



Center of Excellence Buyer's Guide for Employers





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Introduction

When used well, a **Center of Excellence (COE)** solution can provide employees with access to life-changing care and give employers the opportunity to significantly reduce ever-rising costs. That's why **92% of companies** currently have a COE in place for at least one condition area. But utilization has been a challenge for many employers. Awareness tends to be low, traveling for care is hard even with financial incentives and local options can be limited. And while many surgeons included in COEs provide excellent care, there isn't one standard definition of "excellence" across the industry, making it difficult for employers and employees to compare and understand their options.

As employers look to expand their COE offerings to cover additional procedures, choose a different solution or start using a COE for the first time, it can be challenging to understand the differences between vendors and how they measure quality. Our goal is for you to walk away with the confidence to find the right solution for your employees and the opportunity to improve outcomes while finding significant savings on your healthcare costs.



In this guide, we'll share:

- Guidance on preparing for conversations with COE solutions
- Challenges and considerations to keep in mind when selecting a COE
- Questions to ask COE partners
- An overview of the types of options you're likely to encounter



Before Vendor Evaluation: Questions to Ask Yourself and Your Company

The right COE solution can help your company improve employee health and lower costs, but only if it fits your organization's needs. Before you start conversations with COE networks, work with your team to understand your requirements and what questions you'll place to lead the conversation.

- **What are the most significant drivers of healthcare costs at my company?**

More than likely, you already know this one: musculoskeletal pain, orthopedics, bariatric and cancer tend to be top of the list for most employers. But what about surgery spend as a whole? Most claims reports sort by CPT code or condition and make it easy to see a roll up of total surgery spend. Work with your benefit consultant to pull this together.

- **Where is our population currently consuming health care?**

Do you live in a major metro area with several big health systems or are your people in a health care desert and driving 100 miles or more to see a specialist?

- **What does your current health vendor ecosystem look like and how do they currently partner to drive better outcomes?**

- **Is health equity a problem with our population?**

In addition to access, do we have a large percentage of people who don't contribute to their HSA or are there other social determinants of health issues that serve as a barrier?

- **What care quality issues are we concerned about, and how will we measure them?**

Are employees experiencing complications from surgery, or readmissions?

Did You Know?



About four in ten insured adults **worry about affording their monthly health insurance premium**, and 48% worry about affording their deductible before health insurance kicks in.



About half of adults would be **unable to pay an unexpected medical bill of \$500** without going into debt.

Source: Americans' challenges with healthcare costs, KFF

When you're ready for more in-depth conversations, consider asking:

Network-related questions:

- How many facilities are in their network? How do their locations align with our population?
- How is the COE's network expanded when needed?
- How do their specific negotiated rates for priority procedures compare to Medicare reimbursement rates?
- How the COE thinks about procedure coverage—do they cover all plannable procedures or just the high-risk ones, such as ortho, joint, spine and bariatrics?

Quality-related questions:

- The rate at which the COE program avoids unnecessary procedures
- Does the COE certify their specialists at the individual level or at the facility level?
- What percentage of orthopedic surgeries happen in ambulatory surgery centers?

Engagement-related questions:

- What are the best practices for plan design? Should we make certain procedure types mandatory and others elective? Should we do one thing in year one and adjust over time? How will we communicate those decisions to our population?
- What are some of the engagement results they've seen from clients who launched last year? What specific numbers can they share?

We'll go into more detail on each of these categories later in the guide.

Types of COEs:

As you research your options, you'll come across three main Center of Excellence solution categories. These include:

Carrier Centers of Excellence

The first type of COE to emerge in the market, carrier COEs are built and vetted by insurance companies.



- Simple for employers to add through existing insurance plans
- Straightforward member experience
- Medium-level of network access



- Leverage existing carrier contracts and don't provide "contract-to-contract" savings for employers. On average, employers pay 250-300%+ of Medicare negotiated rates.
- COEs are selected at the facility level, rather than the provider level, so surgeon quality can be inconsistent
- Health plan COEs may or may not provide cost share waiving to employees
- Most health plans don't promote this feature and many HR leaders aren't even aware of the benefit tucked into their larger plan, so utilization tends to be low

Facility-Centric Centers of Excellence

Some large employers have partnered directly with hospital COEs and required or encouraged employees to receive care exclusively through these specific facilities.



