

# Employer Healthcare Cost Management

*December 9, 2020*

**will begin shortly ...**

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# Healthcare Updates

Cary Goss  
12/9/2020





# Agenda

I. Healthcare Landscape

II. Potential Impacts of a Biden Administration

I. Actionable Insights



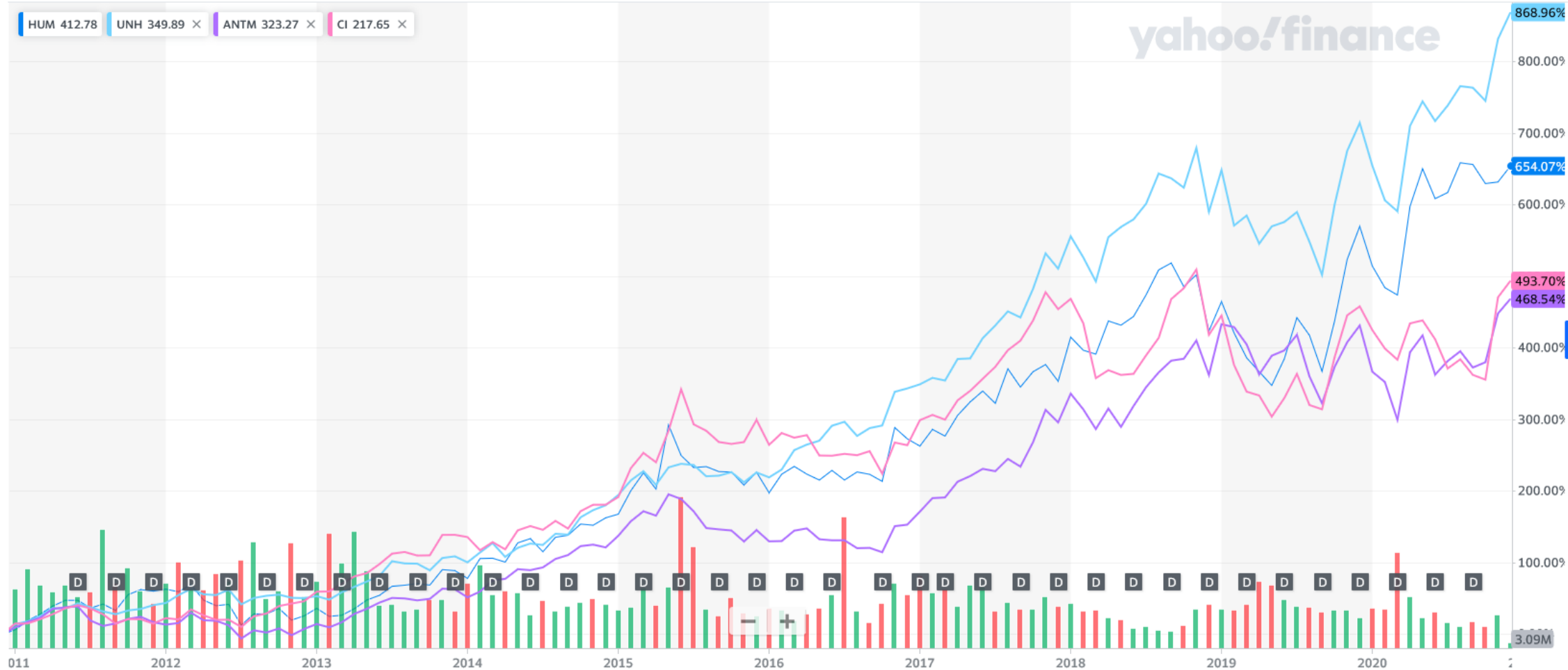
# Landscape

# Warren Buffett Quotes

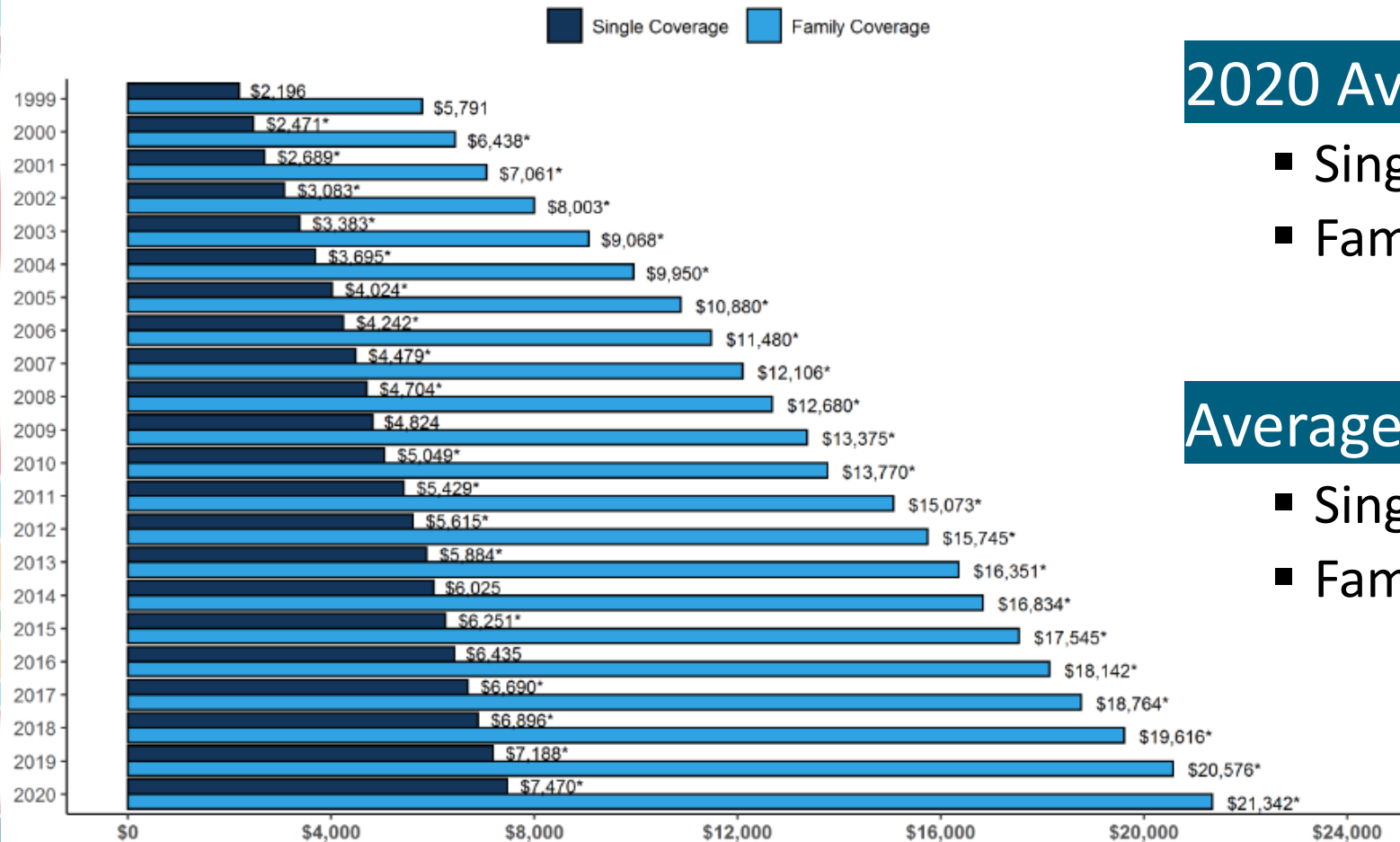
- “GM is a health and benefits company with an auto company attached”
- The ballooning costs of healthcare act as a hungry tapeworm on the American economy.



