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Trends in large employer- sponsored health plans: Findings from Mercer's National Survey of Employer-Sponsored Health Plans 2009

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EBRI Policy Forum, Washington, DC

Services provided by Mercer Health & Benefits LLC



Today's presentation

- About the survey
- Large employer cost trends
- Top cost-management strategies
 - Consumerism and CDHPs
 - Health management
 - Promoting quality and cost-efficiency
- Will health care reform bring new cost pressures?



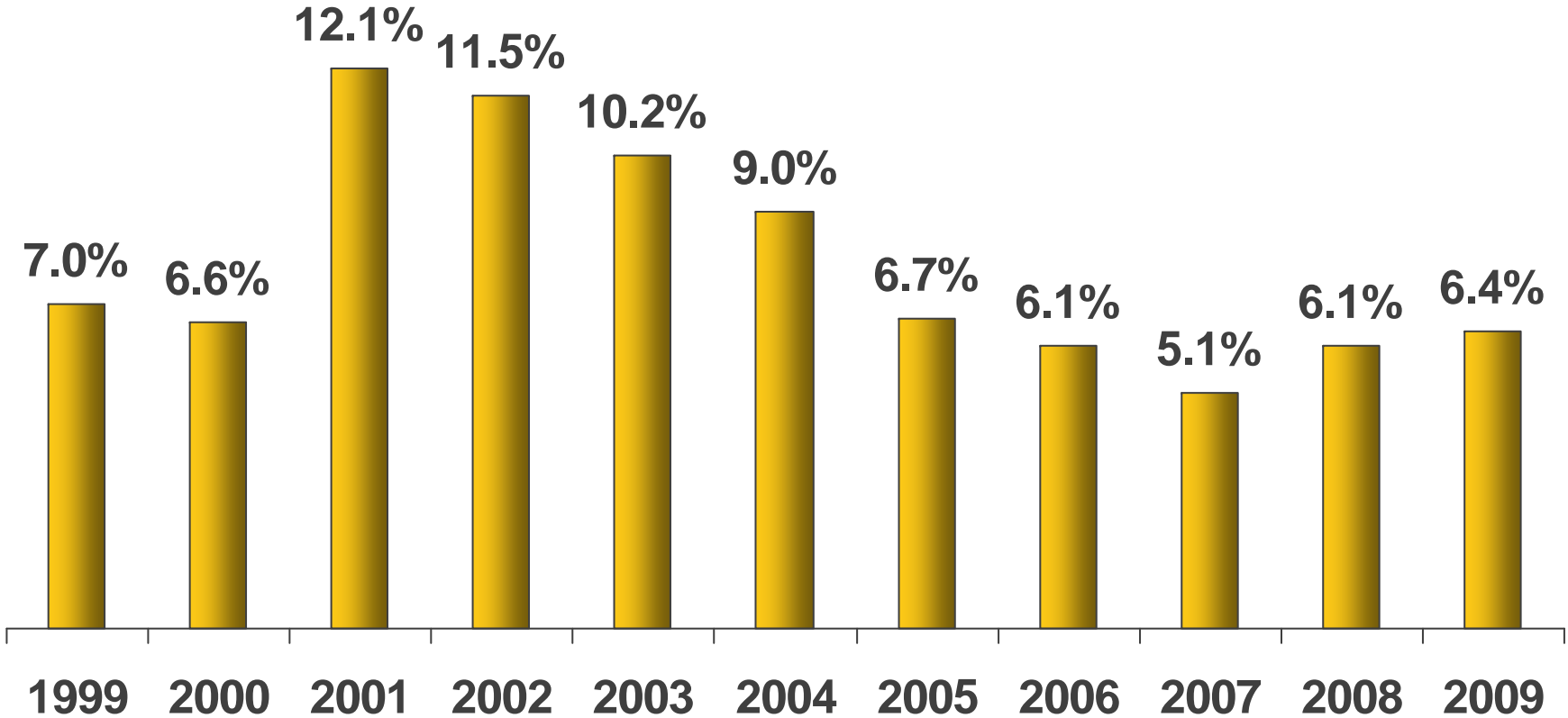
About the survey

- Established in 1986, national probability sample used since 1993
- 2,914 employers participated in 2009
- All employers with 10 or more employees are surveyed using a stratified random sample; large employers are oversampled to permit robust break-outs by size.
- In this presentation, we refer to:
 - small employers – 10-499 employees
 - large employers – 500+ employees
 - jumbo employers – 20,000+ employees



