

**NORTH RISK PARTNERS®**

# HOW DOES YOUR EMPLOYEE BENEFIT PLAN STACK UP?

JULY 2024

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## PRESENTERS



**Cami Reyes**  
Consulting Actuary  
Milliman



**Lisa Daniels**  
V.P. Employee Benefits, Risk Advisor, Partner  
North Risk Partners



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## AGENDA

- Who is Milliman
- Review Milliman's 2023 Annual Healthcare Report
- Explore Healthcare Cost Drivers
- Health Plan Analysis and Trends
- Ancillary Offerings, Retirement Plans and Wellness Programs
- Paid Time Off and Other Benefits
- Questions



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## ABOUT MILLIMAN

- Founded in 1947, Milliman is among the world's largest providers of actuarial and risk management services
- Working with the 50 largest U.S. health insurers, their actuarial models are recognized as the industry gold standard
- National & International consulting
- Market-Leading Benchmarking Analysis
- Independent Third-Party Consulting

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## 2023 NATIONAL STATISTICS

-  2.7 million employees represented
-  \$34.9 billion healthcare dollars spent
-  29,669 companies participating

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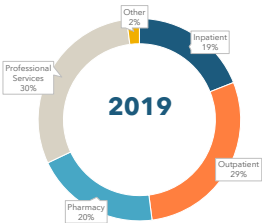
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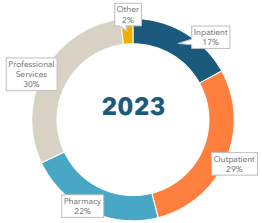
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## COMPONENTS OF SPENDING

**2023 Milliman Medical Index\***  
The components of spending represent those of a "typical American family of 4" defined as a male age 47, female age 37, child age 4, and a child under 1.



**2019**



**2023**

\*2023 Milliman Medical Index (May 2023): <http://www.milliman.com/en/essays/2023-Milliman-Medical-Index/>  
Percentages may not add to 100% due to rounding

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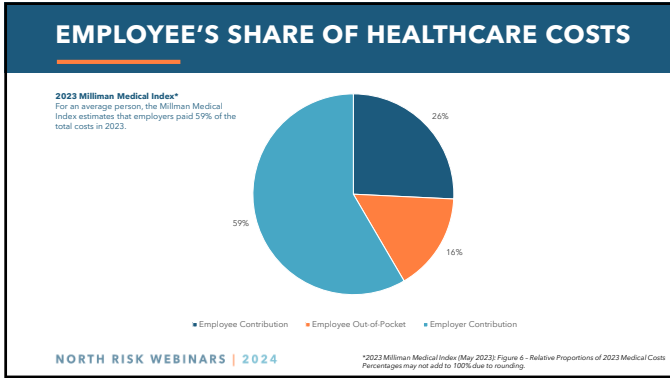
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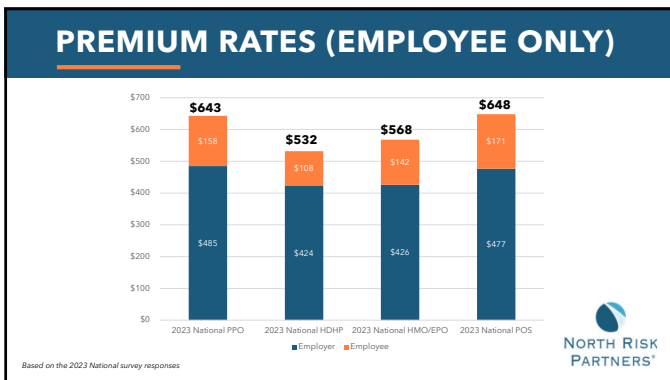
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### FINAL COST INCREASE

