It’s time to rejuvenate your employee benefit strategy...

the Healthcare landscape is changing!

What do we need to do?

• Move away from a **budget-driven strategy** and towards a **strategy-driven budget**!

  ➢ 50% of employers do not have an effective strategy to manage healthcare costs*

• There is a critical importance of effective Total Rewards management in achieving long-term financial and operational sustainability

*All of the stats in this presentation are from the
2017 Gallagher National Benchmarking Survey- Higher Education
Today’s Challenges
# Healthcare Costs

Select the most important challenges your organization faces in managing healthcare costs.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>64%</td>
<td>High cost of medical services</td>
</tr>
<tr>
<td>54%</td>
<td>High cost of prescription drugs</td>
</tr>
<tr>
<td>38%</td>
<td>High cost of specialty drugs</td>
</tr>
<tr>
<td>31%</td>
<td>Unhealthy covered population (employees and dependents)</td>
</tr>
<tr>
<td>24%</td>
<td>Lack of employee preference for the most cost-effective health options (providers, drugs, etc.)</td>
</tr>
</tbody>
</table>
## Healthcare Changes

Which cost control tactics do you plan to use within two years?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>38%</td>
<td>Increase employee cost share through plan design changes</td>
</tr>
<tr>
<td>28%</td>
<td>Provide employees with cost transparency tools</td>
</tr>
<tr>
<td>26%</td>
<td>Increase employee contribution to the cost of premiums</td>
</tr>
<tr>
<td>26%</td>
<td>Perform eligibility audits</td>
</tr>
<tr>
<td>24%</td>
<td>Offer consumer-directed health plans</td>
</tr>
<tr>
<td>23%</td>
<td>Offer healthcare decision support</td>
</tr>
<tr>
<td>23%</td>
<td>Implement disease mgmt. programs</td>
</tr>
<tr>
<td>18%</td>
<td>Change plan carriers</td>
</tr>
<tr>
<td>17%</td>
<td>Provide nonsmokers a discount on premiums (smoker surcharge)</td>
</tr>
<tr>
<td>15%</td>
<td>Add a surcharge/exclusion for spouses with access to other coverage</td>
</tr>
<tr>
<td>5%</td>
<td>Implement a separate charge per dependent</td>
</tr>
</tbody>
</table>
# HR Priorities & Challenges

What are the top solutions that would help the most in better managing your HR related challenges & opportunities?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>More effective communications</td>
</tr>
<tr>
<td>47%</td>
<td>More collaboration with operations managers and supervisors</td>
</tr>
<tr>
<td>46%</td>
<td>More consistent enforcement of &amp; accountability to HR policies and programs</td>
</tr>
<tr>
<td>42%</td>
<td>More resources for program and policy planning and execution</td>
</tr>
<tr>
<td>28%</td>
<td>Expand HR team</td>
</tr>
<tr>
<td>27%</td>
<td>Investment in HR technology</td>
</tr>
<tr>
<td>23%</td>
<td>Increased senior leadership focus on HR issues</td>
</tr>
</tbody>
</table>
Future changes in the healthcare landscape
Demographic changes in Healthcare

Future changes in the healthcare landscape

Baby boomers are retiring at a more rapid pace and millennials are steadily taking their place.

A one size fits all plan is not sustainable and will lead to over/under insured employees.
Technology changes in Healthcare

**Improved Disease Control**

W.H.O. Database to classify illnesses, causes, & symptoms

**More Accessible Treatment**

32% of employers are currently using Telemedicine and 29% are planning to use within two years*

**Improved Care & Efficiency**

Patient data into one centralized database has transformed the level of care

**Healthcare Education**

Technology has transformed how we are educating our Healthcare workforce with 3D visualizations and augmented reality simulations
Legislative changes in Healthcare

Which of the following best describes your organization’s view of the possible repeal of PPACA?

<table>
<thead>
<tr>
<th>View</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tremendous setback</strong></td>
<td>Insurance companies and healthcare providers will be less accountable to the people who need coverage. Employer costs and individual costs will continue to skyrocket.</td>
</tr>
<tr>
<td><strong>Disappointed</strong></td>
<td>Organizational compliance with PPACA was a positive change that contributed to the development of a more efficient healthcare system.</td>
</tr>
<tr>
<td><strong>Excited</strong></td>
<td>PPACA’s compliance burden is overwhelming and a repeal would free up resources.</td>
</tr>
<tr>
<td><strong>Pleased</strong></td>
<td>With a repeal, employers will have greater freedom to design healthcare plans that work best for their organization.</td>
</tr>
<tr>
<td><strong>Neutral</strong></td>
<td>Regulations prompted some necessary action on healthcare benefits and most of these changes will remain in place.</td>
</tr>
</tbody>
</table>

| Percentage | 5% | 5% | 22% | 26% | 42% |

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Rx changes in Healthcare

Drug prices continue to rise uncontrolled. “While Congress may occasionally hold hearings to put pressure on drug makers, it will not be enough to prevent collusion of the entire drug delivery ecosystem...”

