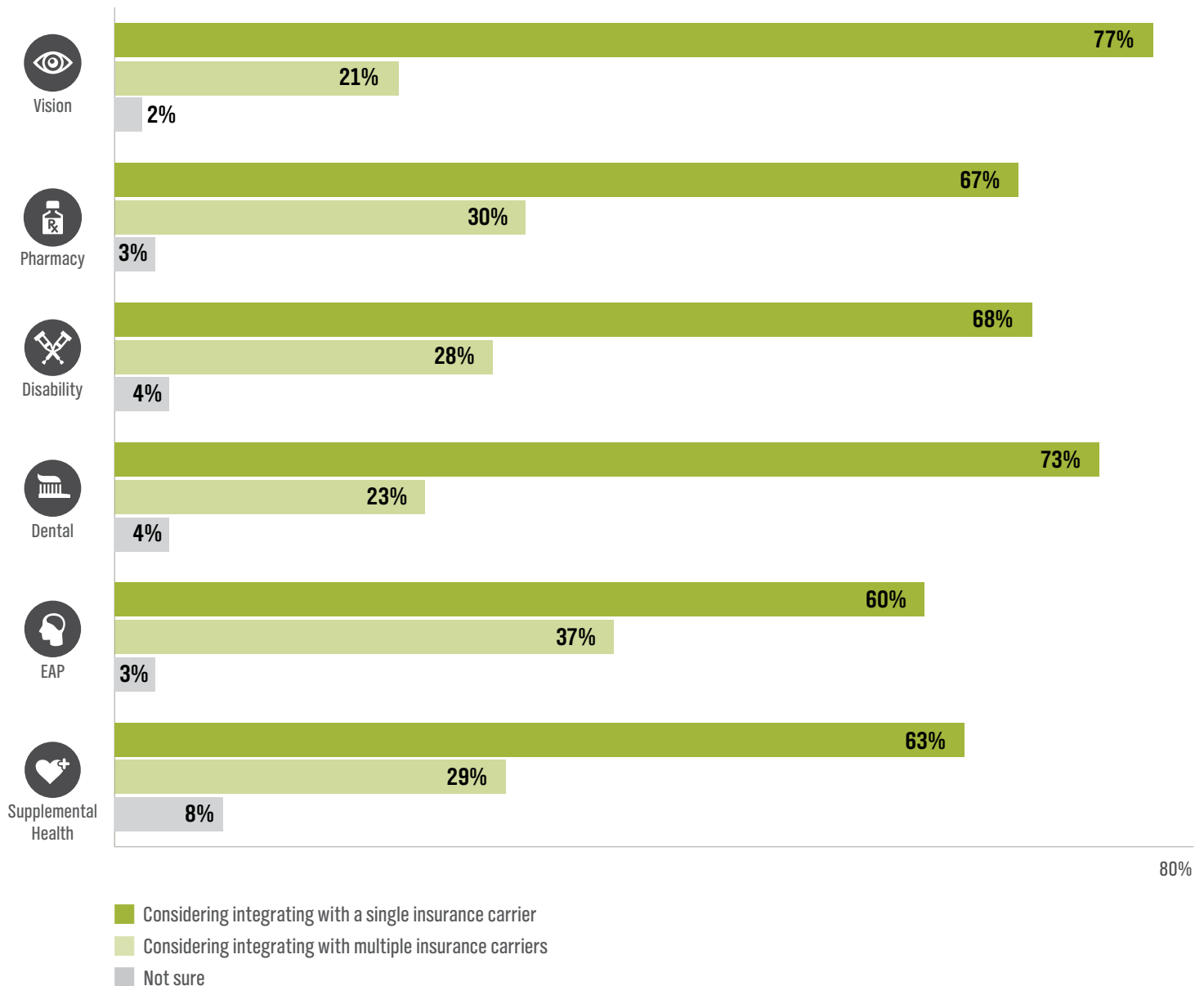
The approach employers are taking

In all cases, the **majority of employers** are integrating with a **single carrier**.



71% of employers are integrating with a **single insurance carrier** – **up 11% since 2018**

Integrating with single or multiple insurance carriers – among those integrating/considering integrating, by product



Where IHC fits in the ancillary purchase decision

Price, followed by service, the ability to **integrate administration**, and the ability to **integrate clinical programs** are the most important factors driving ancillary purchase decisions.