- Year after year, national healthcare costs continue to increase.
- One of the possible contributors is the increased risk of chronic illness due to lifestyle habits and choices.
  - Nationally, we have higher risks for sicknesses such as diabetes, heart disease, or cancer because of things such as smoking or obesity. **This increased risk along with the need for more medication trigger higher premiums, especially as people age.**
- Another contributing factor is changes in government policy to better manage health care costs.** When policy changes occur, it causes a fluctuation in the demand for healthcare coverage. This fluctuation in demand has a direct impact on the costs of healthcare.\*

\*<https://www.thebalancemoney.com/causes-of-rising-healthcare-costs-4064878>

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## 2024 MILLIMAN MEDICAL INDEX

In 2024, the cost of healthcare for a hypothetical American family of four in a typical employer-sponsored health plan is \$32,066, according to the Milliman Medical Index (MMI).<sup>1</sup>

\$32,066

for a family of four

\$7,151

for an average person

- Healthcare costs for the average person increased 6.7% from 2023 to 2024
- Pharmacy has been the primary driver of this change, increasing 13% from 2023 to 2024, representing nearly half of the year over year change in costs

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## GLUCAGON-LIKE PEPTIDE-1

- There has been **an increase in utilization and spending towards glucagon-like peptide-1 (GLP-1) medications.**
  - These drugs are commonly seen in both type 2 diabetes treatments and chronic weight management treatments.
  - Under Medicaid, GLP-1 medications have widespread coverage for type 2 diabetes treatments, unlike chronic weight management treatments.
- With approximately 42% of the U.S. population having obesity, there is an increase in the demand for GLP-1 medications for weight-loss solutions.
- Given the high demand and high cost of these drugs, employers should take proper actions (care management, medication counseling, education, etc.) which are essential to manage the impact these drugs may have on their health plans.\*

<https://www.milliman.com/media/milliman/pdfs/2024-articles/18-24-glp1-agonists-in-medicaid-utilization-growth-and-management.aspx>  
<https://www.milliman.com/en/insight/payer-strategies/glp-1-medications-weight-loss>

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## RX DRUG RATES COPAYS

	PPO	HMO/EPO	POS
Generic	\$10	\$15	\$10
Form	\$45	\$35	\$40
Non-Form	\$70	\$70	\$70
Specialty	\$150	\$100	\$200

53% of medical plans structure their prescription drug benefit as \$ copays (not subject to deductible)

24% of medical plans require mandatory generic drugs

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## PRICE TRANSPARENCY

With a growing emphasis on price transparency, the healthcare market is one of the few that is a step behind - most do not know they can shop healthcare pricing. Among a few organizations that focus on shedding light onto price transparency, the **Free Market Association** is a great resource that shows what hospitals charge for common procedures in different areas. Another way to find prices associated with procedures is going to **Medicare.gov and using their Procedure Price Lookup tool**. This allows you to see how much a procedure would cost under Medicare. These are two ways to supplement clarity around healthcare costs.

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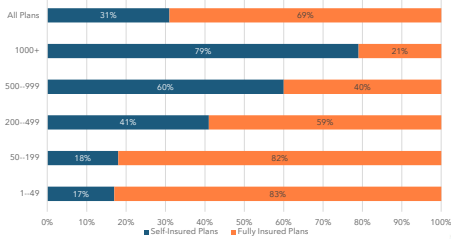
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## FUNDING STRATEGIES 2019



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Based on the 2023 National survey responses



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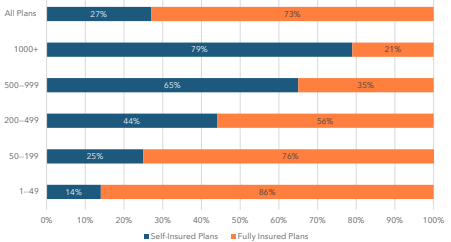
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## FUNDING STRATEGIES 2023



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Based on the 2023 National survey responses



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### ADDITIONAL CONTRIBUTION STRATEGIES

Spousal Carve Out **3%**  
 Spousal Surcharge **3%**  
 \$119 median spousal surcharge monthly amount