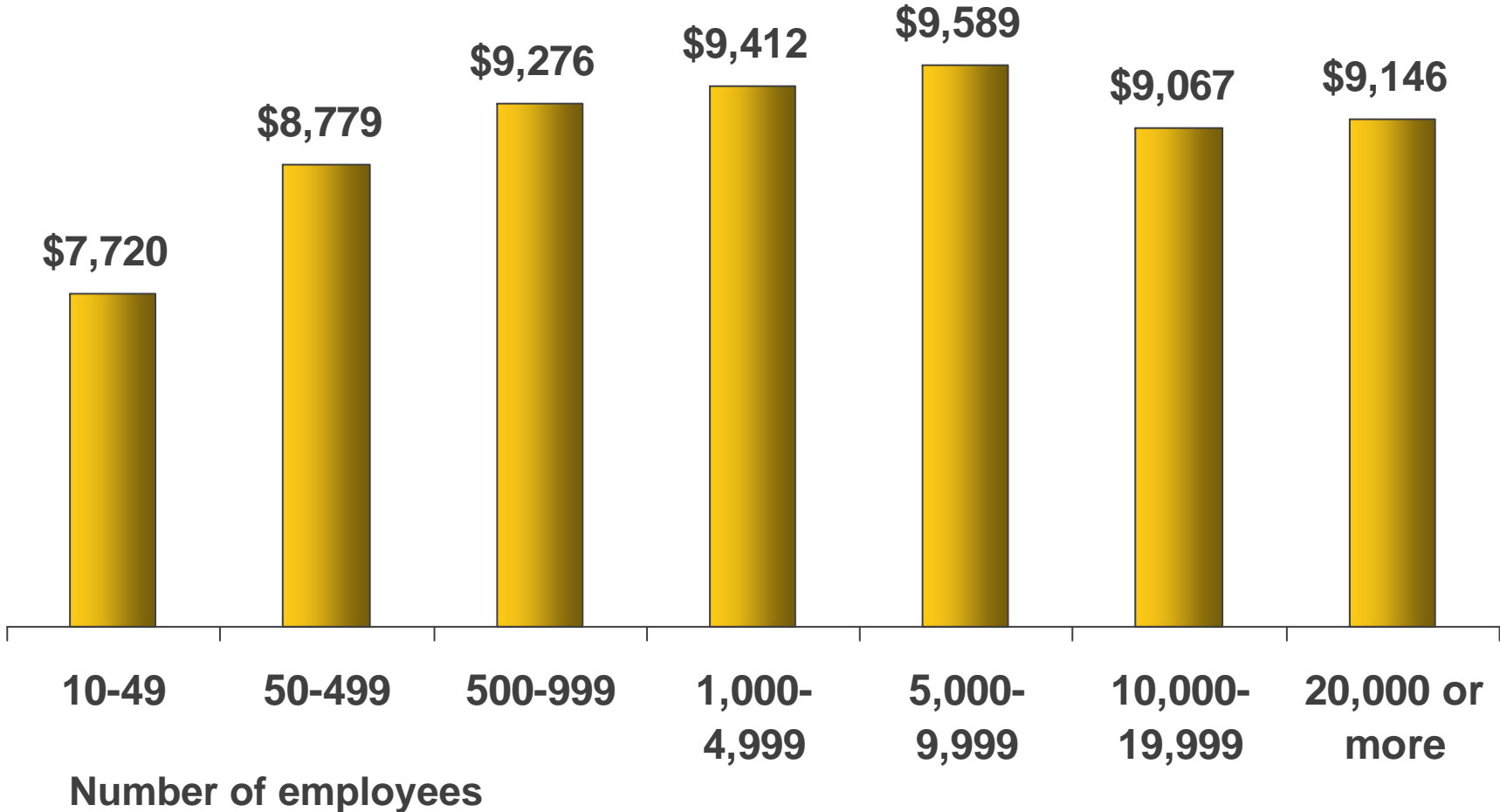
Annual growth in average total health benefit cost per employee relatively stable for the past five years

Large employers





Average total health benefit cost per employee, by employer size





Back in 2006: Health management and consumerism emerge as large employers most important cost-management strategies for the next five years*

	All large employers	Jumbo employers
Health management	71%	85%
Consumerism	64%	77%
High-performance networks	41%	51%
Collective purchasing	37%	29%
Scaling back benefits/shifting cost to employees	37%	21%

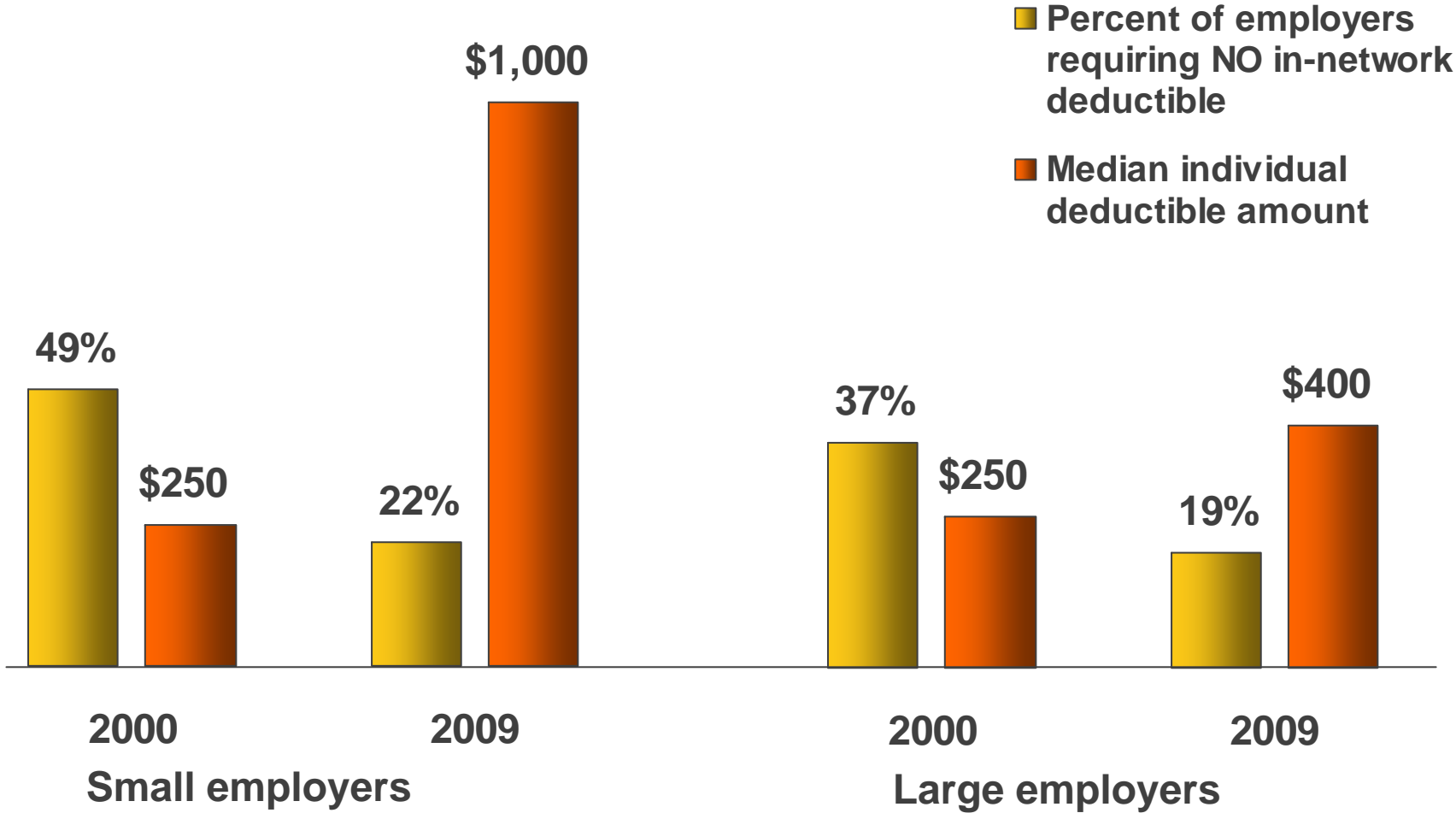
* Employers indicating strategy will be significant in efforts to manage health benefit cost.

