



STATEMENT FOR THE RECORD BY
BUSINESS GROUP ON HEALTH
TO THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION & THE WORKFORCE
SUBCOMMITTEE ON HEALTH, EMPLOYMENT, LABOR, AND PENSIONS
“LOWERING COSTS AND INCREASING ACCESS TO HEALTH CARE WITH
EMPLOYER-DRIVEN INNOVATION”

January 25, 2024

Chairman Good, Ranking Member DeSaulnier, and Members of the subcommittee, Business Group on Health appreciates the opportunity to submit a statement for the record on behalf of our members regarding the subcommittee’s January 11, 2024, hearing: “Lowering Costs and Increasing Access to Health Care with Employer-Driven Innovation.” We applaud the subcommittee for its continued interest in improving accessibility and affordability for employers, employees and their families, and for its focus on supporting employer innovation to drive change, improve care and outcomes, and lower costs.

Business Group on Health represents a [vibrant community of more than 440 of today’s most progressive employers and industry partners](#) including 72 Fortune 100 companies, providing health coverage for 60 million workers, retirees and their families in 200 countries. Business Group members – innovative employer plan sponsors – are leading the way and encouraging others by providing strong health plan offerings, adopting alternative payment models, managing the total cost of care, promoting health equity, furthering population health, and keeping people well.

The Business Group and its members have long been committed health care leaders on the forefront of meaningful plan design and administration changes. We convene employers, partners, providers, suppliers and other stakeholders from across the health care spectrum and lead new and differentiated engagement aimed at system-wide

sustainable improvements for the benefit of employees, their families, and all stakeholders. The Business Group's [Cost & Delivery Institute](#), [Executive Committee on Value Purchasing](#), [Evidence-based Benefit Design Committee](#), [Pharmacy Benefit Committee](#), and [Health Innovations Forum \(HIF\)](#), among others, explore the full range of issues facing employers, employees, and the broader health care community. We are uniquely well-established and situated to help plan sponsors identify, optimize, and sustain new and emerging solutions, delivery system transformation opportunities, and alternatives that actually make a difference in the health care delivery and coverage system.

Our employer plan sponsor members and their industry partners play an indispensable role in the provision of health plan coverage for tens of millions of Americans under the Employee Retirement Income Security Act of 1974 (ERISA). Employers have invested in improvements and innovations for plan design, coverage, technology, communication, access, and more for decades and continue to challenge the status quo seeking value and improved outcomes and higher standards for employees and their families. Employers recognize the urgency of addressing the challenges within the health care system and continue to be pioneers, innovating within their ERISA health plans.

In attending the subcommittee's hearing, we were encouraged by the substantial common ground and themes supported among the witnesses and subcommittee Members' comments and questions, including:

- (1) the urgent need for effective transparency in the costs, prices, compensation structures, quality, and other factors underpinning the pricing and incentives of the health care system;
- (2) the vital importance of fair dealing and appropriate promotion and enhancement of competition among the market participants; and
- (3) the adoption of alternative payment arrangements like direct contracting (and other forms of value-based payments) that help ensure aligned incentives which, in-turn, lead to higher quality, better treatment outcomes, and more direct and indirect value for employees, families, and employers.

While these are not the only areas on which employers are focused for innovation and transformation in health care, they are incredibly important and we support efforts aimed at these shared objectives. The Business Group has published policy positions on

[Transparency](#)¹ and [Promoting Competition and Innovation](#)² that subcommittee Members and staff may wish to review in more detail. In addition, we have regularly and recently published various materials regarding innovation, alternatives, best practices, and integration priorities for sustained improvement. See, for example: [4 Key Elements of Employer-led Innovation in 2024 and Beyond](#)³ and [What's Needed in Primary Care: Innovation With Integration](#)⁴.

Our work with employers reveals the many forms innovation can take in health care coverage and delivery; where it excels, where it falls short, where it needs support, and where it needs to go. As outlined in the Business Group's [4 Key Elements...](#) piece referenced above, our definition of "Innovation(s)" is focused on a sustainable path to improvement versus any particular development, technological advance, data crunching, plan design change, new mobile application, or contracting arrangement. While all of those can be innovative, helpful, and worth exploring, without a path to integration, stable delivery, and positive impact, they would run an increased risk of operating sub-optimally and potentially being siloed or discontinued.

Our Definition of Innovations

Innovations provide effective and novel approaches with a viable path to achieve positive impacts for employers, their partners and their workforce.⁵

For the subcommittee's consideration – with the widest lens – we encourage exploration and development of policies that foster broad environmental support for innovations, whatever they may be, in order to more readily find the "viable path" with the integration and sustainability that are vital for development into meaningful change. Foundationally, plans must operate efficiently with stability and predictability for plan sponsors through ERISA preemption, informed guidance, appropriate regulatory enforcement, and predictable administrative burden. From there, plans and their partners can invest in both the "innovation" and the viable path while ensuring participants and beneficiaries are protected and provided for under the terms of the coverage.

