

Employer and Coalition Trends in Health Care Management

Participant Summary

June 2010



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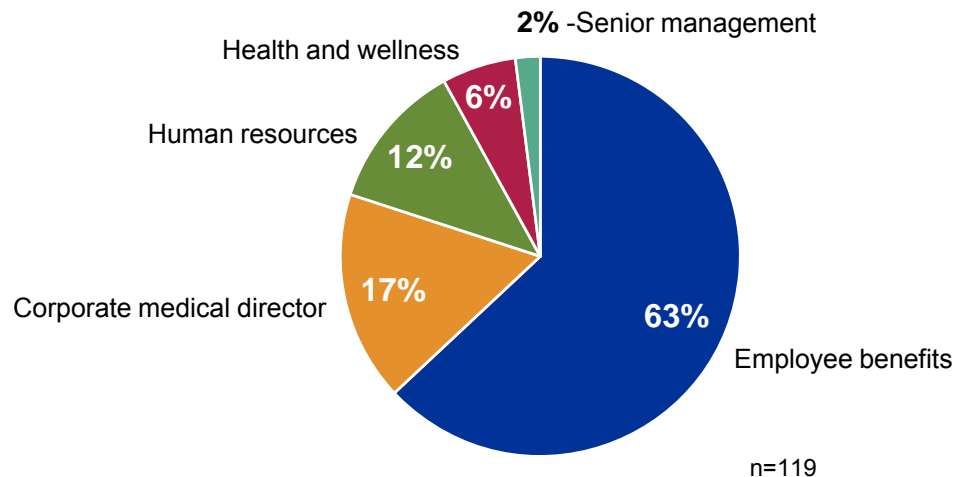
- ▶ Participants
- ▶ Key Research Findings: Top Three Trends
- ▶ Employer Research Highlights
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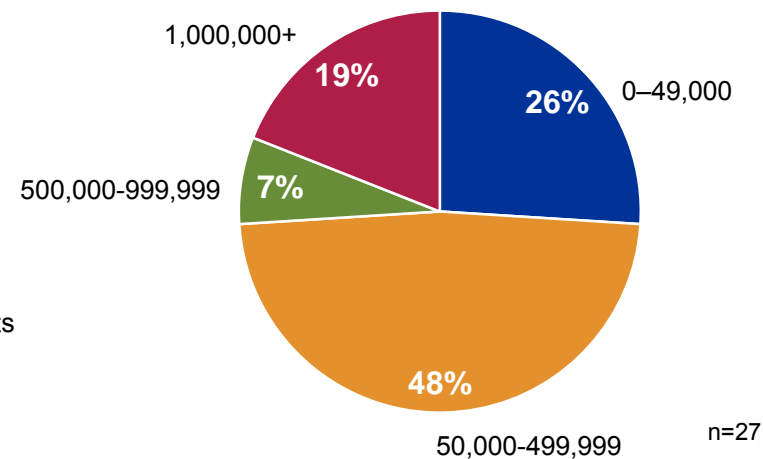
Participants

Type of Research Participant	Number of Surveys
Jumbo Employer	119
Coalition	27

Employer Research Participants by Department



Member Lives Represented by Coalition Participants



Key Research Findings— Top Three Trends

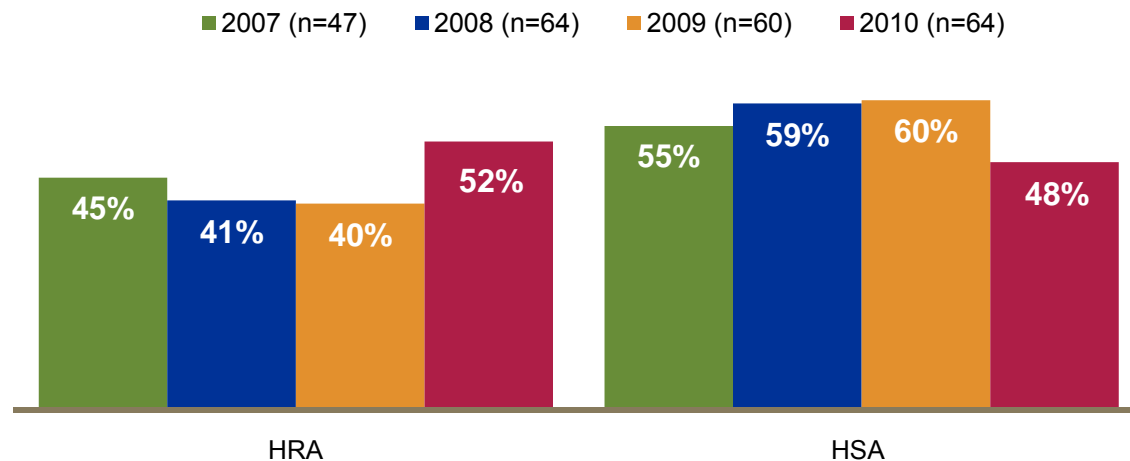


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TREND 1: Under economic pressure, employers *did what they had to do* tactically to reduce costs, but for the most part, they stayed on course strategically

- ▶ Employers reported cost cutting tactics such as raising copay/coinsurance amounts and increasing limits on out-of-pocket costs.
- ▶ Among employers implementing consumer directed health plan (CDHPs), there was a significant jump in those choosing to use Health Reimbursement Accounts (HRAs) vs. Health Savings Accounts (HSAs).
- ▶ While making these tactical accommodations decision makers did not abandon their strategic approach. The purchase/use of integrated data rose versus prior years, and the number of employers indicating that their philosophy is to proactively manage health and productivity hit an all-time high.

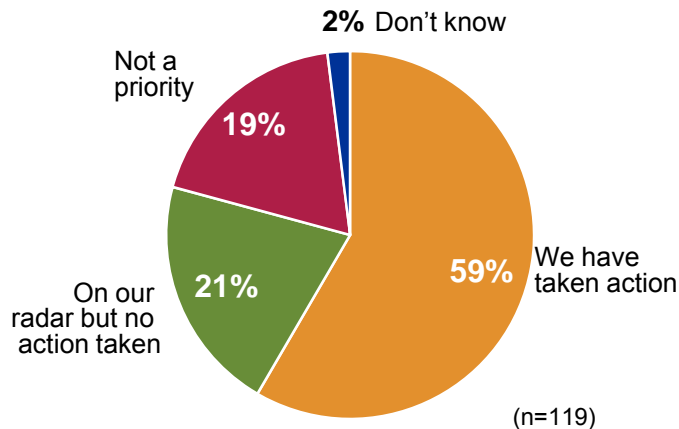
Health Care Accounts Linked with CDHPs



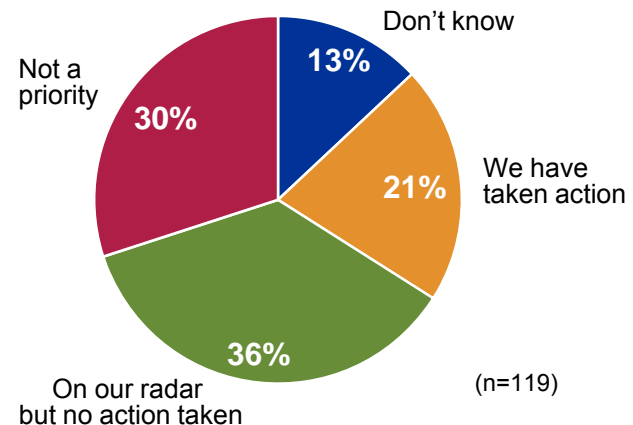
TREND 2: Employers are becoming more directly engaged in the health care supply chain