Source: Mercer's National Survey of Employer-Sponsored Health Plans 2006



Cost-shifting among large employers more moderate than among small employers

PPO individual in-network deductible



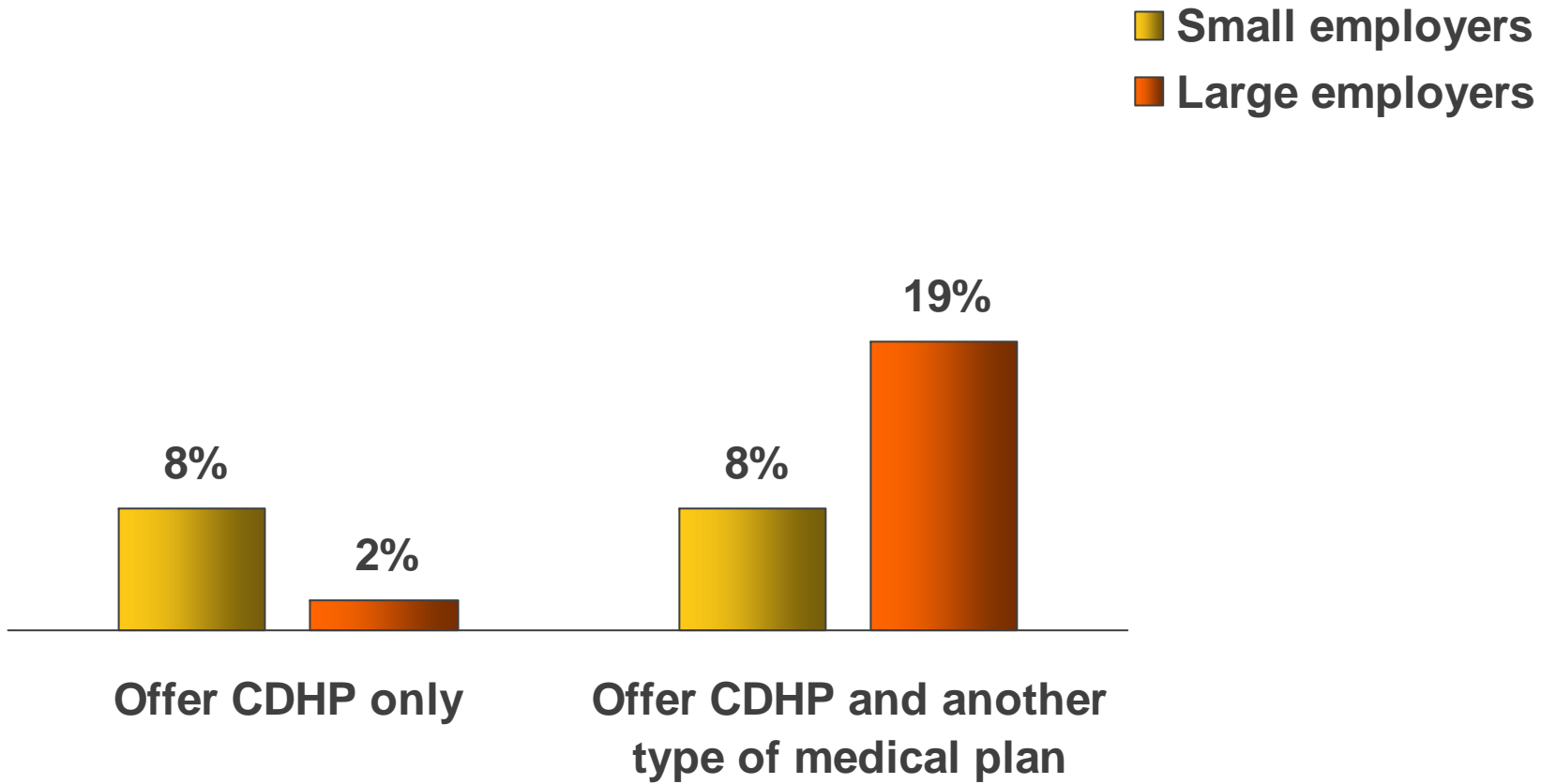
Growth in CDHP offerings by large employers stalls in 2009

Percent of employers

	CDHP* offered in:					Very likely to offer in 2010
	2005	2006	2007	2008	2009	
Small employers	2%	5%	7%	9%	15%	18%
Large employers	5%	11%	14%	20%	20%	24%
Jumbo employers	22%	37%	41%	45%	43%	49%

*Based on either a health savings account or health reimbursement arrangement.

