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Comparative Effectiveness Research: Do Employers Care? What Will They Do?

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The **Benfield Group** is a health care market research, strategy and communications firm dedicated to improving health care value through meaningful information, clear communication and innovative collaboration along the health care supply chain.

The **National Pharmaceutical Council** is a health policy research organization dedicated to the advancement of good evidence and science, and to fostering an environment in the United States that supports medical innovation. Founded in 1953 and supported by the nation's major research-based pharmaceutical companies, NPC focuses on research development, information dissemination, and education on the critical issues of evidence, innovation and the value of medicines for patients.

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ABSTRACT

Recent Federal legislation, including the Patient Protection and Affordable Care Act (ACA), has launched a comprehensive national effort to conduct and disseminate comparative effectiveness research (CER). As purchasers of health care for employees, dependents and retirees, employers stand to benefit from potential quality and cost impacts of CER. Further, because they can influence patients, providers and provider organizations through health programs and benefit design, employers have the ability to contribute to the translation of CER findings into clinical practice, enabling quality and cost improvements.

Our research indicates that a sizable segment of employers (specifically, large and self-insured employers who comprised our sample) are aware of CER and expect that CER findings will help them achieve health improvement and cost management goals. These employers have clear ideas about how they would use health programs and benefit strategies to help translate CER findings into practice.

Our research further indicates that employers would value CER outcomes related to workforce productivity, and believe it is important for CER research to consider the impact of alternative treatments on absence, disability and work performance when appropriate. The Patient-Centered Outcomes Research Institute (PCORI) is by far employers' most trusted source of CER information; and while some employers plan to directly monitor CER developments, most will rely on their health plans, consultants and Pharmacy Benefit Managers (PBMs) to keep them apprised of relevant matters and to help identify and implement effective program and policy actions.

Employers are important health care stakeholders, and—particularly if findings address their interests in workforce productivity as well as employee health and health care costs—employers will be an ally in the effort to translate CER findings into better clinical practice, improved health, enhanced productivity and lower costs.



WHY EMPLOYERS?

With passage of ACA, the US government established CER as a central feature of Federal health care reform. Under the leadership of the Patient-Centered Outcomes Research Institute (PCORI), the effort is expected to yield unprecedented volumes of research findings that—if translated into improved clinical practice—will have the potential to help improve health care quality while reducing overall health care costs.ⁱⁱ

Learn More About CER

For information and resources related to Comparative Effectiveness Research, go to: www.npcnow.org/cer.

“If” in the prior sentence is critical. Evidence does not equal change. In fact, there is a large, long-standing and persistent gap between *having* the best available information on a treatment’s effectiveness and safety, and *using* that information in typical practice. Getting specific, the Institute of Medicine (IOM) estimates that it takes 17 years on average for medical knowledge to be incorporated into clinical practice.ⁱⁱⁱ Panels convened by the IOM to suggest ways to accelerate the adoption of medical knowledge recommended that it be: 1) based on rigorously tested empirical evidence; 2) translated so that it is easily understood by clinicians; and 3) disseminated in the form of practical advice that is “valid, relevant, timely, feasible and actionable.”^{iv} Reflecting the impact of incentives and accountabilities within systems, researchers have found that in the current health care environment, there are few strong incentives for stakeholders to seek and use CER. Health plans can pass on increased costs through premium increases; physicians are paid on a fee-for-service basis and are not held accountable for adherence to current standards of care or health outcomes; and even though patients probably have the greatest incentive, few can understand and apply the scientific evidence generated by CER.^v

To the degree that the gap between *having* and *using* evidence is due to a misalignment of incentives and lack of engagement, it follows that efforts to close the gap should focus on stakeholders who are in a position to address these issues—purchasers of health benefits. The Federal Government is a major purchaser, and ACA includes several provisions that will promote the success of CER by encouraging and rewarding better quality care. Private sector employers are another key purchaser and can be more nimble and innovative in how they pull program and benefit policy levers in an effort to influence employee/patient, provider, and provider organization behavior. Further, employers are unique among purchasers in that they stand to realize a return on strategic investments in employee health—returns in the form of a healthy, engaged and productive workforce.

Figure 1 lists facts that attest to employers' purchasing strength, and identifies many of the program and benefit design levers that employers can pull in an effort to influence employee, provider and provider organization behaviors. All of these tactics can be used within a strategy to activate CER findings.

Not all employers will be allies for CER success, though. Research conducted by The Benfield Group (Benfield) over the

last decade consistently shows that about 40% of employers with 1,000 or more employees do little to manage employee health and health benefits. Instead, they focus narrowly on reducing short-term benefit costs through price-focused negotiation and cost-shifting tactics. The remaining 60%, however, have a different approach. To varying degrees, these employers have a longer-term outlook and are focused on improving health and productivity as cornerstones of their cost management strategy. The most sophisticated and value-focused among these employers have proven over the years to be powerful engines of innovation when it comes to driving changes in health care delivery. Using programs and benefit policies such as those outlined in Figure 1, these employers have led the way with novel approaches to educating, equipping and incentivizing employees to improve their health and make informed health care decisions, while also driving the innovation of reimbursement models that recognize and reward quality health care delivery.