- ▶ During a time crowded with talk about what government was going to do to address problems in health care—and perhaps somewhat in reaction to that possibility—employers demonstrated a willingness to more directly engage the health care supply chain.
- ▶ Evidence of this trend is found in strategies ranging from the expanding role of worksite health centers, to benefits driving use of Centers-of-Excellence for bariatric surgery and minimally-invasive surgical procedures, to more direct participation with providers in pay-for-performance initiatives at the market level.

Employer approach to coverage of bariatric surgery as a treatment option for obesity

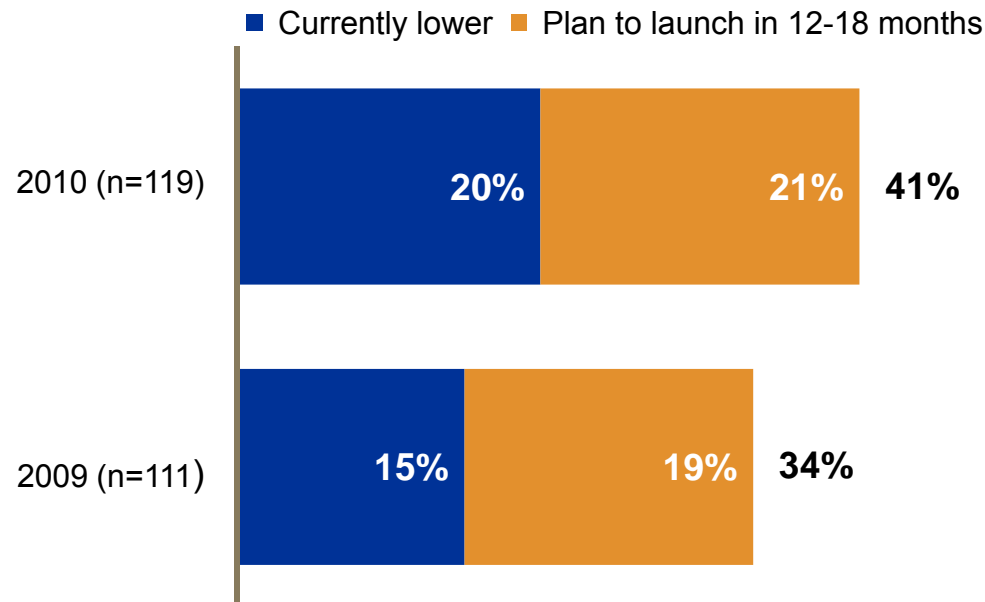


Employers encouraging use of minimally invasive surgical techniques



TREND 3: Value-based benefit design (VBBD) has become part of the mainstream of health benefit strategy

- ▶ Given the economic climate, if VBBD was just *an interesting experiment*, we would have expected to see a decline in its use and anticipated growth.
- ▶ Instead, we observed a 5% increase in use of VBBD over 2009 findings and the intent for further expansion.



