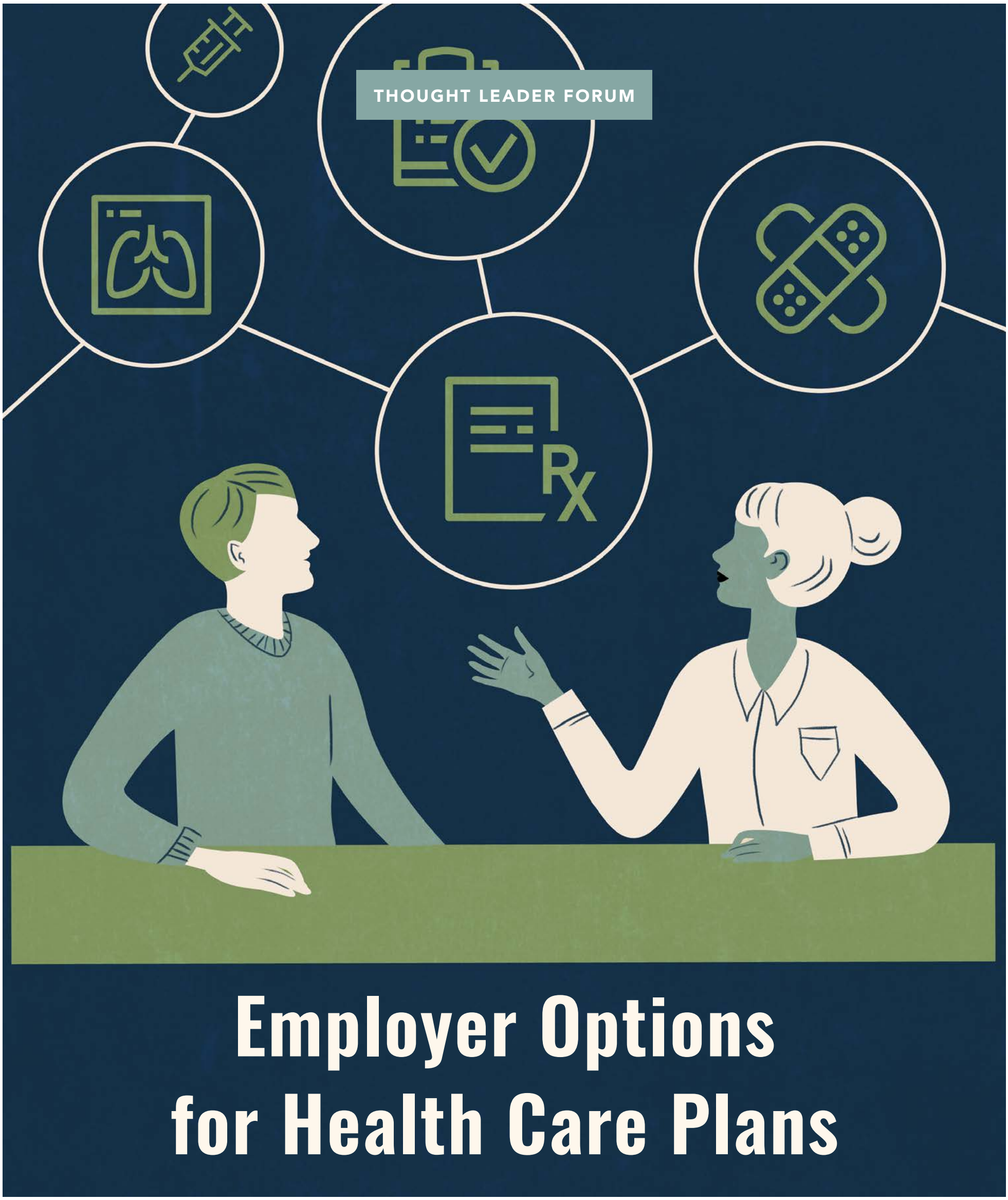

Employer Options for Health Care Plans

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The health care insurance landscape continues to change and adapt to meet patient and care giver needs and expectations. Simultaneously, the industry is faced with the likelihood of impactful changes due to new health care legislation. The Puget Sound Business Journal recently held a Thought Leader Forum about the shifting environment and what providers are doing now to ensure they are meeting customer needs and expectations.

Participants were Todd Miller, Vice President, Employee Benefits Business Development Leader for Parker, Smith & Feek; Bill Akers, Senior Vice President and General Manager of Premera's Washington Group Markets, and Mariana I. Ancira, Account Executive for Parker, Smith & Feek.

How are you making health care easier for employers to understand and navigate?

Ancira: The most effective employee benefits consulting firms conduct a discovery process to identify employers' needs and goals before making recommendations. Then, a customized approach is developed involving the employer in the process, which promotes understanding throughout. Finally, leveraging technology to administer Employee Benefits plans, such as a robust Benefits Administration system, can ease the burden of day to day HR tasks.

