TRENDS IN EMPLOYEE WELLNESS AND ALTERNATIVE BENEFIT PLANS
Watch this:

DID YOU KNOW?
HEALTHCARE BENEFITS
And Strategies...
Is this you?...remember when you wanted to make this the best Engineering Firm in the country?
Is this you?...remember when you wanted to make this the best Engineering Firm in the country?
Things are changing

- Things are changing fast.
- Your employees are more informed than you think...but do they care?
- The rate of change right now, is the slowest it will ever be.
- Here is what I mean:
What you had to know to be a good HR:
What you had to know to be a good HR:

USA in 1900
What you had to know to be a good HR:

USA in 1900

- Case Law
- Common Law
- Local Laws
- State Laws
What you had to know to be a good HR:
What you had to know to be a good HR:

USA in 1940

- Case Law
- Common Law
- FICA
- FLSA
- FUTA
- Local Laws
- NLRA
- State Laws
What you had to know to be a good HR:
What you had to know to be a good HR:
USA in 1980

- ADEA
- Case Law
- Common Law
- CRA
- ERISA
- FICA
- FLSA
- FUTA
- Local Laws
- NLRA
- OSHA
- PDA
- State Laws
What you have to know to be a good HR:
What you have to know to be a good HR:
Today in the USA
What you have to know to be a good HR:
Today in the USA

- ADA
- ADAAA
- ADEA
- Adoptions Act
- AHERA
- AJCA
- ARRA
- BLBA
- CAA
- Case Law
- CCPA
- CCRRA
- CERCLA
- CHIPRA
- COBRA
- Common Law
- COPELAND
- Anti-Kickback CRA
- CWHSSA
- DBA
- DFWA
- DOMA*
- ECPA
- EGTRAA
- EPPA
- ERISA
- FCRA
- FICA
- FLSA
- FMLA
- FUTA
- FWPCA
- GINA
- HIPAA
- HITECH
- HMO of 1973
- IMMACT
- IRC
- IRCA
- JCWAA
- LHWCA
- LLFPA
- LMRA
- LMRDA
- Local Laws
- MHPA
- MHPAEA
- Michelle’s Law
- Miller Act
- MOSCA
- MSHA
- MSP Act
- MSPA
- NEPA
- NMHPA
- NTSSA
- NLRA
- OSHA
- OWPBA
- PDA
- PFEA
- PSIA
- REA
- RLA
- SBJPA
- SDWA
- SOX
- SSA
- State Laws
- SWDA
- TEFRA
- TIPRA
- TMRA
- TRA-1996
- TRA – 1997
- TSCA
- USERRA
- VEVRAA
- WARN
- WRERA
- PPACA
Did President Trump lose on Obamacare?
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- BT (Before Trump) Study to see if ACA could survive election.
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- BT (Before Trump) Study to see if ACA could survive election.
- Repeal
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- “Repair”
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- BT (Before Trump) Study to see if ACA could survive election.
- Repeal
- Repeal & Replace
- “Repair”
- Coming to a politician near you in 2018
Healthcare Cost

Historical Trends - 1950 - 2008

Source: OECD Health Data 2009
KFF, 2008
US News & World Report, 2005
It’s not what you say… it’s how you say it!

- “Shining” a recutting of the preview for the movie “The Shining”
Medicare vs Private Payer
U.S. Impact
The Changing Nature of Government Spending

- Everything Else
- Major Healthcare, Interest, & Social Security
The Changing Nature of Government Spending

- **Everything Else**
- **Major Healthcare, Interest, & Social Security**

Year:
- 2005
- 2015
- 2025

Percentage of GDP:
- 0
- 3.75
- 7.5
- 11.25
- 15
Harry Potter Impact on Medicare

Per Beneficiary Medicare Hospital Insurance Cost

*2009 & 2014 Medicare Trustee Reports
Harry Potter Impact on Medicare

Per Beneficiary Medicare Hospital Insurance Cost

*2009 & 2014 Medicare Trustee Reports
How much does private insurance pay compared to Medicare?

