

BURDA ON HEALTHCARE

# Employers Are Barking About Rising Healthcare Costs. Will They Ever Bite?

By David Burda  
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**E**very year in late summer and early fall, big benefits consulting firms and employer coalitions release the results of their annual healthcare surveys of employers. And every year the surveyed employers say they're going to get tough on healthcare costs to keep them from rising at unacceptable rates in the year ahead.

Oh, if that were the case. Historically, employers have failed to use their collective purchasing power to rein in health insurance premiums and provider prices for medical care. Will that change in 2024? Let's look at five recent employer healthcare surveys to see what they're threatening to do.



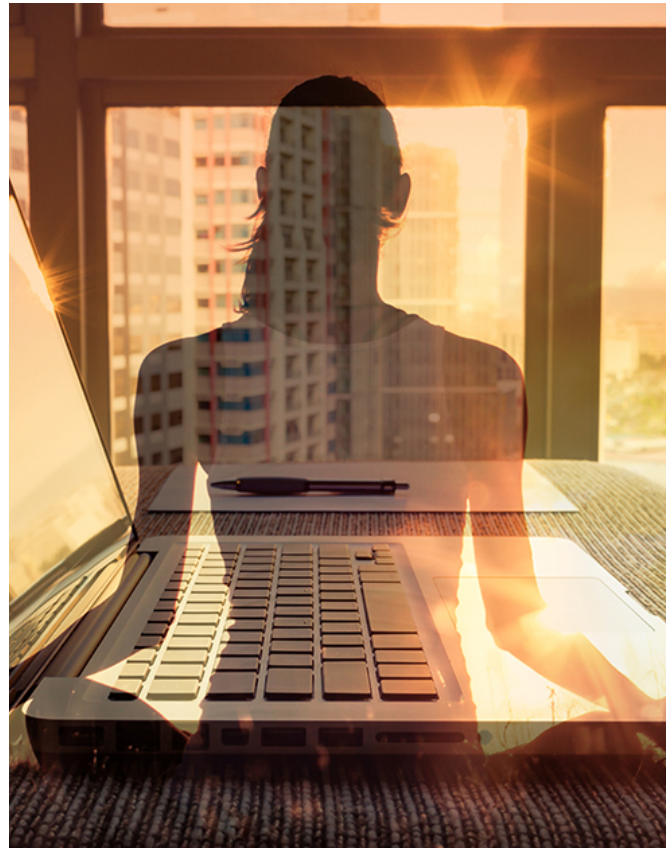
## WE'RE GOING TO DEMAND TRANSPARENCY!

In August, the Business Group on Health (BGH) released the results of its [2024 Large Employer Healthcare Strategy Survey](#). The results are based on the BGH's survey of 152 large employers. Eighty percent of the responding companies employed 10,000 or more people. Lay folks like you or me can't access the full survey results. That's only for BGH members. But you and I can get the executive summary for free.

One of the big ways big employers said that they're going to "contain costs and improve quality" next year is through a variety of transparency initiatives.

- 87% said they're going to support employees and plan members so they can make informed healthcare decisions.
- 73% said they're going to require disclosure of pharmacy benefit managers' compensation and pricing.
- 58% said they're going to require additional reporting and standards on provider quality.
- 38% said they're going to enforce hospital rate transparency.
- 28% said they're going to require transparency of pharmaceutical development costs.

Tough talk as the surveyed employers said they expect their healthcare costs to jump 6% in 2024.



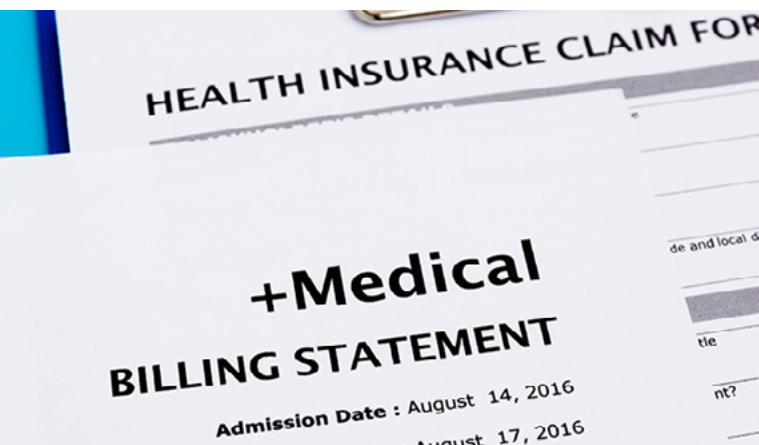
## WE'RE GOING TO CONTROL UTILIZATION!

In August, the International Foundation of Employee Benefit Plans (IFEBC) released its [Healthcare Costs Pulse Survey: 2024 Cost Trend report](#). The report is based on IFEBC's survey of 171 employers. Seventy-nine percent of the employers are self-insured; 21% fully insured.

