



TRENDS IN EMPLOYEE  
WELLNESS  
AND  

---

ALTERNATIVE BENEFIT  
PLANS

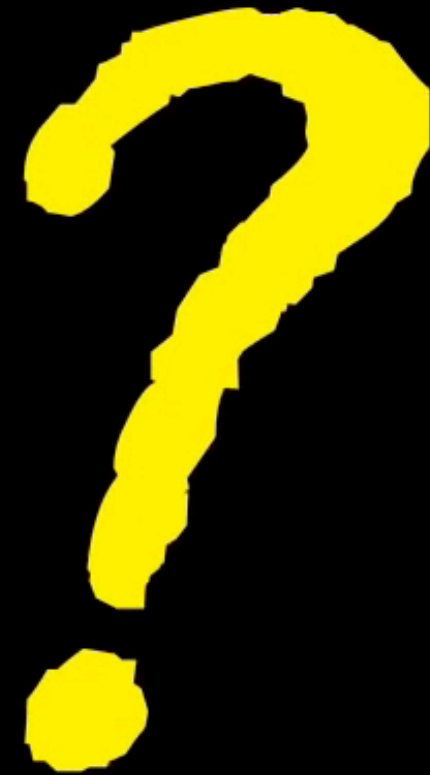






Watch this:

*DID YOU*  
**KNOW**











# HUMAN RESOURCES

Working Hard On Exceeding Your Low Expectations.

# 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
- PPACA
- PSIA
- REA
- RLA
- SBJPA
- SDWA
- SOX
- SSA
- State Laws
- SWDA
- TEFRA
- TIPRA
- TMRA
- TRA-1996
- TRA – 1997
- TSCA
- USERRA
- VEVRAA
- WARN
- WRERA



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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- ✦ Repeal



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- ✦ Repeal & Replace



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- ✦ Repeal
- ✦ Repeal & Replace
- ✦ “Repair”



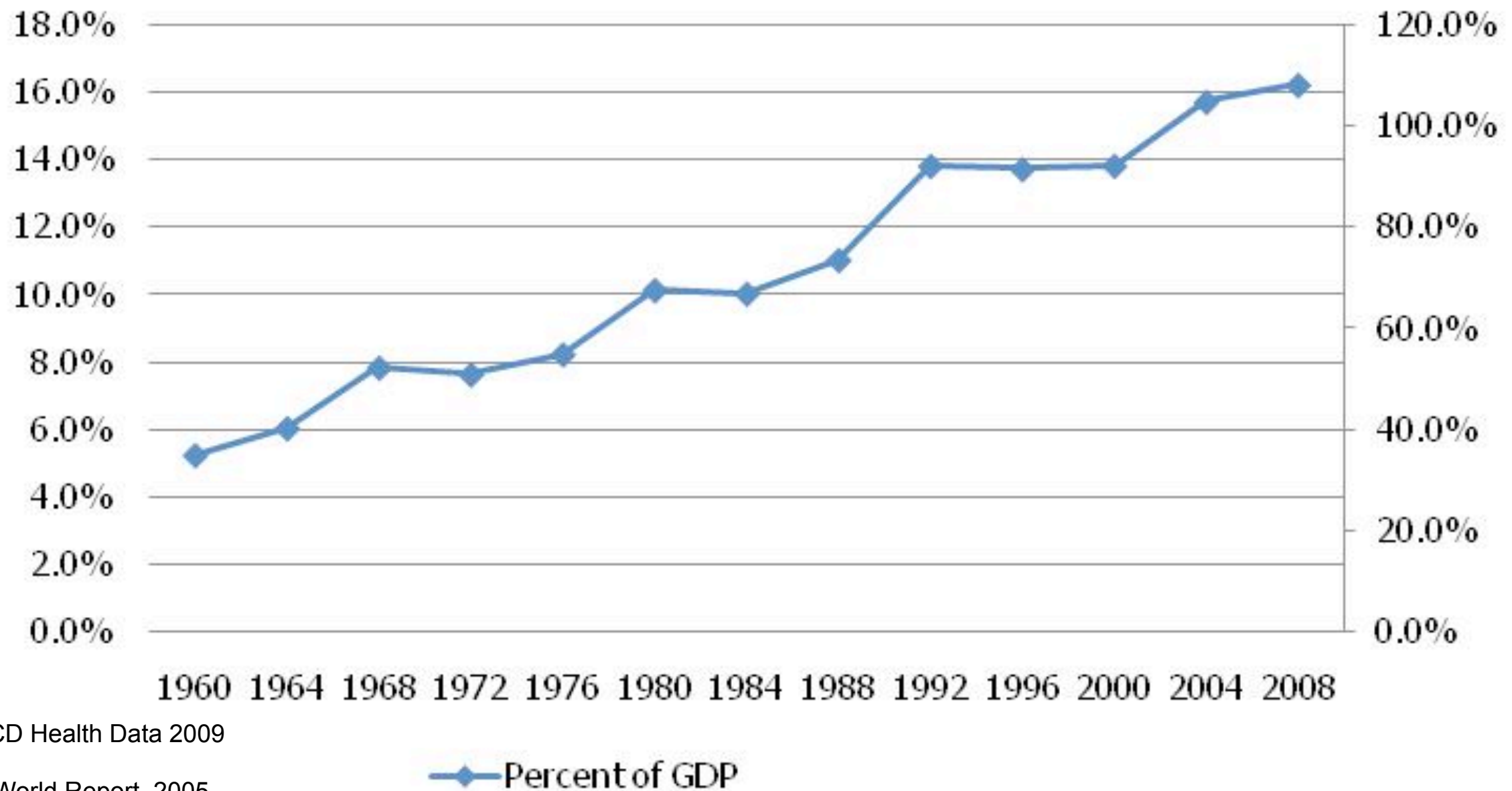
# Did President Trump lose on Obamacare?

- ✦ 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”



# U.S. Impact





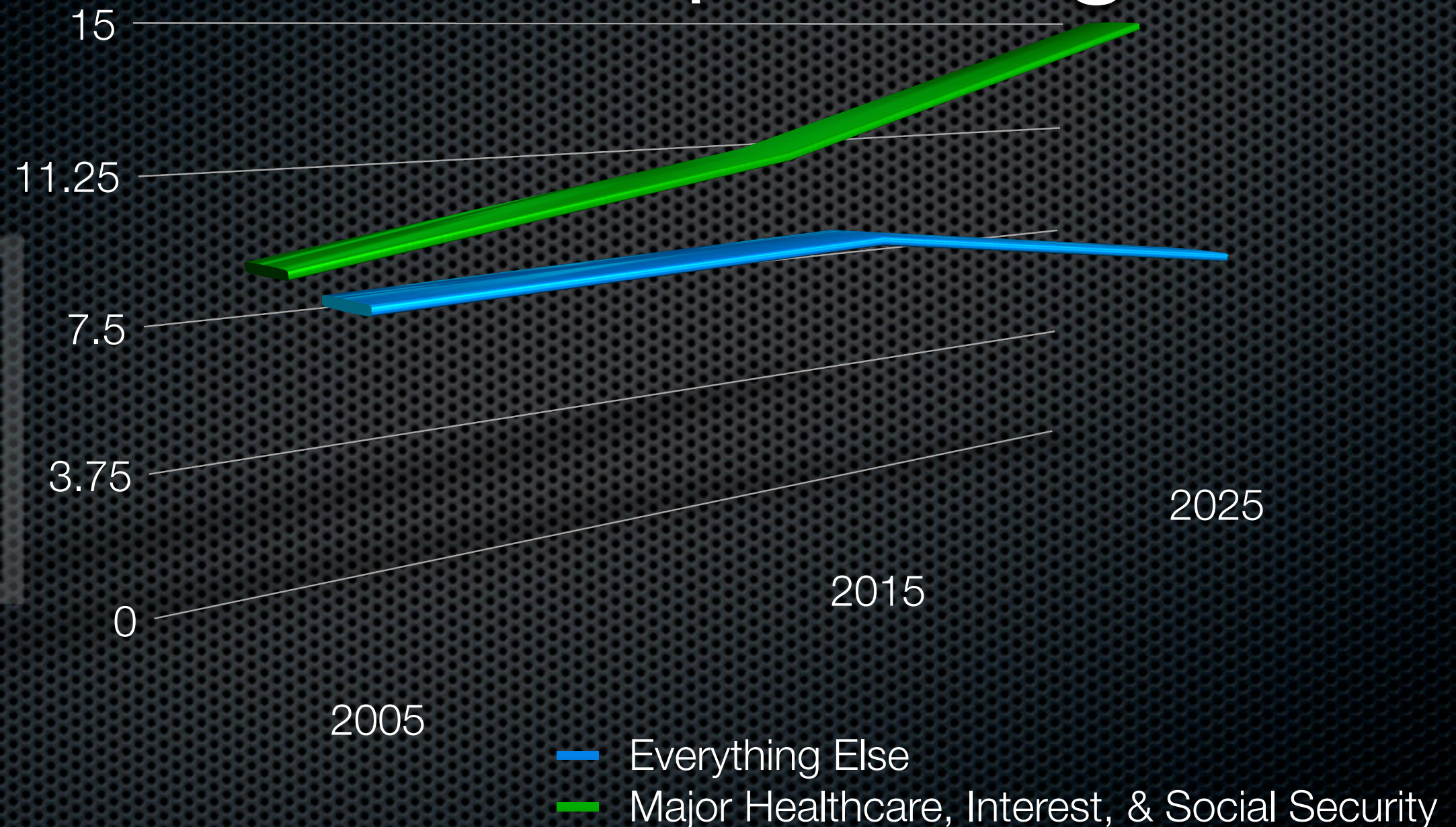
# The Changing Nature of Government Spending

%  
of  
GDP

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



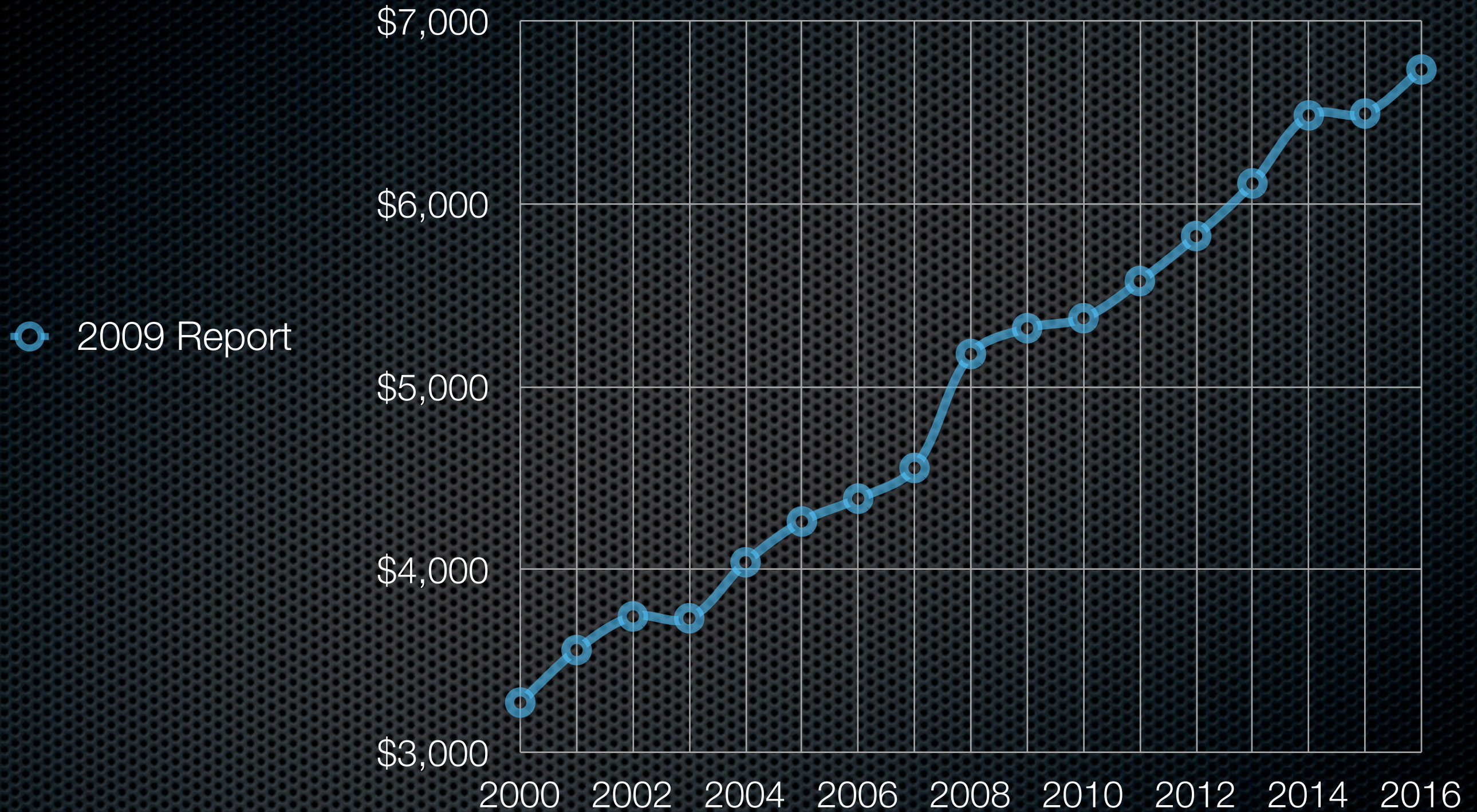
# The Changing Nature of Government Spending