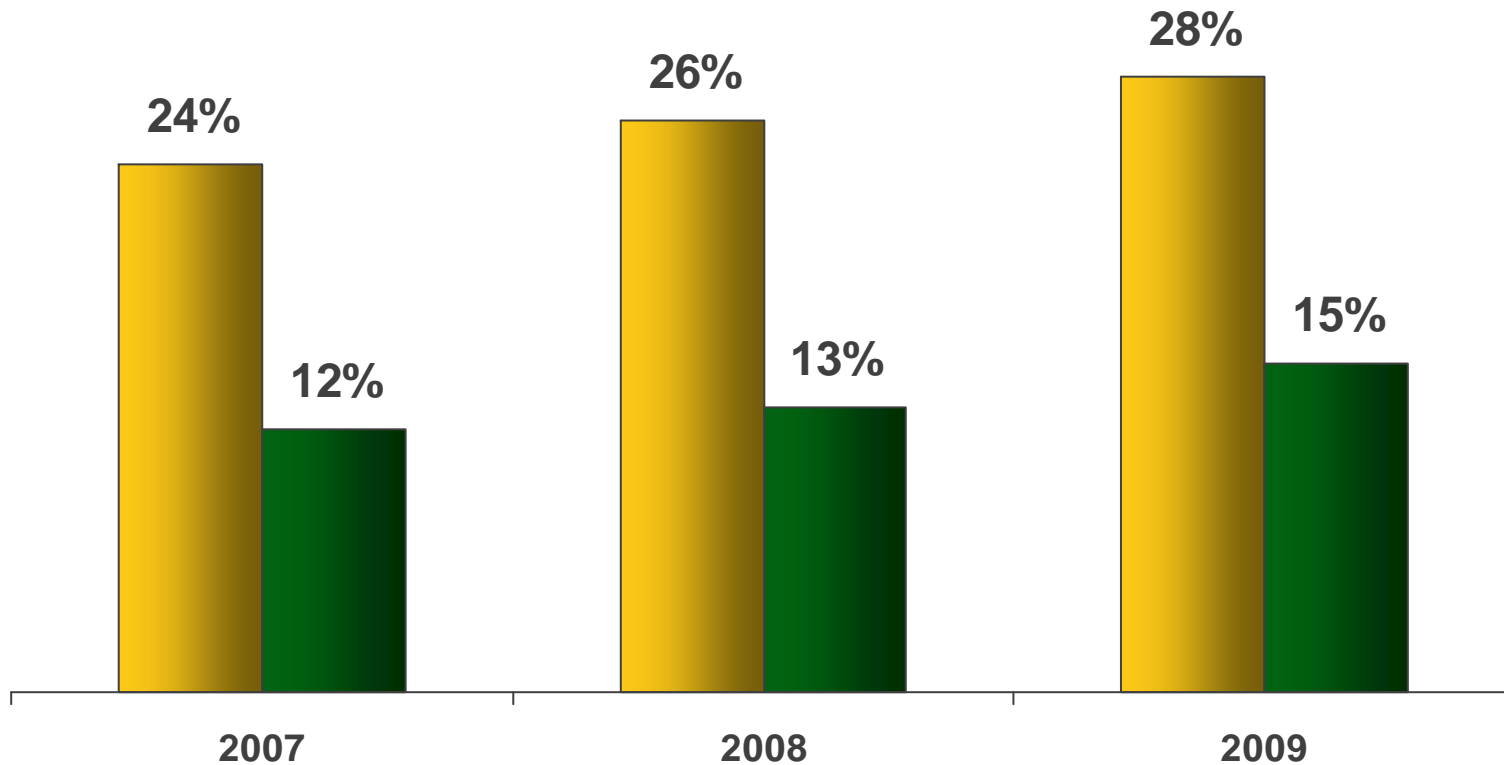
Large employers rarely offer CDHP as the only medical plan choice