Akers: Premera is trying to make the complex world of health care simpler and easier. Our "Let's Be Clear" campaign is intended to improve the clarity of our communications with customers. Health care is jargon-filled and we need to speak plainly to serve our customers.

How are you supporting companies with meeting employees' expectations for their health care benefits while keeping costs under control?

Akers: Each customer's needs may be different, but all employers want to save money on plan performance and reduce administrative tasks. With our product portfolio, employers have options and the flexibility to design their plan offerings to best meet the needs of their employees and their families. Network alternatives help keep overall costs down while still delivering quality care. Health support resources and discounts help plan members take charge of their health.

Miller: Many cost containment methods are popular in the marketplace – examples include high deductible health plans, restricted networks, and pharmacy benefit changes. We have found that offering choice to employees is important when implementing cost containment measures. For example, offer a low-cost HMO alongside a full buy-up PPO network and allow the employee to choose their plan.

How do you see the growing Pacific Northwest population impacting the area's health care dynamic?

Miller: The growing population will likely continue to produce more innovation in the health insurance markets. We'll see more products, solutions, and options in the marketplace. As health care reimbursements move from volume to value, we will see the emergence of more Accountable Care Organizations and Patient-Centered Medical Homes as primary care models. Consolidation among physicians and hospitals will continue to be a trend.

Akers: The environment is challenging, but also full of opportunity. We're working with Washington state health systems to build partnerships that improve customer experience and decrease medical and financial waste. We're developing new technologies to give customers a more transparent view into varying costs for care. At the same time, we're working with employers to offer plans that help them stay competitive when it comes to recruiting and retaining top talent in this region and nationwide.

What do you believe quality health care looks like?

Akers: Improving customers' lives by making health care work better is our company purpose. It's a passion driven by what we hear from our members as the four main problems of health care:

1. "I often pay too much for what I get."
2. "I don't always get what I need."
3. "Sometimes I get what I don't need."
4. "Too often, I don't get the experience I want."

We are all working together to solve these four problems. We partner with doctors and hospitals to make sure our customers get the care they need and don't get unnecessary care that comes with additional costs and risks. We also bring our customers new options for care anytime and anywhere they need it, such as virtual care, convenience clinics, and in-home care.

> ***"Virtual care provides employees with access to consults with certified doctors who are available any time of day."***
>
> **BILL AKERS | Premera**

Ancira: Quality health care delivers the best outcomes for the patient. The Washington Health Alliance issues an annual "Community Checkup" report that defines the best outcomes as better health, better care, less waste and lower cost. When health care providers deliver quality care, patients have less readmissions, less ER visits, less medical errors, better medication adherence, better preventive screening adherence, better coordination between care providers, and mental health is considered.

What technology investments are you making to improve the health care experience?

Ancira: Technology has become essential to employer sponsored health plans, both in the administration and employee experience. A one-stop, consolidated benefits administration system that can interface with payroll and insurance carriers via automated file feed makes administration much less labor intensive. In addition, the employee can leverage the insurance company's website to view benefits and claims information, access wellness program activities, and use cost transparency tools which allow them to compare the cost of care at different health care facilities.

Akers: We're focused on consumer tools for self-service and transparency around provider value. Technology should weave together the entire experience, from the benefit design to the network options and the consumer tools, to help members maximize their coverage and make healthcare simple and easy.

Should a company consider self-funding its insurance programs?

Akers: The main difference between self-funded and fully insured plans lies in who's responsible for providing payments for health care claims. In a self-funded plan, the employer provides payments for claims from its own funds and bears the risk of providing health coverage. In a fully insured plan, the health insurance company provides payments for claims and bears the risk of providing health coverage. The biggest consideration for self-funding is whether you have the financial resources necessary and if you are comfortable absorbing the risk.

Ancira: Self-funding offers many advantages such as greater flexibility with plan design, the avoidance of certain taxes and fees (that only apply to fully insured plans), detailed claim data, and the retention of unspent claim dollars and budgeted terminal liability fund. The best consultants will be able to advise their clients on the best type of stop-loss contract that will adequately protect the employer's plan and assets.

The rising cost of prescription drugs is a huge concern. How can we mitigate this expense?

Ancira: For smaller employers, consider a prescription plan with additional edits, such as mandatory generics, step therapy, or closed formulary. This will ensure the most cost effective versions of each class of drug are dispensed. For larger self-funded employers, your consultant can perform a pharmacy analysis and repricing which includes comparing manufacturer rebates, average wholesale price, and pass-through vs. traditional pricing.

Akers: Providing drug list and network options for customers to consider is part of the solution. We're also responding quickly when the cost of any medication hits a set threshold. If we find equivalent drugs that cost less, we may put processes in place for the more expensive drug and notify customers who have filled a prescription for it recently that they have a cheaper alternative. We also notify doctors and hospitals, so they can offer their patients options and transparency on costs.

What is an Accountable Care Organization (ACO)?

