

# Employer & Coalition Trends in Health Management

SUMMARY OF KEY FINDINGS | August 2018



**Benfield**

ARTHUR J. GALLAGHER & CO.

# Thank You!

*You're receiving this summary because you participated in our 14<sup>th</sup> annual survey on Employer & Coalition Trends in Health Management. Your input helps us discover trends in jumbo employer and coalition priorities, perspectives and innovative solutions in benefit design and employee health management.*

*New content includes:*

- *Use of Separate Rx Deductibles & Copay Accumulator Adjustment Programs*
- *Importance of Women's Health, Hemophilia, Osteoporosis and Insomnia*
- *Impact of Obesity Management Efforts*
- *Biosimilar Knowledge*
- *CDHP Outcomes*

*We hope you find this report valuable. Don't hesitate to contact us with your questions and comments.*

*Thank you,*

*The Benfield Team*

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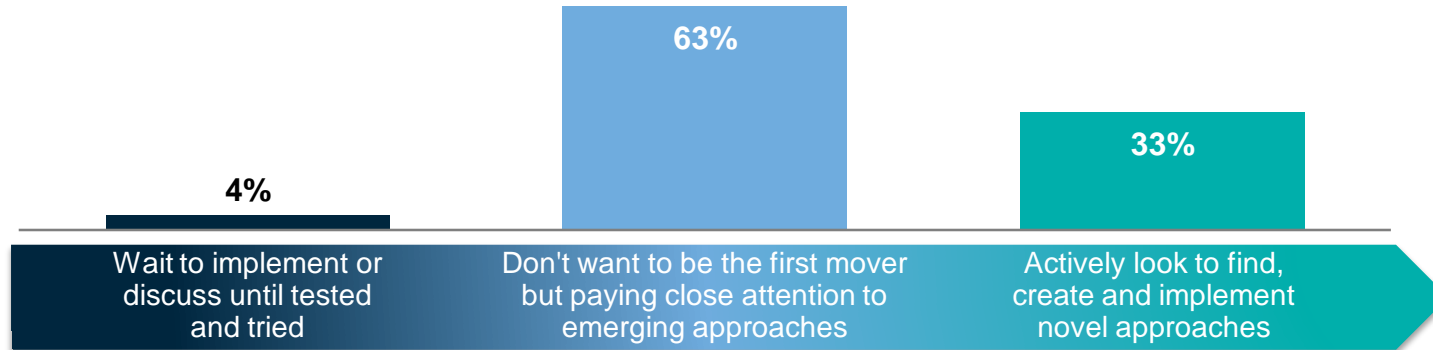
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  - PBM Exclusion Lists
- › Employer Healthcare Coalition Trends

## Jumbo Employer Approach to Innovative Benefit Designs or Management Methods



# 2018 EMI Trends Research Panel

## Employer Participant Panel

117 SURVEYS | 9 INTERVIEWS | 6.5 MILLION COVERED U.S. LIVES

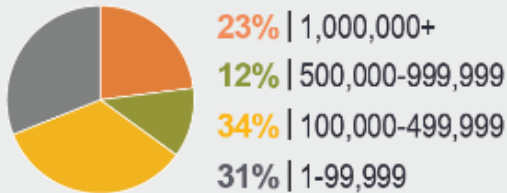
### EMPLOYER RESPONDENT ORGANIZATIONAL POSITION



## Coalition Participant Panel

35 SURVEYS | 8 INTERVIEWS | 28.7 MILLION MEMBER LIVES

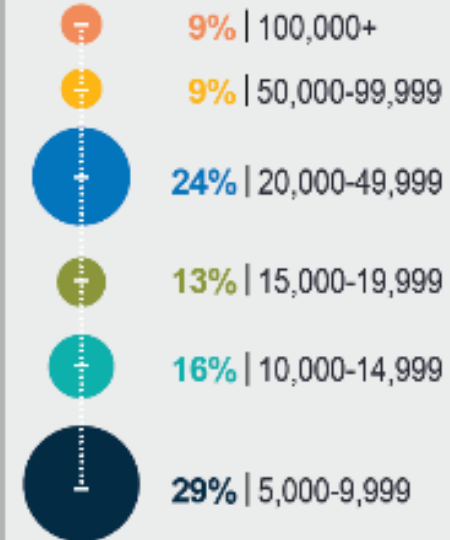
### MEMBER LIVES REPRESENTED BY COALITION PARTICIPANTS



### COALITION GROUP BENEFIT PURCHASING



### PARTICIPANTS BY NUMBER OF U.S. EMPLOYEES





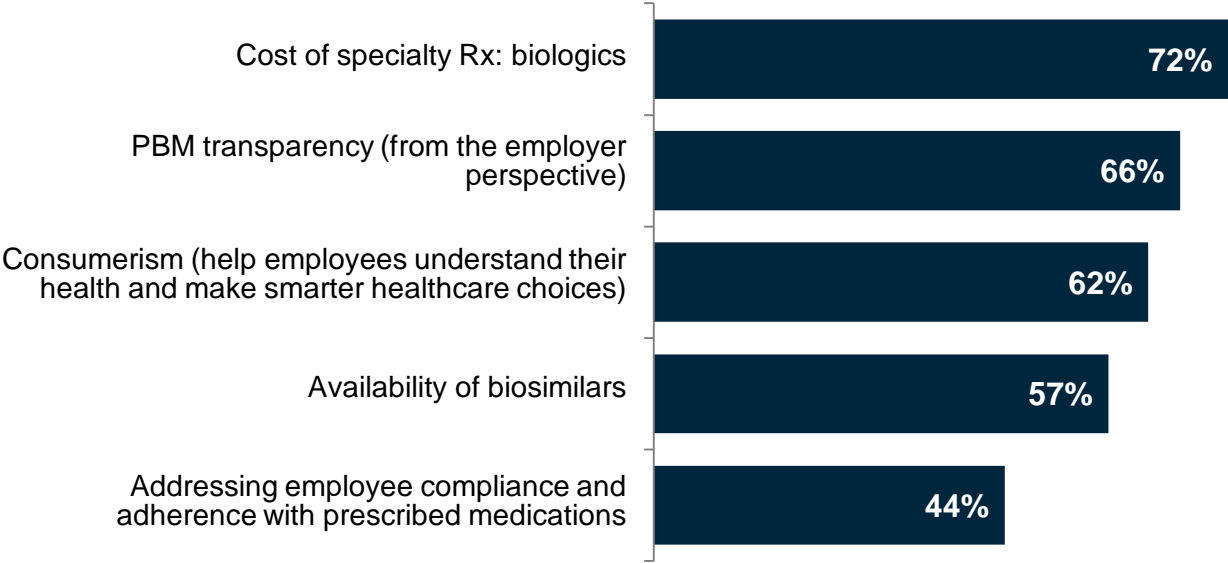
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# Employer Benefit Landscape

Cost of biologics has ranked #1 for five consecutive years, and transparency has risen from #4 in 2014 to #2 this year.