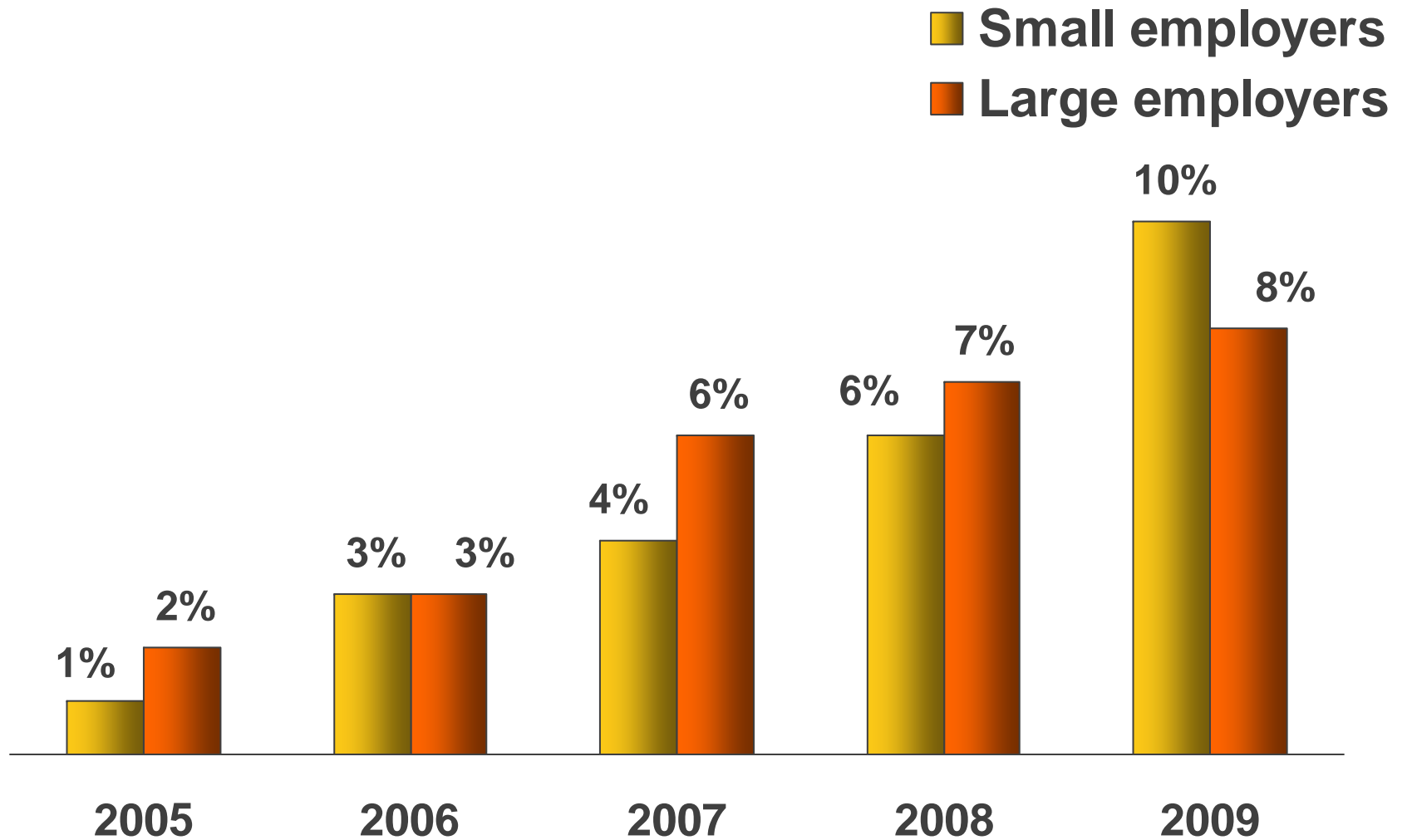
Encouraging CDHP enrollment remains a challenge

Percentage of eligible employees enrolled in CDHP, among plans offered by large employers as a choice for at least 3 years

■ HRA-based CDHP
■ HSA-eligible CDHP



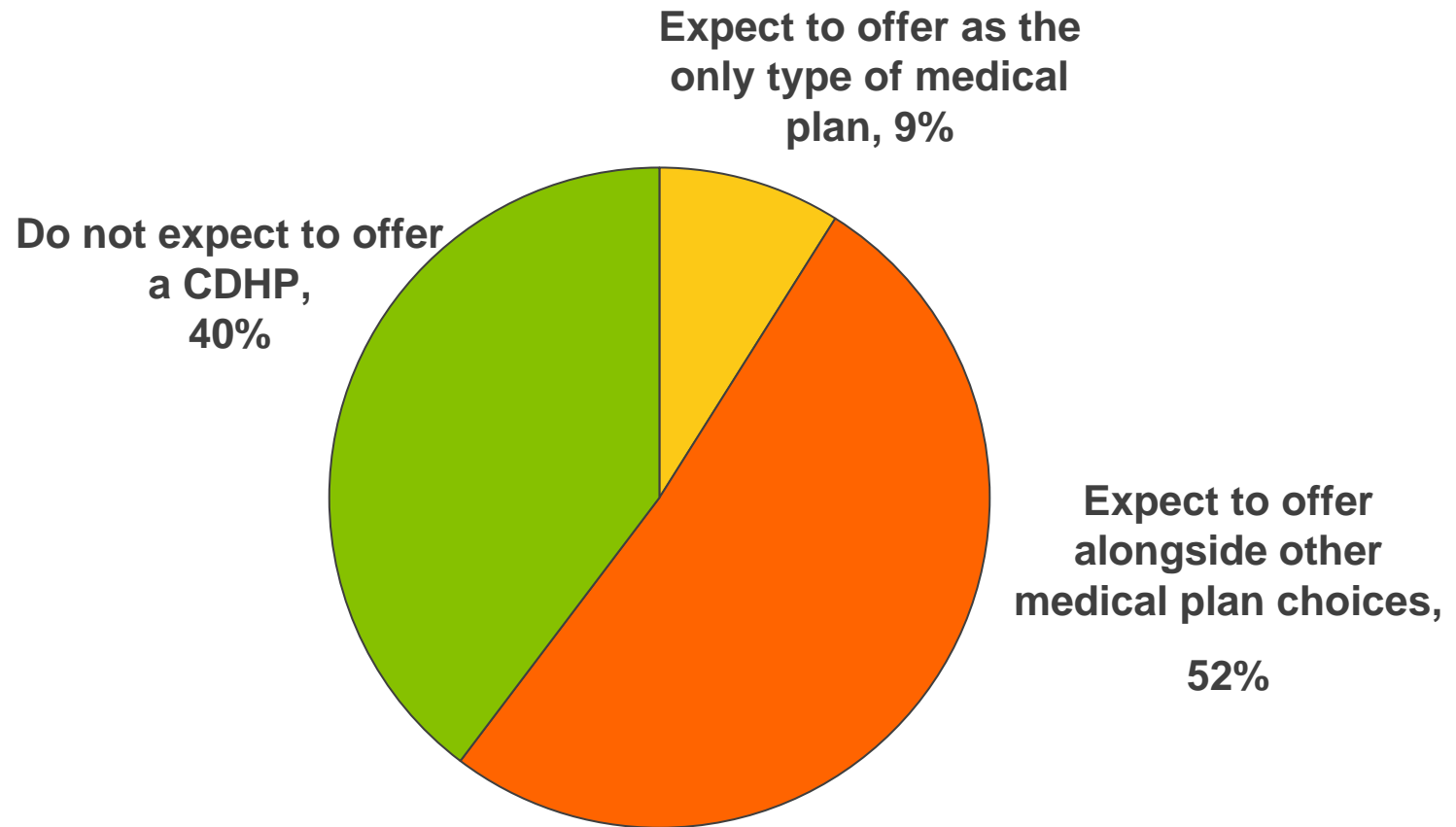
Enrollment in CDHPs among small employers surpasses that of large employers in 2009





