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Cost Containment and the Future of Employee Benefits

**Presented By:
Spencer Olson, Partner/Benefits Consultant**

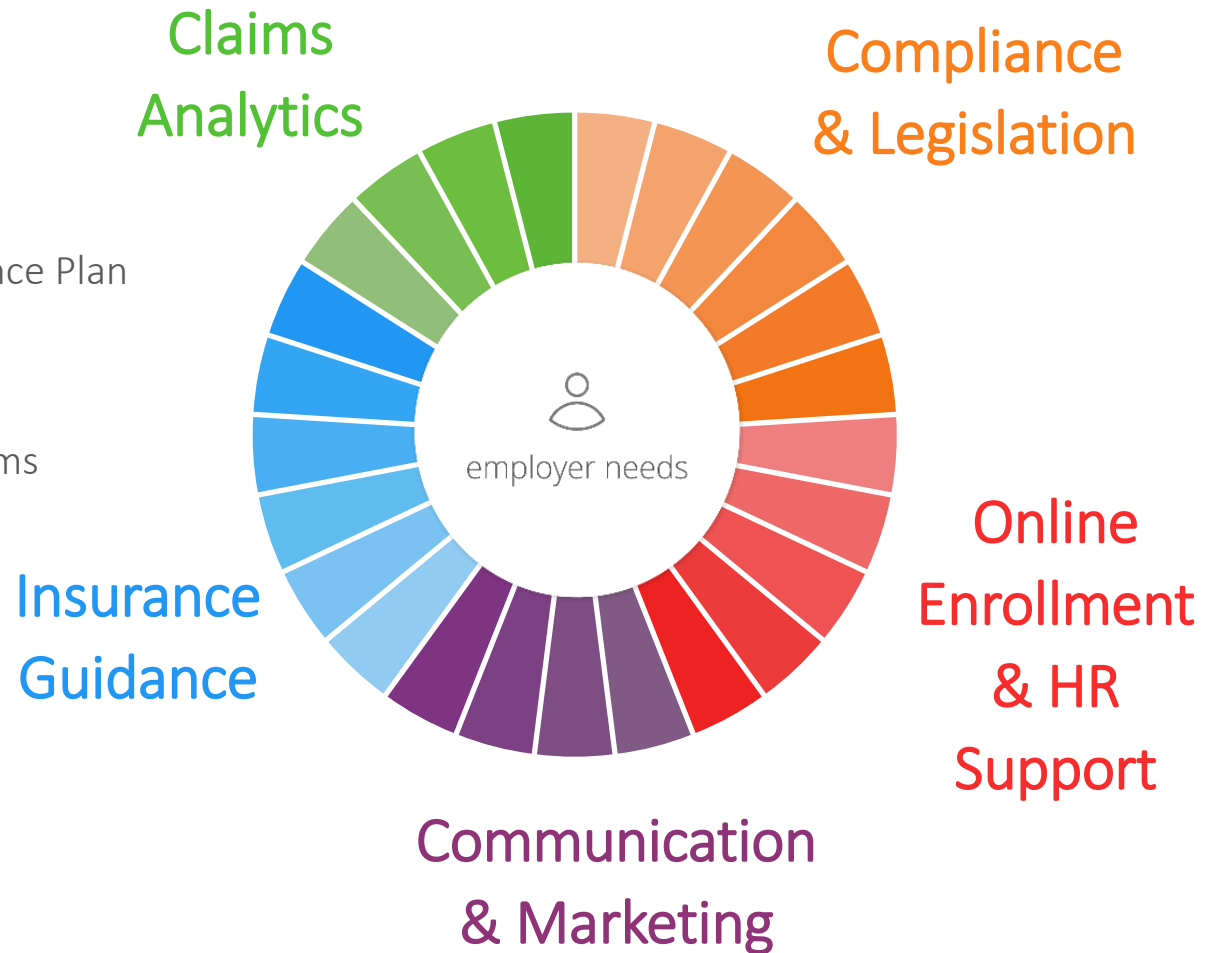
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The Life in Employee Benefits