# Stock Comparison (2010 – 2020)



# Average Annual Premiums 1999 - 2020



## 2020 Average Premium

- Single: \$7,470
- Family: \$21,342

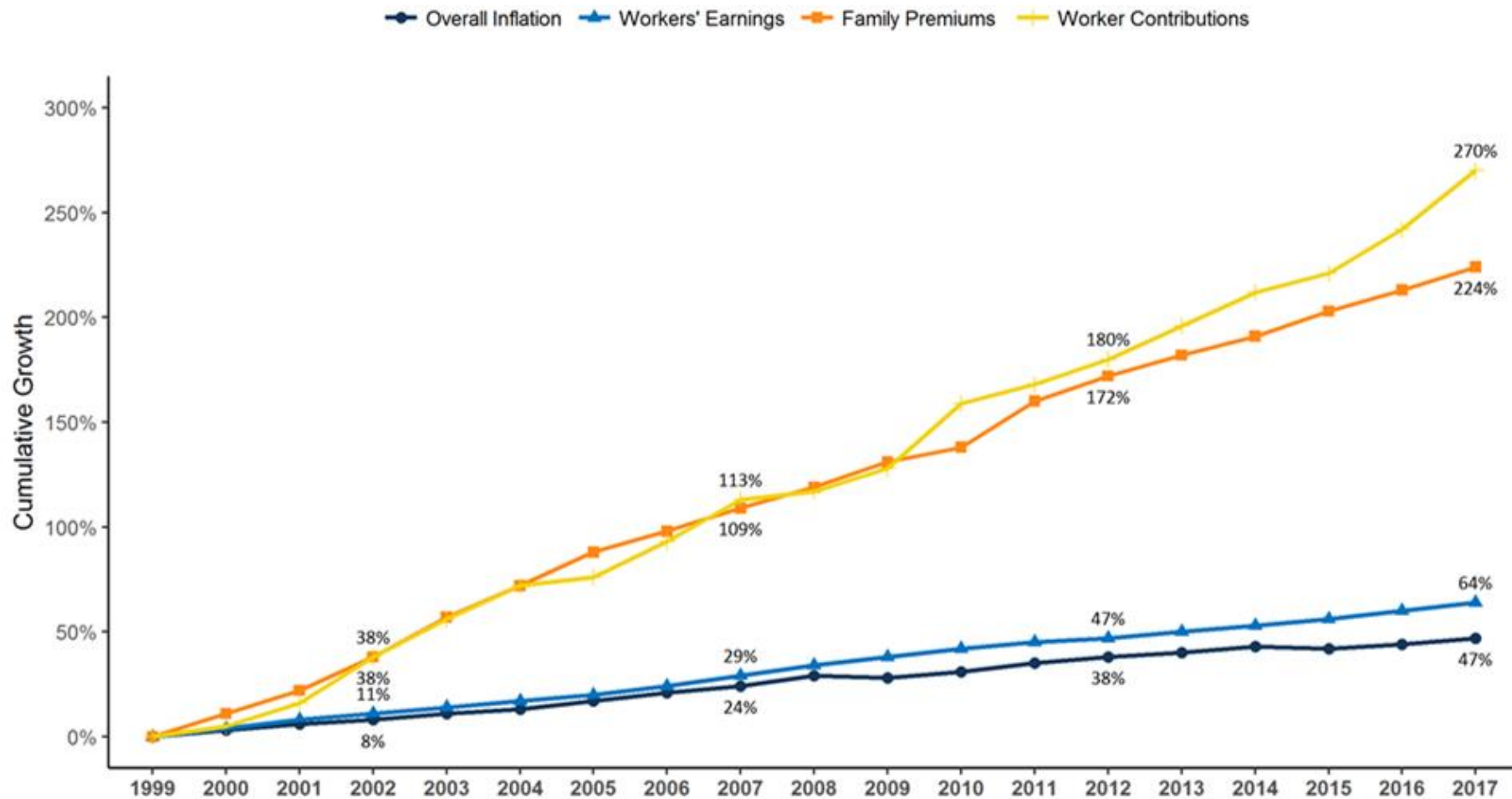
## Average Premium Increases

- Single: +240%
- Family: +269%

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

SOURCE: KFF Employer Health Benefits Survey, 2018-2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