*Avalere and American Hospital Association
North Texas Level II Echocardiogram

- Medicare Paid: $377
- Medicare Plus 40%: $527
- Insurance Company @ a 50% discount: $1,262
- Weighted Average Billing: $2,525
So What?

- The Federal Deficit is a giant growing problem.
  - Healthcare Spending is the greatest contributor and greatest variable to our future deficit.
  - Medicare is measurably better than Private Insurance at managing healthcare inflation.
  - The Medicare hospital reductions have shifted cost and volatility to private payers.
FOR IMMEDIATE RELEASE  
January 26, 2015

Better, Smarter, Healthier: In historic announcement, HHS sets clear goals and timeline for shifting Medicare reimbursements from volume to value

In a meeting with nearly two dozen leaders representing consumers, insurers, providers, and business leaders, Health and Human Services Secretary Sylvia M. Burwell today announced measurable goals and a timeline to move the Medicare program, and the health care system at large, toward paying providers based on the quality, rather than the quantity of care they give patients.

HHS has set a goal of tying 30 percent of traditional, or fee-for-service, Medicare payments to quality or value through alternative payment models, such as Accountable Care Organizations (ACOs) or bundled payment arrangements by the end of 2016, and tying 50 percent of payments to these models by the end of 2018. HHS also set a goal of tying 85 percent of all traditional Medicare payments to quality or value by 2016 and 90 percent by 2018 through programs such as the Hospital Value Based Purchasing and the Hospital Readmissions Reduction Programs. This is the first time in the history of the Medicare program that HHS has set explicit goals for alternative payment models and value-based payments.
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OK, but that is everyone...Not Engineering Firms....

WE ARE DIFFERENT!

Lets see...
Changes in The Engineering Sector
By firm size in terms of employees

% of Sector in 2003
% of Revenues in 2003
Changes in The Engineering Sector
By firm size in terms of employees

Changes in The Engineering Sector
By firm size in terms of employees
Changes in The Engineering Sector
By firm size in terms of employees

- % of Sector in 2003
- % of Revenues in 2003

- % of Sector in 2012
- % of Revenues in 2012
Changes in The Engineering Sector
By firm size in terms of employees

> Jumbo firms now hold almost 60% of the market share in design, and that is increasing.

> 15 Years ago there were only 3 firms with net revenues over $1Billion

> Now there are 26 firms with revenue over $1B and 8 firms with revenues over $2B

> This has come (mostly) at the expense of firms in the 5-25 employee range
What Causes Design Firm Lawsuits?

- Inexperienced design staff: 35%
- Outside Territory: 14%
- Unqualified Back Up Staff: 14%
- Firm inexperienced in Project type: 2%
- Inexperienced On-Site Staff: 14%
- Inexperienced Project Manager: 12%
- Insufficient Number of Staff: 7%
What Causes Design Firm Lawsuits?

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Switch Gears

- Write this down
What is Metabolic Syndrome?

- Audience Poll?
### Metabolic Syndrome

**Men’s Risk Factors**
- HDL Cholesterol < 40
- Triglycerides ≥ 150
- Waist Circumference ≥ 40 inches (not pants size)
- Blood Pressure ≥ 130/85
- Fasting Glucose ≥ 100

**Women’s Risk Factors**
- HDL Cholesterol < 50
- Triglycerides ≥ 150
- Waist Circumference ≥ 35 inches (not pants size)
- Blood Pressure ≥ 130/85
- Fasting Glucose ≥ 100
Healthcare Cost & Obesity

Historical Trends - 1950 - 2008

Source: OECD Health Data 2009
KFF, 2008
US News & World Report, 2005
Healthcare Cost, Obesity & Sugar!

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Historical Trends - 1950 - 2008

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How Could that Be?
Say it isn’t so!
How Could that Be?
Say it isn’t so!

