

Alliance of Community Health Plans

Report on Affordability in Health Care, 2024

July 2024

achp.org

Overview

Health spending in the U.S. is expected to reach 20 percent of the national economy – \$7.7 trillion – by 2032. It is projected to grow by 5.6 percent through 2032, outpacing the overall economy by more than 1.3%. With tremendous cost pressures on the health care system, ACHP’s **2024 Report on Affordability in Health Care** highlights the ways nonprofit, provider-aligned health plans are increasing the efficiencies of health care spending and investing in consumer health for long-term savings and improved outcomes.

When health plans keep premiums in check, provide enhanced benefits to improve patient health, lower costs and innovate to deliver value-based care, the entire health system – and outcomes – improve. This report showcases the unique ways ACHP member companies are delivering on their commitment to high-quality, affordable care for consumers. Specifically, the 2024 Affordability Report shows that:

- ACHP member companies lead the industry by spending significantly more on health care delivery and benefits than on administrative costs.
- ACHP member companies manage cost trends without passing increased costs – particularly skyrocketing drug prices – on to consumers.
- ACHP members embrace value-based care, advancing the journey from “volume” to “value,” promoting improved health outcomes at lower costs for consumers.

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ACHP Members Spend More on Care Delivery

The Affordable Care Act requires insurers in the individual and small group markets to spend at least 80 percent of premium revenue on care delivery. For the large group market, that minimum rises to 85 percent. With a demonstrable commitment to caring for their communities and improving health outcomes, ACHP member plans utilize an average of 94 cents of every premium dollar to deliver care. For ACHP members' Medicare Advantage plans, that average increases to 96 cents of every premium dollar directed to patient care. Dedicating every cent possible to patient care results in higher-quality, more affordable health coverage for consumers.

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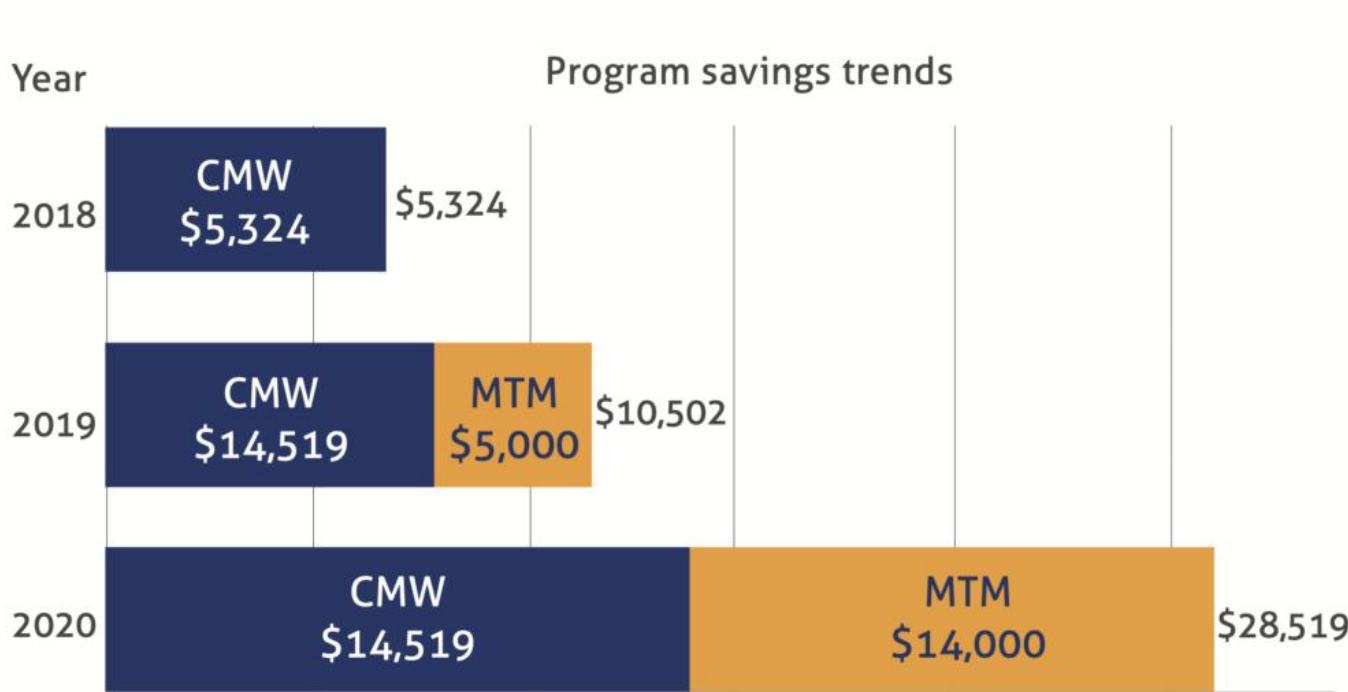