57%

Price



48%

Service



47%

Ability to integrate ancillary and medical administration
(one application, one bill, one ID card, one mobile app, and one web site)



38%

Ability to integrate ancillary and medical clinical programs



33%

Network access



27%

Network discounts



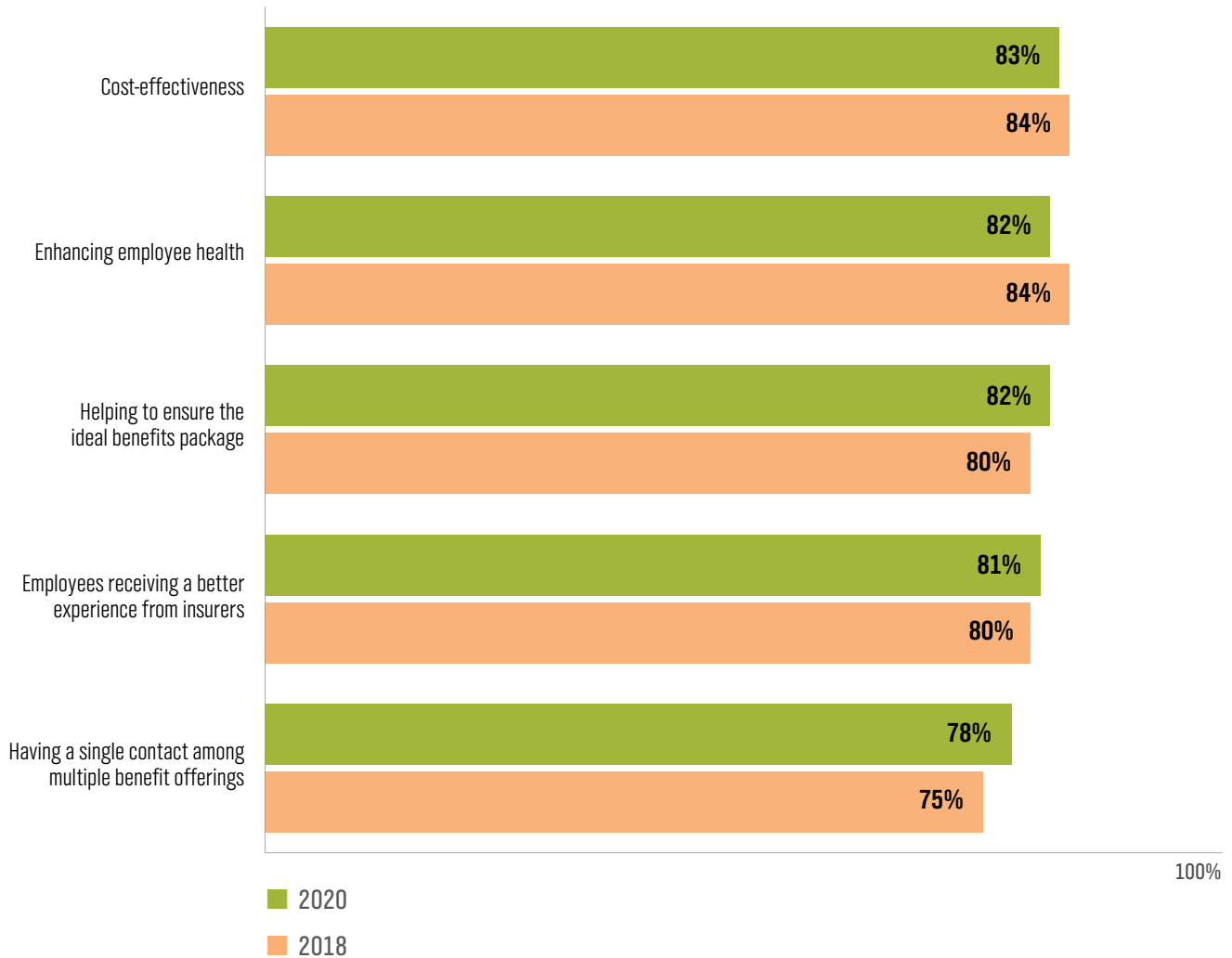
24%

Claims platform

Major factors that drive consideration of IHC integration

The top two benefits when considering whether to implement IHC are **cost-effectiveness** and **enhanced employee health**. The top five responses have remained consistent over the last two studies.

Importance of factors when considering integration. Top two box scores critical/very important.



Employers strongly agree that IHC plays **an integral role** in human capital management. IHC results in happier, more productive employees, provides **more personalized benefits**, and contributes to employees' emotional health, an area that is coming to the forefront.

Statement agreement – general attitudes on issues relating to IHC. Top two box scores – strongly/somewhat agree.



Employers are willing endorsers

When employers were asked to give a **fellow employer advice** on IHC and share their company's **IHC success story**, their responses fell into five categories:

- Increase employee satisfaction and happiness
- Cost savings
- More engagement
- Better health care
- A better experience

Here are some employer success stories:

*“By having a **one-point-of-contact** system, it will **cut our costs** tremendously by at least 30%. So it's well worth the investment.”*

*“We have many more people enrolled and using all of the offered services. We feel like it has been a great success. The entire process has been **streamlined** to make sure it's easy for employees.”*

*“Fewer sick and disabled claims a year and related savings. Increased **employee job satisfaction** related to our increased and coordinated benefits.”*

*“We were able to combine six different programs into one lower expense. With **everything integrated**, people are happier, healthier, and saving money.”*

Why employers offer these products as part of their **integrated health plans**:



Vision

“We offer integrated **vision** and medical to keep visual-related illnesses from limiting employee work productivity.”



