Paving the Way to Smarter Benefits: How Activist Employers Are Revolutionizing Healthcare

5 ways modern benefits professionals can make a real difference in 2020 and beyond
As an employee benefits professional, perhaps the following statistics will come as no surprise:

- Annual employer health insurance family premiums rose 5% to average $20,576. In contrast, inflation rose only 2%.¹
- The U.S. spends almost 18% of its gross domestic product (GDP) on healthcare—and about 30% of that money is wasted.²
- In 2016, the U.S. spent nearly twice as much as 10 high-income countries—and performed less well on many population health outcomes.³

Is there anything employee benefits professionals can do to make a difference and improve healthcare in the U.S.?

IBM Watson Health, in partnership with SourceMedia Research, surveyed 280 benefits professionals at self-insured large companies to uncover the top five strategies that those who want to change healthcare—whom we call “activists”—use. This white paper may inspire HR professionals such as you to make benefits changes in your own large company.

### 5 Key Activist Employer Strategies

1. Leverage socio-demographic data
2. Offer plans designed around quality of care
3. Use personalized, digital experiences to engage employees
4. Use data and tools to address overall employee health and well-being
5. Use their understanding of their employees to offer the diverse benefits employees really need

### The Activists Among Us

An activist employer is frustrated by the status quo—and is willing to do something about it. Activists don’t complain but take action, both inside and outside their organization to change the way healthcare is delivered in the U.S. Activists seek to not only improve the lives of their employees but to create a ripple effect throughout the U.S. healthcare system. As payers, activist employers seek to collaborate with other industry stakeholders to find a balance between quality and cost.

The survey categorized employer activism based on responses to nine attitudinal statements. Among survey respondents, 21% satisfied the survey criteria of high activists, 28% are moderate activists and 51% are low activists, based on their responses (see Figure 1).

Of course, there are likely many employers who don’t identify as activists. They perhaps have more risk-averse company cultures, but still dream of shaking up employee healthcare, lowering costs and improving engagement. In other words, anyone who cares about the state of healthcare benefits in the U.S. has an opportunity to make a difference regardless of whether or not they label themselves an “activist.” However, that path forward is more difficult without having data and artificial intelligence tools at their fingertips.
Activists tend to share the following characteristics. They...

- Thrive in dynamic work environments
- Are comfortable analyzing data
- Are dissatisfied with the status quo within their organization
- Have provided solutions to address employee benefits challenges
- Want to improve employee benefits by any means necessary

Activist Employer Defined Figure 1

Employer activism definitions are based on respondents' agreement to nine attitudinal statements:

I am satisfied with the status quo within my organization—\textit{disagree completely}.

Maintaining a predictable daily schedule at work is important to me—\textit{disagree completely}.

I want to improve employee benefits by any means necessary—\textit{agree completely}.

I am comfortable analyzing data to understand employee needs/identify trends—\textit{agree completely}.

I thrive in dynamic work environments—\textit{agree completely}.

In the last 12 months, I have taken on complex projects without being asked to—\textit{agree completely}.

In the last 12 months, I have challenged why inefficient processes exist within my organization—\textit{agree completely}.

In the last 12 months, I have provided solutions to inefficient processes within my organization—\textit{agree completely}.

In the last 12 months, I have provided solutions to employee benefit gaps—\textit{agree completely}.

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Activist Employer Defined

Employer activism definitions are based on respondents’ agreement to nine attitudinal statements:

- **High activist**—satisfies 5+ of the criteria above
- **Moderate activist**—satisfies 3-4 of the criteria above
- **Low activist**—satisfies 0-2 of the criteria above

Base=280
Source: SourceMedia Research/Employee Benefit News, October 2019
5 Key Activist Strategies

To have the most impact on employee health and wellness and to drive healthcare change, activist employers tend to focus on five key strategies:

1. Activists Leverage Socio-Demographic Data

Almost half (48%) of activist employers say that socio-demographic data is a major driver in their benefits offering decision process. The most often used data is age, ethnicity, education and homeownership. Activists are also much more likely to use socio-demographic tools to improve their benefits strategy (see Figure 2).

Although higher activist employers are more likely to customize benefits based on socio-demographic data, the percentage at 19% is not as high as we would hope. We found that respondents are either not familiar with tools that will help apply socio-demographic data to their benefits program design or they don’t feel they have the time or resources to use these tools.

One respondent tells us, “We didn’t know these tools were available.” Another says, “Our staffing has been cut so much that we don’t have time to use socio-demographic tools.”