# Harry Potter Impact on Medicare

Per Beneficiary Medicare Hospital Insurance Cost

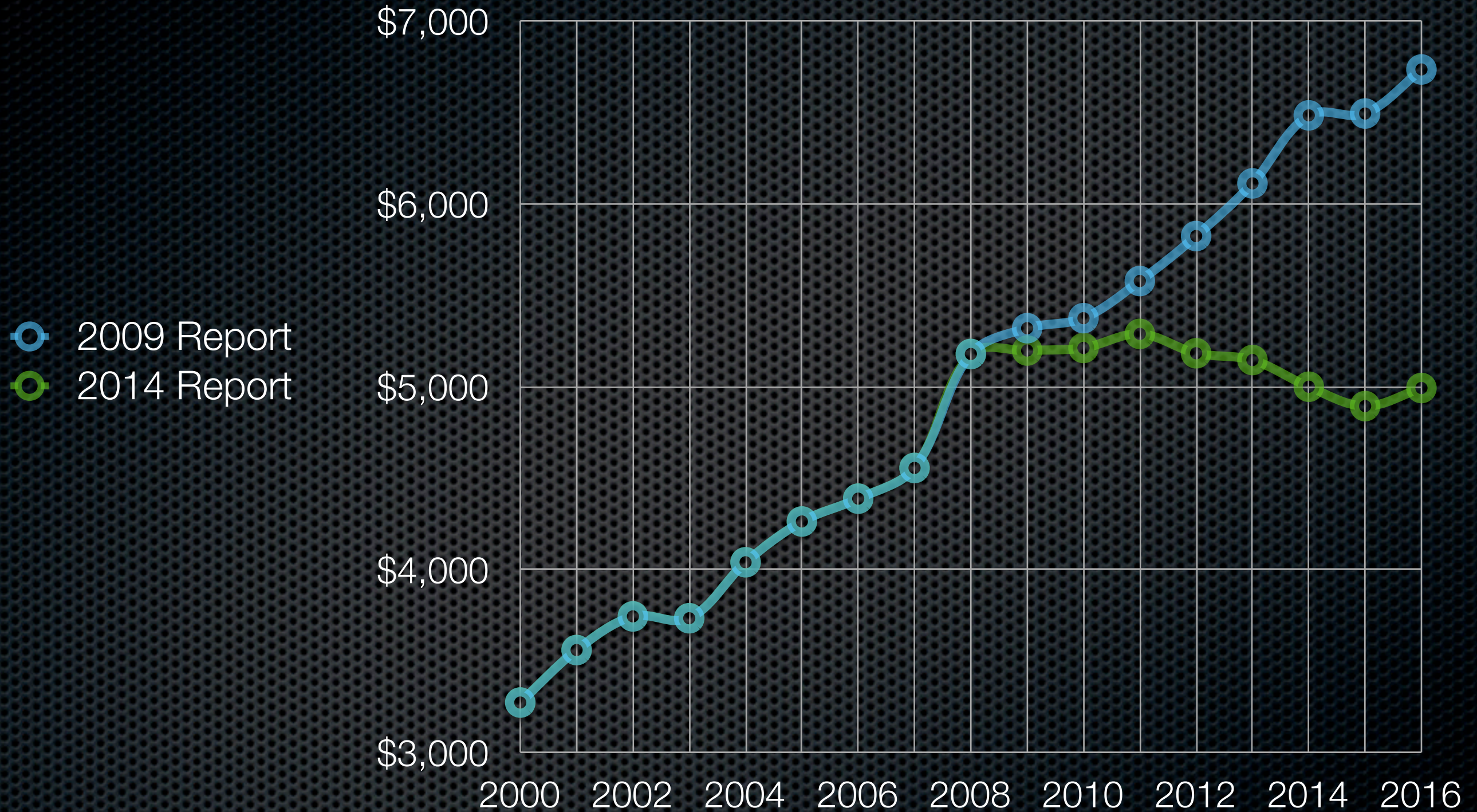


\*2009 & 2014 Medicare Trustee Reports



# Harry Potter Impact on Medicare

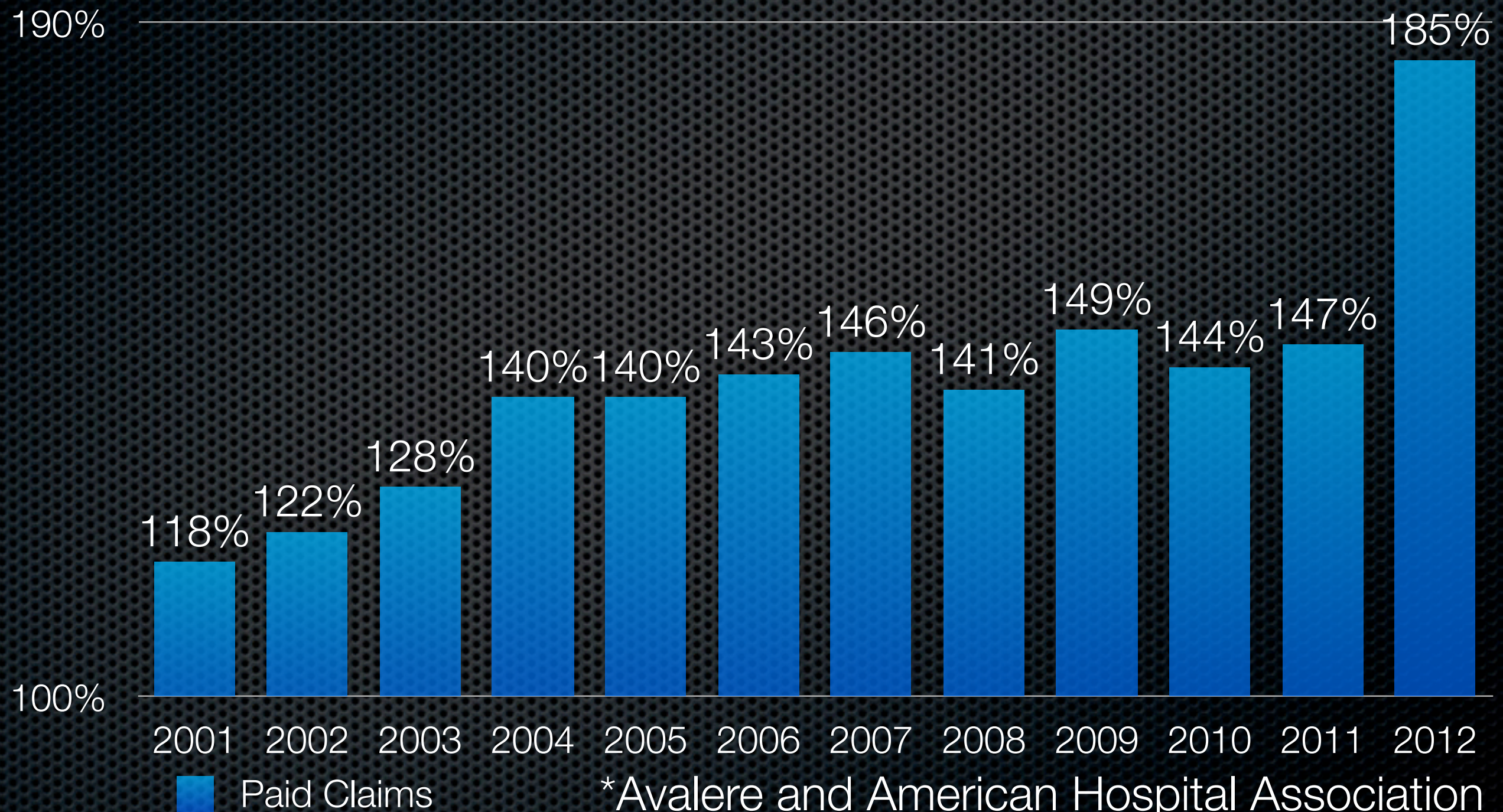
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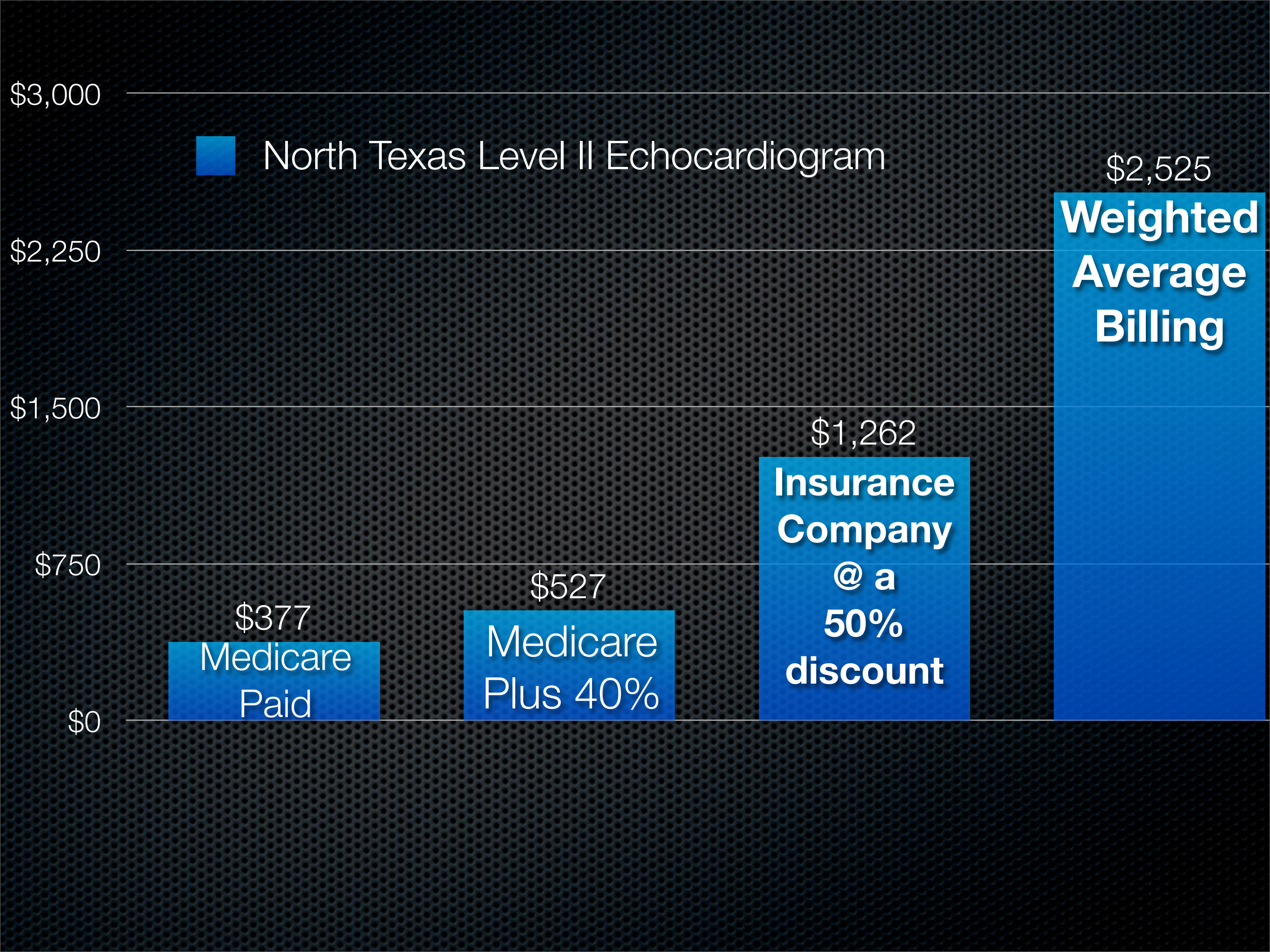


# How much does private insurance pay compared to Medicare?



\*Avalere and American Hospital Association





North Texas Level II Echocardiogram

\$2,525

**Weighted  
Average  
Billing**

\$1,262

**Insurance  
Company  
@ a  
50%  
discount**

\$527

**Medicare  
Plus 40%**

\$377

**Medicare  
Paid**

\$750

\$0

\$3,000

\$2,250

\$1,500



# 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







## News

FOR IMMEDIATE RELEASE

January 26, 2015

Contact: HHS Press Office  
202-690-6343

### 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....

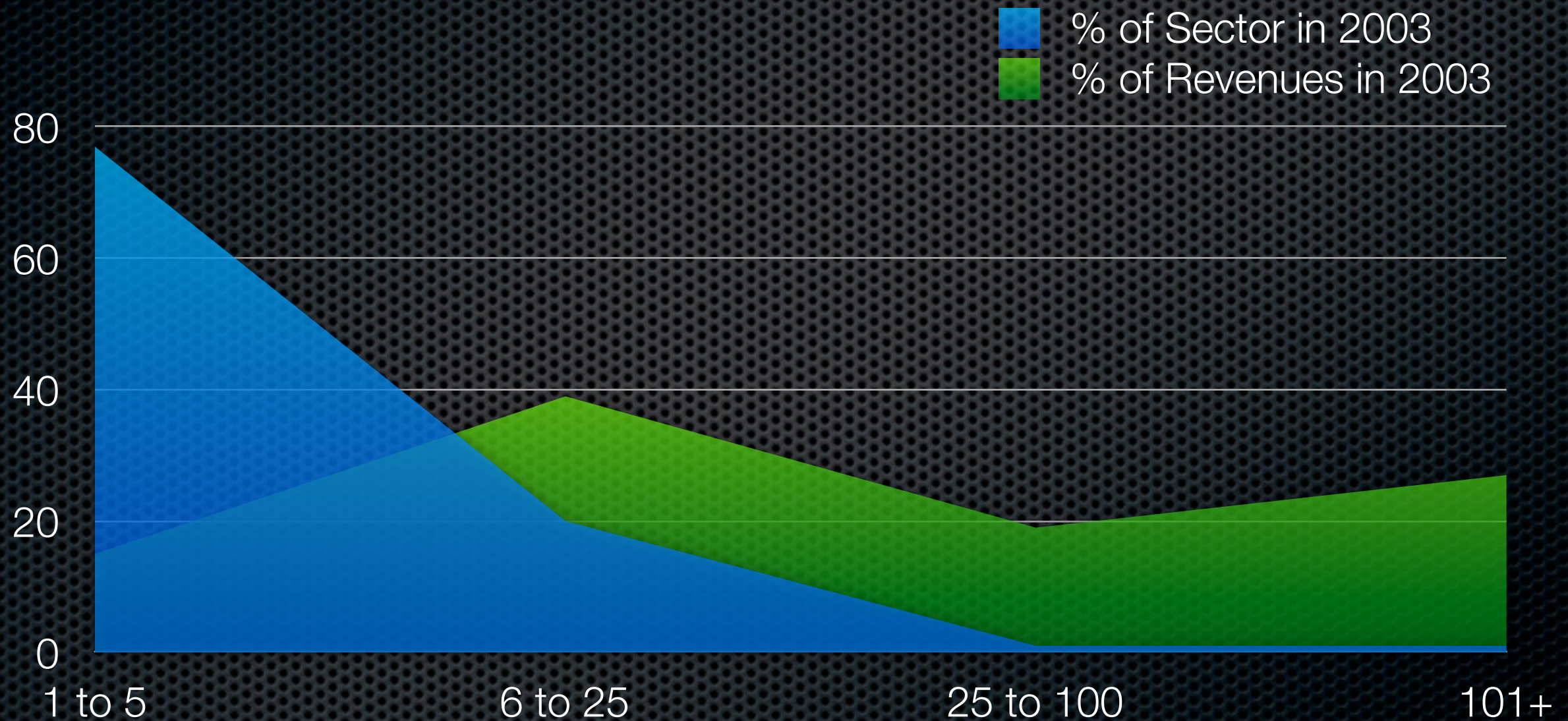
WE ARE DIFFERENT!