Sanford Health Plan buffers against rising costs by focusing on quality initiatives, measured by member outcomes and experience. Sanford’s leadership built a reporting platform that provides real-time data on 38 quality and performance measures, allowing the plan to develop targeted roadmaps addressing individual measures. This approach has been used with diabetic eye exams, blood pressure control, blood sugar (A1c) control, colorectal and breast cancer screenings, medication adherence for cholesterol and blood pressure and member satisfaction. The result? Focusing on quality and performance as a path to cost containment is reflected in the 4-star HEDIS rating for Sanford’s commercial book of business, and in its 4.5 CMS star rating for its Medicare Advantage plans in North Dakota and South Dakota.

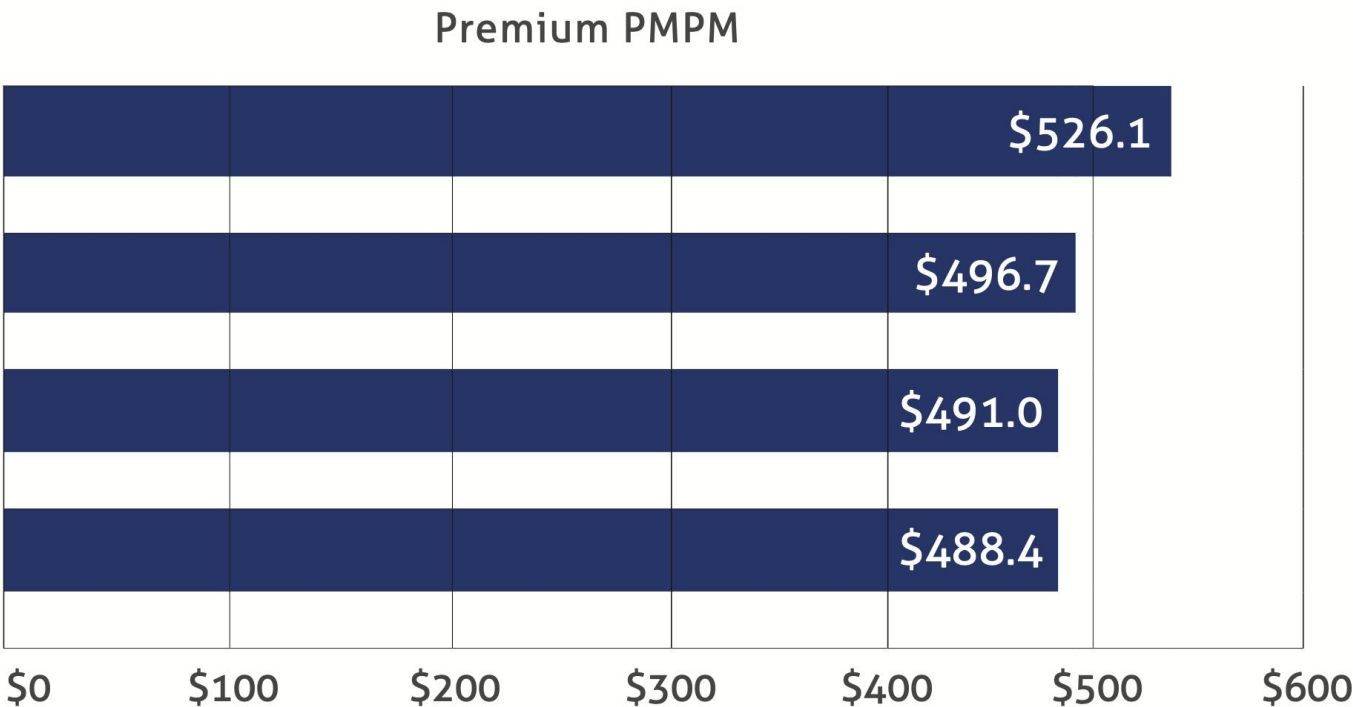


Security Health Plan, based in Wisconsin, focuses on cost savings via its Medication Therapy Management and Care My Way® virtual care programs. During a brief annual phone call, Security’s Medication Therapy Management program answers patients’ questions about prescriptions and over-the-counter drugs and helps find lower-cost alternatives. Trained pharmacists make sure patients are taking the right medication at the right dose and at the right time. The Care My Way® program offers patients a convenient, easy way to get care for certain health problems – via phone or video chat with a nurse practitioner.

