Benefits Plan Design

Health Equity Considerations

Presented by

Garry Simmons – Health & Group Benefits Consulting

Scott Cohen, MPH – Healthcare Analytics

Milliman

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Introductions

Scott Cohen, MPH
Healthcare Analytics Consultant
Milliman Health Practice
Direct: +1 404 254 6770
scott.cohen@milliman.com

Garry Simmons
Managing Director
Health & Group Benefits Consulting
Direct: +1 704 650 8115
garry.simmons@milliman.com

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In the construction of this presentation, we relied on publicly available data, our experience in the benefits market and other public information provided by third party organizations and/or other sources. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our presentation.

About Milliman

1

Founded in 1947

Privately-held and independent with over 60 offices worldwide

2

More than 4,600 employees

Including 1,600 consultants and actuaries

3

Annual revenue of $1.38 billion

In 2021

4

Serving 3,000+

Consulting and actuarial clients

Agenda

1

Employer Focus

2

Identifying the Issue

3

Medical Plan Design

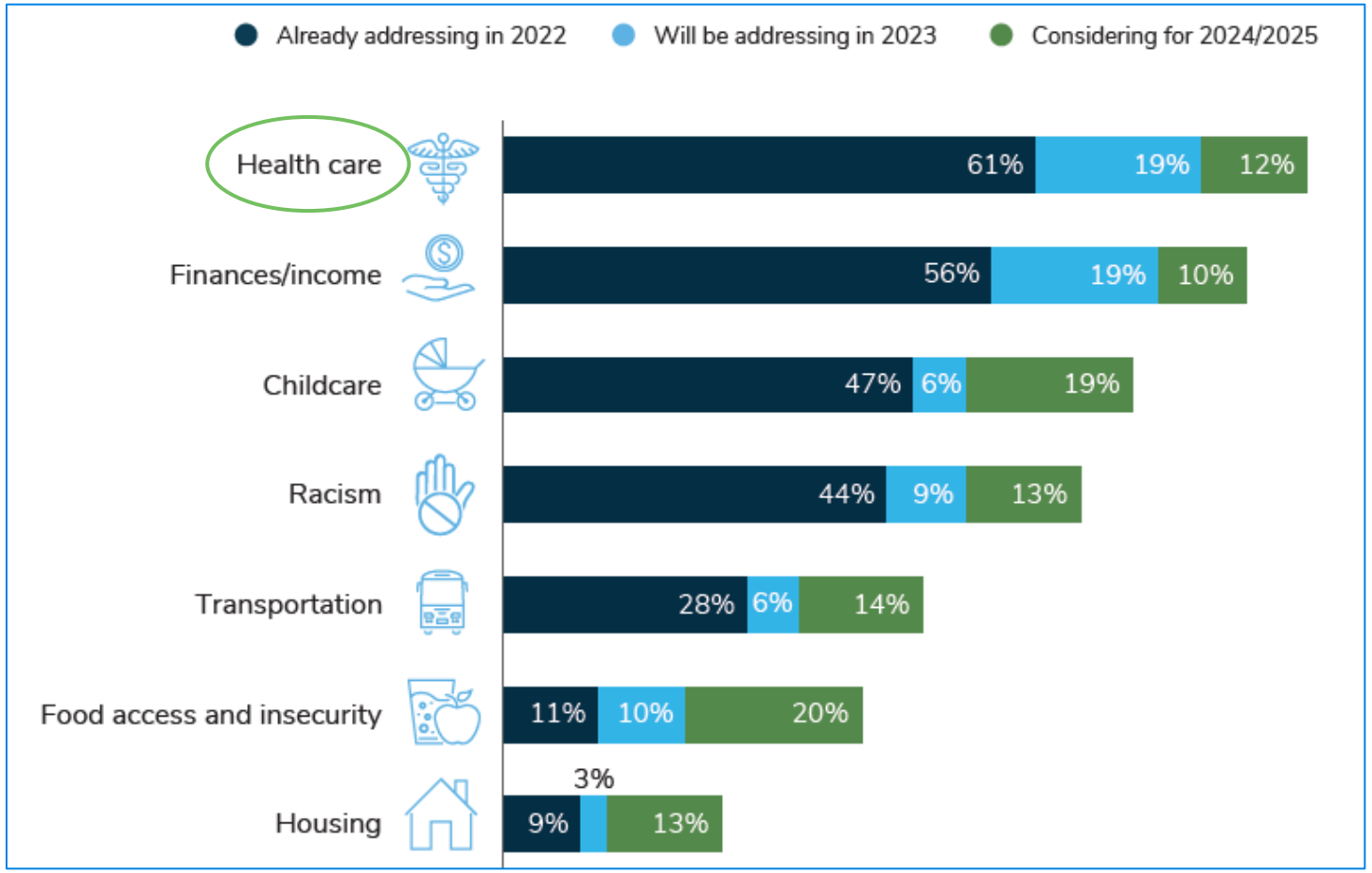
4

Other Benefit Solutions

Social Determinants of Health

75% of surveyed plan sponsors said they are very concerned about **health equity** issues within their population.

