



NORTH RISK PARTNERS®

HOW DOES YOUR EMPLOYEE BENEFIT PLAN STACK UP?

JULY 2024

NORTH RISK WEBINARS | 2024

PRESENTERS



Cami Reyes

Consulting Actuary
Milliman



Lisa Daniels

V.P. Employee Benefits, Risk Advisor, Partner
North Risk Partners

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

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

2023 NATIONAL STATISTICS



2.7 million employees represented



\$34.9 billion healthcare dollars spent

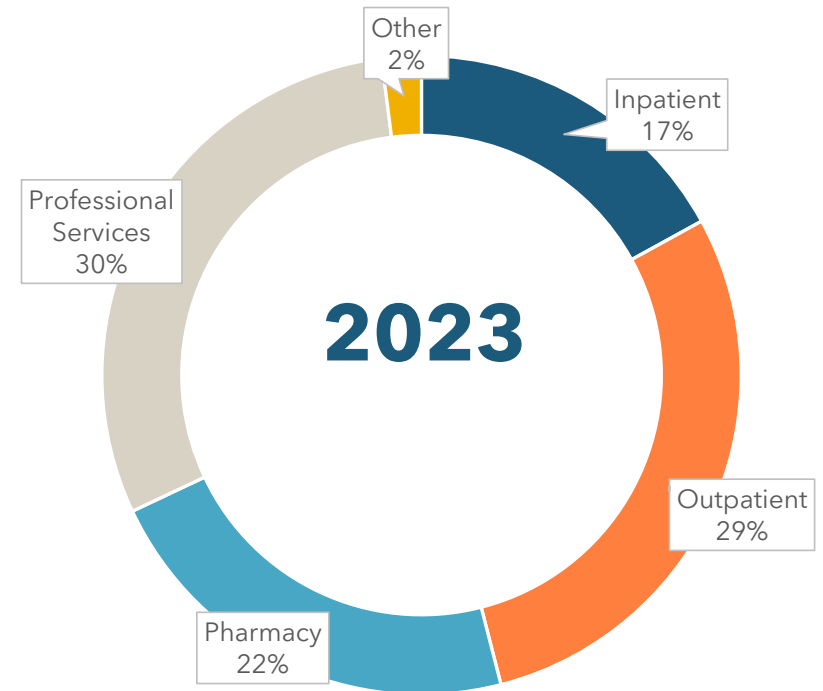
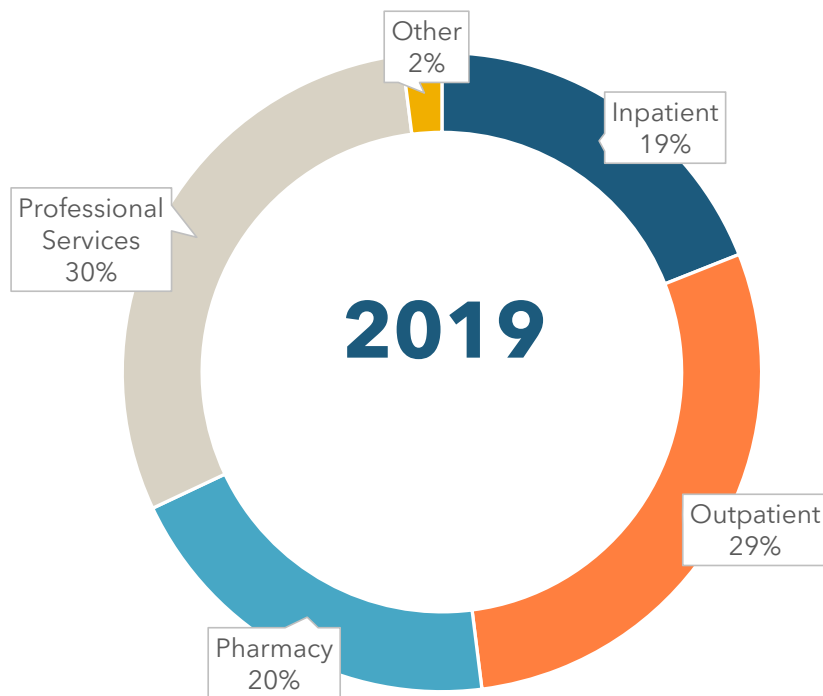


29,669 companies participating

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.

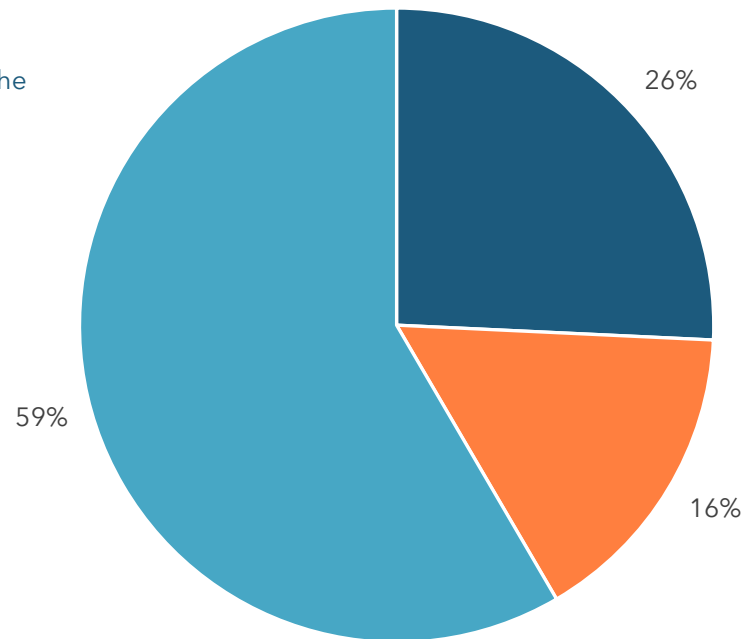


*2023 Milliman Medical Index (May 2023): <http://www.milliman.com/en/insight/2023-Milliman-Medical-Index/#>
Percentages may not add to 100% due to rounding

EMPLOYEE'S SHARE OF HEALTHCARE COSTS

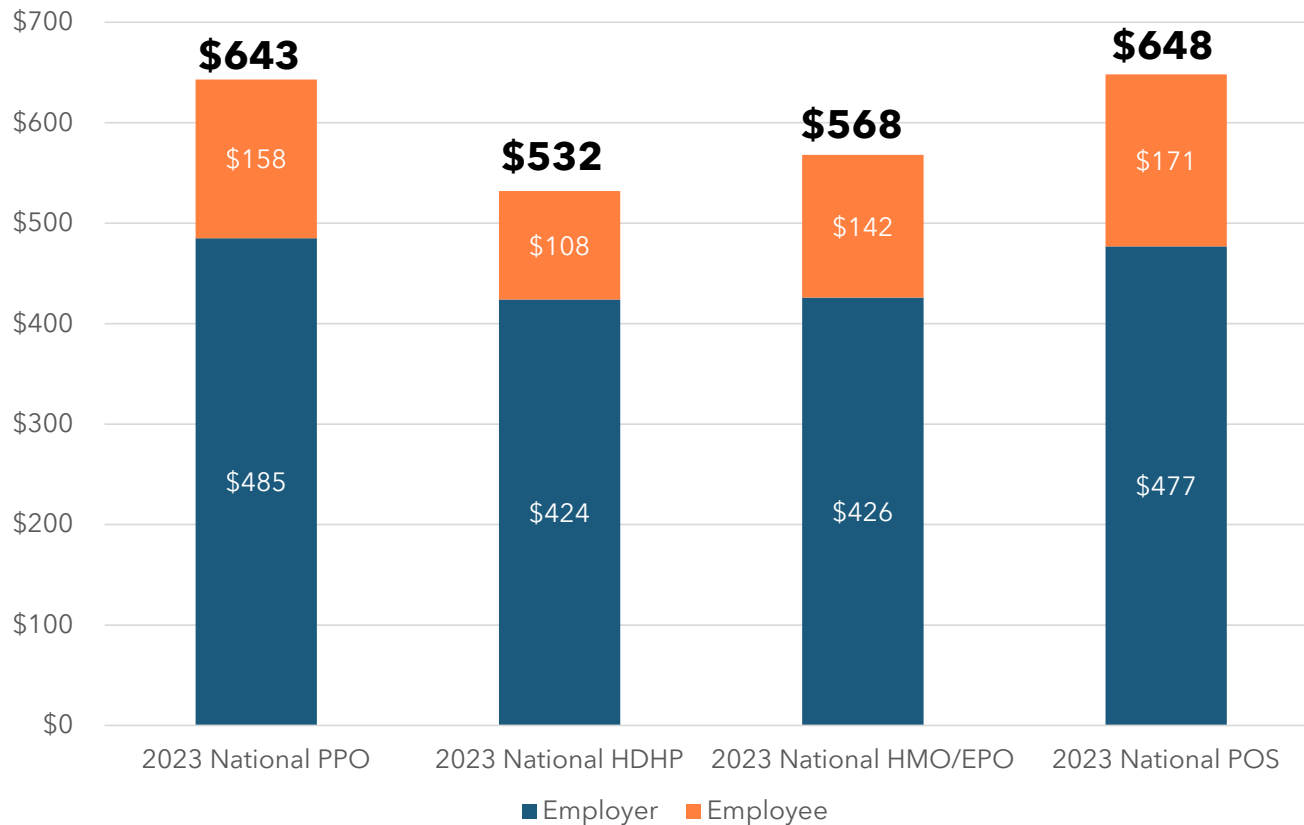
2023 Milliman Medical Index*

For an average person, the Millman Medical Index estimates that employers paid 59% of the total costs in 2023.



