



Digital Health

Connecting brokers and self-funded employers in the quest for better health benefits

The healthcare crisis

It's no secret that healthcare expenses are costing everyone money.

According to the Centers for Medicare & Medicaid Services,
private health insurance spending grew 3.7% to \$1,195.1 billion in 2019¹ — a whopping 31% of total National Health Expenditure.

Whether you're selling health plans, purchasing them for your employees, or using their benefits as a plan member, costs never seem to go down. In fact, the increasing cost of healthcare may even lead people to seek new jobs² or wait too long to obtain medical attention³—all of which adds to further expenses in the long run. It's a major dilemma: **how can healthcare costs be managed more efficiently while improving health outcomes?**

One possible culprit: chronic illness

The CDC reports that sixty percent of all U.S. adults have at least one chronic illness, and that chronic illness is a top driver of healthcare costs.⁴ The goal should be clear—to drive down or contain costs and prevent chronic illness. What's less clear is how to best prevent or manage chronic illness in a healthcare system that was created out of the need to treat infectious disease. And while healthcare has adapted somewhat, many prevention strategies are secondary, which include tactics like screenings and general check-ups.⁵

However, digital health solutions can open new ways to access and interact with healthcare, regardless of the system or setting. Further, there are digital health solutions that focus on managing and preventing chronic disease with primary prevention strategies.

¹ NHE fact sheet. (n.d.). Retrieved September 08, 2021, from

<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet>

² Miller, S. (2021, February 26). Benefits are often an afterthought during recruitment. Retrieved September 08, 2021, from

<https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/benefits-are-often-an-afterthought-during-recruitment.aspx>

³ Leonhardt, M. (2020, March 12). Nearly 1 in 4 Americans are skipping medical care because of the cost. Retrieved September 08, 2021, from <https://www.cnn.com/2020/03/11/nearly-1-in-4-americans-are-skipping-medical-care-because-of-the-cost.html>

⁴ Chronic diseases in America. (2021, January 12). Retrieved September 08, 2021, from <https://www.cdc.gov/chronicdisease/resources/infographic/chronic-diseases.htm>

⁵ Schmidt, H., Ortmann, L. W., Dawson, A., Saenz, C., Reis, A., & Bolan, G. (n.d.). Chronic Disease Prevention and Health Promotion. In 1477573943 1068187288 D. H. Barrett (Ed.). doi:10.1007/978-3-319-23847-0_5

Digital health: an opportunity for big savings?

According to a recent report produced by IQVIA, the United States could save \$46 billion per year if digital health products were used for all diseases.⁶ With potential savings of this magnitude, it's no surprise that many digital health solutions are focused on chronic care management.

However, as noted in the *Harvard Business Review*, it's essential to think through digital health's ROI in the right framework. Article authors Alexander Fogel and Joseph Kvedar write:



choose a time horizon that is long enough to achieve the clinical outcome your firm is seeking. Choose providers that focus on bottom-level metrics like ROI and health care spend; avoid providers that focus on top-level metrics like engagement.⁷

So for a broker, the question is not “Is digital health a solution?” but rather “Which digital health solution will deliver the best ROI while improving health outcomes?”

Meet the broker: Sonique, health benefits specialist

Sonique is a successful benefits broker. As the market swells with competition, she has always been able to bring in new business by listening to prospective clients and customizing their health benefits plans. Her colleagues are impressed by her diligent approach, praising her ability to thoroughly research clients and ask insightful questions during pitch meetings.

With the price of healthcare rising faster than prices in the general economy,⁸ Sonique's clients are feeling the pinch more than ever. While Sonique prides herself on being a creative problem solver, she's been struggling to provide a more affordable healthcare benefits package for her client, a steel forging company with a self-funded plan.

Last year, she and the client implemented a wellness program in hope of improving employee health and reducing the number of claims submitted. Unfortunately, the program didn't deliver their hoped for ROI. This year, she's taking a closer look at digital health—and asking questions like:

- What technologies are considered “digital health”?
- What cost savings are associated with digital health?
- How can I incorporate digital health to design more impactful benefits packages?
- Will a digital health offering differentiate my service?

⁶ Comstock, J. (2017, November 10). Digital health has the potential to save \$46 billion a year in health spending. Retrieved September 08, 2021, from <https://www.healthcareitnews.com/news/digital-health-has-potential-save-46-billion-year-health-spending>

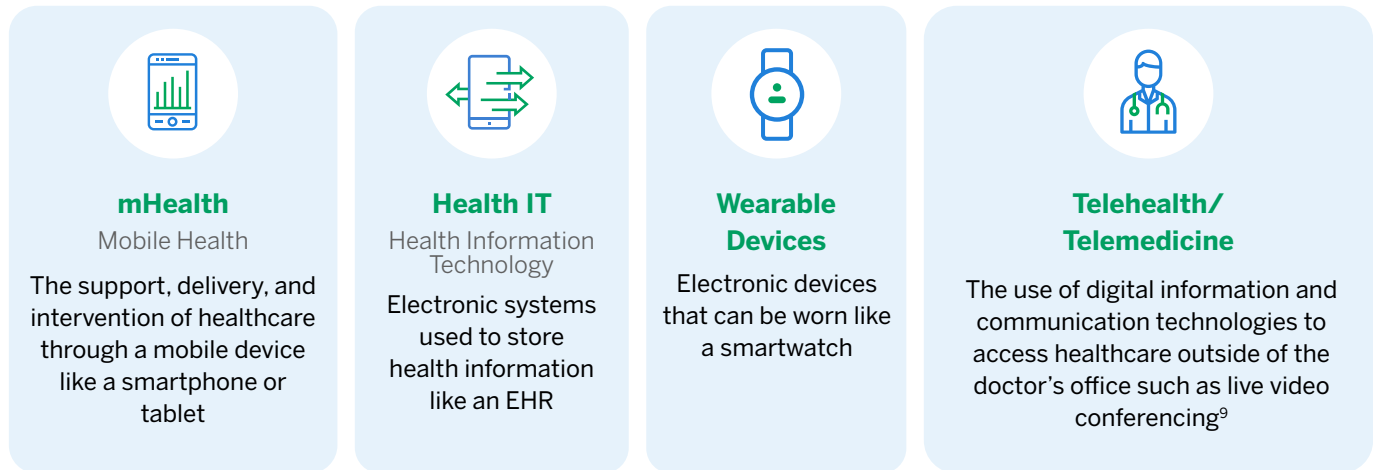
⁷ Fogel, A. L., & Kvedar, J. C. (2017, April 05). Simple digital technologies can reduce health care costs. Retrieved September 08, 2021, from <https://hbr.org/2016/11/simple-digital-technologies-can-reduce-health-care-costs>

