



Understanding the full picture of Total Cost of Care.

THIS IS HOW

With healthcare costs projected to rise to an average of just over \$15,500 per employee in 2021,¹ employers continue to look for ways to control costs and improve quality of care for their employees. By taking a Total Cost of Care approach, you can gain a clearer picture of the solutions that can make a meaningful impact on the health of your organization's bottom line and your workforce.

What is a Total Cost of Care approach?

Total Cost of Care (TCOC) encompasses your organization's total spending on healthcare and health benefits for your employees and their dependents. The concept is straightforward and relatively simple, but understanding and managing all of the variables that impact the cost of your organization's health plan can be considerably more complex. So let's take a look at the key components, how they work together, and why this approach can benefit both you and your employees.

THE FOUR KEY COMPONENTS OF TOTAL COST OF CARE

NETWORK AND BENEFIT DESIGN

- Network discounts
- Value-based payment arrangements
- High-performance networks, narrow networks and centers of excellence
- Benefit design based on your population's health

MEMBER ENGAGEMENT

- Advocacy and navigation
- Health and wellness programs



CLINICAL PROGRAMS

- Population health management
- Care management of at-risk members
- Integrated medical and pharmacy benefits
- Integrated physical and behavioral healthcare

COST PROTECTION

- Data and analytics
- Pre- and post-payment reviews
- Fraud prevention

NETWORK AND BENEFIT DESIGN

Build a strong foundation with your network and benefit design

A strong network with competitive discounts is at the foundation of TCOC. However, as networks continue to shift from volume to value, and solutions evolve and emerge, such as centers of excellence as well as high-performance and narrow networks, it's important to consider all of these factors when modeling the impact of network and benefit design to maximize savings opportunities.

BlueCard® PPO leads the industry by delivering **5-9% lower Total Cost of Care over competitors**²



And our new Blue High-Performance NetworkSM offers **11% savings, on average, on top of that**³

ASK YOUR HEALTH PLAN PARTNER

- How long have your value-based care programs been in place? More established programs have been shown to drive quality improvements and provide a clear path to cost mitigation.
- Does your high-performance network have well-defined quality measures, using sufficient data that is applied across all providers? In addition to reducing total cost of care, it's important to ensure employees are accessing high-quality providers.

CLINICAL PROGRAMS

Make sure you have the right clinical programs

Effective clinical programs ensure that employees, especially those with chronic or high-cost conditions, are getting the right care, from the right provider, in the right place and at the right time. When you consider that **90 percent of annual healthcare costs are for people with chronic and mental health conditions**,⁴ employers can achieve significant savings by taking a data-driven approach—integrating physical and behavioral care as well as medical and pharmacy benefits. This approach supports more informed care management that can lead to TCOC savings through fewer ER visits, lower hospitalization rates, preventive screenings and more.

ASK YOUR HEALTH PLAN PARTNER

- What quality results are you seeing from your clinical programs? Do these results generate ROI?
- Are pharmacy benefits integrated so that clinical teams have a full picture of your employees' health?
- Do you provide programs that can connect primary care and behavioral health providers to empower collaboration?

MEMBER ENGAGEMENT

Encourage employee engagement

Working with your health plan partner to make sure your employees understand and get the most out of their benefits is another important consideration for TCOC. Whether you're offering advocacy programs designed to help employees better navigate their benefits, or health and wellness programs that aid in prevention and building healthy habits, employee engagement is key to lowering healthcare costs.

ASK YOUR HEALTH PLAN PARTNER

- Do you offer customized programs that provide personalized support and solutions for each employee's unique health situation?
- Do you provide benefits such as access to health coaches and condition-specific programs, like diet and nutrition guidance?

COST PROTECTION

Increase savings with cost protection

One of the most fundamental ways to keep costs in check is to ensure that your health plan includes a solution that verifies your medical claims are paid accurately and are free of wasteful or abusive billing, often referred to as payment integrity. It's estimated that up to **80 percent of medical claims contain errors**.⁵ And whether those mistakes are the result of human error, or deliberate fraud, inaccurate billing can be a costly problem when combined with the increasing cost of healthcare.

ASK YOUR HEALTH PLAN PARTNER

- Does your payment integrity program balance pre- and post-payment reviews to maximize savings?
- How are you using analytics and machine learning to capture claim errors?

TOTAL COST OF CARE IN ACTION

Maternal healthcare is among the highest consistent claim costs for employers. Here's an example of how the four TCOC components can work together to deliver cost savings for your organization and better health outcomes for your employees.



Amy has diabetes. She wants to start a family but is having trouble conceiving.

NETWORK AND BENEFIT DESIGN

Amy's employer guides her to a center of excellence (COE) for fertility care, where she receives higher-quality, more affordable care. Once pregnant, she plans to deliver at a COE for maternity care.

CLINICAL PROGRAMS

Her employer also has integrated medical and Rx benefits, resulting in stronger care collaboration and data insights to enable better management of her diabetes.

MEMBER ENGAGEMENT

Amy has access to app-based pregnancy management tools and maternal health programs to help her through her journey.

COST PROTECTION

Behind the scenes, utilization management experts analyze Amy's claims to ensure they are billed accurately.

Visit [smarterbetterhealthcare.com](https://www.smarterbetterhealthcare.com) for more information and insights to help you make the right decisions for your organization's needs.

1) Business Group on Health, 2021 Large Employers' Health Care Strategy and Plan Design Survey
 2) Leading Consulting Firm CY2018 Total Cost of Care Benchmark
 3) Consortium Health Plans analysis, 2020. Savings are on average and assume 100% enrollment. Results will vary based on employer locations and implementation.
 4) Centers for Disease Control and Prevention, Health and Economic Costs of Chronic Care
 5) Becker's Hospital Review, Medical billing errors growing, says Medical Billing Advocates of America
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