

EMERGING TRENDS

# Enhancing the Value of Care Delivery Through Digital Health

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March 2023

Part II in a new series that explores emerging trends that are radically disrupting employee benefits



The second article in a new series from Lockton People Solutions will explore emerging trends in managing health plan costs, simplifying health plan administration and improving the employee experience. Through this series, Lockton's Insights & Innovation Lab will help Lockton clients focus on the trends worth paying attention to and capitalize on new opportunities.

**THERE ARE NOW MORE THAN 11,000 STARTUPS USING INFORMATION AND COMMUNICATION TECHNOLOGIES IN MEDICINE TO MANAGE ILLNESSES AND HEALTH RISKS AND TO PROMOTE WELLBEING.** Collectively referred to as digital health, this collection of new solutions has tremendous potential to improve outcomes and enhance the value of care delivery. But navigating this complex landscape will require a more robust, integrated ecosystem than what we have today. And employers will need to identify the solutions that optimize their employee benefits programs.

## *The case for digital health*

It is often said that the complexity of medicine has exceeded the capacity of the human mind. We need digital health innovation to support clinicians by enhancing diagnosis and treatment, improving care coordination, facilitating remote patient management, supporting self-management, and reducing errors and waste in the delivery system. Just as people have grown accustomed to mobile and online tools in all aspects of their lives, such as airline booking, ride-hailing services and banking, we need digital health to simplify the complexity for patients when navigating the healthcare system. This will require a robust, integrated ecosystem that functions just like these other consumer-facing tools.

The power of digital health can multiply when it is coupled with a primary care physician, through in-person or virtual visits. If the primary care physician can motivate members to manage their conditions through digital health solutions, it will most certainly drive up engagement and improve patient adherence between visits. In addition, remote patient monitoring will not only increase efficiency for the primary care physician, but also drive potential cost savings through more proactive outreach and intervention and, in some instances, avoid unnecessary ER and hospitalization visits.

Currently, fewer than 10% of physicians are integrating data from digital health wearables into their practice electronic medical records (EMRs); however, this is changing with the introduction of new virtual primary care physician models. We are still in the early days of this innovation journey and not every digital health solution can deliver on the full promise of a holistic, integrated view of the patient's wants and needs. There are significant limitations in terms of access to data, and there is a lack of standards for data sharing that limit this potential. However, the goal should be to continue to drive more integrated solutions to patients managing chronic conditions.



## *Creating an integrated experience*

For many years, the market for employee benefits solutions has been fragmented, with employers seeking out best-in-class third-party point solutions to create more personalized benefit experiences. Investors have taken notice, and as they search for the next unicorn (companies with a \$1B or greater valuation), they have bet on increasingly narrow solutions that meet the needs of a small but costly segment of an employer's population. Just as the number of pixels on your flat-screen TV has grown exponentially over the past decade, the point solutions marketplace has multiplied rapidly. And just like your TV when viewed from a distance, the tiny point solutions should come together to create a clearer picture of the health and wellbeing of an employer's population, but only when they are part of an integrated system. Today, healthcare lacks that integrated platform where every healthcare experience (pixel) is woven together to create a clear picture of the patient's needs and goals for returning to health.

Employers can create a more integrated strategy and manage the complexity of multiple point solutions using digital health formularies. Major payers such as UHC/Optum, Aetna/CVS and Cigna/Evernorth are capitalizing on the disruption in the venture capital market and finding good value in partnerships with emerging companies. The promise for employers is that as these main frame payers bring on more solutions, they will also integrate these solutions in their networks and care delivery platforms. In addition, third-party navigation platforms, such as Accolade, Included Health and Quantum, are also expanding their partner ecosystems. These advocacy and navigation vendors are building platforms to expand their role as aggregators of point solutions and building preferred partnerships and deeper integrations like the digital health formularies built by the major health plans and pharmacy benefit managers (PBMs). These ecosystems are often built around virtual primary care providers and other trusted partners, like a care navigator, who have only the patient's best interests in mind when recommending a care path that includes third-party point solutions.



The goal of a digital health formulary, offered through a health plan or PBMs, is to make it easier for employers to integrate digital health solutions into the care delivery process. Digital health tools that are added to the formulary are vetted by physicians, pharmacists and other experts across multiple factors including clinical efficacy, privacy and security, value, and usability. When considering which digital health solutions to implement, employers need to start with their utilization data to understand the unique needs of their plan members and opportunities to address the most prevalent conditions.

### *Employer considerations*

For many employers, contracting and administration of third-party solutions is the major barrier to implementation. Carrier integrations and partnerships may increase as solutions look for channels promising high volume to fuel growth and carriers look for more offerings to compete. The focus on optimizing the employer's current portfolio will often lead to a deeper examination of the entire benefits ecosystem.

An innovative solution is to use a virtual primary care physician and integrate biometric data from digital health apps along with pharmacy, medical and other lab data to provide care coordinators with a comprehensive view of the members' health. The additional data can be useful in advanced analytics, which can identify members who may benefit most from a certain solution and allow for targeted outreach to get them connected. A key consideration when choosing a new health plan partner is whether they can simplify administration through data integration and enhanced care coordination.



## *Market consolidation*

Venture capital investors in digital health solutions have pulled back, and funding for new solutions slowed significantly in 2022. As funding in the market slows, exacerbated by the recent bank collapse, many smaller companies will look for a safe haven as they continue to eke out growth and move toward profitability. We anticipate this will lead to a period of consolidation and major shifts across the industry. First, some digital health companies will go out of business. Second, we expect a significant increase in partnerships and strategic alliances among health plans and emerging digital health solutions. In the third phase, some of these companies may be acquired by their strategic partners. With this consolidation, we should expect single-focus chronic condition solutions (e.g., diabetes or musculoskeletal management) to integrate with other solutions focused on different conditions to provide a more holistic patient experience.

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## *How Lockton can help*

The Insights & Innovation Lab for People Solutions was established to help employers be more selective and to search for value when evaluating new health and wellbeing solutions. The Lab brings together expertise across Lockton to identify solutions that are sustainable and deliver high value to employers and superior experiences to members.



To help clients quickly identify efficiencies & simplify contracting, Lockton has mapped the digital health ecosystems for all the major health plans and PBMs.



Lockton's Insights and Innovation Lab has developed proprietary scoring metrics to assess vendors across multiple conditions and categories.



In collaboration with Lockton analytics and actuarial teams, we have created a framework to help guide employers to the best solution fit for their populations.



Using Infolock™, our population health tool, Lockton clients can monitor experience year over year to assess how solutions are impacting claims and to make data-driven modifications to their benefit strategies.

**Connect with your client service team  
to learn more!**



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