# Cumulative Increases in Premiums, Contributions, Inflation & Earnings

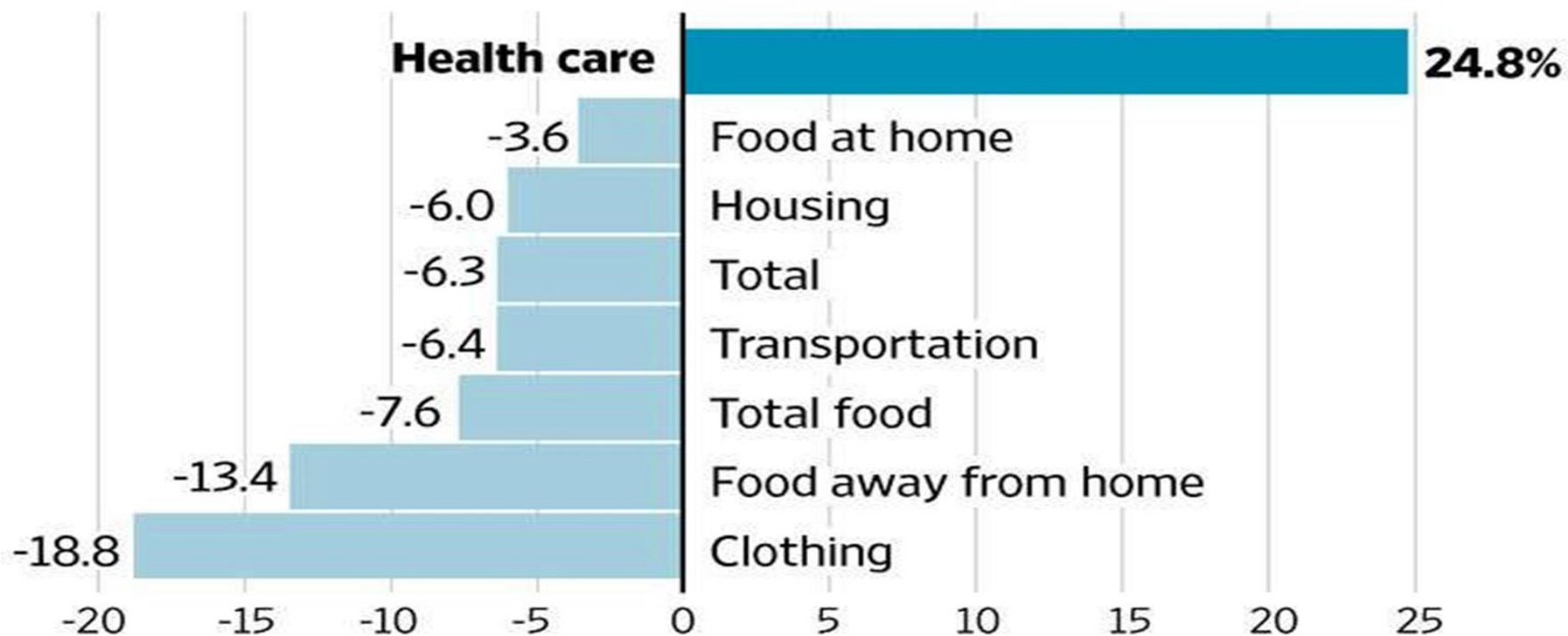


SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2017; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2017 (April to April).

# Middle-Class Spending

Middle-class families' spending on health care has increased 25% since 2007. Other basic needs, such as clothing and food, have decreased.