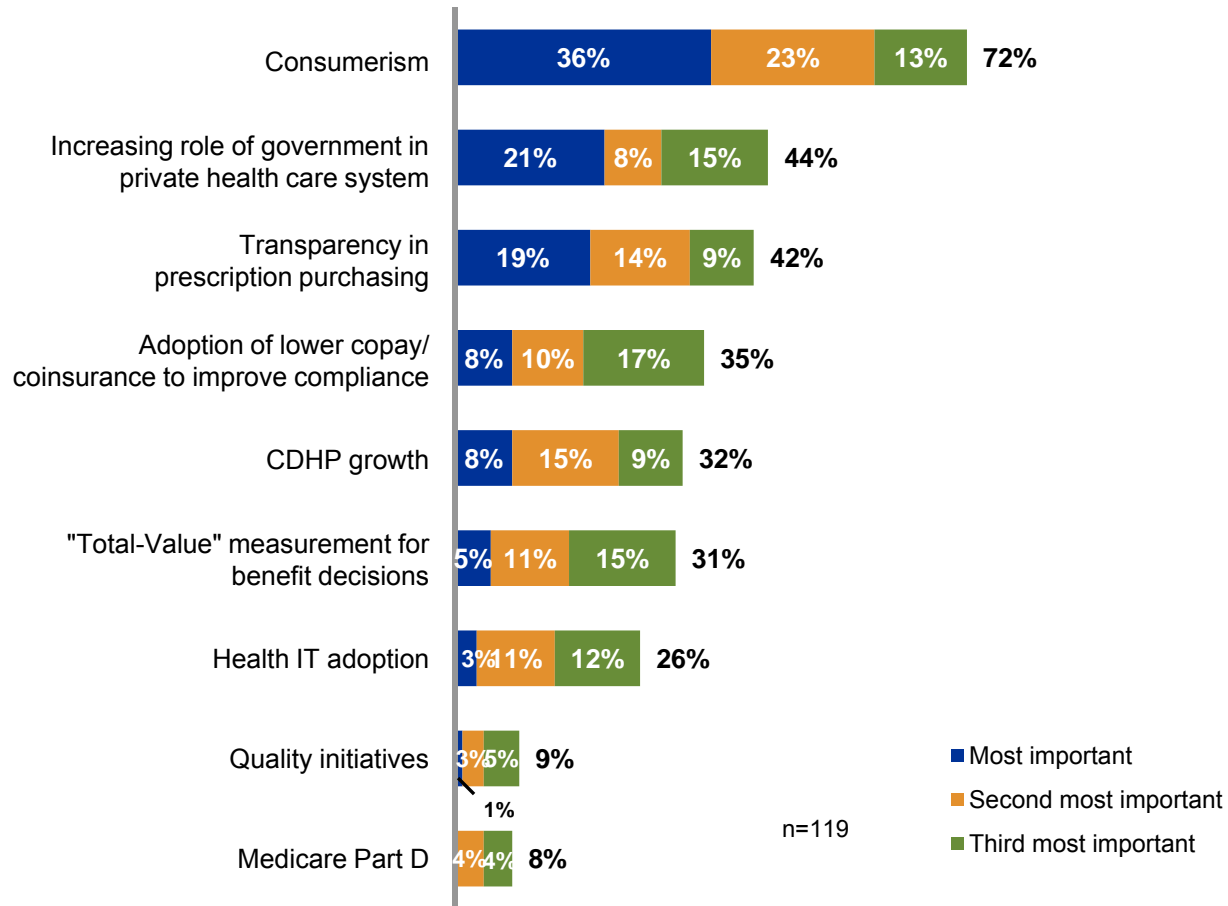
Employer Trends



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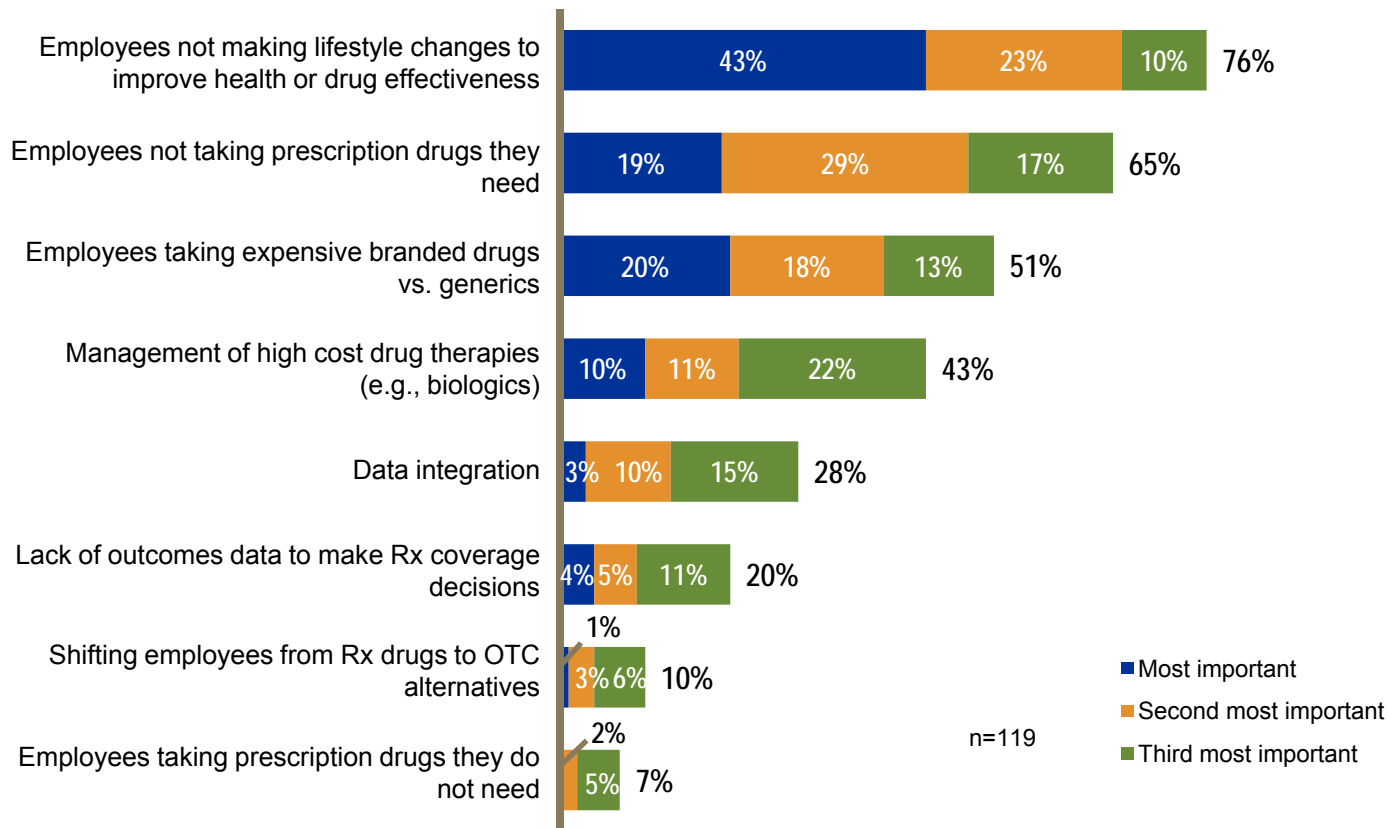
Trends Likely to Have Greatest Impact on Pharmacy Benefits in 12–18 Months

- ▶ For the fifth year in a row, consumerism reigns as the top trend influencing employer pharmacy benefits.