Figure 1

Employers: Potential Allies for CER Success

By the Numbers

- Employers provide health insurance coverage for 170 million people, or about 2/3 of the US population
- Employers fund roughly 1/3 of all health care expenditures and about 40% of spending on prescription drugs in the US

Employer Levers to Influence Translation of CER Findings

● Programs

- Risk assessments and screenings
- Wellness and education programs
- Wellness incentives
- Behavior change programs
- Disease management and health coaching

● Benefit Design

- Value-based insurance design (reduce individual co-pay or coinsurance to promote medication adherence or to encourage use of higher value providers or institutions)
- Pay for performance initiatives
- Designation of Centers of Excellence
- Implementation of worksite health centers and pharmacies to provide primary care and disease management support

ABOUT THE RESEARCH

The National Pharmaceutical Council engaged Benfield to assess employer perspectives on CER. In December 2010, Benfield invited health and pharmacy benefit decision-makers and influencers to participate in a 15-minute online survey. A total of 75 companies participated (see text box). Three key issues framed the research:

- Are employers aware of CER, and do they care about it?
- What will employers do with CER results?
- Do employers think CER should include productivity outcomes as a comparative measure of effectiveness when appropriate?

We also explored issues related to the communication of CER results to employers, including trusted sources of information and types of information that would be valued.

To supplement survey findings, 25 in-depth interviews were completed with employers (21), employer health coalition leaders (2), and employee benefit consultants (2). Interviews focused on gathering additional insights needed to more fully understand and interpret the survey findings.

Survey Targets and Respondents

The survey targeted employee benefit directors, medical directors and other health management professionals with health management and pharmacy benefit decision-making authority or influence in jumbo (5,000 or more employees), self-insured corporations.

47% of the 75 companies surveyed had more than 20,000 employees. Of respondents, 81% indicated they are decision-makers or influencers when it comes to employee health strategy; the balance indicated they provide input to the decision-making process.

Key Research Findings

Employers Are Aware of CER

We presented survey participants with a definition of CER (see text box, page 5), and then asked them to indicate their familiarity with the concept. More than 75% of respondents indicated they were at least “Somewhat Familiar” with CER. Just fewer than one in ten claimed to be “Very Familiar,” and 13% said they were “Unfamiliar” with CER (see Figure 2).

Interviews revealed that employers commonly learned about CER through news coverage surrounding health reform. Some reported that they’d been informed by their benefit consultants and others mentioned a position paper published by the National Business Group on Health’s National Committee on Evidence-Based Benefit Design. A few interviewees connected CER to the concept of Evidence-

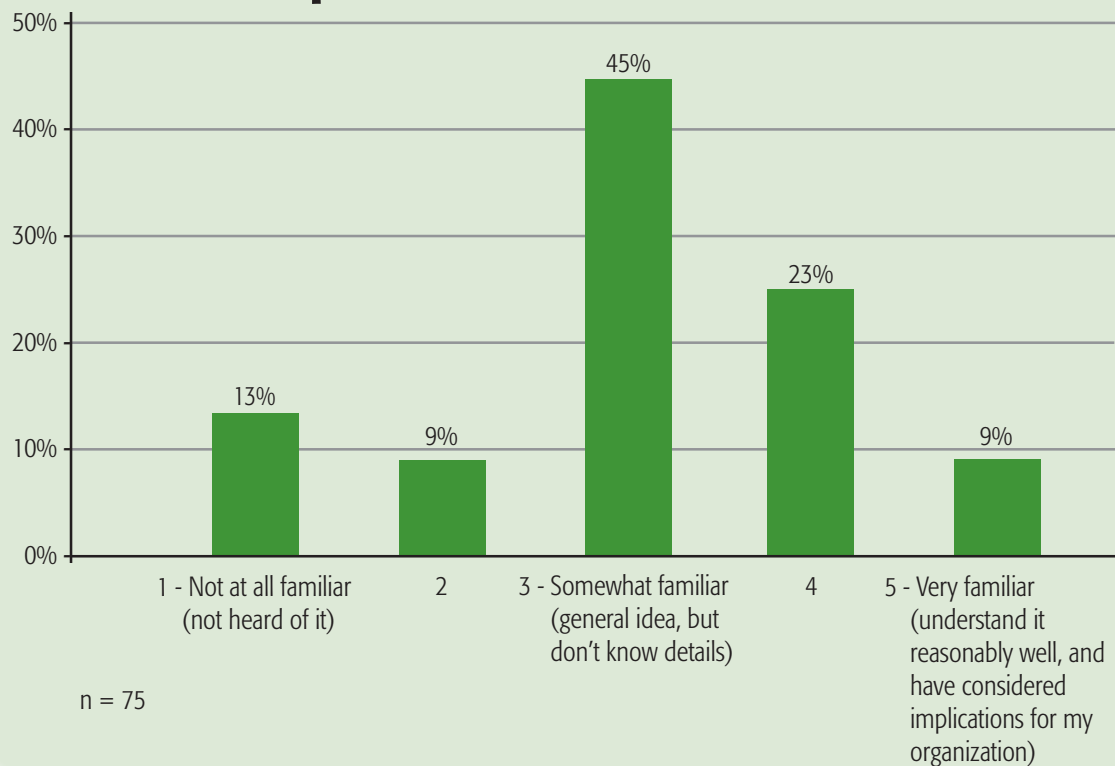
Based Medicine, which they identified as a concept they'd been trying to apply in benefit design for some years.