Miller: An ACO ties health care reimbursements to quality metrics as opposed to the traditional fee for service model or a capitated HMO model. The health plan shares information with the primary care provider that helps them coordinate patient care and medication adherence. The better the outcomes achieved, the greater the reimbursement to the health care provider.

Akers: Premera's PersonalCare Plan is similar to an Accountable Care Organization (ACO) option. With this plan, all your employees' doctors, hospitals, and specialists work together to streamline their care and keep costs as low as possible. That means members don't wait as long to see a doctor or specialist, and they get help managing conditions like diabetes or heart disease.

Do Health Savings Accounts (HSA) and Health Reimbursement Arrangements (HRA) provide cost savings to consumers?

Ancira: In general HSA's and HRA's paired with high deductible health plans do provide cost savings. An HRA, which tends to be more advantageous for the employer, can be leveraged when an employer raises their deductible (resulting in a lower premium) and essentially self-funds a portion of that deductible – only claims paid are charged to the employer vs. insuring that same amount. An HSA provides a triple tax advantaged vehicle for health care expenses (subject to IRS guidelines: employer or employee contributions to the account are tax free, interest earned is tax free, and distributions for qualified expenses are tax free).

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Akers: These options help employees get more involved in managing their health care. Actively engaged employers can help decrease costs and trendsfor employers. Premera helps employers drive the adoption of account-based health plans while motivating employees to take responsibility for their health. We provide integrated services for these accounts for groups that purchase a qualified high-deductible health plan.

What is the best way to promote well-being in the workplace and how can a wellness program influence a company's Health Plan offerings?

Akers: Health care is only part of the equation when it comes to the health of your employees. Lifestyle changes can be hard, but it's the little choices that matter. We are preparing to launch a new Wellness Program that will be embedded in our plans for large groups. The program offers employers support for creating a culture of wellness.

Ancira: Wellness programs with an incentive component are the most successful way to engage employees in health awareness and healthy behaviors. We can only determine the best way to promote well-being within an organization by considering company culture, values and readiness; and then meeting employees where they are. Carrots tend to be much more effective than sticks.

What about Virtual Medicine and Retail Health Care?

Akers: People have many new options for getting the right care, when and where they need it. Virtual care provides employees with access to consults with certified doctors who are available any time of day. This type of care doesn't replace a relationship with a primary care provider, but it's convenient and cost-effective for dealing with cold and flu symptoms, infections, and more.

Ancira: The new catch phrase in health care delivery is "health care everywhere." Employers now have access to cost effective telehealth programs where employees can access a physician by phone or video conference without leaving the office. Conveniently located pharmacies now house retail health care clinics staffed by mid-level practitioners. And of course, it seems like there is a walk-in clinic on every corner. Providing greater access to health care can avoid costly Emergency Room visits, and avoids the postponement of care.

How will the new administration's proposed Health Care law impact Employer Sponsored plans?

Miller: We are watching closely as the new legislation takes shape. In a climate that changes daily, we are advising our clients as each new development unfolds. In the most recent proposed "American Health Care Act" (AHCA), the employer mandate penalties are facing elimination, which may mean less reporting requirements for employers. The Cadillac tax is still in play, so employers need to at least keep it on the radar. Creditable coverage may again be required to avoid increased rates for breaks in coverage. HSA's will likely be expanded.

Akers: The Affordable Care Act led to a 57 percent drop in the rate of uninsured Americans. In Washington state, that meant an almost $1.5 billion reduction in annual uncompensated care costs. If the number of people who are insured is reduced, the cost for health care shifts to those who are covered. Any gaps caused by a lack of coverage would increase the burden of charity care placed on providers. Unless strategies are developed to provide a solution to increased risk, premiums for both the individual and commercial market could feel a negative impact. At this point, no one knows for sure what will happen with the Affordable Care Act or downstream cause and effects, but this much we do know: There will be changes in 2017 and beyond. We're continuing to monitor health care legislation and keep our customers informed about how it could affect them.

THOUGHT LEADERS

BILL AKERS

Senior Vice President & General Manager | Premera's Washington Group Markets

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Bill is the Senior Vice President of Premera's Washington market. He also oversees product development for the company. Akers joined Premera in January of 2004. In his current role, Akers is accountable for Washington-based members who receive group coverage through Premera. He has been active on many community boards including the American Heart Association, Project Access, and The Seattle Chamber.

MARIANA I. ANCIRA

Account Executive | Parker, Smith & Feek

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Mariana is a seasoned Employee Benefits Account Executive at Parker, Smith & Feek providing consulting for employers in several industries. She is a graduate of the University of British Columbia, holds the NAHU Wellness Certification, and is Vice President of the Washington Association of Health Underwriters (WAHU).

TODD MILLER

Vice President, Employee Benefits Business Development Leader | Parker, Smith & Feek

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Todd is Parker, Smith & Feek's Employee Benefits Business Development Leader. With nearly 20 years in the industry his expertise includes alternate funding approaches, and renewal and bid negotiations. Todd graduated Cum Laude from Ohio University and currently sits on the Regence Broker Advisory Council.