• Recent NYC Health Department study:
  1 soda per day = 50 lbs. of sugar per year
  – 1 “can” of Coke = 10 teaspoons of sugar
  – 365 days = 3,650 teaspoons
  – 48 teaspoons in a cup
  – 2 cups in a pound
  – 38 pounds of sugar per year for a “can”
  – 20 oz. bottle has 17 teaspoons resulting in 64 pounds of sugar per year
How Could that Be?
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    64 pounds of sugar per year

• Equivalent of eating 730 Hershey bars
  per year or 1,277 bars for a bottle
What’s Next?
Financial Impact of Diabetes

• Traditional approach
  – Diabetes disease management program

• “Loss Control” approach
  – Shut down the factory
  – The majority of new diabetics are Type II
    • Type II diabetes is almost completely avoidable
Where do next year’s high cost claimants come from?

4% of the population drive the majority of paid claims each plan year,

but the majority of next year’s “4%” group will come from those with no previous claim history.
Diabetes Prevalence follows Obesity Prevalence
Diabetes Prevalence follows Obesity Prevalence
Age-adjusted Prevalence of Diagnosed Diabetes Among US Adults

1994
Age-adjusted Prevalence of Diagnosed Diabetes Among US Adults
How is Diabetes Impacting my Population?

- Claims data shows over 5% of total members diagnosed with Diabetes
- Rx claims paid shows nearly $900 PMPM difference between PWDs and average adult member
- Rx claims were 4.9x higher for PWDs than the average adult
- Overall cost related to PWDs was over 15% of total claims paid

<table>
<thead>
<tr>
<th></th>
<th>All Adult Members (180,922)</th>
<th>PWDs (9,622)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Claims</td>
<td>$284</td>
<td>$284</td>
</tr>
<tr>
<td>Rx Claims</td>
<td>$79</td>
<td>$390</td>
</tr>
<tr>
<td>Total Claims PMPM</td>
<td>$363</td>
<td>$1,256</td>
</tr>
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More than one in three Americans is on the Diabetes Escalator™

12.3% DIABETES
37% PRE-DIABETES
50.7% HEALTHY

1 Escalator speed: 15-30% of pre-diabetic adults will develop type-II diabetes within the next 5 years
2 Over 90% of pre-diabetics do not know they have pre-diabetes
Disease Risk Associated with Metabolic Syndrome

- Alzheimer's
- Cataracts
- Sleep Apnea
- Breast Cancer
- Heart Attack
- Gall Bladder Disease
- Nonalcoholic Fatty Liver Disease
- Pancreatitis
- Pancreas Cancer
- Diabetes
- Kidney Disease/Cancer
- Ovarian Cancer
- Urinary Tract Cancer
- Psoriasis
- Arthritis
- Gout
- Depression
- Stroke
- Retinopathy
- Esophagus Cancer
- Cardiovascular Disease
- Congestive Heart Failure
- Hypertension
- Pulmonary Disease
- Colorectal Cancer
- Erectile Dysfunction
- Gynecological Abnormalities
- Endometrial Cancer
- Non-Hodgkins Lymphoma
- Leukemia
Stop medling

- what is out there?
Your employees could use some support.

1 in 5
Full-time employees providing care to a loved one in the US.

+ 20 hrs
Hours an employee spends every week taking care of a loved one.

= 🔄
A disruptive force in the workplace and in an employee's life.
BRINGING CLARITY TO THE PROBLEM

ANNUAL COST PER 1,000 EES

†Source: Crohn’s & Colitis Foundation of America, Celiac Disease Foundations, American College of Gastroenterology
BRINGING CLARITY TO THE PROBLEM

Nearly one in five Americans † live with a digestive disorder or disease, and most have no resources for help.

†Source: Crohn’s & Colitis Foundation of America, Celiac Disease Foundations, American College of Gastroenterology
BRINGING CLARITY TO THE PROBLEM

Nearly one in five Americans † live with a digestive disorder or disease, and most have no resources for help.

