

TELEHEALTH INDEX:
2016 EMPLOYER
BENCHMARK SURVEY



Overview

In 2015, 1.2 million Americans had teleconsultations with doctors, and the American Telemedicine Association predicts that this number will increase by 25% in 2016¹. Several factors are driving this explosive growth. They include improvements in technology, pressure from the Affordable Care Act to decrease healthcare costs, and a drive to make care more consumer friendly. With the need for benefits packages that attract and retain talent, the employer telehealth market appears particularly primed for growth this year. While only 22% of employers were offering a telehealth benefit in 2014, Towers Watson estimated that 37% would by the end of 2015² and that by 2018, 80% of employers would offer telehealth to employees.³

To understand employer involvement with and perceptions of telehealth, American Well conducted a broad survey of this sector in Q4 2015. We invited companies of all sizes, from small organizations with fewer than 1,000 employees to large companies with over 20,000 employees. We heard from companies across a variety of industries, from banking to biotech to healthcare to manufacturing to retail and more. Our benchmark survey gathered 241 responses from Human Resources Benefits Managers, Brokers, and other individuals responsible for purchasing employer benefits. This eBook reports on our findings.

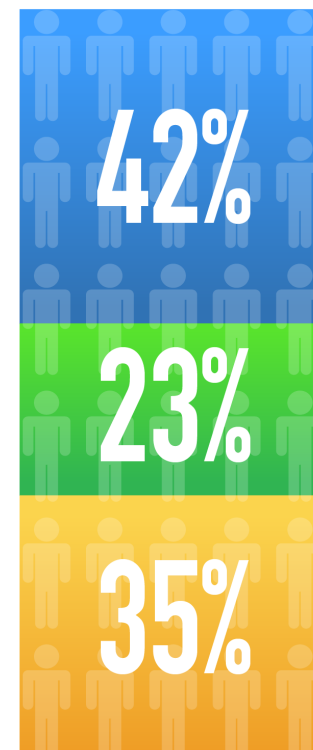
Quick facts about telehealth for employers

There are two ways that employers can offer telehealth to their employees—through their health plan or through a telehealth company. Today, 29 states and the District of Columbia have parity laws mandating that insurers cover telehealth services the same way they cover in-person healthcare visits. If an employer's insurer does not yet cover telehealth services, the employer can partner with a dedicated telehealth vendor at minimal cost.

We believe that a telehealth service must:

- ✓ Be HIPAA compliant, protecting employee privacy
- ✓ Offer visits with both audio and video connections
- ✓ Comply with the Federation of State Medical Boards standards
- ✓ Be able to produce a shareable visit record
- ✓ Allow employees to make informed provider selections

241 BENEFITS EXPERTS
SURVEYED



Small Employers (< 1,000)
Medium Employers (1,001-5,000)
Large Employers (> 5,000)

¹ Jonathan Linkous, CEO, American Telemedicine Association, "Walgreens' Telehealth Grows As We Warm to Digital Doctors," <http://www.mediapost.com/publications/article/262453/walgreens-telehealth-grows-as-we-warm-to-digital.html>

² Towers Watson, "Current Telemedicine Technology Could Mean Big Savings," <https://www.towerswatson.com/en-US/Press/2014/08/current-telemedicine-technology-could-mean-big-savings>

³ Towers Watson, "Employers Expect Changes to Employee Health Care Programs to Retain Competitiveness, According to New Towers Watson Survey," <https://www.towerswatson.com/en-US/Press/2015/03/employers-expect-changes-to-employee-health-care-programs-to-retain-competitiveness>

Telehealth is on the rise

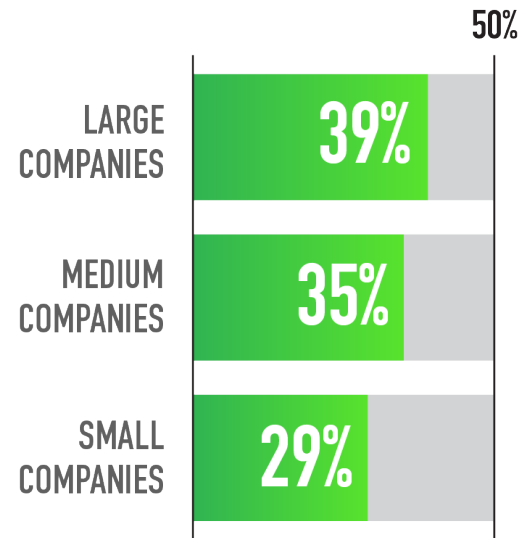
Today's Market: One-third of employers already offer telehealth.

