

A photograph of three women in an office setting, smiling and engaged in conversation. The woman in the center is wearing a red sleeveless top and light-colored pants. The woman on the right is wearing a grey cardigan over a black top and a blue necklace. The woman on the left is wearing a black and white patterned dress. The background shows a window with a view of greenery and buildings.

HRLA of Eastern CT

Benefits as a Strategic Plan

June 13, 2018 | Emily Bailey, Eric Pomroy



Agenda

- Plan Design
- Prescription Drug Programs
- Cost Control Measures
- Other Considerations
- Navigating the Healthcare System
- Synthesize into an Action Plan

WHO IS IN THE ROOM?

- Employee Count
 - Under 50
 - 50 to 250
 - 250-1000
 - 1,000+
- Fully Insured VS. Self-Funded
- Early Adopters – More like a municipality or more like a tech company?

What's New in Benefits Design?

Value-Based Insurance Design – How Does it Work?

“Supply side” (payment) initiatives are restructuring provider incentives to move from volume to value



Value-based payment arrangements



Value Based Insurance Design strategies use “demand-side” incentives to move consumers from volume to value



Value-based Insurance Design



Put together, these strategies enhance quality and experiences of care, and can contain costs



Better healthcare value

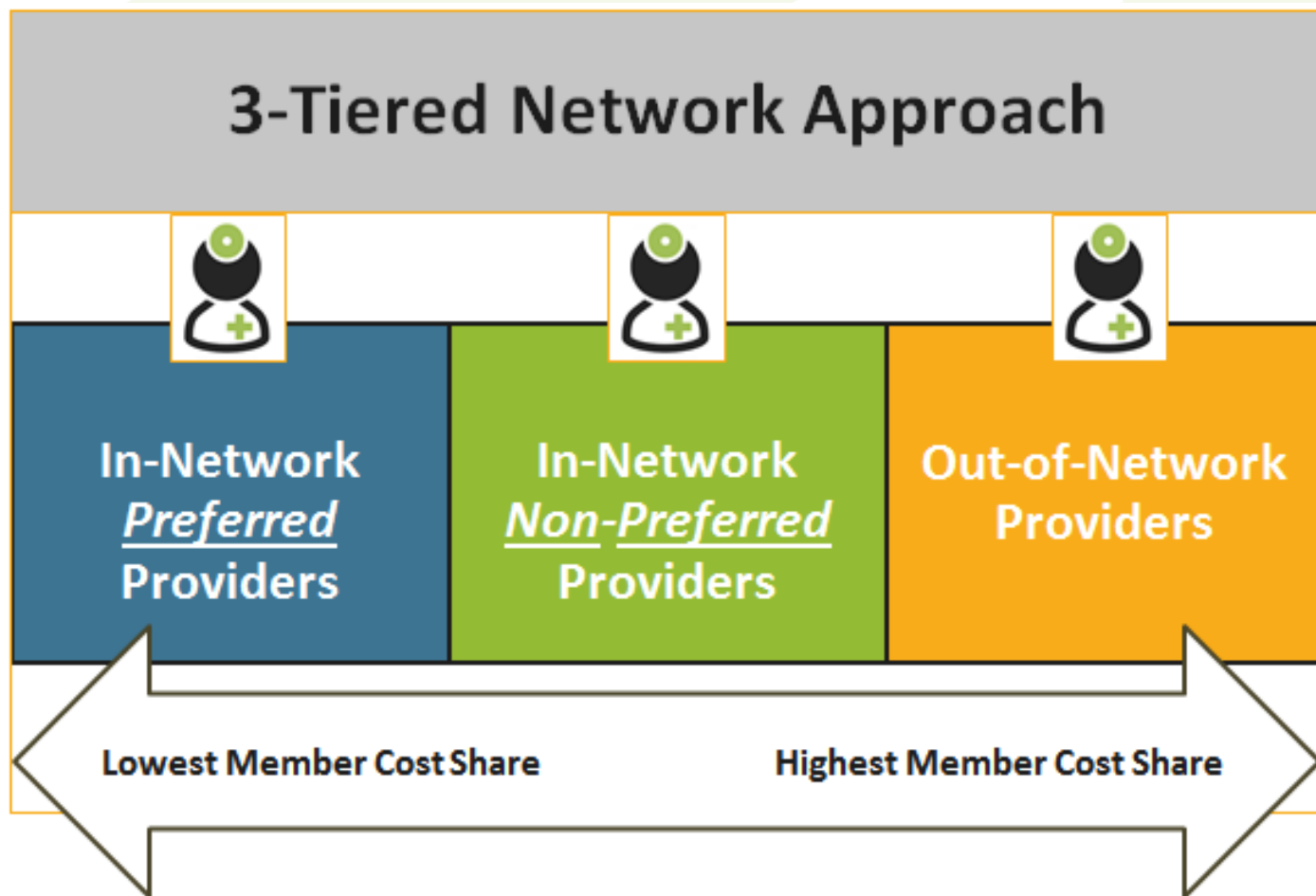
TURNING AN ACO INTO AN INSURANCE PRODUCT “VBID”