CER Defined

"**Comparative Effectiveness Research** includes studies and/or synthesis of existing research that compare the effectiveness of medical treatments and services in real world settings. The **purpose** of CER is to develop and disseminate evidence-based information about which interventions are most effective for which patients under various specific circumstances. A key provision of the Patient Protection and Affordable Care Act establishes the **Patient-Centered Outcomes Research Institute (PCORI)**, a private, non-profit corporation empowered to develop and fund CER, and to provide evidence-based information to policy makers (government, health care plans, and employers), clinicians and patients."

Figure 2

Employers' Familiarity With Comparative Effectiveness Research



IMPLICATIONS:

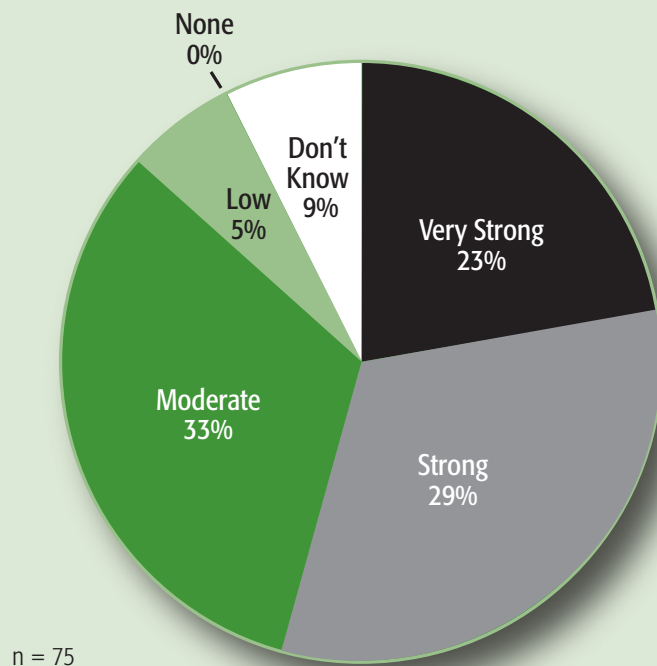
- Those interested in engaging employers in CER have a base of familiarity and knowledge upon which to build additional insights.
- With the debate on health reform shifting, the media coverage that generated low-level awareness of CER has decreased. Efforts to inform and advance employer awareness and knowledge of CER will need to be more deliberate going forward.

Employers Expect CER Will Improve Health Benefit Decision-Making

A large majority of respondents (85%) indicated that CER research will have at least “Moderate” potential to improve health benefit decisions, and nearly one-quarter expect the potential to improve decisions is “Very Strong.” Interviews revealed a pragmatic expectation among employers, coalition leaders and benefit consultants that CER will provide information to make sure health investments are focused on higher value treatments (see Figure 3).

Figure 3

Potential for CER Findings to Improve Health Benefit Decisions



"We have to get at the systems and the processes and the reliability of care delivery and stop doing things that don't work."

– **Coalition Leader**

"...[H]aving better information to help us determine preferred treatments or preferred approaches will help our ability to measure and monitor variation in clinical practice... it has great relevance and importance to our work."

– **Coalition Leader**

IMPLICATIONS:

- Employer perceptions of CER are positive, supporting CER's fundamental value proposition of providing information that will inform treatment decisions.
- Communications should build on the pragmatic utility employers already see in CER—that it will provide information that will help make sure people are receiving treatments that work better and represent a better value.
- Communications to employers should avoid use of technical jargon regarding CER that may be of interest to researchers, but is of little value to employers.

Employers Will Use CER Findings to Supplement Data and Make Strategic Decisions

When asked how they currently use data (e.g., benefits utilization, costs, employee health, health outcomes and productivity), over 90% of employers surveyed indicated they use such data in developing their overall health management strategy and in formulating their medical and pharmacy benefit strategy. Fewer employers (72%) indicated that they use data in determining coverage and reimbursement for specific drugs, and only about half use data in decisions regarding diagnostic tests, biologic therapies and surgical procedures.

Interviews shed light on the process of “using data” in strategy and decision-making. Most employers rely on their health plan and PBM vendors to analyze data about specific treatments. Those recommendations are then incorporated into a broader planning process in which employers (often working with assistance from benefit consultants) formulate their overall health management strategy and benefit plan designs, which are ultimately implemented through their health plan and PBM partners.

Within that context, Figure 4 compares the types of data employers currently use in making health benefit program decisions with the types of CER findings they indicate would be “Important to Very Important.” Two observations are notable: First, current use of different types of information by employers and their vendors aligns almost exactly with the relative priorities employers assigned to different types of CER data. The implication is that CER findings will fit into an existing structure and process for using data for decision-making.