Smoker Differential **\$50**  
 % of Employers Offering **7%**

Wellness Differential **\$50**  
 % of Employers Offering **8%**

Medical Waiver Credit **\$134**  
 % of Employers Offering **3%**

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### PLAN PREVALENCE

	Number of Plans Offered
1 Plan	30%
2 Plans	29%
3 Plans	22%
4+ Plans	19%

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### PPO PLAN DESIGNS

2023 National <small>(In-network/Out-of-network)</small>	
Deductible	\$1,500/\$3,000
Coinsurance	20%/50%
OOP Max	\$5,000/\$10,000
Office Visit Copay	\$25
Specialist Copay	\$50
Rx Copays (retail)	\$10/\$45/\$70/\$150

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Based on the 2023 National medians

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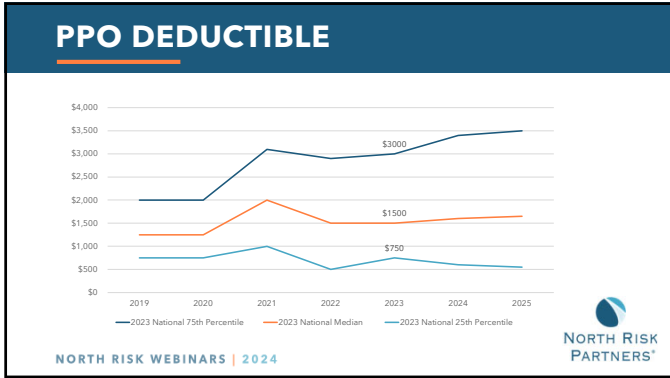
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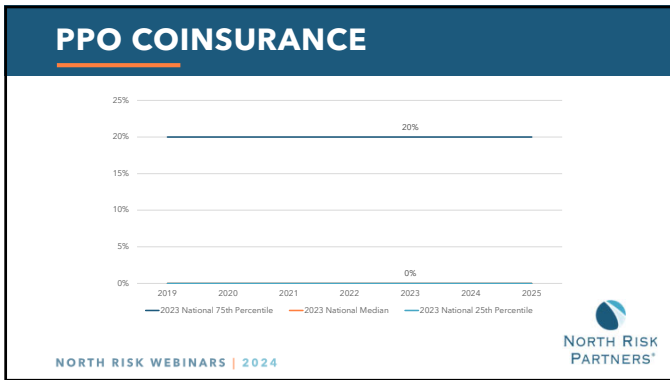
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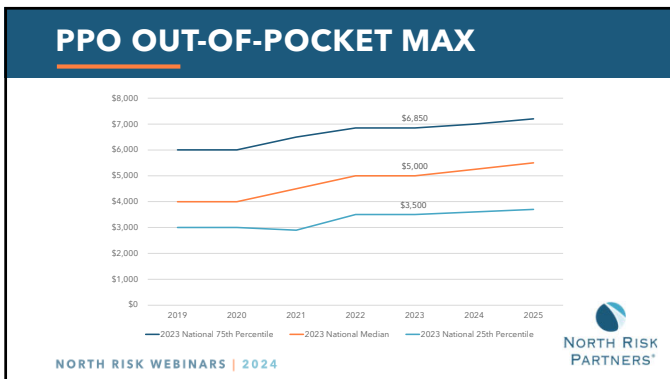
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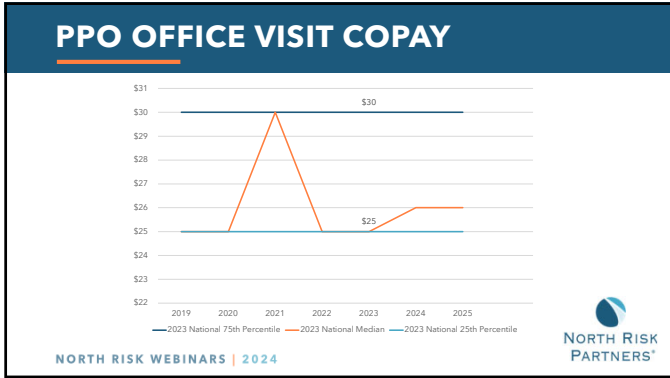
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### HDHP PLAN DESIGNS