What is an ACO?

A change in provider reimbursements, delivery of care, and patient satisfaction are the cornerstones of Accountable Care Organizations.

What is New?

Many carriers are now offering specific plan designs and benefit packages around the ACO model which offers 3 Tiered Networks.



How Can We Control Rx Cost?

THE PERFECT STORM...

Patent Expirations



The heavy wave of medications coming off of patent has subsided. This lull of patent expirations has strained the industry and has increased costs.

Specialty Advances



Specialty pharmacy growth is the single greatest contributing factor to pharmacy spend. Specialty medications account for about 1/3 of all RX spend and is projected to increase to 50% in 3 years.

Direct to Consumer (DTC)



TV ads remain the primary form of Direct to Consumer which results in an average of 80 drug ads per hour per day in the US – we all share the cost of these ads. The pharmaceutical industry is estimated to increase social media spending to \$1.86B in the years to come.

Drug Price Inflation



Manufacturers have sustained double-digit annual increases for both brand and specialty medications over the last 3 years. This is not set to change. Competitive dynamics differ between brands and specialty drugs, but it is the underlying cause of inflation.

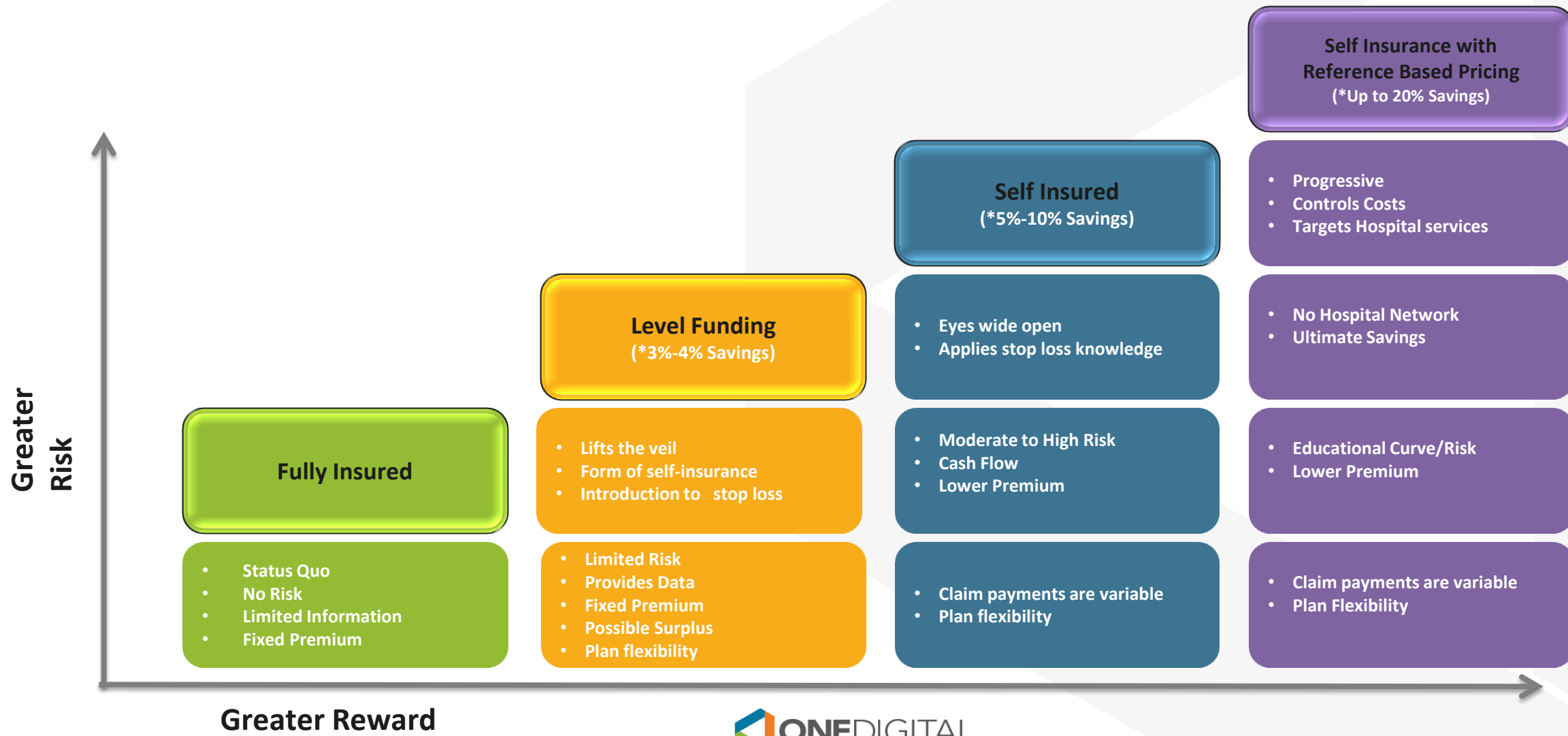
PHARMACY BENEFIT MANAGER (PBM) CARVE-OUT