■ Employee Contribution ■ Employee Out-of-Pocket ■ Employer Contribution

PREMIUM RATES (EMPLOYEE ONLY)



Based on the 2023 National survey responses



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](https://www.thebalancemoney.com/causes-of-rising-healthcare-costs-4064878)

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).¹

\$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

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/1-18-24_glp1-agonists-in-medicare-utilization-growth-and-management.ashx

*<https://www.milliman.com/en/insight/payer-strategies-glp-1-medications-weight-loss>

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

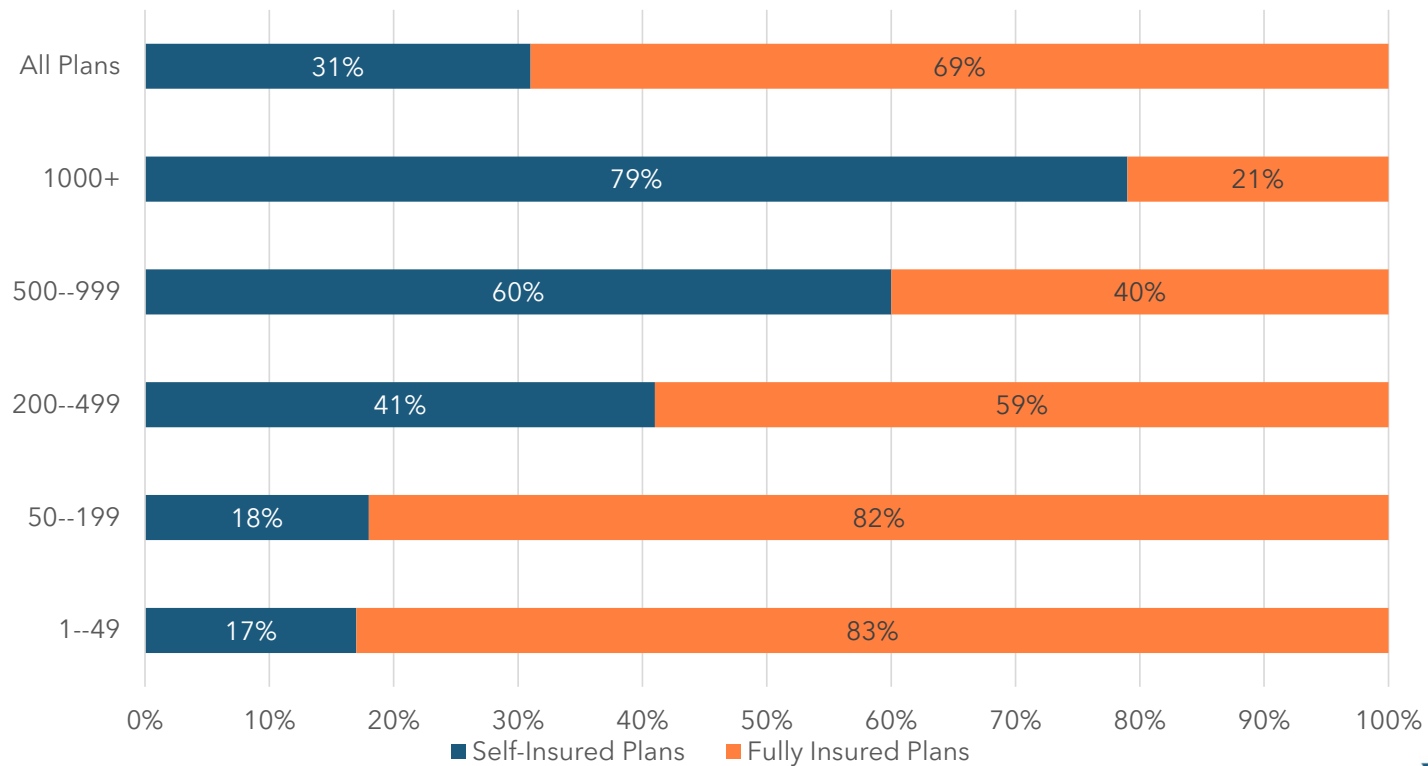
53% of medical plans structure their prescription drug benefit as \$ copays (not subject to deductible)

24% of medical plans require mandatory generic drugs

PRICE TRANSPARENCY

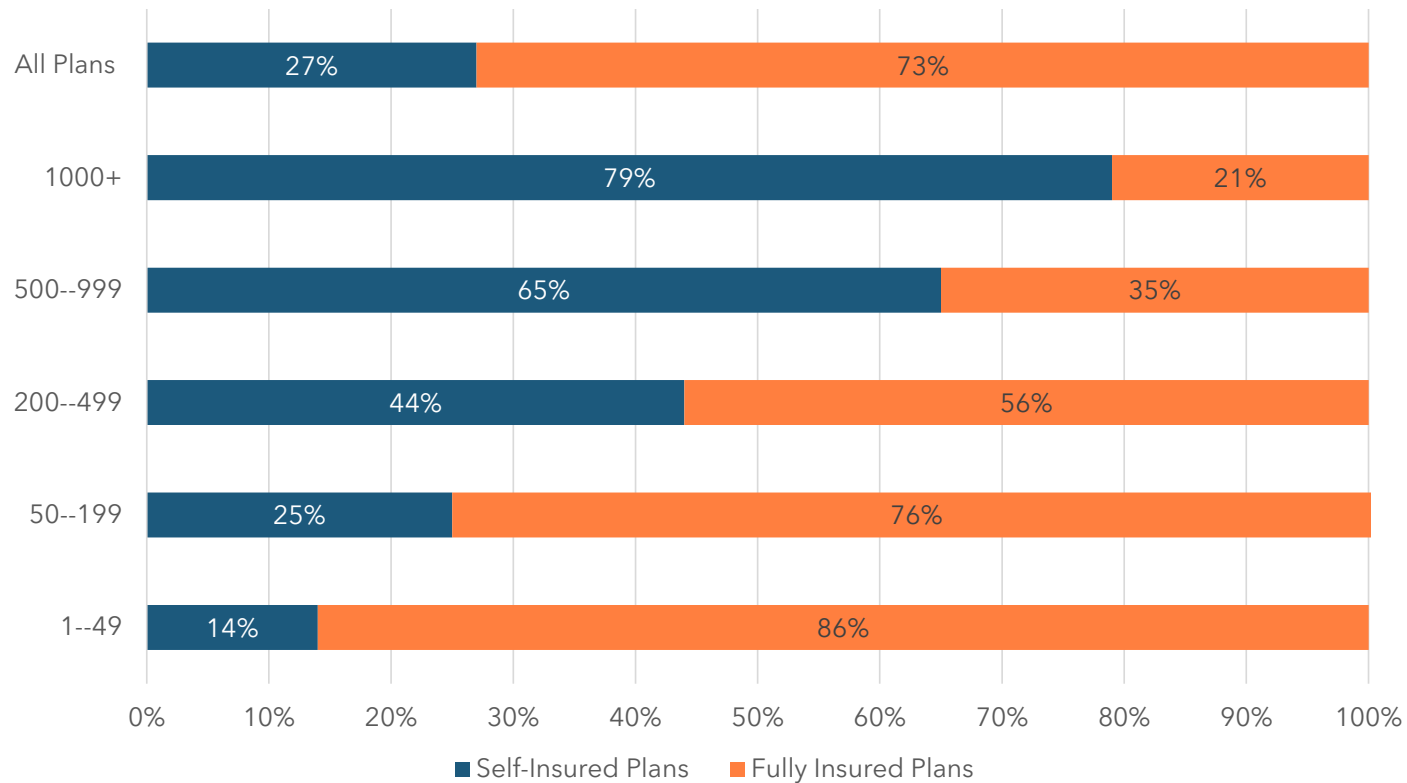
With a growing emphasis on price transparency, the healthcare market is one of the few that is a step behind - most do not know they can shop healthcare pricing. Among a few organizations that focus on shedding light onto price transparency, the **Free Market Association** is a great resource that shows 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.