2023 National (In-network/Out-of-network)	
Deductible	\$3,000/\$6,000
Coinsurance	0%/50%
OOP Max	\$6,000/\$11,000
Employee Only/Family	
Employer Contribution (HSA/HRA)	\$750/\$1,300

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Based on the 2023 National medians

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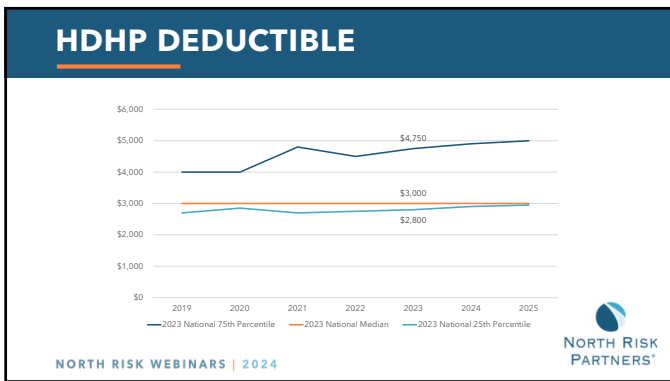
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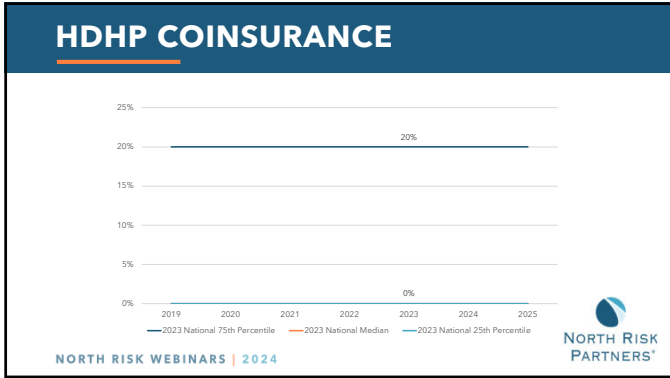
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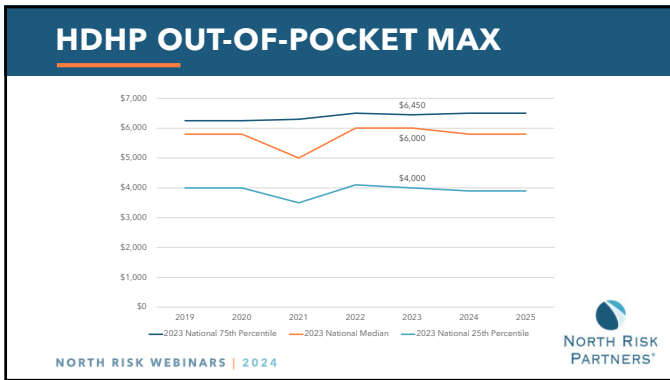
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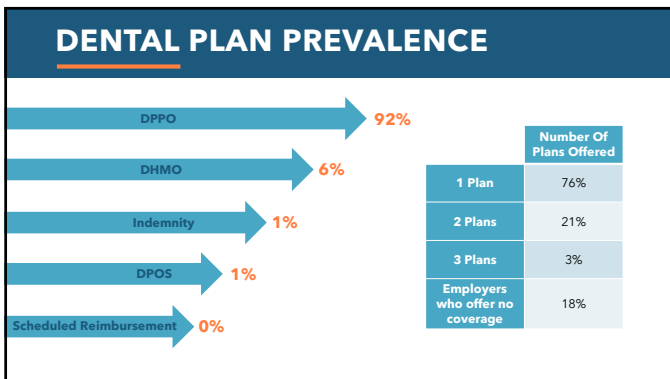
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## DENTAL PLAN DESIGNS

Dental plans have remained fairly constant over the past 5 years in terms of the deductible, annual benefit maximums, and orthodontia maximum. We expect these levels to remain constant.

