

# Health Care Kickoff— Identifying Your Cost Drivers

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OF EMPLOYEE BENEFIT PLANS 

# Introducing the Week's Health Care Sessions

- Understanding today's big health care issues
  - There are plenty
  - Some have multiple aspects
- The sessions this week that address them
  - Plan to attend sessions that address your plan's current biggest issues
  - Plan to attend sessions so you will be prepared to address your plan's future challenges

# What's Happening With Health Care Costs

In 2024, the cost of healthcare for an American family of four in an employer-sponsored health plan is **\$28,600**, an average of **\$7,151 per person**.  
Quadrupled since 2000.



2024 Ford Escape = **\$29,100**



Source: 2024 Milliman Medical Index Research Report

# What's Happening With Health Care Costs

- Healthcare costs are expected to grow by 8% in 2025—Largest projected increase since 2012.
  - Inflationary pressure
  - Hospital cost increases passed to health plans
  - Prescription drugs
  - Gene therapies
  - Behavioral health care
  - Technological advances



Source: PricewaterhouseCoopers' Health Research Institute

# IFEBP Survey Results: What's Happening With Health Care Costs

- Expected medical plan cost increase 2024-2025: 8%
- Primary reasons for cost increase
  - Catastrophic claims (20%)
  - Specialty/costly prescription drugs (20%)
  - Medical provider costs (18%)
  - Utilization due to chronic conditions (16%)
  - Utilization due to aging workforce (3%)
  - Stop-loss premiums (3%)



Source: IFEBP Pulse Survey August 2024

# The Big Picture: Not One Problem; No Single Solution

## The Health Care World Is Changing and Challenging

### The Basics

- Healthcare Terminology
- Understanding Actuarial Reports

### Plan Management

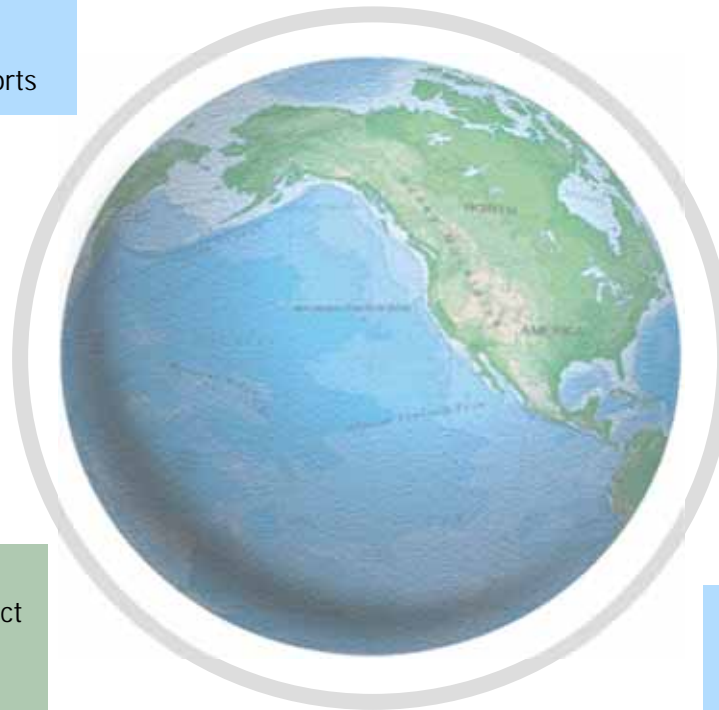
- Retiree Health Care
- Cybersecurity/Technology
- Health Fund Mergers

### Mental Health Benefits

- Access to Care/Treatment Options
- Substance Abuse
- Psychedelics Panel Discussion
- Autism Spectrum Disorders

### Prescription Drug Trends

- Demystifying the PBM Contract
- Rx Pipeline
- Gene Therapies
- GLP-1s
- Pharmacogenetics



### Cost Mitigation Strategies

- Stop-loss
- Direct contracting
- On-site, near-site clinics
- Dependent audits

### Healthcare Compliance

- Legislative Update
- DOL Audit Trends

### Member Engagement

- Communicating with Participants
- Overcoming Barriers to Care

### Data Analytics

- Use of Data to Identify High-Cost Participants
- Advancements in Cancer

# The Basics

# H08: Health Plans 101— Terminology for New Trustees

- Importance of health care literacy
- The “language”:

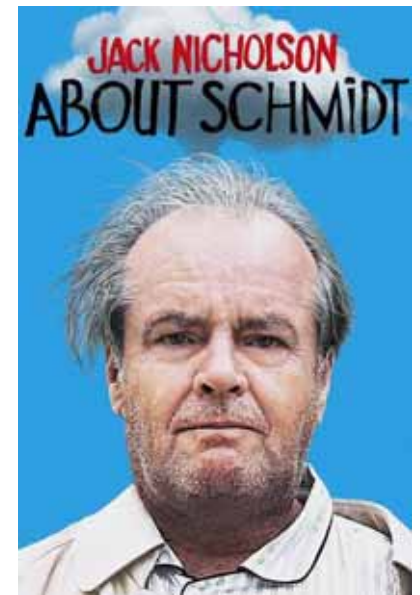
<b>Acronyms: PBM, OOP, SPD, OON, PPO, SMM, HRA/HAS</b>			
Co-insurance	Co-Payment		
Contribution	Deductible		
Formulary	Mail Order		
In-network	Out-of-network		
Fully-insured	Self-Funded		
Premium	Out-of-pocket limit		
Plan exclusion	Appeal		
Medical necessity			
<b>Utilization management/case management</b>			
Disease management			
Plan professionals - consultants, attorneys, actuaries, accountants			

Monday 1:15  
Tuesday 2:45



## H09: Understanding Health Plan Actuarial Reports

- Key numbers in a report of numbers
- Questions to ask
- Trustee decisions
- Actuary decisions
- Impact of plan changes



Monday 2:45  
Tuesday 2:45

# Healthcare Compliance

## H02: Health Care Legal and Legislative Update

- MHPA final rule on NQTL
- HIPAA final rule on reproductive healthcare
- Expanded fiduciary obligations
- No Surprises Act compliance



Monday 1:15  
Tuesday 1:15

## H03: DOL Audit Trends for Health Plans

- Areas of focus and trends for the DOL
- How to be proactive in preparing for DOL audit
- How might the results of the election change things?



Monday 2:45  
Tuesday 10:45

# Prescription Drug Trends

## IFEBP Survey Results: Impact of Prescription Drug Costs

- 20% responding to survey stated specialty/ costly prescription drugs are driving plan cost increases
- Leading Rx cost drivers
  - GLP-1s
  - Cell and gene therapy

Source: IFEBP Pulse Survey August 2024

# H11: Prescription Drug Pipeline Update

- 2/3s of drugs in development (“pipeline”) are specialty drugs
- Gene therapies—Fix or replace an abnormal gene or cell—Effective but expensive
  - Lenmeldy: \$4.25M gene therapy to treat metachromatic leukodystrophy; Hemgenix: \$3.5M hemophilia B therapy; Elevidys: \$3.2M muscular dystrophy drug
- Impact of biosimilars—57 approved of which 14 are interchangeable

