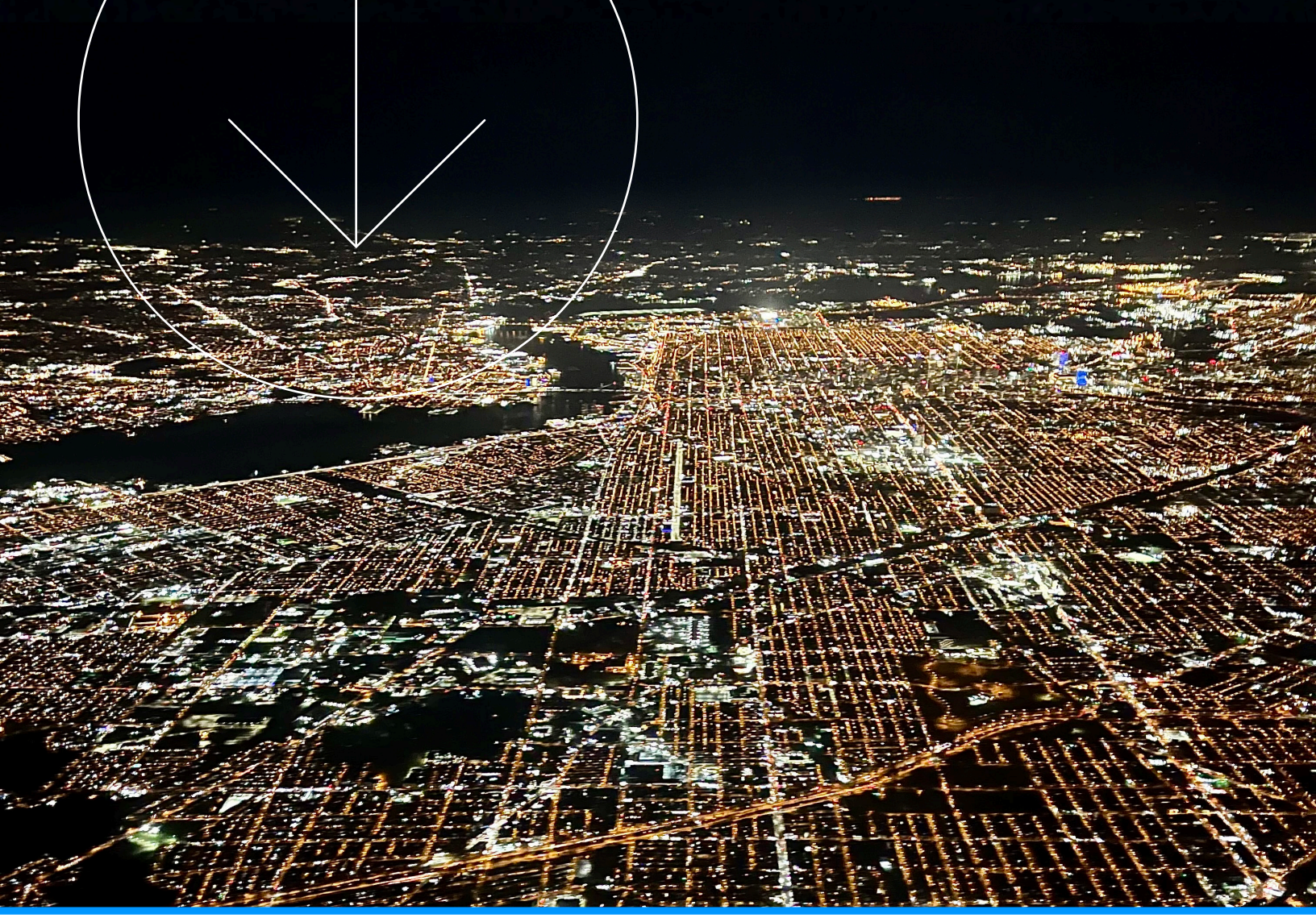
AI's Potential Impact on Employer-Sponsored Health Care

