



SIMPLIFYING HEALTHCARE

Top 3 Action Items for 2024



INTRODUCTION



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From economic inflation, relentless staffing shortages and rising benefit costs to the intensifying impact of delayed care and screenings resulting in higher acuity, healthcare **challenges** continue to mount. As businesses face the alarming rise in high-dollar medical claims and accelerated demand for chronic and mental healthcare, one thing is certain: We must collectively listen, learn and engage to implement the **change** our industry needs and our members deserve.

By working collaboratively and embracing the highest level of transparency, Vālenz® Health and its iThrive Customer Council are doing just that. Gathering four times a year, we engage in deep discussions about how to solve current and emerging challenges in our industry. Together, we “skate to the puck” to ensure we are ready for what is next in 2025 and beyond.

In early 2024, with a vision to simplify healthcare, we identified three key priorities for driving meaningful change for our own organizations and our members. Our mindset and foundational commitment to the Valenz culture of innovation keep us grounded in our resolve to optimize the cost, quality and utilization of healthcare. To achieve those goals, we are creating distinctly different solutions for today’s inefficient, uninspired health system.

We invite true collaboration and transparency across the industry and hope you join us as we identify the change in challenge by implementing our three key priorities for 2024:

- Embracing AI for greater effectiveness and efficiency
- Defining wellness and what it means to be **unhealthy**
- Finding change in mental health and medication **challenges**

Vālenz® Health is the platform to simplify healthcare – the destination for employers, payers, providers and members to reduce costs, improve quality and elevate the healthcare experience. With fully integrated solutions, Valenz executes across the entire patient journey, from care navigation and management to payment integrity, plan performance and provider verification. The Valenz mindset and culture of innovation combine to create a distinctly different approach to an inefficient, uninspired health system. With a 99% client retention rate, Valenz elevates expectations to a new level of efficiency, effectiveness and transparency where smarter, better, faster healthcare is possible. Learn more at valenzhealth.com.

1 EMBRACING AI FOR GREATER EFFECTIVENESS AND EFFICIENCY

According to McKinsey, generative artificial intelligence (AI) can help unlock a piece of the unrealized one trillion dollars of healthcare improvement potential present in industry.¹ We must leverage AI appropriately, so it drives greater efficiency and quality in member engagement while assuring accuracy and effectiveness.

The Council had a positive, productive conversation on balancing the benefits of generative AI and machine learning (ML) with its risks across our continuum of solutions and the patient journey. Valenz sees the potential for automation to minimize time-intensive and costly processes, freeing up time to address more complex needs. For example, AI can support:

- Clinical documentation
- Greater precision in member navigation and scheduling
- Timelier prior authorization
- Higher utilization of appropriate care
- Accelerated claims processing

When combined with an advanced analytics platform, we can also unleash the AI engine to support plan design and the underwriting process. Mitigating risk starts with agreeing and aligning on AI definitions and action plans. It also requires a keen focus on improving health outcomes.

When companies like Valenz have progressive data platforms and processes, it is more likely to be nimble and capable enough to utilize AI in a manner that embraces its potential benefits. Conversely, those with antiquated processes and platforms will likely fall behind or make aggressive changes that can end up in the headlines and in litigation. We believe those who champion small yet frequent acts of change will prevail in leveraging AI for good.

By using AI as a verification tool, one that converts unstructured data into structured data and breaks down large blocks of data, we can engage human intervention to support better human decisions. Ultimately, we can all benefit when AI is used to augment human judgment rather than replace it.

2 DEFINING WELLNESS: WHAT IT MEANS TO BE **unhealthy**

In 2024, US employers will see the largest healthcare cost increase in a decade, from 5.4% to 8.5%.² According to findings from Mercer, AON and Willis Towers Watson, the sharp rise is due to medical inflation, soaring demand for costly weight loss drugs and a broader availability of high-priced gene therapies. The rising on- and off-label demand for weight-loss drugs alone accounts for a full percentage point within the 3.1% projected increase. This is not surprising given obesity and excess weight cost US businesses and employees an estimated \$425.5 billion last year.³

These stats make most people question what wellness means. Where does it begin and end? What does it mean to be healthy? How can we be catalysts for members engaging in their own best interests? Unfortunately, most employer wellness programs are short-lived due to limited insight into long-term gains coupled with a need for immediate returns. Instead, the industry focuses on intermittent wellness challenges, health education content, and pills.

The Council believes it is time to create a new definition (and potentially a new name) for wellness. While we agreed on its primary characteristics – preventing and closing gaps in care, controlling healthcare spend, and delivering long-term results – we seek to embed a new definition and associated solutions in plan design that enable members to pivot to **unhealthy** over time.

At Valenz, we are exploring how to modify plan descriptions to require a comprehensive panel of lab tests that identify where members have their best opportunities to improve health and prevent high-dollar care in the future. Heretofore, the industry has viewed such screenings as esoteric, and therefore out-of-pocket costs. With an omnichannel – gamification – approach, we will engage early and often to meet members where they are to boost their knowledge and champion their progress to **unhealthy**.

3 FINDING CHANGE IN MENTAL HEALTH AND MEDICATION CHALLENGES

Today, more than half of high-cost claimants have a diagnosed mental health condition. Mental health cost trends are increasing at a higher rate than medical.⁴ Spending on benefits for mental health and substance abuse rose by 53% from March 2020 to August 2022 among people with employer-provided insurance.⁵ We are designing the health plan of the future to address these costs while economically protecting our customers and their members at the same time.

Currently, we are collaborating with our Council members to better understand how recently proposed requirements on plans and insurers in Non-Quantitative Treatment Limitations (NQTL) will impact their existing compliance efforts with the Mental Health Parity and Addiction Equity Act (MHPAEA). With plan reviews underway, we are discussing key elements within the proposed rules that, if implemented, could impact employers, including changes in utilization review, outcomes data collection, prior authorization and medical management.

Although not directly related to NQTL, questions abound as to how to support our customers and partners as they navigate the rising prevalence of obesity and the associated surge in utilization of glucagon-like peptide 1 (GLP-1) drugs (e.g., Ozempic, Wegovy and Mounjaro). Estimated at \$20.6 billion in annual sales, GLP-1s create hotly debated topics surrounding cost management, authorizations, coverage decisions, wraparound support for members (education, coaching, exercise benefits) and more.

As we develop innovative solutions and plan design strategies for mental health, substance abuse and high-cost medications, we remain intensely focused on balancing cost management with elevating member satisfaction and well-being.

1. <https://www.mckinsey.com/industries/healthcare/our-insights/tackling-healthcares-biggest-burdens-with-generative-ai>

2. <https://www.reuters.com/world/us/us-employers-see-biggest-healthcare-cost-jump-decade-2024-2023-09-20/>

3. BenefitsPro/GlobalData 2024-02-27

4. Segal SHAPE data warehouse 2018-2022

5. <https://www.rand.org/news/press/2023/08/25/index1.html>



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