- ACA & DOL Compliance
- 6055/6056 Reporting
- 1094/1095 Filing
- HR Assistance
- Employee Handbook
- Online Enrollment
- Onboarding/Offboarding Assistance Plan
- Design Decision Support
- Employee Portal/HR Intranet
- Health & Wellness Information
- Healthy Lifestyles/Fitness Programs
- Employee Newsletters & Videos
- Employee Communications
- Quote Plans
- Claims & Billing Assistance
- Negotiate Renewal
- Plan Comparison
- Coverage & Policy Expertise
- Application Submission
- Plan Design & Selection Support
- Medical & Prescription Analytics
- Plan Disruption Analysis
- Employee Retention Strategies





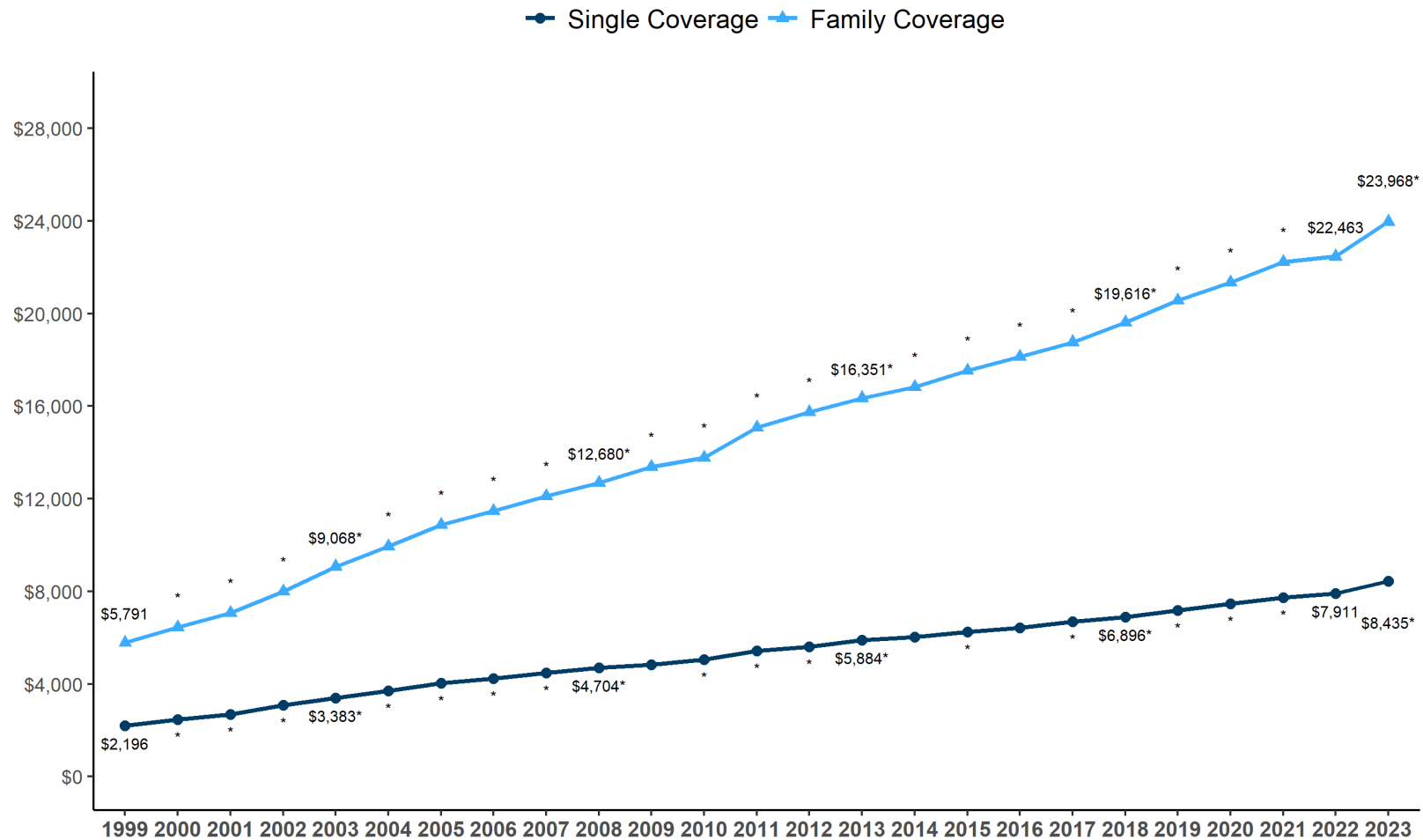
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Future of Healthcare & Cost