We wanted to know if growth projections for the number of employers offering telehealth in 2015 were realized—and we found that they were. In response to the question “Does your company offer telehealth to employees now?” overall 32% of respondents said “Yes.” Among the largest organizations surveyed, the adoption rate was slightly higher at 39%, with mid-size organizations at 35% and small companies with fewer than 1,000 employees at 22%. More than three-quarters of companies with telehealth have been offering it for 2 years or less.

Tomorrow's Market: Many more employers have plans to add telehealth.

Among those employers who had not yet deployed telehealth, 49% will add this benefit in 2016; 27% plan to add it within the next 6 months and 22% in the next 6 to 12 months. Our findings here are also consistent with Towers Watson's growth projections.

Employers with telehealth, shown by company size

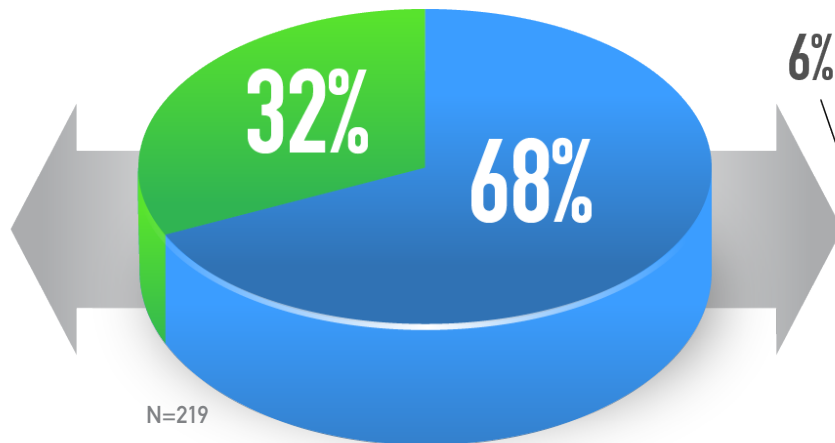


A snapshot of employer telehealth

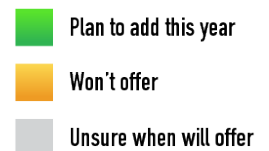
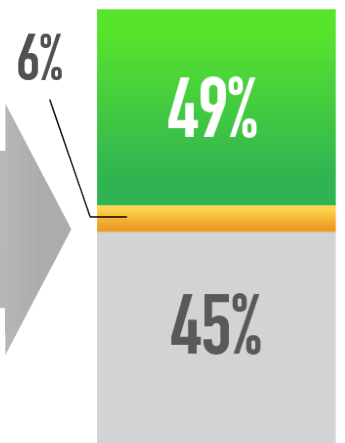
MOST WITH TELEHEALTH
HAVE ONLY HAD IT A
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ONE-THIRD OF EMPLOYERS
OFFER TELEHEALTH TODAY