To get more bang for their healthcare buck, the respondents cited the following actions they're going to take next year, in order of impact:

- 22% said they're going to implement more utilization controls like prior authorization, case management and disease management.
- 16% said they're going to adopt more cost-sharing initiatives like higher deductibles, coinsurance, higher copays and higher premium contributions from employees.
- 13% said they're going to expand work and wellness programs.
- 12% said they're going to pursue new benefits plan designs.
- 12% said they're going to launch new provider purchasing initiatives.

Let's hope, as the surveyed employers said, they expect their medical plan costs to jump 7% in 2024.



## YOU'RE GOING TO BUY MY PRODUCT!

In August, Aon released the results of its [survey](#) of more than 800 U.S. employers. The employers said they expect their average healthcare costs per employee to jump 8.5% in 2024 to more than \$15,000 absent any actions to counter the

increase. Aon didn't release any survey results on what employers are going to do next year to save money other than to say they should hire Aon. Completely lame, but it's worth noting the expected rise in costs.

## WE'RE GOING TO MANAGE CHRONIC MEDICAL CONDITIONS!

In September, Mercer released the [preliminary results](#) of its 2024 National Survey of Employer-Sponsored Health Plans. Mercer said it will release the final results of its survey of nearly 2,000 employers later this fall.

The Mercer release referred back to an [earlier survey](#) done this year by Mercer in which 512 surveyed employers said what they were doing now or planning to do within the next two years to control their healthcare costs. Here's what they said:

- 85% said programs to enhance the management of specific health conditions.
- 83% said actions to manage the cost of specialty prescription drugs.
- 63% said greater focus on virtual care offerings beyond standard telemedicine.
- 48% said steering members to quality care with a navigation or advocacy service.
- 43% said steering members to quality, high-value care via high-performance networks or centers of excellence.



Bold actions as the nearly 2,000 employers surveyed for the upcoming report said they expect their health benefit costs to rise 6.6% next year if they do nothing or 5.4% if they do something.

## WE'RE GOING TO IDENTIFY AND MANAGE RISK!

In September, Willis Towers Watson, or WTW, released the results of its 2024 Global Medical Trends Survey to the Wall Street Journal (WSJ), or at least that's my conclusion after reading it there first and then seeing the [WSJ article](#) cited everywhere else. Let me know if I'm wrong. I can't find the survey report or a press release about the survey report on WTW's website. But I did see it referenced in this [article](#) on the company's website, so I know it exists somewhere.

My search troubles aside, the WTW article said employers surveyed by WTW for its new report expect their healthcare costs to rise between 6% and 7.5% next year with the average increase being 6.5%.

According to the article, what employers are going to do about it is implement programs to identify the chronic disease risk in their employee population and pursue initiatives to help employees manage their chronic illnesses. Employers also are planning to redesign their benefits plans around those identified risks and choose providers who are best suited to prevent and treat those chronic illnesses.

When and if WTW decides to post the report on its website, we'll know more specifics.

## WHAT I'M GOING TO DO!

Here's what I'm going to do. I'm going to make two predictions.

First, employers aren't going to do much of anything next year to nip their rising healthcare costs in the bud because their healthcare costs aren't rising that much. They've pretty much been flat over the past few years. Too high? Yes. Rising dramatically? No. We'll know more later this month when the Kaiser Family Foundation releases the results of its annual employer health benefits survey.

Second, benefits consulting firms like Aon, Mercer and WTW will continue to be completely inept in how they release results of their employer healthcare cost surveys. Executive summaries only.

Hiding reports behind paywalls. Press releases without links to downloadable reports. Reports that don't exist on sites. Exclusives to single publications. The list goes on.

It's been like this for years. No one calls them on it, so it continues. I wouldn't hire you. If you can't do something simple like publish a report and put it on your website, how can I trust you to do something complicated like manage healthcare costs?

Thanks for reading.

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## AUTHOR



**David Burda** began covering healthcare in 1983 and hasn't stopped since. Dave writes this monthly column "Burda on Healthcare," contributes weekly blog posts, manages our weekly newsletter 4sight Friday, and hosts our weekly Roundup podcast. Dave believes that healthcare is a business like any other business, and customers — patients — are king. If you do what's right for patients, good business results will follow.

Dave's personnel experiences with the healthcare system both as a patient and family caregiver have shaped his point of view. It's also been shaped by covering the industry for 40 years as a reporter and editor. He worked at Modern Healthcare for 25 years, the last 11 as editor.

Prior to Modern Healthcare, he did stints at the American Medical Record Association (now AHIMA) and the American Hospital Association. After Modern Healthcare, he wrote a monthly column for Twin Cities Business explaining healthcare trends to a business audience, and he developed and executed content marketing plans for leading healthcare corporations as the editorial director for healthcare strategies at MSP Communications.

When he's not reading and writing about healthcare, Dave spends his time riding the trails of DuPage County, IL, on his bike, tending his vegetable garden and daydreaming about being a lobster fisherman in Maine. He lives in Wheaton, IL, with his lovely wife of 40 years and his three children, none of whom want to be journalists or lobster fishermen.

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