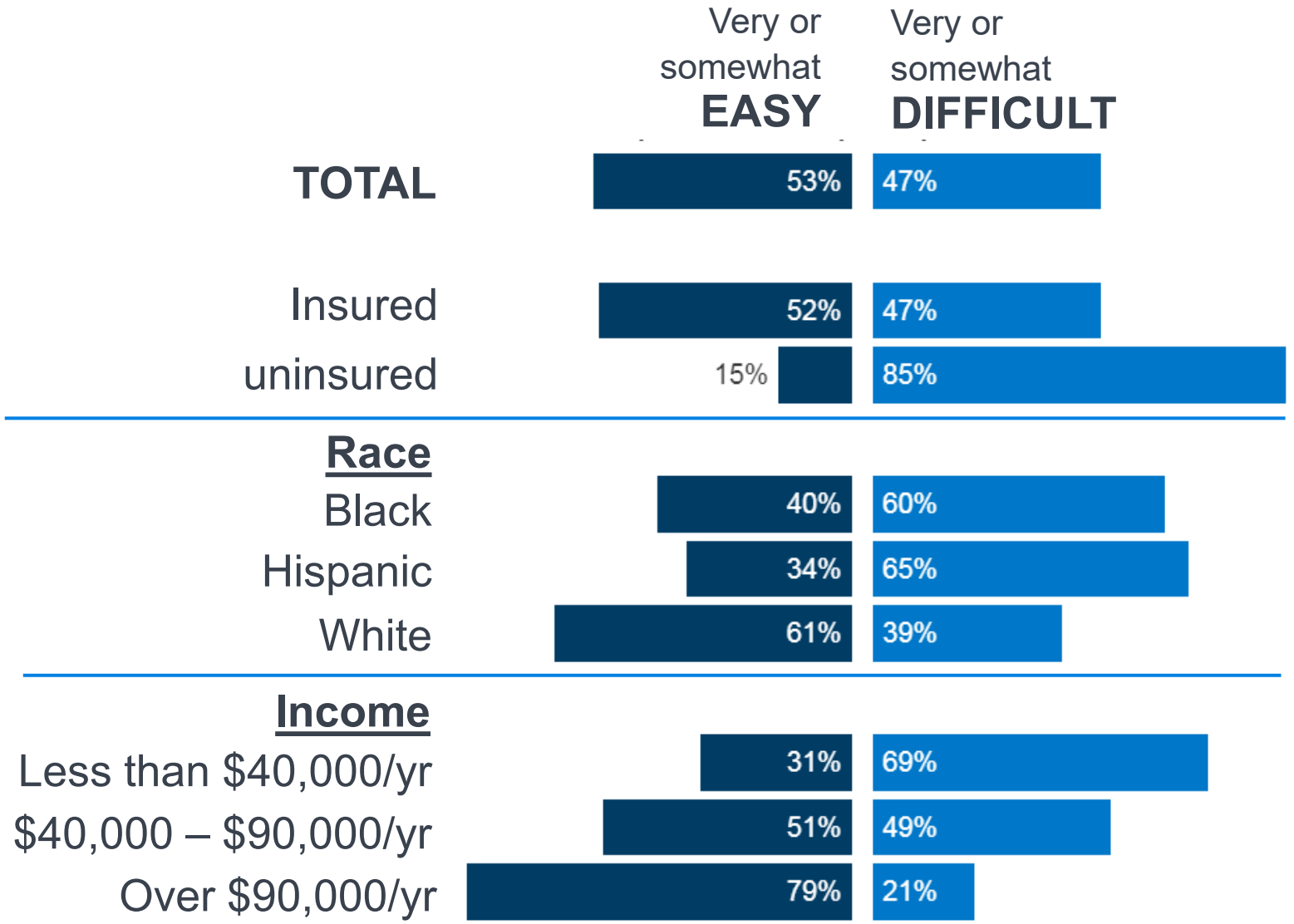
Employers are targeting these **Social Determinants of Health** in ever increasing fashion through plan design and other strategic means.



Source: 2023 Business Group on Health Large Employer Benefits Strategy Survey

Healthcare affordability

Q. In general, how easy or difficult is it for you to afford your health care costs?



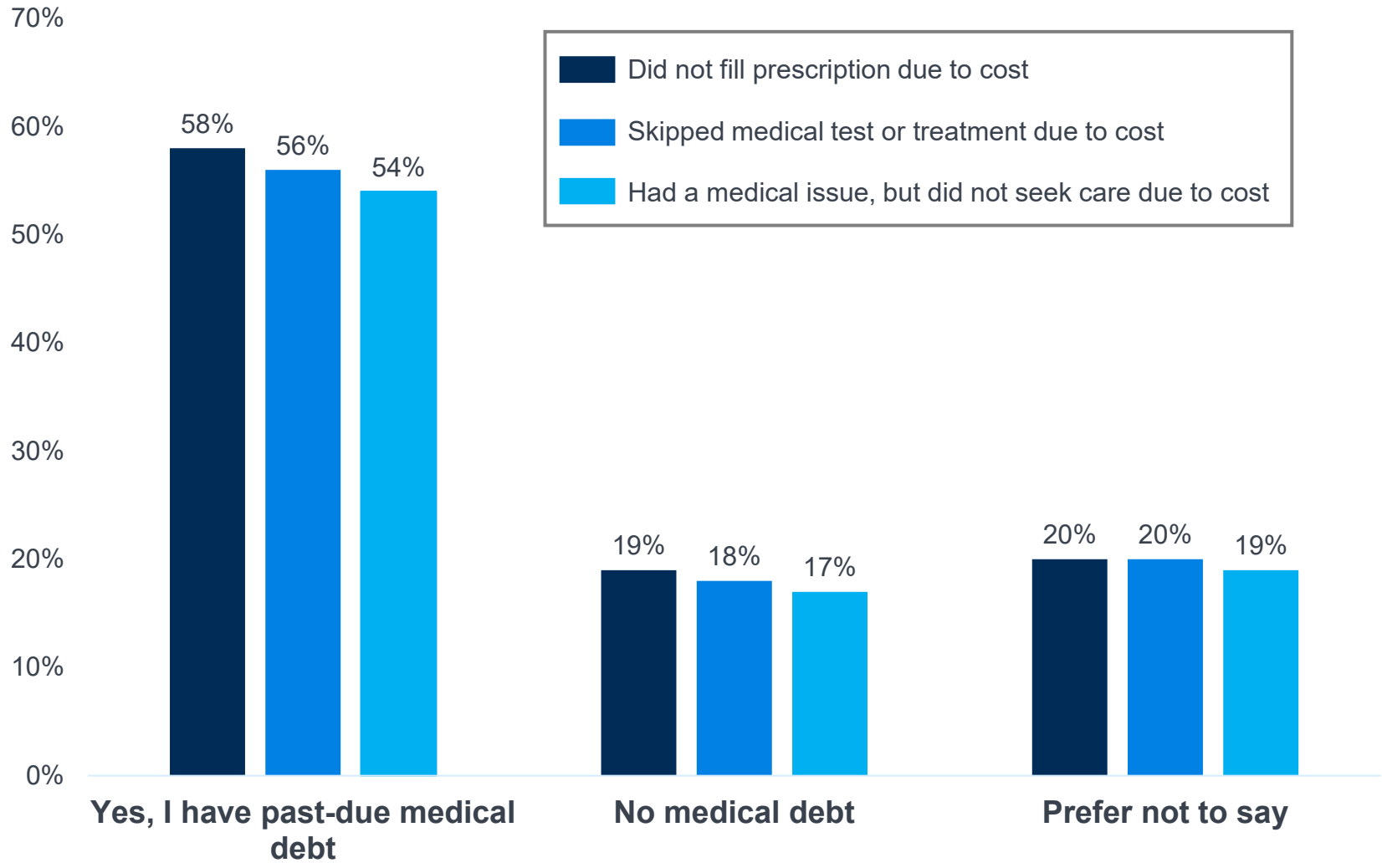
Source: Kaiser Family Foundation 2022 Health Care Debt Survey