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Employee Socio-Demographic Needs by Activism Level

<table>
<thead>
<tr>
<th>Activism Level</th>
<th>Not at all a factor</th>
<th>Minor factor</th>
<th>Moderate factor</th>
<th>Major factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low activist employer</td>
<td>24%</td>
<td>20%</td>
<td>43%</td>
<td>13%</td>
</tr>
<tr>
<td>Moderate activist employer</td>
<td>14%</td>
<td>15%</td>
<td>38%</td>
<td>33%A</td>
</tr>
<tr>
<td>High activist employer</td>
<td>19%</td>
<td>9%</td>
<td>24%</td>
<td>48%A</td>
</tr>
</tbody>
</table>

Bases: 58 high activist employers; 79 moderate activist employers; 143 low activist employers

Letters indicate statistical significance at the 95% confidence level over the indicated segment

Source: SourceMedia Research/Employee Benefit News, October 2019
2. Activists Offer Plans Designed Around Quality of Care

Activist employers are more likely than other employers to factor quality of care into their benefits decision-making. While 74% of activist employers use quality of care, only 55% of low activist employers design their programs based on value (see Figure 3).

Most (74%) activist employers contract directly with insurers for value-based care models while 58% contract with a provider organization.

There’s a variety of value-based care models to choose from, including collaborating with other industry stakeholders, such as providers. Centers of excellence is the most-used value-based care model by activist employers at 70%, followed closely by bundled payments (58%) and accountable care organizations (58%). The healthcare industry has used centers of excellence since the 1980s and the advantages are well documented. Newer initiatives, such as bundled payments, quality of care and accountable care organizations, are still gaining momentum as a way to address the rising cost of healthcare.

“Right now, conversations around health insurance are muddled. We’re trying to provide clarity in our programs.”

-Survey respondent
3. Activists Use Personalized, Digital Experiences to Engage Employees

One of the biggest challenges employers face is communicating their benefits offerings and encouraging employees to take advantage of health and wellness programs. For instance, employees who work in production environments may not have access to company email.

One respondent tells us, “It’s a challenge to communicate all the great benefits we have to our employees.” Another says, “We want people to be healthier but how they live their lives outside of the office is something we can’t really impact yet.”

Activist employers drive employee engagement through personalized, digital experiences that seek to positively change employee health outcomes.

And they are successful (see Figure 4):

- 50% of activist employers say they are engaging employees versus 27% of low activist employers
- 41% of activist employers vs. 25% of least activist employers are more likely to use employee engagement data to drive decision making

Activists recognize that employees are increasingly comfortable using digital tools. According to an Accenture survey, 75% of U.S. consumers believe that technology is important in managing their health.4 McKinsey discovered similar findings: Consumers prefer digital when searching for doctors (79%), paying health insurance bills (77%), monitoring daily health metrics (75%) and searching for hospitals (74%).5

### Benefits Effectiveness by Activism Level Figure 4

<table>
<thead>
<tr>
<th></th>
<th>Low activist employer (A)</th>
<th>Moderate activist employer (B)</th>
<th>High activist employer (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaging employees with their healthcare benefits</td>
<td>27%</td>
<td>34%</td>
<td>50%(^A)</td>
</tr>
<tr>
<td>Positively changing/influencing employee health outcomes or behaviors</td>
<td>17%</td>
<td>28%</td>
<td>47%(^{AB})</td>
</tr>
<tr>
<td>Using claims or employee engagement data to drive decision making</td>
<td>25%</td>
<td>38%</td>
<td>41%(^A)</td>
</tr>
<tr>
<td>Providing targeted interventions</td>
<td>19%</td>
<td>28%</td>
<td>38%(^A)</td>
</tr>
<tr>
<td>Predicting or forecasting future healthcare spending</td>
<td>17%</td>
<td>24%</td>
<td>36%(^{AB})</td>
</tr>
</tbody>
</table>

Bases: 58 high activist employers; 79 moderate activist employers; 143 low activist employers

Letters indicate statistical significance at the 95% confidence level over the indicated segment

Source: SourceMedia Research/Employee Benefit News, October 2019
4. Activists Use Data and Tools to Address Overall Employee Health and Well-Being

Activist employers are keenly focused on refining overall employee health and well-being, with 60% saying it’s their top objective. To move the needle on employee health, activist employers rely heavily on benefits optimization tools and data analytics.

Activists use the following strategies more often than other employers:

- Employee wellness incentives (74%)
- Benefits data analytics tools (74%)
- Targeted benefits communications tools (64%)

They also rely on cost-transparency tools (59%) much more frequently (see Figure 5).

Of course, the data that activists use must be both accurate as well as actionable. And that can be a challenge. “We are working toward making data-driven decisions, but usage isn’t the only piece of the puzzle. We also want to gauge employees’ perception of health benefits value and what matters to them,” says one respondent. “It’s a priority we’re working on.”