FUNDING STRATEGIES 2019



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FUNDING STRATEGIES 2023



ADDITIONAL CONTRIBUTION STRATEGIES

Spousal Carve Out **3%**

Spousal Surcharge **3%**

\$119 median spousal surcharge monthly amount

Smoker Differential **\$50**

% of Employers Offering **7%**

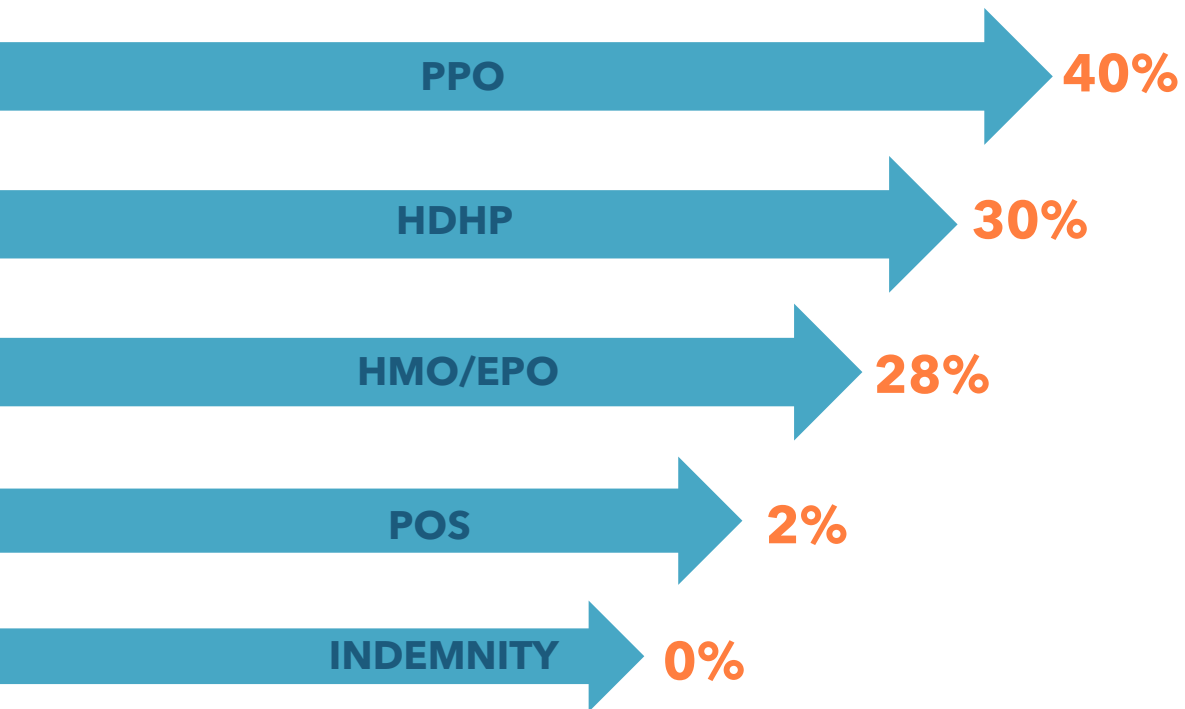
Wellness Differential **\$50**

% of Employers Offering **8%**

Medical Waiver Credit **\$134**

% of Employers Offering **3%**

PLAN PREVALENCE

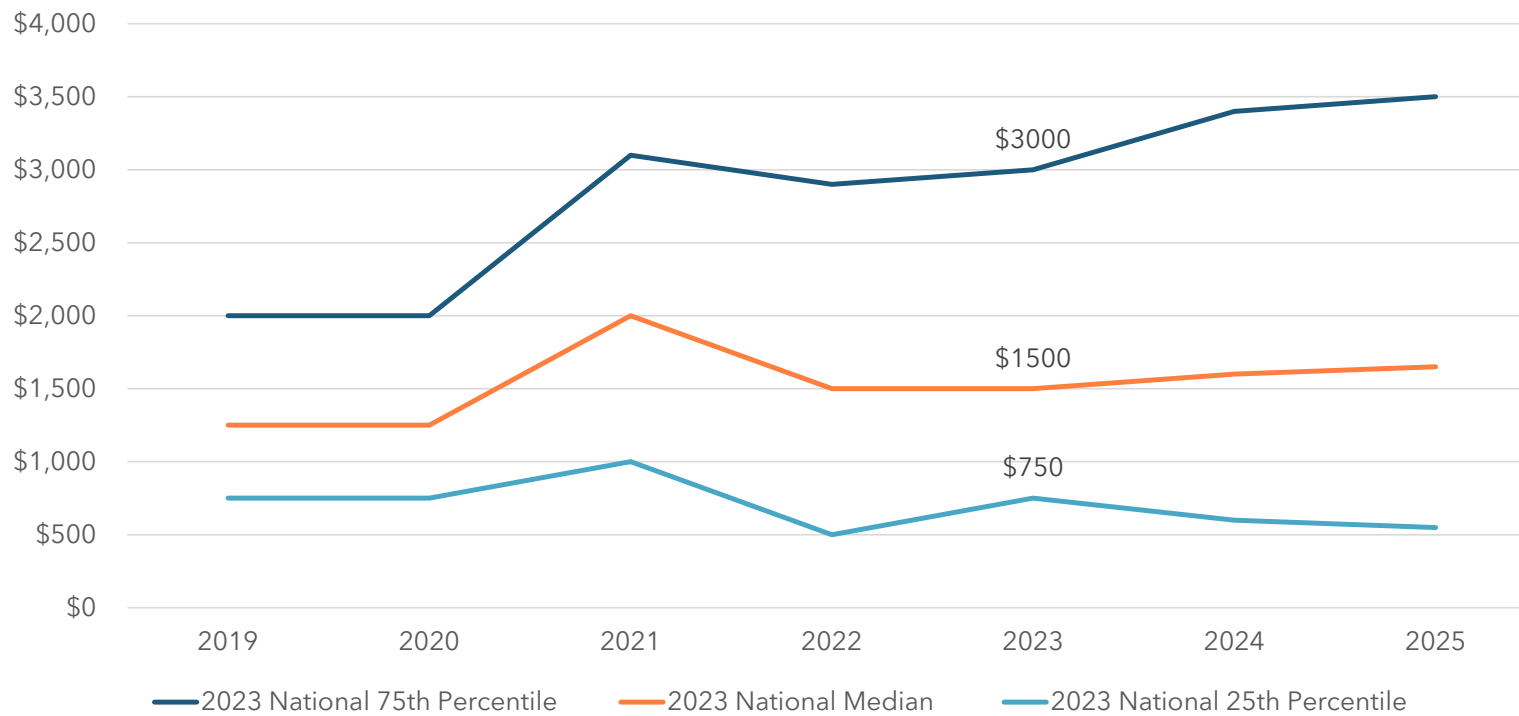


