



Best Practices in Healthcare

WTW Survey Results

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Disclaimer

WTW shares available medical and pharmacy research and the views of our consultants in our capacity as a benefits consultant. We do not practice medicine or provide medical, pharmacy, or legal advice and encourage our clients to consult with both their legal counsel and qualified health advisors as they consider implementing various health improvement and wellness initiatives.

When implementing health improvement and wellness initiatives, clients should consider the compliance implications and discuss with their legal counsel and the applicable vendor. If the vendor's services are offered through an existing medical plan, clients should ensure the terms of the program are properly disclosed to participants in plan materials. If a client offers a HSA-qualifying high deductible health plan, then HSA-eligibility issues should also be considered. If the vendor's services are offered outside of the existing medical plan(s), then the services being provided must be evaluated to determine whether the program would on its own be considered a group health plan and therefore be required independently to comply with various applicable laws (e.g., ERISA, HIPAA, COBRA, ACA, IRC).

About the Best Practices in Healthcare Survey



417 survey respondents with over 100 employees



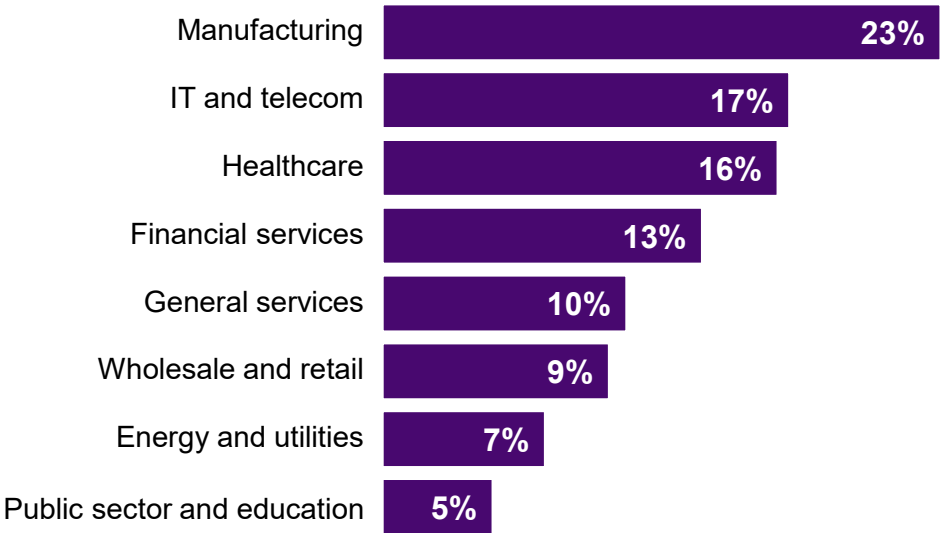
6M employees at responding organizations



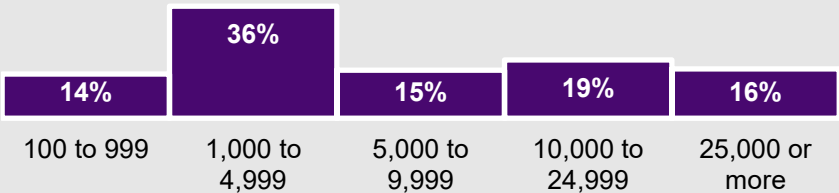
(4% “Other”)

For profit, publicly traded	For profit, private	Nonprofit or government
47%	34%	15%

Industry



Employer size (number of employees)



Percentage of enrolled employees (average)



Fully insured medical plans

22%

Self-insured medical plans

78%

Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Highlights

Key themes: What we hearing from our clients and the market



Embrace change for value

- 1** Employers facing an average high single digit healthcare trend for 2025, absent any changes
- 2** Exploration of alternative delivery models, integrated with design, network, and steerage solutions
- 3** Negative focus on PBMs and pharma are increasing calls for reform and transparency



Ramp up protection

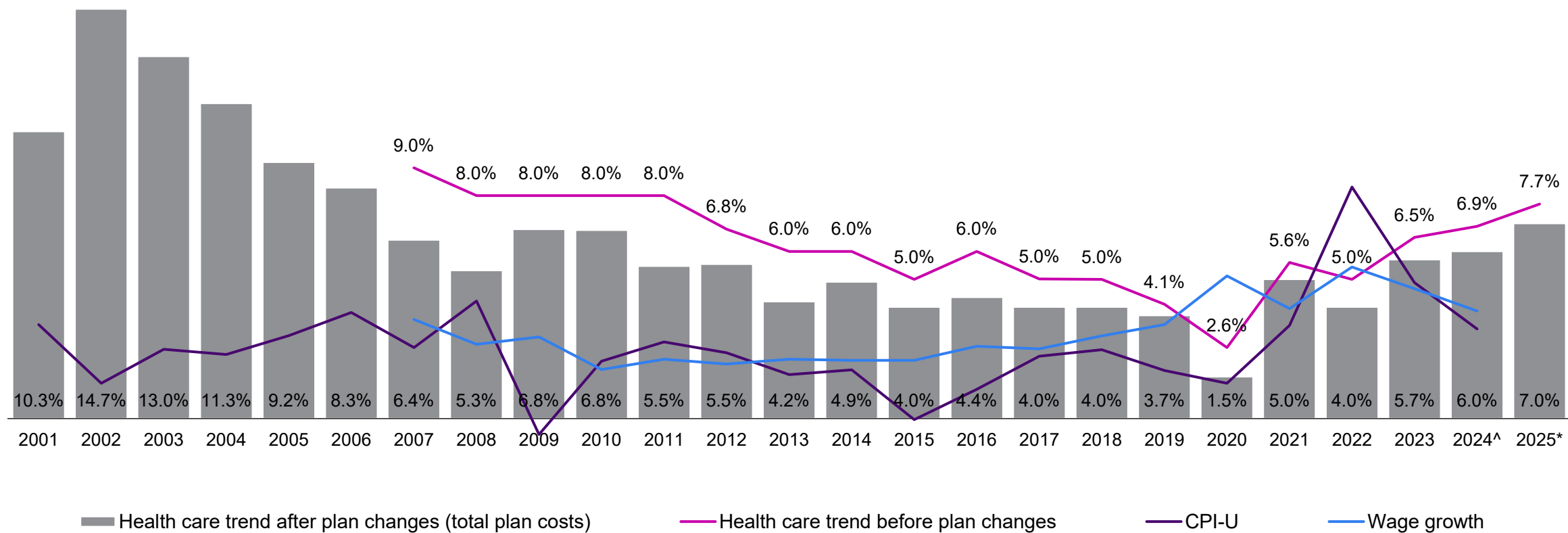
- 1** Heightened focus on compliance and governance risk: PBMs, fiduciary lawsuits, MHPAEA, and HIPAA
- 2** New financial risk-transfer opportunities become available, smaller employers more likely to be early adopters
- 3** Managing financial volatility and risk via predictive analytics, reinsurance, audits and payment integrity reviews



Narrow the focus

- 1** Focus on the population who drive the majority of spend with predictive modeling, early intervention, clinical programs/care delivery
- 2** Meeting the needs of critical populations in terms of affordability and gaps in care
- 3** Leveraging data and advanced analytics to develop precise and meaningful designs

Highest post-pandemic health care cost increase to date at 7.7%

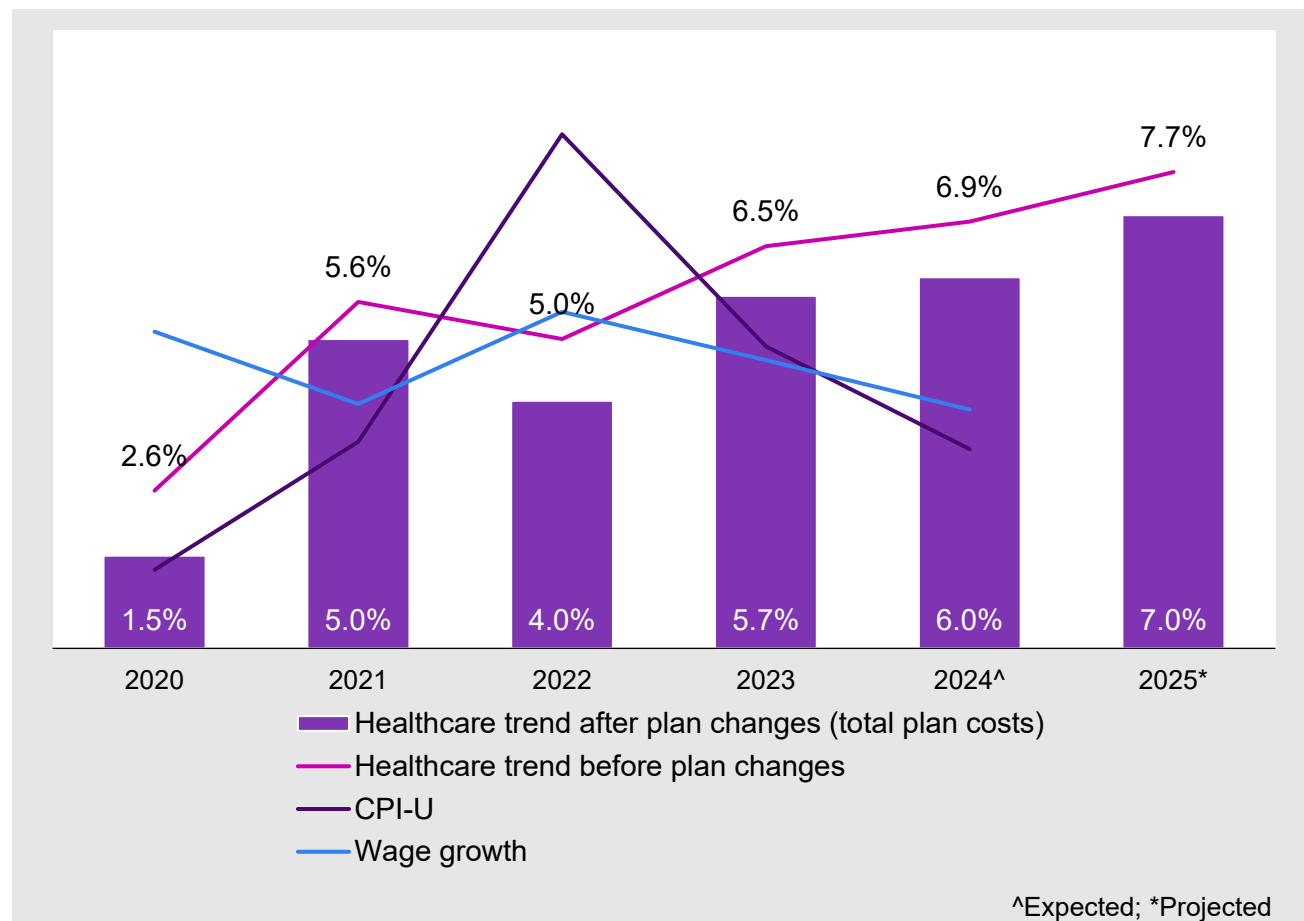


^Expected; *Projected

Note: Percentages of healthcare trend are **median** numbers.
Sample: Companies with at least 1,000 employees
Source: WTW 2024 Best Practices in Healthcare Survey; Bureau of Labor Statistics, CPI-U, CES