Second, the interest in/importance of CER data pertaining to the impact of alternative treatments on disability, absence and productivity is significantly greater than the current use of such data. Based on those observations, it is reasonable to ask the question: If employers are not currently using disability, absence and performance data to make decisions, then how serious are they about using that type of information if it is provided as part of CER findings?

We used our interviews to help answer this question and found that the seeming disconnect is explained by the simple fact that most employers currently lack the capability to integrate and/or analyze medical, pharmacy and productivity-related data in a way that can support health benefit decision-making. Only a small percentage of employers use data warehouses that enable this type of analysis. Therefore, what appears to be a disconnect is more likely an information gap that employers feel CER could help fill if findings include productivity outcomes.



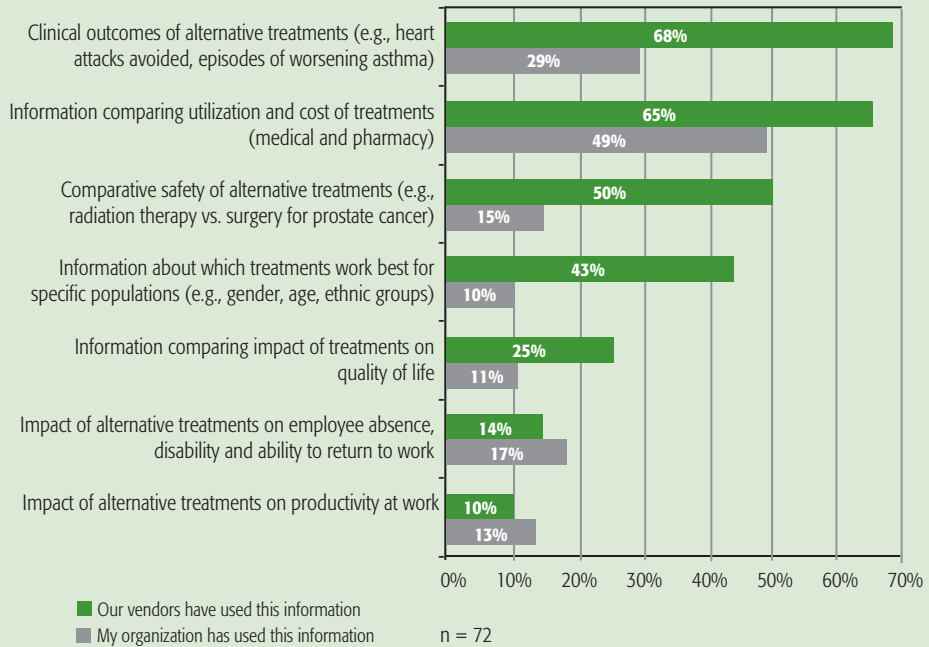
"We really don't have that data. We're hoping to get it through this other internal group that we have, but so far, we've not been able to collect that in any way that would allow us to make decisions off of it. If we had it, we would use it."
 – **Director, Employee Benefits**

"Reduced disability is not on the scorecard of the health benefits department."
 – **Global Chief Medical Officer**

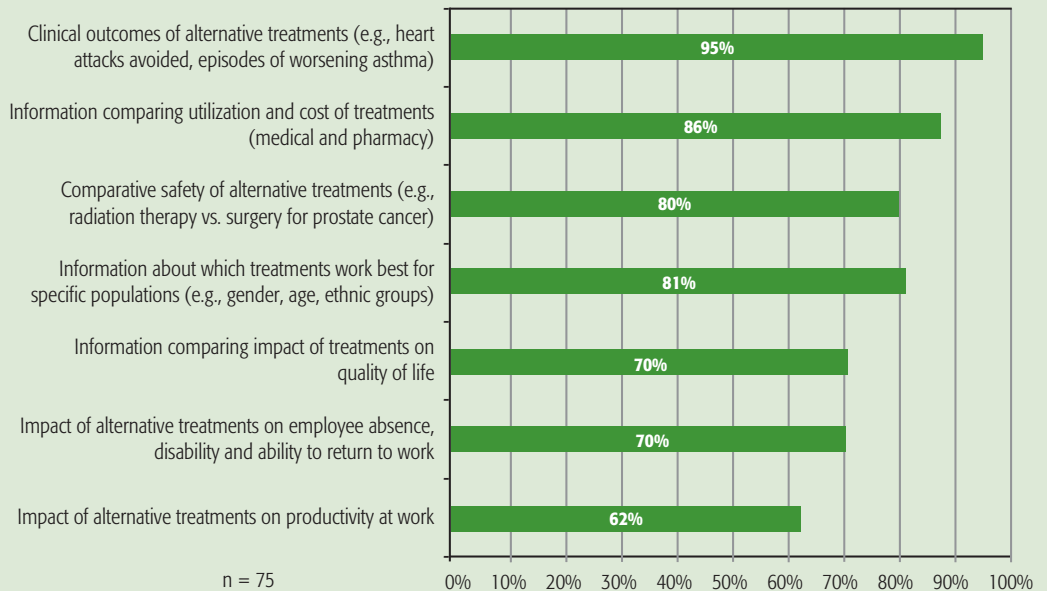
"It's a process that could be improved. We just don't have enough resources to (integrate health and productivity data) very vigorously."
 – **Managing Director—Health Strategy & Resources**