- **Transparency**
 - *AWP Discount*
 - *Dispensing Fees*
 - *Rebates*
- **Clinical Programs**
- **Formulary Management**
- **Manufacturer Coupons**



How Can We Control Cost?

ALTERNATE FUNDING OVERVIEW



SELF-INSURED WITH CAPTIVE

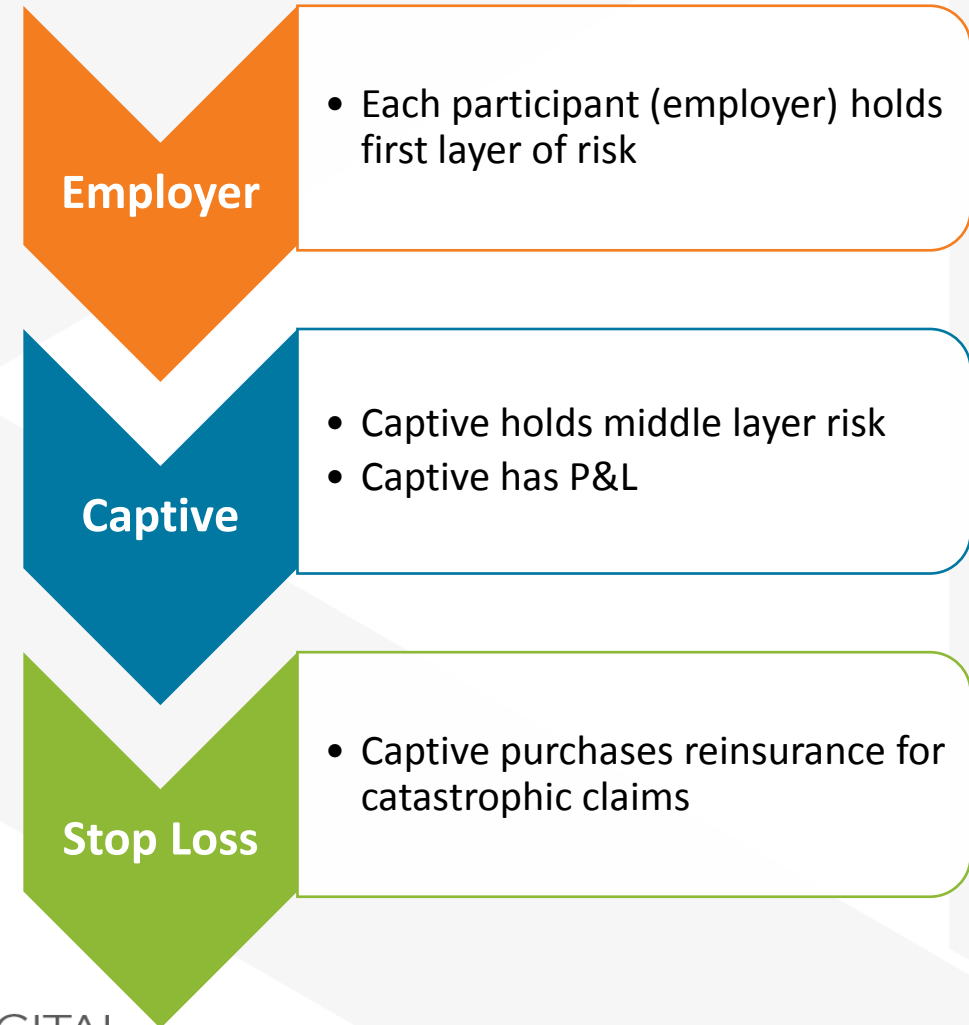
A program *owned* by at least one non-insurance company for purposes of managing and controlling employee benefit risk