Lets see...



# Changes in The Engineering Sector

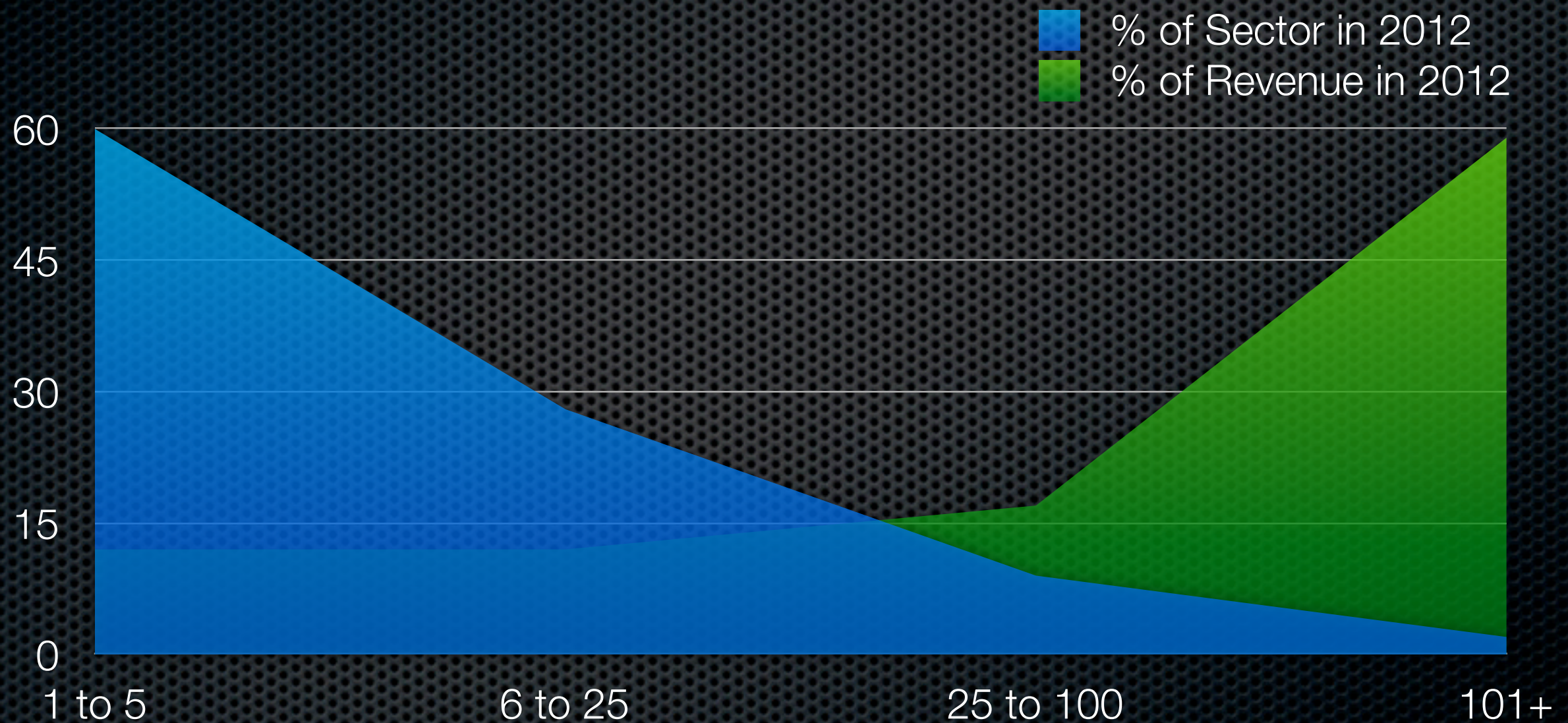
## By firm size in terms of employees





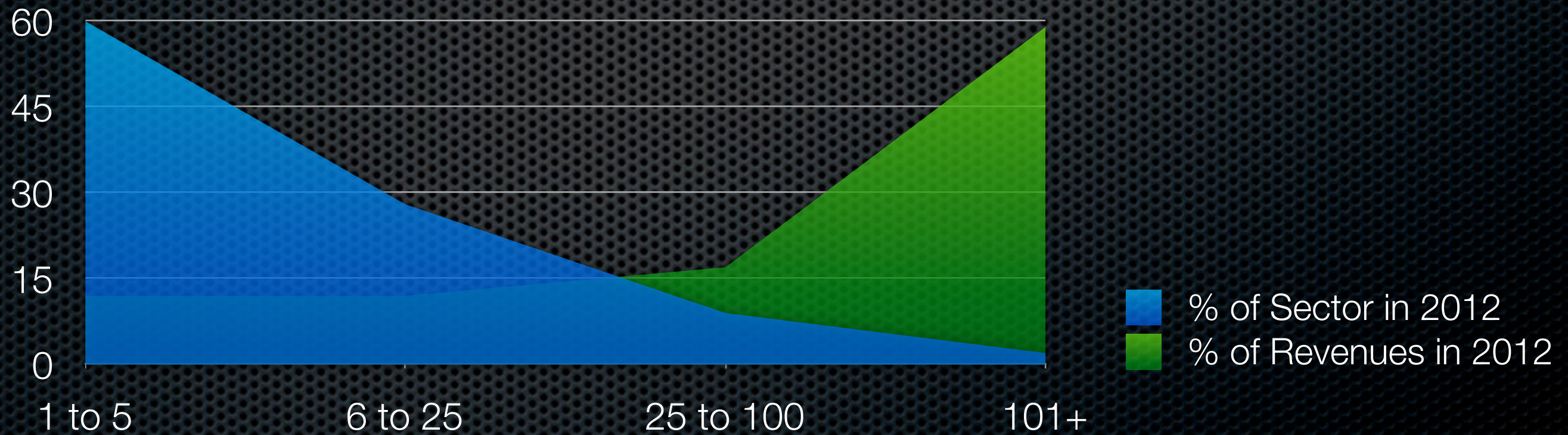
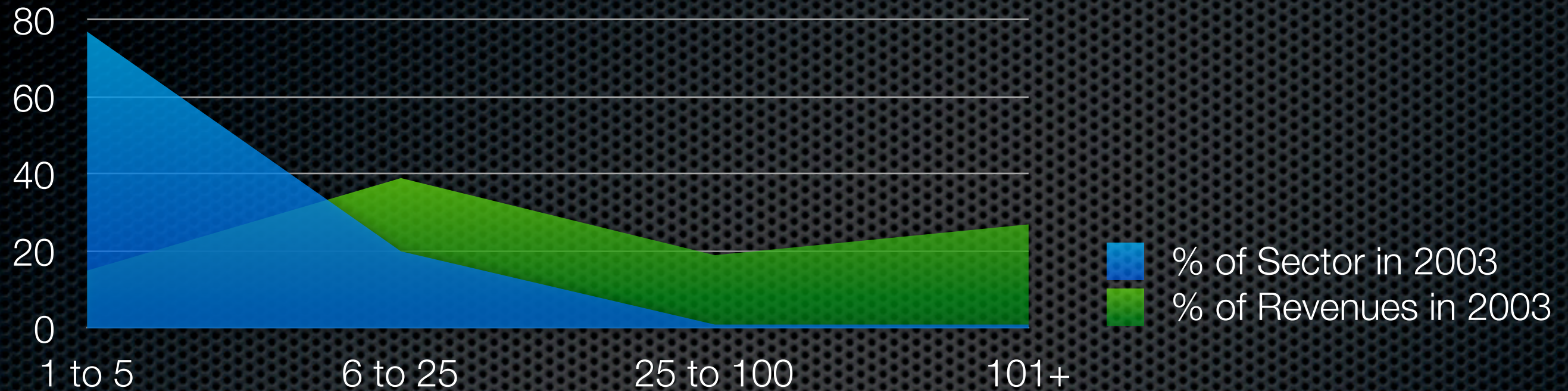
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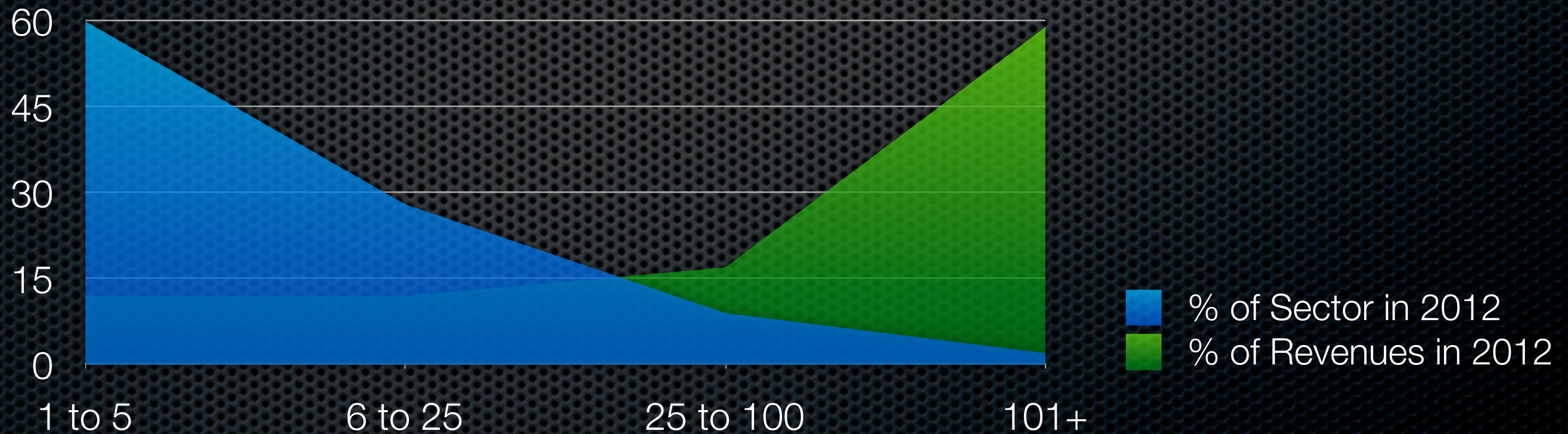
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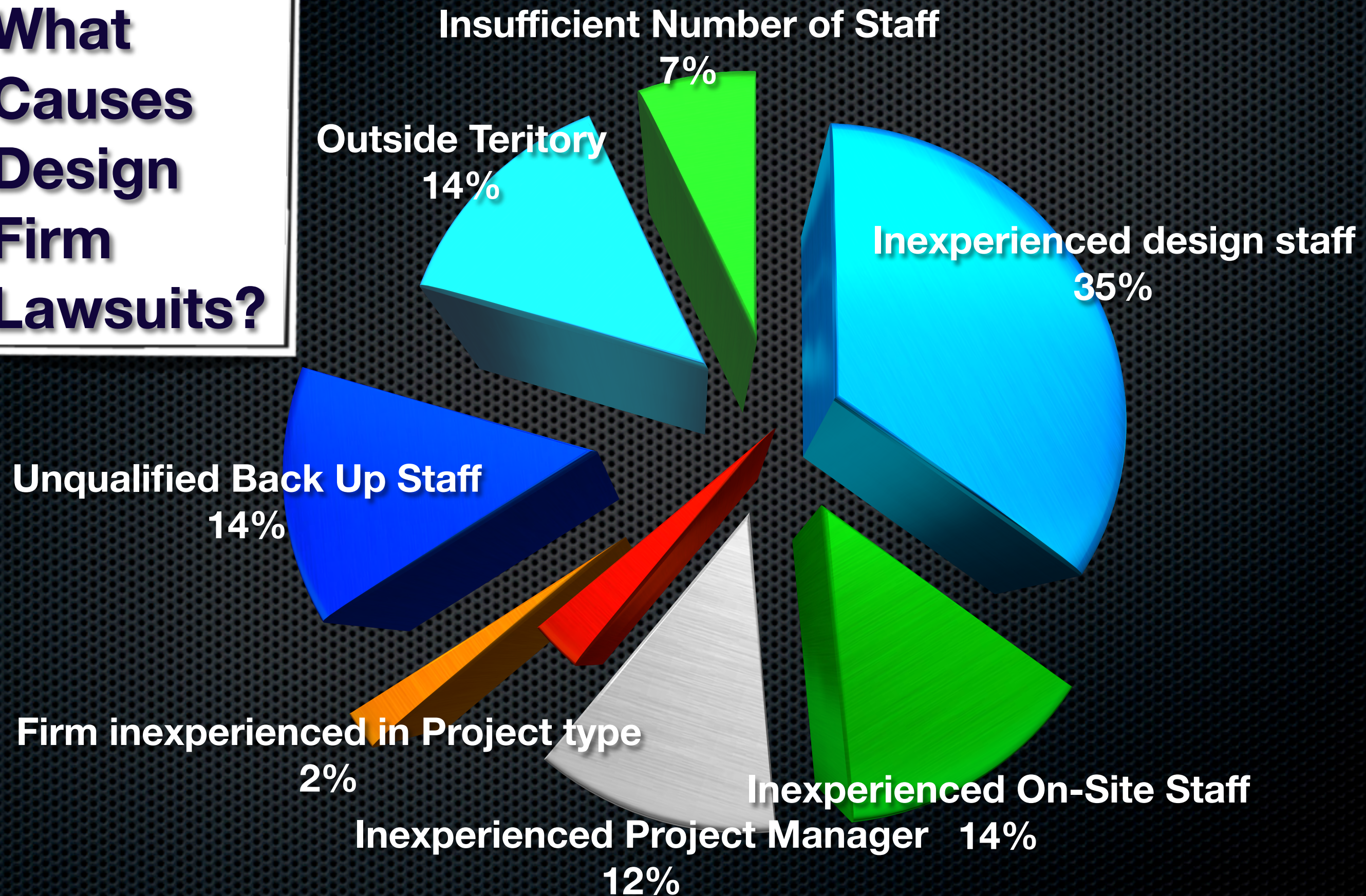
# Changes in The Engineering Sector By firm size in terms of employees