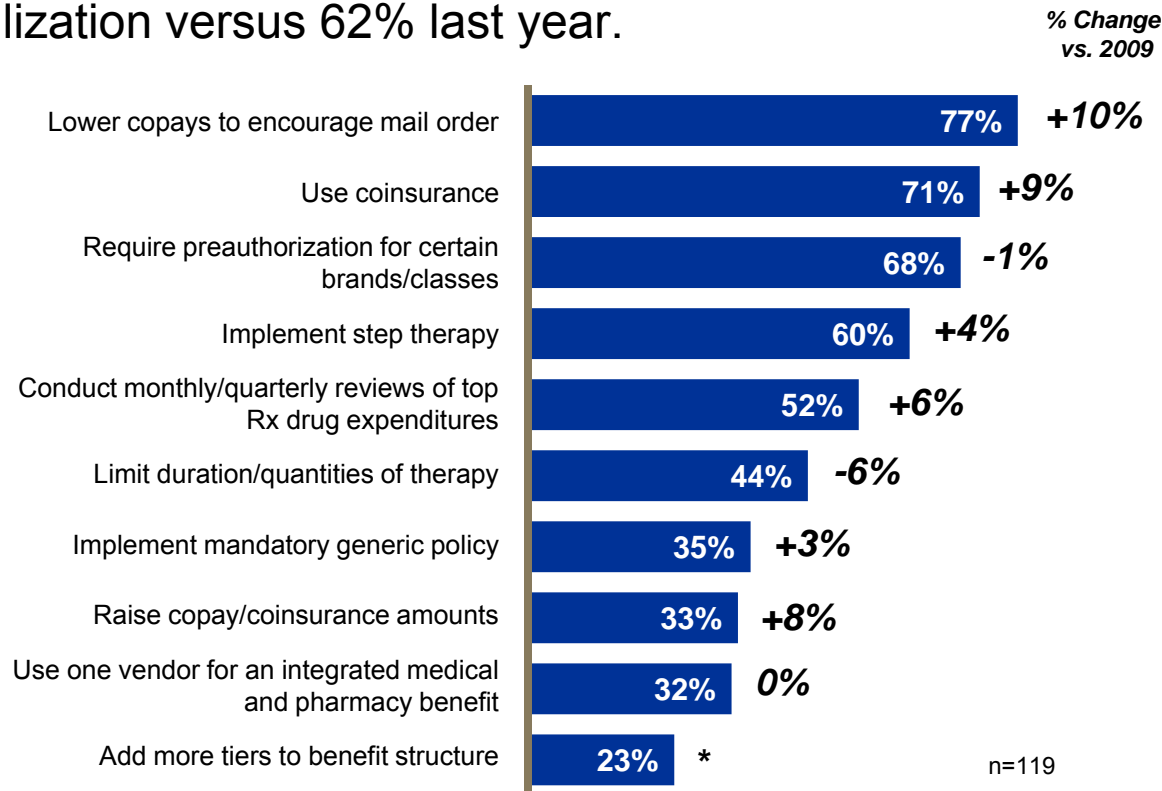
Current Pharmacy Benefit Challenges

- ▶ The top two Rx challenges cited by surveyed employers are employees not making necessary lifestyle changes (75%) and employees not taking the Rx drugs they need (65%).



Top 10 Current Pharmacy Cost Management Initiatives

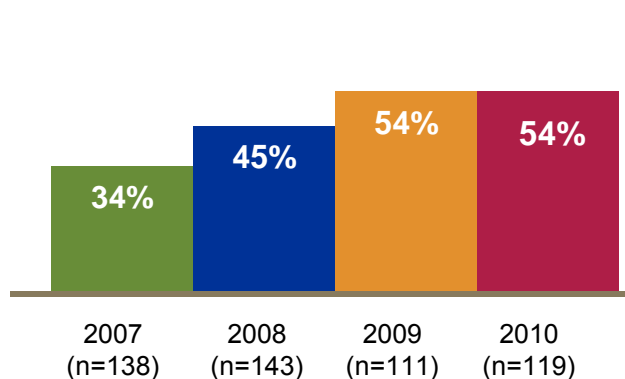
- ▶ Lowering copays to encourage mail order is the top Rx cost management trend among surveyed employers with utilization up to 77% in 2010 from 67% in 2009.
- ▶ Use of coinsurance ranked second with 71% of respondents reporting utilization versus 62% last year.



Employers' Approach to CDHPs

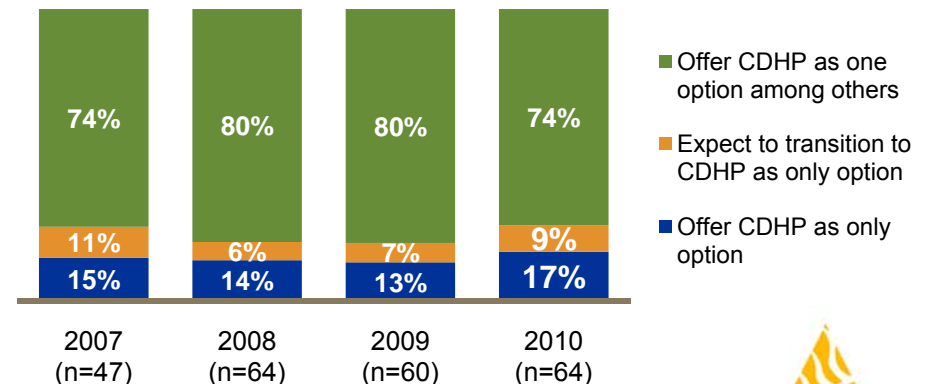
- ▶ In 2009 and 2010, the number of employers offering CDHPs remained stable at 54%.
- ▶ Of employers that offer CDHPs, 74% offer them as one option among others.
- ▶ The proportion of employers that offer CDHPs as the only option and those expecting to transition to CDHP as the only option have increased slightly from 2009.

Employers Offering CDHPs



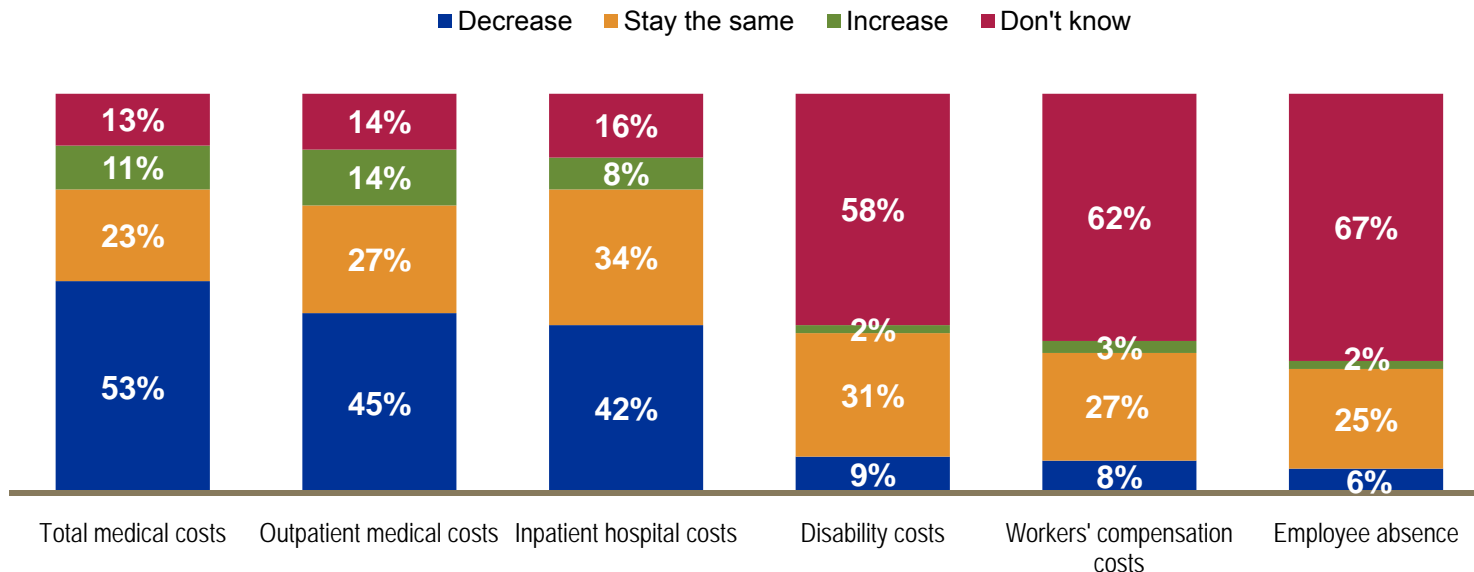
Employers' Approach to CDHPs

(Percentage of those employers offering CDHPs)