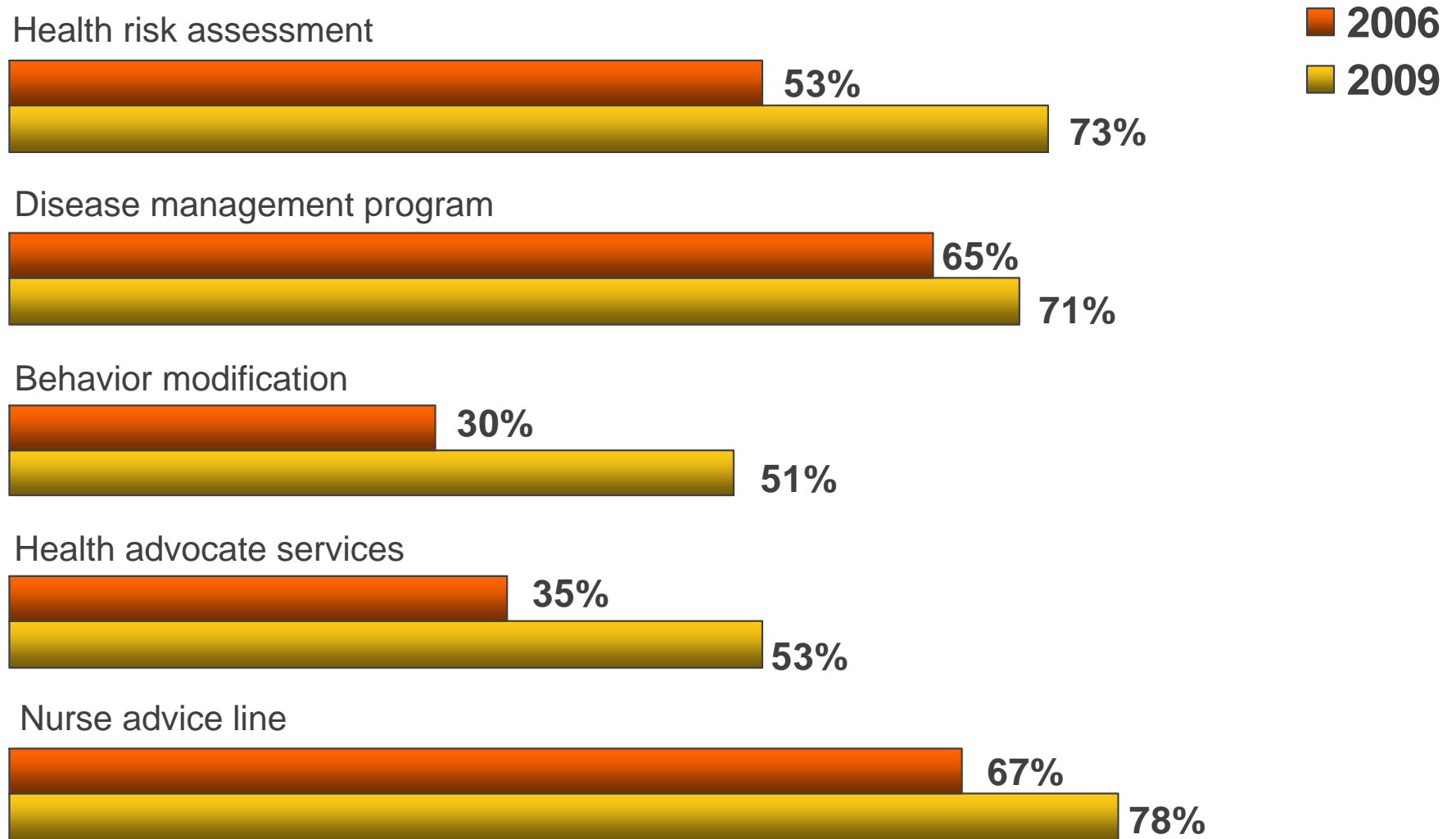
Majority of large employers expect to offer an account-based CDHP five years from now

Large employers



Sharp growth in use of health management programs

Percent of large employers offering programs



Use incentives with specific health management programs offered

Among large employers offering program

	Large employers	Jumbo employers
Completing a Health Risk Assessment	23%	51%
Participation in a disease management program	15%	37%
Participation in or completion of a behavior modification program	19%	52%
Seeking preventive care / screenings	13%	37%

Health Risk Assessment incentives used

Among large employers offering HRA with incentives

	Employers using incentive	Employers reporting the incentive was “very successful” in increasing participation
Type of incentive used		
Cash/gift cards	45%	36%
Lower premium contribution	32%	46%
Financial contribution to employee account	14%	13%
Token non-cash reward	13%	13%
Lower cost-sharing	11%	15%
Required for coverage eligibility	4%	7%
Incentive was “very successful” in increasing participation	28%	--
Average value of incentive	\$227	\$297

Return on investment in health management

Large employers

	<u>All large employers</u>	<u>Jumbo employers</u>
Provide health management programs through specialty vendor/ request optional services from health plan vendor	37%	73%
Of those, % of employers that have attempted to measure return on investment (ROI)*	45%	69%
Of those, % of employers that are satisfied with ROI	74%	75%

*Among employers that offer disease or health management programs



New data source: The HERO Employer Health Management Best Practices Scorecard

- Mercer has collaborated with non-profit HERO to maintain online employer survey and database for benchmarking and research in EHM program design, management and outcomes
- Assesses and scores an employer's health management program based on best practice standards
- The Scorecard content and scoring system were developed and tested by a broad panel of industry experts
- Employers use the Scorecard as an inventory of best practices and their score as a way to identify opportunity for improvement
- Research goal for database is to learn how program structure and management affect outcomes
- Scorecard may be accessed at www.the-hero.org. Participation and auto-generated score report is free of charge.