- > 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



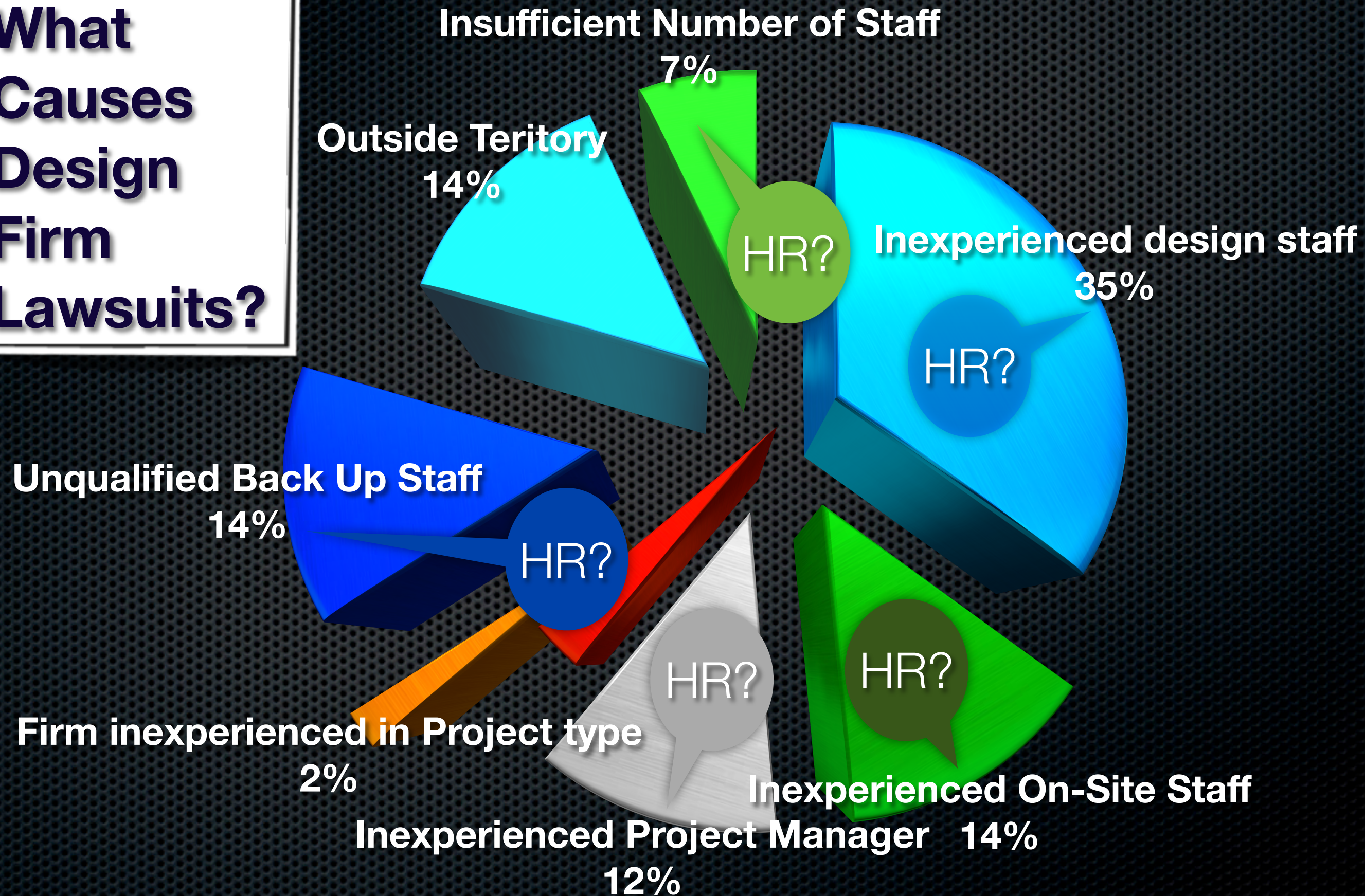


# What Causes Design Firm Lawsuits?





# What Causes Design Firm Lawsuits?





# Switch Gears

- ✦ Write this down



# What is Metabolic Syndrome?

- ✦ Audience Poll?



