

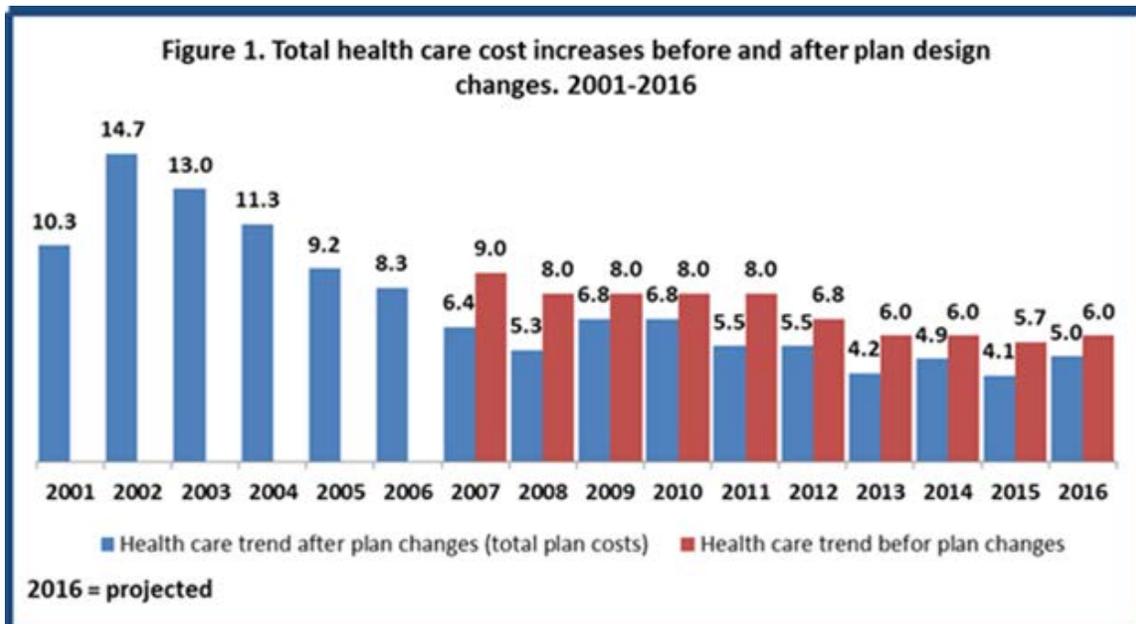


benefitNEWS

## 20th Annual 2015 Best Practices in Healthcare Employer Survey Results

*from the National Business Group on Health*

According to the latest Annual Survey results from the National Business Group on Health, employers continued to face rising health benefit costs in 2015, although at a slower rate than last year, down from 4.9% to 4.1% after plan design changes. Without these changes, rate increases would have been 6% in 2014 and 5.7% in 2015. Employers in this survey reveal cost trends appear to be on track to increase to 5% in 2016 (Figure 1).