Medical debt is compounding the issue

24%

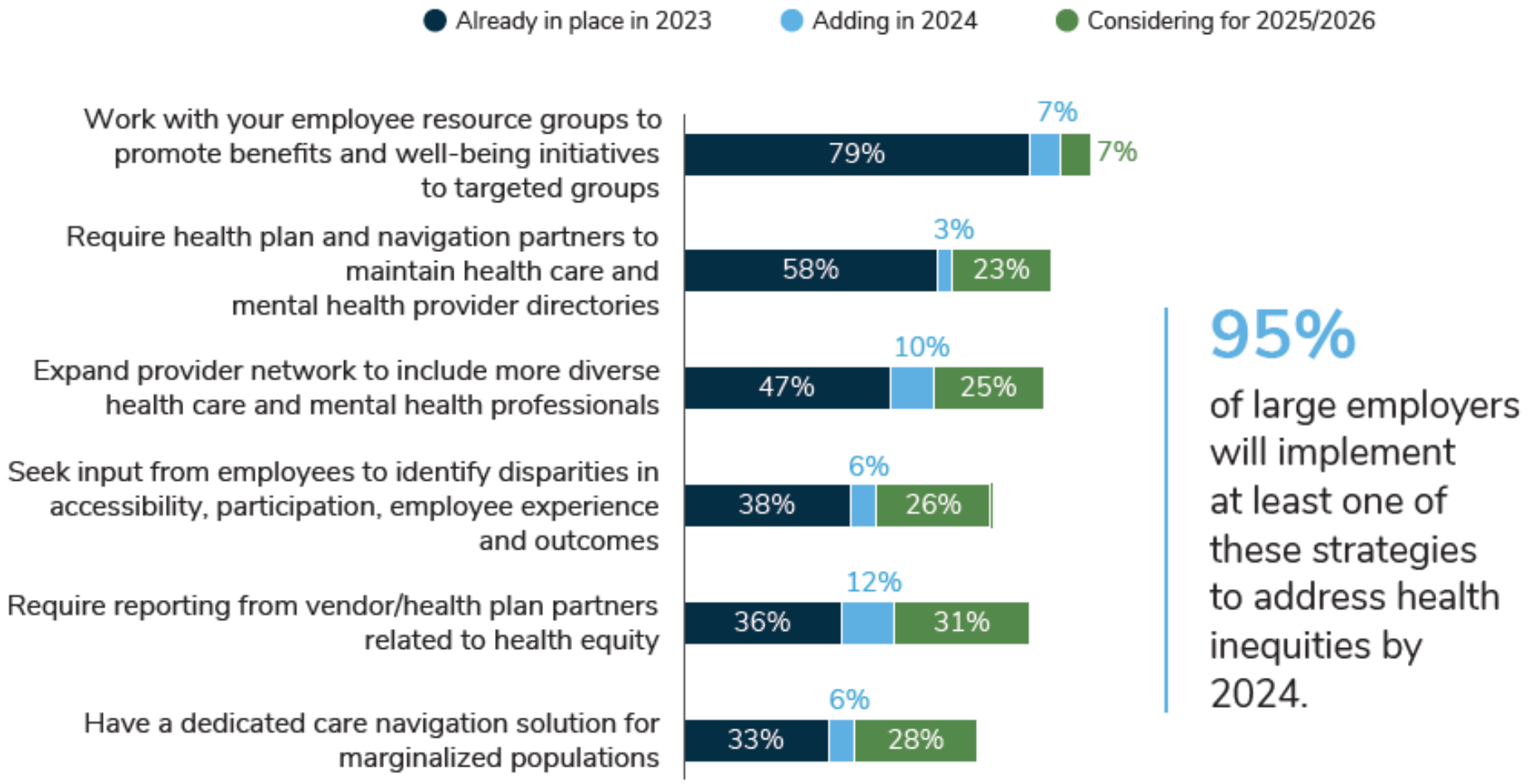
of those with health insurance reported having **past-due medical debt**

Past-due medical debt had a very strong correlation to a lower use of, or avoided, medical care



Source: Kaiser Family Foundation 2022 Health Care Debt Survey

Employers want to address Health Equity



95%

of large employers will implement at least one of these strategies to address health inequities by 2024.

* Source: 2024 Business Group on Health Large Employer Benefits Strategy Survey

Health (in)Equity – A perfect storm?

Medical Plan Design: Have we gone too far?