Advantages:

- Control (ownership)... retain profits
- Lower overhead
- Long-term stability
- Stop loss protection against large claim risks at a lower cost
- Data availability and transparency
- Collaboration/Best Practices

Disadvantages:

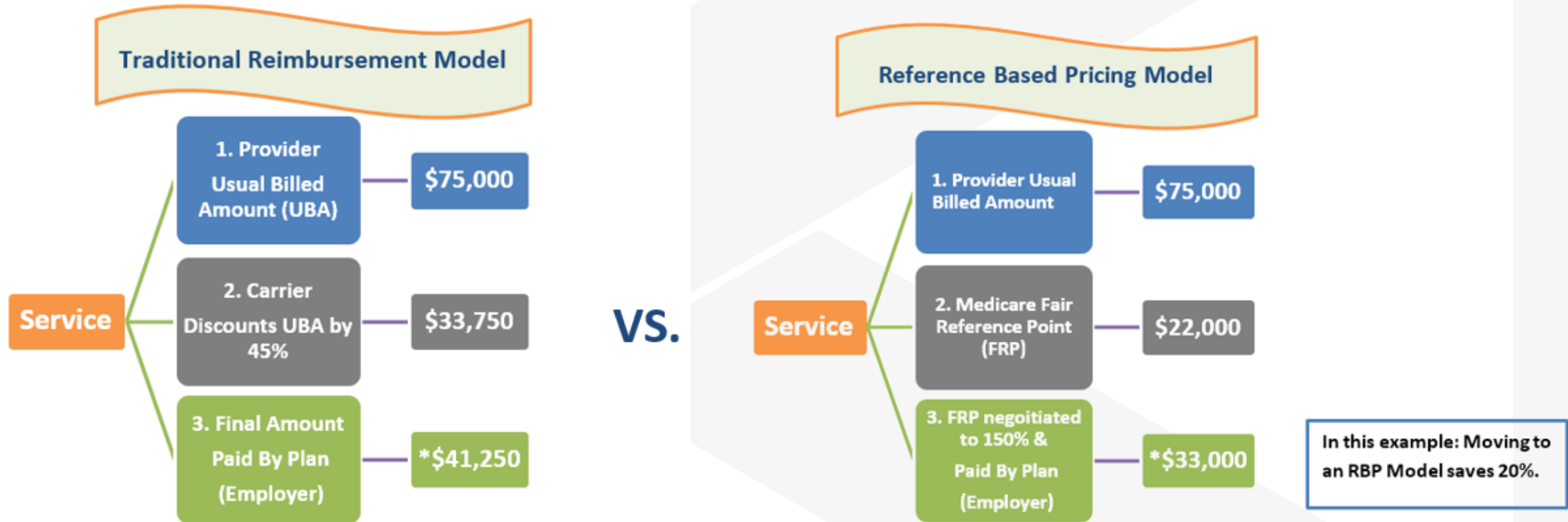
- Potential up-front capital requirements
- More risk retained by participants



VALUE-BASED PAYMENTS – “VBP”

<https://vimeo.com/123839661>

HOW VALUE-BASED PAYMENTS COMPARE



*Final amount paid by plan is less any member cost shares, i.e. copays, deductible or coinsurance.

HEALTHCARE PRICING TRENDS

Typical Renewal Inflation - Fully-Insured of 12% vs. Self-Funded of 8% vs. VBP tracking Medicare at 1%.



HOW DOES IT WORK?