ALMOST HALF WHO DON'T
YET OFFER TELEHEALTH
PLAN TO ADD IT IN 2016

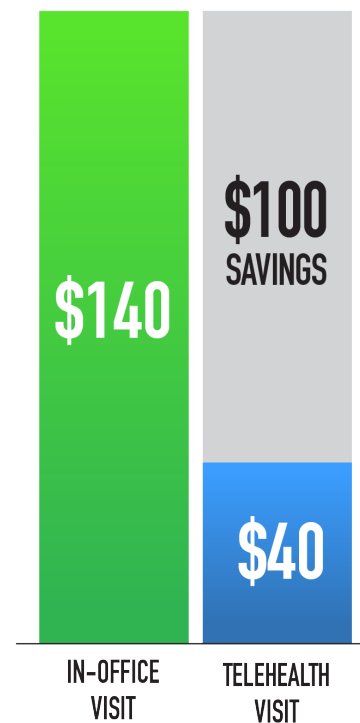


What's driving telehealth growth among employers

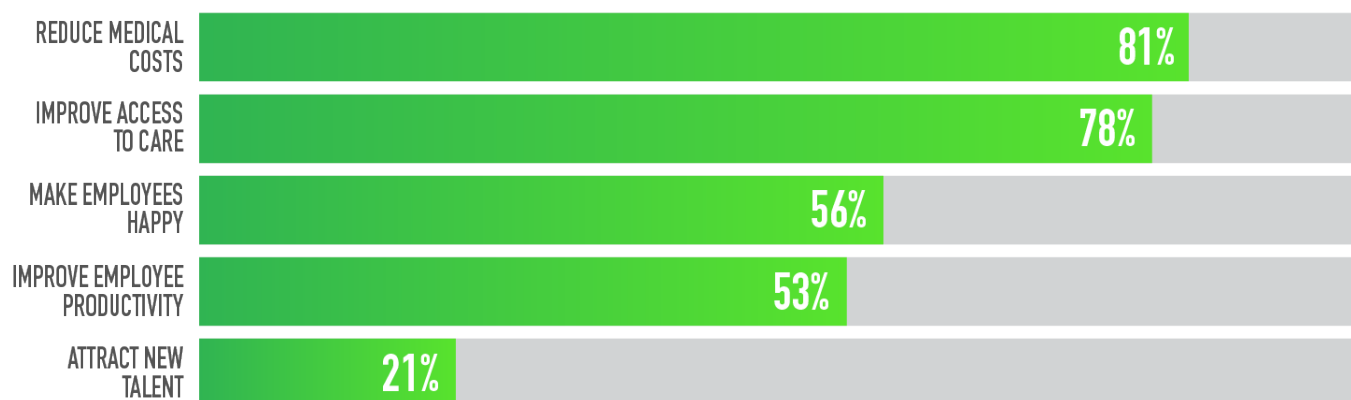
Telehealth is attractive for many reasons, including reducing healthcare costs and boosting employee morale. Employers with telehealth cited several key drivers for adoption, providing insight into the rapid pace of growth in this market.

- **Reducing medical costs (81%).** Employers are always under pressure to find ways to keep costs down. Not surprisingly, most respondents prioritized reducing medical costs as a goal for their telehealth programs. The average telehealth visit cost is \$40, while an in-office visit runs \$140, and a visit to the ER can rack up over \$750 for a minor issue. Even including additional usage, telehealth saves an average of \$100 a visit. Some studies estimate that the savings are as high as \$126 per visit.⁴
- **Improving access to care (78%).** Making care accessible to employees is just as high a priority to employers. The supply of primary care doctors has not grown at the same rate as the demand for their services. Rather than waiting days or weeks for an in-office visit with a physician, employees can see doctors on demand and at their convenience through telehealth.
- **Making employees happy (56%).** Between scheduling, travel, and hanging around the waiting room, employees lose a lot of time with in-office doctor visits. A recent Harvard Medical School study⁵ found that the average total visit time for the typical in-office medical visit is 121 minutes. Of those 121 minutes, only 20 are spent face to face with a doctor. Telehealth gives employees back their time, improving quality of life and making them happier.

Telehealth visits cost less than in-office visits



Top employer goals for telehealth



⁴ Alliance for Connected Care, "Assessment of the Feasibility and Cost of Replacing In-Person Care with Acute Care Telehealth Services," December 2014. <http://www.connectwithcare.org/wp-content/uploads/2014/12/Medicare-Acute-Care-Telehealth-Feasibility.pdf>

⁵ JAMA, "Disparities in Time Spent Seeking Medical Care in the United States," <http://archinte.jamanetwork.com/article.aspx?articleid=2451279>

- **Improving employee productivity (53%).** Telehealth removes the stress and distraction associated with scheduling and traveling to medical appointments. While traditional healthcare visits can only be scheduled during work hours, telehealth is usually available 24/7 to be accessed at the employee's convenience.
- **Attracting new talent (21%).** A telehealth benefit positions an employer as forward-thinking and modern—an increasingly important aspect of recruitment as the boomer generation retires and millennials increasingly populate the workforce. When considering new career opportunities, job candidates don't just look at their potential salary—benefits packages are often the deciding factor when candidates receive two similar job offers.

“ We are very excited to be able to offer this amazing program to our entire team... Our investment in programs like this shows how we continue to raise the bar on support for our staff. ”

CEO, revenue management firm

The factors that delay some employers on telehealth

Among employers that were unsure when they would add telehealth, the key reasons given were:

- **Unclear on ROI (38%).** Some employers worry that employees will overuse the benefit, increasing costs instead of saving money. However, this concern is unwarranted.
- **Haven't gotten around to it (36%).** Some benefits managers want to add telehealth, but will wait for their health plan to integrate telehealth into their existing benefits package rather than add a new, standalone benefit.
- **Need more information (26%).** Some employers want to see how other employers structure the benefit or are concerned that implementing telehealth may be time consuming or require more organizational support. Benefits managers will be relieved to hear that the technology has evolved to the point where a telehealth service can now be up and running in as little as 2 days for a \$0 PEPM service.