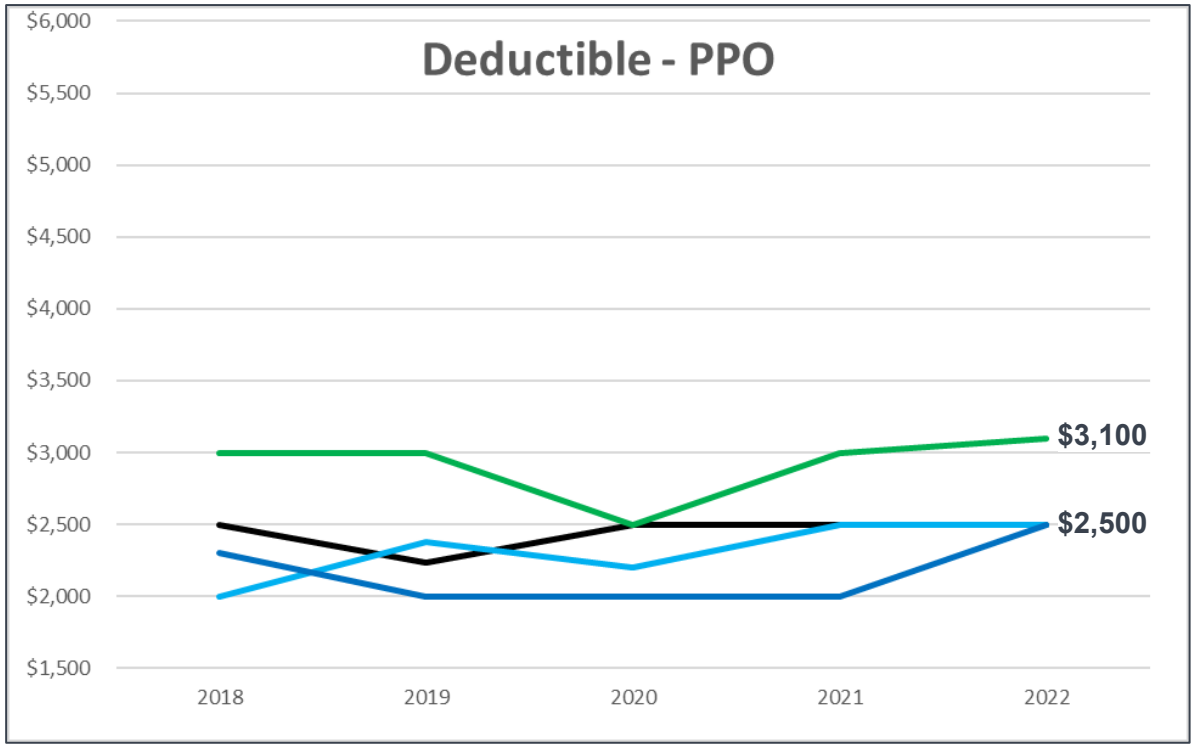
THE SCENARIO

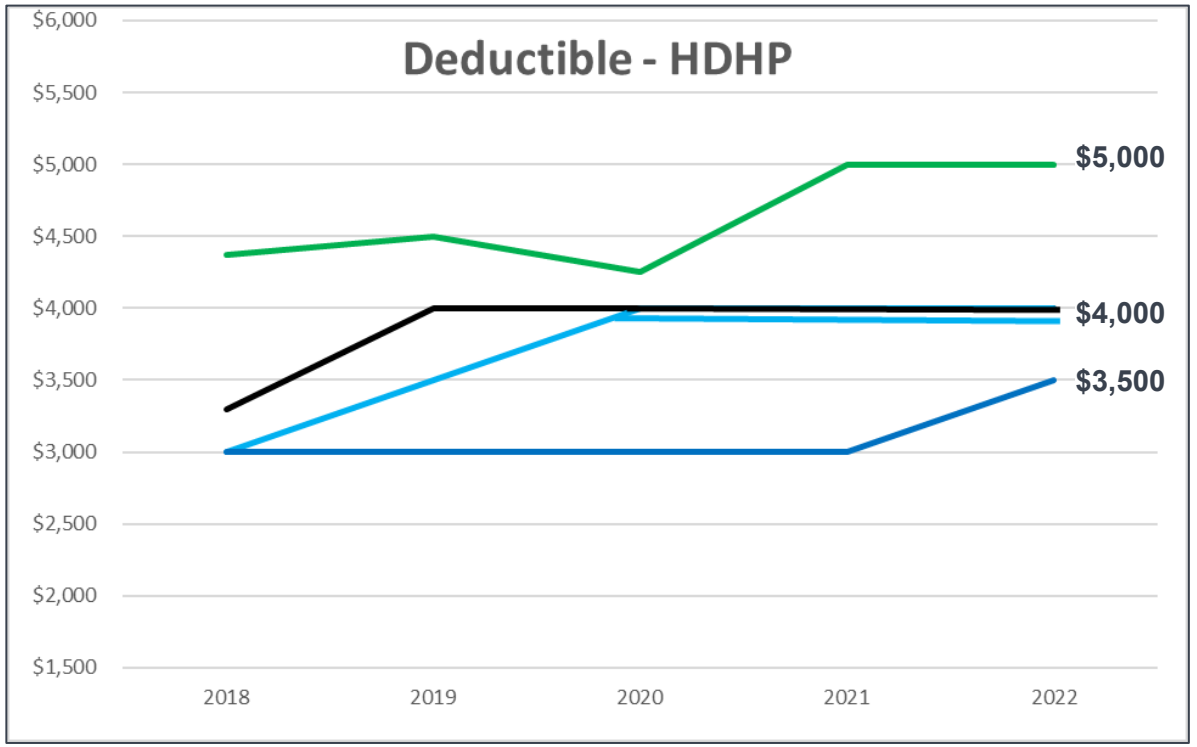
As employers have fought to keep their plans sustainable overall, we've evolved into a benefits design scenario where the most vulnerable are left under-insured.

THE RESULT

- Our **LOWEST** wage earners…
- can only afford the premium contributions of plans with the **HIGHEST** deductibles and out-of-pocket costs…
- yet need the **GREATEST** amount of financial protection from healthcare costs.

Medical Plan Design: Historical benchmarks



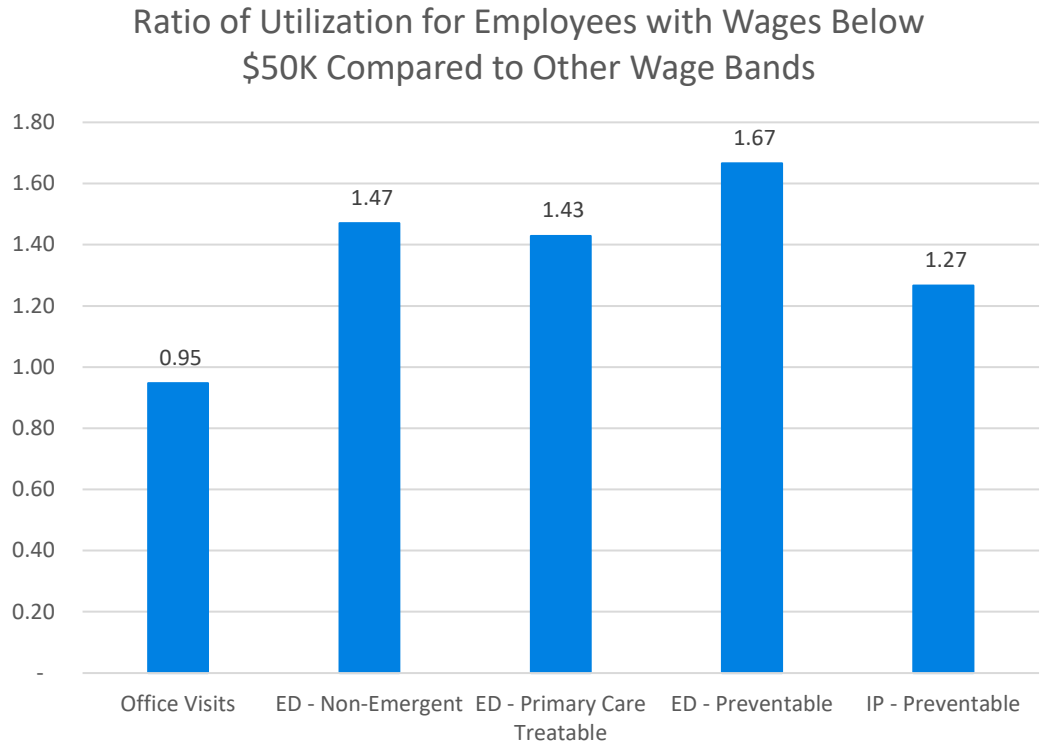


75th %tile | plans with 100+lives | individual deductible only

Source: Milliman Benefits Benchmarking

Research: Healthcare utilization by wage band for HDHP Members

- Study examined healthcare utilization and spending across wage bands for employees in a High Deductible Health Plan (HDHP).
- Lowest wage band showed lower utilization rates on primary care services and higher rates on more acute services like avoidable ER visits and hospitalization.