Average Annual Premiums for Single and Family Coverage

Figure 1.12
Average Annual Premiums for Single and Family Coverage, 1999-2023

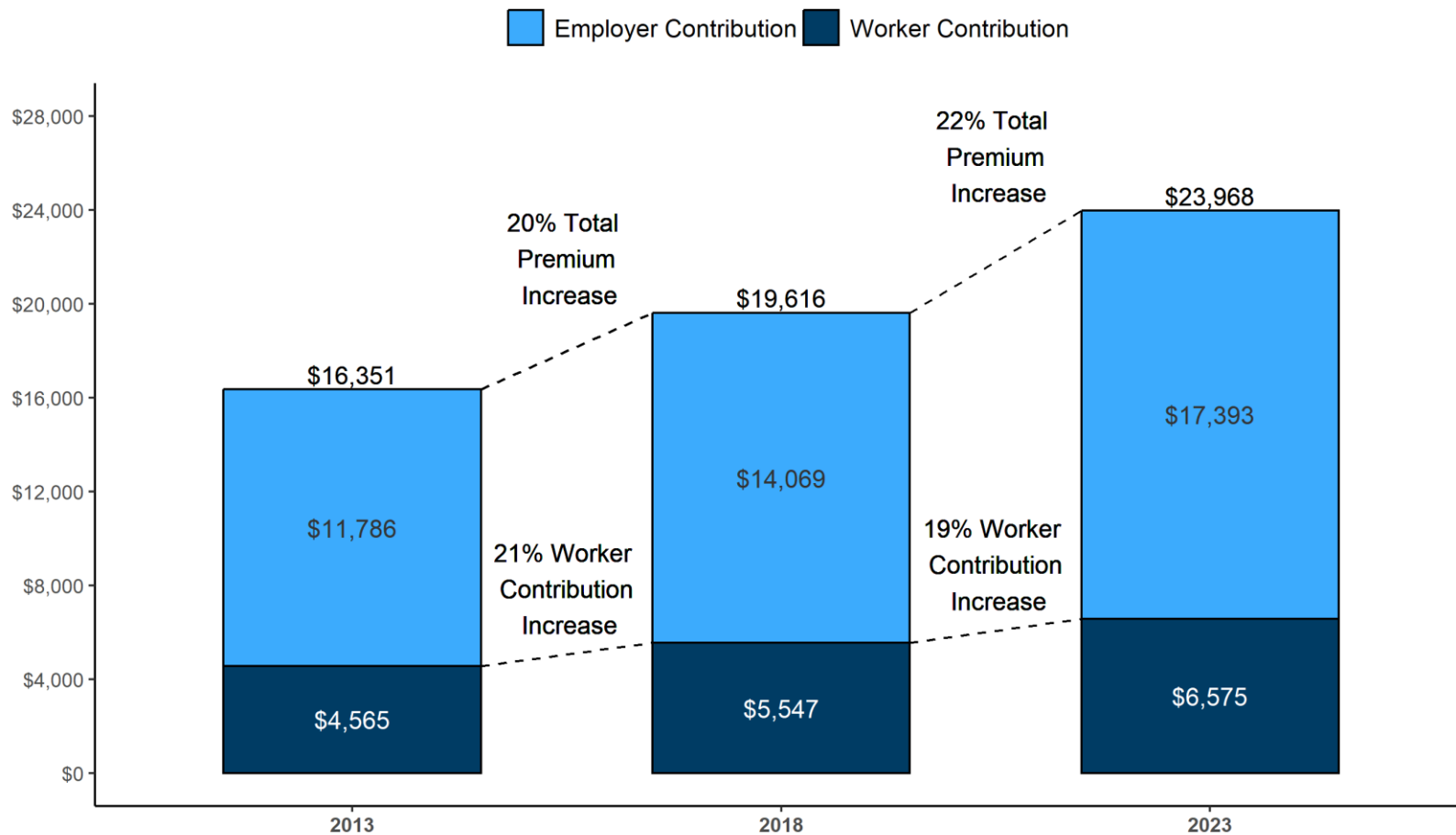


* Estimate is statistically different from estimate for the previous year shown (p < .05).