Provider calls for pre-certification



Provider is notified of pre-priced amount for the service



Medical treatment or services are received by you or your family member



The provider submits a bill for services to TPA for payment



TPA remits payment to the provider based upon the pre-priced amount



You pay deductible and co-insurance



TPA issues an Explanation of Benefit (EOB) to you and the provider

What Else Should Employers Consider?

DIVORCING YOUR SPOUSE'S COVERAGE

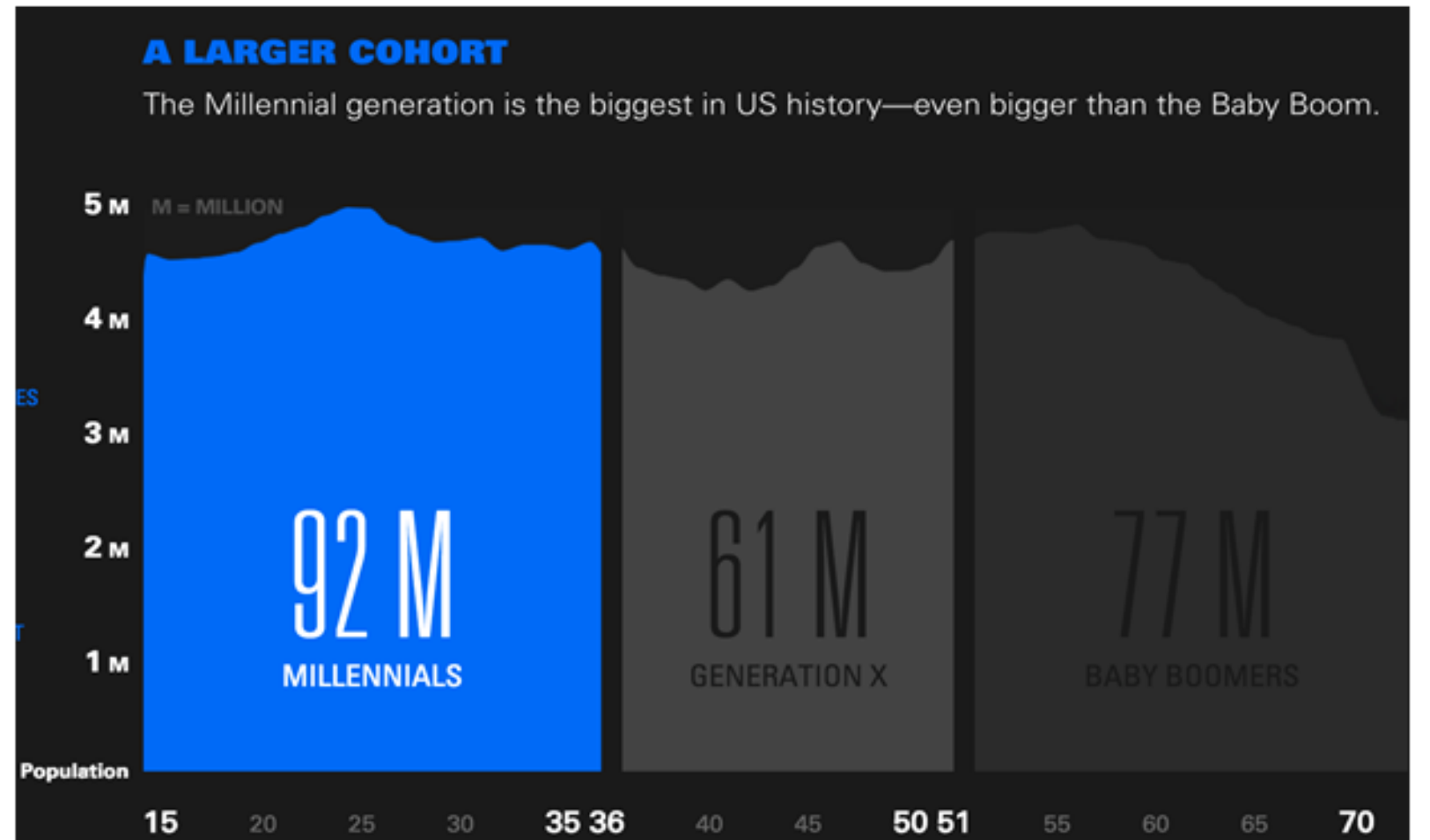
Premium
Contributions

Spousal
Surcharge

Medical
Expense
Reimbursement
Plan (MERP)

THE WORKPLACE IS CHANGING...

