



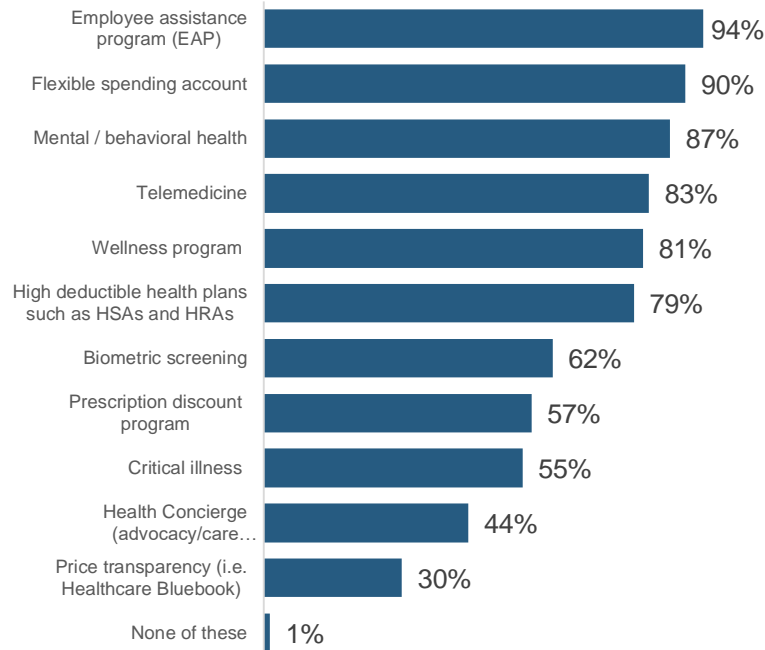
2019 Healthcare Cost Containment Survey Results



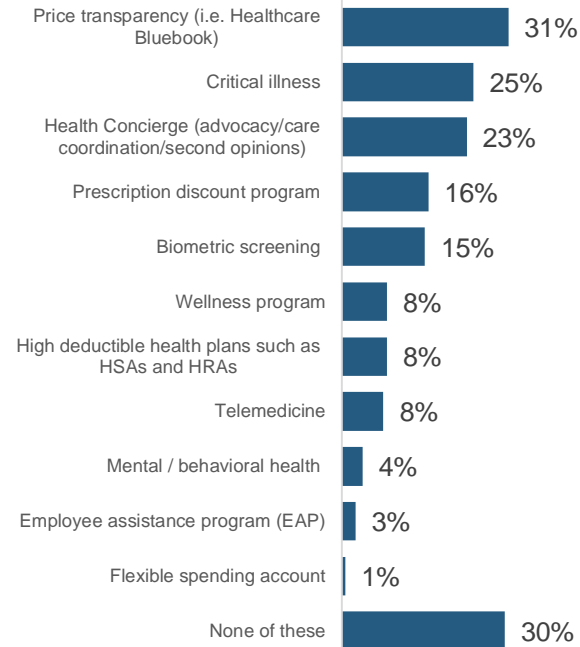
Research Background

- Online research conducted in February/March 2019
- Understand the cost management strategies used by self-funded employers and recommended by brokers
- 304 total respondents
 - 155 employers who work in organizations with 500+ employees with benefits decision-making responsibility; health plan is self-funded or planning to become self-funded in the next 12 months
 - 149 benefits consultant/broker/agent/adviser who provide consulting solutions to organizations that average 500+ employees

Benefits employers currently offer



Benefits employers plan to offer



Q: Which of the following benefits does your organization currently offer to employees and plan to offer employees in the next 12 months? Please select all that apply.