	Number of Plans Offered
1 Plan	30%
2 Plans	29%
3 Plans	22%
4+ Plans	19%

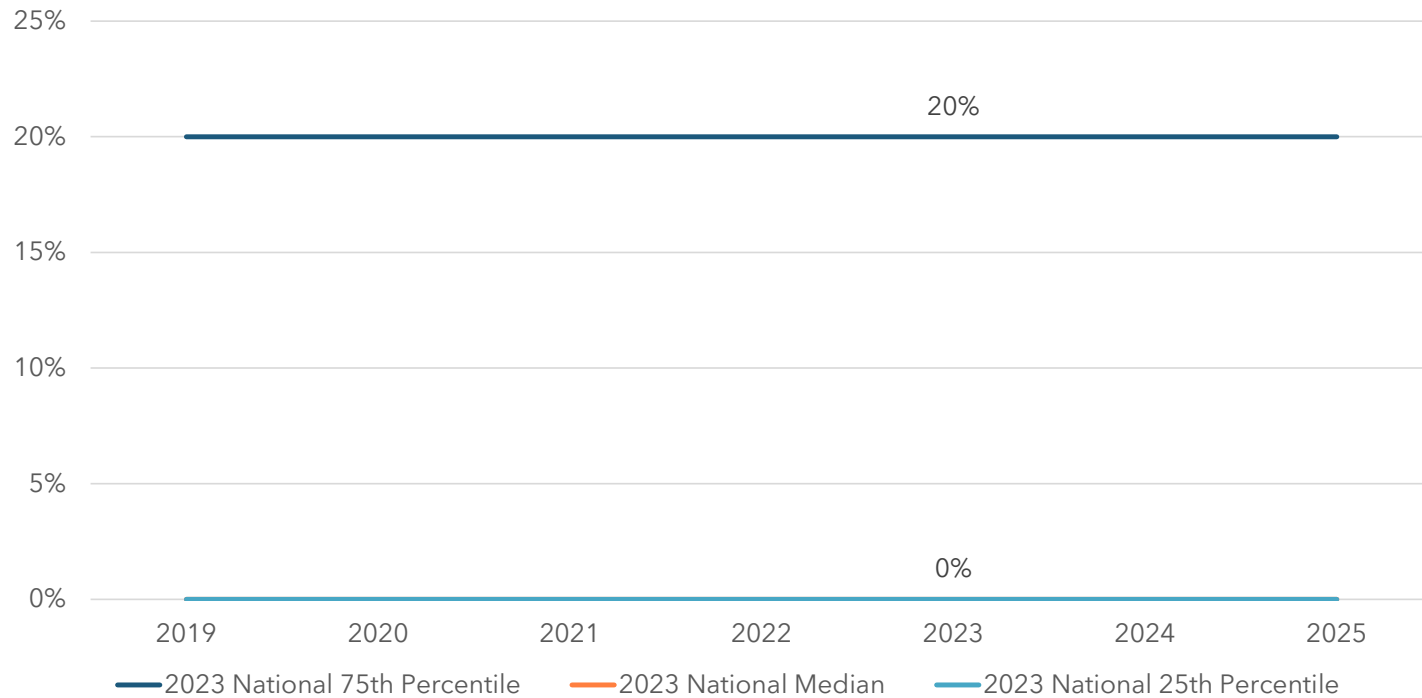
PPO PLAN DESIGNS

2023 National (In-network/Out-of-network)	
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

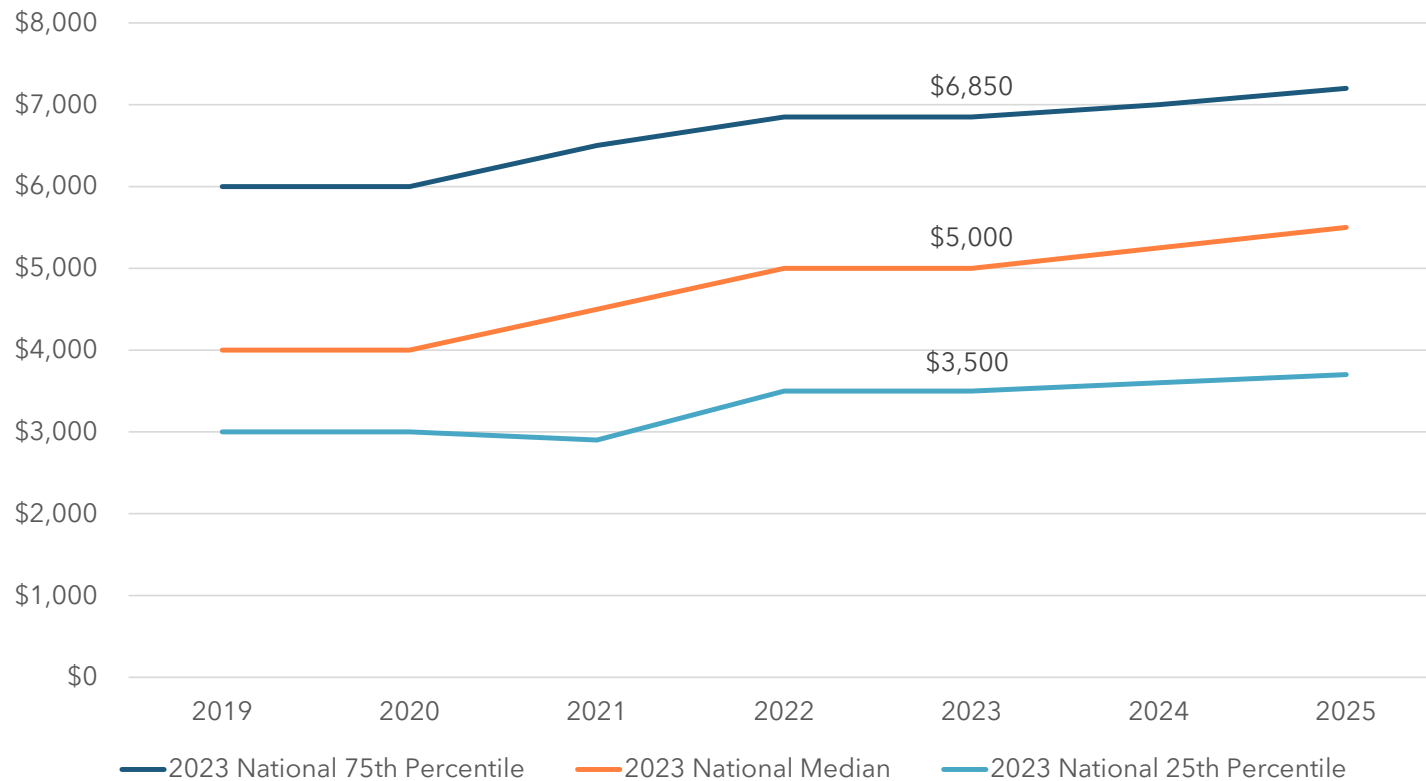
PPO DEDUCTIBLE



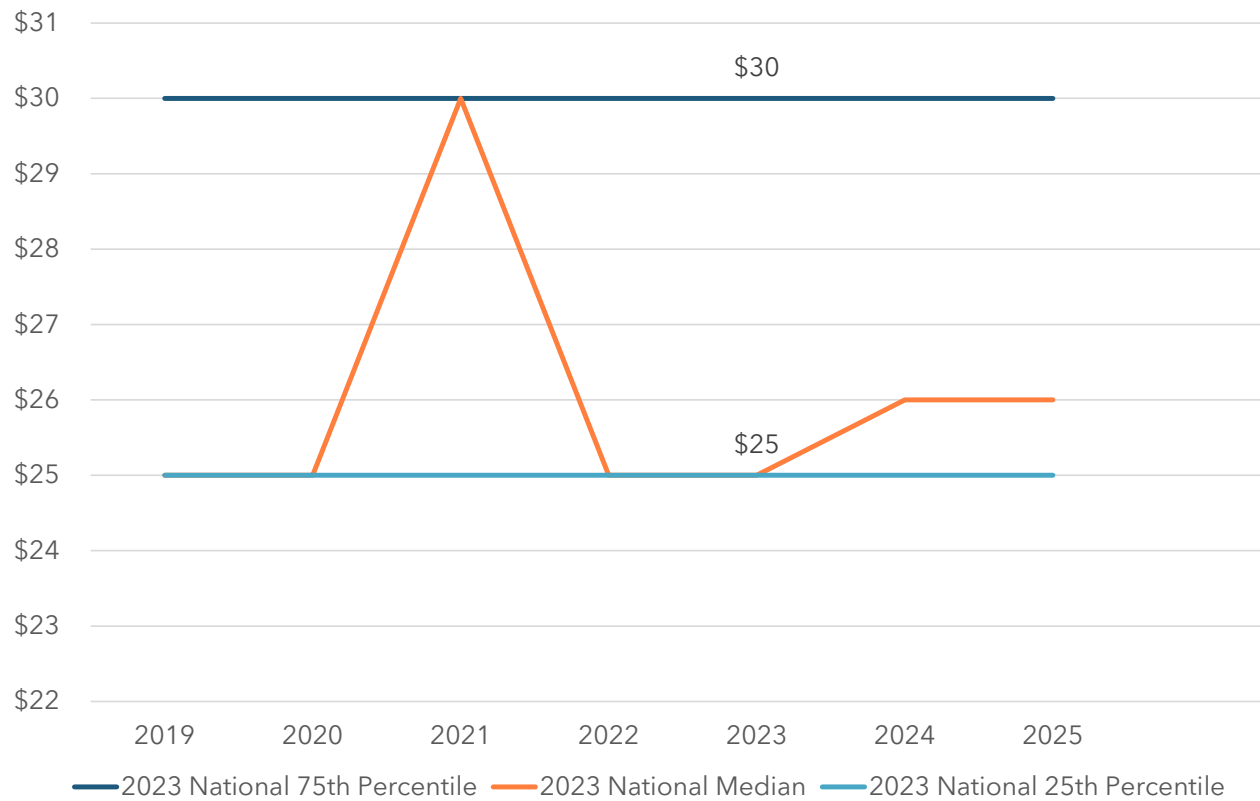
PPO COINSURANCE



PPO OUT-OF-POCKET MAX



PPO OFFICE VISIT COPAY



HDHP PLAN DESIGNS

2023 National (In-network/Out-of-network)

Deductible \$3,000/\$6,000

