



2019 Health Benefits Cost Containment Report

Introduction

Healthcare spending will continue to grow steadily over the next decade. The Centers for Medicare & Medicaid Services forecasts national health spending growth to average 5.5% per year through 2027,¹ at least double the projected gross domestic product growth for the same time period.²

While employers are mindful of healthcare costs at their companies, today employers must offer competitive benefits to attract and retain talent. As of September 2019, the unemployment rate sat at a 50-year low of 3.5% as the U.S. economic expansion entered its tenth year.

In this benefits environment, employers must understand two things: first, the value and impact of benefit strategies, particularly when competing for talent; and second, the benefits their employees actually value and use.

The *First Stop Health Annual Health Benefits Cost Containment Report* surveyed 155 companies with employee sizes ranging from 500 to more than 25,000. Collectively, they employ nearly a million employees and operate in all major industries. The report looks at benefits offered, cost savings and return on investment (ROI) measured.

To stay competitive, most employers surveyed are

offering a wide set of benefits that includes everything from flexible spending accounts (FSAs) to mental/behavioral health services.

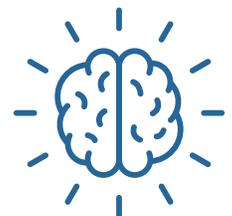
At the same time, 45% of employers surveyed said reining in benefit spending was their top priority. However, most employers admitted they often do not measure the effectiveness of those benefits, and many believe most of their employees do not understand the value of these benefits.³

There are three key insights in the *Annual Health Benefits Cost Containment Report*:

30% of employers are maintaining their current strategy and not planning to offer any new benefits next year.

40% of employers are modifying the employer-employee split on healthcare costs as a cost-management strategy.

Employers often struggle to measure the ROI of top benefit strategies.