- Access to nationally known, brand-name facilities if you're in a major metro area
- Quality metrics reported by the facility



- Utilization drops off as distance increases
- Typically cover only a few core procedures, such as bariatrics
- Unlikely that all surgeons at the facility have the same experience and level of quality
- Travel required for most employees to access



Third-Party / Independent COE Solutions

Third party COE solutions are built by companies that design high performance specialty networks that include academic institutions, community health systems and ambulatory surgery centers. Some COE networks, like SurgeryPlus, build their networks at the specialist level, rather than at the facility level.



- Typically cover a wide variety of plannable procedures
- Vetted at the individual level, not the facility level
- Flexible plan design options to complement employer health plan and culture
- Direct contracting with specialists can secure big discounts across facility, specialist and anesthesiology rates. At EDH, for example, we average 130% of Medicare rates.



- Additional point solution for employees to use
- Driving engagement typically requires a thorough communications plan



Traditional COE Coverage

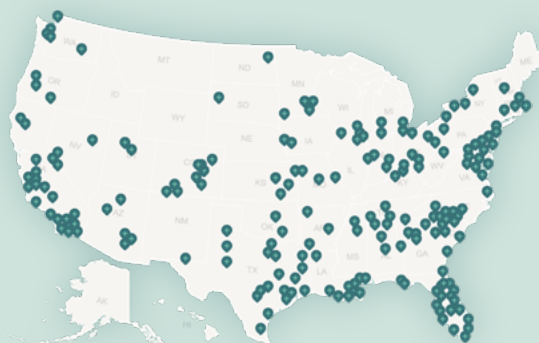
A long flight



VS

SurgeryPlus Network Coverage

A short drive



COE Buyer's Guide:

Challenges and Considerations



The majority of large U.S. companies have a Center of Excellence in place for at least one condition. Musculoskeletal and cancer COEs are expected to see double digit growth over the next few years. At the same time, COEs have an awareness issue both among HR leaders and employees. In a survey conducted by KFF, **13% of large firms** with COE programs did not know what condition areas they covered. This finding is telling: if HR leaders aren't aware of the details of their COE, chances are utilization isn't particularly high and the overall impact of the program has been small.

When looking to upgrade, expand, or launch your COE program, there are a few pitfalls to keep in mind to ensure you're finding a quality solution that members will use and that saves your organization—and people—money at each step.



“

EDH helps to ensure that we're able to provide access to high-quality, affordable surgical care for our AutoZoners across the U.S.”

Matt Harmon,
VP of Compensation,
Benefits and HRIS,
Customer Satisfaction
at AutoZone

Challenge: What does “excellence” mean?

Quality is the most important element of any COE program. But who determines how quality is defined? What does “excellence” truly mean? The short answer is: it depends. There isn't a standard definition of what defines quality in a Center of Excellence, and in fact, a [study conducted by the University of Pennsylvania School of Medicine](#) found significant variability in how COEs were defined — and an assessment of outcomes across different COE types did not find a consistent improvement in outcomes.

This lack of consistency makes it challenging for employers to compare their options. When researching your COE options, consider these questions to help you assess how the program makes its designations — and whether its requirements align with your goals for employee health:

- What qualifications do surgeons have to participate in your COE?
- How much relevant experience do the surgeons have, by condition area?
- What is the complication rate for your priority procedures?

Another challenge is that traditional and independent COEs are evaluated at the facility level, not the surgeon level—but surgeon expertise varies widely, even within well-known facilities. For example, within hospitals considered COEs, research shows that there is a [wide variation](#) in key indicators of surgical appropriateness. Consider asking the solutions you're evaluating how they control for this variance in their system.

Challenge: Lack of Utilization

COE utilization is often low when employees don't have access to local care. This is especially challenging for facility-specific COEs, in which all employees seeking a certain procedure must receive care at a certain hospital. While these facilities may be well known, the average person doesn't have the time or resources to fly for care, let alone make multiple trips for cancer treatments, for example. EDH analyzed data from a long-time partner and found that utilization is 8 times higher in MSAs where we can place members locally vs. MSAs where they need to fly to access care.