Figure 4

Data Used in Making Health Benefit and Program Decisions



Types of Information That Are Important or Very Important to Include in CER



IMPLICATIONS:

- Using CER findings will not require employers to rethink the information they rely on or how they use it to make decisions. This should facilitate adoption of CER findings into employers' decision processes.
- CER findings will be more valuable to employers if they include productivity-related outcomes. Use of CER information may be slowed if employers are not confident about the full economic impact of alternative treatments. For instance, if a comparison of low back treatments does not address return to work as an outcome measure, employers will not have all the information they need to truly compare treatments based on total value. Such uncertainty could slow the use of some CER results.

Employers Are Equipped to Put CER Findings to Work Through Programs and Benefit Design

To get a sense of the types of actions employers would be likely to take when CER information becomes available, the survey presented respondents with two scenarios—one focused on treatments for low back pain, and another on treatments for diabetes (see text box).

Figure 5 summarizes findings, and shows that employers' likely actions are consistent for both scenarios. Specifically, employers are most likely to leverage existing case management/care management programs to educate and proactively steer employees/patients toward more effective treatment options. The next most likely action is to ask vendors to change coverage for treatments in accordance with CER findings; and the third most likely action is to implement a "value-based" approach to cost sharing in order to align employee/patient incentives toward the more effective treatment.

Responses indicate that employers are generally more likely to take action with CER findings regarding diabetes than low back pain. Interviews revealed employers see diabetes as a higher total cost challenge, and they can more readily imagine making changes for diabetes, for which there are already generally accepted guidelines for treatment, versus treatment of low back pain, for which treatment is not as clear-cut and established.

CER Results Scenarios

Scenario 1—CER on Treatments for Low Back Pain:

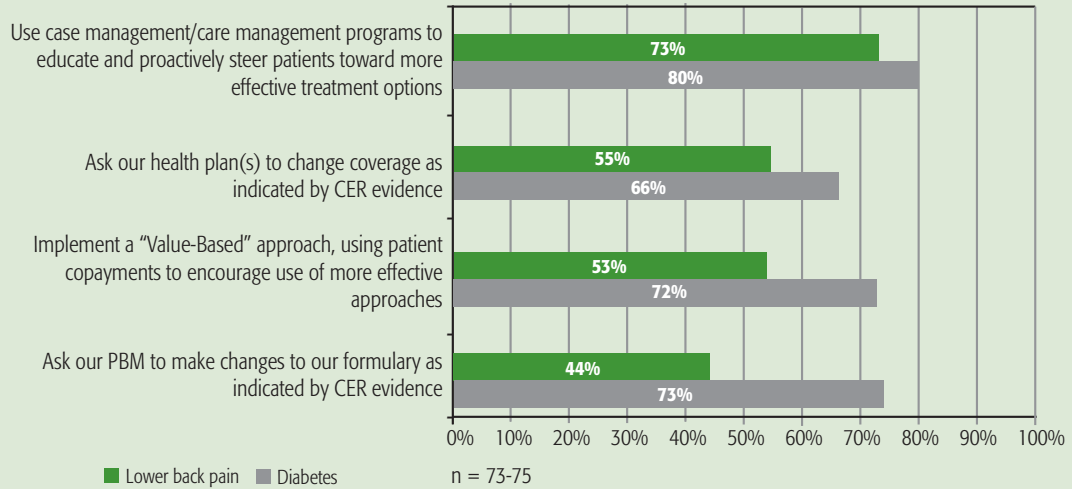
Imagine that CER has been completed, comparing alternative approaches to the treatment of chronic low back pain. Approaches evaluated include different surgical approaches and non-surgical options featuring the use of medications and physical therapy. The evidence concludes that certain treatment approaches are safer and more effective at reducing back pain and returning people to work more quickly than others.

Scenario 2—CER on Diabetes Treatments:

Imagine that CER has been completed, comparing alternative approaches to the management of Type II diabetes. Approaches evaluated include different prescription drug protocols, and approaches to lifestyle (diet and exercise) modification. The evidence concludes that certain treatment approaches are safer and more effective at lowering HbA1C levels and improving overall patient health outcomes than others.

Figure 5

Anticipated Actions Based on CER Information



"Diabetes is a more manageable condition with a lot of personal accountability. The issues are lack of education or noncompliance. The provider networks in the health plans become really important in the diabetes scenario—are they using the new pharmacy management approaches?"

– **Global Chief Medical Officer**

"We would look for clear clinical evidence and look at structuring the benefit design to focus on individual providers or provider groups...We would implement incentives that would be meaningful enough to change both the employee's behavior and perhaps the provider's [behavior] as well."

