

Contact:  
Kirk McConnell  
The Zitter Group  
90 New Montgomery  
Suite 333  
San Francisco, CA  
94105  
415.547.1013

# Press Release

## Employers are Looking to Reduce Near-term Health Care Spending

San Francisco, CA  
January 8, 2010

Employers have two things in mind while making benefit design decisions: they need to save money, and they need to do it quickly.

According to The Zitter Group's Fall 2009 Benefit Design Index – primary research with 100 employer benefit managers and 100 managed care decision-makers in large national and important regional managed care plans – this push for near-term cost savings has a significant impact on the types of health insurance offered to employees.

The employer landscape has long been filled with multiple types of organizations, some have only looked for near-term cost savings and others have had the patience to evaluate health care offerings using a longer timeframe. However, the violent economic environment has forced all employers to tighten the timeframe within which they evaluate health care spending. Now more than ever it is imperative for stakeholders to define the near-term value of drugs and health care services to the employer community.

“Employers are faced with constrained health care budgets and are looking for ways to cut costs over the next 12-24 months,” said Kirk McConnell, Manager of Syndicated Research at the Zitter Group, the study's lead author. “They don't have the luxury of thinking long-term; it's all about making decisions today that will start paying off tomorrow.”

The Benefit Design Index reveals that employers are trying to secure these near-term cost savings by passing more costs to employees through higher premiums, larger deductibles, and increased cost-sharing for drugs and office visits.

Although payers and employers are interested in benefit design interventions that seek to improve employee health, not just shift health care costs, these interventions typically take more than two years to generate a return on investment, too much lag time for most employers.

This tight ROI timeframe represents a challenge for stakeholders trying to influence employer and/or payer benefit design decision making. The most impactful input will come from those who are able to quantify an intervention's cost-savings within a narrow timeframe.

These and other significant issues across the benefit design landscape are further explored in the Fall 2009 edition of the Benefit Design Index. Key highlights from this most recent study include:

- Health care costs are the primary driver of benefit design decision making
- Payers and employers focus most of their management attention on high prevalence chronic diseases and oncology care
- Payers and employers believe the best opportunity for pharmaceutical manufacturer collaboration is in compliance support programs and tracking health care costs; however, there is minimal interest in branded programs
- Comparative effectiveness research (CER) is not expected to make a tangible impact on the benefit design landscape until 2013, at the earliest. Cancer and diabetes are the categories most susceptible to changes
- Stakeholders continue to rely on traditional three-tiered formularies with \$10, \$25, and \$50 average copays; there is minor adoption of four tier designs and tier-specific coinsurance requirements
- Despite significant stakeholder interest in value-based benefit designs (VBBDs), only certain therapeutic categories are thought to be good candidates for VBBDs
- Cost-sharing requirements play multiple roles in the health care landscape, ranging from driving utilization to specific therapies to increasing appropriate utilization of medical resources

## COMPANY DESCRIPTION

The Zitter Group is a specialized healthcare consultancy uniquely positioned to provide strategic solutions for pharmaceutical and biotech companies specific to the role of managed markets and their influence on life science products. Since 1989, The Zitter Group has worked with life science product manufacturers and managed care organizations to develop effective access and reimbursement strategies by combining a wealth of expertise in economics, medicine, the life sciences, and marketing.