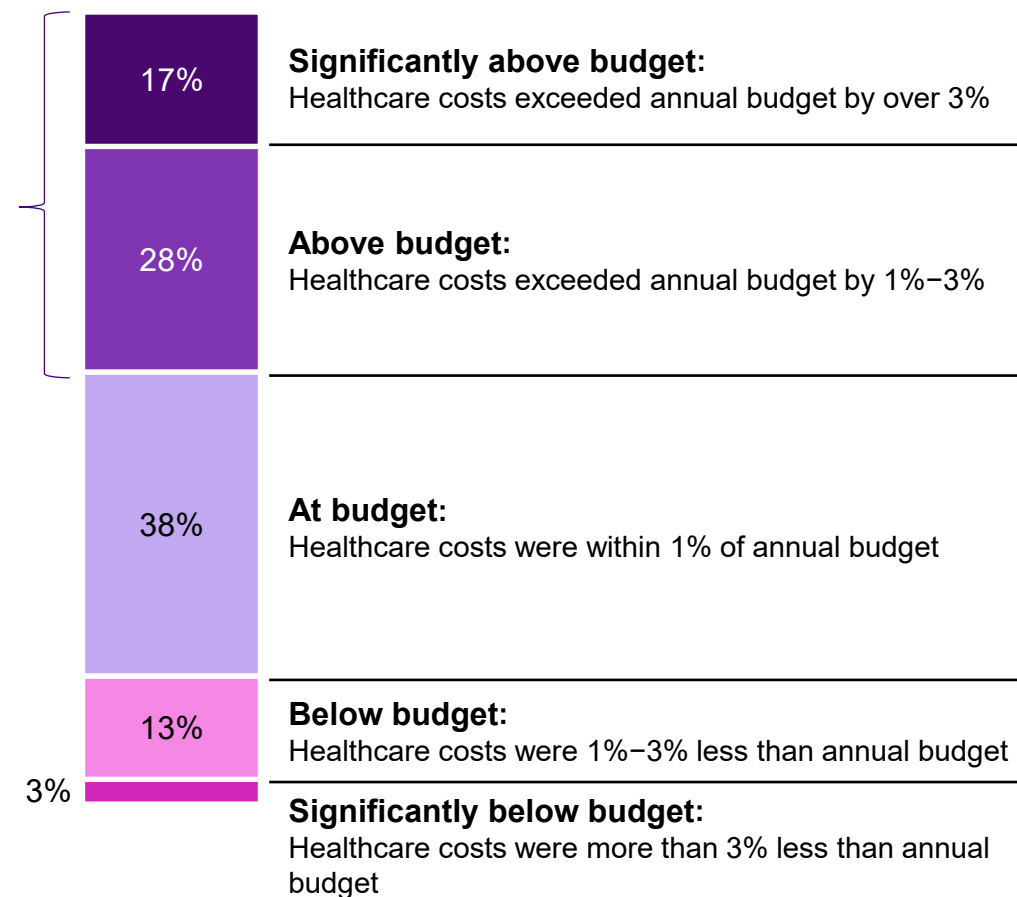
Healthcare costs continue to rise with uncertainty and variability

...and many employers are going into 2025 with a budget deficit



Note: Percentages of healthcare trend are **median** numbers.

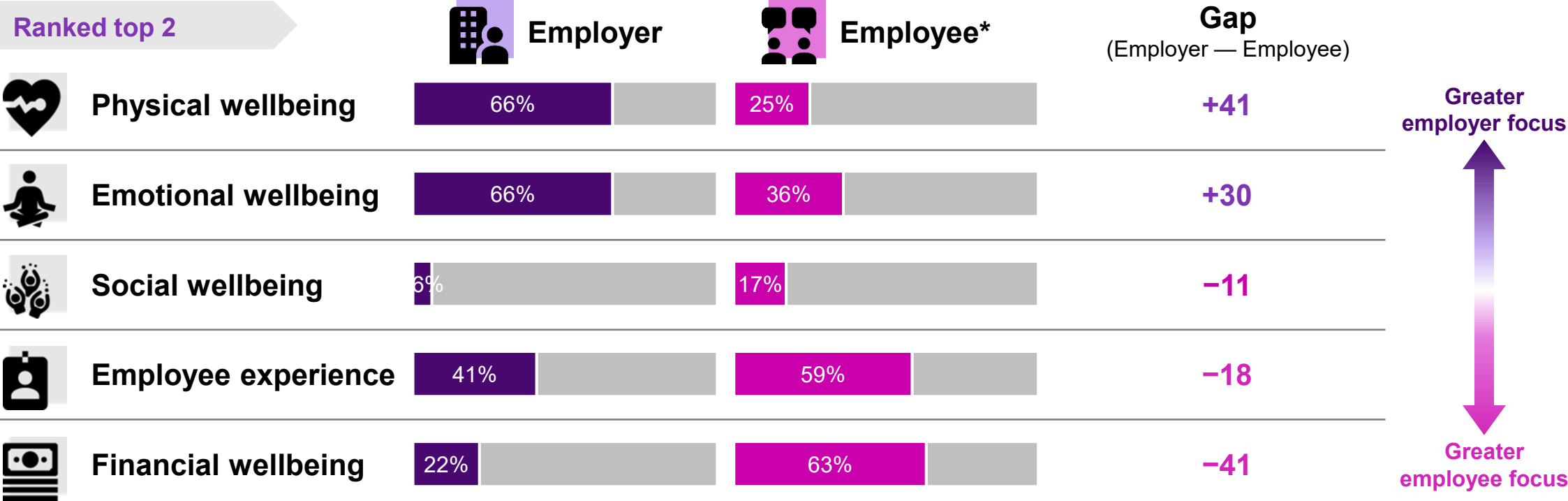
Source: WTW 2024 Best Practices in Healthcare Survey; Bureau of Labor Statistics, CPI-U, CES.



Employer priorities are misaligned with employee needs

Employees want more help with financial wellbeing

Please rank how your organization will prioritize the following aspects of your wellbeing program over the next three years.



Q: *Which area would you like your employer to help you with most over the next three years? Please rank the top areas in order of importance, where 1 is most important, 2 is second most important, etc.

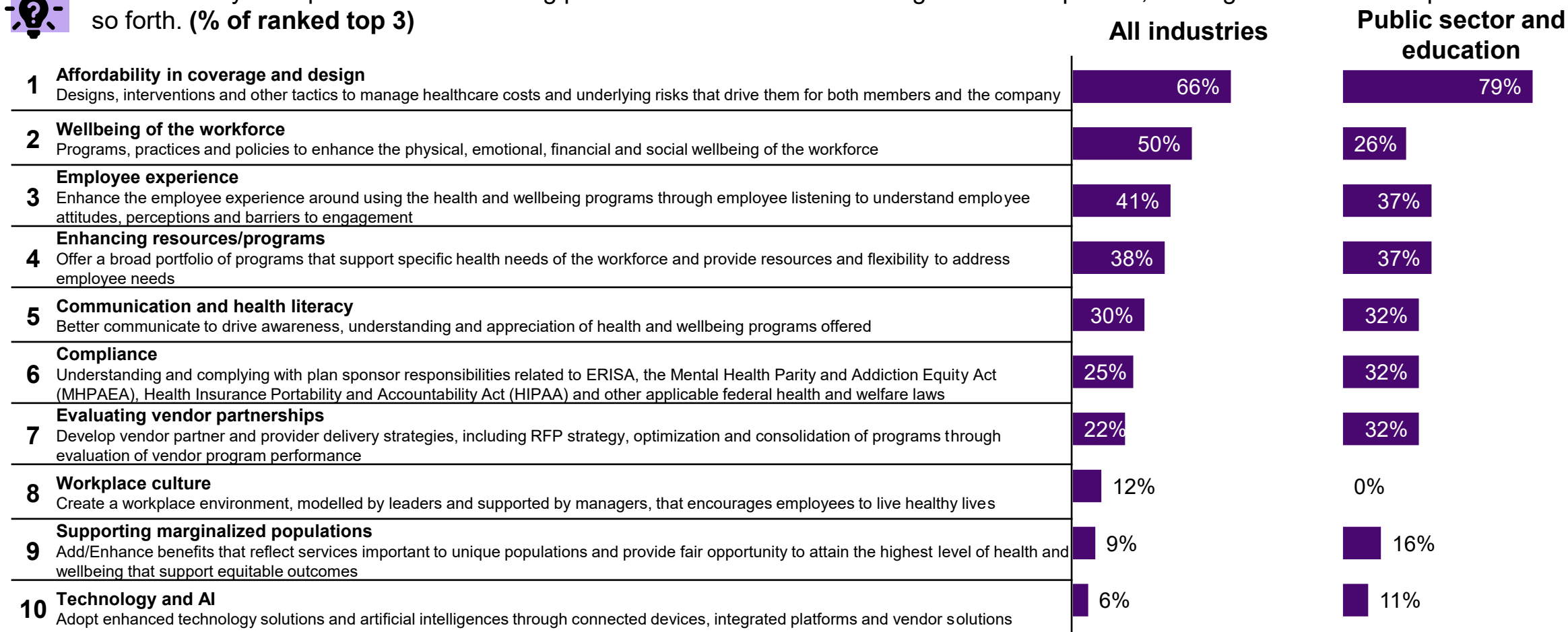
Note: Percentages indicate item selected in the top 2.

Source: 2024 Wellbeing Diagnostic Survey, North America, Public Sector and Education. 2024 Global Benefits Attitudes Survey, North America, Public Sector and Education

Top health and wellbeing priorities over the next three years



Please rank your top health and wellbeing priorities from 1 to 5 with 1 being the most important, 2 being the next most important and so forth. (% of ranked top 3)

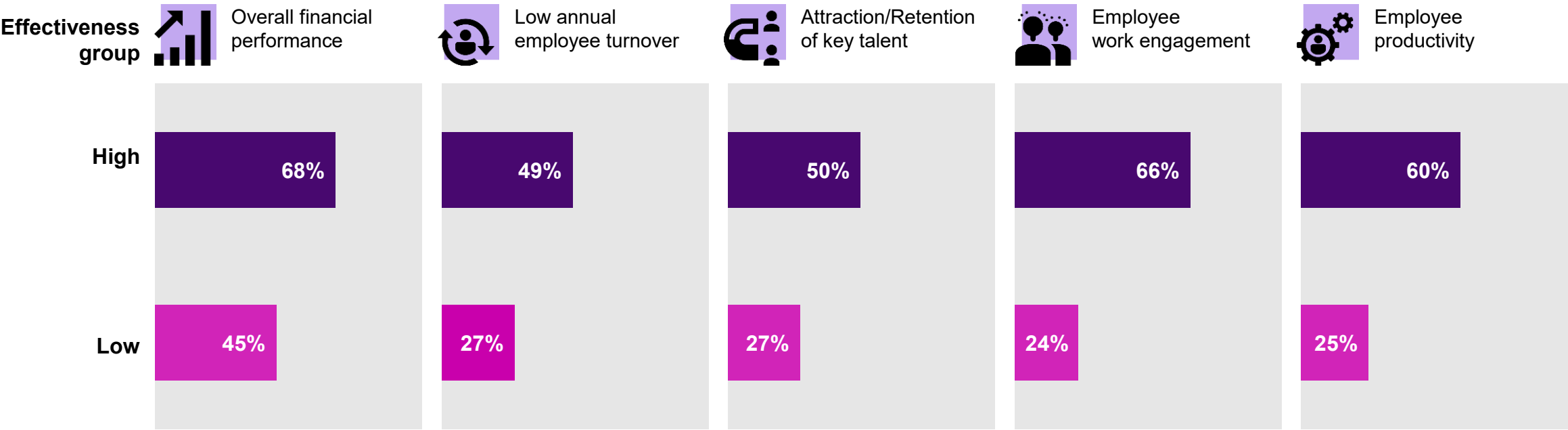


Source: WTW 2024 Best Practices in Healthcare Survey.

Companies that are highly effective in their wellbeing programs report higher overall performance



Over the past year, how has your organization performed in the following areas compared with other organizations in your industry?



Highly effective companies are **2x** more likely (or more) to report better human capital and financial outcomes than companies with low effectiveness scores.