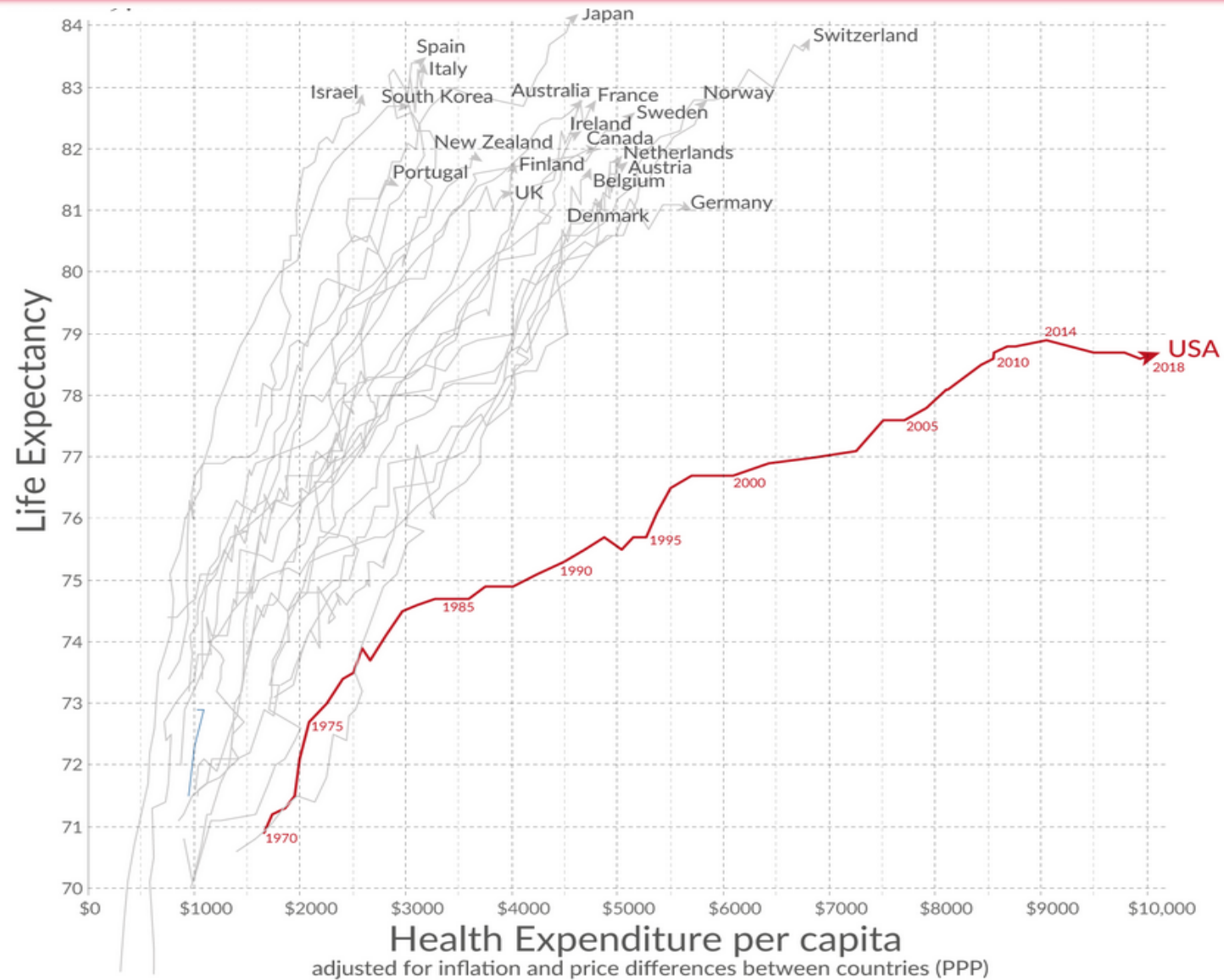
## Percent change in middle-income households' spending on basic needs (2007 to 2014)



Sources: Brookings Institution analysis of Consumer Expenditure Survey, Labor Department

