The Triple ~~Aim~~Pain for Self-Insured Employers

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Self-insured employers (SIEs) provide healthcare to roughly 100 million Americans, yet they are facing three simultaneous pressures that, without action, will fundamentally reshape American healthcare by 2030.

1. Payer Mix Wealth Transfer
2. Budget Bomb
3. Structural Erosion

Why Self-Insured Employers (SIEs) Are Critical

Long-Term Investments

Employees stay with employers longer than customers stay with insurers

Able to make multi-year investment (not limited to plan year MLR limits)

Example:

Primary care

Whole-Person Value

SIEs consider other factors that impact society: productivity, absenteeism, disability, caregiving

Rich data set massively improves impact

Example:

Wellness programs

Federal Guidance

ERISA preemption allows flexibility and creativity across state lines

Federal framework provides consistent and stable baseline of healthcare nationwide

Example:

Mental Health Parity Act

The Payer Mix Wealth Transfer

‘Payer Mix’ hides a subsidy

SIEs are the hidden subsidy propping up Medicare and Medicaid with average payments at roughly 300% of Medicare

No Help From Vendors

ASO administrators aren’t helping with zero focus on outcomes and revenues on fees or discounts off inflated prices

Data Asymmetry

Data asymmetry remains with limited SIE sophistication, lack of usable data, and significant data blocking

Employers Respond

- Direct contracting
- Bypassing ASO network for surgeries, imaging, infusions
- This is opting out of the cross-subsidy

Why You Should Care

- Hospital consolidation accelerating to increase leverage over commercial payers
- Hospital margin will continue to shrink
- Employers are pulling levers that could disrupt the healthcare market

The Budget Bomb

Actuarial Stress

Statistical impossibility causing guesswork not underwriting – the standard deviation is becoming equal to the mean driving instability in the stop loss insurance market

Temporal Mismatch of Value

The “forever cost” problem of novel prescription drugs driving new spend that has a low chance of driving near-term functional or financial returns

Existential Financial Threat

Gene therapies are an existential threat that don’t just stress the budget, they break the financial model and maybe even the employer’s business

Remember: Healthcare is supposed to be a benefit offered by SIEs, but has become an exercise in sharing the pain

Employers Respond

- Saying no – sometimes with pseudoclinical restrictions
- Raiding alternative funding programs meant for uninsured

Why You Should Care

In the absence of accepted cost-effectiveness frameworks, employers are making decisions based on budget survival

The Structural Erosion

ERISA Weakened

ERISA protections are weakening with states targeting PBMs, providers, and stop-loss insurers that directly restrict ERISA plans and courts acquiescing

Unclear Fiduciary Obligation

Fiduciary liability of certain vendors is becoming a concern, but unclear standard and no safe harbor

Stronger Adversaries

Vertical integration of vendors, complicity of consultants, and the political imbalance of watered-down regulations

Employers Respond

- Considering ICHRAs to shift future cost increases to employees
- Shift resources to regulatory and liability management

Why You Should Care

A collapse of the SIE infrastructure either becomes the biggest gift to the incumbent health insurers or the biggest catalyst for Medicare-for-All


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