# Metabolic Syndrome

## Men's Risk Factors

**HDL Cholesterol  $<40$**

**Triglycerides  $\geq 150$**

**Waist Circumference  $\geq 40$   
inches (not pants size)**

**Blood Pressure  $\geq 130/85$**

**Fasting Glucose  $\geq 100$**

## Women's Risk Factors

**HDL Cholesterol  $<50$**

**Triglycerides  $\geq 150$**

**Waist Circumference  $\geq 35$   
inches (not pants size)**

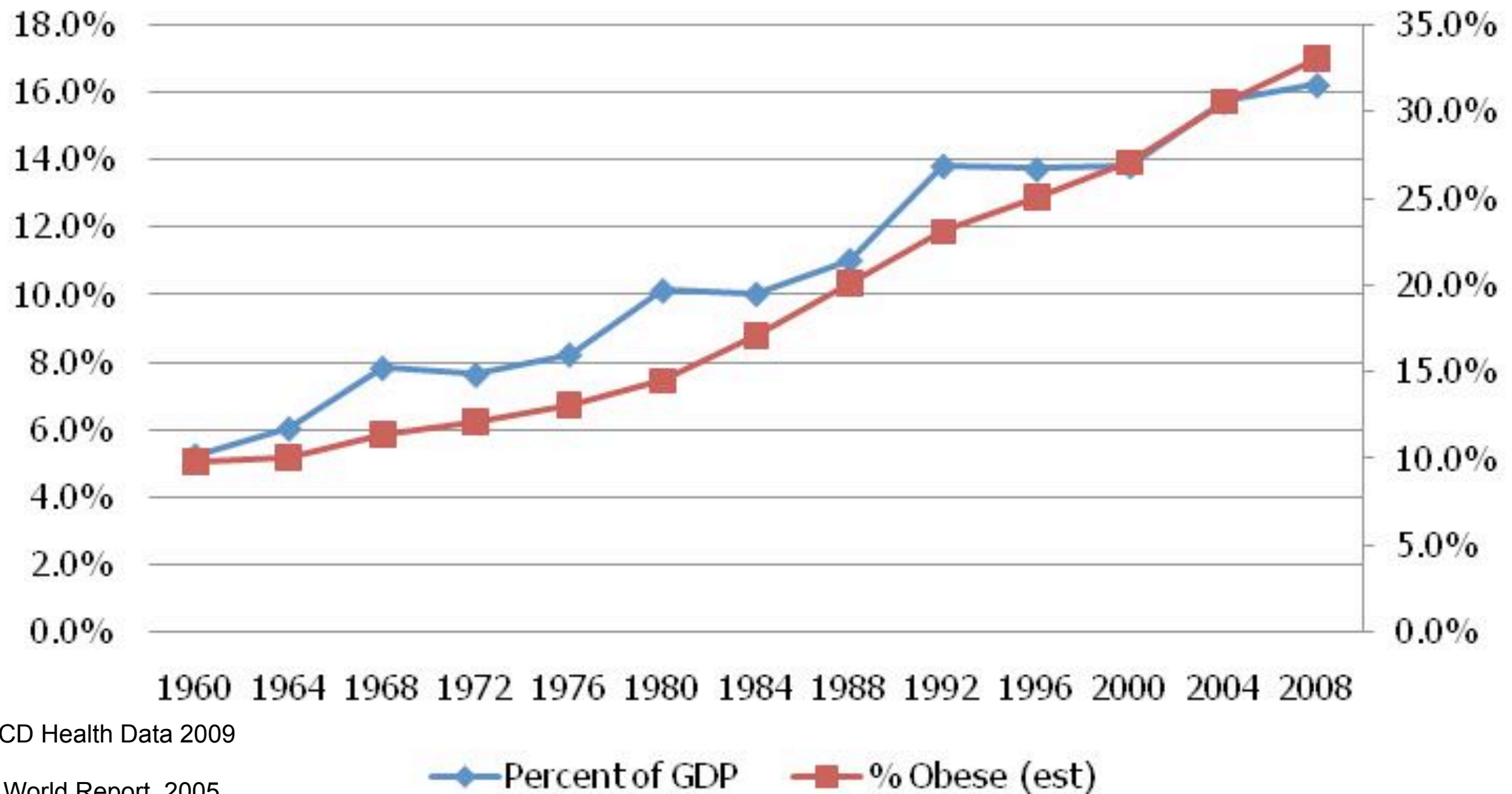
**Blood Pressure  $\geq 130/85$**

**Fasting Glucose  $\geq 100$**



# Healthcare Cost & Obesity

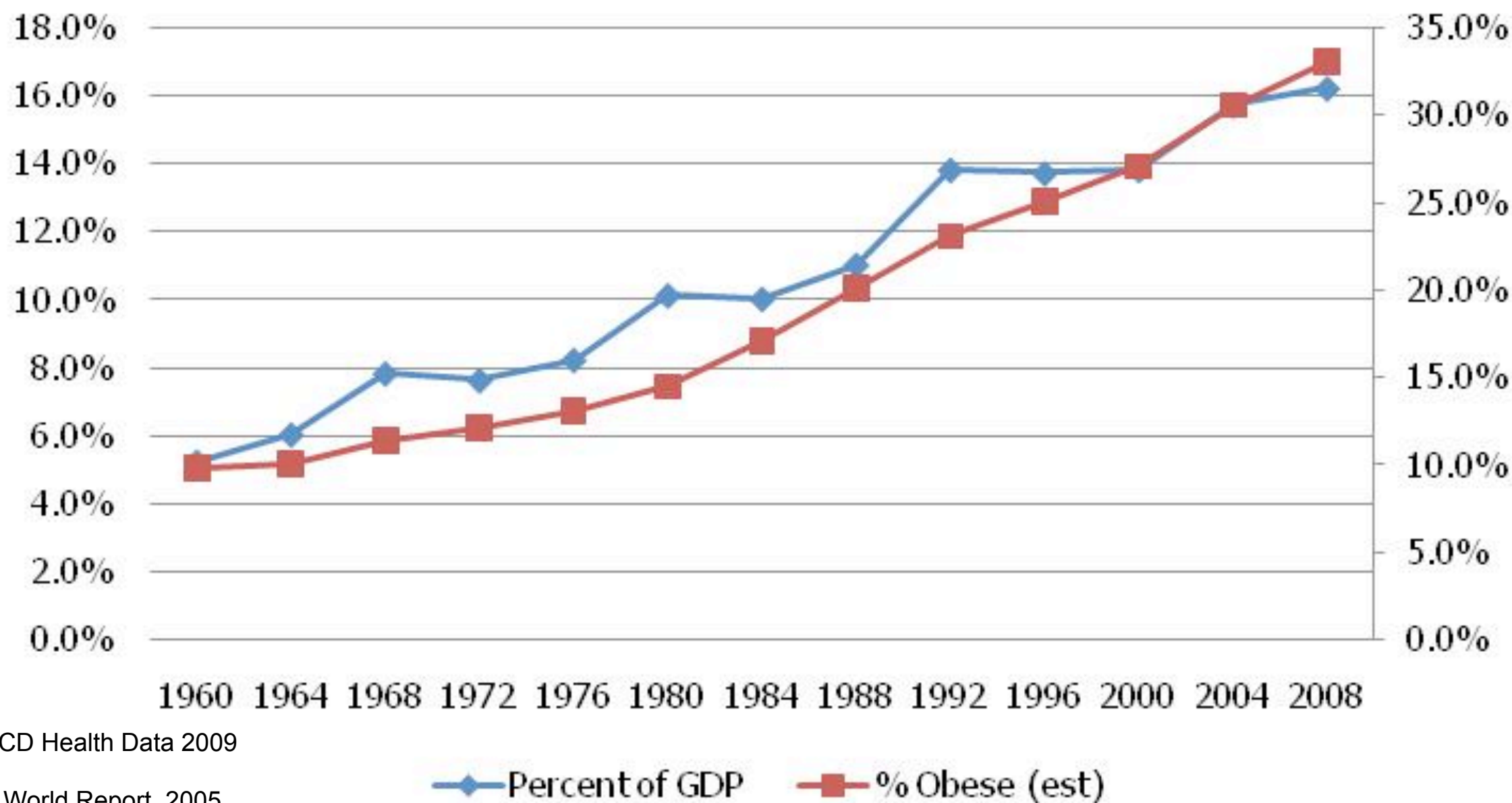
## Historical Trends - 1950 - 2008





# Healthcare Cost, Obesity & Sugar!

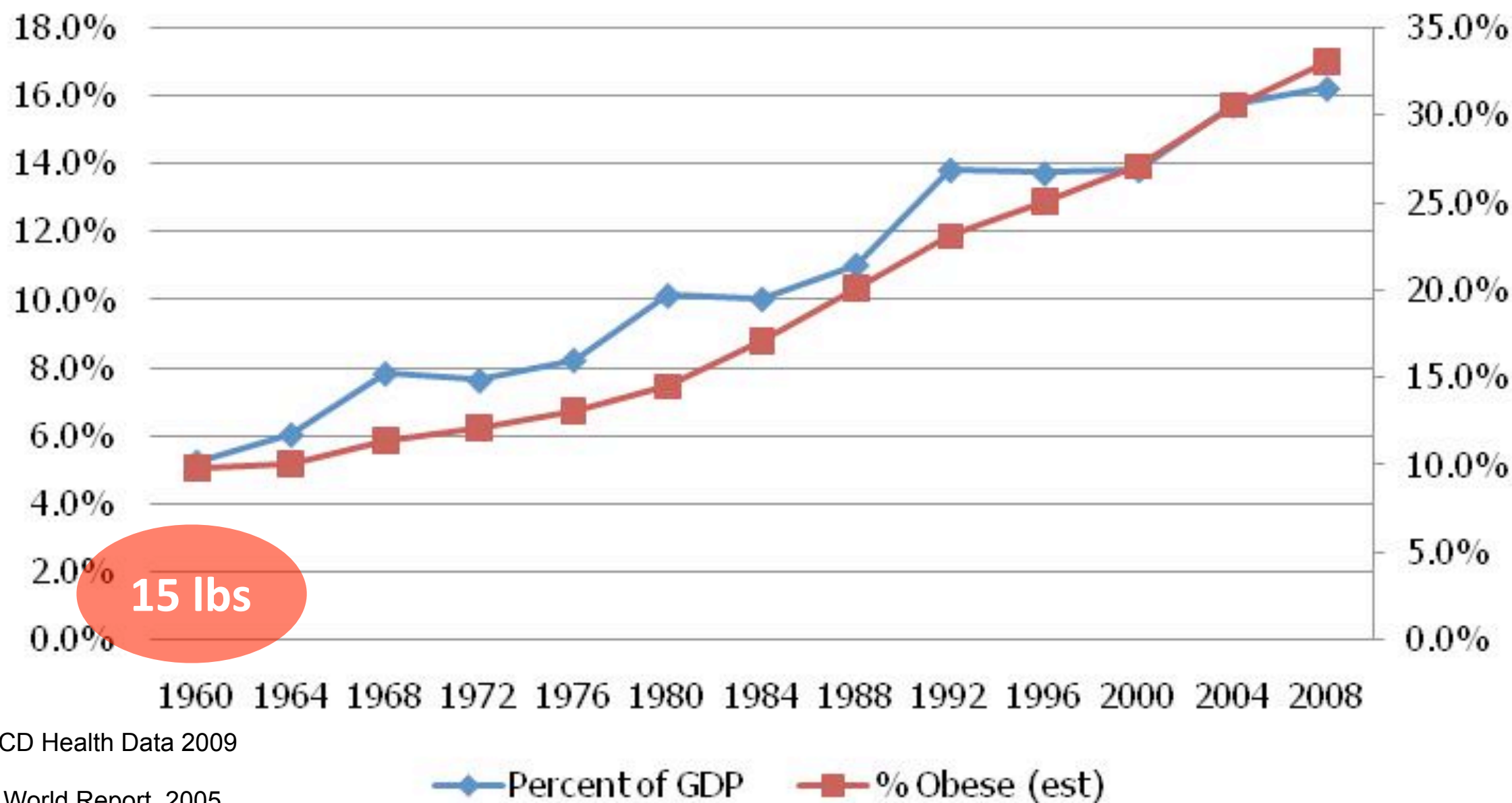
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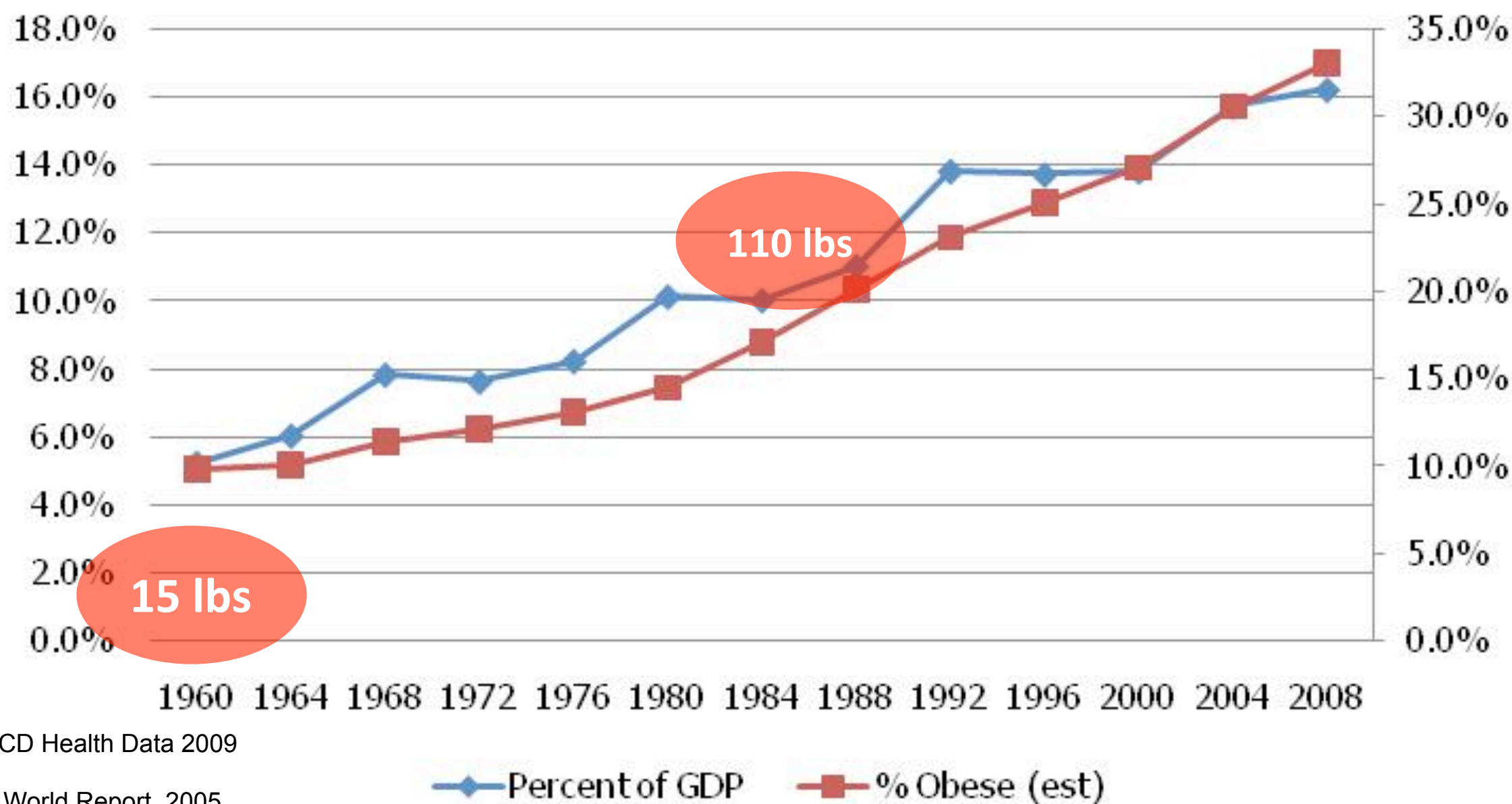
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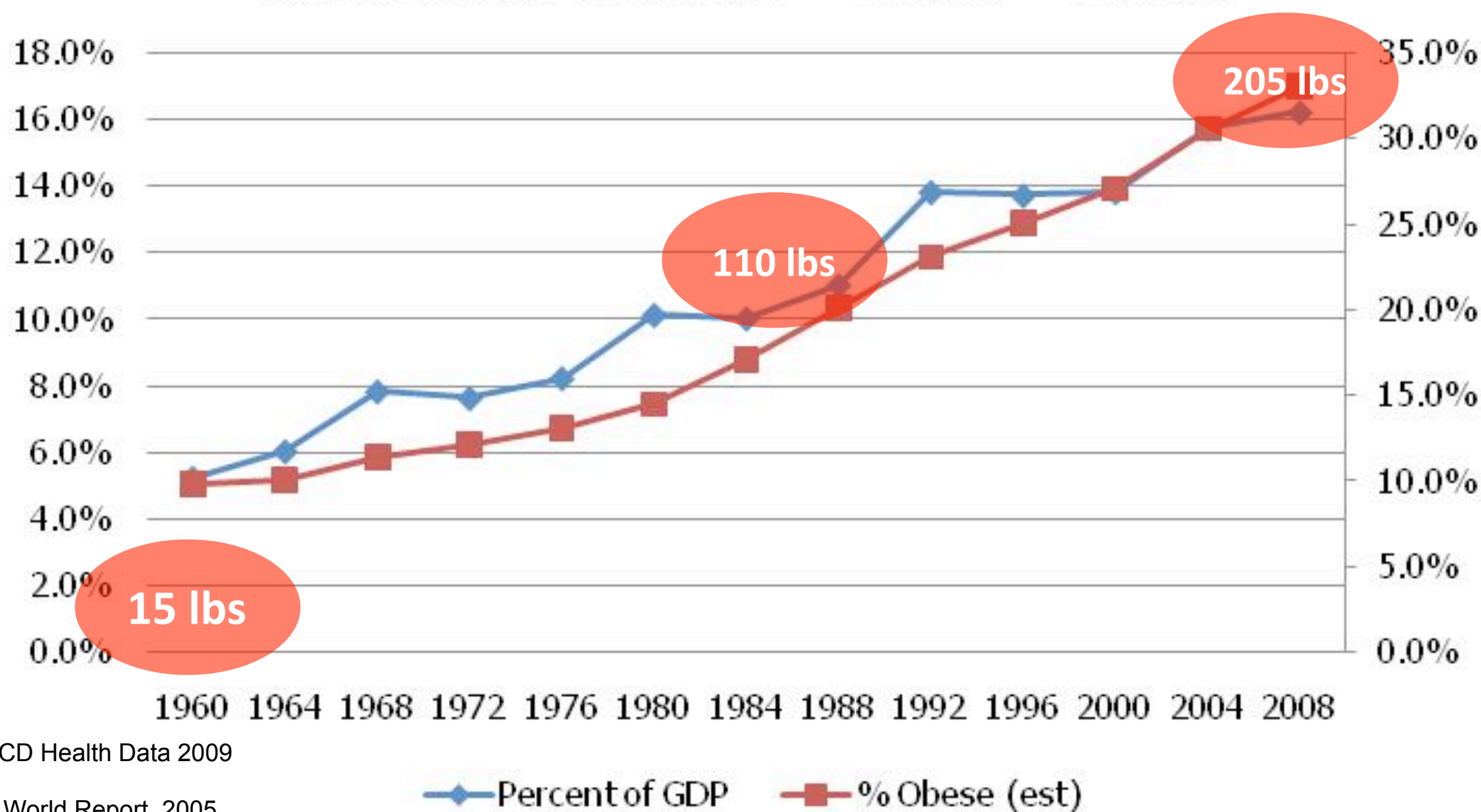
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Source: OECD Health Data 2009  
KFF, 2008  
US News & World Report, 2005



**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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  - 38 pounds of sugar per year for a “can”
  - 20 oz. bottle has 17 teaspoons resulting in 64 pounds of sugar per year
- Equivalent of eating 730 Hershey bars per year or 1,277 bars for a bottle