SOURCE: KFF Employer Health Benefits Survey, 2018-2023; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

Average Annual Worker & Employer Premium Contributions

Figure A
Average Annual Worker and Employer Premium Contributions for Family Coverage, 2013, 2018, and 2023

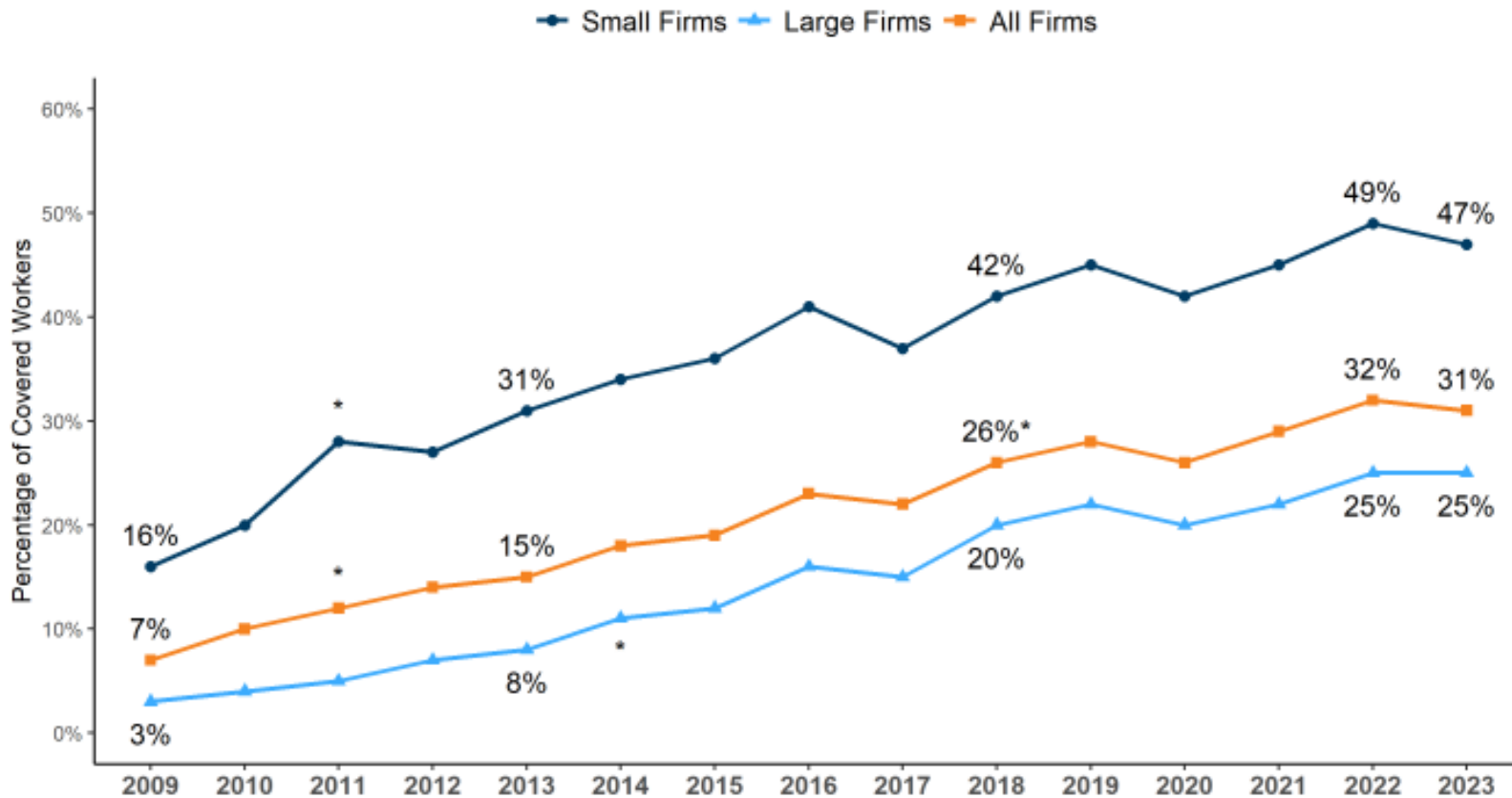


SOURCE: KFF Employer Health Benefits Survey, 2018 and 2023; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

Deductible Levels Greater than \$2,000

Figure F

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$2,000 or More for Single Coverage, by Firm Size, 2009-2023