Savings realized through use of Care My Way® and medication therapy management (MTM)



Lowering of premium PMPM over a 4-year period



Security Health Plan’s Medication Therapy Management and Care My Way® programs led to one Wisconsin school district realizing increased savings over a three-year period, while members’ monthly premium costs decreased.



Managing Ever-Rising Drug Costs – Without Impacting Patient Health

ACHP member plans' alignment with provider systems allows them to implement programs to improve affordability while withstanding external pressures causing financial strain nationwide. Overall pharmaceutical expenses increased in the U.S. more than nine percent in 2022 over the previous year, driven in large part by increased utilization, new drug approvals and ever-rising costs. ACHP and its members continue advocating for policies that encourage the switch to biosimilars when possible. When providers work with their patients to switch to effective biosimilar solutions, particularly alternatives to Humira, costs go down without impacting patient safety or health.



Health Alliance, part of **Carle Health** and headquartered in Illinois, saw the annual cost for Humira approaching \$100,000 per member. Recognizing the cost could impact consumers' abilities to afford the cost of treating their conditions, Health Alliance began using Humira biosimilars and educating providers on their formulary options in 2023. By the end of 2023, Carle physicians transitioned patients to a biosimilar option in 60 percent of their prescriptions without impacting patient care, a testament to the safety and efficacy of these lower-cost alternatives.

“Fortunately, we are able to see a complete picture of an individual's situation and act on options, like biosimilars, that enable greater patient access to highly specialized treatments and are more affordable to everyone. This comprehensive approach gives us hope for a more accessible and sustainable health care future.”