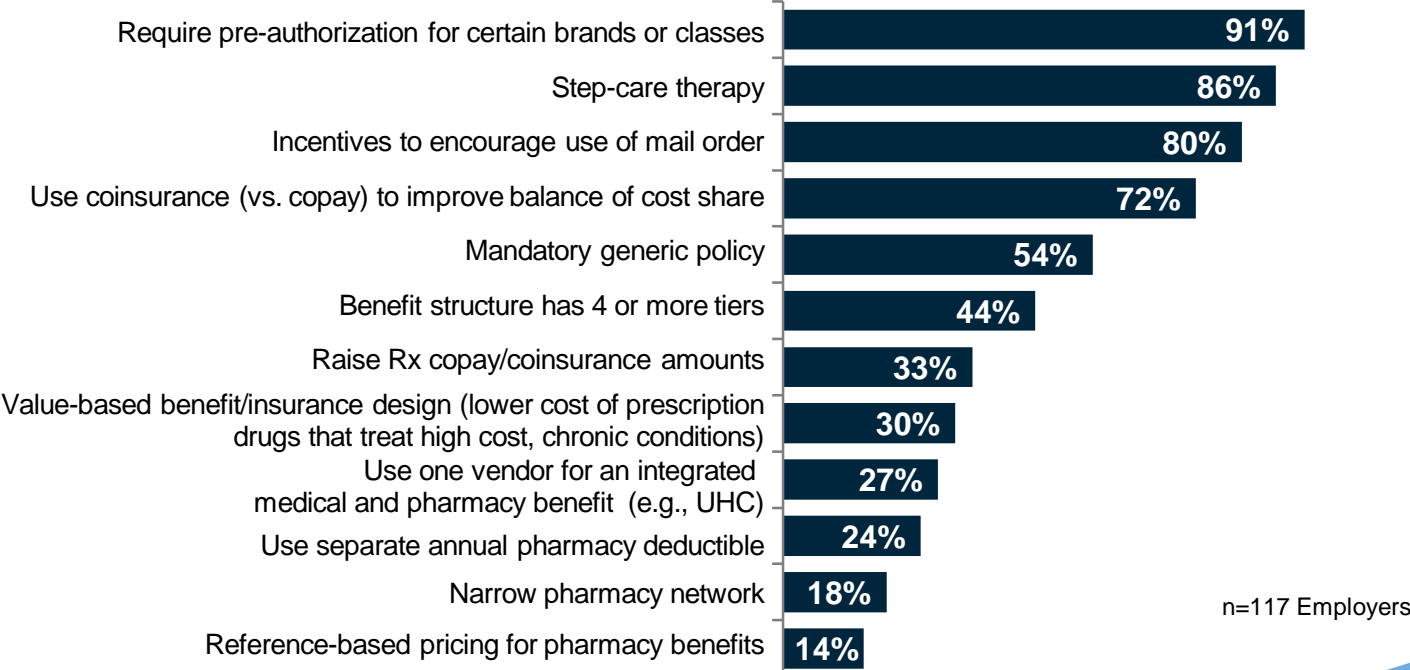
**Top 5: Importance of Trends Impacting Pharmacy Benefit Management**  
*(percentage rating highly important)*



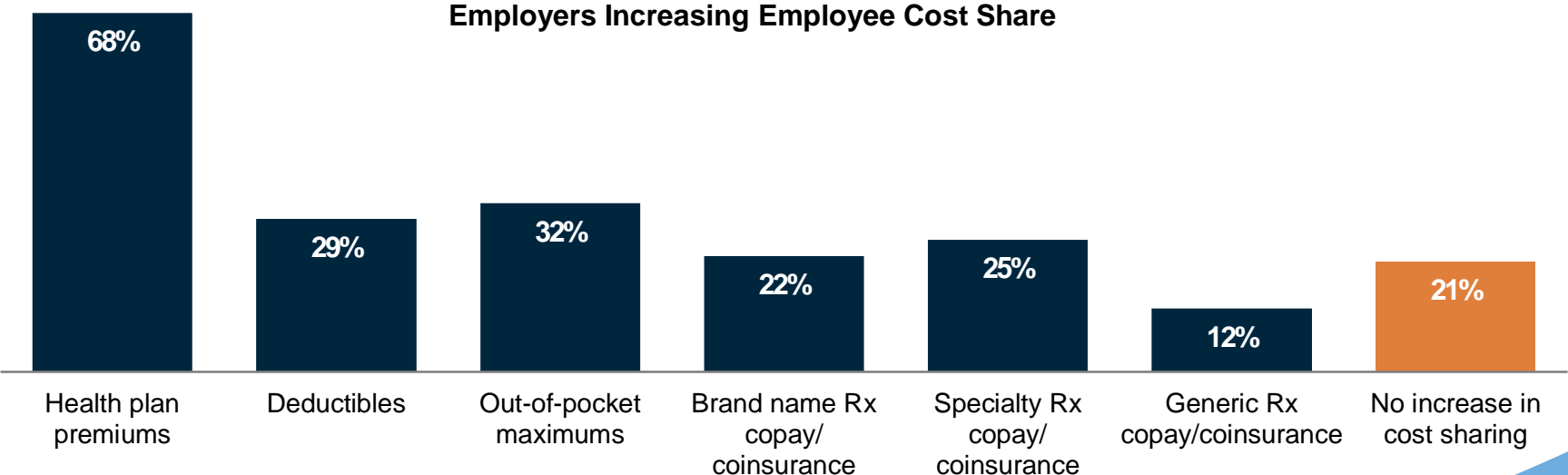
n=117 Employers

Employers continue to use traditional initiatives to manage pharmacy costs including pre-auths, step therapy and mail order. One quarter use separate pharmacy deductibles, a new initiative added to the survey in 2018.

**Current Pharmacy Management Initiatives**



The proportion of employers that did not increase cost share is down to 21% in 2018 vs. 31% in 2017. This year marks a 4-year high in employers raising cost share for pharmacy benefits, including specialty (25%), brand name (22%) and even generic Rx (12%).



n=117 Employers



# The impact of employee health on both direct and indirect costs elevates the need for effective and thoughtful employee health management.

## High Importance of Managing Disease States or Conditions to Employers

**60%+**

» Diabetes, Cancer, Cardiovascular disease, Back pain/Musculoskeletal, Obesity, Hypertension

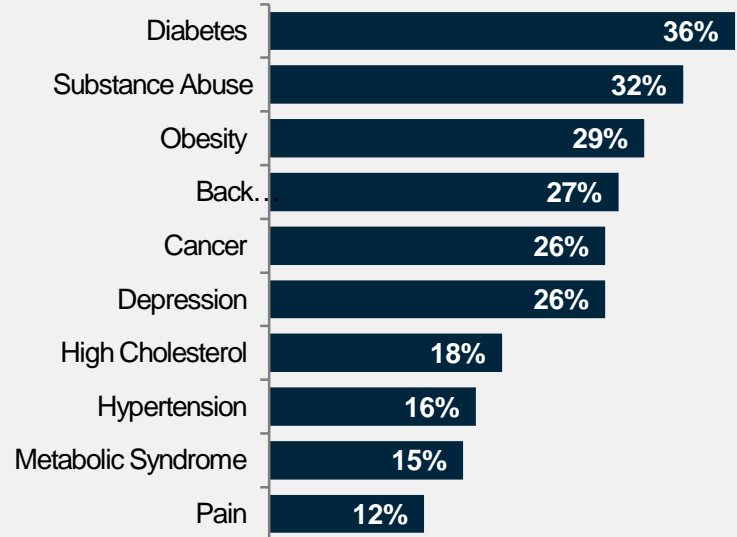
**25-55%**

» High Cholesterol, Congestive heart failure, Depression, Substance abuse, COPD, Smoking cessation, Metabolic syndrome, Women's health, Asthma, Hepatitis C, Rheumatoid arthritis

**<24%**

» Multiple sclerosis, Pain, Hemophilia, Crohn's disease/Ulcerative colitis, Osteoarthritis, Allergy, Osteoporosis, Pneumonia, Migraine, Atopic dermatitis, Insomnia, Psoriasis