Am J Manag Care. 2022;28(5):e170-e177. https://doi.org/10.37765/ajmc.2022.89148

Case Study – Previous Plan Design

2022 Plan Structure

3 plan designs

- **$5,000 deductible HSA**
- **$2,000 deductible HSA**
- **$1,000 deductible PPO**

	EE Contribution Monthly (Single)
Value plan	**$106.21**
Basic Plan	**$149.67**
Plus plan	**$201.97**

	ABC COMPANY		
	VALUE (HSA)	**BASIC (HSA)**	**PLUS (PPO)**
MEDICAL			
HSA Employer Seed	$200/$400	$400/$800	N/A
Deductible - IND	**$5,000**	**$2,000**	**$1,000**
Deductible - FAM	$10,000	$4,000	$2,000
OOP Max - IND	**$6,550**	**$5,400**	**$3,000**
OOP Max - FAM	$13,100	$10,800	$6,000
Coinsurance	**60%**	**70%**	**80%**
OV - PCP	ded/coin	ded/coin	$30 copay
OV - SPC	ded/coin	ded/coin	ded/coin
Teledoc OV	100% (reimbursed)	100% (reimbursed)	100% (reimbursed)
PHARMACY			
Retail:			
Generic	ded/coin	ded/coin	$10 copay
Preferred Brand	ded/coin	ded/coin	75% ($60 max)
Non-Preferred Brand	ded/coin	ded/coin	65% ($120 max)
Specialty (Aetna CareRX)	ded/coin	ded/coin	65% ($300 max)
Mail Order:			
Generic	ded/coin	ded/coin	$15 copay
Preferred Brand	ded/coin	ded/coin	75% ($120 max)
Non-Preferred Brand	ded/coin	ded/coin	65% ($240 max)
Specialty (Aetna CareRX)	ded/coin	ded/coin	65% ($300 max)
ACTUARIAL VALUE	**66.8%**	**74.8%**	**84.3%**
ENROLLMENT	**778 ees**	**1,105 ees**	**2,050 ees**

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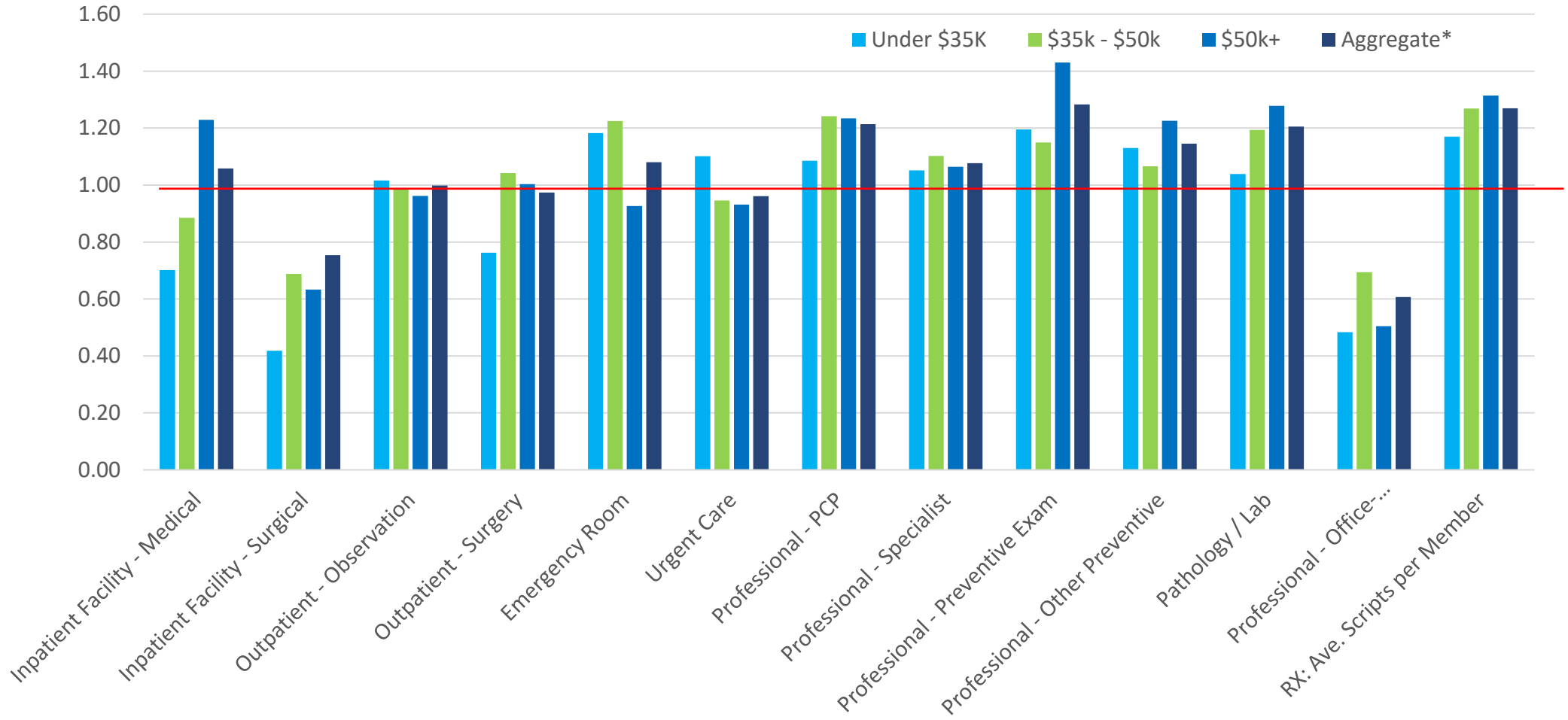
Case Study: Utilization Compared to Adjusted Benchmarks By Wage Band

Legacy Divisions



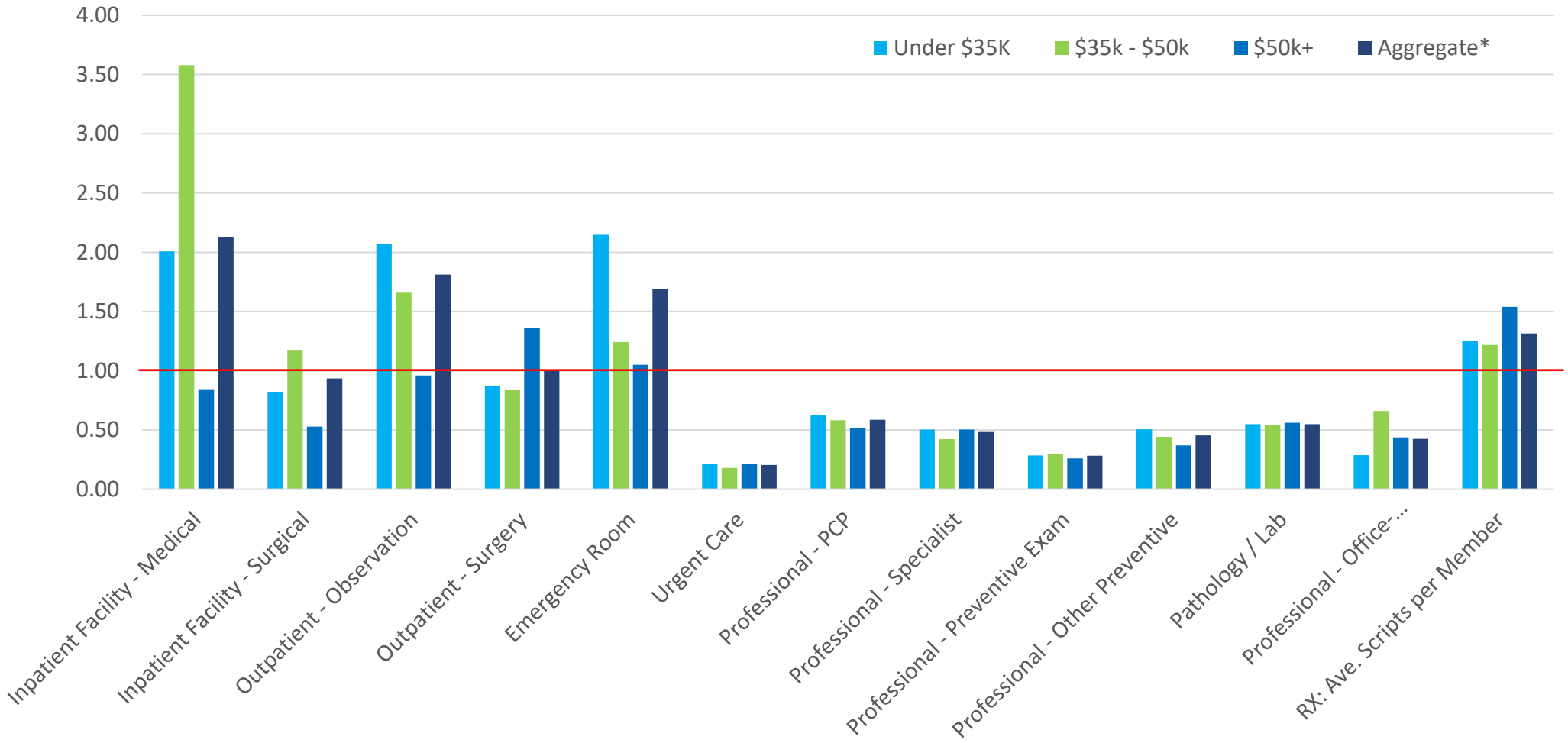
Red line = 1.0 (the demographically adjusted national benchmark for each category)