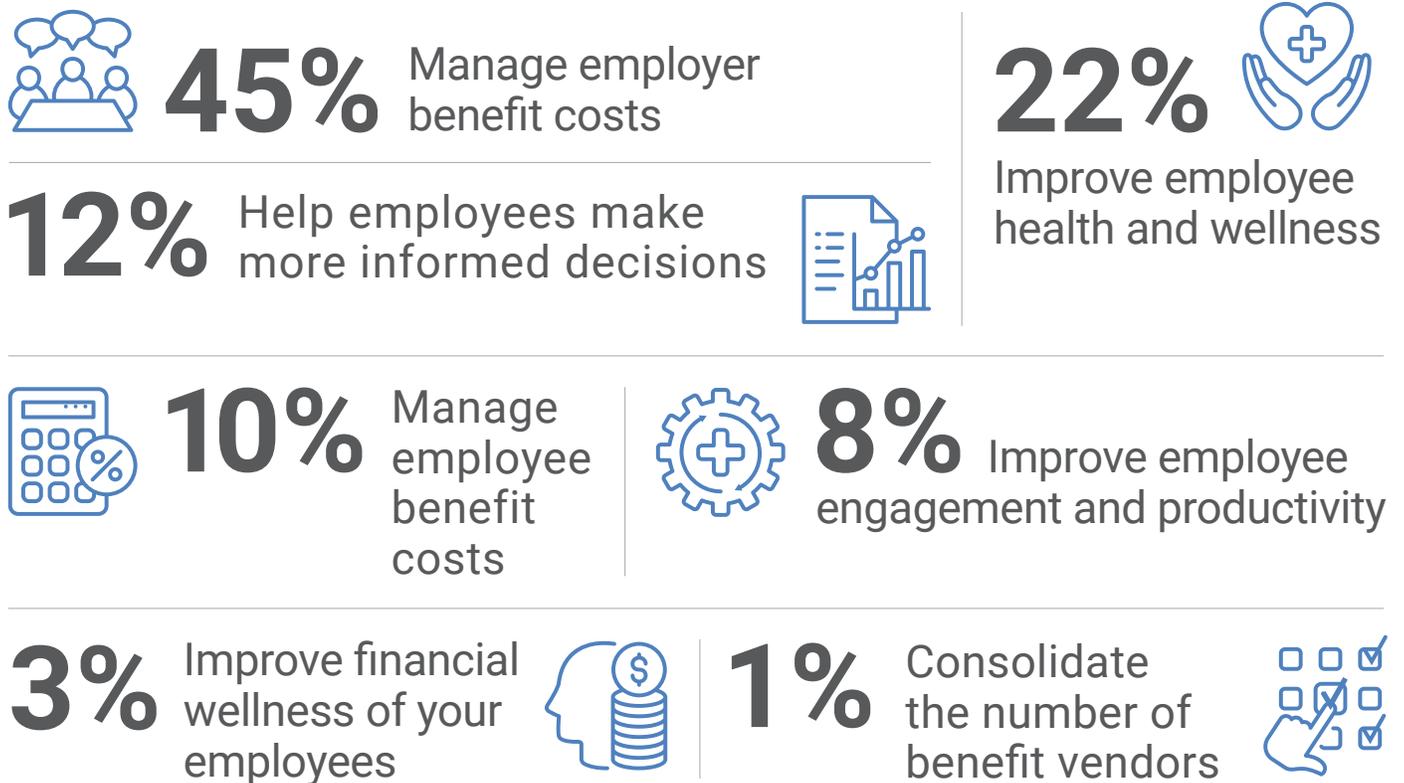


Key Findings

Nearly half of employers (45%) said that managing their companies' benefits costs is their top priority, while only 10% of employers cited managing their employees' share of costs as a top priority. Fewer still reported that improving the financial wellness of their employees was a top priority.

Figure 1: Benefits Priorities

Which of the following are the top three employee benefits priorities for your organization in 2019?

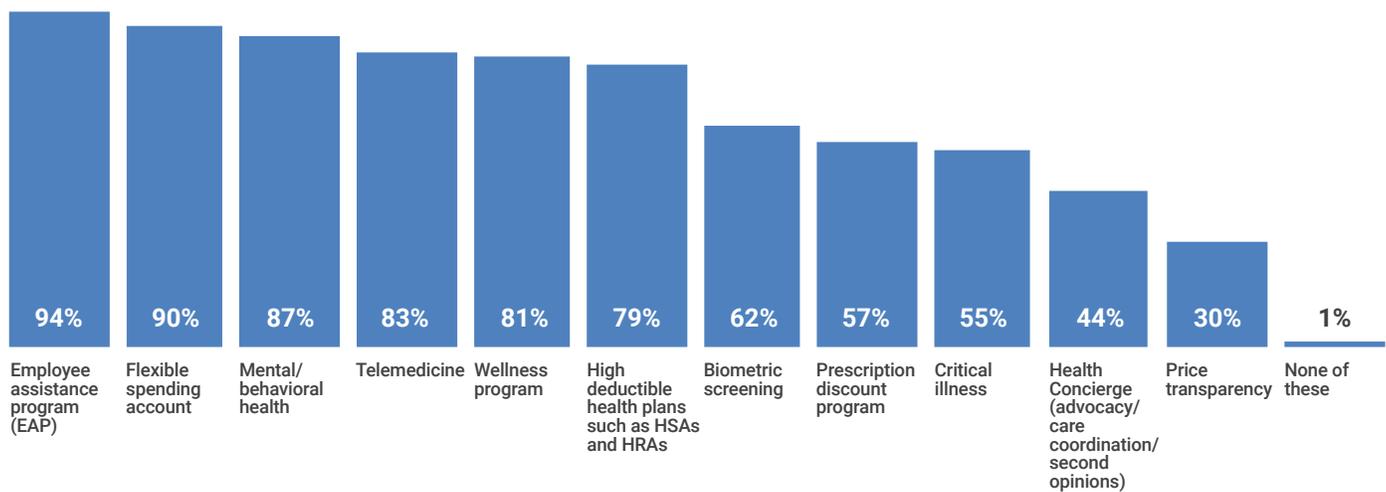


Of the following benefits, most employers offer well-known plans including employee assistance programs (94%), FSAs (90%) and mental/behavioral health plans (87%). Next year, nearly one in three employers (30%) is staying the course and not planning to offer any new benefits.