Base = 155 employers

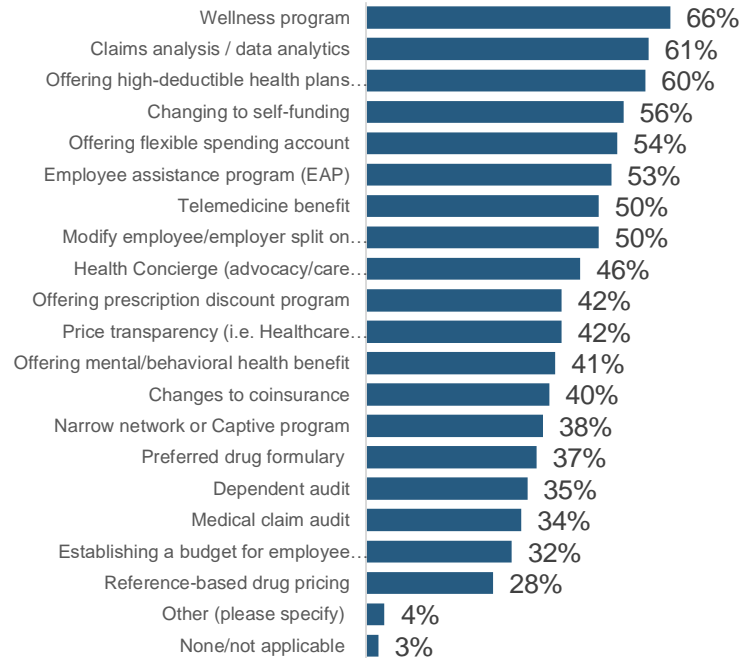
Key Insights:

- While Critical Illness, Price Transparency and Health Concierge are among the lower levels of market penetration as an existing benefit, they are three of the highest in terms of what employers are planning to offer in the next twelve months.
- Nearly 1 in 3 employers are staying the course and have no plans to offer any additional benefits in the coming year.

EMPLOYERS: Implementation of cost management strategies



BROKERS: Cost management strategies recommended



Key Insights:

- Behavioral health, EAP, Rx Discount Programs and Health Concierge all had notable differences between employers plans to implement as a cost containment strategy versus the opinion of brokers.
- A cost containment strategy that both the employer and broker share is modifying the employer / employee split on premiums.

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

Q: Which benefits cost management strategies have you recommended to employers in the past 12 months? Please select all that apply.

Base = 155 employers; 149 brokers

EMPLOYERS: Plan to implement cost management strategies



BROKERS: Plan to recommend cost management strategies



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

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

Base = 155 employers; 149 brokers

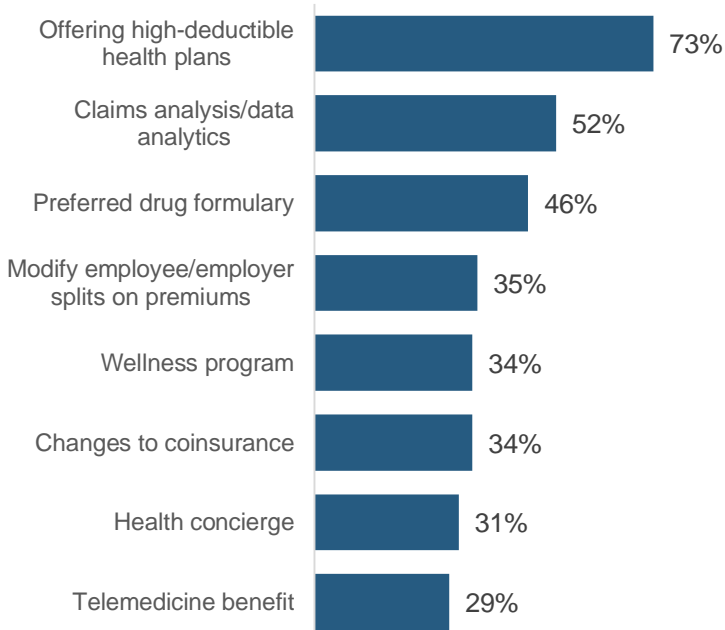
Key Insights:

- From the broker perspective, of the top 5 cost management strategies planned, only two (Wellness and Telemedicine) are benefits based. The others relate to funding and analytics. For employers, the top 5 planned strategies also primarily focus on analytics and funding.
- Both employers and brokers saw three different ways that reducing drug pricing could be an effective cost management strategy among their viable strategies.

Effectiveness of Specific Strategies

EMPLOYER: Effectiveness of cost management strategies

(% Extremely/Very effective)



BROKER: Effectiveness of cost management strategies

% Extremely/Very effective



Q: How effective has each of the benefits cost management strategies been in reducing costs?

Q: To your knowledge, how effective has each of the benefits cost management strategies been in reducing costs for employers?