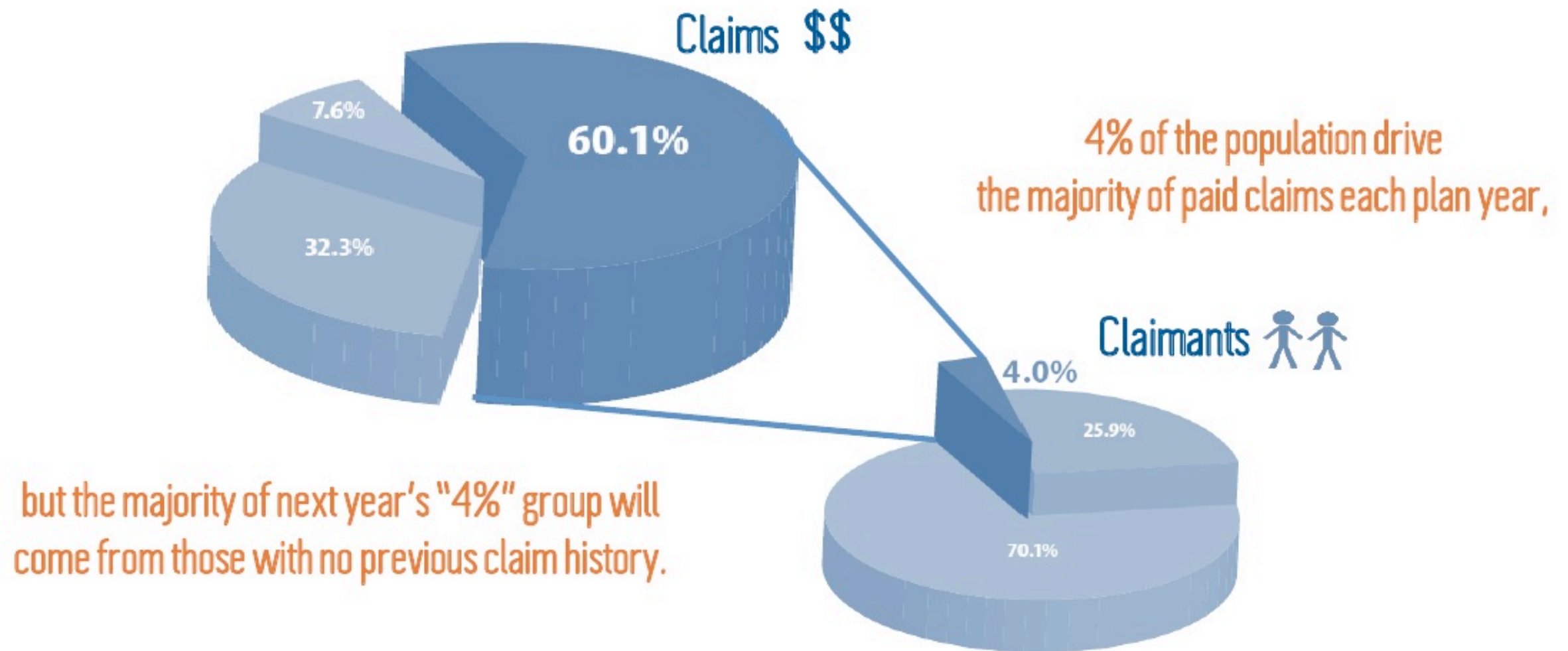
# What's Next?

## 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?

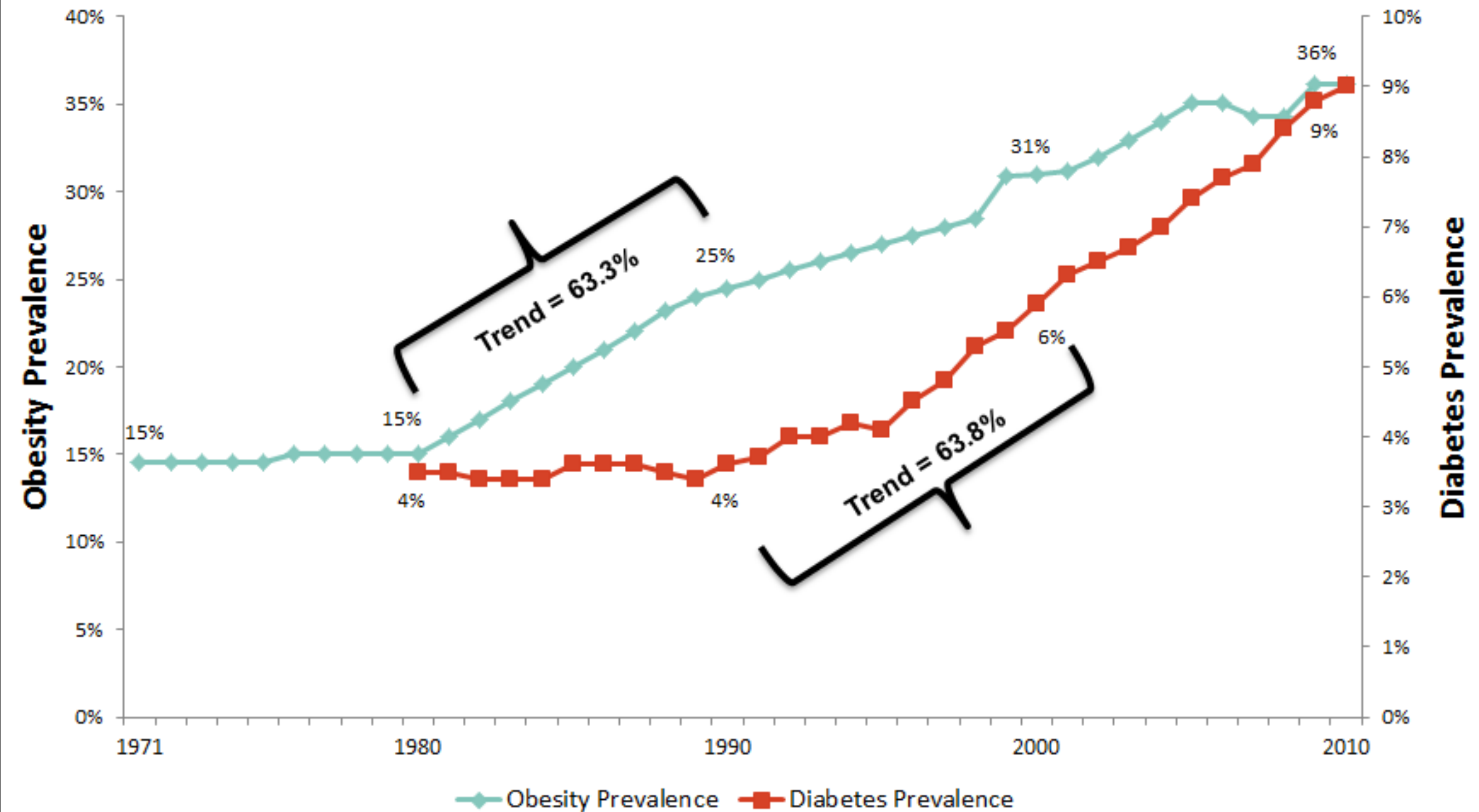




# Diabetes Prevalence follows Obesity Prevalence



# Diabetes Prevalence follows Obesity Prevalence

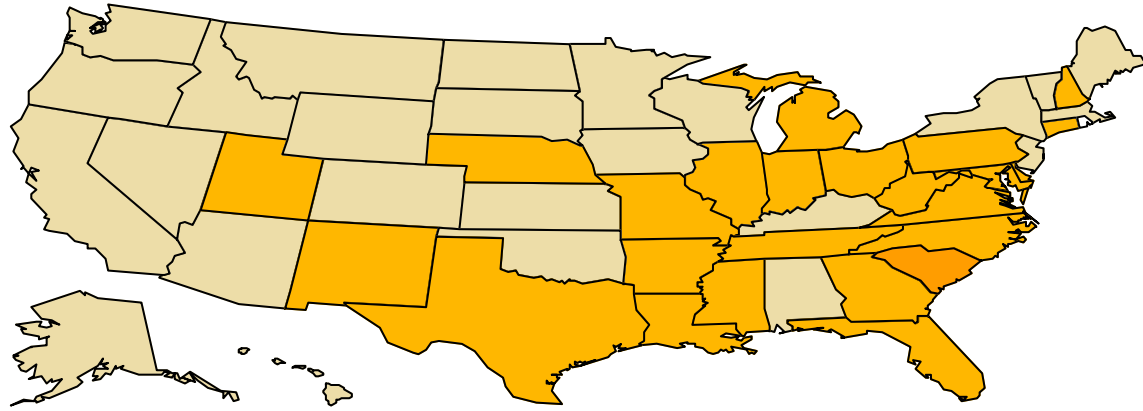








1994

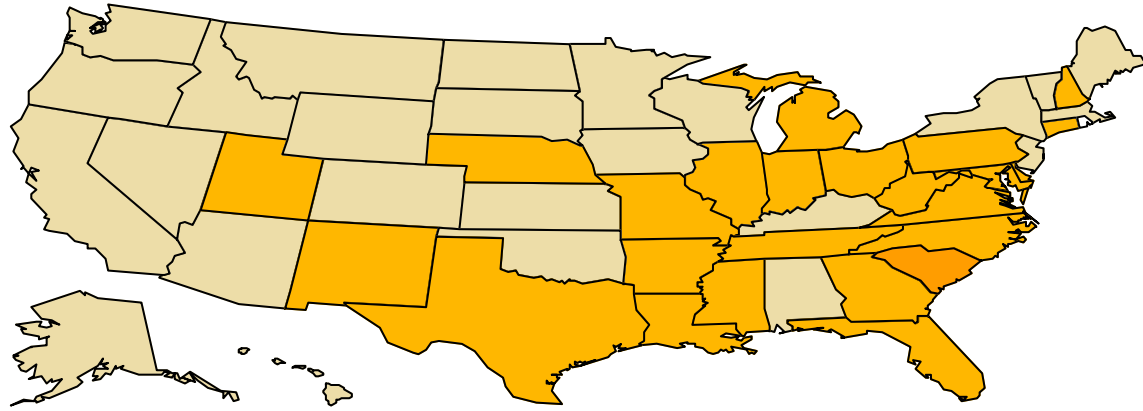


□ No Data    ■ <4.5%    ■ 4.5%–5.9%    ■ 6.0%–7.4%    ■ 7.5%–8.9%    ■ ≥9.0%

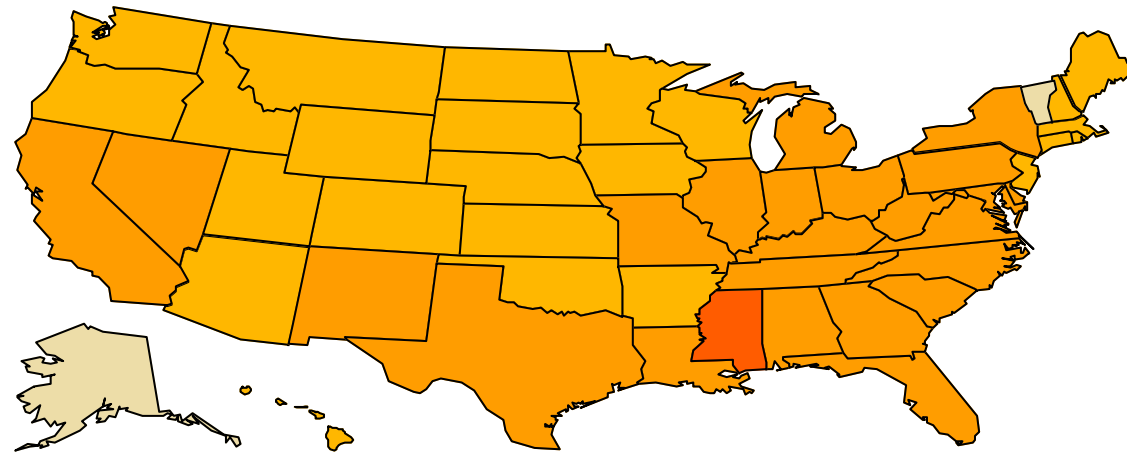
Age-adjusted Prevalence of Diagnosed Diabetes Among  
US Adults