Medical and Productivity Outcomes Achieved by CDHP

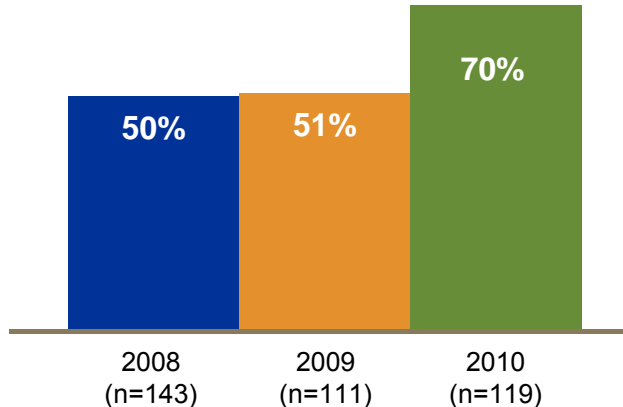
- ▶ Outcomes most frequently reported by employers offering CDHPs include a reduction of total medical costs (53%), outpatient medical costs (45%) and inpatient hospital costs (42%).
- ▶ Although the percentage of employers indicating “don’t know” decreased from 2009 to 2010, it remains the highest response category for productivity outcomes (disability cost, workers’ compensation cost, and employee absence).



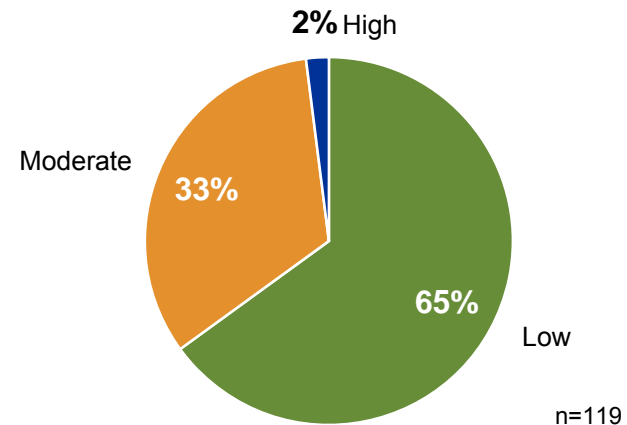
Employer Expectations of Government Involvement in Health Care

- ▶ Following nearly a year of often rancorous debate, employers expressed preference for minimal government involvement in provision of health care (70% in 2010 vs. 51% in 2009 and 50% in 2008).
- ▶ Only 2% of surveyed employers have high confidence that their needs are being considered in the health care reform process, and 65% have a low level of confidence.

Employers Preferring a Low Level of Government Involvement in Health Care

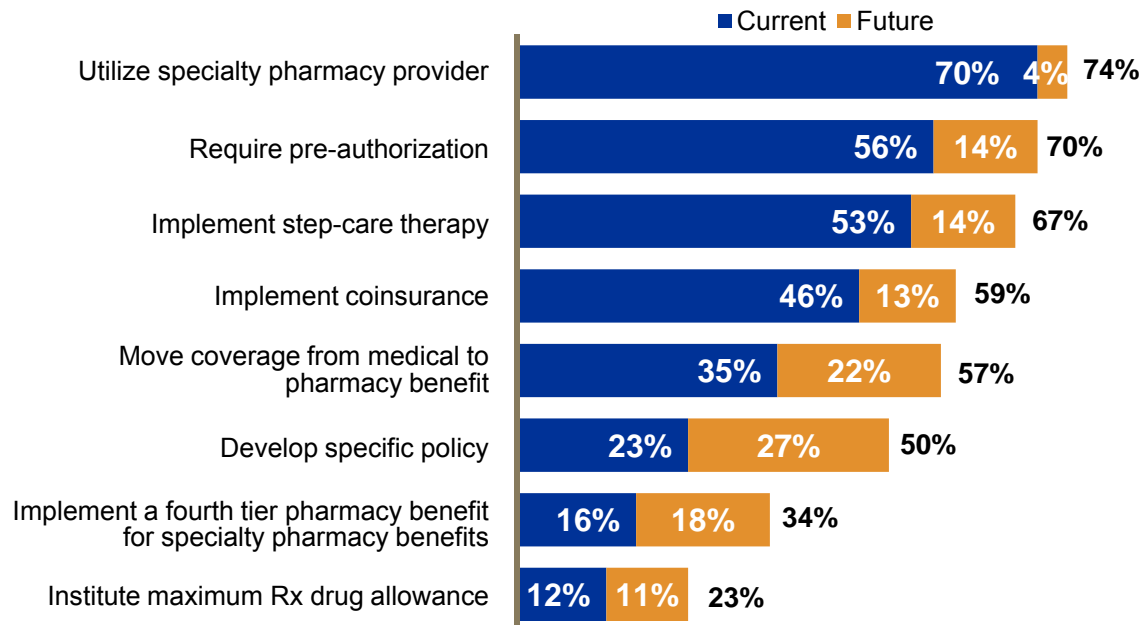


Level of Confidence that Large, Self-Insured Employers are Being Considered in the Health Care Reform Process



Initiatives to Manage Cost and Utilization of Biologics

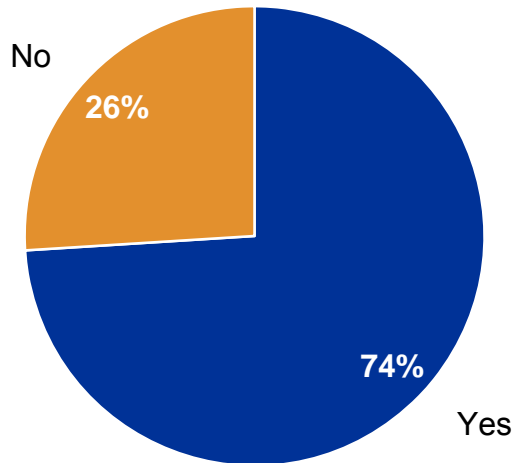
- ▶ Surveyed employers report the use of a specialty pharmacy provider as the top initiative to manage the cost and utilization of biologics (70%), followed by pre-authorization requirements (56%) and step-care therapy implementation (53%).
- ▶ Nearly one-fourth have a specific biologics policy in place and an additional one-fourth of respondents report plans to develop a specific biologics policy in the future.