Millennials =
50% of the
workforce in
2020



BENEFIT PLANNING & QUESTIONS

- What benefits are we missing to retain & attract employees?
- How will our benefit communication change?
 - Open enrollment meetings
 - Open enrollment handouts
 - Enroll via portal
- How will yearly enrollment change?
- How can we leverage technology for our communication & enrollment strategy?

WHAT DOES THIS MEAN?



Telemedicine



Remote Diagnosis and Treatment of Patients via Telecommunication

On-Site Clinic



Varying Degrees of Medical Care Available to Employees on Employer's Worksite

EAP



Counseling and Support for Personal Issues

Wellness Programs



Program to Promote Employee Health & Fitness via Education & Rewards

Consumer Accounts



Pre or Post Tax Accounts to Help Employees Save and Pay For Medical Expenses

Spousal Restrictions



Restrictions or Exclusions of Spouse Participation in the Health Plan

Work-Life Balance



Benefits to Help Employee Professional and Personal Responsibilities

Financial Support



Education on Financial Literacy, Planning, and Investment

Professional Development



Program to Help Employees Grow Professionally

Workplace Perks



Added Perks to Make the Workplace More Enjoyable

BENEFITS AND HR TECHNOLOGY



PAPERLESS - Paper forms and files are replaced by a centralized HR management console and employee portal that's always up-to-date.



EFFICIENT - Manage your interactions for one place so you can spend more time growing your business and less time on manual processes.



ACCESSIBLE - Help your employees help themselves by allowing HR and employees to find the information they need without having to call for support.



CONTROL - Go beyond the basics and improve communication and engagement with quick access to reports and configuration tools.



FOR HUMAN RESOURCES

- Improves communication
- Gain instant access to your data
- Easy to use and customize
- Streamlines benefit shopping experience
- Modernizes employee management



FOR EMPLOYEES

- Easy access to HR information
- Intuitive benefit enrollment
- On-the go mobile access
- Paperless on-boarding
- Employee self-service



zenefits



A more human resource.™



employee
NAVIGATOR

PLANSOURCE®

bswift

A Simple Solution to Navigating Healthcare

HEALTH NAVIGATORS / CARE COORDINATORS



HEALTH NAVIGATOR



GRAND ROUNDS[®]

BENEFIT PLANNING & QUESTIONS

Guiding the patient through the system

Finding *the right* doctor/hospital

Referrals & Pre-Authorizations

Discussing the options

Answering questions

Transition of care

2nd Opinion

Explaining



How do we get there?

DEVISING YOUR PLAN

<u>Components</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>
Plan Design & Funding	Fully Insured CDHP offered as an option	Level-Funded CDHP as full replacement with dual option	Self Insured CDHP as full replacement with dual option, explore value based plan design.
Employer Contribution:	Approx. 75% Employer Paid	Increase Spouse/Dependent Differential	Increase Spouse/Dependent Differential
Employer HSA Funding:	None	Earned Deductible Funding based on wellness activities	Earned Deductible Funding based on wellness activities
Health Improvement	Establish Wellness Committee Gather baseline data on interests and biometrics Implement Preventive Care Campaign	TBD by Wellness Committee Carrier Budget	TBD by Wellness Committee Carrier Budget Enhanced Third- Party Portal
Analytics	Carrier Utilization Package	Carrier Utilization Package Bi-Annual Reporting Package	Carrier Utilization Package Quarterly/ Monthly Reporting Package Enhanced Analytics Package
Service and Support	Carrier Dedicated Client Service Executive Customer Advocate Center ThinkHR Custom Employee Communications Compass MD Live	Carrier Dedicated Client Service Executive Customer Advocate Center ThinkHR Video Benefits Custom Employee Communications Compass MD Live	Carrier Dedicated Client Service Executive Customer Advocate Center ThinkHR Video Benefits Custom Employee Communications Compass MD Live
Technology	Payroll Vendor Support	HRIS with Self Service	HRIS with Self Service EDI
Compliance	Compliance Advantage Assessment Seminars / Webinars BLR	Compliance Advantage Seminars / Webinars BLR	Compliance Advantage Seminars / Webinars BLR

What questions do you have?

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