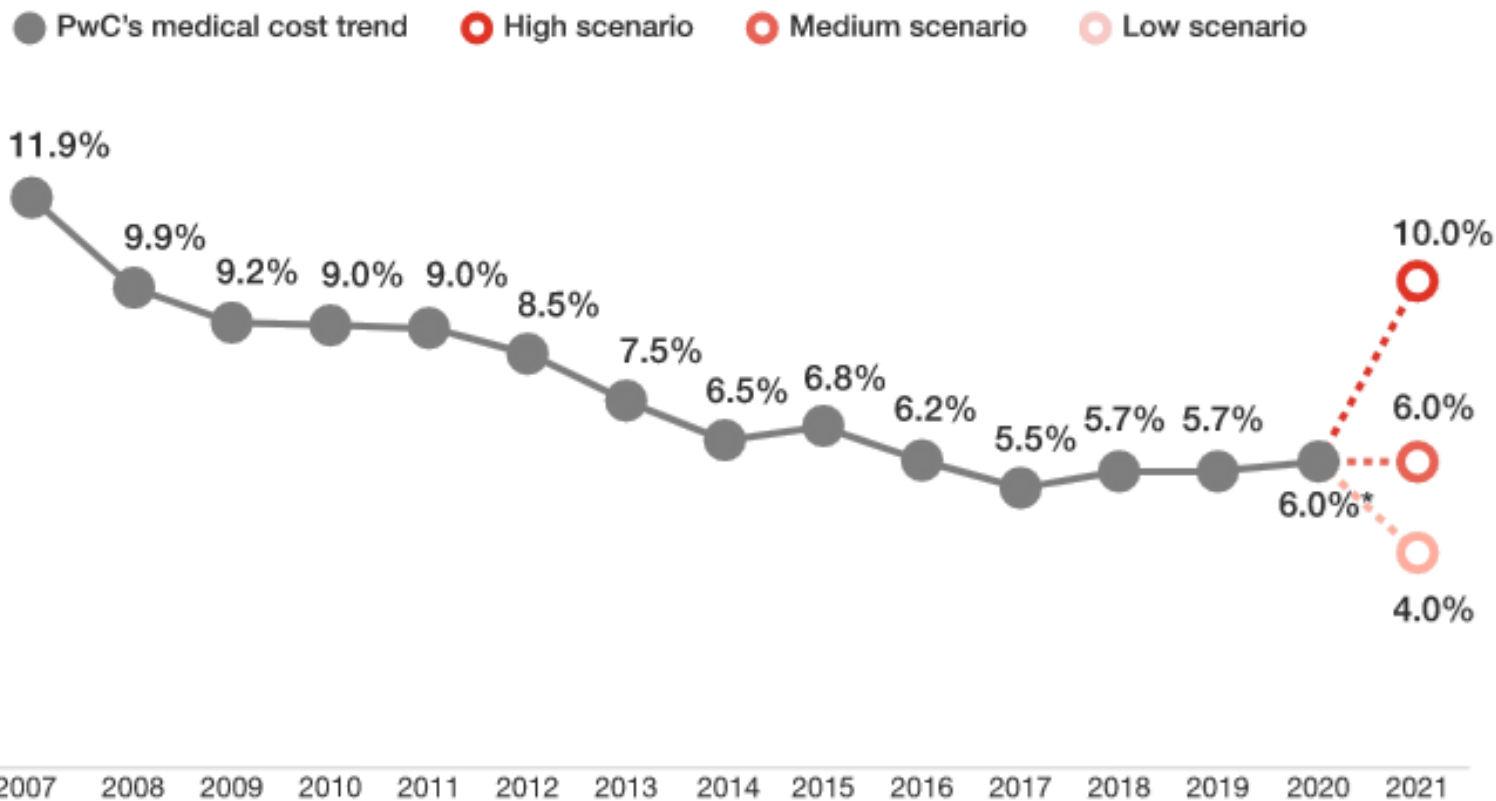
THE WALL STREET JOURNAL.