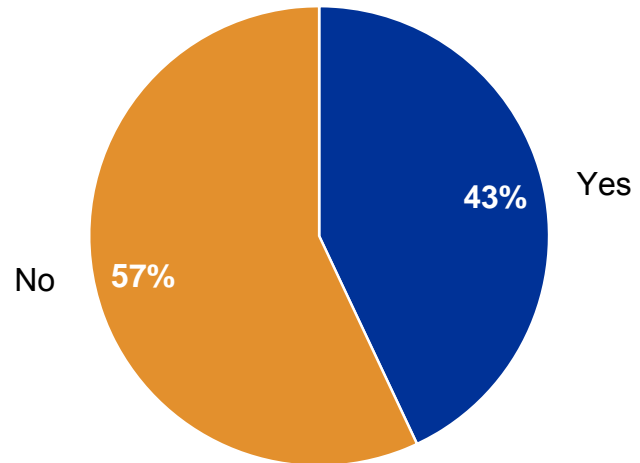
Awareness of Biologic Cost

- ▶ Interestingly, there was a distinction in surveyed employer awareness of biologic cost in the prescription benefit and the medical benefit.
- ▶ While nearly 75% knew the cost of biologics in the prescription drug benefit only 43% knew the cost in the medical benefit.

Are you aware of the cost of biologics in your prescription drug benefit?



Are you aware of the cost of biologics in your medical benefit?

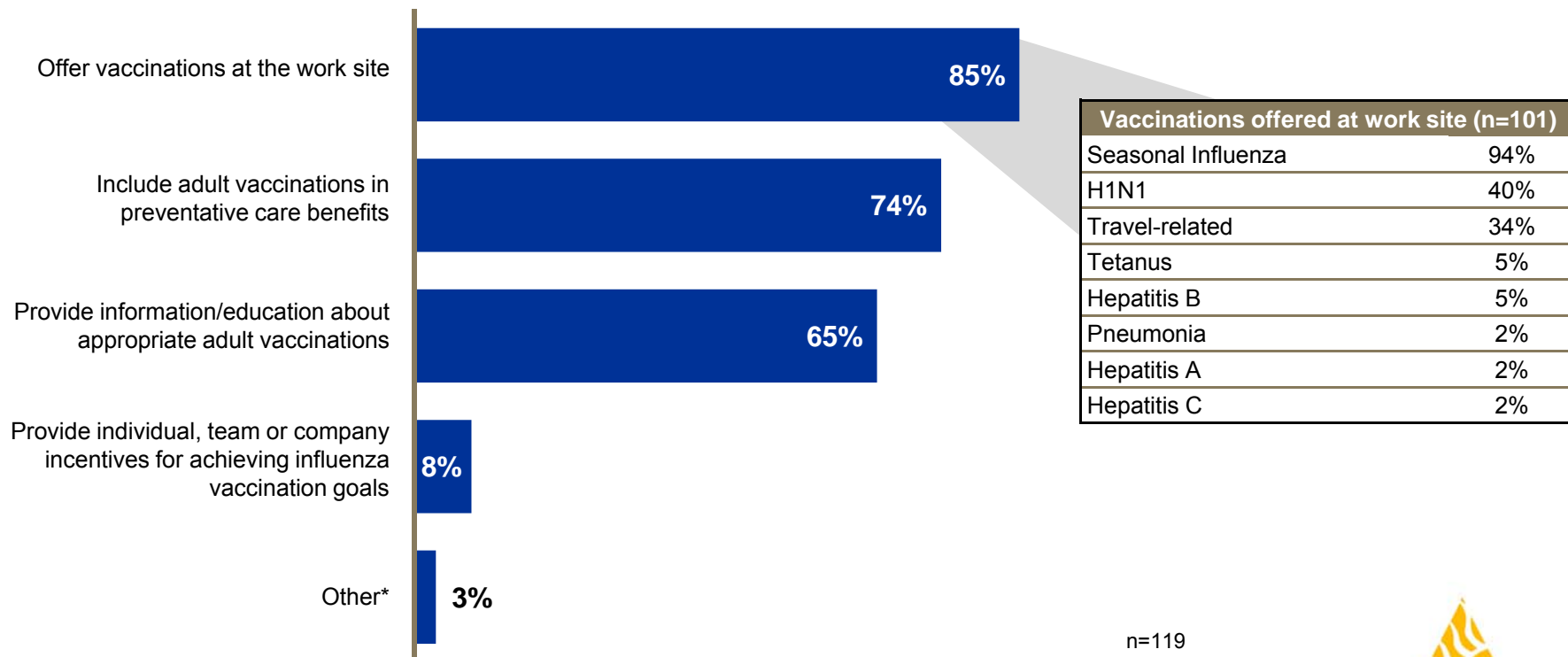


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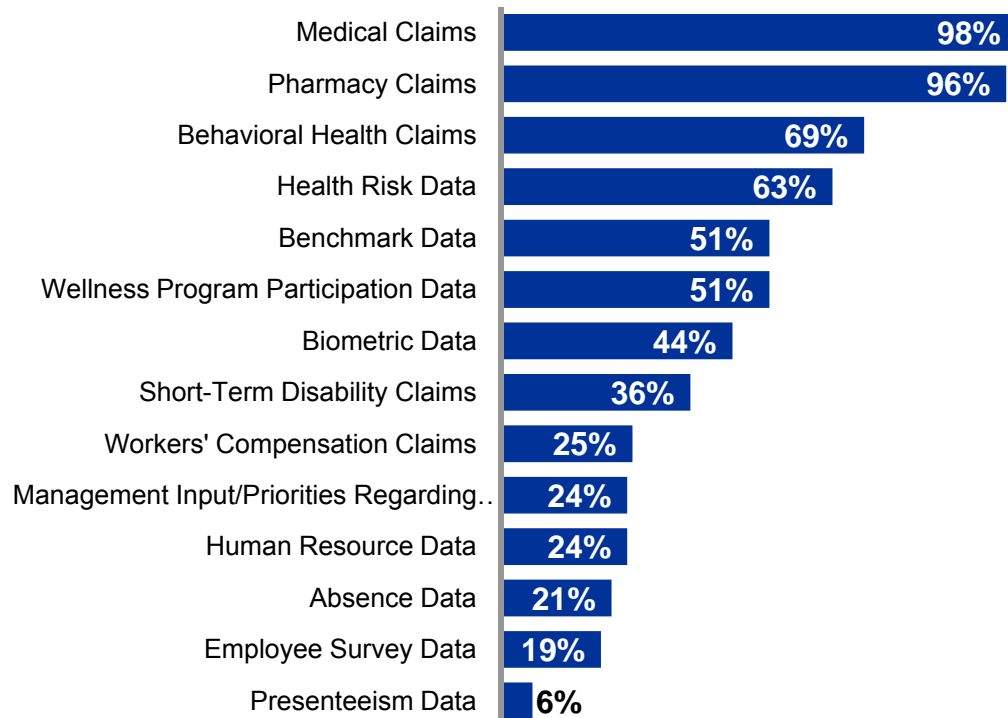
Initiatives Used to Promote Adult Vaccinations

- ▶ The top initiative used by surveyed employers to promote adult vaccinations is offering vaccines at the work site (85%).
- ▶ The seasonal flu vaccine is the most frequently offered work site vaccination (94%) followed by H1N1 (40%).