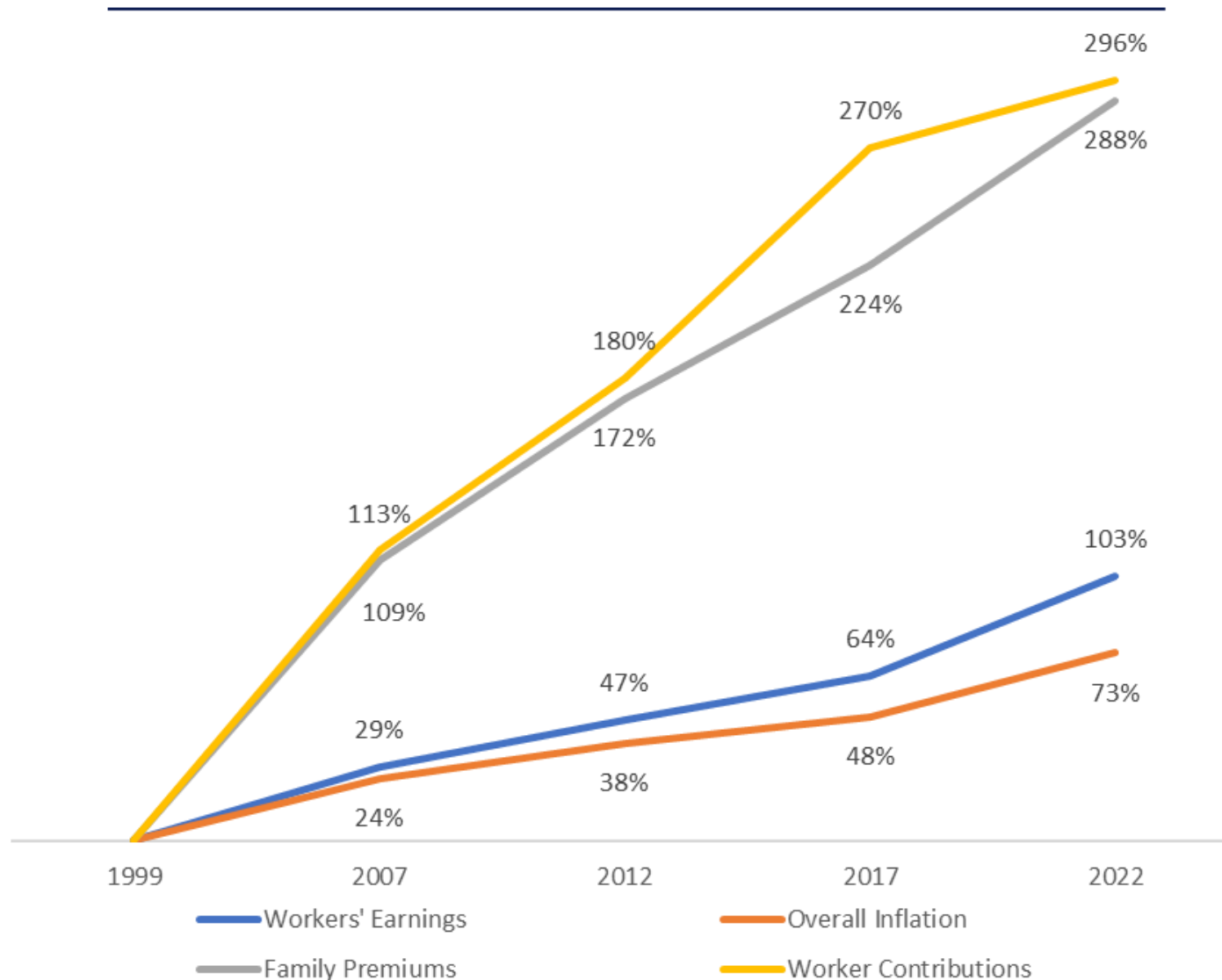
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: Small Firms have 3-199 workers and Large Firms have 200 or more workers. These estimates include workers enrolled in HDHP/SOs and other plan types. Average general annual deductibles are for in-network providers.

SOURCE: KFF Employer Health Benefits Survey, 2018-2023; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009-2017

Benefit Premiums are Rising

Cumulative Increases in Employer Contribution to Premiums, Workers' Earnings and Overall Inflation⁽¹⁾



1. Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits; BLS; Interviews; 2. Source: TMHCC.; 3. Source: Aon.