## Employers Indicating Disease/Condition's Importance Has Significantly Increased Over the Last 12-18 Months



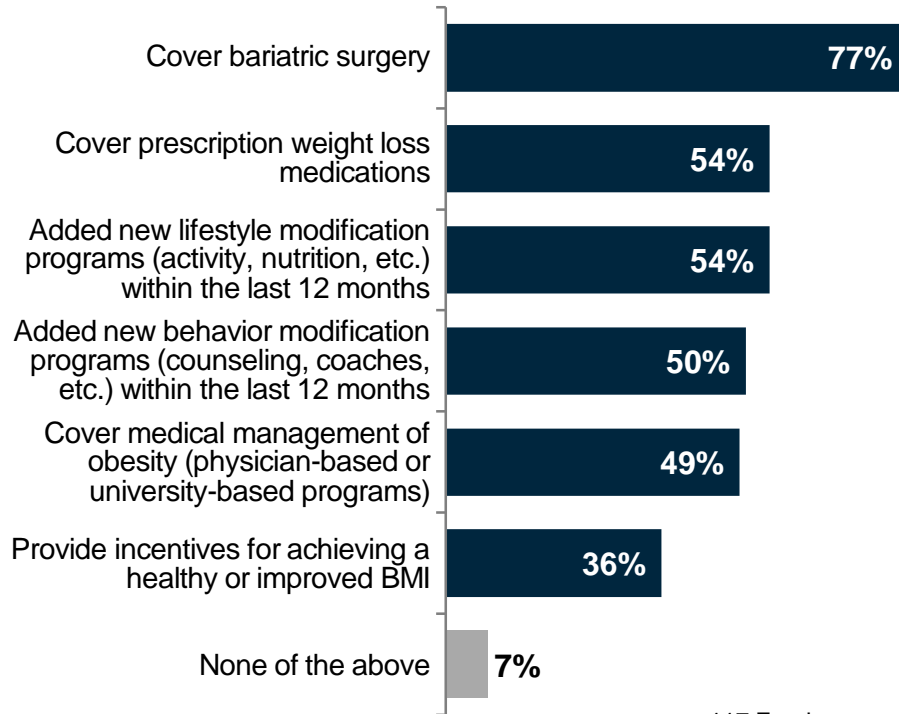
n=117 Employers

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# Employers offer multiple programs to help manage obesity, but few report that efforts are resulting in decreased obesity rates.

## Employer Initiatives to Manage Obesity



n=117 Employers

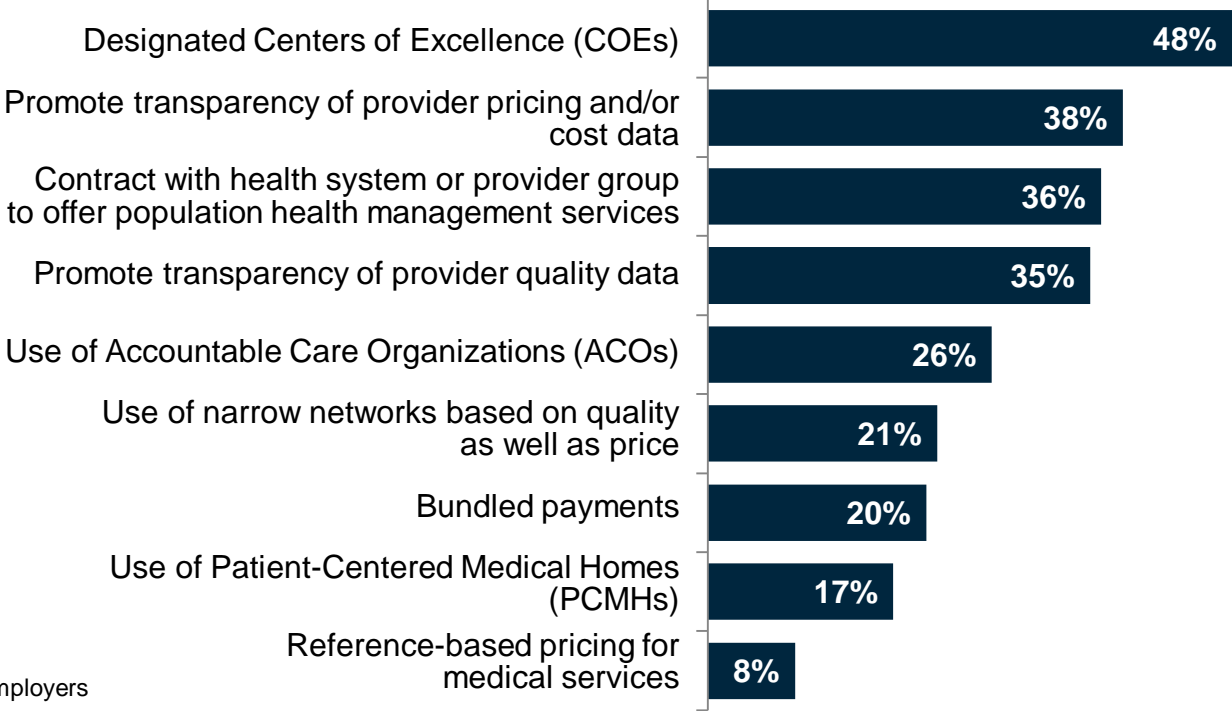
## Impact of Obesity Management Efforts

- 0% of employers report a significant decline in obesity rates as a result of their efforts
- 16% report a slight decline in obesity rates
- 28% report no change in obesity rates

*The remainder report increased rates or “don’t know”*

When it comes to improving healthcare value, employers' initiatives focus on designating Centers of Excellence (COEs) (48%) and promoting transparency of price/cost (38%) and quality (35%) data.

**Value-Focused Health Benefit Management**

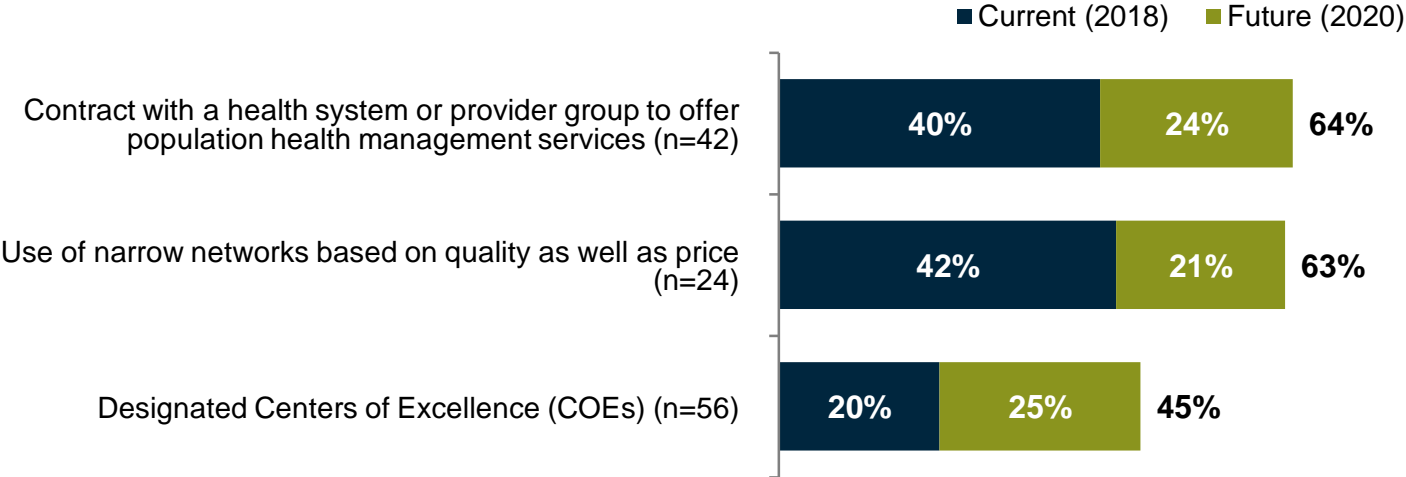


n=117 Employers

Among employers deploying the listed value-focused initiatives, 4 in 10 currently have risk-based payment terms in their contracts for population health management services and narrow networks, and 20% have these terms for COEs.