Of the topics discussed in the hearing, transparency for plan sponsors into cost and quality of items and services paid for by the plan and its members, and promoting competition and fair dealing are not themselves generally "innovations." But they are

¹ <https://www.businessgrouphealth.org/resources/transparency-policy>

² <https://www.businessgrouphealth.org/resources/promoting-competition-and-innovation-in-health-care-policy-position-statement>

³ <https://www.businessgrouphealth.org/topics/blog/employer-led-innovation-in-2024-and-beyond>

⁴ <https://www.businessgrouphealth.org/resources/whats-needed-in-primary-care-innovation-with-integration>

⁵ <https://www.businessgrouphealth.org/topics/blog/employer-led-innovation-in-2024-and-beyond>

fundamental components of an environment that fosters innovations and creativity, while providing a better chance at discerning the viable path and a sustainable positive impact.

With recent and continuing gains in transparency through the Final Transparency in Coverage rules, and potential improvements in hospital and other reporting, employers have strong expectations that it will provide a solid basis for their multi-faceted programs and objectives that can curb costs, enhance quality and improve patient experience. In the [Business Group's 2024 Large Employer Health Care Strategy Survey](#)⁶ the following are among the top employer priorities for transparency in order to pursue their objectives:

- (1) Supporting employees and plan members so they can make informed health care decisions (87%)
- (2) Requiring disclosure of PBM compensation and pricing (73%)
- (3) Requiring additional reporting and standards on provider quality (58%)
- (4) Enforcing hospital rate transparency (38%)

From these results, employers clearly intend to use any gains and improvements in transparency to help patients and plans with decision-making and cost-containment, and aid in ensuring quality and value. These initiatives would build on employers' existing actions to engage vendors and partners that present strong options for various plan designs underpinned by transparency and fair dealing, including, among others, fully transparent PBMs, alternatives to the traditional "administrative services only" (ASO) arrangements, and seeking out newer model health plans whose networks are built on quality measures and value. We urge Congress to continue its push towards transparency enhancing policies for employer plans.

With regards to direct contracting, it is an important development that departs from the most prevalent current practices of provider access and payment, and has shown potential for sustained positive impacts for patient experience, health outcomes, cost and value measures, and plan administration. However, direct contracting is one of many employer plan contracting and delivery system reform initiatives undertaken by our members that shift away from fee for service and that are focused on quality, outcomes and experience. Other important examples include: establishing centers of excellence (COE) engagements for certain services; high performance networks; accountable care arrangements; advanced primary care; and other value-based care mechanisms and/or payment models. None of these alone is enough to transform and satisfy the needs of our plans and employees/families. And, at this point, direct contracting and some other alternatives may be beyond the practical reach of some employers to unilaterally adopt. We urge Congress to consider policies that provide broad flexibility and empowerment to

⁶ Business Group on Health. 2024 Large Employer Health Care Strategy Survey. August 2023. Available at: <https://www.businessgrouphealth.org/resources/2024-large-employer-health-care-strategy-survey-intro>

deploy any and all of these tools within our members' plans as they believe will be most effective and valuable given the needs and priorities of their employees and families.

Technological developments and capabilities also play an important role as tools to facilitate change and promote value. But, without foundational stability and investment to illuminate the viable path to integration, sustainability, and positive impact they may remain isolated and less impactful than their potential. Telehealth/virtual care is an important technology example and [we have repeatedly urged Congress⁷](#) to permanently permit telehealth and virtual care (along with primary care) before the deductible for high-deductible health plans (HDHPs) without disqualifying individuals from making health savings account (HSA) contributions and believe doing so would be of great benefit to employees and their families. Without this permanent stability, there is uncertainty and instability in plan designs and offerings from year-to-year for employees and families.

Beyond telehealth/virtual care, other emerging technical areas like self-service navigation, technology-based wellness and treatment services, wearable biometric and medical devices, artificial intelligence powered tools, and analytics arising from newly available datasets from hospital and plan transparency requirements will all take flexibility and support from the industry, policymakers, and regulators for refinements and investment, education, behavior change, and useful integrations for all stakeholders to maximize value.

In conclusion, the subcommittee's focus on "Lowering Costs and Increasing Access to Health Care with Employer-Driven Innovation" is timely and critical. We encourage Congress to adopt policies that promote broad stability and flexibility for employer plans to cultivate a fertile environment to develop, invest, and partner for innovations under our definition: "effective and novel approaches with a viable path to achieve positive impacts for employers, their partners and their workforce."

Employers, through their ERISA health plans, have demonstrated a commitment to innovation that benefits not only employees and their families but the broader health care landscape. Empowering employers and supporting these initiatives will, we believe, contribute to a more efficient, accessible, and affordable health care system.

Thank you to the subcommittee for your consideration and attention to these important matters. We would welcome the opportunity to discuss this submission or any other matters impacting ERISA health and welfare plans, plan sponsors, and other stakeholders.

⁷ <https://www.businessgrouphealth.org/resources/business-group-on-healths-position-statement-on-telehealth>