



How **Telemedicine** is Changing Group Benefits

Learn how this breakthrough technology and industry trend is helping businesses fight rising healthcare costs while enhancing the value of their benefits package.

Doug Edwards
2/24/2015



ALLYHEALTH

1535 Chestnut St., Ste. 100, Philadelphia, PA 19102
allyhealth.net
215-543-7400

CONTENTS

Executive Summary	3
Telemedicine	4
Cost Savings	7
Summary	9



EXECUTIVE SUMMARY

Telemedicine, or the delivery of healthcare through digital technology, has the potential to save the healthcare system and employers throughout the U.S. substantial amounts of time and money. There are two major trends in place today in the employer healthcare markets that align extremely well with the benefits that telemedicine can offer. First, many businesses are moving away from fully-insured health plans and are increasingly moving towards self-insurance. Second, there is a major shift towards what's commonly known as "consumer-driven health plans" or high-deductible plans that shift more of the cost-burden and decision-making responsibility onto the employees and their families. It is these two trends that make telemedicine today such a compelling choice (and an ever-popular one!) for employers and their employees, as both are sharing more risk and more of the cost-burden than ever before.

Businesses that are responsible for covering the costs of healthcare for their employees are finding cost savings through the use of telemedicine. Telemedicine services, such as 24/7 access to a doctor over the phone, can save significant costs by avoiding unnecessary urgent and emergency care visits, as well as by redirecting many routine visits that can just as easily be handled remotely. Telemedicine can also provide access to medical advice more quickly than traditional office visits, preventing employees from getting sicker than necessary and minimizing lost productivity costs.

Successfully implemented telemedicine programs quickly pay for themselves and can be powerful tool for businesses to create reductions in healthcare costs, improve their benefits offering, and drive improved productivity and employee satisfaction.



WHAT IS TELEMEDICINE?

Telemedicine is the exchange of health information between healthcare professionals and patients over long distances through the use of electronic and telecommunication technology. This idea was introduced by NASA in the 1960s during the exploration of space, when astronauts were faced with the challenge of handling healthcare situations in a place where there is no access to medical care. Any and all communication with healthcare professionals had to be communicated between the astronaut and a doctor over the phone, and over time it was realized that this concept could be applied to other areas of healthcare as well.

The use of telemedicine as a communication channel in healthcare has been steadily growing ever since. It plays a significant role in the treatment of patients living in rural areas. These patients would normally have little to no access to healthcare providers and would have to travel great distances to see specialists. The use of technology has brought specialty providers right into the patient's home through the use of videoconferencing and telecommunication.

In the current healthcare environment, the role of telemedicine has been expanding to include patients that don't necessarily live in a rural setting. Advances in communications have allowed us to explore our ability to treat almost anywhere, any place, any time, through the use of smartphones, tablets, and computers. The rising costs of healthcare have created a

need for more affordable care, telemedicine has the opportunity to step in and help reduce costs for patients, insurance providers, and the entire healthcare system.

Telemedicine has the potential to save the healthcare system significant amounts of time and money. Significant cost savings can be found when patients use telemedicine to consult with healthcare professionals about potential health issues, resulting in decreased office visits and reductions in the need for urgent care. Savings also can be related to reductions in travel time and expenses as well as reducing the amount of time patients need to take off from work to receive care.

Patients with chronic diseases in particular can experience significant cost savings when access to telemedicine is introduced into their care. The Institute of Medicine reports that 100 million Americans are diagnosed with chronic diseases, accounting for approximately 75% of health care spending. Patients who have chronic diseases can utilize telemedicine services when they are unsure if they need a physical doctor's appointment, or when acute issues arise in their care, decreasing health care costs.

Using telecommunications for patient interactions also promotes patient-centered care. It allows patients to self-manage their health care, empowering them and improving satisfaction. Health literacy rates can improve, as well as medication adherence and lifestyle behaviors, reducing healthcare costs in the long run.

BUSINESSES ARE MOVING AWAY FROM FULLY INSURED PLANS

The expensive nature of the current healthcare model has forced businesses to get creative when it comes to providing health insurance to their employees. Many businesses are finding cost savings by moving away from full coverage insurance plans and adopting self-insured plans. Under self-insured plans, the employer assumes the financial risk of providing health care benefits to its employees. The employer essentially pays out of pocket for each healthcare claim incurred by its employees instead of paying a flat fee to an insurance provider in the form of premium payments.

Many employers, especially those with more than 100 employees, are finding that paying out of pocket for the healthcare of their employees is more cost-efficient than paying insurance premiums to an outside company. This method of paying for healthcare allows the employer to

customize the plan to meet the specific needs of its employees, and allows the employer to maintain control over healthcare costs. Cash flows can also improve since the employer does not have to pre-pay for insurance premiums.

Companies that self-insure their employees are excused from several of the Affordable Care Act's unpopular requirements. Self-insured companies are exempt from the profit limits and benefit requirements put in place for commercial insurance plans. They are also exempt from state health insurance premium taxes, resulting in additional cost savings. Small companies are finding significantly reduced costs through the use of self-insurance, and can protect themselves from catastrophic costs through the use of stop-loss coverage, which can cover claims over a pre-determined dollar amount.



