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National Alliance of Healthcare Purchaser Coalitions' Survey Reveals Employers Using Innovative Payment Approaches Experienced Lower Healthcare Costs

Pulse of the Purchaser study also finds employers increasingly supportive of policy reforms to improve transparency and fair pricing

WASHINGTON – OCTOBER 29, 2024 – While premiums for employer-sponsored health insurance continue to rise each year, employers engaged in innovative strategies such as value-based drug formularies and tiered provider networks based on price and quality experienced lower than average healthcare costs. These are among the findings of the latest survey of 188 employers conducted by the [National Alliance of Healthcare Purchaser Coalitions](#) (National Alliance) and its member coalitions.

The [Pulse of the Purchaser study](#) gauged concerns and approaches of employers to address the workforce environment; women's health; obesity management; mental health; equity; pharmaceutical drug and hospital prices; high-cost claims; fiduciary strategies; and potential health reforms.

"The unending cycle of year-over-year cost increases for employers and employees and their families has long exceeded sustainability and adds real stress to the economy," said Shawn Gremminger, National Alliance president and CEO. "These uncontrolled costs directly lead to smaller raises, lost jobs, and the inability of working families to afford care, and is perhaps the primary driver of health inequity. And for employers, it's no longer just about cost control. It's about survival."

Among the strategies that are correlated to lower costs:

- Employers that use a **value-based formulary versus a rebate-driven** are nearly three times more likely to have lower spending than average.
- Employers that drive patients to higher quality and lower cost providers through **tiered networks** are twice as likely to experience lower costs.
- Employers that **eliminate the middleman by direct contracting** with providers are 50% more likely to experience lower than average costs.

Additional findings include:

- The percentage of employers strongly agreeing that **rising healthcare costs impact their ability to compete** has steadily increased each year from 35% in 2022 to 48% in 2024.
- Consistent with surveys over the last four years, more than 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices to be the **biggest threats to affordability**, with almost 100% noting drug prices as a significant threat.
- Employers are increasingly supportive of **policy reforms** that can improve transparency and fair pricing with almost 90% stating that PBM reforms would be very or somewhat helpful, and 87% support hospital price transparency.
- More than half of employers (52%) are **considering changing their PBM** in the next 1-3 years, while 48% indicated they are not planning to change. The **fastest-growing PBM strategies** include confirming transparent revenue disclosure (61% considering); comprehensive rebate definition (58% considering); and flexibility to customize formulary (50% considering).
- While 46% of employers said they cover branded GLP-1s for **obesity management**, only 21% are considering coverage in the next 1-3 years. Of the two-thirds of employers that are currently or

considering coverage of GLP-1s, most are looking for strategies to mitigate their costs such as limiting access to specific populations (91%) and tying access to beneficiary lifestyle change (86%).

- **Women’s health benefits** are broadening beyond coverage for reproductive and fertility care to include menopause (up 14%) and mental health support, with 44% currently doing and 40% considering.
- For **mental health**, 48% of employers have established vendor accountability metrics.
- When addressing **health equity**, 40% are focused on analyzing health claims and outcomes data by gender (40%) and location (37%), with a growing number considering including income levels (41%) and race/ethnicity (40%) over the next 1-3 years.

The online poll of 188 employers that are members of coalitions affiliated with the National Alliance was conducted in September and October. Organizations represented include manufacturing; educational services; public administration; finance and insurance; and healthcare and social assistance institutions. Purchasers ranged in size with 11% having 50,000+ employees; 25% 10,000-49,999; 38% over 5,000; 40% 1,000-4,999; and 24% less than 1,000. The full Pulse of the Purchaser results can be [found here](#).

Annual Forum – November 18-20

The National Alliance is hosting its highly anticipated 2024 Annual Forum – [Manifesting a New Destiny: Employers Creating the Future of Healthcare](#) – November 18-20 at the Crystal Gateway Marriott in Arlington, VA. Registration is discounted for employers and other healthcare purchasers affiliated with a National Alliance member coalition.

About National Alliance of Healthcare Purchaser Coalitions

For over 30 years, the National Alliance has united business coalitions and their employer/purchaser members to achieve high-quality care that improves patient experience, health equity, and outcomes at lower costs. Its members represent private and public sector, nonprofit, and labor union organizations that provide health benefits for more than 45 million Americans and spend over \$400 billion annually. To learn more, visit nationalalliancehealth.org and connect on [LinkedIn](#).

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