EHM elements covered in the HERO Scorecard

Strategic Planning

- Needs assessments, Measurable goals, Total population health strategy, targeted eligible populations

Leadership Engagement

- Senior leadership commitment, Manager support, Ambassadors, Physical work environment, Policies

Program Level Management

- EHM program integration, Benefit plan design and inclusions

Programs

- HRQ, Campaigns, Lifestyle & DM, TDS, Modalities, EAP, Onsite clinics

Engagement Methods

- Communications, Incentives

Measurement and Evaluation

- Performance data capture and use



Separate outcomes section

- Does not contribute to the respondent's best practice score
- Data vital to explore the relationship between outcomes and program design; will be used to adjust component weights
- Decision was made to capture modest data with greatest consistency:
 - Participation rates for HRQ, Biometric screenings, DM and behavior modification
 - Total EHM program costs per eligible per month
 - Program-specific costs per eligible per month
 - Program impact on health risks
 - Program impact on medical plan costs

Program outcomes: Average participation rates

Among HERO Scorecard respondents with low, average, and high health management best practice scores

Participation rates among employers with:

	Low scores	Average scores	High scores
Health Risk Assessment	18%	47%	64%
Biometric screening	45%	45%	52%
Disease management	21%	25%	27%
Lifestyle management	ID	23%	25%

ID = Insufficient data

Source: HERO Best Practice Scorecard in Collaboration with Mercer

Program outcomes: Improvement in medical plan cost trend

Among HERO Scorecard respondents with low, average, and high health management best practice scores

Employers with:

	Low scores	Average scores	High scores
No improvement in medical cost trend was found so far	38%	28%	2%
Small positive impact on medical trend (less than the cost of the EHM program)	5%	21%	37%
Substantial positive impact on medical trend (greater than the cost of the EHM program)	5%	9%	29%
We have not attempted to impact on medical cost trend	48%	35%	20%
We have attempted to measure impact on cost, but we're not confident the results are valid	5%	7%	12%

Source: HERO Best Practice Scorecard in Collaboration with Mercer



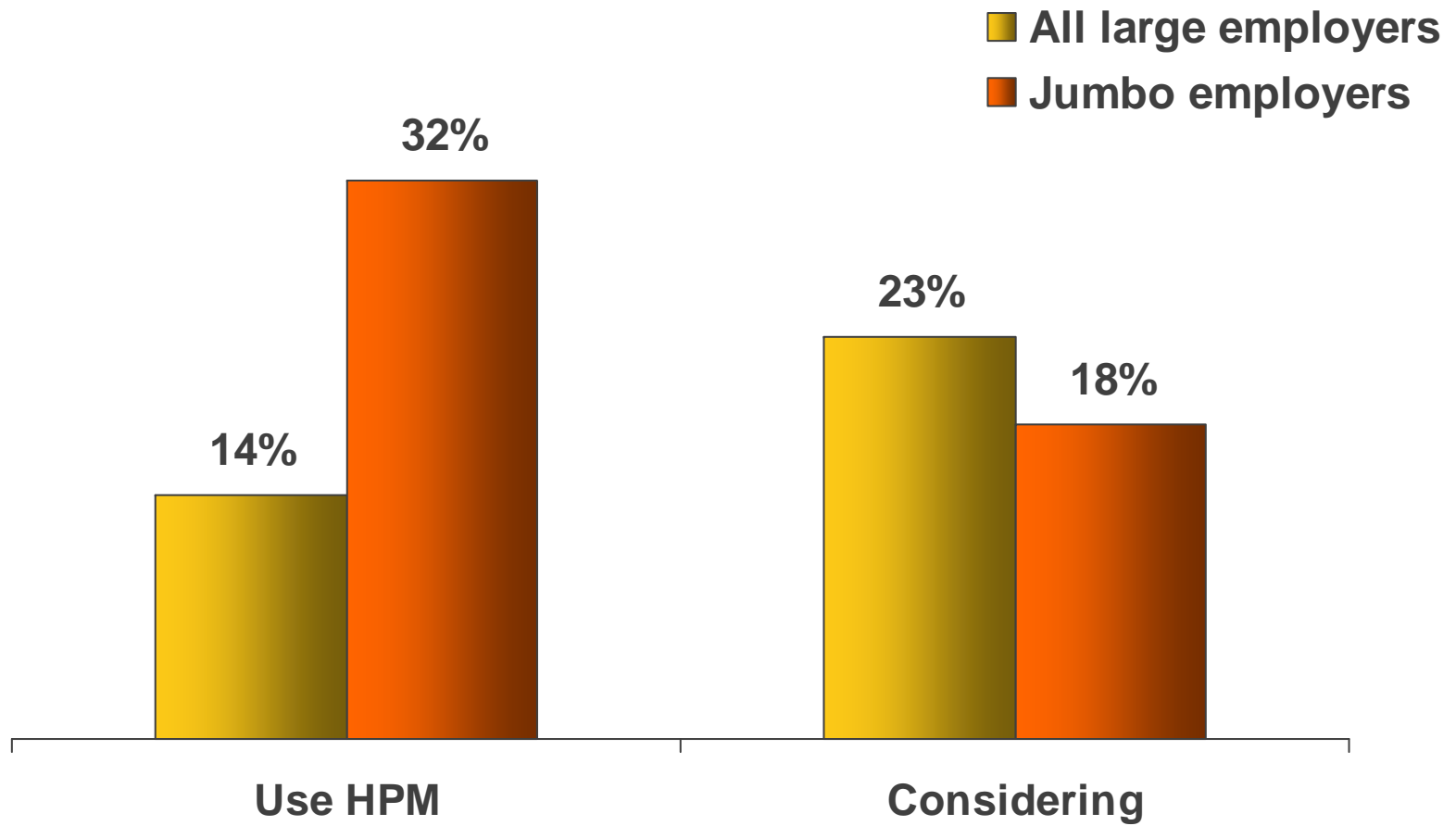
Have incorporated evidence-based (or value-based) design in one or more medical plans