Services offered through telehealth — now and in the future

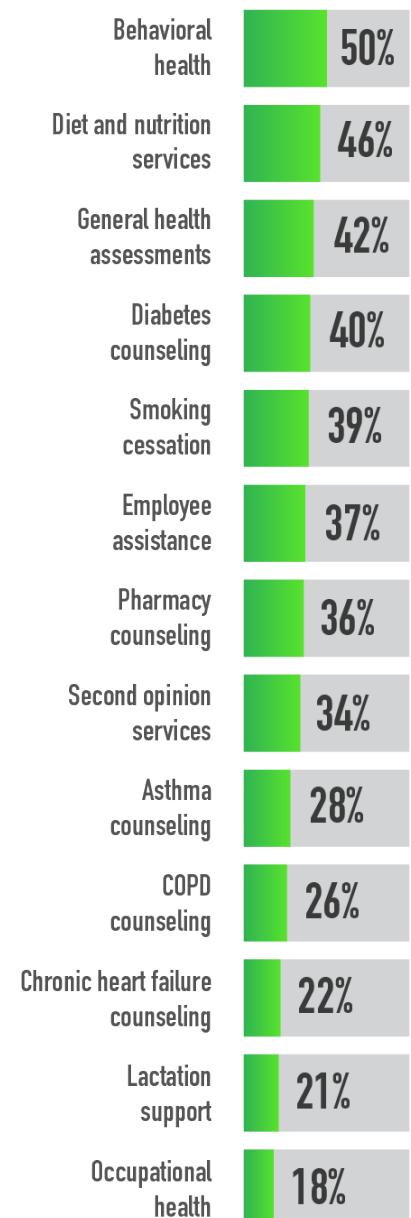
Today's top services:

- **Urgent care (70%).** The original use case for telehealth was urgent care, and with the clearest ROI, it is still the most popular today. The top diagnoses through telehealth include sinusitis, throat pain, and GI issues such as nausea and vomiting.
- **General health assessments (32%).** Healthcare is shifting from a reactive to proactive stance, focusing on preventative care. Employers support this shift, and telehealth gives them an easy way to help their employees manage basic health issues. Through telehealth they can check in about blood pressure, a healthy diet, getting the right amount of sleep and exercise, managing age-related changes in health, and more.
- **Behavioral health (23%).** Finding a therapist who is available outside of business hours, when most working adults want an appointment, is challenging. Through telehealth, employees can access therapists after work and in the comfort of their own home. For those who still feel a stigma attached to therapy, telehealth sometimes feels more private.
- **Diet and nutrition (22%).** Many employers have nutritionists and health coaches on staff to support employee wellness. Telehealth can extend the reach of these in-house resources to employee homes, making employees more likely to take advantage of counseling.
- **Diabetes counseling (20%).** Many believe that chronic disease management is the best use case for telehealth. Having 24/7 access to a professional can help employees with diabetes—who are at higher risk for certain complications like kidney disease, foot problems, and skin complications—identify early warning signs, preventing costly and unpleasant hospital trips.
- **Smoking cessation (18%).** Checking in with a health coach or other professional has been shown to improve the chances that a person will be successful in quitting smoking. Telehealth gives smokers 24/7 access to the support they need to achieve this critically important health goal.

Looking ahead:

Our survey indicates that these same areas will see continued growth in the future. Many employers are quite visionary, also expressing interest in other specialized services such as asthma counseling, COPD counseling, occupational health, and more.

Future use cases



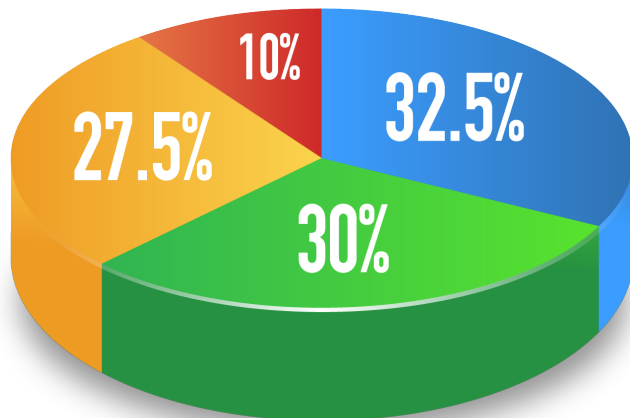
How employers structure their telehealth benefit

Employers are eager to make telehealth attractive to employees. Keeping the co-pay low is one effective way of promoting the benefit, and exploring the options for integrating telehealth with on-site clinics and/or acquiring telehealth kiosks is another.