Figure 2: Current Strategies

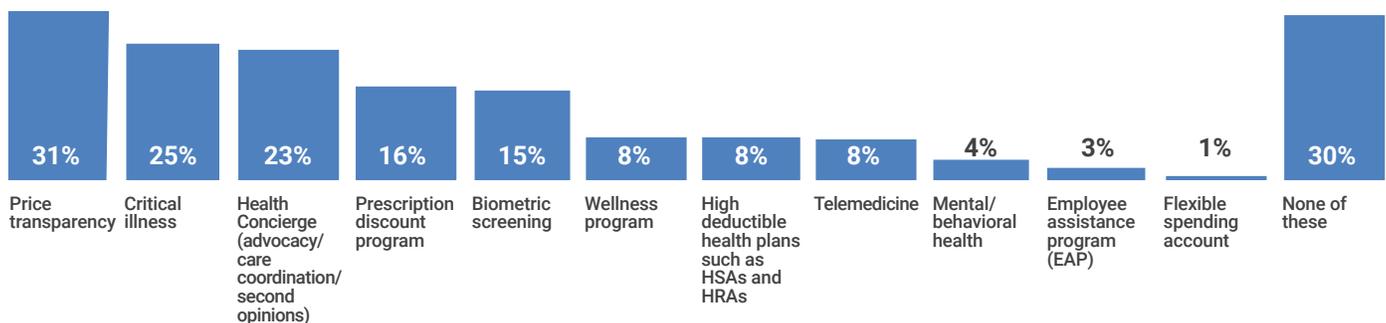
Which of the following benefits does your organization currently offer to employees?

Please select all that apply.



Which of the following benefits does your organization plan to offer in the next 12 months?

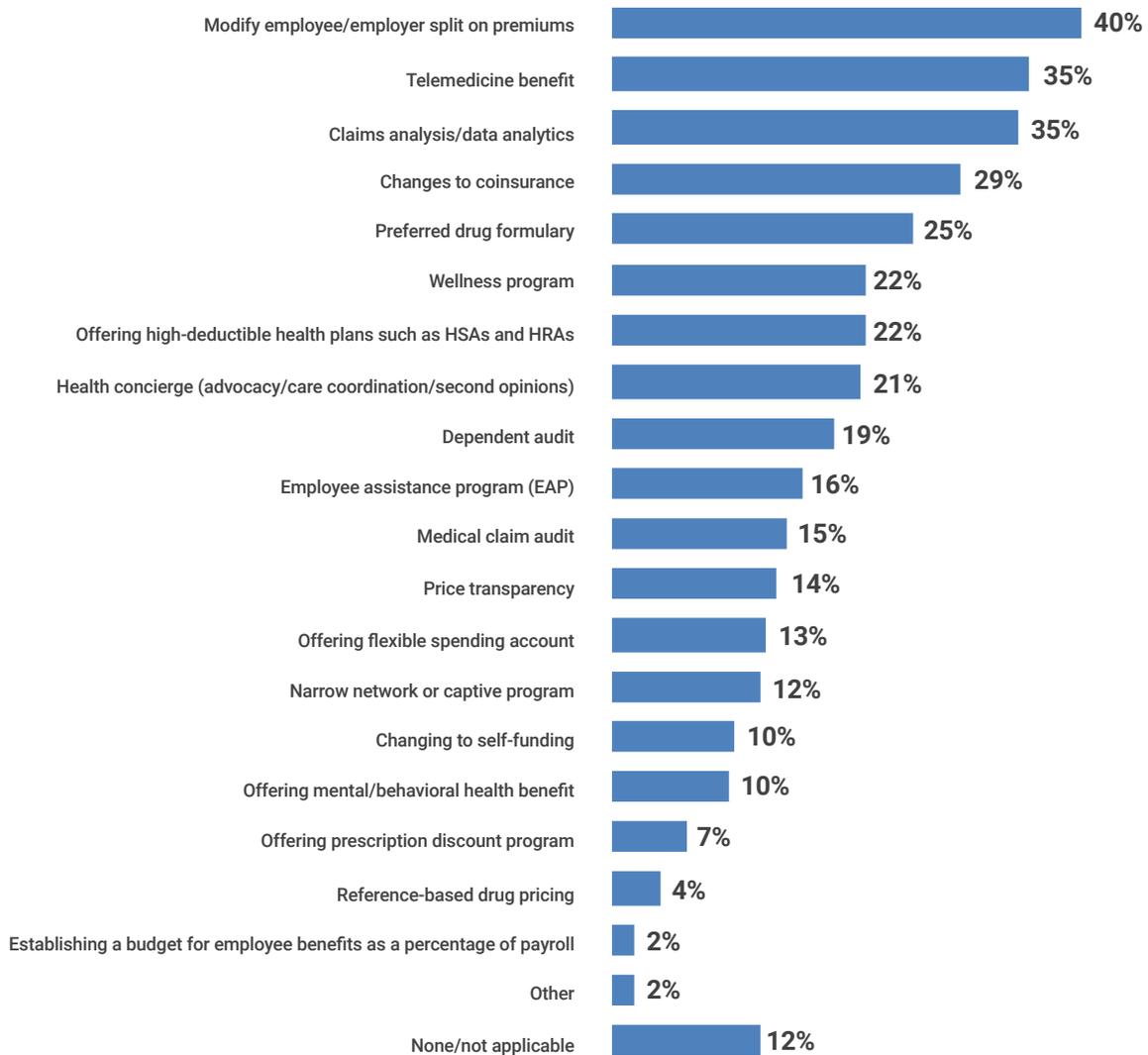
Please select all that apply.



