

STATEMENT FOR THE RECORD BY
THE ERISA INDUSTRY COMMITTEE (ERIC)
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 11, 2024

Chairman Good, Ranking Member DeSaulnier, and Members of the subcommittee, thank you for the opportunity to submit a statement for the record on behalf of The ERISA Industry Committee (ERIC) for the hearing entitled “*Lowering Costs and Increasing Access to Health Care with Employer-Driven Innovation.*” We appreciate the subcommittee’s interest in the many ways employers are offering innovative health benefits designed to increase employees’ access to affordable health care services, and look forward to working with you to help further facilitate this shared goal.

ERIC is a national advocacy organization exclusively representing the largest employers in the United States in their capacity as sponsors of employee benefit plans for their nationwide workforces. With member companies that are leaders in every economic sector, ERIC is the voice of large employer plan sponsors on federal, state, and local public policies impacting their ability to sponsor benefit plans. ERIC member companies offer benefits to tens of millions of employees and their families, located in every state, city, and Congressional district.

ERIC member companies offer comprehensive health coverage for employees, their families and retirees through ERISA self-insured plans. They do so to attract and retain employees, to be competitive for human capital, to improve health and productivity, and to provide peace of mind. Large employers, like ERIC member companies, roll up their sleeves to improve how health care is delivered in communities across the country. They do this by developing value-driven and coordinated care programs, implementing employee wellness programs, providing transparency tools, and a myriad of other innovations that improve quality, reduce costs, and drive value for working families.

We appreciate the opportunity to highlight some of the ways our member companies are innovating in health benefits. **We urge the subcommittee to consider exploring and advocating for policies like these, that would benefit working Americans and their families.** Below are several areas in which we’ll describe how large employers are offering health benefits that are improving access and patient health outcomes.

I. Examples of Evidence-Based, Cost-Effective Preventive Health Measures or Interventions that Can Reduce Long Term Health Costs

A. Direct Contracting

Many large employers are participating in initiatives to lower costs and improve care, such as direct contracting, high-performance networks, and centers of excellence. ERIC member companies support the goal to increasingly transition to paying for value and outcomes rather than for the volume of services and promoting high-quality care while reducing unnecessary or duplicative services through the alignment of financial incentives.

Member companies across industries have set up and invested in innovative accountable care organization (ACO) arrangements with integrated hospital systems that focus on delivering coordinated, high-quality, and intensive primary care. These arrangements are located throughout various regions and require provider partners to accept up- and down-side risk and meet financial, meaningful quality, and patient satisfaction metrics. Other member companies invested in direct primary care arrangements in areas where the health care market is not conducive to certain preferred provider partnerships like ACOs. In this model, member companies directly contract with health care providers that focus on population health, disease prevention, and primary care.

Some direct contracting programs have been in place since 2008 and continue to thrive in improving patient outcomes and lowering health care costs. States have also taken interest in direct contracting, such as Washington, which established its program in 2009 but has since ended it. Data related to Washington's program is not publicly available, but the Society of Actuaries commissioned a report to evaluate direct contracting care delivery and cost savings.¹

ERIC urges the subcommittee to explore policies that:

- **Encourage states to implement their own direct contracting programs, starting with state and local government employees while gradually expanding to include Medicare and Medicaid beneficiaries and (at the option of plan sponsors) private plan beneficiaries as well;**
- **Would task the Department of Labor to create a program that empowers more employers to do direct contracting; and**
- **Allow employers to jointly negotiate direct contracts or rates with hospitals.**

¹ Busch, Fritz, Dustin Grzeskowiak, and Erik Huth. "Direct Primary Care: Evaluating a New Model of Delivery and Financing" May 2020. <https://www.dpcare.org/actuaries-report>

One way Congress can help maximize the benefits these arrangements provide to plan beneficiaries is to enact the Primary Care Enhancement Act (H.R. 4301) to allow employers to pay for the cost of direct primary care arrangements for all employees or for patients participating in a direct contracting arrangement to contribute to and use their Health Savings Account (HSA) to pay for their direct primary care arrangement. This legislation would help improve employee health and promote value in plan design.

B. Centers of Excellence & Demonstration Projects

ERIC member companies also offer centers of excellence programs through which employees can receive care for certain conditions at high-quality sites of care. They often cover all procedures and travel costs (including for a companion), which encourages participation but still saves significant money by improving quality of care and outcomes. Our member companies find value in offering this benefit to their employees, knowing that they receive high-quality care at a trusted facility. The centers of excellence encourage competition based on quality thereby increasing quality throughout the health system.

We encourage Congress to explore how centers of excellence may benefit Medicare beneficiaries as well. Doing so will foster better continuity of care for an aging workforce – employees who received care through centers of excellence could continue their care once they become Medicare eligible. Such a model could also lead to more robust data on quality and outcomes, generally.

II. Telehealth

ERIC member companies are pioneers in offering robust telehealth benefits. Telehealth enables individuals to obtain the care they need, when and where they need it, affordably and conveniently. Telehealth visits are generally less expensive than in-person visits and significantly less expensive than urgent care or emergency room visits. Telehealth visits allow individuals who may not have a primary care provider and are experiencing medical symptoms an affordable alternative to an otherwise unnecessary emergency room visit. Access to telehealth benefits saves individuals significant money and reduces costs to the plan, which ultimately lowers health insurance premiums.

We continually hear that employees value and utilize telehealth. Recent data shows that telehealth utilization during the COVID-19 pandemic skyrocketed into the millions, and while numbers have plateaued, utilization will not turn back to the pre-COVID era.² Telehealth benefits reduce the need to leave home or work and risk infection at a physician's office, provide a solution for individuals with limited mobility or access to transportation, and have the potential to address provider shortages, especially related to mental health, and improve choice, competition, and reduce costs in health care.

² Bartelt K, Piff A, Allen S, Barkley E. Telehealth Utilization Higher Than Pre-Pandemic Levels, but Down from Pandemic Highs. Epic Research. <https://epicresearch.org/articles/telehealth-utilization-higher-than-pre-pandemic-levels-but-down-from-pandemic-highs>.

ERIC's member companies continue to lead the way in rolling out telehealth improvements – held back only by various federal and state government barriers. This includes overly restrictive provider licensing, unnecessary barriers, such as banning store-and-forward communications, or specific technology requirements. Additionally, ERIC member companies are interested in offering telehealth to certain sectors of their workforce who currently cannot be offered these services.

We thank the subcommittee members for advancing the “*Telehealth Benefit Expansion for Workers Act of 2023*” (H.R. 824) and encourage Congress to pass the bill in the next available moving legislative vehicle. This legislation would allow employers to offer standalone telehealth benefits to millions of individuals who are not enrolled on the employer’s full medical plan, such as part-time workers, interns, seasonal workers, persons on a waiting period, and others, by removing barriers currently presented under current law, such as the *Affordable Care Act* (ACA). Congress should encourage employers to think “outside the box” in offering health benefits to employees who do not qualify or choose not to utilize an employers’ health plan. H.R. 824 would allow employers to continue to do so, providing a much-needed tool for employees to access care.

Conclusion

Thank you for this opportunity to share a few of the many ways ERIC member companies are providing innovative health benefit designs. We are committed to helping forge solutions that result in improved health care access, affordability, quality, transparency, and safety for all Americans. We are encouraged by the subcommittee’s interest and look forward to partnering with Members in this effort.