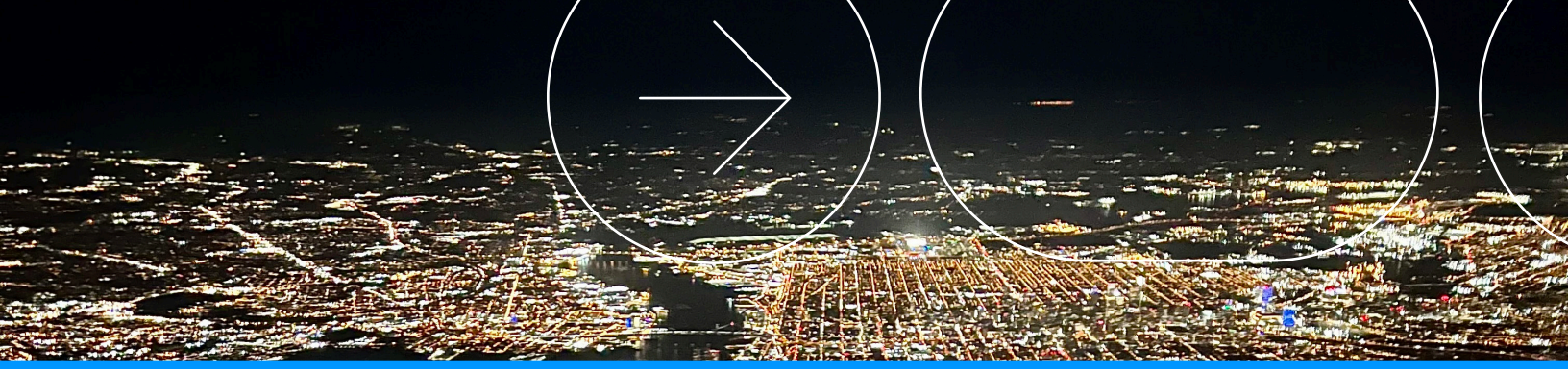
morganhealth



Early data and use cases suggest that artificial intelligence (AI) powered tools can drive improvements and efficiencies in health care quality, population health analytics and access to care. Many leaders across the U.S. health care system are building and deploying early-stage innovations, but we haven't reached the scale needed to drive widespread improvements.

The promise of AI in health care has largely been discussed through the lens of enhancing the patient experience, reducing provider burnout and optimizing the pharmaceutical research and development process. These present tremendous opportunities for AI within each area. Many patients experience costly, fragmented care delivery. Providers are burdened by workforce shortages, labor maldistribution and increasing administrative requirements. The process of drug discovery is often long and arduous.

One area of opportunity that has been overlooked to date is the way AI can drive improvements in employer-sponsored health care. Given that approximately half of Americans (160 million people) receive their health coverage from an employer, leveraging AI in a thoughtful and targeted way within this sector could drive significant improvements.



Below are five key opportunities for the use of AI in employer-sponsored health care.

1. Helping patients navigate their care

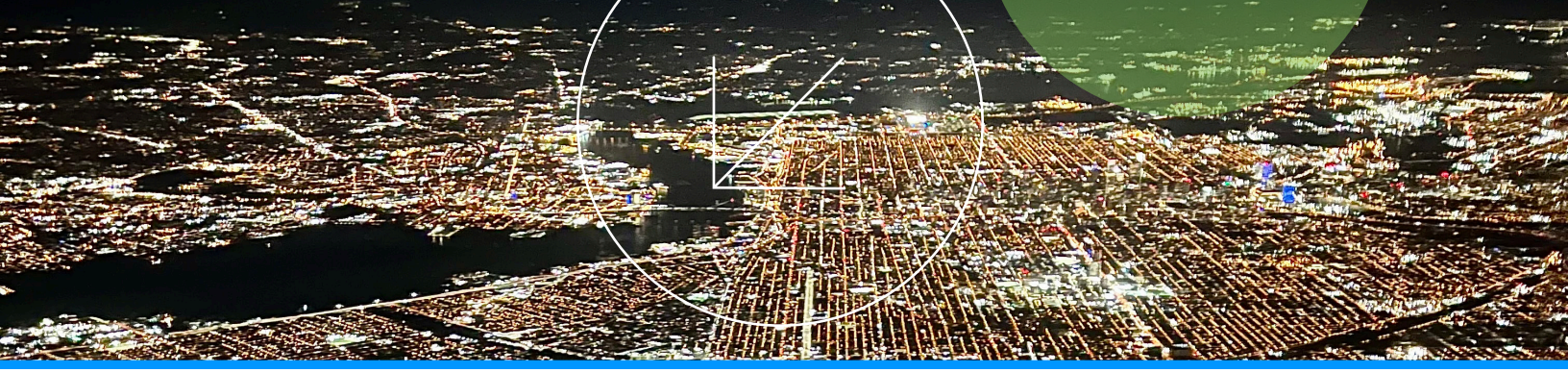
Patients report difficulty in accessing the care they need. AI can help distill the complex, longitudinal data about a patient's medical history and match it to the best possible health care and benefits offerings available to them – ensuring a "right time, right place" approach to care delivery. Ideally, these insights would be presented to patients in a way that facilitates more informed, actionable conversations with their providers. For example, *"Based on your history with diabetes, here are three offerings available within your health plan that may be beneficial."* From an employer perspective, this would address several challenges, such as the complexity of offering personalized health and wellness support and low patient engagement with available health benefits.