To help manage costs, 40% of employers are currently modifying the employer-employee split on premiums. Others are turning to strategies such as telemedicine (35%) and claims analysis (35%).

Figure 3: Implementation of Cost Management Strategies

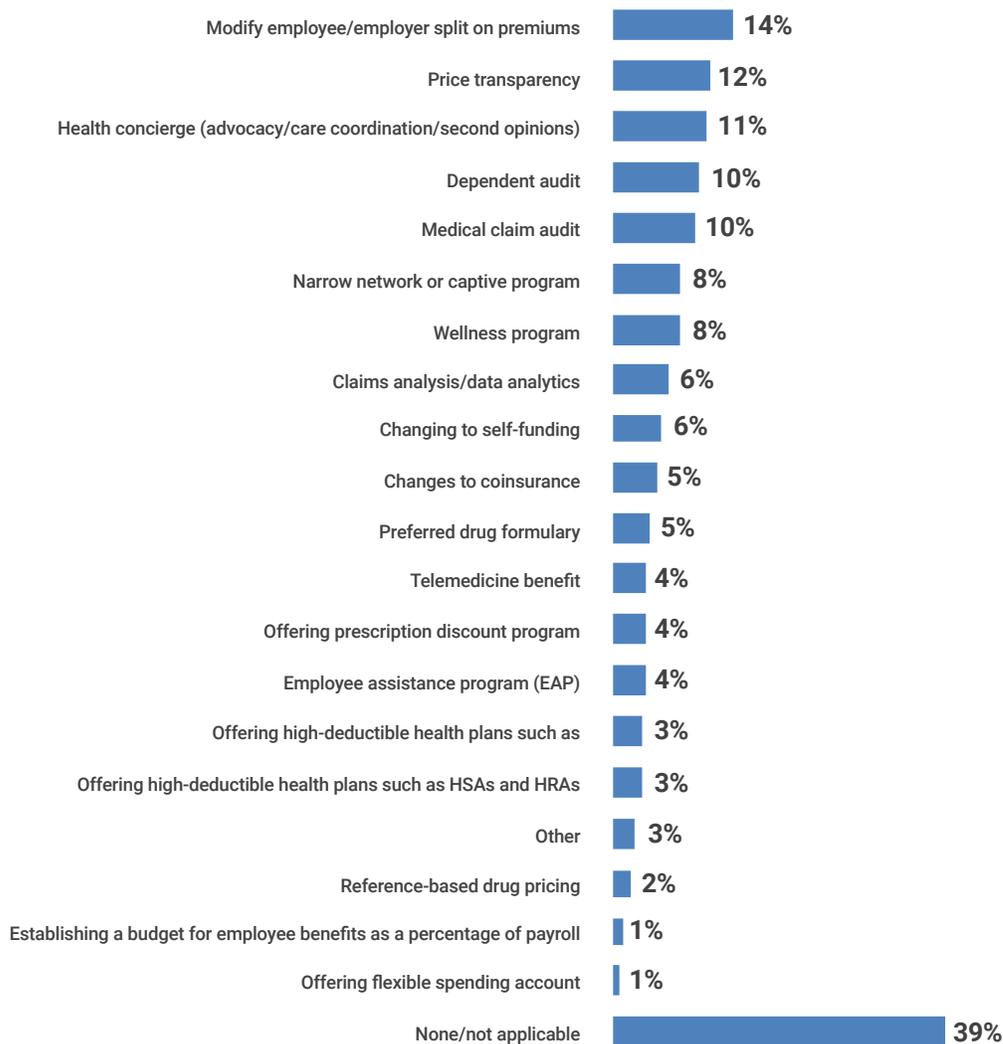
Which benefits cost management strategies have you implemented in the past 12 months? Please select all that apply.