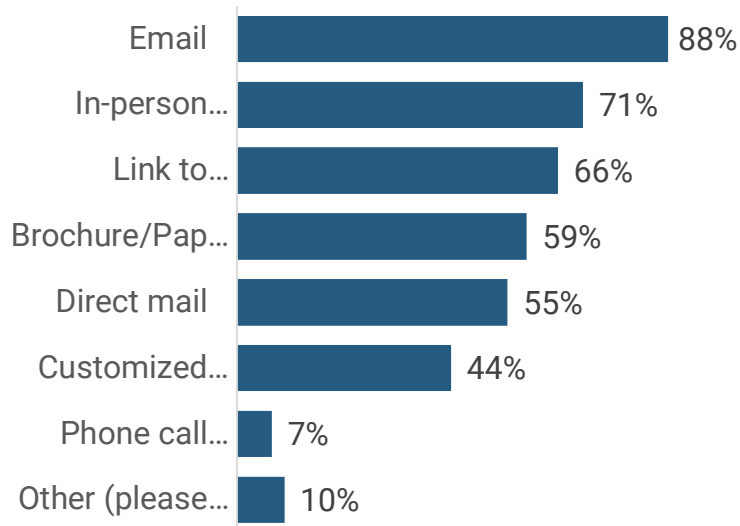
Base = currently implementing/recommending cost management strategy (base sizes vary for each benefit – not all strategies are shown due to low sample sizes)

Key Insights:

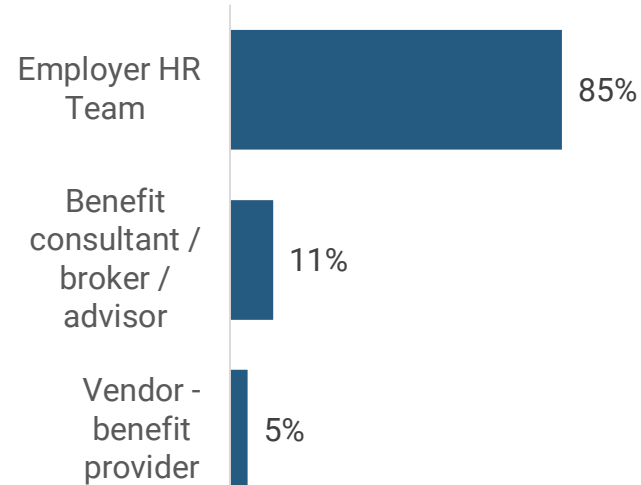
- Three of the 8 cost management strategies Employers find effective involve cost shifting strategies to employees (HDHPs, Modifying premium splits and changes to coinsurance)
- Both brokers and employers agreed that HDHPs, claims analysis/data analytics and preferred drug formularies were among the most effective cost management strategies.

Email is the top benefits communication method; the HR team is primarily responsible for driving employee engagement

Benefits communication methods



Responsible party for driving employee engagement



Q: How does your organization currently drive employee participation of benefits

Q: Who is primarily responsible for driving engagement with employee benefits (select one).

Base = 155 employers

Key Insights:

- While email was the most utilized communication method, 44% of Employers used customized communications.
- Only 5% of Employers felt the vendor was primarily responsible for driving employee engagement and only 11% felt it was the Broker's job to drive engagement.

Low incidence  High incidence

Metrics EMPLOYERS use to measure cost management strategies

	Awareness	Enrollment	Participation/Utilization	ROI
Telemedicine benefit	49%	37%	75%	22%
Changes to coinsurance	38%	40%	53%	38%
Claims analysis/data analytics	38%	36%	50%	56%
Modify employee/employer split on premiums	38%	53%	41%	29%
Offering high deductible health plans	39%	70%	79%	33%
Preferred drug formulary	30%	35%	54%	43%

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

Base = currently implementing cost management strategy (base sizes vary for each benefit – not all strategies are shown due to low sample sizes)

Key Insights:

- For Employers, while HDHPs and modifying employer/employee premium splits were among the top cost containment strategies, they were among the lowest in terms of ROI measurement.
- Employers are mostly measuring participation and utilization of Telemedicine, but not ROI. This may be because they don't have a clear strategy for measuring ROI in this case.