- IMPACTS NEARLY 20% OF THOSE ON MEDICAL PLAN
- UNMANAGED AND UNNOTICED BY OUR INDUSTRY
- TREATED AS A LIFETIME DIAGNOSIS WITH LITTLE OPPORTUNITY FOR REMISSION
- MISERABLE QUALITY OF LIFE

- HIGH QUALITY CARE IS LIMITED
- TIME CRUNCH FOR PROVIDERS
- TREATMENT (IF ANY) USUALLY INVOLVES SURGERY OR EXPENSIVE, SPECIALTY RX

†Source: Crohn’s & Colitis Foundation of America, Celiac Disease Foundations, American College of Gastroenterology
BIG PHARMA IS INVESTING HEAVILY

Abbott
($20.9 Billion 2016 Revenue)

Humira
adalimumab
Control is possible

Allergan
($15.1 Billion 2015 Revenue)

UCB
($3.8 Billion 2015 Revenue)
20 percent of your workforce is quietly struggling with the challenges of caregiving. **And you can help.**
Qualified Healthcare Coaches address a wide variety of complex topics and challenges for caregivers.
“In-Network” Contracted Rate Variance

Imaging In-Network Rate Variance
- MRI: $1,942
- CT Scan: $2,580
- GI Scan: $1,240

Surgery In-Network Rate Variance
- Knee Surgery: $29,377
- Cardiac Surgery: $46,444

© 2012 Holmes Murphy & Associates
In the News: Price-Transparency

LOWER COSTS.
HIGHER QUALITY.
THE RIGHT DIRECTION FOR HEALTHCARE.
DESIGNED WELLNESS
POWERED BY ACEC LIFE/HEALTH TRUST

Good health not only rewards the individual but also benefits your team and firm as well. Learn how Designed Wellness can help your company to leverage the economic benefits of being a “healthy firm”.
Safe Driver Discounts?
Safe Driver Discounts?
Safe Driver Discounts?

• What if group insurance worked like car insurance?
Safe Driver Discounts?

• What if group insurance worked like car insurance?
• We can take a lesson from auto insurance companies who offer safe driver discounts for:
  – Wearing seat belts
  – No moving violations
  – No DUI’s
  – “Biometric testing” plug in
  – Resulting in “Vanishing” deductible
  – Coming soon….no texting and driving….my favorite!
What is RBP?

• Referenced Based Pricing?
  • Not Easy

• Let me explain: Price for Heart Surgery
  – $100,000
  – Insurance Discount $40,000
  – Medicare is $20,000
  – RBP = $22,000

• Can we do that? Maybe.
  – Employee doubt
  – What if it gets tough?
HSA Financing

• Why do you have so few taking advantage of HSA’s?
  – No Savings
  – Complex or confusing
  – Can’t budget for that

• HSA Financing
  – May save employer more than FSA loss.
Make sure you communicate the story

- Don’t rely on only one form of communication
  - Cascade
    - Meeting, Email, Voicemail, Posters, Post Cards
  - Webinars have proven to be cheap, but ineffective so far.
    - Here is what I mean....
Video: “Conference Call in Real Life”
Summary: Really?
Summary: Really?

- Premiums are based on cost and frequency
Summary: Really?

- Premiums are based on cost and frequency
- Firms are either shrinking or getting bigger
Summary: Really?

- Premiums are based on cost and frequency
- Firms are either shrinking or getting bigger
- Premiums I think are unsustainable for 5 to 25 life firms
Summary: Really?

- Premiums are based on cost and frequency.
- Firms are either shrinking or getting bigger.
- Premiums I think are unsustainable for 5 to 25 life firms.
- Keep looking for ways to make employees spend more wisely. Outcomes vs. Volume.
Q & A

You have Questions
We have Answers
This presentation is not intended to be exhaustive nor should any discussion or opinions be construed as legal or tax advice. Please contact legal or tax counsel for legal or tax advice on specific situations. This presentation may not be duplicated or redistributed without permission.

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Thank you!

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