The top five cost-management strategies employers plan to implement in the next 12 months focus on analytics and funding. 14% of employers plan to modify the employer-employee split on premiums to manage healthcare costs for the first time. Others will look at price transparency (12%) or a concierge service (11%) to help employees navigate the healthcare landscape. Additionally, 39% are not planning to implement any new cost-management strategies.

Figure 4: Plan to Implement Cost Management Strategies in the Next 12 Months

Which benefits cost management strategies does your organization plan to implement for the first time in 12 months? Please select all that apply.

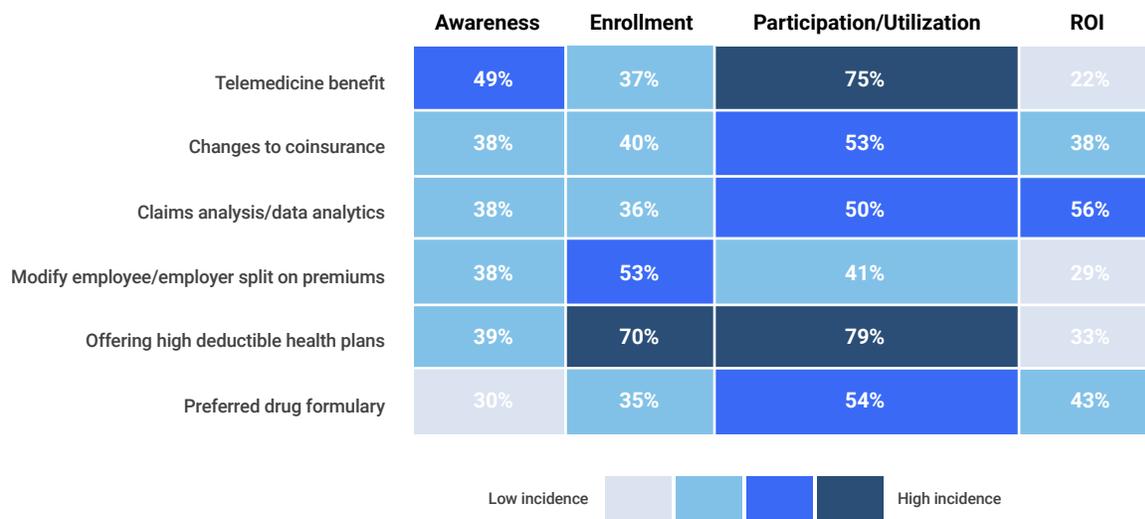


Employers often struggle to measure the ROI of the benefits they offer. 56% of employers offering claims analysis/ data analytics measure its ROI, but only 22% of employers offering telemedicine measure its ROI. This may be because employers don't have a clear approach to measuring telemedicine ROI. Meanwhile, claims analysis/data analytics outcomes are inherently quantifiable.