Claims data: Incurred July 2021 - June 2022, paid thru Sept 2022

*Aggregate includes members with Unknown salaries

Case Study: Utilization Compared to Adjusted Benchmarks By Wage Band

Newer Division



Red line = 1.0 (the demographically adjusted national benchmark for each category)

Claims data: Incurred July 2021 - June 2022, paid thru Sept 2022

*Aggregate includes members with Unknown salaries

Case Study: Change in Plan Design

	2022 plan year VALUE (HSA)	2023 VALUE (HRA)
MEDICAL		
Employer Seed	**$200/$400 (HSA seed)**	**$200/$400 (HRA)**
Deductible - IND	**$5,000**	**$5,000**
Deductible - FAM	$10,000	$10,000
OOP Max - IND	**$6,550**	**$6,550**
OOP Max - FAM	$13,100	$13,100
Coinsurance	**60/40%**	**60/40%**
OV - PCP	**ded/coin**	**$35 copay**
OV - SPC	**ded/coin**	**$75 copay**
Teledoc OV	100% (reimbursed)	100% (reimbursed)
PHARMACY		
Retail:		
Generic	ded/coin	ded/coin
Preferred Brand	ded/coin	ded/coin
Non-Preferred Brand	ded/coin	ded/coin
Specialty (Aetna CareRX)	ded/coin	ded/coin
Mail Order:		
Generic	ded/coin	ded/coin
Preferred Brand	ded/coin	ded/coin
Non-Preferred Brand	ded/coin	ded/coin
Specialty (Aetna CareRX)	ded/coin	ded/coin
ACTUARIAL VALUE	**68.8%**	**70.1%**

(same as with no changes)

Value Plan changes for 2023:

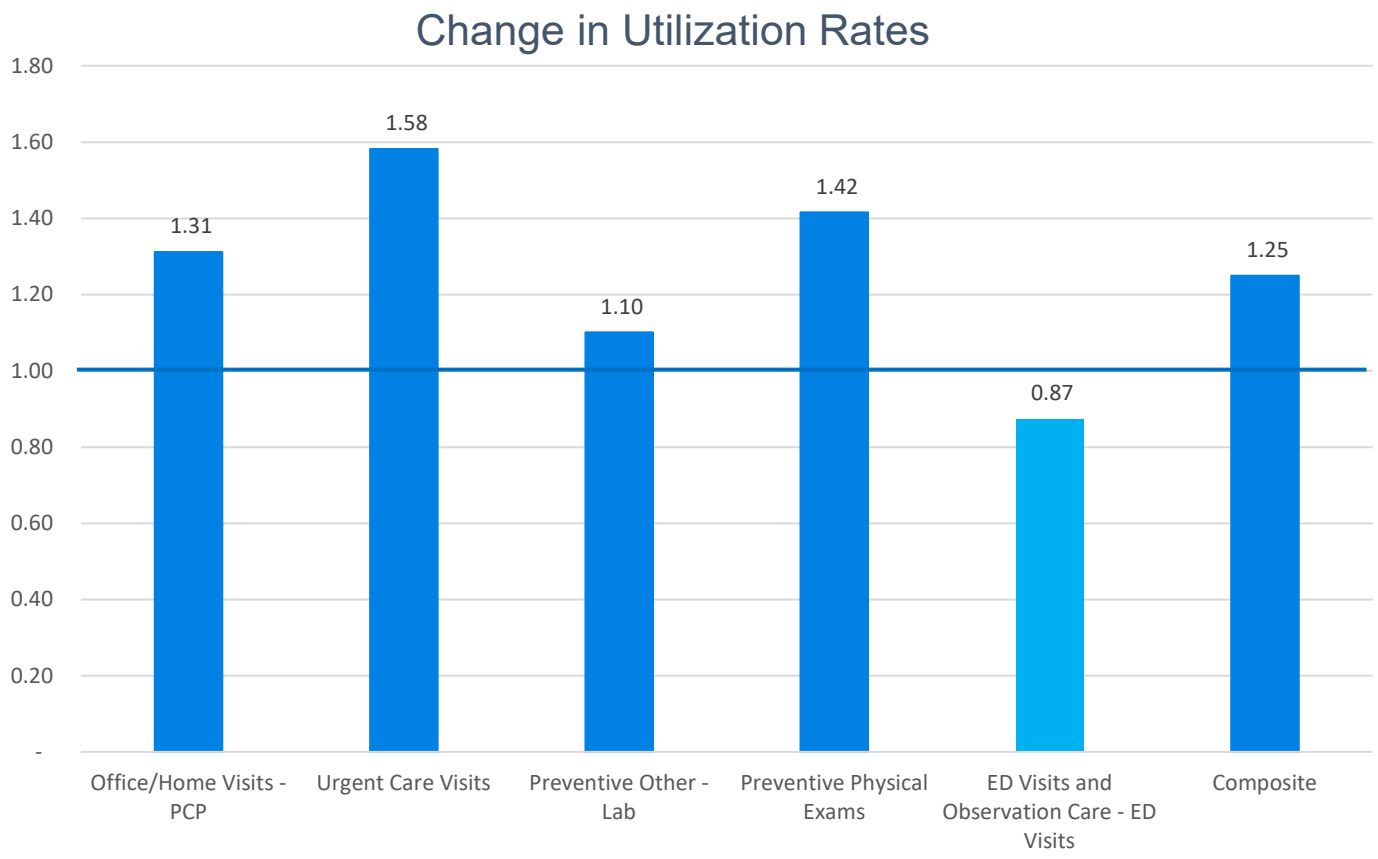
- HRA (vs. HSA)
- OV Copays introduced
- No RX changes

