

Law Firm Health Benefits – Addressing the Challenge of Affordability in 2021 and Beyond

Prior to the COVID-19 pandemic upending health care delivery systems in the United States and around the world, the affordability of health care for individual consumers was one of the biggest issues facing benefits decision-makers at law firms, as well as their associates and staff. While COVID-19 has led to a temporary suppression in claims cost for most plans, Aon's Health Analytics practice fully expects claims to return to pre-pandemic levels in 2021. Therefore, law firms and other employers increasingly need to consider cost-management strategies to maintain the value of their health care programs without further shifting costs to participants.

Here are a few things to keep in mind going into 2021:

The Impact of Health Care Costs on Household Finances

While it may have been tough to spot in claims data, there was one powerful force suppressing medical claims well before COVID-19 was a part of our collective vocabulary: affordability. In a 2018 survey, 64% say that they have avoided or delayed medical care due to costs¹. In particular, there is concern that high deductibles are discouraging employees from using health services. Another recent survey² by McKinsey found that 20 percent of consumers reported they do not receive all the care they need, with three-fifths of those citing cost as a prohibitive factor. This trend could lead to poorer health outcomes overall.

Especially given the tough decisions many law firms have made to maintain financial flexibility during this economically uncertain time, we need to seek ways to ensure that participants use existing programs as effectively as possible and see the providers most able to offer the highest quality outcomes at the lowest cost.

Rethinking the Participant Experience

Over the last decade or more, law firms have followed other employers by offering high-deductible health plans paired with health savings accounts. Other than providing a tax-advantaged savings vehicle, the guiding principle behind this strategy was consumerism – asking participants to become wholly involved in their health care decisions. While this sounds good, too many employers stopped short at simply offering these types of plan designs and didn't provide participants with the necessary guided support or offer the right tools to curate a successful experience.

The reality is that health care in the United States is highly complex and often involves making emotionally fraught decisions and compromises under financial constraint. Law firms that create high-touch, tailored experiences can help partners, associates, and staff alike make smart choices about health services. Providing expert, person-to-person navigational support for participants dealing with this confusing world can help create better outcomes, often at lower costs for both participants and plan sponsors.

Rethinking the participant experience also means rethinking the role of technology in creating a highly personalized, hyper-relevant experience to connect people with programs and services as they need them. Participants increasingly expect digital tools to be a part of their health care experiences. Individuals faced with complex decisions and ongoing health issues need a care model that combines tech innovations with more supportive patient experiences to help them play an active, engaged role in their care decisions.

Optimizing Provider Cost and Quality

Law firms may consider moving their focus to not just the bottom line of health care costs but also to how the variation in provider cost and quality – down to the specific location and procedure – impacts cost and health outcomes. Historically, law firms have been hesitant to disrupt (or appear to disrupt) existing relationships between participants and their doctors and focused instead on controlling costs through smart contracting strategies. This may not be enough to keep benefits affordable going forward.

Shifting member utilization to the best providers within a network based on cost and quality has the potential to both reduce spend and improve outcomes. Our research indicates that differences in providers can lead to savings of more than \$10,000 for a knee replacement, for example, if participants are steered from high cost to low-cost facilities with the same or better quality. The next wave of localization in health care will require all plan sponsors to embrace market-specific approaches to providing quality, cost-effective care.

The limits of affordability will dictate that all plan sponsors play a key role in managing the total cost of health care for their participants by providing them the tools they need to select the best providers based on cost and quality outcomes. Robust and actionable data about these variations in cost and quality is available, as are the resources needed to proactively guide participants to the best providers for their individual situation – potentially improving outcomes while saving a significant amount of money for both patients and their plans.

The next wave of localization in health care, driven by increased access to data, creates opportunities for law firms to guide their participants' decision making about health care consumption in ways that will optimize both care and costs.

If you'd like to discuss any of the issues raised in this article, please contact **Mark Scarafone**.

Sources:

- 1 **CarePayment**, *Feb 2018*
- 2 **McKinsey**, *Healthcare Consumerism 2018: An Update on the Journey, July 2018*