Employers must improve their visibility into relevant metrics so they can manage costs while attracting and retaining employees by offering top benefits.

Figure 5: Employer Strategy Measurement

Which of the following health and wellness solution metrics does your organization measure for each cost management strategy implemented?



Respondent Demographics

The inaugural *First Stop Health Annual Health Benefits Cost Containment Report* surveyed 155 self-funded employers at companies with 500 to more than 25,000 employees across 20 industries. The respondents all had direct influence over employee benefits decision-making.

Figure 6: Industries

Which of the following best describes your organization's primary industry? Please select one.

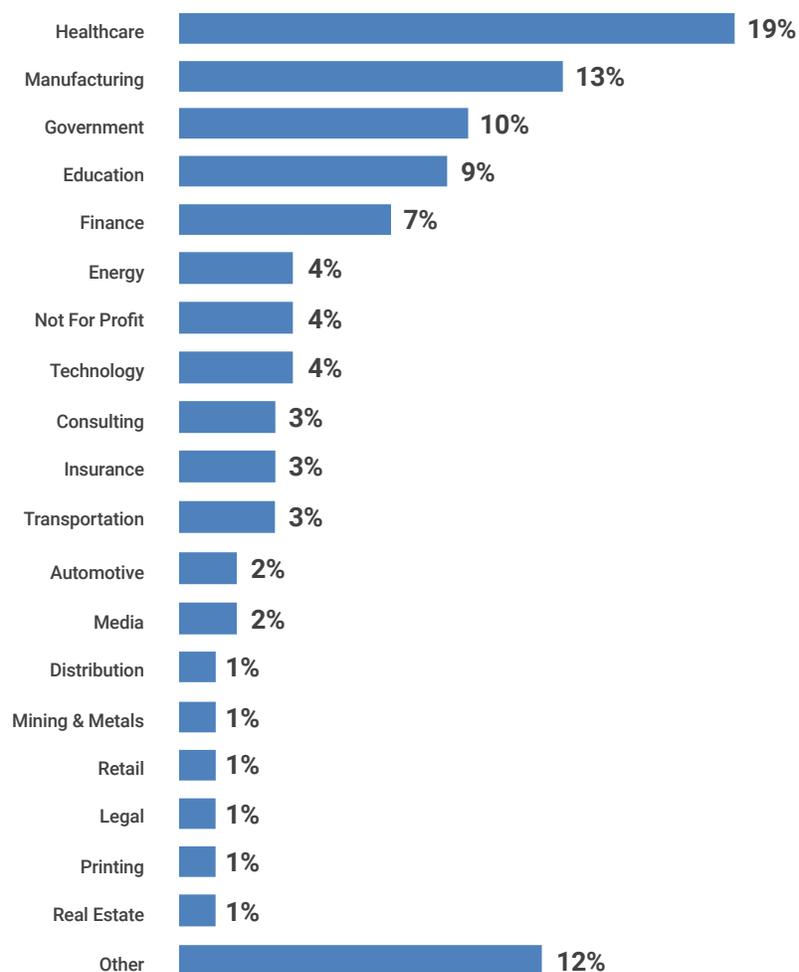


Figure 7: Company Size

What is the total number of full-time employees working at your organization at all U.S. locations?
Please select one.