NOTES:

- The HRA levels are the same as the employer-funded HSA was in prior years.
- Adding in OV copays had virtually no impact on actuarial value of plan

Case Study: Change in Utilization After Plan Design Change

Newer Division

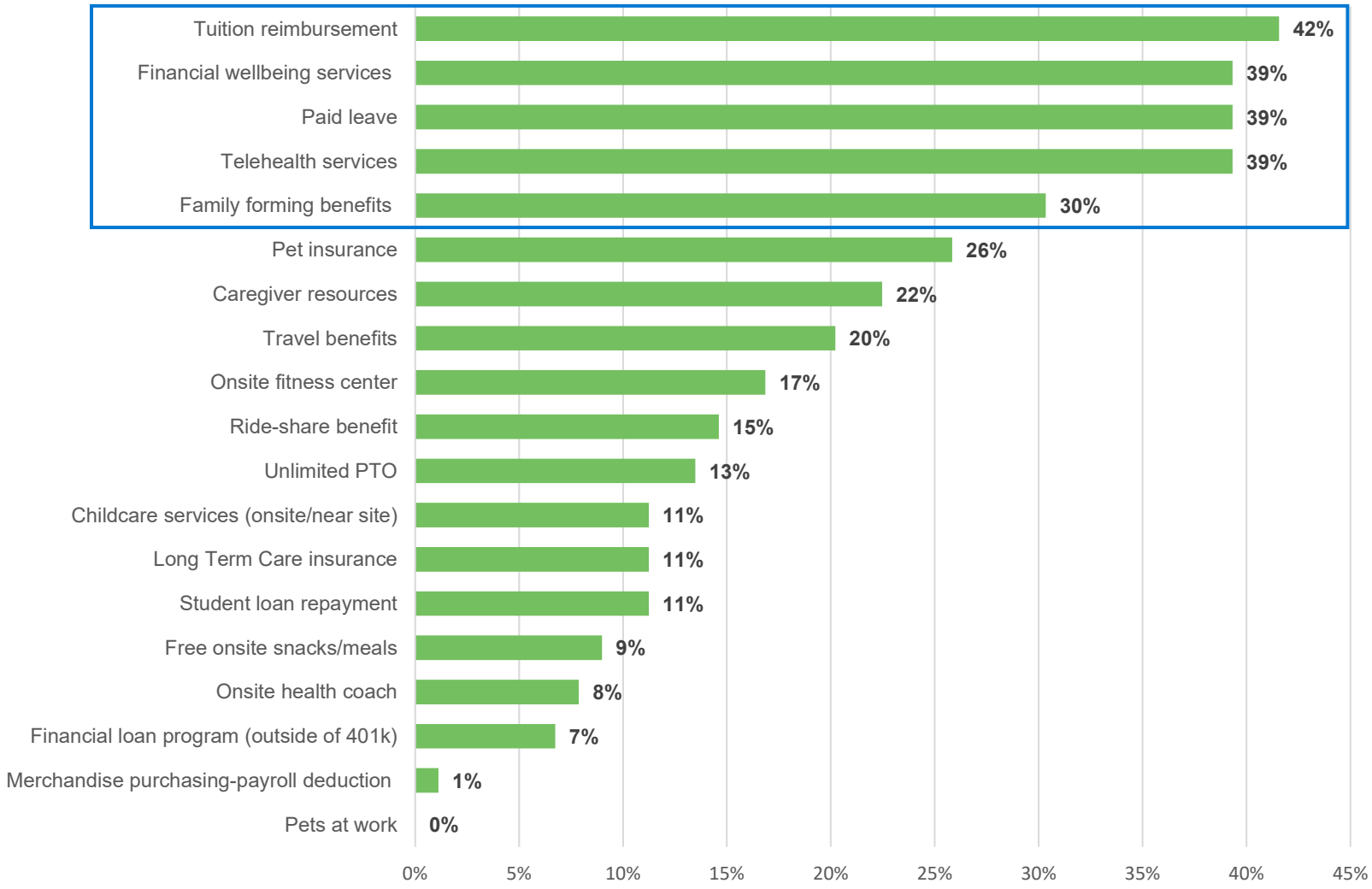


Utilization increased in several **primary care** categories

Utilization decreased in **Emergency Dept** (ED) visits

Addressing Health Equity - additional solutions

Addressing Health Equity: Trends in Non-traditional Benefits



Strategies for 2023 (v. 2022) show a rising emphasis on:

- Tuition Reimbursement
- Financial wellbeing
- Paid leave
- Telehealth Services
- Family Forming benefits

Other notable rising trends:

- Caregiver benefits
- Travel benefits
- Unlimited PTO
- Student loan repayment

Source: August 2022 Milliman Pulse Survey: Non-traditional benefits. Employers asked to identify all non-traditional benefits they offer. (n=100)

Addressing Health Equity: Advanced Primary Care

Strategies gaining momentum

- Virtual primary care (beyond traditional telehealth)
- Onsite / Near-site clinics or health centers
- Steerage to ACOs and HPNs (High Performance Networks)
- Patient-Centered Medical Home (PCMH)
- Direct Primary Care models in select markets

70%
of large employers/ plan sponsors will have at least one of these strategies in place in 2024.*

* Source: 2024 Business Group on Health Large Employer Benefits Strategy Survey

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Addressing Health Equity: Mental Health

Since last year….

Did you experience an increase in **mental health claim costs**?