Note: Percentages indicate “Better” or “Significantly better” performance. Effectiveness groups are based on self-reported scores across 24 features of a company’s wellbeing programs. High effectiveness reflects companies in the top third; low effectiveness reflects companies in the bottom third.
Source: 2024 Wellbeing Diagnostic Survey, North America

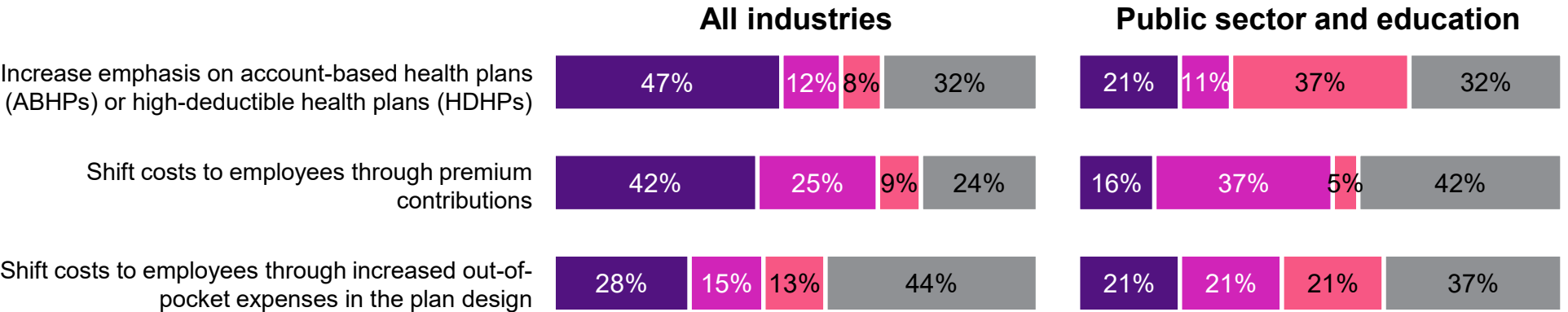
Financial management and affordability

Actions to address healthcare costs

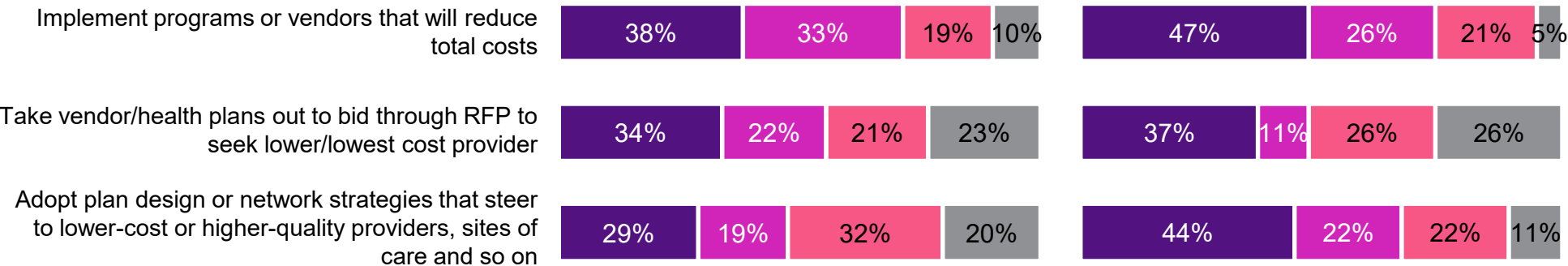


What actions has your organization taken or plan to take to address your healthcare costs?

Cost shifting and targets



Vendor management

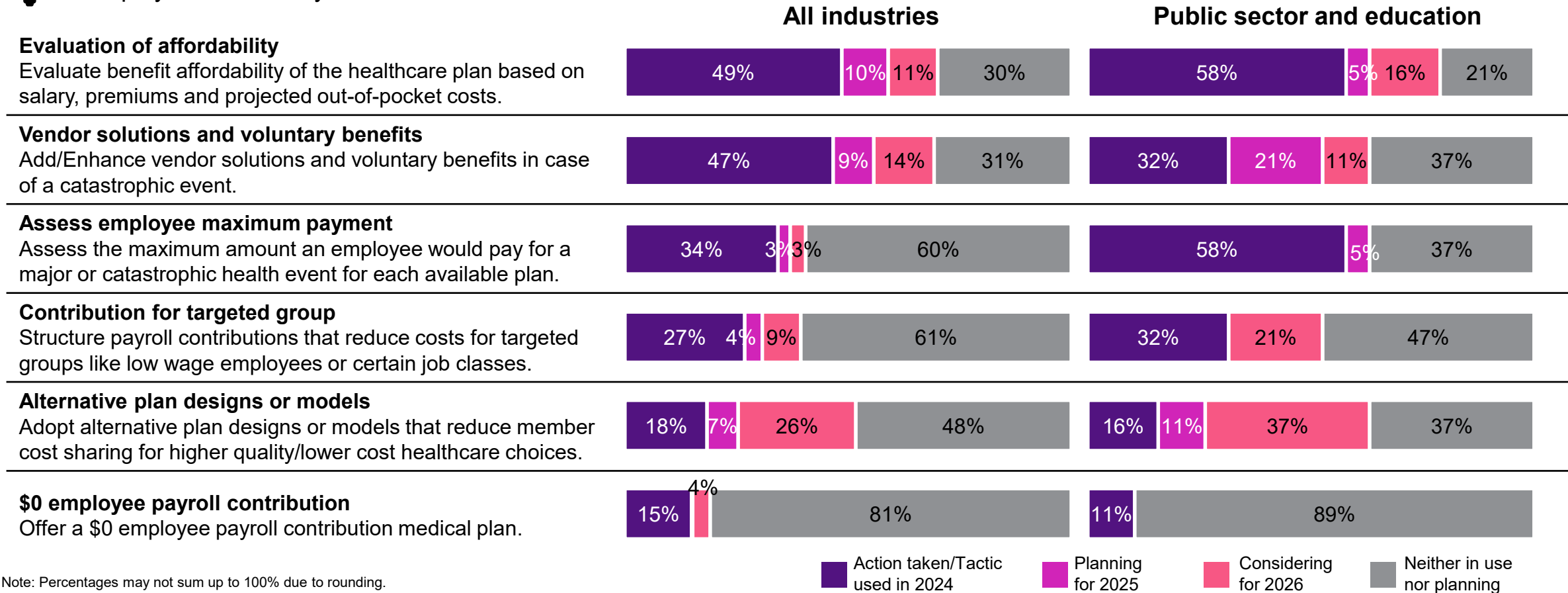


Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Actions to address employee affordability



Affordability: Which specific actions/programs does your organization have in place or plan to have in place to address employee affordability?



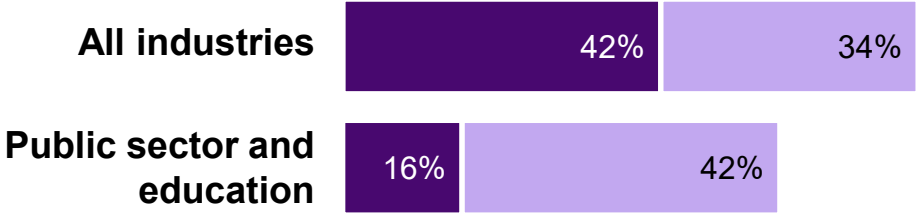
Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Going beyond cost shifting to reduce the total cost of care

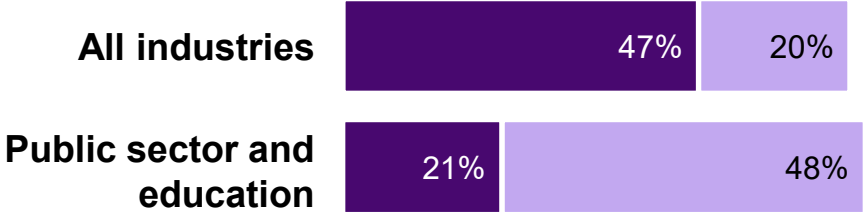
1

Point-of-service and premium cost shifting

Shift costs to employees through premium contributions



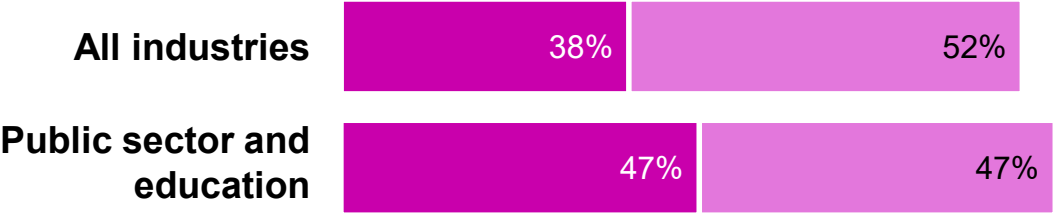
Increase emphasis on account-based health plans (ABHPs) or high-deductible health plans (HDHPs)



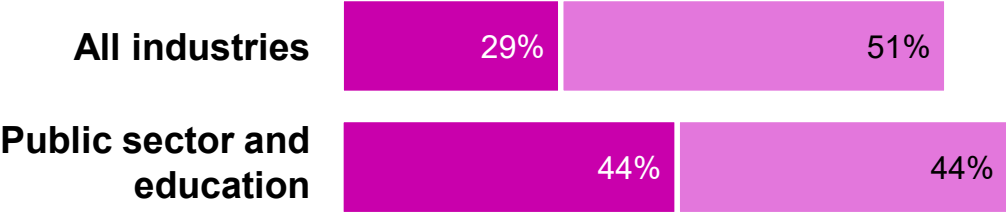
2

Plan and program redesign focus

Implement programs or vendors that will reduce total costs



Adopt plan design or network strategies that steer to lower-cost or higher-quality providers, sites of care and so on



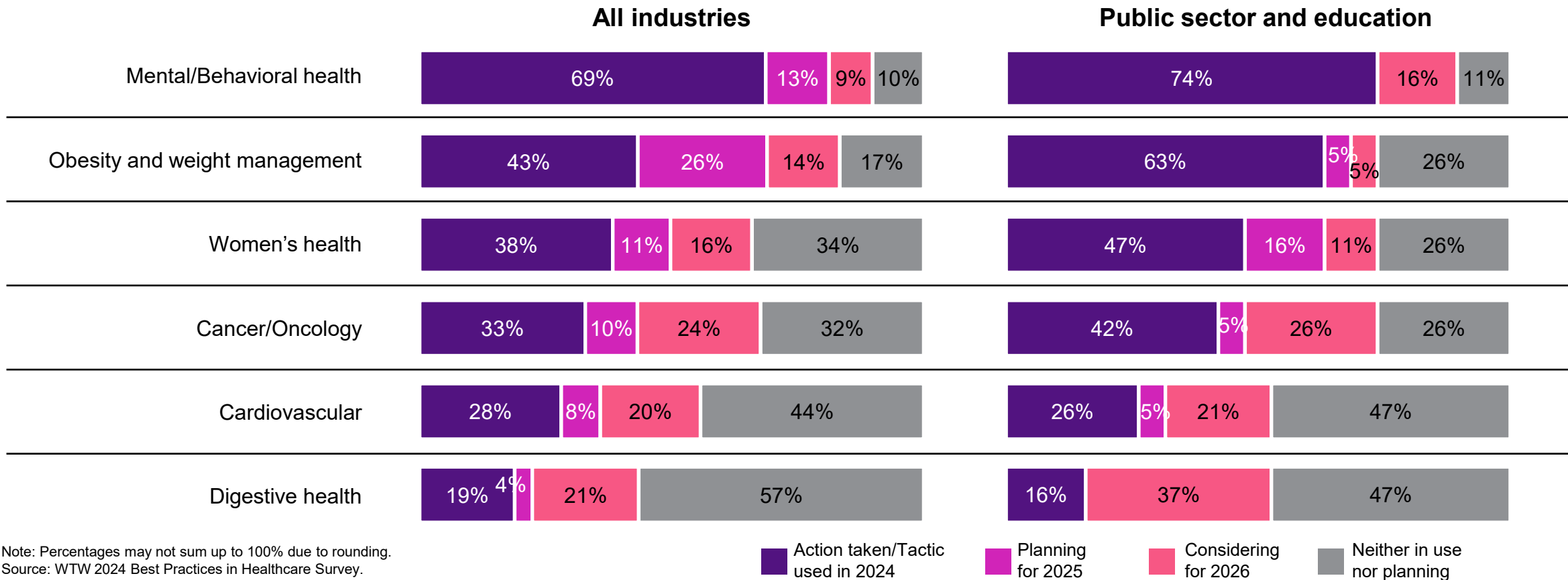
Q: What actions has your organization taken or plan to take to address your healthcare costs?
Source: WTW 2024 Best Practices in Healthcare Survey.