⁸ Claxton, G., Rae, M., Levitt, L., & Cox, C. (2019, August 21). How have healthcare prices grown in the U.S. over time? Retrieved September 08, 2021, from

<https://www.healthsystemtracker.org/chart-collection/how-have-healthcare-prices-grown-in-the-u-s-over-time/#item-prices-for-health-care-have-grown-faster-than-prices-in-the-general-economy>

Digital health: understanding the options

The U.S. Food & Drug Administration outlines digital health as an umbrella under which many categories reside, including:



Sonique's initial research turns up some of the most common digital health tools like wearable fitness trackers and telehealth services. However, as she digs deeper, she's uncovered innovative digital health solutions that bring these different categories together for a more holistic approach to health and wellness. Some of the most intriguing options pair a consumer-friendly mHealth approach with predictive analytics and population-level insights—a potential win-win scenario for her clients and their employees.

Embedding digital health into preventive programs to lower healthcare costs

While a digital health strategy sounds promising, Sonique needs to know if it will save her clients money. Although the digital health space is still rather nascent, there are encouraging reports on the value these technologies can provide. Based on 2018 healthcare spend information, McKinsey & Company estimates “that digital health interventions alone have the potential to save the US healthcare system nearly \$500 billion if fully adopted.”¹⁰

From that same report, specific technologies such as remote care, digital therapies, and disease-management solutions have “the greatest measurable cost-savings potential, approximately \$270 billion in total for the United States.” For payers like Sonique's client, capturing even a tiny fraction of that potential cost-savings could make a meaningful difference in their yearly healthcare benefits expenditure.

⁹ What is Digital Health? (2020, September 22). Retrieved September 08, 2021, from <https://www.fda.gov/medical-devices/digital-health-center-excellence/what-digital-health>

¹⁰ Cohen, D., Hung, A., Weinberg, E., & Zhu, D. (2020, December 1). Healthtech in the fast lane: What is fueling investor excitement? Retrieved September 20, 2021, from <https://www.mckinsey.com/industries/life-sciences/our-insights/healthtech-in-the-fast-lane-what-is-fueling-investor-excitement>

Building digital health into benefits: a competitive differentiator

Sonique believes her clients need to understand that self-funded healthcare benefit plans are investments, not liabilities. Over the past several years, she has built plans that leveraged preferred provider networks and near-site clinics, showing her clients meaningful cost savings and efficiencies.

Now, she's beginning to see exciting opportunities thanks to the complementary nature of digital health solutions. Programs that use familiar technology, like mobile apps and connected smart devices, can help plan members easily manage their day-to-day health—especially important for those with chronic conditions like diabetes or hypertension. The data generated from those programs can help inform care providers and healthcare decision makers of the on-going status of their patients, in turn creating a better healthcare experience for both parties. Data from a population level also can help Sonique's clients, showing them how their employees are moving in or out of risk categories to tailor ever more useful benefits plans down the road.

Some digital health programs offer preventive health benefits, too—which Sonique's clients may also appreciate since there is a gap in implementation of such programs. After all, prevention is better than treatment.

And that competitive differentiator? As digital health adoption increases across healthcare, especially in the area of remote monitoring and management¹¹—learning how to incorporate it now puts Sonique and her clients ahead of the curve.

Syncing up: the digital health difference

With healthcare costs on the rise, the pressure is on for clients to make the most of their self-funded health plans. Similarly, Sonique needs to deliver customized solutions that help them optimize limited healthcare dollars for the best possible health and financial outcomes.

Armed with a greater understanding and appreciation for digital health, Sonique's follow-up call to her steel company client comes at just the right time. Her proposal doesn't pay lip service to preventing and managing chronic disease. Instead, she's done her research and incorporated a digital health benefit addressing these issues into her proposed plan. Her strategic approach recognizes the risk of self-funding—and presents an innovative new way to potentially offset that risk.

The challenge for businesses to mitigate costly healthcare benefits isn't going away. Digital health solutions present exciting opportunities to leverage technology and engage employees in successfully managing their own health. Are you ready to embrace digital health in your strategic benefit plans?

¹¹ AMA Digital Health Research [PDF]. (2020, February). American Medical Association.

Milliman HealthIO

Milliman calculates risk for the world, and Milliman HealthIO uses advanced analytics and intelligence to enable early intervention and prevention by helping to predict the onset or progression of chronic conditions.

Using the Milliman HealthIO program, members can track health metrics, set reminders for vitals, medications, and wellness activities.



Health coaches guide and engage HealthIO program members toward healthy life choices, offering digital support in 1-on-1 and group settings.

Put the power of digital health in action. Contact our team to learn how HealthIO can make a difference for your organization.

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