### Use of Risk-Based Payment Terms

(among employers with value-focused benefit management initiative in place)





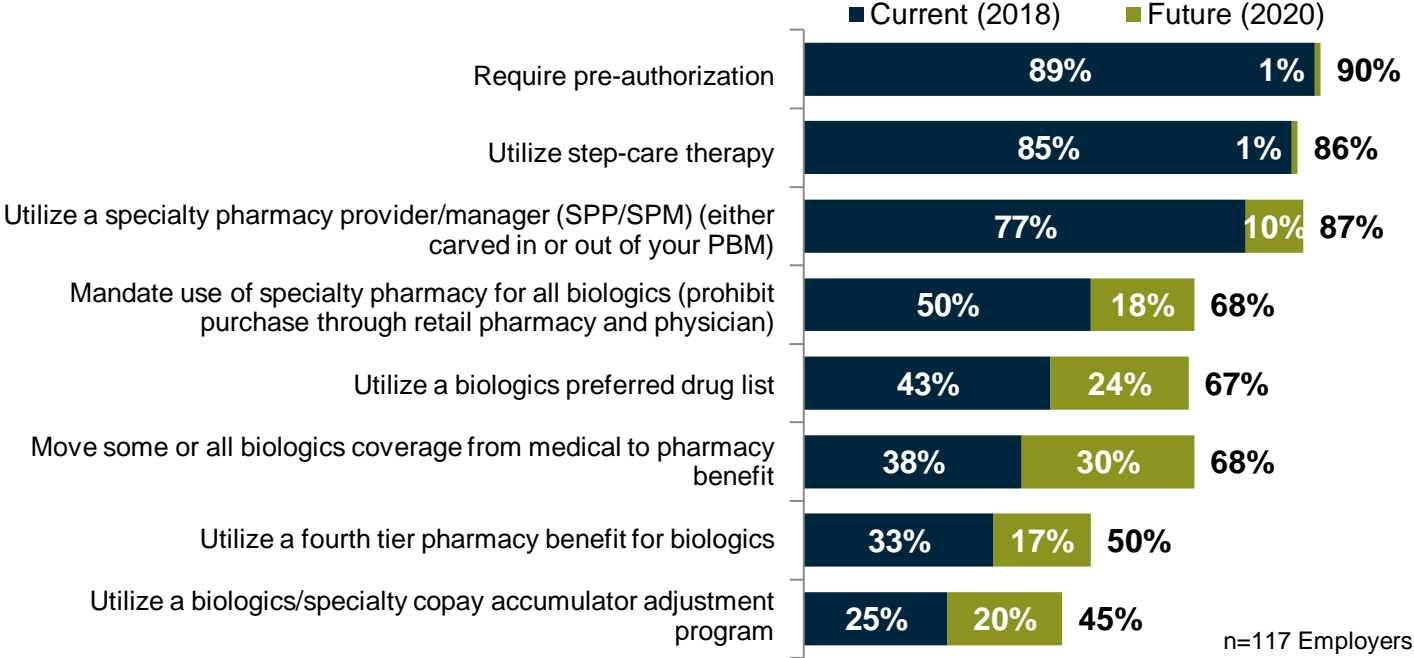
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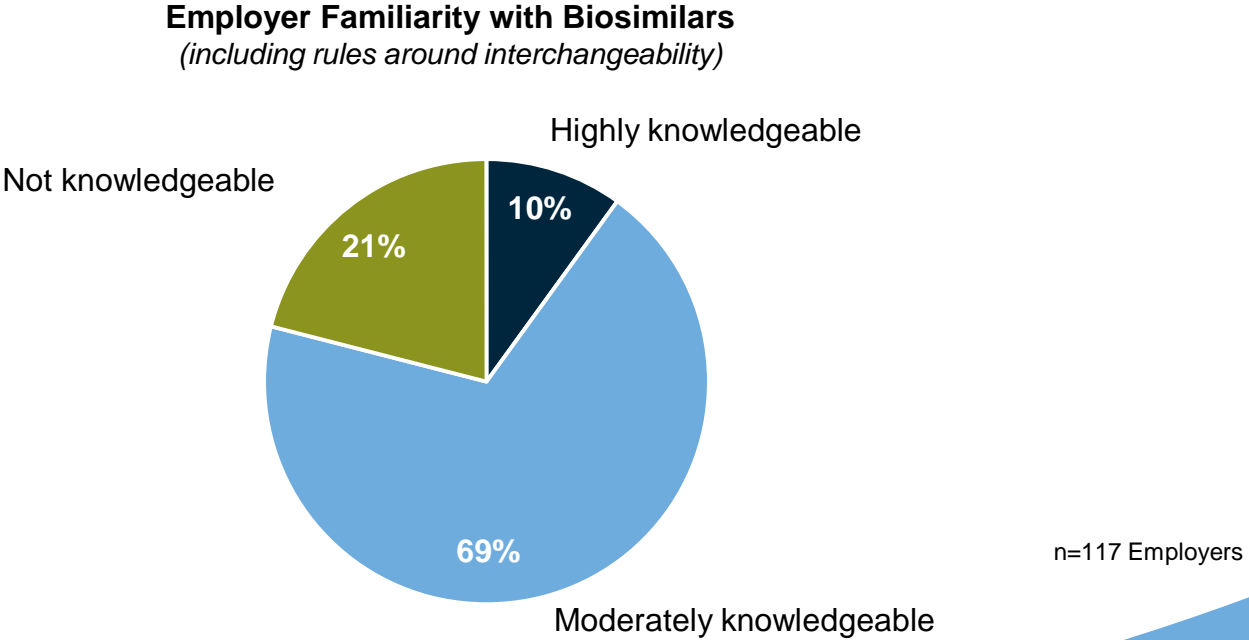
# Key Research Topics

The greatest growth in biologics management is expected for moving these meds from the medical to Rx benefit, using a preferred drug list and using a copay accumulator adjustment program by 2020.

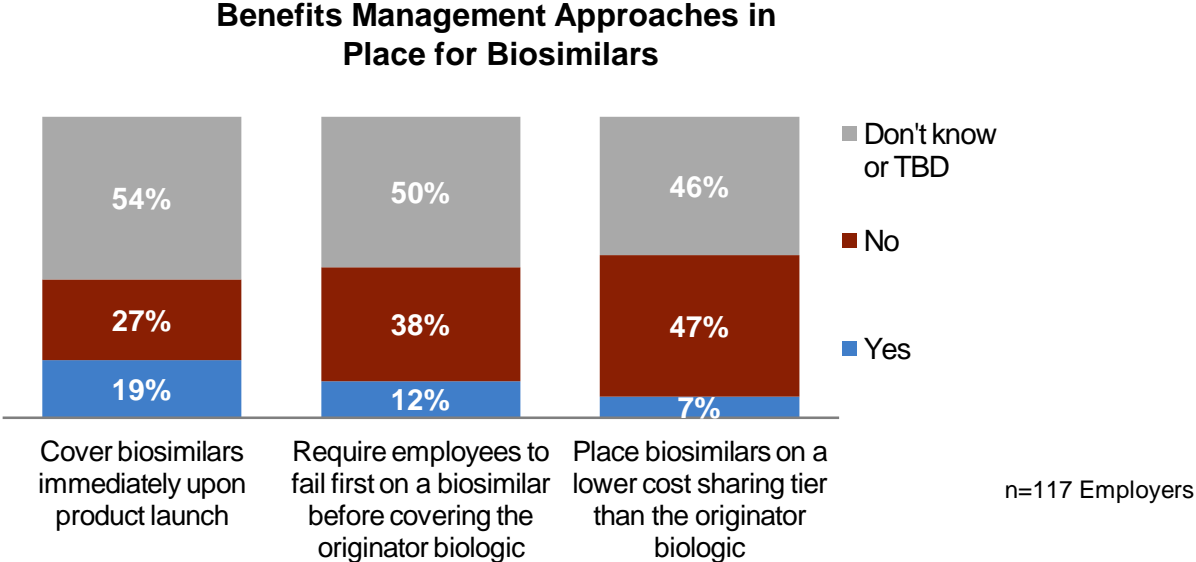
**Initiatives to Manage Cost and Utilization of Biologics**



Employers have limited familiarity with biosimilars with just 10% indicating they are highly knowledgeable and a majority (69%) being moderately knowledgeable.