■ Action taken in 2024 ■ Planning for 2025 or considering for 2026

Increasing clinical focus on obesity, cancer, and cardiovascular



Which of the following clinical areas has your organization acted on or planned to act on as a means of improving member health? Actions can include revising medical or pharmacy benefits, evaluating your network strategy, offering enhanced navigation or adopting other medical management vendor solutions.

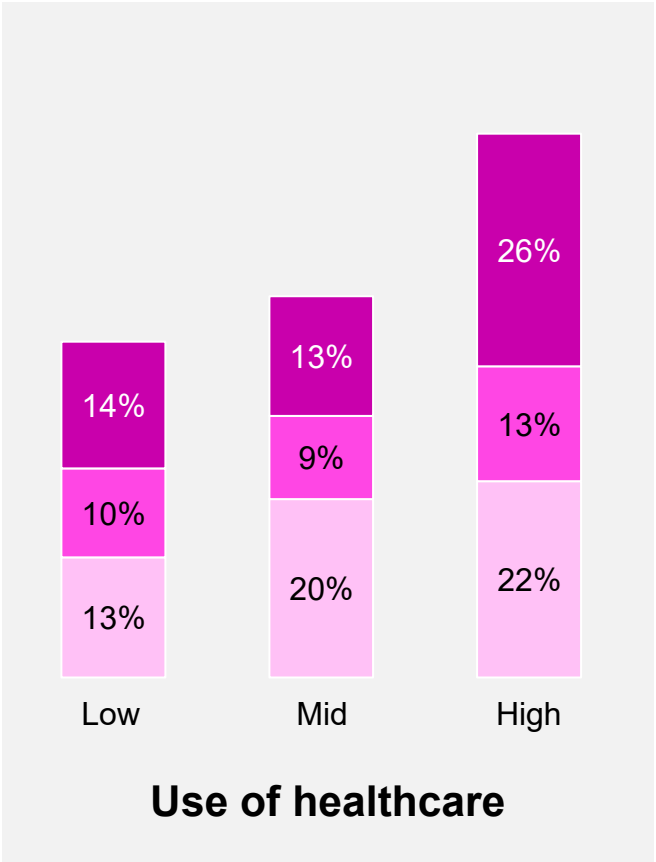
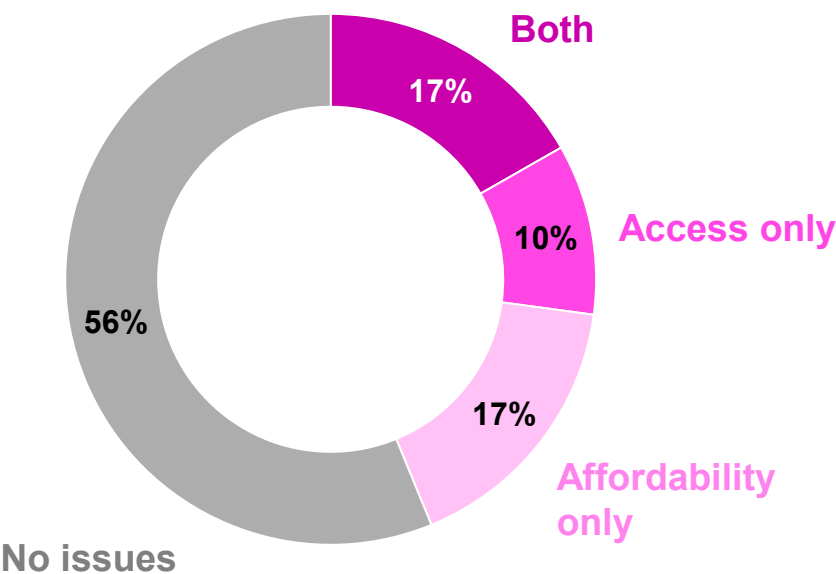
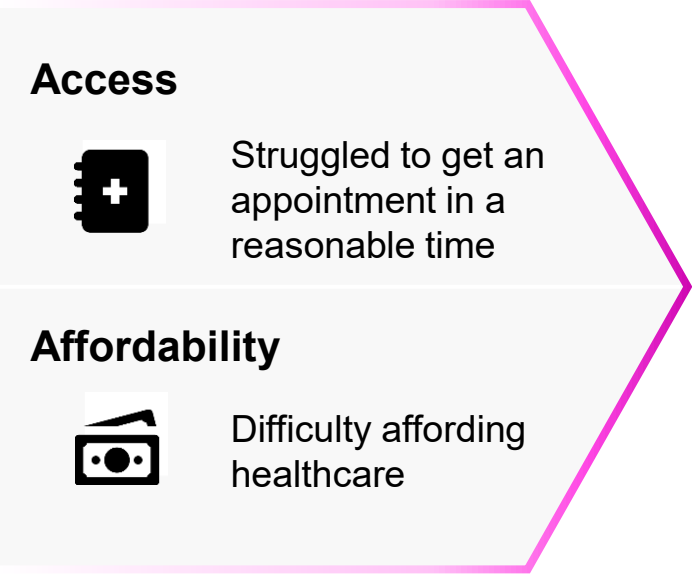


Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Virtual care

One in six employees experience serious issues accessing healthcare

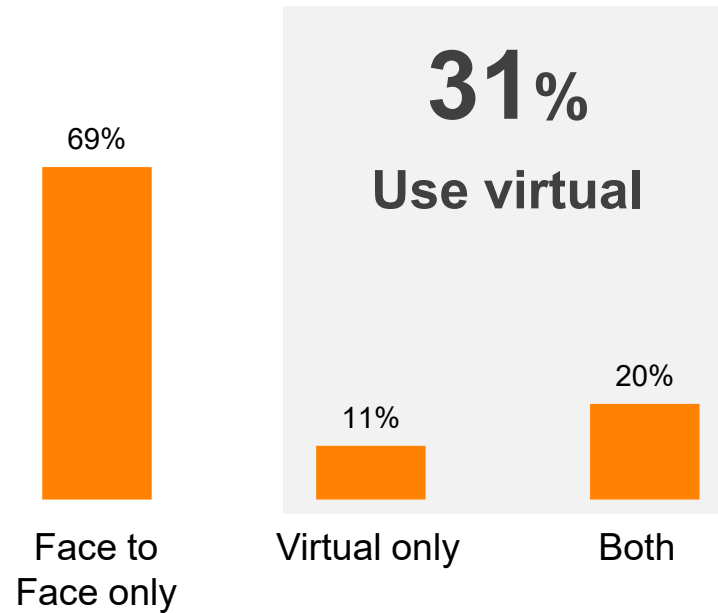
Access and affordability issues



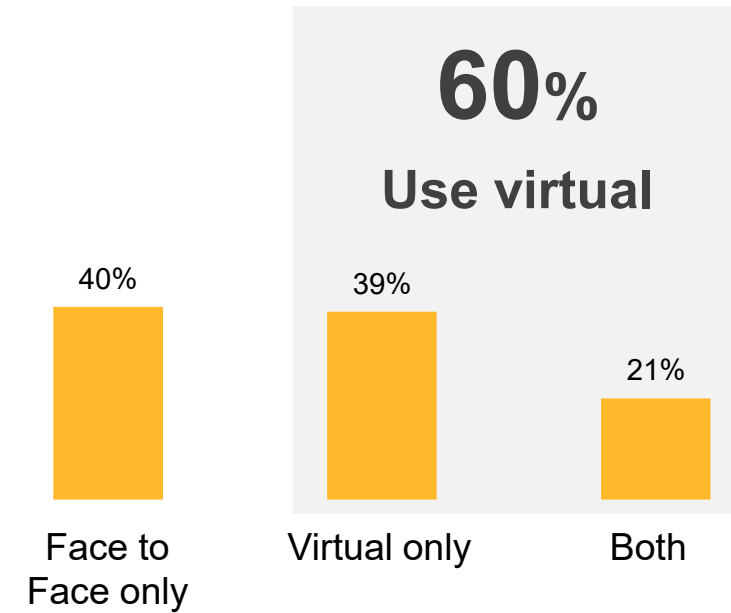
Note: Percentages may not add up to 100% due to rounding.
Sample: Full-time employees.
Source: 2024 Global Benefits Attitudes Survey, United States.

Virtual care is an integral way employees receive mental health services

Doctor or nurse for a health issue

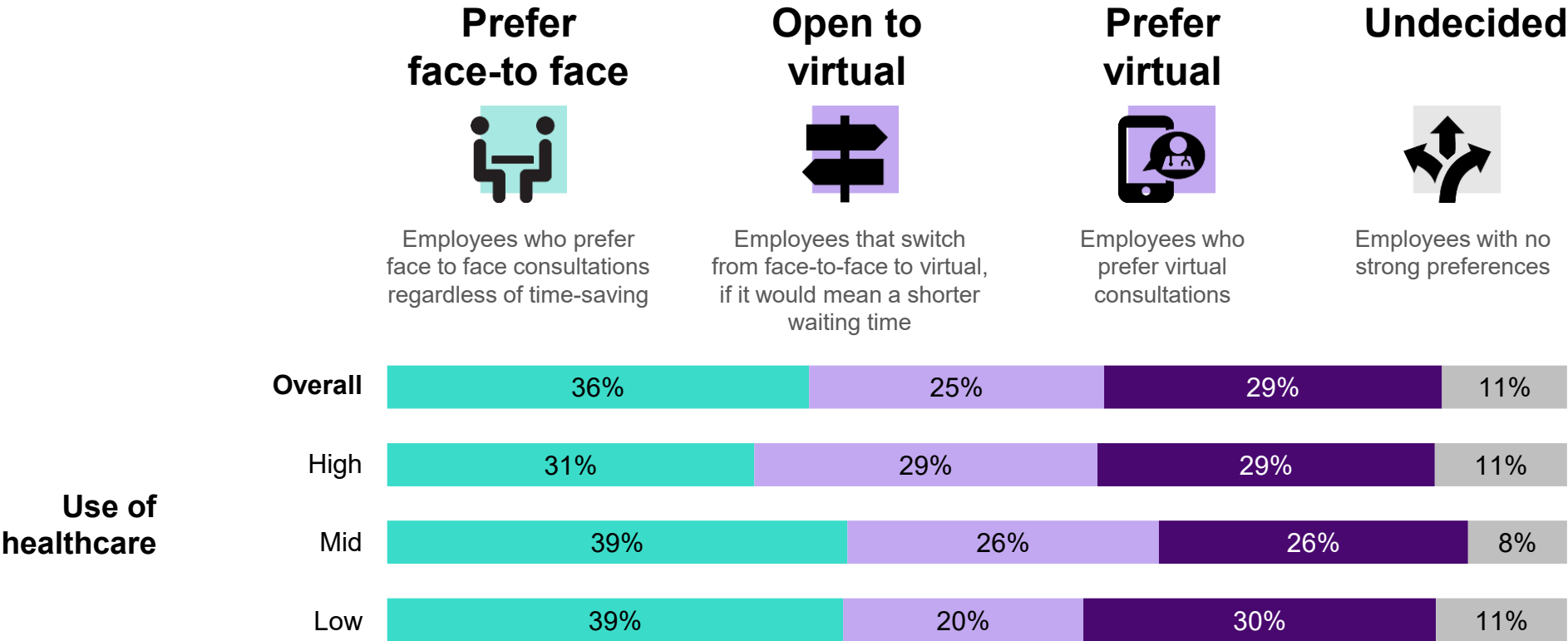


Mental health specialist



Note: Percentages may not add up to 100% due to rounding.
Sample: Full-time employees who had a consultation.
Source: 2024 Global Benefits Attitudes Survey, United States