Monday 2:45  
Tuesday 1:15

## H12: Coverage for GLP-1 Drugs— Where Are We Now?

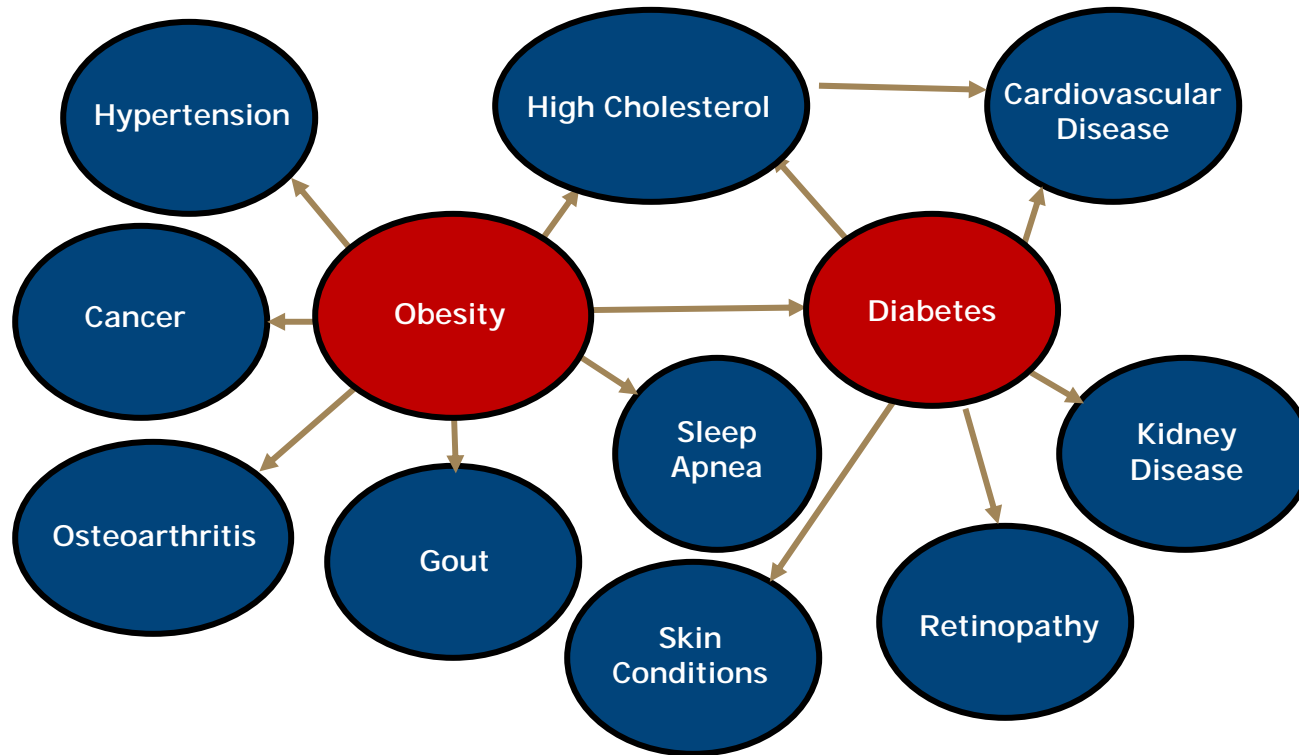
- Sticker shock—Sales increased by up to 373.3% in 1 year (depending on the drug)
- What are they?
  - Naturally occurring hormones released from pancreas after we eat
  - They boost amount of insulin we make
  - Keep blood sugar within normal range
  - **Provide sensation of fullness** by slowing rate food leaves stomach
- GLP-1 drugs are actually receptor agonists that mimic GLP-1 hormones and do the same things

Tuesday 10:45  
Wednesday 7:30



# What's Next for GLP-1s?

## "Everything Is Connected to Everything Else"



## GLP-1 Drugs are Driving Trend— Why You Should Learn More

- Ongoing sticker shock to a plan sponsor
- Novo Nordisk (Ozempic and Wegovy):  
\$50 billion in sales (most coming from U.S.)
  - U.S. costs around \$1000-\$1300/month  
(compared to <\$100 to around \$300 elsewhere)
- Expect prescribing criteria to expand to include heart disease (already an approved indication for Wegovy), kidney disease, liver disease, sleep apnea (also in trial for Alzheimer's)

Tuesday 10:45  
Wednesday 7:30

# H13: Pharmacogenetics Update

- The number of available genetic tests has exploded from 10,000 in 2012 to over 130,000 today in the U.S.
- More than 130 drugs in common use have FDA labeling recommending DNA data
  - Our ability to metabolize medications is based on inherited genes
  - Results instruct MD about dosage, side-effects, potential effectiveness

Monday 10:45



# Mental Health Benefits

## H21: Autism Spectrum Disorders— Designing Proper Coverage

- 1 in 54 children in U.S. diagnosed with ASD
- There are different treatments/therapies/providers
- Impact of Mental Health Parity and NQTL
- ABA therapy (Applied Behavioral Analysis) and coverage challenges for plan sponsor

Tuesday 2:45

## H22: FEATURED SESSION— Addressing Substance Use in the Trades

- Construction trades have the highest rate of substance abuse compared to other occupations (15% compared to 8.6% of general population adults)
- 16.5% of workers reported heavy alcohol consumption within the past month (twice other workers)
- In 2022, 1 of 6 people ages 16 to 64 who suffered fatal overdoses were construction workers
- 11.6% reported illicit drug use in the last month
- Result is increased risk of overdose and death
- Highest mortality rates for drug OD deaths and prescription opioid-related OD deaths

Monday 10:45

# H23: Mental Health Benefits— Helping Your Participants Access Crucial Resources

- Anxiety disorders are highest reported mental health issue (42.5 million).
- Mental health crises account for 60 million PCP visits and 6 million ER visits annually.
- 60% of those with mental illness get no treatment.
- In 2022, 49,000 died because of suicide
- Suicide is 10th leading cause of death. Suicide is the 2nd leading cause of death for ages 44 and under.



