

## DIRECT TO EMPLOYER CONTRACTING ARRANGEMENTS—A RESPONSE TO RISING PREMIUMS AND COMPROMISED CARE

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An increasing number of self-insured employers face rising premiums and real, or perceived, cutbacks in quality of care from their health insurance carriers. In response, providers themselves are stepping into the breach and offering direct to employer (DTE) contracting for the provision of healthcare services.

Provider entities (hospitals, health systems, and clinically integrated networks (CINs) of providers) are offering the following services to employers through DTE arrangements.

- 1. Narrow network health plans.**—A health system or a health system’s affiliated CIN offer their own private-label health plan to employers and utilize their own providers (affiliated through the CIN) as the provider network for the employer. Lower costs are the feature that attracts employers to this model. Limitation of choice is the feature that causes some employers and employees to reject this model. Nevertheless, as premiums rise, it is expected that additional employers will find the cost savings more attractive than preserving a broad network of providers.
- 2. Bundled services.** For years, some prominent providers, e.g., Cleveland Clinic and Johns Hopkins, have offered bundled services to large self-insured employers. These have centered around cardiac or orthopedic procedures. Again, the draw is a lower price for these services with a virtual warranty of quality, i.e., any complications will be covered for a period post-procedure. The drawback here has been the need for patients/employees to travel to one of these national centers and/or to have to go back to the center if follow-up visits are required or complications ensue post-op. For obvious reasons, these patients have found it difficult to find local providers who are willing to assume responsibility for another practitioner’s procedure. This situation, then, has led some provider groups, again usually a health system with an affiliated specialty specific CIN, to develop bundled services that they offer to large employers in their local market. While this model is yet to play out on a broad scale, it is expected to give the large name-brand centers a run for their money in this sector of the healthcare marketplace.
- 3. Onsite clinics.** Another innovative approach to healthcare delivery is for provider groups to bring care to the job site. Onsite care has been provided for some time with occupational medicine service, but more recently primary care providers have also set up shop in or very close to large employer locations. This provision offers employees the convenience of not having to leave work to visit the doctor. It offers the providers (usually physician supervised advanced practice providers, such as nurse practitioners) an opportunity to interface with their patient clientele more frequently and in a way that fosters true population health management for the employees for whom they care.

In summary, disruptive innovations in the delivery and contracting arenas of healthcare are rapidly being implemented as providers and those who pay for services alike attempt to meet the challenge of simultaneously improving quality and lowering costs, i.e., improving value to the patients served by the health industry.

To learn more about how Coker can assist you and your organization, please contact Ellis “Mac” Knight, MD, MBA, Senior Vice President/CMO at [mknight@cokergroup.com](mailto:mknight@cokergroup.com) or by calling 678-832-2021.