*– MICHAEL SMITH, MD, CHIEF MEDICAL OFFICER,
HEALTH ALLIANCE*

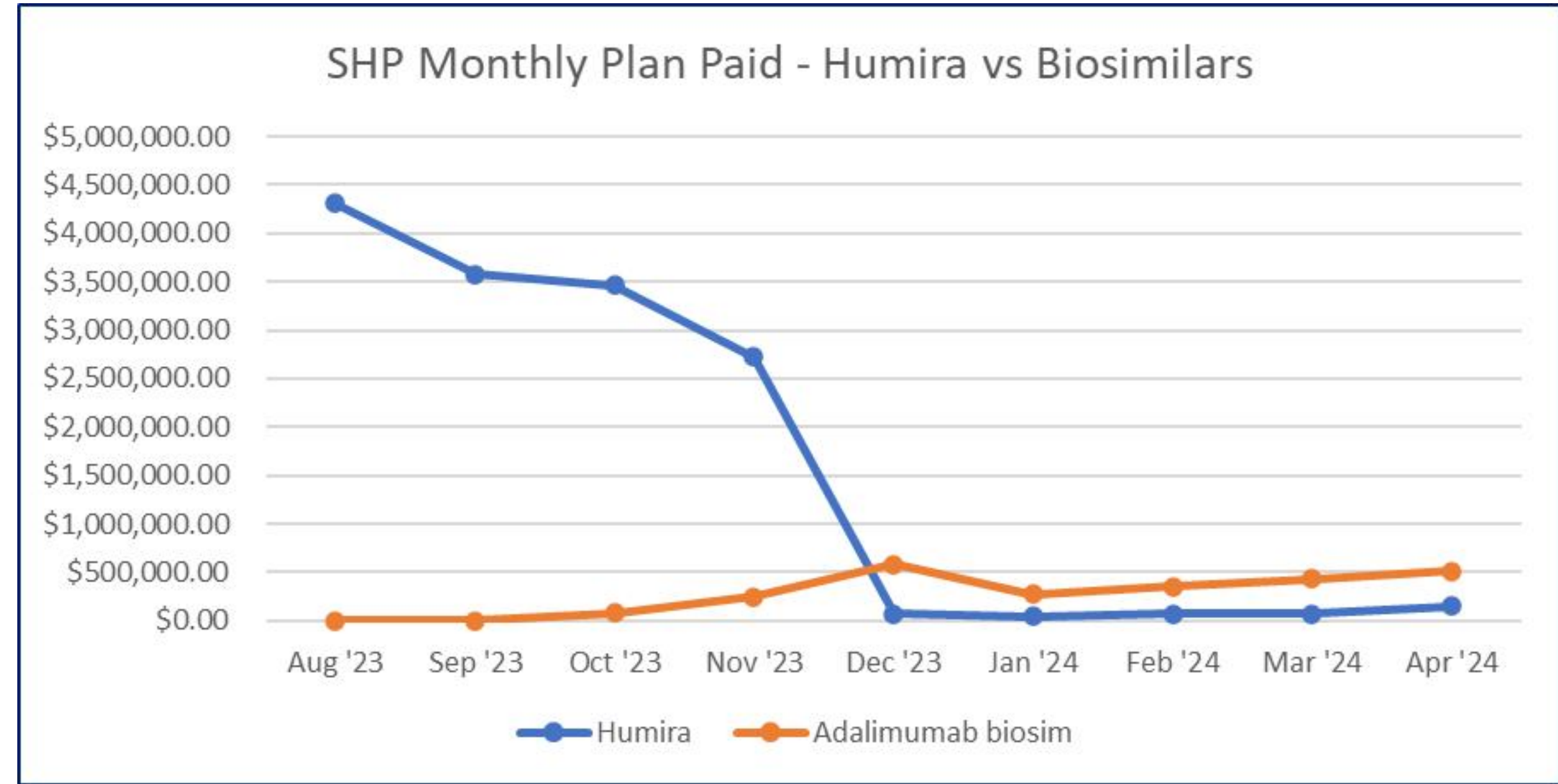


Likewise, **Kaiser Permanente** successfully switched nearly 90 percent of its commercial and Medicare members to a Humira biosimilar in 2023, saving nearly \$300 million and passing millions of dollars in savings on to consumers.

Nearly
\$300 million
in savings by switching to
Humira biosimilars in 2023



And at **Sanford Health Plan**, a robust information campaign for provider partners resulted in successfully moving 97 percent of patients taking Humira to an equally effective and safe biosimilar. This move led to \$2.9 million per month in savings with no impact on patient health.



After switching patients taking Humira to a safe and effective biosimilar, Sanford Health Plan’s monthly spend on Humira decreased by more than 95%.



ACHP Members Promote Affordability – and Improved Health Outcomes – by Embracing Value-Based Care Arrangements

ACHP member companies' close alignment with their provider partners positions them better than non-aligned systems to explore value-based models of care that offer financial incentives to providers when patients' outcomes improve. ACHP plans are committed to covering more consumers in these value-based contracts, with each contract framing care delivery by "value" instead of by "volume."

"We approach value-based care – and really, all of our relationships with our providers – from the perspective of right time and right place."

SecurityHealth PlanSM



More than 75 percent of lives lost due to drug overdoses in the U.S. last year – roughly 110,000 deaths – involved an opioid. Disappointingly, only one in five patients with documented opioid use disorder (OUD) is receiving treatment. Recognizing the ongoing opioid epidemic plaguing the nation and its community, **Capital District Physicians' Health Plan (CDPHP)** created the “Courage to Care” program in 2024 to enable greater access to OUD services by increasing the number of primary care doctors who treat patients with opioid use disorder. Under the program, CDPHP is paying primary care providers a bonus of up to \$188 per visit on top of the standard reimbursement rate for treating patients with opioid use disorders.



Presbyterian Health Plan, served approximately 57,000 New Mexicans through various MA plans in 2023. Patients covered by the plan who received care from Presbyterian's integrated provider partner saw better health outcomes than those who were not in an integrated model. By utilizing a proxy on performance (using administrative-only data) based on four Part C HEDIS measures and four Part D medication adherence measures from the Star Rating system, Presbyterian's members cared for by integrated clinicians outperformed others by over 10 percent on the Part C measures and over seven percent on the Part D measures.