With so many point solutions available today, awareness is also a challenge across the benefits landscape. Incentives and requirements can help drive utilization to a COE. Some of the most common mechanisms employers use include:

- Require the use of the COE to obtain coverage for specific procedures (e.g., bariatric)
- Require or incentivize use of second-opinion services
- Connect within the employer's vendors including carriers, navigation, MSK pain management and second opinion
- Reduced or no cost share if care is obtained through a COE
- Provide travel and accommodation coverage/reimbursement



Challenge: Lack of Utilization (continued)

When meeting with COE solutions, these questions can help get at how the COE drives employee utilization and where challenges may come up. And whenever possible, ask the solutions you're considering for real numbers and examples from clients so you're not just talking in the abstract.

- How do you help me communicate to employees that this program is available?
- What are your plan design recommendations to encourage or require utilization?
- What procedures does your COE cover?
- Tell me about your network. How far will my employees need to travel for care?
- What travel assistance do you offer?
- Where can employees receive care?
- What integrations do you have in place with other vendors or point solutions to drive utilization?

Centers of Excellence and Diversity, Equity and Inclusion (DEI)

The right COE solution can support your company's DEI initiatives by providing employees with access to high-quality care regardless of location and income.

An inclusive COE program should be:

- Accessible for all geographies.
- Inclusive for coverage of as many surgery types as possible.
- Affordable for members, waiving co-pays, deductibles and co-insurance
- Conscious of health literacy, with guided support at every step and bilingual resources.

When a COE builds its network at the surgeon level, rather than the facility level, this opens the door to including ambulatory service centers (ASC) as options for patients, rather than mostly or all hospital-based care. ASCs are modern medical facilities specializing in outpatient surgical care optimized for generally healthy patients scheduling a plannable surgery. Including ASCs in a COE network helps expand options so patients can find care closer to home, improving the likelihood they will receive care when they need it. And because ASCs serve healthier people, the risk of infection is lower and surgical safety rates are higher, lowering costs. Surgeons are also able to complete surgeries in a timelier manner because ASCs are focused on surgical care.

For the right cases, ASCs have a few key benefits for patients:

- **4 times lower readmission rates** at 90 days for THR
- 3 times lower readmission rates at 90 days TKR
- **6 times lower infection rates**
- Better patient satisfaction
- Less chance of delay



Consideration: Member Experience

Healthcare is notoriously difficult for the average person to navigate. Add in the stress of surgical or cancer care, and it's easy to feel overwhelmed. While cost savings and accessibility are important, the guidance members receive from customer service teams also plays a significant role in creating a positive member experience. Without ongoing support, it can be easy for a member to get lost in the process of scheduling appointments, navigating costs, and managing follow-up care. Travel brings an additional layer of logistics on top of an already complex process.

When assessing COE solutions for member experience, ask questions like:

- How easy is it to get in touch – what are their hours of operation of member services?
- Will my employees get help scheduling appointments? What about travel arrangements?
- How easy is it to get in touch with customer service when an employee has a question?
- How do members rate the quality of support they receive?
- Can you share testimonials or feedback related to the member experience?

“

The first thing we saw was \$500,000 in savings in the first half of this year. That's 20 playgrounds. That's career and technical program internships. That's mentorships for teachers. Our school district is able to save money in one place and bring it to another.”

Matt Susin,
Board Member of the Brevard
School Board and EDH Customer

Consideration: Cost Savings Models

A COE can help reduce healthcare costs in several ways, some of which are easier to measure than others. In discussions with COE solutions, you'll likely hear reference to the following cost saving methodologies:

Cost Savings Method	Questions to Ask
Avoided procedures When employees have access to high-quality surgeons, they may learn that a planned surgery wasn't necessary after all, leading to savings	<ul style="list-style-type: none">• What processes does your solution have in place to ensure members only receive necessary surgeries?• What is your rate of surgery avoidance?• What "counts" as avoidance and for how long?
Avoided complications and readmissions Receiving better care reduces the likelihood of an employee needing extended care after the surgery or another procedure	<ul style="list-style-type: none">• What is your surgery complication rate and how does it compare to the U.S. average?• What is your readmission rate and how does it compare to the U.S. average?
Better negotiated rates with surgeons COEs that build their networks at the surgeon level can deliver cost savings by contracting competitive rates with providers	<ul style="list-style-type: none">• What is your average negotiated rate for our most common/most costly procedures?• How do you negotiate lower rates?• What percent of your savings are contract to contract vs. soft-dollar savings?• How much do you save on a PEPM basis for clients in a voluntary model? For clients in Y1, Y2, Y3?
Bundled payments Paying for a single episode of care, such as surgery, rather than every service associated with a surgery, can help reduce costs. A COE can help negotiate these bundles	<ul style="list-style-type: none">• Do you offer bundles for all kinds of care? Why or why not?• How much do your bundles save on average?

Why Employer Direct Healthcare?



We build our network at the surgeon level.

We certify all surgeons at the individual level using a 16-point quality check. Our surgeons deliver best-in-class outcomes with complication rates nearing zero across all plannable surgeries.



We provide concierge guidance to all members.

EDH has an onsite Care Advocate team to provide individualized support for every member. On average, a member will have their consult scheduled within 22 days of their first call.



Our network includes national and local care.

98%+ of members drive to receive care within 40 miles of home.



We deliver meaningful savings.

Our rates are 60% lower than carriers on average and we bundle pricing to include the facility, surgeon and anesthesiology charge.



Consideration: Cancer Support

An increasing number of employers are looking for a COE solution for care beyond the most traditional condition areas, expanding into cancer support. Seventy-six percent of large employers plan to have a cancer COE in place by 2025-2026, up from 50% in 2023, according to Business Group on Health. Cancer is a top 3 cost driver for 86% of employers, which is why some consider a similar approach to how they've managed surgical spend when looking for cost-reductions, namely, building costs. However, there are a few differences between cancer care and other surgeries to keep in mind:

- **Cancer is longitudinal, not episodic.** Treatment may last months or even years. Bundles make more economic sense for care that's focused on episodic care, such as surgery.
- **Bundles usually only cover less-complex cancer cases.** Ideally, your solution will provide support for all types and stages of cancer. Cancer bundles are focused on less-complex cases.
- **Bundles may not be as effective at managing costs and improving care for cancer as they are for other conditions.** Where you receive care matters, but much of cancer care can and should be delivered locally. Bundles, on the other hand, frequently require prolonged treatment to be delivered at a specific site.



The EDH approach to cancer care management:



Care for everyone

100% of cancer patients are eligible for support.



National and local care

Members can receive care at national comprehensive cancer centers and at community care centers, depending on appropriateness of care.



Meaningful cost reduction

At EDH, we reduce cancer costs through higher quality care and reduced waste, such as optimizing site of care and reducing ER visits through virtual, expert support.





Key Takeaways

The vast majority of large employers are looking to expand their COE solutions over the next few years, according to Business Group on Health. To ensure your solution effectively lowers costs while improving outcomes and creating a positive member experience, keep these points in mind:

- **There's no one definition of "excellence."** Ask questions that get at how each COE solution measures quality and allows facilities and/or surgeons into its network.
- **Improving utilization takes strategy.** Consumers like choice. Limiting choice can be a tough sell. Discuss with COE solutions how they overcome barriers to utilization and incentive members to use the COE.
- **Significant savings are possible—but it's important to understand where they're coming from.** Ask COE solutions how they calculate cost savings and what percentage of those totals are from hard-dollar savings.

When you're ready to support your employees in the moments that matter most, **we're here to help.**



Get in touch for a discussion of how we can deliver 60% savings to your organization and make a difference in your employees' lives.



Employer Direct Healthcare

EDH is a market-leading healthcare services business providing high-quality and cost-efficient solutions for self-funded employers and their members. The company's highly selective provider networks transform healthcare for its members, facilitating access to top-quality care at fair prices nationwide.

EDH's first product, SurgeryPlus[®], is the market-leading surgical benefit solution, providing full-service concierge and network services to millions of covered members across 400+ employers. In 2022, the company launched a first of its kind, comprehensive end-to-end oncology solution, Cancer Care Direct[®].