Employers keep the co-pay for a telehealth visit low. Cost savings is often touted as an advantage of telehealth. We wanted to know if the cost savings from a telehealth visit are passed on to consumers, so we asked employers with telehealth about the employee co-pay/co-insurance for a telehealth visit. The responses were overwhelming—71% answered that the cost for telehealth is less than an office visit. Very few employers (3%) reported that a visit cost more than a traditional brick-and-mortar appointment.

Employers have a variety of options for integrating on-site clinics with telehealth. Of the respondents who currently have on-site clinics, many plan to integrate them with telehealth. A few even plan to replace on-site clinics with telehealth, likely with more cost-effective telehealth kiosks. The remaining respondents were either unsure or want to keep the programs separate. One of the benefits of telehealth is that it can work alongside existing systems without disruption. In many cases it even augments existing care solutions.

How employers envision integrating on-site clinics



- Integrate existing on-site clinic(s) and/or clinicians with telehealth
- Unsure
- Not integrate on-site clinic(s) with telehealth in any way
- Replace on-site clinic(s) with telehealth

N=40

Employers with on-site clinics

Telehealth visits cost the same or less than in-office visits



OF THE TIME A TELEHEALTH
**CO-PAY COSTS
THE SAME OR LESS
THAN AN IN-OFFICE VISIT**

Benefits of telehealth kiosks

- ✓ Serve as a low-cost clinic
- ✓ Extend existing clinic staff to serve other locations online
- ✓ Provide a convenient, private location for employees to receive care
- ✓ Integrate diagnostic devices into telehealth visits

Managing the key challenges employers face

Employers currently operating programs face two main challenges with telehealth—maximizing utilization and getting adequate reporting.

Maximizing utilization. Half of the employers we surveyed reported utilization of 10% or less, suggesting employees are not always taking full advantage of the program. There are many proven methods for driving utilization, primarily promoting awareness and engagement by actively marketing the service to employees. An experienced telehealth service company will provide employers with customizable communications materials and help them deploy campaigns tailored to their specific employee populations. In addition, the enrollment process for telehealth works to the employer's advantage—unlike standard health benefits that have only one short open enrollment period a year, employees are able to enroll in telehealth year-round. This means that employers have many opportunities to promote the benefit and attract new enrollees. Employers who follow best practices for engagement can expect to see utilization rates above and beyond 10%.

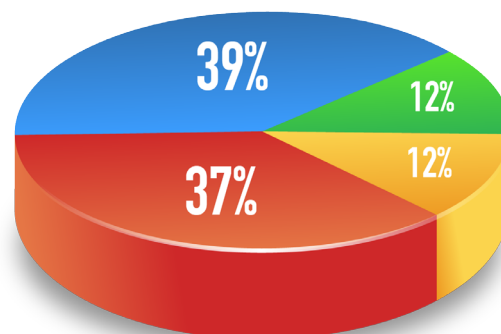
Bridging the reporting gap. Among respondents with telehealth programs, a surprising 37% didn't know how many of their employees were using the service. This suggests that reporting was not emphasized enough during the purchase decision process. A telehealth vendor or health plan offering telehealth should provide monthly reports covering number of visits, diagnoses, and prescriptions, as well as demographics of visits, time of day, day of week, and ROI.

Employers need reports to understand how their services perform

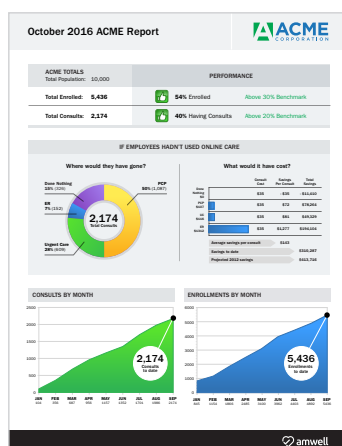
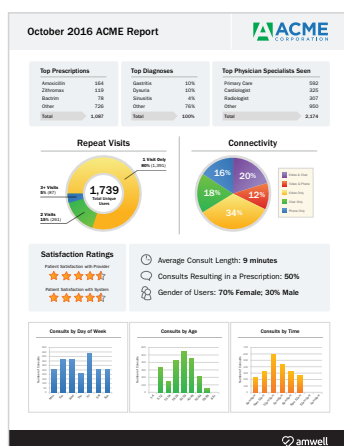
Proven ways to increase utilization