1 in 4 employees are willing to switch to virtual consultations if it means shorter waiting times

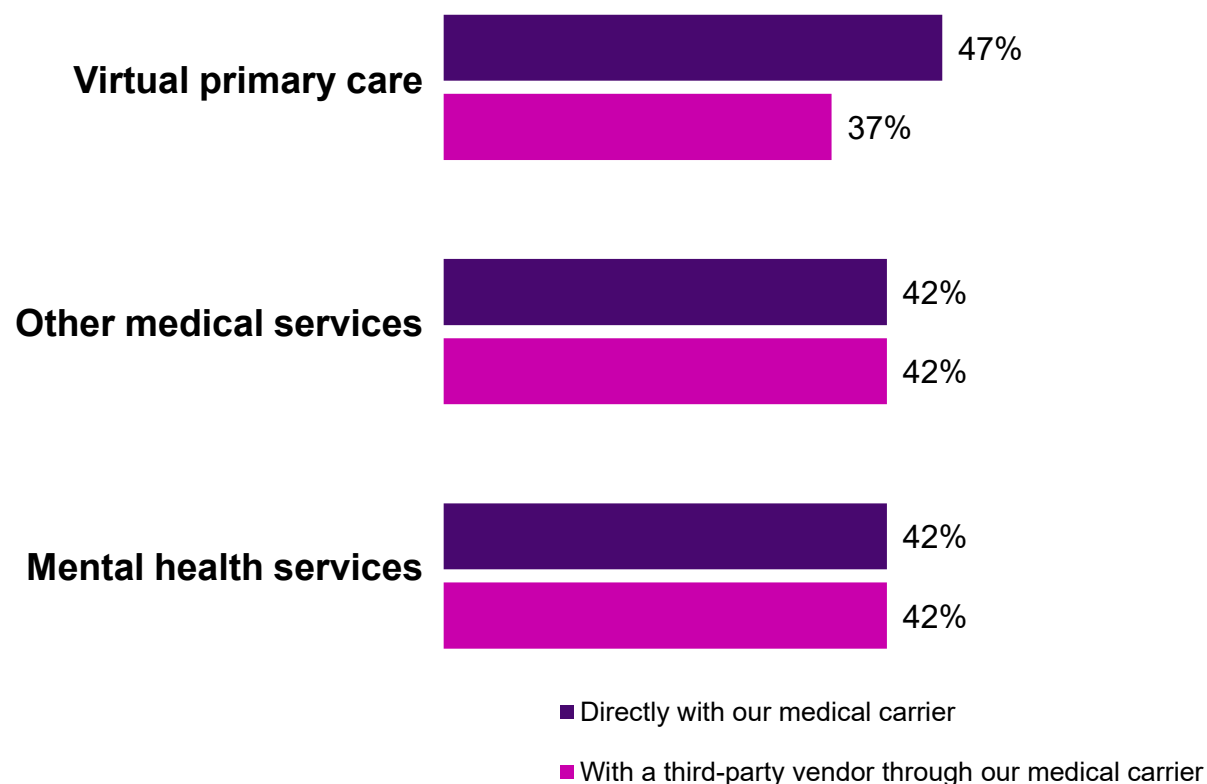


Note: Percentages may not add up to 100% due to rounding.
Sample: Full-time employees who had a virtual consultation.
Source: 2024 Global Benefits Attitudes Survey, United States

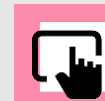
Virtual care remains a cornerstone of medical network designs



Does your company partner with your medical carrier or a third-party vendor for the following virtual care services? (Please select all that apply.)

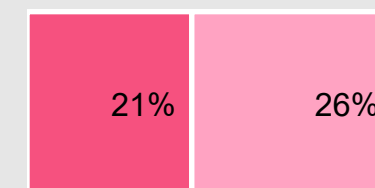


Source: WTW 2024 Best Practices in Healthcare Survey, Public sector and education.

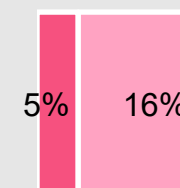


Virtual care

Offer virtual clinics for targeted populations or disease states



Offer “virtual first” health plans where members must seek virtual care before making an in-person appointment for nonemergency care



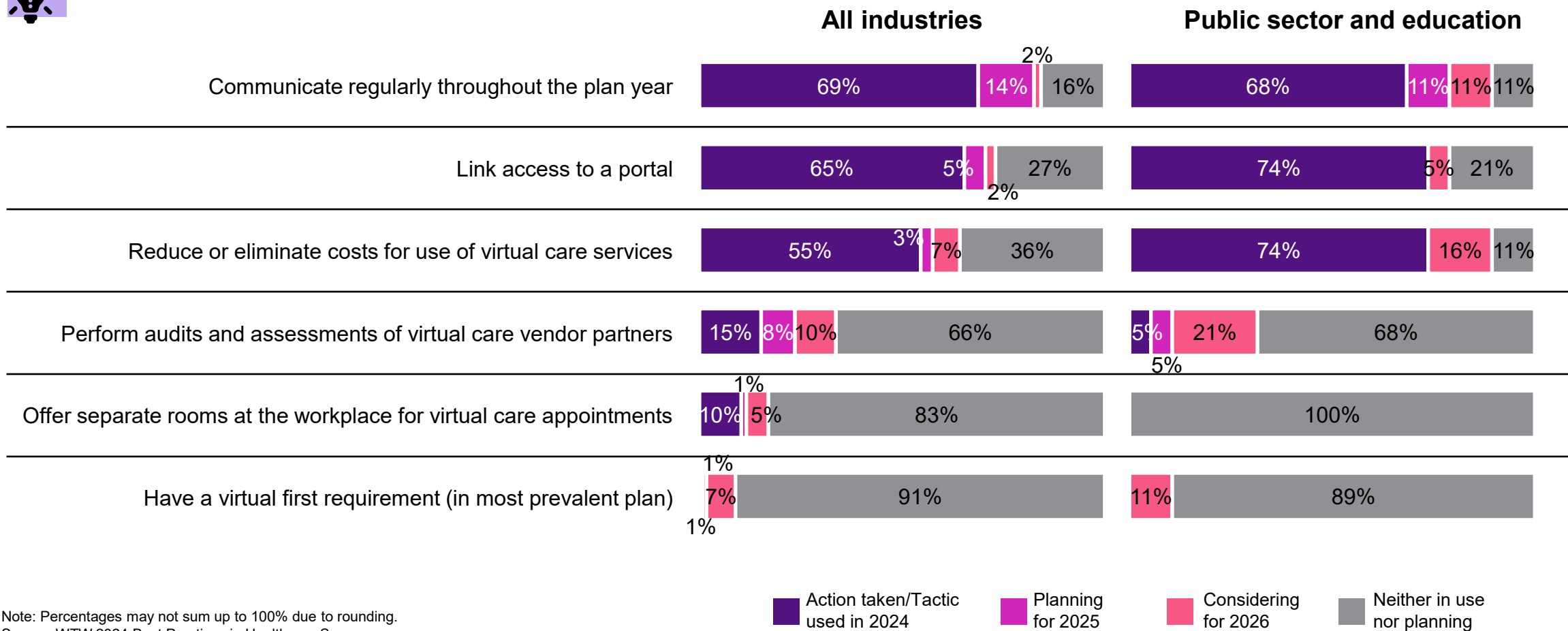
Action taken in 2024

Planning for 2025 or considering for 2026

Actions to support or encourage the use of virtual care services



Does your company do any of the following to support or encourage the use of virtual care services?



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Employers reduce or eliminate costs for use of virtual care services



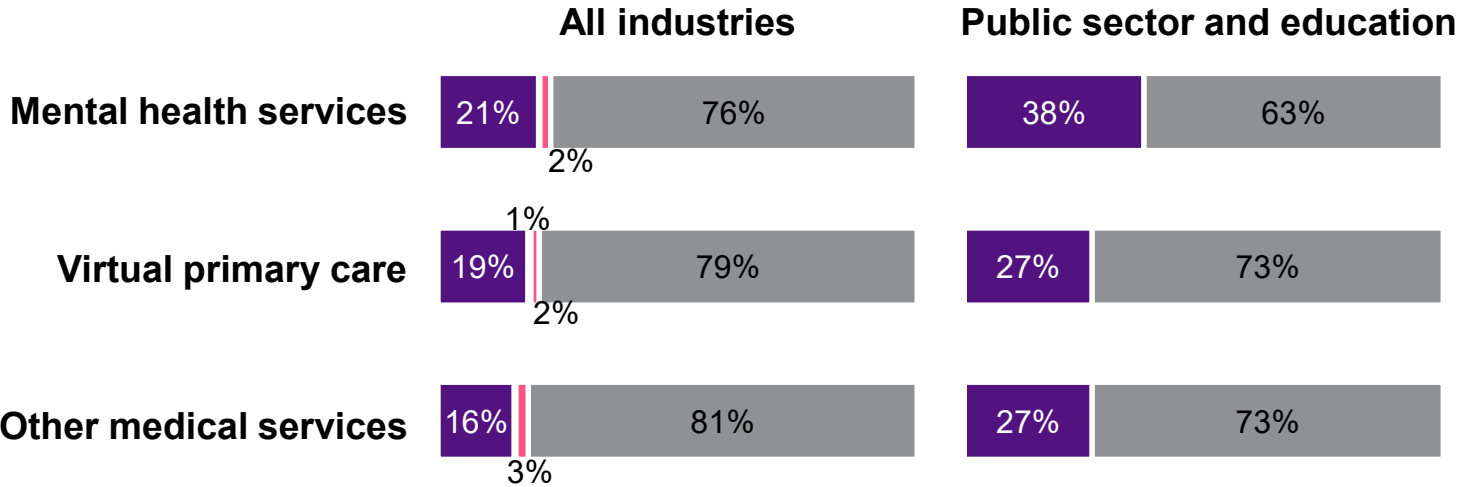
27%/38%

of organizations eliminated costs for use of any virtual care services

All industries/Public sector and education



Does your company **eliminate** cost sharing for the following virtual care services?
All companies



■ Action taken/Tactic used in 2024 ■ Planning for 2025 ■ Considering for 2026 ■ Neither in use nor planning

