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Integrated Benefit Management

The Future of Healthcare



Where does wellness fit in?



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Regulatory environments matter!



- Health care is delivered through health insurance
- Insurance markets are highly regulated
- Regulatory environments create/influence the landscape

For employers it starts with what can we do and what is available to us?

** Don't forget your power to influence!*



Federal Activity



Divergent Positions

- ACA Repeal-Replace
- Medicare for All
- State/market flexibility vs central control/planning

State Flexibility (executive action)

- 1332 waiver flexibility
- AHP Rule + STLDI Rule + HRA Rule



What are states doing?



Aligning with federal flexibility (or not)

- Amending MEWA laws
- 16 states have filed bills
- At least 5 more are in process

* This could matter if more small companies are able to purchase health insurance like large companies.



Health Insurance Market Changes



- Individual market: 10.6 mil in 2013 to 17.4 mil in 2015, has declined since to 14.4 mil 1st qtr 2018
- Small group coverage fell 25% from 2010-2017
- Maine example:
 - Pre-ACA- about 100,000 in small group, 30,000 in individual
 - Today- about 55,000 in small group, 85,000 in individual
 - 2 of 3 of the primary small group carriers lost money in 2017



Transparency



- Congressional priority
 - Cassidy Bill
 - Cassidy/Alexander led bi-partisan group
 - Surprise billing
- HHS priority
 - Request for comments- working on proposed rule
- Administration priority
 - working on EO
 - RX initiatives
- State activity
 - Right to Shop laws
 - RTS in state health plans



How we access care matters!



- Health insurance is a financing mechanism for health care
- How providers are organized affects access and cost

**If we want to affect insurance costs- we have to affect how care is delivered*



Provider Initiatives



- **Hospital system consolidation**
 - 80%+ PCPs now employed
- **Direct Primary Care (DPC)**
 - 125 practices in June 2014
 - 790 practices in March 2018

***Pressure for transparency is growing!**



Employers want a seat at the table!



- Employers largely foot the bill for private health care in the U.S.
- Yet they have very little say in what they purchase or what it costs



How do we approach the market?



We see a market ripe for disruption

- Political solutions are difficult given divergent views
- Costs keep rising/employers and employees are paying the price
- Employers want solutions and control

How do leverage the purchasing power of employers to apply market pressure on providers and align incentives?