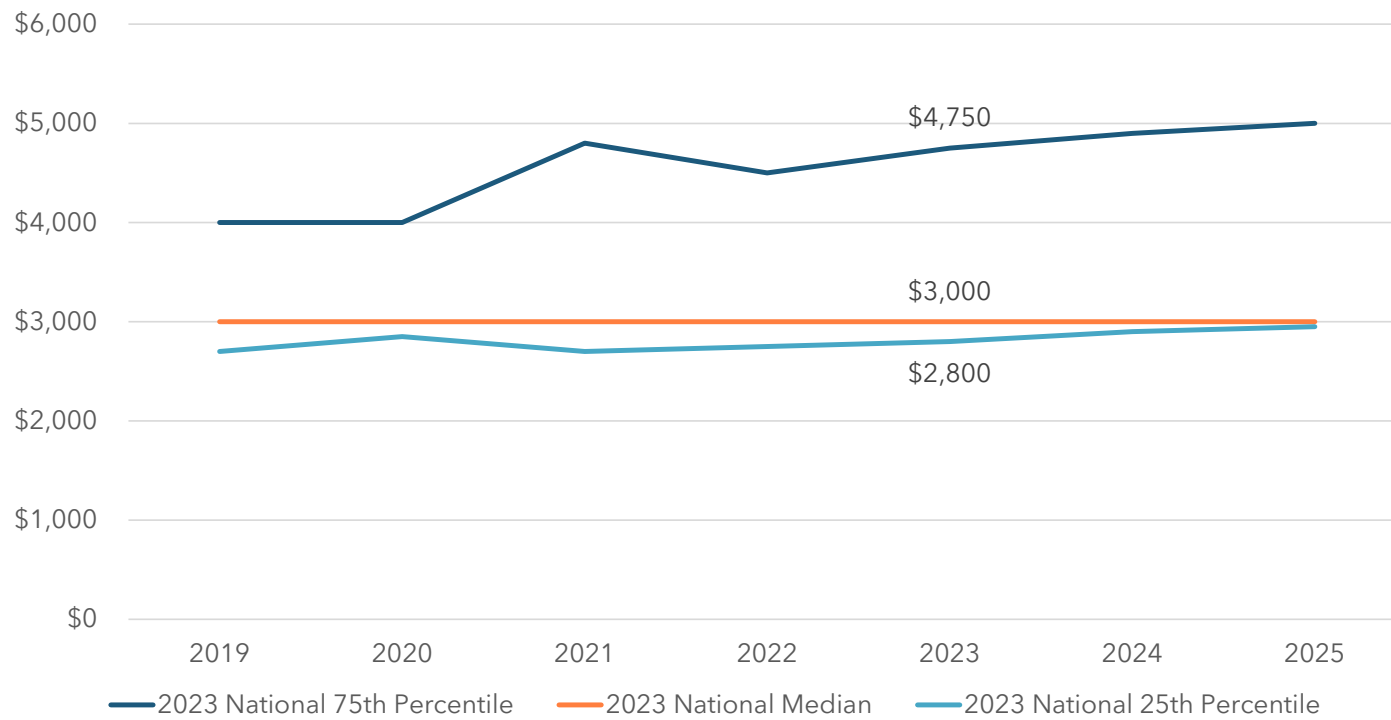
Coinsurance 0%/50%

OOP Max \$6,000/\$11,000

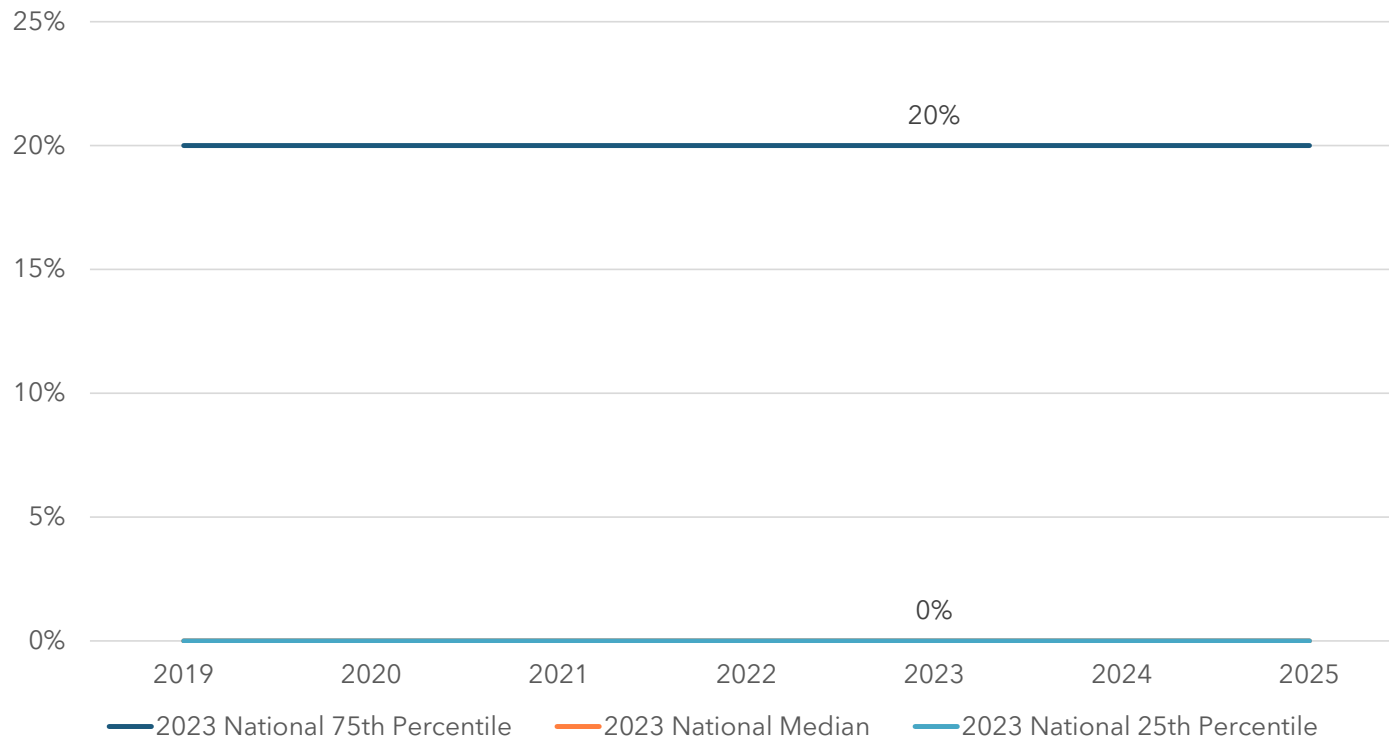
Employee Only/Family

Employer Contribution (HSA/HRA) \$750/\$1,300

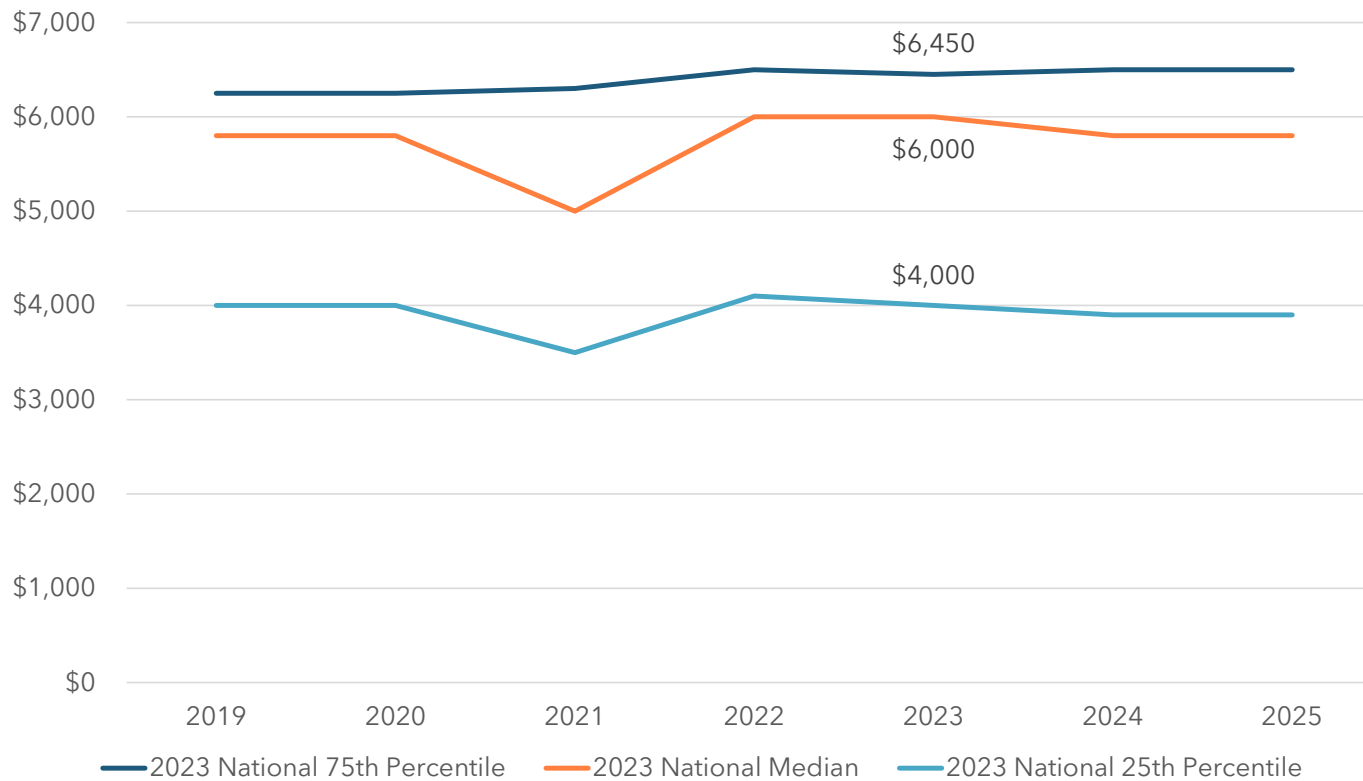
HDHP DEDUCTIBLE



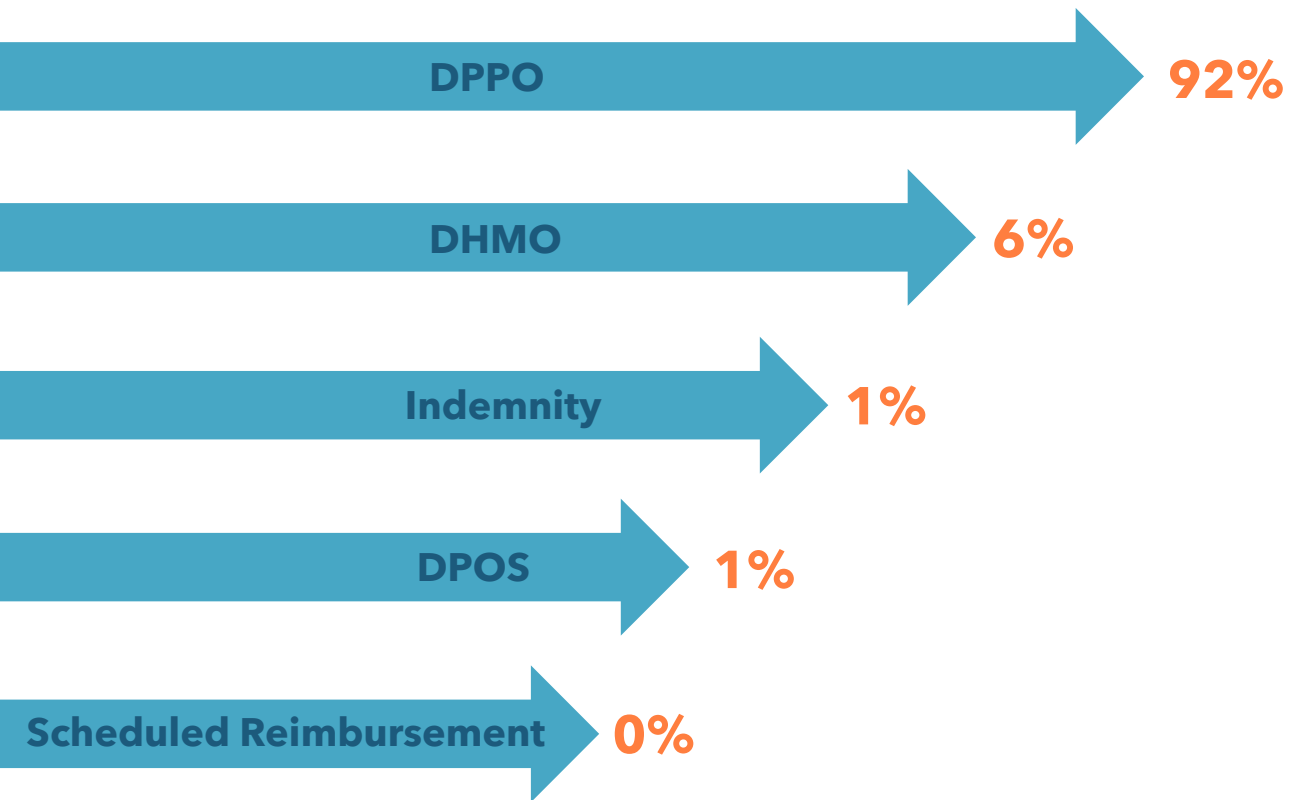
HDHP COINSURANCE



HDHP OUT-OF-POCKET MAX



DENTAL PLAN PREVALENCE



	Number Of Plans Offered
1 Plan	76%
2 Plans	21%
3 Plans	3%
Employers who offer no coverage	18%

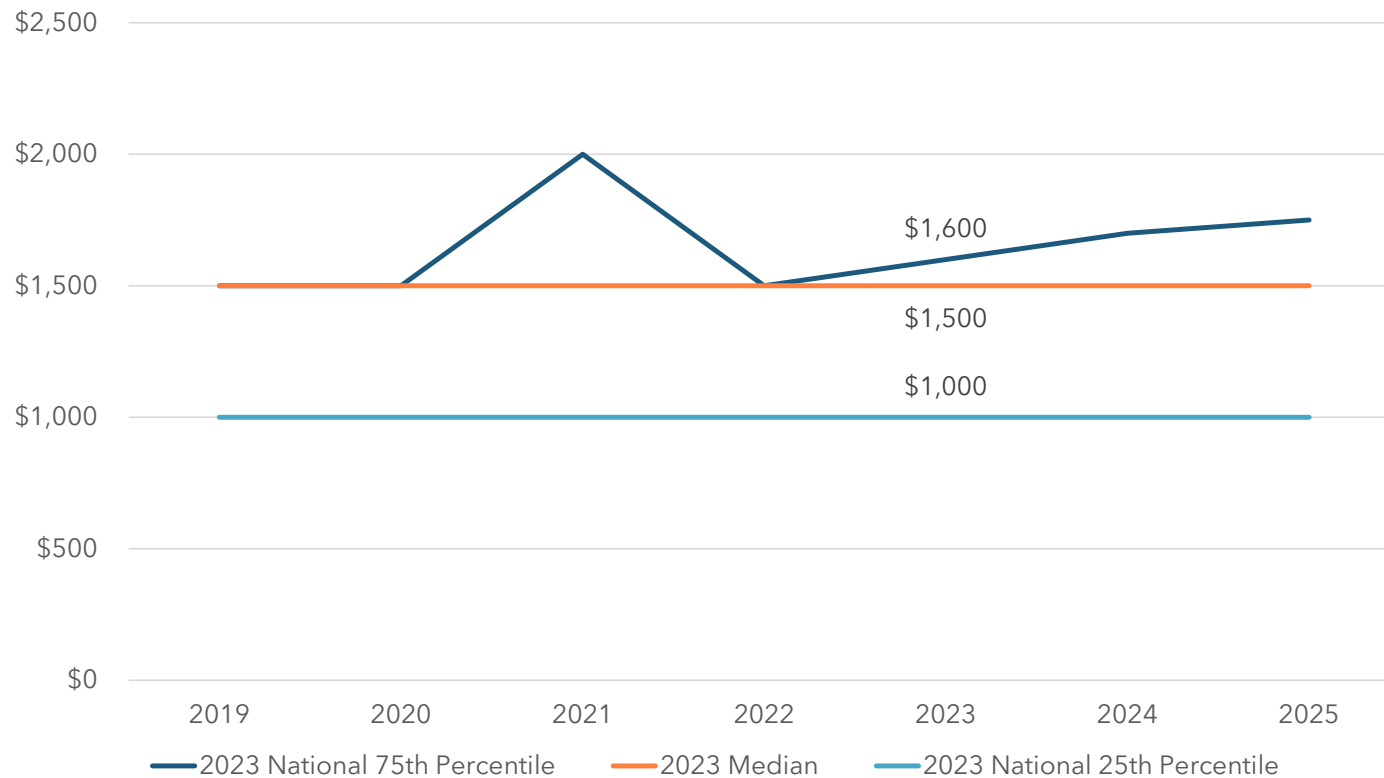
DENTAL PLAN DESIGNS