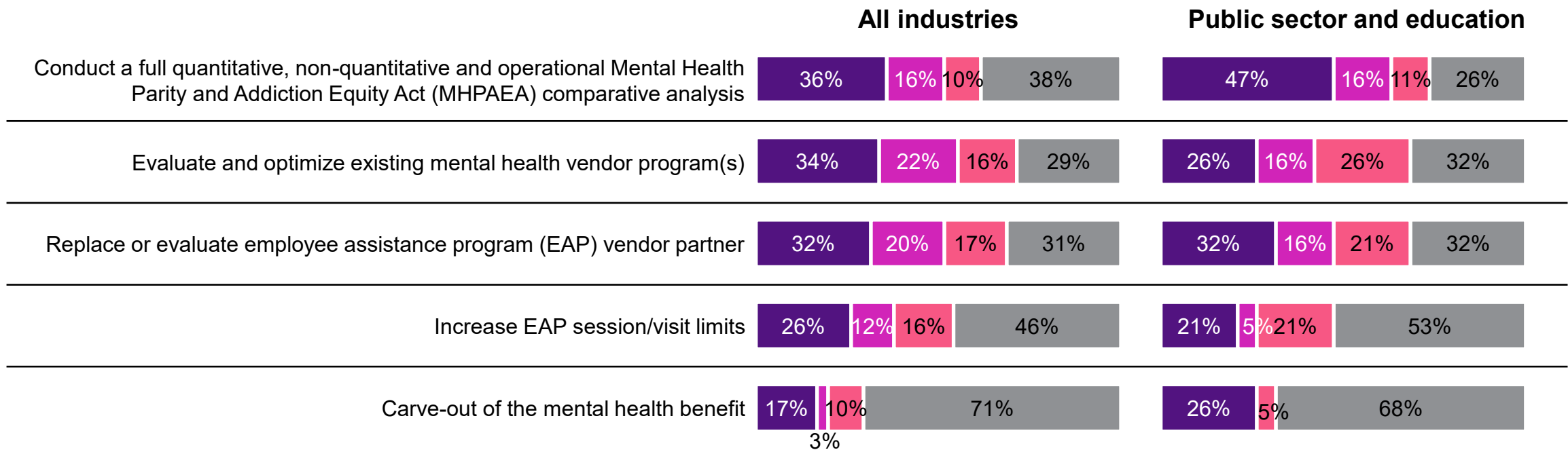
Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Mental health

Actions to address mental health issues



Which specific actions/programs does your organization have in place or plan to have in place to address mental health issues?



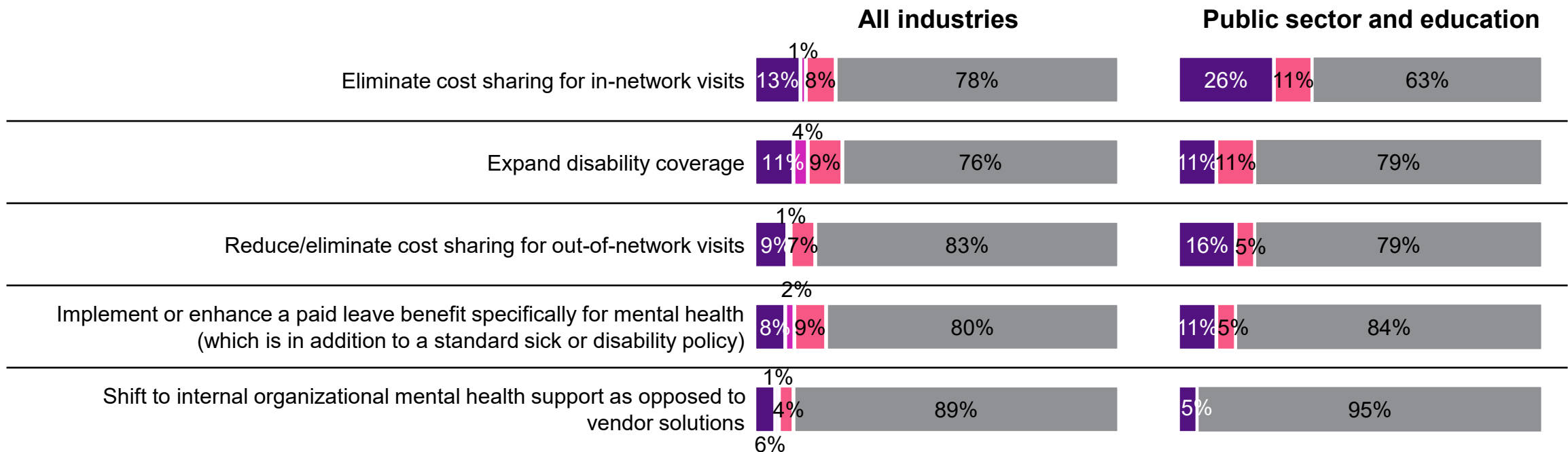
Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.



Actions to address mental health issues (continued)



Which specific actions/programs does your organization have in place or plan to have in place to address mental health issues?



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Action taken/Tactic used in 2024 Planning for 2025 Considering for 2026 Neither in use nor planning

Pharmacy benefit management

The pharmacy industry continues to evolve

Some trends require immediate employer response and others signal broader change



GLP-1 medications are here to stay

- \$9,000 to \$10,000 per patient per year after discounts and rebates
- Will decrease illness and increase productivity, but not likely to lower medical costs
- 100+ obesity meds in pipeline
- Spectrum of coverage options



Cell and gene therapies continue to expand

- 38 FDA-approved treatment today; 60 expected by 2026
- Potential to cure rare diseases, cost exceed \$2M in some cases
- Eligible population is small, but claims increasing for employers



Additional biosimilars come to market

- 59 biosimilars approved today; 24 additional by 2026
- Humira biosimilars in 2024; Stelara biosimilars in 2025
- Typically 10%-30% less expensive than originator brand; versions of Humira have launched with 85% discount (no rebates)



New PBM models gaining traction

- Driven by state regulatory, fiduciary concerns and growth of disruptors
- AWP remains dominant, but new PMPM and Cost-Plus models in market
- PBM NPS: -10
- 43% of employers intend to bid PMB in 2025/2026

Broader trend of drugs poised to eclipse focus on procedures to treat medical conditions and could create a **pharmaceutical-based health system**.

Employer responses

Coverage policy
Narrow prescribing network
Lifestyle support

Future impact modeling
Stop loss
Outcome-based contracts

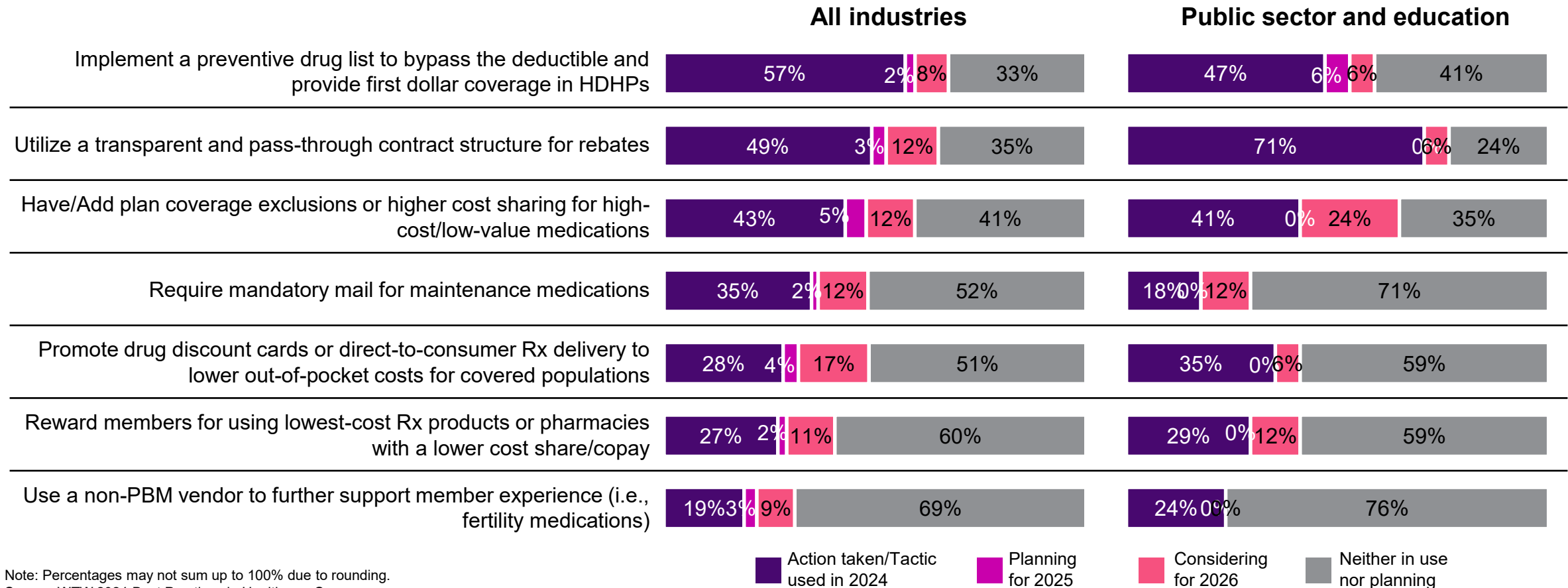
Plan design
UM and Formulary
Member education

Pharmacy audit
Market check
RFP

Pharmacy benefit management strategies: General Rx



General Rx: Which of the following pharmacy benefit management strategies does your organization have in place or plan to have in place in the next few years?

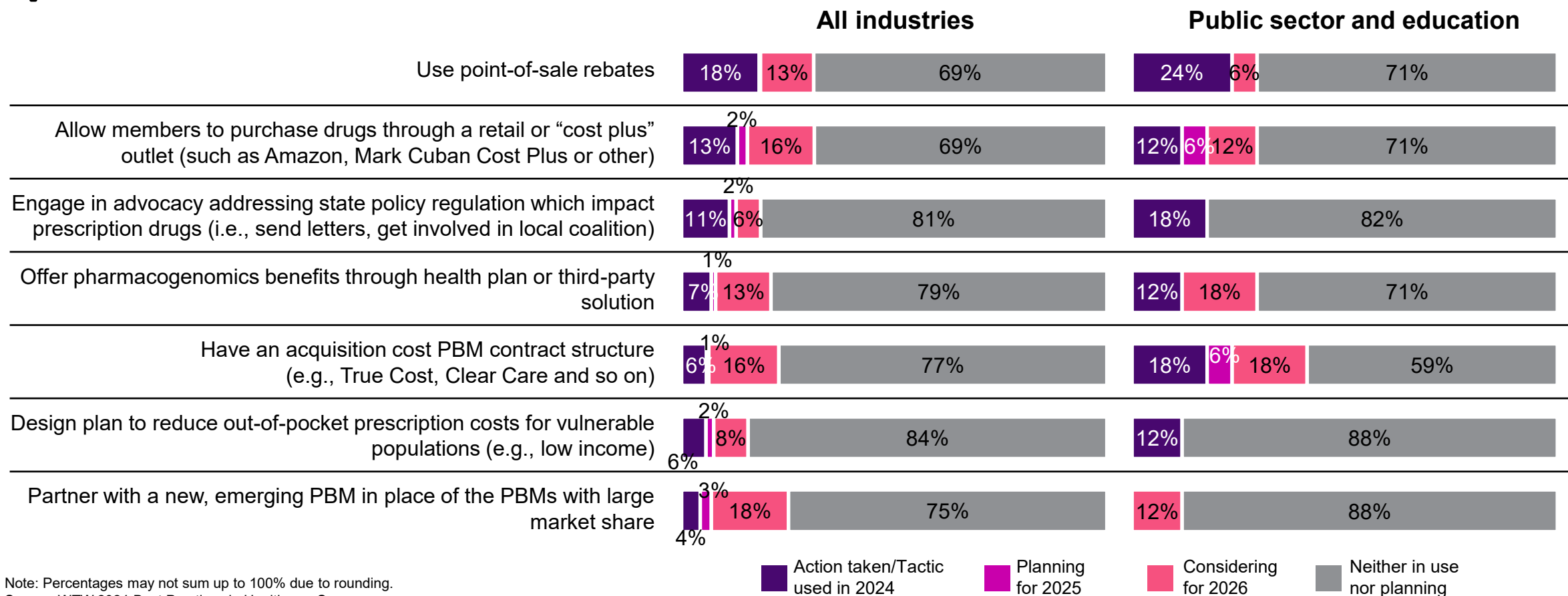


Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Pharmacy benefit management strategies: General Rx (continued)



General Rx: Which of the following pharmacy benefit management strategies does your organization have in place or plan to have in place in the next few years?