Pharmacy

“We offer integrated **pharmacy** and medical because it’s more convenient for the employees.”



Dental

“We offer integrated **dental** and medical because health issues are usually connected to the mouth.”



Disability

“We offer integrated **disability** and medical to help those with disabilities.”



EAP

“We offer integrated **EAP** and medical for better mental health.”



Supplemental
Health

“We offer integrated **supplemental health** to help in cases of serious illness or injury, so they are covered without debt.”

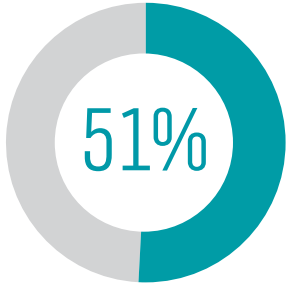
Raising the bar



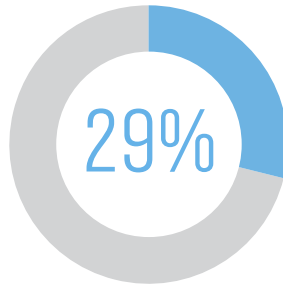
Employee engagement remains the top measure of success

Among **Large Group** and **National** employers, particularly, **employee engagement** ranked significantly higher than a financial measurement or ROI.

Overall measure of success of IHC program – among those considering or implementing IHC



Measure **engagement** of their employees in our integrated health care program.



Measure how much we, as the plan sponsor, **directly save** by integrating our health care program.

Particularly among Large Group and National employers versus Small Group



Large Group



National



Employers who measured engagement used:

- Tracking software.
- Surveys, polls, and word of mouth.
- Increase in benefit utilization.

Here is what employers are saying:

“We actually track our members’ engagement through our **software system**. We have a dedicated server that records **everything they engage in** for the entire year.”

“Employee signups, the amount of reimbursement checks cut, the satisfaction of employees with their health care.”

Employers who measured ROI used:

- Administrative savings.
- Multiple-to-single carrier cost comparison.
- Lower health care costs of engaged members.
- Carrier information.

Here is what employers are saying:

“It has brought prices down lower to prices that I can afford.”

“Attracted higher-qualified employees. Made it smoother to add new and better-performing workers to our team!”

Looking ahead



What employers are looking to accomplish

Moving forward, employers are seeking to create a **better overall health care experience** both for their employees and for their company. They see IHC as essential to helping them reach that goal. Employers also see the implementation of IHC as key to attracting and retaining talent, and helping to **keep their companies competitive**.

How IHC will evolve

Employers indicate they will **expand their IHC benefits strategy** to include more benefit lines in the future.

“We are working on making our pharmaceutical insurance integrated to a single carrier. Other than that, all other aspects have been integrated.”

.....

“We plan on trying to integrate short-term disability benefits to increase the company’s ability to compete.”

.....

“Our organization is planning to add hospital indemnity insurance for employees.”



Anthem Whole Health Connection

Anthem's IHC program, **Anthem Whole Health Connection®**, is an **expansive care model** powered by the latest in digital technology and artificial intelligence. It connects the administration and well-being programs of medical, pharmacy, and ancillary plans. This connection **simplifies the benefits experience** for employers and their employees, and enhances the performance of the employers' clinical, health and wellness program.



Better care

5.8 million

more gaps in care closed each year following a health reminder (care alert) from Anthem to members and their doctors¹



Lower costs

34%

(or \$8,280) lower total medical costs for Anthem members utilizing their additional dental cleaning benefit²



Better experience

4.7

App Store rating³ for Sydney Health, Anthem's most advanced digital consumer experience to date

¹ Anthem pharmacy, dental, and vision 2019 data.

² Anthem, Integrated medical and dental quantifying value study for diabetes, cardiovascular disease, cancer, and organ transplant conditions, 2020.

³ <https://apps.apple.com/us/app/sydney-health/id1463423283>



About the study

Since 2014, Anthem, using TRC — an independent third-party research partner — has fielded four research studies to track the progress of Anthem employer segments along their journey toward integrating ancillary benefits with medical coverage. The research measured behaviors, attitudes, expectations, and barriers to success. The four waves of research were conducted in 2014, 2016, 2018, and 2020.

Starting in 2018, the research was expanded to include findings from additional employer types, including:

- **Small Group:** Employ 2–99 employees (working 30+ hours per week).
- **Large Group:** Employ 100+ employees (working 30+ hours per week) and operate in one state.
- **National:** Employ 1,000+ employees (working 30+ hours per week) and operate in two or more states.

In 2020, the research was expanded to include supplemental health plans and Employee Assistance Program (EAP). Differences for these groups are noted throughout the report:

- **High-growth:** Mega-city/high-growth hub; among nation's most dynamic places with high-growth industries, many high-wage jobs, and young, educated workers.
- **Modest-growth:** Region is doing OK; some thriving niche cities; modest economic growth.
- **Low-growth:** Smaller city/more rural; workforces not as young, educated, or plentiful; higher unemployment.