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

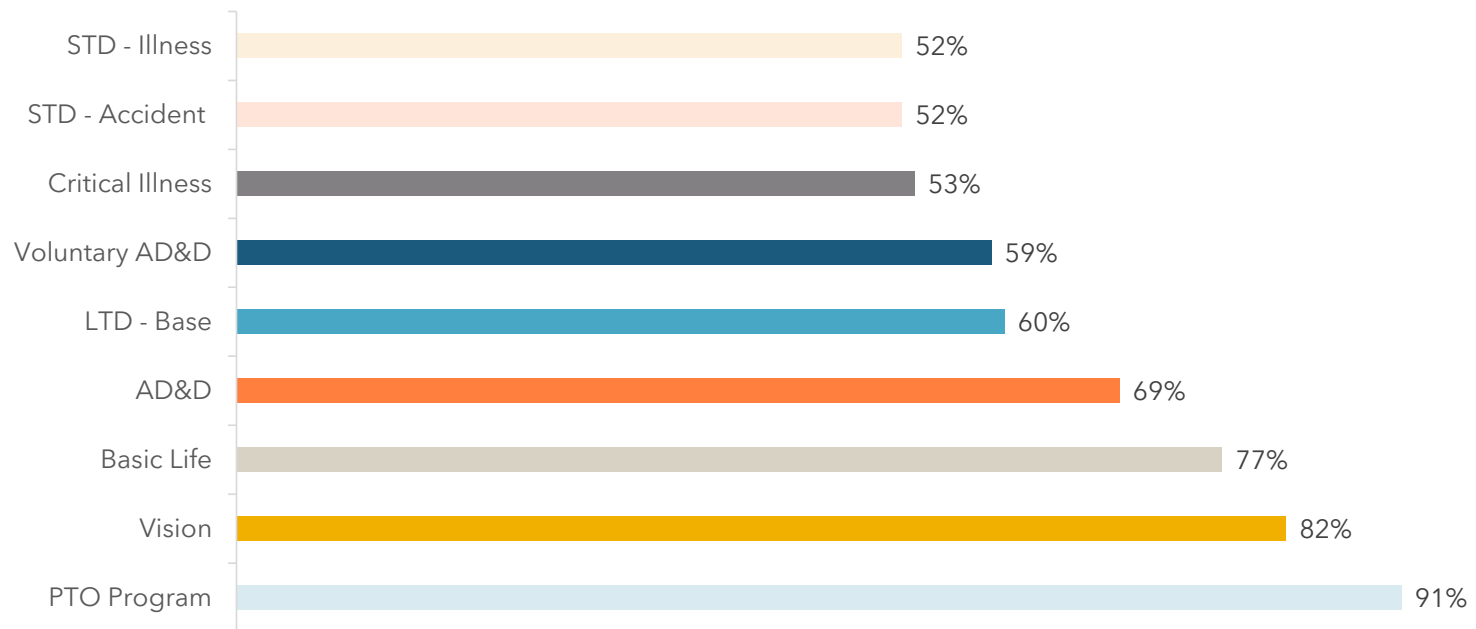
Based on the 2023 National medians

DENTAL ANNUAL BENEFIT MAX



EMPLOYER PROVIDED BENEFITS

Additional benefits come in a variety of forms and are continually enhanced to better serve employees. Some companies have taken it upon themselves to offer truly unique perks such as well-being allowances or a selection of snacks or staff lunches. Below are some of the most common benefits that are offered nationally.



