

# Emerging Benefits Trends



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**COMMERCIAL INSURANCE**

**EMPLOYEE BENEFITS**

**PERSONAL INSURANCE**

**RISK MANAGEMENT**

**SURETY**

# State of the Market



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- Affordable Care Act has increased the costs of providing benefits
  - Cadillac Tax
  - Healthcare Tax
  - Costs are out of control and can't continue to be cost shifted
  - Companies are moving from cost shifting to trend reduction
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# What are companies doing about it?



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- 2 buckets
- Cost/Steerage
- Population Health Management (Wellness 3.0)





# Cost & Steerage



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# Pharmacy Benefits Industry



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- Often overlooked and fastest growing cost segment of benefits
- Express Scripts study showed 13.1% increase in 2014, largest increase in over a decade<sup>1</sup>
- 7% due to Hepatitis C & compounded medications
- PBMs are the biggest shell game in the insurance industry



1. *Express Scripts Drug Trend Report - 2015*

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# Pharmacy Contracts



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- “Transparent” contracts
- If available, utilize existing pharmacy resources
- Incorporate 340b pricing into your benefits program



# Transparency – State of the Market



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- With HDHP plans becoming more prevalent
- Roughly 45% of healthcare facilities in WA offer at least one HDHP option<sup>2</sup>
- Members are responsible for more money out of their pocket for services
- Providers becoming more public with their pricing



2. Parker Smith & Feek 2014 Washington Healthcare Benefits Survey

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# Transparency – Employer Trends



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- Tying incentives with consumerism

**MPIRICA Enterprise is here to help!**

Give your employees valuable information, and reward them when they make smart choices!

Hospital	Quality Score	Procedure Cost	Company Pays	Employer Incentive	Your Likely Out-of-Pocket
General Hospital	720	\$37,860	-\$35,366	None	\$2,524
Regional Hospital	700	\$22,977	-\$21,715	OOP Credit: -\$1,262	\$1,262



# Steerage – State of the Market



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- Limited/High Value Networks
- “ACOs”
- Cost+ / Reference based pricing
- On-site / Near-site clinics



# Steerage – Example



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- Case Study - Medical Park Family Care/HCCMCA



# Population Health Management




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# More than just "Wellness"



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- Many have bought-in: 71% utilizing some wellness initiatives<sup>3</sup>
- Change in terminology:  
Wellness  Well-being
- Broadening the lens/ more holistic approach
- Better defining what matters and why (intrinsic motivation)
- Growing interest in Outcomes-Based Incentives (Wellness 3.0)





- Wellness 1.0
    - Walking programs & Weight Watchers at work
  - Wellness 2.0
    - Biometrics, Health Assessment, “know your numbers”
  - Wellness 3.0
    - Outcomes based, pay for performance
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## Wellness 3.0 - continued



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- Employers passing on full cost increase to members
  - Members earn their “buy-down” in costs
  - Culture is key!
  - A change in messaging from employer to employees - “We’re in this together now”
  - Biometrics/HRA still integral
  - You don’t receive the incentive unless you demonstrate measurable change
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## Wellness 3.0 - continued



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- Hotly debated in the political environment
- Recent EEOC activity
- Reasonable alternatives



# In Summary



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# Summary



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- New benefits environment since the ACA
  - Using 2 strategies – Cost/Steerage & Population Health Management
  - Cost/Steerage – PBM, Transparency, Network Steerage
  - Population Health Management – Wellness 3.0, outcomes based, pay for performance
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# Questions?



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# Thank You!



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