Another pandemic effect: more virtual care, more mental health help and higher costs for 2021 health plans

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The pandemic, which has disrupted so much of our lives, has shaken up health benefits, too—and sometimes for the better.

Over 150 million Americans, including nearly half the population of Texas, get health coverage through an employer. And next month, many workers will select their health benefits during open enrollment.

They're likely to see a big increase in coverage for virtual care, most commonly used for smartphone visits with doctors and other providers. While virtual care has been available for years, the approach took off after the pandemic forced many practices to lock down in the spring.

Consumers have embraced its convenience, and health plans are responding. The No. 1 health priority for large employers in 2021 is to implement more virtual care solutions, according to a survey released last month by the Business Group on Health.

Many employers are increasing virtual access to mental health services, too, in part because of the coronavirus's far-reaching effects. The pandemic also puts more pressure on companies to contain health costs, given how the COVID-19 economy has damaged the finances of so many.

Health spending is projected to grow over 5% next year, far outstripping inflation and wages again, and that estimate may not be high enough.

"Employers are fearing a big surge in health care spending next year because so many people have delayed treatment during the pandemic," said Marianne Fazen, executive director of the Dallas-Fort Worth Business Group on Health, a coalition of local employers. "This really is the most incredible time of uncertainty."

Dallas-Fort Worth is a big spender on health, according to data from the Health Care Cost Institute. In 2017, health spending in D-FW was 13% higher than the national median, over twice as large as the gap in Houston, according to the institute's data.

The cost of a knee replacement in D-FW was just over $49,000 in 2017 - $12,000 more than the U.S. average, based on data from Guroo.com.

Those were spending patterns before the coronavirus, and the future trend has become harder to project. Health spending declined in the early months of the pandemic because many people postponed surgeries and routine care.

Much of that deferred work is expected to come on line by next year. Employers also worry that some patients' chronic conditions have worsened, which could lead to higher bills down the road.

Amid such uncertainty, they have an opportunity to use the pandemic response to accelerate changes in their health plans. For example, employers have long encouraged workers to use narrow provider networks with a record of quality affordable care. Those efforts will get a post-pandemic boost.

Over the next three years, almost half of large employers plan to steer their health plan members to certain accountable care organizations and similar networks, according to the Business Group on Health survey. More than 1 in 4 plan to directly contract with primary care practices, another technique to funnel business to select providers.

It's been difficult to get companies to limit choices around health care, Fazen said, especially when the economy was booming and there was a war for talent. The story is different now, with a recession and stalled labor market.

"The pandemic has disrupted business as usual, and that could be good for the health care industry and the employers sponsoring health insurance," Fazen said. "It gives us a chance to regroup and rethink what we're doing, and maybe make some major changes without as much objection."

Almost 1 in 3 large employers will focus on reducing high-cost claims next year, according to the large employer survey. That's also a priority in Fort Worth, where the health plan for city employees covers about 11,000 workers and dependents.

Just 3.2% of members account for 63% of the costs of the health plan, said Nathan Gregory, interim human resources director at the city of Fort Worth. About 40% of top claimants are back year after year.

"They're clearly getting a lot of care," Gregory said. "The question is whether they're getting the right care."

The plan is adding a third-party advocacy company to help members find the right providers and keep an eye on spending patterns. It hired another third-party group, Virta Health, to try to improve outcomes for patients with diabetes.

If the company meets certain goals, such as helping patients lose weight and improve blood sugar counts, the health plan can save up to 40% on medications for those members, Gregory said. And Fort Worth pays for the service only after patients achieve the stated goals.

"They're putting their fees 100% at risk," he said. "If it works, we'll be perfectly happy to pay the fees."

Not surprisingly, the program is virtual, requiring an app to help monitor results and allowing patients to get support from expert advisers.

Fort Worth spends about $80 million a year on health care and has been aggressive about trying to control costs while improving the health of its members. For three years, it's offered free primary care at eight nearby clinics, including three dedicated to Fort Worth city employees and dependents.

All the health centers, operated by Texas Health Resources, began offering virtual visits during the lockdown, which have become a permanent feature.

Visits to the health centers fell off sharply in the early months of the pandemic but have recovered to historic levels—a pace of about 1,200 visits a month, Gregory said. And 20% of the visits are still virtual.

The health centers require no co-pays or deductibles under the city's most popular health plan. Fort Worth has managed to hold down and even reduce health costs in recent years, and it's not because members are using fewer services.

"We believe it's because our population is getting healthier," Gregory said.

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