- 87 respondents
- 970k member lives represented
- Administered online

59% Yes

15% No

26% Unsure

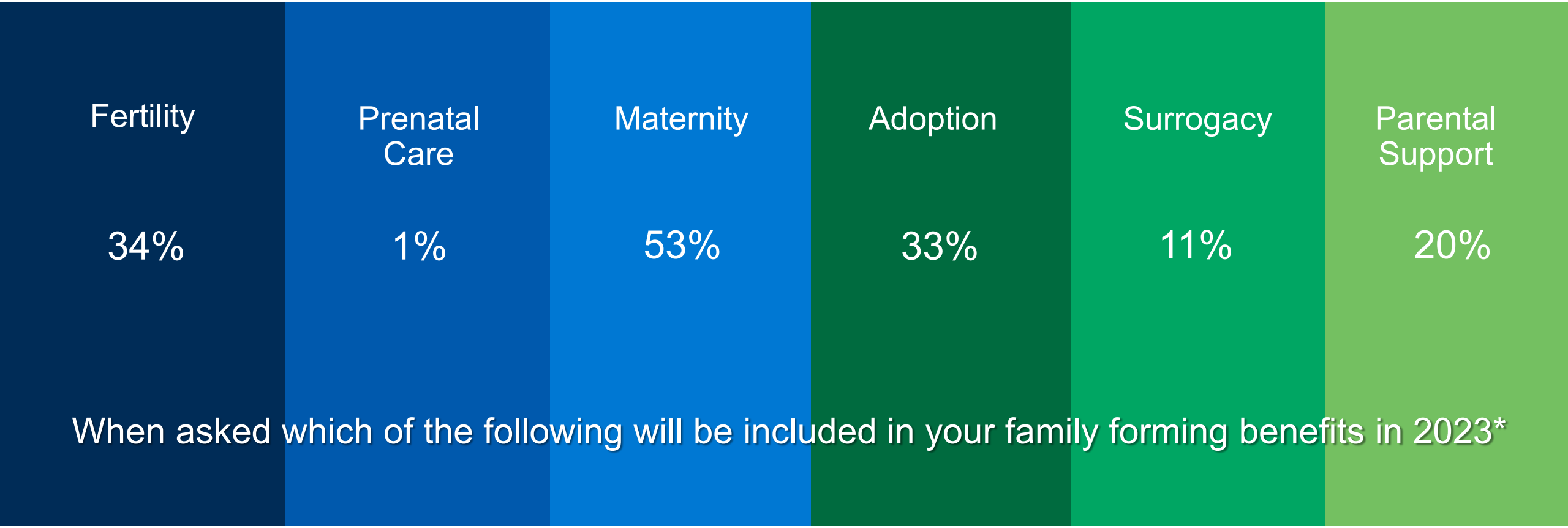
Did your see a change in member utilization of your available **mental health resources**?

62%
Yes, we saw a significant increase in use of resources

15%
No, we saw no change

Source: May 2023 Milliman Pulse Survey - Mental Health Benefits.

Addressing Health Equity: Family Forming Services



When asked which of the following will be included in your family forming benefits in 2023*

* Source: August 2022 Milliman Pulse Survey: Non-traditional benefits. (n=100)

Addressing Health Equity: Caregiver Benefits

Childcare

Elder care

Pet

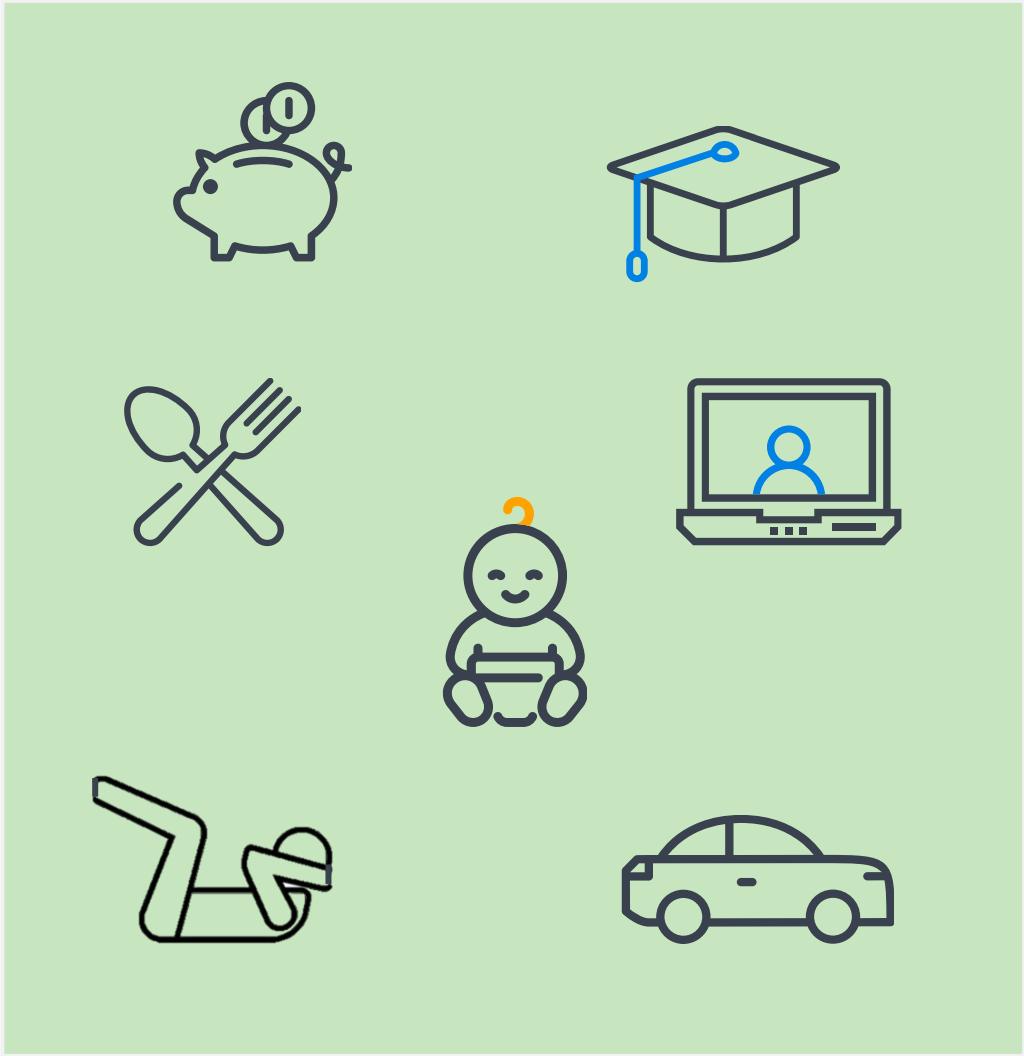
Family emergency

Addressing Health Equity: Lifestyle Spending Account (LSA)

- For use on other “less traditional” personal expenses
- Highly flexible - no strict rules on how funds are used
- Funds are **taxable** to the recipient
- Creates a personalized and relevant experience for members.
- Employer establishes the funding limits and use parameters

Examples may include:

grocery delivery	ride share expenses
student loan repayment	childcare allowance
financial planning	laundry services
Wi-Fi expense	personal trainer/gym membership



Addressing Health Equity through broader benefit design – Summary

Medical Plan Design

- Add more seed money to HSA
- Replace HSA with an HRA approach
- Re-introduce OV copays under the HRA
- Advanced Primary Care

Childcare and Caregiver

- Creating onsite childcare services where you have larger EE populations
- Offer access to childcare resources and supplementing the cost.
- Extend caregiver support services.

Financial Wellbeing

- Student loan repayment
- Employer subsidized voluntary benefits
- Emergency use funds

Ride-Share Benefits

- Plan sponsored funding of services like Uber, Lyft, taxi needed by a few employees to get to the worksite or healthcare provider.

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Lifestyle Spending Accounts

- Taxable benefit that allows plan sponsor to create a fund for members to use at their discretion for a variety of non-traditional expenses such as grocery delivery, personal trainers, home office set-up and supplies

Thank you

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