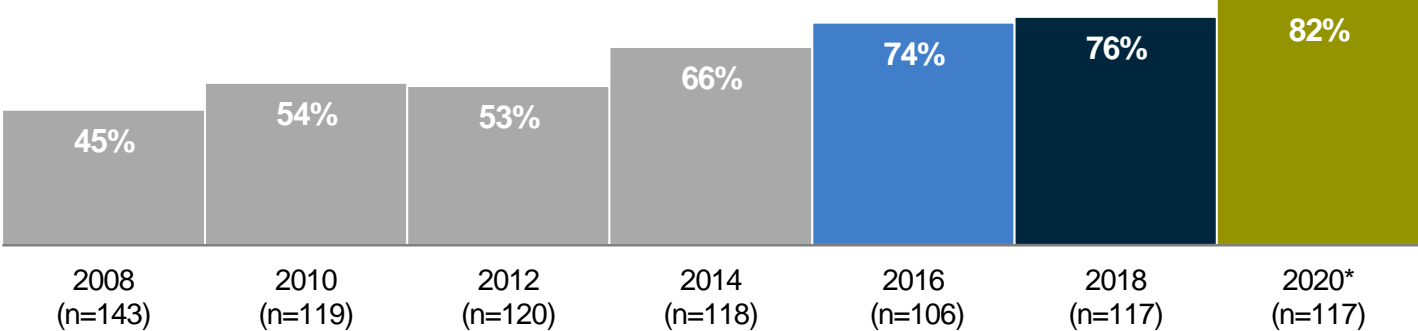
Nineteen percent of employers cover biosimilars immediately upon product launch. Notably, 46–54% of employers selected “don’t know or to be determined” for each of the listed approaches, indicating limited benefits activity in this emerging space.





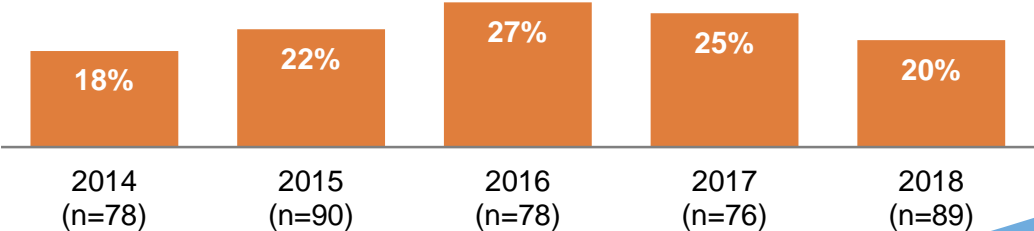
Consumer-directed health plans continue to increase as an option, but the full replacement approach has declined to just 20% this year from a high of 27% in 2016.

### Employers Offering CDHPs



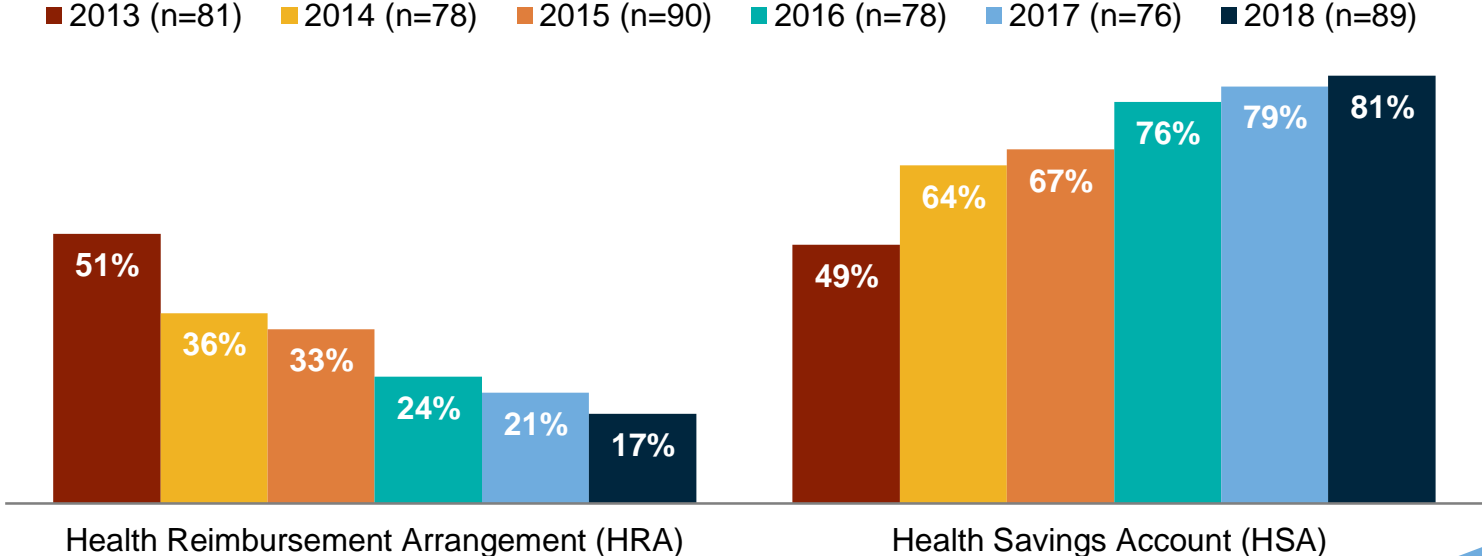
\*Employer Projection

### Offer CDHP as Only Option (Full Replacement)



Over the last five years, HSAs have grown significantly in popularity and are the primary savings account offered to employees for the vast majority of employers (81%).

**Primary Healthcare Account Linked with CDHPs**  
*(among employers offering CDHPs)*



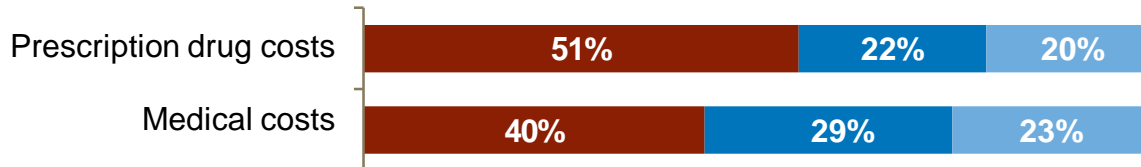
Note: 2% of Employers had equal enrollment in HRA and HSA

Employers report CDHPs often lead to decreased Rx costs (51%) and medical costs (40%) for their organization, but also a decrease in enrollees seeking needed medical care.