– **Executive Director, Employee Health and Benefits**

"[If we had] compelling and persuasive clinical evidence that certain medications in a classification have been proven to be more effective than others, we would be willing to alter our co-pay structure to incent the use of those identified medications."

– **Executive Director, Employee Health and Benefits**

IMPLICATIONS:

- Employers have a range of options to activate CER findings, from relatively simple employee/patient education to benefit designs that address patient, provider and provider organization incentives.
- These are tactics employers are increasingly using within their health management strategy. Having CER information will enable employers to make decisions on the use of tactics based on evidence.

Employers Believe It Is Important for CER Findings to Include Productivity Outcomes

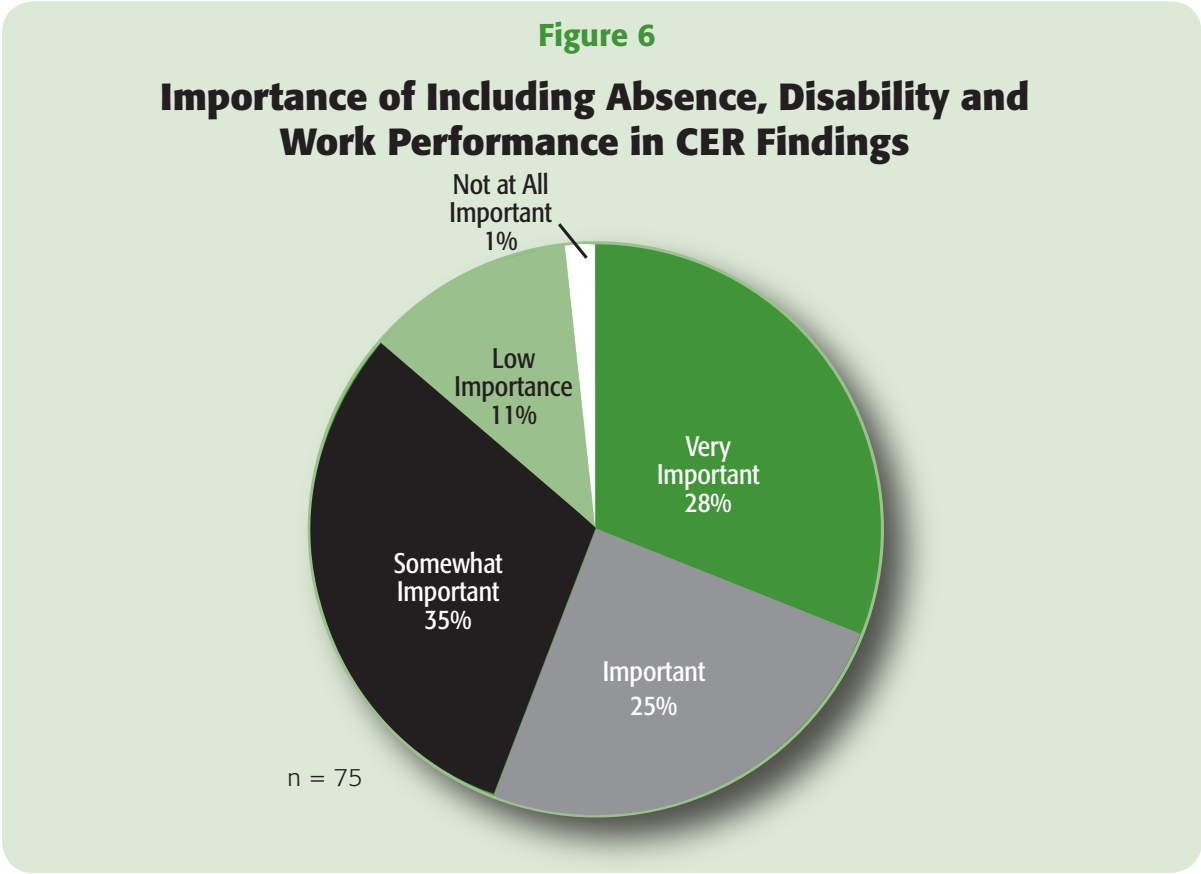
Our analysis of the results shown in Figure 4 concluded in part that there was an opportunity for CER findings to help fill an information gap for employers by providing information about productivity outcomes associated with alternative

treatments. Figure 6 provides additional confirmation of this conclusion. Nearly nine in ten employers indicated that having outcomes such as absence, disability and work performance included within CER findings is at least "Somewhat Important," and more than one-quarter of those surveyed agreed that such findings would be "Very Important."

Additional feedback captured during our follow-up interviews provides additional insight into why and how productivity findings would be important to employers.