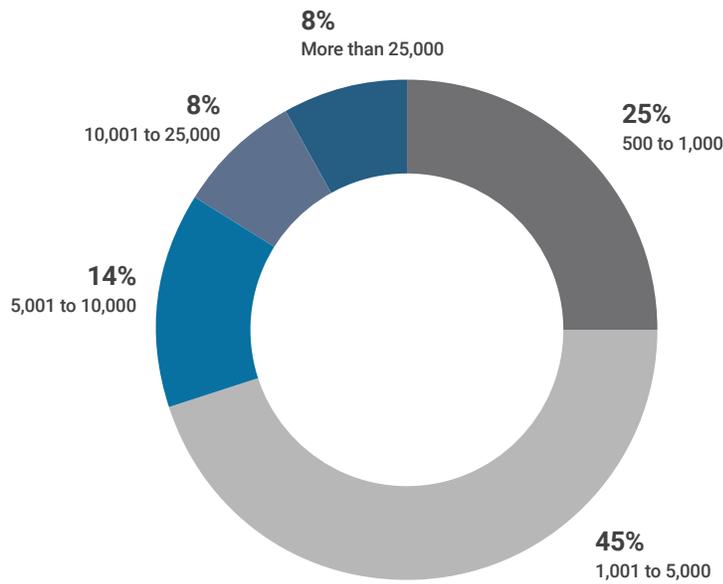
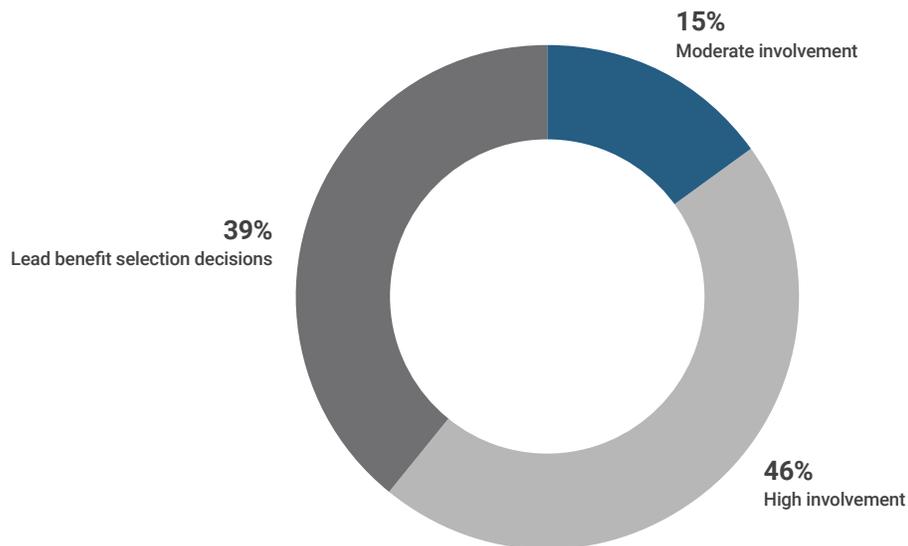


Figure 8: Decision-Makers

Which of the following best describes your involvement when it comes to selecting employee healthcare benefits at your organization? Please select one.



Conclusion

With low unemployment, it is imperative that employers remain competitive. But healthcare spending continues to balloon.

Employers know they must do everything they can to control healthcare spending at their company, while at the same time continuing to offer popular employee benefits. They are also continuing to evaluate the employer-employee split on premiums, deductibles, copays, and co-insurance.

Yet employers struggle to measure the ROI of their benefits, making it difficult – if not impossible – to understand what’s working and what’s not.

Recommendations

Find ways to measure ROI to determine the effectiveness of each cost-management strategy.

Strategize to limit cost increases, while maintaining benefits employees use and value.

Continue to explore additional or emerging cost-containment and employee-retention measures.

Footnotes

¹[National Health Expenditure Projections 2018-2027](#)

²[An Update to the Economic Outlook: 2018 to 2028](#)

³ Only 11% of employers surveyed during the First Stop Health Annual Health Benefits Cost Containment Report webinar conducted in April 2019 said their employees understood the true value of the benefits they offered.

About the Report

In February and March 2019, SourceMedia Research/Employee Benefit News and Adviser conducted an online survey of 155 employers about their top healthcare benefits challenges and how they view and implement them. Employer respondents had benefits decision-making responsibility for self-funded health plans at companies employing at least 500 employees. Respondent's top roles were benefits administration and human resources.

About First Stop Health

First Stop Health is a virtual care company that provides Telemedicine and Care Navigation to employers nationwide with a high value, high utilization benefit solution for their employees and family members. We are the First Stop for HealthSM for our members, who receive convenient healthcare diagnosis, treatment and advice, typically at no cost to them. Our services and industry-leading utilization rate delivers substantial savings for employers.

To learn more about First Stop Health and our telemedicine services, please contact:

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