It's worth noting that the market is still in the early phases here. This is due largely to underlying data fragmentation challenges, as it can be very difficult to wrangle the longitudinal data necessary about a population to make personalized navigation recommendations. In theory, insights would be generated behind the scenes, while leveraging evidence-based clinical guidelines and validated eligibility for coverage, to confirm that recommendations presented to patients are clinically sound. Recently, several third-party vendors have come to market with the goal of finding ways to layer over the benefits ecosystem and offer a "front door" approach to presenting patients with their health care options.

To drive meaningful change in this area, the industry needs to make improvements to its data infrastructure – starting with interoperability. More collaboration needs to take place across the entire health care system, including employers, insurance carriers, providers and vendors. All parties have different types of and levels of access to patient health histories. Companies like Merative can help in this area. Their primary employer and payer analytics product, Health Insights, offers employers a comprehensive health care analytics solution to help analyze, visualize and report on benefits program performance.

2. Identifying risks and opportunities for improvement with more precision

AI has the potential to offer employers with more information about the future needs of their populations. For example, AI can offer a more sophisticated model of how costly, complex diseases like diabetes and heart disease may impact



their population in the long-term. It can also help employers choose programming and interventions that meet the needs of their population and prevent adverse outcomes. This has the potential to reduce future costs and utilization.

There is real potential, but also reason to temper expectations. Many aspects of an individual's true health (e.g. physical, mental and social) are not accurately reflected in the data that are recorded due to the systemic disparities within our health care system. To this end, holistic data are needed to achieve meaningful risk prediction tools effectively and fairly for population health management. This will likely come from various medical and non-medical data sources (e.g. social determinants of health).

Health plans have a role to play, and there are various start-ups who are looking to non-medical data sources to deepen predictive models. These parties must be mindful of their responsibilities; ensuring information is appropriately safeguarded and representative of the target population.

3. Making billing and administrative work easier

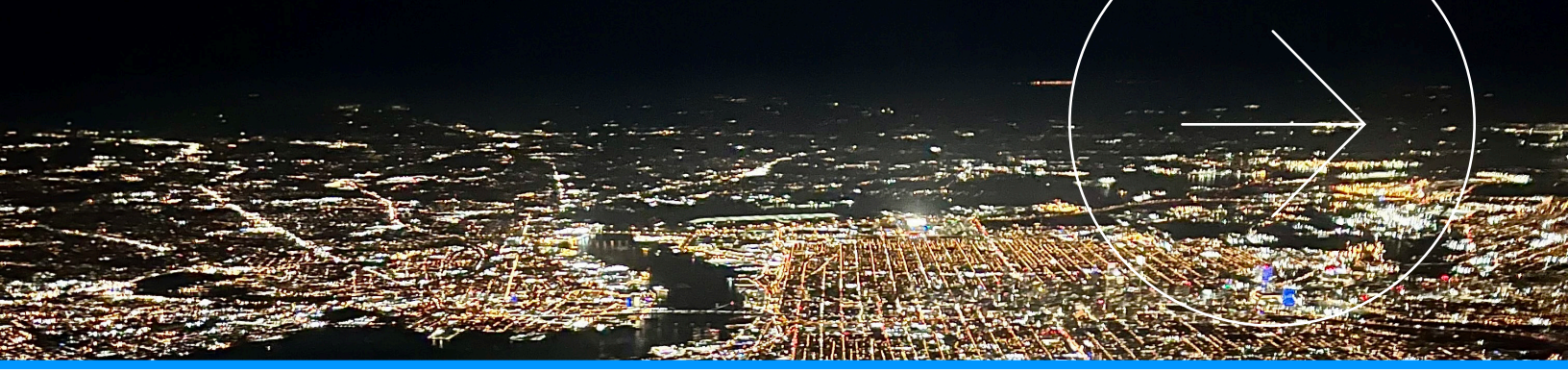
Automation of billing and coding helps remove billing errors in the system — preventing both employers and patients from having to deal with the administrative stress and burden of manual remediation, which often consists of lengthy processes to review and fix errors. Third Party Administrators (TPAs) and health plans have a role to play, and leveraging AI could drive a positive ripple effect across our health care system. Health at Scale, an AI-driven system deployed by Personify Health that addresses fraud, waste and abuse in the insurance claims process, has shown promise here. A recent study published in New England Journal of Medicine Catalyst Innovations in Care Delivery reported that Personify reduced more than half of flagged claims for subsequent clinical review.