- *Fortune, Why Drug Costs Will Keep Rising in 2017*

- **Specialty drug costs are spiraling out of control,** with no easy solutions in sight.
- **The delivery system is convoluted,** and incentives are misaligned.
- **A highly consolidated PBM sector** leaves fewer vendor options and diminished competition.
- **Questionable pricing and promotion tactics** have deteriorated trust in the supply chain.
- **A shifting political and regulatory climate** creates uncertainty about the future.
Innovative ways to reduce Healthcare costs
Prescription Drug Analysis

Innovative ways to reduce healthcare costs

• When was the last time you looked at your Pharmacy contract?
• Let’s reduce projected PBM costs without impacting member copays or placing additional restrictions on plans
• Contract renegotiating does not require any plan design changes
• Comparing, negotiating and revising your contractual provisions can save you 5-12% (on average)
Cooperative Purchasing Options

Innovative ways to reduce healthcare costs

• Self-funded, which provides more flexibility of plan design and provides savings on employer taxes, including ACA fees

• **Large group purchasing power** providing programs and services that are not available to individual schools

• Reduced administrative burden & expenses such as medical administrative fees, access fees, stop loss premiums

• More consistent stop loss renewals

• Risk sharing at renewal for large claimants

• Improved predictability with larger population
Private Exchange

Innovative ways to reduce healthcare costs

What employers want:
✓ Predictable benefits costs
✓ Sustainable & compliant solution
✓ Administrative ease

How we get there:
✓ Private exchange platform with a defined contribution

Recommendation engine
uses sophisticated statistical modeling to predict the right combinations of plans.

Insurance education
contains accessible education about insurance with articles, videos and FAQs.

Plan summaries
display key components of plans simply and without insurance jargon.

Plan comparison tools
produce a side-by-side comparison of key coverages, plan features and costs.
Up-and-coming trends to attract & retain employees
Private Exchange

Up-and-coming trends to attract employees

- Flexibility, choice, & decision support- increasing benefit satisfaction
- A differentiated employee value proposition, providing a competitive advantage for recruiting and retaining

Before the Exchange (2014)

- 30% PPO Plan
- 62% HSA-qualified Plan
- 8% HRA-qualified Plan

With the Exchange (2015)

- 8% PPO 1
- 10% PPO 2
- 12% PPO 3
- 13% PPO 4
- 23% PPO 5
- 4% HSA 1
- 18% HSA 2
- 23% HSA 3

Dental, Life, Disability

Life, Dental, Vision, Accident, Critical Illness, Pre-Paid Legal, Pet, Long-Term Disability, Short-Term Disability, Tele-Medicine, ID Theft Protection
Total Wellbeing

Up-and-coming trends to attract employees

The WHOLE person comes to work every day.

Trends:
- Telemedicine
- Onsite Health Clinics
- Networking events
- Financial Literacy Programs
- Retirement Readiness Support
- Employee reviews
- Volunteer Days
- Charity walks
- Flexible schedules
- Healthy eating options
Employee Advocacy Support Center

**Up-and-coming trends to attract employees**

**Benefits to Employees**

- Call a toll-free phone number to speak with an experienced benefit & claim expert
- Advocate Center is independent of HR, confidential and convenient
- Increase satisfaction with the employer’s benefit program
- Gain early and more frequent member engagement

**Benefits to Employers**

- Helps to support employer priorities and strategies
- Eases burden on HR staff
- Increases productivity and retention; reduces absenteeism, illness and claims
- Reduces grievances, claims, appeals
- Reduces claim billing errors

Get the support you need!
Engage your employees!

Up-and-coming trends to attract employees

Engagement predicts outcomes!

- Productivity & efficiency
- Community reputation
- Awards & rankings
- Union participation
- Absenteeism & turnover

- On-the-job injuries
- On-time work/delivery
- Student satisfaction
- Brand awareness
- Social media penetration

The proper communication & engagement strategy can identify to each employee their needs, preferences, risk tolerance and suggest what they should sign up for.
Thank you!

What’s next?

 ✓ Move away from a budget-driven strategy and towards a strategy-driven budget.

 ✓ Keep an eye on future changes in the healthcare landscape

 ✓ Implement innovative ways to reduce healthcare costs

 ✓ Engage up-and-coming trends to attract and retain employees

 ✓ Work with a broker/consultant who is able to support you in this ever-changing Healthcare landscape!
Thank You