Self-insurance

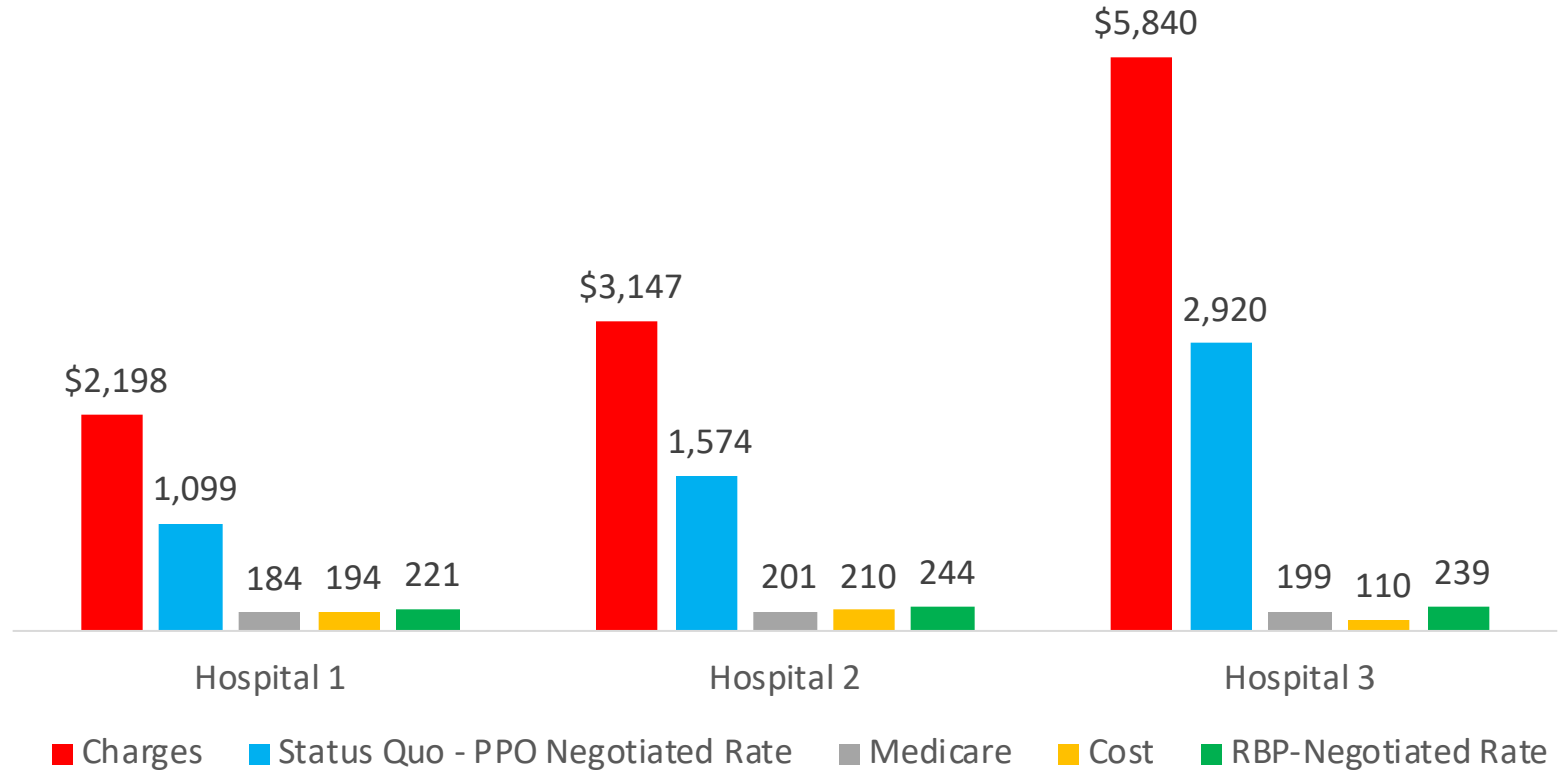


- 85% of large employers self-insure (more than 50 EE's in most states)
- 60 % of all employers self-insure
- 33% of participants in private employment based plans are self insured

*AHPs could spur a growth in self-insured plans



Hospital Costs: Status Quo v. RBP



Cost Control



- Reference Based Pricing (RBP)-direct contracting
 - Have to self-insure to avoid network agreements
- Shopping tools
- Direct Primary Care (DPC)
- Medical tourism
- Prescription drug strategies
 - Infusions
 - Importation
 - Tourism



Aligning Incentives



- PCP relationships
- Access to specialists
- Chronic condition support
 - Cost of medications/supplies
 - Support services (telephonic versus personal touch)
- Plan design alignment
 - Whether intended or not- plan design influences patient-provider behavior



What does it all mean?



- The health care cost problem is not likely to be solved any time soon through laws and regulations
- For employers, desperation is building- it is getting worse not better
- Employers have more opportunities to grab the reins and many will

Wellness matters in this environment!



What are the challenges and opportunities?



- Employers continue to struggle with cost control
- Small group market challenges and rise in self funded and AHP opportunities likely to increase large group SF plans
- AHPs will be incentivized to engage employers

Wellness matters in this environment!