AI also has the potential to drive more real-time transparency into a patient's point-in-time insurance deductible status, which can help avoid unexpected costs and improve their experience overall. Making this type of information more readily available to patients could also help eliminate some of the friction between patients and their health plan.

On a longer-term basis, more evaluation is needed to determine whether these applications of AI will meaningfully impact employers and health plan fiduciaries in terms of cost savings, but this is an area of promise as well.

4. Freeing up providers' time to prioritize patient care

Employers are increasingly focused on the quality of care, which is largely dependent on the relationship patients have with their providers, and ultimately, how engaged those providers remain in the patients' care plans. Provider efficiency tools, including medical record summarization and ambient documentation, alleviate the administrative burden on providers, allowing them to spend more time interfacing with patients.



Frequently, patients share frustrations that their providers simply do not spend enough time understanding their needs and providing guidance on how they can improve their health. Thus, it's important that these AI-powered tools are coupled with value-based contracts that prioritize the quality of patient-provider interactions (versus number of patients seen). Leaving AI-driven efficiency unchecked has the potential to push providers to simply see more patients if AI allots them more time, instead of providing higher quality care to their patients.

AI-driven provider tools are likely to be developed by third party vendors or by health systems. Accurate large language models (LLMs) for clinical use require broad, diverse bodies of unstructured clinical text for training, but the availability of training data remains a challenge. Next-gen data aggregators are starting to tackle this space and will likely be foundational for this type of technology to truly scale. As this area develops, there are important regulatory concerns, namely in sharing sensitive patient data at the scale required for training LLMs.

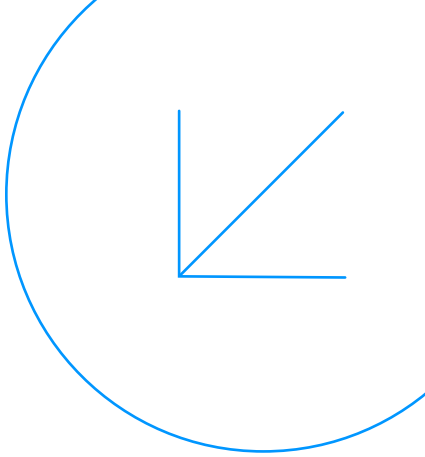
5. Supporting clinical decision-making

Like provider efficiency tools, AI can support higher quality care by distilling large amounts of critical information and translating it to inform clinical decisions. Examples include the use of AI in medical imaging to identify subtle signals that are hard to see with the naked eye, or the use of AI for determining the best treatment regimen for a complex patient based on their clinical presentation. This not only enables providers to spend more time with patients, but also brings more information and speed into the decision-making process — leading to timelier, targeted and potentially higher quality care.

Some of these tools are already on the market and are being reimbursed at higher rates than human clinicians, which will increase costs in the short-term. However, the widely held belief is that these tools could ultimately provide downstream cost savings in the future (when scaled and implemented appropriately).

There are also regulatory considerations here, specifically in how the U.S. Food and Drug Administration will treat AI tools that are generative rather than predictive. In the future, the availability of AI tools could shape provider scope of practice laws, particularly at the state level.

In summary, as the application of AI evolves, transparency and accountability should be prioritized to help ensure uniformity and equity in care. There is currently no standardized national framework, which underscores the importance of balancing the use of innovative tools while protecting patient health data when AI is used during the health care experience and benefit decision-making process.



"The rapid advancement of AI-driven solutions presents exciting opportunities to improve health care for employers, patients and providers. 2025 will be a critical year for the application of AI in health care, and we must continue to ensure the right foundation is in place so that patients, providers, payers and others benefit from what AI can do to improve the U.S. health care system."

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