Elements of Data Integration Used for Planning, Measurement and Management

- ▶ Nearly all surveyed employers report integration of medical and pharmacy claims and more than two-thirds integrate behavioral health claims.
- ▶ Absence data, employee survey data and presenteeism data are the least commonly used elements of data integration.



n=119



Employer Health Coalition Trends

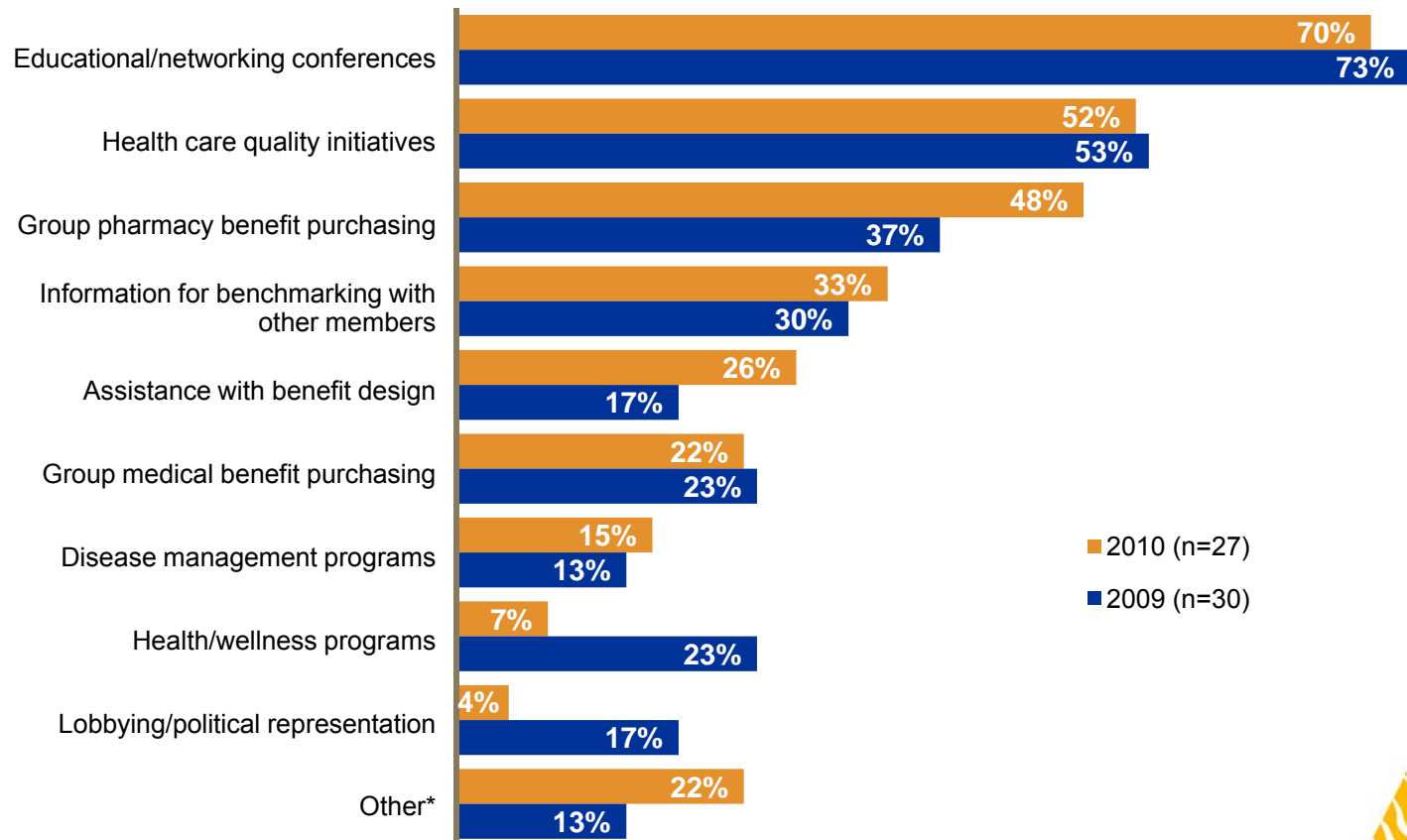


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Coalition Services Used by Employers

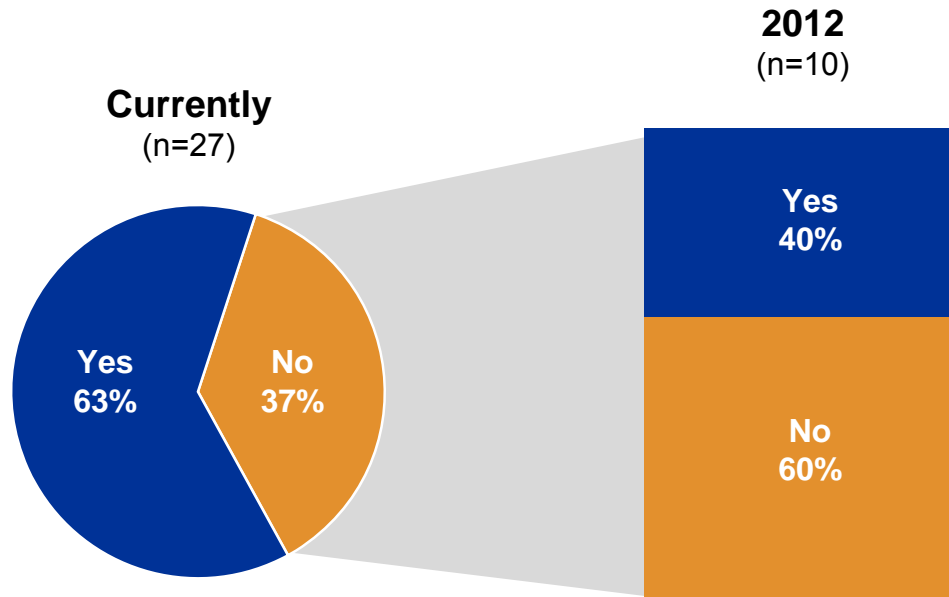
(Percentage of coalitions identifying as one of top three services used)

- ▶ Educational/networking conferences, health care quality initiatives and group pharmacy benefit purchasing remained as the top coalition services for the fourth year in a row.



