

Advancing health care for American workers: Opportunities for federal policymakers

For decades, employers have increased their investment in health benefits without commensurate improvements to health care quality or access for their insured populations. **Morgan Health** is aligned with organizations across the health ecosystem working to advance novel policy reforms to support innovation in employer sponsored insurance. Our advocacy efforts advance priorities and amplify concerns of employers, including:



Greater adoption of high-value care in ESI



Guidance and flexibilities to help employers improve benefits and employees' health outcomes



Population health challenges, such as health inequity and workforce shortages

Employer-sponsored health insurance (ESI) covers more than half of the U.S. population (180 million)¹ and represents \$1 trillion annually in health care spending.² There is wide variation in access, quality and outcomes within ESI, and significant investments by employers have not yet translated to meaningful, sustained improvements in these areas. As a result, ESI premiums are increasing faster than inflation and wages, leaving businesses to balance providing affordable benefit options with the need to recruit and retain talent.

In 2022, health insurance premiums represented the largest share of private sector health spending; and from 2023 to 2032, private health insurance spending is projected to increase at an average rate of 5.6 percent, outpacing the growth of GDP.³ Despite best efforts to avoid passing these cost increases to employees, many businesses are left with no choice. Not only do employees bear the burden of higher health care costs, but many decisions to reduce overall expenses – including through labor cuts – tend to disproportionately impact low- to middle-income employees.

Adding to these cost pressures, employers are also being asked to offer more robust coverage of high-cost drugs and cell and gene therapies, as well as mental health and specialty care services. A 2024 study found that over 60 percent of employers cite cost as a barrier to adding new benefit offerings.⁴

Employers also report that they are looking to deploy more value within their health care benefits but need more support and insights. About a third of employers are integrating value-based care into their employer-sponsored insurance – while another third of employers are determining the “best-fit strategies for their organization” when it comes care that prioritizes value.⁵

No single employer can solve the health care cost-quality conundrum on their own – and progress will require collaboration between public and private stakeholders. While the ESI landscape offers an underexplored opportunity to find efficient and affordable ways to finance and deliver care, employers need guidance on innovative models and flexibility to implement with confidence.

The organization invests in scalable solutions designed to innovate ESI in critical areas – including advanced primary care, quality analytics and care navigation. Morgan Health also collaborates to operate pilots within the JPMorganChase health benefit and is committed to sharing approaches, progress, and lessons learned to assist other employers looking to innovate their health benefits. Durable improvements to support innovation in ESI will require policy changes over several years. Recognizing that, we have identified three areas of focus for policy reforms to drive value, quality, and equity within ESI.



Prioritize High Value Care and Innovative Payment Models within ESI

For the past decade, reform efforts have sought to increase accountable care through arrangements where providers and payers assume financial risk for outcomes and cost of care. These efforts mark a necessary step in shifting our health care system from one that prioritizes the quantity of care over the quality and equity of services delivered. Unfortunately, commercial insurance, including ESI, and Medicaid still significantly lag Medicare in this area – as just 17 percent and 19 percent, respectively, of payment models assume two-sided risk, compared to 39 percent in Medicare Advantage and 30 percent in traditional Medicare.⁶

Health care costs within ESI continue to increase, and working Americans of today are projected to be sicker than previous generations. Morgan Health sees a great opportunity to bolster efforts to innovate employer coverage by adopting models that promote high-value care. This could provide the foundation needed to blaze a path toward a system based on outcomes across payers.



Modernize Health Information Sharing and Harness AI

The lack of clean, consistent, and actionable data continues to pose a significant barrier for information sharing needed to support health innovation efforts. This impacts employers' ability to understand cost drivers and differences in outcomes to inform benefit design. Several opportunities exist to modernize health information sharing in ways that can better support employers. Some employers desire capacity to improve coverage and outcomes by having a

comprehensive, longitudinal perspective of employees' health and infrastructure to support seamless integration of point solutions into benefit design.

Artificial intelligence (AI) has the potential to help drive improvements in population health by enhancing access to care and quality, while improving administrative efficiency by accelerating information sharing, transparency, and standardization. As health care applications for AI-powered tools evolve and expand, Morgan Health encourages stakeholders and policymakers to be intentional about soliciting and considering the perspectives and needs of employers.



Bolster Primary Care and Support Collaborative Care Teams

The health workforce shortage is a significant crisis across the U.S.⁷ Even beyond hospitals and facilities at the center of health delivery, the workforce is the most critical, shared component across every type of insurance coverage. National support for health care workforce resilience is critical for addressing health disparities and ensuring an ample supply of professionals to meet the escalating health care demands in America.

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Percentage of payment models assuming two-sided financial risk

17%

ESI

39%

Medicare Advantage⁸

30%

Medicare

Primary Care

Studies show that when primary care forms the foundation of health care, health outcomes are more likely to improve.⁹ Providing more primary care services is linked to better health outcomes, more equitable distribution of care, and lower health care costs.

The high cost of medical education and low compensation in comparison to specialties, makes primary care an unattractive specialty for many physician trainees. For non-physician primary care providers, restrictions on practicing at the top of their licenses hamper the ability of physician assistants and advanced practice nurses to deliver primary care. This can present a significant barrier to accessible primary care services, especially in underserved communities.

Collaborative Care Teams: Promoting Integrated Care

Collaborative care models offer a practical solution for delivering integrated care within primary care settings. A recent study showed that 75 percent of primary care visits were to address components of behavioral health related.¹⁰ Integrating social workers and psychologists into collaborative primary care teams can help to efficiently address behavioral health needs by professionals trained to do so. Similarly, incorporating doula and midwifery services into maternal health care is a step towards addressing the maternal health crisis.

- 1 <https://www.census.gov/content/dam/Census/library/publications/2023/demo/p60-281.pdf>
- 2 <https://www.benefitspro.com/2024/06/13/cms-u-s-employers-to-spend-1-3t-on-health-benefits-this-year/>
- 3 <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet>
- 4 <https://news.yale.edu/2024/06/24/rising-health-care-prices-are-driving-unemployment-and-job-losses?secureweb=Teams>
- 5 <https://milkeninstitute.org/report/reimagining-future-employer-sponsored-health-care>
- 6 <https://hcp-lan.org/workproducts/apm-methodology-2023.pdf>
- 7 <https://bhwh.hrsa.gov/data-research/projecting-health-workforce-supply-demand>
- 8 <https://www.mckinsey.com/industries/healthcare/our-insights/the-future-of-medicare-advantage>
- 9 <https://www.cms.gov/blog/cms-innovation-centers-strategy-support-high-quality-primary-care>
- 10 <https://www.aafp.org/pubs/fpm/issues/2021/0500/p3.html#:~:text=Up%20to%2075%25%20of%20primary,diet%2C%20and%20exercise%20on%20 health.>