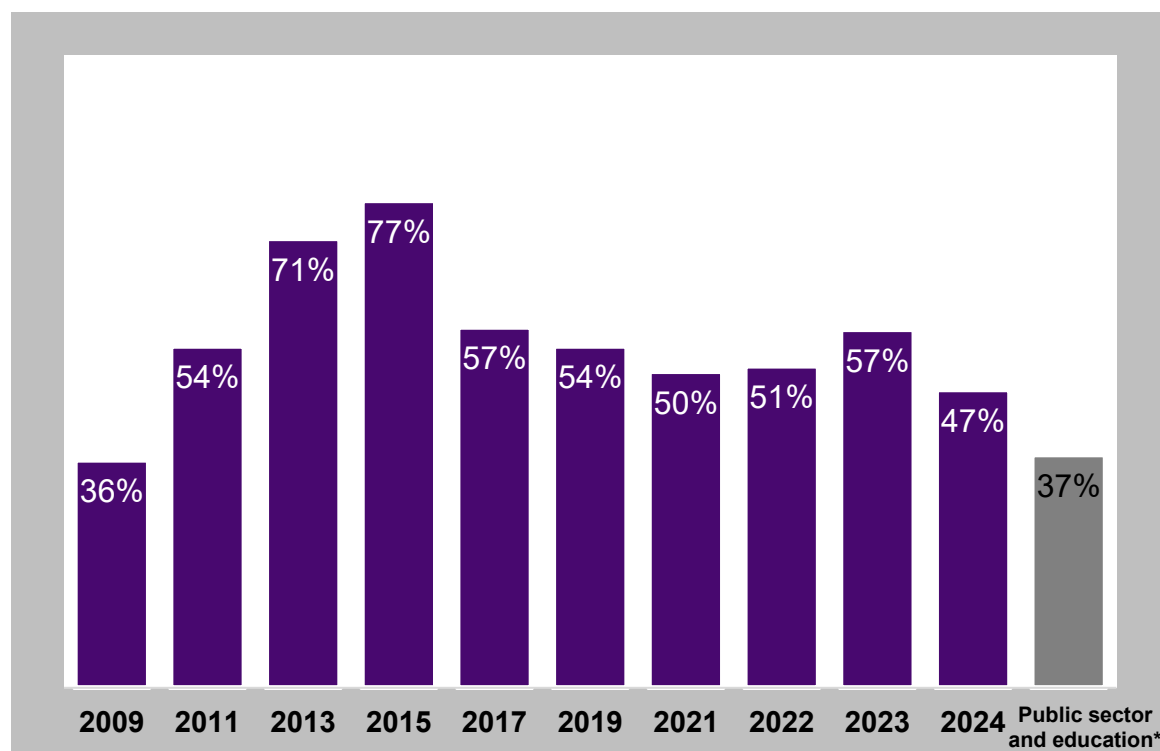


Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

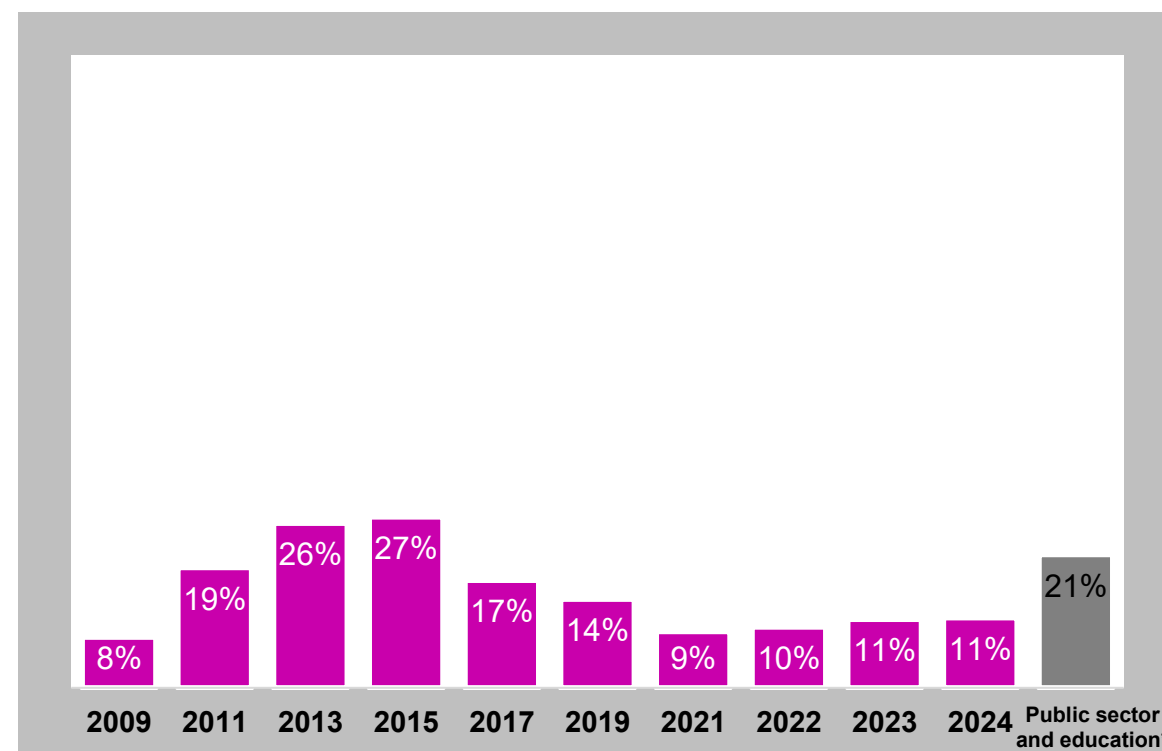
Wellbeing

Trends of incentives to encourage healthy lifestyle

Reward: Offer financial rewards to individuals who participate in health management programs/activities.



Penalties: Use penalties for individuals who don't participate in or don't meet the requirements of health management programs/activities.

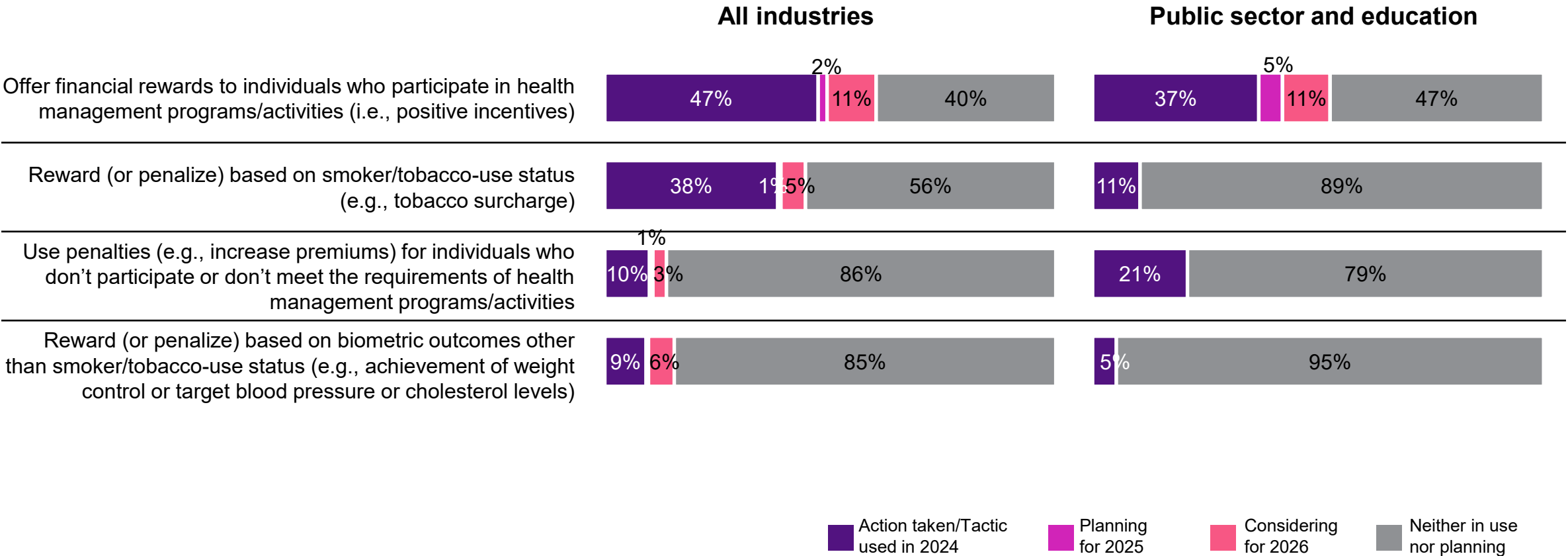


Note: Years 2009, 2011, 2013 and 2015 are based on prior years of the Towers Watson Staying@Work Survey.
Sample: Companies with at least 1,000 employees. *All Public sector and education industry respondents.
Source: WTW 2017, 2019, 2021, 2022, 2023 and 2024 Best Practices in Healthcare Survey.

Incentives to encourage healthy lifestyles



Which specific incentives does your organization have in place or plan to have in place over the next few years to encourage healthy lifestyles?



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Willingness to revamp wellbeing incentive programs



How do you expect your wellbeing financial incentive program will change in the next three years?



(N=16)

Note: Percentages may not sum up to 100% due to rounding.

Source: WTW 2024 Best Practices in Healthcare Survey, Public sector and education.

Artificial intelligence

Expanding impact of AI in health and benefits



AI opportunities

Where do you see the greatest opportunities for AI in supporting your healthcare strategy? Select at most 3 options. (All industries/Public sector and education)



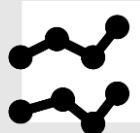
Navigation solutions and personalized recommendations

64%/74%



Communication

58%/63%



Program evaluation and measurement

35%/37%



Plan administration and operations

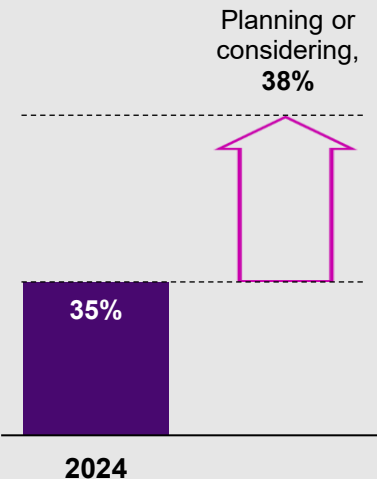
33%/26%



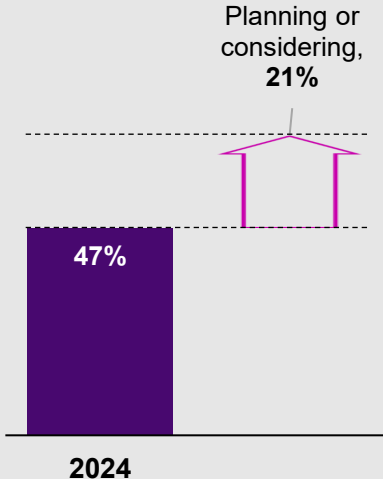
Medical claims audit

Conduct a medical claims audit to ensure plan is paying claims in accordance with administrative service level agreements

