

Business

Southwest boosts hiring

Southwest Airlines increased the number of workers it wants to hire by 16% to 5,200, part of an effort to ease flight disruptions and reduce overtime. **4B**

ONLINE: Stay on top of breaking business and real estate news with our free newsletters. Sign up at dallasnews.com/newsletters.

Employers brace for a surge in health costs

Spending on workers' pandemic-delayed care expected to shoot up

During the pandemic, most companies and families spent less on health care than they usually do.

That sounds counter-intuitive, given a public health crisis. But many people delayed normal care or avoided it altogether because they didn't want to risk being exposed to COVID-19 or add to the burden on medical workers.

BUSINESS INSIGHT



MITCHELL SCHNURMAN
mschnurman@dallasnews.com

Health spending had not returned to pre-pandemic levels by earlier this year, but the pendulum is expected to soon swing in the other direction. Companies are preparing their health benefits for 2022,

and large employers are bracing for more collateral damage — and higher expenses.

In a survey released last week, 94% of companies said they anticipate an increase in spending on medical services because so many employees and families delayed care during the pandemic.

Over 90% expressed concerns about their workers' long-term mental health issues, including depression, anxiety and substance abuse. Most expect a greater need to manage chronic conditions,

and nearly half believe that disability claims will rise in connection with treating long-term COVID symptoms.

Just over two-thirds of employers anticipate an increase in late-stage cancers due to delayed screenings.

"These are worrisome things that don't bode well for overall health," said Ellen Kelsay, CEO of the Business Group on Health, which surveyed its members in June. "And from a cost perspective, this is probably foreshadowing some increased health care costs for

the next year or two."

The group, a Washington-based advocate for large employers on health care policy, surveyed 136 companies from a broad mix of industries. Three-quarters of respondents have over 10,000 employees, and together, they provide health coverage for 8.9 million employees and family members.

"This year is crucial," the survey's executive summary said, because "employers expect a course-correction after the tumultuous two years in the grasp of the COVID-19

pandemic."

Members projected a 6% increase in health spending in 2022, close to the same number they've projected for many years. But the median cost trend was flat in 2020. The 0% change last year masks a wide range of results, from a decline of 12% for one company to an increase of 10% for another.

"That varies widely for a number of different reasons, across a number of different industries," Kelsay said. "And in

See **HEALTH** Page 4B

MITCHELL SCHNURMAN

Health spending could spike

Continued from Page 3B

2020, a lot of that was attributable to deferred and suppressed care. That means we have this looming concern that in 2022, we could actually have worse costs than we've seen historically."

Companies took many steps to help ease pandemic burdens on their employees, and some will become permanent. A large majority of respondents accelerated telehealth options, offered better access to virtual health and added new mental health benefits.

A small share plan to scale back or eliminate the offers as the pandemic eases, although most employers plan to stick with those changes.

Over half the companies added new ways to support employees working from home, and 40% said they'd do that permanently.

"The definition of benefits has expanded, and we're talking about things like mental health in a way that we never did," Kelsay said. "And employees expect it. It's table stakes."

The notion of paid leave and time away from work has expanded, too. Whether for individual workers, caregivers or child care, employers better appreciate the need, she said: "It's not just time off for vacation anymore."

For many years, as health spending rose faster than inflation and wages, employers tried to redesign health plans to slow the growth. That led to creating accountable care organizations and high-performance provider networks.

Such initiatives were common before the pandemic. This year, just over half the companies pursuing the projects put them on hold, according to the survey.

It takes time to negotiate deals with providers, and neither employers nor health companies had that luxury during the emergency, Kelsay said. That doesn't mean companies are abandoning the ideas for good — just putting them off for a while.

"Coming out of the nan-

Employers expect more pandemic impact on health

Share of large employers that strongly agreed or agreed with the following in a June survey:

Anticipate an increase in medical services due to delayed care	94%
Concerned about depression, anxiety, other mental health issues	91%
Anticipate higher need for managing chronic conditions	76%
Anticipate more late-stage cancers due to delayed screenings	68%
Anticipate more disability claims from long-term COVID-19 symptoms	49%

NOTE: Responses came from 136 large employers representing 8.9 million covered lives.

SOURCE: Business Group on Health's 2022 Large Employers' Health Care Strategy and Plan Design Survey

How companies tried to ease the COVID-19 burden

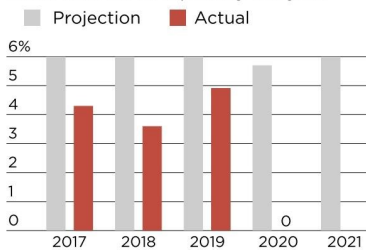
Many benefits were added or accelerated during the pandemic, but some companies are likely to scale back or eliminate them later.

	Implemented change and likely permanent	Implement change but expect to scale back later
Accelerated telehealth and virtual offerings	76%	12%
Offered better access to virtual health	68%	11%
Added new mental health benefits	62%	1%
Added new ways to support working from home	40%	15%
Offered on-site COVID-19 vaccinations	25%	27%
Offered on site COVID-19 testing	15%	24%
Offered paid administrative/emergency leave	10%	61%
Modified network designs (to cover out-of-network care, etc.)	2%	18%

SOURCE: Business Group on Health's 2022 Large Employers' Health Care Strategy and Plan Design Survey

Median health spending was flat in 2020

Large employers' projected increase in health spending has been higher than the actual cost trend, especially last year:



NOTE: Actual change in 2020 health care spending ranged from a decline of 12% to an increase of 10% among large employers in the survey.

SOURCE: Business Group on Health's 2022 Large Employers' Health Care Strategy and Plan Design Survey

vigor around the need to move toward different delivery systems and payment models," Kelsay said.

The efforts could get a big boost from the success of telehealth during the pandemic. Many people had to work with new doctors and practitioners, and the experience went well.

"They're getting health care through other sources than their tried and true primary care provider," said Marianne Fazen, executive director of the Dallas-Fort Worth Business Group on Health, which works with local companies to lower health costs. "They may see someone different online or at

easier and cheaper. And affordability is always a big issue."

The D-FW group has 65 members that cover about 900,000 workers and dependents in North Texas. She agreed this was a crucial time for employers and benefits: "It's probably the most uncertain year they've ever faced," she said.

The debate over vaccine mandates and masks dominates the conversation in executive suites. Delta Air Lines introduced another wrinkle last week, adding a \$200 monthly surcharge to health coverage for employees who don't get vaccinated.

Delta's CFO said the extra

Employers' top health priorities for 2022

Share of large employers citing these health priorities for next year:

Implement more virtual health opportunities	57%
Expand access to mental health services	43%
More focused strategy on high-cost claims	31%
Expand centers of excellence for more conditions	18%
Eliminate out-of-network coverage for select services	7%

SOURCE: Business Group on Health's 2022 Large Employers' Health Care Strategy and Plan Design Survey

Laurie Joseph/Staff

risk of a COVID hospitalization, which has cost the company an average of \$50,000.

In contrast, many companies are offering incentives, sometimes up to \$1,000, to nudge workers to get the job.

The carrot — or the stick — may work with certain employees, Fazen said. But in some workplaces, such rules will drive people away. That's a tough choice with a tight labor market and millions quitting their job every month.

"Companies really don't know what to plan for right now," Fazen said. "All they can do is look at what other companies are doing and wonder if maybe they can do it, too."