CONTROLLING THE HIGH COST OF HEALTHCARE

Reducing the cost of healthcare is a challenge that is especially important to companies that self-insure the healthcare costs of their employees, since the employer is responsible for all of their costs. One of the most obvious areas of cost savings can be seen through a reduction in urgent care treatment. Since hospital emergency departments are required by federal law to provide care to all patients, regardless of their ability to pay, some patients use emergency departments as their primary health care provider. Other patients are forced to use emergency departments if they cannot access healthcare through other channels outside of business hours, such as nights, weekends, and holidays. Not only does this put significant strain on hospitals, limiting their ability to quickly attend to health emergencies, but it is also incredibly costly to patients, hospitals, insurance companies, and businesses that self-pay for insurance. The National Hospital Ambulatory Medical Care Survey estimates that over one-third of all emergency department visits are for non-urgent care. In 2007, the top three reasons for emergency department visits were for superficial injuries, sprains and strains, and upper respiratory infections, all issues that could be handled by primary care providers if addressed in a timely manner. It has been estimated that over \$18 billion annually could be saved if non-urgent issues were handled outside of the emergency department. Telemedicine can provide rapid care to patients with acute medical conditions, resulting in reductions in urgent care visits and substantial cost savings. Telemedicine for Businesses

Companies looking for ways to reduce their healthcare costs have implemented telemedicine programs to allow their employees rapid access to medical professionals at any time. Telemedicine can produce significant cost savings for self-insured employers by decreasing the costs of urgent care and unnecessary office visits. By implementing a telemedicine program, the employer can take an active role in decreasing the healthcare costs they are responsible for as a self-insured business.

Telemedicine programs such as AllyHealth allow patients to speak one-on-one with a board-certified physician from the comfort of their living room or office, 24 hours a day, 7 days a week 365 days a year. Members can access medical care when they need it, and can prevent unnecessary emergency department visits that are costly to the healthcare system as well as employers. Providing employees with access to a medical provider at any time adds a significant feature to their benefits package, improving employee satisfaction.



COST SAVINGS THROUGH TELEMEDICINE

Employees, companies and providers can experience astronomical cost savings through the use of telemedicine. Groups that can benefit most are those that are self-insured, have high deductible health insurance plans, and those with HRA and HSA accounts. The return on investment can be upwards of 200% when telemedicine is offered in conjunction with an existing health insurance plan.

Many ailments that patients seek emergency care for can be successfully treated in non-emergency settings, such as colds, allergies, simple infections and rashes. Many of these conditions can be treated through telemedicine, allowing patients to avoid trips to urgent care or emergency treatment facilities. Telemedicine consultations can also take place right in the office setting, so employees can receive care without even leaving the workplace. Not only does this result in a direct cost savings to companies that are self-insured, but also the savings related to increased productivity for employers by decreasing absenteeism is tremendous.

Some emergency situations like broken bones, difficulty breathing, or other more serious conditions must still be treated the old-fashioned way. However, by avoiding the crowding of our emergency departments with patients who could be treated from home, we can enable healthcare professionals to focus on treating patients with more serious issues, reducing costs for the healthcare system.

Telemedicine can be beneficial to companies that offer high-deductible commercial health insurance plans and plans with HRA and HSA



accounts as well. When employees have high-deductible health plans or plans with small health savings accounts, they often wait until the last minute to seek out health care for acute medical conditions in an attempt to avoid paying medical bills for a doctor's visit. When people wait too long to seek medical care, they get sicker and end up in urgent or emergency care settings, which are more costly than the original office visit would have been. Giving employees access to 24/7 medical care over the phone can prevent employees from getting sicker than necessary and decrease the number of sick days they must take away from work to get back to adequate health, saving the employer money on productivity.

Every time an employee uses telemedicine, one more unnecessary trip to a primary care physician, urgent care, or emergency department is avoided. The savings can add up quickly to provide significant returns on the investment in telemedicine.

RETURNS ON INVESTMENT

Since AllyHealth consultations with doctors are completely free for members, patients are encouraged to utilize the services, and the telemedicine platform creates big savings for self-insured businesses. Avoided emergency department and urgent care visits add up quickly to produce substantial savings that the business would otherwise be responsible for paying for. Businesses will easily save more money in a single year than they will pay in telemedicine membership fees for employees. The convenience of employees having a doctor on demand, anytime, from a smartphone or computer is a net no-cost investment for businesses.

WILL TELEMEDICINE WORK?

The returns on investment in telemedicine are dependent on adoption and utilization by the employees. The most successful telemedicine companies are laser-focused on ensuring that employers have access to great training and account management resources to encourage maximize employee participation. Professional telemedicine companies provide these services to ensure that returns on the investment in telemedicine will continue to grow.

FUTURE GROWTH OF TELEMEDICINE

Telemedicine is quickly becoming a household word and is a widely accepted method of medical treatment. American Telemedicine Association estimates that in 2012, more than 10 million Americans directly benefited from telemedicine service, twice as many as in 2009. It is estimated that approximately 20 million Americans will benefit from telemedicine in 2014, and growth is expected continue to expand exponentially in the next few years .



SUMMARY

Advances in digital communication have brought about significant changes in the healthcare landscape. Providing employees with access to 24/7 medical care through a telecommunication channel can prevent the need for unnecessary emergency department, urgent care, and primary care office visits. More rapid access to care for acute conditions can prevent simple ailments from becoming severe, decreasing the number of sick days and improving productivity. Successful telemedicine programs quickly pay for themselves and can be powerful tool for businesses to create reductions in healthcare costs, improve their benefits offering, and drive improved productivity and employee satisfaction.

AllyHealth can help employers realize their goals of reducing the cost of healthcare for their employees. For more information visit our website at AllyHealth.net.



Thank you.
For more information contact:

Doug Edwards
Doug@AllyHealth.net