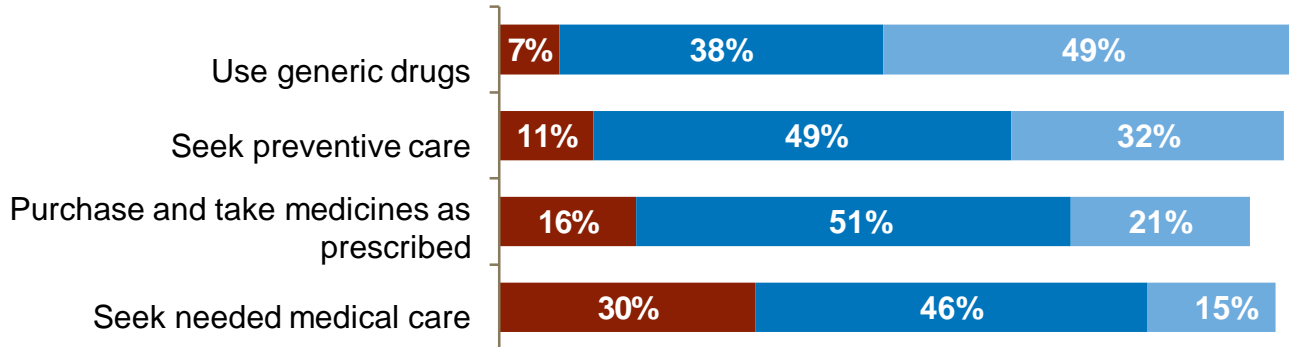
### Outcomes Associated with Consumer-Directed and High-Deductible Health Plans

#### Impact on Organization's...

■ Decrease    ■ No change    ■ Increase



#### Impact on Patient (Employee) Likelihood to...



n=93 Employers  
Percent "Don't Know" not shown

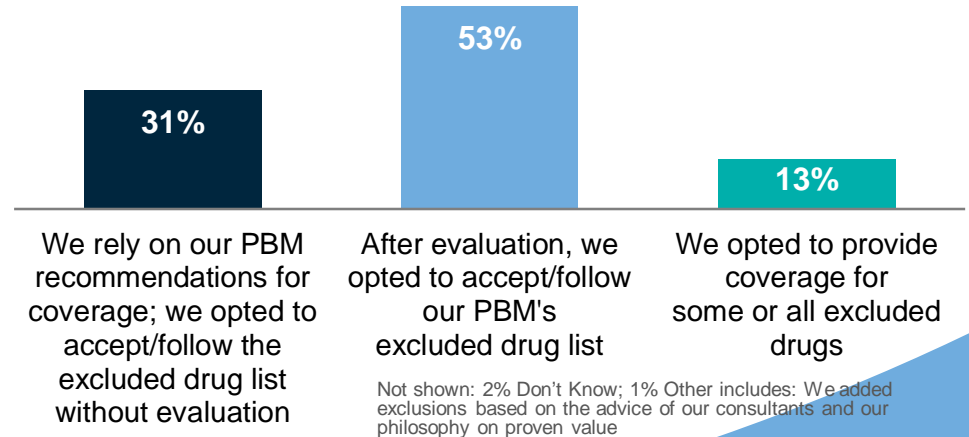
Cigna surpassed CVS Caremark in number of exclusions with nearly a fifty percent increase over 2017. Aetna has the fewest exclusions.

Two-thirds of respondents evaluate their PBM's exclusion list (*shown in light blue & teal*), and 13% ultimately provide coverage for exclusions.

**Number of 2018 Medication Exclusions by PBM/Health Plan**

Cigna	234
CVS Caremark	195
OptumRx	161
Express Scripts	160
Aetna	152

**Employer's Approach to the Coverage of Drugs on their PBM or Health Plan's Exclusion List**  
(among those given an exclusion list)



n=109 Employers



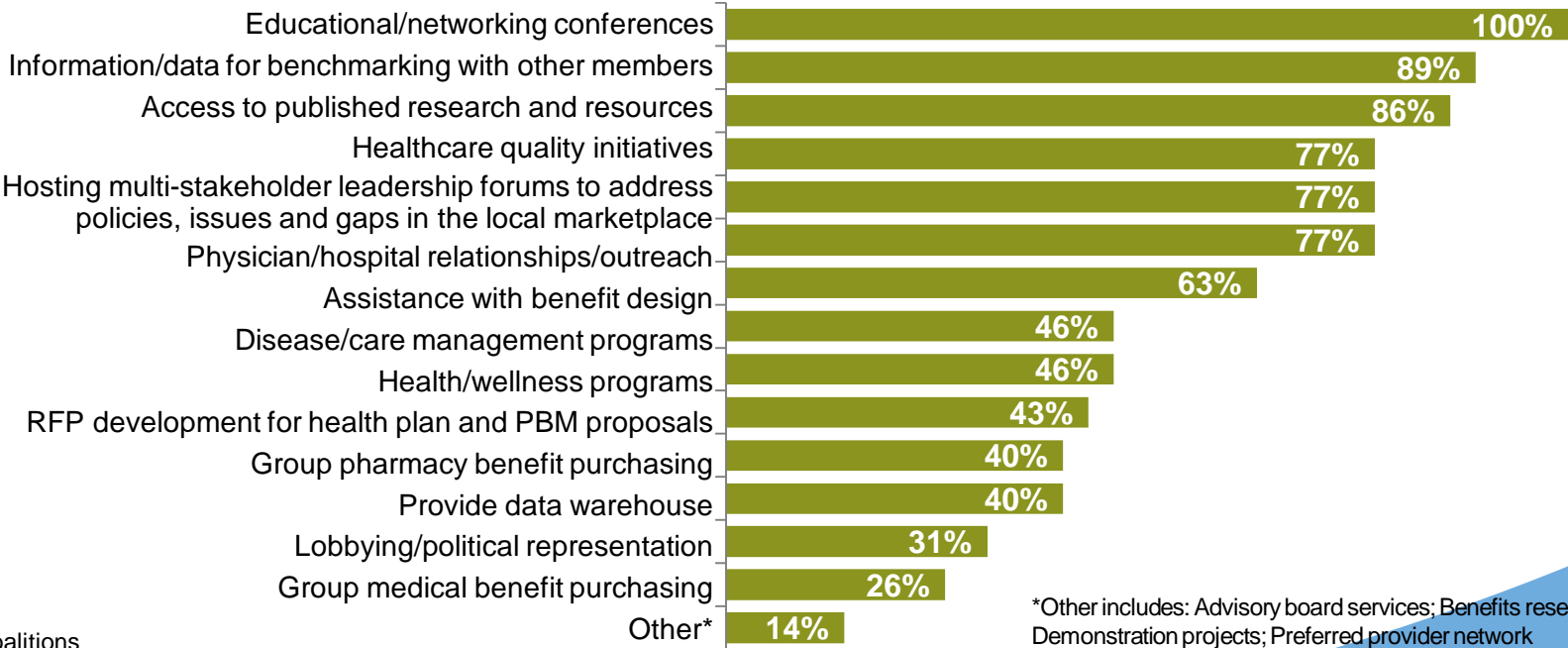
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# Employer Health Coalition Trends

All surveyed coalitions hold educational conferences, usually in the form of annual and topic-based meetings. Benchmarking information is provided by 89% and 86% provide members with access to published research.