Coalitions Offering Group Pharmacy Benefit Purchasing

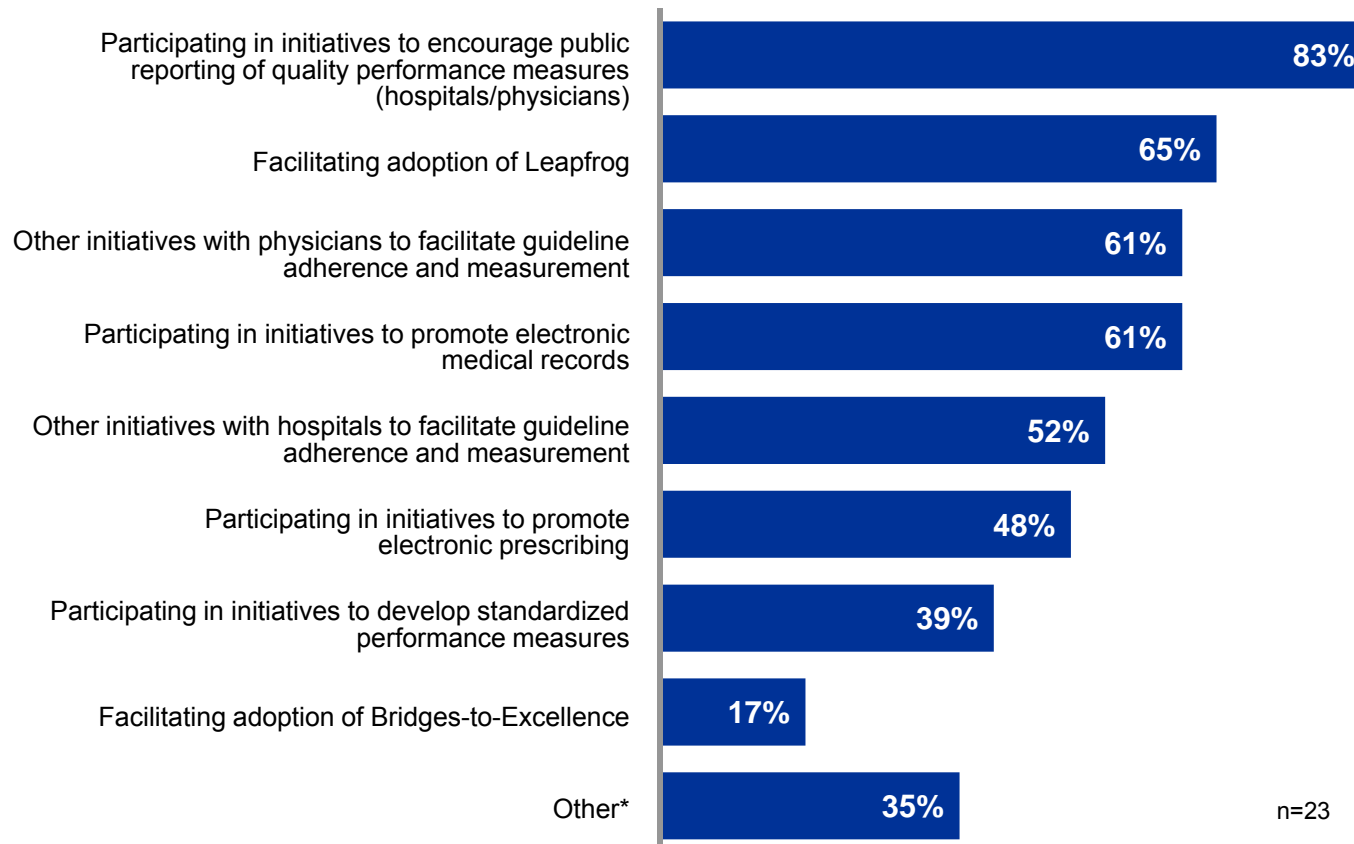
- ▶ 63% of coalitions surveyed currently offer group pharmacy benefit purchasing to their members.
- ▶ 40% of coalitions not currently offering group pharmacy purchasing plan to do so by 2012.



Coalitions Participation in Specific Quality Initiatives

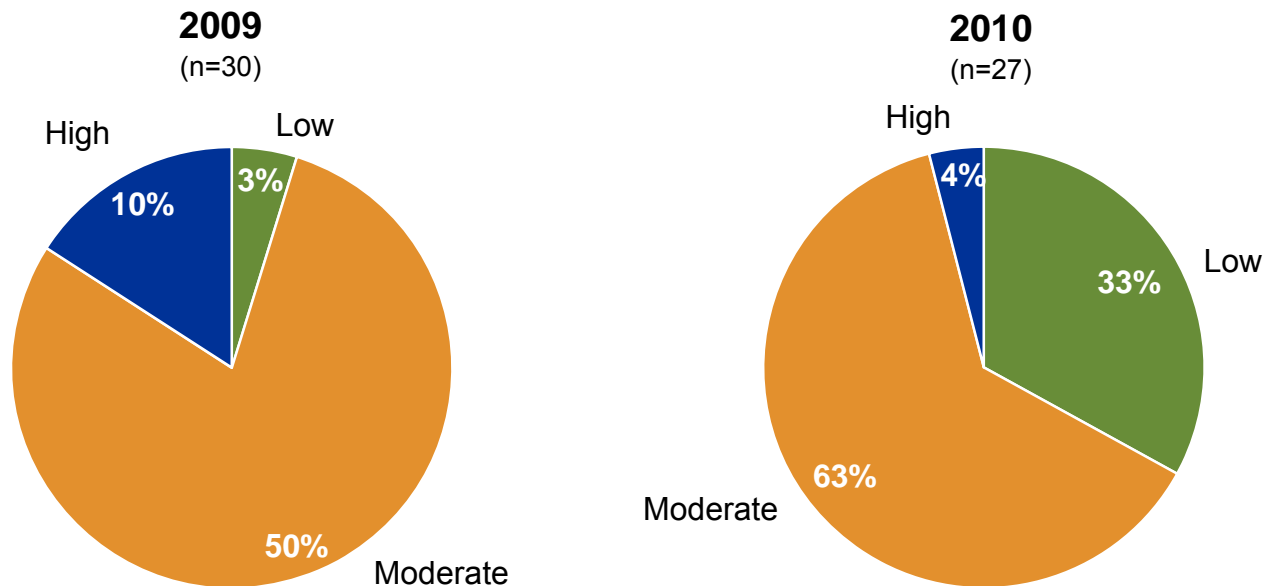
(Of those participating in quality initiatives)

- ▶ The most common way that surveyed coalitions are participating in quality initiatives is through encouragement of public reporting of quality performance measures (83%).



Coalitions' Preferred Level of Government Involvement in Health Care

- ▶ 67% of respondents favored a moderate or high level of government involvement in 2010, compared to 60% in 2009.
- ▶ Interviews revealed that this “level of involvement” is more about leveraging their purchasing power of government covered lives to assist in the adoption of health care quality improvement initiatives, than it is about desire for the government to take over and run the health care system.



Thank you!

- ▶ We value your insights and hope that you will continue to support our research efforts!
- ▶ Please contact us with questions and/or comments.

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