- ✓ Set lower co-pay/co-insurance for telehealth
- ✓ Communicate quarterly through multiple channels (e.g., email, home mailer, in-office)
- ✓ Offer coupons so employees can try the service free
- ✓ Offer enrollment incentives
- ✓ Keep employees engaged with timely, themed health information campaigns

Employer utilization rates



- < 5% utilization
- 5-10% utilization
- > 10% utilization
- Unsure



Market impact

Although there is still much to learn about the impact of a telehealth benefit for both employers and employees, we believe our survey uncovered information that is not only valuable to employers, but that also impacts health plans, private exchanges, and health systems.

Employers. Telehealth is clearly on the rise and those who have not yet offered or begun exploring the benefit are at risk of becoming laggards. For most employers, the real question now centers on what additional types of services they may be able to offer to employees that will be valued as a benefit while reducing overall healthcare costs. Behavioral health, health assessments, diet and nutrition, diabetes counseling, and smoking cessation—largely wellness-oriented services—top employers' wish lists.

Health Plans. To keep existing employer business and to attract new business, health plans must include telehealth as part of their employer offerings. Not only do plans need to cover treatment of acute care through telehealth—the original urgent care use case—they need to make plans to cover and process claims for a wide variety of telehealth services. An experienced telehealth vendor can help health plans create a telehealth offering that addresses all the use cases of interest to employers and that is also cost effective and convenient.

Private Exchanges. We know that the increasing strain of healthcare costs is pushing many employers to consider moving away from the traditional defined benefits model (employers purchase the benefits) to a defined contribution approach (employers provide the funds for employees to purchase benefits). Towers Watson reports that 17% of employers view private exchanges as a viable alternative for full-time employees in 2016.⁶ For private exchanges to be viewed as a solution to the expense and complexity of managed care, offerings must be innovative, creating access to cost-effective and efficient care delivery systems such as telehealth. Furthermore, since private exchanges are more consumer focused, these plans need to serve up what consumers are asking for—and that is convenience, cost savings, and access to care.

Health Systems. One of the ways that employers are reducing medical costs is contracting directly with health systems. This tactic is typically used by larger employers. For example, Boeing and Intel have both contracted with major health systems, allowing them to offer their employees lower paycheck contributions for health insurance, lower costs for PCP visits, and generic prescriptions.⁷ Health systems should consider building a telehealth urgent care service into their direct-to-employer offerings and also consider how they can expand into behavioral health, diet and nutrition, and other key service areas identified as employer priorities.

⁶ Towers Watson, "Employers Expect Changes to Employee Health Care Programs to Retain Competitiveness, According to New towers Watson Survey," <https://www.towerswatson.com/en-US/Press/2015/03/employers-expect-changes-to-employee-health-care-programs-to-retain-competitiveness>

⁷ Business Insurance, "Employers Who Negotiate with Hospitals Get Ahead," <http://www.businessinsurance.com/article/20150816/NEWS03/308169985/employers-who-negotiate-with-hospitals-get-ahead?tags=%7C63%7C74%7C307%7C338>

Telehealth resources

Additional eBooks

- [Employer Best Practices in Telehealth](#)
- [Telehealth Index: 2015 Consumer Survey](#)
- [Telehealth Index: 2015 Physician Survey](#)

Articles

- [Implementing Telemedicine: Top Employer Considerations](#)
- [Think There Are Still Problems with Telemedicine? Time to Have Another Look](#)
- [The Virtual Doctor Is in: A Q&A with a Telehealth Doctor](#)

American Well Webinars

- [Telehealth Index: 2015 Consumer Survey Webinar](#)
- [Getting Started with Telehealth: Urgent Care and Beyond Webinar \(Oracle and American Well\)](#)
- [What Every Broker Needs to Know Webinar](#)

References

- [Towers Watson, “Current Telemedicine Technology Could Mean Big Savings”](#)
- [Towers Watson, “Employers Expect Changes to Employee Health Care Programs to Retain Competitiveness, According to New Towers Watson Survey”](#)
- [Health Research Industry, “Top Health Industry Issues of 2016: Thriving in the New Health Economy”](#)
- [MediaPost, “Walgreens’ Telehealth Grows As We Warm to Digital Doctors”](#)
- [Business Insurance, “Employers Who Negotiate with Hospitals Get Ahead”](#)

Authors:

Mary Modahl, Senior Vice President
Sarah Natoli, Content Marketing Manager
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