**Coalition Services Offered to Employer Members**



n=35 Coalitions

\*Other includes: Advisory board services; Benefits research projects; Demonstration projects; Preferred provider network

# Coalitions are highly interested in providing members resources around diseases important to their members.

## High Importance of Managing Disease States or Conditions to Coalitions

**60%+** » Diabetes, Cancer, Cardiovascular disease, Obesity

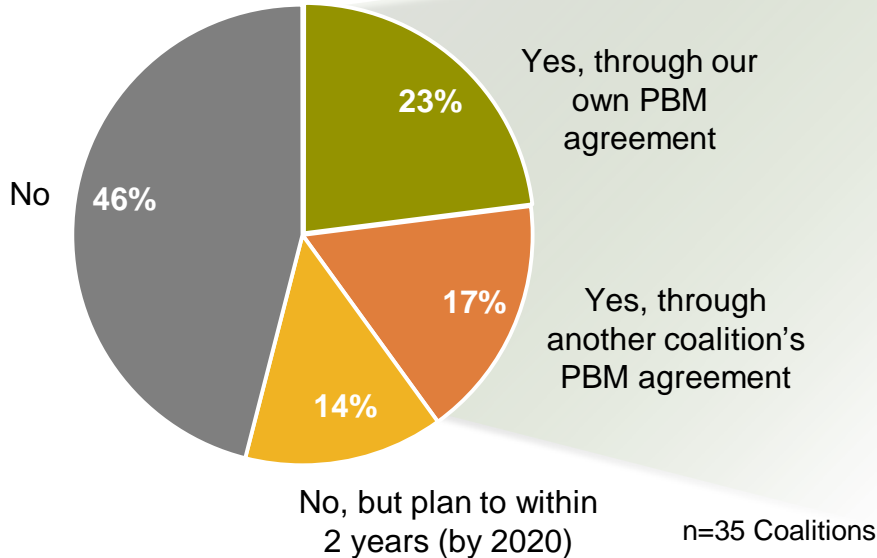
**25-55%** » Substance abuse, Depression, Hypertension, Back pain/Musculoskeletal, Pain, Smoking cessation, Metabolic syndrome, High cholesterol, Women's Health

**<24%** » Rheumatoid arthritis, Asthma, Hepatitis C, COPD, Congestive heart failure, Osteoarthritis, Allergy, Multiple sclerosis, Pneumonia, Osteoporosis, Migraine, Insomnia, Crohn's disease/Ulcerative colitis, Hemophilia, Psoriasis, Atopic dermatitis

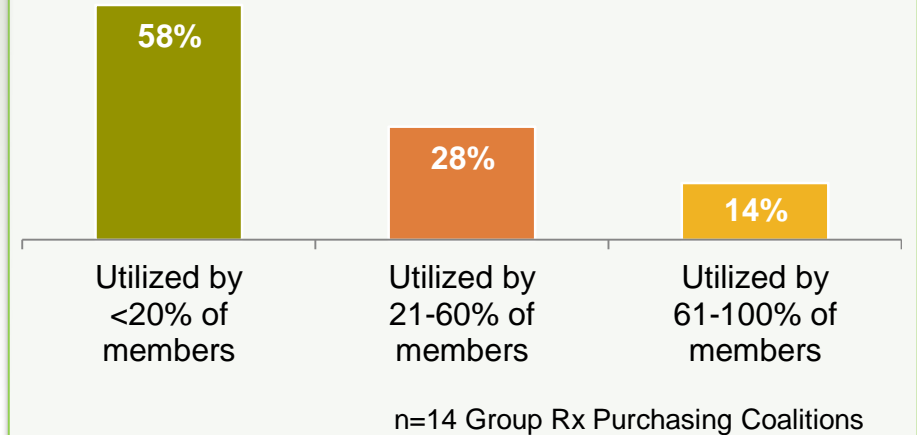
n=35 Coalitions

Four in ten coalition respondents offer group pharmacy benefits to their members, either by contracting directly with a PBM (23%) or by using a PBM arrangement established through a different coalition (17%).

### Coalitions Acting as a Group Purchaser of Pharmacy Benefits



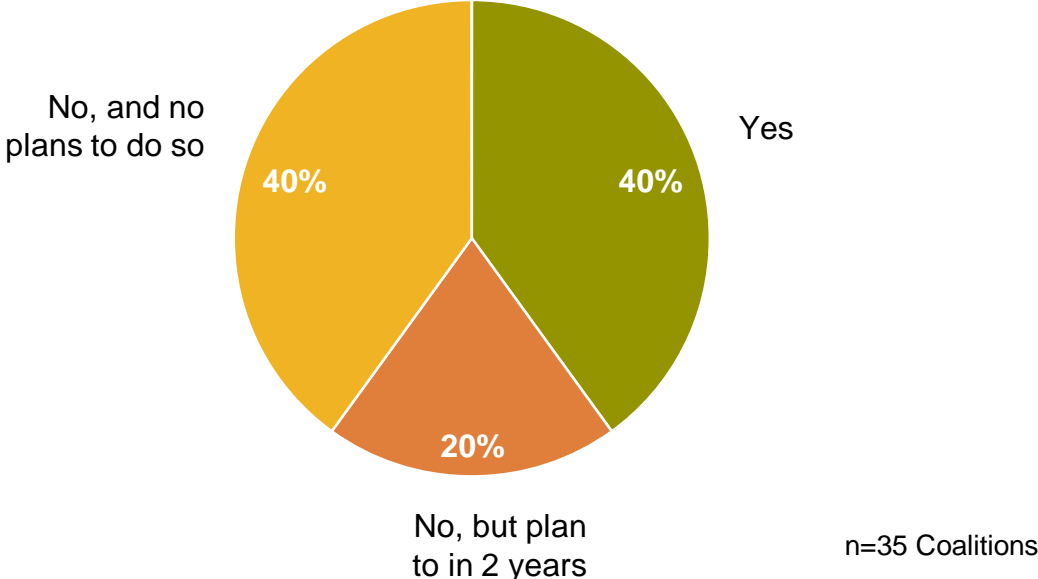
### Utilization of Group Purchasing for Pharmacy Benefits *(among those offering group Rx purchasing)*





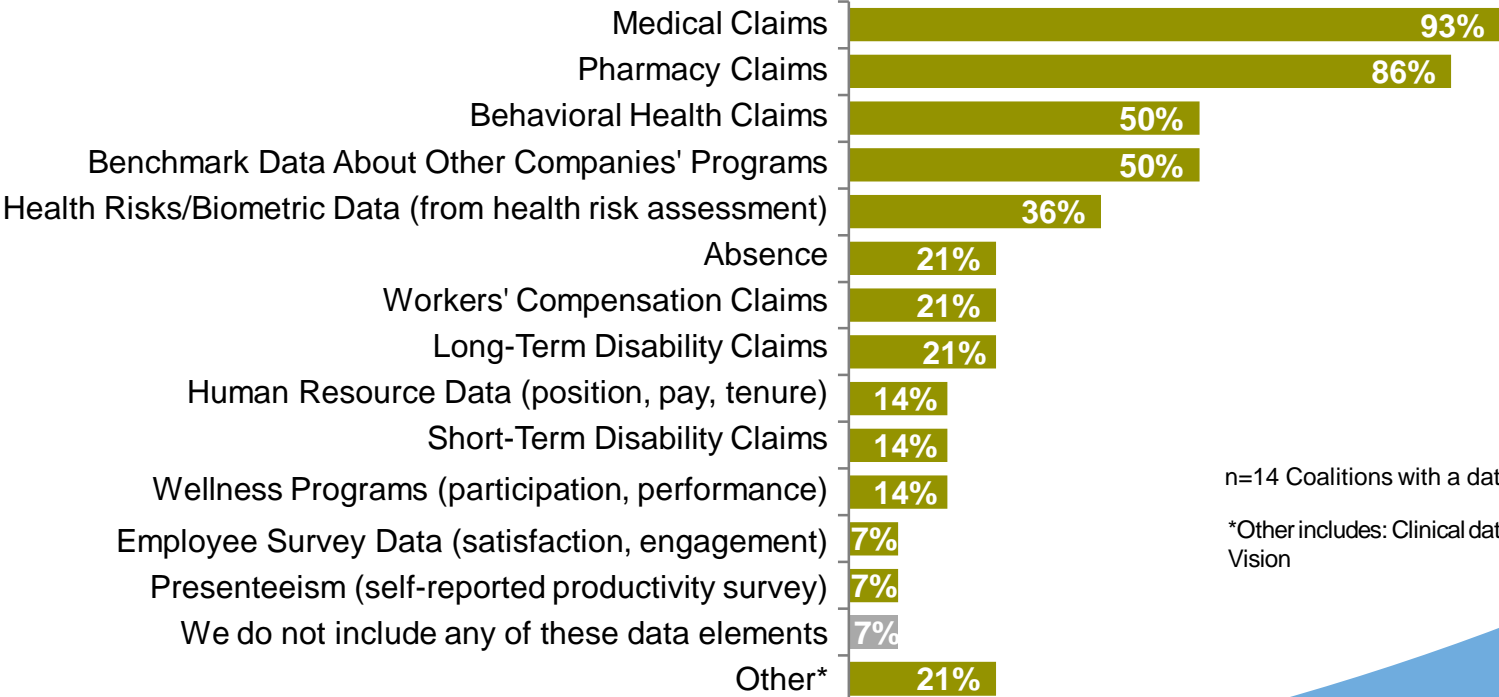
Forty percent of coalitions currently provide a data warehouse to collect, integrate and benchmark member benefit data. An additional 20% plan to do so by 2020.