# Life Expectancy vs. Health Expenditure



Data source: OECD

# Trend



Source: PwC Health Research Institute medical cost trends, 2007-21

## What is medical cost trend?

Medical cost trend is the projected percentage increase in the cost to treat patients from one year to the next, assuming that benefits remain the same. While it can be defined in several ways, this report estimates the projected increase in per capita costs of medical services that affect commercial insurers and large, self-insured businesses. Insurance companies use the projection to calculate health plan premiums for the coming year. For example, a 10 percent trend means that a plan that costs \$10,000 per employee this year would cost \$11,000 next year. The cost trend, or growth rate, is influenced primarily by:

- Changes in the price of medical products and services, known as unit cost inflation
- Changes in the number or intensity of services used, or changes in per capita utilization

An abstract, colorful pattern on the left side of the slide, featuring various shapes and colors like red, green, blue, orange, and purple, set against a dark background. The pattern is partially obscured by a large white circle.

# Biden Administration

# Biden Interests

## COVID-19

- Increase testing
- Address PPE shortages
- Distribute vaccines & treatments
- Offer federal relief
- Public health measures
- Protections for high-risk and older Americans

# Biden Interests

## ACA


- If struck down, Biden will try and replace it.
- If upheld, Biden will try and expand it:
  - Medicaid
  - Medicare
  - Public option

## Public Option

- Goal: compete with the private markets and lower prices through negotiation, cover co-payments & improve coordination.
- Layer alongside private options on existing exchanges.
- Extend options and lower pricing for small business.

# Biden Interests

## Medicare

- Lower eligibility age from 65
- 
- 60
- If granted, this could increase Medicare participation by 20M.

## Medicaid

- Expand Medicaid at the state level and provide access to 5 million additional individuals.
- Increase participation by offering automatic enrollment.
- States that have already expanded could move to the public option.

# Biden Interests

## Tax Credits

- Lower income cap.

9.86%



8.5%

- Allow families to purchase the public option with tax credits, even if employer coverage exists.

- Expand eligibility by eliminating 400% income cap on tax credit eligibility.

# Biden Interests

## Prescription Drugs

- Allow Medicare drug pricing negotiation.
- Allow private plans participating in the Marketplace to access similar negotiated costs.
- Limit drug price increases & establish a board to oversee.
- Import drugs.
- Both Democrats & Republicans have agreed that drug pricing needs to be addressed. Bipartisan support?

# Biden Interests

## Other Notable Interests

- 12 weeks paid family and medical leave
- Minimum Wage from \$7.25 to \$15 by 2026
- Labor rules
- Employee data security
- Cannabis legalization
- Immigration
- LGBTQ Rights



# Insights

# Actionable Insights

- Expect more from your broker
- Expect less from your broker
- A seat at the table
- Look beyond the 12 month renewal
- Crawl, walk, run
- Practical resources