Tuesday 1:15  
Wednesday 7:30

Source: Mental Health America (MHA) 2024

## H24: Emerging Mental Health Treatment Options

- Continued access through telehealth
- Digital options and apps (Explosive growth during the pandemic)
- Novel antidepressants
- Psychedelic therapy (or psychedelic-assisted psychotherapy or PAP)

Monday 1:15  
Wednesday 9:00



## H25: Psychedelics—A Panel Discussion

- Psychedelic therapy (or psychedelic-assisted psychotherapy or PAP) is the use of consciousness-altering psychedelic drugs combined with psycho-(or talk)-therapy
- Plant-derived (psilocybin or magic mushrooms, peyote, etc.) or chemical compounds (ketamine, LSD, etc.)
- Studies/trials have shown positive results for addiction, depression/anxiety, PTSD, OCD, etc.

Tuesday 10:45

# Cost Mitigation Strategies

## H04: Stop-Loss Coverage— Understanding Your Options

- Do I need it? If so, what level?
  - “According to a Sun Life report, the number of \$1M claims per million covered employees increase by 45% from 2019 to 2022”
- Understanding the terms—Paid/incurred, lasers, deductibles, exclusions
- Customizing to fit the plan’s needs
- Drugs: Include, exclude or separate rider
  - Jumbo claim drugs

Tuesday 9:15  
Wednesday 9:00

# H05: Demystifying Your PBM Contract

- Look under the hood of prescription drug industry
- How do I get a good PBM contract?
- Contract pitfalls
- Measuring and monitoring

Tuesday 9:15  
Wednesday 7:30

# H18: Utilizing Direct Contracting Approaches

- US is projected to spend \$5T on healthcare, nearly 20% of GDP
- Estimates are one third of spend is wasted
- Direct contracting areas contributing to waste
- Considerations
  - Volume to warrant direct contracting
  - Improved member experience is promise

Monday 9:15  
Tuesday 10:45

# H19: On- and Near-Site Clinics— What's Working and What's Not?

- How to ensure success?
- Do they save money?
- Services provided
- Staffing models
- Key vendor partners



Tuesday 9:15  
Wednesday 7:30

# Member Engagement

## H06: Communicating With Health Plan Participants

- Know how participants want to receive communications
- Personalized benefit information, email, snail mail, text messages, apps, digital
- Understanding generational differences
  - Communication preferences
  - Variety of benefit options to meet different expectations
- Addressing health literacy
- Using language participants understand

Monday 10:45



## H20: Overcoming Barriers to Care

- Why are some participants healthier than other and why don't participants access care or utilize their benefits?
- Social determinants of health have major impact on individual's health, well-being, quality of life
  - Safe housing, transportation, neighborhoods
  - Access to nutritious foods and physical activity
  - Clean air and water
  - Language and literacy skills

Monday 1:15  
Tuesday 1:15

# H10: Whose Kid Is This? And Other Good Reasons to Conduct Dependent Eligibility Audits

- Definition of “dependent”: Someone who is eligible to receive benefits in a participant’s plan
- Fiduciary responsibility to ensure benefits only paid for those eligible
- Sometimes, determining who is eligible from year-to-year is not so easy
- Audits typically find 3-10% of those listed as dependents are actually not eligible