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**Benefits Optimization Tool Usage by Activism Level**  
*Figure 5*

<table>
<thead>
<tr>
<th>Tool Type</th>
<th>Low activist employer (A)</th>
<th>Moderate activist employer (B)</th>
<th>High activist employer (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee wellness incentives</td>
<td>57%</td>
<td>56%</td>
<td>78%&lt;sup&gt;AB&lt;/sup&gt;</td>
</tr>
<tr>
<td>Benefits data analytics tool</td>
<td>42%&lt;sup&gt;a&lt;/sup&gt;</td>
<td>57%&lt;sup&gt;a&lt;/sup&gt;</td>
<td>74%&lt;sup&gt;AB&lt;/sup&gt;</td>
</tr>
<tr>
<td>Targeted benefits communication tools/services</td>
<td>40%</td>
<td>43%</td>
<td>64%&lt;sup&gt;AB&lt;/sup&gt;</td>
</tr>
<tr>
<td>Cost-transparency tools</td>
<td>42%</td>
<td>35%</td>
<td>59%&lt;sup&gt;AB&lt;/sup&gt;</td>
</tr>
<tr>
<td>Centers of excellence</td>
<td>39%</td>
<td>30%</td>
<td>59%&lt;sup&gt;AB&lt;/sup&gt;</td>
</tr>
<tr>
<td>Mobile apps or health/fitness wearable devices</td>
<td>37%</td>
<td>34%</td>
<td>55%&lt;sup&gt;AB&lt;/sup&gt;</td>
</tr>
<tr>
<td>Concierge health advocate</td>
<td>26%</td>
<td>35%</td>
<td>43%&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Bases: 58 high activist employers; 79 moderate activist employers; 143 low activist employers  
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Source: SourceMedia Research/Employee Benefit News, October 2019
5. Activists Use Their Understanding of Their Employees to Offer the Diverse Benefits Employees Really Need

Activist organizations offer a wider variety of benefits that focus on whole-person well-being than nonactivists. This makes sense since high activist employers are also more likely to use socio-demographic data and other analytics to drive benefits plan design. These activists recognize tools that give them a better understanding of their workforce enables them to offer more diverse benefits to meet employee needs.

Consider the following (see Figure 6):

- More than three-quarters (76%) of activist employers offer an employee assistance program compared to 60% of low activist employers
- 67% of high activist employers provide mental health coverage versus only 50% of low activist employers
- 81% of high activist employers offer pharmacy benefits versus 61% of moderate activist employers

These employers believe that providing comprehensive coverage to employees is important. Notes one survey respondent, “We just want our employees to be happy and healthy and we want to get them the best coverage possible.” Another tells us, “We strive as a company to give our employees the best benefits so they can be productive and happy.”

### Benefits Offered by Activism Level

<table>
<thead>
<tr>
<th>Benefits Offered</th>
<th>Low activist employer (A)</th>
<th>Moderate activist employer (B)</th>
<th>High activist employer (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy benefits</td>
<td>70%</td>
<td>61%</td>
<td>81%^a</td>
</tr>
<tr>
<td>Employee assistance program</td>
<td>60%</td>
<td>57%</td>
<td>76%^ab</td>
</tr>
<tr>
<td>Mental health coverage</td>
<td>50%</td>
<td>53%</td>
<td>67%^a</td>
</tr>
<tr>
<td>Health, fitness, and wellness incentive programs</td>
<td>45%</td>
<td>51%</td>
<td>66%^a</td>
</tr>
<tr>
<td>Health coaching</td>
<td>40%</td>
<td>53%</td>
<td>55%^a</td>
</tr>
<tr>
<td>Stress management</td>
<td>34%</td>
<td>41%</td>
<td>53%^a</td>
</tr>
<tr>
<td>Biometrics screenings</td>
<td>31%</td>
<td>44%^a</td>
<td>52%^a</td>
</tr>
<tr>
<td>Telemedicine</td>
<td>34%</td>
<td>44%</td>
<td>50%^a</td>
</tr>
</tbody>
</table>

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Source: SourceMedia Research/Employee Benefit News, October 2019
Make a Difference

Employers are well-positioned to make a difference in how healthcare is delivered in the U.S., whether controlling rising healthcare costs for employers and employees, improving employee engagement or challenging industry norms. These employers have an insider perspective on costs and the drivers of quality care. In fact, most are open to new strategies.

We believe that with access to data analytics and employee engagement tools, activist employers can influence the creation of new industry standards beyond the boardroom. Starting within their own organizations, activists can spearhead initiatives such as using socio-demographic data to better meet the needs of diverse employee populations, offering plans designed around quality of care and driving employee engagement through personalized, digital experiences.

Healthcare benefits in the U.S. needs employers who are willing to look for innovative solutions within their own organizations and can then share those solutions with others, creating momentum for change. But it takes vision and commitment to better technology, something that activist employers share. As one activist respondent notes, “We always go big or go home.”

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About the Survey

In September and October 2019, SourceMedia Research/Employee Benefit News was commissioned by IBM Watson Health to conduct an online survey of 280 self-insured employers who work at organizations with 5,000 to 10,000+ employees in a wide variety of industries across the U.S. Respondents are manager level through c-suite with benefits decision-making involvement. For more information on the survey contact: watsonh@us.ibm.com

About IBM Watson Health

Watson Health is a business unit of IBM that is dedicated to the development and implementation of cognitive and data-driven technologies to advance health. Watson Health technologies are tackling a wide range of the world’s biggest healthcare challenges across payers, providers, life sciences, imaging, oncology, and government. Learn how activist employers can measure success of their wellness programs with IBM Watson Health.

Footnotes


2 https://jamanetwork.com/journals/jama/article-abstract/2752664

3 https://jamanetwork.com/journals/jama/article-abstract/2674671