"For us, it's always a question of productivity and getting people back to work in the most efficient means possible. If there are three treatments to choose from, I want to know which is the safest for the employee and has the best possibility for improving their condition and getting them back to work and keeping our costs down ultimately."
 – **Director of Benefits**

"To the extent that the research shows specific treatment regimens or specific treatments or surgeries that affect a disability rate or a chance of return to work, or a quicker return to work, then certainly we would use that data, I would believe, to make decisions."
 – **Health and Welfare Manager**



IMPLICATIONS:

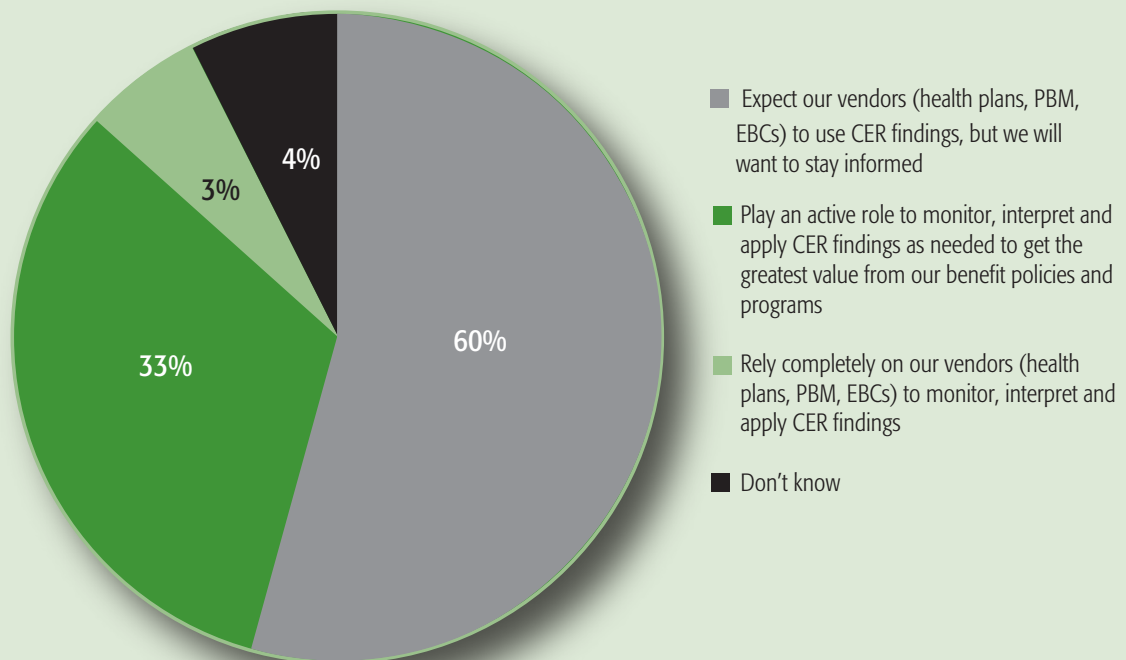
- CER findings will be more valuable to employers if they include consideration of productivity-related outcomes, providing a more complete picture of the value of alternative treatment options and enabling more decisive activation of CER findings.

Most Employers Intend to Stay Informed About CER and See PCORI as Key Trusted Resource

Figure 7 shows that employers will approach the monitoring and use of CER findings in different ways. One-third of respondents expect they will be relatively self-sufficient, playing an active and direct role in monitoring CER findings and, as needed, determining how to use them in improving the value of their health benefits and programs. Six in ten employers anticipate using a trust-but-verify approach, counting on their vendors to monitor findings and use findings, but wanting to remain independently informed about CER.