1994



2000

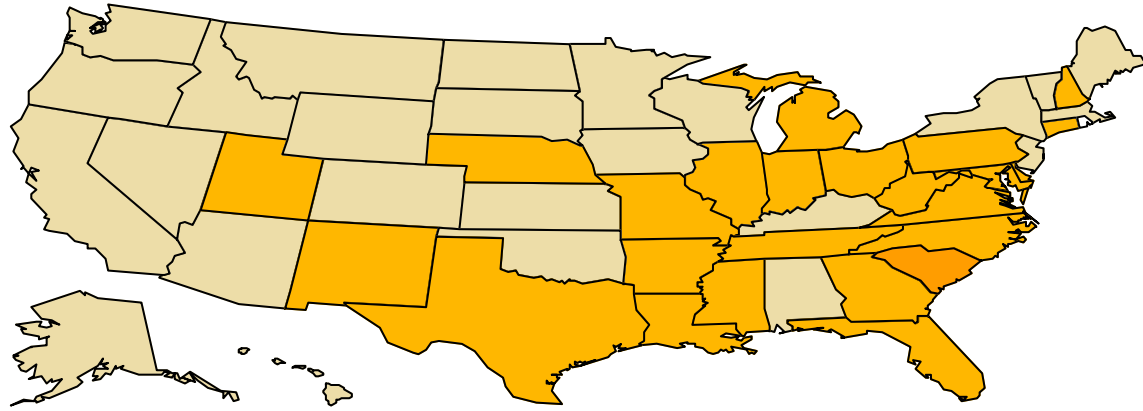


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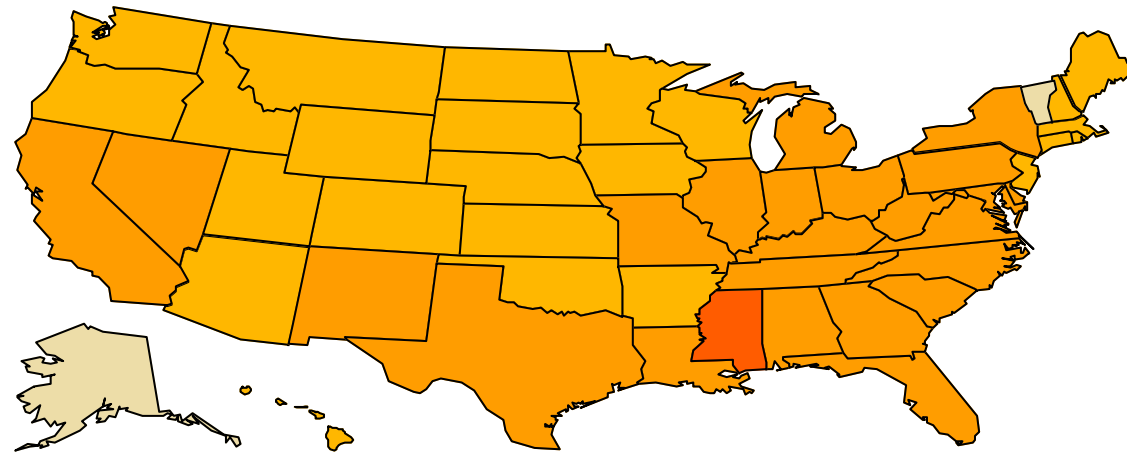
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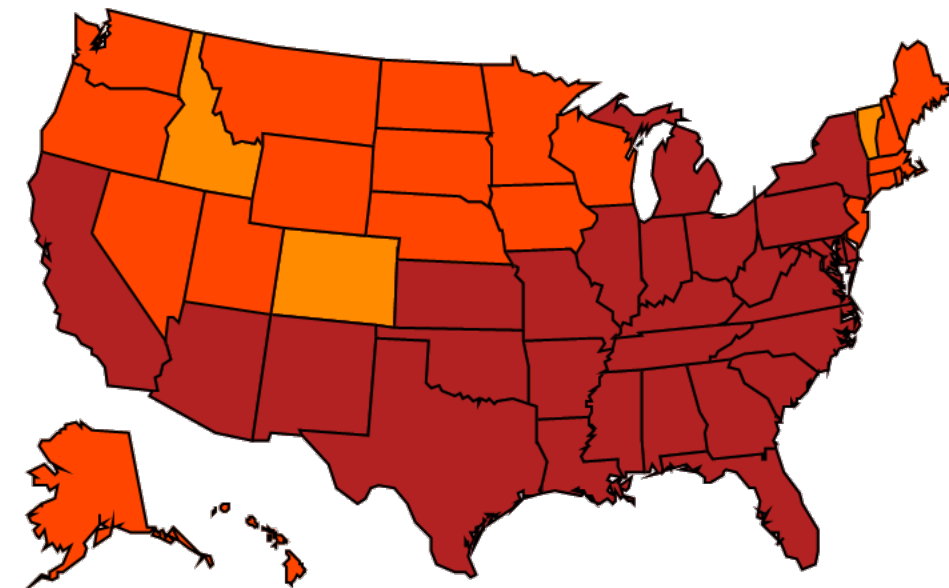
1994



2000



2014

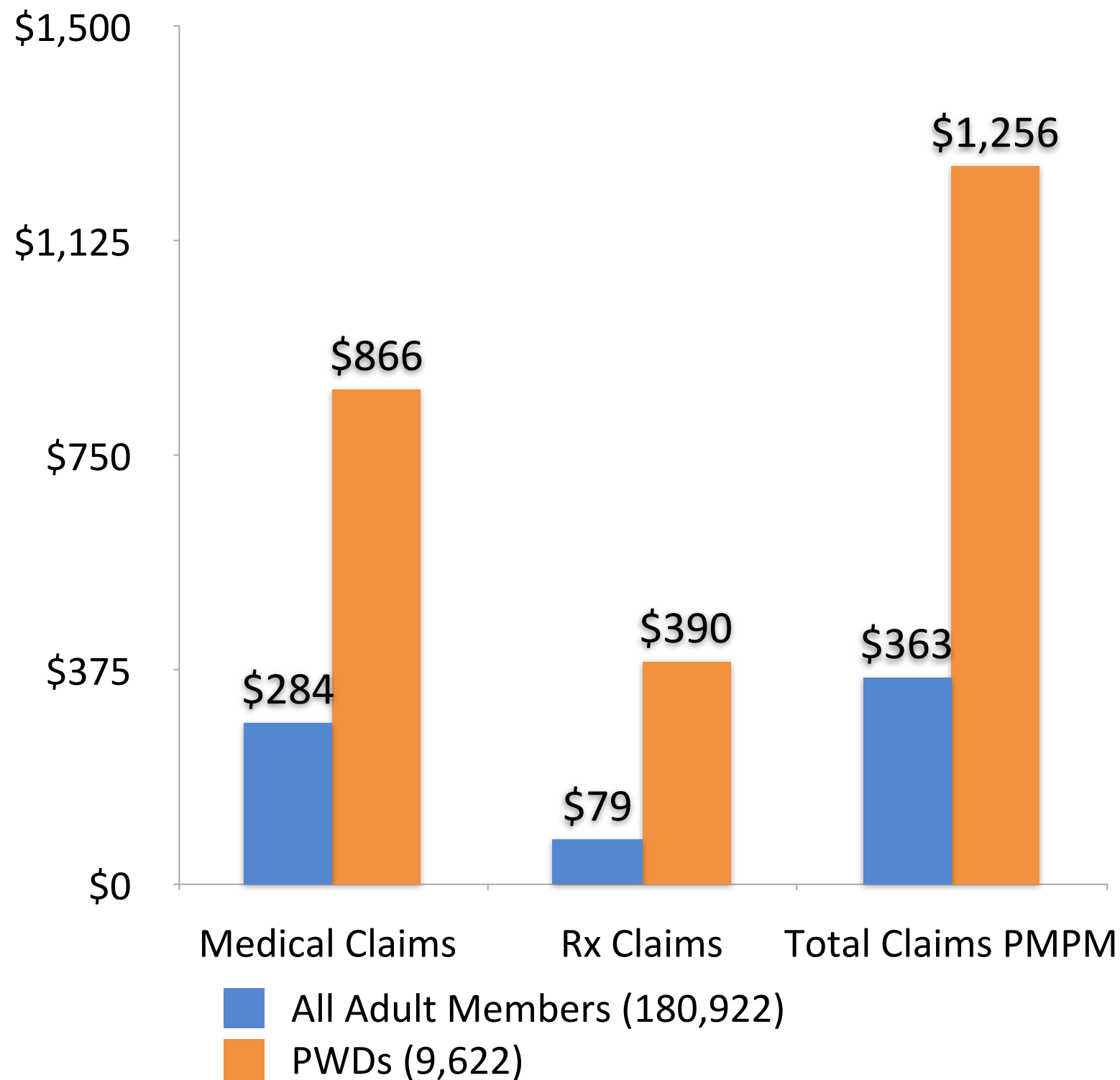


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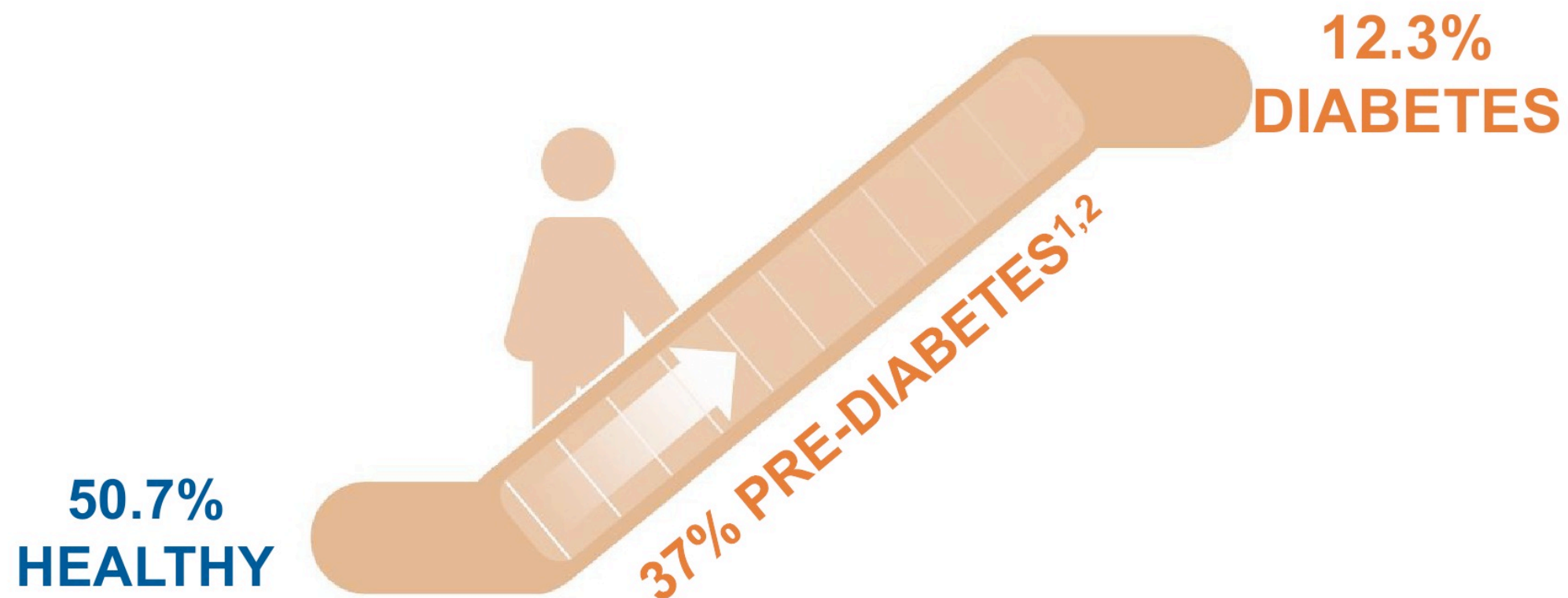
# How is Diabetes Impacting my Population?



- 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



## More than one in three Americans is on the Diabetes Escalator™

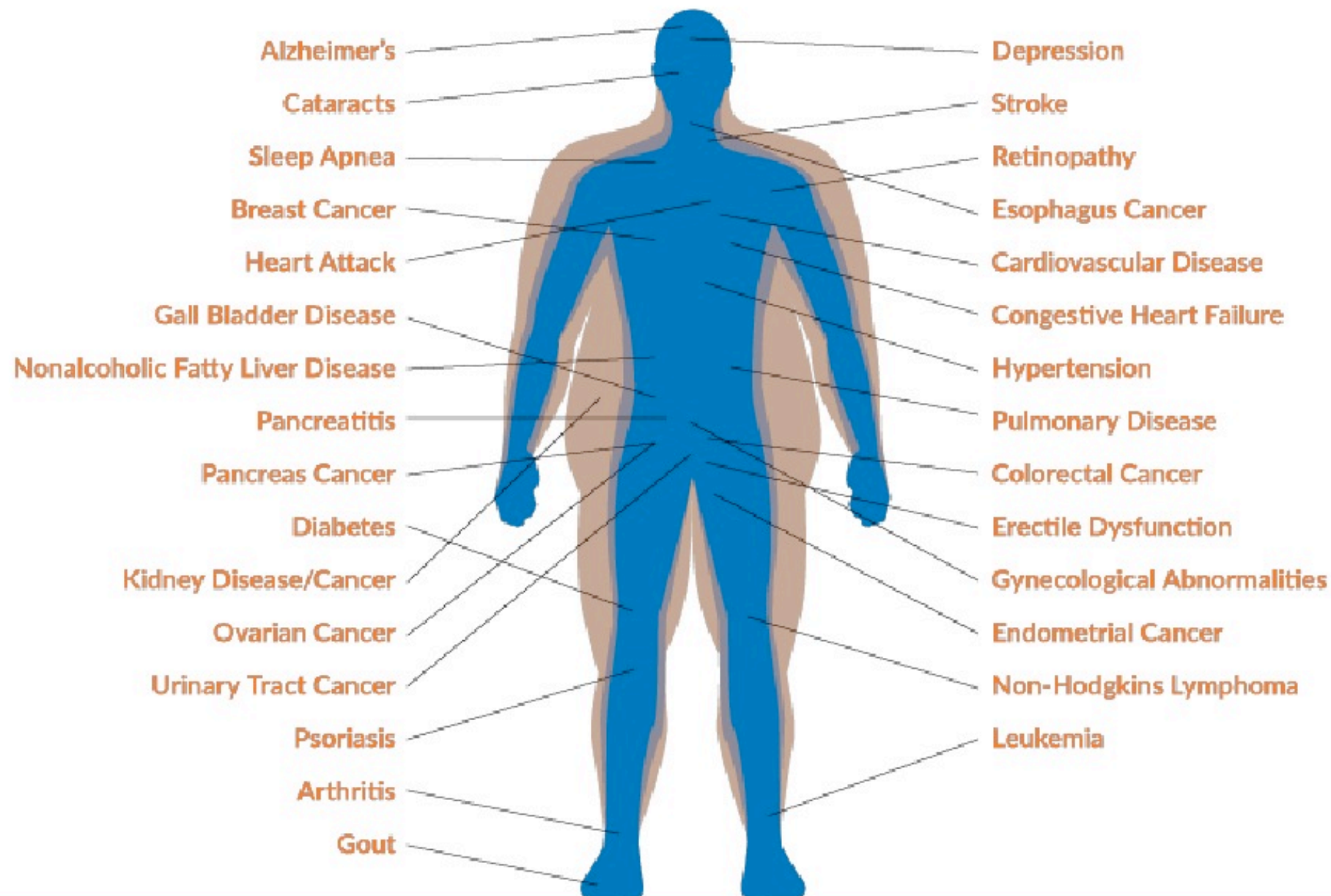


<sup>1</sup> Escalator speed: 15-30% of pre-diabetic adults will develop type-II diabetes within the next 5 years