**Coalitions with a Data Warehouse to Collect, Integrate and/or Benchmark Employer Member Benefits Data**



Most commonly included in these warehouses are medical and pharmacy claims data. Behavioral health claims and benchmarking data is a function for half of coalition data warehouses.

**Elements included in Data Warehouse**

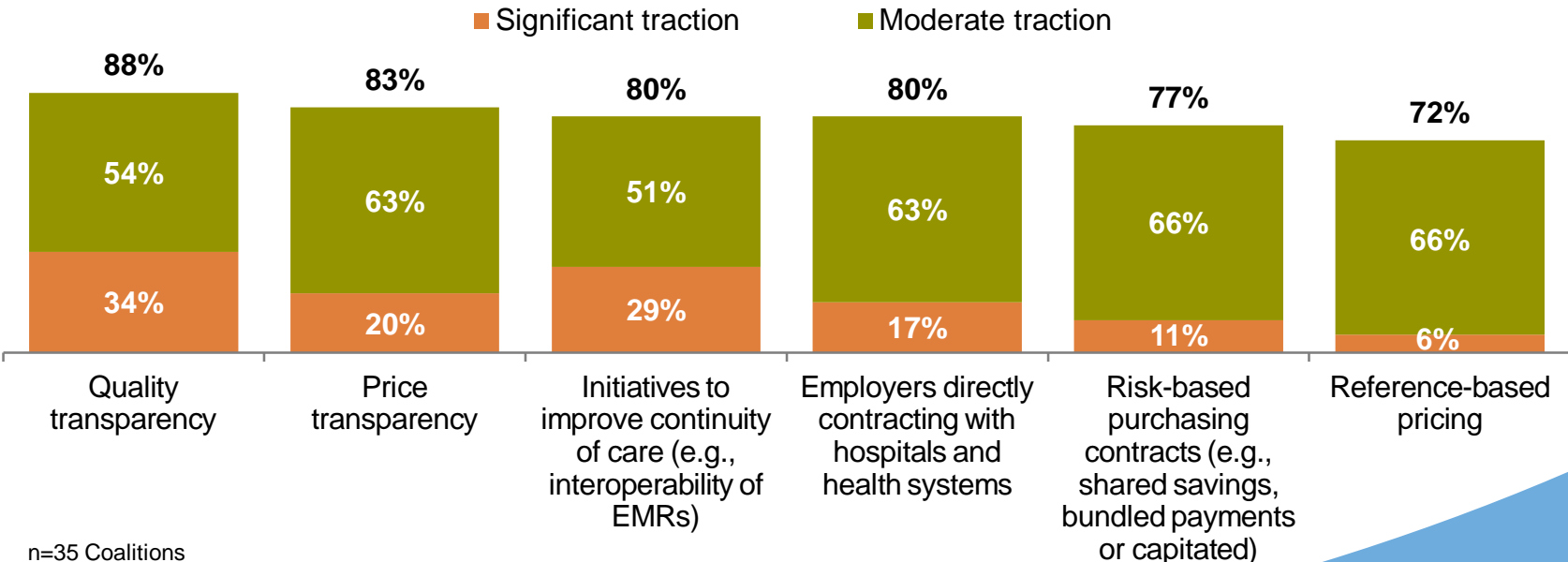


n=14 Coalitions with a data warehouse

\*Other includes: Clinical data; Dental (2); Vision

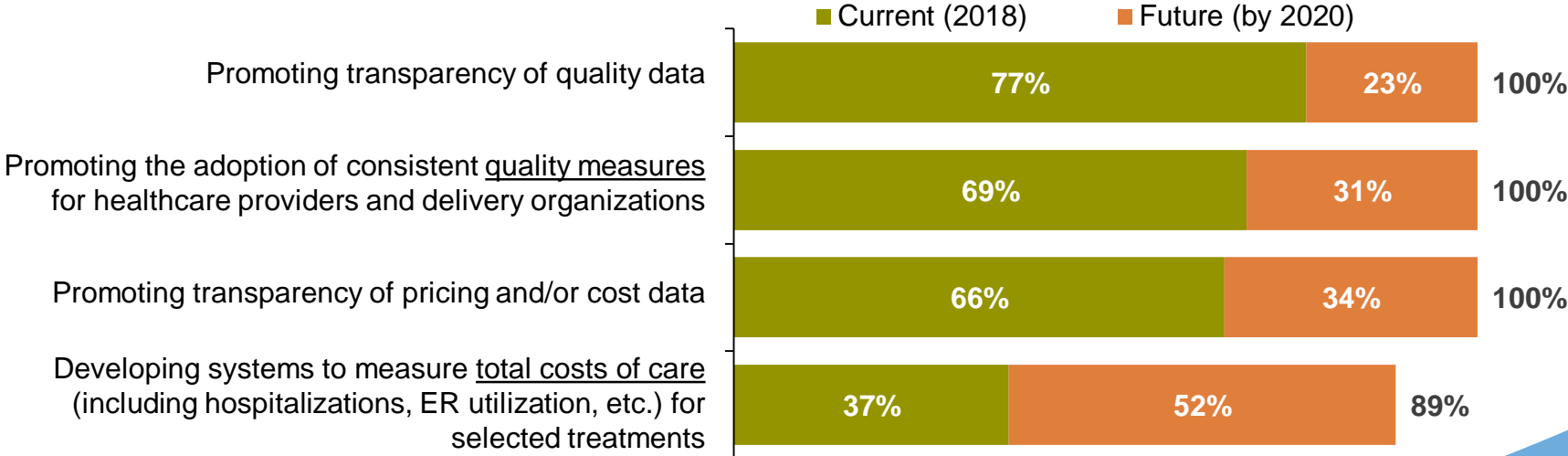
Quality and price transparency efforts are taking hold in over 80% of coalitions' local healthcare markets. Initiatives to improve continuity of care and direct contracting with hospitals and health systems are also gaining traction across local coalition markets.

**Trends Gaining Traction in Coalitions' Local Healthcare Markets in 2018**



Currently, 77% of coalitions are providing resources related to promoting quality transparency data and the remainder (23%) plan to do so by 2020. More than two-thirds are providing tools and information around consistent quality measures for providers, and all plan to do so by 2020.

**Coalition Provision of Healthcare Quality and Cost Data, Tools and Information to Employer & Community Stakeholders**



n=35 Coalitions

# Thank you!

We value your insights and hope that you will continue to support our research efforts!

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