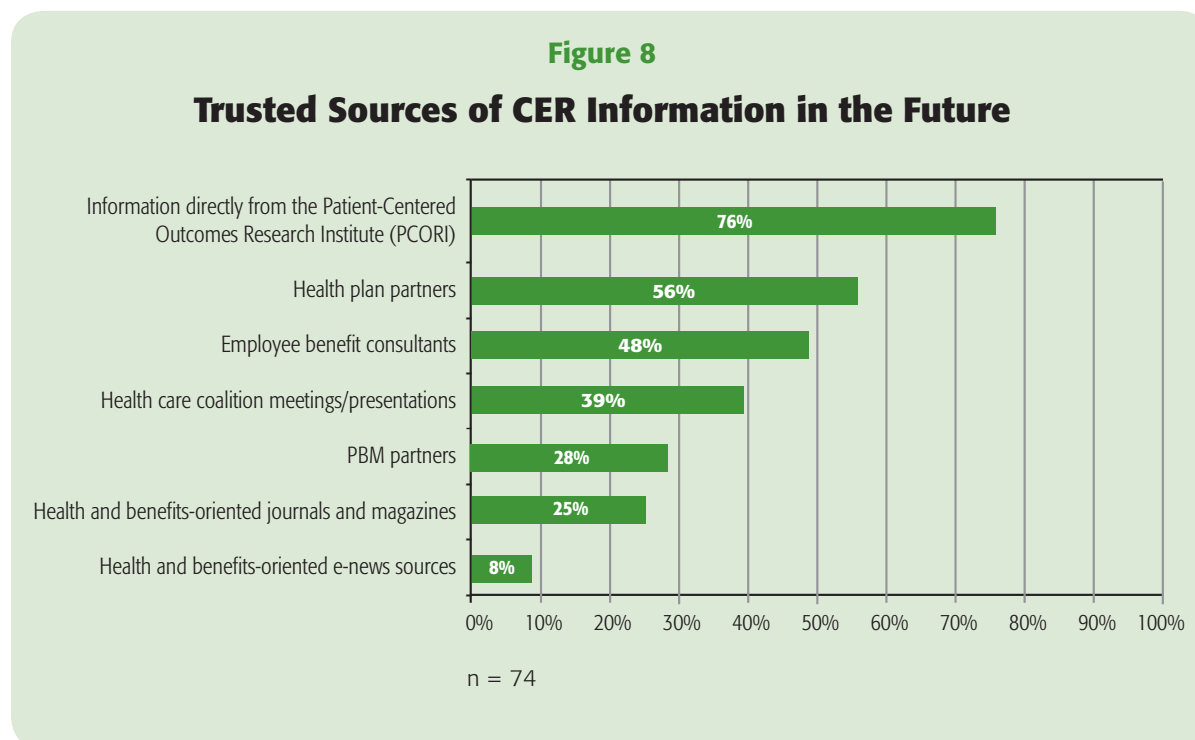
Figure 7

How Employers Expect CER Findings to be Used



n = 75

Figure 8 shows that—when it comes to trusted resources for CER information—PCORI is by far the main organization employers will turn to, followed by health plans, benefit consultants, health care coalitions and PBMs. When asked about their interest in various types of information about CER, respondents indicated their preference for actionable information, with 87% “Interested” or “Very Interested” in examples of how employers have used CER findings to make pharmacy or medical benefit decisions.



Interview comments provide insights into employers' communication and information preferences.

"If PCORI is not able to customize and tailor their work that makes it applicable to me, then I'm not going to pick up on it...If they keep it too general, I'm not going to use it."

– **Senior Vice President, Compensation and Benefits**

"Hopefully there is some employer perspective with respect to implications and considerations as to how employers might—at a very high level—consider incorporating the data into their health management strategy."

– **Corporate Medical Director**

"Employers will want to know the priorities. What are the first two major areas they are going to dive into? If they're interested in those areas, then they will follow the results."

– **Coalition Leader**



IMPLICATIONS:

- Because employers will trust PCORI, it will be important for PCORI to establish a robust and employer-targeted communication strategy that can provide a platform for health plans, consultants, coalitions and PBMs to anchor their CER communications.
- Employer-targeted communications need to be practical, providing actionable information and case examples employers can use in determining whether and how to take any action on a particular CER finding.

CONCLUSIONS

Conclusions from this research map directly to the objectives that framed the research.

1. Employers are aware of CER and expect that CER findings will help them achieve the complementary objectives of improving employee health while managing health care costs.
2. CER findings will complement how employers currently use information to make decisions about health programs and benefits. Further, employers already have access to and use a wide array of tactics that can be leveraged to inform employees/patients and align incentives to drive CER findings into clinical practice.
3. Employers will value CER research that includes the impact of alternative treatments on absence, disability and work performance when appropriate, because most lack integrated data to enable them to weigh productivity impacts of various decisions.
4. Employers will rely on a variety of stakeholders—including PCORI as their most trusted resource for CER information—and prefer information that is clear and actionable.

A CALL TO ACTION

Employers will rely on research from other organizations for information, advice, and support when it comes to health improvement and cost management goals. It is therefore important for those organizations to consider the implications of this research on employers' potential actions. Table 1 identifies a number of action steps that various stakeholders (including employers) can consider to maximize the opportunity of CER to improve health and health care value.

Table 1
Potential Stakeholder Actions

Stakeholders	Actions to Consider
PCORI	<ul style="list-style-type: none"> ● Establish a robust communication strategy, focused on employers. ● Include productivity outcomes in CER research when appropriate. ● Engage employers and their vendors in determining research priorities and identifying ways to leverage programs and benefit design to activate CER.
Employers	<ul style="list-style-type: none"> ● Become knowledgeable about CER. ● Communicate the importance of productivity outcomes to PCORI.² ● Educate employees about CER and how it can lead to more informed health care decisions. ● Tell vendor partners what you expect from them in terms of CER education, recommendations and support.
Benefit Consultants	<ul style="list-style-type: none"> ● Provide CER education for employers and other health care stakeholders. ● Help employers develop strategies and tactics to activate CER results when appropriate. ● Communicate the importance of productivity outcomes to PCORI.²
Health Care Coalitions and Employer Health Organizations¹	<ul style="list-style-type: none"> ● Provide CER education for employers and other health care stakeholders. ● Convene employers with other stakeholders to discuss CER results (when appropriate) and to determine whether and how to implement market-level actions to drive use. ● Communicate the importance of productivity outcomes to PCORI.²
Health Plans and PBMs	<ul style="list-style-type: none"> ● Provide baseline education to employers about CER. ● Set expectations about the process to analyze and take action on CER results when appropriate. ● Communicate the importance of productivity outcomes to PCORI.²

1. "Employer Health Organizations" include the National Business Group on Health, National Business Coalition on Health, Integrated Benefits Institute, and others.

2. See www.pcori.org for regular updates and opportunities to comment on research issues.

NPC will continue to follow employer-related developments on CER-related issues.

Please visit www.npcnow.org/cer for CER information and updates.



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