Jumbo employers

Employers that waive/reduce cost-sharing for:

- Maintenance drugs: 17%
- Specific drug therapies proven to be cost-effective: 11%
- Non-drug treatments proven to be effective: 2%
- Other form of EBD used: 6%

Use high-performance networks



What the largest employers are considering for the next five years

Employers with 5,000 or more employees

	Interested/very interested	Very interested	Already use strategy
Surgical centers of excellence	57%	16%	17%
Retail clinics for chronic care mgmt	45%	8%	12%
Treating telemediated physician care as eligible expense	43%	6%	3%
Medical homes (A-ICU model)	53%	10%	1%
Tiering of non-drug treatments	49%	6%	2%

Will reform create additional pressure to manage trend?

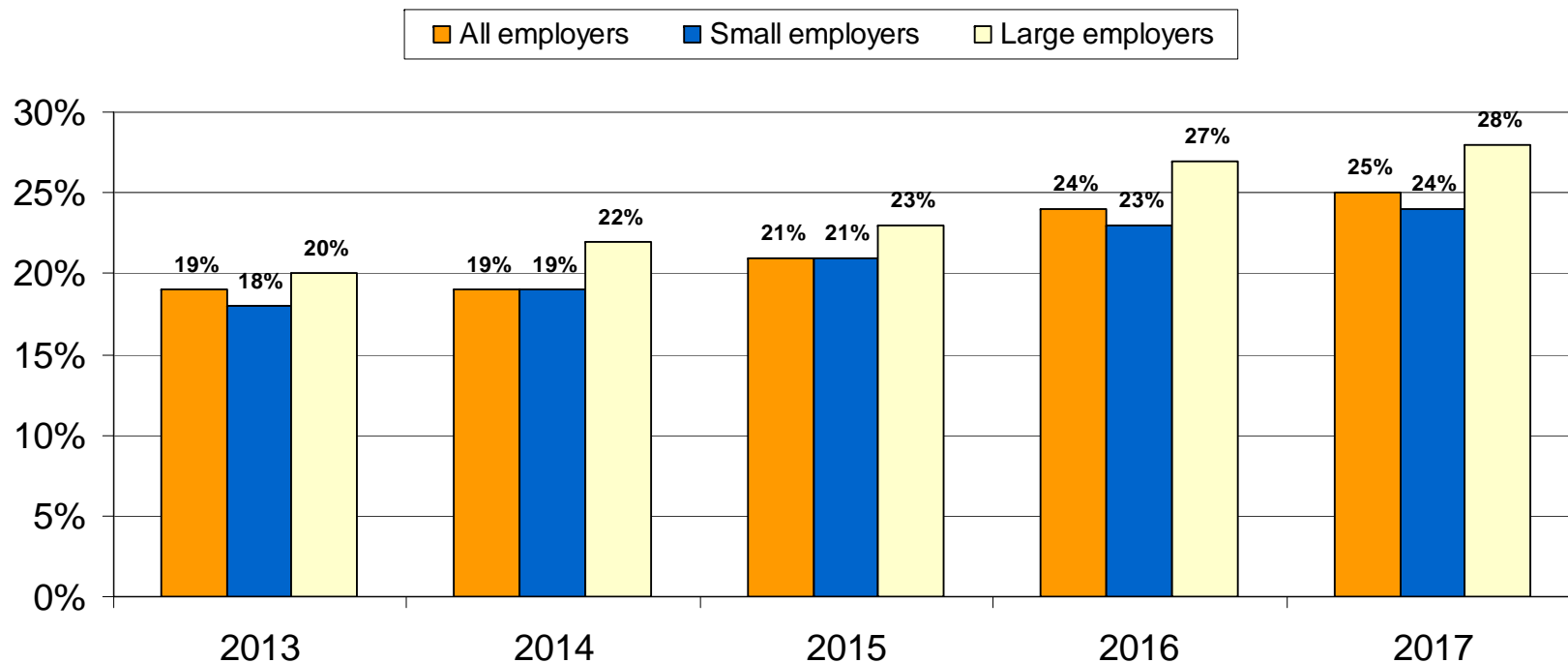
Coverage for part-time employees among large employers

- Make coverage available to PTEs: 66%
- Average number of hours required for eligibility: 23/week
- In some industries, PTEs make up significant portion of the workforce:
 - Wholesale/retail: PTEs make up 32% of workforce (but only 47% of employers cover them)
 - Services: PTEs make up 27% of workforce (but only 63% of employers cover them)

Note: Based on large employers with at least some PTEs

Will reform create additional pressure to manage trend?

Estimated % of employers with plans that will trigger excise tax on high-cost plans if no changes are made



Source: 2008 Mercer Survey of Employer Sponsored Health Plans; premium trended at 6%, CPI + 1% = 4%

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