VISION BENCHMARKS

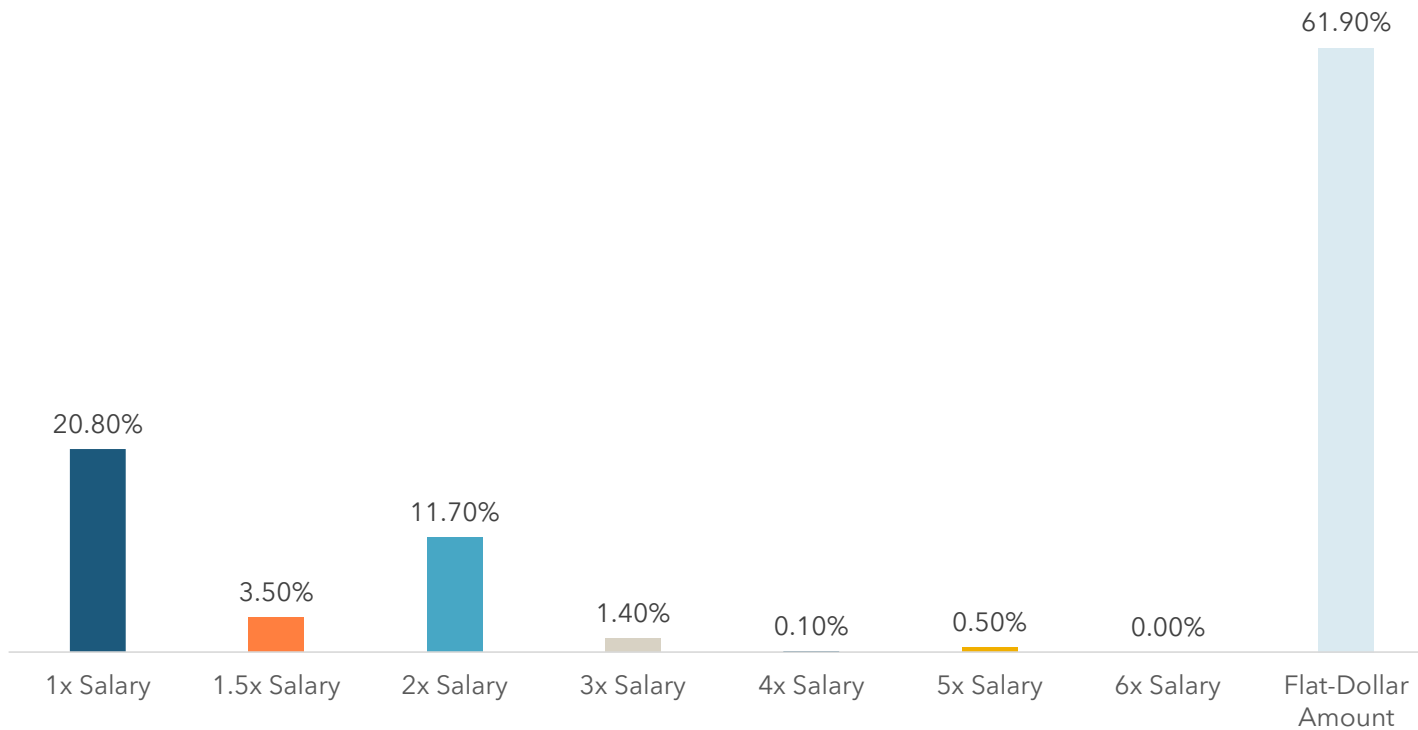
Eye Exams (Once every 12 months)	\$10 (Copay)	\$45 (Coverage)
Frames (Once every 24 months)	\$25 (Copay)	\$130 (Coverage)
Lenses (Once every 12 months)	\$25 (Copay)	\$130 (Coverage)
Contact Lenses (Once every 12 months)	\$25 (Copay)	\$130 (Coverage)

Based on the 2023 National survey responses



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BASIC LIFE INSURANCE



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.

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

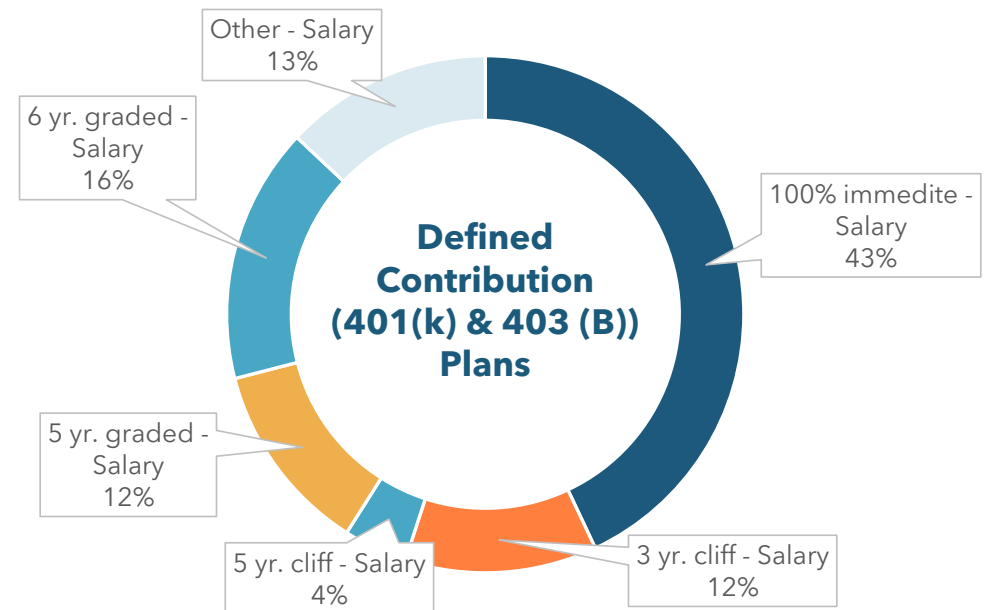
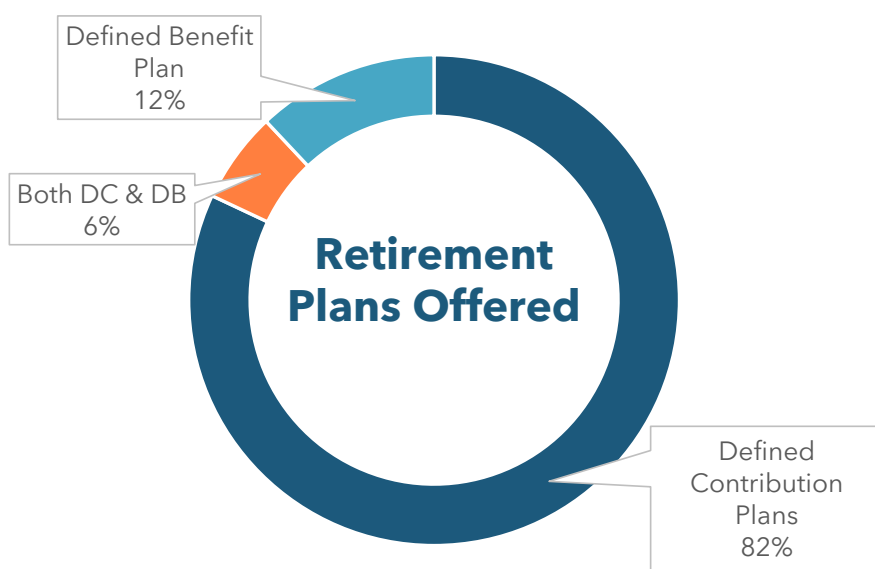
60% of salary replaced is offered by 76% of employers

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.

RETIREMENT PROGRAMS

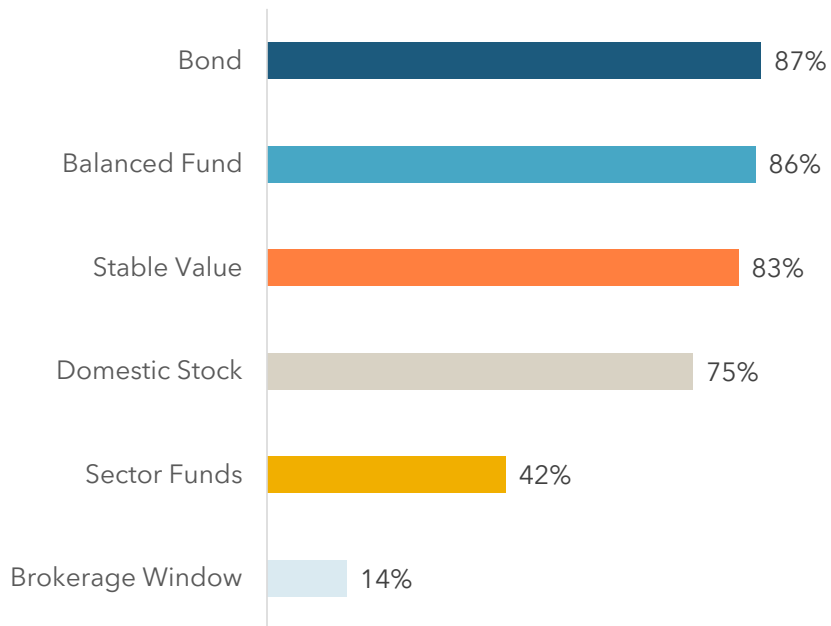


For many years, employer sponsored retirement plans have been shifted towards defined contribution (DC) plans such as 401(k) and 403(b), as opposed to the more traditional defined benefit (DB) plans. More and more, people are starting to save earlier.

