


RESHAPING EMPLOYEE BENEFITS

GREATER DEMAND TO ENHANCE EMPLOYEE EXPERIENCE, MANAGE COSTS

The employee benefits landscape continues to evolve in the wake of COVID-19 and because of typical market fluctuations. This is in part due to individuals' increased adoption and utilization of new technology, shifting employee priorities and employers' desire to meet their needs, and the continued quest to manage the high costs of health care.

TELEMEDICINE SOLIDIFIES ITS PLACE

Even well before the pandemic, employees increased their utilization of telemedicine services. COVID-19 further accelerated the adoption of telehealth, as physicians' offices closed and hospitals coped with an influx of infected patients throughout 2020. Today, the availability and ease of use of mobile devices means that more Americans are tapping into telehealth for non-emergency issues, mental health treatment, and emotional well-being services.



Employers and network partners now offer multiple options for telemedicine providers with an improved coordination between employee assistance programs (EAPs) and online therapy platforms for mental health care. (Source: Sedgwick)

THE RISE OF NON-TRADITIONAL BENEFITS: FROM MENTAL HEALTH WELLNESS TO PAID LEAVE & REMOTE WORK FLEXIBILITY

Because of COVID-19, employers began re-evaluating their voluntary benefits to meet the changing needs of their employees, which we continue to see in a post-pandemic world. As more Americans seek treatment for anxiety, stress, and other issues, employers are increasingly providing access to online mental health support resources, including apps, videos, and literature. Business Group on Health, a large employer health care policy advocate surveyed a group of large employers and found that almost half (47%) of respondents provide training to managers, which helps them recognize mental and behavioral health issues and direct employees to services when necessary.

Employers have also bolstered their paid leave policies and revamped their childcare benefits with new and upgraded offerings. The pandemic caused a disproportionate number of women to exit the workforce. As a result of the stressors parents underwent during the pandemic due to their increased obligations to their children, more companies have now begun or continued to build out their resources to benefit working parents, offering everything from virtual childcare to paid sabbaticals. Additionally, more employers are providing access to fertility resources and fertility benefits. In vitro fertilization (IVF) is the most common treatment covered, followed by fertility medications, genetic testing, non-IVF fertility treatments, counselor visits, and egg harvesting or freezing.

The success of remote work during COVID-19 has employers and employees rethinking how and where work happens. Many employers are now embracing a hybrid model, blending in-office with remote work options. Some employers give staff the option to work in office part of the week and remotely the remainder of the week, while others allow workers to choose between working fully in office, or completely remote. Employees want this level of flexibility.



A 2020 survey by Slack found that a majority of workers worldwide (72%) want to work in a hybrid workplace post-pandemic, while 12% of respondents preferred in-person work and 13% want full-time remote work.



HEALTH CARE UTILIZATION IS BACK

During the height of the pandemic, doctor visits stalled, and elective surgeries were postponed. According to data from the Bureau of Economic Analysis (BEA), by April 2020, personal consumption expenditures on health services (not including pharmaceuticals) were down by 31.9% on an annualized basis. However, spending on health services has since rebounded, and by January 2021, was down just 2.4% from the previous year (seasonally adjusted at annual rates).

What is yet to be seen are the costs associated with individuals postponing care during the pandemic and how this might impact overall health and the development of health issues in the future. An upsurge in treatment because of limited care options during the pandemic means more claims and, ultimately, more expensive renewals.

THE AMERICAN RESCUE PLAN ACT & COBRA

Under the American Rescue Plan Act (ARPA), certain individuals who lost group health insurance due to an involuntary termination of employment or reduction in hours are eligible to receive a 100% COBRA premium subsidy. The subsidy is available from April 1, 2021 to September 30, 2021. Employers advance the COBRA premiums for fully-insured plans subject to COBRA and recoup these amounts through the subsidy recovery process. As a result, more individuals who otherwise would not have opted into COBRA are now on an employer's plan, as they do not have to pay for it. The impact on loss ratios with so many more individuals on COBRA remains to be seen because COBRA enrollees typically have more claims.



COST-CONTAINMENT STRATEGIES FOR EMPLOYERS

Insurance companies are now factoring COVID-19-related considerations into renewals, which is causing fluctuations in pricing in the healthcare market. To a larger degree, some carriers are making rate changes based on the market rather than on claims data. As a result, we are seeing traditional carriers posting record profits while premiums continue to rise. Employers are looking for resources, strategies, and a broad range of services to manage their costs while still attempting to cater to employees by optimizing their benefit offerings.

THESE ARE SOME COST-CONTAINMENT STRATEGIES EMPLOYERS ARE ADOPTING:

Narrow Network: Employers are offering employees a smaller network of hospitals, physicians, and specialists for health care. The smaller pool of providers allows employers to negotiate lower prices, which leads to lower premiums and out-of-pocket costs for employees. Employers using narrow networks partner with providers that offer higher measured quality service, which translates to better health outcomes. For healthcare providers and hospitals, joining a narrow network means they can become part of a select group, giving them a competitive advantage in a region.

Direct Contracting: An employer establishes a direct relationship with hospitals, physician offices, and facilities to negotiate rates for healthcare services. In essence, this eliminates the middleman – the insurer. Employers receive discounted prices, which saves them money and establishes preferred client pricing for their organization.

Referenced-based Pricing: This cost containment strategy pays doctors, laboratories, clinics, and hospitals a percentage of an established benchmark rather than a carrier-determined fee.

Front-Door Care: More employers are steering employees to their primary care physician, whether the visit is in-person or via telehealth, to quarterback the relationship. The primary care physician will get employees to the right specialist and ensure they are taking the proper medications. Digital technology has made this approach easier to implement. Employers can also offer employees reward-based incentives to encourage primary care physician use.

Pharmacy Benefits Carve-outs: In a typical carve-out pharmacy arrangement, an employer works with an employee benefits consultant to negotiate a contract directly with a pharmacy benefits manager (PBM). This provides an employer with more visibility and overall control in the management of plan design and costs than in a carved-in arrangement where the insurer is negotiating the contract and costs. A good carved-out arrangement will allow customized solutions in plan design, network, formulary, and clinical programs. Detailed, timely reporting enables an employer to monitor changes in claims utilization, identify trend drivers, and support strategic actions to manage drug spending.

The Power of Data Analytics: Using data to help drive decisions is critical in managing health care costs. Claims and data analytics, actuarial services, and underwriting expertise provide the ability to negotiate with insurers from a position of strength and pivot to alternative solutions for optimum outcomes. BRP's Middle Market Health Intelligence Team offers these resources and more to identify key performance trends and indicators and cost-management opportunities, and create favorable client underwriting profiles.

WHAT CAN YOU DO TO NAVIGATE THE CURRENT MARKET?



Start the renewal process early with your insurance Advisor.



Use data analytics to help reduce health care cost over time.



Work with an Advisor who takes a unique approach to cost containment strategies and can help you determine which cost-containment strategies work best for your organization.



Remain competitive in the marketplace by working with an Advisor who is proactive and stays ahead of the trends for non-traditional benefits being offered.

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