# Expect More From Your Broker

- Transparency
- Compensation
- Partnership
- Strategy
- Solutions

# Expect Less From Your Broker



## Internal

- Implementation
- Support
- Communication
- Advocacy

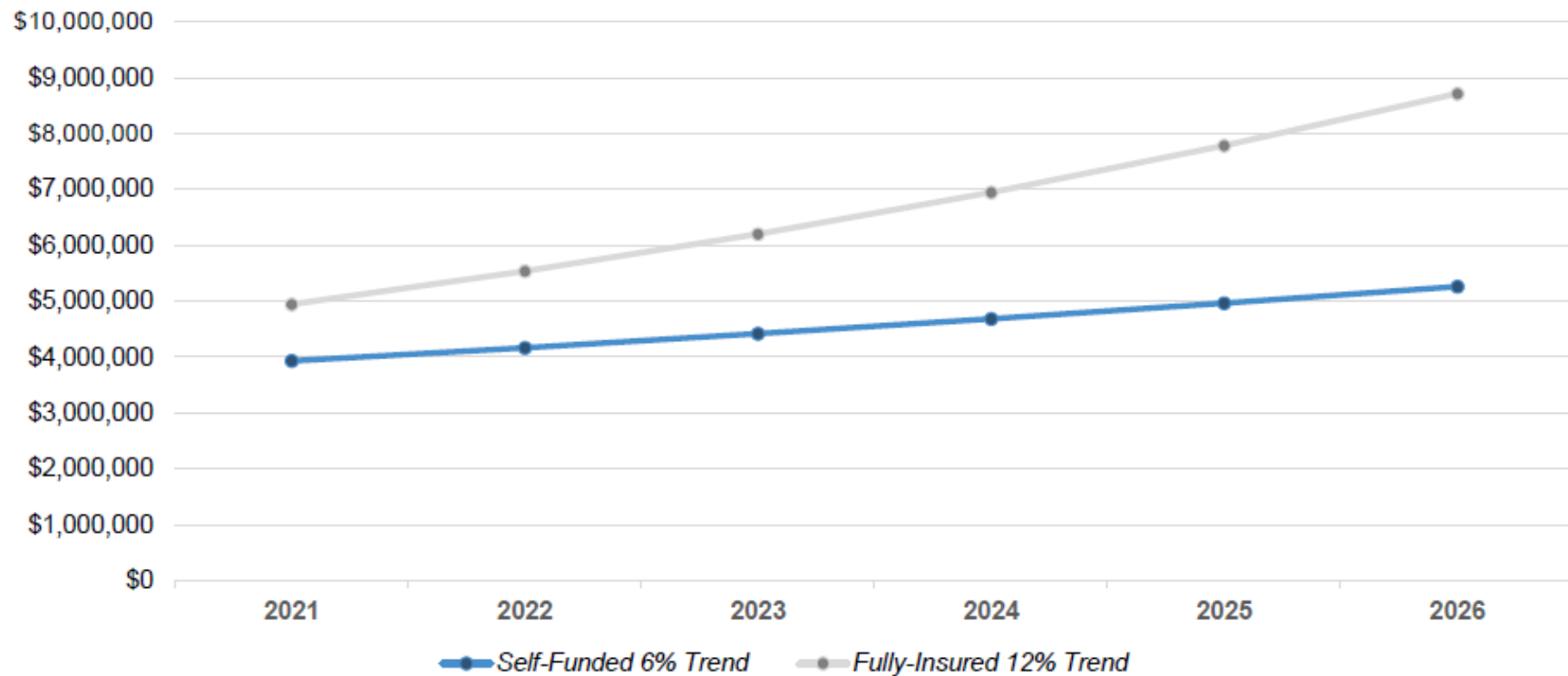
# A Seat at the Table

- CEO
- President
- CFO
- COO
- Controller
- **Human Resources**

# Look Beyond the 12 Month Renewal

<i>Self-Funded 5 Year Total</i>	<b>\$23,487,069</b>
<i>Fully-Insured 5 Year Total</i>	<b>\$35,182,892</b>
<b>5 Year Savings</b>	<b>\$11,695,823</b>

	2021	2022	2023	2024	2025	2026
<i>Self-Funded 6 % Trend</i>	\$3,930,681	\$4,166,522	\$4,416,513	\$4,681,504	\$4,962,394	\$5,260,137
<i>Fully-Insured 12 % Trend</i>	\$4,944,759	\$5,538,130	\$6,202,705	\$6,947,030	\$7,780,673	\$8,714,354



# Crawl, Walk, Run Mentality



## Fully Insured

Limited Data,  
Control and  
Transparency

## Level-Funded Standard

Improved Control,  
Limited Data,  
Improved  
Transparency

## Level-Funded Advanced

Plan Design Control,  
Greater Access to  
Data, More  
Transparency and  
100% of Savings

## Partial Self-Insured

Plan Design Control,  
Data Accessible  
with Limitations,  
Plan Savings  
improved

## Employer Built Healthcare

Total Control, Total  
Transparency and  
Complete Access to  
Data.



ARE THERE ANY QUESTIONS  
FOR TODAY'S PRESENTERS?

thank you!

FOR YOUR PARTICIPATION DURING  
THIS SESSION!

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