Metrics BROKERS use to help employers measure cost management strategies

Low incidence  High incidence

	Awareness	Enrollment	Participation/Utilization	ROI
Telemedicine benefit	67%	52%	67%	35%
Narrow network or captive program	47%	47%	60%	35%
Health concierge	52%	48%	57%	30%
Price transparency	68%	35%	48%	35%
Changes to coinsurance	46%	47%	53%	37%
Changing to self-funding	41%	42%	53%	58%
Claims analysis/data analytics	47%	27%	56%	52%
Dependent audit	52%	48%	40%	48%
Employee assistance program (EAP)	68%	44%	53%	18%
Offering mental health/behavioral health benefit	67%	41%	56%	26%
Modify employee/employer split on premiums	44%	49%	40%	45%
Establishing a budget for employee benefits as a percentage of payroll	57%	53%	43%	30%
Offering flexible spending account	56%	65%	51%	27%
Medical claim audit	36%	38%	46%	66%
Offering high-deductible health plans such as HSAs and HRAs	53%	71%	68%	44%
Prescription drug program	68%	56%	56%	27%
Preferred drug formulary	58%	36%	53%	42%
Reference-based drug pricing	46%	61%	39%	46%
Wellness program	63%	58%	71%	33%

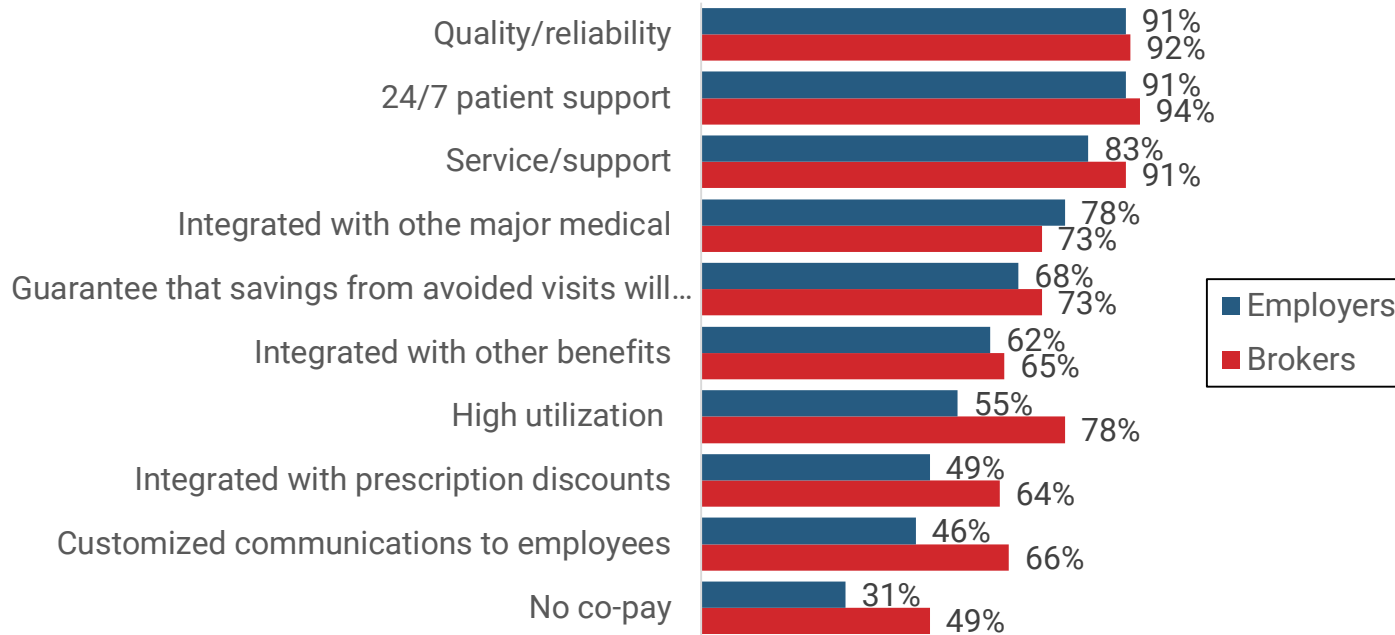
Q: Which of the following health and wellness solution metrics do you help employers measure for each cost management strategy?