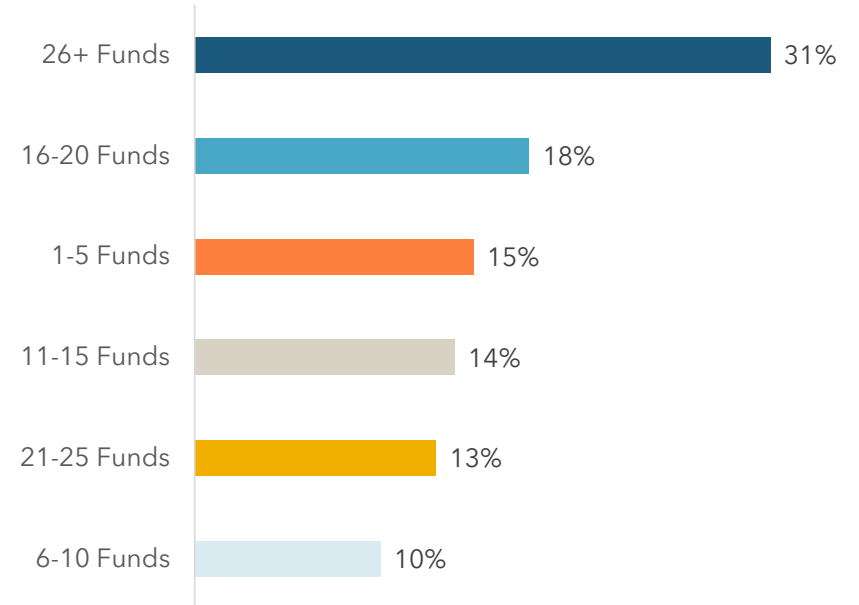
Based on 2023 National survey responses

INVESTMENTS AND FUNDS

Investments Offered



Number of Funds Offered



TIME OFF (PTO BANK MEDIANS)

15 Days
New Hire

18 Days
1-5 Years

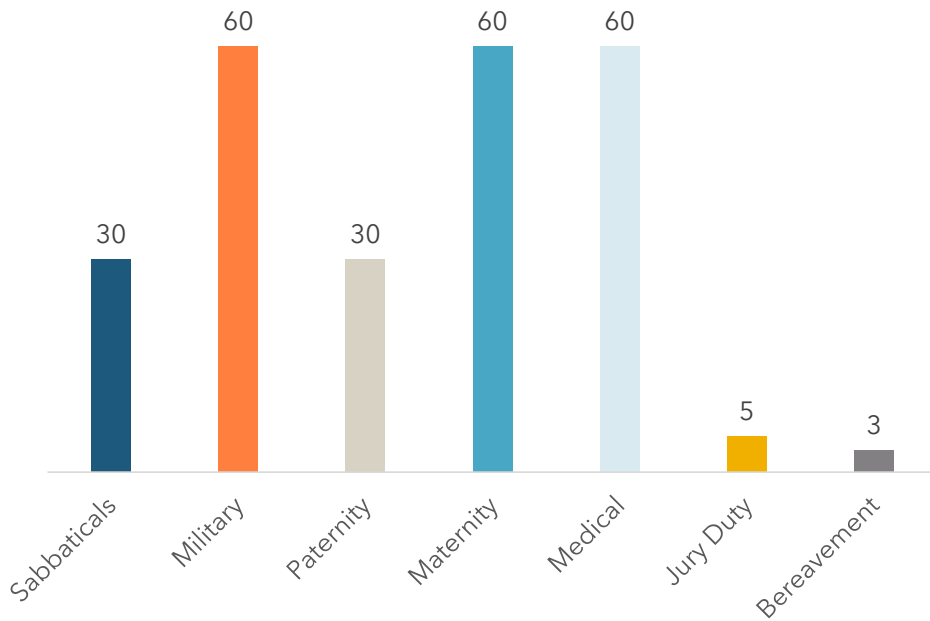
22 Days
6-9 Years

25 Days
10+ Years

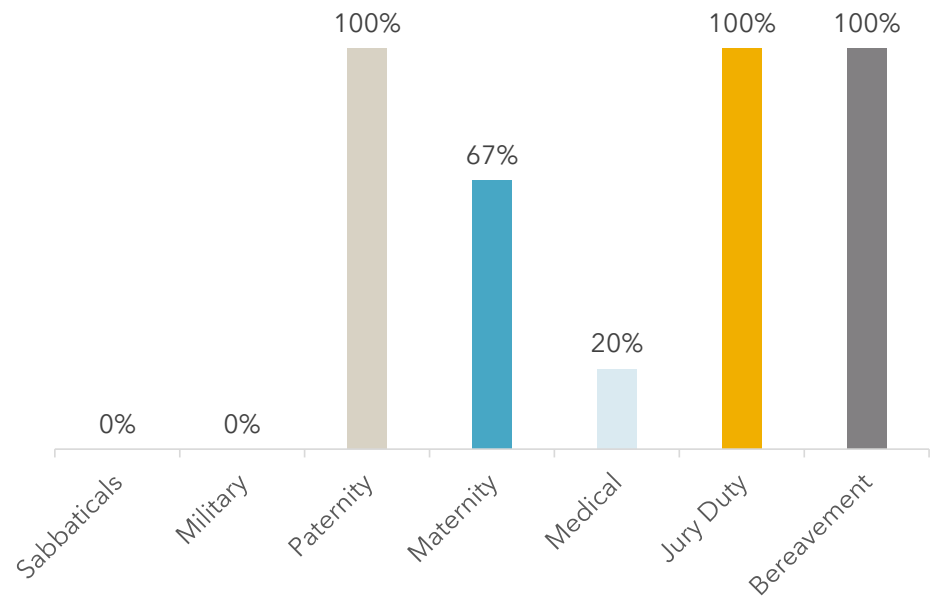
4% of
employers
offered
unlimited PTO

LEAVES OF ABSENCE

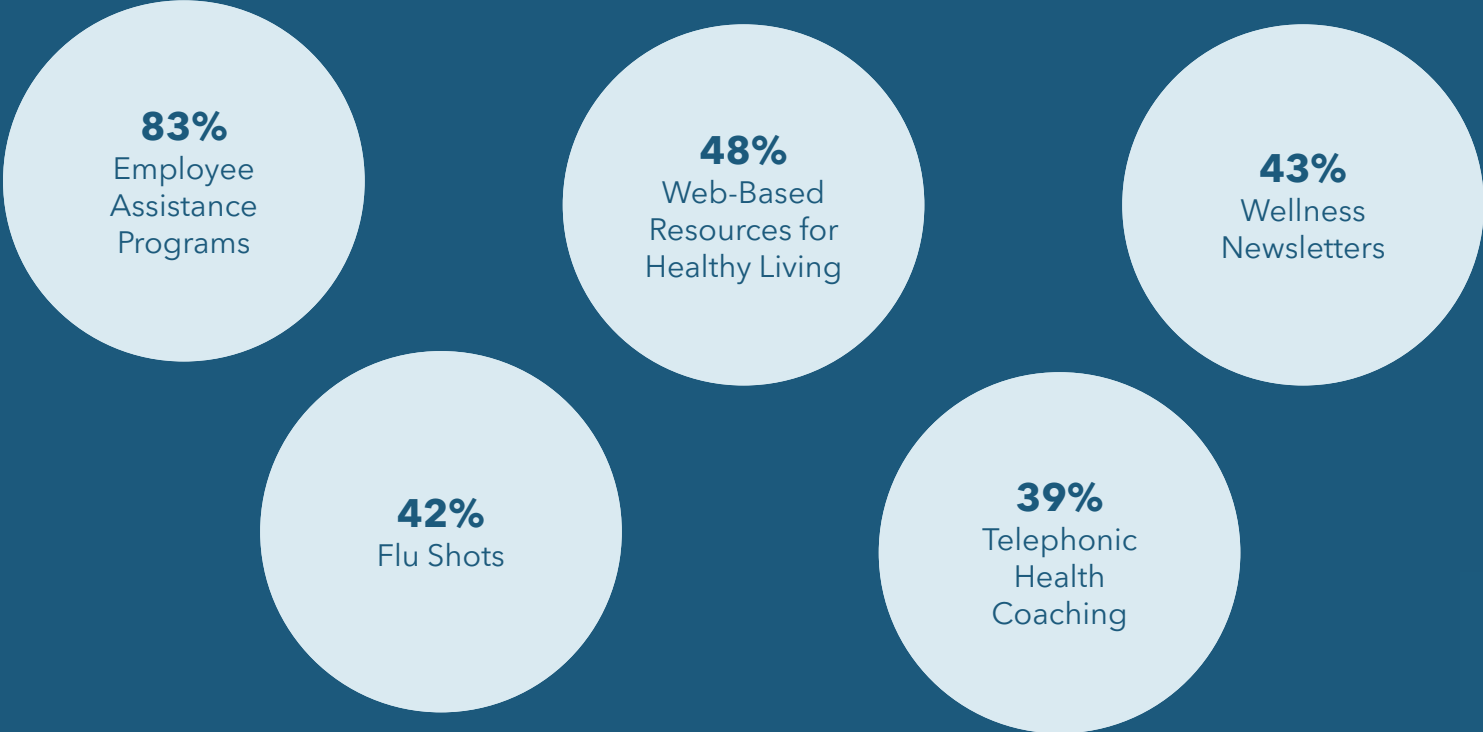
Duration (Days)



Percent of Salary



TOP 5 WELLNESS PROGRAMS



REASONS FOR OFFERING WELLNESS PROGRAMS



Improve health of employees (22%)



Benefits were part of health plan (6%)



Reduce health care costs (4%)



Improve employee morale & productivity (2%)



Other (1%)



Reduce absenteeism (0%)

OTHER BENEFIT OFFERINGS

54%	Free parking
34%	Tuition reimbursement/ assistance
26%	Telecommuting
26%	Industry certification
25%	Flex time schedule

93%	Telemedicine available
26%	Casual dress code
19%	Infertility benefits
18%	Sit-to-stand work stations
14%	Identity theft protection

QUESTIONS?