2023 National <small>(In-network/Out-of-network)</small>		
Deductible	\$50/\$50	
Coinsurance	Preventative	0%
	Basic	20%
	Major	50%
	Orthodontia	50%
Annual Max	\$1,500/\$1,500	
Ortho max	\$1,250/\$1,500	

Based on the 2023 National medians

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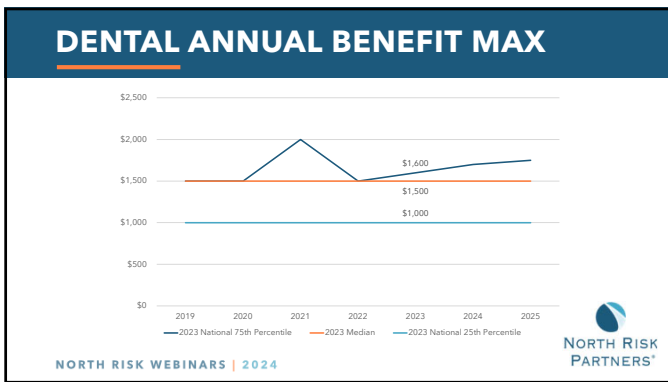
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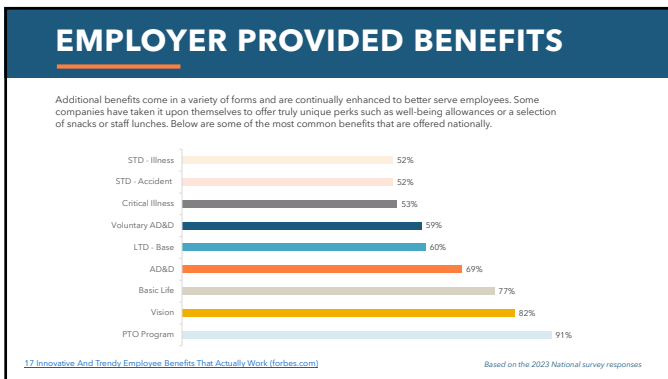
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## VISION BENCHMARKS

<b>Eye Exams</b> <small>(Once every 12 months)</small>	\$10 <small>(Copay)</small>	\$45 <small>(Coverage)</small>
<b>Frames</b> <small>(Once every 24 months)</small>	\$25 <small>(Copay)</small>	\$130 <small>(Coverage)</small>
<b>Lenses</b> <small>(Once every 12 months)</small>	\$25 <small>(Copay)</small>	\$130 <small>(Coverage)</small>
<b>Contact Lenses</b> <small>(Once every 12 months)</small>	\$25 <small>(Copay)</small>	\$130 <small>(Coverage)</small>

Based on the 2023 National survey responses

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## BASIC LIFE INSURANCE

1x Salary	20.80%
1.5x Salary	3.50%
2x Salary	11.70%
3x Salary	1.40%
4x Salary	0.10%
5x Salary	0.50%
6x Salary	0.00%
Flat-Dollar Amount	61.90%

Basic Life insurance benefit levels have remained constant or a number of years with Flat-Dollar amount being the most common and 1x Salary being the second most common.

Based on 2023 National survey responses

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## DISABILITY PROGRAMS

Long Term

- 60% of salary replaced is offered by 85% of employers
- 100% premium paid is offered by 80% of employers
- 90-day elimination period is offered by 69% of employers

Short Term -  
Accident & Illness

- 60% of salary replaced is offered by 76% of employers
- 100% premium paid is offered by 65% of employers
- 13-week duration period is offered by 41% of employers

Long Term and Short Term Disability medians have not changed significantly from 2022 to 2023. Above are the medians for 2023.

