



Employers Shift to Equity-Focused Strategies as Health Costs Outpace Wages

By Giuliana Grossi



In the face of escalating health care costs, results of a new survey reveal that 74% of employers are grappling with the impact on employee wages and benefits, with many anticipating further cost-shifting to their workforce.¹ As they navigate these financial pressures, employers are increasingly prioritizing health equity initiatives and innovative strategies to manage high-cost claims, reflecting a critical shift in how organizations approach employee health and well-being in 2024.

The National Alliance of Healthcare Purchaser Coalitions published findings from its Pulse of the Purchaser 2024 survey, which was conducted in September and October 2024. The survey results provide a comprehensive overview of employer perspectives on health care costs, health

equity, and strategies for managing high-cost claims. With responses from 188 employers across the nation, the results shed light on the pressing concerns and innovative approaches being adopted in the current health care landscape.

RISING HEALTH CARE COSTS AND EMPLOYEE IMPACT

One of the most significant findings from the survey is the overwhelming concern regarding rising health care costs. The majority of employers surveyed believe that increases in health care expenses often lead to trade-offs with salary or wage increases. This sentiment was echoed by 74% of respondents, who agreed that higher health care costs will result in further cost-shifting to employees. As one

TAKEAWAYS

Employers are increasingly prioritizing health equity initiatives and innovative strategies to avert high-cost claims. Such strategies include reducing the risk of neonatal intensive care unit visits, enhancing screening and early detection, and redirecting care to less costly settings. According to recent survey results, almost 75% of employers are engaging various departments to discuss company strategies related to health equity.

More than half of surveyed employers are considering changing their pharmacy benefits manager (PBM) within the next 1 to 3 years. Key factors motivating employers to reevaluate their PBMs include the desire for more transparent contract terms and pricing structures and greater control over formulary choices and customization to meet the needs of their unique employee populations.

Many employers are taking proactive measures to manage high-cost claims and are exploring alternative care options. They are also advocating for increased transparency and control in PBMs.

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survey respondent noted, “It’s not just about cost control anymore; it’s about survival.”

STRATEGIES TO MITIGATE HIGH-COST CLAIMS

Employers are actively exploring various strategies in response to the challenges posed by high-cost claims. The survey results highlight several key initiatives that employers are currently implementing or considering for the next 1 to 3 years, including the following:

- Reducing the risk of neonatal intensive care unit (ICU) claims: Fifty-five percent of employers are focusing on managed maternity and fertility benefits to mitigate risks associated with neonatal ICU claims.
- Enhanced screening and early detection: Forty-five percent of employers are prioritizing enhanced screening measures to catch health issues early.
- Site of care redirection: Forty percent of employers are considering redirecting care to more cost-effective settings, such as home infusion services.

COMMITMENT TO HEALTH EQUITY

The survey findings also reveal a growing commitment among employers to address health equity. A notable 74% of employers are engaging various departments to discuss company strategies related to health equity, marking a 15% increase from 2023. This trend indicates a broader recognition of the importance of equitable access to health care services.

Employers are also analyzing health equity data through various lenses, including race/ethnicity, income levels, and geographic location. More than 60% of employers are currently analyzing or considering analyzing health claims based on these factors, demonstrating a commitment to understanding and addressing disparities in health care access and outcomes, the findings showed.

EMPLOYERS WANT MORE PBM TRANSPARENCY

More than half of employers are considering changing their pharmacy benefits manager (PBM) within the next 1 to 3 years, whereas 48% have no plans to make a change, according to the survey results. This potential shift highlights employers’ growing concerns around transparency, control, and alignment with organizational goals in PBM relationships. Key factors motivating employers to reevaluate their PBMs include the desire for more transparent contract terms and pricing structures and greater control over formulary choices and customization to meet the needs of their unique employee populations.

In decades past, drug formularies were created by a pharmacy and therapeutics committee of experts within

a PBM, health plan, or other organization.² The committee would evaluate drugs based on safety, efficacy, and clinical value, placing those meeting these criteria on the formulary. Rarely did an FDA-approved drug that met these standards get excluded. The drug formulary was designed as a clinical tool, and the evaluation process established consistency and trust in formulary management. However, many argue this is no longer the case.

“Drug formularies today are a financial tool tied directly to drug rebates and have little or no alignment with clinical support,” Jan E. Berger, MD, MJ, wrote in an editorial in this issue of *Population Health, Equity & Outcomes*.³ “In fact, they often are in direct conflict with the goal of a patient receiving the medicine that will help them the most. What started as a tool has now become a weapon.”

AIMING FOR COST MANAGEMENT SOLUTIONS

Results of the Pulse of the Purchaser 2024 survey highlight a significant shift among employers toward prioritizing health equity and cost management strategies amid rising health care costs that may affect employee wages and benefits.¹ Many employers are taking proactive measures to manage high-cost claims and are exploring alternative care options. They are also advocating for increased transparency and control in PBMs. In the survey, 74% of employers said they recognize the importance of equitable care access and more than half said they are considering changes to PBM practices to improve alignment and transparency. The findings reflect a growing commitment to adapting health care strategies that support both employee well-being and organizational sustainability. ▀

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