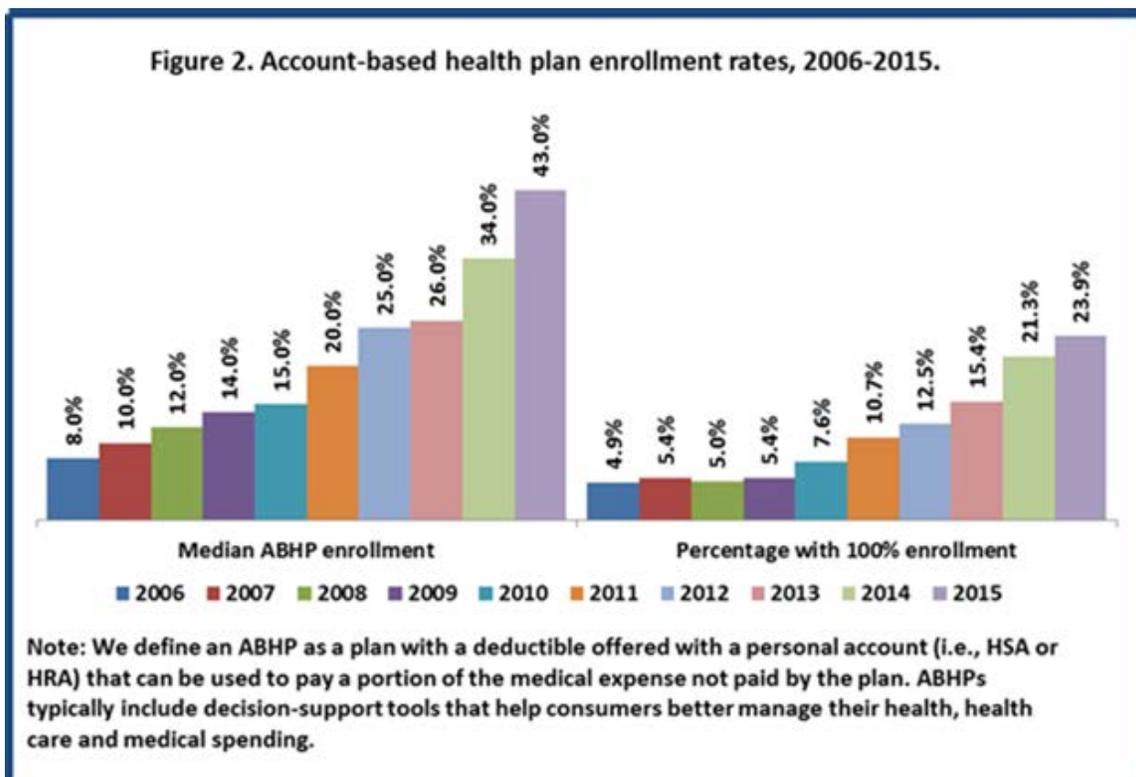


According to the report, total healthcare costs, on average, are \$23,041 per employee per year (PEPY) for 2015. Looking ahead, costs are expected to increase 5% to \$24,193 in 2016. Employees are paying, on average, 22.2% of total premium costs in 2015 and are expected to pay 22.8% in 2016 after companies take steps to control their costs. In paycheck deductions, this translates into an average employee contribution of \$2,676 to premiums in 2016, a 7.7% increase. Other highlights from the benchmarking report include:

- Despite their concerns about costs, employer confidence that they will continue to offer healthcare coverage in 10 years nearly doubled from last year, to 44% (from 23% in 2012 and 25% in 2014).

Over the next three years, most employers (95%) will be focused on evaluating their health and pharmacy plan design, with 80% giving it high priority. Pharmacy experts predict that specialty pharmacy, which serves less than 5% of covered lives, will account for 50% of total drug spend by 2018. For most employers, this is projected to represent between 10% and 15% of total health plan cost for 2016 and beyond. The cost and utilization issues regarding specialty pharmacy in particular are a top pain point for employers. Fifty-three percent have added new coverage and utilization management, and 32% more plan to do so by 2018. A quarter (26%) have addressed specialty drug costs and utilization that are currently billed under the medical plan. Nearly double that number expect to address it in 2016 and triple by 2018.

- Employers also say that they are willing to make changes that may take a few years to succeed and to make short-term financial investments to achieve improved health outcomes (70% and 69%, respectively, strongly agree) as long as they have proved to be effective. And 41% are willing to make effective plan design changes or changes in offerings that would disrupt employees.
- Employers are redefining their financial commitment to families' healthcare, especially spouses. Currently, more than half have increased employee health contributions in tiers for spouses (56%) and children (46%), with 81% and 61%, respectively, planning to do so by 2018. Use of spousal surcharges (when other coverage is available, usually from the spouse's own job) is poised to more than double by 2018 (from 27% to 56%).
- The number of employers that structure contributions based on employees taking certain steps such as completing a health assessment, which is currently at 39%, is expected to grow to 66% by 2018 if respondents follow through with their plans (Figure 2).



- The majority of employers now offer account-based health plans (ABHPs), and by next year, nearly one in four (24%) may offer an ABHP as their only plan. Enrollment has more than doubled, from 20% to 43%, over the last five years. Behind this enrollment surge, first and foremost, is the growing number of companies that have eliminated all other plan

options, from 7% in 2012 to 24% in 2016. Meanwhile, among the large number of companies that still offer alternatives, 50% expect to subsidize premiums for their ABHPs in 2016 at a higher rate to entice employee enrollment, up from 32% just four years ago.

- Employers increasingly pair their ABHPs with a health savings account (HSA), the dominant account model, in order to motivate employees to use this tax-advantaged opportunity to defray the rising cost of healthcare today and accumulate savings to help pay for healthcare services in retirement. And now, nearly two-thirds of all companies with an ABHP (63%) plan to have a year-round communication strategy promoting ABHPs in 2016, rising to 76% by 2018.
- At the moment, just over half of employers are consistently using medical claim data or benchmarking information to inform decisions or changes to their health and well-being programs (55%), and measuring active participation by employees/spouses in their health and well-being programs (51%). But less than half are sharing information with senior management regularly (48%). And even fewer are using data to identify and reach out to specific individuals or subgroups (e.g., those with diabetes) about relevant programs or gaps in care (43%).
- The report is based on a survey of 487 American employers representing all employers in the U.S. Conner Strong & Buckelew is a member of the National Business Group on Health.

Please contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220 with any questions.



[connerstrong.com](http://connerstrong.com)



877-861-3220



[news@connerstrong.com](mailto:news@connerstrong.com)



[Change My Preferences](#)



INSURANCE | RISK MANAGEMENT | EMPLOYEE BENEFITS



[Click here to change your email preferences or unsubscribe from all communication.](#)