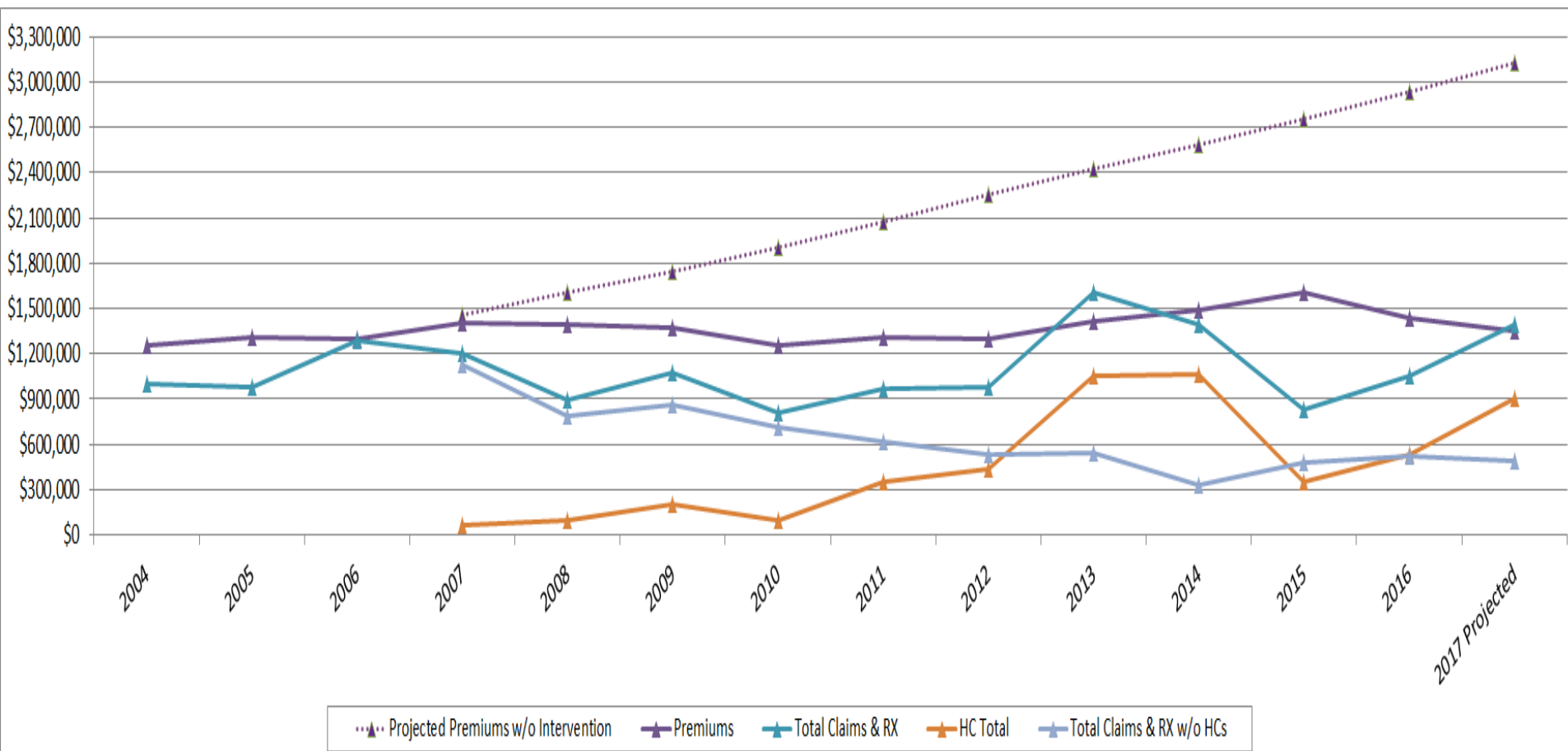
How have we seen wellness work?



- When employers see wellness as part of a long term integrated strategy
- When it is personalized and targeted and results oriented (results based- don't forget spouses)
- When relationships are developed and leveraged at the employee level (coaching)



Wellness Impact (case study)



Where does wellness fit in?



How can wellness best support employers and employees in this environment?

- Don't lose what's working (broader strategy, personalized, relationships)
- Think about incentives- not just individual health but strengthening plan design initiatives
- Think about advocacy- employers need employees to be active participants both in their health and how they access care
- Bring it back to cost- cost is driving decisions

*Think of wellness not just as a way to change behavior, but also as a mechanism to connect with patients in ways employers and health plans can't. Patients need a guide through a changing health care market- wellness professionals can play an important role.



Summary



- Understand the landscape employers are operating in
- We need to change how we are incentivizing the delivery system
- Employers need to approach health insurance plan designs and incentives differently
- Employees/patient engagement ultimately makes these efforts work- they need a different level of support to operate in this new environment and help drive change
- There is an opportunity for wellness to evolve and thrive in this environment- the direct link to employees is vital if leveraged





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