Monday 10:45  
Tuesday 2:45

# Data Analytics

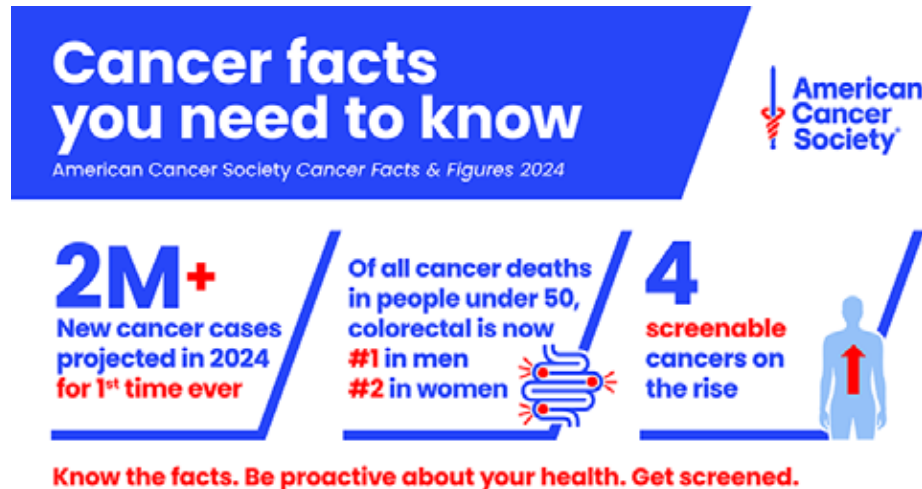
# H16: Using Data Analytics to Understand High-Cost Participants

- Multimillion dollar individual cases not uncommon
- About 0.1% of patients account for 20% of total healthcare spending
- High-cost participants drive healthcare dollars
  - 90% of our \$4.5 trillion annual health care expenditure are for those with chronic conditions and mental health conditions
- The need for data
  - Who are they? Who are at risk for being next? What can you do?

Monday 1:15  
Tuesday 10:45

# H26: Advancements in Cancer

- Early detection, genetic markers
- Are we getting closer to a cure?
- Aligning cases with the best providers



Tuesday 9:15  
Wednesday 9:00

# Plan Management

## H07: Retiree Health Care— Options for Your Participants

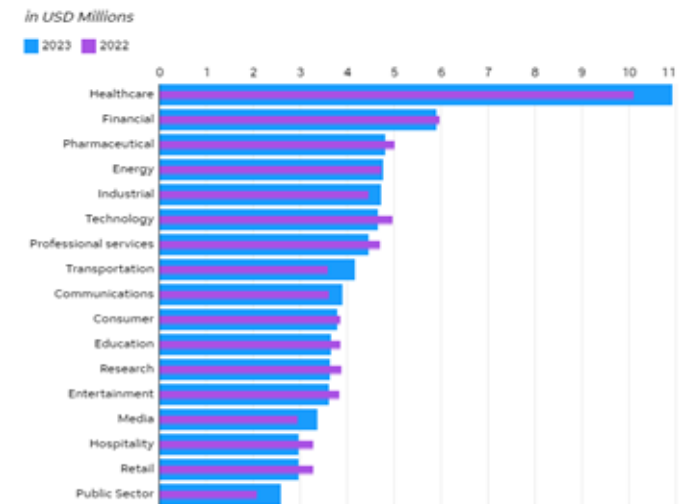
- Inflation Reduction Act—Is it reducing cost?
- Pre-Medicare Retirees—Toughest problem to solve
- How much to subsidize?
- Medicare options
  - MAPD: Good or bad?
  - RDS: Worth it?

Tuesday 2:45

# H14: Best Practices in Health Plan Cybersecurity

- What to do if I am breached?
- A pound of prevention goes a long ways
- Threats, why they want it

Cost of a data breach by industry



Source: USA TODAY Blueprint via IBM • Get the data • Embed

Monday 1:15  
Tuesday 2:45



# H15: Health Care Technology Update

- Future of healthcare improve relies on tech
  - AI
  - Wearables
- Adoption of virtual care
  - Solution for PCP shortage
- Security and privacy concerns
  - Balancing innovation with personal information



Tuesday 1:15  
Wednesday 9:00

# H17: Health Fund Mergers— Are They Feasible?

- Learn why mergers are happening
- What should you evaluate
- How much time do you need?



Tuesday 1:15

# Key Takeaways

- The cost of health care continues to increase making it challenging to provide quality benefits.
- Multiple cost drivers in health care
- No single solution
- Select and attend the sessions that address the current challenges of your plan
- Select and attend the sessions that will help you plan for future challenges.

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This QR Code.

Session Evaluation