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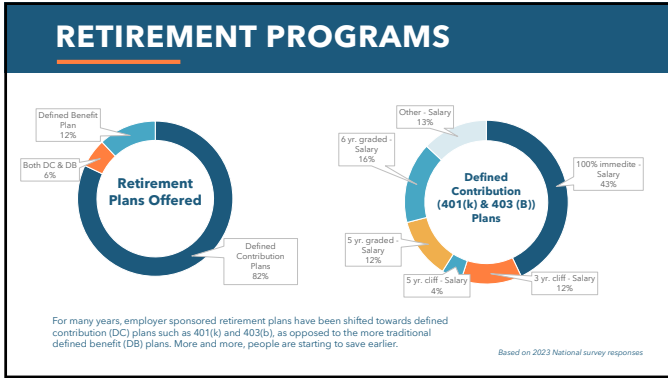
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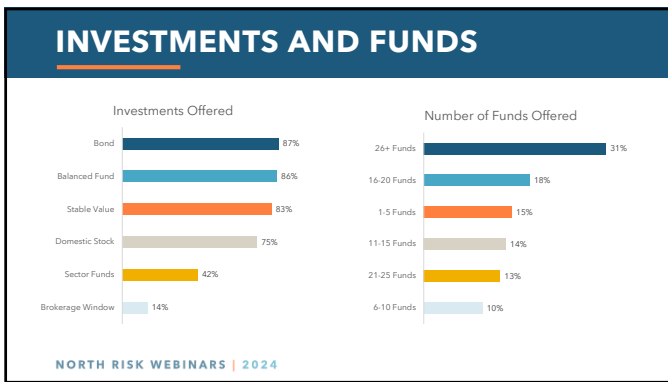
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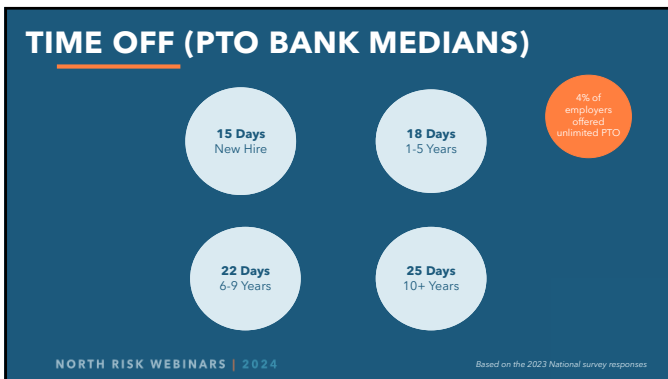
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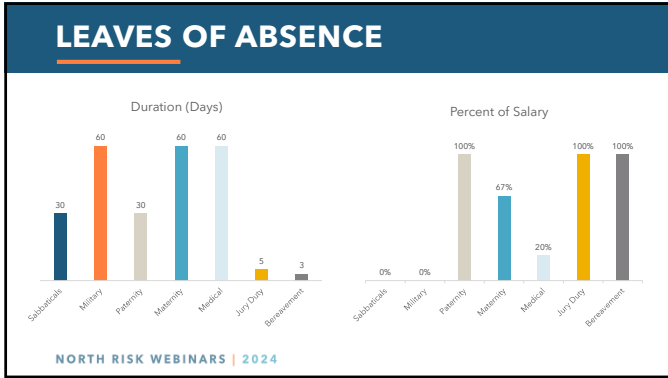
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### OTHER BENEFIT OFFERINGS

54%	Free parking	93%	Telemedicine available
34%	Tuition reimbursement/ assistance	26%	Casual dress code
26%	Telecommuting	19%	Infertility benefits
26%	Industry certification	18%	Sit-to-stand work stations
25%	Flex time schedule	14%	Identity theft protection

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### QUESTIONS?



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