Base = recommended cost management strategy in past 12 months (base sizes vary for each benefit)

Key Insights:

- While brokers are recommending mental health (both EAP and Behavioral health) cost containment strategies, few are measuring ROI.
- For cost shifting strategies like changes in coinsurance, HDHPs and premium splits, measuring enrollment is high.

Importance of telemedicine outcomes/features % Extremely/Very important



Q: How important is each of the following outcomes and features of a telemedicine solution to your organization?

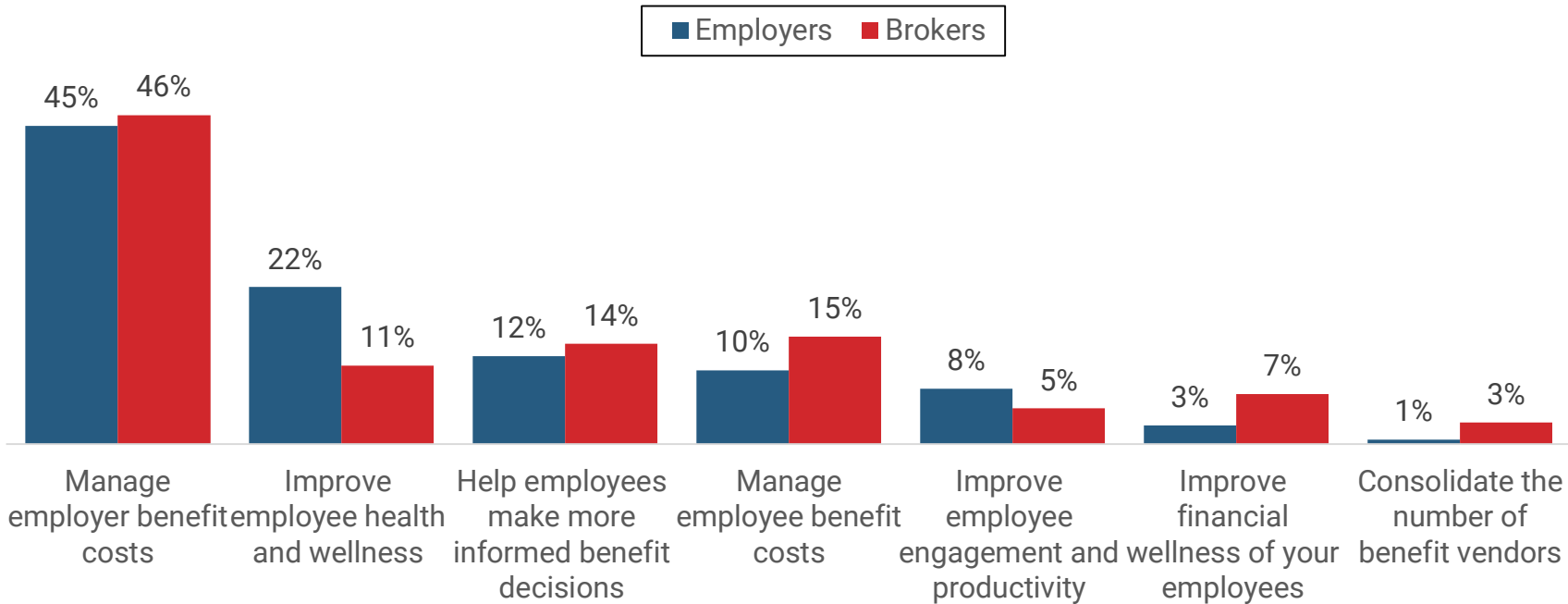
Q: How important is each of the following outcomes and features of a telemedicine solution to employers?

Base = employers who currently or plan to offer telemedicine benefit = 140; brokers who currently recommend or plan to recommend telemedicine benefit = 85

Key Insights:

- High utilization, Rx discount integration, customized communication and no co-pay were perceived as more important by brokers than employers.
- Both Brokers and Employers see high levels of service and support as the most important features of a strong telemedicine benefit.

Employer benefits priorities



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

Q: To your knowledge, which of the following are the top three benefits priorities for the employers you work with in 2019?

Base = 155 employers; 149 brokers

Key Insights:

- Both Employers and Benefit consultants see reducing costs for employers as more of a priority than reducing costs for their employees.
- Yet, employers see improving the financial wellness of their employees as a more of a priority than brokers believe they do.

Cost Containment Survey Results:

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