<sup>2</sup> Over 90% of pre-diabetics do not know they have pre-diabetes



# Disease Risk Associated with Metabolic Syndrome





# 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<sup>†</sup> live with a digestive disorder or disease, and most have no resources for help

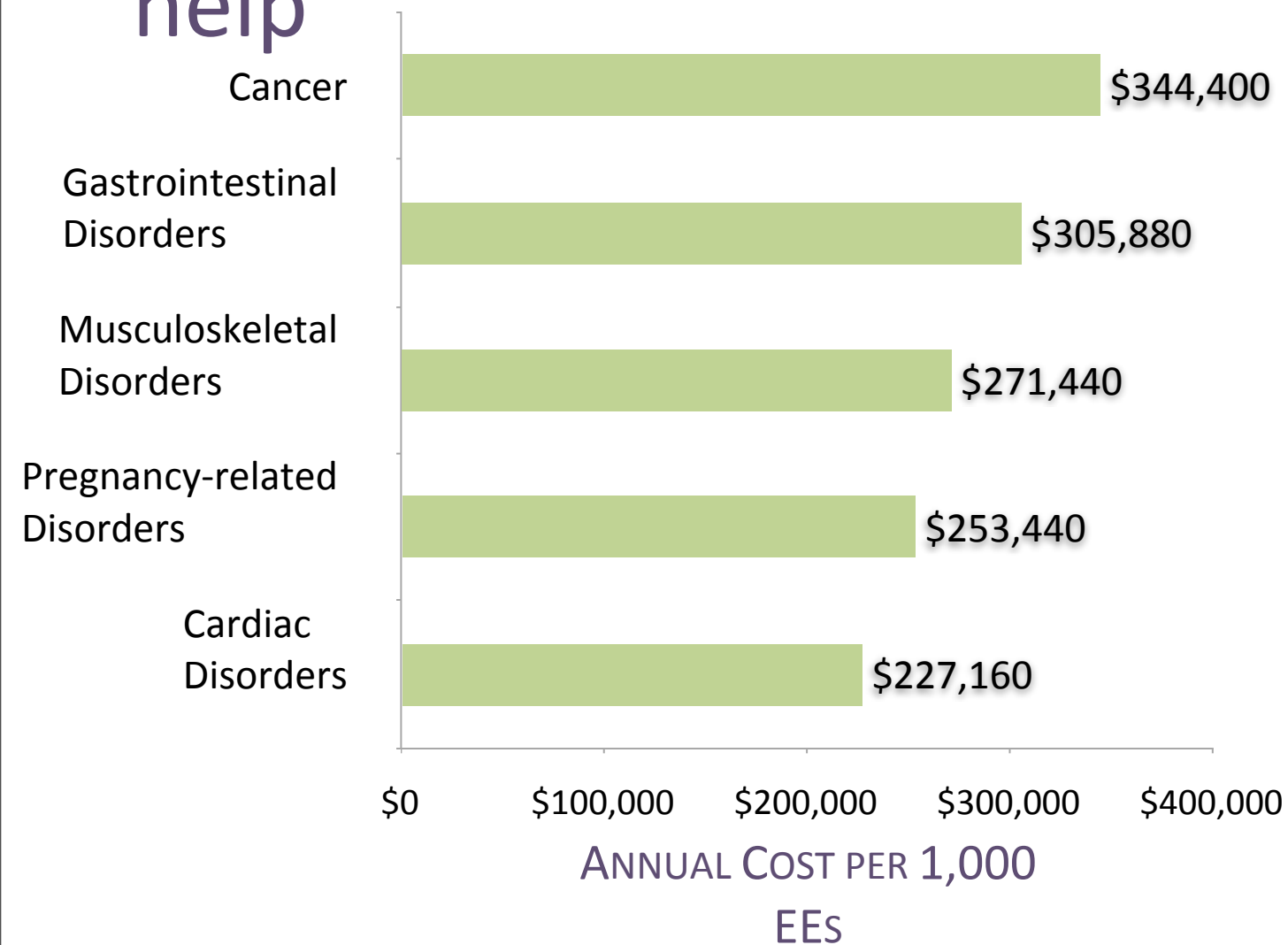
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# BRINGING CLARITY TO THE PROBLEM

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



## THE PATIENT

- 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

## THE PROVIDER

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

<sup>†</sup>Source: Crohn's & Colitis Foundation of America, Celiac Disease Foundations, American College of Gastroenterology



# BIG PHARMA IS INVESTING HEAVILY



(\$20.9 Billion 2016 Revenue)



(\$3.8 Billion 2015 Revenue)



(\$15.1 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.

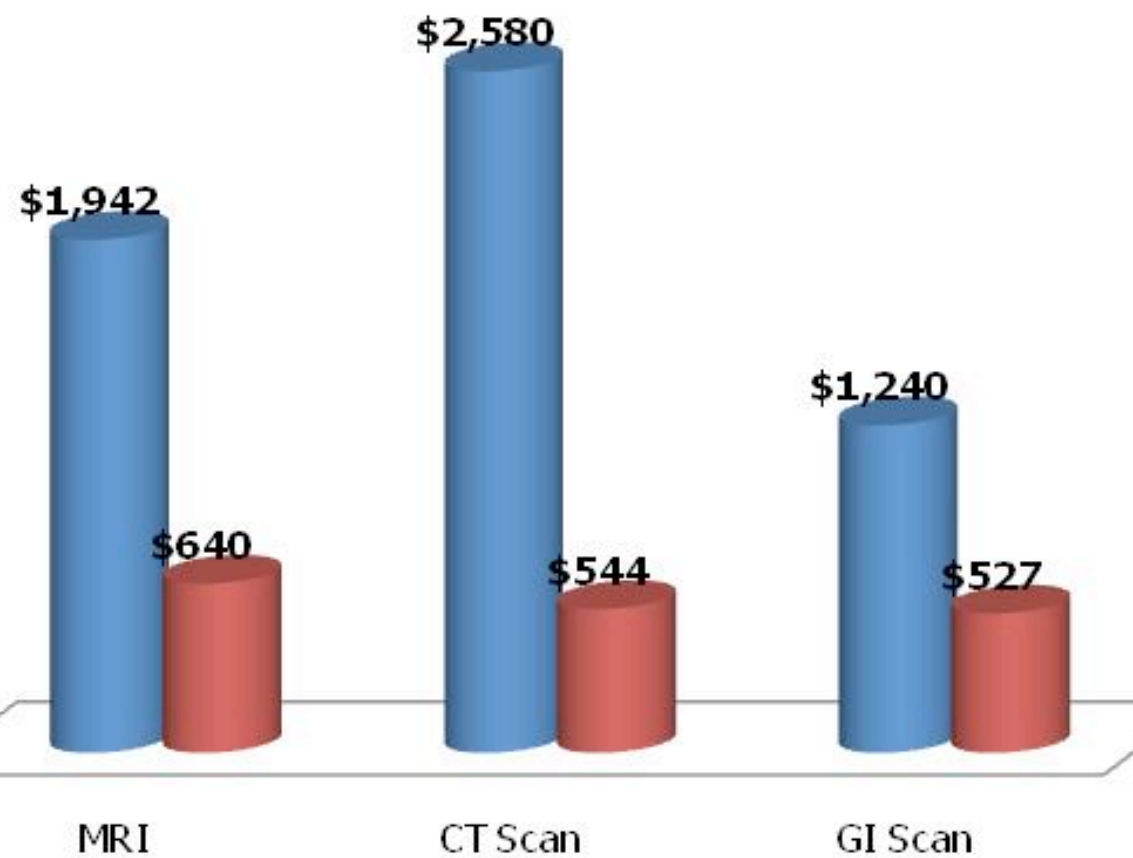




# "In-Network" Contracted Rate Variance

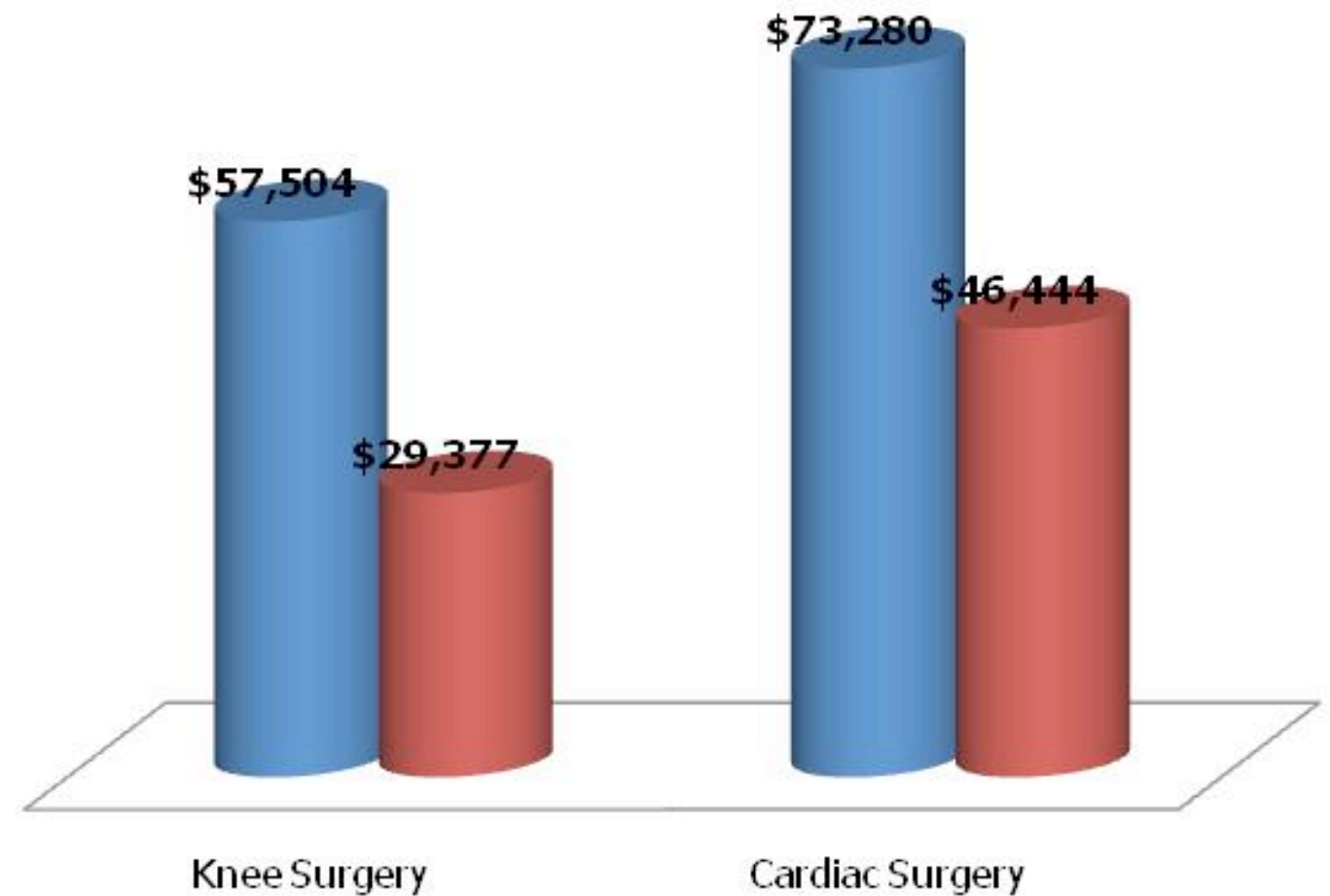
## Imaging In-Network Rate Variance

■ Non-Preferred ■ Preferred



## Surgery In-Network Rate Variance

■ Non-Preferred ■ Preferred











In the News:  
Price-Transparency

LOWER COSTS.  
HIGHER QUALITY.  
THE RIGHT DIRECTION  
FOR HEALTHCARE.







A pair of hands with light-colored nail polish is gently holding a bright green apple. The apple has a small brown stem and a single green leaf. Overlaid on the apple is a logo consisting of a dark green swoosh and a leaf, followed by the text "DESIGNEDWELLNESS" in a bold, sans-serif font. Below this, in a smaller font, is "POWERED BY ACEC LIFE/HEALTH TRUST". At the bottom, a paragraph of text explains the concept of Designed Wellness.

# DESIGNEDWELLNESS

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?

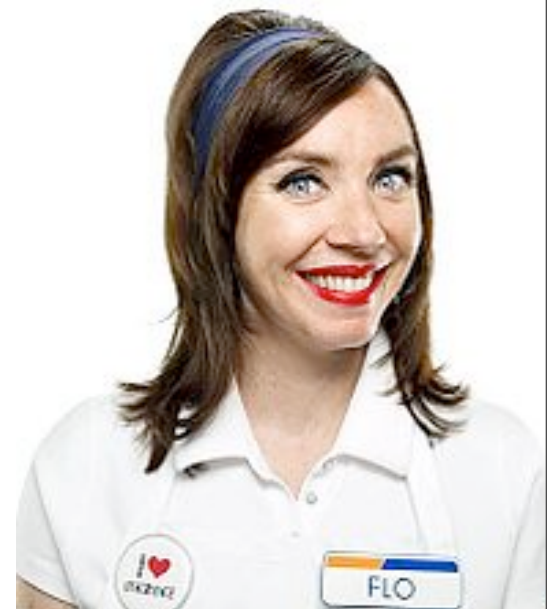






# Safe Driver Discounts?

- What if group insurance worked worked like car insurance?







# Safe Driver Discounts?

- What if group insurance worked 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
  - ✦ Cacade
    - ✦ 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





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# Thank you!

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