Priority Health has offered alternative payment models since 2014. These models focus on the total cost of care, and the partnerships support clinicians and members by recognizing providers' expertise, rewarding them for controlling costs and offering richer benefits to patients in the community. Since launching value-based payment models, nearly 50 percent of Priority Health's members are cared for by clinicians in a value-based arrangement. **Between 2019 and 2022, Priority estimates \$100 million in savings from such arrangements when compared to members in traditional fee-for-service models.**

In 2020, **Priority** and its health system partner **Corewell Health West** began a full-risk, multi-year contract with goals set by individual lines of business. When consumers see their primary care team, their care is better coordinated and is delivered at the right time, in the right setting.

Compared to the entire Priority Health network, Corewell Health West increased primary care visits by

15%

and decreased hospital admissions by

6%

Corewell Health also decreased hospital admissions by

6%

and emergency room use by

2%

Hospital readmissions are now

70%

lower for patients in the highest risk population.

Buffalo-based **Independent Health** offers provider practice performance and gaps-in-care reports that help physicians monitor patient care while identifying opportunities for improvement. These digital reports help clinical teams better manage patient health by allowing them to track and improve quality, while also monitoring the total cost and efficiency of care. The results speak for themselves:



- **Higher rates of breast cancer screenings**
- **Increased colorectal screening rates by an average of 4% across all lines of business**
- **Improving asthma medication ratios by an average of 12% in the commercial & Medicaid businesses**
- **Improvement in blood pressure management and HBA1c blood sugar control by six percent and three percent, respectively**

Independent Health's "Care for You" program helps nearly 4,000 consumers with chronic health conditions get the medical care and assistance they need without having to navigate the health care system alone.

Results for members enrolled in the program compared to those not enrolled include:

- 82% of enrolled consumers have had their required preventive services and annual well visits, compared to 77% of members who are not enrolled.
- Avoidable hospital admissions reduced by 28%
- Readmissions reduced by 52%
- Emergency Room visits reduced by 15%
- Acute inpatient stays reduced by 32%
- Overall satisfaction rate of 98%; and 97% of members would recommend "Care for You" to others
- More than 90 percent of providers are satisfied and would recommend "Care for You" to their patients

Conclusion

In an era of skyrocketing costs, provider-aligned plans continue focusing on their communities' health by providing quality, affordable coverage. They have adapted to ongoing cost pressures while consistently dedicating more of every premium dollar to patient care, rather than to corporate profit. ACHP members answer to their consumers and communities, not Wall Street shareholders.

With a laser-like focus on well-being, ACHP member plans continue achieving improved health outcomes for consumers in their communities, particularly by embracing biosimilar formulations of high-priced therapies to reduce the impacts of rising drug costs and by increasing their expansion into alternate payment models, such as value-based contracting. They are committed to “value” over “volume,” providing the right care at the right time in the right place. Reducing costs and administrative burdens, while simultaneously improving patient experience and health outcomes result when payers and providers are aligned and equally invested in their communities.

Increasing affordable and quality health coverage while improving health outcomes. This is how ACHP and its provider-aligned member health plans continue to make health care better in communities across the country.

ACHP Members



Monterey,
California



Wausau,
Wisconsin



Canton,
Ohio



Temple,
Texas



Albany, New
York



Tulsa,
Oklahoma



Worcester,
Massachusetts



Danville,
Pennsylvania



Altoona,
Wisconsin



Madison,
Wisconsin



Champaign,
Illinois



Detroit,
Michigan



Springfield,
Massachusetts



Minneapolis,
Minnesota



Buffalo, New
York



Oakland,
California



Portland,
Maine



New Orleans,
Louisiana



Springfield,
Oregon



Albuquerque,
New Mexico



Grand Rapids,
Michigan



Portland,
Oregon



Sioux Falls,
South Dakota



Marshfield,
Wisconsin



Salt Lake City,
Utah



Minneapolis,
Minnesota



Pittsburgh,
Pennsylvania

The background of the slide is a wide-angle photograph of a desert landscape, tinted in a deep blue color. In the foreground, there are rugged, rocky hills with sparse vegetation. In the middle ground, a valley opens up, showing a city with a grid-like street pattern and some larger buildings. In the far distance, more mountain ranges are visible under a clear sky. The overall mood is serene and expansive.

Appendix A: Citations

Citations

1 <https://www.healthaffairs.org/doi/10.1377/hlthaff.2024.004692> IBID

2 <https://pubmed.ncbi.nlm.nih.gov/37094296>