Michigan Health Insurance Marketplace

- **Two Major Health Insurance Carriers Dominate**
 - 2025 Small Group Fully Insured Pricing (Less than 50 FTE's): 12%-14% - Average
 - 2025 Large Group Fully Insured Pricing (More than 50 FTE's): 15%-35% - Range
- **2025 Key Cost Drivers**
 - Prescription Drugs – Trend Factor at 25%+
 - Specialty Medications
 - Weight Loss Medications
 - Medical – Trend Factor at 12%+
 - Outpatient Surgeries
 - Mental Health
 - More High-Cost Claimants
 - Network Discounts/Reimbursements – Hospital & Professional
 - Regulatory Environment – Federal and State

What will the Future Bring?

- **Employers will take more risk**
 - Self-Funded
 - Health Benefit Captive – Transition from fully insured to self-funded
 - Level-Funded
- **Innovation & Creativity**
 - Primary Care Solutions
 - On-site Clinics, On-site Nurse + Nurse Practitioner, Direct Primary Care
 - Direct Contracting with Hospitals / Providers
 - Centers of Excellence & 2nd Opinion Programs
 - Prevention vs. “Sick Care”
 - Consumer Driven Health Plans (HDHP HSA)
 - Transparency & Fiduciary Responsibilities

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Cost Containment Strategies

Cost Containment Strategies

- **Wellness Initiates & Education:** Focused on heart disease, obesity, diabetes, mental health, and more.
- **Health Navigation:** Address over usage of emergency room utilization and underutilization of preventative medications for chronic disease. Seek care at the right time at the right place.
- **Rx Procurement & Monitoring:** Lowering Rx costs as well as an ongoing audit to make sure the Pharmacy Benefit Manager keeps the terms of the negotiated contract.
- **Plan Design Changes:** Non-Linear Employee Contributions, Pre-Authorization for Certain Procedures, Second Opinion Requirements from Identified Centers of Excellence, Tie Dialysis Treatments to Medicare, Incentivize In-Home Dialysis, Step Therapy.
- **Employee Wellness Strategies:** Focus on what is driving overall cost. Health Risk Assessments, Biometric Screenings, Tobacco Cessation Programs, Customized Wellness Plan, COBRA Advocacy.
- **Prescription Drug Programs:** Pharmacy Tourism, Manufacturer Drug Coupon Programs, Foundations & Patient Assistance, Biosimilar Formulary Management, Rx Carveouts, Diabetic Population Management, Generic Steerage.

Cost Containment Strategies

- **Primary Care:** Onsite Nurse & Nurse Practitioner, Telemedicine Programs, Urgent Care Clinics, Shared Employer Clinics, Direct Primary Care Programs, Onsite Clinics.
- **Specialist and Hospitals:** High Performance Networks (Metro Care), Centers of Excellence, Pricing Transparency Tools, Referenced-Based Pricing, Direct Contracts, Diabetic Testing Supplies, Managing the Person vs. Managing the Claim, Transplant Carve-out Insurance, Stop-Loss Carve-out.

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Tax Strategy – HSA/FSA/HRA

HSA vs. FSA vs. HRA

What's the Difference Between an HSA, FSA, and HRA?



	HSA	FSA	HRA
Can anyone use it?	Only if you have a high-deductible insurance plan and meet certain criteria	Only if your employer offers it	Only if your employer offers it
Who contributes money into it?	You do, but your employer may also contribute	You do, but your employer may also contribute	Only your employer does
What happens to the money after the year is up?	It stays in the account until you use it	You lose it (with a few exceptions)	It might roll over, or you might lose it
What's the point?	To save pre-tax dollars for upcoming health expenses at any point in the future	To save pre-tax dollars for upcoming health expenses this year	Your employer is giving you money to help with the costs of their insurance plans

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Employee Benefit Trends

Top Employee Benefit Trends

■ Flexible Work Arrangements

- Remote Work & Hybrid Work Schedules
- Shorter Work Weeks

■ Mental Health Resources

- Employee Assistance Programs (EAP)
- Counseling Services
- Training / Coaching

■ Financial Wellness

- Education + Financial Planning Tools & Resources
- Debt Assistance Programs
- Student Loan Repayment Programs

■ Voluntary Benefits

- Pet Insurance
- Identity Theft Coverage
- Accident / Critical Illness / Hospital Indemnity

Top Employee Benefit Trends

■ **Family Friendly Benefits**

- Paid Parental Leave
- Adoption Leave + Surrogacy Benefits
- Fertility Benefits
- Daycare

■ **Professional Development**

- Learning & Development Opportunities
- Job Rotations
- Coaching & Mentorship

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Thank You!