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# Press Release

## Employers Forced to Jeopardize Longer-term Outcomes to Secure Short-term Savings

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Collaboration between payers and employers is a primary force shaping the health care offerings given to employees. However, these employees often find themselves caught between two stakeholders that are working to achieve very different goals. A new study provides insight into these clashing forces that drive benefit design decision-making.

Based on primary research with 100 managed care decision-makers in large national and important regional managed care plans, and a similar survey of 101 employers and employer benefit consultants, The Zitter Group's Spring 2009 Benefit Design Index – the third in the series of semiannual studies, finds that there is a fundamental disconnect between payers and employers when they evaluate health care offerings.

For employers, health care benefits are a budget item; employee health is a contributing factor to larger corporate success, not an ultimate goal. Corporate viability and work force productivity are the primary endpoints, not maximizing individual employee health. As a result, the richness of benefit design offerings can be scaled up or down depending on overall health care budgets.

In contrast, payer fiscal viability is dependant on maximizing the size of the covered population and scope of services provided. Payers are motivated to grow, or at least preserve, coverage for a given employee population

This disconnect has a significant impact on benefit design. While payers push for more innovative benefit designs that link employee costs with desired health outcomes, employer adoption of those tools is stalled by their organization's current fiscal restraints.

“Especially in a tight economy, employers are looking to interventions that can generate a reliable return on investment over a relatively narrow time frame, namely increased patient cost sharing.” said Kirk McConnell, Manager of Syndicated Research at the Zitter Group, the study's lead author. “ While employers acknowledge that these interventions may risk

eroding employee health over the longer term, budgetary restraints are forcing them to prioritize short-term cost savings.”

Detailed discussion of this tug-of-war between short-term costs and longer-term implications, along with other key research findings included in *The Benefit Design Index*, provide robust insight into the payer/employer health care dialog, identifying and analyzing the major landscape trends and the impact on market opportunities.

Key highlights from this most recent study include:

- Employers play a critical role in crafting benefit design; however, they often lack the tools to fully evaluate the return on investment (ROI) of benefit design interventions
- Payers focus management attention on specialty categories and chronic disease states; employers are sensitive to conditions that impact workplace performance.
- Both payers and employers consider cost to be primary driver of benefit design. Cost metrics are the most influential factor when employers select a health insurance vendor, and reduction in overall health costs is the most common measure of benefit design intervention ROI
- Employer Benefit Consultants (EBCs) play a critical role in benefit design decision making; they exert significant influence over employer choice of benefit maximums, out-of-pocket limits, and general tier structure.
- Both payers and employers identify value-based benefit designs as the best method to decrease health care spend in the near future; however, employers view VBBDs as the hardest intervention for which to gain corporate support
- Both payers and employers believe the current economy has had a significant impact on near term health care offerings. Employers have reduced health care budgets and coverage for employees; however, they believe there has been only a limited impact on patient cost-sharing
- Stakeholders express significant concerns about the value proposition of specialty therapies. More than half of payers believe that specialty/biologic therapies do not offer comparatively greater efficacy nor greater value than existing therapies; employers voice similar views, although their opinions are more muted.
- Employers have limited ability to track an intervention’s capacity to improve downstream medical costs; consequently, their timeframe for managing costs remains short-sighted. Payers have a slightly increased interest/ability to measure the outcomes of benefit design management through downstream medical cost analysis

## **About The Zitter Group**

*The Zitter Group (TZG) is the leading developer of strategic solutions for managed markets that secure, establish, and maintain essential links between brand goals and the economic needs of business decision-makers. Founded in 1989, TZG helps pharmaceutical, biotechnology, and medical device companies work more effectively within managed markets. TZG is the premier firm in the access and reimbursement segment because of its extensive experience, rich analytic capabilities, and commitment to the highest level of service. Visit [www.zitter.com](http://www.zitter.com).*