All industries



Public sector and education

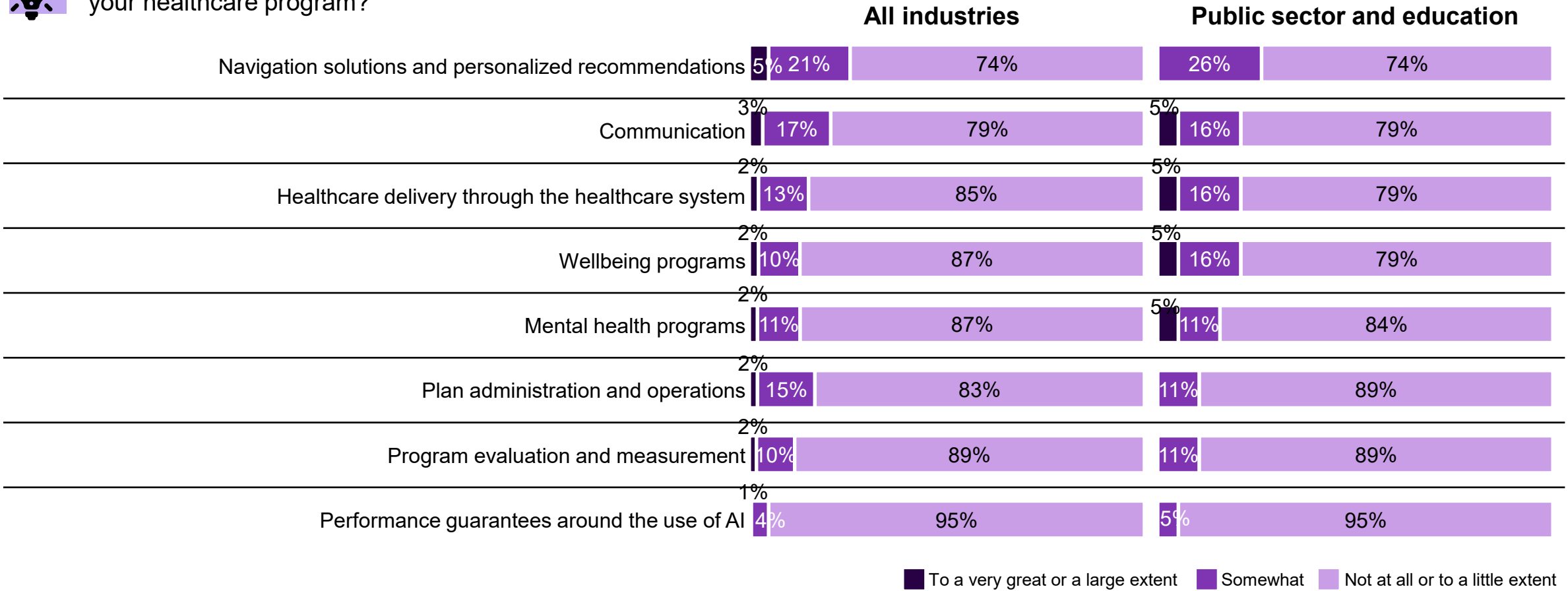


Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Few employers implemented AI capabilities in healthcare program




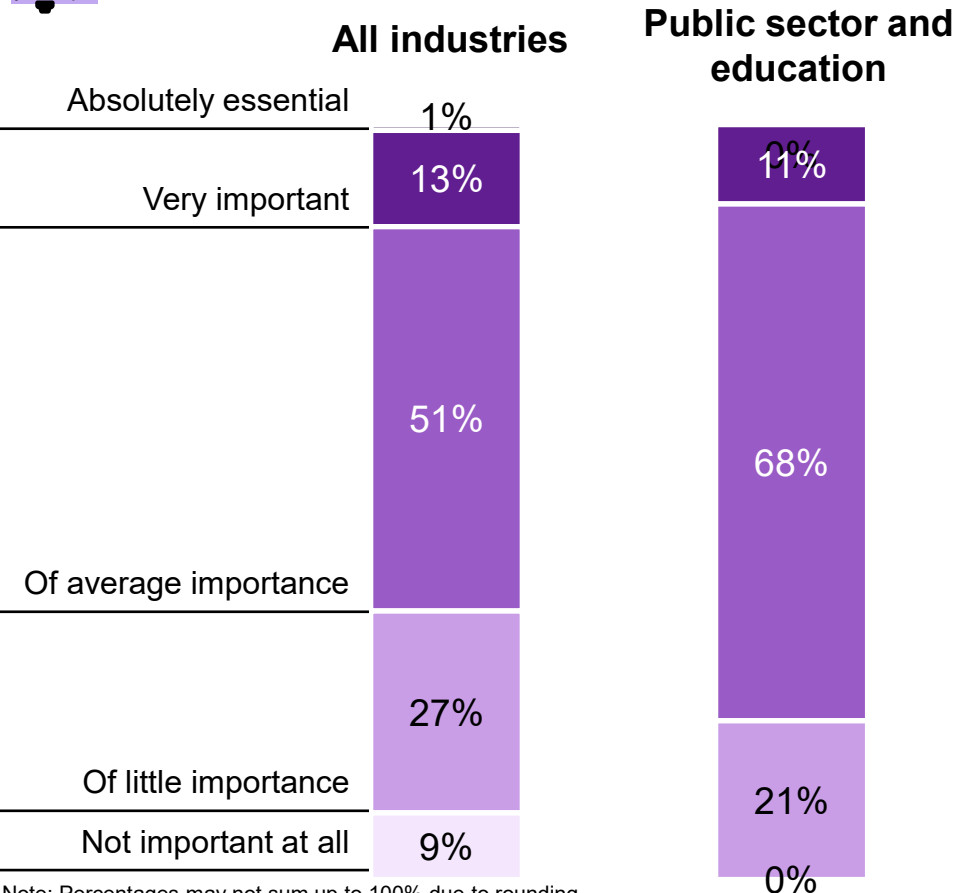
To what extent is your organization (or vendor partners) currently using Artificial intelligence (AI) capabilities in the following areas of your healthcare program?




Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

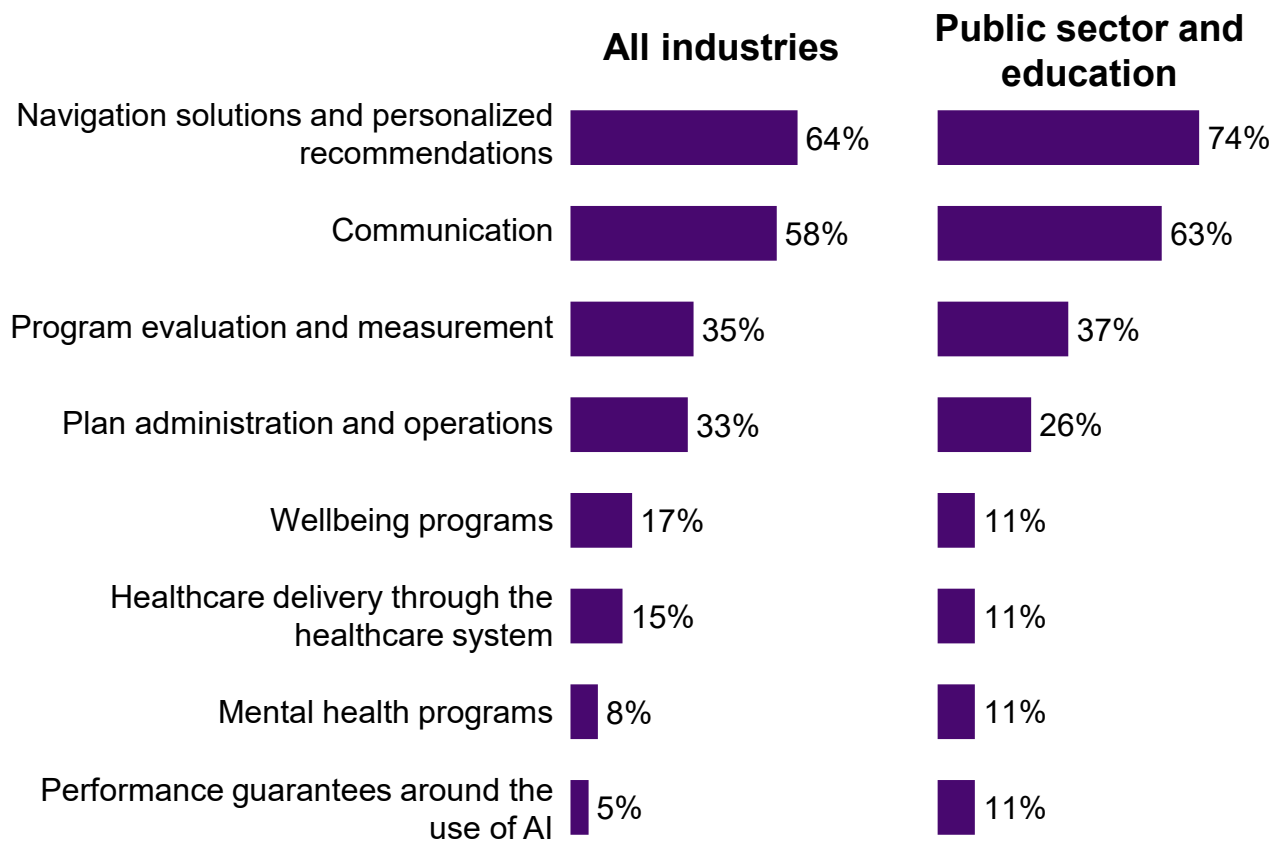
Many employers see the opportunities for AI in navigation and communication

 How important are AI capabilities when evaluating new healthcare vendor solutions?



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

 Where do you see the greatest opportunities for AI in supporting your healthcare strategy? Select at most 3 options.



Administration Impacts

Key implications based on current results



Potentially more Congressional support and easier legislative path for Trump policy priorities.



Budget reconciliation may be possible and would ease action on tax and budget legislation.



Possibly less oversight of administrative and executive action.



Regulatory freeze; possible use of Congressional Review Act to unwind some Biden regulations.

Important considerations



The new administration and new Congress will enter office with competing priorities.



Policy decisions can be strongly influenced by the people who hold key positions. Legislative committee assignments, cabinet nominations and other decisions will play a key role.



Organizing a new Congress and a new administration will take time and could affect the timing of action on some priorities.



New regulatory and enforcement approaches are expected.

Increase in other administrative and legislative activity expected

EOs will prompt administrative and regulatory activity; other action also expected

EOs instruct agencies to issue guidance, reports and take other action

Additional EOs could create additional regulatory activity

Agencies will want to issue guidance advancing administrative priorities that have not been addressed in EOs

New enforcement priorities will emerge

Congress is working toward budget reconciliation; other legislative items on the agenda

Senate confirmation of cabinet and other appointees is ongoing

Congress is working to get budget reconciliation process started

Government is funded until March 14

EOs and other policy priorities may require legislative activity

Executive orders and other presidential documents

Executive orders help direct policy. Employer implications are seldom immediate



An executive order (EO) is an official document signed by the president declaring public policy



Executive orders may be flexible, but can also be limited and impermanent



Executive orders usually direct other government actions

Early Trump administration EOs

- President Trump issued 26 EOs on Inauguration Day and 45 EOs by the end of January
- He also issued executive memoranda, presidential proclamations and other documents
- Few of the EOs have direct actionable implications for employers. Agency implementation, enforcement and guidance generally will determine implications
- Litigation against some EOs is underway and more litigation is expected

ACA

EO rescinds multiple EOs issued by President Biden, including Biden EOs on ACA. Additional implementing action is needed. Some issues are also in litigation.

Transgender issues

Multiple EOs address transgender issues, including medical treatment. Employer implications will be determined by guidance and implementation.

Diversity, equity and inclusion (DEI)

Multiple EOs address DEI, including EO to “discourage” private sector DEI initiatives.

Key implications



Be aware that EOs usually are the start of a process. Implications will emerge as the process unfolds.



Watch for other activity to get underway in Congress and the agencies.



Expect that some developments may require quick reaction.



Continue to comply with current requirements unless or until they change.



Questions and thank you